

NATIONAL PENSION SYSTEM TRUST  
UTI RETIREMENT SOLUTIONS LIMITED  
COMBINED BALANCE SHEET OF ALL SCHEMES AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	45627 10 63 472	41316 07 25 319	37262 75 84 165
Reserves and Surplus	2	76573 80 36 822	67739 99 56 193	56445 06 27 673
Current Liabilities and Provisions	3	9 44 62 229	138 49 05 368	18 10 66 493
<b>Total</b>		<b>122210 35 62 523</b>	<b>109194 55 86 880</b>	<b>93725 92 78 331</b>
<b>Assets</b>				
Investments	4	119701 58 51 286	106565 54 98 265	91259 19 33 256
Deposits	5	51 29 19 492	250 00 00 000	373 63 59 394
Other Current Assets	6	2457 47 91 745	2379 00 88 615	2093 09 85 681
<b>Total</b>		<b>122210 35 62 523</b>	<b>109194 55 86 880</b>	<b>93725 92 78 331</b>
(a) Net assets as per Balance Sheets		122200 91 00 294	109056 06 81 512	93707 82 11 838
(b) Number of units outstanding		4562 71 06 346	4131 60 72 531	3726 27 58 415
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
UTI RETIREMENT SOLUTIONS LIMITED  
COMBINED REVENUE ACCOUNT OF ALL SCHEMES FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		84 52 21 168	113 88 25 112	49 77 39 126
Interest		3750 01 05 492	3251 79 60 136	2819 92 15 566
Profit on sale/redemption of investments		126 84 71 255	113 06 92 698	119 22 83 260
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		2806 05 71 140	3318 38 19 263	4341 88 27 533
Other income				
- Miscellaneous Income		1 221	32 859	1 981
<b>Total Income (A)</b>		<b>6767 43 70 276</b>	<b>6797 13 30 068</b>	<b>7330 80 67 466</b>
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		4559 98 93 994	1464 01 19 496	472 82 36 716
Loss on sale/redemption of investments		50 79 99 721	62 45 17 171	6 01 390
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		7 04 90 787	6 11 47 520	5 11 24 949
NPS Trust fees		2 92 89 187	89 04 405	1 31 21 136
Custodian fees (including GST)		1 62 01 936	1 74 27 381	1 50 61 269
Depository and settlement charges (including GST)		81 20 316	31 79 367	31 43 825
CRA Fees		12 41 12 228	10 66 57 170	8 33 83 324
Less: Amount recoverable on sale of units on account of CRA Charges		(12 41 12 228)	(10 66 57 170)	(8 33 83 324)
Provision for Non-Performing Assets		392 40 00 000	167 09 85 522	23 75 14 479
Other Expenses		6 61 236	-	-
<b>Total Expenditure (B)</b>		<b>5015 66 57 177</b>	<b>1702 62 80 862</b>	<b>504 88 03 764</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>1751 77 13 099</b>	<b>5094 50 49 206</b>	<b>6825 92 63 702</b>
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		1753 93 22 854	(1854 36 99 767)	(3869 05 90 817)
Less: Amount transferred (to) / from General Reserve		(3505 70 35 953)	(3240 13 49 439)	(2956 86 72 885)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST  
UTI RETIREMENT SOLUTIONS LIMITED  
NOTES ANNEXED TO AND FORMING PART OF THE COMBINED BALANCE SHEET OF ALL SCHEMES AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	41316 07 25 319	37262 75 84 165	33304 78 31 846
Add :Units issued during the year	4516 62 53 095	4229 67 94 750	4092 19 85 484
Less: Units redeemed during the year	(205 59 14 942)	(176 36 53 596)	(134 22 33 165)
<b>Outstanding at the end of the year</b>	<b>45627 10 63 472</b>	<b>41316 07 25 319</b>	<b>37262 75 84 165</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	4131 60 72 531	3726 27 58 415	3330 47 83 185
Add :Units issued during the year	451 66 25 306	422 96 79 479	409 21 98 548
Less: Units redeemed during the year	(20 55 91 492)	(17 63 65 363)	(13 42 23 318)
<b>Outstanding units at the end of the year</b>	<b>4562 71 06 346</b>	<b>4131 60 72 531</b>	<b>3726 27 58 415</b>
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	39337 14 05 032	33136 71 25 718	27807 21 52 572
Add: Premium on Units issued	7384 65 45 241	6445 63 00 042	5496 14 57 873
Less: Premium on Units redeemed	(302 61 77 711)	(245 20 20 728)	(166 64 84 727)
Add: Transfer from General Reserve	-	-	-
<b>Closing Balance</b>	<b>46419 17 72 562</b>	<b>39337 14 05 032</b>	<b>33136 71 25 718</b>
<b>General Reserve</b>			
Opening Balance	22332 93 99 994	19092 80 50 555	16135 93 77 670
Add: Transfer from Revenue Account	3505 70 35 953	3240 13 49 439	2956 86 72 885
Less: Transfer to Unit Premium Reserve	-	-	-
<b>Closing Balance</b>	<b>25838 64 35 947</b>	<b>22332 93 99 994</b>	<b>19092 80 50 555</b>
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	6069 91 51 167	4215 54 51 400	346 48 60 583
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	(1753 93 22 854)	1854 36 99 767	3869 05 90 817
<b>Closing Balance</b>	<b>4315 98 28 313</b>	<b>6069 91 51 167</b>	<b>4215 54 51 400</b>
<b>Total</b>	<b>76573 80 36 822</b>	<b>67739 99 56 193</b>	<b>56445 06 27 673</b>
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	5 36 06 166	4 94 60 216	3 86 68 045
Book Overdraft	-	-	-
Redemption Payable	3 94 39 249	10 32 77 178	8 00 21 253
TDS Payable	14 16 814	12 13 752	10 83 942
Contracts for purchase of investments	-	123 09 54 222	6 12 93 253
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	<b>9 44 62 229</b>	<b>138 49 05 368</b>	<b>18 10 66 493</b>

NATIONAL PENSION SYSTEM TRUST  
UTI RETIREMENT SOLUTIONS LIMITED  
NOTES ANNEXED TO AND FORMING PART OF THE COMBINED BALANCE SHEET OF ALL SCHEMES AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	11373 21 10 259	13835 07 39 188	13106 02 98 079
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	43274 13 04 560	39334 80 17 603	32653 94 29 336
Central and State Government Securities (including treasury bills)	63240 09 57 842	52215 55 25 990	45079 62 15 535
Commercial Paper	-	-	-
AIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/ Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	1814 14 78 625	1218 87 15 484	297 10 04 785
Non Convertible Debentures classified as NPA	503 25 00 000	72 10 00 000	131 25 00 000
Less: Provision on Non performing investment	(503 25 00 000)	(110 85 00 000)	(8 75 14 479)
<b>Total</b>	<b>119701 58 51 286</b>	<b>106565 54 98 265</b>	<b>91259 19 33 256</b>
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Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	51 29 19 492	250 00 00 000	373 63 59 394
<b>Total</b>	<b>51 29 19 492</b>	<b>250 00 00 000</b>	<b>373 63 59 394</b>
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Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	3 33 185	8 84 79 894	116 31 57 340
Contracts for sale of investments	-	12 81 13 874	-
Interest Receivable on Non-Performing Investments	64 64 59 317	64 64 59 317	24 02 84 703
Less: Provision for interest on Non-Performing Investment	(64 64 59 317)	(64 64 59 317)	(24 02 84 703)
Outstanding and accrued income	2424 20 24 364	2354 45 45 037	1929 10 11 876
Dividend Receivable	2 27 89 060	2 89 49 810	2 42 48 648
Brokerage receivable from PFM	-	-	2 998
Application money pending allotment	-	-	-
Sundry Debtors	30 96 45 136	-	20 25 64 819
Redemption receivable on Non performing Investment	80 00 00 000	80 00 00 000	40 00 00 000
Less: Provision for Non Performing Investment	(80 00 00 000)	(80 00 00 000)	(15 00 00 000)
<b>Total</b>	<b>2457 47 91 745</b>	<b>2379 00 88 615</b>	<b>2093 09 85 681</b>

## NATIONAL PENSION SYSTEM TRUST

### NPS Trust A/c - UTI Retirement Solutions Limited all Schemes

#### SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

##### A. Background

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### B. Scheme particulars

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations is given below :-

Sr. No.	Name of Scheme	Date of Inception
1.	Scheme E – Tier I	21 <sup>st</sup> May, 2009
2.	Scheme E – Tier II	14 <sup>th</sup> December, 2009
3.	Scheme C – Tier I	21 <sup>st</sup> May, 2009
4.	Scheme C – Tier II	14 <sup>th</sup> December, 2009
5.	Scheme G – Tier I	21 <sup>st</sup> May, 2009
6.	Scheme G – Tier II	14 <sup>th</sup> December, 2009
7.	Scheme A – Tier I	14 <sup>th</sup> October, 2016
8.	Scheme A – Tier II	20 <sup>th</sup> October, 2016
9.	Scheme - Central Govt.	1 <sup>st</sup> April, 2008
10.	Scheme - State Govt.	25 <sup>th</sup> June, 2009
11.	NPS Lite Scheme – Govt. Pattern	4 <sup>th</sup> October, 2010
12.	Scheme - Corporate CG	5 <sup>th</sup> November, 2012
13.	Atal Pension Yojana	4 <sup>th</sup> June, 2015

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

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;
2.	Scheme E – Tier II	c. ETFs / Index Funds regulated by the SEBI that replicate the portfolio of either BSE Index or NSE Nifty 50 Index; 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
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;
4.	Scheme C – Tier II	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.
5.	Scheme G – Tier I	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
6.	Scheme G – Tier II	c. Units of mutual funds set up as dedicated funds for investment in Government securities and regulated by the SEBI.

7.	Scheme A – Tier I	To optimize returns through investments in: - a. Commercial mortgage based securities or Residential mortgaged 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.												
8.	Scheme A – Tier II													
9.	Scheme - Central Govt.	To optimize returns by investing in the instruments as per the following prescribed limits: -												
10.	Scheme - State Govt.	<table><tr><th>Instrument</th><th>Limit</th></tr><tr><td>Govt. Securities</td><td>Upto 55%</td></tr><tr><td>Debt Securities i.e. Corporate Bonds, Term Deposit Receipts etc.</td><td>Upto 45%</td></tr><tr><td>Short Term Debt Instruments and related investments</td><td>Upto 10%</td></tr><tr><td>Equity and related investments</td><td>Upto 15%</td></tr><tr><td>Asset Backed, Trust Structured and Miscellaneous Investments</td><td>Upto 5%</td></tr></table>	Instrument	Limit	Govt. Securities	Upto 55%	Debt Securities i.e. Corporate Bonds, Term Deposit Receipts etc.	Upto 45%	Short Term Debt Instruments and related investments	Upto 10%	Equity and related investments	Upto 15%	Asset Backed, Trust Structured and Miscellaneous Investments	Upto 5%
Instrument	Limit													
Govt. Securities	Upto 55%													
Debt Securities i.e. Corporate Bonds, Term Deposit Receipts etc.	Upto 45%													
Short Term Debt Instruments and related investments	Upto 10%													
Equity and related investments	Upto 15%													
Asset Backed, Trust Structured and Miscellaneous Investments	Upto 5%													
11.	NPS Lite Scheme – Govt. Pattern													
12.	Scheme – Corporate CG													
13.	Atal Pension Yojana													

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

### C. Significant Accounting Policies

- 1. Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.



**2. Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.

**3. Covid 19 Uncertainties:**

The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.

**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex - date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.

- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
  - f. Investments are reconciled with the custodian records on daily basis.
  - g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.
5. **Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology. Due to this revision, investments Value are reduced by Rs. 271.45 crores on 31st March,2020.

Investments are valued using the price determined in the following manner:

**A) Valuation of Equity and Equity related Instruments**

**a. Equity:**

- i. When a security is traded on National Stock Exchange (NSE) on a valuation day, the last quoted closing price at which it was traded on the NSE.
- ii. When on a valuation day, a security has not been traded on NSE, the value at which it is traded on BSE is used.
- iii. **Right entitlement:**
  - a. **Traded:** Right entitlement is valued at the closing market price on the valuation date.
  - b. **Non-traded:** Right entitlement is valued at the difference of the Ex-right price and the offer price multiplied by the ratio of Right Entitlement.

**B) Valuation of Debt Instruments**

**I) Valuation Policy up to 31<sup>st</sup> December, 2019**

- a. **Debentures, corporate bonds, commercial papers and certificate of deposits:**
  - ii. Debt securities (other than Government Securities) with a residual maturity over 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads over the benchmark rate to arrive at the yield for pricing the security. The spreads and benchmark rates are used from aggregated CRISIL and ICRA daily matrices.

- iii. Debt securities (other than Government securities) with a residual maturity up to 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.
- iv. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- v. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- vi. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
- viii. Partly paid bonds are valued at cost till it is fully paid.
- ix. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
- x. 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.

**b. Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.

**c. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

### **a) Valuation of Debt Securities (other than government securities)**

Debt securities are valued at clean price, which means excluding accrued interest component of the security. If corporate bonds and debentures are quoted cum interest on the exchange, the valuation is done by excluding the accrued interest portion (i.e. from the last due date of interest till date) from the quoted price, since the interest is accrued and accounted separately on a daily basis.

- i) **All Instruments/Securities with residual maturity of more than 30 days :**
    - a. In respect of the Traded Securities, the traded price are taken subject to the fulfilment of the conditions practiced/adopted by the valuation agency after consultation with NPS Trust and PFIs.
    - b. In respect of the non traded Securities, the securities are valued on the basis of scrip level prices released by the valuation agency in consultation with NPS Trust and PFIs.
    - c. In case of new security purchased for which price is not available, such security valued on the basis of scrip level price (for coupon bearing securities) / scrip level yield (for discounted securities) at which the securities are purchased.
  - ii) **All Instruments/Securities with residual maturity of upto 30 days:** The securities are valued by amortisation on a straight-line basis to maturity from last valuation price as long as it is within the prescribed range, (presently  $\pm 0.025\%$ , i.e.  $\pm 2.5$  basis points) of the reference price provided by the valuation agency.
- b) **Government Securities:**
- i) **Securities with residual maturity of more than 30 days:** The security are valued on the basis of scrip level prices released by the valuation agency on the same basis as debt securities maturing greater than 30 days.
  - ii) **Securities with residual maturity of upto 30 days :** The security are valued through amortization on the same basis as debt securities maturing upto 30 days.
- c) **Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

**Valuation policy for securities below investment grade (securities which were of investment grade at the time of purchase but which have fallen below the investment grade):**

In the cases of securities below BBB -, the same are valued as below:

All non-investment grade debt securities except with default rating (other than Government securities) and securities where credit rating agencies have suspended the ratings but are performing assets as per PFRDA guidelines are valued at a discount of 25% of the face value.

All non-investment grade debt securities (other than Government securities) not covered above are valued at the indicative haircut matrix or price provided by the valuation agency. In case the security is traded where the haircut has been applied, lower of the haircut matrix based price and trade price are considered.

6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

**7. 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 re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

Written-back of provisioning of interest: Upon reclassification of assets as 'performing asset'

- i) In case an issuer has fully cleared all the arrears of interest, the interest provisions 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 asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

Further, PFRDA has specifically issued guideline for valuation of IL&FS bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest vide their letter no. 1/16/2018-NPSI/11514 dated 6th August, 2019 which is attached herewith.

**8. Income Recognition:**

- a. Dividend income is accrued on the "ex-dividend" date.
- b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- e. Profit /Loss of sale of Investment
  1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
  2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.

**9. Computation of NAV:** The NAV of the units is determined by dividing the net assets, including investments recognised and valued as per the accounting policies, by the number of outstanding units on the valuation date.

**10. Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after each subscription / redemption.

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

Based on the confirmation from CRA the number of units as at the year-end are 45627062027.4257 and the balance 44318.2270 have been identified as residual units with CRA.

Total 5303173.4088 Units are lying in the name of "CRA Unitisation Pooled PRAN" maintained by CRA. As explained by CRA, the subscribers have not been identified for the same. Moreover, total 231424.4386 Units are lying in the name of "Central Govt. Suspense PRAN", "State Govt. Suspense PRAN" & "UOS Suspense PRAN" maintained by CRA. As explained by CRA this is parking account for error rectification. The possible impact, if any, shall be known after completion of identification / reconciliation process.

- E. Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is ₹ 7,04,90,787/- (Previous Period ₹ 6,11,47,520/-) including GST.
- F. NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust Fees are ₹ 2,92,89,187/- (Previous Period ₹ 89,04,405/-).
- G. Purchase/Sale of Investments:** The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

₹ in Crores							
Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
49,523.84	42.25	33,481.61	28.56	77,639.39	76.35	63,446.32	62.40

- H.** The aggregate value of non-traded investments (other than Government Securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ 19,276.15 Crores (Previous Period ₹ 21,259.22 Crores).

**I. Net Asset Value:**

Sr. No.	Name of Scheme	Current Period	Previous Period
		As on 31st March, 2020 (in ₹)	As on 30th Sept, 2019 (in ₹)
1.	Scheme E – Tier I	21.6868	29.4426
2.	Scheme E – Tier II	17.7142	24.0032
3.	Scheme C – Tier I	26.5444	25.1055
4.	Scheme C – Tier II	25.5118	24.1091
5.	Scheme G – Tier I	25.3556	24.0346
6.	Scheme G – Tier II	26.1392	24.6756
7.	Scheme A – Tier I	12.5500	12.2130
8.	Scheme A – Tier II	10.0000	10.0000
9.	Scheme - Central Govt	29.4922	28.9827
10.	Scheme - State Govt.	26.2850	25.8234
11.	NPS Lite Scheme – Govt. Pattern	24.3723	24.0478
12.	Scheme - Corporate CG	10.0000	10.0000
13.	Atal Pension Yojana	15.1103	14.8725

**J. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
6,767.44	5.77	5,015.67	4.28	6,797.13	6.68	1,702.63	1.67

**K. 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.

**L. Income Taxes:**

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

**M. Non-Performing Assets:**

As per PFRDA (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<sup>st</sup> March, 2020 is as under:



₹ in Crores

Particular	As on 31st March, 2020****	As on 30th Sept, 2019****
Book Value	583.25	190.85
Provision for NPA	583.25	190.85
Carrying Cost	-	-
Market Value***	-	-
% of NPA (Gross) to AUM	0.48	0.18

\*\*\* Investment is not traded, hence market value is not ascertainable.

\*\*\*\* As per board of director direction, 100% provision has been made on IL&FS Limited and IL&FS Financial Services Limited.

- N. Contingent liability as on 31<sup>st</sup> March, 2020 is ₹ 10,07,97,650 towards uncalled amount of ₹ 461 per shares on 2,18,650 Partly Paid shares of Tata Steel Limited. (Previous Period ₹ 10,07,97,650).
- O. Details of Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest as on 31<sup>st</sup> March, 2020 is ₹ Nil. (Previous Period ₹ Nil)
- P. The investment in Air India Bond has been reclassified as per Government Security as it satisfies the criteria of Government Security as per the Investment Guideline of PFRDA.
- Q. The bond 8% Britannia Industries Limited 28/08/2022 was received as bonus against our equity holding in Britannia Industries Limited.
- R. **Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

₹ in Crores

Name of Scheme	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 32,885.58	₹ 1,561.29	₹ 63,838.42	₹ 1,116.68

- S. **Portfolio:** Please refer scheme wise financials for industry wise classification where industry exposure % to total exposure in investment category  $\geq 5\%$  as on 31<sup>st</sup> March, 2020.
- T. The Previous Period figures are regrouped/ reclassified, wherever necessary.

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME E - TIER I  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	170 63 02 565	141 30 76 788	125 89 53 097
Reserves and Surplus	2	199 41 20 353	274 73 99 441	252 31 00 401
Current Liabilities and Provisions	3	37 54 287	26 92 073	1 30 99 203
<b>Total</b>		<b>370 41 77 205</b>	<b>416 31 68 302</b>	<b>379 51 52 701</b>
<b>Assets</b>				
Investments	4	370 32 61 135	416 26 93 021	375 68 18 196
Deposits	5	-	-	2 63 62 311
Other Current Assets	6	9 16 070	4 75 281	1 19 72 194
<b>Total</b>		<b>370 41 77 205</b>	<b>416 31 68 302</b>	<b>379 51 52 701</b>
(a) Net assets as per Balance Sheets		370 04 22 918	416 04 76 229	378 20 53 498
(b) Number of units outstanding		17 06 30 256	14 13 07 679	12 58 95 310
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME E - TIER I  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		2 32 87 957	3 28 81 266	1 40 02 429
Interest		29 280	34 511	8 306
Profit on sale/redemption of investments		3 72 57 406	2 86 50 573	1 15 36 097
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		4 91 04 313	18 62 40 062	30 91 56 017
Other income				
- Miscellaneous Income		213	84	94
<b>Total Income (A)</b>		<b>10 96 79 169</b>	<b>24 78 06 496</b>	<b>33 47 02 943</b>
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		136 21 15 920	29 77 60 230	10 79 21 107
Loss on sale/redemption of investments		1 18 86 520	2 04 08 810	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		2 60 057	2 31 045	1 75 771
NPS Trust fees		1 10 193	32 778	44 528
Custodian fees (including GST)		51 794	63 378	47 422
Depository and settlement charges (including GST)		33 597	10 178	7 679
CRA Fees		16 03 736	15 09 294	14 45 537
Less: Amount recoverable on sale of units on account of CRA Charges		( 16 03 736)	( 15 09 294)	( 14 45 537)
Provision for Non-Performing Assets		-	-	-
Other Expenses		710	-	-
<b>Total Expenditure (B)</b>		<b>137 44 58 791</b>	<b>31 85 06 419</b>	<b>10 81 96 507</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>(126 47 79 622)</b>	<b>(7 06 99 923)</b>	<b>22 65 06 436</b>
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		131 30 11 607	11 15 20 168	(20 12 34 910)
Less: Amount transferred (to) / from General Reserve		(4 82 31 985)	(4 08 20 245)	(2 52 71 526)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME E - TIER I  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	141 30 76 788	125 89 53 097	96 44 26 710
Add :Units issued during the year	36 63 58 360	21 69 32 476	32 83 66 115
Less: Units redeemed during the year	(7 31 32 583)	(6 28 08 785)	(3 38 39 728)
<b>Outstanding at the end of the year</b>	<b>170 63 02 565</b>	<b>141 30 76 788</b>	<b>125 89 53 097</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	14 13 07 679	12 58 95 310	9 64 42 671
Add :Units issued during the year	3 66 35 835	2 16 93 248	3 28 36 612
Less: Units redeemed during the year	( 73 13 258)	( 62 80 879)	( 33 83 973)
<b>Outstanding units at the end of the year</b>	<b>17 06 30 256</b>	<b>14 13 07 679</b>	<b>12 58 95 310</b>
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	204 48 59 026	174 98 60 063	120 76 62 525
Add: Premium on Units issued	65 06 03 036	41 65 28 643	60 37 73 171
Less: Premium on Units redeemed	(13 91 02 502)	(12 15 29 680)	(6 15 75 633)
Add: Transfer from General Reserve	-	-	-
<b>Closing Balance</b>	<b>255 63 59 560</b>	<b>204 48 59 026</b>	<b>174 98 60 063</b>
<b>General Reserve</b>			
Opening Balance	18 15 57 491	14 07 37 246	11 54 65 720
Add: Transfer from Revenue Account	4 82 31 985	4 08 20 245	2 52 71 526
Less: Transfer to Unit Premium Reserve	-	-	-
<b>Closing Balance</b>	<b>22 97 89 476</b>	<b>18 15 57 491</b>	<b>14 07 37 246</b>
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	52 09 82 924	63 25 03 092	43 12 68 182
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	(131 30 11 607)	(11 15 20 168)	20 12 34 910
<b>Closing Balance</b>	<b>(79 20 28 683)</b>	<b>52 09 82 924</b>	<b>63 25 03 092</b>
<b>Total</b>	<b>199 41 20 353</b>	<b>274 73 99 441</b>	<b>252 31 00 401</b>
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	1 90 843	1 79 173	1 31 606
Book Overdraft	-	-	-
Redemption Payable	35 58 796	25 08 518	29 66 854
TDS Payable	4 648	4 382	3 893
Contracts for Purchase of Investments	-	-	99 96 850
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	<b>37 54 287</b>	<b>26 92 073</b>	<b>1 30 99 203</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME E - TIER I  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	359 35 21 092	413 09 39 897	366 82 56 021
Preference Shares	-	-	0
Debentures and Bonds Listed/Awaiting Listing	7 58 744	7 48 228	-
Central and State Government Securities (including treasury bills)	-	-	-
Commercial Paper	-	-	-
AIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/ Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	10 89 81 299	3 10 04 896	8 85 62 175
Non Convertible Debentures classified as NPA	-	-	-
Less: Provision on Non performing investment	-	-	-
<b>Total</b>	<b>370 32 61 135</b>	<b>416 26 93 021</b>	<b>375 68 18 196</b>
<hr/>			
Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	-	-	2 63 62 311
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2 63 62 311</b>
<hr/>			
Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	1 15 200	1	1 14 85 802
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	-	-	-
Less: Provision for interest on Non-Performing Investment	-	-	-
Outstanding and accrued income	34 720	5 440	8 306
Dividend Receivable	7 66 150	4 69 840	4 75 088
Brokerage receivable from PFM	-	-	2 998
Application money pending allotment	-	-	-
Sundry Debtors	-	-	-
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
<b>Total</b>	<b>9 16 070</b>	<b>4 75 281</b>	<b>1 19 72 194</b>

## **NATIONAL PENSION SYSTEM TRUST**

### **NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme E – Tier I**

#### **SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020**

##### **A. Background**

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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 receipts of funds in the respective schemes only.
6. 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.

## **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 21<sup>st</sup> May, 2009.
3. **Investment pattern to be followed as per the PFRDA Regulations:**
  - (a) Shares of body corporates listed on Bombay Stock Exchange (BSE) or National Stock Exchange (NSE), which have:
    - (i) Market Capitalisation of not less than Rs. 5000 crore as on the date of investment;
    - (ii) And derivatives with the shares as underlying traded in the either of the two stock exchange.
  - (b) Units of Mutual funds regulated by the Securities and Exchange Board of India, which have minimum 65% of their investment in shares of body corporates listed on BSE or NSE.
  - (c) Exchange Traded Funds (ETFs) / Index Funds regulated by the Securities and Exchange Board of India that replicate the portfolio of either BSE Index or NSE Nifty 50 Index.

- (d) ETFs issued by SEBI regulated Mutual Funds constructed specifically for disinvestment of shareholding of the Government of India in body corporates.
- (e) Exchange traded derivatives regulated by Securities and Exchange Board of India having the underlying of any permissible listed stock or any of the permissible indices, with the sole purpose of hedging.

