



UTI RETIREMENT SOLUTIONS LIMITED

**Annual Audited Statement of
Accounts of**

*NPS Trust – A/C UTI Retirement Solutions Pension Fund
Scheme – Central Govt.*

For the Financial Year 2012-13

Registered Office:

UTI Towers 'Gn' Block,
Bandra – Kurla Complex
Bandra (East)
Mumbai-400051
66786731 / 6449



INDEPENDENT AUDITORS' REPORT

To,
The Trustees,
National Pension System Trust

Report on Financial Statements

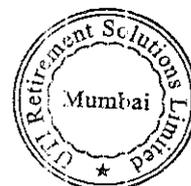
- 1 We have audited the accompanying financial statements of NPS Trust -- A/C UTI Retirement Solutions Pension Fund Scheme -- Central Govt. (Scheme) under the National Pension System Trust (NPS Trust) managed by UTI Retirement Solutions Ltd. (PFM) which comprise of the Balance Sheet as at March 31, 2013, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

- 2 Management of the PFM, in accordance with the Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (IMA) with the NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent made applicable by PFRDA to Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

Auditor's Responsibility

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



- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the PFM's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2013;
 - in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date;

Emphasis of Matter

- 7 Without modifying our opinion, we invite attention to Note 6A regarding the background of the operations wherein allotment/ redemption are made on the basis of consolidated data received by the PFM from the Central Recordkeeping Agency and the Trustee Bank as per the unbundled architecture of the National Pension System.

Report on Other Legal And Regulatory Requirements

- 8 As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:
- We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
 - The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.



- c. In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.
- d. *In our opinion and subject to note no. 7E, all transaction expenses in excess of the limits contractually agreed to / approved by the PFRDA are borne by the PFM and are not charged to the NAV of the Scheme.*
- e. In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 to the extent made applicable by PFRDA.

9 We further certify that

- a. *Except as stated in note no. 7E, Investments have been valued in accordance with the guidelines issued by the PFRDA.*
- b. *Except as stated in note no. 7A(6), Transaction and claims/fee raised by different entities are in accordance with the prescribed fee.*

For M M NISSIM AND CO.
Chartered Accountants
Firm Reg. No. 107122 W



Sanjay Khemani



Sanjay Khemani

Partner

M No.: 044577

Place: Mumbai

Date: 5 JUL 2013

NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT
BALANCE SHEET AS AT MARCH 31, 2013

Particulars	Note	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Liabilities			
Unit Capital	1	3660 22 75 309	2719 87 11 152
Reserves and Surplus	2	2144 97 69 020	1122 74 38 766
Current Liabilities and Provisions	3	32 47 29 707	9 57 936
Total		5837 67 74 036	3842 71 07 854
Assets			
Investments	4	5615 55 86 491	3644 24 61 735
Deposits	5	56 02 14 512	89 30 00 000
Other Current Assets	6	166 09 73 033	109 16 46 119
Total		5837 67 74 036	3842 71 07 854
Significant Accounting Policies and other explanatory notes	7		

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

For M. M. Nissim And Co. (FRN 107122W)
Chartered Accountants

For UTI Retirement Solutions Ltd.




Sanjay Khemani
(Partner)
M. No. - 044577


 Ram P Bhagat
(Chief Executive Officer
& Whole Time Director)




 S. Venkatraman
(Director)

Date: **5 JUL 2013**
Place: Mumbai

For and on behalf of National Pension System Trust


 (Chairman, NPS Trust Board)


 (Chief Executive Officer)



