

2016-17

ALL THE SCHEMES

OF

AUDITED FINANCIAL STATEMENTS

COMPRISING

ANNUAL REPORT

LIC PENSION FUND LIMITED

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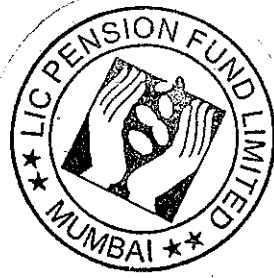
LIC PENSION FUND LIMITED
Annual Report (Schemes) 2016-17

Background

LIC Pension Fund Limited was incorporated in 2007 under the Companies Act 1956 by Life Insurance Corporation of India, the sponsor, with the main objective to act as a Fund Manager for managing the funds received from NPS Trust. The Company manages the investment portfolio as prescribed in the Investment Management Agreement (IMA) signed between NPS Trust and LIC Pension Fund Limited as well as according to investment guidelines issued by Pension Fund Regulatory & Development Authority (PFRDA) from time to time. Till 2012-13, LIC PFL has been managing the funds for Central Government Scheme, State Government Scheme, NPS Lite Scheme (on Govt. Pattern) and Corporate CG Scheme. On 18.04.2013, LIC Pension Fund was authorized by the PFRDA to manage the NPS Funds for Private sector also and an IMA (Investment Management Agreement) was signed between the LIC Pension Fund Ltd and NPS Trust stating the terms and conditions of managing pension fund under private sector. In the year 2015-16, a new scheme Atal Pension Yojana (APY) was introduced and LIC Pension Fund Ltd was interested with managing the funds under the scheme as one of the fund manager. During the current financial year two more new schemes under private sector was introduced from 1st October 2016 by PFRDA and LIC Pension Fund Ltd is one of the fund managers to receive NPS fund under these schemes.

Asset under Management

Name of the Scheme	AUM as on 31.03.2017 (Rs. In Cr.)	NAV as on 31.03.2017	Amount Received during 2016-17 (Rs in Cr)	AUM as on 31.03.2016 (Rs. In Cr.)	NAV as on 31.03.2016
Central Govt. Scheme	20,721.72	23,9808	3884.01	14,721.97	21,1809
State Govt. Scheme	28188.31	21,4375	6231.92	19,119.86	18,9238
NPS Lite Scheme	759.66	19,7232	64.67	607.40	17,3643
Corporate-CG-Scheme	1872.99	15,8133	1057.15	671.32	13,8870
E Tier I	220.78	16,0524	86.58	104.95	13,2415
C Tier I	137.83	15,1425	56.27	71.42	13,5637
G Tier I	175.85	15,5362	91.89	71.18	13,5910
E Tier II	3.69	13,4738	2.42	0.90	11,1234
C Tier II	3.26	14,2400	2.23	0.83	12,6788
G Tier II	4.30	15,5579 15,5779	2.98	1.06	13,7035
Atal Pension Yojana (APY)	620.79	12,1823	413.58	166.87	10,7131
A Tier I	0.07	10,2511	0.07	N.A.	N.A.
A Tier II	0.01	10,1274	0.01	N.A.	N.A.
Total	52,709.26		11,893.78	35,537.76	



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Allocation of Assets as on 31.03.2017

1) Central Govt. Scheme (Rs in crore)

Name of the Scheme	Govt. Security (including SDLs)	NCDs/NCBS	Equity	Money Market Instruments	Other (cash & cash equivalents)	Total
Allocation as on 31.03.2017	10,076.13	7,243.02	2,769.95	138.70	493.32	20,721.72
Allocation as on 31.03.2016	7,668.27	5,151.26	1,440.10	61.76	400.59	14,721.97
	48.63%	34.95%	13.37%	0.67%	2.38%	100.00%
	52.09%	34.99%	9.78%	0.42%	2.72%	100.00%

2) State Govt. Scheme (Rs in crore)

Name of the Scheme	Govt. Security (including SDL)	NCDs/NCBS	Equity	Money Market Instruments	Other (cash & cash equivalents)	Total
Allocation as on 31.03.2017	13606.28	9888.45	3574.59	381.97	737.02	28188.31
Allocation as on 31.03.2016	9779.21	6859.76	1798.55	148.79	533.55	19119.86
	48.27%	35.08%	12.68%	1.36%	2.61%	100.00%
	51.15%	35.88%	9.41%	0.78%	2.79%	100.00%

3) NPS Lite Scheme (Rs in crore)

Name of the Scheme	G Security (including SDL)	NCDs/NCBS	Equity	Money Market Instruments	Other (cash & cash equivalents)	Total
Allocation as on 31.03.2017	363.15	273.58	101.63	12.90	8.40	759.66
Allocation as on 31.03.2016	322.70	205.50	56.02	6.24	16.95	607.40
	47.80%	36.02%	13.38%	1.69%	1.11%	100.00%
	53.13%	33.83%	9.22%	1.03%	2.79%	100.00%

4) Corporate CG Scheme (Rs in crore)

Name of the Scheme	G Security (including SDL)	NCDs/NCBS	Equity	Money Market Instruments	Other (cash & cash equivalents)	Total
Allocation as on 31.03.2017	910.63	662.74	249.98	8.80	40.84	1872.99
Allocation as on 31.03.2016	326.28	251.35	72.39	4.55	16.75	671.32
	48.62%	35.38%	13.35	0.47%	2.18%	100.00%
	48.60%	37.44%	10.78%	0.68%	2.50%	100.00%





Allocation as on 31.03.2016	94.64%	0.85	3.20%	2.16%	0.90	100.00%
Allocation as on 31.03.2017	94.04%	3.47	2.76%	3.20%	3.69	100.00%
Name of the Scheme	Equity Portfolio	Money Market Instruments	Other (cash & equivalents)	Total		

8) Scheme E, Tier II (Rs in crore)

Allocation as on 31.03.2016	91.72%	65.28	0.96%	7.32%	71.18	100.00%
Allocation as on 31.03.2017	92.69%	162.99	4.74%	2.57%	175.85	100.00%
Name of the Scheme	Govt. Securities (incl. SID's)	Money Market Instruments	Other (cash & equivalents)	Total		

7) Scheme G, Tier I (Rs in crore)

Allocation as on 31.03.2016	93.17%	66.54	2.94%	3.88%	71.42	100.00%
Allocation as on 31.03.2017	93.25%	128.53	3.63%	3.12%	137.83	100.00%
Name of the Scheme	Debt Portfolio	Money Market Instruments	Other (cash & equivalents)	Total		

6) Scheme C, Tier I (Rs in crore)

Allocation as on 31.03.2016	94.58%	99.26	4.64%	0.79%	104.95	100.00%
Allocation as on 31.03.2017	97.44%	215.12	2.88%	-0.32%	220.78	100.00%
Name of the Scheme	Equity Portfolio	Money Market Instruments	Other (cash & equivalents)	Total		

5) Scheme E, Tier I (Rs in crore)



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Allocation as on 31.03.2016	N.A.	N.A.	N.A.	Allocation as on 31.03.2016
Allocation as on 31.03.2017	0.00	0.06	93.47%	Allocation as on 31.03.2017
Name of the Scheme	Alternative Investments	Money Market Instruments	Other (cash & cash equivalents)	Total

12) Scheme A, Tier I (Rs in crore)

Allocation as on 31.03.2016	78.89	62.13	18.61	2.83	4.41	2.64%	100.00%
Allocation as on 31.03.2017	304.41	211.12	84.84	9.03	11.39	1.83%	100.00%
Name of the Scheme	G Security (including SDL)	NCDs/NCBS	Equity	Money Market Instruments	Other (cash & cash equivalents)	Total	

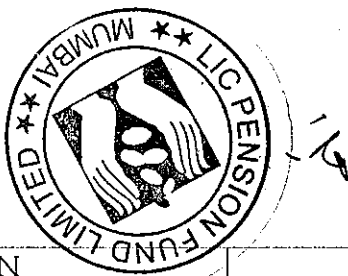
11) Atal Pension Yojana (APY) (Rs in crore)

Allocation as on 31.03.2016	0.0996	0.0035	0.0015	1.45%	0.1046	100.00%
Allocation as on 31.03.2017	4.13	0.09	2.13%	1.68%	4.30	100.00%
Name of the Scheme	Govt. Securities including SDL	Money Market Instruments	Other (cash & cash equivalents)	Total		

10) Scheme G, Tier II (Rs in crore)

Allocation as on 31.03.2016	0.77	0.04	0.04	2.99%	0.83	100.00%
Allocation as on 31.03.2017	2.90	0.13	4.10%	6.90%	3.26	100.00%
Name of the Scheme	Debt Portfolio	Money Market Instruments	Other (cash & cash equivalents)	Total		

9) Scheme C, Tier II (Rs in crore)



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Name of the Scheme	5 Year Rolling CAGR	3 Year Rolling CAGR	Annualized Return for 1 Yr
Central Govt Scheme	11.12%	12.60%	13.35%
State Govt Scheme	11.34%	12.76%	13.33%
NPS Lite Scheme (Govt pattern)	11.42%	12.80%	13.65%
Corporate CG Scheme	N.A.	12.90%	13.87%
Atal Pension Yojana (APY)	N.A.	N.A.	13.71%
E Tier I	N.A.	12.49%	21.22%
C Tier I	N.A.	12.15%	11.64%
G Tier I	N.A.	13.76%	14.31%
E Tier II	N.A.	10.90%	21.13%
C Tier II	N.A.	10.97%	12.31%
G Tier II	N.A.	13.33%	13.68%
A Tier I	N.A.	N.A.	5.34%
A Tier II	N.A.	N.A.	2.71%

Performance at a glance as on 31.03.2017 *

Investment objectives of the schemes: - The Central Government has introduced the National Pension System (NPS) with effect from 01 January 2004, initially for the new entrants to Central Government services (excluding Armed Forces) State Government services, with an objective to promote old age income security by establishing, developing and regulating pension funds. LIC Pension fund was selected along with other two fund managers, SBI Pension Fund Pvt. Ltd and UTI Retirement Solution Ltd through a selection process to manage the NPS funds for Govt. Sector. This was further renewed pursuant to a Request for Proposal (RFP) dated 16th February, 2012 floated by PFRDA for managing the pension assets of the government employees, including employees of Central Government autonomous organizations, covered by the NPS notified from 01.01.2004. Further as per directive of PFRDA, Corporate CG scheme was carved out of Central Govt. Scheme on 1.11.2012. On 18.04.2013, LIC Pension Fund was authorized by the PFRDA to manage the NPS Funds for Private sector also.

The AUM as on 31.03.2017 was Rs 52,709.26 crore (taking all the schemes together) as against Rs 35,537.76 crore as on 31.03.2016, with a growth of 48.32%. The growth in the AUM of Central Govt. Scheme was 40.75%, State Govt. scheme was 47.43%, NPS Lite Scheme was 25.07%, Corporate CG Scheme was 179.00% and for Atal Pension Yojana growth was 272.05% for the financial year 2016-17. For private sector, the growth was 118.02% for all the Private Schemes E, C, G and A (Tier I & II) as a whole for the financial year 2016-17. During the current financial year two new scheme named A Tier and A Tier II were introduced by the NPS Trust/PFRDA from 1.10.2016.

Name of the Scheme	Allocation as on 31.03.2017	Allocation as on 31.03.2016
Alternative Investments	0.00	N.A.
Money Market Instruments	0.01	N.A.
Other (cash & equivalents)	0.00	N.A.
Total	0.01	N.A.

(13) Scheme A, Tier II (Rs in crore)

* Past performance may or may not be sustained in future.

The above table reflects the annualized returns of each scheme which reflects our performance. We are confident that with our steady performance & promoter credential i.e., LIC's brand name, we will be able to serve the very basic purpose of the schemes for Govt. Sector as well as of Private Sector.

Basis and Policy of Investments underlying the scheme:-

Funds received from NPS Trust through Axis Bank (the Trustee Bank) under eleven schemes managed by LIC PFL are invested as per investment pattern stipulated by PFRDA and the terms and conditions laid down in Schedule II (for Govt. and Private sector) of the Investment Management Agreement (IMA). The Investment Guidelines issued by PFRDA from time to time and the internal investment guidelines approved by the Board of LIC PFL, for the investment of funds in equity, debt & money market instruments also contain exposure norms, prudential norms, minimum required credit rating, financials of the company, price volatility, returns generated as compared to the benchmark etc which are taken into consideration before arriving at any investment decision. It is ensured that each scheme maintains appropriate mix of long/short term duration of instruments to ensure that liquidity is available to meet redemptions as and when necessary and the scheme generated market related returns. Efforts are taken to minimize the risks associated with investment by continuous monitoring of the financials of the companies in which investments have been made, identifying the risks and steps to be taken to mitigate these risks as laid down in the risk policy. The primary objective of generating reasonable returns on the long term savings of the subscribers is always kept in mind for taking any investment decision.

The investments under the schemes are made in securities such as Equity, Bonds, Debentures, Govt. Securities including State Development Loans, Fixed Deposits and Money market Instruments etc.. The valuation of all the securities is done on Market to Market basis as provided by Stock Holding Corporation of India Ltd (SHCIL) except fixed Deposits which is valued on amortization basis. The Price and redemption value of the units can go up as well as down with the fluctuations in the market value of its underlying investment.

Liabilities and responsibilities of the Pension Fund:-

The Pension Fund is responsible for managing the funds received from NPS Trust through its trustee bank i.e. Axis Bank (Current Trustee Banker)/Bank of India (Previous Trustee Banker), on day to day basis in accordance with the investment Guidelines, Scheme Objectives, the Deed of Trust and provisions of the PFRDA, rules/guidelines/directions/notifications/circulars/regulations and law in force from time to time. The LICPFL acts as the Investment Manager of the Schemes with respect to the investment and reinvestment of the cash, securities and other properties comprising the assets of each scheme with full discretionary authority in accordance with the investment policies set forth in the IMA and guidelines/directions issued by NPS Trust/PFRDA from time to time. All transactions entered into by LICPFL are in accordance with the PFRDA Guidelines, Trust deed and the Code of ethics prescribed by the NPS Trust.

While taking investment decisions for all class of assets, LIC PFL has taken all due diligence, promptness and vigilance in carrying out its duties and in protecting the rights and interest of the subscribers, with emphasis on safety and security with optimum returns. LIC PFL has not invested any amount in speculative transactions.



There is a team of well qualified and experienced professionals in the Company, who are managing the funds of the Schemes.

LICPFL was incorporated by the Sponsor exclusively to manage the Pension Schemes independently and take adequate steps to ensure that the interests of the subscribers are not compromised in any manner and does not undertake any other business activity except activities relating to Pension Fund management for pension schemes regulated by PFRDA and not charged any fees on investment of its own assets to the schemes.

LICPFL has not given any undue or unfair advantage to any associates or dealt with any of its associate company in any manner detrimental to interest of the subscribers. LICPFL has not utilised the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and sale of securities. During last year not even a single transaction was there with LIC of India, the Sponsor (if any), and the same was reported as NIL to NPS Trust in our monthly / Quarterly statements.

LICPFL is providing information on performance of NAV, portfolio composition for all the schemes managed by the Company to subscribers through Central Record Keeping Agency (CRA) and displaying the same in the Company's website regularly.

LICPFL is complying with all the provisions of the guidelines and all investments are made in the interest of the subscribers, prescribed by the PFRDA/NPS Trust from time to time and deviations, if any, are regularly being reported to PFRDA/NPS Trust.

LICPFL has not invested any amount of the pension fund outside the territory of India either directly or indirectly.

LIC Pension Fund shall be liable to make good any such losses arising out of any breach of the clauses of the IMA or have failed to discharge of its duty with due care and diligence or have failed to observe or perform any representation, warranty or undertaking given under the agreement.

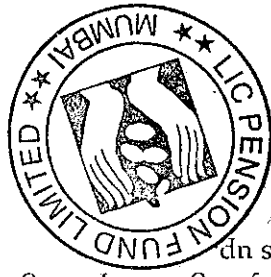
Evaluation of Current Economic conditions:

Indian Economy:

The Indian economy advanced 7 percent year-on-year in the last three months of 2016, slowing from an upwardly revised 7.4 percent rise in the previous quarter but beating expectations of a 6.4 percent growth. The expansion was mainly driven by a surge in public spending and agriculture. The GDP is expected to grow at 7.1 percent in the fiscal year ending on March 2017. GDP Annual Growth Rate in India averaged 6.10 percent from 1951 until 2016, reaching an all time high of 11.40 percent in the first quarter of 2010 and a record low of -5.20 percent in the fourth quarter of 1979.

Industrial production surprises positively:

After a transient drop in industrial production, January 2017 IIP growth rebounded at 2.70% as against (-) 0.1% in December 2016. While the upturn was partly because of favorable base effect, quick pace of re-monetization has helped restore a sequential increase in industrial production by 4% month on month. The growth has been primarily led by higher capital goods and consumer durable goods production as the pace of re-monetization picks up.



Within manufacturing, nine out of the 22 groups have shown positive growth with 'electrical machinery' registering the highest positive growth of 42.4% followed by 21.8% in 'radio, TV and communication equipment & apparatus' and 12.4% in 'basic metals'. Meanwhile, 'office, accounting and computing machinery' has shown the highest negative growth of (-)16% followed by (-)14.8% in 'food products and beverages' and (-)13.4% in 'other transport equipment'.

Mining sector production grew 5.3% after growing 5.5% in December. Electricity production growth was at 3.9% from 6.3% in December. The cumulative IIP growth is 0.6% in 10MFY17.

Capital goods production surged 10.7% after a contraction of (-) 3.9% in December. After a brief hiatus, 'insulated cable, rubber' (weight: 0.12%) sector has again contributed the highest to the IIP growth (282.8%), followed by 'HR coils/skelp' (40.0%) and 'telephone instruments including mobile phones and accessories' (31.7%). Meanwhile, consumer durables production saw a growth of 2.9% compared to (-) 8.9% in December indicating stability in urban demand. However, non-durables sector production growth remained sluggish at (-) 3.2% suggesting that rural demand remains tepid. Overall, the deceleration in consumer goods sector slowed to (-) 1% compared to (-) 6.0% in December. Notably, some sectors like gems and jewelry and textiles continue to reel from the aftereffects of demonetization, contributing negatively to IIP growth.

CPI inflation accelerated to 3.65% in February 2017.

CPI inflation accelerated to 3.65% in February after the lows of 3.2% seen in January. While there was an unfavorable base effect, sequential increase in prices of some subcomponents also contributed to the rise. Food inflation contracted marginally (-) 0.1% (mom), with year-on-year print of 2.0% from 1.8% in January. On a sequential basis, the downturn was owing to continued contraction in pulses ((-)-4.5% while sugar (1.6%) and fruits (1.7%) have accelerated further and vegetables and cereals seem to have bottomed out. High frequency data for mandi prices are indicating a mixed picture with pulses showing continuation of correction while cereals and vegetables prices show further pick-up.

Core inflation eased marginally to 4.75% from 4.95% in January despite printing a second consecutive month of sequential increase. Miscellaneous items inflation eased to 4.8%. Within miscellaneous, personal care and effect category eased substantially to 5.1%, even as sequentially it picked up. Transport and communication (T&C) category increased 0.3% month-on-month reflecting increase in petrol and diesel pump prices with the annual print at 5.4%. Refined core inflation (core inflation ex-petrol and diesel within T&C) would have seen further drop. While the internals of this component will be released later, we expect February 'refined' core inflation around 4.3% (in contrast to the commonly tracked core inflation)

Fiscal prudence:

The Union Budget for FY 2018 had maintained the trend of a lower fiscal deficit without compromising on investment requirements. The Fiscal Responsibility and Budget Management (FRBM) Review Committee has favoured total Government debt to GDP of 60% by 2023 and fiscal deficit of 3% for the next three years with an escape clause of 0.5% to provide some spending facility. FY 2018, the fiscal deficit was targeted of 3.2% and committed to achieve 3% in FY2019.

Current Account Deficit (CAD) remained broadly comfortable in Q2FY2017, at US\$ 3.4 billion (0.6% of GDP), higher than US\$ 0.3 billion (0.1% of GDP) in Q1FY2017 even as it deteriorated compared to Q1FY17 on the back of lower invisible receipts and higher trade deficit. Capital account inflows have been strong buoyed by FDI flows and boosting BOT supplies to US\$ 37.2 billion.



2QFY17 saw capital flows buoyed by net FDI flows, which increased to US\$17.2 bn compared to US\$4.1 bn in 1QFY17. Net FPI flows also strengthened with net inflows of US\$6.1 bn against US\$2.1 bn in 1QFY17 helped by robust improvement in debt flows. However, this trend has reversed in 3QFY17 and will be a drag on capital flows.

ECBs witnessed net outflow of US\$2.5 bn owing to repayments of overseas borrowings while accretion to NRI deposits increased marginally to US\$2.1 bn from US\$1.4 bn in 1QFY17. BOP surplus improved to US\$8.5 bn against US\$7 bn in 4QFY16.

On Monetary policy front, Reserve Bank of India (RBI) at its meeting held on 6th April 2017 kept policy rate unchanged at 6.25%. However, the RBI narrowed the policy rate corridor to 50 bps from 100 bps. Thus it hiked the reverse repo rate by 25 bps from 5.75% to 6.0% and cut the marginal standing facility (MSF) rate by 25 bps to 6.50% from 6.75%.

The Monetary Policy Committee (MPC) reiterated its commitment to bring headlines CPI inflation closer to its target of 4% on durable basis and in a calibrated manner. Thus, the MPC decided to keep the repo unchanged while maintaining its neutral policy stance. The future course of monetary policy will be largely data dependent on how macroeconomic conditions are evolving.

Global Economy:

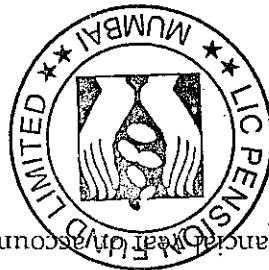
Global growth for 2016 is now estimated at 3.1 percent, in line with the October 2016 forecast. Economic activity in both advanced economies and Emerging Markets and Developing Economies (EMDEs) is forecast to accelerate in 2017-18, with global growth projected to be 3.4 percent and 3.6 percent, respectively, again unchanged from the October forecasts.

Advanced economies are now projected to grow by 1.9 percent in 2017 and 2.0 percent in 2018, 0.1 and 0.2 percentage points more than in the October forecast, respectively. As noted, this forecast is particularly uncertain in light of potential changes in the policy stance of the United States under the new administration. The projection for the United States is the one with the highest likelihood among a wide range of possible scenarios. It assumes a fiscal stimulus that leads growth to rise to 2.3 percent in 2017 and 2.5 percent in 2018, a cumulative increase in GDP of 1/2 percentage point relative to the October forecast. Growth projections for 2017 have also been revised upward for Germany, Japan, Spain, and the United Kingdom, mostly on account of a stronger-than-expected performance during the latter part of 2016. These upward revisions more than offset the downward revisions to the outlook for Italy and Korea.

Equity and Debt Market:

Nifty 50 has shown upward movement and registered a growth of 18.55 % during current financial Year. FII's were Net buyer to the extent of Rs. 53696.00 crore.

Market has ended at close to 52-week high at 9173.75 on 31.03.2017. The equity Market has absorbed demonetization shock and US election results and took positive cues from the Union Budget and Assembly elections in the states and rallied further. Though Profit Booking is expected at very higher level, as liquidity continues to remain in surplus in Indian banking system and excellent policy engineering undertaken by the Central Bank in the current economic scenario, it is expected that the Equity Market may touch new high in next financial year on account of following reasons:



Chief Executive Officer
[Signature]



Given the uncertainty due to global policy environment and global financial market development, RBI is likely to remain in a prolonged pause mode. In such a scenario, shorter or medium duration bonds may be preferred.

As per RBI, the recent decline in headline CPI inflation is primarily due to lower food prices (vegetables and pulses) while core inflation (excluding food and fuel) has remained sticky. Thus RBI projects headline inflation in the range of 4.0% to 4.5% in the first half of FY 2018 and 4.5% to 5.0% in the second half of FY 2018 with balanced risk. The RBI is now focused on bringing headline inflation closer to its medium term target of 4.0% on a durable basis and calibrated manner. Thus RBI decided to change the policy stance from accommodative to neutral while keeping policy rate on hold so that the impact of demonetization on inflation and growth can be assessed. The change in policy stance to neutral suggests approaching an end to rate cutting cycle. Thus on February 8, 2017 there was a sharp reversal in bond yields of more than 30 bps with 10 year benchmark Government Security closing at yield of 6.75%.