Provided that the portfolio invested in derivatives in terms of contract value shall not be in excess of 5% of the total portfolio invested in sub – categories (a) to (d) above.

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

### C. Significant Accounting Policies

- 1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
- 2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.



**3. Covid 19 Uncertainties:**

The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.

**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex - date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- f. Investments are reconciled with the custodian records on daily basis.
- g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.

5. **Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology. Due to this revision, investments value are reduced by Rs. 791 on 31<sup>st</sup> March, 2020.

Investments are valued using the price determined in the following manner:

**A) Valuation of Equity and Equity related Instruments**

**a. Equity:**

- i. When a security is traded on National Stock Exchange (NSE) on a valuation day, the last quoted closing price at which it was traded on the NSE.
- ii. When on a valuation day, a security has not been traded on NSE, the value at which it is traded on BSE is used.
- iii. **Right entitlement:**
  - a. **Traded:** Right entitlement is valued at the closing market price on the valuation date.
  - b. **Non-traded:** Right entitlement is valued at the difference of the Ex-right price and the offer price multiplied by the ratio of Right Entitlement.

**B) Valuation of Debt Instruments**

**I) Valuation Policy up to 31<sup>st</sup> December, 2019**

**a. Debentures, corporate bonds, commercial papers and certificate of deposits:**

- ii. Debt securities (other than Government Securities) with a residual maturity over 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads over the benchmark rate to arrive at the yield for pricing the security. The spreads and benchmark rates are used from aggregated CRISIL and ICRA daily matrices.
- iii. Debt securities (other than Government securities) with a residual maturity up to 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference

- between the redemption value and last valuation price, spread uniformity over the remaining maturity period of the instrument.
- iv. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
  - v. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
  - vi. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
  - vii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
  - viii. Partly paid bonds are valued at cost till it is fully paid.
  - ix. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
  - x. 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.

**b. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

### **a) Valuation of Debt Securities (other than government securities)**

Debt securities are valued at clean price, which means excluding accrued interest component of the security. If corporate bonds and debentures are quoted cum interest on the exchange, the valuation is done by excluding the accrued interest portion (i.e. from the last due date of interest till date) from the quoted price, since the interest is accrued and accounted separately on a daily basis.

#### **i) All Instruments/Securities with residual maturity of more than 30 days :**

- a.** In respect of the Traded Securities, the traded price are taken subject to the fulfilment of the conditions practiced/adopted by the valuation agency after consultation with NPS Trust and PFs.

- b. In respect of the non traded Securities, the securities are valued on the basis of scrip level prices released by the valuation agency in consultation with NPS Trust and PFs.
  - c. In case of new security purchased for which price is not available, such security valued on the basis of scrip level price (for coupon bearing securities) / scrip level yield (for discounted securities) at which the securities are purchased.
- ii) **All Instruments/Securities with residual maturity of upto 30 days:**  
The securities are valued by amortisation on a straight-line basis to maturity from last valuation price as long as it is within the prescribed range, (presently  $\pm 0.025\%$ , i.e.  $\pm 2.5$  basis points) of the reference price provided by the valuation agency.
- c) **Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

**Valuation policy for securities below investment grade (securities which were of investment grade at the time of purchase but which have fallen below the investment grade):**

In the cases of securities below BBB -, the same are valued as below:

All non-investment grade debt securities except with default rating (other than Government securities) and securities where credit rating agencies have suspended the ratings but are performing assets as per PFRDA guidelines are valued at a discount of 25% of the face value.

All non-investment grade debt securities (other than Government securities) not covered above are valued at the indicative haircut matrix or price provided by the valuation agency. In case the security is traded where the haircut has been applied, lower of the haircut matrix based price and trade price are considered.

6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

**7. Income Recognition:**

- a. Dividend income is accrued on the “ex-dividend” date.
- b. Interest on interest – bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- d. Interest on Fixed Deposits is accounted on accrual basis
- e. Profit / Loss of sale of Investment
  1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
  2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.

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

**9. Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after each subscription / redemption.

**D. Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme’s average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 2,60,057	₹ 2,31,045

\* excluding GST

\*\* including GST

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

Based on the confirmation from CRA the number of units as at the year end are 170630179.8612 and the balance 76.5498 have been identified as residual units with CRA.

- F. **NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 1,10,193	₹ 32,778

- G. **Purchase/Sale of Investments:** The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

₹ in Crores							
Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
268.38	60.83	184.95	41.92	697.94	248.10	647.63	230.21

- H. The aggregate value of non-traded investments (other than government securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ 7,58,744. (Previous Period ₹ 7,48,228).

- I. **Net Asset Value:**

Current Period	Previous Period
As on 31st March, 2020	As on 30th Sept, 2019
₹ 21.6868	₹ 29.4426

- J. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
10.97	2.49	137.45	31.15	24.78	6.32	31.85	8.13

**K. 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.

**L. Income Taxes:**

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

- M.** Contingent liability as on 31<sup>st</sup> March, 2020 is ₹ 11,06,400 towards uncalled amount of ₹ 461 per shares on 2,400 Partly Paid shares of Tata Steel Limited. (Previous Period ₹ 11,06,400).

- N.** The bond 8% Britannia Industries Limited 28/08/2022 was received as bonus against our equity holding in Britannia Industries Limited.

**O. Other disclosures:**

Particulars	Current Period	Previous Period
Non performing investments- Carrying value	Nil	Nil
Non performing investments- Market value	Nil	Nil
Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest	Nil	Nil

- P. Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

Name of Scheme	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 169.70	₹ 8.90	₹ 627.81	₹ 3.10

Q. Details of Net Unrealized Gains / (Losses) for the period are given below:

₹ in Crores

Particular	Current Period	Previous Period
Net Unrealized Gains / (Losses)	₹ (131.30)	₹ (11.15)

R. **Portfolio:** Industry wise classification where industry exposure % to total exposure in investment category  $\geq 5\%$  as on 31<sup>st</sup> March, 2020 is given in Annexure A.

S. The Previous Period figures are regrouped / reclassified, wherever necessary.



# ANNEXURE A

Industry wise classification where industry exposure % to total exposure in investment category is >= 5%

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>EQUITY SHARES</b>				
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
HDFC BANK LTD.	334,974	288,714,091	7.80	8.03
ICICI BANK LTD.	680,835	220,420,331	5.96	6.13
KOTAK MAHINDRA BANK LTD.	138,995	180,144,470	4.87	5.01
AXIS BANK LTD.	333,843	126,526,497	3.42	3.52
STATE BANK OF INDIA	616,687	121,394,836	3.28	3.38
INDUSIND BANK LTD.	105,117	36,927,602	1.00	1.03
BANK OF BARODA	108,120	5,789,826	0.16	0.16
IDFC BANK LIMITED	64,936	1,370,150	0.04	0.04
YES BANK	46,402	1,041,725	0.03	0.03
PUNJAB NATIONAL BANK	3,627	117,333	0.00	0.00
		<b>982,446,861</b>	<b>26.56</b>	<b>27.33</b>
<b>WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING</b>				
INFOSYS LTD.	335,762	215,391,323	5.82	5.99
TATA CONSULTANCY SERVICES LTD.	104,822	191,415,454	5.17	5.33
TECH MAHINDRA LTD.	64,930	36,717,915	0.99	1.02
HCL TECHNOLOGIES LIMITED	16,000	6,982,400	0.19	0.19
		<b>450,507,092</b>	<b>12.17</b>	<b>12.53</b>
<b>PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING OILS, LUBRICATING OILS OR GREASES OR OTHER PRODUCTS FROM CRUDE PETROLEUM OR BITUMINOUS MINERALS</b>				
RELIANCE INDUSTRIES LTD.	261,114	290,815,718	7.86	8.09
INDIAN OIL CORPORATION LTD.	219,400	17,914,010	0.48	0.50
BHARAT PETROLEUM CORPORATION LTD.	46,000	14,577,400	0.39	0.41
CASTROL INDIA LTD.	79,800	7,936,110	0.21	0.22
		<b>331,243,238</b>	<b>8.94</b>	<b>9.22</b>
<b>MANUFACTURE OF ALLOPATHIC PHARMACEUTICAL PREPARATIONS</b>				
LUPIN LTD.	71,025	41,879,891	1.13	1.17
CIPLA LTD.	95,494	40,379,638	1.09	1.12
DR. REDDYS LABORATORIES LTD.	10,578	33,011,294	0.89	0.92
CADILA HEALTHCARE LTD.	103,500	27,660,375	0.75	0.77
SUN PHARMACEUTICAL INDUSTRIES LTD.	72,910	25,686,193	0.69	0.71
DIVIS LABORATORIES LTD.	12,626	25,113,745	0.68	0.70
		<b>193,731,136</b>	<b>5.23</b>	<b>5.39</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME E - TIER II  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	12 20 84 726	10 97 77 060	9 51 80 350
Reserves and Surplus	2	9 41 79 054	15 37 23 400	13 79 23 895
Current Liabilities and Provisions	3	14 64 535	3 74 083	9 90 257
<b>Total</b>		<b>21 77 28 315</b>	<b>26 38 74 543</b>	<b>23 40 94 502</b>
<b>Assets</b>				
Investments	4	21 76 81 436	26 38 30 971	23 34 01 113
Deposits	5	-	-	2 46 688
Other Current Assets	6	46 879	43 572	4 46 701
<b>Total</b>		<b>21 77 28 315</b>	<b>26 38 74 543</b>	<b>23 40 94 502</b>
(a) Net assets as per Balance Sheets		21 62 63 780	26 35 00 460	23 31 04 245
(b) Number of units outstanding		1 22 08 473	1 09 77 706	95 18 035
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME E - TIER II  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		15 32 720	20 96 549	9 36 571
Interest		1 728	487	47
Profit on sale/redemption of investments		15 03 916	9 50 108	4 46 316
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		28 41 198	1 21 80 748	2 02 77 091
Other income				
- Miscellaneous Income		170	33	-
<b>Total Income (A)</b>		<b>58 79 732</b>	<b>1 52 27 925</b>	<b>2 16 60 025</b>
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		7 99 22 504	1 86 15 037	73 26 627
Loss on sale/redemption of investments		3 89 731	9 48 311	1
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GSI)		16 028	14 550	11 871
NPS Trust fees		6 791	2 075	3 065
Custodian fees (including GST)		2 989	3 754	3 051
Depository and settlement charges (including GSI)		2 045	668	555
CRA fees		24 586	24 265	22 926
Less: Amount recoverable on sale of units on account of CRA Charges		( 24 586)	( 24 265)	( 22 926)
Provision for Non-Performing Assets		-	-	-
Other Expenses		9	-	10
<b>Total Expenditure (B)</b>		<b>8 03 40 097</b>	<b>1 95 84 395</b>	<b>73 45 180</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>(7 44 60 365)</b>	<b>( 43 56 470)</b>	<b>1 43 14 845</b>
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		7 70 81 306	64 34 289	(1 29 50 464)
Less: Amount transferred (to) / from General Reserve		( 26 20 941)	( 20 77 819)	( 13 64 381)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME E - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	10 97 77 060	9 51 80 350	8 18 22 059
Add :Units issued during the year	2 92 43 484	2 63 59 140	2 53 49 476
Less: Units redeemed during the year	(1 69 35 818)	(1 17 62 430)	(1 19 91 185)
<b>Outstanding at the end of the year</b>	<b>12 20 84 726</b>	<b>10 97 77 060</b>	<b>9 51 80 350</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	1 09 77 706	95 18 035	81 82 206
Add :Units issued during the year	29 24 349	26 35 914	25 34 948
Less: Units redeemed during the year	( 16 93 582)	( 11 76 243)	( 11 99 119)
<b>Outstanding units at the end of the year</b>	<b>1 22 08 473</b>	<b>1 09 77 706</b>	<b>95 18 035</b>
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	9 39 78 123	7 38 22 148	5 65 61 629
Add: Premium on Units issued	3 79 02 958	3 64 32 849	3 26 95 990
Less: Premium on Units redeemed	(2 29 86 939)	(1 62 76 874)	(1 54 35 471)
Add: Transfer from General Reserve	-	-	-
Closing Balance	<b>10 88 94 142</b>	<b>9 39 78 123</b>	<b>7 38 22 148</b>
<b>General Reserve</b>			
Opening Balance	1 41 74 841	1 20 97 022	1 07 32 641
Add: Transfer from Revenue Account	26 20 941	20 77 819	13 64 381
Less: Transfer to Unit Premium Reserve	-	-	-
Closing Balance	<b>1 67 95 782</b>	<b>1 41 74 841</b>	<b>1 20 97 022</b>
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	4 55 70 436	5 20 04 725	3 90 54 261
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	(7 70 81 306)	( 64 34 289)	1 29 50 464
Closing Balance	<b>(3 15 10 870)</b>	<b>4 55 70 436</b>	<b>5 20 04 725</b>
<b>Total</b>	<b>9 41 79 054</b>	<b>15 37 23 400</b>	<b>13 79 23 895</b>
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	11 409	11 239	8 698
Bank Overdraft	-	-	-
Redemption Payable	14 52 857	3 62 567	9 81 309
TDS Payable	269	277	250
Contracts for Purchase of Investments	-	-	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	<b>14 64 535</b>	<b>3 74 083</b>	<b>9 90 257</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME E - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	21 16 13 126	26 04 30 183	23 19 74 263
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	44 778	44 158	-
Central and State Government Securities (including treasury bills)	-	-	-
Commercial Paper	-	-	-
AIIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/ Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	60 23 532	33 56 630	14 26 850
Non Convertible Debentures classified as NPA	-	-	-
Less: Provision on Non performing investment	-	-	-
<b>Total</b>	<b>21 76 81 436</b>	<b>26 38 30 971</b>	<b>23 34 01 113</b>

Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	-	-	2 46 688
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2 46 688</b>

Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	7 380	1	4 11 436
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	-	-	-
Less: Provision for interest on Non-Performing Investment	-	-	-
Outstanding and accrued income	2 049	321	47
Dividend Receivable	37 450	43 250	35 218
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	-	-
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
<b>Total</b>	<b>46 879</b>	<b>43 572</b>	<b>4 46 701</b>

## NATIONAL PENSION SYSTEM TRUST

### NPS Trust - A/C UTI Retirement Solutions Scheme E - Tier II

#### SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

##### A. Background

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 14<sup>th</sup> December, 2009.
3. **Investment pattern to be followed as per PFRDA Regulations:**
  - (a) Shares of body corporates listed on Bombay Stock Exchange (BSE) or National Stock Exchange (NSE), which have:
    - (i) Market Capitalisation of not less than Rs. 5000 crore as on the date of investment;
    - (ii) And derivatives with the shares as underlying traded in the either of the two stock exchange.
  - (b) Units of Mutual funds regulated by the Securities and Exchange Board of India, which have minimum 65% of their investment in shares of body corporates listed on BSE or NSE.
  - (c) Exchange Traded Funds (ETFs) / Index Funds regulated by the Securities and Exchange Board of India that replicate the portfolio of either BSE Index or NSE Nifty 50 Index.

- (d) ETTs issued by SEBI regulated Mutual Funds constructed specifically for disinvestment of shareholding of the Government of India in body corporates.
- (e) Exchange traded derivatives regulated by Securities and Exchange Board of India having the underlying of any permissible listed stock or any of the permissible indices, with the sole purpose of hedging.

Provided that the portfolio invested in derivatives in terms of contract value shall not be in excess of 5% of the total portfolio invested in sub – categories (a) to (d) above.

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

### C. Significant Accounting Policies

- 1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
- 2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.



**3. Covid 19 Uncertainties:**

The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.

**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex - date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- f. Investments are reconciled with the custodian records on daily basis.
- g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.

5. **Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology. Due to this revision, investments value are reduced by Rs. 47 on 31<sup>st</sup> March, 2020.

Investments are valued using the price determined in the following manner:

**A) Valuation of Equity and Equity related Instruments**

**a. Equity:**

- i. When a security is traded on National Stock Exchange (NSE) on a valuation day, the last quoted closing price at which it was traded on the NSE.
- ii. When on a valuation day, a security has not been traded on NSE, the value at which it is traded on BSE is used.
- iii. **Right entitlement:**
  - a. **Traded:** Right entitlement is valued at the closing market price on the valuation date.
  - b. **Non-traded:** Right entitlement is valued at the difference of the Ex-right price and the offer price multiplied by the ratio of Right Entitlement.

**B) Valuation of Debt Instruments**

**I) Valuation Policy up to 31<sup>st</sup> December, 2019**

**a. Debentures, corporate bonds, commercial papers and certificate of deposits:**

- ii. Debt securities (other than Government Securities) with a residual maturity over 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads over the benchmark rate to arrive at the yield for pricing the security. The spreads and benchmark rates are used from aggregated CRISIL and ICRA daily matrices.
- iii. Debt securities (other than Government securities) with a residual maturity up to 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.

- iv. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- v. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- vi. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
- viii. Partly paid bonds are valued at cost till it is fully paid.
- ix. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
- x. 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.

**b. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

### **a) Valuation of Debt Securities (other than government securities)**

Debt securities are valued at clean price, which means excluding accrued interest component of the security. If corporate bonds and debentures are quoted cum interest on the exchange, the valuation is done by excluding the accrued interest portion (i.e. from the last due date of interest till date) from the quoted price, since the interest is accrued and accounted separately on a daily basis.

#### **i) All Instruments/Securities with residual maturity of more than 30 days :**

- a. In respect of the Traded Securities, the traded price are taken subject to the fulfilment of the conditions practiced/adopted by the valuation agency after consultation with NPS Trust and PF's.
- b. In respect of the non traded Securities, the securities are valued on the basis of scrip level prices released by the valuation agency in consultation with NPS Trust and PF's.

c. In case of new security purchased for which price is not available, such security valued on the basis of scrip level price (for coupon bearing securities) / scrip level yield (for discounted securities) at which the securities are purchased.

ii) **All Instruments/Securities with residual maturity of upto 30 days:**  
The securities are valued by amortisation on a straight-line basis to maturity from last valuation price as long as it is within the prescribed range, (presently  $\pm 0.025\%$ , i.e.  $\pm 2.5$  basis points) of the reference price provided by the valuation agency.

c) **Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

**Valuation policy for securities below investment grade (securities which were of investment grade at the time of purchase but which have fallen below the investment grade):**

In the cases of securities below BBB -, the same are valued as below:

All non-investment grade debt securities except with default rating (other than Government securities) and securities where credit rating agencies have suspended the ratings but are performing assets as per PFRDA guidelines are valued at a discount of 25% of the face value.

All non-investment grade debt securities (other than Government securities) not covered above are valued at the indicative haircut matrix or price provided by the valuation agency. In case the security is traded where the haircut has been applied, lower of the haircut matrix based price and trade price are considered.

6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/ depreciation is recognised in Revenue Account.

7. Income Recognition:

a. Dividend income is accrued on the "ex-dividend" date.

b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.

- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- e. Profit / Loss of sale of Investment
  - 1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
  - 2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.

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

9. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after each subscription / redemption.

D. **Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 16,028	₹ 14,550

\* excluding GST

\*\* including GST

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

Based on the confirmation from CRA the number of units as at the year end are 12208467.0594 and the balance 5.4943 have been identified as residual units with CRA.

- F. NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 6,791	₹ 2,075

- G. Purchase/Sale of Investments:** The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

₹ in Crores							
Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
15.42	56.75	12.40	45.63	48.11	252.59	44.46	233.45

- H.** The aggregate value of non-traded investments (other than Government Securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ 44,778. (Previous Period ₹ 44,158).

- I. Net Asset Value:**

Current Period	Previous Period
As on 31st March, 2020	As on 30th Sept, 2019
₹ 17.7142	₹ 24.0032

- J. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
0.59	2.16	8.03	29.56	1.52	6.17	1.96	7.94

- K. 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.

- L. Income Taxes:**

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

M. Contingent liability as on 31<sup>st</sup> March, 2020 is ₹ 1,15,250 towards uncalled amount of ₹ 461 per shares on 250 Partly Paid shares of Tata Steel Limited. (Previous Period ₹ 1,15,250).

N. The bond 8% Britannia Industries Limited 28/08/2022 was received as bonus against our equity holding in Britannia Industries Limited.

**O. Other disclosures:**

Particulars	Current Period	Previous Period
Non performing investments- Carrying value	Nil	Nil
Non performing investments- Market value	Nil	Nil
Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest	Nil	Nil

P. **Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

Name of Scheme	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 12.05	₹ 0.60	₹ 44.17	₹ 0.34

Q. **Details of Net Unrealized Gains / (Losses) for the period are given below:**

Particular	Current Period	Previous Period
Net Unrealized Gains / (Losses)	₹ (7.71)	₹ (0.64)

R. **Portfolio:** Industry wise classification where industry exposure % to total exposure in investment category  $\geq 5\%$  as on 31<sup>st</sup> March, 2020 is given in Annexure A.

S. The Previous Period figures are regrouped/ reclassified, wherever necessary.

# ANNEXURE A

Industry wise classification where industry exposure % to total exposure in investment category is >= 5%

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>EQUITY SHARES</b>				
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
HDFC BANK LTD.	16,090	13,867,971	6.41	6.55
ICICI BANK LTD.	39,192	12,688,410	5.87	6.00
KOTAK MAHINDRA BANK LTD.	8,410	10,899,781	5.04	5.15
AXIS BANK LTD.	20,328	7,704,312	3.56	3.64
STATE BANK OF INDIA	37,684	7,418,095	3.43	3.51
INDUSIND BANK LTD.	6,916	2,429,591	1.12	1.15
BANK OF BARODA	11,270	603,509	0.28	0.29
IDFC BANK LIMITED	5,000	105,500	0.05	0.05
YES BANK	2,622	58,864	0.03	0.03
		<b>55,776,033</b>	<b>25.79</b>	<b>26.37</b>
<b>WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING</b>				
INFOSYS LTD.	21,866	14,027,039	6.49	6.63
TATA CONSULTANCY SERVICES LTD.	5,994	10,945,643	5.06	5.17
TECH MAHINDRA LTD.	4,201	2,375,666	1.10	1.12
HCL TECHNOLOGIES LIMITED	2,312	1,008,957	0.47	0.48
		<b>28,357,305</b>	<b>13.12</b>	<b>13.40</b>
<b>PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING OILS, LUBRICATING OILS OR GREASES OR OTHER PRODUCTS FROM CRUDE PETROLEUM OR BITUMINOUS MINERALS</b>				
RELIANCE INDUSTRIES LTD.	14,259	15,880,961	7.34	7.50
BIHARAT PETROLEUM CORPORATION LTD.	2,158	683,870	0.32	0.32
INDIAN OIL CORPORATION LTD.	7,240	591,146	0.27	0.28
CASTROL INDIA LTD.	2,060	204,867	0.09	0.10
		<b>17,360,844</b>	<b>8.02</b>	<b>8.20</b>
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	6,436	10,510,632	4.86	4.97
LIC HOUSING FINANCE LTD.	7,560	1,778,868	0.82	0.84
		<b>12,289,500</b>	<b>5.68</b>	<b>5.81</b>
<b>MANUFACTURE OF ALLOPATHIC PHARMACEUTICAL PREPARATIONS</b>				
CIPLA LTD.	5,526	2,336,669	1.08	1.10
CADILA HEALTHCARE LTD.	7,900	2,111,275	0.98	1.00
LUPIN LTD.	3,482	2,053,161	0.95	0.97
SUN PHARMACEUTICAL INDUSTRIES LTD.	5,689	2,004,235	0.93	0.95
DIVIS LABORATORIES LTD.	850	1,690,693	0.78	0.80
DR. REDDYS LABORATORIES LTD.	490	1,529,168	0.71	0.72
		<b>11,725,201</b>	<b>5.43</b>	<b>5.54</b>



NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME C - TIER I  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	112 80 00 217	97 95 13 459	90 05 68 673
Reserves and Surplus	2	186 62 16 902	147 96 13 076	126 28 10 306
Current Liabilities and Provisions	3	46 27 392	17 86 723	17 49 381
<b>Total</b>		<b>299 88 44 511</b>	<b>246 09 13 258</b>	<b>216 51 28 360</b>
<b>Assets</b>				
Investments	4	291 80 64 262	237 08 54 169	207 87 27 865
Deposits	5	-	-	1 51 63 728
Other Current Assets	6	8 07 80 249	9 00 59 089	7 12 36 767
<b>Total</b>		<b>299 88 44 511</b>	<b>246 09 13 258</b>	<b>216 51 28 360</b>
(a) Net assets as per Balance Sheets		299 42 17 119	245 91 26 535	216 33 78 979
(b) Number of units outstanding		11 28 00 021	9 79 51 346	9 00 56 867
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME C - TIER I  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		-	-	-
Interest		9 97 30 063	8 51 48 634	6 98 86 251
Profit on sale/redemption of investments		12 91 137	7 61 850	10 97 079
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		8 98 73 578	4 99 14 353	6 62 12 428
Other income				
- Miscellaneous Income		-	42	51
<b>Total Income (A)</b>		<b>19 08 94 778</b>	<b>13 58 24 879</b>	<b>13 71 95 809</b>
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		79 21 610	2 44 49 604	74 305
Loss on sale/redemption of investments		34 928	-	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		1 57 544	1 37 287	1 05 952
NPS Trust fees		66 756	20 291	27 135
Custodian fees (including GST)		33 164	41 614	33 113
Depository and settlement charges (including GST)		22 431	7 122	6 583
CRA Fees		9 51 806	8 34 662	8 10 081
Less: Amount recoverable on sale of units on account of CRA Charges		( 9 51 806)	( 8 34 662)	( 8 10 081)
Provision for Non-Performing Assets		3 24 00 000	96 00 000	2 50 000
Other Expenses		4 603	-	-
<b>Total Expenditure (B)</b>		<b>4 06 41 036</b>	<b>3 42 55 918</b>	<b>4 97 088</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>15 02 53 742</b>	<b>10 15 68 961</b>	<b>13 66 98 721</b>
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		(8 19 51 968)	(2 54 64 749)	( 56 56 222)
Less: Amount transferred (to) / from General Reserve		(6 83 01 774)	(7 61 04 212)	(13 10 42 499)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME C - TIER I  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	97 95 13 459	90 05 68 673	71 98 30 146
Add :Units issued during the year	19 79 49 928	12 82 24 429	21 21 41 445
Less: Units redeemed during the year	(4 94 63 170)	(4 92 79 643)	(3 14 02 918)
<b>Outstanding at the end of the year</b>	<b>112 80 00 217</b>	<b>97 95 13 459</b>	<b>90 05 68 673</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	9 79 51 346	9 00 56 867	7 19 83 014
Add :Units issued during the year	1 97 94 992	1 28 22 443	2 12 14 145
Less: Units redeemed during the year	( 49 46 317)	( 49 27 964)	( 31 40 292)
<b>Outstanding units at the end of the year</b>	<b>11 28 00 021</b>	<b>9 79 51 346</b>	<b>9 00 56 867</b>
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	105 82 92 487	94 30 58 678	70 16 40 177
Add: Premium on Units issued	31 47 03 400	18 74 16 823	28 27 85 643
Less: Premium on Units redeemed	(7 83 53 316)	(7 21 83 014)	(4 13 67 142)
Add: Transfer from General Reserve	-	-	-
<b>Closing Balance</b>	<b>129 46 42 571</b>	<b>105 82 92 487</b>	<b>94 30 58 678</b>
<b>General Reserve</b>			
Opening Balance	39 01 99 618	31 40 95 406	18 30 52 907
Add: Transfer from Revenue Account	6 83 01 774	7 61 04 212	13 10 42 499
Less: Transfer to Unit Premium Reserve	-	-	-
<b>Closing Balance</b>	<b>45 85 01 392</b>	<b>39 01 99 618</b>	<b>31 40 95 406</b>
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	3 11 20 971	56 56 222	-
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	8 19 51 968	2 54 64 749	56 56 222
<b>Closing Balance</b>	<b>11 30 72 939</b>	<b>3 11 20 971</b>	<b>56 56 222</b>
<b>Total</b>	<b>186 62 16 902</b>	<b>147 96 13 076</b>	<b>126 28 10 306</b>
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	1 22 965	1 11 820	82 613
Bank Overdraft	-	-	-
Redemption Payable	45 01 118	16 72 190	16 64 388
TDS Payable	3 309	2 713	2 380
Contracts for Purchase of Investments	-	-	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	<b>46 27 392</b>	<b>17 86 723</b>	<b>17 49 381</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME C - TIER I  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	-	-	-
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	283 26 01 175	232 89 63 325	205 38 38 710
Central and State Government Securities (including treasury bills)	-	-	-
Commercial Paper	-	-	-
ALF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/	-	-	-
Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	8 54 63 087	4 21 40 844	1 96 39 155
Non Convertible Debentures classified as NPA	4 12 50 000	86 00 000	52 50 000
Less: Provision on Non performing investment	(4 12 50 000)	( 88 50 000)	-
<b>Total</b>	<b>291 80 64 262</b>	<b>237 08 54 169</b>	<b>207 87 27 865</b>

Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	-	-	1 51 63 728
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1 51 63 728</b>

Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	-	12 99 306	57 25 898
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	47 17 750	47 17 750	8 95 738
Less: Provision for interest on Non-Performing Investment	( 47 17 750)	( 47 17 750)	( 8 95 738)
Outstanding and accrued income	8 07 80 249	8 87 59 783	6 47 60 869
Dividend Receivable	-	-	-
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	-	-
Redemption receivable on Non performing Investment	10 00 000	10 00 000	10 00 000
Less: Provision for Non Performing Investment	( 10 00 000)	( 10 00 000)	( 2 50 000)
<b>Total</b>	<b>8 07 80 249</b>	<b>9 00 59 089</b>	<b>7 12 36 767</b>

## NATIONAL PENSION SYSTEM TRUST

NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme C – Tier I

### SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

#### A. Background

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 21<sup>st</sup> May, 2009.
3. **Investment pattern to be followed as per the PFRDA Regulations:**
  - (a) Listed (or proposed to be listed in case of fresh issue) debt securities issued by bodies corporate, including banks and public financial institutions (Public Financial Institutions as defined under Section 2 of the Companies Act, 2013), 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.

