

# ABRIDGED ANNUAL REPORT FOR F.Y. 2018-2019



## HDFC MUTUAL FUND

HDFC House, 2nd Floor, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020.  
TEL: (022) 6631 6333 • FAX : (022) 2282 1144 • WEBSITE: www.hdfcfund.com

### SPONSORS

#### Housing Development Finance Corporation Limited

Registered Office:  
Ramon House, H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate, Mumbai - 400 020.

#### Standard Life Investments Limited

Registered Office:  
1 George Street, Edinburgh, EH2 2LL,  
United Kingdom.

### TRUSTEE

#### HDFC Trustee Company Limited

Registered Office:  
HDFC House, 2nd Floor, H. T. Parekh Marg,  
165-166, Backbay Reclamation, Churchgate,  
Mumbai - 400 020.

CIN : U65991MH1999PLC123026

### ASSET MANAGEMENT COMPANY

#### HDFC Asset Management Company Limited

Registered Office:  
HDFC House, 2nd Floor, H. T. Parekh Marg,  
165-166, Backbay Reclamation, Churchgate,  
Mumbai - 400 020.

CIN : L65991MH1999PLC123027

### CUSTODIAN

#### HDFC Bank Limited

Custody Services,  
iThink Techno Campus, Office O8,  
Kanjurmarg (E), Mumbai - 400 042,  
Maharashtra, India.

### STATUTORY AUDITORS

#### S.R.Batliboi & Co. LLP

Chartered Accountants  
The Ruby, 14th Floor, 29,  
Senapati Bapat Marg, Dadar (W),  
Mumbai - 400 028, Maharashtra, India.

### REGISTRAR AND TRANSFER AGENT

#### Computer Age Management Services Pvt. Limited

Rayala Towers, 5th Floor,  
Tower 2, 158, Anna Salai,  
Chennai - 600 002.

### BOARD OF DIRECTORS

(As at March 31, 2019)

#### HDFC Trustee Company Limited

Mr. Anil Kumar Hirjee - Chairman  
Mr. V. Srinivasa Rangan  
Mr. Ranjan Sanghi  
Mr. Vimal Bhandari

### BOARD OF DIRECTORS

(As at March 31, 2019)

#### HDFC Asset Management Company Limited

Mr. Deepak S. Parekh - Chairman  
Mr. N. Keith Skeoch  
Mr. Keki M. Mistry  
Mr. James Aird  
Dr. Deepak B. Phatak  
Mr. Hoshang S. Billimoria  
Mr. Vijay Merchant  
Ms. Renu S. Karnad  
Mr. Sanjay Bhandarkar  
Mr. Dhruv Subodh Kaji  
Mr. Jairaj Purandare  
Mr. Parag Shah  
Mr. Milind Barve - Managing Director

## HDFC FMP 1104D APRIL 2016 (1) - HDFC FIXED MATURITY PLANS - SERIES 36

A CLOSE-ENDED INCOME SCHEME

### TRUSTEE REPORT

HDFC Trustee Company Limited (the "Trustee") is pleased to present its 19th report and the audited financial statements of the Schemes of HDFC Mutual Fund (the "Fund"), for the year ended March 31, 2019.

The Fund continues to be one of the largest Mutual Funds in India by Assets under Management (AUM). The AUM as at March 31, 2019 was ₹ 3,44,194.88 crore as against ₹ 2,92,192.87 crore as at March 31, 2018, representing an increase of 17.80%. The equity schemes' assets constitute 48.30% of the total assets under management of the Fund as at March 31, 2019.

#### A. CHANGES IN FUNDAMENTAL ATTRIBUTES

During the year, change in fundamental attributes was effected for the following scheme(s):

##### • HDFC Floating Rate Debt Fund

The change in fundamental attributes of HDFC Floating Rate Debt Fund, an open ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives) ("the Scheme") was effected on January 2, 2019. In particular, the fundamental attributes of the Scheme were modified by changing the asset allocation pattern to bring it in line with the definition of a "Floater Fund".

##### • HDFC Balanced Advantage Fund, HDFC Multi-Asset Fund and HDFC Retirement Savings Fund – Hybrid Equity Plan

The change in fundamental attributes of HDFC Balanced Advantage Fund, an open ended Balanced Advantage Fund, HDFC Multi-Asset Fund an open ended scheme investing in Equity & Equity related instruments, Debt & Money Market Instruments & Gold and HDFC Retirement Savings Fund – Hybrid Equity Plan, an open ended retirement solution oriented scheme having

a lock-in of 5 years or till retirement age (whichever is earlier) [(A notified Tax Savings Cum Pension Scheme)] ("the Schemes") were effected on March 14, 2019. In particular, the fundamental attributes of the Schemes were modified by increasing the minimum allocation towards equity and equity related securities and reducing the exposure towards Debt Securities (including securitized debt) and money market instruments and Gold (including physical Gold, Gold ETFs and other Gold related instruments which may be permitted by Regulator from time to time), as applicable, in order to enable investors to take tax benefits available on equity oriented schemes.

Consequent to the above changes in asset allocation pattern of the schemes, the provisions pertaining to taxation and total expense ratio applicable to the schemes also changed.

#### B. LAUNCH OF NEW SCHEMES/PLANS

During the year, the Fund continued to launch simple and innovative products/facilities for the investors as under:

##### HDFC Ultra Short Term Fund

During September 2018, the Fund launched HDFC Ultra Short Term Fund, an open-ended ultra short term debt scheme investing in instruments such that the Macaulay Duration<sup>^</sup> of the portfolio is between 3 months and 6 months, with an objective to generate income/capital appreciation through investment in debt securities and money market instruments.

The Scheme aims to generate income through investments in a range of debt and money market instruments. The Scheme would endeavour to generate returns commensurate with low levels of interest rate risk. The Scheme shall endeavour to develop a well-diversified portfolio of debt (including Securitised debt) and money market instruments.

The Scheme mobilized assets of ₹ 1,161.48 crore, during the New Fund Offer.

In addition to the above, the Fund has launched various Plans under Fixed Maturity Plans Series - 39, Series - 40, Series - 41, Series - 42, Series - 43 and Series - 44.

We would continue to be selective when it comes to launching of new fund offerings.

As at March 31, 2019, the Fund offered 147 schemes (portfolios) across asset classes to meet the varying investment needs of investors.