As regard to debt market, in an unexpected move the MPC, in its credit policy review on 6th December 2016, voted unanimously to keep the policy rate unchanged at 6.25% and more importantly, shifted its stance to neutral from accommodative.

- Healthy pace of reforms continues
- Economy should grow at higher rate.
- Interest rates are likely to still come down.
- Any volatility induced by global events should provide good entry points.

LIC PENSION FUND LIMITED
NATIONAL PENSION SYSTEM TRUST

COMBINED BALANCE SHEET OF ALL PENSION SCHEMES AS AT MARCH 31, 2017

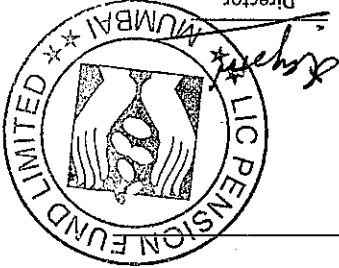
Particulars	Schedule	March 31, 2017	March 31, 2016
Liabilities			
Unit Capital	1	242,188,191,229	182,296,938,135
Reserves and Surplus	2	284,904,300,873	173,080,750,938
Current Liabilities and Provisions	3	474,068,655	58,997,457
Total		527,566,560,757	355,436,686,530
Assets			
Investments	4	510,825,990,057	342,371,705,672
Deposits	5	3,190,960,685	3,194,460,685
Other Current Assets	6	13,549,610,015	9,870,520,173
Total		527,566,560,757	355,436,686,530
(a) Net assets as per Balance Sheets		527,092,492,102	355,377,689,073
(b) Number of units outstanding		24,218,819,123	18,229,693,814

For LIC Pension Fund Ltd

MD & CEO

[Signature]

Director



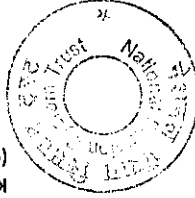
For PKF SRIDHAR & SANTHANAM LLP
Chartered Accountants
Firm Regn No.- 003990S/S200018SANTHANAM LLP
Partner
M. Suryanarayana
Membership No.- 201402



Date: 13 July 2017
Place: Mumbai

For and on Behalf of NPS Trust
Shalish V. Haribhakti
(Chairman, NPS Trust Board)

[Signature]



Kamal Chaudhry
(Chief Executive Officer)

[Signature]

Date:
Place: Mumbai

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

NATIONAL PENSION SYSTEM TRUST

COMBINED REVENUE ACCOUNT OF ALL PENSION SCHEMES FOR THE YEAR ENDED MARCH 31, 2017

(In ₹)

Particulars	March 31, 2017	March 31, 2016
Income		
Dividend	599,596,456	516,938,217
Interest	30,906,881,874	21,925,825,341
Profit on sale/redemption of investments	2,754,356,517	1,129,449,751
Profit on inter-scheme transfer/sale of investments	-	6,663,036
Unrealised gain on appreciation in investments	19,396,350,997	16,759,685
Other Income	34	4
Total Income (A)	53,657,185,878	23,595,636,034
Expenses and losses		
Unrealised losses in value of investments	13,723,821	4,633,783,859
Loss on sale/redemption of investments	433,963,055	743,628,193
Loss on inter-scheme transfer/sale of investments	-	4,265,755
Management fees (including service tax)	52,403,286	34,345,713
NPS Trust Fees	44,735,491	13,568,603
Custodian fees	17,161,500	23,359,859
Depository and settlement charges	4,873,421	746,284
CRA fees	114,633,502	62,088,510
Less: Amount recoverable by sale of units on account of CRA Charges	(114,633,502)	(62,088,510)
Provision for Non Performing Assets	313,306,180	60,981,500
Other Expenses	6	2
Total Expenditure (B)	880,166,760	5,514,679,768
Surplus/(Deficit) for the year (A-B)	52,777,019,118	18,080,956,266
Less: Amount transferred to Unrealised appreciation account	19,396,350,997	16,759,685
Less: Amount transferred to General Reserve	33,380,668,121	18,064,196,581

Amount carried forward to Balance Sheet

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

For LIC Pension Fund Ltd

MD & CEO

[Signature]

Director

[Signature]

For PKF SRIDHAR & SANTHANAM LLP

Chartered Accountants

Firm Regn No.- 003990S/S200018

Partner

M. Suriyanarayanan

Membership No.- 201402

Date: 13 July 2017

Place: Mumbai

For and on behalf of NPS Trust

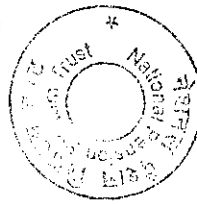
[Signature]

Shailesh V. Haribhakti

(Chairman, NPS Trust Board)

Date: 13 JUL 2017

Place: Mumbai



(Chief Executive Officer)

Kamal Chaudhry

[Signature]

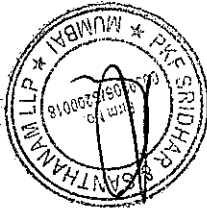
Place: Mumbai

Date:



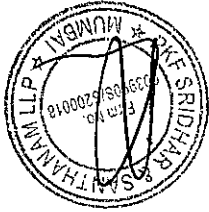
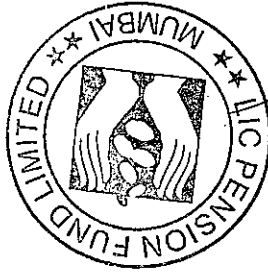
NATIONAL PENSION SYSTEM TRUST
 NOTES ANNEXED TO AND FORMING PART OF THE COMBINED BALANCE SHEET OF ALL PENSION SCHEMES
 AS AT MARCH 31, 2017

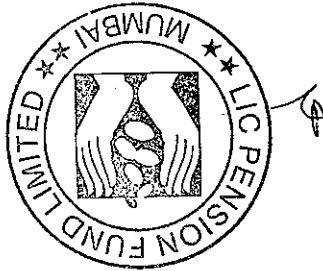
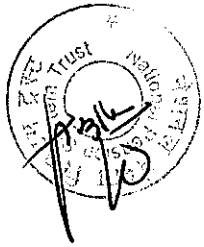
Schedule 1 - Unit Capital	
March 31, 2017	March 31, 2016
Outstanding at the beginning of the year	182,296,938,135
Add: Units issued during the year	61,211,175,519
Less: Units redeemed during the year	1,319,922,425
Outstanding at the end of the year (₹)	242,188,191,229
Outstanding at the beginning of the year	12,908,565,534
Add: Units issued during the year	6,121,117,552
Less: Units redeemed during the year	131,992,243
Outstanding Units at the end of the year	24,218,819,123
Schedule 2 - Reserves and Surplus	
Reserves and Surplus	
Unit Premium Reserve	
Opening Balance	105,555,697,474
Add: Premium on Units issued	60,326,448,908
Less: Premium on Units redeemed	1,279,918,091
Add: Transfer from General Reserve	-
Closing Balance	164,602,228,291
General Reserve	
Opening Balance	33,330,843,445
Add: Transfer from Revenue Account	33,380,668,121
Less: Transfer to Unit Premium Reserve	-
Closing Balance	84,775,708,147
Unrealised Appreciation Account	
Opening Balance	16,130,013,438
Add/(Less): Transfer from/(to) Revenue Account	19,396,350,997
Closing Balance	35,526,364,435
Total	284,904,300,873
	173,080,750,938



Schedule 3 - Current Liabilities and Provisions

Current Liabilities		
Sundry Creditors for expenses	47,794,854	35,778,933
Book Overdraft	-	-
Redemption Payable	144,545,764	17,726,614
TDS Payable	888,649	-
Contract for Purchase of Investments	43,875,338	-
Amount Payable to Other Schemes	-	-
Provision for Interest overdue	-	5,491,910
Provision on upgraded assets	111,787,680	-
Interest received in Advance	125,176,370	-
Total	474,068,655	58,997,457





Schedule 4 - Investments		
Investments (Long Term and Short Term)	69,995,837,058	33,852,893,265
Equity Shares		
Debentures and Bonds Listed/Awaiting Listing	180,837,871,702	122,778,573,414
Central and State Government Securities (including treasury bills)	254,277,241,606	182,416,208,804
Commercial Paper	-	-
Others - Mutual Fund Units	5,715,039,691	3,324,030,189
Total	510,825,990,057	342,371,705,672
Schedule 5 - Deposits		
Deposits with Scheduled Banks	3,190,960,685	3,194,460,685
Total	3,190,960,685	3,194,460,685
Schedule 6 - Other Current Assets		
Balances with bank in current account	729,934,010	342,541,642
Contracts for sale of investments	-	166,625,846
Outstanding and accrued income	12,734,332,629	9,330,314,417
Brokerage receivable from FPM	101,366	46,258
Application money pending allotment	1,500,000	-
Sundry Debtors	83,742,010	30,992,010
Total	13,549,610,015	9,870,520,173

NATIONAL PENSION SYSTEM TRUST

NPS Trust A/c – LIC Pension Fund Limited -Scheme: All Schemes

SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2017

A. Background

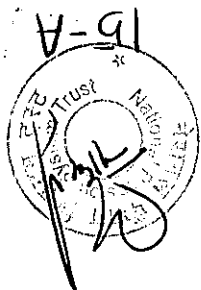
1. LIC Pension Fund Limited is appointed as a Pension Fund Manager (PFM) by the National Pension System Trust (NPS Trust) for the management of Pension Fund and for this purpose it has entered into an Investment Management Agreement (IMA) with the NPS Trust. As per unbundled architecture of the NPS Trust, the main responsibility of the PFM is to manage funds in accordance with the laid down guidelines and declare the Net Asset Value (NAV). As per the architecture, the NSDL e-Governance Infrastructure Ltd. and Karvy Computershare Private Limited, being the Central Recordkeeping Agencies (CRA) provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment / redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

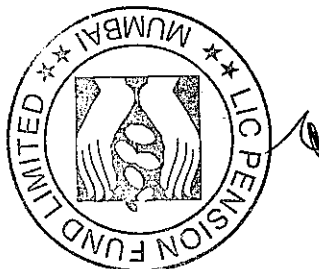
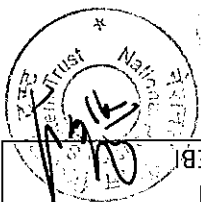
2. CRA's responsibilities includes:

- a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
- b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- d. PRAN Transaction Statement,
- e. An operational interface between PFDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trustee Bank etc.
- f. CRA is responsible to resolve all queries pertaining to investors. CRA informs about the subscription and redemption to Pension Fund Managers (PFM) and also instructs Trustee Bank to credit PFM's pool account maintained with them.

3. NPS Trust has designated Stock Holding Corporation of India Ltd. (SHCIL) as the custodian, who is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G – Sec as well as Corporate Action.

4. 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, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.





Sr. No.	Name of Scheme	Investment Objective
1.	Scheme E – Tier I	To optimize returns through investments in :- a. Shares of companies which are listed in BSE or NSE which have market capitalization of not less than Rs. 5000 crore as on the date of investment and on which derivatives are available; b. Units of Mutual funds regulated by the SEBI, which have minimum 65% of their investment in shares of body corporates listed on BSE or NSE; c. ETFs / Index Funds regulated by the SEBI that replicate the portfolio of either BSE Index of NSE Nifty 50 Index; or d. ETFs issued by SEBI regulated Mutual Funds constructed specifically for disinvestment of shareholding of the Government of India in body corporate; and e. Exchange traded derivatives regulated by SEBI
2.	Scheme E – Tier II	

3. Investment pattern to be followed as per FRDA Regulations:

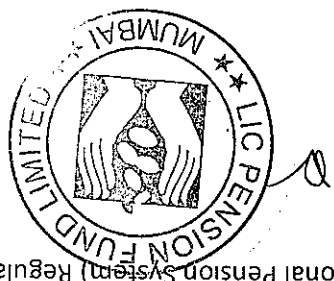
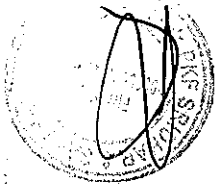
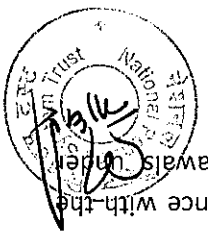
Sr. No.	Name of Scheme	Date of Inception
1.	Scheme E – Tier I	23 rd July 2013
2.	Scheme E – Tier II	23 rd July 2013
3.	Scheme C – Tier I	23 rd July 2013
4.	Scheme C – Tier II	12 th August 2013
5.	Scheme G – Tier I	12 th August 2013
6.	Scheme G – Tier II	12 th August 2013
7.	Scheme A – Tier I	10 th October 2016
8.	Scheme A – Tier II	10 th October 2016
9.	Scheme - Central Govt.	1 st April 2008
10.	Scheme - State Govt.	25 th June 2009
11.	NPS Lite Scheme – Govt. Pattern	4 th October 2010
12.	Scheme - Corporate CG	5 th November 2012
13.	Atal Pension Yojana	1 st June 2015

2. Commencement: The Scheme commenced its operations is given below :-

B. Scheme particulars

- Investment objective: The investment objective of the scheme is to optimize returns on investments.
- CRA fees, as per the unbundled architecture of the NPS Trust are charged to the scheme as claimed by CRA. PFM receives the scheme – wise subscription funds after deduction of CRA fees.

15-C



National Pension System (Regulations, 2015).

4. Contributions to the Scheme by the investors are withdrawable in accordance with the Pension Fund Regulatory and Development Authority Exit and Withdrawals Under the National Pension System (Regulations, 2015).

13.	Atal Pension Yojana	Miscellaneous Investments	Upto 5%
12.	Scheme - Corporate CG	Equity and related investments	Upto 15%
11.	NPS Lite Scheme - Govt. Pattern	Short Term Debt Instruments and related investments	Upto 5%
10.	Scheme - State Govt.	Debt Securities i.e. Corporate Bonds, Term Deposit Receipts etc.	Upto 45%
9.	Scheme - Central Govt.	Govt. Securities	Upto 50%
8.	Scheme A - Tier II	Limit	
7.	Scheme A - Tier I	To optimize returns through investments in: - a. Commercial mortgage based securities or Residential mortgage based securities b. Units issued by Real Estate Investment Trusts regulated by the Securities and Exchange Board of India c. Asset backed securities regulated by the Securities and Exchange Board of India d. Units of Infrastructure Investment Trusts regulated by the Securities and Exchange Board of India e. Alternative Investment Funds (AIF Category I & II) registered with Securities and Exchange Board of India.	
6.	Scheme G - Tier II	To optimize returns through investments in: - a. Government Securities; b. Other Securities the principal whereof and interest whereon is fully and unconditionally guaranteed by the Central Government or any State Government; and c. Units of mutual funds set up as dedicated funds for investment in Government securities and regulated by the SEBI.	
5.	Scheme G - Tier I	To optimize returns through investments in: - a. Listed (or proposed to be listed) debt securities issued by bodies corporate, including banks and public financial institutions, which have a minimum residual maturity period of three years from the date of investment; b. Basel III Tier - 1 Bonds issued by scheduled commercial banks under RBI Guidelines; c. Rupee Bonds having an outstanding maturity of at least 3 years issued by institutions of the International Bank for Reconstruction and Development, International Finance Corporation and the Asian Development Bank; and d. Term deposit Receipts of not less than one year duration issued by scheduled commercial banks.	
4.	Scheme C - Tier II	To optimize returns through investments in: - a. Listed (or proposed to be listed) debt securities issued by bodies corporate, including banks and public financial institutions, which have a minimum residual maturity period of three years from the date of investment; b. Basel III Tier - 1 Bonds issued by scheduled commercial banks under RBI Guidelines; c. Rupee Bonds having an outstanding maturity of at least 3 years issued by institutions of the International Bank for Reconstruction and Development, International Finance Corporation and the Asian Development Bank; and d. Term deposit Receipts of not less than one year duration issued by scheduled commercial banks.	
3.	Scheme C - Tier I	To optimize returns through investments in: - a. Listed (or proposed to be listed) debt securities issued by bodies corporate, including banks and public financial institutions, which have a minimum residual maturity period of three years from the date of investment; b. Basel III Tier - 1 Bonds issued by scheduled commercial banks under RBI Guidelines; c. Rupee Bonds having an outstanding maturity of at least 3 years issued by institutions of the International Bank for Reconstruction and Development, International Finance Corporation and the Asian Development Bank; and d. Term deposit Receipts of not less than one year duration issued by scheduled commercial banks.	

C. Significant Accounting Policies

A. Basis of accounting

The financial statements have been prepared to comply with the PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards notified under Section 133 of 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 and generally accepted accounting principles. These financial statements have been prepared on an accrual basis.

B. Investments

(i) Transactions for purchase or sale of Investments in Government securities, Non Convertible Bonds/Debentures, Equity shares, Fixed Deposits and Mutual Funds units are recognized as of the trade date except in case of subscriptions to Private/Public Offerings of debts which are recognized on allotment.

(ii) In determining the holding cost of investments and the gains or loss on sale of investments, the "weighted average cost" method is followed.

(iii) The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.

(iv) In respect of privately placed debt instruments, any front-end discounts offered are reduced from the cost of the investment.

(v) Investments are reconciled with the custodian records on daily basis.

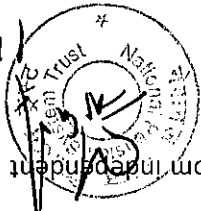
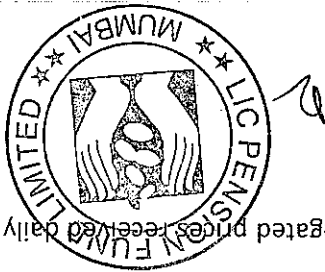
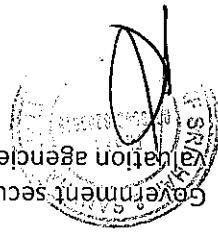
(vi) Rights / Bonus entitlements, if any, are accounted on ex-right/ ex-bonus date of the principal stock exchange

C. Investment Valuation

The below mentioned valuation of investment is carried out by Stock Holding Corporation of India as per the tripartite agreement among NPS Trust, LIC Pension Fund Limited and Stock Holding Corporation of India Ltd. Any deviations from the guidelines issued by PFRDA are mentioned in point 'D'.

Securities traded at a stock exchange:

- i. Equity securities are valued at the daily close price on the National Stock Exchange.
- ii. Debt securities (other than government securities) are valued at the NSE weighted average traded price on that day.
- iii. Money market instruments like commercial paper and certificate of deposit with residual maturity of up to 60 days, valued at the weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day then they are valued at amortized cost.
- iv. Government securities are valued at aggregated prices received daily from independent valuation agencies i.e. CRISIL and ICRA.



v. Investments in mutual fund schemes are valued based on the latest available/previous day's net asset value from AMFI website.

Securities not traded at a stock exchange:

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

i. Equity instruments shall generally be 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.

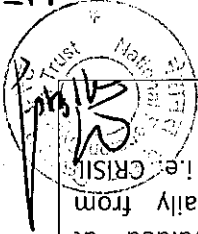
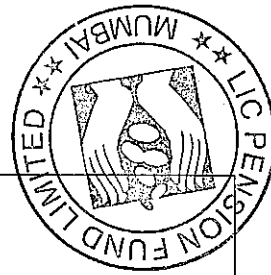
ii. Debt securities not traded on a valuation day :

a. With residual maturity over 60 days are valued on a yield to maturity basis, based on average of spreads provided by CRISIL and ICRA.
 b. With residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over remaining maturity period of the instrument.

iii. Performing non government debt securities below Investment Grade of BBB- are valued at a discount of 25% to Face Value.

D. The valuation Policy of the Scheme, as advised by SHCL, is at variance with PFRDA guidelines. The details of the variation are as under:

PFRDA Guidelines :	Valuation Policy :
<p>1. Securities traded at a stock exchange: Debt securities (other than government securities) are valued at the last quoted closing price on the Principal exchange on which the security is traded.</p> <p>2. Securities not traded at a stock exchange : When a debt security (Other than government Security) is not traded on any stock exchange on a particular valuation date, the value at which was traded on any other stock exchange on the earliest previous day is used, provided that such day is not more than 15 days.</p>	<p>a. With residual maturity over 60 days are valued on a yield to maturity basis, based on average of spreads provided by CRISIL and ICRA. b. With residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over remaining maturity period of the instrument.</p>
<p>3. Valuation of G-sec at YTM based on prevailing market prices.</p>	<p>Government securities are valued at aggregated prices received daily from independent valuation agencies i.e. CRISIL and ICRA.</p>



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E. Non Performing Investments:

Investments are classified as non-performing based on PFRDA (Identification, Income Recognition and Provisioning of NPA) Guidance Note 2013. An investment is regarded as non-performing if interest / principal or both amounts have not been received or remained outstanding for one quarter from the day such income/instrument has fallen due.

Provisions are made for Non-performing investments as per the extant guidelines prescribed by PFRDA as shown below:

Period past due from the date of classification of assets as NPA	% Provision On Book Value
3 months	50%
6 months	75%
9 months	100%

On classification of the instrument as NPA no further interest is accrued on the investment and a provision for all interest accrued is made.

Re-schedulement of NPA:

In case any issuer of debt security defaults in the payment of interest and installment of principal, if any, and the pension fund has accepted re-schedulement of NPA, it may be reclassified as performing asset, if next two coupons/ installments of principal, if applicable, is regularly serviced as rescheduled.

Written – back of provisioning of interest: Upon reclassification of assets as performing assets
 (i) In case an issuer has fully cleared all the arrears of interest, the interest provision can be written back in full.

Written – back of provisioning of principal: The provision made for the principal can be written back in the following manner:

- (i) 100 % of the assets provided for in the books will be written back at the end of second calendar quarter, where the provision of principal was made due to the interest defaults only.
- (ii) 50 % of the assets provided for in the books will be written back at the end of second calendar quarter and 25 % after every subsequent quarter, where both principal and interest were in default earlier.

F. Income Recognition

(i) Interest Income

In respect of all interest-bearing investments, income is accrued on a daily basis. Interest paid for the period from the last interest date up to the date of purchase is not treated as a cost of purchase but debited to Interest Recoverable Account. Similarly interest received at the time of sale for the period from the last interest date up to the date of sale is not treated as an addition to sale value but is credited to Interest Recoverable Account. Interest on Non-Performing Investments is not recognized in the Revenue Account till received.



(iii) Dividend Income:

Dividend income is recognized on "Ex-dividend" date.

G. Expenses

All allowable expenses and incomes accrued up to the valuation date are considered for computation of Net asset value. Major expenses like Investment Management Fees and NPS Trust Fees are accrued on a daily basis.

H. Taxes

All taxes which are leviable and actually paid are charged to the NAV of the Fund and are borne by the Subscriber. Any subsequent refund on this account, if any, is added to the scheme/fund as income.

I. Unit Capital and Unit Premium Reserve

Unit Capital is tallied with CRA records on daily basis. Difference between the issue/redemption price and face value of the units is credited / debited to unit premium reserve.

J. Computation of the Net Asset Value (NAV):

The NAV of the units is determined by dividing the net assets including investments recognized and valued as per the accounting policies by the number of outstanding units on the valuation date.

K. As per the unbundled architecture of National Pension Scheme, unit allocations and redemptions are accounted by PFM on the basis of consolidated data received from the Central Record Keeping Agency.

L. Investment Management Fees:

As per the terms of the Investment Management Agreement entered between National Pension System Trust and LIC Pension Fund Limited, management fees is calculated as a percentage of schemes daily closing net asset value.

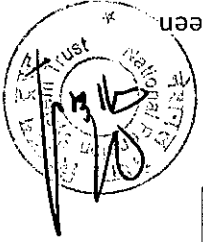
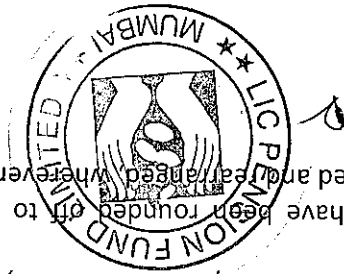
Notes to Accounts

i. Non-Performing Assets: As per PRDA (Identification, Income Recognition and Provisioning of NPA) Guidance Note 2013 a debt security ('asset') are classified as 'Non-Performing Asset' (NPA) if the interest and/or installment of principal have not been received or remained outstanding for one quarter, from the day such income and/or installment principal was due. The provision for NPA made upto 31.03.2017 is as below:

Particulars	31-Mar-17	31-Mar-16
Book Value (Rs.)	788,666,668	685,479,668
Provision for NPA (Rs.)	726,105,166	524,586,666
Carrying Cost (Rs.)	62,561,502	160,893,002
Market Value (Rs.)	75,000,000	191,813,000
% of NPA(Gross) to AUM	0.15	0.19

ii. Contingent Liability as on 31st March, 2017 is NIL. (Previous Year – NIL).

iii. Figures have been rounded off to the nearest rupee. Previous year figures have been regrouped and rearranged wherever necessary.