- (d) Term deposit Receipts of not less than one year duration issued by scheduled commercial banks, which satisfy the following conditions on the basis of published annual report(s) for the most recent years, as required to have been published by them under law:
  - (i) Having declared profit in the immediately preceding three financial years;
  - (ii) maintaining a minimum Capital to Risk Weighted Assets Ratio of 9%, or mandated by prevailing RBI norms, whichever is higher;
  - (iii) having net non-performing assets of not more than 4% of the net advances;
  - (iv) having a minimum net worth of not less than Rs. 200 crores.
- (e) Units of Debt Mutual Funds as regulated by Securities and Exchange Board of India;
- (f) The following infrastructure related debt instruments:
  - (i) Listed (or proposed to be listed in case of fresh issue) debt securities issued by body corporates engaged mainly in the business of development or operation and maintenance of infrastructure, or development, construction or finance of low cost housing.
  - (ii) Infrastructure and affordable housing Bonds issued by any scheduled commercial bank, which meets the conditions specified in (ii) (d) above.
  - (iii) Listed (or proposed to be listed in case of fresh issue) securities issued by Infrastructure debt funds operating as a Non – Banking Financial Company and regulated by Reserve Bank of India.
  - (iv) Listed (or proposed to be listed in case of fresh issue) units issued by Infrastructure Debt Funds operating as a Mutual Fund and regulated by Securities and Exchange Board of India.

It is further clarified that, barring exceptions mentioned above, for the purpose of this sub – category (f), a sector shall be treated as part of infrastructure as per Government of India's harmonized master list of infrastructure sub – sectors.

- (g) Listed and proposed to be listed Credit Rated Municipal Bonds

Provided that the investment under sub – categories (a), (b), (f) (i) to (iv) and (g) of this category no. (ii) shall be made only in such securities which

have minimum AA rating or equivalent in the applicable rating scale from at least two credit rating agencies registered with the Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agency) Regulation, 1999.

Provided further that in case of the sub – category (f) (iii) the rating shall relate to the Non – Banking Financial Company and for the sub – category (f) (iv) the ratings shall relate to the investment in eligible securities rated above investment grade of the scheme of the fund.

Provided further that if the securities / entities have been rated by more than two rating agencies, the two lowest of all the ratings shall be considered.

Provided further that investments under this category requiring a minimum AA rating, as specified above, shall be permissible in securities having investment grade rating below AA in case the risk of default for such securities is fully covered with Credit Default Swaps (CDSs) issued under Guidelines of the Reserve Bank of India and purchased along with the underlying securities. Purchase amount of such Swaps shall be considered to be investment made under this category.

For sub – category (c), a single rating of AA or above by a domestic or international rating agency will be acceptable.

It is clarified that debt securities covered under category (i) (b) above are excluded from this category.

**Miscellaneous Investments (upto 5%)**

- (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.

Provided that investment under this category shall only be in listed infrastructure or fresh issues that are proposed to be listed.



Provided further that investment under this category shall be made only in such securities which have minimum AA or equivalent rating in the applicable rating scale from at least two credit rating agencies registered under Securities and Exchange Board of India (Credit Rating Agency) Regulations, 1999.

Provided further that in case of the sub – category (a) and (d) the rating shall relate to the rating of the sponsor entity floating the trust. Provided further that if the securities / entities have been rated by more than two rating agencies, the two lowest of the ratings shall be considered.

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

### C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.

**3. Covid 19 Uncertainties:**

The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.

**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex – date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- f. Investments are reconciled with the custodian records on daily basis.
- g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.

5. **Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology. Due to this revision, investments value are reduced by Rs. 1.43 crores on 31<sup>st</sup> March, 2020.

Investments are valued using the price determined in the following manner:

**A) Valuation of Debt Instruments**

**I) Valuation Policy up to 31<sup>st</sup> December, 2019**

- a. **Debentures, corporate bonds, commercial papers and certificate of deposits:**
- ii. Debt securities (other than Government Securities) with a residual maturity over 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads over the benchmark rate to arrive at the yield for pricing the security. The spreads and benchmark rates are used from aggregated CRISIL and ICRA daily matrices.
  - iii. Debt securities (other than Government securities) with a residual maturity up to 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.
  - iv. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
  - v. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
  - vi. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
  - vii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.

- viii. Partly paid bonds are valued at cost till it is fully paid.
  - ix. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
  - x. 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.
- b. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

### **a) Valuation of Debt Securities (other than government securities)**

Debt securities are valued at clean price, which means excluding accrued interest component of the security. If corporate bonds and debentures are quoted cum interest on the exchange, the valuation is done by excluding the accrued interest portion (i.e. from the last due date of interest till date) from the quoted price, since the interest is accrued and accounted separately on a daily basis.

- i) All Instruments/Securities with residual maturity of more than 30 days :**
  - a.** In respect of the Traded Securities, the traded price are taken subject to the fulfilment of the conditions practiced/adopted by the valuation agency after consultation with NPS Trust and PF's.
  - b.** In respect of the non traded Securities, the securities are valued on the basis of scrip level prices released by the valuation agency in consultation with NPS Trust and PF's.
  - c.** In case of new security purchased for which price is not available, such security valued on the basis of scrip level price (for coupon bearing securities) / scrip level yield (for discounted securities) at which the securities are purchased.
- ii) All Instruments/Securities with residual maturity of upto 30 days:** The securities are valued by amortisation on a straight-line basis to maturity from last valuation price as long as it is within the prescribed range, (presently  $\pm 0.025\%$ , i.e.  $\pm 2.5$  basis points) of the reference price provided by the valuation agency.

- b) **Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

**Valuation policy for securities below investment grade (securities which were of investment grade at the time of purchase but which have fallen below the investment grade):**

In the cases of securities below BBB -, the same are valued as below:

All non-investment grade debt securities except with default rating (other than Government securities) and securities where credit rating agencies have suspended the ratings but are performing assets as per PFRDA guidelines are valued at a discount of 25% of the face value.

All non-investment grade debt securities (other than Government securities) not covered above are valued at the indicative haircut matrix or price provided by the valuation agency. In case the security is traded where the haircut has been applied, lower of the haircut matrix based price and trade price are considered.

6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

**7. 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 re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

Written-back of provisioning of interest: Upon reclassification of assets as 'performing asset'

- i) In case an issuer has fully cleared all the arrears of interest, the interest provisions 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 asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

Further, PFRDA has specifically issued guideline for valuation of IL&I'S bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest vide their letter no. 1/16/2018-NPST/11514 dated 6th August, 2019 which is attached herewith.

**8. Income Recognition:**

- a. Dividend income is accrued on the "ex-dividend" date.
- b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- d. Interest on Fixed Deposits is accounted on accrual basis.

e. Profit / Loss of sale of Investment

1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.

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

10. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after each subscription / redemption.

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

Based on the confirmation from CRA the number of units as at the year end are 112799961.9310 and the balance 59.4389 have been identified as residual units with CRA.

E. **Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 1,57,544	₹ 1,37,287

\* excluding GST

\*\* including GST

- F. NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 66,756	₹ 20,291

- G. Purchase/Sale of Investments:** The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

₹ in Crores							
Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
181.55	67.94	130.71	48.91	308.25	185.46	278.17	167.36

- H.** The aggregate value of non-traded investments (other than government securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ 107.10 Crores. (Previous Period ₹ 121.99 Crores).

**I. Net Asset Value:**

Current Period	Previous Period
As on 31st March, 2020	As on 30th Sept, 2019
₹ 26.5444	₹ 25.1055

- J. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
19.09	7.14	4.06	1.52	13.58	5.83	3.43	1.47



**K. 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.

**L. Income Taxes:**

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

**M. Non-Performing Assets:**

As per PFRDA (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<sup>st</sup> March, 2020 is as under:

Particular	As on 31st March, 2020****	As on 30th Sept, 2019****
Book Value (₹)	4,22,50,000	98,50,000
Provision for NPA (₹)	4,22,50,000	98,50,000
Carrying Cost (₹)	-	-
Market Value (₹)***	-	-
% of NPA (Gross) to AUM	1.41	0.40

\*\*\* Investment is not traded, hence market value is not ascertainable.

\*\*\*\* As per board of director direction, 100% provision has been made on IL&FS Limited and IL&FS Financial Services Limited.

**N. Other disclosures:**

Particulars	Current Period	Previous Period
Contingent liabilities	Nil	Nil
Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest	Nil	Nil

**O. Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

Name of Scheme	₹ in Crores			
	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 134.50	₹ 8.55	₹ 280.34	₹ 4.21

- P. Portfolio:** Industry wise classification where industry exposure % to total exposure in investment category  $\geq 5\%$  as on 31<sup>st</sup> March, 2020 is given in Annexure A.
- Q.** The Previous Period figures are regrouped/ reclassified, wherever necessary.

**ANNEXURE A**

**Industry wise classification where industry exposure % to total exposure in investment category is >= 5%**

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>DEBENTURES &amp; BONDS</b>				
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
AXIS BANK LTD.	2,710,000	280,881,528	9.38	9.77
ICICI BANK LTD.	1,260,000	129,901,703	4.34	4.52
HDFC BANK LTD.	690,000	71,915,526	2.40	2.50
IDFC BANK LIMITED	90,000	8,842,294	0.30	0.31
KOTAK MAHINDRA BANK LTD.	80,000	8,279,024	0.28	0.29
YES BANK	100,000	5,000,000	0.17	0.17
PUNJAB NATIONAL BANK	20,000	2,044,926	0.07	0.07
		<b>506,865,001</b>	<b>16.94</b>	<b>17.63</b>
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
LIC HOUSING FINANCE LTD.	1,920,000	196,519,590	6.56	6.84
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	1,730,000	180,070,858	6.01	6.27
HOUSING AND URBAN DEVELOPMENT CORPORATION	1,160,000	126,696,401	4.23	4.41
		<b>503,286,849</b>	<b>16.80</b>	<b>17.52</b>
<b>OTHER MONETARY INTERMEDIATION SERVICES N.E.C.</b>				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	2,660,000	281,168,916	9.39	9.78
EXPORT IMPORT BANK OF INDIA	770,000	82,864,403	2.77	2.88
		<b>364,033,319</b>	<b>12.16</b>	<b>12.66</b>
<b>CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, ROADS, OTHER VEHICULAR AND PEDESTRIAN WAYS, HIGHWAYS, BRIDGES, TUNNELS AND SUBWAYS</b>				
NATIONAL HIGHWAYS AUTHORITY OF INDIA	2,740,000	282,760,306	9.44	9.84
		<b>282,760,306</b>	<b>9.44</b>	<b>9.84</b>
<b>OTHER CREDIT GRANTING</b>				
RURAL ELECTRIFICATION CORPORATION LIMITED	1,560,000	160,970,298	5.38	5.60
POWER FINANCE CORPORATION LTD.	1,090,000	111,424,731	3.72	3.88
INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.	50,000	4,994,270	0.17	0.17
		<b>277,389,299</b>	<b>9.27</b>	<b>9.65</b>
<b>PASSENGER RAIL TRANSPORT</b>				
INDIAN RAILWAY FINANCE CORPORATION LTD.	2,600,000	271,625,277	9.07	9.45
		<b>271,625,277</b>	<b>9.07</b>	<b>9.45</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME C - TIER II  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	6 48 35 072	6 10 38 101	5 61 31 569
Reserves and Surplus	2	10 05 71 386	8 61 19 470	7 29 20 925
Current Liabilities and Provisions	3	23 91 751	3 60 599	3 06 888
<b>Total</b>		<b>16 77 98 209</b>	<b>14 75 18 170</b>	<b>12 93 59 382</b>
<b>Assets</b>				
Investments	4	16 28 28 467	14 28 87 201	12 48 11 020
Deposits	5	-	-	96 609
Other Current Assets	6	49 69 742	46 30 969	44 51 753
<b>Total</b>		<b>16 77 98 209</b>	<b>14 75 18 170</b>	<b>12 93 59 382</b>
(a) Net assets as per Balance Sheets		16 54 06 458	14 71 57 571	12 90 52 494
(b) Number of units outstanding		64 83 507	61 03 810	56 13 157
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME C - TIER II  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		-	-	-
Interest		58 14 623	51 76 468	46 16 684
Profit on sale/redemption of investments		82 115	73 578	86 373
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		41 06 307	29 15 087	40 26 457
Other income				
- Miscellaneous Income		4	5	34
<b>Total Income (A)</b>		<b>1 00 03 049</b>	<b>81 65 138</b>	<b>87 29 548</b>
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		2 79 510	12 23 344	13 910
Loss on sale/redemption of investments		1 738	-	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		9 246	8 232	6 990
NPS Trust fees		3 918	1 217	1 832
Custodian fees (including GST)		1 948	2 497	2 205
Depository and settlement charges (including GST)		1 554	863	784
CRA Fees		13 686	11 530	10 989
Less: Amount recoverable on sale of units on account of CRA Charges		( 13 686)	( 11 530)	( 10 989)
Provision for Non-Performing Assets		8 10 000	3 40 000	-
Other Expenses		203	-	-
<b>Total Expenditure (B)</b>		<b>11 08 117</b>	<b>15 76 153</b>	<b>25 721</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>88 94 932</b>	<b>65 88 985</b>	<b>87 03 827</b>
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		( 38 26 797)	( 16 91 743)	( 6 16 338)
Less: Amount transferred (to) / from General Reserve		( 50 68 135)	( 48 97 242)	( 80 87 489)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME C - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	6 10 38 101	5 61 31 569	5 22 28 953
Add :Units issued during the year	1 47 69 907	1 34 94 629	1 23 32 698
Less: Units redeemed during the year	(1 09 72 936)	( 85 88 097)	( 84 30 082)
<b>Outstanding at the end of the year</b>	<b>6 48 35 072</b>	<b>6 10 38 101</b>	<b>5 61 31 569</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	61 03 810	56 13 157	52 22 895
Add :Units issued during the year	14 76 990	13 49 463	12 33 270
Less: Units redeemed during the year	( 10 97 293)	( 8 58 810)	( 8 43 008)
<b>Outstanding units at the end of the year</b>	<b>64 83 507</b>	<b>61 03 810</b>	<b>56 13 157</b>
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	5 02 54 693	4 36 45 133	3 88 25 432
Add: Premium on Units issued	2 18 71 617	1 84 26 255	1 50 26 943
Less: Premium on Units redeemed	(1 63 14 633)	(1 18 16 695)	(1 02 07 242)
Add: Transfer from General Reserve	-	-	-
<b>Closing Balance</b>	<b>5 58 11 677</b>	<b>5 02 54 693</b>	<b>4 36 45 133</b>
<b>General Reserve</b>			
Opening Balance	3 35 56 696	2 86 59 454	2 05 71 965
Add: Transfer from Revenue Account	50 68 135	48 97 242	80 87 489
Less: Transfer to Unit Premium Reserve	-	-	-
<b>Closing Balance</b>	<b>3 86 24 831</b>	<b>3 35 56 696</b>	<b>2 86 59 454</b>
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	23 08 081	6 16 338	-
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	38 26 797	16 91 743	6 16 338
<b>Closing Balance</b>	<b>61 34 878</b>	<b>23 08 081</b>	<b>6 16 338</b>
<b>Total</b>	<b>10 05 71 386</b>	<b>8 61 19 470</b>	<b>7 29 20 925</b>
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	7 271	6 940	5 484
Book Overdraft	-	-	-
Redemption Payable	23 84 292	3 53 487	3 01 247
TDS Payable	188	172	157
Contracts for Purchase of Investments	-	-	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	<b>23 91 751</b>	<b>3 60 599</b>	<b>3 06 888</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME C - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	-	-	-
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	16 04 27 262	14 23 25 916	12 31 78 089
Central and State Government Securities (including treasury bills)	-	-	-
Commercial Paper	-	-	-
AIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/ Commercial mortgage based Securities or Residential mortgage based securitie	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	24 01 205	8 11 285	13 32 931
Non Convertible Debentures classified as NPA	11 50 000	90 000	3 00 000
Less: Provision on Non performing investment	( 11 50 000)	( 3 40 000)	-
<b>Total</b>	<b>16 28 28 467</b>	<b>14 28 87 201</b>	<b>12 48 11 020</b>

Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	-	-	96 609
<b>Total</b>	<b>-</b>	<b>-</b>	<b>96 609</b>

Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	-	-	1 73 916
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	1 97 705	1 97 705	51 359
Less: Provision for interest on Non-Performing Investment	( 1 97 705)	( 1 97 705)	( 51 359)
Outstanding and accrued income	49 69 742	46 30 969	42 77 837
Dividend Receivable	-	-	-
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	-	-
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
<b>Total</b>	<b>49 69 742</b>	<b>46 30 969</b>	<b>44 51 753</b>

## NATIONAL PENSION SYSTEM TRUST

### NPS Trust – A/C UTI Retirement Solutions Scheme C – Tier II

#### SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

##### A. Background

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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 instruct 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 14<sup>th</sup> December, 2009.
3. **Investment pattern to be followed as per the PFRDA Regulations:**
  - (a) Listed (or proposed to be listed in case of fresh issue) debt securities issued by bodies corporate, including banks and public financial institutions (Public Financial Institutions as defined under Section 2 of the Companies Act, 2013), 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.

- (d) Term deposit Receipts of not less than one year duration issued by scheduled commercial banks, which satisfy the following conditions on the basis of published annual report(s) for the most recent years, as required to have been published by them under law:
  - (i) Having declared profit in the immediately preceding three financial years;
  - (ii) maintaining a minimum Capital to Risk Weighted Assets Ratio of 9%, or mandated by prevailing RBI norms, whichever is higher;
  - (iii) having net non-performing assets of not more than 4% of the net advances;
  - (iv) having a minimum net worth of not less than Rs. 200 crores.
- (e) Units of Debt Mutual Funds as regulated by Securities and Exchange Board of India;
- (f) The following infrastructure related debt instruments:
  - (i) Listed (or proposed to be listed in case of fresh issue) debt securities issued by body corporates engaged mainly in the business of development or operation and maintenance of infrastructure, or development, construction or finance of low cost housing.
  - (ii) Infrastructure and affordable housing Bonds issued by any scheduled commercial bank, which meets the conditions specified in (ii) (d) above.
  - (iii) Listed (or proposed to be listed in case of fresh issue) securities issued by Infrastructure debt funds operating as a Non – Banking Financial Company and regulated by Reserve Bank of India.
  - (iv) Listed (or proposed to be listed in case of fresh issue) units issued by Infrastructure Debt Funds operating as a Mutual Fund and regulated by Securities and Exchange Board of India.

It is further clarified that, barring exceptions mentioned above, for the purpose of this sub – category (f), a sector shall be treated as part of infrastructure as per Government of India's harmonized master list of infrastructure sub – sectors.

- (g) Listed and proposed to be listed Credit Rated Municipal Bonds

Provided that the investment under sub – categories (a), (b), (f) (i) to (iv) and (g) of this category no. (ii) shall be made only in such securities which have minimum AA rating or equivalent in the applicable rating scale from

at least two credit rating agencies registered with the Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agency) Regulation, 1999.

Provided further that in case of the sub – category (f) (iii) the rating shall relate to the Non – Banking Financial Company and for the sub – category (f) (iv) the ratings shall relate to the investment in eligible securities rated above investment grade of the scheme of the fund.

Provided further that if the securities / entities have been rated by more than two rating agencies, the two lowest of all the ratings shall be considered.

Provided further that investments under this category requiring a minimum AA rating, as specified above, shall be permissible in securities having investment grade rating below AA in case the risk of default for such securities is fully covered with Credit Default Swaps (CDSs) issued under Guidelines of the Reserve Bank of India and purchased alongwith the underlying securities. Purchase amount of such Swaps shall be considered to be investment made under this category.

For sub – category (c), a single rating of AA or above by a domestic or international rating agency will be acceptable.

It is clarified that debt securities covered under category (i) (b) above are excluded from this category.

**Miscellaneous Investments (upto 5%)**

- (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.

Provided that investment under this category shall only be in listed infrastructure or fresh issues that are proposed to be listed.

Provided further that investment under this category shall be made only in such securities which have minimum AA or equivalent rating in the applicable rating scale from at least two credit rating agencies registered under Securities and Exchange Board of India (Credit Rating Agency) Regulations, 1999.

Provided further that in case of the sub - category (a) and (d) the rating shall relate to the rating of the sponsor entity floating the trust. Provided further that if the securities / entities have been rated by more than two rating agencies, the two lowest of the ratings shall be considered.

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

### C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines - 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.

**3. Covid 19 Uncertainties:**

The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.

**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex - date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- f. Investments are reconciled with the custodian records on daily basis.
- g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.

5. **Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology. Due to this revision, investments value are reduced by Rs. 0.07 crores on 31<sup>st</sup> March, 2020.

Investments are valued using the price determined in the following manner:

**A) Valuation of Debt Instruments**

**I) Valuation Policy up to 31<sup>st</sup> December, 2019**

**a. Debentures, corporate bonds, commercial papers and certificate of deposits:**

- ii. Debt securities (other than Government Securities) with a residual maturity over 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads over the benchmark rate to arrive at the yield for pricing the security. The spreads and benchmark rates are used from aggregated CRISIL and ICRA daily matrices.
- iii. Debt securities (other than Government securities) with a residual maturity up to 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.
- iv. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- v. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- vi. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
- viii. Partly paid bonds are valued at cost till it is fully paid.

- ix. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
  - x. 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.
- b. **Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

### **a) Valuation of Debt Securities (other than government securities)**

Debt securities are valued at clean price, which means excluding accrued interest component of the security. If corporate bonds and debentures are quoted cum interest on the exchange, the valuation is done by excluding the accrued interest portion (i.e. from the last due date of interest till date) from the quoted price, since the interest is accrued and accounted separately on a daily basis.

#### **i) All Instruments/Securities with residual maturity of more than 30 days :**

- a. In respect of the Traded Securities, the traded price are taken subject to the fulfilment of the conditions practiced/adopted by the valuation agency after consultation with NPS Trust and PF's.
- b. In respect of the non traded Securities, the securities are valued on the basis of scrip level prices released by the valuation agency in consultation with NPS Trust and PF's.
- c. In case of new security purchased for which price is not available, such security valued on the basis of scrip level price (for coupon bearing securities) / scrip level yield (for discounted securities) at which the securities are purchased.

#### **ii) All Instruments/Securities with residual maturity of upto 30 days:** The securities are valued by amortisation on a straight-line basis to maturity from last valuation price as long as it is within the prescribed range, (presently $\pm 0.025\%$ , i.e. $\pm 2.5$ basis points) of the reference price provided by the valuation agency.

- b) **Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

**Valuation policy for securities below investment grade (securities which were of investment grade at the time of purchase but which have fallen below the investment grade):**

In the cases of securities below BBB -, the same are valued as below:

All non-investment grade debt securities except with default rating (other than Government securities) and securities where credit rating agencies have suspended the ratings but are performing assets as per PFRDA guidelines are valued at a discount of 25% of the face value.

All non-investment grade debt securities (other than Government securities) not covered above are valued at the indicative haircut matrix or price provided by the valuation agency. In case the security is traded where the haircut has been applied, lower of the haircut matrix based price and trade price are considered.