## C. INVESTOR SERVICE INITIATIVES

The Fund has a strong retail focus with over 90.3 lakhs investors being serviced by the Fund. During the year, almost 13.94 lakhs new Systematic Investment Plans (SIPs) and over 1.04 lakh new Systematic Transfer Plans (STPs) were registered by the Fund. The Fund continued to introduce new facilities for Unit holders with its primary focus on promoting electronic transactions.

As AMFI continued with its high decibel Mutual Funds Sahi Hai ad campaigns across media, the Fund thought it was time to move from communicating the benefits of Mutual Funds to try to convince investors about SIP. SIP is arguably one of the best modes of investing in Mutual Funds.

A multi-media campaign was run in TV, Print and Digital with 'SIP- Baat Bane Kishton Me' as the theme i.e. Trust grows in instalments. The TV and Print campaigns were active for almost 5 months of the year and an 'always-on' approach was followed on digital. An outdoor and digital campaign was also executed for promoting Equity Linked Savings Scheme (ELSS) as a tax-saving investment avenue. We also successfully launched a web-series 'Bachat, Nivesh aur Aap' in Hindi and 'Savings. Investments and You' in English, which covered various investment related topics in an engaging video format. Besides, various topical initiatives were undertaken like SIP ki Bakshish campaign during Diwali, SIP New Year Resolution campaign, Women's Day campaign, HDFC Charity Fund for Cancer Cure video on the occasion of World Cancer Day etc.

With changing media consumption habits, people are spending large amount of time on WhatsApp and reading less. Many videos on our various schemes were made and also on certain concepts like Behavioural Biases, asset allocation, How to read a factsheet, etc. A large number of infographics were also made especially for this medium.

## D. DIVIDENDS:

Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents, after considering the distributable surplus available under the respective Schemes. Details of dividends declared can be viewed on website viz. [www.hdfcfund.com](http://www.hdfcfund.com).

## 1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS

The Fund continues its focus on delivering long-term returns. Scheme specific comments on performance are provided hereinafter.

### A. SCHEME PERFORMANCE AND OPERATIONS

#### ❖ HDFC Fixed Maturity Plans - Close-ended Income Schemes

During the year under review, the Fund managed HDFC Fixed Maturity Plans, closed-ended income schemes, comprising several investment Plans that seek to generate income through investments in Debt/Money Market Instruments and Government Securities maturing on or before the maturity date of the respective Plan(s).

Each Plan is managed as a separate portfolio.

The Scheme has performed in line with the yields prevailing for the relevant tenures at the time of launch.

Please refer **Annexure 1** for the performance/returns as at March 31, 2019/Date of Maturity.

### B. FUTURE OUTLOOK

#### Fund Outlook

We aim to offer need-based and customer-centric products that address the core needs of our diversified customer base. We typically exercise discipline in launching new funds and prefer to focus on growing our existing funds. However, we continuously seek feedback from our investment team, distributor network and customers to cater to customer demands and market trends, which we utilize to adjust existing products or launch new products. Our deep experience has provided us with significant know-how to develop and provide investment products across various customer segments, economic conditions and market cycles.

During FY 2018-19, our company has launched the following scheme in order to offer more investment options to investors:

#### HDFC Ultra Short Term Fund

The fund is an open-ended ultra short term scheme investing in instruments such that the Macaulay Duration<sup>^</sup> of the portfolio is between 3 months and 6 months. The fund's objective is to generate income/capital appreciation through investment in debt securities and money market instruments.

The NFO mobilized assets of ₹ 1,161.48 cr in the month of September 2018.

#### Change in fundamental attributes including other changes and merger of schemes of HDFC Mutual Fund.

In accordance with SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017 read with circular no. SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 04, 2017 on "Categorization and Rationalization of Mutual Fund Schemes", HDFC Trustee Company Limited ("the Trustee") to HDFC Mutual Fund ("the Fund"), categorized and rationalized the existing Open Ended Schemes by inter alia approving certain changes to the Schemes of the Fund. These proposed changes were carried out by implementing changes in the fundamental attributes, other changes and merger of certain Schemes.

Our focus will be to build on the existing strategies with an effort to deepen customer engagement through our various channels of distribution. Through our diverse range of product offerings, we are equipped to provide solutions to a variety of customer requirements and risk profiles and we believe that we are well positioned to continue to cater to new and existing customers.

#### Debt Markets Outlook

After increasing policy rate by 50 bps in H1FY19, the RBI has reduced the policy rate by 75 bps (25 bps in H2FY19 & another 50 bps Q1FY20) on back of subdued inflation and moderation in growth. RBI has also changed its stance from neutral to accommodative in June 2019. Given that near term inflation outlook remains benign and growth is moderating, it could provide some space for further policy easing. However, any future action by RBI is likely to be data dependent and this rate cut cycle is likely to be a shallow one, in our opinion. Even though the near term inflation outlook remains benign due to low food prices and range bound oil prices, we prefer to maintain a cautious stance. This is due to a modest uptick in growth expected in FY20, uncertainty regarding monsoon, credit growth outpacing deposit growth and likely fiscal pressures.

Apart from above, large increase in gross market borrowings in FY20 over FY19 along with low demand for government bonds due to excess SLR in the banking system could also exert upward pressure on yields. The demand supply scenario for government bonds has also been adversely impacted due to reduced appetite of both banks and FIIs. In the case of banks, broad based recovery in credit off-take, modest deposit growth and excess SLR holdings with public sector banks is likely to moderate their appetite for investments in government bonds. Further, with RBI increasing the carve out from SLR holding for the purpose of liquidity coverage ratio (LCR) in a calibrated manner, the demand for Gsecs is likely to be impacted adversely.

The aforesaid impact should be negated to a certain extent due to better FII flows as compared to last year. Global liquidity easing, low probability of rate hike by US, Indian real yields at historical high, benign inflation outlook and a rangebound outlook for INR is likely to make Indian debt attractive for FIIs. This should provide some support to demand for Gsecs. In addition, RBI might also conduct purchases under Open Market Operations to infuse durable liquidity in the system, albeit to a lower extent as compared to last year. In conclusion, for demand and supply of government bonds and for yields, conflicting forces are at play.

## 2. BRIEF BACKGROUND OF SPONSORS, TRUST, TRUSTEE COMPANY AND ASSET MANAGEMENT COMPANY

### a. SPONSORS

HDFC Mutual Fund is sponsored by Housing Development Finance Corporation Limited and Standard Life Investments Limited. The Co-Sponsors are the Settlers of the Mutual Fund Trust. The Co-Sponsors have entrusted a sum of ₹ 1 lakh each to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

#### HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED (HDFC)

HDFC was incorporated in 1977 as the first specialized Mortgage Company in India. HDFC provides financial assistance to individuals, corporates and developers for the purchase or construction of residential housing. HDFC has a client base of over 3.04 million borrowers, over 0.68 million depositors, over 0.28 million shareholders and over 45,099 deposit agents, as at March 31, 2019.

As at March 31, 2019, HDFC had mortgage loan assets of ₹ 4,066 billion. Since inception, HDFC has financed over 7 million housing units. Over 74% of shareholders in HDFC are foreign investors. HDFC's market capitalisation as at March 31, 2019 stood at around ₹ 3,388 billion.

HDFC's borrowings consists of, domestic term loans from banks and insurance companies, bonds and retail deposits. HDFC has received the highest rating for its bonds and deposits program for Twenty-three years in succession.

As part of HDFC's diversification initiatives, the company has set up institutions in various fields including Banking, Insurance, life and General, Asset Management, Real Estate Venture Fund and Education Finance. It had also set up companies for Credit Rating, Consumer Finance, Securities Trading and IT-enabled services which it has exited.

Over the years, the HDFC group has emerged as a strong financial conglomerate in the Indian capital markets with a presence in banking, life and general insurance, asset management and venture capital. HDFC's key associate and subsidiary companies include HDFC Bank Limited, HDFC Life Insurance Company Limited, HDFC ERGO General Insurance Company Limited, HDFC Asset Management Company Limited, GRUH Finance Limited, HDFC Property Ventures Limited, HDFC Capital Advisors Limited, HDFC Sales Private Limited and HDFC Credila Financial Services Private Limited.

For more information log on to [www.hdfc.com](http://www.hdfc.com)

### STANDARD LIFE INVESTMENTS LIMITED

Standard Life Investments Limited is a wholly-owned subsidiary of Standard Life Investments (Holdings) Limited, which in turn is a wholly-owned subsidiary of Standard Life Aberdeen plc.

Standard Life Aberdeen is the result of the merger between Standard Life and Aberdeen Asset Management in 2017. It employs over 6,000 people in 52 locations worldwide, and manages and administers over £568bn\* of assets. The company is a combination of:

- global asset management, through the Aberdeen Standard Investments brand
- savings and financial advice services in the UK, through the Standard Life brand
- strategic investments in the UK, India and China

Aberdeen Standard Investments offers products and services across a diverse range of asset classes – with a focus on active asset management that helps clients and customers achieve good investment outcomes.

In India, as part of its strategic relationship with HDFC Ltd., Standard Life Aberdeen holds significant stakes in two successful joint venture businesses: the life insurance business HDFC Life, and the asset management business HDFC Asset Management Company.

\*AUM of Aberdeen Standard Investments based on a Proforma basis as at 31 December 2018.

### b. HDFC MUTUAL FUND

HDFC Mutual Fund (the "Fund") has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882, as per the terms of the trust deed dated June 8, 2000 and deeds of variation dated June 11, 2003 and June 19, 2003 respectively ("Trust Deed"), with Housing Development Finance Corporation Limited ("HDFC") and Standard Life Investments Limited as the Co-Sponsors/Settlers and HDFC Trustee Company Limited, as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Trustee has entered into an Investment Management Agreement dated June 8, 2000 with HDFC Asset Management Company Ltd. to function as the Investment Manager for all the Schemes of the Fund. The Fund was registered with SEBI on June 30, 2000.

### c. HDFC TRUSTEE COMPANY LIMITED

HDFC Trustee Company Limited (the "Trustee") is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the Unit holders. The Trustee has been discharging its duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 (the "Regulations") and the Trust Deed. The Trustee seeks to ensure that the Fund and the Schemes floated thereunder are managed by HDFC Asset Management Company Limited in accordance with the Trust Deed, the Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

As at March 31, 2019, HDFC holds 100% of the paid-up equity share capital of HDFC Trustee Company Limited.

During the year under review, there has been no change in the composition of the Board of Directors of HDFC Trustee Company Limited.

### d. HDFC ASSET MANAGEMENT COMPANY LIMITED

HDFC Asset Management Company Limited is a public limited company incorporated under the Companies Act, 1956 on December 10, 1999, and subsequently the equity shares of the Company were listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") on August 06, 2018 having its Registered Office at HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. HDFC AMC has been appointed as the Asset Management Company of HDFC Mutual Fund by the Trustee vide Investment Management Agreement ("IMA") dated June 8, 2000, and executed between HDFC Trustee Company Limited and HDFC AMC. HDFC AMC was approved to act as an Asset Management Company for HDFC Mutual Fund by SEBI vide its letter dated July 3, 2000. HDFC AMC is also registered with SEBI as a Portfolio Manager. Further, HDFC AMC shall also act as investment manager for HDFC AMC AIF - II ("AIF Fund"), a Category II Alternative Investment Fund.

Further, HDFC AMC offers management and/or advisory services to (a) Category I foreign portfolio investors; and/or (b) Category II foreign portfolio investors which are appropriately regulated broad based funds investing in India through fund manager(s) managing the schemes of the Fund ("Business Activity") as permitted under Regulation 24(b) of the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time ("the Regulations"). The services provided by HDFC AMC for the said Business Activity inter-alia includes India focused research, statistical and analytical information, investment management and non-binding investment advice.

During the year under review, Mr. Humayun Dhanrajgir, Mr. P.M. Thampi and Mr. Rajeshwar Bajaaj, Independent Directors of the HDFC AMC, resigned with effect from the close of business hours of October 31, 2018. Mr. Dhruv Kaji, Mr. Jairaj Purandare and Mr. Sanjay Bhandarkar were appointed as Independent Directors (Additional Directors) effective October 31, 2018 and Mr. Parag Shah was appointed as an Independent Director (Additional Director) effective January 22, 2019 on the Board of HDFC AMC during the year under review.