INDEPENDENT AUDITOR'S REPORT

TO

THE TRUSTEES,

NATIONAL PENSION SYSTEM TRUST (NPS Trust)

Report on Financial Statements

1. We have audited the accompanying financial statements of Scheme 05: NPS Trust A/c - LIC Pension Fund Scheme E-Tier I under the National Pension System Trust (NPS Trust) managed by LIC Pension Fund Ltd. (PFM) [in terms of clause 3 of PFDA (preparation of Financial Statements) Guidelines 2012] which comprises of the Balance sheet as at March 31, 2017 and the Revenue account for the year then ended, and a summary of significant accounting policies and other explanatory information.

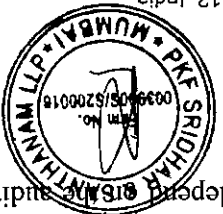
Management's Responsibility for the Financial Statements

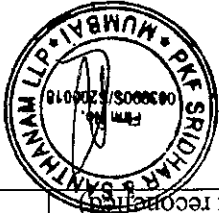
2. The Board of Directors of the PFM, in accordance with the applicable Pension Fund Regulatory and Development Authority (PFDA) Guidelines and the Investment Management Agreement (IMA) with the National Pension System trust (NPS Trust) is responsible for the preparation of these financial statements 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 specified under section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rule 2014, to the extent made applicable by PFDA to Scheme. This responsibility also includes maintenance of records in accordance with PFDA guidelines for safeguarding of the assets of the Company and preventing frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

Auditor's Responsibility

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

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





Particulars	
(Rs)	Amount pertaining to subscriber/nodal office for the withdrawals executed/erroneous requests processed by either by CRA/ Nodal Offices (Part of the amount is yet to be transferred to the beneficiary ex: transaction with multiple nominees)
48,80,246	Amount received from Bank of India (these funds have been received from Bank of India, erstwhile Trustee Bank, and it is not yet received)
36,910	

b) As informed by CRA, Rs 93,93,380 pertaining to all PFMs & all schemes and cannot be identified PFM wise or scheme wise, is lying with the Trustee Bank on account of the following:

a) Rs. 3,35,83,305/- is lying with Trustee Bank as on 31st March, 2017 (Previous Year Rs. 3,02,55,607/-the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. This does not have any impact on the surplus for the period; though the subscription received pending allotments as well as balances with bank are understated by the said amount.

7. As explained in Note No. 71 giving background of the Scheme regarding unbundled architecture, the PFM receives consolidated funds and does not have access to the individual subscribers' data. However, based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the following:

Emphasis of Matter

i) in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2017;

ii) in the case of the Revenue Account, of the surplus of the Scheme for the period ended on that date; and

Opinion

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

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

PFM, as well as evaluating the overall presentation of the financial statements. accounting policies used and the reasonableness of the accounting estimates made by the entity's internal control. An audit also includes evaluating the appropriateness of circumstances, but not for the purpose of expressing an opinion on the effectiveness of financial statements in order to design audit procedures that are appropriate in the auditor considers internal control relevant to the PFM's preparation and fair presentation of the statements, whether due to fraud or error. In making those risk assessments, the auditor judgment, including the assessment of the risks of material misstatement of the financial

11 3 JUL 2017

11 3 JUL 2017

Mumbai:

For PKF SRIDHAR & SANTHANAM LLP
 Chartered Accountants
 Registration No: 003990S/S200018
 Firm No. 003990S/S200018
 Partner
 Santanaram
 No. 201402

9. We further certify that
- a) Investments has been valued in accordance with the guidelines issued by the Authority;
 - b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fees
8. As required by the FRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended we report that:
- a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit,
 - b) The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme,
 - c) In our opinion, proper books of account of the scheme, as required by the FRDA has been maintained by the PFM so far as appears from our examination of those books.
 - d) All transactions expenses in excess of the limits contractually agreed to/approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme
 - e) In our opinion the Balance Sheet and Revenue account of the Scheme dealt with by this report comply with the Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 to the extent made applicable by FRDA

Report on Other Legal and Regulatory Requirements

Above amounts do not have any impact on the surplus for the year.

Surplus for FRDA instructions	16,172
Amount received from ASPs (The cases wherein the funds were sent to ASPs and subsequently, the subscriber has cancelled the Annuity as the subscriber during the free look period.)	44,59,705
Pay-in residual	347
Total	93,93,380

NATIONAL PENSION SYSTEM TRUST
 NPS TRUST - A/C LIC PENSION FUND LIMITED'S PENSION FUND SCHEME - E TIER I

BALANCE SHEET AS AT MARCH 31, 2017

Schedules As at March 31, 2017 As at March 31, 2016
 ₹ ₹

Liabilities	1	2	3	Total
Unit Capital	1,375,392,878	792,588,758		
Reserves and Surplus		832,447,650		
Current Liabilities and Provisions		256,920,736		
		240,130		
Total	2,216,383,863	1,049,749,624		
Assets	4	5	6	7
Investments	2,214,895,515	1,041,265,013		
Deposits				
Other Current Assets			1,488,348	
			8,484,611	
Total	2,216,383,863	1,049,749,624		
(a) Net assets as per Balance Sheet	2,207,840,528	1,049,509,494		
(b) Number of Units outstanding	137,539,288	79,258,876		
Significant Accounting Policies and Notes to Accounts				7

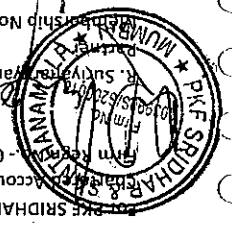
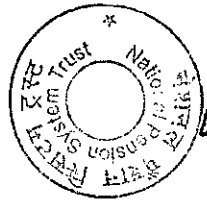
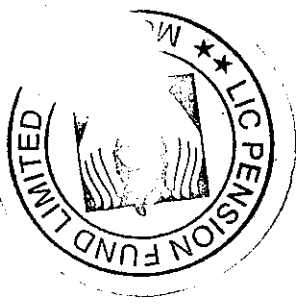
This is the Balance Sheet referred to in our report of even date.

For SRI DHAR & SANTHANAM LLP
 Chartered Accountants
 Firm Regd. No. - 0039905/S200018
 R. Sankaranarayanan
 Partner
 Membership No. - 201402
 Date: 13 JUL 2017
 Place: Mumbai

For LIC Pension Fund Ltd
 MD & CEO
 Director
 Date: Mumbai
 Place: Mumbai

For and on Behalf of NPS Trust
 Shailesh V. Harbhakti
 (Chairman, NPS Trust Board)
 Date: 13 JUL 2017
 Place: Mumbai

Kamal Chaudhry
 (Chief Executive Officer)
 Date: Mumbai
 Place: Mumbai



NATIONAL PENSION SYSTEM TRUST

NPS TRUST - A/C LIC PENSION FUND LIMITED'S PENSION FUND SCHEME - E TIER I

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016

Year ended	Year ended	Particulars
March 31, 2016	March 31, 2017	

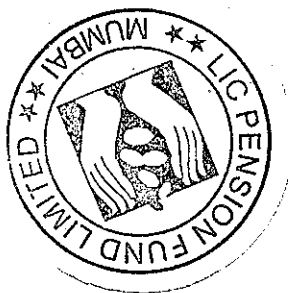
10,251,944	18,395,378	Dividend
8,520	-	Interest
21,752,785	26,313,137	Profit on sale/redemption of investments
436,316	-	Profit on inter-scheme transfer/sale of investments
-	250,540,235	Unrealized gain on appreciation in investments
-	2	Other income
-	-	Miscellaneous income
32,449,564	295,248,752	Total

72,120,113	-	Unrealized losses in value of investments
7,862,196	2,374,234	Loss on sale/redemption of investments
79,967	176,148	Loss on inter-scheme transfer (including service Tax)
79,967	153,254	Management fees
34,118	153,254	NPS Trust fees
57,286	47,448	Custodian fees
789,345	2,492,905	CRA Fees
(789,345)	(2,492,905)	Less: Amount recoverable on sale of units on account of CRA Charges
-	6,501	Trustee Bank's fees
-	-	Depository and settlement charges
-	-	Provision for Non-performing assets
-	-	Other Expenses, if any
80,153,680	2,757,585	Total

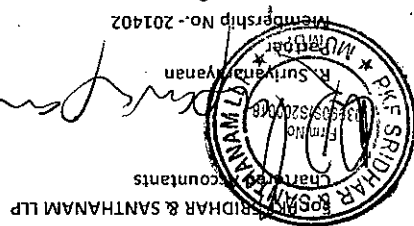
(47,704,116)	292,491,167	Surplus/(Deficit) for the year
-	250,540,235	Less: Amount transferred to Unrealised appreciation account
(47,704,116)	41,950,932	Less: Amount transferred to General Reserve
-	-	Amount carried forward to Balance Sheet

7 Significant Accounting Policies and Notes to Accounts

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



For LIC Pension Fund Ltd
 MD & CEO
 Director



SRIDHAR & SANTHANAM LLP
 Chartered Accountants
 Membership No.- 201402

Date: 11 3 JUL 2017
 Place: Mumbai

For and on Behalf of NPS Trust

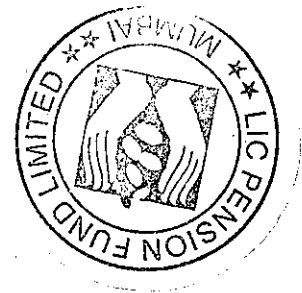
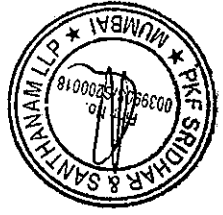
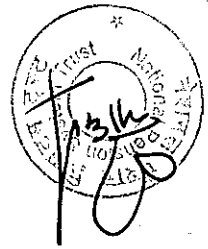
Date: Place: Mumbai

Kamal Chaudhry
 (Chief Executive Officer)

Shailesh V. Harbhakti
 (Chairman, NPS Trust Board)



Date: 13 JUL 2017
 Place: Mumbai



Schedule 4		Schedule 5		Schedule 6	
As at March 31, 2017		As at March 31, 2016		As at March 31, 2016	
₹	₹	₹	₹	₹	₹
Investments (Long Term and Short Term)	2,151,225,648	859,191,290			
Equity Shares					
Debtures and Bonds Listed/Awaiting Listing					
Central and State Government Securities (including treasury bills)					
Commercial Paper					
Others - Mutual Fund Units					
- Certificates of Deposit					
Non Convertible Debentures classified as Non performing investment					
Less: Provision on Non performing investment					
Total	2,214,895,515	1,041,265,013			
Deposits					
Deposits with Scheduled Banks					
Other Current Assets					
Outstanding and accrued income	1,289,700	316,616			
Interest receivable on deposits with scheduled banks					
Balance with Trustee Bank					
Application Pending Allotment (Equity)	191,604	8,167,598			
Contract for sale of investments					
Tax Receivable					
Brokerage receivable from LIC Pension Fund Ltd.	7,044	397			
	1,488,348	8,484,611			

National Pension System Trust

SCHEME 05 : NPS TRUST A/C LIC PENSION FUND LIMITED'S PENSION FUND SCHEME

E TIER I

Background

The Central Government had introduced the National Pension System (NPS) with effect from January 1, 2004 (except for armed forces). Pension Fund Regulatory and Development Authority (PFRDA), the regulatory body for NPS, finalized the architecture and appointed NSDL and Kary Computershare Private Limited as Central Recordkeeping Agencies (CRAs), other entities for National Pension System and appointed LIC Pension Fund Ltd (LICPFL) as one of the Fund manager for the Scheme.

LICPFL has entered into an Investment Management Agreement ('IMA') with NPS. The Pension Fund Regulatory and Development Authority ('PFRDA') guidelines require each PFM to manage subscribers' funds made available to it by the Trustee bank. However, the responsibility of maintaining individual subscriber's records is not with PFM and is managed by the CRA. The CRA do not furnish any subscribers level data to the PFM and provide only consolidated subscribers data of cash inflow for units to be allotted and number of units to be redeemed to PFM. The PFM makes investments as per the requirements of IMA and the scheme wise flow of funds from CRAs.

Under All Citizen Model of NPS, there are three assets classes viz Equity (E), Government Securities (G), and Corporate Debt (C). The funds are invested in Equity Class through Pension Fund Managers.

Note 7: Significant Accounting Policies and Notes to Accounts

Significant Accounting Policies

A. Basis of accounting

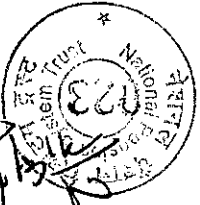
The financial statements have been prepared to comply with the PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards notified under Section 133 of the Companies Act, 2013 to the extent made applicable by PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012 and generally accepted accounting principles. These financial statements have been prepared on an accrual basis.

B. Investments

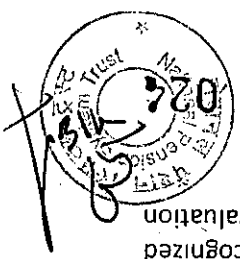
(i) Transactions for purchase or sale of Investments in Government securities, Non Convertible Bonds/Debentures, Equity shares, Fixed Deposits and Mutual Funds units are recognized as of the trade date except in case of subscriptions to Private/Public Offerings of debts which are recognized on allotment.

(ii) In determining the holding cost of investments and the gains or loss on sale of investments, the "weighted average cost" method is followed.

(iii) The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.



10



The NAV of the units is determined by dividing the net assets including investments recognized and valued as per the accounting policies by the number of outstanding units on the valuation date.

H. Computation of the Net Asset Value (NAV):
Unit Capital is tallied with CRA records on daily basis. Difference between the issue/redemption price and face value of the units is credited / debited to unit premium reserve.

G. Unit Capital
All taxes which are leviable and actually paid are charged to the NAV of the Fund and are borne by the Subscriber. Any subsequent refund on this account, if any, is added to the scheme/fund as income.

F. Taxes
All allowable expenses and incomes accrued up to the valuation date are considered for computation of Net asset value. Major expenses like Investment Management Fees and NPS Trust Fees are accrued on a daily basis.

E. Expenses
Dividend income is recognized on Ex-dividend date.

D. Income Recognition:
Equity instruments shall generally be 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.

C. Investment Valuation
The below mentioned valuation of investment is carried out by Stock Holding Corporation of India as per the tripartite agreement among NPS Trust, LIC Pension Fund Limited and Stock Holding Corporation of India Ltd.

Securities traded at a stock exchange:
i. Equity securities are valued at the daily close price on the National Stock Exchange.
ii. Investments in mutual fund schemes are valued based on the latest available net asset value of the respective schemes.

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

Equity instruments shall generally be 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.

Income Recognition:
Dividend income is recognized on Ex-dividend date.

Expenses
All allowable expenses and incomes accrued up to the valuation date are considered for computation of Net asset value. Major expenses like Investment Management Fees and NPS Trust Fees are accrued on a daily basis.

Taxes
All taxes which are leviable and actually paid are charged to the NAV of the Fund and are borne by the Subscriber. Any subsequent refund on this account, if any, is added to the scheme/fund as income.

Unit Capital
Unit Capital is tallied with CRA records on daily basis. Difference between the issue/redemption price and face value of the units is credited / debited to unit premium reserve.

Computation of the Net Asset Value (NAV):
The NAV of the units is determined by dividing the net assets including investments recognized and valued as per the accounting policies by the number of outstanding units on the valuation date.

1. As per the unbundled architecture of National Pension Scheme, unit allocations and redemptions are accounted by PFM on the basis of consolidated data received from the Central Record Keeping Agency.

1. Investment Management Fees:

As per the terms of the Investment Management Agreement entered between National Pension System Trust and LIC Pension Fund Limited management fees is calculated as a percentage of schemes daily closing net asset value.

Notes to Accounts

i. Investment in Group Company and Associates:

Particulars	March 31, 2017	March 31, 2016
Name of the Group Company/Associate	LIC Housing Finance Ltd.	LIC Housing Finance Ltd.
Amount Invested by the scheme (Rs.)	218,08,001	24,90,250
Market Value (Rs)	253,56,450	29,58,900
Aggregate investment by all scheme (Rs.)	62392,46,100	5,98,55,92,409

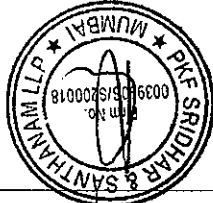
ii. Details of Custodian Fees paid or payable to Stock Holding Corporation of India Limited (A Company in which sponsor of LIC Pension Fund Limited has substantial interest)

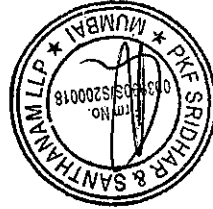
Particulars	March 31, 2017	March 31, 2016
Name of Sponsor of LIC PFL	LIC of India	LIC of India
Name of the company in which sponsor has substantial interest	Stock Holding Corporation of India Ltd.	Stock Holding Corporation of India Ltd.
No of shares held	31,50,000	31,50,000
% of Share Holding	14.97 %	14.97 %
Amount Paid/ Payable (Rs.)	47,448	57,286

iii. Purchase/Sale of Investments: The aggregate value of purchase and sales of investments during the year expressed as a percentage of average daily net assets are as under:

Particulars	March 31, 2017	March 31, 2016
Aggregate Value of purchase (except liquid funds) (Rs.)	1,04,49,18,738	65,64,75,717
%	68.18 %	93.60 %

Particulars	March 31, 2017	March 31, 2016
Aggregate Value of sales (except liquid funds) (Rs.)	15,85,57,407	16,18,79,221
%	10.35 %	23.08 %





- vii. Figures have been rounded off to the nearest rupee. Previous year figures have been regrouped and rearranged, wherever necessary.
- vi. Contingent Liability as on 31st March, 2017 is NIL. (Previous Year – NIL).

Particulars		March 31, 2017		March 31, 2016	
Industry Group	Amount of investment (Rs.)	% of total investment related to that classification	Amount of investment (Rs.)	% of total investment related to that classification	Total amount invested in Equity
Monetary intermediation of banks	42,49,95,744	19.76%	22,20,10,020	25.84%	
Manufacture of allopathic pharmaceutical	21,30,36,317	9.90%	6,51,52,288	7.58%	
Writing, modifying, test of computer	17,45,19,375	8.11%	13,35,69,622	15.55%	
Manufacture of other petroleum	8,54,62,230	3.97%	5,12,14,800	5.96%	
Activity granting credit for house	7,13,82,296	3.32%	4,73,38,790	5.51%	
Manufacture of cigarettes	8,15,36,187	3.79%	4,69,15,460	5.46%	
Manufacture of clinkers and cement	3,91,24,758	1.82%	4,33,68,993	5.05%	
					85,91,91,289

Equity Group:

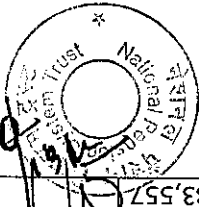
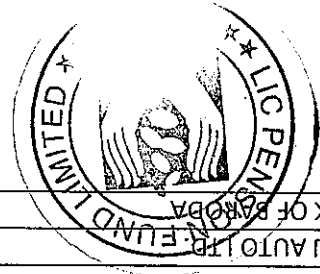
- v. Total Value of investment falling under each major industry group (which constitute not less than 5% of total investment related to that classification).
- iv. As per the PFRDA Investment Guidelines for Private Sector dated January 29, 2014, the Scheme Exchange Traded Funds that replicate the portfolio of either BSE Sensex index or NSE Nifty 50 index. Index Fund Schemes invest in securities in the same weightage comprising of an index. LIC Pension Fund Ltd has tracked/replicated/replicated NSE Sensex as the Index for the FY 2015-16
- Superseding the aforesaid circular PFRDA vide its circular Ref: PFRDA/2015/21/PM/08 dated 02.09.2015, investment in equity can be made in shares of company on which derivatives are available in Bombay Stock Exchange or National Stock Exchange or Equity Linked Schemes of Mutual Funds or Exchange Traded Funds regulated by the SEBI.
- Accordingly the scheme has been managed actively from September 2015 to comply with the above guidelines.

Scheme 05 : NPS TRUST A/C LIC PENSION FUND
SCHEME E TIER - I

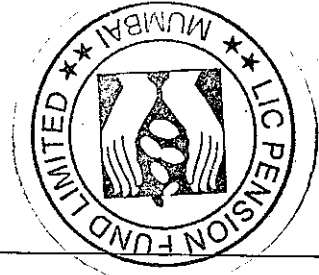
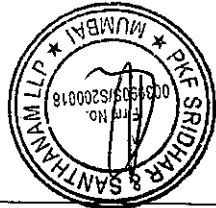
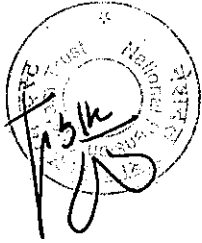
Schedule Annexed to and forming part of Financial Statements as on 31.03.2017

A Equity

Sr No.	Security Name	units	Book Cost (Rs.)	Market Value (Rs.)
1	OIL AND NATURAL GAS CORPORATION LTD.	2,15,421	381,51,165	398,52,885
2	RELIANCE INDUSTRIES LTD.	64,700	624,49,199	854,62,230
3	BHARAT PETROLEUM CORPORATION LIMITED	29,690	173,18,769	192,94,047
4	TATA STEEL LIMITED	60,660	266,60,056	292,80,582
5	INFOSYS TECHNOLOGIES LTD	62,064	607,56,100	634,44,924
6	LARSEN AND TOUBRO LTD	40,133	560,82,840	632,05,462
7	GAIL INDIA	39,846	126,70,288	150,19,950
8	BHARATI AIRTEL	47,212	169,98,244	165,26,561
9	ITC LTD	2,90,889	660,25,951	815,36,187
10	NTPC LTD	99,115	138,39,065	164,53,090
11	TATA POWER LTD.	2,96,475	221,16,889	267,86,516
12	STATE BANK OF INDIA	2,10,500	479,79,951	617,60,700
13	HINDUSTAN UNILEVER LTD.	27,858	219,45,546	253,99,532
14	TATA MOTORS LTD.	88,500	371,19,789	412,27,725
15	AMBUJA CEMENTS LTD.	41,500	88,09,248	98,20,975
16	BHARAT HEAVY ELECTRICALS LTD	1,11,761	182,05,567	182,00,279
17	POWER GRID CORPORATION OF INDIA LTD	1,32,696	207,72,895	261,80,921
18	RURAL ELECTRIFICATION CORPORATION LTD.	13,200	16,12,526	23,89,200
19	TATA CONSULTANCY SERVICES LTD.	18,032	423,76,074	438,50,218
20	YES BANK LTD	1,500	19,11,000	23,20,125
21	INDIAN OIL CORPORATION LTD	14,000	43,21,991	54,18,700
22	AXIS BANK LIMITED	87,000	383,87,579	426,99,600
23	GRASIM INDUSTRIES LTD.	11,720	91,18,116	122,94,280
24	HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	30,641	337,89,542	460,25,846
25	ASIAN PAINTS LTD.	16,710	143,57,261	179,38,185
26	ASHOK LEYLAND LTD.	1,88,500	168,26,817	159,37,675
27	CIPLA LTD.	65,100	361,48,785	386,01,045
28	MARUTI SUZUKI INDIA LTD.	6,262	266,07,597	376,70,313
29	DABUR INDIA LTD.	15,000	39,64,173	41,60,250
30	COLGATE PALMOLIVE (INDIA) LTD.	18,500	161,37,800	184,16,750
31	LIC HOUSING FINANCE LTD.	41,000	218,08,001	253,56,450
32	Tata Chemicals Limited	23,000	123,68,454	137,71,250
33	PETRONET LNG LTD.	28,000	103,90,526	112,88,200
34	IDEA CELLULAR LIMITED	2,04,813	225,56,546	175,83,196
35	HDFC BANK LIMITED	55,000	525,74,905	793,40,250
36	HINDALCO INDUSTRIES LIMITED	1,03,253	171,01,126	201,39,498
37	MAHINDRA & MAHINDRA LTD.	20,712	257,53,786	266,54,273
38	DR. REDDYS LABORATORIES LTD.	11,750	352,82,022	309,30,113
39	COAL INDIA LIMITED	1,47,123	465,12,778	430,55,546
40	BAJAJ AUTO LTD.	8,200	205,21,605	230,04,690
41	BANK OF BARODA	2,58,422	411,83,557	446,42,373