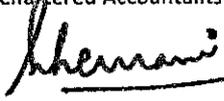
Date: **04 JUL 2013**
Place: New Delhi

NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C JTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Note	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
Income			
Dividend		3 77 78 464	2 81 39 146
Interest		371 55 77 373	231 97 76 075
Profit on sale/redemption of investments		30 96 74 448	29 08 30 573
Profit on inter-scheme transfer/sale of investments		2 07 99 853	-
Unrealized gain on appreciation in investments		140 47 79 218	-
Other income			
- Refund of Securities Transaction Tax		23 71 704	-
- Miscellaneous Income		20 002	-
Total		549 10 01 072	263 87 45 794
Expenses and Losses			
Unrealized losses in value of investments		-	38 87 06 217
Loss on sale/redemption of investments		1 17 62 829	2 15 44 625
Management fees		53 34 529	3 05 203
Custodian fees		37 29 792	25 80 538
Trustees Bank fees		3 34 308	1 92 509
CRA Fees	4 82 163	-	-
Less: Amount recovered / to be recoverable on sale of units on account of CRA Charges	(4 82 163)	-	-
Depository and settlement charges		1 80 325	1 89 911
Total		2 13 41 783	41 35 19 003
Surplus for the year		546 96 59 289	222 52 26 791
Appropriation			
Amount transferred to Unrealised Appreciation Reserve		101 60 73 001	-
Amount transferred to General Reserve		445 35 86 288	222 52 26 791
Total		546 96 59 289	222 52 26 791
Significant Accounting Policies and other explanatory notes	7		

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

For M. M. Nissim And Co. (FRN 107122W)
Chartered Accountants


Sanjay Khemani
(Partner)
M. No. - 044577

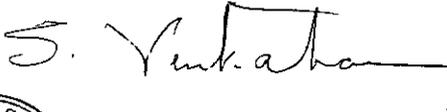


Date: 5 JUL 2013
Place: Mumbai

For JTI Retirement Solutions Ltd.


Balram P Bhagat
(Chief Executive Officer
& Whole Time Director)

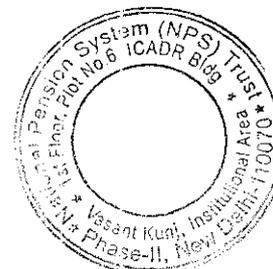



S. Venkatraman
(Director)

For and on behalf of National Pension System Trust

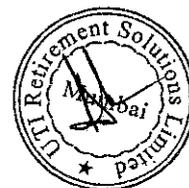
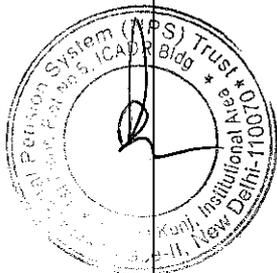

(Chairman, NPS Trust Board)
Date: 04 JUL 2013
Place: New Delhi


(Chief Executive Officer)



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, 2013

Particulars	As at March 31, 2013		As at March 31, 2012	
	No.	₹	No.	₹
Note 1				
Unit Capital (Face Value of Rs.10/- each unit)				
Initial Capital*		296 11 57 465		296 11 57 465
Unit Capital				
Outstanding at the beginning of the year	271 98 71 115	2719 87 11 152	187 05 50 787	1870 55 07 874
Add :Units issued during the year	100 50 30 391	1005 03 03 912	84 95 23 331	849 52 33 307
Less: Units redeemed during the year	(6 46 73 975)	(64 67 39 755)	(2 03 003)	(20 30 029)
Outstanding at the end of the year	<u>366 02 27 531</u>	<u>3660 22 75 309</u>	<u>271 98 71 115</u>	<u>2719 87 11 152</u>
* Represents capital on the date of commencement of scheme				
Note 2				
Reserves and Surplus				
Unit Premium Reserve				
Opening Balance		597 73 76 923		287 58 39 044
Add: Premium on Units issued		510 37 15 408		310 23 12 967
Less: Premium on Units redeemed		(35 10 44 443)		(7 75 088)
Closing Balance		<u>1073 00 47 888</u>		<u>597 73 76 923</u>
General Reserve				
Opening Balance		525 00 61 843		302 48 35 052
Add: Transfer from Revenue Account		445 35 86 288		222 52 26 791
Closing Balance		<u>970 36 48 131</u>		<u>525 00 61 843</u>
Unrealised Appreciation Reserve				
Opening Balance		-		-
Add: Transfer from Revenue Account		101 60 73 001		-
Closing Balance		<u>101 60 73 001</u>		<u>-</u>
Total		<u>2144 97 69 020</u>		<u>1122 74 38 766</u>
Note 3				
Current Liabilities and Provisions				
Current Liabilities				
Sundry Creditors for expenses		24 82 802		8 64 016
Redemption Payable		-		20 414
Amount Payable to Other Schemes		32 20 81 069		-
TDS Payable		1 65 836		73 506
Total		<u>32 47 29 707</u>		<u>9 57 936</u>