### Shareholding Pattern

During the year under review, there has been a change in the equity shareholding pattern of HDFC AMC. The equity shareholding pattern as at March 31, 2019 of HDFC AMC is as follows:

Name of the Equity Shareholders	% of the paid-up equity capital
Housing Development Finance Corporation Limited (HDFC)	52.772
Standard Life Investments Limited (SLI)	29.943
Other Shareholders	17.285

### 3. INVESTMENT OBJECTIVE OF THE SCHEME (AS AT MARCH 31, 2019)

Name of the Scheme	Investment Objective
HDFC Fixed Maturity Plan	To generate income through investments in Debt/ Money Market Instruments and Government Securities maturing on or before the maturity date of the Plan. There is no assurance that the investment objective of the Scheme will be realized.

^Macaulay Duration (Duration) measures the price volatility of fixed income securities. It is often used in the comparison of interest rate risk between securities with different coupons and different maturities. It is defined as the weighted average time to cash flows of a bond where the weights are nothing but the present value of the cash flows themselves. It is expressed in years. The duration of a fixed income security is always shorter than its term to maturity, except in the case of zero coupon securities where they are the same.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The Accounting Policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996.

## 5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of No. of Investors & Corresponding unclaimed amounts as at March 31, 2019:

Name of the Scheme	Unclaimed Redemption		Unclaimed Dividend	
	Amount (₹)	Count of instruments	Amount (₹)	Count of instruments
HDFC FMP 1104D April 2016 (1) - Series 36	-	-	-	-

## 6. STATUTORY INFORMATION

- Housing Development Finance Corporation Limited and Standard Life Investments Limited (the Co-Sponsors) are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond their initial contribution of ₹ 1 lakh each for setting up the Fund, and such other accretions/additions to the same.
- The price and redemption value of the Units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.

- Full Annual Report shall be disclosed on the website (www.hdfcfund.com) and shall be available for inspection at the Head Office of HDFC Mutual Fund. On written request, present and prospective Unitholder can obtain copy of the trust deed, the full Annual Report of the Fund/HDFC AMC at a price and the text of the relevant scheme.

## 7. ACKNOWLEDGEMENTS

The Trustee thanks SEBI, AMFI, Exchange(s), Depositories, the investors, Investor Service Centres, distributors, key partners, service providers, HDFC AMC and its employees for their commitment and looks forward to their continued support.

**For and on behalf of the Board of Directors  
HDFC Trustee Company Limited**

Place : Mumbai  
Date : July 18, 2019

**Vimal Bhandari**  
Director

## ANNEXURE 1 - PERFORMANCE/RETURNS OF HDFC FIXED MATURITY PLANS AS AT MARCH 31, 2019/DATE OF MATURITY

Scheme/Plan Name	Date of Allotment/ Inception	Date of Maturity	Returns (%)^*			AUM as on March 31, 2019/Date of Maturity (₹ in crore)
			1 Year	3 Years	Since Inception	
<b>HDFC FMP 1104D April 2016 (1) - Regular Plan</b>	21-Apr-16	29-Apr-19				26.47
Growth Option			6.91	NA\$	7.36	
<b>HDFC FMP 1104D April 2016 (1) - Direct Plan</b>						
Growth Option			6.96	NA\$	7.70	
<b>CRISIL Composite Bond Fund Index #</b>			6.74	NA\$	7.48	

^ Past Performance may or may not be sustained in future

\* Returns greater than 1 year are compounded annualized (CAGR). Returns less than 1 year are absolute.

In case of Plans matured, the returns are calculated from the date of allotment till the date of maturity.

# Benchmark Index

Face Value: ₹ 10 per unit

NA\$ – Not Available/Not Applicable



## INDEPENDENT AUDITOR'S REPORT

To the Trustees of  
HDFC Mutual Fund - HDFC Fixed Maturity Plan - 1104D April 2016 (1) - Series 36

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the HDFC Fixed Maturity Plan - 1104D April 2016 (1) - Series 36 ('the Scheme'), which comprise the Balance Sheet as at 31 March 2019, the Revenue Accounts and the Cash Flow Statement, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ('the SEBI Regulations'):

- (a) in the case of the Balance Sheet, of the state of affairs of the Scheme as at 31 March 2019;
- (b) in the case of the Revenue Accounts, of the surplus for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Scheme in accordance with the 'Code of Ethics' issued by ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 March 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Information Technology systems and controls</b>	
<p>As a Mutual Fund, the reliability of IT systems plays a key role in the business operations. Since large volume of transactions are processed, the IT controls are required to ensure that systems process data as expected and that changes are made in an appropriate manner.</p> <p>The IT infrastructure is critical for smooth functioning of the Fund's business operations as well as for timely and accurate financial accounting and reporting.</p> <p>Due to the pervasive nature and complexity of the IT environment and large volume of transactions we have considered IT systems and controls as a key audit matter.</p> <p>Our audit procedures focused on testing of IT systems, IT general controls and specific application controls.</p>	<p>Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting including:</p> <ul style="list-style-type: none"> <li>Assessing the information systems used by the Fund for: (i) IT General Controls (ITGC) and (ii) Application controls;</li> <li>The aspects covered in the IT systems General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs; - to understand the design and test the operating effectiveness of such controls in the system;</li> <li>Understanding of the changes that were made to the IT landscape during the audit period and assessing changes that have impact on financial reporting;</li> <li>Tested controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system;</li> <li>Testing the design and operating effectiveness of compensating controls in case deficiencies were identified, and where necessary, extended the scope of our substantive audit procedures.</li> </ul>
<b>Existence and Valuation of investments</b>	
<p>The investments held by the Scheme as at 31 March 2019 mainly comprised of listed equity shares, listed and unlisted debt instruments and mutual fund units.</p> <p>There is a risk on existence of investments and that the fair value of investments is not determined appropriately. Accordingly, the existence and valuation of investments is considered as a key audit matter.</p>	<p>We performed the following procedures in relation to existence and valuation of investments:</p> <ul style="list-style-type: none"> <li>Assessed the design and implementation of controls over valuation and existence of investments.</li> <li>On a sample basis, tested the key controls set up by Management on existence and valuation of Investments.</li> <li>Traced the quantity held from the confirmation provided by Custodian with the books as at 31 March 2019.</li> <li>On a sample basis, tested the valuation of investments as per the investment valuation policy approved by the trustees and in accordance with the SEBI Regulations.</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Management of HDFC AMC Limited (hereinafter referred to as 'the AMC') is responsible for the other information. The other information comprises the information included in the Trustee report, but does not include the financial statements and our auditor's report thereon. The Trustee report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

## Responsibilities of Management for the Financial Statements

The Management of the AMC, the Schemes' asset manager, is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Scheme in accordance with accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. This responsibility includes maintenance of adequate accounting records in accordance with the SEBI Regulations, the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are also responsible for overseeing the Schemes' financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Schemes' ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended 31 March 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
  - (a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, the balance sheet and revenue account dealt with by this report have been prepared in conformity with the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations; and
  - (c) The balance sheet, the revenue account and the cash flow statement, where applicable, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. As required by the Eight Schedule of the SEBI Regulations, we report that:
  - (a) In our opinion, and on the basis of information and explanations given to us, the methods used to value non-traded securities as at 31 March 2019, where applicable, are in accordance with the SEBI Regulations and other guidelines approved by the Board of Directors of HDFC Trustee Company Limited, and are fair and reasonable.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi  
Partner  
Membership Number: 037924

Place: Mumbai  
Date: 18 July 2019  
UDIN: 19037924AAAAFV2362

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

₹ in Lakhs

	As at Mar 31, 2019	As at Mar 31, 2018
<b>LIABILITIES</b>		
<b>Unit Capital</b>	2,137.03	2,137.03
<b>Reserves &amp; Surplus</b>		
Unit Premium Reserves	-	-
Unrealised Appreciation Reserve	-	-
Other Reserves	510.20	338.97
<b>Loans &amp; Borrowings</b>	-	-
<b>Current Liabilities &amp; Provisions</b>		
Provision for doubtful Income/Deposits	-	-
Other Current Liabilities & Provisions	1.18	1.13
<b>TOTAL</b>	<b>2,648.41</b>	<b>2,477.13</b>
<b>ASSETS</b>		
<b>Investments</b>		
Gold	-	-
<b>Listed Securities:</b>		
Equity Shares	-	-
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures & Bonds	380.61	2,174.48
Securitised Debt securities	-	-
<b>Securities Awaited Listing:</b>		
Equity Shares	-	-
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures & Bonds	-	201.30
Securitised Debt securities	-	-
<b>Unlisted Securities</b>		
Equity Shares	-	-
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures & Bonds	-	-
Securitised Debt securities	-	-
Government Securities	-	-
Treasury Bills	-	-
Commercial Paper	-	-
Certificate of Deposits	997.08	-
Bill Rediscounting	-	-
Units of Domestic Mutual Fund	-	-
Foreign Securities	-	-
<b>Total Investments</b>	<b>1,377.69</b>	<b>2,375.78</b>
<b>Deposits</b>	-	-
<b>Other Current Assets</b>		
Cash & Bank Balance	4.72	4.80
CBLO/Reverse Repo Lending	1,253.91	71.01
Others	12.09	25.54
<b>Deferred Revenue Expenditure</b>	-	-
(to the extent not written off)		
<b>TOTAL</b>	<b>2,648.41</b>	<b>2,477.13</b>

**ABRIDGED REVENUE ACCOUNT**  
**FOR THE PERIOD APRIL 1, 2018 TO MARCH 31, 2019**

₹ in Lakhs

	Current Year	Previous Year
<b>INCOME</b>		
Dividend	-	-
Interest	202.26	191.72
Realised Gain/(Loss) on Foreign Exchange Transactions	-	-
Realised Gains/(Losses) on Interscheme sale of investments	-	-
Realised Gains/(Losses) on External sale/redemption of investments	(29.79)	3.24
Realised Gains/(Losses) on Derivative Transactions	-	-
Other Income (Refer Note 5)	-	-
<b>(A)</b>	<b>172.47</b>	<b>194.96</b>
<b>EXPENSES</b>		
Management fees	9.45	1.25
GST on Management fees	1.70	0.21
Transfer agents fees and expenses	0.19	0.18
Custodian fees	0.12	0.12
Trusteeship fees	0.02	0.02
Commission to Agents	0.49	0.47
Marketing & Distribution expenses	-	-
Audit fees	0.05	0.05
Interest on Borrowings	-	-
Transaction costs (Refer Note 7)	0.03	0.01
Investor Education and Awareness expenses	0.51	0.48
Other operating expenses*	0.00	0.03
<b>(B)</b>	<b>12.57</b>	<b>2.82</b>
<b>NET REALISED GAINS/(LOSSES) FOR THE YEAR/PERIOD (A -B=C)</b>	<b>159.90</b>	<b>192.14</b>
Change in Unrealised Depreciation in value of investments (D)	(11.57)	29.94
<b>NET GAINS/(LOSSES) FOR THE YEAR/PERIOD (E=(C-D))</b>	<b>171.47</b>	<b>162.20</b>
Change in unrealised appreciation in the value of investments (F)	-	-
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR/PERIOD (E+F=G)</b>	<b>171.47</b>	<b>162.20</b>
Add: Balance transfer from Unrealised Appreciation Reserve	-	18.03
Less: Balance transfer to Unrealised Appreciation Reserve	-	-
Add/(Less): Equalisation	-	-
<b>Total</b>	<b>171.47</b>	<b>180.23</b>
<b>Dividend appropriation</b>		
Income Distributed during the year/period	0.18	0.26
Tax on income distributed during the year/period	0.07	0.10
<b>Retained Surplus/(Deficit) carried forward to Balance sheet</b>	<b>171.22</b>	<b>179.86</b>

\* Expenses recovered from Asset Management Company are included in other operating expenses.

**Notes to Accounts - Annexure I to the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2019**

**1 Investments:-**

- 1.1. All investments of the scheme except Government Securities and Treasury Bills are registered in the name of the Trustees for the benefits of the Schemes Unitholders. All investments in Government Securities and Treasury Bills are held in an SGL account in the name of "HDFC Mutual Fund".
- 1.2. Open Position of derivatives as at March 31, 2019 is ₹ Nil (as at March 31, 2018 was ₹ Nil).
- 1.3. Investments in Associates and Group Companies.  
Refer Annexure III
- 1.4. There are no open position of securities borrowed and/or lent by the scheme as at March 31, 2019 and as at March 31, 2018.
- 1.5. Non Performing Assets as at March 31, 2019 is ₹ Nil (as at March 31, 2018 was ₹ Nil).
- 1.6. The Aggregate Unrealised Gain/(Loss) as at March 31, 2019 is ₹ 11.57 Lakhs (as at March 31, 2018 was ₹ (11.91) Lakhs) and as a percentage of net assets of the scheme as at March 31, 2019 is 0.45% (as at March 31, 2018 was -0.5%).
- 1.7. The Aggregate value of investments purchased and sold (including matured) during the financial year and as a percentage of average weekly net assets are as under:

	Purchase Value (₹ in Lakhs)	%	Sales Value (₹ in Lakhs)	%
Current Year	1,825.49	71.39	2,850.00	111.46
Previous Year	463.54	19.33	203.35	8.48

- 1.8. The aggregate fair value of non-traded investments, valued in 'good faith' by the Investment Manager on the basis of the valuation principles laid down by SEBI as at March 31, 2019 is ₹ 1,377.69 Lakhs (as at March 31, 2018 was ₹ 2,072.82 Lakhs) and as a percentage of net assets of the scheme as at March 31, 2019 is 52.04% (as at March 31, 2018 was 83.72%).
- 2 Disclosure Under Regulation 25(8) of the SEBI Regulations and other applicable Regulations.  
Refer Annexure IV
- 3 There are no Unit Holders holding over 25% of the Net Asset Value of the Scheme as at March 31, 2019 and as at March 31, 2018.
- 4 Unit Capital movement during the year ended March 31, 2019.  
Refer Annexure II
- 5 Other Income, if any includes load credited to scheme, compensation and expense reimbursed by AMC.
- 6 Expenses other than management fee are inclusive of GST wherever applicable.
- 7 Transaction costs represent, costs which are charged to the scheme and not considered for computation of the total expense ratio as per SEBI Notification dated September 26, 2012.
- 8 Prior year figures have been reclassified wherever necessary.
- 9 Contingent Liability as at March 31, 2019 is ₹ Nil (as at March 31, 2018 was ₹ Nil).

**Annexure II - Unit Capital Movement**

(Figures in Lakhs)

Particulars	March 31, 2019		March 31, 2018	
	Units	₹	Units	₹
<b>(A) Growth Option</b>				
At the beginning of the year	84.392	843.92	84.392	843.92
Issued during the year	-	-	-	-
Repurchased during the year	84.392	843.92	84.392	843.92
<b>At the end of the year (A)</b>	<b>84.392</b>	<b>843.92</b>	<b>84.392</b>	<b>843.92</b>
<b>(B) Dividend Option</b>				
At the beginning of the year	2.255	22.549	2.255	22.55
Issued during the year (including dividend reinvested)	-	-	-	-
Repurchased during the year	2.255	22.55	2.255	22.55
<b>At the end of the year (B)</b>	<b>2.255</b>	<b>22.55</b>	<b>2.255</b>	<b>22.55</b>
<b>(C) Quarterly Dividend Option</b>				
At the beginning of the year	0.300	3.00	0.300	3.00
Issued during the year (including dividend reinvested)	-	-	-	-
Repurchased during the year	0.300	3.00	0.300	3.00
<b>At the end of the year (C)</b>	<b>0.300</b>	<b>3.00</b>	<b>0.300</b>	<b>3.00</b>
<b>(D) Direct Plan - Growth Option</b>				
At the beginning of the year	126.556	1,265.56	126.556	1,265.56
Issued during the year	-	-	-	-
Repurchased during the year	126.556	1,265.56	126.556	1,265.56
<b>At the end of the year (D)</b>	<b>126.556</b>	<b>1,265.56</b>	<b>126.556</b>	<b>1,265.56</b>
<b>(E) Direct Plan - Dividend Option</b>				
At the beginning of the year	0.025	0.25	0.025	0.25
Issued during the year (including dividend reinvested)	-	-	-	-
Repurchased during the year	0.025	0.25	0.025	0.25
<b>At the end of the year (E)</b>	<b>0.025</b>	<b>0.25</b>	<b>0.025</b>	<b>0.25</b>
<b>(F) Direct Plan - Quarterly Dividend Option</b>				
At the beginning of the year	0.175	1.751	0.175	1.75
Issued during the year (including dividend reinvested)	-	-	-	-
Repurchased during the year	0.175	1.75	0.175	1.75
<b>At the end of the year (F)</b>	<b>0.175</b>	<b>1.75</b>	<b>0.175</b>	<b>1.75</b>
<b>TOTAL (A)+(B)+(C)+(D)+(E)+(F)</b>	<b>213.703</b>	<b>2,137.03</b>	<b>213.703</b>	<b>2,137.03</b>

Face Value of units is ₹ 10/-.



### Annexure III - Investment in Associates and Group Companies

#### Current Year

(₹ in Lakhs)

Nature of instruments	Commercial Paper		Deep Discount Bonds		Equity Shares		NCD/Bonds		Bills Rediscounting		Certificate of Deposit		Fixed Deposit	
Name of the Issuer #	Investment by the scheme	Aggregate Investment by all schemes	Investment by the scheme	Aggregate Investment by all schemes	Investment by the scheme	Aggregate Investment by all schemes	Investment by the scheme	Aggregate Investment by all schemes	Investment by the scheme	Aggregate Investment by all schemes	Investment by the scheme	Aggregate Investment by all schemes	Investment by the scheme	Aggregate Investment by all schemes
ABB India Ltd.	-	-	-	-	-	24,826.81	-	-	-	-	-	-	-	-
Bosch Ltd.	-	-	-	-	-	447.46	-	-	-	-	-	-	-	-
Cadila Healthcare Ltd.	-	-	-	-	-	1,436.78	-	-	-	-	-	-	-	-
HDB Financial Services Ltd.	-	-	-	84,637.27	-	-	-	96,716.76	-	-	-	-	-	-
HDFC Bank Ltd.	-	-	-	-	-	196,126.71	-	47,661.59	-	100,000.00	-	-	-	-
HDFC Standard Life Insurance Company Ltd.	-	-	-	-	-	5,270.85	-	-	-	-	-	-	-	-
Housing Development Fin. Corp. Ltd.	-	-	-	155,195.87	-	136,756.67	200.00	2,590,779.29	-	-	-	-	-	-
HCL Technologies Ltd.	-	-	-	-	-	4,366.64	-	-	-	-	-	-	-	-
Indian Hotels Company Ltd.	-	-	-	-	-	29,949.19	-	-	-	-	-	-	-	-
Maruti Suzuki India Ltd.	-	-	-	-	-	43,532.75	-	-	-	-	-	-	-	-
Network 18 Media & Investments Ltd	-	-	-	-	-	15,720.70	-	-	-	-	-	-	-	-
Persistent Systems Ltd.	-	-	-	-	-	10,471.97	-	-	-	-	-	-	-	-
RBL Bank Ltd.	-	-	-	-	-	337.12	-	-	-	-	-	5,000.00	-	-
S H Kelkar and Company Ltd.	-	-	-	-	-	4,189.31	-	-	-	-	-	-	-	-
Siemens Ltd.	-	-	-	-	-	23,575.72	-	-	-	-	-	-	-	-
Sun Pharmaceutical Industries Ltd.	-	-	-	-	-	36,016.47	-	-	-	-	-	-	-	-
Tata Consultancy Services Ltd.	-	-	-	-	-	34,549.47	-	-	-	-	-	-	-	-
The Tata Power Company Ltd.	-	128,956.47	-	-	-	645.93	-	15,046.18	-	-	-	-	-	-
Torrent Power Ltd.	-	-	-	-	-	227.32	-	-	-	-	-	-	-	-
TV18 Broadcast Ltd.	-	-	-	-	-	213.98	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>128,956.47</b>	-	<b>239,833.14</b>	-	<b>568,661.84</b>	<b>200.00</b>	<b>2,750,203.82</b>	-	<b>100,000.00</b>	-	<b>5,000.00</b>	-	-

#### Previous Year

(₹ in Lakhs)

Nature of instruments	Commercial Paper		Deep Discount Bonds		Equity Shares		NCD/Bonds		Bills Rediscounting		Certificate of Deposit		Fixed Deposit	
Name of the Issuer #	Investment by the scheme	Aggregate Investment by all schemes	Investment by the scheme	Aggregate Investment by all schemes	Investment by the scheme	Aggregate Investment by all schemes	Investment by the scheme	Aggregate Investment by all schemes	Investment by the scheme	Aggregate Investment by all schemes	Investment by the scheme	Aggregate Investment by all schemes	Investment by the scheme	Aggregate Investment by all schemes
ABB India Ltd.	-	-	-	-	-	38,277.66	-	-	-	-	-	-	-	-
Bosch Ltd.	-	-	-	-	-	3,326.63	-	-	-	-	-	-	-	-
Cadila Healthcare Ltd.	-	-	-	-	-	5,700.37	-	-	-	-	-	-	-	-
Credila Financial Services Pvt. Ltd	-	-	-	-	-	-	-	32,581.16	-	-	-	-	-	-
HDFC Bank Ltd.	-	-	-	-	-	322,632.73	-	208,785.49	-	98,101.10	-	-	-	-
HDB Financial Services Ltd.	-	-	-	42,231.52	-	-	-	173,131.53	-	-	-	-	-	-
HDFC Standard Life Insurance Co. Ltd.	-	-	-	-	-	19,604.86	-	-	-	-	-	-	-	-
Housing Development Fin. Corp. Ltd.	-	-	-	462,126.56	-	232,541.02	403.35	2,731,542.99	-	-	-	-	-	-
HCL Technologies Ltd.	-	-	-	-	-	21,742.78	-	-	-	-	-	-	-	-
The Indian Hotels Company Ltd.	-	-	-	-	-	20,100.65	-	-	-	-	-	-	-	-
Mahindra & Mahindra Ltd.	-	-	-	-	-	28,096.60	-	-	-	-	-	-	-	-
Maruti Suzuki India Ltd.	-	-	-	-	-	179,224.89	-	-	-	-	-	-	-	-
Network 18 Media & Investments Ltd	-	-	-	-	-	16,553.25	-	-	-	-	-	-	-	-
Siemens Ltd.	-	-	-	-	-	24,308.68	-	-	-	-	-	-	-	-
Sun Pharmaceutical Industries Ltd.	-	-	-	-	-	60,480.81	-	-	-	-	-	-	-	-
Torrent Power Ltd.	-	-	-	-	-	1,066.59	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>504,358.08</b>	-	<b>973,657.51</b>	<b>403.35</b>	<b>3,146,041.18</b>	-	<b>98,101.10</b>	-	-	-	-

The above report includes summation of gross values of Purchase & sale of investments.

# This disclosure has been made as Director(s) of the AMC is/are also a Director on the Board of the above Companies. The above investments were considered sound at the point of investment. Before making an investment, the same is evaluated on merits and on arm's length basis and in accordance with the objective of the scheme. The investments under the respective Plans of HDFC Index Fund were made pursuant to their Investment Objectives.

## Annexure IV

### Disclosure under Regulation 25 (8) of the SEBI Regulations as amended

(i) Disclosure under Regulation 25(8) of the SEBI Regulation have been made in respect of amount paid to parties associated with sponsors in which the Asset Management Company or its major shareholders have a substantial interest as in accordance with the requirements given in SEBI's Circular No. SEBI/IMD/CIR No 18/198647/2010 dated March 15, 2010.

(a) No brokerage on investments is paid to associates/related parties/group companies of sponsor/AMC during the current year and previous year.

(b) Commission on distribution of units to associates/related parties/group companies of sponsor/AMC

#### Current Year

Name of associate/ related parties/group companies of Sponsor/AMC	Nature of Association/ Nature of relation (% holding)	Business given		Commission related to the scheme	
		Amount (₹ in Lakhs)	% of total business received by the scheme	Amount (₹ in Lakhs)	% of total commission related to the scheme
HDFC Bank Ltd.	Associate (21.38%)	-	-	0.13	26.59

#### Previous Year

Name of associate/ related parties/group companies of Sponsor/AMC	Nature of Association/ Nature of relation (% holding)	Business given		Commission related to the scheme	
		Amount (₹ in Lakhs)	% of total business received by the scheme	Amount (₹ in Lakhs)	% of total commission related to the scheme
HDFC Bank Ltd.	Associate (20.93%)	-	-	0.11	23.96

The commission includes commission on retained business of prior periods.

Pursuant to SEBI directives, no payment of commission has been made in respect of investments made by the Sponsor of the Mutual Fund.

The above amount represents payments made to associates and is netted for the amount borne by the AMC, if any.

(ii) The Scheme has made payments to its associates, for services rendered by them, during the year as under:-

Entity	Nature of Payment	Amount (₹ in Lakhs)		% of equity capital held by the sponsors & its subsidiary/ associates	
		Current Year	Previous Year	March 31, 2019	March 31, 2018
HDFC Asset Management Company Ltd.	Investment Management and Advisory Fees	11.15	1.46	82.715\$*	95.60*#
HDFC Trustee Company Ltd.	Trusteeship Fees	0.02	0.02	100**	100**
HDFC Bank Ltd.	Custody Charges/ Professional Clearing Charges ~	0.12	0.12	21.38\$	20.93\$
Computer Age Management Services Pvt. Ltd.#	Registrar and Transfer Agent Fees	0.09	0.18	-	17.26@#

(iii) Amounts outstanding as at the Balance Sheet date :-

Entity	Nature of Payment	Amount (₹ in Lakhs)		% of equity capital held by the sponsors & its subsidiary/ associates	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Payable					
HDFC Asset Management Company Ltd.	Investment Management and Advisory Fees	0.76	0.88	82.715\$*	95.60*##
HDFC Bank Ltd.	Custody Charges/ Professional Clearing Charges ~	0.01	0.01	21.38\$	20.93\$
HDFC Bank Ltd.	Commission on distribution of Units	0.02	0.01	21.38\$	20.93\$
Computer Age Management Services Pvt. Ltd.#	Registrar and Transfer Agent Fees	0.01	0.01	-	17.26@##

The above amount represents payables to associates and is netted for the amount borne by the AMC, if any.

\*# Held by HDFC Ltd. - 57.36%; Standard Life Investments Ltd. - 38.24%

\$\* Held by HDFC Ltd. - 52.772%; Standard Life Investments Ltd. - 29.943%

\*\* Held by HDFC Ltd.

\$ Held by HDFC Ltd. (including through HDFC Investments Ltd. and HDFC Holdings Ltd.)

\$\$ Held by HDFC Bank Ltd.

@# Held by HDFC Ltd. (11.09%), HDFC Bank Ltd. (6.17%)

~ Professional Clearing Charges has been included in Custodian fees in the Abridged Revenue Account and in Other Current Liabilities & Provisions in Abridged Balance Sheet.

@@ Less than 0.01 Lakh

@ Less than 0.01%

# Computer Age Management Services Pvt. Limited ceased to be an associate w.e.f September 2018. The above disclosure is only for the applicable period.

**KEY STATISTICS**  
**FOR THE PERIOD APRIL 1, 2018 TO MARCH 31, 2019**

	Current Year	Previous Year
<b>1. NAV per unit (₹):</b>		
<b>Open</b>		
Direct Plan - Quarterly Dividend Option	10.0249	10.0927
Direct Plan - Dividend Option	11.6320	10.8659
Quarterly Dividend Option	10.0250	10.0919
Dividend Option	11.5278	10.7789
Direct Plan - Growth Option	11.6320	10.8659
Growth Option	11.5278	10.7789
<b>High</b>		
Direct Plan - Quarterly Dividend Option	10.2231	10.2885
Direct Plan - Dividend Option	12.4355	11.6258
Quarterly Dividend Option	10.2218	10.2816
Dividend Option	12.3180	11.5217
Direct Plan - Growth Option	12.4355	11.6258
Growth Option	12.3180	11.5217
<b>Low</b>		
Direct Plan - Quarterly Dividend Option	10.0010	9.9992
Direct Plan - Dividend Option	11.6425	10.8737
Quarterly Dividend Option	10.0009	9.9993
Dividend Option	11.5382	10.7849
Direct Plan - Growth Option	11.6425	10.8737
Growth Option	11.5382	10.7849
<b>End</b>		
Direct Plan - Quarterly Dividend Option	10.1740	10.0249
Direct Plan - Dividend Option	12.4401	11.6320
Quarterly Dividend Option	10.1728	10.0250
Dividend Option	12.3225	11.5278
Direct Plan - Growth Option	12.4401	11.6320
Growth Option	12.3225	11.5278
<b>2. Closing Assets Under Management (₹ in Lakhs)</b>		
End	2,647.23	2,476.01
Average (AAuM) <sup>4</sup>	2,556.95	2,398.29
<b>3. Gross income as % of AAuM<sup>1</sup></b>	6.75	8.13
<b>4. Expense Ratio<sup>5</sup> :</b>		
a. Total Expense as % of AAuM (plan wise)		
Regular Plan	0.52	0.17
Direct Plan	0.47	0.08
b. Management Fee as % of AAuM (plan wise)		
Regular Plan	0.37	0.05
Direct Plan	0.37	0.05

	Current Year	Previous Year
<b>5. Net Income as a percentage of AAuM<sup>2</sup></b>	6.25	8.01
<b>6. Portfolio turnover ratio (%)<sup>3</sup></b>	NA	NA
<b>7. Total Dividend per unit distributed during the year (₹)</b>		
Quarterly Dividend Option		
Individual	0.3782	0.5402
Corporate	0.3502	0.5006
Direct Plan - Quarterly Dividend Option		
Individual	0.3809	0.5479
Corporate	0.3528	0.5075
<b>8. Returns (%) ^ :</b>		
a. <b>Last One Year</b>		
Growth Option	6.91**	6.89**
Direct Plan - Growth Option	6.96**	6.99**
<b>Benchmark #</b>	6.74**	5.06**
b. <b>Since Inception</b>		
Growth Option	7.36**	7.60**
Direct Plan - Growth Option	7.70**	8.10**
<b>Benchmark #</b>	7.48**	7.87**

\* Absolute return

\*\* Compounded Annualised return

# CRISIL Composite Bond Fund Index

^ Past performance may or may not be sustained in the future

NA - Not Applicable

- Gross income = amount against (A) in the Revenue account i.e. Income.
- Net income = amount against (C) in the Revenue account i.e. NET REALISED GAINS/(LOSSES) FOR THE YEAR/PERIOD.
- Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year/period.
- AAuM = Average daily net assets.
- Expense Ratio = Planwise expense divided by Planwise Average AuM for the year/period.

Auditors' Report and Abridged Audited Results have been extracted from the Auditors' Report, Audited Balance Sheet, Revenue Account and Notes to Accounts. Full Annual Report shall be disclosed on the website ([www.hdfcfund.com](http://www.hdfcfund.com)) and shall be available for inspection at the Head Office of HDFC Mutual Fund. Unit holder can obtain a copy of the same at a price.

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**

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