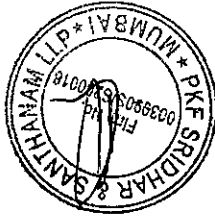
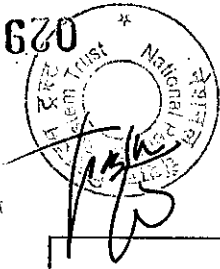


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1	LIC NOMURA MF LIQUID FUND DIRECT GROWTH	21595.8752	636,66,941	636,69,867
	Sub Total		636,66,941	636,69,867

B Mutual Fund				
Sr No.	Security Name	units	Book Cost (Rs.)	Market Value (Rs.)
42	SUN PHARMACEUTICALS INDUSTRIES LTD.	98,642	735,26,754	678,80,492
43	ACC LTD.	6,900	96,06,352	99,77,745
44	UltraTech Cement Limited	4,850	142,95,447	193,26,038
45	HCL TECHNOLOGIES LTD.	39,130	324,58,242	342,28,968
46	Apollo Tyres Limited	14,000	24,69,700	29,21,800
47	INDUSIND BANK LTD.	20,250	189,92,768	288,59,288
48	KOTAK MAHINDRA BANK LTD.	58,591	416,89,924	511,03,070
49	LUPIN LTD.	26,950	447,99,626	389,48,140
50	GLENMARK PHARMACEUTICALS LTD.	27,800	251,60,653	236,88,380
51	WIPRO LIMITED	22,447	118,92,483	115,75,918
52	TECH MAHINDRA LIMITED	46,650	238,74,650	214,19,348
53	CANARA BANK	32,600	91,24,247	98,69,650
54	ICICI BANK LTD.	3,77,102	1016,02,508	1044,00,689
55	POWER FINANCE CORPORATION LTD.	28,000	32,46,198	40,85,200
56	AUROBINDO PHARMA LIMITED	19,236	135,30,248	129,88,147
57	NMDC LTD	78,332	107,75,166	104,25,989
58	BOSCH LTD	210	48,50,955	47,77,763
59	ZEE ENTERTAINMENT LTD	7,000	29,46,475	37,48,850
60	BRITANIA INDUSTRIES LTD	1,150	33,38,086	38,80,100
61	CASTROL INDIA LTD	42,800	173,75,643	185,06,720
62	BHARTI INFRA TEL LTD	8,000	25,78,250	26,07,200
63	MOTHERSON SUMI SYSTEMS LIMITED	14,000	45,16,136	52,06,600
64	HINDUSTAN ZINC LTD	35,000	95,12,630	101,08,000
66	SBI BLUECHIP FUND DIRECT GROWTH	43,93,197	1255,00,000	1520,63,044
67	BIRLA SUN LIFE FRONTLINE EQUITY FUND GROWTH DIRECT PLAN	6,82,561	1081,00,000	1363,89,291
68	FRANKLIN INDIA BLUECHIP FUND DIRECT GROWTH	41,559	150,00,000	176,04,681
69	KOTAK SELECT FOCUS FUND	27,43,525	740,00,000	816,93,950
	Sub Total		19042,77,268	21512,25,648



1, 2

Key Statistics		LIC Pension Fund Limited		Name of the Scheme: E Tier I	
S. No.	Particulars	As at March 31, 2017	As at March 31, 2016		
1	NAV Per Unit (Rs.)*				
	Open	13.2420	14.3782		
	High	16.0524	14.9165		
	Low	12.9688	11.9201		
	End	16.0524	13.2415		
2	Closing Assets Under Management (Rs. In Lakhs)	22,078.41	10,495.09		
	Average (AUM)	15,325.35	7,013.30		
3	Gross Income as % of AUM	2.92	4.63		
4	Expense Ratio				
a	Total Expense as % of AUM (Scheme wise)	0.18	1.15		
b	Management Fee as % of AUM (Scheme Wise)	0.01	0.01		
5	Net Income as a percentage of AUM	2.74	3.48		
6	Portfolio turnover ratio	0.10	0.23		
7	Returns (%) * Compounded Annualised Yield				
	a. Last One Year				
	Benchmark (NIFTY 100)	20.87%	-8.07%		
	b. Since inception				
	Benchmark (NIFTY 100)	13.34%	10.67%		
	c. Compounded annualised yield (%)				
	Last 1 Year	21.22%	-7.91%		
	Last 3 Years	12.49%	N.A.		
	Last 5 Years	N.A.	N.A.		
	Since launch of the scheme (23-Jul-2013)	13.68%	11.00%		
	* Declared NAV; Returns calculated based on declared NAV				

INDEPENDENT AUDITOR'S REPORT

TO

THE TRUSTEES,

NATIONAL PENSION SYSTEM TRUST (NPS Trust)

Report on Financial Statements

1. We have audited the accompanying financial statements of Scheme 08: NPS Trust A/c - LIC Pension Fund Scheme E-Tier II under the National Pension System Trust (NPS Trust) managed by LIC Pension Fund Ltd. (PFM) [in terms of clause 3 of PFRDA (preparation of Financial Statements) Guidelines 2012] which comprises of the Balance sheet as at March 31, 2017 and the Revenue account for the year then ended, and a summary of significant accounting policies and other explanatory information.

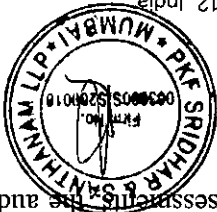
Management's Responsibility for the Financial Statements

2. The Board of Directors of the PFM, in accordance with the applicable Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (IMA) with the National Pension System Trust (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 specified under section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rule 2014, to the extent made applicable by PFRDA to Scheme. This responsibility also includes maintenance of records in accordance with PFRDA guidelines for safeguarding of the assets of the Company and preventing frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

Auditor's Responsibility

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

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



considers internal control relevant to the PFM's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by PFM, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- i) in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2017;
- ii) in the case of the Revenue Account, of the surplus of the Scheme for the period ended on that date; and

Emphasis of Matter

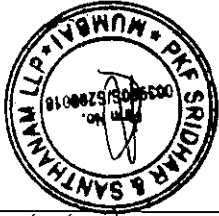
7. As explained in Note No. 71 giving background of the Scheme regarding unbundled architecture, the PFM receives consolidated funds and does not have access to the individual subscribers' data. However, based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the following:

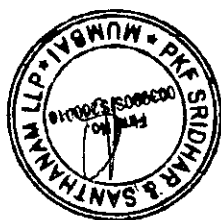
a) Rs. 5,50,265/- is lying with Trustee Bank as on 31st March, 2017 (Previous Year Rs. 1,56,104/-) the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. This does not have any impact on the surplus for the period; though the subscription received pending allotments as well as balances with bank are understated by the said amount.

b) Rs 414 is lying in the withdrawal account with trustee bank as on 31st March 2017. As explained by CRA, the same pertains to subscriber/nodal office for the withdrawals executed/erroneous requests processed by either by CRA/ Nodal Offices. The said amount could not be transferred to the recipients due incorrect bank account details/invalid bank details, etc. This does not have any impact on the surplus for the year.

c) As informed by CRA, Rs 93,93,380 pertaining to all PFMs & all schemes and cannot be identified PFM wise or scheme wise, is lying with the Trustee Bank on account of the following:

Particulars	(Rs)
Amount pertaining to subscriber/nodal office for the withdrawals	48,80,246





8. As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended we report that:
- We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit,
 - The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme,
 - In our opinion, proper books of account of the scheme, as required by the PFRDA has been maintained by the PFM so far as appears from our examination of those books.
 - All transactions expenses in excess of the limits contractually agreed to/approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme
 - In our opinion the Balance Sheet and Revenue account of the Scheme dealt with by this report comply with the Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 to the extent made applicable by PFRDA

Report on Other Legal and Regulatory Requirements


Above amounts do not have any impact on the surplus for the year.

executed/erroneous requests processed by either by CRA/ Nodal Offices (Part of the amount is yet to be transferred to the beneficiary ex: transaction with multiple nominees)	
Amount received from Bank of India (these funds have been received from Bank of India, erstwhile Trustee Bank, and it is not yet reconciled)	36,910
Surplus for PFRDA instructions	16,172
Amount received from ASPs (The cases wherein the funds were sent to ASPs and subsequently, the subscriber has cancelled the Annuity as the subscriber during the free look period.)	44,59,705
Pay-in residual	347
Total	93,93,380

11 3 JUL 2017

Mumbai:

For PKF SRIDHAR & SANTHANAM LLP
 Chartered Accountants
 Registration No: 003990S/S200018
 Partner
 Sauriyamarayan
 M. No: 201402



9. We further certify that
- a) Investments has been valued in accordance with the guidelines issued by the Authority;
 - b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fees

NATIONAL PENSION SYSTEM TRUST

NPS TRUST - A/C LIC PENSION FUND LIMITED'S PENSION FUND SCHEME - E TIER II

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
-------------	------------------------------	------------------------------

Income	234,632	50,026
Dividend	-	23
Interest	-	-
Profit on sale/redemption of investments	500,072	102,342
Profit on inter-scheme transfer/sale of investments	-	1,297
Unrealized gain on appreciation in investments	3,011,220	-
Other income	2	-
- Miscellaneous income	-	-

Total	3,745,926	153,688
-------	-----------	---------

Expenses and Losses	57,989	147,685
Unrealized losses in value of investments	-	-
Loss on sale/redemption of investments	-	42,608
Loss on inter-scheme transfer/sale of investments	-	-
Management fees (including service Tax)	-	-
NPS Trust fees	2,243	386
Custodian fees	1,951	201
CRA Fees	528	727
CRA Fees	16,984	2,569
Less: Amount recoverable on sale of units on account of CRA Charges	(16,984)	(2,569)
Trustee Bank's fees	344	-
Depository and settlement charges	-	-
Provision for Non-performing assets	-	-
Other Expenses, if any	-	-

Total	63,055	191,607
Surplus/(Deficit) for the year	3,682,871	(37,919)
Less: Amount transferred to Unrealised appreciation account	3,011,220	(37,919)
Less: Amount transferred to General Reserve	671,651	(37,919)
Amount carried forward to Balance Sheet	-	-

Significant Accounting Policies and Notes to Accounts

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

For PKF SRIDHAR & SANTHANAM LLP

Chartered Accountants



[Signature]
Partner
R. Santanaram

Membership No.- 201402

Place: Mumbai

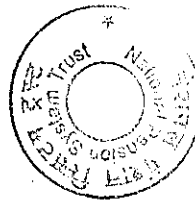
Date: 13th July, 2017

For and on Behalf of NPS Trust

(Chairman, NPS Trust Board)

Shalish V. Harbhakti

[Signature]



Place: Mumbai

Date: 13 JUL 2017

(Chief Executive Officer)

Kamal Chaudhry

[Signature]

Place: Mumbai

Date:

For LIC Pension Fund Ltd

MD & CEO

[Signature]

Director

[Signature]

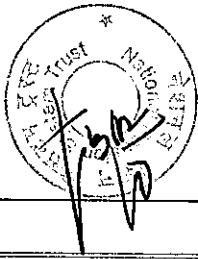
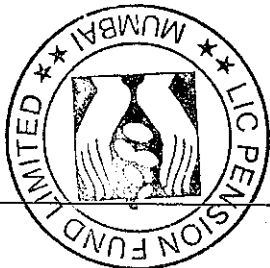


NATIONAL PENSION SYSTEM TRUST

NPS TRUST - A/C LIC PENSION FUND LIMITED'S PENSION FUND SCHEME - E TIER II

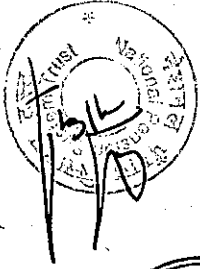
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2017

Schedule 1		Schedule 2		Schedule 3	
As at March 31, 2017		As at March 31, 2017		As at March 31, 2017	
As at March 31, 2016		As at March 31, 2016		As at March 31, 2016	
Unit Capital	1,198,691	8,077,047	831,760	28,579	16,660
Initial Capital*	1,198,691	8,077,047	831,760	28,579	16,660
	8,077,047	8,077,047	831,760	28,579	16,660
Outstanding at the beginning of the year	23,889,122	6,214,818	671,651	(9,340)	193,214
Add: Units issued during the year	4,567,410	1,287,181	62,311	671,651	143,293
Less: Units redeemed during the year	7,833,264	5,759,397	662,311	671,651	2,697
Outstanding at the end of the year	954,908	831,760	662,311	671,651	143,293
	954,908	831,760	662,311	671,651	143,293
Outstanding at the beginning of the year	119,869	807,705	84,933	(9,340)	193,214
(Face Value of Rs.10/- each unit, fully paid up)	807,705	807,705	84,933	(9,340)	193,214
Outstanding units at the beginning of the year	783,326	807,705	84,933	(9,340)	193,214
Add: Units issued during the year	119,869	807,705	84,933	(9,340)	193,214
Less: Units redeemed during the year	783,326	807,705	84,933	(9,340)	193,214
Outstanding Units at the end of the year	95,491	807,705	84,933	(9,340)	193,214
	95,491	807,705	84,933	(9,340)	193,214
Reserves and Surplus	125,979	831,760	84,933	(9,340)	193,214
Unit Premium Reserve	125,979	831,760	84,933	(9,340)	193,214
Opening Balance	125,979	831,760	84,933	(9,340)	193,214
Add: Premium on Units issued	870,627	831,760	84,933	(9,340)	193,214
Less: Premium on Units redeemed	164,846	831,760	84,933	(9,340)	193,214
Closing Balance	870,627	831,760	84,933	(9,340)	193,214
General Reserve	28,579	831,760	84,933	(9,340)	193,214
Opening Balance	28,579	831,760	84,933	(9,340)	193,214
Add: Transfer from Revenue Account	(37,919)	831,760	84,933	(9,340)	193,214
Closing Balance	(9,340)	831,760	84,933	(9,340)	193,214
Unrealised Appreciation Account	84,933	831,760	84,933	(9,340)	193,214
Opening Balance	84,933	831,760	84,933	(9,340)	193,214
Add: Transfer from Revenue Account	84,933	831,760	84,933	(9,340)	193,214
Closing Balance	84,933	831,760	84,933	(9,340)	193,214
Total	9,517,861	9,517,861	9,517,861	9,517,861	9,517,861
Current Liabilities and Provisions	17,254	339,159	17,254	339,159	17,254
Current Liabilities	17,254	339,159	17,254	339,159	17,254
Provision for interest overdue	16,660	193,214	16,660	193,214	16,660
Redemption Payable	-	(45)	-	(45)	-
TDS Payable	-	143,293	-	143,293	-
Contract for Purchase of Investments	-	2,697	-	2,697	-
Sundry Creditors for expenses	594	2,697	594	2,697	594



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Schedule 4		Schedule 5		Schedule 6	
As at March 31, 2017		As at March 31, 2017		As at March 31, 2016	
₹		₹		₹	
Investments (Long Term and Short Term)	34,716,484	35,733,629	8,789,962		
Equity Shares	7,242,894				
Debtures and Bonds listed/Awaiting Listing					
Central and State Government Securities (including treasury bills)					
Commercial Paper					
Others - Mutual Fund Units	1,017,145				
- Certificates of Deposit					
Total	34,716,484	35,733,629	8,789,962		
Other Current Assets					
Outstanding and accrued income	19,552	2,090	2,665		
Balance with Trustee Bank	2,090	2,090	208,871		
Application Pending Allotment	1,500,000				
Contract for sale of investments					
Tax Receivable					
Brokerage receivable from LIC Pension Fund Ltd.	508		156		
	1,522,150	211,692			

National Pension System Trust

SCHEME 08 : NPS TRUST A/C LIC PENSION FUND LIMITED'S PENSION FUND SCHEME

E TIER II

Background

The Central Government had introduced the National Pension System (NPS) with effect from January 1, 2004 (except for armed forces). Pension Fund Regulatory and Development Authority (PFRDA), the regulatory body for NPS, finalized the architecture and appointed NSDL and Kary Computershare Private Limited as Central Recordkeeping Agencies (CRAs), other entities for National Pension System and appointed LIC Pension Fund Ltd (LICPFL) as one of the Fund manager for the Scheme.

LICPFL has entered into an Investment Management Agreement ('IMA') with NPS. The Pension Fund Regulatory and Development Authority ('PFRDA') guidelines require each PFM to manage subscribers' funds made available to it by the Trustee bank. However, the responsibility of maintaining individual subscriber's records is not with PFM and is managed by the CRA. The CRA do not furnish any subscribers level data to the PFM and provide only consolidated subscribers data of cash inflow for units to be allotted and number of units to be redeemed to PFM. The PFM makes investments as per the requirements of IMA and the scheme wise flow of funds from CRAs.

Under All Citizen Model of NPS, there are three assets classes viz Equity (E), Government Securities (G), and Corporate Debt (C). The funds are invested in Equity Class through Pension Fund Managers

Note 7: Significant Accounting Policies and Notes to Accounts

Significant Accounting Policies

A. Basis of accounting

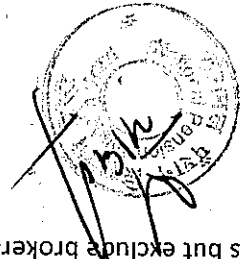
The financial statements have been prepared to comply with the PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards notified under Section 133 of the Companies Act, 2013 to the extent made applicable by PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012 and generally accepted accounting principles. These financial statements have been prepared on an accrual basis.

B. Investments

(i) Transactions for purchase or sale of Investments in Government securities, Non Convertible Bonds/Debentures, Equity shares, Fixed Deposits and Mutual Funds units are recognized as of the trade date except in case of subscriptions to Private/Public Offerings of debits which are recognized on allotment.

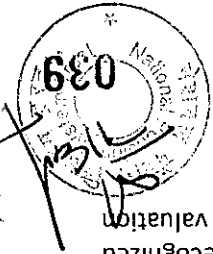
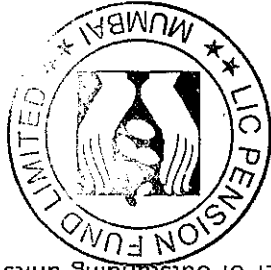
(ii) In determining the holding cost of investments and the gains or loss on sale of investments, the "weighted average cost" method is followed.

(iii) The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.



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The NAV of the units is determined by dividing the net assets including investments recognized and valued as per the accounting policies by the number of outstanding units on the valuation date.

H. Computation of the Net Asset Value (NAV):

Unit Capital
Unit Capital is tallied with CRA records on daily basis. Difference between the issue/redemption price and face value of the units is credited / debited to unit premium reserve.

F. Taxes
All taxes which are leviable and actually paid are charged to the NAV of the Fund and are borne by the Subscriber. Any subsequent refund on this account, if any, is added to the scheme/fund as income.

E. Expenses
All allowable expenses and incomes accrued up to the valuation date are considered for computation of Net asset value. Major expenses like Investment Management Fees and NPS Trust Fees are accrued on a daily basis.

D. Income Recognition:
Dividend income is recognized on Ex-dividend date.

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

Securities not traded at a stock exchange:

- i. Equity securities shall be valued at the daily close price on the National Stock Exchange.
- ii. Investments in mutual fund schemes are valued based on the latest available net asset value of the respective schemes.

Securities traded at a stock exchange:

C. Investment Valuation
The below mentioned valuation of investment is carried out by Stock Holding Corporation of India as per the tripartite agreement among NPS Trust, LIC Pension Fund Limited and Stock Holding Corporation of India Ltd.

- (iv) Investments are reconciled with the custodian records on daily basis.
- (v) Rights / Bonus entitlements, if any, are accounted on ex-right/ ex-bonus date of the principal stock exchange

1. As per the unbundled architecture of National Pension Scheme, unit allocations and redemptions are accounted by PFM on the basis of consolidated data received from the Central Record Keeping Agency.

J. Investment Management Fees:

As per the terms of the Investment Management Agreement entered between National Pension System Trust and LIC Pension Fund Limited management fees is calculated as a percentage of schemes daily closing net asset value.

Notes to Accounts

i. Investment in Group Company and Associates:

Particulars	March 31, 2017	March 31, 2016
Name of the Group Company/Associate	LIC Housing Finance Ltd.	LIC Housing Finance Ltd.
Amount Invested by the scheme (Rs.)	3,42,285	86,149
Market value (Rs.)	4,08,177	98,630
Aggregate investment by all scheme (Rs.)	6,23,92,46,100	5,98,55,92,409

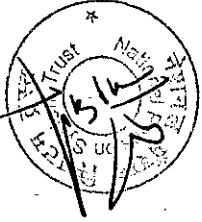
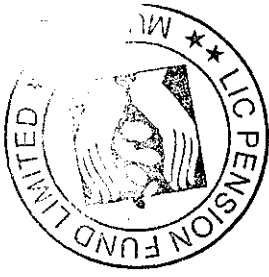
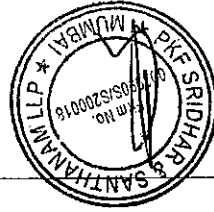
ii. Details of Custodian Fees paid or payable to Stock Holding Corporation of India Limited (A Company in which sponsor of LIC Pension Fund Limited has substantial interest)

Particulars	March 31, 2017	March 31, 2016
Name of Sponsor of LIC PFL	LIC of India	LIC of India
Name of the company in which sponsor has substantial interest	Stock Holding Corporation of India Ltd.	Stock Holding Corporation of India Ltd.
No of shares held	31,50,000	31,50,000
% of Share Holding	14.97 %	14.97 %
Amount Paid/ Payable (Rs.)	528	727

iii. Purchase/Sale of Investments: The aggregate value of purchase and sales of investments during the year expressed as a percentage of average daily net assets are as under:

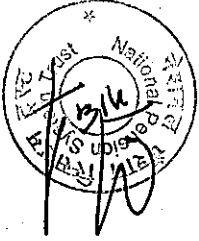
Particulars	March 31, 2017	March 31, 2016
Aggregate Value of purchase (except liquid funds) (Rs.)	258,75,651	73,09,991
%	132.65 %	216.42 %

Particulars	March 31, 2017	March 31, 2016
Aggregate Value of sales (except liquid funds) (Rs.)	30,63,100	13,14,806
%	15.70 %	38.93%



070

1/2



- vi. Contingent Liability as on 31st March, 2017 is NIL. (Previous Year – NIL).
- vii. Figures have been rounded off to the nearest rupee. Previous year figures have been regrouped and rearranged, wherever necessary.

Particulars		March 31, 2017		March 31, 2016	
Industry Group	Amount of investment (Rs.)	% of total investment related to that classification	Amount of investment (Rs.)	% of total investment related to that classification	
Monetary intermediation of banks	64,52,304	18.59%	17,48,132	24.14%	
Manufacture of allopathic pharmaceutical	39,54,366	11.39%	7,90,306	10.91%	
Writing, modifying, test of computer	23,93,401	6.89%	10,75,273	14.85%	
Activity granting credit for house	7,08,597	2.04%	6,51,430	8.99%	
Total amount invested in Equity	3,47,16,484		72,42,895		

Equity Group:

- v. Total Value of investment falling under each major industry group (which constitute not less than 5% of total investment related to that classification).

Accordingly the scheme has been managed actively from September 2015 to comply with the above guidelines.

Superseding the aforesaid circular PFRDA vide its circular Ref: PFRDA/2015/21/PFM/08 dated 02.09.2015, investment in equity can be made in shares of company on which derivatives are available in Bombay Stock Exchange or National Stock Exchange or Equity Linked Schemes of Mutual Funds or Exchange Traded Funds regulated by the SEBI.