6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

7. **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 re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

Written-back of provisioning of interest: Upon reclassification of assets as 'performing asset'

- i) In case an issuer has fully cleared all the arrears of interest, the interest provisions 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 asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

Further, PFRDA has specifically issued guideline for valuation of IL&PS bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest vide their letter no. 1/16/2018-NPSI/11514 dated 6th August, 2019 which is attached herewith.

**8. Income Recognition:**

- a. Dividend income is accrued on the "ex-dividend" date.
- b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- e. Profit /Loss of sale of Investment
  - 1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.

2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.

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

10. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after each subscription / redemption.

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

Based on the confirmation from CRA the number of units as at the year end are 6483502.4291 and the balance 4.6131 have been identified as residual units with CRA.

E. **Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01 %	0.01 %	₹ 9,246	₹ 8,232

\* excluding GST

\*\* including GST

F. **NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005 %	0.005 %	₹ 3,918	₹ 1,217

- G. Purchase/Sale of Investments:** The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

₹ in Crores							
Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
8.70	55.49	6.91	44.09	29.20	261.10	27.14	242.64

- H.** The aggregate value of non-traded investments (other than Government Securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ 7.42 Crores. (Previous Period ₹ 7.78 Crore).

**I. Net Asset Value:**

Current Period	Previous Period
As on 31st March, 2020	As on 30th Sept, 2019
₹ 25.5118	₹ 24.1091

- J. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
1.00	6.38	0.11	0.71	0.82	5.85	0.16	1.13

**K. 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.

**L. Income Taxes:**

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

**M. Non-Performing Assets:**

As per PFRDA (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<sup>st</sup> March, 2020 is as under:

Particular	As on 31st March, 2020****	As on 30th Sept, 2019****
Book Value (₹)	11,50,000	3,40,000
Provision for NPA (₹)	11,50,000	3,40,000
Carrying Cost (₹)	-	-
Market Value (₹)***	-	-
% of NPA (Gross) to AUM	0.70	0.23

\*\*\* Investment is not traded, hence market value is not ascertainable.

\*\*\*\* As per board of director direction, 100% provision has been made on IL&FS Limited and IL&FS Financial Services Limited.

**N. Other disclosures:**

Particulars	Current Period	Previous Period
Contingent liabilities	Nil	Nil
Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest	Nil	Nil

**O. Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

Name of Scheme	₹ in Crores			
	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 7.05	₹ 0.24	₹ 27.08	₹ 0.08

**P. Portfolio:** Industry wise classification where industry exposure % to total exposure in investment category  $\geq 5\%$  as on 31<sup>st</sup> March, 2020 is given in Annexure A.

**Q.** The Previous Period figures are regrouped/ reclassified, wherever necessary.

# ANNEXURE A

Industry wise classification where industry exposure % to total exposure in investment category is >= 5%

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>DEBENTURES &amp; BONDS</b>				
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
AXIS BANK LTD.	130,000	13,676,617	8.27	8.46
ICICI BANK LTD.	80,000	8,305,604	5.02	5.14
HDFC BANK LTD.	70,000	7,295,778	4.41	4.52
KOTAK MAHINDRA BANK LTD.	10,000	1,034,878	0.63	0.64
IDFC BANK LIMITED	10,000	988,132	0.60	0.61
		<b>31,301,009</b>	<b>18.93</b>	<b>19.37</b>
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
LIC HOUSING FINANCE LTD.	120,000	12,352,113	7.47	7.64
HOUSING AND URBAN DEVELOPMENT CORPORATION	80,000	8,669,940	5.24	5.37
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	50,000	5,093,777	3.08	3.15
		<b>26,115,830</b>	<b>15.79</b>	<b>16.16</b>
<b>OTHER CREDIT GRANTING</b>				
RURAL ELECTRIFICATION CORPORATION LIMITED	90,000	9,164,010	5.54	5.67
POWER FINANCE CORPORATION LTD.	80,000	8,253,745	4.99	5.11
		<b>17,417,755</b>	<b>10.53</b>	<b>10.78</b>
<b>OTHER MONETARY INTERMEDIATION SERVICES N.E.C.</b>				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	130,000	13,806,944	8.35	8.55
EXPORT IMPORT BANK OF INDIA	30,000	3,190,062	1.93	1.97
		<b>16,997,006</b>	<b>10.28</b>	<b>10.52</b>
<b>PASSENGER RAIL TRANSPORT</b>				
INDIAN RAILWAY FINANCE CORPORATION LTD.	140,000	14,612,199	8.83	9.04
		<b>14,612,199</b>	<b>8.83</b>	<b>9.04</b>
<b>CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, ROADS, OTHER VEHICULAR AND PEDESTRIAN WAYS, HIGHWAYS, BRIDGES, TUNNELS AND SUBWAYS</b>				
NATIONAL HIGHWAYS AUTHORITY OF INDIA	130,000	13,464,381	8.14	8.33
		<b>13,464,381</b>	<b>8.14</b>	<b>8.33</b>
<b>TRANSMISSION OF ELECTRIC ENERGY</b>				
POWER GRID CORPORATION OF INDIA LTD.	102,000	10,840,374	6.55	6.71
		<b>10,840,374</b>	<b>6.55</b>	<b>6.71</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME G - TIER I  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	188 92 97 599	161 55 14 110	148 72 99 058
Reserves and Surplus	2	290 11 30 498	226 73 11 690	180 92 84 667
Current Liabilities and Provisions	3	50 01 691	19 49 131	4 18 25 230
<b>Total</b>		<b>479 54 29 788</b>	<b>388 47 74 931</b>	<b>333 84 08 955</b>
<b>Assets</b>				
Investments	4	472 08 10 219	382 64 42 149	325 48 23 838
Deposits	5	-	-	2 05 20 290
Other Current Assets	6	7 46 19 569	5 83 32 782	6 30 64 827
<b>Total</b>		<b>479 54 29 788</b>	<b>388 47 74 931</b>	<b>333 84 08 955</b>
(a) Net assets as per Balance Sheets		479 04 28 097	388 28 25 800	329 65 83 725
(b) Number of units outstanding		18 89 29 760	16 15 51 411	14 87 29 906
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME G - TIER I  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		-	-	-
Interest		15 04 41 156	13 23 79 156	10 32 62 353
Profit on sale/redemption of investments		18 89 430	12 22 364	27 51 008
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		8 38 12 552	15 69 93 458	12 69 32 399
Other income				
- Miscellaneous Income		-	59	157
<b>Total Income (A)</b>		<b>23 61 43 138</b>	<b>29 05 95 037</b>	<b>23 29 45 917</b>
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		76 20 129	20 71 558	6 40 221
Loss on sale/redemption of investments		48 705	-	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		2 49 622	2 14 343	1 61 480
NPS Trust fees		1 05 772	32 029	41 210
Custodian fees (including GST)		51 428	64 239	50 736
Depository and settlement charges (including GST)		41 339	15 254	17 907
CRA Fees		14 31 636	12 63 588	11 95 200
Less: Amount recoverable on sale of units on account of CRA Charges		( 14 31 636)	( 12 63 588)	( 11 95 200)
Provision for Non-Performing Assets		-	-	-
Other Expenses		7	-	-
<b>Total Expenditure (B)</b>		<b>81 17 002</b>	<b>23 97 423</b>	<b>9 11 554</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>22 80 26 136</b>	<b>28 81 97 614</b>	<b>23 20 34 363</b>
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		(7 61 92 423)	(15 49 21 900)	( 81 75 679)
Less: Amount transferred (to) / from General Reserve		(15 18 33 713)	(13 32 75 714)	(22 38 58 684)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME G - TIER I  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	161 55 14 110	148 72 99 058	117 87 82 553
Add :Units issued during the year	34 07 44 362	20 09 52 990	34 68 52 225
Less: Units redeemed during the year	(6 69 60 873)	(7 27 37 938)	(3 83 35 720)
Outstanding at the end of the year	<u>188 92 97 599</u>	<u>161 55 14 110</u>	<u>148 72 99 058</u>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	16 15 51 411	14 87 29 906	11 78 78 255
Add :Units issued during the year	3 40 74 436	2 00 95 299	3 46 85 223
Less: Units redeemed during the year	( 66 96 087)	( 72 73 794)	( 38 33 572)
Outstanding units at the end of the year	<u>18 89 29 760</u>	<u>16 15 51 411</u>	<u>14 87 29 906</u>
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	150 73 39 325	133 75 09 916	97 81 62 617
Add: Premium on Units issued	50 43 96 372	26 58 98 957	40 33 76 686
Less: Premium on Units redeemed	(9 86 03 700)	(9 60 69 548)	(4 40 29 387)
Add: Transfer from General Reserve	-	-	-
Closing Balance	<u>191 31 31 997</u>	<u>150 73 39 325</u>	<u>133 75 09 916</u>
<b>General Reserve</b>			
Opening Balance	59 68 74 786	46 35 99 072	23 97 40 388
Add: Transfer from Revenue Account	15 18 33 713	13 32 75 714	22 38 58 684
Less: Transfer to Unit Premium Reserve	-	-	-
Closing Balance	<u>74 87 08 499</u>	<u>59 68 74 786</u>	<u>46 35 99 072</u>
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	16 30 97 579	81 75 679	-
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	7 61 92 423	15 49 21 900	81 75 679
Closing Balance	<u>23 92 90 002</u>	<u>16 30 97 579</u>	<u>81 75 679</u>
<b>Total</b>	<u>290 11 30 498</u>	<u>226 73 11 690</u>	<u>180 92 84 667</u>
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	1 98 957	1 77 440	1 31 801
Book Overdraft	-	-	-
Redemption Payable	47 97 331	17 67 354	16 78 377
TDS Payable	5 403	4 337	3 858
Contracts for Purchase of Investments	-	-	4 00 11 194
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	<u>50 01 691</u>	<u>19 49 131</u>	<u>4 18 25 230</u>



NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME G - TIER I  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	-	-	-
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	-	-	-
Central and State Government Securities (including treasury bills)	456 36 82 279	379 67 12 171	319 17 88 628
Commercial Paper	-	-	-
AIIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/	-	-	-
Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	15 71 27 940	2 97 29 978	6 30 35 210
Non Convertible Debentures classified as NPA	-	-	-
Less: Provision on Non performing investment	-	-	-
<b>Total</b>	<b>472 08 10 219</b>	<b>382 64 42 149</b>	<b>325 48 23 838</b>

Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	-	-	2 05 20 290
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2 05 20 290</b>

Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	1	1	94 86 181
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	-	-	-
Less: Provision for interest on Non-Performing Investment	-	-	-
Outstanding and accrued income	7 11 09 960	5 83 32 781	5 15 78 087
Dividend Receivable	-	-	-
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	35 09 608	-	20 00 559
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
<b>Total</b>	<b>7 46 19 569</b>	<b>5 83 32 782</b>	<b>6 30 64 827</b>

## NATIONAL PENSION SYSTEM TRUST

NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme G – Tier I

### SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

#### A. Background

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 21<sup>st</sup> May, 2009.
3. **Investment pattern to be followed as per PFRDA Regulations:**  
Investments will be in -
  - (a) Government of India Bonds
  - (b) State Government Bonds
4. Contributions to the Scheme by the investors are withdrawable in accordance with the Pension Fund Regulatory and Development Authority Exit and Withdrawals under National Pension System) Regulations, 2015.

### C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.
3. **Covid 19 Uncertainties:**  
The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.

**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex - date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- f. Investments are reconciled with the custodian records on daily basis.
- g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.

- 5. Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology.

Investments are valued using the price determined in the following manner:

## Valuation of Debt Instruments

### I) Valuation Policy up to 31<sup>st</sup> December, 2019

- a. **Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.
- b. **Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

### II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020

- a) **Government Securities:**
    - i) **Securities with residual maturity of more than 30 days :** The security are valued on the basis of scrip level prices released by the valuation agency on the same basis as debt securities maturing greater than 30 days.
    - ii) **Securities with residual maturity of upto 30 days :** The security are valued through amortization on the same basis as debt securities maturing upto 30 days.
  - b) **Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.
6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.
7. **Income Recognition:**
- a. Dividend income is accrued on the "ex-dividend" date.
  - b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of

- sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
  - d. Interest on Fixed Assets is accounted on accrual basis.
  - e. Profit /Loss of sale of Investment
    - 1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
    - 2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.
8. **Computation of Net Asset Value (NAV):** The NAV of the units is determined by dividing the net assets, including investments recognised and valued as per the accounting policies, by the number of outstanding units on the valuation date.
9. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited /debited to Unit Premium Reserve after each subscription /redemption.
- D. Unit Capital:** Units are created and redeemed based on the intimation provided by Central Record Keeping Agency (CRA) and the same are reflected as Unit Capital and the net premium or discount to the face value is transferred to the Unit Premium Reserve.

Based on the confirmation from CRA the number of units as at the year end are 188929684.3675 and the balance 75.4028 have been identified as residual units with CRA.

Total 0.0038 Units are lying in the name of "UOS Suspense PRAN" maintained by CRA. As explained by CRA this is parking account for error rectification. The possible impact, if any, shall be known after completion of identification / reconciliation process.

- E. **Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 2,49,622	₹ 2,14,343

\* excluding GST

\*\* including GST

- F. **NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 1,05,772	₹ 32,029

- G. **Purchase/Sale of Investments:** The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

₹ in Crores							
Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
219.41	51.81	137.78	32.54	465.06	185.98	423.51	169.37

- H. The aggregate value of non-traded investments (other than Government Securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ NIL. (Previous Period ₹ NIL)

- I. **Net Asset Value:**

Current Period	Previous Period
As on 31st March, 2020	As on 30th Sept, 2019
₹ 25.3556	₹ 24.0346



- J. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
23.61	5.58	0.81	0.19	29.06	8.00	0.24	0.07

**K. 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.

**L. Income Taxes:**

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

**M. Other disclosures:**

Particulars	Current Period	Previous Period
Contingent liabilities	Nil	Nil
Non performing investments- Carrying value	Nil	Nil
Non performing investments- Market value	Nil	Nil
Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest	Nil	Nil

- N. Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

Name of Scheme	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 149.32	₹ 15.71	₹ 420.07	₹ 2.97

- O.** The Previous Period figures are regrouped/ reclassified, wherever necessary.

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME G - TIER II  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	9 26 73 397	8 44 07 020	7 39 05 983
Reserves and Surplus	2	14 95 68 091	12 38 72 719	9 45 71 746
Current Liabilities and Provisions	3	67 48 259	2 48 302	13 99 563
<b>Total</b>		<b>24 89 89 747</b>	<b>20 85 28 041</b>	<b>16 98 77 292</b>
<b>Assets</b>				
Investments	4	24 47 79 339	20 51 40 480	16 63 74 538
Deposits	5	-	-	2 66 139
Other Current Assets	6	42 10 408	33 87 561	32 36 615
<b>Total</b>		<b>24 89 89 747</b>	<b>20 85 28 041</b>	<b>16 98 77 292</b>
(a) Net assets as per Balance Sheets		24 22 41 488	20 82 79 739	16 84 77 729
(b) Number of units outstanding		92 67 340	84 40 702	73 90 598
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME G - TIER II  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		-	-	-
Interest		80 18 713	69 13 410	57 16 808
Profit on sale/redemption of investments		95 911	1 16 967	1 15 052
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		54 20 701	78 06 250	74 78 899
Other income				
- Miscellaneous Income		-	5	-
<b>Total Income (A)</b>		<b>1 35 35 325</b>	<b>1 48 36 632</b>	<b>1 33 10 759</b>
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		3 39 973	1 63 252	2 850
Loss on sale/redemption of investments		429	-	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		13 310	11 267	8 891
NPS Trust fees		5 640	1 711	2 312
Custodian fees (including GST)		2 728	3 319	2 762
Depository and settlement charges (including GST)		2 248	1 122	1 004
CRA Fees		18 796	16 237	13 900
Less: Amount recoverable on sale of units on account of CRA Charges		( 18 796)	( 16 237)	( 13 900)
Provision for Non-Performing Assets		-	-	-
Other Expenses		131	-	-
<b>Total Expenditure (B)</b>		<b>3 64 459</b>	<b>1 80 671</b>	<b>17 819</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>1 31 70 866</b>	<b>1 46 55 961</b>	<b>1 32 92 940</b>
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		( 50 80 728)	( 76 42 998)	( 9 05 118)
Less: Amount transferred (to) / from General Reserve		( 80 90 138)	( 70 12 963)	(1 23 87 822)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME G - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	8 44 07 020	7 39 05 983	6 59 17 300
Add :Units issued during the year	2 05 62 845	1 94 70 744	1 67 14 479
Less: Units redeemed during the year	(1 22 96 468)	( 89 69 707)	( 87 25 796)
<b>Outstanding at the end of the year</b>	<b>9 26 73 397</b>	<b>8 44 07 020</b>	<b>7 39 05 983</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	84 40 702	73 90 598	65 91 730
Add :Units issued during the year	20 56 285	19 47 075	16 71 448
Less: Units redeemed during the year	( 12 29 647)	( 8 96 971)	( 8 72 580)
<b>Outstanding units at the end of the year</b>	<b>92 67 340</b>	<b>84 40 702</b>	<b>73 90 598</b>
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	7 57 30 057	6 10 85 045	5 13 04 349
Add: Premium on Units issued	3 16 33 091	2 73 09 492	2 02 31 192
Less: Premium on Units redeemed	(1 91 08 585)	(1 26 64 480)	(1 04 50 496)
Add: Transfer from General Reserve	-	-	-
<b>Closing Balance</b>	<b>8 82 54 563</b>	<b>7 57 30 057</b>	<b>6 10 85 045</b>
<b>General Reserve</b>			
Opening Balance	3 95 94 546	3 25 81 583	2 01 93 761
Add: Transfer from Revenue Account	80 90 138	70 12 963	1 23 87 822
Less: Transfer to Unit Premium Reserve	-	-	-
<b>Closing Balance</b>	<b>4 76 84 684</b>	<b>3 95 94 546</b>	<b>3 25 81 583</b>
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	85 48 116	9 05 118	-
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	50 80 728	76 42 998	9 05 118
<b>Closing Balance</b>	<b>1 36 28 844</b>	<b>85 48 116</b>	<b>9 05 118</b>
<b>Total</b>	<b>14 95 68 091</b>	<b>12 38 72 719</b>	<b>9 45 71 746</b>
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	10 555	9 534	7 056
Bank Overdraft	-	-	-
Redemption Payable	67 37 428	2 38 525	3 66 377
TDS Payable	276	243	202
Contracts for Purchase of Investments	-	-	10 25 928
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	<b>67 48 259</b>	<b>2 48 302</b>	<b>13 99 563</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME G - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	-	-	-
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	-	-	-
Central and State Government Securities (including treasury bills)	23 81 96 577	20 38 66 631	16 35 35 549
Commercial Paper	-	-	-
ALF's (Category I and Category II Only)/RITs/INVITs/Asset Backed Securities/	-	-	-
Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	65 82 762	12 73 849	28 38 989
Non Convertible Debentures classified as NPA	-	-	-
Less: Provision on Non performing investment	-	-	-
<b>Total</b>	<b>24 47 79 339</b>	<b>20 51 40 480</b>	<b>16 63 74 538</b>

Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	-	-	2 66 139
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2 66 139</b>

Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	-	-	3 48 637
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	-	-	-
Less: Provision for interest on Non-Performing Investment	-	-	-
Outstanding and accrued income	39 09 984	33 87 561	28 36 682
Dividend Receivable	-	-	-
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	3 00 424	-	51 296
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
<b>Total</b>	<b>42 10 408</b>	<b>33 87 561</b>	<b>32 36 615</b>

## NATIONAL PENSION SYSTEM TRUST

### NPS Trust – A/C UTI Retirement Solutions Scheme G – Tier II

#### SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

##### A. Background

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 14<sup>th</sup> December, 2009.
3. **Investment pattern to be followed as per PFRDA Regulations:**  
Investments will be in -
  - (a) Government of India Bonds
  - (b) State Government Bonds
4. Contributions to the Scheme by the investors are withdrawable in accordance with the Pension Fund Regulatory and Development Authority Exit and Withdrawals under National Pension System) Regulations, 2015.

### C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.
3. **Covid 19 Uncertainties:**  
The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.



**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex -date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- f. Investments are reconciled with the custodian records on daily basis.
- g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.

- 5. Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology.

Investments are valued using the price determined in the following manner:

**Valuation of Debt Instruments**

**I) Valuation Policy up to 31<sup>st</sup> December, 2019**

- a. **Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.

- b. **Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

### **a) Government Securities:**

- i) **Securities with residual maturity of more than 30 days :** The security are valued on the basis of scrip level prices released by the valuation agency on the same basis as debt securities maturing greater than 30 days.
- ii) **Securities with residual maturity of upto 30 days :** The security are valued through amortization on the same basis as debt securities maturing upto 30 days.

- b) **Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

### **7. Income Recognition:**

- a. Dividend income is accrued on the "ex-dividend" date.
- b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- d. Interest on Fixed Deposits is accounted on accrual basis.

e. Profit / Loss of sale of Investment

1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.

**8. Computation of NAV:** The NAV of the units is determined by dividing the net assets, including investments recognised and valued as per the accounting policies, by the number of outstanding units on the valuation date.

**9. Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after.

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

Based on the confirmation from CRA the number of units as at the year end are 9267334.3032 and the balance 5.2712 have been identified as residual units with CRA.

**E. Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 13,310	₹ 11,267

\* excluding GST

\*\* including GST

- F. **NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 5,640	₹ 1,711

- G. **Purchase/Sale of Investments:** The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

₹ in Crores							
Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
11.93	52.87	8.48	37.60	45.65	327.58	42.55	305.33

- H. The aggregate value of non-traded investments (other than Government Securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ NIL. (Previous Period ₹ NIL)

- I. **Net Asset Value:**

Current Period	Previous Period
As on 31st March, 2020	As on 30th Sept, 2019
₹ 26.1392	₹ 24.6756

- J. **Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
1.35	6.00	0.04	0.16	1.48	7.76	0.02	0.09

**K. 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.

**L. Income Taxes:**

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

**M. Other disclosures:**

Particulars	Current Period	Previous Period
Contingent liabilities	Nil	Nil
Non performing investments- Carrying value	Nil	Nil
Non performing investments- Market value	Nil	Nil
Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest	Nil	Nil

**N. Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

Name of Scheme	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 9.00	₹ 0.66	₹ 42.38	₹ 0.13

**O.** The Previous Period figures are regrouped/ reclassified, wherever necessary.

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME A - TIER I  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	1 58 58 084	1 20 55 866	96 56 744
Reserves and Surplus	2	40 43 899	26 68 051	17 57 130
Current Liabilities and Provisions	3	43 187	61 609	19 511
<b>Total</b>		<b>1 99 45 170</b>	<b>1 47 85 526</b>	<b>1 14 33 385</b>
<b>Assets</b>				
Investments	4	1 99 45 169	1 47 85 526	1 11 44 791
Deposits	5	-	-	1 58 387
Other Current Assets	6	1	-	1 30 207
<b>Total</b>		<b>1 99 45 170</b>	<b>1 47 85 526</b>	<b>1 14 33 385</b>
(a) Net assets as per Balance Sheets		1 99 01 983	1 47 23 917	1 14 13 874
(b) Number of units outstanding		15 85 808	12 05 586	9 65 674
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME A - TIER I  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		-	-	-
Interest		-	107	30
Profit on sale/redemption of investments		99 363	56 077	56 034
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		3 60 206	3 75 960	2 32 111
Other income		-	-	-
- Miscellaneous Income		-	-	8
<b>Total Income (A)</b>		<b>4 59 569</b>	<b>4 32 144</b>	<b>2 88 183</b>
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		-	-	-
Loss on sale/redemption of investments		-	-	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		990	781	451
NPS Trust fees		419	119	106
Custodian fees (including GST)		-	-	-
Depository and settlement charges (including GST)		-	-	-
CRA fees		10 247	8 725	6 983
Less: Amount recoverable on sale of units on account of CRA Charges		( 10 247)	( 8 725)	( 6 983)
Provision for Non-Performing Assets		-	-	-
Other Expenses		11	-	-
<b>Total Expenditure (B)</b>		<b>1 420</b>	<b>900</b>	<b>557</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>4 58 149</b>	<b>4 31 244</b>	<b>2 87 626</b>
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		( 3 60 206)	( 3 75 960)	( 2 32 111)
Less: Amount transferred (to) / from General Reserve		( 97 943)	( 55 284)	( 55 515)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME A - TIER I  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	1 20 55 866	96 56 744	50 30 197
Add :Units issued during the year	50 88 349	34 76 758	49 80 158
Less: Units redeemed during the year	( 12 86 131)	( 10 77 636)	( 3 53 611)
<b>Outstanding at the end of the year</b>	<b>1 58 58 084</b>	<b>1 20 55 866</b>	<b>96 56 744</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	12 05 586	9 65 674	5 03 020
Add :Units issued during the year	5 08 835	3 47 676	4 98 016
Less: Units redeemed during the year	( 1 28 613)	( 1 07 764)	( 35 362)
<b>Outstanding units at the end of the year</b>	<b>15 85 808</b>	<b>12 05 586</b>	<b>9 65 674</b>
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	16 70 901	11 91 224	4 19 250
Add: Premium on Units issued	12 29 473	6 95 897	8 29 712
Less: Premium on Units redeemed	( 3 11 774)	( 2 16 220)	( 57 738)
Add: Transfer from General Reserve	-	-	-
<b>Closing Balance</b>	<b>25 88 600</b>	<b>16 70 901</b>	<b>11 91 224</b>
<b>General Reserve</b>			
Opening Balance	3 86 011	3 30 727	2 75 212
Add: Transfer from Revenue Account	97 943	55 284	55 515
Less: Transfer to Unit Premium Reserve	-	-	-
<b>Closing Balance</b>	<b>4 83 954</b>	<b>3 86 011</b>	<b>3 30 727</b>
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	6 11 139	2 35 179	3 068
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	3 60 206	3 75 960	2 32 111
<b>Closing Balance</b>	<b>9 71 345</b>	<b>6 11 139</b>	<b>2 35 179</b>
<b>Total</b>	<b>40 43 899</b>	<b>26 68 051</b>	<b>17 57 130</b>
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	563	496	262
Bank Overdraft	-	-	-
Redemption Payable	42 607	61 101	19 240
TDS Payable	17	12	9
Contracts for purchase of investments	-	-	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	<b>43 187</b>	<b>61 609</b>	<b>19 511</b>



NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME A - TIER I  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	-	-	-
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	-	-	-
Central and State Government Securities (including treasury bills)	-	-	-
Commercial Paper	-	-	-
ALF's (Category I and Category II Only)/RI ITs/INVITs/Asset Backed Securities/	-	-	-
Commercial mortgage based Securities or Residential mortgage based securities:	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	1 99 45 169	1 47 85 526	1 11 44 791
Non Convertible Debentures classified as NPA	-	-	-
Less: Provision on Non performing investment	-	-	-
<b>Total</b>	<b>1 99 45 169</b>	<b>1 47 85 526</b>	<b>1 11 44 791</b>

Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	-	-	1 58 387
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1 58 387</b>

Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	1	-	1 30 177
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	-	-	-
Less: Provision for interest on Non-Performing Investment	-	-	-
Outstanding and accrued income	-	-	30
Dividend Receivable	-	-	-
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	-	-
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>1 30 207</b>

## NATIONAL PENSION SYSTEM TRUST

### NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme A – Tier I

#### SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

##### A. Background

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 14<sup>th</sup> October, 2016.
3. **Investment pattern to be followed as per PFRDA Regulations:**
  - a. Commercial mortgage based securities or Residential mortgaged based securities
  - b. Units issued by Real Estate Investment Trusts regulated by the Securities and Exchange Board of India (SEBI)
  - c. Asset backed securities regulated by the SEBI.
  - d. Units issued by Infrastructure Investment Trusts regulated by the SEBI.
  - e. Alternative Investment Funds (AIF Category I & II) registered with SEBI.
4. Contributions to the Scheme by the investors are withdrawable in accordance with the Pension Fund Regulatory and Development Authority Exit and Withdrawals under National Pension System) Regulations, 2015.

### C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines - 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.
3. **Covid 19 Uncertainties:**  
The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.

**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex - date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- f. Investments are reconciled with the custodian records on daily basis.
- g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.

- 5. Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology.

Investments are valued using the price determined in the following manner:

**A) Valuation of Debt Instruments**

**I) Valuation Policy up to 31<sup>st</sup> December, 2019**

- a. **Debentures, corporate bonds, commercial papers and certificate of deposits:**
  - ii. Debt securities (other than Government Securities) with a residual maturity over 60 days are valued at NSI/BSI weighted average traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads

over the benchmark rate to arrive at the yield for pricing the security. The spreads and benchmark rates are used from aggregated CRISIL and ICRA daily matrices.

- iii. Debt securities (other than Government securities) with a residual maturity up to 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.
  - iv. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
  - v. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
  - vi. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
  - vii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
  - viii. Partly paid bonds are valued at cost till it is fully paid.
  - ix. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
  - x. 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.
- b. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

### **a) Valuation of Debt Securities (other than government securities)**

Debt securities are valued at clean price, which means excluding accrued interest component of the security. If corporate bonds and debentures are quoted cum interest on the exchange, the valuation is done by excluding the accrued interest portion (i.e. from the last due

date of interest till date) from the quoted price, since the interest is accrued and accounted separately on a daily basis.

**i) All Instruments/Securities with residual maturity of more than 30 days :**

- a. In respect of the Traded Securities, the traded price are taken subject to the fulfilment of the conditions practiced/adopted by the valuation agency after consultation with NPS Trust and PFs.
- b. In respect of the non traded Securities, the securities are valued on the basis of scrip level prices released by the valuation agency in consultation with NPS Trust and PFs.
- c. In case of new security purchased for which price is not available, such security valued on the basis of scrip level price (for coupon bearing securities) / scrip level yield (for discounted securities) at which the securities are purchased.

**ii) All Instruments/Securities with residual maturity of upto 30 days:** The securities are valued by amortisation on a straight-line basis to maturity from last valuation price as long as it is within the prescribed range, (presently  $\pm 0.025\%$ , i.e.  $\pm 2.5$  basis points) of the reference price provided by the valuation agency.

**b) Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

**Valuation policy for securities below investment grade (securities which were of investment grade at the time of purchase but which have fallen below the investment grade):**

In the cases of securities below BBB -, the same are valued as below:

All non-investment grade debt securities except with default rating (other than Government securities) and securities where credit rating agencies have suspended the ratings but are performing assets as per PFRDA guidelines are valued at a discount of 25% of the face value.

All non-investment grade debt securities (other than Government securities) not covered above are valued at the indicative haircut matrix or price provided by the valuation agency. In case the security is traded where the haircut has been applied, lower of the haircut matrix based price and trade price are considered.

6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

**7. Income Recognition:**

- a. Dividend income is accrued on the "ex-dividend" date.
- b. Interest on interest – bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- e. Profit /Loss of sale of Investment
  1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
  2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.

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

**9. Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after each subscription / redemption.

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

Based on the confirmation from CRA the number of units as at the year end are 1585806.6444 and the balance 1.5724 have been identified as residual units with CRA.



- E. Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 990	₹ 781

\* excluding GST

\*\* including GST

- F. NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 419	₹ 119

- G. Purchase/Sale of Investments:** During the period, investments were made only in Liquid Mutual Funds. The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

₹ in Crores							
Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
0.68	40.49	0.21	12.53	0.50	79.22	0.18	28.46

- H.** The aggregate value of non-traded investments (other than Government Securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ NIL. (Previous Period ₹ NIL).

- I. Net Asset Value:**

Current Period				Previous Period			
As on 31st March, 2020				As on 30th Sept, 2019			
₹ 12.5500				₹ 12.2130			

- J. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹	%	₹	%	₹	%	₹	%
4,59,569	2.73	1,420	0.01	4,32,144	3.26	900	0.01

**K. 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.

**L. Income Taxes:**

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

**M. Other disclosures:**

Particulars	Current Period	Previous Period
Contingent liabilities	Nil	Nil
Non performing investments- Carrying value	Nil	Nil
Non performing investments- Market value	Nil	Nil
Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest	Nil	Nil

The total AUM of Scheme - A Tier - I as on 31st March 2020 is only Rs 1.99 cr approx, which is very small to deploy in alternate investment assets. Although the Scheme objective is to invest in Alternate Investment Assets, the alternate investment assets are illiquid in nature and it is difficult to exit from such investments (which are in small odd lot size) to generate liquidity to meet redemption / switch of PFM as per the needs of investors. The investment options in asset class A are also very few in number. Hence, the amount received under the said scheme has been invested in liquid funds keeping in mind the interest of subscribers. The NPS Trust is also aware of this issue.

**N. Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

Name of Scheme	₹ in Crores			
	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 0.68	₹ 1.99	₹ 0.50	₹ 1.48

**O. Portfolio:** Industry wise classification where industry exposure % to total exposure in investment category  $\geq 5\%$  as on 31<sup>st</sup> March, 2020 is Nil.**P.** The Previous Period figures are regrouped/ reclassified, wherever necessary.

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME A - TIER II  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	-	-	-
Reserves and Surplus	2	-	-	-
Current Liabilities and Provisions	3	-	-	-
<b>Total</b>		-	-	-
<b>Assets</b>				
Investments	4	-	-	-
Deposits	5	-	-	-
Other Current Assets	6	-	-	-
<b>Total</b>		-	-	-
(a) Net assets as per Balance Sheets		-	-	-
(b) Number of units outstanding		-	-	-
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME A - TIER II  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		-	-	-
Interest		-	-	-
Profit on sale/redemption of investments		-	-	-
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		-	-	-
Other income		-	-	-
- Miscellaneous Income		-	-	-
<b>Total Income (A)</b>		-	-	-
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		-	-	-
Loss on sale/redemption of investments		-	-	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		-	-	-
NPS Trust fees		-	-	-
Custodian fees (including GST)		-	-	-
Depository and settlement charges (including GST)		-	-	-
CRA Fees		-	-	-
Less: Amount recoverable on sale of units on account of CRA Charges		-	-	-
Provision for Non-Performing Assets		-	-	-
Other Expenses		-	-	-
<b>Total Expenditure (B)</b>		-	-	-
<b>Surplus/(Deficit) for the year (A-B)</b>		-	-	-
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		-	-	-
Less: Amount transferred (to) / from General Reserve		-	-	-
<b>Amount carried forward to Balance Sheet</b>		-	-	-
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME A - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	-	-	-
Add :Units issued during the year	-	-	-
Less: Units redeemed during the year	-	-	-
<b>Outstanding at the end of the year</b>	-	-	-
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	-	-	-
Add :Units issued during the year	-	-	-
Less: Units redeemed during the year	-	-	-
<b>Outstanding units at the end of the year</b>	-	-	-
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	-	-	-
Add: Premium on Units issued	-	-	-
Less: Premium on Units redeemed	-	-	-
Add: Transfer from General Reserve	-	-	-
<b>Closing Balance</b>	-	-	-
<b>General Reserve</b>			
Opening Balance	-	-	-
Add: Transfer from Revenue Account	-	-	-
Less: Transfer to Unit Premium Reserve	-	-	-
<b>Closing Balance</b>	-	-	-
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	-	-	-
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	-	-	-
<b>Closing Balance</b>	-	-	-
<b>Total</b>	-	-	-
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	-	-	-
Bank Overdraft	-	-	-
Redemption Payable	-	-	-
TDS Payable	-	-	-
Contracts for purchase of investments	-	-	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	-	-	-

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME A - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	-	-	-
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	-	-	-
Central and State Government Securities (including treasury bills)	-	-	-
Commercial Paper	-	-	-
AIIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/	-	-	-
Commercial mortgage based Securities or Residential mortgage based securitie	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<hr/>			
Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<hr/>			
Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	-	-	-
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	-	-	-
Less: Provision for interest on Non-Performing Investment	-	-	-
Outstanding and accrued income	-	-	-
Dividend Receivable	-	-	-
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	-	-
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NATIONAL PENSION SYSTEM TRUST

### NPS Trust – A/C UTI Retirement Solutions Scheme A – Tier II

#### SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

##### A. Background

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 20<sup>th</sup> October, 2016.
3. **Investment pattern to be followed as per PFRDA Regulations:**
  - a. Commercial mortgage based securities or Residential mortgaged based securities
  - b. Units issued by Real Estate Investment Trusts regulated by the Securities and Exchange Board of India (SEBI)
  - c. Asset backed securities regulated by the SEBI.
  - d. Units issued by Infrastructure Investment Trusts regulated by the SEBI.
  - e. Alternative Investment Funds (AIF Category I & II) registered with SEBI.



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

### C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.
3. **Covid 19 Uncertainties:**  
The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.

**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex – date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- f. Investments are reconciled with the custodian records on daily basis.
- g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.

- 5. Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology.

Investments are valued using the price determined in the following manner:

**A) Valuation of Debt Instruments**

**I) Valuation Policy up to 31<sup>st</sup> December, 2019**

- a. **Debentures, corporate bonds, commercial papers and certificate of deposits:**
  - ii. Debt securities (other than Government Securities) with a residual maturity over 60 days are valued at NSI/BSI weighted average

traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads over the benchmark rate to arrive at the yield for pricing the security. The spreads and benchmark rates are used from aggregated CRISIL and ICRA daily matrices.

- iii. Debt securities (other than Government securities) with a residual maturity up to 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.
- iv. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- v. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- vi. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
- viii. Partly paid bonds are valued at cost till it is fully paid.
- ix. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
- x. 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.

- b. **Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

**a) Valuation of Debt Securities (other than government securities)**

Debt securities are valued at clean price, which means excluding accrued interest component of the security. If corporate bonds and debentures are quoted cum interest on the exchange, the valuation is done by excluding the accrued interest portion (i.e. from the last due date of interest till date) from the quoted price, since the interest is accrued and accounted separately on a daily basis.

**i) All Instruments/Securities with residual maturity of more than 30 days :**

- a.** In respect of the Traded Securities, the traded price are taken subject to the fulfilment of the conditions practiced/adopted by the valuation agency after consultation with NPS Trust and PIs.
- b.** In respect of the non traded Securities, the securities are valued on the basis of scrip level prices released by the valuation agency in consultation with NPS Trust and PIs.
- c.** In case of new security purchased for which price is not available, such security valued on the basis of scrip level price (for coupon bearing securities) / scrip level yield (for discounted securities) at which the securities are purchased.

**ii) All Instruments/Securities with residual maturity of upto 30 days:** The securities are valued by amortisation on a straight-line basis to maturity from last valuation price as long as it is within the prescribed range, (presently  $\pm 0.025\%$ , i.e.  $\pm 2.5$  basis points) of the reference price provided by the valuation agency.

**b) Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

**Valuation policy for securities below investment grade (securities which were of investment grade at the time of purchase but which have fallen below the investment grade):**

In the cases of securities below BBB -, the same are valued as below:

All non-investment grade debt securities except with default rating (other than Government securities) and securities where credit rating agencies have suspended the ratings but are performing assets as per PFRDA guidelines are valued at a discount of 25% of the face value.

All non-investment grade debt securities (other than Government securities) not covered above are valued at the indicative haircut matrix or price provided by the valuation agency. In case the security is traded where the haircut has been applied, lower of the haircut matrix based price and trade price are considered.

6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.
7. **Income Recognition:**
  - a. Dividend income is accrued on the “ex-dividend” date.
  - b. Interest on interest – bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
  - c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
  - d. Interest on Fixed Deposits is accounted on accrual basis.
  - e. Profit /Loss of sale of Investment
    1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
    2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.
8. **Computation of Net Asset Value (NAV):** The NAV of the units is determined by dividing the net assets, including investments recognised and valued as per the accounting policies, by the number of outstanding units on the valuation date.
9. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after each subscription / redemption.
- D. **Unit Capital:** Units are created and redeemed based on the intimation provided by Central Record Keeping Agency (CRA) and the same are reflected as Unit Capital and the net premium or discount to the face value is transferred to the Unit Premium Reserve.

- E. Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees**	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ NIL	₹ NIL

\* excluding GST

\*\* including GST

- F. NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ NIL	₹ NIL

- G. Purchase/Sale of Investments:** During the period, investments were made only in Liquid Mutual Funds. The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

₹ in Crores

- H.** The aggregate value of non-traded investments (other than Government Securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ NIL. (Previous Period ₹ NIL)

- I. Net Asset Value:**

Current Period	Previous Period
As on 31st March, 2020	As on 30th Sept, 2019
₹ 10.0000	₹ 10.0000

- J. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹	%	₹	%	₹	%	₹	%
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

**K. 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.

**L. Income Taxes:**

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

**M. Other disclosures:**

Particulars	Current Period	Previous Period
Contingent liabilities	Nil	Nil
Non performing investments- Carrying value	Nil	Nil
Non performing investments- Market value	Nil	Nil
Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest	Nil	Nil

- N. Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

Name of Scheme	₹ in Crores			
	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ NIL	₹ NIL	₹ NIL	₹ NIL

- O. Portfolio:** Industry wise classification where industry exposure % to total exposure in investment category  $\geq 5\%$  as on 31<sup>st</sup> March, 2020 is Nil.
- P.** The Previous Period figures are regrouped/ reclassified, wherever necessary.

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	15631 77 63 647	14397 23 89 415	13267 21 80 555
Reserves and Surplus	2	30469 90 80 439	27329 91 82 770	23294 06 49 019
Current Liabilities and Provisions	3	2 62 61 837	21 60 19 875	5 13 27 860
<b>Total</b>		<b>46104 31 05 923</b>	<b>41748 75 92 060</b>	<b>36566 41 57 434</b>
<b>Assets</b>				
Investments	4	45140 41 68 074	40723 69 52 504	35627 64 01 227
Deposits	5	82 10 000	100 00 00 000	128 18 51 360
Other Current Assets	6	963 07 27 849	925 06 39 556	810 59 04 847
<b>Total</b>		<b>46104 31 05 923</b>	<b>41748 75 92 060</b>	<b>36566 41 57 434</b>
(a) Net assets as per Balance Sheets		46101 68 44 086	41727 15 72 185	36561 28 29 574
(b) Number of units outstanding		1563 17 76 364	1439 72 38 941	1326 72 18 055
Significant Accounting Policies and Notes to Accounts	7			



NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		32 15 40 194	43 74 54 569	19 88 87 030
Interest		1435 16 87 843	1265 01 23 465	1123 22 63 026
Profit on sale/redemption of investments		50 99 66 545	44 28 91 781	42 21 99 267
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		1089 14 95 421	1268 07 08 570	1709 93 58 795
Other income				
- Miscellaneous Income		178	14 331	548
<b>Total Income (A)</b>		<b>2607 46 90 181</b>	<b>2621 11 92 716</b>	<b>2895 27 08 666</b>
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		1704 88 78 088	570 30 07 874	184 87 04 528
Loss on sale/redemption of investments		21 01 45 097	23 38 03 548	6 01 389
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		2 68 54 865	2 36 92 910	2 02 95 540
NPS Trust fees		1 11 56 060	34 27 883	52 33 520
Custodian fees (including GST)		75 24 626	67 24 009	59 59 920
Depository and settlement charges (including GST)		16 81 062	11 76 304	12 14 393
CRA Fees		1 01 485	63 492	75 043
Less: Amount recoverable on sale of units on account of CRA Charges		( 1 01 485)	( 63 492)	( 75 043)
Provision for Non-Performing Assets		167 25 00 000	61 24 85 522	9 50 14 479
Other Expenses		2 70 784	-	-
<b>Total Expenditure (B)</b>		<b>1897 90 10 582</b>	<b>658 43 18 050</b>	<b>197 70 23 769</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>709 56 79 599</b>	<b>1962 68 74 666</b>	<b>2697 56 84 897</b>
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		615 73 82 667	(697 77 00 696)	(1525 06 54 267)
Less: Amount transferred (to) / from General Reserve		(1325 30 62 266)	(1264 91 73 970)	(1172 50 30 630)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	14397 23 89 415	13267 21 80 555	12220 53 60 796
Add :Units issued during the year	1281 46 01 990	1175 62 63 567	1087 60 70 539
Less: Units redeemed during the year	(46 92 27 758)	(45 60 54 707)	(40 92 50 780)
<b>Outstanding at the end of the year</b>	<b>15631 77 63 647</b>	<b>14397 23 89 415</b>	<b>13267 21 80 555</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	1439 72 38 941	1326 72 18 055	1222 05 36 080
Add :Units issued during the year	128 14 60 199	117 56 26 357	108 76 07 053
Less: Units redeemed during the year	(4 69 22 776)	(4 56 05 471)	(4 09 25 078)
<b>Outstanding units at the end of the year</b>	<b>1563 17 76 364</b>	<b>1439 72 38 941</b>	<b>1326 72 18 055</b>
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	14696 41 32 337	12623 24 73 252	10911 62 86 758
Add: Premium on Units issued	2522 71 78 138	2157 13 75 376	1779 51 19 807
Less: Premium on Units redeemed	(92 29 60 068)	(83 97 16 291)	(67 89 33 313)
Add: Transfer from General Reserve	-	-	-
Closing Balance	<b>17126 83 50 407</b>	<b>14696 41 32 337</b>	<b>12623 24 73 252</b>
<b>General Reserve</b>			
Opening Balance	10095 85 02 779	8830 93 28 809	7658 42 98 179
Add: Transfer from Revenue Account	1325 30 62 266	1264 91 73 970	1172 50 30 630
Less: Transfer to Unit Premium Reserve	-	-	-
Closing Balance	<b>11421 15 65 045</b>	<b>10095 85 02 779</b>	<b>8830 93 28 809</b>
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	2537 65 47 654	1839 88 46 958	314 81 92 691
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	(615 73 82 667)	697 77 00 696	1525 06 54 267
Closing Balance	<b>1921 91 64 987</b>	<b>2537 65 47 654</b>	<b>1839 88 46 958</b>
<b>Total</b>	<b>30469 90 80 439</b>	<b>27329 91 82 770</b>	<b>23294 06 49 019</b>
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	2 03 48 282	1 90 24 567	1 52 49 818
Bank Overdraft	-	-	-
Redemption Payable	53 77 707	3 60 40 250	3 56 52 591
TDS Payable	5 35 848	4 64 725	4 25 451
Contracts for purchase of investments	-	16 04 90 333	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	<b>2 62 61 837</b>	<b>21 60 19 875</b>	<b>5 13 27 860</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	4248 71 02 602	5280 65 35 275	5074 91 41 109
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	16614 53 62 887	15135 00 38 978	12725 19 05 120
Central and State Government Securities (including treasury bills)	23866 10 64 230	20024 85 32 988	17724 25 33 864
Commercial Paper	-	-	-
AIIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/ Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	411 06 38 355	302 93 45 263	57 03 35 613
Non Convertible Debentures classified as NPA	214 00 00 000	27 00 00 000	48 75 00 000
Less: Provision on Non performing investment	(214 00 00 000)	(46 75 00 000)	(2 50 14 479)
<b>Total</b>	<b>45140 41 68 074</b>	<b>40723 69 52 504</b>	<b>35627 64 01 227</b>

Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	82 10 000	100 00 00 000	128 18 51 360
<b>Total</b>	<b>82 10 000</b>	<b>100 00 00 000</b>	<b>128 18 51 360</b>

Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	1	3 53 88 974	10 56 93 905
Contracts for sale of investments	-	3 46 50 982	-
Interest Receivable on Non-Performing Investments	26 23 42 599	26 23 42 599	9 38 75 795
Less: Provision for interest on Non-Performing Investment	(26 23 42 599)	(26 23 42 599)	(9 38 75 795)
Outstanding and accrued income	951 25 20 456	916 95 20 295	782 06 15 801
Dividend Receivable	79 06 920	1 10 79 305	95 95 141
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	11 03 00 472	-	5 00 00 000
Redemption receivable on Non performing Investment	24 00 00 000	24 00 00 000	19 00 00 000
Less: Provision for Non Performing Investment	(24 00 00 000)	(24 00 00 000)	(7 00 00 000)
<b>Total</b>	<b>963 07 27 849</b>	<b>925 06 39 556</b>	<b>810 59 04 847</b>

## NATIONAL PENSION SYSTEM TRUST

NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme - Central Govt

### SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

#### A. Background

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 1<sup>st</sup> April, 2008.
3. **Investment pattern to be followed as per PFRDA Regulations:**

<b>Sr. No.</b>	<b>Investment Pattern</b>	<b>% of amount to be invested</b>
(i)	Government Securities	Upto 55
(ii)	Debt Securities	Upto 45
(iii)	Money Market instruments	Upto 10
(iv)	Equity Shares	Upto 15

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

### **C. Significant Accounting Policies**

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines - 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 as amended from time to time to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.
3. **Covid 19 Uncertainties:**

The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.

**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex - date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- f. Investments are reconciled with the custodian records on daily basis.
- g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.

5. **Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology. Due to this revision, investments value are reduced by Rs. 109.70 crores on 31<sup>st</sup> March, 2020.

Investments are valued using the price determined in the following manner:

**A) Valuation of Equity and Equity related Instruments**

**a. Equity:**

- i. When a security is traded on National Stock Exchange (NSE) on a valuation day, the last quoted closing price at which it was traded on the NSE.
- ii. When on a valuation day, a security has not been traded on NSE, the value at which it is traded on BSE is used.

iii. **Right entitlement:**

- a. **Traded:** Right entitlement is valued at the closing market price on the valuation date.
- b. **Non-traded:** Right entitlement is valued at the difference of the Ex-right price and the offer price multiplied by the ratio of Right Entitlement.

**B) Valuation of Debt Instruments**

**I) Valuation Policy up to 31<sup>st</sup> December, 2019**

- a. **Debentures, corporate bonds, commercial papers and certificate of deposits:**
  - ii. Debt securities (other than Government Securities) with a residual maturity over 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads over the benchmark rate to arrive at the yield for pricing the security. The spreads and benchmark rates are used from aggregated CRISIL and ICRA daily matrices.
  - iii. Debt securities (other than Government securities) with a residual maturity up to 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.
  - iv. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
  - v. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
  - vi. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
  - vii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
  - viii. Partly paid bonds are valued at cost till it is fully paid.
  - ix. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
  - x. 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.

- b. Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.
- c. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

### **a) Valuation of Debt Securities (other than government securities)**

Debt securities are valued at clean price, which means excluding accrued interest component of the security. If corporate bonds and debentures are quoted cum interest on the exchange, the valuation is done by excluding the accrued interest portion (i.e. from the last due date of interest till date) from the quoted price, since the interest is accrued and accounted separately on a daily basis.

#### **i) All Instruments/Securities with residual maturity of more than 30 days :**

- a.** In respect of the Traded Securities, the traded price are taken subject to the fulfilment of the conditions practiced/adopted by the valuation agency after consultation with NPS Trust and PF's.
- b.** In respect of the non traded Securities, the securities are valued on the basis of scrip level prices released by the valuation agency in consultation with NPS Trust and PF's.
- c.** In case of new security purchased for which price is not available, such security valued on the basis of scrip level price (for coupon bearing securities) / scrip level yield (for discounted securities) at which the securities are purchased.

#### **ii) All Instruments/Securities with residual maturity of upto 30 days:** The securities are valued by amortisation on a straight-line basis to maturity from last valuation price as long as it is within the prescribed range, (presently $\pm 0.025\%$ , i.e. $\pm 2.5$ basis points) of the reference price provided by the valuation agency.

### **b) Government Securities:**

- i) Securities with residual maturity of more than 30 days:** The security are valued on the basis of scrip level prices released by the valuation agency on the same basis as debt securities maturing greater than 30 days.

ii) **Securities with residual maturity of upto 30 days :** The security are valued through amortization on the same basis as debt securities maturing upto 30 days.

c) **Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

**Valuation policy for securities below investment grade (securities which were of investment grade at the time of purchase but which have fallen below the investment grade):**

In the cases of securities below BBB -, the same are valued as below:

All non-investment grade debt securities except with default rating (other than Government securities) and securities where credit rating agencies have suspended the ratings but are performing assets as per PFRDA guidelines are valued at a discount of 25% of the face value.

All non-investment grade debt securities (other than Government securities) not covered above are valued at the indicative haircut matrix or price provided by the valuation agency. In case the security is traded where the haircut has been applied, lower of the haircut matrix based price and trade price are considered.

6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

**7. 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:

<b>Period past due from the date of classification of assets as NPA</b>	<b>% Provision On Book Value</b>
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 re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

Written-back of provisioning of interest: Upon reclassification of assets as 'performing asset'

- i) In case an issuer has fully cleared all the arrears of interest, the interest provisions 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 asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

Further, PFRDA has specifically issued guideline for valuation of IL&PS bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest vide their letter no. 1/16/2018-NPST/11514 dated 6th August, 2019 which is attached herewith.

**8. Income Recognition:**

- a. Dividend income is accrued on the "ex-dividend" date.
- b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- e. Profit /Loss of sale of Investment
  1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
  2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.

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

10. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after each subscription / redemption.

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

Based on the confirmation from CRA the number of units as at the year end are 15631767711.8382 and the balance 8652.6522 have been identified as residual units with CRA

Total 5303173.4088 Units are lying in the name of "CRA Unitisation Pooled PRAN" maintained by CRA. As explained by CRA, the subscribers have not been identified for the same. Moreover, total 6326.3930 Units are lying in the name of "Central Govt. Suspense PRAN" & "UOS Suspense PRAN" maintained by CRA. As explained by CRA this is parking account for error rectification. The possible impact, if any, shall be known after completion of identification / reconciliation process.

E. **Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.0102%	0.0102%	₹ 2,68,54,865	₹ 2,36,92,910

\* excluding GST

\*\* including GST

- F. NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 1,11,56,060	₹ 34,27,883

- G. Purchase/Sale of Investments:** The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

₹ in Crores							
Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
18,776.00	42.06	13,293.93	29.78	29,729.69	93.36	24,988.11	78.47

- H.** The aggregate value of non-traded investments (other than Government Securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ 7,597.48 Crores. (Previous Period ₹ 8,499.51 Crores)

- I. Net Asset Value:**

Current Period	Previous Period
As on 31st March, 2020	As on 30th Sept, 2019
₹ 29.4922	₹ 28.9827

- J. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
2,607.47	5.84	1,897.9	4.25	2,621.12	6.65	658.43	1.67

- K. 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.

**L. Income Taxes:**

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

**M. Non-Performing Assets:**

As per PFRDA (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<sup>st</sup> March, 2020 is as under:

<b>₹ in Crores</b>		
<b>Particular</b>	<b>As on 31st March, 2020****</b>	<b>As on 30th Sept, 2019****</b>
Book Value	238.00	70.75
Provision for NPA	238.00	70.75
Carrying Cost	-	-
Market Value***	-	-
% of NPA (Gross) to AUM	0.52	0.17

\*\*\* Investment is not traded, hence market value is not ascertainable.

\*\*\*\* As per board of director direction, 100% provision has been made on IL&FS Limited and IL&FS Financial Services Limited.

- N.** Contingent liability as on 31<sup>st</sup> March, 2020 is ₹ 4,04,75,800 towards uncalled amount of ₹ 461 per shares on 87,800 Partly Paid shares of Tata Steel Limited. (Previous Period ₹ 4,04,75,800).
- O.** Details of Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest as on 31<sup>st</sup> March, 2020 is ₹ Nil. (Previous Period ₹ Nil)
- P.** The investment in Air India Bond has been reclassified as per Government Security as it satisfies the criteria of Government Security as per the Investment Guideline of PFRDA.

- Q. Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

Name of Scheme	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 12,855.28	₹ 310.96	₹ 25,022.06	₹ 277.90

- R. Portfolio:** Industry wise classification where industry exposure % to total exposure in investment category  $\geq 5\%$  as on 31<sup>st</sup> March, 2020 is given in Annexure A.
- S.** The Previous Period figures are regrouped/ reclassified, wherever necessary.

# **ANNEXURE A**

**Industry wise classification where industry exposure % to total exposure in investment category is >= 5%**

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>EQUITY SHARES</b>				
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS. POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
ICICI BANK LTD.	8,695,982	2,815,324,173	0.61	6.63
HDFC BANK LTD.	2,732,396	2,355,052,112	0.51	5.54
KOTAK MAHINDRA BANK LTD.	1,476,195	1,913,222,530	0.42	4.50
STATE BANK OF INDIA	7,822,913	1,539,940,424	0.33	3.62
AXIS BANK LTD.	3,874,745	1,468,528,355	0.32	3.46
INDUSIND BANK LTD.	1,209,359	424,847,817	0.09	1.00
BANK OF BARODA	2,893,135	154,927,379	0.03	0.36
FEDERAL BANK LTD.	1,678,050	68,883,953	0.01	0.16
IDFC BANK LIMITED	2,386,722	50,359,834	0.01	0.12
PUNJAB NATIONAL BANK	619,890	20,053,442	0.00	0.05
YES BANK	681,131	15,291,391	0.00	0.04
		<b>10,826,431,410</b>	<b>2.33</b>	<b>25.48</b>
<b>WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING</b>				
INFOSYS LTD.	4,018,156	2,577,647,074	0.56	6.07
TATA CONSULTANCY SERVICES LTD.	1,142,534	2,086,381,337	0.45	4.91
TECH MAHINDRA LTD.	578,234	326,991,327	0.07	0.77
HCL TECHNOLOGIES LIMITED	573,482	250,267,545	0.05	0.59
WIPRO LTD.	411,058	80,855,109	0.02	0.19
		<b>5,322,142,392</b>	<b>1.15</b>	<b>12.53</b>
<b>PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING OILS, LUBRICATING OILS OR GREASES OR OTHER PRODUCTS FROM CRUDE PETROLEUM OR BITUMINOUS MINERALS</b>				
RELIANCE INDUSTRIES LTD.	2,813,239	3,133,244,936	0.68	7.37
BHARAT PETROLEUM CORPORATION LTD.	661,327	209,574,526	0.05	0.49
INDIAN OIL CORPORATION LTD.	1,882,968	153,744,337	0.03	0.36
CASTROL INDIA LTD.	1,356,000	134,854,200	0.03	0.32
		<b>3,631,417,999</b>	<b>0.79</b>	<b>8.54</b>
<b>MANUFACTURE OF ALLOPATHIC PHARMACEUTICAL PREPARATIONS</b>				
DIVIS LABORATORIES LTD.	238,003	473,399,867	0.10	1.11
LUPIN LTD.	776,235	457,706,968	0.10	1.08
SUN PHARMACEUTICAL INDUSTRIES LTD.	1,129,073	397,772,418	0.09	0.94
CIPLA LTD.	876,742	370,730,355	0.08	0.87
DR. REDDYS LABORATORIES LTD.	98,543	307,528,067	0.07	0.72
CADILA HEALTHCARE LTD.	801,317	214,151,968	0.05	0.50
		<b>2,221,289,643</b>	<b>0.49</b>	<b>5.22</b>



Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>DEBENTURES &amp; BONDS</b>				
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
LIC HOUSING FINANCE LTD.	121,820,000	12,527,778,088	2.72	7.44
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	96,780,000	10,057,911,124	2.18	5.98
HOUSING AND URBAN DEVELOPMENT CORPORATION	42,490,000	4,572,549,859	0.99	2.72
PNB HOUSING FINANCE LIMITED	4,500,000	429,179,400	0.09	0.26
NATIONAL HOUSING BANK	2,500,000	257,235,500	0.06	0.15
		<b>27,844,653,971.00</b>	<b>6.04</b>	<b>16.55</b>
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
AXIS BANK LTD.	117,850,000	12,316,309,704	2.67	7.32
ICICI BANK LTD.	88,050,000	9,090,489,698	1.97	5.40
HDFC BANK LTD.	34,910,000	3,645,596,714	0.79	2.17
IDFC BANK LIMITED	11,280,000	1,111,927,291	0.24	0.66
KOTAK MAHINDRA BANK LTD.	4,490,000	464,660,222	0.10	0.28
YES BANK	4,000,000	200,000,000	0.04	0.12
PUNJAB NATIONAL BANK	1,000,000	102,246,300	0.02	0.06
ING VYSYA BANK LTD.	800,000	85,441,760	0.02	0.05
		<b>27,016,671,689</b>	<b>5.85</b>	<b>16.06</b>
<b>OTHER CREDIT GRANTING</b>				
RURAL ELECTRIFICATION CORPORATION LIMITED	108,300,000	11,165,550,036	2.42	6.63
POWER FINANCE CORPORATION LTD.	94,870,000	9,755,326,631	2.12	5.80
INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.	1,500,000	149,828,100	0.03	0.09
		<b>21,070,704,767</b>	<b>4.57</b>	<b>12.52</b>
<b>OTHER MONETARY INTERMEDIATION SERVICES N.E.C.</b>				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	143,490,000	15,021,526,689	3.26	8.93
EXPORT IMPORT BANK OF INDIA	27,780,000	2,961,471,862	0.64	1.76
		<b>17,982,998,551.00</b>	<b>3.90</b>	<b>10.69</b>
<b>PASSENGER RAIL TRANSPORT</b>				
INDIAN RAILWAY FINANCE CORPORATION LTD.	118,820,000	12,404,632,964	2.69	7.37
		<b>12,404,632,964</b>	<b>2.69</b>	<b>7.37</b>
<b>CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, ROADS, OTHER VEHICULAR AND PEDESTRIAN WAYS, HIGHWAYS, BRIDGES, TUNNELS AND SUBWAYS</b>				
NATIONAL HIGHWAYS AUTHORITY OF INDIA	116,130,000	12,076,060,090	2.62	7.18
		<b>12,076,060,090</b>	<b>2.62</b>	<b>7.18</b>
<b>TRANSMISSION OF ELECTRIC ENERGY</b>				
POWER GRID CORPORATION OF INDIA LTD.	105,150,000	11,142,074,851	2.42	6.62
		<b>11,142,074,851</b>	<b>2.42</b>	<b>6.62</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	26774 10 06 709	24129 65 14 259	21576 80 51 525
Reserves and Surplus	2	43601 67 81 319	38181 45 90 320	31362 18 77 553
Current Liabilities and Provisions	3	3 82 76 277	109 67 34 163	5 02 91 348
<b>Total</b>		<b>70379 60 64 305</b>	<b>62420 78 38 742</b>	<b>52944 02 20 426</b>
<b>Assets</b>				
Investments	4	68935 45 83 126	60913 86 47 616	51504 67 36 762
Deposits	5	50 47 09 492	150 00 00 000	234 25 48 986
Other Current Assets	6	1393 67 71 687	1356 91 91 126	1205 09 34 678
<b>Total</b>		<b>70379 60 64 305</b>	<b>62420 78 38 742</b>	<b>52944 02 20 426</b>
(a) Net assets as per Balance Sheets		70375 77 88 028	62311 11 04 579	52938 99 29 078
(b) Number of units outstanding		2677 41 00 671	2412 96 51 426	2157 68 05 152
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		46 80 44 748	62 58 94 829	26 77 05 572
Interest		2153 50 93 155	1849 85 90 369	1585 30 39 017
Profit on sale/redemption of investments		66 18 86 326	60 71 99 837	72 25 70 460
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		1594 67 66 927	1885 10 51 737	2431 67 54 762
Other income				
- Miscellaneous Income		300	17 323	181
<b>Total Income (A)</b>		<b>3861 17 91 456</b>	<b>3858 27 54 095</b>	<b>4116 00 69 992</b>
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		2536 61 62 751	806 99 09 353	262 02 10 775
Loss on sale/redemption of investments		27 11 28 327	35 46 44 679	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		4 03 58 475	3 46 83 709	2 86 39 662
NPS Trust fees		1 67 65 737	50 68 990	73 30 807
Custodian fees (including GST)		80 18 167	99 03 912	84 50 642
Depository and settlement charges (including GST)		59 45 567	18 45 035	17 74 417
CRA Fees		1 84 325	2 91 627	2 38 521
Less: Amount recoverable on sale of units on account of CRA Charges		( 1 84 325)	( 2 91 627)	( 2 38 521)
Provision for Non-Performing Assets		210 47 40 000	102 13 60 000	13 70 00 000
Other Expenses		3 68 994	-	-
<b>Total Expenditure (B)</b>		<b>2781 34 88 018</b>	<b>949 74 15 678</b>	<b>280 34 06 303</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>1079 83 03 438</b>	<b>2908 53 38 417</b>	<b>3835 66 63 689</b>
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		941 93 95 824	(1078 11 42 384)	(2169 65 43 987)
Less: Amount transferred (to) / from General Reserve		(2021 76 99 262)	(1830 41 96 033)	(1666 01 19 702)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	24129 65 14 259	21576 80 51 525	19091 78 83 458
Add :Units issued during the year	2732 71 64 011	2622 00 07 860	2534 10 88 833
Less: Units redeemed during the year	(88 26 71 561)	(69 15 45 126)	(49 09 20 766)
<b>Outstanding at the end of the year</b>	<b>26774 10 06 709</b>	<b>24129 65 14 259</b>	<b>21576 80 51 525</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	2412 96 51 426	2157 68 05 152	1909 17 88 346
Add :Units issued during the year	273 27 16 400	262 20 00 787	253 41 08 883
Less: Units redeemed during the year	(8 82 67 155)	(6 91 54 513)	(4 90 92 077)
<b>Outstanding units at the end of the year</b>	<b>2677 41 00 671</b>	<b>2412 96 51 426</b>	<b>2157 68 05 152</b>
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	23388 79 16 718	19478 05 42 368	16105 59 97 860
Add: Premium on Units issued	4485 54 98 602	4017 20 83 085	3439 27 79 649
Less: Premium on Units redeemed	(145 16 11 041)	(106 47 08 735)	(66 82 35 141)
Add: Transfer from General Reserve	-	-	-
<b>Closing Balance</b>	<b>27729 18 04 279</b>	<b>23388 79 16 718</b>	<b>19478 05 42 368</b>
<b>General Reserve</b>			
Opening Balance	11521 20 14 481	9690 78 18 448	8024 76 98 746
Add: Transfer from Revenue Account	2021 76 99 262	1830 41 96 033	1666 01 19 702
Less: Transfer to Unit Premium Reserve	-	-	-
<b>Closing Balance</b>	<b>13542 97 13 743</b>	<b>11521 20 14 481</b>	<b>9690 78 18 448</b>
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	3271 46 59 121	2193 35 16 737	23 69 72 750
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	(941 93 95 824)	1078 11 42 384	2169 65 43 987
<b>Closing Balance</b>	<b>2329 52 63 297</b>	<b>3271 46 59 121</b>	<b>2193 35 16 737</b>
<b>Total</b>	<b>43601 67 81 319</b>	<b>38181 45 90 320</b>	<b>31362 18 77 553</b>
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	3 07 39 959	2 81 71 964	2 17 31 233
Bank Overdraft	-	-	-
Redemption Payable	67 21 975	5 09 23 672	2 79 49 780
TDS Payable	8 14 343	6 93 082	6 10 335
Contracts for purchase of investments	0	101 69 45 445	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	<b>3 82 76 277</b>	<b>109 67 34 163</b>	<b>5 02 91 348</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	6312 62 16 887	7617 41 66 593	7193 95 28 368
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	24864 96 95 940	22559 62 93 453	18595 56 04 566
Central and State Government Securities (including treasury bills)	36489 14 35 513	29906 16 73 390	25453 64 69 524
Commercial Paper	-	-	-
AIIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/ Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	1268 72 34 786	849 30 14 180	191 74 34 304
Non Convertible Debentures classified as NPA	271 51 00 000	42 38 60 000	76 02 00 000
Less: Provision on Non performing investment	(271 51 00 000)	(61 03 60 000)	(6 25 00 000)
<b>Total</b>	<b>68935 45 83 126</b>	<b>60913 86 47 616</b>	<b>51504 67 36 762</b>

Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	50 47 09 492	150 00 00 000	234 25 48 986
<b>Total</b>	<b>50 47 09 492</b>	<b>150 00 00 000</b>	<b>234 25 48 986</b>

Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	-	4 97 81 233	100 09 20 757
Contracts for sale of investments	-	9 07 86 970	-
Interest Receivable on Non-Performing Investments	36 36 77 521	36 36 77 521	13 57 14 133
Less: Provision for interest on Non-Performing Investment	(36 36 77 521)	(36 36 77 521)	(13 57 14 133)
Outstanding and accrued income	1374 77 25 526	1341 20 65 468	1076 30 01 178
Dividend Receivable	1 30 64 464	1 65 57 455	1 35 12 743
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	17 59 81 697	-	15 00 00 000
Redemption receivable on Non performing Investment	54 80 00 000	54 80 00 000	19 80 00 000
Less: Provision for Non Performing Investment	(54 80 00 000)	(54 80 00 000)	(7 45 00 000)
<b>Total</b>	<b>1393 67 71 687</b>	<b>1356 91 91 126</b>	<b>1205 09 34 678</b>

## **NATIONAL PENSION SYSTEM TRUST**

**NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme - State Govt.**

### **SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020**

#### **A. Background**

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 25<sup>th</sup> June, 2009.

#### **3. Investment pattern to be followed as per the PFRDA Regulation:**

Sr. No.	Investment Pattern	% of amount to be invested
(i)	Government Securities	Upto 55
(ii)	Debt Securities	Upto 45
(iii)	Money Market instruments	Upto 10
(iv)	Equity Shares	Upto 15

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

## C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 as amended from time to time to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.
3. **Covid 19 Uncertainties:**

The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.



- 4. Investments:**
- a. Investments are accounted on trade date.
  - b. Cost is determined on the basis of weighted average cost.
  - c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
  - d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex - date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
  - e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
  - f. Investments are reconciled with the custodian records on daily basis.
  - g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.
- 5. Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology. Due to this revision, investments Value are reduced by Rs. 152.54 crores on 31st March,2020.

Investments are valued using the price determined in the following manner:

**A) Valuation of Equity and Equity related Instruments**

- a. Equity:**
- i. When a security is traded on National Stock Exchange (NSE) on a valuation day, the last quoted closing price at which it was traded on the NSE.

- ii. When on a valuation day, a security has not been traded on NSE, the value at which it is traded on BSE is used.
- iii. **Right entitlement:**
  - a. **Traded:** Right entitlement is valued at the closing market price on the valuation date.
  - b. **Non-traded:** Right entitlement is valued at the difference of the Ex-right price and the offer price multiplied by the ratio of Right Entitlement.

## **B) Valuation of Debt Instruments**

### **I) Valuation Policy up to 31<sup>st</sup> December, 2019**

- a. **Debentures, corporate bonds, commercial papers and certificate of deposits:**
  - ii. Debt securities (other than Government Securities) with a residual maturity over 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads over the benchmark rate to arrive at the yield for pricing the security. The spreads and benchmark rates are used from aggregated CRISIL and ICRA daily matrices.
  - iii. Debt securities (other than Government securities) with a residual maturity up to 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.
  - iv. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
  - v. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
  - vi. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.

- vii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
  - viii. Partly paid bonds are valued at cost till it is fully paid.
  - ix. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
  - x. 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.
- b. Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.
- c. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

### **a) Valuation of Debt Securities (other than government securities)**

Debt securities are valued at clean price, which means excluding accrued interest component of the security. If corporate bonds and debentures are quoted cum interest on the exchange, the valuation is done by excluding the accrued interest portion (i.e. from the last due date of interest till date) from the quoted price, since the interest is accrued and accounted separately on a daily basis.

- i) All Instruments/Securities with residual maturity of more than 30 days :**
  - a.** In respect of the Traded Securities, the traded price are taken subject to the fulfilment of the conditions practiced/adopted by the valuation agency after consultation with NPS Trust and PFs.
  - b.** In respect of the non traded Securities, the securities are valued on the basis of scrip level prices released by the valuation agency in consultation with NPS Trust and PFs.
  - c.** In case of new security purchased for which price is not available, such security valued on the basis of scrip level price (for coupon bearing securities) / scrip level yield (for discounted securities) at which the securities are purchased.

- ii) **All Instruments/Securities with residual maturity of upto 30 days:** The securities are valued by amortisation on a straight-line basis to maturity from last valuation price as long as it is within the prescribed range, (presently  $\pm 0.025\%$ , i.e.  $\pm 2.5$  basis points) of the reference price provided by the valuation agency.
- b) **Government Securities:**
  - i) **Securities with residual maturity of more than 30 days:** The security are valued on the basis of scrip level prices released by the valuation agency on the same basis as debt securities maturing greater than 30 days.
  - ii) **Securities with residual maturity of upto 30 days :** The security are valued through amortization on the same basis as debt securities maturing upto 30 days.
- c) **Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

**Valuation policy for securities below investment grade (securities which were of investment grade at the time of purchase but which have fallen below the investment grade):**

In the cases of securities below BBB -, the same are valued as below:

All non-investment grade debt securities except with default rating (other than Government securities) and securities where credit rating agencies have suspended the ratings but are performing assets as per PFRDA guidelines are valued at a discount of 25% of the face value.

All non-investment grade debt securities (other than Government securities) not covered above are valued at the indicative haircut matrix or price provided by the valuation agency. In case the security is traded where the haircut has been applied, lower of the haircut matrix based price and trade price are considered.

- 6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

## 7. 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 re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

Written-back of provisioning of interest: Upon reclassification of assets as 'performing asset'

- i) In case an issuer has fully cleared all the arrears of interest, the interest provisions 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 asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

Further, PFRDA has specifically issued guideline for valuation of IL&I'S bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest vide their letter no. 1/16/2018-NPST/11514 dated 6th August, 2019 which is attached herewith.

**8. Income Recognition:**

- a. Dividend income is accrued on the "ex-dividend" date.
- b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- e. Profit / Loss of sale of Investment
  1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
  2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.

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

**10. Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after each subscription / redemption.

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

Based on the confirmation from CRA the number of units as at the year end are 26774084445.9910 and the balance 16224.8672 have been identified as residual units with CRA

Total 225098.0418 Units are lying in the name of "State Govt. Suspense PRAN" & "UOS Suspense PRAN" maintained by CRA. As explained by CRA this is parking account for error rectification. The possible impact, if any, shall be known after completion of identification / reconciliation process.

- E. Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.0102%	0.0102%	₹ 4,03,58,475	₹ 3,46,83,709

\* excluding GST

\*\* including GST

- F. NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 1,67,65,737	₹ 50,68,990

- G. Purchase/Sale of Investments:** The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

₹ in Crores							
Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
27,432.92	40.88	17,797.71	26.52	39,173.13	88.38	30,457.81	68.72

- H.** The aggregate value of non-traded investments (other than government securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ 10,923.34 Crores. (Previous Period ₹ 11,932.85 Crores)

- I. Net Asset Value:**

Current Period	Previous Period
As on 31st March, 2020	As on 30th Sept, 2019
₹ 26.2850	₹ 25.8234

- J. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
3,861.18	5.75	2,781.35	4.15	3,858.28	6.69	949.74	1.65

**K. 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.

**L. Income Taxes:**

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

**M. Non-Performing Assets:**

As per PFRDA (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<sup>st</sup> March, 2020 is as under:

Particular	₹ in Crores	
	As on 31st March, 2020****	As on 30th Sept, 2019****
Book Value	326.31	115.84
Provision for NPA	326.31	115.84
Carrying Cost	-	-
Market Value***	-	-
% of NPA (Gross) to AUM	0.46	0.19

\*\*\* Investment is not traded, hence market value is not ascertainable.

\*\*\*\* As per board of director direction, 100% provision has been made on IL&FS Limited and IL&FS Financial Services Limited.



- N. Contingent liability as on 31<sup>st</sup> March, 2020 is ₹ 5,64,72,500 towards uncalled amount of ₹ 461 per shares on 1,22,500 Partly Paid shares of Tata Steel Limited. (Previous Period ₹ 5,64,72,500).
- O. Details of Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest as on 31<sup>st</sup> March, 2020 is ₹ NIL. (Previous Period ₹ Nil)
- P. The investment in Air India Bond has been reclassified as per Government Security as it satisfies the criteria of Government Security as per the Investment Guideline of PFRDA.
- Q. **Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

Name of Scheme	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 17,630.22	₹ 1,117.98	₹ 30,825.76	₹ 772.15

- R. **Portfolio:** Industry wise classification where industry exposure % to total exposure in investment category  $\geq 5\%$  as on 31<sup>st</sup> March, 2020 is given in Annexure A.
- S. The Previous Period figures are regrouped/ reclassified, wherever necessary.

# ANNEXURE A

Industry wise classification where industry exposure % to total exposure in investment category is >= 5%

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>EQUITY SHARES</b>				
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS. POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
ICICI BANK LTD.	12,833,816	4,154,947,930	0.59	6.58
HDFC BANK LTD.	3,914,478	3,373,888,588	0.48	5.34
KOTAK MAHINDRA BANK LTD.	2,196,408	2,846,654,588	0.40	4.51
AXIS BANK LTD.	6,311,407	2,392,023,253	0.34	3.79
STATE BANK OF INDIA	12,028,564	2,367,822,823	0.34	3.75
INDUSIND BANK LTD.	1,791,233	629,260,153	0.09	1.00
BANK OF BARODA	4,241,911	227,154,334	0.03	0.36
FEDERAL BANK LTD.	1,836,800	75,400,640	0.01	0.12
IDFC BANK LIMITED	3,102,982	65,472,920	0.01	0.10
YES BANK	1,476,775	33,153,599	0.00	0.05
PUNJAB NATIONAL BANK	388,806	12,577,874	0.00	0.02
		<b>16,178,356,702</b>	<b>2.29</b>	<b>25.62</b>
<b>WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING</b>				
INFOSYS LTD.	5,926,202	3,801,658,583	0.54	6.02
TATA CONSULTANCY SERVICES LTD.	1,684,498	3,076,061,798	0.44	4.87
TECH MAHINDRA LTD.	905,090	511,828,395	0.07	0.81
HCL TECHNOLOGIES LIMITED	631,646	275,650,314	0.04	0.44
WIPRO LTD.	456,225	89,739,458	0.01	0.14
		<b>7,754,938,548</b>	<b>1.10</b>	<b>12.28</b>
<b>PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING OILS, LUBRICATING OILS OR GREASES OR OTHER PRODUCTS FROM CRUDE PETROLEUM OR BITUMINOUS MINERALS</b>				
RELIANCE INDUSTRIES LTD.	4,174,249	4,649,069,824	0.66	7.36
BHARAT PETROLEUM CORPORATION LTD.	1,227,819	389,095,841	0.06	0.62
INDIAN OIL CORPORATION LTD.	2,659,200	217,123,680	0.03	0.34
CASTROL INDIA LTD.	1,696,574	168,724,284	0.02	0.27
		<b>5,424,013,629</b>	<b>0.77</b>	<b>8.59</b>
<b>WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING</b>				
DIVIS LABORATORIES LTD.	384,014	763,823,047	0.11	1.21
LUPIN LTD.	1,064,541	627,706,601	0.09	0.99
CIPLA LTD.	1,356,091	573,423,079	0.08	0.91
SUN PHARMACEUTICAL INDUSTRIES LTD.	1,550,653	546,295,052	0.08	0.87
DR. REDDYS LABORATORIES LTD.	121,037	377,726,218	0.05	0.60
CADILA HEALTHCARE LTD.	1,219,000	325,777,750	0.05	0.52
		<b>3,214,751,747</b>	<b>0.46</b>	<b>5.10</b>
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	1,610,104	2,629,460,842	0.37	4.17
LIC HOUSING FINANCE LTD.	2,377,592	559,447,398	0.08	0.89
		<b>3,188,908,240</b>	<b>0.45</b>	<b>5.06</b>

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>DEBENTURES &amp; BONDS</b>				
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
LIC HOUSING FINANCE LTD.	192,830,000	19,891,854,671	2.83	7.91
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	158,270,000	16,535,776,434	2.35	6.58
HOUSING AND URBAN DEVELOPMENT CORPORATION	86,990,000	9,333,075,687	1.33	3.71
PNB HOUSING FINANCE LIMITED	7,500,000	724,472,800	0.10	0.29
NATIONAL HOUSING BANK	2,500,000	257,235,500	0.04	0.10
		<b>46,742,415,092</b>	<b>6.65</b>	<b>18.59</b>
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
AXIS BANK LTD.	169,920,000	17,729,481,210	2.52	7.05
ICICI BANK LTD.	111,260,000	11,507,432,423	1.64	4.58
HDFC BANK LTD.	43,550,000	4,546,104,170	0.65	1.81
IDFC BANK LIMITED	15,340,000	1,510,954,375	0.21	0.60
KOTAK MAHINDRA BANK LTD.	9,410,000	963,906,948	0.14	0.38
YES BANK	5,200,000	260,000,000	0.04	0.10
PUNJAB NATIONAL BANK	900,000	92,021,670	0.01	0.04
ING VYSYA BANK LTD.	700,000	74,761,540	0.01	0.03
		<b>36,684,662,336</b>	<b>5.22</b>	<b>14.59</b>
<b>OTHER CREDIT GRANTING</b>				
RURAL ELECTRIFICATION CORPORATION LIMITED	153,760,000	15,950,070,718	2.27	6.35
POWER FINANCE CORPORATION LTD.	137,610,000	14,154,489,982	2.01	5.63
INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.	950,000	94,891,130	0.01	0.04
		<b>30,199,451,830</b>	<b>4.29</b>	<b>12.02</b>
<b>OTHER MONETARY INTERMEDIATION SERVICES N.E.C.</b>				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	226,830,000	23,855,353,611	3.39	9.49
EXPORT IMPORT BANK OF INDIA	48,530,000	5,201,347,132	0.74	2.07
		<b>29,056,700,743</b>	<b>4.13</b>	<b>11.56</b>
<b>CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, ROADS, OTHER VEHICULAR AND PEDESTRIAN WAYS, HIGHWAYS, BRIDGES, TUNNELS AND SUBWAYS</b>				
NATIONAL HIGHWAYS AUTHORITY OF INDIA	202,060,000	21,018,870,009	2.99	8.36
		<b>21,018,870,009</b>	<b>2.99</b>	<b>8.36</b>
<b>PASSENGER RAIL TRANSPORT</b>				
INDIAN RAILWAY FINANCE CORPORATION LTD.	192,740,000	20,111,699,598	2.86	8.00
		<b>20,111,699,598</b>	<b>2.86</b>	<b>8.00</b>
<b>TRANSMISSION OF ELECTRIC ENERGY</b>				
POWER GRID CORPORATION OF INDIA LTD.	127,170,000	13,492,692,551	1.92	5.37
		<b>13,492,692,551</b>	<b>1.92</b>	<b>5.37</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST A/C - UTI RETIREMENT SOLUTIONS LIMITED - NPS LITE SCHEME - GOVT PATTERN  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	433 56 38 461	427 03 47 787	421 67 18 154
Reserves and Surplus	2	623 13 31 266	599 89 22 036	543 01 18 624
Current Liabilities and Provisions	3	6 58 443	18 28 898	15 42 543
<b>Total</b>		<b>1056 76 28 170</b>	<b>1027 10 98 721</b>	<b>964 83 79 321</b>
<b>Assets</b>				
Investments	4	1037 07 12 646	1005 80 94 099	944 91 99 761
Deposits	5	-	-	1 31 38 967
Other Current Assets	6	19 69 15 524	21 30 04 622	18 60 40 593
<b>Total</b>		<b>1056 76 28 170</b>	<b>1027 10 98 721</b>	<b>964 83 79 321</b>
(a) Net assets as per Balance Sheets		1056 69 69 727	1026 92 69 823	964 68 36 778
(b) Number of units outstanding		43 35 63 846	42 70 34 779	42 16 71 815
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST A/C - UTI RETIREMENT SOLUTIONS LIMITED - NPS LITE SCHEME - GOVT PATTERN  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		84 28 454	1 20 12 624	58 31 363
Interest		33 79 20 262	32 29 82 968	30 15 86 338
Profit on sale/redemption of investments		2 07 67 048	2 26 17 523	1 14 17 631
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		25 61 22 623	31 82 88 901	45 02 64 736
Other income				
- Miscellaneous Income		238	531	13
<b>Total Income (A)</b>		<b>62 32 38 625</b>	<b>67 59 02 547</b>	<b>76 91 00 081</b>
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		44 16 02 250	16 33 52 129	5 24 43 494
Loss on sale/redemption of investments		36 92 300	47 67 966	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		6 36 056	6 02 420	5 49 048
NPS Trust fees		2 64 231	85 149	1 43 190
Custodian fees (including GST)		1 20 510	1 68 493	1 58 359
Depository and settlement charges (including GST)		89 282	26 506	29 439
CRA Fees		1 20 18 203	1 20 79 358	1 22 85 565
Less: Amount recoverable on sale of units on account of CRA Charges		(1 20 18 203)	(1 20 79 358)	(1 22 85 565)
Provision for Non-Performing Assets		4 00 50 000	1 02 00 000	52 50 000
Other Expenses		5 940	-	-
<b>Total Expenditure (B)</b>		<b>48 64 60 569</b>	<b>17 92 02 663</b>	<b>5 85 73 530</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>13 67 78 056</b>	<b>49 66 99 884</b>	<b>71 05 26 551</b>
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		18 54 79 627	(15 49 36 772)	(39 78 21 242)
Less: Amount transferred (to) / from General Reserve		(32 22 57 683)	(34 17 63 112)	(31 27 05 309)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST A/C - UTI RETIREMENT SOLUTIONS LIMITED - NPS LITE SCHEME - GOVT PATTERN  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	427 03 47 787	421 67 18 154	412 91 62 545
Add :Units issued during the year	9 88 77 252	9 29 91 282	12 14 68 653
Less: Units redeemed during the year	(3 35 86 578)	(3 93 61 649)	(3 39 13 044)
<b>Outstanding at the end of the year</b>	<b>433 56 38 461</b>	<b>427 03 47 787</b>	<b>421 67 18 154</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	42 70 34 779	42 16 71 815	41 29 16 255
Add :Units issued during the year	98 87 725	92 99 129	1 21 46 865
Less: Units redeemed during the year	( 33 58 658)	( 39 36 165)	( 33 91 305)
<b>Outstanding units at the end of the year</b>	<b>43 35 63 846</b>	<b>42 70 34 779</b>	<b>42 16 71 815</b>
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	223 21 84 303	216 00 80 775	205 36 23 521
Add: Premium on Units issued	14 47 05 340	12 51 47 151	14 68 58 968
Less: Premium on Units redeemed	(4 90 74 166)	(5 30 43 623)	(4 04 01 714)
Add: Transfer from General Reserve	-	-	-
<b>Closing Balance</b>	<b>232 78 15 477</b>	<b>223 21 84 303</b>	<b>216 00 80 775</b>
<b>General Reserve</b>			
Opening Balance	297 69 79 656	263 52 16 544	232 25 11 235
Add: Transfer from Revenue Account	32 22 57 683	34 17 63 112	31 27 05 309
Less: Transfer to Unit Premium Reserve	-	-	-
<b>Closing Balance</b>	<b>329 92 37 339</b>	<b>297 69 79 656</b>	<b>263 52 16 544</b>
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	78 97 58 077	63 48 21 305	23 70 00 063
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	(18 54 79 627)	15 49 36 772	39 78 21 242
<b>Closing Balance</b>	<b>60 42 78 450</b>	<b>78 97 58 077</b>	<b>63 48 21 305</b>
<b>Total</b>	<b>623 13 31 266</b>	<b>599 89 22 036</b>	<b>543 01 18 624</b>
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	4 71 448	4 72 556	4 05 628
Book Overdraft	-	-	-
Redemption Payable	1 74 786	13 44 937	11 25 772
IDS Payable	12 209	11 405	11 143
Contracts for purchase of investments	-	-	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	<b>6 58 443</b>	<b>18 28 898</b>	<b>15 42 543</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST A/C - UTI RETIREMENT SOLUTIONS LIMITED - NPS LITE SCHEME - GOVT PATTERN  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	103 10 78 329	142 22 99 976	135 90 28 634
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	346 49 21 560	349 79 48 257	326 98 81 067
Central and State Government Securities (including treasury bills)	562 92 76 945	504 04 58 499	469 36 84 792
Commercial Paper	-	-	-
ALF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/ Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	24 54 35 812	9 73 87 367	9 73 55 268
Non Convertible Debentures classified as NPA	4 45 00 000	44 50 000	2 92 50 000
Less: Provision on Non performing investment	(4 45 00 000)	( 44 50 000)	-
<b>Total</b>	<b>1037 07 12 646</b>	<b>1005 80 94 099</b>	<b>944 91 99 761</b>
<hr/>			
Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	-	-	1 31 38 967
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1 31 38 967</b>
<hr/>			
Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	57 151	1	34 04 039
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	61 43 426	61 43 426	54 34 527
Less: Provision for interest on Non-Performing Investment	( 61 43 426)	( 61 43 426)	( 54 34 527)
Outstanding and accrued income	19 30 80 433	21 28 01 611	17 65 74 287
Dividend Receivable	2 68 380	2 03 010	3 12 267
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	35 09 560	-	-
Redemption receivable on Non performing Investment	1 10 00 000	1 10 00 000	1 10 00 000
Less: Provision for Non Performing Investment	(1 10 00 000)	(1 10 00 000)	( 52 50 000)
<b>Total</b>	<b>19 69 15 524</b>	<b>21 30 04 622</b>	<b>18 60 40 593</b>

## NATIONAL PENSION SYSTEM TRUST

NPS Trust – A/C UTI Retirement Solutions Limited – NPS Lite Scheme –  
Govt. Pattern

### SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

#### A. Background

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 4<sup>th</sup> October, 2010.
3. **Investment pattern to be followed as per PFRDA Regulations:**

Sr. No.	Investment Pattern	% of amount to be invested
(i)	Government Securities	Upto 55
(ii)	Debt Securities	Upto 45
(iii)	Money Market instruments	Upto 10
(iv)	Equity Shares	Upto 15

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

### C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.
3. **Covid 19 Uncertainties:**  
The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.

**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex - date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- f. Investments are reconciled with the custodian records on daily basis.
- g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.

- 5. Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology. Due to this revision, investments Value are reduced by Rs. 2.23 crores on 31st March,2020.

Investments are valued using the price determined in the following manner:

**A) Valuation of Equity and Equity related Instruments**

**a. Equity:**

- i. When a security is traded on National Stock Exchange (NSE) on a valuation day, the last quoted closing price at which it was traded on the NSE.

- ii. When on a valuation day, a security has not been traded on NSE, the value at which it is traded on BSE is used.
- iii. **Right entitlement:**
  - a. **Traded:** Right entitlement is valued at the closing market price on the valuation date.
  - b. **Non-traded:** Right entitlement is valued at the difference of the Ex-right price and the offer price multiplied by the ratio of Right Entitlement.

## B) Valuation of Debt Instruments

### I) Valuation Policy up to 31<sup>st</sup> December, 2019

- a. **Debentures, corporate bonds, commercial papers and certificate of deposits:**
  - ii. Debt securities (other than Government Securities) with a residual maturity over 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads over the benchmark rate to arrive at the yield for pricing the security. The spreads and benchmark rates are used from aggregated CRISIL and ICRA daily matrices.
  - iii. Debt securities (other than Government securities) with a residual maturity up to 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.
  - iv. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
  - v. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
  - vi. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.

- vii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
- viii. Partly paid bonds are valued at cost till it is fully paid.
- ix. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
- x. 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.

**b. Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.

**c. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

### **a) Valuation of Debt Securities (other than government securities)**

Debt securities are valued at clean price, which means excluding accrued interest component of the security. If corporate bonds and debentures are quoted cum interest on the exchange, the valuation is done by excluding the accrued interest portion (i.e. from the last due date of interest till date) from the quoted price, since the interest is accrued and accounted separately on a daily basis.

#### **i) All Instruments/Securities with residual maturity of more than 30 days :**

- a.** In respect of the Traded Securities, the traded price are taken subject to the fulfilment of the conditions practiced/adopted by the valuation agency after consultation with NPS Trust and PI's.
- b.** In respect of the non traded Securities, the securities are valued on the basis of scrip level prices released by the valuation agency in consultation with NPS Trust and PI's.
- c.** In case of new security purchased for which price is not available, such security valued on the basis of scrip level price (for coupon bearing securities) / scrip level yield (for discounted securities) at which the securities are purchased.

- ii) **All Instruments/Securities with residual maturity of upto 30 days:** The securities are valued by amortisation on a straight-line basis to maturity from last valuation price as long as it is within the prescribed range, (presently  $\pm 0.025\%$ , i.e.  $\pm 2.5$  basis points) of the reference price provided by the valuation agency.
- b) **Government Securities:**
  - i) **Securities with residual maturity of more than 30 days:** The security are valued on the basis of scrip level prices released by the valuation agency on the same basis as debt securities maturing greater than 30 days.
  - ii) **Securities with residual maturity of upto 30 days :** The security are valued through amortization on the same basis as debt securities maturing upto 30 days.
- c) **Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

**Valuation policy for securities below investment grade (securities which were of investment grade at the time of purchase but which have fallen below the investment grade):**

In the cases of securities below BBB -, the same are valued as below:

All non-investment grade debt securities except with default rating (other than Government securities) and securities where credit rating agencies have suspended the ratings but are performing assets as per PFRDA guidelines are valued at a discount of 25% of the face value.

All non-investment grade debt securities (other than Government securities) not covered above are valued at the indicative haircut matrix or price provided by the valuation agency. In case the security is traded where the haircut has been applied, lower of the haircut matrix based price and trade price are considered.

6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

## 7. 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 re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

Written-back of provisioning of interest: Upon reclassification of assets as 'performing asset'

- i) In case an issuer has fully cleared all the arrears of interest, the interest provisions 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 asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

Further, PFRDA has specifically issued guideline for valuation of IL&FS bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest vide their letter no. 1/16/2018-NPST/11514 dated 6th August, 2019 which is attached herewith.

**8. Income Recognition:**

- a. Dividend income is accrued on the "ex-dividend" date.
- b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- e. Profit / Loss of sale of Investment
  1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
  2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.

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

**10. Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after each subscription / redemption.



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

Based on the confirmation from CRA the number of units as at the year end are 433561967.8353 and the balance 1878.1472 have been identified as residual units with CRA.

- E. Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.0102%	0.0102%	₹ 6,36,056	₹ 6,02,420

\* excluding GST

\*\* including GST

- F. NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 2,64,231	₹ 85,149

- G. Purchase/Sale of Investments:** The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
279.23	26.42	211.51	20.01	1,312.76	147.53	1,263.82	142.03

₹ in Crores

- H.** The aggregate value of non-traded investments (other than Government Securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ 217.95 Crores. (Previous Period ₹ 203.82 Crores)

**I. Net Asset Value:**

Current Period	Previous Period
As on 31st March, 2020	As on 30th Sept, 2019
₹ 24.3723	₹ 24.0478

**J. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
62.32	5.90	48.65	4.60	67.59	6.75	17.92	1.79

**K. 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.

**L. Income Taxes:**

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

**M. Non-Performing Assets:**

As per PFRDA (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<sup>st</sup> March, 2020 is as under:

Particular	₹ in Crores	
	As on 31st March, 2020****	As on 30th Sept, 2019****
Book Value	5.55	1.55
Provision for NPA	5.55	1.55
Carrying Cost	-	-
Market Value***	-	-
% of NPA (Gross) to AUM	0.53	0.15

\*\*\* Investment is not traded, hence market value is not ascertainable.

\*\*\*\* As per board of director direction, 100% provision has been made on IL&FS Limited and IL&FS Financial Services Limited.

- N. Contingent liability as on 31<sup>st</sup> March, 2020 is ₹ 10,14,200 towards uncalled amount of ₹ 461 per shares on 2,200 Partly Paid shares of Tata Steel Limited. (Previous Period ₹ 10,14,200).
- O. Details of Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest as on 31<sup>st</sup> March, 2020 is ₹ NIL. (Previous Period ₹ Nil)
- P. The investment in Air India Bond has been reclassified as per Government Security as it satisfies the criteria of Government Security as per the Investment Guideline of PFRDA.

- Q. **Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

Name of Scheme	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 214.67	₹ 24.54	₹ 1,257.87	₹ 9.74

- R. **Portfolio:** Industry wise classification where industry exposure % to total exposure in investment category  $\geq 5\%$  as on 31<sup>st</sup> March, 2020 is given in Annexure A.
- S. The Previous Period figures are regrouped/ reclassified, wherever necessary.

# ANNEXURE A

Industry wise classification where industry exposure % to total exposure in investment category is  $\geq 5\%$

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>EQUITY SHARES</b>				
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS. POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
ICICI BANK LTD.	231,452	74,932,585	0.71	7.27
HDFC BANK LTD.	69,708	60,081,325	0.57	5.83
STATE BANK OF INDIA	208,780	41,098,343	0.39	3.99
KOTAK MAHINDRA BANK LTD.	31,528	40,861,864	0.39	3.96
AXIS BANK LTD.	105,005	39,796,895	0.38	3.86
INDUSIND BANK LTD.	30,070	10,563,591	0.10	1.02
BANK OF BARODA	78,155	4,185,200	0.04	0.41
FEDERAL BANK LTD.	45,000	1,847,250	0.02	0.18
IDFC BANK LIMITED	81,204	1,713,404	0.02	0.17
PUNJAB NATIONAL BANK	20,125	651,044	0.01	0.06
YES BANK	22,800	511,860	0.00	0.05
		<b>276,243,361</b>	<b>2.63</b>	<b>26.80</b>
<b>WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING</b>				
INFOSYS LTD.	98,582	63,240,353	0.60	6.13
TATA CONSULTANCY SERVICES LTD.	30,174	55,100,741	0.52	5.34
TECH MAHINDRA LTD.	21,199	11,988,035	0.11	1.16
		<b>130,329,129</b>	<b>1.23</b>	<b>12.63</b>
<b>PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING OILS, LUBRICATING OILS OR GREASES OR OTHER PRODUCTS FROM CRUDE PETROLEUM OR BITUMINOUS MINERALS</b>				
RELIANCE INDUSTRIES LTD.	76,592	85,304,340	0.81	8.27
INDIAN OIL CORPORATION LTD.	44,000	3,592,600	0.03	0.35
BHARAT PETROLEUM CORPORATION LTD.	10,000	3,169,000	0.03	0.31
		<b>92,065,940</b>	<b>0.87</b>	<b>8.93</b>
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	26,736	43,662,562	0.41	4.23
LIC HOUSING FINANCE LTD.	53,800	12,659,140	0.12	1.23
		<b>56,321,702</b>	<b>0.53</b>	<b>5.46</b>
<b>MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO</b>				
ITC LIMITED	321,309	55,168,755	0.52	5.35
		<b>55,168,755</b>	<b>0.52</b>	<b>5.35</b>

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>DEBENTURES &amp; BONDS</b>				
<b>OTHER MONETARY INTERMEDIATION SERVICES N.E.C.</b>				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	3,310,000	349,681,209	3.31	9.96
EXPORT IMPORT BANK OF INDIA	1,970,000	214,210,457	2.03	6.10
		<b>563,891,666</b>	<b>5.34</b>	<b>16.06</b>
<b>OTHER CREDIT GRANTING</b>				
RURAL ELECTRIFICATION CORPORATION LIMITED	2,510,000	259,808,157	2.46	7.40
POWER FINANCE CORPORATION LTD.	2,160,000	223,399,350	2.11	6.37
		<b>483,207,507</b>	<b>4.57</b>	<b>13.77</b>
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
LIC HOUSING FINANCE LTD.	2,410,000	250,824,174	2.37	7.15
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	1,460,000	153,266,435	1.45	4.37
PNB HOUSING FINANCE LIMITED	250,000	24,623,400	0.23	0.70
		<b>428,714,009</b>	<b>4.05</b>	<b>12.22</b>
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
ICICI BANK LTD.	1,120,000	118,039,916	1.12	3.36
AXIS BANK LTD.	1,070,000	111,604,189	1.06	3.18
IDFC BANK LIMITED	470,000	46,348,339	0.44	1.32
HDFC BANK LTD.	330,000	34,394,382	0.33	0.98
PUNJAB NATIONAL BANK	80,000	8,179,704	0.08	0.23
		<b>318,566,530</b>	<b>3.03</b>	<b>9.07</b>
<b>TRANSMISSION OF ELECTRIC ENERGY</b>				
POWER GRID CORPORATION OF INDIA LTD.	2,560,000	273,174,467	2.59	7.78
		<b>273,174,467</b>	<b>2.59</b>	<b>7.78</b>
<b>PASSENGER RAIL TRANSPORT</b>				
INDIAN RAILWAY FINANCE CORPORATION LTD.	1,900,000	199,635,260	1.89	5.69
		<b>199,635,260</b>	<b>1.89</b>	<b>5.69</b>
<b>ELECTRIC POWER GENERATION AND TRANSMISSION BY NUCLEAR POWER PLANTS</b>				
NUCLEAR POWER CORPORATION OF INDIA LIMITED	1,670,000	181,772,384	1.72	5.18
		<b>181,772,384</b>	<b>1.72</b>	<b>5.18</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS LIMITED SCHEME – ATAL PENSION YOJANA  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	2285 76 02 995	1934 60 91 454	1608 89 38 457
Reserves and Surplus	2	1168 10 13 615	942 65 53 220	655 56 13 407
Current Liabilities and Provisions	3	52 34 570	6 28 49 912	1 85 14 709
<b>Total</b>		<b>3454 38 51 180</b>	<b>2883 54 94 586</b>	<b>2266 30 66 573</b>
<b>Assets</b>				
Investments	4	3389 90 17 413	2823 51 70 529	2219 34 94 145
Deposits	5	-	-	3 60 05 929
Other Current Assets	6	64 48 33 767	60 03 24 057	43 35 66 499
<b>Total</b>		<b>3454 38 51 180</b>	<b>2883 54 94 586</b>	<b>2266 30 66 573</b>
(a) Net assets as per Balance Sheets		3453 86 16 610	2877 26 44 674	2264 45 51 864
(b) Number of units outstanding		228 57 60 299	193 46 09 145	160 88 93 846
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS LIMITED SCHEME – ATAL PENSION YOJANA  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		2 23 87 095	2 84 85 275	1 03 76 161
Interest		101 13 68 669	81 66 10 561	62 88 36 706
Profit on sale/redemption of investments		3 36 32 058	2 61 52 040	2 00 07 943
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		73 06 67 314	91 73 44 137	101 81 33 838
Other income				
- Miscellaneous Income		121	446	905
<b>Total Income (A)</b>		<b>179 80 55 257</b>	<b>178 85 92 459</b>	<b>167 73 55 553</b>
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		128 50 51 259	35 95 67 115	9 08 98 899
Loss on sale/redemption of investments		1 06 71 946	99 43 857	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		19 34 594	15 50 976	11 69 293
NPS Trust fees		8 03 670	2 32 163	2 93 431
Custodian fees (including GST)		3 94 584	4 52 164	3 53 059
Depository and settlement charges (including GST)		3 01 189	96 317	91 064
CRA Fees		10 77 53 724	9 05 54 392	6 72 78 578
Less: Amount recoverable on sale of units on account of CRA Charges		(10 77 53 724)	(9 05 54 392)	(6 72 78 578)
Provision for Non-Performing Assets		7 35 00 000	1 70 00 000	-
Other Expenses		9 847	-	-
<b>Total Expenditure (B)</b>		<b>137 26 67 089</b>	<b>38 88 42 592</b>	<b>9 28 05 746</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>42 53 88 168</b>	<b>139 97 49 867</b>	<b>158 45 49 807</b>
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		55 43 83 945	(55 77 77 022)	(48 81 70 046)
Less: Amount transferred (to) / from General Reserve		(97 97 72 113)	(84 19 72 845)	(109 63 79 761)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS LIMITED SCHEME – ATAL PENSION YOJANA  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>			
Outstanding at the beginning of the year	1934 60 91 454	1608 89 38 457	1272 73 87 129
Add :Units issued during the year	395 08 92 607	361 86 20 875	363 66 20 863
Less: Units redeemed during the year	(43 93 81 066)	(36 14 67 878)	(27 50 69 535)
<b>Outstanding at the end of the year</b>	<b>2285 76 02 995</b>	<b>1934 60 91 454</b>	<b>1608 89 38 457</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>			
Outstanding units at the beginning of the year	193 46 09 145	160 88 93 846	127 27 38 713
Add :Units issued during the year	39 50 89 260	36 18 62 088	36 36 62 087
Less: Units redeemed during the year	(4 39 38 106)	(3 61 46 789)	(2 75 06 954)
<b>Outstanding units at the end of the year</b>	<b>228 57 60 299</b>	<b>193 46 09 145</b>	<b>160 88 93 846</b>
<b>Schedule 2</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Reserves and Surplus</b>			
<b>Unit Premium Reserve</b>			
Opening Balance	545 50 48 351	398 38 58 405	281 16 69 743
Add: Premium on Units issued	205 68 23 214	163 49 85 514	126 79 80 112
Less: Premium on Units redeemed	(22 77 50 987)	(16 37 95 568)	(9 57 91 450)
Add: Transfer from General Reserve	-	-	-
<b>Closing Balance</b>	<b>728 41 20 578</b>	<b>545 50 48 351</b>	<b>398 38 58 405</b>
<b>General Reserve</b>			
Opening Balance	292 55 57 801	208 35 84 956	98 72 05 195
Add: Transfer from Revenue Account	97 97 72 113	84 19 72 845	109 63 79 761
Less: Transfer to Unit Premium Reserve	-	-	-
<b>Closing Balance</b>	<b>390 53 29 914</b>	<b>292 55 57 801</b>	<b>208 35 84 956</b>
<b>Unrealised Appreciation Reserve</b>			
Opening Balance	104 59 47 068	48 81 70 046	-
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	(55 43 83 945)	55 77 77 022	48 81 70 046
<b>Closing Balance</b>	<b>49 15 63 123</b>	<b>104 59 47 068</b>	<b>48 81 70 046</b>
<b>Total</b>	<b>1168 10 13 615</b>	<b>942 65 53 220</b>	<b>655 56 13 407</b>
<b>Schedule 3</b>	<b>As at March 31, 2020 ₹</b>	<b>As at Sept 30, 2019 ₹</b>	<b>As at March 31, 2019 ₹</b>
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors for expenses	15 03 914	12 94 487	9 13 846
Bank Overdraft	-	-	-
Redemption Payable	36 90 352	80 04 577	73 15 318
TDS Payable	40 304	32 404	26 264
Contracts for purchase of investments	-	5 35 18 444	1 02 59 281
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
<b>Total</b>	<b>52 34 570</b>	<b>6 28 49 912</b>	<b>1 85 14 709</b>



NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS LIMITED SCHEME – ATAL PENSION YOJANA  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	328 25 78 223	355 63 67 264	311 23 69 684
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	1148 74 92 214	1043 16 55 288	788 50 21 784
Central and State Government Securities (including treasury bills)	1841 73 02 298	1380 42 82 311	1096 82 03 178
Commercial Paper	-	-	-
AIIF's (Category I and Category II Only)/RFIs/INVITs/Asset Backed Securities/ Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	71 16 44 678	44 58 65 666	19 78 99 499
Non Convertible Debentures classified as NPA	9 05 00 000	1 40 00 000	3 00 00 000
Less: Provision on Non performing investment	(9 05 00 000)	(1 70 00 000)	-
<b>Total</b>	<b>3389 90 17 413</b>	<b>2823 51 70 529</b>	<b>2219 34 94 145</b>
<hr/>			
Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	-	-	3 60 05 929
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3 60 05 929</b>
<hr/>			
Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	1 53 451	20 10 377	2 53 76 592
Contracts for sale of investments	-	26 75 922	-
Interest Receivable on Non-Performing Investments	93 80 316	93 80 316	43 13 151
Less: Provision for interest on Non-Performing Investment	( 93 80 316)	( 93 80 316)	( 43 13 151)
Outstanding and accrued income	62 78 91 245	59 50 40 808	40 73 58 752
Dividend Receivable	7 45 696	5 96 950	3 18 191
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	1 60 43 375	-	5 12 964
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
<b>Total</b>	<b>64 48 33 767</b>	<b>60 03 24 057</b>	<b>43 35 66 499</b>

## NATIONAL PENSION SYSTEM TRUST

NPS Trust - A/C UTI Retirement Solutions Limited Scheme- Atal Pension Yojana

### SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

#### A. Background

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 4<sup>th</sup> June, 2015
3. **Investment pattern to be followed as per PFRDA Regulations:**

Sr. No.	Investment Pattern	% of amount to be invested
(i)	Government Securities	Upto 55
(ii)	Debt Securities	Upto 45
(iii)	Money Market instruments	Upto 10
(iv)	Equity Shares	Upto 15

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

### C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.
3. **Covid 19 Uncertainties:**  
The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.

**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex – date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- f. Investments are reconciled with the custodian records on daily basis.
- g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.

- 5. Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology. Due to this revision, investments Value are reduced by Rs. 5.48 crores on 31st March,2020.

Investments are valued using the price determined in the following manner:

**A) Valuation of Equity and Equity related Instruments**

**a. Equity:**

- i. When a security is traded on National Stock Exchange (NSE) on a valuation day, the last quoted closing price at which it was traded on the NSE.

- ii. When on a valuation day, a security has not been traded on NSE, the value at which it is traded on BSE is used.
- iii. **Right entitlement:**
  - a. **Traded:** Right entitlement is valued at the closing market price on the valuation date.
  - b. **Non-traded:** Right entitlement is valued at the difference of the Ex-right price and the offer price multiplied by the ratio of Right Entitlement.

## **B) Valuation of Debt Instruments**

### **I) Valuation Policy up to 31<sup>st</sup> December, 2019**

- a. **Debentures, corporate bonds, commercial papers and certificate of deposits:**
  - ii. Debt securities (other than Government Securities) with a residual maturity over 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads over the benchmark rate to arrive at the yield for pricing the security. The spreads and benchmark rates are used from aggregated CRISIL and ICRA daily matrices.
  - iii. Debt securities (other than Government securities) with a residual maturity up to 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.
  - iv. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
  - v. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
  - vi. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
  - vii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.

- viii. Partly paid bonds are valued at cost till it is fully paid.
- ix. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
- x. 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.

**b. Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.

**c. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

### **a) Valuation of Debt Securities (other than government securities)**

Debt securities are valued at clean price, which means excluding accrued interest component of the security. If corporate bonds and debentures are quoted cum interest on the exchange, the valuation is done by excluding the accrued interest portion (i.e. from the last due date of interest till date) from the quoted price, since the interest is accrued and accounted separately on a daily basis.

#### **i) All Instruments/Securities with residual maturity of more than 30 days :**

- a.** In respect of the Traded Securities, the traded price are taken subject to the fulfilment of the conditions practiced/adopted by the valuation agency after consultation with NPS Trust and PF's.
- b.** In respect of the non traded Securities, the securities are valued on the basis of scrip level prices released by the valuation agency in consultation with NPS Trust and PF's.
- c.** In case of new security purchased for which price is not available, such security valued on the basis of scrip level price (for coupon bearing securities) / scrip level yield (for discounted securities) at which the securities are purchased.

#### **ii) All Instruments/Securities with residual maturity of upto 30 days:** The securities are valued by amortisation on a straight-line basis to maturity from last valuation price as long as it is within the prescribed range, (presently $\pm 0.025\%$ , i.e. $\pm 2.5$ basis points) of the reference price provided by the valuation agency.

**b) Government Securities:**

- i) **Securities with residual maturity of more than 30 days:** The security are valued on the basis of scrip level prices released by the valuation agency on the same basis as debt securities maturing greater than 30 days.
- ii) **Securities with residual maturity of upto 30 days :** The security are valued through amortization on the same basis as debt securities maturing upto 30 days.

**c) Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

**Valuation policy for securities below investment grade (securities which were of investment grade at the time of purchase but which have fallen below the investment grade):**

In the cases of securities below BBB -, the same are valued as below:

All non-investment grade debt securities except with default rating (other than Government securities) and securities where credit rating agencies have suspended the ratings but are performing assets as per PFRDA guidelines are valued at a discount of 25% of the face value.

All non-investment grade debt securities (other than Government securities) not covered above are valued at the indicative haircut matrix or price provided by the valuation agency. In case the security is traded where the haircut has been applied, lower of the haircut matrix based price and trade price are considered.

6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

**7. 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 re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

Written-back of provisioning of interest: Upon reclassification of assets as 'performing asset'

- i) In case an issuer has fully cleared all the arrears of interest, the interest provisions 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 asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

Further, PFRDA has specifically issued guideline for valuation of IL&I'S bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest vide their letter no. 1/16/2018-NPSI/11514 dated 6th August, 2019 which is attached herewith.

#### **8. Income Recognition:**

- a. Dividend income is accrued on the "ex-dividend" date.
- b. Interest on interest - bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.

- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- e. Profit / Loss of sale of Investment
  - 1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
  - 2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.

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

**10. Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after each subscription / redemption.

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

Based on the confirmation from CRA the number of units as at the year end are 2285742965.1654 and the balance 17334.2179 have been identified as residual units with CRA.

**E. Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.0102%	0.0102%	₹ 19,34,594	₹ 15,50,976

\* excluding GST

\*\* including GST

- F. NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 8,03,670	₹ 2,32,163

- G. Purchase/Sale of Investments:** The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

₹ in Crores							
Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
2,329.61	72.4	1,696.99	52.74	5,829.11	341.78	5,272.95	309.17

- H.** The aggregate value of non-traded investments (other than Government Securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31st March, 2020 is ₹ 422.78 Crores. (Previous Period ₹ 493.20 Crores)

- I. Net Asset Value:**

Current Period	Previous Period
As on 31st March, 2020	As on 30th Sept, 2019
₹ 15.1103	₹ 14.8725

- J. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme's average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
179.81	5.59	137.27	4.27	178.86	6.93	38.88	1.51

- K. 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.

- L. Income Taxes:**

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

**M. Non-Performing Assets:**

As per PFRDA (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<sup>st</sup> March, 2020 is as under:

Particular	₹ in Crores	
	As on 31st March, 2020****	As on 30th Sept, 2019****
Book Value	9.05	1.70
Provision for NPA	9.05	1.70
Carrying Cost	-	-
Market Value***	-	-
% of NPA (Gross) to AUM	0.26	0.06

\*\*\* Investment is not traded, hence market value is not ascertainable.

\*\*\*\* As per board of director direction, 100% provisions has been made on IL&FS Limited and IL&FS Financial Services Limited.

N. Contingent liability as on 31<sup>st</sup> March, 2020 is ₹ 16,13,500 towards uncalled amount of ₹ 461 per shares on 3,500 Partly Paid shares of Tata Steel Limited. (Previous Period ₹ 16,13,500).

O. Details of Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest as on 31<sup>st</sup> March, 2020 is ₹ NIL. (Previous Period ₹ Nil)

P. **Investment in associates and group companies:** The Scheme has made following investment in the Associate and Group companies of the PFM:

Name of Scheme	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 1,703.10	₹ 71.16	₹ 5,290.39	₹ 44.59

Q. **Portfolio:** Industry wise classification where industry exposure % to total exposure in investment category  $\geq 5\%$  as on 31<sup>st</sup> March, 2020 is given in Annexure A.

R. The Previous Period figures are regrouped/ reclassified, wherever necessary.

# ANNEXURE A

Industry wise classification where industry exposure % to total exposure in investment category is >= 5%

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>EQUITY SHARES</b>				
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS. POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
ICICI BANK LTD.	598,498	193,763,728	0.56	5.90
HDFC BANK LTD.	224,698	193,667,206	0.56	5.90
KOTAK MAHINDRA BANK LTD.	132,041	171,131,738	0.50	5.21
AXIS BANK LTD.	329,450	124,861,550	0.36	3.80
STATE BANK OF INDIA	596,523	117,425,553	0.34	3.58
INDUSIND BANK LTD.	101,911	35,801,334	0.10	1.09
BANK OF BARODA	150,182	8,042,246	0.02	0.24
YES BANK	93,913	2,108,347	0.01	0.06
IDFC BANK LIMITED	14,780	311,858	0.00	0.01
PUNJAB NATIONAL BANK	144	4,658	0.00	0.00
		<b>847,118,218</b>	<b>2.45</b>	<b>25.79</b>
<b>WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING</b>				
INFOSYS LTD.	317,860	203,907,190	0.59	6.21
TATA CONSULTANCY SERVICES LTD.	87,132	159,111,745	0.46	4.85
TECH MAHINDRA LTD.	78,392	44,330,676	0.13	1.35
HCL TECHNOLOGIES LIMITED	8,152	3,557,533	0.01	0.11
		<b>410,907,144</b>	<b>1.19</b>	<b>12.52</b>
<b>PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING OILS, LUBRICATING OILS OR GREASES OR OTHER PRODUCTS FROM CRUDE PETROLEUM OR BITUMINOUS MINERALS</b>				
RELIANCE INDUSTRIES LTD.	222,002	247,254,728	0.72	7.53
BHARAT PETROLEUM CORPORATION LTD.	80,000	25,352,000	0.07	0.77
INDIAN OIL CORPORATION LTD.	145,600	11,888,240	0.03	0.36
CASTROL INDIA LTD.	62,400	6,205,680	0.02	0.19
		<b>290,700,648</b>	<b>0.84</b>	<b>8.85</b>
<b>MANUFACTURE OF ALLOPATHIC PHARMACEUTICAL PREPARATIONS</b>				
LUPIN LTD.	71,179	41,970,697	0.12	1.28
CIPLA LTD.	96,638	40,863,378	0.12	1.24
CADILA HEALTHCARE LTD.	117,500	31,401,875	0.09	0.96
DR. REDDYS LABORATORIES LTD.	9,874	30,814,286	0.09	0.94
DIVIS LABORATORIES LTD.	11,749	23,369,348	0.07	0.71
SUN PHARMACEUTICAL INDUSTRIES LTD.	65,585	23,105,596	0.07	0.70
		<b>191,525,180</b>	<b>0.56</b>	<b>5.83</b>

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>DEBENTURES &amp; BONDS</b>				
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
LIC HOUSING FINANCE LTD.	10,640,000	1,095,314,049	3.17	9.46
HOUSING AND URBAN DEVELOPMENT CORPORATION	8,380,000	895,577,903	2.59	7.74
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	6,500,000	678,169,919	1.96	5.86
PNB HOUSING FINANCE LIMITED	250,000	24,623,400	0.07	0.21
		<b>2,693,685,271</b>	<b>7.79</b>	<b>23.27</b>
<b>OTHER MONETARY INTERMEDIATION SERVICES N.E.C.</b>				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	10,870,000	1,145,553,085	3.32	9.89
EXPORT IMPORT BANK OF INDIA	1,980,000	211,613,004	0.61	1.83
		<b>1,357,166,089</b>	<b>3.93</b>	<b>11.72</b>
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
AXIS BANK LTD.	8,670,000	906,089,817	2.62	7.83
ICICI BANK LTD.	1,920,000	197,949,695	0.57	1.71
HDFC BANK LTD.	1,430,000	149,042,322	0.43	1.29
IDFC BANK LIMITED	320,000	31,445,839	0.09	0.27
YES BANK	200,000	10,000,000	0.03	0.09
KOTAK MAHINDRA BANK LTD.	10,000	1,034,878	0.00	0.01
		<b>1,295,562,551</b>	<b>3.74</b>	<b>11.20</b>
<b>OTHER CREDIT GRANTING</b>				
RURAL ELECTRIFICATION CORPORATION LIMITED	6,200,000	632,797,031	1.83	5.47
POWER FINANCE CORPORATION LTD.	5,690,000	585,079,831	1.69	5.05
		<b>1,217,876,862</b>	<b>3.52</b>	<b>10.52</b>
<b>PASSENGER RAIL TRANSPORT</b>				
INDIAN RAILWAY FINANCE CORPORATION LTD.	10,710,000	1,126,261,539	3.26	9.73
		<b>1,126,261,539</b>	<b>3.26</b>	<b>9.73</b>
<b>CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, ROADS, OTHER VEHICULAR AND PEDESTRIAN WAYS, HIGHWAYS, BRIDGES, TUNNELS AND SUBWAYS</b>				
NATIONAL HIGHWAYS AUTHORITY OF INDIA	10,540,000	1,099,205,174	3.18	9.49
		<b>1,099,205,174</b>	<b>3.18</b>	<b>9.49</b>
<b>TRANSMISSION OF ELECTRIC ENERGY</b>				
POWER GRID CORPORATION OF INDIA LTD.	6,100,000	648,378,964	1.88	5.60
		<b>648,378,964</b>	<b>1.88</b>	<b>5.60</b>

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CORPORATE CG  
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Schedules	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Liabilities</b>				
Unit Capital	1	-	-	-
Reserves and Surplus	2	-	-	-
Current Liabilities and Provisions	3	-	-	-
<b>Total</b>		-	-	-
<b>Assets</b>				
Investments	4	-	-	-
Deposits	5	-	-	-
Other Current Assets	6	-	-	-
<b>Total</b>		-	-	-
(a) Net assets as per Balance Sheets		-	-	-
(b) Number of units outstanding		-	-	-
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CORPORATE CG  
REVENUE ACCOUNT FOR THE HALF YEAR ENDED MARCH 31, 2020

Particulars	Schedules	Half Year ended March 31, 2020 ₹	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹
<b>Income</b>				
Dividend		-	-	-
Interest		-	-	-
Profit on sale/redemption of investments		-	-	-
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		-	-	-
Other income		-	-	-
- Miscellaneous Income		-	-	-
<b>Total Income (A)</b>		-	-	-
<b>Expenses and Losses</b>				
Unrealized losses in value of investments		-	-	-
Loss on sale/redemption of investments		-	-	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		-	-	-
NPS Trust fees		-	-	-
Custodian fees (including GST)		-	-	-
Depository and settlement charges (including GST)		-	-	-
CRA fees		-	-	-
Less: Amount recoverable on sale of units on account of CRA Charges		-	-	-
Provision for Non-Performing Assets		-	-	-
Other Expenses		-	-	-
<b>Total Expenditure (B)</b>		-	-	-
<b>Surplus/(Deficit) for the year (A-B)</b>		-	-	-
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		-	-	-
Less: Amount transferred (to) / from General Reserve		-	-	-
<b>Amount carried forward to Balance Sheet</b>		-	-	-
Significant Accounting Policies and Notes to Accounts	7			



NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CORPORATE CG  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 1	No.	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Unit Capital</b>				
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		-	-	-
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>				
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		-	-	-
<hr/>				
Schedule 2		As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Reserves and Surplus</b>				
<b>Unit Premium Reserve</b>				
Opening Balance		-	-	-
Add: Premium on Units issued		-	-	-
Less: Premium on Units redeemed		-	-	-
Add: Transfer from General Reserve		-	-	-
Closing Balance		-	-	-
<b>General Reserve</b>				
Opening Balance		-	-	-
Add: Transfer from Revenue Account		-	-	-
Less: Transfer to Unit Premium Reserve		-	-	-
Closing Balance		-	-	-
<b>Unrealised Appreciation Reserve</b>				
Opening Balance		-	-	-
Add: Adjustment for Previous years unrealised appreciation reserve		-	-	-
Add/(Less): Transfer from/(to) Revenue Account		-	-	-
Closing Balance		-	-	-
<hr/>				
<b>Total</b>		-	-	-
<hr/>				
Schedule 3		As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Current Liabilities and Provisions</b>				
<b>Current Liabilities</b>				
Sundry Creditors for expenses		-	-	-
Book Overdraft		-	-	-
Redemption Payable		-	-	-
IDS Payable		-	-	-
Contracts for purchase of investments		-	-	-
Amount Payable to Other Schemes		-	-	-
Provision for Interest overdue		-	-	-
Provision on upgraded assets		-	-	-
Interest received in Advance		-	-	-
<hr/>				
<b>Total</b>		-	-	-
<hr/>				

NATIONAL PENSION SYSTEM TRUST  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CORPORATE CG  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2020

Schedule 4	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Investments (Long Term and Short Term)</b>			
Equity Shares	-	-	-
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	-	-	-
Central and State Government Securities (including treasury bills)	-	-	-
Commercial Paper	-	-	-
AIIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/ Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	-	-	-
<b>Total</b>	-	-	-

Schedule 5	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Deposits</b>			
Deposits with Scheduled Banks	-	-	-
<b>Total</b>	-	-	-

Schedule 6	As at March 31, 2020 ₹	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹
<b>Other Current Assets</b>			
Balances with bank in a current account	-	-	-
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	-	-	-
Less: Provision for interest on Non-Performing Investment	-	-	-
Outstanding and accrued income	-	-	-
Dividend Receivable	-	-	-
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	-	-
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
<b>Total</b>	-	-	-

## NATIONAL PENSION SYSTEM TRUST

### NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme - Corporate CG

#### SCHEDULE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2020

##### A. Background

1. UTI Retirement Solutions 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. Valuation is provided by ICRA and custodian is SHCIL.
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 PFRDA 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. SHCIL also informs/updates about the Corporate Actions.
4. ICRA Analytics Ltd. (ICRA) – ICRA has been designated as valuation service provider, which is responsible for providing rates for the valuation of securities, which is used by PFM for valuation of investments. ICRA also updates the rating of Bonds.
5. 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.
6. 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.

#### **B. Scheme particulars**

1. **Investment objective:** The investment objective of the scheme is to optimise returns on investments.
2. **Commencement:** The Scheme commenced its operations on 5<sup>th</sup> November, 2012.
3. **Investment pattern to be followed as per the PFRDA Regulations:**

Sr. No.	Investment Pattern	% of amount to be invested
(i)	Government Securities	Upto 55
(ii)	Debt Securities	Upto 45
(iii)	Money Market instruments	Upto 10
(iv)	Equity Shares	Upto 15

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

### C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Use of Estimates:** The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates and are given effect to in the year in which those are crystallized.
3. **Covid 19 Uncertainties:**

The PFM has considered the possible impact that may arise from the pandemic relating to COVID-19 on the carrying amounts of investments of the Scheme. In developing the assumptions relating to the possible uncertainties in global economic conditions, the PFM, as at the date of approval of financial statements of the Scheme has used internal and external sources of information. The PFM has performed analysis on the assumptions used and based on current estimates expects the carrying amount of investments to be recovered. Further, the extent of which the COVID-19 pandemic will impact the Scheme revenue will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and likely Government action relating to the Covid-19.

**4. Investments:**

- a. Investments are accounted on trade date.
- b. Cost is determined on the basis of weighted average cost.
- c. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- d. The company has policy of determining the post demerger cost of acquisition of the equity shares of demerged companies by apportioning pre demerger cost of acquisition in the ratio provided by the demerged company for Income Tax Purposes. In case the information of cost split allocation ratio is not made available by the demerged company on ex - date and if shares of only one company continue to be traded on demerger, the other security is valued at traded value on the day before the demerger less value of the traded security post demerger. If post demerger value of the share of demerged and traded company is equal or in excess of the value of the pre demerger share, then the non traded share is to be valued at zero.
- e. The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.
- f. Investments are reconciled with the custodian records on daily basis.
- g. As per Investment Management Agreement dated 18th April, 2012, transfer of securities from one scheme to another scheme are made at the prevailing market price on spot basis.

- 5. Valuation of investments:** Valuation policy is amended w.e.f 01<sup>st</sup> January, 2020 by PFRDA. Accordingly, prices sent by ICRA from 01<sup>st</sup> January, 2020 are on the basis of revised methodology.

Investments are valued using the price determined in the following manner:

**A) Valuation of Equity and Equity related Instruments**

**a. Equity:**

- i. When a security is traded on National Stock Exchange (NSE) on a valuation day, the last quoted closing price at which it was traded on the NSE.
- ii. When on a valuation day, a security has not been traded on NSE, the value at which it is traded on BSE is used.

iii. **Right entitlement:**

- a. **Traded:** Right entitlement is valued at the closing market price on the valuation date.
- b. **Non-traded:** Right entitlement is valued at the difference of the Ex-right price and the offer price multiplied by the ratio of Right Entitlement.

**B) Valuation of Debt Instruments**

**I) Valuation Policy up to 31<sup>st</sup> December, 2019**

**a. Debentures, corporate bonds, commercial papers and certificate of deposits:**

- ii. Debt securities (other than Government Securities) with a residual maturity over 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads over the benchmark rate to arrive at the yield for pricing the security. The spreads and benchmark rates are used from aggregated CRISIL and ICRA daily matrices.
- iii. Debt securities (other than Government securities) with a residual maturity up to 60 days are valued at NSE/BSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.
- iv. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- v. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- vi. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
- viii. Partly paid bonds are valued at cost till it is fully paid.

- ix. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
  - x. 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.
- b. Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.
- c. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from Association of Mutual Funds in India (AMFI) website.

## **II) Valuation Policy w.e.f 1<sup>st</sup> January, 2020**

### **a) Valuation of Debt Securities (other than government securities)**

Debt securities are valued at clean price, which means excluding accrued interest component of the security. If corporate bonds and debentures are quoted cum interest on the exchange, the valuation is done by excluding the accrued interest portion (i.e. from the last due date of interest till date) from the quoted price, since the interest is accrued and accounted separately on a daily basis.

#### **i) All Instruments/Securities with residual maturity of more than 30 days :**

- a. In respect of the Traded Securities, the traded price are taken subject to the fulfilment of the conditions practiced/adopted by the valuation agency after consultation with NPS Trust and PFs.
- b. In respect of the non traded Securities, the securities are valued on the basis of scrip level prices released by the valuation agency in consultation with NPS Trust and PFs.
- c. In case of new security purchased for which price is not available, such security valued on the basis of scrip level price (for coupon bearing securities) / scrip level yield (for discounted securities) at which the securities are purchased.

#### **ii) All Instruments/Securities with residual maturity of upto 30 days:** The securities are valued by amortisation on a straight-line basis to maturity from last valuation price as long as it is within the prescribed range, (presently $\pm 0.025\%$ , i.e. $\pm 2.5$ basis points) of the reference price provided by the valuation agency.



**b) Government Securities:**

- i) **Securities with residual maturity of more than 30 days:** The security are valued on the basis of scrip level prices released by the valuation agency on the same basis as debt securities maturing greater than 30 days.
- ii) **Securities with residual maturity of upto 30 days :** The security are valued through amortization on the same basis as debt securities maturing upto 30 days.

**c) Valuation of Bank Fixed Deposits:** Bank fixed deposits are valued at face value and amortised on a straight line basis.

**Valuation policy for securities below investment grade (securities which were of investment grade at the time of purchase but which have fallen below the investment grade):**

In the cases of securities below BBB -, the same are valued as below:

All non-investment grade debt securities except with default rating (other than Government securities) and securities where credit rating agencies have suspended the ratings but are performing assets as per PFRDA guidelines are valued at a discount of 25% of the face value.

All non-investment grade debt securities (other than Government securities) not covered above are valued at the indicative haircut matrix or price provided by the valuation agency. In case the security is traded where the haircut has been applied, lower of the haircut matrix based price and trade price are considered.

- 6. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

**7. Income Recognition:**

- a. Dividend income is accrued on the "ex-dividend" date.
- b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.

- c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- e. Profit / Loss of sale of Investment
  1. Profit / loss on Sale of equity shares / mutual fund units are the difference between the Sale consideration and the weighted average book cost.
  2. Realised gain / loss on debt securities is the difference between the Sale consideration and the weighted average amortised cost as on the date of Sale.

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

**9. Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after each subscription / redemption.

**D. Investment Management Fees:** In terms of the IMA, the scheme has accrued management fees payable to PFM as a percentage of scheme's average daily net assets. The basis of management fees and aggregate management fees on average daily net asset is as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ NIL	₹ NIL

\* excluding GST

\*\* including GST

**E. NPS Trust Charges:** The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The NPS Trust Charges was stopped on 25<sup>th</sup> January, 2019 and resumed on 1<sup>st</sup> August, 2019. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ NIL	₹ NIL

- F. Purchase/Sale of Investments:** The aggregate value of purchase and sales of investments during the period and expressed as a percentage of average daily net asset are as under:

**₹ in Crores**

Current Period				Previous Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

- G.** The aggregate value of non-traded investments (other than government securities) where investments have been valued “in good faith” exceed 5% of the NAV as at 31st March, 2020 is ₹ NIL. (Previous Period ₹ NIL)

**H. Net Asset Value:**

Current Period	Previous Period
As on 31st March, 2020	As on 30th Sept, 2019
₹ 10.0000	₹ 10.0000

- I. Income and Expenditure:** The total income and expenditure for the period as a percentage of the scheme’s average net assets are as under:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

**J. 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.

**K. Income Taxes:**

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

**L. Other disclosures:**

Particulars	Current Period	Previous Period
Contingent liabilities	Nil	Nil
Non performing investments- Carrying value	Nil	Nil
Non performing investments- Market value	Nil	Nil
Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest	Nil	Nil

**N. Investment in associates and group companies:** ₹ Nil (Previous Period: ₹ Nil)

**M.** The Previous Period figures are regrouped/ reclassified, wherever necessary.