NATIONAL PENSION SYSTEM TRUST
NP S TRUST - A, CUT RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2013

Particulars	As at March 31, 2013	As at March 31, 2012
	₹	₹
Note 4		
Investments (Long Term and Short Term)		
Equity Shares	333 25 33 614	202 07 74 666
Debentures and Bonds Listed/Awaiting Listing	21 63 84 58 191	1406 14 36 045
Central and State Government Securities (Including treasury bills)	2817 93 99 603	1761 10 23 753
Commercial Paper	39 15 83 800	14 80 14 000
Others - Mutual Fund Units	1 86 46 87 533	172 35 94 771
- Certificates of Deposit	74 89 23 750	87 76 18 500
Total	5615 55 86 491	3644 24 61 735

Note 5

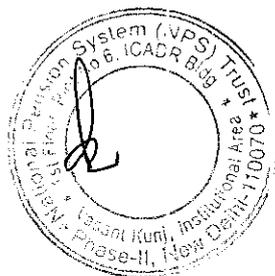
Deposits

Deposits with Scheduled Banks	56 02 14 512	89 30 00 000
Total	56 02 14 512	89 30 00 000

Note 6

Other Current Assets

Balances with bank in a current account	5 29 23 712	1 80 35 258
Contracts for sale of investments	-	1 93 63 923
Outstanding and accrued income	160 80 49 321	105 40 94 854
Brokerage receivable from PFM	-	1 52 084
Total	166 09 73 033	109 16 46 119



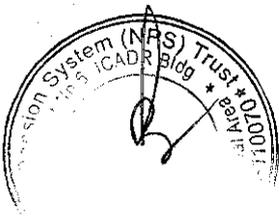
ANNEXURE A: SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION

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

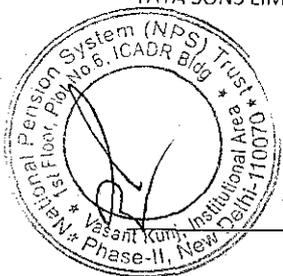
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT

3/31/2013

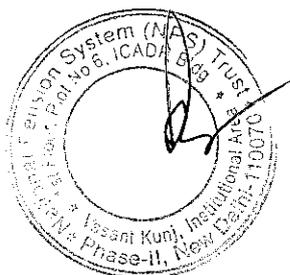
Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to invt. category
EQUITY SHARES				
AUTOMOBILES				
BAJAJ AUTO LIMITED	40,501	72,883,575	0.13	2.19
HERO HONDA	25,190	38,842,980	0.07	1.17
MAHINDRA & MAHINDRA	68,343	58,863,826	0.10	1.77
MARUTI SUZUKI INDIA LTD.	69,538	89,092,086	0.15	2.67
TATA MOTORS LTD.	304,970	82,082,676	0.14	2.46
		341,765,142	0.59	10.26
BANKING				
ALLAHABAD BANK	71,031	8,978,318	0.02	0.27
ANDHRA BANK	34,370	3,253,121	0.01	0.10
AXIS BANK	78,910	102,638,237	0.18	3.08
BANK OF BARODA	74,137	50,072,130	0.09	1.50
FEDERAL BANK	32,305	15,527,398	0.03	0.47
HDFC BANK LTD.	205,580	128,559,453	0.22	3.86
ICICI BANK	175,365	183,291,498	0.32	5.50
INDIAN BANK	65,589	11,553,502	0.02	0.35
ORIENTAL BANK OF COMMERCE	73,650	18,545,070	0.03	0.56
PUNJAB NATIONAL BANK	42,230	30,316,917	0.05	0.91
STATE BANK OF INDIA	61,018	126,475,060	0.22	3.80
UCO BANK	73,650	4,105,988	0.01	0.12
		683,316,691	1.18	20.50
CONSUMER NON DURABLES				
HINDUSTAN UNILEVER LTD.	207,050	96,681,998	0.17	2.90
ITC LTD.	371,040	114,818,328	0.20	3.45
SHREE RENUKA SUGARS LTD.	132,570	2,943,054	0.01	0.09
TATA GLOBAL BEVERAGES LTD.	206,170	26,358,835	0.05	0.79
UNITED SPIRITS LTD.	7,500	14,243,625	0.02	0.43
		255,045,839	0.44	7.65
FINANCE				
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	224,100	185,162,625	0.32	5.56
IDFC LIMITED	44,190	6,345,684	0.01	0.19
LIC HOUSING FINANCE LTD	245,585	55,232,067	0.10	1.66
		246,740,376	0.43	7.40
METALS INDUSTRY				
HINDALCO INDUSTRIES LTD	100,620	9,216,792	0.02	0.28
HINDUSTAN ZINC	299,631	36,345,240	0.06	1.09
JINDAL STEEL & POWER	76,600	26,637,650	0.05	0.80
NATIONAL ALUMINIUM COMPANY LTD.	39,280	1,302,132	0.00	0.04
STEEL AUTHORITY OF INDIA LTD.	118,200	7,393,410	0.01	0.22
STERLITE INDUSTRIES (INDIA) LTD.	376,860	35,311,782	0.06	1.06
TATA STEEL LTD.	240,871	75,356,492	0.13	2.26
		191,563,499	0.33	5.75



Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to invt. category
OIL, GAS AND PETROLEUM PRODUCTS				
BHARAT PETROLEUM CORPORATION LTD.	111,200	42,000,240	0.07	1.26
CAIRN INDIA	219,803	59,885,327	0.10	1.80
GAIL	91,570	29,142,153	0.05	0.87
HINDUSTAN PETROLEUM CORPORATION LTD.	30,440	8,681,488	0.01	0.26
INDIAN OIL CORPORATION	19,640	5,530,624	0.01	0.17
OIL & NATURAL GAS CORPORATION LTD.	163,010	50,761,314	0.09	1.52
RELIANCE INDUSTRIES LIMITED	180,500	139,508,450	0.24	4.19
		335,509,596	0.58	10.07
PHARMACEUTICALS				
AUROBINDO PHARMA LIMITED	99,810	14,567,270	0.03	0.44
BIOCON LTD	30,357	8,307,193	0.01	0.25
CIPLA	95,440	36,243,340	0.06	1.09
DIVI'S LABORATORIES	23,892	23,593,350	0.04	0.71
DR. REDDY'S LABORATORIES LTD.	49,676	87,752,654	0.15	2.63
LUPIN	39,680	24,940,864	0.04	0.75
RANBAXY LABORATORIES LTD.	9,820	4,308,525	0.01	0.13
SUN PHARMACEUTICALS INDUSTRIES LTD.	33,256	27,235,001	0.05	0.82
		226,948,197	0.39	6.81
SOFTWARE				
HCL TECHNOLOGIES	69,461	55,221,495	0.10	1.66
INFOSYS LTD.	59,063	170,653,679	0.29	5.12
TATA CONSULTANCY SERVICES LTD.	43,380	68,356,035	0.12	2.05
WIPRO LTD.	217,813	95,217,097	0.16	2.86
		389,448,306	0.67	11.69
DEBENTURES & BONDS				
BANKING				
AXIS BANK	5,850,000	596,316,825	1.03	2.76
HDFC BANK LTD.	1,000,000	101,064,700	0.17	0.47
ICICI BANK	5,180,000	524,506,510	0.90	2.42
IDBI BANK LTD.	7,440,000	804,594,490	1.39	3.72
INDIAN OVERSEAS BANK	1,000,000	106,497,700	0.18	0.49
ING VYSYA	800,000	81,410,960	0.14	0.38
STATE BANK OF INDIA	500,000	52,329,450	0.09	0.24
YES BANK LIMITED	2,000,000	205,437,400	0.35	0.95
		2,472,158,035	4.26	11.42
FINANCE				
IDFC LIMITED	1,500,000	150,289,950	0.26	0.69
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	11,530,000	1,173,323,684	2.02	5.42
INDIAN INFRASTRUCTURE FIN. CO.	1,000,000	107,990,000	0.19	0.50
INDIAN RAILWAY FINANCE CORPORATION LTD.	6,500,000	667,746,300	1.15	3.09
INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED	10,580,000	1,069,933,016	1.84	4.94
LIC HOUSING FINANCE LTD	9,160,000	940,479,470	1.62	4.35
POWER FINANCE CORPORATION LIMITED	12,700,000	1,306,091,688	2.25	6.04
RELIANCE CAPITAL LTD.	8,390,000	845,295,289	1.46	3.91
TATA SONS LIMITED	12,880,000	1,312,049,019	2.26	6.06
		7,573,198,416	13.05	35.00



Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Assets	% to invt. category
NON-BANKING FINANCIAL COMPANY				
BMW INDIA FINANCIAL SERVICES PVT LTD	1,500,000	153,702,350	0.26	0.71
CHOLAMANDALAM INVESTMENT AND FINANCE CO. LIMITED	1,200,000	124,935,720	0.22	0.58
HDB FINANCIAL SERVICES LIMITED	4,200,000	426,071,460	0.73	1.97
ICICI SECURITIES PRIMARY DEALERSHIP LTD	1,500,000	150,167,700	0.26	0.69
MAHINDRA AND MAHINDRA FINANCIAL SERVICES LTD	1,500,000	153,981,450	0.27	0.71
SHRIRAM TRANSPORT FINANCE CO LTD	12,180,000	1,261,320,732	2.17	5.83
TATA MOTORS FINANCE	1,800,000	181,168,740	0.31	0.84
VOLKSWAGEN FINANCE PRIVATE LIMITED	1,000,000	100,398,300	0.17	0.46
		2,551,746,252	4.40	11.79
OIL, GAS AND PETROLEUM PRODUCTS				
RELIANCE GAS TRANSPORTATION INFRASTRUCTURE LTD	6,450,000	690,051,495	1.19	3.19
INDIAN OIL CORPORATION LTD	1,500,000	163,588,800	0.28	0.76
RELIANCE INDUSTRIES LIMITED	1,470,000	147,212,036	0.25	0.68
RELIANCE PORTS & TERMINALS LIMITED	9,010,000	978,309,404	1.69	4.52
		1,979,161,735	3.41	9.15
PESTICIDES				
UNITED PHOSPHORUS LTD.	18,070,000	1,935,216,504	3.33	8.94
		1,935,216,504	3.33	8.94
POWER & ELECTRICITY				
NUCLEAR POWER CORPORATION OF INDIA LIMITED	1,000,000	99,304,900	0.17	0.46
POWER GRID CORPORATION OF INDIA LIMITED	1,230,000	123,977,205	0.21	0.57
RELIANCE UTILITIES AND POWER PRIVATE LIMITED	2,700,000	271,578,100	0.47	1.26
RURAL ELECTRIFICATION CORPORATION LIMITED	6,440,000	656,486,446	1.13	3.03
TATA POWER COMPANY LTD.	7,940,000	864,234,608	1.49	3.99
		2,015,581,309	3.47	9.31



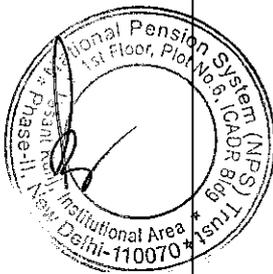
NATIONAL PENSION SYSTEM TRUST

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

NOTE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2013

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). 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 NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd., being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment/redemption of units and Bank of India, being the Trustee Bank, provides/receives funds on consolidated basis in respect of such allotment/redemption.
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. Further, SHCIL has also been designated as valuation service provider, who is responsible for providing rates for valuation, which is used by PFM for valuation of investments.
4. Pension Fund Regulatory and Development Authority (PFRDA) has issued PFRDA (Preparation of Financial Statements and Auditor's Report of Scheme under National Pension System) Guidelines-2012 (PFRDA guidelines), which was effective from 5th September, 2012. Prior to that, the



accounting policies followed by the scheme were in accordance with the SEBI (Mutual Fund) Regulations, 1996. As per clarification, the PFRDA guidelines have been applied prospectively and accordingly the figures of the previous year are not comparable with that of the current year. Since the changes in the accounting policy are necessitated by the PFRDA guidelines, the same has not been considered as change in the accounting policy.

5. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a scheme's account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.
6. The fees payable by CRA and trustee bank as per the architecture is charged to the scheme as claimed by CRA and trustee bank.

B. Scheme particulars

1. **Investment objective:** The investment objective of the scheme is to optimise returns.
2. **Commencement:** The Scheme commenced operations on 31 March, 2008
3. **Investment pattern:**

Sr. No.	Investment Pattern	Percentage amount to be invested
(i)	Government Securities	Upto 55
(ii)	Debt Securities	Upto 40
(iii)	Money Market instruments	Upto 5
(iv)	Equity Shares	Upto 15

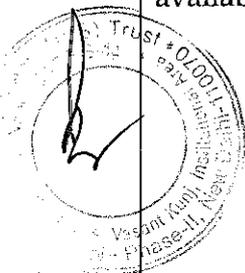
4. Contributions to the Scheme by the investors for retirement are non-withdrawable.

C. Significant Accounting Policies

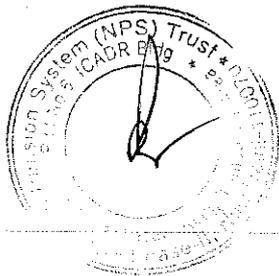
1. **Basis of Accounting:** The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Investments:**
 - a. Investments are accounted on trade date.
 - b. The cost includes service tax on brokerage.
 - c. Cost is determined on the basis of weighted average cost.



- d. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
3. **Valuation of investments:** Investments are valued using the price determined in the following manner:
- 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.
- b. **Debentures, corporate bonds, commercial papers and certificate of deposits:**
- i. Traded securities are valued at NSE weighted average traded price on that day.
 - ii. Securities not traded on a valuation day with residual maturity over 60 days are valued on a yield to maturity basis, which is arrived at by adding spreads of relevant tenor, rating and industry over the benchmark yield.
 - iii. The spread used are average of spreads provided by CRISIL and ICRA.
 - iv. Securities not traded on a valuation day with residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over the remaining maturity period of the instrument.
 - v. Securities purchased by way of private placement are valued at cost for a period of fifteen days beginning from the date of purchase.
 - vi. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
 - vii. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
 - viii. 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.
 - ix. Partly paid bonds are valued at cost till it is fully paid.
 - x. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
- c. **Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.
- d. **Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from AMFI website.

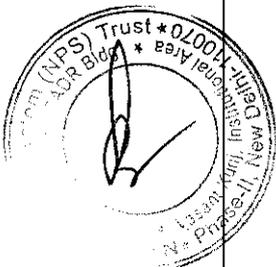


4. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.
 5. 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.
 6. **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.
 7. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve.
- D. Hitherto, the Scheme was accounting net unrealised gains on appreciation in the value of investments in the Balance Sheet as an Unrealised Appreciation Reserve. During the year, pursuant to the PFRDA guidelines, the Scheme has changed the manner of recognising net unrealised appreciation by routing it through Revenue Account. The effect of the change in accounting policy has resulted in income for the year being higher by ₹ 140.48 Crores, though this does not have any impact either on the accumulated balance in the Reserves and Surplus or on NAV.
- E. The valuation policy of the Scheme, as advised by SHCIL, is at variance with PFRDA guidelines. The details of deviation are as under:



PFRDA Guidelines	Valuation Policy
<p>1. Securities traded at a stock exchange: When a debt security (other than government security) is not traded on any stock exchange on a particular valuation day, the value at which it was traded on any other stock exchange on the earliest previous day is used, provided that such day is not more than fifteen days.</p>	When such securities are not traded on a valuation day, they are valued on a yield to maturity basis if residual maturity exceeds 60 days otherwise 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.
<p>2. Securities not traded at a stock exchange: Thinly Traded Debt Securities (other than government securities) shall be valued in good faith.</p>	Traded security, whether thinly traded or not, is valued at last quoted closing price on the valuation day.
<p>3. Valuation of G- sec at YTM based on prevailing market prices</p>	They are being valued at average of price given by CRISIL and ICRA
<p>4. Money Market Instruments like T - Bill, CP and CD should be typically valued at amortised cost, unless traded, which is contrary to the stipulation in accounting policy.</p>	Money Market instruments are valued as per debt securities i.e. upto 60 days residual maturity - Amortisation, above 60 days - YTM basis.

- F. Brokerage:** The service tax of ₹ 1,56,526 on brokerage has been charged to scheme and accordingly has been included in cost of investments.
- G. Inter Scheme Transaction:** The Subscription of NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme - State Govt (Scheme SG) was wrongly taken in NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme - Central Govt (Scheme CG), which at the instructions of PFRDA was rectified by redeeming the units with aggregate redemption value of ` 32,20,80,667 by scheme CG and issuing the units by Scheme SG. Units in Scheme SG were issued one day after the redemption by Scheme CG, resulting into loss of ` 61,379 to concerned investors.
- H. CRA Fees:** The CRA fees charged to the scheme includes ₹ 169, which is yet to be recovered from investors by way of redemption of units which would be paid on respective due date.
- I. 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 Year	Previous Year	Current Year	Previous Year
0.0009% - up to 17/04/12	0.0009%	53,34,529	3,05,203
0.0102% - from 18/04/12			

* excluding service tax

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

₹ in Crores

Current Year				Previous Year			
Purchase	%	Sales	%	Purchase	%	Sales	%
7,407.70	153.67	5,591.51	116.00	5,247.29	169.95	3,936.51	127.50

K. 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, 2013 is ₹ 1496.10 Crores. (Previous Year ₹ 992.98 Crores)

L. **Net Asset Value:** Net Asset Value of the Scheme as on 31st March 2013 is ₹15.8602 per unit (as on 31st March 2012 ₹ 14.1282 per unit)

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

Income				Expenditure			
₹ in Crores		%		₹ in Crores		%	
Current Year	Previous Year						
549.10	263.87	11.39	8.55	2.13	41.35	0.04	1.34

N. **Other disclosures:**

Particulars	Current year	Previous year
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

O. **Investment in associates and group companies:** The Scheme and all other schemes of NPS managed by the PFM has made following investment in the Associate and Group companies of the PFM:



Name of Scheme	Current year		Previous year	
	Purchase	Outstanding	Purchase	Outstanding
UTI - Liquid Cash Plan	NIL	NIL	1,68,82,41,369	NIL
UTI - Money Market Fund	NIL	NIL	1,69,73,27,904	NIL
UTI - Nifty Index Fund	NIL	NIL	1,50,00,000	NIL
UTI - G-Sec-Investment Plan	NIL	NIL	NIL	16,42,62,981
UTI - Opportunities Fund	NIL	NIL	NIL	8,23,17,157
UTI - Banking Sector Fund	NIL	NIL	NIL	1,00,00,000

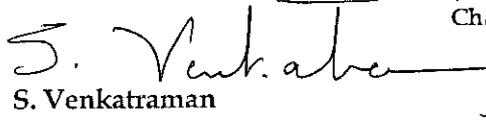
P. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category $\geq 5\%$ is given in Annexure A.

Q. The previous year figures are regrouped/ reclassified, wherever necessary.

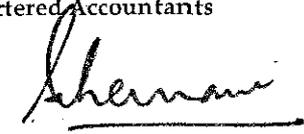
For UTI Retirement Solutions Ltd.


Balram P Bhagat
Chief Executive Officer &
Whole Time Director
Date:
Place: Mumbai



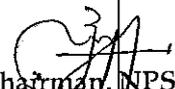

S. Venkatraman
Director

For M. M. Nissim And Co.
(FRN 107122W)
Chartered Accountants


Sanjay Khemani
(Partner)
M. No. - 044577
Date: 5 JUL 2013
Place: Mumbai



For and on behalf of National Pension System Trust


(Chairman, NPS Trust Board)
Date: 04 JUL 2013
Place: New Delhi


(Chief Executive Officer)