- iv. As per the PFRDA Investment Guidelines for Private Sector dated January 29, 2014, the Scheme was required to rebalance its holding in E Tier I and Tier II Schemes and invest in Index Funds / Exchange Traded Funds that replicate the portfolio of either BSE Sensex index or NSE Nifty 50 index. Index Fund Schemes invest in securities in the same weightage comprising of an index. LIC Pension Fund Ltd has tracked/replicated NSE Sensex as the Index for the FY 2015-16

Scheme 08 : NPS TRUST A/C LIC PENSION FUND SCHEME E

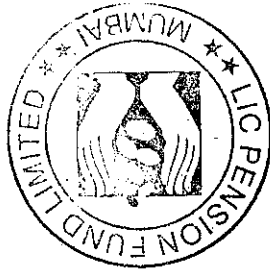
TIER - II

Schedule Annexed to and forming part of Financial Statements as on 31.03.2017

A Equity

Sr No.	Security Name	units	Book Cost (Rs.)	Market Value (Rs.)
1	OIL AND NATURAL GAS CORPORATION LTD.	3,785	6,37,636	7,00,225
2	RELIANCE INDUSTRIES LTD.	1,085	11,21,632	14,33,177
3	BHARAT PETROLEUM CORPORATION LIMITED	987	6,26,402	6,41,402
4	TATA STEEL LIMITED	883	4,13,281	4,26,224
5	INFOSYS TECHNOLOGIES LTD	1,245	13,58,956	12,72,701
6	LARSEN AND TOUBRO LTD	650	9,10,886	10,23,685
7	GAIL INDIA	873	2,89,776	3,29,077
8	BHARATI AIRTEL	262	91,851	91,713
9	ITC LTD	2,612	6,07,331	7,32,144
10	NTPC LTD	500	64,355	83,000
11	TATA POWER LTD.	4,960	3,72,495	4,48,136
12	STATE BANK OF INDIA	3,300	7,51,865	9,68,220
13	HINDUSTAN UNILEVER LTD.	598	5,04,663	5,45,227
14	TATA MOTORS LTD.	2,155	9,70,389	10,03,907
15	AMBUJA CEMENTS LTD.	410	86,407	97,027
16	BHARAT HEAVY ELECTRICALS LTD	1,911	3,06,925	3,11,206
17	POWER GRID CORPORATION OF INDIA LTD	2,843	5,01,262	5,60,924
18	RURAL ELECTRIFICATION CORPORATION LTD.	200	15,950	36,200
19	TATA CONSULTANCY SERVICES LTD.	285	6,86,943	6,93,063
20	YES BANK LTD	15	19,110	23,201
21	INDIAN OIL CORPORATION LTD	400	1,19,346	1,54,820
22	AXIS BANK LIMITED	888	4,17,536	4,35,830
23	GRASIM INDUSTRIES LTD.	155	1,31,248	1,62,595
24	HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	200	2,29,662	3,00,420
25	ASIAN PAINTS LTD.	424	3,75,425	4,55,164
26	ASHOK LEYLAND LTD.	6,550	5,87,700	5,53,803
27	CIPLA LTD.	990	5,37,978	5,87,021
28	MARUTI SUZUKI INDIA LTD.	163	9,23,997	9,80,559
29	DABUR INDIA LTD.	500	1,37,700	1,38,675
30	COLGATE PALMOLIVE (INDIA) LTD.	410	3,54,718	4,08,155
31	LIC HOUSING FINANCE LTD.	660	3,42,285	4,08,177
32	Tata Chemicals Limited	725	3,94,823	4,34,094
33	PETRONET LNG LTD.	840	3,09,003	3,38,646
34	IDEA CELLULAR LIMITED	2,601	2,78,485	2,23,296
35	HDFC BANK LIMITED	650	6,97,863	9,37,658
36	HINDALCO INDUSTRIES LIMITED	2,108	3,59,766	4,11,165
37	MAHINDRA & MAHINDRA LTD.	315	4,03,004	4,05,374
38	DR. REDDYS LABORATORIES LTD.	195	5,85,592	5,13,308
39	COAL INDIA LIMITED	2,317	7,12,195	6,78,070



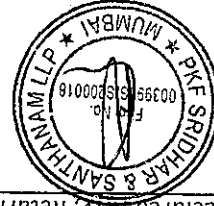
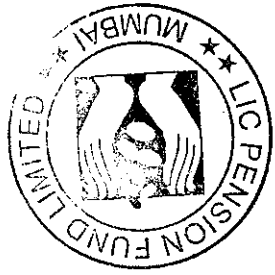


1	LIC NOMURA MF LIQUID FUND DIRECT GROWTH	345	10,17,145	10,17,145	357,33,629
	Sub Total		10,17,145		
	Grand Total			327,85,161	

B Mutual Fund

40	BAJAJ AUTO LTD.	147	3,85,091	4,12,401	
41	BANK OF BARODA	4,700	7,46,015	8,12,865	
42	SUN PHARMACEUTICALS INDUSTRIES LTD.	1,482	11,04,620	10,19,838	
43	ACC LTD.	160	2,26,677	2,31,368	
44	UltraTech Cement limited	80	2,57,654	3,18,780	
45	HCL TECHNOLOGIES LTD.	101	86,545	88,350	
46	Apollo Tyres limited	800	1,42,700	1,66,960	
47	INDUSIND BANK LTD.	285	2,73,742	4,06,168	
48	KOTAK MAHINDRA BANK LTD.	1,090	8,07,598	9,50,698	
49	LUPIN LTD.	470	7,44,050	6,79,244	
50	GLENMARK PHARMACEUTICALS LTD.	670	5,91,692	5,70,907	
51	WIPRO LIMITED	97	48,663	50,023	
52	TECH MAHINDRA LIMITED	630	3,02,298	2,89,265	
53	CANARA BANK	756	2,12,913	2,28,879	
54	ICICI BANK LTD.	6,100	15,97,645	16,88,785	
55	AUROBINDO PHARMA LIMITED	865	6,06,766	5,84,048	
56	NMDC LTD	621	86,320	82,655	
57	ZEE ENTERTAINMENT LTD	350	1,43,546	1,87,443	
58	BRITANIA INDUSTRIES LTD	60	1,76,140	2,02,440	
59	CASTROL INDIA LTD	1,115	4,51,999	4,82,126	
60	BHARTI INFRA TEL LTD	400	1,30,650	1,30,360	
61	MOTHERSON SUMI SYSTEMS LIMITED	660	2,11,775	2,45,454	
62	HINDUSTAN ZINC LTD	500	1,38,474	1,44,400	
64	SBI BLUECHIP FUND DIRECT GROWTH	47,150	13,50,000	16,32,030	
65	BIRLA SUN LIFE FRONTLINE EQUITY FUND GROWTH DIRECT PLAN	7,024	11,08,000	14,03,476	
66	FRANKLIN INDIA BLUECHIP FUND DIRECT GROWTH	1,067	4,00,000	4,51,956	
67	KOTAK SELECT FOCUS FUND	43,936	12,00,000	13,08,279	
	Sub Total		317,68,016	347,16,484	

044



Key Statistics		
LIC Pension Fund Limited		
Name of the Scheme: E Tier II		
S. No.	Particulars	As at March 31, 2017 As at March 31, 2016
1	NAV Per Unit (Rs.)*	
	Open	11.1235
	High	13.4897
	Low	10.8911
	End	13.4738
		11.1234
2	Closing Assets Under Management (Rs. In Lakhs)	369.17
	End	195.07
	Average (AUM)	33.78
3	Gross Income as % of AUM	3.77
		4.55
4	Expense Ratio	
a	Total Expense as % of AUM (Scheme wise)	0.32
		1.30
b	Management Fee as % of AUM (Scheme Wise)	0.01
		0.01
5	Net Income as a percentage of AUM	3.44
		3.25
6	Portfolio turnover ratio	0.16
		0.39
7	Returns (%) * Compounded Annualised Yield	
	a. Last One Year	
	Benchmark (NIFTY 100)	20.87%
	b. Since Inception	
	Benchmark (NIFTY 100)	-8.07%
	c. Compounded annualised yield (%)	
	Benchmark (NIFTY 100)	16.09%
		14.32%
	Last 1 Year	21.13%
	Last 3 Years	-7.29%
	Last 5 Years	10.90%
		N.A.
	Since Launch of the scheme (12-Aug-2013)	8.55%
		4.04%
* Declared NAV; Returns calculated based on declared NAV		

INDEPENDENT AUDITOR'S REPORT

TO

THE TRUSTEES,

NATIONAL PENSION SYSTEM TRUST (NPS TRUST)

Report on Financial Statements

1. We have audited the accompanying financial statements of Scheme 06: NPS Trust A/c - LIC Pension Fund Scheme C-Tier I under the National Pension System Trust (NPS Trust) managed by LIC Pension Fund Ltd. (PFML) [in terms of clause 3 of PFRLDA (preparation of Financial Statements) Guidelines 2012] which comprises of the Balance sheet as at March 31, 2017 and the Revenue account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

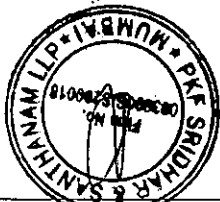
2. The Board of Directors of the PFML, in accordance with the applicable Pension Fund Regulatory and Development Authority (PFRLDA) Guidelines and the Investment Management Agreement (IMA) with the National Pension System Trust (NPS Trust) is responsible for the preparation of these financial statements 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 specified under section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rule 2014, to the extent made applicable by PFRLDA to Scheme. This responsibility also includes maintenance of records in accordance with PFRLDA guidelines for safeguarding of the assets of the Company and preventing frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFML.

Auditor's Responsibility

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

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





Particulars	(Rs)
Amount pertaining to subscriber/nodal office for the withdrawals executed/erroneous requests processed by either by CRA/ Nodal Offices (Part of the amount is yet to be transferred to the beneficiary ex: transaction with multiple nominees)	48,80,246
Amount received from Bank of India (these funds have been received from Bank of India, erstwhile Trustee Bank, and it is not yet reconciled)	36,910
Surplus for PFRDA instructions	16,172
Amount received from ASPs (The cases wherein the funds were sent to	44,59,705

- b) As informed by CRA, Rs 93,93,380 pertaining to all PFM's & all schemes and cannot be identified PFM wise or scheme wise, is lying with the Trustee Bank on account of the following:
- a) Rs. 2,12,06,591/- is lying with Trustee Bank as on 31st March, 2017 (Previous Year: Rs. 1,92,34,816/-the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. This does not have any impact on the surplus for the period; though the subscription received pending allotments as well as balances with bank are understated by the said amount.

7. As explained in Note No. 7K giving background of the Scheme regarding unbounded architecture, the PFM receives consolidated funds and does not have access to the individual subscribers' data. However, based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the following:

Emphasis of Matter

- i) in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2017;
- ii) in the case of the Revenue Account, of the surplus of the Scheme for the period ended on that date; and

Opinion


5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. In our opinion and to the best of our information and according to the explanations given to us the financial statements give the information required by the PFRDA (Preparation of Financial Statements and Auditor's Report of schemes under National Pension System) Guidelines 2012, and give a true and fair view in conformity with the accounting principles generally accepted in India:

th

13th July, 2017

Mumbai:

For PKF SRIDHAR & SANTHANAM LLP
 Chartered Accountants
 Firm Registration No: 003990S/S200018
 M. No: 201402
 Partner
 Suriyanarayana



9. We further certify that
- a) Investments has been valued in accordance with the guidelines issued by the Authority *except for the variance set out in Significant Accounting policies in Note 7D.*
 - b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fees

8. As required by the FRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended we report that:
- a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit,
 - b) The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme,
 - c) In our opinion, proper books of account of the scheme, as required by the FRDA has been maintained by the PFM so far as appears from our examination of those books.
 - d) All transactions expenses in excess of the limits contractually agreed to/approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme
 - e) In our opinion the Balance Sheet and Revenue account of the Scheme dealt with by this report comply with the Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 to the extent made applicable by FRDA

Report on Other Legal and Regulatory Requirements

Above amounts do not have any impact on the surplus for the year.

ASPs and subsequently, the subscriber has cancelled the Annuity as the subscriber during the free look period.)	
Pay-in residual	347
Total	93,93,380

NATIONAL PENSION SYSTEM TRUST

NPS TRUST - A/C LIC PENSION FUND LIMITED'S PENSION FUND SCHEME - C TIER I

BALANCE SHEET AS AT MARCH 31, 2017

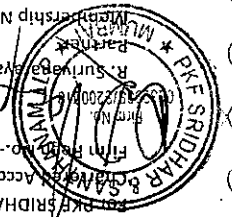
Schedules As at March 31, 2017 As at March 31, 2016

Liabilities	Unit Capital	Reserves and Surplus	Current Liabilities and Provisions	Assets	Investments	Deposits	Other Current Assets	(a) Net assets as per Balance Sheet	(b) Number of Units outstanding	Significant Accounting Policies and Notes to Accounts
	1	2	3	Total	4	5	6	Total	7	
	910,245,699	468,094,834	1,294,091	1,379,634,624	1,335,391,859		44,242,765	1,379,634,624	1,378,340,533	
	526,519,273	187,634,544	403,722	714,557,539	686,417,067		28,140,472	714,557,539	714,153,817	
									52,651,927	

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

P. K. SRIDHAR & SANTHANAM LLP

Chartered Accountants
Firm Reg. No. - 0039905/S200018



R. Suresh Baban
Partner
Membership No. - 201402

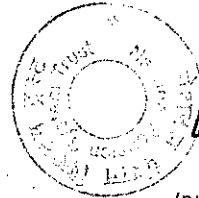
Date: 13th July, 2017

Place: Mumbai

For and on behalf of NPS Trust

[Signature]

Shalish V. Harbhakti
(Chairman, NPS Trust Board)



Date: 13 JUL 2017

Place: Mumbai

Kamal Chaudhry
(Chief Executive Officer)

[Signature]

Date: _____

Place: Mumbai

For LIC Pension Fund Ltd

MD & CEO

[Signature]

Director

[Signature]



REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

Year ended	Particulars	Year ended
March 31, 2016	March 31, 2017	March 31, 2016

Income		
Dividend		
Interest		
Profit on sale/redemption of investments	78,424,868	39,625,287
Profit on inter-scheme transfer/sale of investments	2,250,393	1,326,395
Unrealized gain on appreciation in investments	21,108,953	3,581,058
Other income		
- Miscellaneous Income		1
Total	101,784,214	44,532,741

Expenses and Losses		
Unrealized losses in value of investments		
Loss on sale/redemption of investments		
Loss on inter-scheme transfer/sale of investments		
Management fees (including service Tax)	113,420	54,286
NPS Trust fees	98,681	23,900
Custodian fees	37,894	35,672
CRA Fees	1,656,270	529,760
Less: Amount recoverable on sale of units on account of CRA Charges	(1,656,270)	(529,760)
Trustee Bank's fees	7,155	
Depository and settlement charges		
Provision for Non-performing assets		
Other Expenses, if any	1	
Total	257,151	113,858

Surplus/(Deficit) for the year	101,527,063	44,418,883
Less: Amount transferred to Unrealised appreciation account	21,108,953	3,581,058
Less: Amount transferred to General Reserve	80,418,110	40,837,825
Amount carried forward to Balance Sheet		

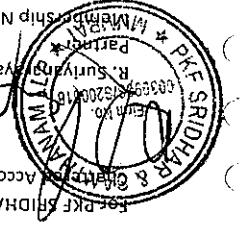
This is the Revenue Account referred to in our report of even date.

For PKF SRIDHAR & SANTHANAM LLP

Chartered Accountants

R. Sridhar Ayanan

Membership No.- 201402



[Signature]

Date: 13th 03rd 2017, 2017

Place: Mumbai

For and on behalf of NPS Trust

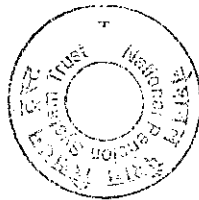
[Signature]

(Chairman, NPS Trust Board)

Shailesh V. Harbhakti

Date: 13 JUL 2017

Place: Mumbai



Kamal Chaudhry
(Chief Executive Officer)

[Signature]

Date: _____
Place: Mumbai

For LIC Pension Fund Ltd

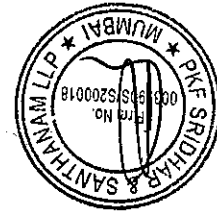
MD & CEO

[Signature]

Director

[Signature]





Other Current Assets
 Outstanding and accrued Income
 Balance with Trustee Bank
 Sundry Debtors
 Less: Provision for Non performing investment

44,242,765
 28,140,472

0
 0
 41,507,840
 27,151,140
 2,734,925
 989,332

Schedule 6 As at March 31, 2017 As at March 31, 2016

Deposits
 Deposits with Scheduled Banks

Schedule 5 As at March 31, 2017 As at March 31, 2016

Total 1,335,391,859 686,417,067

Investments (Long Term and Short Term)
 Equity Shares
 Debentures and Bonds listed/Awaiting Listing
 Central and State Government Securities (including treasury bills)
 Commercial Paper
 Others - Mutual Fund Units
 - Certificates of Deposit
 Non Convertible Debentures classified as Non performing investment
 Less: Provision on Non performing investment

Schedule 4 As at March 31, 2017 As at March 31, 2016

1,285,297,604 665,394,416
 50,094,255 21,022,651

National Pension System Trust

SCHEME 06 : NPS TRUST A/C LIC PENSION FUND LIMITED'S PENSION FUND SCHEME

C TIER I

Background

The Central Government had introduced the National Pension System (NPS) with effect from January 1, 2004 (except for armed forces). Pension Fund Regulatory and Development Authority (PFRDA), the regulatory body for NPS, finalized the architecture and appointed NSDL and Kary Computershare Private Limited as Central Recordkeeping Agencies (CRAs), other entities for National Pension System and appointed LIC Pension Fund Ltd. (LICPFL) as one of the Fund manager for the Scheme.

LICPFL has entered into an Investment Management Agreement ('IMA') with NPS. The Pension Fund Regulatory and Development Authority ('PFRDA') guidelines require each PFM to manage subscribers' funds made available to it by the Trustee bank. However, the responsibility of maintaining individual subscriber's records is not with PFM and is managed by the CRA. The CRAs do not furnish any subscribers level data to the PFM and provide only consolidated subscribers data of cash inflow for units to be allotted and number of units to be redeemed to PFM. The PFM makes investments as per the requirements of IMA and the scheme wise flow of funds from CRAs.

Under All Citizen Model of NPS, there are three assets classes viz Equity (E), Government Securities (G), and Corporate Debt (C). The funds are invested in Corporate Debt Class through Pension Fund Managers.

Note 7: Significant Accounting Policies and Notes to Accounts

Significant Accounting Policies

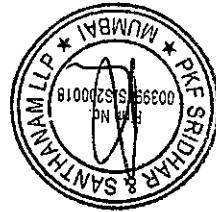
A. Basis of accounting

The financial statements have been prepared to comply with the PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards notified under Section 133 of 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 and generally accepted accounting principles. These financial statements have been prepared on an accrual basis.

B. Investments

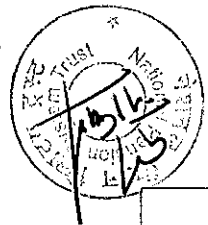
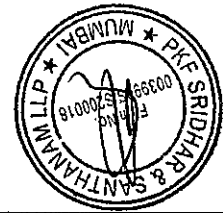
(i) Transactions for purchase or sale of Investments in Government securities, Non Convertible Bonds/Debentures, Equity shares, Fixed Deposits and Mutual Funds units are recognized as of the trade date except in case of subscriptions to Private/Public Offerings of debts which are recognized on allotment.

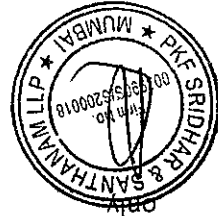
(ii) In determining the holding cost of investments and the gains or loss on sale of investments, the "weighted average cost" method is followed.



- C. Investment Valuation**
- The below mentioned valuation of investment is carried out by Stock Holding Corporation of India as per the tripartite agreement among NPS Trust, LIC Pension Fund Limited and Stock Holding Corporation of India Ltd. Any deviations from the guidelines issued by PFRDA are mentioned in point 'D'.
- Securities traded at a stock exchange:**
- i. Debt securities (other than government securities) are valued at MSE weighted average traded price on that day.
 - ii. Money market instruments like commercial paper and certificate of deposit with residual maturity of up to 60 days, valued at the weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day then they are valued at amortized cost.
 - iii. Investments in mutual fund schemes are valued based on the latest available/previous day's net asset value from AMFI website.
- Securities not traded at a stock exchange:**
- i. With residual maturity over 60 days are valued on a yield to maturity basis, based on average of spreads provided by CRISIL and ICRA.
 - ii. With residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over remaining maturity period of the instrument.
- D. The valuation Policy of the Scheme, as advised by SHCIL, is at variance with PFRDA guidelines. The details of the variation are as under:

FRDA Guidelines :	Valuation Policy :
1. Securities traded at a stock exchange: Debt securities (other than government securities) are valued at the last quoted closing price on the Principal exchange on which the security is traded.	Debt securities (other than government securities) are valued at the MSE weighted average traded price on that day.





!) 100 % of the assets provided for in the books will be written back at the end of second calendar quarter, where the provision of principal was made due to the interest defaults

Written – back of provisioning of principal: The provision made for the principal can be written back in the following manner:

Written – back of provisioning of interest: Upon reclassification of assets as performing assets (i) In case an issuer has fully cleared all the arrears of interest, the interest provision can be written back in full.

In case any issuer of debt security defaults in the payment of interest and installment of principal, if any, and the pension fund has accepted re-schedulement of NPA, it may be reclassified as performing asset, if next two coupons/ installments of principal, if applicable, is regularly serviced as rescheduled.

Re-schedulement of NPAs:

On classification of the instrument as NPA, no further interest is accrued on the investment and a provision for all interest accrued is made.

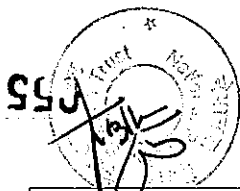
Period past due from the date of classification of assets as NPA	3 months	50%
	6 months	75%
	9 months	100%

Provisions are made for Non-performing investments as per the extant guidelines prescribed by PFRDA as shown below:

Investments are classified as non-performing based on PFRDA (Identification, Income Recognition and Provisioning of NPA) Guidance Note 2013. An investment is regarded as non-performing if interest / principal or both amounts have not been received or remained outstanding for one quarter from the day such income/instrument has fallen due.

E. Non Performing Investments:

<p>2. Securities not traded at a stock exchange:</p> <p>When a debt security (Other than government security) is not traded on any stock exchange on a particular valuation date, the value at which was traded on any other stock exchange on the earliest previous day is used, provided that such day is not more than 15 days.</p> <p>a. With residual maturity over 60 days are valued on a yield to maturity basis, based on average of spreads provided by CRISIL and ICRA.</p> <p>b. With residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over remaining maturity period of the instrument.</p>
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Particulars	March 31, 2017	March 31, 2016
Name of the Group Company/Associate	LIC Housing Finance Ltd.	LIC Housing Finance Ltd.
Amount Invested by the scheme (Rs.)	2,50,03,795	2,50,03,795
Market Value (Rs.)	2,60,70,082	2,53,26,539
Aggregate Investment by all scheme (Rs.)	6,23,92,46,100	5,98,55,92,409

1. Investment in Group Company and Associates:

Notes to Accounts

L. Investment Management Fees:
As per the terms of the Investment Management Agreement entered between National Pension System Trust and LIC Pension Fund Limited management fees is calculated as a percentage of schemes daily closing net asset value.

K. As per the unbundled architecture of National Pension Scheme, unit allocations and redemptions are accounted by PFM on the basis of consolidated data received from the Central Record Keeping Agency.

J. Computation of the Net Asset Value (NAV):
The NAV of the units is determined by dividing the net assets including investments recognized and valued as per the accounting policies by the number of outstanding units on the valuation date.

I. Unit Capital
Unit Capital is tallied with CRA records on daily basis. Difference between the issue/redemption price and face value of the units is credited / debited to unit premium reserve.

H. Taxes
All taxes which are leviable and actually paid are charged to the NAV of the Fund and are borne by the Subscriber. Any subsequent refund on this account, if any, is added to the scheme/fund as income.

G. Expenses
All allowable expenses and incomes accrued up to the valuation date are considered for computation of Net asset value. Major expenses like Investment Management Fees and NPS Trust Fees are accrued on a daily basis.

F. Income Recognition:
In respect of all interest-bearing investments, income is accrued on a daily basis. Interest paid for the period from the last interest date up to the date of purchase is not treated as a cost of purchase but debited to Interest Recoverable Account. Similarly interest received at the time of sale for the period from the last interest date up to the date of sale is not treated as an addition to sale value but is credited to Interest Recoverable Account. Interest on Non-Performing Investments is not recognized in the Revenue Account till received.

50 % of the assets provided for in the books will be written back at the end of second calendar quarter and 25 % after every subsequent quarter, where both principal and interest were in default earlier.

II. Details of Custodian Fees paid or payable to Stock Holding Corporation of India Limited (A Company in which sponsor of LIC Pension Fund Limited has substantial interest)

Particulars	March 31, 2017	March 31, 2016
Name of Sponsor of LIC PFL	LIC of India	LIC of India
Name of the company in which sponsor has substantial interest	Stock Holding Corporation of India Ltd.	Stock Holding Corporation of India Ltd.
No of shares held	31,50,000	31,50,000
% of Share Holding	14.97 %	14.97 %
Amount Paid/ Payable (Rs.)	37,894	35,672

III. Purchase/Sale of Investments: The aggregate value of purchase and sales of investments during the year expressed as a percentage of average daily net assets are as under:

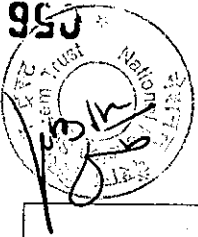
Particulars	March 31, 2017	March 31, 2016
Aggregate Value of purchase (except liquid funds) (Rs.)	64,42,39,690	44,41,79,133
%	65.29 %	93.31 %

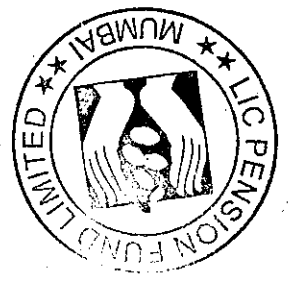
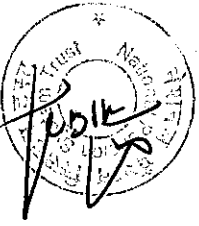
Particulars	March 31, 2017	March 31, 2016
Aggregate Value of sales (except liquid funds) (Rs.)	4,27,29,674	1,01,57,150
%	4.33 %	2.13 %

IV. Total Value of investment falling under each major industry group (which constitute not less than 5% of total investment related to that classification).

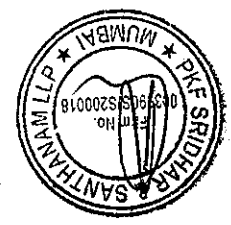
Corporate Bonds & Debentures :

Particulars	March 31, 2017	March 31, 2016
Industry Group	Amount of investment (Rs.)	Amount of investment (Rs.)
	% of total investment related to that classification	% of total investment related to that classification
Other Credit Granting	29,53,79,797	12,12,42,215
Monetary intermediation of banks	28,46,45,396	21,20,32,286
Activity granting credit for house	17,92,88,119	15,53,03,769
Other monetary intermediation serv	12,68,75,307	2,78,51,426
Power generation by nuclear plant	796,69,664	1,67,98,493
Transmission of electric energy	7,10,38,795	1,55,01,365
Fin.serv except insurance & pension	5,96,35,251	3,42,11,811
Total amount invested in Corporate Bonds & Debentures	128,52,97,604	65,53,94,415





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- VII. Figures have been rounded off to the nearest rupee. Previous year figures have been regrouped and rearranged, wherever necessary.
- VI. Contingent Liability as on 31st March, 2017 is NIL. (Previous Year – NIL).

Aggregate value of Non traded Investment (Rs.) on 31.3.2017	60,76,08,734	44.08 %	28,33,61,462	39.68%
Aggregate value of Non traded Investment (Rs.) as on 31.3.2016				
% to Net Assets Value as on 31.3.2017				
% to Net Assets Value as on 31.3.2016				

Non Convertible Bond & Debentures:

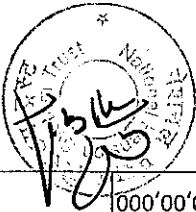
V. Aggregate value of Non Traded investment valued in good faith at the end of the year:

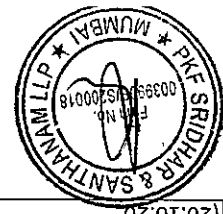
Scheme 06 : NPS TRUST A/C LIC PENSION FUND SCHEME C TIER I

Schedule Annexed to and forming part of Financial Statements as on 31.03.2017

A Debt :

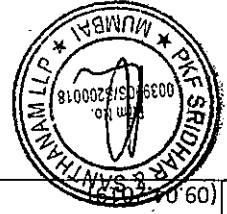
Sr No.	Security Name	Units	Book Cost (Rs.)	Market Value (Rs.)
1	9.87% TATA SONS NCDs 2017 (16.04.2017)	10	100,30,270	100,09,100
2	9.15% ICICI BANK LTD LOWER TIER II UNSECU REDEM DEBENTURE 2	24	247,70,732	256,84,752
3	9.15% AXIS BANK LIMITED LOWER TIER II DEBENTURE 2022 (31.12)	5	51,84,665	53,50,990
4	9.25% HDFC SECURED REDEEMABLE NON CONVERTIBLE DEBENTURE 2018)	8	78,62,520	81,74,360
5	11.00% SECURED IL & FS NCDs 2018 (23.08.2018)	10064	102,25,269	104,53,899
6	8.77% SEC. HINDUSTAN PETROLEUM CORPORATION NCD SERIES G 2018	3	29,10,018	30,53,052
7	9.68% UNSEC IDFC BANK LTD. NCDs 2023 (18.12.2023)	5	50,20,680	52,00,375
8	11.15% HDFC DEBENTURE 2018(06.08.2018)	3	31,41,975	31,49,499
9	9.50% UNSEC IDFC BANK LTD. NCDs 2024 (15.05.2024)	7	70,00,000	73,21,349
10	9.25% SEC. TATA SONS NCDs 2019 (19.06.2019)	3	29,77,131	31,29,465
11	9.25% ICICI BANK LIMITED UNSEC.INFRA DEBENTURE 2024 (04.09.2	5	52,40,160	54,92,410
12	9.60% UNSECURED RED. SUBORDINATED NCDs HDFC LTD.(21.10.2024)	10	50,00,000	55,45,945
13	9.35% UNSECURED RED. TATA MOTORS LTD.2023 (10.11.2023)	5	50,00,000	52,75,245
14	8.85% Unsec. Senior Infra NCDs Axis Bank Ltd. 2024 (05.12.2	35	356,65,102	370,79,140
15	8.72% SENIOR UNSEC. INFRA NCDs KOTAK MAHINDRA BANK LTD. 2022	20	201,83,180	210,43,580
16	9.39% LIC HOUSING FINANCE LTD. SECURED NCDs 2024 (23.08.2024	11	115,44,379	120,55,175
17	9.24% LIC HOUSING FINANCE LTD. SECURED NCDs 2024 (30.09.2024	2	20,92,020	21,52,600
18	9.25% UNSEC SUNDARAM BNP PARIBAS HOME FINANCE LTD. NCDs 2025	12	119,71,200	128,89,944
19	8.94% UNSEC CAN FIN HOMES LTD. NCDs 2024 (03.12.2024)	8	40,20,556	42,93,268
20	8.45% SENIOR UNSEC. INFRA NCDs KOTAK MAHINDRA BANK LTD. 2022	13	130,00,000	135,10,133
21	8.95% SECURED NCDs HDFC LTD. 2020 (19.10.2020)	8	81,33,600	84,28,056
22	9.17% UNSEC NCDs IDFC BANK LTD.2024 (14.10.2024)	12	124,38,780	130,20,420
23	9.34% SECURED NCDs HDFC LTD. 2024 (28.08.2024)	7	72,65,699	76,53,121
24	8.64% UNSEC NCDs IDFC BANK LTD.2020 (15.04.2020)	3	30,00,000	31,16,772
25	8.70% UNSEC NCDs IDFC BANK LTD.2025 (20.05.2025)	11	110,61,761	116,90,261
26	9.15% UNSEC. BASEL III REDEEMABLE NCDs - YES BANK LTD 2025	25	250,00,000	267,56,800
27	8.73% UNSEC NCDs IDFC BANK LTD.2023 (06.01.2023)	4	40,00,000	42,07,288
28	9.47% LIC HOUSING FINANCE LTD. SECURED NCDs 2024 (23.08.2024	4	42,03,740	44,01,264
29	8.75% UNSEC. NCDs IDFC BANK LTD 2023 (28.07.2023)	2	20,00,000	21,12,304
30	8.67% LIC HOUSING FINANCE LTD SECURED NCDs2020 (26.08.2020)	1	10,00,000	10,43,572



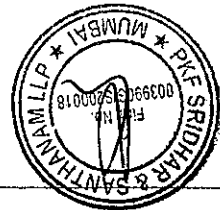
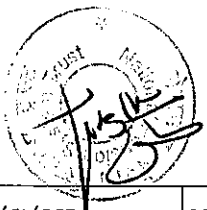


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31	8.55% LIC HOUSING FINANCE LTD. SECURED NCDS 2025	1	10,00,000	10,54,689
32	9.65% SECURED NCDS HDFC LTD. 2019 (19.01.2019)	3	30,88,398	31,25,079
33	8.75% LIC HOUSING FINANCE LTD. SECURED NCDS 2020	1	10,04,744	10,38,326
34	9.65% SECURED NCDS HDFC LTD. (SERIES L-015) 2019 (17.01.2019)	7	71,94,803	72,90,836
35	8.69% SECURED NCDS CAN FIN HOMES LTD. 2020 (10.09.2020)	3	30,00,000	31,33,164
36	9.36% SENIOR UNSEC. INFRA NCDS KOTAK MAHINDRA BANK LTD 2021	1	10,37,900	10,71,078
37	9.20% UNSEC TIER II NCDS TATA CAPITAL HOUSING FINANCE LTD	1	9,98,800	10,74,416
38	8.67% UNSEC. NCDS IDFC BANK LTD 2025 (03.01.2025)	15	151,68,795	158,80,485
39	8.41% CAN FIN HOMES LTD. SECURED NCDS 2019 (30.01.2019)	5	50,00,000	51,10,035
40	8.70% SECURED NCDS HDFC LTD. 2020 (18.05.2020)	24	120,70,522	124,96,392
41	8.99% UNSEC TIER II NCDS TATA CAPITAL HOUSING FINANCE LTD	10	100,00,000	106,25,190
42	8.75% SECURED NCDS HDFC LTD. 2020 (13.01.2020)	8	39,97,700	41,53,148
43	9.43% LIC HOUSING FINANCE LTD-SECURED NCDS 2022	4	41,58,912	43,24,456
44	8.45% SECURED NCDS HDFC LTD. 2025 (25.02.2025)	16	78,96,816	83,76,808
45	8.77% UNSECURED NCDS ICICI HOME FINANCE CO. LTD. 2019	14	70,00,000	72,30,482
46	9.00% UNSEC. BASEL III TIER 2 NCDS - YES BANK LTD 2026 (31.2026)	10	100,00,000	106,63,570
47	9.05% ESSEL LUCKNOW RAEBARELI TOLL ROADS LTD. SERIES V	10	100,00,000	110,67,900
48	8.40% ICICI BANK LIMITED UNSEC. NCD 2026 (13.05.2026)	12	120,00,000	125,91,876
49	8.50% UNSEC. NCDS IDFC BANK LTD 2023 (04.07.2023)	12	120,00,000	125,29,728
50	9.25% EAST-NORTH INTERCONNECTION COMPANY LTD. SERIES 57 2031	1	10,00,000	11,02,677
51	8.50% AXIS BANK LIMITED BASEL III TIER II NCDS 2026 (27.05.2026)	5	50,00,000	52,80,090
52	8.65% SECURED NCDS APOLLO TYRES LTD. SERIES B 2025	5	50,00,000	52,02,860
53	8.53% UNSECURED NCDS ICICI HOME FINANCE CO. LTD. 2020	10	50,00,000	51,87,570
54	9.10% EAST-NORTH INTERCONNECTION COMPANY LTD. SERIES 33 2025	5	50,05,000	54,28,230
55	9.00% SEC. NCDS SHRIRAM TRANSPORT FINANCE CO. LTD. 2019	5	50,00,000	50,98,320
56	8.36% UNSECURED NCDS ICICI HOME FINANCE CO. LTD. 2020	10	50,00,000	51,67,365
57	8.20% SECURED NCDS HDFC LTD. 2021 (29.07.2021)	1	100,00,000	102,89,950
58	8.25% UNSECURED NCDS ICICI LOMBARD GEN INS CO. LTD. 2026	35	350,80,000	360,77,020
59	7.53% SEC ULTRA TECH CEMENT LTD. NCDS 2026 (21-08-2026)	15	151,45,570	149,21,445
60	7.57% UNSECURED NCDS MAHINDRA & MAHINDRA LTD. 2026	20	200,00,000	199,46,740
61	8.00% SENIOR UNSEC. INFRA NCDS YES BANK LTD. 2026	10	100,00,000	100,31,310
62	7.60% UNSEC. SENIOR INFRA NCDS AXIS BANK LTD 2023		150,00,000	150,01,005



63	7.60% UNSECURED NCDS HDFC ERGO GEN INS CO. LTD. 2026 (09.11.	10	100,75,720	51,47,805	99,93,390
64	POWER FINANCE CORPORATION 9.68% (9.06.2018)	5	50,05,345	51,47,805	
65	11.00% SEC INDIAN OIL CORPORATION LTD. 2018	6	62,64,012	63,07,518	
66	9.57% SEC INDIAN RAILWAY FINANCE CORPORATION BONDS 2021 (31	7	70,06,846	75,77,668	
67	8.70% SEC. POWER GRID BONDS XLIV ISSUE - STRPP B (15.07.2023	10	94,94,000	105,35,190	
68	8.82% UNSEC. RURAL ELECTRIFICATION CORPN. NCBS 2023 (12.04.2	10	95,43,000	106,11,770	
69	9.58% UNSEC. EXIM NCBS 2023 (04.10.2023).	10	100,00,000	109,87,530	
70	8.73% SEC. REDEEMABLE NON CONVERTIBLE NTPC BONDS - SERIES XL	4	38,10,260	42,11,660	
71	9.81% SECURED PFC BONDS 2018 (07.10.2018).	3	30,16,500	31,11,786	
72	9.18% NUCLEAR POWER CORPORATION STRPP SERIES XXVIII - A (23.	5	49,85,000	54,92,545	
73	9.18% NUCLEAR POWER CORPORATION STRPP SERIES XXVIII - B (23.	1	10,00,000	11,09,310	
74	9.18% NUCLEAR POWER CORPORATION STRPP SERIES XXVIII - C (23.	1	10,00,000	11,18,033	
75	9.18% NUCLEAR POWER CORPORATION STRPP SERIES XXVIII - D (23.	1	10,00,000	11,25,971	
76	9.18% NUCLEAR POWER CORPORATION STRPP SERIES XXVIII - E (23.	1	10,00,000	11,33,346	
77	9.95% STATE BANK OF INDIA LOWER TIER-II BONDS 2026 (16.03.20	20	2,06,600	2,18,121	
78	9.38% SEC. RURAL ELECTRIFICATION CORPORATION LTD. BONDS 2018	1	9,85,586	10,32,496	
79	9.27% INDIAN RAILWAYS FINANCE CORPORATION BONDS 2021 (10.05.	3	29,74,767	32,13,138	
80	9.02% SEC. RURAL ELECTRIFICATION CORPORATION LTD. BONDS 2019	2	19,88,600	20,79,330	
81	9.30% SEC. POWER GRID CORPORATION OF INDIA LTD BONDS 2029 (0	5	59,58,975	56,64,195	
82	9.30% SEC. POWER GRID CORPORATION OF INDIA LTD BONDS 2024 (0	12	124,32,663	130,95,288	
83	9.32% POWER FINANCE CORPORATION LTD. UNSECURED BOND 2019 (17	8	79,96,000	83,73,112	
84	8.40% UNSECURED NUCLEAR POWER CORPORATION STRPP SERIES- XXIX	7	71,44,900	74,76,399	
85	8.57% UNSEC RURAL ELECTRIFICATION CORPORATION LTD. BONDS 202	17	171,45,977	179,57,134	
86	8.65% UNSEC. POWER FINANCE CORPORATION LTD. BONDS 2024 (28.1	20	206,77,030	211,48,660	
87	8.98% UNSEC POWER FINANCE CORP LTD BONDS (1208) 2024(08.10.2	24	247,06,393	257,83,944	
88	8.30% UNSEC RURAL ELECTRIFICATION CORPORATION LTD. BONDS 202	18	184,53,816	186,49,008	
89	8.56% SEC BONDS PNB HOUSING FINANCE LTD. 2020(28.07.2020)	23	230,00,000	240,22,419	
90	9.35% UNSEC. PNB BASEL III TIER 2 BONDS 2024 (09.09.2024)	1	10,51,518	10,94,145	
91	9.34% SEC RURAL ELECTRIFICATION CORPORATION LTD. BONDS 2024	23	238,52,240	251,43,646	
92	8.23% SEC BONDS PNB HOUSING FINANCE LTD. 2019 (09.07.2019)	20	200,00,000	203,90,540	



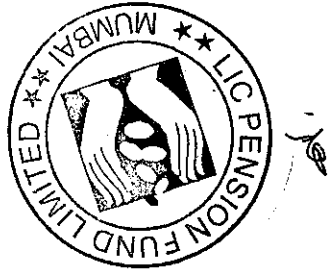
93	8.98% UNSEC. POWER FINANCE CORPORATION LTD. BONDS(120A) 2024	6	62,68,634	64,45,986
94	8.27% SEC RURAL ELECTRIFICATION CORPORATION LTD. BONDS 2022	2	19,89,112	20,71,898
95	8.40% STATE BANK OF MYSORE BASEL III TIER-II BONDS 2025 (31.	4	40,00,000	41,92,756
96	9.58% UNSECURED EXIM BONDS SR.O.24.2023 (16.12.2023)	10	106,30,180	110,13,330
97	8.27% UNSEC RURAL ELECTRIFICATION CORP. LTD. BONDS 2025 (06.	10	99,55,490	103,68,040
98	9.65% UNSECURED EXIM BONDS SR.R.01.2024 (04.04.2024)	6	63,80,700	66,54,732
99	8.45% STATE BANK OF TRAVANCORE BASEL III TIER-II BONDS 2026	14	140,00,000	145,04,658
100	8.13% UNSECURED NUCLEAR POWER CORP. STRPP SERIES-XXXIII(A)	10	106,49,540	104,65,140
101	8.13% UNSECURED NUCLEAR POWER CORP. STRPP SERIES-XXXIII (E)	40	402,65,320	420,08,120
102	8.12% UNSECURED EXIM BONDS SR.T.02.2031 (25.04.2031)	7	70,00,000	73,06,705
103	7.90% UNSEC. IIFCL BONDS 2024 (28.04.2024)	10	98,21,330	97,57,330
104	8.88% UNSECURED IFC BONDS TR. 3 STRPP 5 2031 (20.10.2031)	42	45,89,122	46,90,846
105	8.06% UNSEC SUB TII RURAL ELECTRIFICATION CORP LTD BONDS 202	16	162,68,608	163,28,144
106	8.02% UNSECURED EXIM BONDS SR.S 04-2025 (29.10.2025)	5	51,26,570	51,18,065
107	7.55% SEC. POWER GRID BONDS LV ISSUE - 2031 (20.09.2031)	5	50,00,000	49,38,775
108	7.36% SEC. POWER GRID BONDS LVI ISSUE - 2026 (17.10.2026)	10	100,00,000	98,34,520
109	7.38% NABARD UNSECURED BONDS 2031 SERIES LTIF 1A (20.10.203	10	100,00,000	97,31,460
110	8.75% UNSEC RURAL ELECTRIFICATION CORP LTD BONDS 2025 (08.06	10	106,63,000	106,58,940
111	7.49% SECURED NTPC BONDS - SERIES 64 2031 (07.11.2031)	15	150,00,000	147,38,550
112	8.88% UNSECURED IFC BONDS TR. 3 STRPP 6 2032 (20.10.2032)	45	53,81,721	50,45,306
113	8.87% UNSECURED EXIM BONDS SR.R.15-2029 (30.10.2029)	9	104,26,968	98,98,497
114	7.25% UNSECURED NUCLEAR POWER CORP. STRPP SERIES-XXXIII(E)(1)	10	100,00,000	97,40,800
115	7.37% SECURED NTPC BONDS - SERIES 66 2031 (13.12.2031)	10	100,00,000	98,04,020
116	7.30% NABARD UNSEC GOI BONDS 2031 SERIES LTIF A-2 (26.12.2	19	190,00,000	185,91,177
117	7.16% NABARD UNSEC GOI BONDS 2032 SERIES LTIF A-3 (12.01.2	19	190,00,000	183,57,211
118	7.34% NABARD UNSEC BONDS 2032 SERIES LTIF 1C (13.01.2032)	10	100,00,000	96,96,760
119	7.18% UNSEC POWER FINANCE CORP LTD. GOI BONDS 2027 SERIES 15	10	100,00,000	98,06,290
120	7.25% UNSECURED EXIM BONDS SR.T.09-2027 (01.02.2027)	20	200,00,000	195,19,840
121	7.22% IREDA UNSEC GOI BONDS 2027 SERIES 1 (06.02.2027)	20	200,00,000	195,49,300



1A



122	7.60% UNSEC POWER FINANCE CORP LTD, GOI BONDS 2027	20	200,00,000	201,29,640
123	7.85% IREDA UNSEC GOI BONDS 2027 SERIES 1B (06.03.2027)	29	290,00,000	297,76,562
124	7.90% IWAJ UNSEC GOI BONDS 2027 MOS SERIES 1 (03.03.2027)	34	342,11,540	350,27,310
125	7.89% SEC. POWER GRID BONDS LVIII ISSUE - 2027 (09.03.2027)	20	200,00,000	204,39,920
126	7.75% UNSEC POWER FINANCE CORP LTD, GOI BONDS 2027 SERIES 16	20	200,00,000	204,15,500
B Mutual Fund				
Sub Total			12501,94,980	12852,97,604
1	LIC NOMURA MF LIQUID FUND DIRECT GROWTH	16991.23	500,80,141	500,94,255
Sub Total			500,80,141	500,94,255



Key Statistics		LIC Pension Fund Limited		Name of the Scheme: C Tier I	
S. No.	Particulars	As at March 31, 2017	As at March 31, 2016	1	NAV Per Unit (Rs.)*
	Open	13.5667	12.3946		
	High	15.2093	13.5637		
	Low	13.6081	12.3876		
	End	15.1425	13.5637		
2	Closing Assets Under Management (Rs. in Lakhs)	13,783.41	7141.54		
	Average (AUM)	9,868.07	4760.22		
3	Gross income as % of AUM	8.18	8.60		
4	Expense Ratio				
a	Total Expense as % of AUM (Scheme wise)	0.03	0.02		
b	Management Fee as % of AUM (Scheme Wise)	0.01	0.01		
5	Net Income as a percentage of AUM	8.15	8.58		
6	Portfolio turnover ratio	0.04	0.02		
7	Returns (%) * Compounded Annualised Yield				
	a. Last One Year	12.31%	8.31%		
	b. Since Inception				
	Benchmark (NPS-Corporate Bond Index)	11.90%	11.74%		
	c. Compounded annualised yield (%)				
	Last 1 Year	11.64%	9.46%		
	Last 3 Years	12.15%	N.A.		
	Last 5 Years	N.A.	N.A.		
	Since Launch of the scheme (23-Jul-2013)	11.90%	12.00%		
	* Declared NAV; Returns calculated based on declared NAV				

INDEPENDENT AUDITOR'S REPORT

TO

THE TRUSTEES,

NATIONAL PENSION SYSTEM TRUST (NPS Trust)

Report on Financial Statements

1. We have audited the accompanying financial statements of Scheme 09: NPS Trust A/c - LIC Pension Fund Scheme C - Tier II under the National Pension System Trust (NPS Trust) managed by LIC Pension Fund Ltd. (PFM) [in terms of clause 3 of PFDA (preparation of Financial Statements) Guidelines 2012] which comprises of the Balance sheet as at March 31, 2017 and the Revenue account for the year then ended, and a summary of significant accounting policies and other explanatory information.

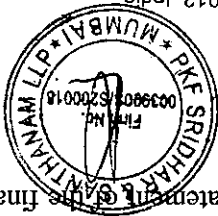
Management's Responsibility for the Financial Statements

2. The Board of Directors of the PFM, in accordance with the applicable Pension Fund Regulatory and Development Authority (PFDA) Guidelines and the Investment Management Agreement (IMA) with the National Pension System trust (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 specified under section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rule 2014, to the extent made applicable by PFDA to Scheme. This responsibility also includes maintenance of records in accordance with PFDA guidelines for safeguarding of the assets of the Company and preventing frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

Auditor's Responsibility

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

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial



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

Opinion

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

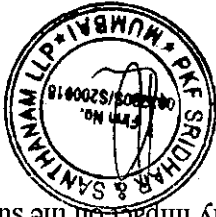
- i) in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2017;
- ii) in the case of the Revenue Account, of the surplus of the Scheme for the period ended on that date; and

Emphasis of Matter

7. As explained in Note No. 7K giving background of the Scheme regarding unbounded architecture, the FPM receives consolidated funds and does not have access to the individual subscribers' data. However, based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the following:

- a) Rs. 3,46,031/- is lying with Trustee Bank as on 31st March, 2017 (Previous Year Rs. 1,69,238/-) units in respect of which have been allotted in the next financial year on receipt of funds by the FPM. This does not have any impact on the surplus for the period; though the subscription received pending allotments as well as balances with bank are understated by the said amount.

- b) Rs 443 is lying in the withdrawal account with trustee bank as on 31st March 2017. As explained by CRA, the same pertains to subscriber/nodal office for the withdrawals executed/erroneous requests processed by either by CRA/ Nodal Offices. The said amount could not be transferred to the recipients due incorrect bank account details/invalid bank details, etc. This does not have any impact on the surplus for the year.





8. As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended we report that:
- We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit,
 - The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme,
 - In our opinion, proper books of account of the scheme, as required by the PFRDA has been maintained by the PFM so far as appears from our examination of those books.
 - All transactions expenses in excess of the limits contractually agreed to/approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme
 - In our opinion the Balance Sheet and Revenue account of the Scheme dealt with by this report comply with the Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 to the extent made applicable by PFRDA

Report on Other Legal and Regulatory Requirements

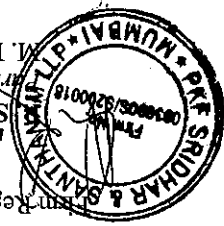
Above amounts do not have any impact on the surplus for the year.

Particulars	(Rs)
Amount pertaining to subscriber/nodal office for the withdrawals executed/erroneous requests processed by either by CRA/ Nodal Offices (Part of the amount is yet to be transferred to the beneficiary ex: transaction with multiple nominees)	48,80,246
Amount received from Bank of India (these funds have been received from Bank of India, erstwhile Trustee Bank, and it is not yet reconciled)	36,910
Surplus for PFRDA instructions	16,172
Amount received from ASPs (The cases wherein the funds were sent to ASPs and subsequently, the subscriber has cancelled the Annuity as the subscriber during the free look period.)	44,59,705
Pay-in residual	347
Total	93,93,380

- As informed by CRA, Rs 93,93,380 pertaining to all PFMs & all schemes and cannot be identified PFM wise or scheme wise, is lying with the Trustee Bank on account of the following:

9. We further certify that
- a) Investments has been valued in accordance with the guidelines issued by the Authority *except for the variance set out in Significant Accounting policies in Note 7D.*
 - b) Transaction and claims/fee raised by different entries are in accordance with the prescribed fees

For PKF SRIDHAR & SANTHANAM LLP
 Chartered Accountants
 Firm Registration No: 003990S/S200018



Suriyanarayana
 Partner
 M. No: 201402

Mumbai:
 13th July, 2017

NATIONAL PENSION SYSTEM TRUST

NPS TRUST - A/C LIC PENSION FUND LIMITED'S PENSION FUND SCHEME - C TIER II

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
-------------	------------------------------	------------------------------

Income		
Dividend		
Interest	214,554	45,038
Profit on sale/redemption of investments	1,538,883	1,368
Profit on inter-scheme transfer/sale of investments	60,126	31,964
Unrealized gain on appreciation in investments	393,125	1,368
Other income		
- Miscellaneous Income	3	
Total	1,992,137	292,924

Expenses and Losses		
Unrealized losses in value of investments		
Loss on sale/redemption of investments		
Loss on inter-scheme transfer/sale of investments		
Management fees (including service Tax)	2,335	356
NPS Trust fees	2,031	202
Custodian fees	673	177
CRA Fees	11,508	1,836
Less: Amount recoverable on sale of units on account of CRA Charges	(11,508)	(1,836)
Trustee Bank's fees	117	
Depository and settlement charges		
Provision for Non-performing assets		
Other Expenses, if any		
Total	5,156	735

Surplus/(Deficit) for the year	1,986,981	292,189
Less: Amount transferred to Unrealised appreciation account	393,125	31,964
Less: Amount transferred to General Reserve	1,593,856	260,225
Amount carried forward to Balance Sheet		
Total	5,156	735

Significant Accounting Policies and Notes to Accounts

7

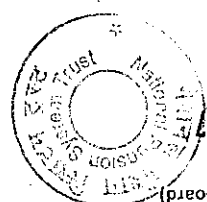
This is the Revenue Account referred to in our report of even date.



H. Surtivanthyanan
Firm No. 201402
Membership No. - 201402

Date: 13th July, 2017
Place: Mumbai

[Signature]
For and on Behalf of NPS Trust



Shallesh V. Hanbhakht
(Chairman, NPS Trust Board)

[Signature]
Kamal Chaudhry
(Chief Executive Officer)

Date:
Place: Mumbai

Director
MD & CEO

[Signature]
For LIC Pension Fund Ltd

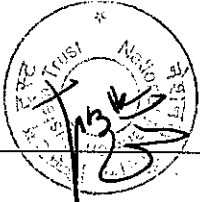
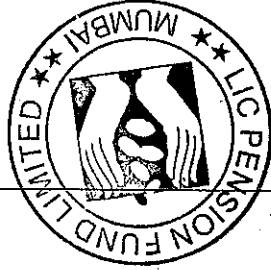
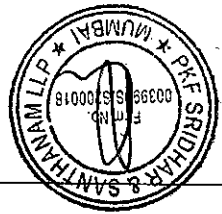


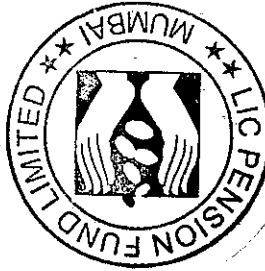
NATIONAL PENSION SYSTEM TRUST

NPS TRUST - A/C LIC PENSION FUND LIMITED'S PENSION FUND SCHEME - C TIER II

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2017

Schedule 1		Schedule 2		Schedule 3	
As at March 31, 2017		As at March 31, 2017		As at March 31, 2017	
As at March 31, 2016		As at March 31, 2016		As at March 31, 2016	
Unit Capital	844,612	6,564,609	19,563,160	1,27,553	10,363
Initial Capital*	844,612	6,564,609	19,563,160	1,27,553	10,363
Outstanding at the beginning of the year	844,612	6,564,609	19,563,160	1,27,553	10,363
Add: Units issued during the year	6,373,601	3,256,423	3,256,423	(29)	474
Less: Units redeemed during the year	653,604	22,871,346	3,256,423	2,263	-
Outstanding at the end of the year	844,612	6,564,609	19,563,160	1,27,553	10,363
(Face Value of Rs.10/- each unit, fully paid up)	84,461	656,461	1,956,316	55,141	23,177
Outstanding units at the beginning of the year	84,461	656,461	1,956,316	55,141	23,177
Add: Units issued during the year	637,360	656,461	1,956,316	393,125	31,964
Less: Units redeemed during the year	65,360	325,642	325,642	448,266	55,141
Outstanding Units at the end of the year	656,461	656,461	1,956,316	448,266	55,141
Reserves and Surplus	1,386,636	1,386,636	7,213,343	55,141	23,177
Unit Premium Reserve	64,814	1,386,636	7,213,343	55,141	23,177
Opening Balance	64,814	1,386,636	7,213,343	55,141	23,177
Add: Premium on Units issued	1,478,651	1,386,636	7,213,343	55,141	23,177
Less: Premium on Units redeemed	156,829	1,261,419	1,261,419	393,125	31,964
Closing Balance	1,386,636	1,386,636	7,213,343	55,141	23,177
General Reserve	56,525	316,750	1,593,856	316,750	31,964
Opening Balance	56,525	316,750	1,593,856	316,750	31,964
Add: Transfer from Revenue Account	260,225	316,750	1,593,856	316,750	31,964
Closing Balance	316,750	316,750	1,593,856	316,750	31,964
Unrealised Appreciation Account	23,177	55,141	55,141	55,141	23,177
Opening Balance	23,177	55,141	55,141	55,141	23,177
Add: Transfer from Revenue Account	31,964	55,141	55,141	55,141	23,177
Closing Balance	55,141	55,141	55,141	55,141	23,177
Total	1,758,527	9,697,432	1,758,527	9,697,432	1,758,527
Current Liabilities and Provisions	10,837	129,787	10,837	129,787	10,837
Current Liabilities	10,363	127,553	10,363	127,553	10,363
Provision for interest overdue	-	(29)	-	(29)	-
Redemption Payable	474	2,263	474	2,263	474
TDS Payable	-	-	-	-	-
Sundry Creditors for expenses	-	-	-	-	-





1,876,358
259,346

Other Current Assets
Outstanding and accrued income
Balance with Trustee Bank
Contract for sale of investments
Tax Receivable
Redemption receivable on investments
Sundry Debtors
Less: Provision for Non performing investment

0	0
876,357	1,000,001
259,329	17

Schedule 6 As at March 31, 2017 As at March 31, 2016

500,000
500,000

Deposits
Deposits with Scheduled Banks

Schedule 5 As at March 31, 2017 As at March 31, 2016

30,322,207
8,074,627

Investments (Long Term and Short Term)
Equity Shares
Debentures and Bonds Listed/Awaiting Listing
Central and State Government Securities (including treasury bills)
Commercial Paper
Others - Mutual Fund Units
- Certificates of Deposit
Non Convertible Debentures classified as Non performing investment
Less: Provision on Non performing investment

28,988,268	1,333,939
7,660,960	413,667

Schedule 4 As at March 31, 2017 As at March 31, 2016

8,074,627

National Pension System Trust

SCHEME 09 : NPS TRUST A/C LIC PENSION FUND LIMITED'S PENSION FUND SCHEME

C TIER II

Background

The Central Government had introduced the National Pension System (NPS) with effect from January 1, 2004 (except for armed forces). Pension Fund Regulatory and Development Authority (PFRDA), the regulatory body for NPS, finalized the architecture and appointed NSDL and Karvy Computershare Private Limited as Central Recordkeeping Agencies (CRAs), other entities for National Pension System and appointed LIC Pension Fund Ltd (LICPFL) as one of the Fund manager for the Scheme.

LICPFL has entered into an Investment Management Agreement ('IMA') with NPS. The Pension Fund Regulatory and Development Authority ('PFRDA') guidelines require each PFM to manage subscribers' funds made available to it by the Trustee bank. However, the responsibility of maintaining individual subscriber's records is not with PFM and is managed by the CRA. The CRAs do not furnish any subscribers level data to the PFM and provide only consolidated subscribers data of cash inflow for units to be allotted and number of units to be redeemed to PFM. The PFM makes investments as per the requirements of IMA and the scheme wise flow of funds from CRAs.

Under All Citizen Model of NPS, there are three assets classes viz Equity (E), Government Securities (G), and Corporate Debt (C). The funds are invested in Corporate Debt Class through Pension Fund Managers.

Note 7: Significant Accounting Policies and Notes to Accounts

Significant Accounting Policies

A. Basis of accounting

The financial statements have been prepared to comply with the PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards notified under Section 133 of 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 and generally accepted accounting principles. These financial statements have been prepared on an accrual basis.

B. Investments

i) Transactions for purchase or sale of investments in Non Convertible Bonds/Debentures, Fixed Deposits and Mutual Funds units are recognized as of the trade date, except in case of subscriptions to Initial Public Offerings which are recognized on allotment.

ii) In determining the holding cost of investments and the gains or loss on sale of investments, the "weighted average cost" method is followed.



- iii) The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- iv) In respect of privately placed debt instruments, any front-end discounts offered are reduced from the cost of the investment.
- v) Investments are reconciled with the custodian records on daily basis.

Investment Valuation

The below mentioned valuation of investment is carried out by Stock Holding Corporation of India as per the tripartite agreement among NPS Trust, LIC Pension Fund Limited and Stock Holding Corporation of India Ltd. Any deviations from the guidelines issued by PFRDA are mentioned in point 'D'.

Securities traded at a stock exchange:

- i. Debt securities (other than government securities) are valued at NSE weighted average traded price on that day.

- ii. Money market instruments like commercial paper and certificate of deposit with residual maturity of up to 60 days, valued at the weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day then they are valued at amortized cost.

- iii. Investments in mutual fund schemes are valued based on the latest available/previous day's net asset value from AMFI website.

Securities not traded at a stock exchange:

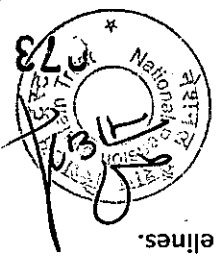
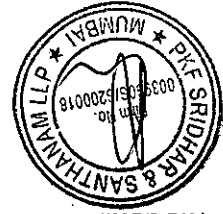
Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days and non-traded / thinly traded / privately placed debt securities including those not traded within fifteen days shall be valued "in-good faith" on the basis of following valuation methods approved by the Authority/Trust:
Debt securities not traded on a valuation day:

- i. With residual maturity over 60 days are valued on a yield to maturity basis, based on average of spreads provided by CRISIL and ICRA.

- ii. With residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over remaining maturity period of the instrument.

- iii. Performing non government debt securities below Investment Grade of BBB- are valued at a discount of 25% to Face Value.

D. The valuation Policy of the Scheme, as advised by SHCIL, is at variance with PFRDA guidelines. The details of the variation are as under:





Written back in full.

i) In case an issuer has fully cleared all the arrears of interest, the interest provision can be written – back of provisioning of interest: Upon reclassification of assets as performing assets

in case any issuer of debt security defaults in the payment of interest and installment of principal, if any, and the pension fund has accepted re-scheduling of NPA, it may be reclassified as performing asset, if next two coupons/ installments of principal, if applicable, is regularly serviced as rescheduled.

Re-scheduling of NPA:

On classification of the instrument as NPA no further interest is accrued on the investment and a provision for all interest accrued is made.

Period past due from the date of classification of assets as NPA	3 months	50%
	6 months	75%
	9 months	100%
% Provision On Book Value		

PFDA as shown below:

Provisions are made for Non-performing investments as per the extant guidelines prescribed by

Investments are classified as non-performing based on PFDA (Identification, Income Recognition and Provisioning of NPA) Guidance Note 2013. An investment is regarded as non-performing if interest / principal or both amounts have not been received or remained outstanding for one quarter from the day such income/instrument has fallen due.

E. Non Performing Investments:

PFDA Guidelines :	
1. Securities traded at a stock exchange: Debt securities (other than government securities) are valued at the last quoted average traded price on that day.	
2. Securities not traded at a stock exchange: When a debt security (Other than government security) is not traded on any stock exchange on a particular valuation date, the value at which was traded on any other stock exchange on the earliest previous day is used, provided that such day is not more than 15 days.	
Valuation Policy :	<p>a. With residual maturity over 60 days are valued on a yield to maturity basis, based on average of spreads provided by CRISIL and ICRA.</p> <p>b. With residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over remaining maturity period of the instrument.</p>

Written – back of provisioning of principal: The provision made for the principal can be written back in the following manner:

- i) 100 % of the assets provided for in the books will be written back at the end of second calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50 % of the assets provided for in the books will be written back at the end of second calendar quarter and 25 % after every subsequent quarter, where both principal and interest were in default earlier.

F. Income Recognition:

In respect of all interest-bearing investments, income is accrued on a daily basis. Interest paid for the period from the last interest date up to the date of purchase is not treated as a cost of purchase but debited to Interest Recoverable Account. Similarly interest received at the time of sale for the period from the last interest date up to the date of sale is not treated as an addition to sale value but is credited to Interest Recoverable Account. Interest on Non-Performing Investments is not recognized in the Revenue Account till received.

G. Expenses

All allowable expenses and incomes accrued up to the valuation date are considered for computation of Net asset value. Major expenses like Investment Management Fees and NPS Trust Fees are accrued on a daily basis.

H. Taxes

All taxes which are leviable and actually paid are charged to the NAV of the Fund and are borne by the Subscriber. Any subsequent refund on this account, if any, is added to the scheme/fund as income.

I. Unit Capital

Unit Capital is tallied with CRA records on daily basis. Difference between the issue/redemption price and face value of the units is credited / debited to unit premium reserve.

J. Computation of the Net Asset Value (NAV):

The NAV of the units is determined by dividing the net assets including investments recognized and valued as per the accounting policies by the number of outstanding units on the valuation date.

K. As per the unbundled architecture of National Pension Scheme, unit allocations and redemptions are accounted by PFM on the basis of consolidated data received from the Central Record Keeping Agency.

L. Investment Management Fees:

As per the terms of the Investment Management Agreement entered between National Pension System Trust and LIC Pension Fund Limited management fees is calculated as a percentage of schemes daily closing net asset value.



I. Investment in Group Company and Associates:

Particulars	March 31, 2017	March 31, 2016
Name of the Group Company/Associate	LIC Housing Finance Ltd.	LIC Housing Finance Ltd.
Amount Invested by the scheme (Rs.)	10,39,728	10,39,728
Market Value (Rs.)	10,81,114	10,51,076
Aggregate investment by all scheme (Rs.)	6,23,92,46,100	5,98,55,92,409

II. Details of Custodian Fees paid or payable to Stock Holding Corporation of India Limited (A Company in which sponsor of LIC Pension Fund Limited has substantial interest)

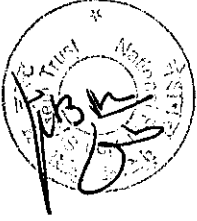
Particulars	March 31, 2017	March 31, 2016
Name of Sponsor of LIC PFL	LIC of India	LIC of India
Name of the company in which sponsor has substantial interest	Stock Holding Corporation of India Ltd.	Stock Holding Corporation of India Ltd.
No of shares held	31,50,000	31,50,000
% of Share Holding	14.97 %	14.97 %
Amount Paid/ Payable (Rs.)	673	177

III. Purchase/Sale of Investments: The aggregate value of purchase and sales of investments during the year expressed as a percentage of average daily net assets are as under:

Particulars	March 31, 2017	March 31, 2016
Aggregate Value of purchase (except liquid funds) (Rs.)	2,22,56,433	74,57,381
%	109.62 %	239.45 %

Particulars	March 31, 2017	March 31, 2016
Aggregate Value of sales (except liquid funds) (Rs.)	10,81,873	62,830
%	5.33 %	2.02 %

IV. Total Value of investment falling under each major industry group (which constitute not less than 5% of total investment related to that classification).





VII. Figures have been rounded off to the nearest rupee. Previous year figures have been regrouped and rearranged, wherever necessary.

VI. Contingent Liability as on 31st March, 2017 is NIL. (Previous Year – NIL).

Aggregate value of Non traded Investment (Rs.) as on 31.3.2017	114,64,723	35.20 %	10,09,898	12.13 %
% to Net Assets Value as on 31.3.2017			Aggregate value of Non traded Investment (Rs.) as on 31.3.2016	
% to Net Assets Value as on 31.3.2016				

Non Convertible Bond & Debentures:

V. Aggregate value of Non Traded investment valued in good faith at the end of the year:

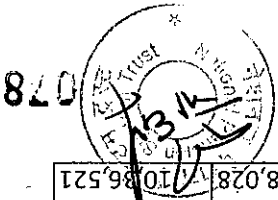
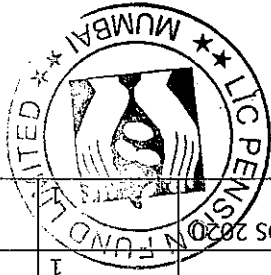
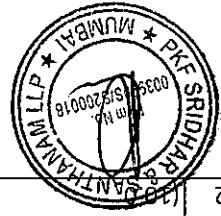
Particulars	March 31, 2017		March 31, 2016	
	Amount of Investment (Rs.)	% of total investment related to that classification	Amount of Investment (Rs.)	% of total investment related to that classification
Industry Group				
Other Credit Granting Total	61,54,762	21.23%	-	-
Monetary intermediation of banks	52,72,916	18.19%	31,17,572	40.69 %
Activity granting credit for house	42,38,297	14.62%	30,93,413	40.38 %
Other monetary intermediation serv	40,88,300	14.10%	-	-
Transmission of electric energy	21,32,630	7.36%	-	-
Power generation by nuclear plant	20,96,717	7.23%	-	-
Power generation by thermal plants	14,84,165	5.12%	4,28,085	5.59 %
Fin.serv except insurance & pension	14,54,084	5.02%	-	-
Manuf. of rolled products of steel			10,21,891	13.34 %
Total amount invested in Corporate Bonds & Debentures	289,88,268		76,60,960	

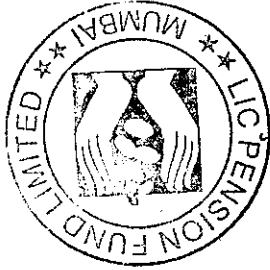
Corporate Bonds & Debentures:

Schedule Annexed to and forming part of Financial Statements as on 31.03.2017

A Debt :

Sr No.	Security Name	Units	Book Cost (Rs.)	Market Value (Rs.)
1	9.15% AXIS BANK LIMITED LOWER TIER II DEBENTURE 2022 (31.12.	1	10,46,483	10,70,198
2	8.94% UNSEC CAN FIN HOMES LTD. NCDS 2024 (03.12.2024)	1	5,02,570	5,36,659
3	8.49% SEC. NON CONVERTIBLE NTPC LTD NCDS (25.03.2025)	1,13,503	14,76,649	14,84,165
4	8.70% UNSEC NCDS IDFC BANK LTD, 2025 (20.05.2025)	1	9,99,540	10,62,751
5	8.40% LARSEN & TOUBRO LTD UNSECURED NCDS 2020 (24.09.2020)	1	10,34,643	10,36,182
6	8.70% SECURED NCDS HDFC LTD. 2020 (18.05.2020)	2	10,04,209	10,41,366
7	8.75% SECURED NCDS HDFC LTD. 2020 (13.01.2020)	1	4,99,713	5,19,144
8	9.43% LIC HOUSING FINANCE LTD-SECURED NCDS 2022 (10.02.2022)	1	10,39,728	10,81,114
9	8.40% ICICI BANK LIMITED UNSEC. NCD 2026 (13.05.2026)	1	10,00,000	10,49,323
10	9.25% EAST-NORTH INTERCONNECTION COMPANY LTD. SERIES 57 2031	1	10,00,000	11,02,677
11	9.10% SEC DEWAN HOUSING FINANCE CORP. LTD. NCDS 2021 (17.06	1	10,00,000	10,60,015
12	7.60% UNSEC. SENIOR INFRA NCDS AXIS BANK LTD 2023 (20.10.20	1	10,00,000	10,00,067
13	9.95% STATE BANK OF INDIA LOWER TIER-II BONDS 2026 (16.03.20	5	51,650	54,530
14	8.65% UNSEC. POWER FINANCE CORPORATION LTD. BONDS 2024 (28.1	1	10,64,664	10,57,433
15	8.30% UNSEC RURAL ELECTRIFICATION CORPORATION LTD. BONDS 202	1	10,25,212	10,36,056
16	8.45% STATE BANK OF TRAVANCORE BASEL III TIER-II BONDS 2026	1	10,00,000	10,36,047
17	8.13% UNSECURED NUCLEAR POWER CORP. STRPP SERIES- XXXII(A) (1	10,64,954	10,46,514
18	8.13% UNSECURED NUCLEAR POWER CORP. STRPP SERIES- XXXII (E)	1	10,06,633	10,50,203
19	8.12% UNSECURED EXIM BONDS SR.T.02.2031 (25.04.2031)	1	10,00,000	10,43,815
20	8.88% UNSECURED IFC BONDS TR. 3 STRPP 5 2031 (20.10.2031)	8	8,74,118	8,93,494
21	8.06% UNSEC SUB TII RURAL ELECTRIFICATION CORP LTD BONDS 202	1	10,18,097	10,20,509
22	8.45% UNSEC. POWER FINANCE CORPORATION LTD. BONDS 2020	1	10,28,028	10,86,521





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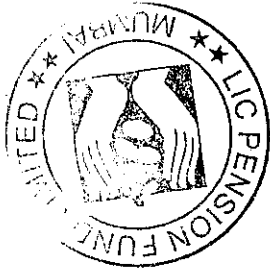


1	Fixed Deposits With Banks		5,00,000	5,00,000
		Sub Total	5,00,000	5,00,000

C Fixed Deposits With Banks

B	Mutual Fund:			
1	LIC NOMURA MF LIQUID FUND DIRECT GROWTH	452	13,33,815	13,33,939
		Sub Total	13,33,815	13,33,939

23	8.15% SEC. POWER GRID BONDS XLIX ISSUE - STRPP B (08.03.2025	1	10,31,605	10,29,953
24	8.88% UNSECURED IFC BONDS TR. 3 STRPP 6 2032 (20.10.2032)	5	5,97,969	5,60,590
25	8.87% UNSECURED EXIM BONDS SR.R.15-2029 (30.10.2029)	1	11,58,552	10,99,833
26	7.30% NABARD UNSEC GOI BONDS 2031 SERIES LTF A-2 (26.12.2	1	10,00,000	9,78,483
27	7.16% NABARD UNSEC GOI BONDS 2032 SERIES LTF A-3 (12.01.2	1	10,00,000	9,66,169
28	7.22% IREDA UNSEC GOI BONDS 2027 SERIES 1 (06.02.2027)	1	10,00,000	9,77,465
29	7.85% IREDA UNSEC GOI BONDS 2027 SERIES 1B (06.03.2027)	1	10,00,000	10,26,778
30	7.90% IWAJ UNSEC GOI BONDS 2027 MOS SERIES 1 (03.03.2027)	1	10,15,110	10,30,215
		Sub Total	285,40,127	289,88,268



Key Statistics		LIC Pension Fund Limited		Name of the Scheme: C Tier II	
S. No.	Particulars	As at March 31, 2017	As at March 31, 2016		
1	NAV Per Unit (Rs.)*			Open	11.7132
				High	12.6788
				Low	11.5346
				End	12.6788
2	Closing Assets Under Management (Rs. in Lakhs)	325.69	83.23	Average (AUM)	31.14
3	Gross income as % of AUM	7.88	8.38	Expense Ratio	
4				a	Total Expense as % of AUM (Scheme wise)
				b	Management Fee as % of AUM (Scheme Wise)
5	Net Income as a percentage of AUM	7.85	8.36	6	Portfolio turnover ratio
7	Returns (%) * Compounded Annualised Yield				
	a. Last One Year	12.31%	8.31%		
	b. Since inception				
	Benchmark (NPS-Corporate Bond Index)	11.95%	11.81%		
	c. Compounded annualised yield (%)	12.31%	8.26%		
	Last 1 Year	10.97%	N.A.		
	Last 3 Years	N.A.	N.A.		
	Last 5 Years	10.21%	9.22%		
	Since launch of the scheme (12-Aug-2013)				
	* Declared NAV; Returns calculated based on declared NAV				

INDEPENDENT AUDITOR'S REPORT

TO

THE TRUSTEES,

NATIONAL PENSION SYSTEM TRUST (NPS Trust)

Report on Financial Statements

1. We have audited the accompanying financial statements of Scheme 07: NPS Trust A/c – LIC Pension Fund Scheme G-Tier I under the National Pension System Trust (NPS Trust) managed by LIC Pension Fund Ltd. (PFM) [in terms of clause 3 of PFDA (preparation of Financial Statements) Guidelines 2012] which comprises of the Balance sheet as at March 31, 2017 and the Revenue account for the year then ended, and a summary of significant accounting policies and other explanatory information.

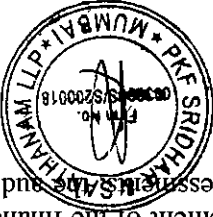
Management's Responsibility for the Financial Statements

2. The Board of Directors of the PFM, in accordance with the applicable Pension Fund Regulatory and Development Authority (PFDA) Guidelines and the Investment Management Agreement (IMA) with the National Pension System Trust (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 specified under section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rule 2014, to the extent made applicable by PFDA to Scheme. This responsibility also includes maintenance of records in accordance with PFDA guidelines for safeguarding of the assets of the Company and preventing frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

Auditor's Responsibility

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

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



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

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

i) in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2017;

ii) in the case of the Revenue Account, of the surplus of the Scheme for the period ended on that date; and

Emphasis of Matter

7. As explained in Note No. 7J giving background of the Scheme regarding unbounded architecture, the PFM receives consolidated funds and does not have access to the individual subscribers' data. However, based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the following:

a) Rs. 2,94,65,483/- is lying with Trustee Bank as on 31st March, 2017 (Previous year Rs. 1,97,35,898/-) the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. This does not have any impact on the surplus for the period; though the subscription received pending allotments as well as balances with bank are understated by the said amount.

b) As informed by CRA, Rs 93,93,380 pertaining to all PFMs & all schemes and cannot be identified PFM wise or scheme wise, is lying with the Trustee Bank on account of the following:

Particulars		(Rs)
Amount pertaining to subscriber/nodal office for the withdrawals executed/erroneous requests processed by either by CRA/ Nodal Offices (Part of the amount is yet to be transferred to the beneficiary ex: transaction with multiple nominees)		48,80,246
Amount received from Bank of India (these funds have been received from Bank of India, erstwhile Trustee Bank, and it is not yet reconciled)		36,910
Surplus for PFDA instructions		16,172
Amount received from ASFs (The cases wherein the funds were sent to		44,59,705



ASPs and subsequently, the subscriber has cancelled the Annuity as the subscriber during the free look period.)	
Pay-in residual	347
Total	93,93,380

Above amounts do not have any impact on the surplus for the year.

Report on Other Legal and Regulatory Requirements

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

a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit,

b) The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme,

c) In our opinion, proper books of account of the scheme, as required by the PFRDA has been maintained by the PFM so far as appears from our examination of those books.

d) All transactions expenses in excess of the limits contractually agreed to/approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme

e) In our opinion the Balance Sheet and Revenue account of the Scheme dealt with by this report comply with the Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 to the extent made applicable by PFRDA

9. We further certify that

a) Investments has been valued in accordance with the guidelines issued by the Authority *except for the variance set out in Significant Accounting policies in Note 7D.*

b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fees

For: P. K. F. SRIDHAR & SANTHANAM LLP
 Chartered Accountants
 Firm Registration No: 003990S/S200018
 M. No: 201402
 Mumbai: 13th July, 2017

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

Year ended	Particulars	Year ended
March 31, 2016		March 31, 2017

Income		
Dividend		
Interest		
Profit on sale/redemption of investments	77,020,098	30,722,692
Profit on inter-scheme transfer/sale of investments	70,819,408	7,547,444
Unrealized gain on appreciation in investments	-	5,773,053
Other income	2	1
- Miscellaneous Income		
Total	147,839,508	44,043,190

Expenses and Losses		
Unrealized losses in value of investments	13,306,185	8,611,149
Loss on sale/redemption of investments	6,463,500	3,265,353
Loss on inter-scheme transfer/sale of investments	-	1,163,033
Management fees (including service Tax)	124,484	45,282
NPS Trust fees	108,303	20,605
Custodian fees	8,056	30,564
CRA Fees	2,347,080	548,477
Less: Amount recoverable on sale of units on account of CRA Charges	(2,347,080)	(548,477)
Trustee Bank's fees	-	-
Depository and settlement charges	83,298	13,437
Provision for Non-performing assets	-	-
Other Expenses, if any	-	-
Total	20,093,826	13,149,423

Surplus/(Deficit) for the year	127,745,682	30,893,767
Less: Amount transferred to Unrealised appreciation account	-	-
Less: Amount transferred to General Reserve	127,745,682	30,893,767
Amount carried forward to Balance Sheet	-	-

Significant Accounting Policies and Notes to Accounts

7

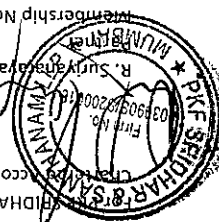
This is the Revenue Account referred to in our report of even date.

BIDHAR & SANTHANAM LLP

Chartered Accountants

R. Suryanarayana

Membership No.- 201402



Date: 13th July, 2017

Place: Mumbai

For and on Behalf of NPS Trust

(Signature)

Shalish V. Harbhakti
(Chairman, NPS Trust Board)

Kamal Chaudhry
(Chief Executive Officer)

(Signature)

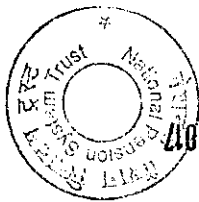
Date:
Place: Mumbai

For LIC Pension Fund Ltd

Director

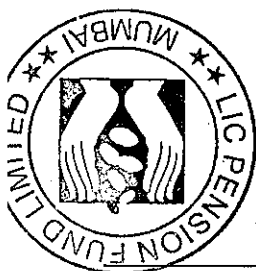
(Signature)

(Signature)
MD & CEO



Date: 13 JUL 2017

Place: Mumbai



Schedule 1 As at March 31, 2017 As at March 31, 2016

Unit Capital
Initial Capital*

Outstanding at the beginning of the year
Add: Units issued during the year
Less: Units redeemed during the year
Outstanding at the end of the year

(Face Value of Rs.10/- each unit, fully paid up)
Outstanding units at the beginning of the year
Add: Units issued during the year
Less: Units redeemed during the year
Outstanding Units at the end of the year

Schedule 2 As at March 31, 2017 As at March 31, 2016

Reserves and Surplus
Unit Premium Reserve
Opening Balance
Add: Premium on Units issued
Less: Premium on Units redeemed
Closing Balance

General Reserve
Opening Balance
Add: Transfer from Revenue Account
Closing Balance

Unrealised Appreciation Account
Opening Balance
Add: Transfer from Revenue Account
Closing Balance

Schedule 3 As at March 31, 2017 As at March 31, 2016

Current Liabilities and Provisions
Current Liabilities
Provision for interest overdue
Redemption Payable
Contract for Purchase of Investments
TDS Payable
Sundry Creditors for expenses

1,364,195
263,060

1,207,463
198,718

155,267
64,342

1,465

15,224,946

15,224,946

15,224,946

173,197,715

45,452,033

127,745,682

30,893,767

45,452,033

14,558,266

127,389,866

17,886,793

328,865,725

113,596,383

18,065,285

4,093,310

438,190,306

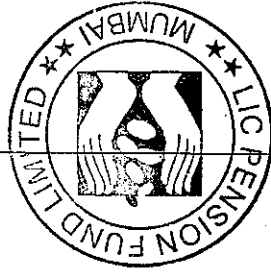
127,389,866

127,745,682

30,893,767

45,452,033

14,558,266





52,364,730 46,535,358

	Other Current Assets	
	Outstanding and accrued income	
	Balance with Trustee Bank	
	Contract for sale of investments	
	Tax Receivable	
	Brokerage receivable from LIC Pension Fund Ltd.	
	Redemption receivable on investments	
13,484,868		
10,000,001		
28,879,861		
30,107,581		
16,427,777		
-		
-		
-		
-		
-		

Schedule 6 As at March 31, 2017 As at March 31, 2016

Deposits with Scheduled Banks

Deposits

Schedule 5 As at March 31, 2017 As at March 31, 2016

Total 1,713,283,604 659,678,098

	Investments (Long Term and Short Term)	
	Equity Shares	
	Debentures and Bonds Listed/Awaiting Listing	
	Central and State Government Securities (including treasury bills)	
	Commercial Paper	
	Others - Mutual Fund Units	
	- Certificates of Deposit	
652,810,311		
-		
-		
-		
83,409,035		
6,867,787		
1,629,874,569		
-		
-		

Schedule 4 As at March 31, 2017 As at March 31, 2016

National Pension System Trust

SCHEME 07 : NPS TRUST A/C LIC PENSION FUND LIMITED'S PENSION FUND SCHEME

G TIER I

Background

The Central Government had introduced the National Pension System (NPS) with effect from January 1, 2004 (except for armed forces). Pension Fund Regulatory and Development Authority (PFRA), the regulatory body for NPS, finalized the architecture and appointed NSDL and Karvy Computershare Private Limited as Central Recordkeeping Agencies (CRAs), other entities for National Pension System and appointed LIC Pension Fund Ltd (LICPFL) as one of the Fund manager for the Scheme.

LICPFL has entered into an Investment Management Agreement ('IMA') with NPS. The Pension Fund Regulatory and Development Authority ('PFRA') guidelines require each PFM to manage subscribers' funds made available to it by the Trustee bank. However, the responsibility of maintaining individual subscriber's records is not with PFM and is managed by the CRA. The CRAs do not furnish any subscribers level data to the PFM and provide only consolidated subscribers data of cash inflow for units to be allotted and number of units to be redeemed to PFM. The PFM makes investments as per the requirements of IMA and the scheme wise flow of funds from CRAs.

Under All Citizen Model of NPS, there are three assets classes viz Equity (E), Government Securities (G), and Government Securities (C). The funds are invested in Government Securities Class through Pension Fund Managers.

Note 7: Significant Accounting Policies and Notes to Accounts

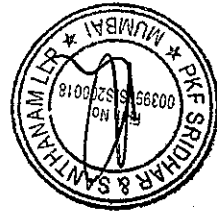
Significant Accounting Policies

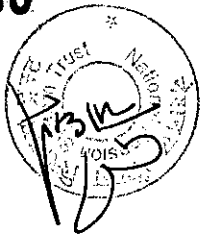
A. Basis of accounting

The financial statements have been prepared to comply with the PFRA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards notified under the Companies Act, 1956 read with general circular 15/2013 dated 13.09.2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 to the extent made applicable by PFRA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012 and generally accepted accounting principles. These financial statements have been prepared on an accrual basis.

B. Investments

(i) Transactions for purchase or sale of Investments in Government securities, Non Convertible Bonds/Debentures, Equity shares, Fixed Deposits and Mutual Funds





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All allowable expenses and incomes accrued up to the valuation date are considered for computation of Net asset value. Major expenses like Investment Management Fees and NPS Trust Fees are accrued on a daily basis.

F. Expenses

In respect of all interest-bearing investments, income is accrued on a daily basis. Interest paid for the period from the last interest date up to the date of purchase is not treated as a cost of purchase but debited to Interest Recoverable Account. Similarly interest received at the time of sale for the period from the last interest date up to the date of sale is not treated as an addition to sale value but is credited to Interest Recoverable Account.

E. Income Recognition:

Valuation Policy :	Government securities are valued at prevailing market prices.
	Valuation of G-sec at YTM based on aggregated prices received daily from independent valuation agencies i.e. CRISIL and ICRA.

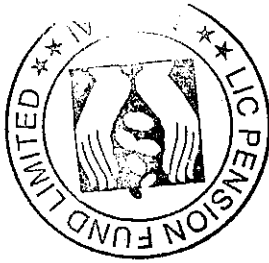
D. The valuation Policy of the Scheme, as advised by SHCIL, is at variance with PFRDA guidelines. The details of the variation are as under:

- i. Government securities are valued at aggregated prices received daily from independent valuation agencies i.e. CRISIL and ICRA.
- ii. Investments in mutual fund schemes are valued based on the latest available/previous day's net asset value from AMFI website.

The below mentioned valuation of investment is carried out by Stock Holding Corporation of India as per the tripartite agreement among NPS Trust, LIC Pension Fund Limited and Stock Holding Corporation of India Ltd. Any deviations from the guidelines issued by PFRDA are mentioned in point 'D'.

C. Investment Valuation

- (iii) In determining the holding cost of investments and the gains or loss on sale of investments, the "weighted average cost" method is followed.
 - (iii) The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
 - (iv) Investments are reconciled with the custodian records on daily basis.
- units are recognized as of the trade date except in case of subscriptions to Private/Public Offerings of debts which are recognized on allotment.



Particulars	March 31, 2017	March 31, 2016
Name of Sponsor of LIC PFL	LIC of India	LIC of India
Name of the company in which sponsor has substantial interest	Stock Holding Corporation of India Ltd.	Stock Holding Corporation of India Ltd.
No of shares held	31,50,000	31,50,000
% of Share Holding	14.97 %	14.97 %
Amount Paid/ Payable (Rs.)	8,056	30,564

ii. Details of Custodian Fees paid or payable to Stock Holding Corporation of India Limited (A Company in which sponsor of LIC Pension Fund Limited has substantial interest)

Particulars	March 31, 2017	March 31, 2016
Name of the Group Company/Associate	LIC Housing Finance Ltd.	LIC Housing Finance Ltd.
Amount Invested by the scheme (Rs.)	NIL	NIL
Aggregate investment by all scheme (Rs.)	6,23,92,46,100	5,98,55,92,409

1. Investment in Group Company and Associates:

Notes to Accounts

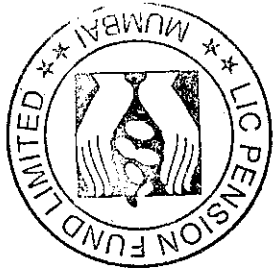
k. Investment Management Fees: As per the terms of the Investment Management Agreement entered between National Pension System Trust and LIC Pension Fund Limited management fees is calculated as a percentage of schemes daily closing net asset value.

j. As per the unbundled architecture of National Pension Scheme, unit allocations and redemptions are accounted by PFM on the basis of consolidated data received from the Central Record Keeping Agency.

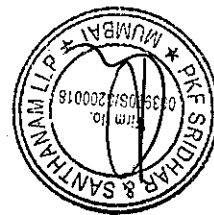
i. Computation of the Net Asset Value (NAV): The NAV of the units is determined by dividing the net assets including investments recognized and valued as per the accounting policies by the number of outstanding units on the valuation date.

h. Unit Capital and Unit Premium Reserve: Unit Capital is tallied with CRA records on daily basis. Difference between the issue/redemption price and face value of the units is credited / debited to unit premium reserve.

g. Taxes: All taxes which are leviable and actually paid are charged to the NAV of the Fund and are borne by the Subscriber. Any subsequent refund on this account, if any, is added to the scheme/fund as income.



i.p



- IV. Contingent Liability as on 31st March, 2017 is NIL. (Previous Year – NIL).
- V. Figures have been rounded off to the nearest rupee. Previous year figures have been regrouped and rearranged, wherever necessary.

Particulars	March 31, 2017	March 31, 2016
Aggregate Value of sales (except liquid funds) (Rs.)	3,14,61,28,346	59,39,39,344
%	290.49 %	149.61%

Particulars	March 31, 2017	March 31, 2016
Aggregate Value of purchase (except liquid funds) (Rs.)	4,08,43,23,282	1,04,10,68,668
%	377.12 %	38.13 %

- III. Purchase/Sale of Investments: The aggregate value of purchase and sales of investments during the year expressed as a percentage of average daily net assets are as under:

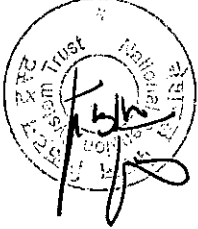
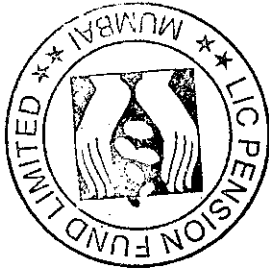
Scheme 07 : NPS TRUST A/C LIC PENSION FUND SCHEME G
TIER - I

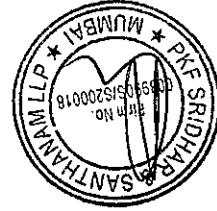
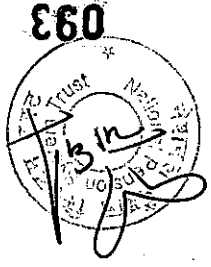
Schedule Annexed to and forming part of Financial Statements as on 31.03.2017

A G Sec:

Sr No.	Security Name	Face Value (Rs.)	Book Cost (Rs.)	Market Value (Rs.)
1	G-SEC 2036 -8.33% (7.6.2036)	44,00,000	49,55,280	47,96,000
2	9.20% G-SEC 2030 (30.09.2030)	123,30,000	144,36,198	142,68,214
3	9.23% G-SEC 2043 (23.12.2043)	2034,00,000	2374,39,220	2424,52,800
4	8.17% G-SEC 2044 (01.12.2044)	1219,70,000	1302,94,291	1313,61,690
5	8.13% G-SEC 2045 (22.06.2045)	500,00,000	566,85,000	539,75,000
6	9.11% MAHARASHTRA SDL 2024 (28.05.2024)	4,40,000	4,63,540	4,75,849
7	9.35% MAHARASHTRA SDL 2024 (30.01.2024)	33,00,000	35,21,540	36,00,920
8	7.73% G-SEC 2034 (19.12.2034)	1254,00,000	1344,87,766	1295,41,335
9	7.88% GSEC 2030 (19.03.2030)	1638,90,000	1711,47,969	1712,65,050
10	8.88% WEST BENGAL SDL 2026 (24.02.2026)	10,00,000	10,13,900	10,80,227
11	7.59% G-SEC 2029 (20.03.2029)	1605,10,000	1647,60,042	1641,61,602
12	8.22% PUNJAB SDL SPL 2026 (21.06.2026)	200,00,000	200,00,000	206,56,920
13	7.61% G-SEC 2030 (09.05.2030)	3316,00,000	3412,20,098	3434,71,280
14	7.06% G-SEC 2046 (10.10.2046)	1490,00,000	1520,45,000	1436,87,256
15	6.97% GSEC 2026 (06.09.2026)	1431,50,000	1441,10,475	1458,84,165
16	7.15% KARNATAKA SDL 2027 (11.01.2027)	100,00,000	100,00,000	97,11,960
17	7.20% BIHAR SDL 2027 (25.01.2027)	300,00,000	300,00,000	292,46,460
18	7.74% TAMIL NADU SDL 2027 (01.03.2027)	200,00,000	200,00,000	202,37,840
Sub Total			16365,80,319	16298,74,569

A	Mutual Fund :			
1	LIC NOMURA MF LIQUID FUND DIRECT GROWTH	28291.1086	833,95,673	834,09,035
Sub Total			833,95,673	834,09,035
Grand Total			17199,75,992	17132,83,604





Key Statistics		LIC Pension Fund Limited		Name of the Scheme: C Tier I	
S. No.	Particulars	As at March 31, 2017	As at March 31, 2016	NAV Per Unit (Rs.)*	
1	Open	13.5938	12.7646		
	High	16.0929	13.5910		
	Low	13.6350	12.4963		
	End	15.5362	13.5910		
2	Closing Assets Under Management (Rs. In Lakhs)	17,584.55	7117.80		
	End	10,830.28	3970.05		
	Average (AUM)				
3	Gross Income as % of AUM	13.65	11.09		
4	Expense Ratio				
a	Total Expense as % of AUM (Scheme wise)	0.63	1.14		
b	Management Fee as % of AUM (Scheme Wise)	0.01	0.01		
5	Net Income as a percentage of AUM	13.02	9.95		
6	Portfolio turnover ratio	2.96	1.01		
7	Returns (%) * Compounded Annualised Yield				
a. Last One Year	Benchmark (NPS-Government Security Index)	11.90%	7.63%		
b. Since Inception	Benchmark (NPS-Government Security Index)	10.59%	10.10%		
c. Compounded annualised yield (%)	Last 1 Year	14.31%	6.50%		
	Last 3 Years	13.76%	NA		
	Last 5 Years	NA	NA		
	Since Launch of the scheme (23-Jul-2013)	12.68%	12.08%		
* Declared NAV; Returns calculated based on declared NAV					

INDEPENDENT AUDITOR'S REPORT

TO

THE TRUSTEES,

NATIONAL PENSION SYSTEM TRUST (NPS Trust)

Report on Financial Statements

1. We have audited the accompanying financial statements of Scheme 10: NPS Trust A/c - (NPS Trust) managed by LIC Pension Fund Ltd. (PFM) [in terms of clause 3 of PFRDA (Preparation of Financial Statements) Guidelines 2012] which comprises of the Balance sheet as at March 31, 2017 and the Revenue account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Board of Directors of the PFM, in accordance with the applicable Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (IMA) with the National Pension System trust (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 specified under section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rule 2014, to the extent made applicable by PFRDA to Scheme. This responsibility also includes maintenance of records in accordance with PFRDA guidelines for safeguarding of the assets of the Company and preventing frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

Auditor's Responsibility

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

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial

