### NATIONAL PENSION SYSTEM TRUST UTI RETIREMENT SOLUTIONS LIMITED COMBINED BALANCE SHEET OF ALL SCHEMES AS AT SEPTEMBER 30, 2019

Particulars	Schedules	As at Sept 30, 2019 ₹	As at March 31, 2019 て	As at Sept 30, 2018 ₹
Liabilities				
Unit Capital	1	41316 07 25 319	37262 75 84 165	33304 78 31 846
Reserves and Surplus	. 2	67739 99 56 193	56445 06 27 673	44289 63 90 825
Current Liabilities and Provisions	3	138 49 05 368	18 10 66 493	10 05 14 670
	Total	109194 55 86 880	93725 92 78 331	77604 47 37 341
Assets				
Investments	4	106565 54 98 265	91259 19 33 256	75824 88 52 678
Deposits	5	250 00 00 000	373 63 59 394	
Other Current Assets	6	2379 00 88 615	2093 09 85 681	1779 58 84 663
	Total	109194 55 86 880	93725 92 78 331	77604 47 37 341
(a) Net assets as per Balance Sheets (b) Number of units outstanding		109056 06 81 512 4131 60 72 531	93707 82 11 838 3726 27 58 415	77594 42 22 671 3330 47 83 185
Significant Accounting Policies and Notes to Accounts				

## NATIONAL PENSION SYSTEM TRUST UTI RETIREMENT SOLUTIONS LIMITED COMBINED REVENUE ACCOUNT OF ALL SCHEMES FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019

Particulars	Schedules	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
Income				
Dividend		113 88 25 112	49 77 39 126	07.44.02.04.
Interest		3251 79 60 136	2819 92 15 566	87 14 03 311
Profit on sale/redemption of investments		113 06 92 698	119 22 83 260	2464 46 60 566
Profit on inter-scheme transfer/sale of investments		113 00 32 030	119 22 83 200	81 36 50 949
Unrealized gain on appreciation in investments Other income		3318 38 19 263	4341 88 27 533	1063 00 45 596
- Miscellaneous Income		32 859	1 981	75 504
Total Income (A)		6797 13 30 068	7330 80 67 466	3695 98 35 926
Expenses and Losses				
Unrealized losses in value of investments		1464 01 19 496	472 82 36 716	3287 94 91 895
Loss on sale/redemption of investments		62 45 17 171	6 01 390	43 12 73 563
Loss on inter-scheme transfer/sale of investments		-	-	45 12 75 303
Management fees (including GST)		6 11 47 520	5 11 24 949	4 44 82 698
NPS Trust fees		89 04 405	1 31 21 136	1 84 82 374
Custodian fees (including GST)		1 74 27 381	1 50 61 269	1 33 52 373
Depository and settlement charges (including GST)		31 79 367	31 43 825	28 29 159
CRA Fees		10 66 57 170	8 33 83 324	7 61 03 200
Less: Amount recoverable on sale of units on account of CRA Chair	rges	(10 66 57 170)	(8 33 83 324)	(7 61 03 200
Provision for Non-Performing Assets		167 09 85 522	23 75 14 479	(, , , , , , , , , , , , , , , , , , ,
Other Expenses		•	•	-
Total Expenditure (B)		1702 62 80 862	504 88 03 764	3338 99 12 062
Surplus/(Deficit) for the year (A-B)		5094 50 49 206	6825 92 63 702	356 99 23 864
ess: Amount transferred (to) / from Unrealised Appreciation Reserv	ve	(1854 36 99 767)	(3869 05 90 817)	2224 94 46 299
.ess: Amount transferred (to) / from General Reserve	· <del>-</del>	(3240 13 49 439)	(2956 86 72 885)	(2581 93 70 163
Amount carried forward to Balance Sheet		(02.02049495)	(2550 60 72 665)	/2301 32 10 103
Significant Accounting Policies and Notes to Accounts	7			

## NATIONAL PENSION SYSTEM TRUST UTI RETIREMENT SOLUTIONS LIMITED NOTES ANNEXED TO AND FORMING PART OF THE COMBINED BALANCE SHEET OF ALL SCHEMES AS AT SEPTEMBER 30, 2019

Schedule 1	As at Sept 30, 2019 で	As at March 31, 2019 ₹	As at Sept 30, 2018
Unit Capital			₹
Outstanding at the beginning of the year	27767 75 04 467		
Add :Units issued during the year	37262 75 84 165	33304 78 31 846	29875 24 19 37
Less: Units redeemed during the year	4229 67 94 750	4092 19 85 484	3570 45 32 14
Outstanding at the end of the year	(176 36 53 596)	(134 22 33 165)	(140 91 19 67
a and a state of the year	41316 07 25 319	37262 75 84 165	33304 78 31 846
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year	3726 27 58 415	3330 47 83 185	2987 52 41 93
Add: Units issued during the year	422 96 79 479	409 21 98 548	357 04 53 21
Less: Units redeemed during the year	(17 63 65 363)	(13 42 23 318)	(14 09 11 96
Outstanding units at the end of the year	4131 60 72 531	3726 27 58 415	3330 47 83 18
Schedule 2	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
	₹	₹	₹
Reserves and Surplus			
Init Premium Reserve			
Opening Balance	33136 71 25 718	27007.24.52.52	
Add: Premium on Units issued	6445 63 00 042	27807 21 52 572	23482 59 60 803
Less: Premium on Units redeemed		5496 14 57 873	4494 75 91 963
Add: Transfer from General Reserve	(245 20 20 728)	(166 64 84 727)	(170 14 00 194
Closing Balance	39337 14 05 032	33136 71 25 718	27807 21 52 572
eneral Reserve		000007237710	27007 21 32 372
Opening Balance	19092 80 50 555	16135 93 77 670	13554 00 07 507
Add: Transfer from Revenue Account	3240 13 49 439	2956 86 72 885	2581 93 70 163
Less: Transfer to Unit Premium Reserve Closing Balance			
	22332 93 99 994	19092 80 50 555	16135 93 77 670
nrealised Appreciation Reserve			
Opening Balance	4215 54 51 400	346 48 60 583	2571 42 00 000
Add: Adjustment for Previous years unrealised appreciation reserve	•	340 40 00 303	2571 43 06 882
Add/(Less): Transfer from/(to) Revenue Account	1854 36 99 767	3869 05 90 817	12224 04 45 200
Closing Balance	6069 91 51 167	4215 54 51 400	(2224 94 46 299) 346 48 60 583
Total			340 40 00 383
10001	67739 99 56 193	56445 06 27 673	44289 63 90 825
Schedule 3	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018
rrent Liabilities and Provisions			₹
rrent Liabilities			
Sundry Creditors for expenses Book Overdraft	4 94 60 216	3 86 68 045	20202
Redemption Payable	•		3 92 06 403
TDS Payable	10 32 77 178	8 00 21 253	£ 04.00 · · ·
	12 13 752	10 83 942	6 04 29 404
Contracts for purchase of investments Amount Payable to Other Schemes	123 09 54 222	6 12 93 253	8 78 863
Provision for Interest executive	•	O 12 33 233	•
Provision for Interest overdue	-	-	•
Provision on upgraded assets		•	•
Interest received in Advance		•	•
<b>-</b>	-	•	•
Total	138 49 05 368	18 10 66 493	10 05 14 670
			10 03 14 9/0

## NATIONAL PENSION SYSTEM TRUST UTI RETIREMENT SOLUTIONS LIMITED NOTES ANNEXED TO AND FORMING PART OF THE COMBINED BALANCE SHEET OF ALL SCHEMES AS AT SEPTEMBER 30, 2019

Schedule 4	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
vestments (Long Term and Short Term)			
Equity Shares	13835 07 39 188	13106 02 98 079	10815 26 85 747
Preference Shares		15100 02 50 075	2 66 07 076
Debentures and Bonds Listed/Awalting Listing	39334 80 17 603	32653 94 29 336	25427 22 72 17
Central and State Government Securities (including treasury bills)	52215 55 25 990	45079 62 15 535	38119 54 65 38
Commercial Paper	-	-	50115 54 05 56
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	1218 87 15 484	297 10 04 785	1460 18 22 29
Non Convertible Debentures classified as NPA	72 10 00 000	131 25 00 000	
Less: Provision on Non performing investment	(110 85 00 000)	(8 75 14 479)	
Total	106565 54 98 265	91259 19 33 256	75824 88 52 678
			73824 88 32 678
Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
posits Deposits with Scheduled Banks	250 00 00 000	373 63 59 394	
Total	250 00 00 000	373 63 59 394	
Schedule 6	As at Sept 30, 2019 ₹	As at March 31, 2019	As at Sept 30, 2018
her Current Assets		₹	₹
Balances with bank in a current account Contracts for sale of investments	8 84 79 894	116 31 57 340	1 65 00 033
	12 81 13 874	-	
Interest Receivable on Non-Performing Investments	64 64 59 317	24 02 84 703	
Less: Provision for interest on Non-Performing Investment	(64 64 59 317)	(24 02 84 703)	
Outstanding and accrued income Dividend Receivable	2354 45 45 037	1929 10 11 876	1739 54 66 09
	2 89 49 810	2 42 48 648	3 39 18 53
Brokerage receivable from PFM	•	2 998	
Application money pending allotment	-	-	
Sundry Debtors	-	20 25 64 819	35 00 00 00
Redemption receivable on Non-performing Investment	80 00 00 000	40 00 00 000	
Less: Provision for Non Performing Investment	(80 00 00 000)	(15 00 00 000)	

#### 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 SEPTEMBER 30, 2019

### 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.

### 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. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- 4. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- 5. 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	21st May, 2009
2.	Scheme E – Tier II	14th December, 2009
3.	Scheme C – Tier I	21st May, 2009
4.	Scheme C – Tier II	14th December, 2009
5.	Scheme G – Tier I	21st May, 2009
6.	Scheme G - Tier II	14th December, 2009
7.	Scheme A - Tier I	14th October, 2016
8.	Scheme A - Tier II	20th October, 2016
9.	Scheme - Central Govt.	1st April, 2008
10.	Scheme - State Govt.	25th June, 2009
11.	NPS Lite Scheme – Govt. Pattern	4th October, 2010
12.	Scheme - Corporate CG	5th November, 2012
13.	Atal Pension Yojana	4th June, 2015

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

Sr.	Name of Scheme	Investor of Oliver
l	Name or Scheme	Investment Objective
No.		
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
2.	Scheme E – Tier II	shares of body corporates listed on BSE or NSE;
		c. ETFs / Index Funds regulated by the SEBI that
		replicate the portfolio of either BSE Index of NSE
		Nifty 50 Index;
		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;
4.	Scheme C – Tier II	b. Basel III Tier - 1 Bonds issued by scheduled
	Serience C Tier II	commercial banks under RBI Guidelines;
		c. Rupee Bonds having an outstanding maturity of
		at least 3 years issued by institutions of the
		International Bank for Reconstruction and
		Development, International Finance Corporation
		and the Asian Development Bank; and
		d. Term deposit Receipts of not less than one year
5.	Sohoma C. Til	duration issued by scheduled commercial banks.
J.	Scheme G – Tier I	To optimize returns through investments in: -
		a. Government Securities;
l		b. Other Securities the principal whereof and
		interest whereon is fully and unconditionally

6.	Scheme G - Tier II	guarantood by the Court I C						
		guaranteed by the Central Gove State Government; and	rnment or any					
-		c. Office of mutual funds set up as d	c. Units of mutual funds set up as dedicated funds					
		for investment in Government	securities and					
7.	Scheme A – Tier I	regulated by the SEBI.						
'	Scheme A - Her I	To optimize returns through investme	nts in: -					
		a. Commercial mortgage based	securities or					
		Residential mortgaged based secur	rities					
		b. Units issued by Real Estate Inve	estment Trusts					
		regulated by the Securities and E of India	xchange Board					
8.	Scheme A – Tier II	c. Asset backed securities regul	ated by the					
		Securities and Exchange Board of I	<i>J</i> 1					
			stment Trusts					
		regulated by the Securities and E						
		of India	8. 2.2.2					
		e. Alternative Investment Funds (AI	e. Alternative Investment Funds (AIF Category I &					
		II) registered with Securities and Exchange Board						
		of India.						
9.	Scheme - Central	To optimize returns by investing in t	he instruments					
	Govt.	as per the following prescribed limits:						
10	0.1	01						
10.	Scheme - State	Instrument	Limit					
	Govt.	Govt. Securities	Upto 55%					
11.	NPS Lite Scheme	Debt Securities i.e. Corporate	Upto 45%					
	- Govt. Pattern	Bonds, Term Deposit Receipts etc.						
12.	Scheme -	Short Term Debt Instruments and	Upto 10%					
	Corporate CG	related investments						
		Equity and related investments	Linto 15%					
13.	Atal Pension		Upto 15%					
	Yojana	Asset Backed, Trust Structured and	Upto 5%					
		Miscellaneous Investments						

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. 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.
- 3. Valuation of investments: Investments are valued using the price determined in the following manner:

### a. Equity:

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

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii.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 Association of Mutual Funds in India (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. 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 reschedulement 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.

### 6. 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.
- 7. 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.
- 8. 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. 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	Impact as on
	-	30-09-19
1. Securities traded at a	When such securities are not	Impact was
stock exchange:	traded on a valuation day,	not
When a debt security (other	they are valued on a yield to	ascertainable.
than government security) is	maturity basis if residual	
not traded on any stock	maturity exceeds 60 days	
exchange on a particular	otherwise at last valuation	
valuation day, the value at	price plus the difference	
which it was traded on any	between the redemption	
other stock exchange on the	value and last valuation	
earliest previous day is used,	price, spread uniformly over	
provided that such day is not	the remaining maturity	
more than fifteen days.	period of the instrument.	·
2. Valuation of G- sec at YTM	They are being valued at	Impact was
based on prevailing market	average of price given by	not
prices (FIMMDA).	CRISIL and ICRA	ascertainable.
3. Money Market	Money Market instruments	Impact was
Instruments like T - Bill, CP	aré valued as per debt	not
and CD should be typically	securities. i.e. upto 60 days	ascertainable.
valued at amortised cost,	residual maturity -	:
unless traded, which is	Amortisation, above 60 days	
contrary to the stipulation in	- YTM basis.	
accounting policy.		
4. Front-end discount should	Front-end discount is taken	Impact was
be reduced from the Cost of	to Income.	not
investments.		ascertainable.

- 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.
- F. 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 ₹ 6,11,47,520/- (Previous Period ₹ 5,11,24,949/-) including GST.

- G. 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 basis of NPS Trust Charges and aggregate NPS Trust Fees are ₹ 89,04,405/- (Previous Period ₹ 1,31,21,136/-).
- H. 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

<b>Current Period</b>			Pı	evious	Period	Crores	
Purchase	%	Sales	%	Purchase	%	Sales	%
77,639.39	76.35	63,446.32	62.40	74,200.08	87.02	61,673.50	72.33

I. 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 30th September, 2019 is ₹ 21,259.22 Crores (Previous Period ₹ 14,244.32 Crores).

### J. Net Asset Value:

	·	Current Period	Previous Period
Sr.		As on	As on
No.	Name of Scheme	30th September,	31st March,
110.		2019	2019
		(in ₹)	(in ₹)
1.	Scheme E – Tier I	29.4426	30.0412
2.	Scheme E – Tier II	24.0032	24.4907
3.	Scheme C – Tier I	25.1055	24.0223
4.	Scheme C - Tier II	24.1091	22.9910
5.	Scheme G – Tier I	24.0346	22.1649
6.	Scheme G – Tier II	24.6756	22.7962
7.	Scheme A – Tier I	12.2130	11.8195
8.	Scheme A – Tier II	10.0000	10.0000
9.	Scheme - Central Govt	28.9827	27.5576
10.	Scheme - State Govt.	~ 25.8234	24.5351
11.	NPS Lite Scheme - Govt. Pattern	24.0478	22.8775
12.	Scheme - Corporate CG	10.0000	10.0000
13.	Atal Pension Yojana	14.8725	14.0746

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

	Curren	t Period		Previous Period			
Incom	ne	Expendi	ture	Income Expenditu		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
6,797.13	6.68	1,702.63	1.67	7,330.81	8.60	504.88	0.59

### L. 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 30th September, 2019 is as under:

₹ in Crores

Particular	As on 30th Sept, 2019****	As on 31st March, 2019
Book Value	190.85	214.79
Provision for NPA	190.85	23.76
Carrying Cost	_	191.03
Market Value***	-	•
% of NPA (Gross) to AUM	0.18	0.23

<sup>\*\*\*</sup> Investment is not traded; hence market value is not ascertainable.

- M. Contingent liability as on 30<sup>th</sup> September, 2019 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).
- N. Details of Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest as on 30<sup>th</sup> September, 2019 is ₹ NIL. (Previous Period ₹ Nil)
- O. 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.

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

P. 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	Curren	t Period	Previou	ıs Period
iv at the	Purchase	Outstanding	Purchase	Outstanding
UTI Asset				
Management Company Limited	₹ 63,838.42	₹ 1,116.68	₹ 60,045.54	₹ 246.49

- **Q. Portfolio**: Please refer scheme wise financials for industry wise classification where industry exposure % to total exposure in investment category >= 5% as on 30th September, 2019.
- R. The Previous Period figures are regrouped/ reclassified, wherever necessary.



नेशनल पेंशन सिस्टम ट्रस्ट(एन.पी.एस.ट्रस्ट)
National Pension System Trust (NPS Trust)
तीसरी मंजिल, छत्रपति शिवाजी भवन, /Third Floor, Chatrapati Shivaji Bhawan,
बी-14/ए, युतुब इंस्टीट्यूशनल एरिया, नई दिल्ली - 110 016
B-14/A, Qutab Institutional Area, New Delhi - 110 016
ई मेलः / Email Id : nps.trust@pfrda.org.in फोन / Phone : +91-11-26514032

Dated: 06/08/2019

File No. 1/16/2018-NPST/11514

To

SBI Pension Fund LIC Pension Fund UTI Retirement Solutions Kotak Pension Fund HDFC Pension Fund

Subject: Valuation of IL&FS bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest

Dear Sir/ Madam,

This has reference to the various communications exchanged between NPS Trust and your offices on the above subject.

- 2. As you are kindly aware, overall exposure of schemes of NPS had an exposure of Rs. 1274.79 Cr. in IL&FS Ltd and group companies which were downgraded to 'D' ratings (below investment grade) by the rating agencies due to default in payment of principal as well as interest payments to investors within a very short span of time. In this regard, NPS Trust received communications from SHCIL (the third party valuation agency for NPS at that time) and some Pension Funds seeking clarification on valuation of the IL&FS bonds and accrual of daily interest on IL&FS Group investment.
- 3. The matter was taken up with the Authority to provide guidance on reasonable valuation of IL&FS securities till the time further course of action is taken by IL&FS Management/Promoters/Regulators.
- 4. The Authority vide its letter no. PFRDA/17/03/31/0018/2018-SUP-PF-Part (2) dated 01/08/2019 has advised that a policy decision on provisioning of downgraded securities pertaining specifically to IL&FS group has been taken for valuation of securities which are downgraded to 'default' rating but are not classified as NPAs. The same may be kindly referred as under:

Down gradation of IL&FS securities to 'D' (default) but is not classified as NPA	Valuation- % provision	on book value
Next day from the down gradation	25%	
3 months from the date of down gradation till classification of the security as NPA	Secured securities	Unsecured securities
	75%	90%
Accrual of interest on the debt instruments of IL&FS	As the prospects of recision low, the accrual instruments shall be st Funds in order to printerest i.e. to be fair to	of interest on these copped by the Pension rotect the subscribers'

outgoing subscribers in terms of reflecting a realistic NAV of the schemes holding such securities.

- 5. Further, the Authority has advised that the Pension Funds should stop accruing the interest on these securities and reverse the interest accrued but not recovered even if the securities are not classified as NPA on the above lines.
- 6. It is requested to comply with the above directives of the Authority with immediate effect. The Valuation agency, IMaCS, is also being informed to value the securities of the IL&FS group as per the above direction of Authority with immediate effect.
- 7. As many of the IL&FS group securities have already been classified as NPA as per PFRDA (Identification, Income Recognition and provisioning of NPA) Guidance Note 2013, Pension Funds are required to make the minimum provisions as per the guidance note. However, making higher provision is at the discretion of Pension Fund with the approval of their Investment committee. Some of the Pension funds have already made the higher provisions.
- 8. In view of the above directives of the Authority, it is requested to kindly ensure that valuation of the securities which has been classified as NPA should also not be more than the valuation mentioned in para 4 above.

Yours sincerely,

(Akhilesh Kumar) General Manager

#### Copy for necessary action to:

- 1. Sh. Balram Bhagat, Chief Executive Officer and Whole Time Director, UTI Retirement Solutions Ltd, UTI Tower, 'Gn' Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051
- 2. Sh. Narayanan Sadanandan, Managing Director & CEO, SBI Pension Funds Pvt. Ltd., No. 32, 3rd Floor, Maker Chambers-III, Nariman Point, Mumbai 400021
- 3. Ms. Priti Panwar, Chief Executive Officer, LIC Pension Fund Ltd., Industrial Assurance Building, B-5, 5th Floor, Veer Nariman Road, Churchgate, Mumbai-400020.
- 4. Sh. Sumit Shukla, Chief Executive Officer, HDFC Pension Management Company limited, 14th Floor, Lodha Excelus, Apollo Mills Compound, N.M Joshi Marg, Mahalaxmi, Mumbai- 400011.
- 5. Sh. Sandeep Shrikhande, Chief Executive Officer, Kotak Mahindra Pension Fund Ltd., 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051
- 6. Sh. Ashwani Kumar, ICRA Management Consultancy services Ltd., 1102, 1103 Kanakia Wall Street, Chakala, Andheri East, Mumbai

Copy for information to:

- (i) Shri Venkateswarlu Peri, Chief General Manager, Supervision Dept. Pension Fund
- (ii) Ms Mamta Rohit, Chief General Manager, Supervision Dept. NPS Trust
- (iii) Shri Sumit Kumar, General Manager, Regulation Dept. Pension Fund

### NATIONAL PENSION SYSTEM TRUST NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME E - TIER I BALANCE SHEET AS AT SEPTEMBER 30, 2019

Particulars	Schedules	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Liabilities				
Unit Capital	1 -	141 30 76 788	125 89 53 097	96 44 26 710
Reserves and Surplus	2	274 73 99 441	252 31 00 401	175 43 96 427
Current Liabilities and Provisions	3	26 92 073	1 30 99 203	18 76 993
	Total	416 31 68 302	379 51 52 701	272 07 00 130
<u>issets</u>				
Investments	4	416 26 93 021	375 68 18 196	271 97 12 338
Deposits	5	-	2 63 62 311	-
Other Current Assets	6.	4 75 281	1 19 72 194	9 87 792
	Total	416 31 68 302	379 51 52 701	272 07 00 130
a) Net assets as per Balance Sheets b) Number of units outstanding		416 04 76 229 14 13 07 679	378 20 53 498 12 58 95 310	271 88 23 137 9 64 42 671
gnificant 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 SEPTEMBER 30, 2019

Particulars	Schedules	Half Year ended Sept 30, 2019 で	Half Year ended March 31, 2019 국	Half Year ended Sept 30, 2018 ₹
Income				
Dividend		3 28 81 266		
Interest			1 40 02 429	2 24 00 392
Profit on sale/redemption of investments		34 511	8 306	•
Profit on inter-scheme transfer/sale of investments		2 86 50 573	1 15 36 097	98 84 205
Unrealized gain on appreciation in investments		19.63.40.063		•
Other income		18 62 40 062	30 91 56 017	25 28 80 159
- Miscellaneous Income		84	94	791
Total Income (A)		24 78 06 496	33 47 02 943	30 E1 CF F47
	240		33 47 02 343	28 51 65 547
Expenses and Losses				
Unrealized losses in value of investments		29 77 60 230	10 79 21 107	4442 50 000
Loss on sale/redemption of investments		2 04 08 810	10 /9 21 10/	14 43 59 800
Loss on inter-scheme transfer/sale of investments		. 20408810	•	52 92 727
Management fees (including GST)		2 31 045	1 75 771	
NPS Trust fees		32 778	44 528	1 55 804
Custodian fees (including GST)		63 378		66 019
Depository and settlement charges (including GST)		10 178	47 422	43 832
CRA Fees		15 09 294	7 679	6 317
Less: Amount recoverable on sale of units on account of CRA Charge	se	(15 09 294)	14 45 537	12 33 207
Provision for Non-Performing Assets		(13 09 294)	( 14 45 537)	( 12 33 207
Other Expenses		-		
Total Expenditure (B)	****	31 85 06 419	10.01.00.007	
	2000	31 83 00 413	10 81 96 507	14 99 24 499
Surplus/(Deficit) for the year (A-B)		(7 06 99 923)	22 65 06 436	13 53 44 040
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		11 15 20 168	(20 12 34 910)	13 52 41 048
Less: Amount transferred (to) / from General Reserve		(4 08 20 245)	(2 52 71 526)	(10 85 20 359
Amount carried forward to Balance Sheet		(-7 00 20 243)	(2 32 71 326)	(2 67 20 689
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 NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT SEPTEMBER 30, 2019

Schedule 1	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Unit Capital			
Outstanding at the beginning of the year	125 89 53 097	05 44 25 710	
Add :Units issued during the year	21 69 32 476	96 44 26 710	84 72 90 58
Less: Units redeemed during the year	(6 28 08 785)	32 83 66 115	16 23 17 23
Outstanding at the end of the year	141 30 76 788	(3 38 39 728) 125 89 53 097	(4 51 81 11 96 44 26 71
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year	12 59 05 210		
Add :Units issued during the year	12 58 95 310 2 16 93 248	9 64 42 671	8 47 29 05
Less: Units redeemed during the year	(62 80 879)	3 28 36 612	1 62 31 72
Outstanding units at the end of the year	14 13 07 679	( 33 83 973) 12 58 95 310	( 45 18 11 9 64 42 67
· · · · · · · · · · · · · · · · · · ·			
Schedule 2	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018
Reserves and Surplus			
Unit Premium Reserve			
Opening Balance	174 98 60 063	120 76 62 575	
Add: Premium on Units issued	41 65 28 643	120 76 62 525	99 51 40 58
Less: Premium on Units redeemed	(12 15 29 680)	60 37 73 171	29 63 44 50
Add: Transfer from General Reserve	(12 13 29 660)	(6 15 75 633)	(8 38 22 56
Closing Balance	204 48 59 026	174 98 60 063	120 76 62 52
General Reserve			
Opening Balance	14 07 37 246	11 54 55 720	
Add: Transfer from Revenue Account Less: Transfer to Unit Premium Reserve	4 08 20 245	11 54 65 720 2 52 71 526	8 87 45 03 2 67 20 68
Closing Balance	10.15.53.404		
	18 15 57 491	14 07 37 246	11 54 65 72
nrealised Appreciation Reserve			
Opening Balance Add: Adjustment for Previous years unrealised appreciation reserve	63 25 03 092	43 12 68 182	32 27 47 823
Add/(Less): Transfer from/(to) Revenue Account	(11 15 20 168)	20.12.24.040	-
Closing Balance	(11 15 20 168) 52 09 82 924	20 12 34 910 63 25 03 092	10 85 20 359 <b>43 12 68 18</b> 2
Total			43 12 08 182
10121	274 73 99 441	252 31 00 401	175 43 96 427
Schedule 3	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
	₹	₹	₹
urrent Liabilities and Provisions			
urrent Liabilities			
Sundry Creditors for expenses	1 79 173	1 31 606	* * * * * * * * * * * * * * * * * * * *
Book Overdraft	-	1 31 000	1 34 737
Redemption Payable	25 08 518	29 66 854	
TDS Payable	4 382	3 893	17 39 265
Contracts for Purchase of Investments		99 96 850	2 991
Amount Payable to Other Schemes		טכם סב ככ	-
Provision for Interest overdue	-	•	-
Provision on upgraded assets	-	•	-
Interest received in Advance	-	-	•
Total	26.02.022		-
	26 92 073	1 30 99 203	18 76 993

## 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 SEPTEMBER 30, 2019

Schedule 4	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹	
nvestments (Long Term and Short Term)				
Equity Shares	413 09 39 897	700.02.024		
Preference Shares	413 03 33 837	366 82 56 021	268 60 91 00	
Debentures and Bonds Listed/Awaiting Listing	7 48 228	-	4 48 07	
Central and State Government Securities (including treasury bills)	7 40 220	-		
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	3 10 04 000			
Non Convertible Debentures classified as NPA	3 10 04 896	8 85 62 175	3 31 73 26	
Less: Provision on Non performing investment	•	-		
por entire grant and a second	•	•		
Total	416 26 93 021	375 68 18 196	271 97 12 33	
Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹	
deposits				
Deposits with Scheduled Banks	-	2 63 62 311		
Total	-	2 63 62 311		
Schedule 6	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018	
Silicotic U	₹	₹	₹ ₹	
Other Current Assets				
Balances with bank in a current account	1	1 14 85 802		
Contracts for sale of investments	-	11405002		
Interest Receivable on Non-Performing Investments	_	-		
Less: Provision for interest on Non-Performing Investment	_	-		
Outstanding and accrued income	5 440	8 306		
Dividend Receivable	4 69 840	4 75 088	0.07.70	
Brokerage receivable from PFM		4 /3 088 2 998	9 87 79	
Application money pending allotment	-	2 998		
Sundry Debtors	· -	-		
Redemption receivable on Non performing Investment	-	•		
Less: Provision for Non Performing Investment	•	•		
Total	4 70 844			
	4 75 281	1 19 72 194	9 87 79	

### 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 SEPTEMBER 30, 2019

### 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 Net Asset Value (NAV). As per the architecture, the NSDL e-Governance Infrastructure Ltd. and Karvy Computershare Private Limited, being the Central Recordkeeping Agencies (CRA) provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides/receives funds on consolidated basis in respect of such allotment/redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

### 2. CRA's responsibilities includes:

- a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
- b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- d. PRAN Transaction Statement,
- e. An operational interface between 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, which is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- 4. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipts of funds in the respective schemes only.
- 5. 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 21st 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 croroe 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 of 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. 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.

- **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.
    - 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 Exright price and the offer price multiplied by the ratio of Right Entitlement.

### b. Debentures, corporate bonds, commercial papers and certificate of deposits:

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.

- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii. 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 Association of Mutual Funds in India (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.
- d. Interest on Fixed Deposits is accounted on accrual basis

- 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 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:

Manageme	nt Fees % p.a.*	Managem	ent Fees **
Current Period	Previous Period		
0.01%	0.01%	₹ 2,31,045	₹ 1,75,771

<sup>\*</sup> excluding 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.
- **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 basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust C	harges % p.a.	NPS Trust Charges	
Current Period	Previous Period	Current Period Previous Per	
0.005%	0.005%	₹ 32,778	₹ 44,528

**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	s Period		
Purchase	%	Sales	%	Purchase	%	Sales	%
697.94	248.10	647.63	230.21	863.95	288.76	778.88	260.33

<sup>\*\*</sup> including GST

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 30th September, 2019 is ₹7,48,228. (Previous Period ₹ NIL).

### I. Net Asset Value:

Current Period	Previous Period
As on 30th September, 2019	As on 31st March, 2019
₹ 29.4426	₹ 30.0412

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 Inc		Income Exper		Expenditure Income Exp		Expendi	ture
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%		
24.78	6.32	31.85	8.13	33.47	11.19	10.82	3.62		

K. Contingent liability as on 30<sup>th</sup> September, 2019 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).

#### L. Other disclosures:

Particulars	<b>Current Period</b>	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

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

₹ in Crores

ne of Scheme		Current Period		us Period
	Purchase	Outstanding	Purchase	Outstanding
Asset				
1	₹ 627.81	₹3.10	₹781.56	₹ 8.86
ď	Asset	Purchase Asset  ₹ 627.81	Purchase Outstanding Asset ₹ 627.81 ₹ 3.10	Purchase Outstanding Purchase  Asset  ₹ 627.81 ₹ 3.10 ₹ 781.56

- **N. Portfolio**: Industry wise classification where industry exposure % to total exposure in investment category >= 5% as on 30<sup>th</sup> September, 2019 is given in Annexure A.
- **O.** The Previous Period figures are regrouped / reclassified, wherever necessary.

ANNEXURE A Industry wise classification where industry explosure % to total explosure in investment category is >= 5%

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
EQUITY SHARES				
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVI	NG BANKS. POSTAL SAV	INGS BANK AND DI	SCOLINT HOUSES	
HDFC BANK LTD.	242,974	298,238,436	7.17	
ICICI BANK LTD.	604,835	262,316,940	6.30	7.2
AXIS BANK LTD.	305,843	209,502,455		6.3
KOTAK MAHINDRA BANK LTD.	106,595	175,290,148	5.04	5.0
INDUSIND BANK LTD.	97,617	135,058,000	4.21	4.2
STATE BANK OF INDIA	466,687		3.25	3.2
BANK OF BARODA	108,120	126,378,840	3.04	3.06
IDFC BANK LIMITED	64,936	10,060,566	0.24	0.24
YES BANK	·	2,610,427	0.06	0.06
PUNJAB NATIONAL BANK	61,055	2,527,677	0.06	0.06
	3,627	224,693 <b>1,222,208,182</b>	0.01	0.0
			29.38	29.5
WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO	MEET THE NEEDS OF A	PARTICILI AR CLIEN	T EVOLUTIONNO WED	DA CE MEGIANINA
WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO INFOSYS LTD.	MEET THE NEEDS OF A	PARTICULAR CLIEN		
6313 C.D.	255,762	206,054,655	4.95	4.99
TATA CONSULTANCY SERVICES LTD.	255,762 77,222	206,054,655 162,112,145	4.95 3.90	4.99 3.92
TATA CONSULTANCY SERVICES LTD.	255,762	206,054,655 162,112,145 63,540,485	4.95 3.90 1.53	4.99 3.92 1.54
WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO INFOSYS LTD. TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.  •	255,762 77,222	206,054,655 162,112,145	4.95 3.90	PAGE DESIGNING 4.99 3.92 1.54
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.	255,762 77,222 88,930	206,054,655 162,112,145 63,540,485 <b>431,707,285</b>	4.95 3.90 1.53 10.38	4.99 3.92 1.54 <b>10.4</b> 5
TATA CONSULTANCY SERVICES LTD.  FECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING	255,762 77,222 88,930	206,054,655 162,112,145 63,540,485 <b>431,707,285</b>	4.95 3.90 1.53 10.38	4.99 3.92 1.54 <b>10.4</b> 5
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD. PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING PETROLEUM OR BITUMINOUS MINERALS	255,762 77,222 88,930 G OILS, LUBRICATING OIL	206,054,655 162,112,145 63,540,485 431,707,285 S OR GREASES OR C	4.95 3.90 1.53 10.38	4.99 3.92 1.54 <b>10.45</b>
TATA CONSULTANCY SERVICES LTD. FECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD.	255,762 77,222 88,930 G OILS, LUBRICATING OIL 206,414	206,054,655 162,112,145 63,540,485 431,707,285 S OR GREASES OR C 274,995,052	4.95 3.90 1.53 10.38	4.95 3.92 1.54 10.45 ROM CRUDE
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD. NDIAN OIL CORPORATION LTD.	255,762 77,222 88,930 6 OILS, LUBRICATING OIL 206,414 219,400	206,054,655 162,112,145 63,540,485 431,707,285 S OR GREASES OR C 274,995,052 32,339,560	4.95 3.90 1.53 10.38 DTHER PRODUCTS F	4.95 3.92 1.54 10.45 ROM CRUDE
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD.	255,762 77,222 88,930 G OILS, LUBRICATING OIL 206,414	206,054,655 162,112,145 63,540,485 431,707,285 S OR GREASES OR C 274,995,052 32,339,560 10,856,790	4.95 3.90 1.53 10.38 DTHER PRODUCTS F	4.95 3.92 1.54 10.45 ROM CRUDE 6.66
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD. NDIAN OIL CORPORATION LTD.	255,762 77,222 88,930 6 OILS, LUBRICATING OIL 206,414 219,400	206,054,655 162,112,145 63,540,485 431,707,285 S OR GREASES OR C 274,995,052 32,339,560	4.95 3.90 1.53 10.38 DTHER PRODUCTS F 6.61 0.78	4.95 3.92 1.54 10.45 ROM CRUDE 6.66 0.78 0.26
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD. NDIAN OIL CORPORATION LTD. CASTROL INDIA LTD.	255,762 77,222 88,930 6 OILS, LUBRICATING OIL 206,414 219,400	206,054,655 162,112,145 63,540,485 431,707,285 S OR GREASES OR C 274,995,052 32,339,560 10,856,790	4.95 3.90 1.53 10.38 DTHER PRODUCTS F 6.61 0.78 0.26	4.95 3.92 1.54 10.45 ROM CRUDE 6.66 0.78 0.26
TATA CONSULTANCY SERVICES LTD. FECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD. NDIAN OIL CORPORATION LTD. CASTROL INDIA LTD. CONSTRUCTION OF UTILITY PROJECTS N.E.C.	255,762 77,222 88,930 G OILS, LUBRICATING OIL 206,414 219,400 79,800	206,054,655 162,112,145 63,540,485 431,707,285 S OR GREASES OR C 274,995,052 32,339,560 10,856,790	4.95 3.90 1.53 10.38 DTHER PRODUCTS F 6.61 0.78 0.26	4.95 3.92 1.54 10.45 ROM CRUDE 6.66 0.78 0.26
TATA CONSULTANCY SERVICES LTD.  FECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING  PETROLEUM OR BITUMINOUS MINERALS  RELIANCE INDUSTRIES LTD.  NDIAN OIL CORPORATION LTD.	255,762 77,222 88,930 6 OILS, LUBRICATING OIL 206,414 219,400	206,054,655 162,112,145 63,540,485 431,707,285 S OR GREASES OR C 274,995,052 32,339,560 10,856,790	4.95 3.90 1.53 10.38 DTHER PRODUCTS F 6.61 0.78 0.26	4.99 3.92 1.54 10.45 ROM CRUDE 6.66 0.78 0.26 7.70
PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD.  NDIAN OIL CORPORATION LTD. CASTROL INDIA LTD. CONSTRUCTION OF UTILITY PROJECTS N.E.C.	255,762 77,222 88,930 G OILS, LUBRICATING OIL 206,414 219,400 79,800	206,054,655 162,112,145 63,540,485 431,707,285 S OR GREASES OR C 274,995,052 32,339,560 10,856,790 318,191,402	4.95 3.90 1.53 10.38 DTHER PRODUCTS F 6.61 0.78 0.26 7.65	4.99 3.92 1.54 10.45 ROM CRUDE 6.66 0.78 0.26 7.70
TATA CONSULTANCY SERVICES LTD.  FECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING PETROLEUM OR BITUMINOUS MINERALS  RELIANCE INDUSTRIES LTD.  NDIAN OIL CORPORATION LTD.  CASTROL INDIA LTD.  CONSTRUCTION OF UTILITY PROJECTS N.E.C.  ARSEN & TOUBRO LTD.	255,762 77,222 88,930 G OILS, LUBRICATING OIL 206,414 219,400 79,800	206,054,655 162,112,145 63,540,485 431,707,285 S OR GREASES OR C 274,995,052 32,339,560 10,856,790 318,191,402	4.95 3.90 1.53 10.38 DTHER PRODUCTS F 6.61 0.78 0.26 7.65	4.99 3.92 1.54 10.45 ROM CRUDE 6.66 0.78 0.26 7.70
TATA CONSULTANCY SERVICES LTD.  FECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING PETROLEUM OR BITUMINOUS MINERALS  RELIANCE INDUSTRIES LTD.  PROJECT INDIA LTD.  CONSTRUCTION OF UTILITY PROJECTS N.E.C.  ARSEN & TOUBRO LTD.	255,762 77,222 88,930 G OILS, LUBRICATING OIL 206,414 219,400 79,800	206,054,655 162,112,145 63,540,485 431,707,285 S OR GREASES OR C 274,995,052 32,339,560 10,856,790 318,191,402	4.95 3.90 1.53 10.38 DTHER PRODUCTS F 6.61 0.78 0.26 7.65	4.99 3.92 1.54 10.45 ROM CRUDE 6.66 0.78 0.26 7.70
TATA CONSULTANCY SERVICES LTD.  FECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING PETROLEUM OR BITUMINOUS MINERALS  RELIANCE INDUSTRIES LTD.  NDIAN OIL CORPORATION LTD.  CASTROL INDIA LTD.  CONSTRUCTION OF UTILITY PROJECTS N.E.C.	255,762 77,222 88,930 G OILS, LUBRICATING OIL 206,414 219,400 79,800	206,054,655 162,112,145 63,540,485 431,707,285 S OR GREASES OR C 274,995,052 32,339,560 10,856,790 318,191,402	4.95 3.90 1.53 10.38 DTHER PRODUCTS F 6.61 0.78 0.26 7.65	4.95 3.92 1.54 10.45 ROM CRUDE 6.66 0.78 0.26

### NATIONAL PENSION SYSTEM TRUST NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME E - TIER II BALANCE SHEET AS AT SEPTEMBER 30, 2019

Particulars	Schedule	s As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Liabilities	•			
Unit Capital	. 1	10 97 77 060	9 51 80 350	8 18 22 059
Reserves and Surplus	2	15 37 23 400	13 79 23 895	10 63 48 531
Current Liabilities and Provisions	. 3	3 74 083	9 90 257	8 90 081
	Total	26 38 74 543	23 40 94 502	18 90 60 671
Assets			-	
Investments	4	26 38 30 971	23 34 01 113	18 89 90 000
Deposits	5	•	2 46 688	-
Other Current Assets	6	43 572	4 46 701	70 671
	Total	26 38 74 543	23 40 94 502	18 90 60 671
(a) Net assets as per Balance Sheets (b) Number of units outstanding		26 35 00 460 1 09 77 706	23 31 04 245 95 18 035	18 81 70 590 81 82 206
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 SEPTEMBER 30, 2019

Particulars	Schedules	Half Year ended Sept 30, 2019 ਵ	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
Income				
Dividend		20 96 549	0.25.574	
Interest		20 96 349	9 36 571	15 11 247
Profit on sale/redemption of investments		9 50 108	47	
Profit on Inter-scheme transfer/sale of investments		9 30 108	4 46 316	11 71 762
Unrealized gain on appreciation in investments		1 21 80 748		•
Other income		1 21 60 748	2 02 77 091	1 77 66 064
- Miscellaneous Income		33	•	253
Total Income (A)	_	1 52 27 925	2 16 60 025	
	****		2 10 00 023	2 04 49 326
Expenses and Losses				
Unrealized losses in value of investments		1 86 15 037	73 26 627	
Loss on sale/redemption of investments		9 48 311		1 00 65 399
Loss on inter-scheme transfer/sale of investments		3 40 311	1	4 80 433
Management fees (including GST)		14 550	-	
NPS Trust fees		2 075	11 871	10 585
Custodian fees (including GST)		3 754	3 065	4 485
Depository and settlement charges (including GST)			3 051	3 228
CRA Fees		668	555	483
Less: Amount recoverable on sale of units on account of CRA Charge		24 265	22 926	21 199
Provision for Non-Performing Assets	es	( 24 265)	( 22 926)	( 21 199
Other Expenses		-	•	
		•	10	-
Total Expenditure (B)		1 95 84 395	73 45 180	1 05 64 613
Surplus/(Deficit) for the year (A-B)		( 43 56 470)	1 47 14 025	
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		64 34 289	1 43 14 845	98 84 713
Less: Amount transferred (to) / from General Reserve			(1 29 50 464)	( 77 00 665
Amount carried forward to Balance Sheet	****	( 20 77 819)	( 13 64 381)	( 21 84 048)
Significant Accounting Policies and Notes to Accounts	fecces			

## 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 SEPTEMBER 30, 2019

Schedule 1	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Unit Capital			
Outstanding at the beginning of the year	9 51 80 350	2 4 2 2 2 2 2 2	
Add: Units issued during the year	2 63 59 140	8 18 22 059	7 10 85 53
Less: Units redeemed during the year	(1 17 62 430)	2 53 49 476	2 51 12 71
Outstanding at the end of the year	10 97 77 060	(1 19 91 185) 9 51 80 350	(1 43 76 19 8 18 22 05
(Face Value of Rs.10/- each unit, fully paid up)			0.10.12.03
Outstanding units at the beginning of the year			
Add :Units issued during the year	95 18 035	81 82 206	71 08 55
Less: Units redeemed during the year	26 35 914	25 34 948	25 11 27
Outstanding units at the end of the year	( 11 76 243) 1 09 77 706	(11 99 119)	( 14 37 61
	103///08	95 18 035	81 82 20
Schedule 2	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018
Reserves and Surplus			₹ .
Unit Premium Reserve			
One Premium Reserve Opening Balance			
Add: Premium on Units Issued	7 38 22 148	5 65 61 629	4 23 66 424
Less: Premium on Units redeemed	3 64 32 849	3 26 95 990	3 30 47 147
Add: Transfer from General Reserve	(1 62 76 874)	(1 54 35 471)	(1 88 51 942
Closing Balance	9 39 78 123	7 38 22 148	5 65 61 629
General Reserve			3 03 01 023
Opening Balance			
Add: Transfer from Revenue Account	1 20 97 022	1 07 32 641	85 48 593
Less: Transfer to Unit Premium Reserve	20 77 819	13 64 381	21 84 048
Closing Balance	1 41 74 841	1 20 97 022	1 07 23 644
Inrealised Appreciation Reserve		- 2007, 022	1 07 32 641
Opening Balance			
Add: Adjustment for Previous years unrealised appreciation reserve	5 20 04 725	3 90 54 261	3 13 53 596
Add/(Less): Transfer from/(to) Revenue Account	/ 54 24 2001	•	
Closing Balance	( 64 34 289) 4 55 70 436	1 29 50 464	77 00 665
	4 33 70 436	5 20 04 725	3 90 54 261
Total	15 37 23 400	13 79 23 895	10 63 48 531
Schedule 3	As at Sept 30, 2019 ₹	As at March 31, 2019	As at Sept 30, 2018
urrent Liabilities and Provisions		*	₹
urrent Liabilities			
Sundry Creditors for expenses			
Book Overdraft	11 239	8 698	
Redemption Payable	•	-	9 061
TDS Payable	3 62 567	9 81 309	9.00.015
Contracts for Purchase of Investments	277	250	8 80 815
Amount Payable to Other Schemes	-	====	205
Provision for Interest overdue	•	-	•
Provision on upgraded assets	-	-	•
Interest received in Advance			•
	•	•	-
Total	2 24 447		
	3 74 083	9 90 257	8 90 081

## 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 SEPTEMBER 30, 2019

Schedule 4	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at 5ept 30, 2018 ₹
nvestments (Long Term and Short Term)			
Equity Shares	26 04 30 183	23 19 74 263	18 46 72 045
Preference Shares	-	23 13 74 203	49 142
Debentures and Bonds Listed/Awaiting Listing	44 158		49 142
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	33 56 630	14 26 850	42 68 813
Non Convertible Debentures classified as NPA		•	
Less: Provision on Non performing investment	•	-	
Total	26 38 30 971	23 34 01 113	18 89 90 000
Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Deposits			
Deposits with Scheduled Banks		2 46 688	
Total	-	2 46 688	-
Sahadula 6	As at Sent 30, 2019	As at March 31 2010	Ac at Cast 20, 2019
Schedule 6	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
	₹	₹	₹
Other Current Assets  Balances with bank in a current account  Contracts for sale of investments			
Dither Current Assets  Balances with bank in a current account  Contracts for sale of investments  Interest Receivable on Non-Performing Investments	₹	₹	₹
Dither Current Assets  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	₹	₹	₹
Dither Current Assets  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	₹	₹	₹
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	1	₹ 4 11 436 - -	1 - - -
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	1 321	4 11 436 - - - - 47	₹
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	1	4 11 436 - - - - 47	1 - - -
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	1	4 11 436 - - - - 47	1 - - -
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	1	4 11 436 - - - - 47	1 - - -
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	1	4 11 436 - - - - 47	1 - - -

#### 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 SEPTEMBER 30, 2019

#### 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 NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd. and Karvy Computershare Private Limited, being the Central Recordkeeping Agencies (CRA) provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides /receives funds on consolidated basis in respect of such allotment/redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

## 2. CRA's responsibilities includes:

- a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
- b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- d. PRAN Transaction Statement,
- e. An operational interface between 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, which is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- 4. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- 5. 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 croroe 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 of 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. 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.

- **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.
    - 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 Exright price and the offer price multiplied by the ratio of Right Entitlement.

## b. Debentures, corporate bonds, commercial papers and certificate of deposits:

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.

- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii. 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 Association of Mutual Funds in India (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.
- d. Interest on Fixed Deposits is accounted on accrual basis.

- 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 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:

Managen	ent Fees % p.a.*	Managen	nent Fees **
Current Period	Previous Period	<b>Current Period</b>	Previous Period
0.01%	0.01%	₹ 14,550	₹ 11,871

<sup>\*</sup> excluding 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.
- **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 basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust C	harges % p.a.	NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 2,075	₹ 3,065

**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	s Period	1.40	
Purchase	%	Sales	%	Purchase	%	Sales	%
48.11	252.59	44.46	233.45	45.02	222.95	41.89	207.47

<sup>\*\*</sup> including GST

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 30th September, 2019 is ₹ 44,158. (Previous Period ₹ NIL).

#### I. Net Asset Value:

Current Period	Previous Period
As on 30th September, 2019	As on 31st March, 2019
₹ 24.0032	₹ 24.4907

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:

	Currei	nt Period	***************************************	Previous Period			·····
Incom	e	Expenditure Income Expend		Expendit	ure		
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
1.52	6.17	1.96	7.94	2.17	10.73	0.73	3.64

K. Contingent liability as on 30<sup>th</sup> September, 2019 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).

#### L. 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

M. 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	Curre	nt Period	Previous Period		
	Purchase	Outstanding		Outstanding	
UTI Asset				8	
Management	₹ 44.17	₹ 0.34	₹ 41.30	₹ 0.14	
Company Limited					

- **N. Portfolio**: Industry wise classification where industry exposure % to total exposure in investment category >= 5% as on 30<sup>th</sup> September, 2019 is given in Annexure A.
- **O.** The Previous Period figures are regrouped/ reclassified, wherever necessary.

ANNEXURE A
Industry wise classification where industry explosure % to total explosure in investment category is >= 5%

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
EQUITY SHARES				
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVIN	IG BANKS, POSTAL SAVI	NGS BANK AND DI	SCOUNT HOUSES	
HDFC BANK LTD.	13,590	16,681,046	6.33	
ICICI BANK LTD.	36,192	15,696,470	5.96	6.4
AXIS BANK LTD.	19,228	13,171,180	5.00	6.0
KOTAK MAHINDRA BANK LTD,	7,560	12,432,042		5.0
INDUSIND BANK LTD.	6,566	9,084,389	4.72 3.45	4.7
STATE BANK OF INDIA	26,284	7,117,707		3.4
BANK OF BARODA	11,270	1,048,674	2.70	2.7
IDFC BANK LIMITED	5,000	201,000	0.40	0.4
YES BANK	3,450	142,830	0.08	0.0
	3,430	75,575,338	0.05	0.0
			28.69	29.0
WRITING, MODIFYING, TESTING OF COMPUTER PROGRAM TO INFOSYS LTD	MEET THE NEEDS OF A P	ARTICULAR CLIEN	T EXCLUDING WEB	PAGE DESIGNING
	19,866	16,005,043	6.07	6.1
TATA CONSULTANCY SERVICES LTD.	5,154	10,819,792	4.11	4.1
TECH MAHINDRA LTD.	4,201	3,001,615	1.14	1.15
HCL TECHNOLOGIES LIMITED	1,156	1,249,174	0.47	0.48
	,	31,075,624	11.79	11.93
PRODUCTION OF HOURS AND CONTRACT				
PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING PETROLEUM OR BITUMINOUS MINERALS	OILS, LUBRICATING OILS	OR GREASES OR (	OTHER PRODUCTS F	ROM CRUDE
RELIANCE INDUSTRIES LTD.				
INDIAN OIL CORPORATION LTD.	12,079	16,092,248	6.11	6.18
BHARAT PETROLEUM CORPORATION LTD.	7,240	1,067,176	0.40	0.41
CASTROL INDIA LTD.	1,158	544,376	0.21	0.21
CASTROL INDIA ETD.	2,060	280,263	0.11	0.11
		17,984,063	6.83	6.91
CONSTRUCTION OF UTILITY PROJECTS N.E.C.				
The street of other Projects M.E.C.				
ARSEN & TOURDOUTD				
ARSEN & TOUBRO LTD.	10,938	16,125,347	6.12	6 10
ARSEN & TOUBRO LTD.	10,938	16,125,347 <b>16,125,347</b>	6.12 <b>6.12</b>	
	10,938			
MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO	10,938			
	10,938 54,377			6.19
MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO		16,125,347	6.12	6.19 5.43
MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO TC LIMITED	54,377	14,129,863 14,129,863	5.36 5.36	6.19 5.43
MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO TC LIMITED  ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR	54,377	14,129,863 14,129,863	5.36 5.36	6.19 5.43
MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO TC LIMITED  ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSING DEVELOPMENT FINANCE CORPORATION LTD	54,377	14,129,863 14,129,863	5.36 5.36 5.36	5.43
MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO TC LIMITED  ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR	54,377 PR HOUSE PURCHASES TH	16,125,347 14,129,863 14,129,863 HAT ALSO TAKE DE	5.36 5.36	6.19 5.43

## NATIONAL PENSION SYSTEM TRUST NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME C - TIER I BALANCE SHEET AS AT SEPTEMBER 30, 2019

Particulars	Schedules	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Liabilities	•			
Unit Capital	1	97 95 13 459	90 05 68 673	71 98 30 146
Reserves and Surplus	2	147 96 13 076	126 28 10 306	88 46 93 084
Current Liabilities and Provisions	3	17 86 723	17 49 381	14 54 403
	Total	246 09 13 258	216 51 28 360	160 59 77 633
Assets				
investments	4	237 08 54 169	207 87 27 865	154 37 50 057
Deposits	5	-	1 51 63 728	•
Other Current Assets	6	9 00 59 089	7 12 36 767	6 22 27 576
	Total	246 09 13 258	216 51 28 360	160 59 77 633
(a) Net assets as per Balance Sheets (b) Number of units outstanding		245 91 26 535 9 79 51 346	216 33 78 979 9 00 56 867	160 45 23 230 7 19 83 014
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 SEPTEMBER 30, 2019

Particulars Sche	Half Year ended dules Sept 30, 2019 국	Half Year ended March 31, 2019 で	Half Year ended Sept 30, 2018 ₹
Income			
Dividend			
Interest	8 51 48 634	6 98 86 251	5 98 22 559
Profit on sale/redemption of investments	7 61 850	10 97 079	9 50 695
Profit on inter-scheme transfer/sale of investments	, 01 030	10 37 073	3 30 033
Unrealized gain on appreciation in investments	4 99 14 353	6 62 12 428	12 762
Other income		0 02 12 428	12 /02
- Miscellaneous Income	42	51	401
Total Income (A)	13 58 24 879	13 71 95 809	6 07 86 417
Expenses and Losses			
Unrealized losses in value of investments	2 44 49 604	74.005	
Loss on sale/redemption of investments	2 44 49 604	74 305	6 66 58 278
Loss on inter-scheme transfer/sale of investments	•	•	-
Management fees (including GST)	1 37 287		-
NPS Trust fees	20 291	1 05 952	89 965
Custodian fees (including GST)	41 614	27 135	38 121
Depository and settlement charges (including GST)	7 122	33 113	27 946
CRA Fees	8 34 662	6 583	5 232
Less: Amount recoverable on sale of units on account of CRA Charges	(834662)	8 10 081	6 95 816
Provision for Non-Performing Assets	96 00 000	(810081)	( 6 95 816
Other Expenses	-	2 50 000	•
Total Expenditure (B)	3 42 55 918	4 97 088	6 68 19 542
		73,000	0 00 13 342
Surplus/(Deficit) for the year (A-B)	10 15 68 961	13 66 98 721	( 60 33 125
Less: Amount transferred (to) / from Unrealised Appreciation Reserve	(2 54 64 749)	(56 56 222)	61 63 615
.ess: Amount transferred (to) / from General Reserve	(7 61 04 212)	(13 10 42 499)	(130490
Amount carried forward to Balance Sheet	(, 0, 0, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	(13 10 42 433)	(130490
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 NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT SEPTEMBER 30, 2019

Unit Capital	Schedule 1	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018
Ducts and/ing at the beginning of the year   12 22 4429   11 11 412   11 1064 3   12 106	Unit Capital			***************************************
Add Units issued during the year (12 82 24 429 12 11 14 45 11 10 64 3 12 82 12 12 14 14 5 11 10 64 3 12 82 12 14 14 5 11 10 64 3 12 82 12 14 14 5 11 10 64 3 12 82 12 14 14 5 11 10 64 3 12 82 12 14 14 5 11 10 64 3 12 82 12 14 14 5 11 10 64 3 12 82 12 14 14 5 11 10 64 3 12 82 12 14 14 5 11 10 64 3 12 82 12 14 14 5 12 14 14 14 14 14 14 14 14 14 14 14 14 14		00.05.68.633	÷	
Less: Units redeemed during the year (4.92.79-643) (3.14.02.938) (2.556.767) (				62 44 42 481
Table				12 10 64 377
Face Value of Rs.10/- each unit, fully paid up) Outstanding units at the beginning of the year Add: Units issued during the year Add: Print issued during the year Agreement account Opening Blahanc Add: Transfer from General Reserve Closing Blahance Closing Blahance Closing Blahance Add: Transfer from General Reserve Closing Blahance Add: Transfer from Revenue Account Closing Blahance Total  To				(2 56 76 712
### Part		37 93 13 439	90 05 68 673	71 98 30 146
### Part	(Face Value of Rs.10/- each unit, fully paid up)			
Add this is swed during the year 1.28 22.443 1.213 41.45 1.2106.45 (1.210.64)	Outstanding units at the beginning of the year	0.00 56 067	W 40 Bb b	
121   121	Add :Units issued during the year			6 24 44 248
Schedule 2		· · · · · · <del>·</del>		1 21 06 437
Schedule 2   As at Sept 30, 2019   As at March 31, 2019   As at Sept 30, 2018   Total				( 25 67 671
Reserves and Surplus  Internation Reserve  Opening Balance  Opening Balance  Add: Premium on Units issued  Less: Premium on Units decembed  Add: Premium on Units decembed  Add: Transfer from General Reserve  Closing Balance  105 82 92 487  94 30 58 678  70 16 40 177  31 40 95 406  18 30 52 907  18 29 22 487  Add: Transfer from Revenue Account  Add: Transfer from Revenue Account  7 61 04 212  13 10 42 499  13 04 95 406  18 30 52 907  18 29 22 487  Add: Transfer from Revenue Account  7 61 04 212  13 10 42 499  13 04 95 406  18 30 52 907  18 29 22 487  Add: Adjustment for Previous years unrealised appreciation reserve  Opening Balance  39 01 99 618  31 40 95 406  18 30 52 907  18 29 22 487  Add: Adjustment for Previous years unrealised appreciation reserve  11 147 96 13 076  As at Sept 30, 2018  As at Sept 30, 2019  As at March 31, 2019  As at March 31, 2019  As at Sept 30, 2018  As at Sept 30, 2019  As at March 31, 2019  As at March 31, 2019  As at March 31, 2019  As at Sept 30, 2018  As at	·	777 31 340	9 00 56 867	7 19 83 014
Reserves and Surplus   Serves   Serve	Schedule 2	• -		As at Sept 30, 2018
### Premium Reserve Opening Balance Opening Ba			<u> </u>	₹
Depening Balance	Reserves and Surplus	•		
Add Premium on Units Issued 1874 16 823 28 27 85 633 14 87 116 82 118 118 20 18 28 14 78 15 82 18 28 14 78 15 82 18 28 14 16 823 28 27 85 633 14 87 116 82 18 28 14 16 82 18 28 14 16 82 18 28 14 16 82 18 28 14 16 82 18 28 14 16 82 18 28 14 16 82 18 28 14 87 116 82 18 28 14 16 82 18 28 14 16 82 18 28 14 16 82 18 28 14 16 82 18 28 14 16 82 18 28 14 16 82 18 28 14 16 82 18 28 14 16 82 18 18 18 18 18 18 18 18 18 18 18 18 18	Unit Premium Reserve			
18 74 16 823   28 27 85 643   14 87 11 88		94 30 58 678	70 16 40 177	58 44 75 656
Add: Transfer from General Reserve   105 82 92 487   94 30 58 678   70 16 40 17		18 74 16 823		
Total 105 82 92 487 94 30 58 678 70 16 40 17 18 20 18		(7 21 83 014)		
105 82 92 487   94 30 58 678   70 16 40 17				(5 15 47 100)
Secretal Reserve	Closing Balance	105 82 92 487	94 30 58 678	70 16 40 177
Opening Balance         31 40 95 406         18 30 52 907         18 29 22 41 Add: Transfer from Revenue Account         7 61 04 212         13 10 42 499         1 30 49           Less: Transfer to Unit Premium Reserve         39 01 99 618         31 40 95 406         18 30 52 907           Increasing Balance         39 01 99 618         31 40 95 406         18 30 52 907           Increasing Balance         56 56 222         56 56 222         61 63 615           Add: Adjustment for Previous years unrealised appreciation reserve         Add; Adjustment for Previous Previous Account         2 54 64 749         56 56 222         61 63 615           Add; Cless): Transfer from/(to) Revenue Account         311 20 971         56 56 222         61 63 615           Closing Balance         Total         147 96 13 076         126 28 10 306         88 46 93 084           Schedule 3         As at Sept 30, 2019         As at March 31, 2019         As at Sept 30, 2018         7           Total         11 820         82 613         80 117         80 117           Author of Creditors for expenses         11 820         82 613         80 117           Book Overdraft         80 60 Overdraft         80 60 0verdraft         80 60 0verdraft         80 60 0verdraft         80 60 0verdraft         80 12 0verdraft         80 12 0verdraft         80 12 0verdraft	ieneral Reserve			
Add: Transfer from Revenue Account Less: Transfer to Unit Premium Reserve Closing Balance 19 13 10 42 499 13 05 490 18 30 52 907 18 29 22 41 13 10 42 499 13 10 42 499 13 10 42 499 13 10 42 499 13 10 42 499 13 10 42 499 13 10 42 499 13 10 42 499 15 65 65 222 16 16 3 619 15 61 63 619 15 65 65 222 16 16 3 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 619 15 65 65 222 15 61 63 61				
Less: Transfer to Unit Premium Reserve Closing Balance 39 01 99 618 31 40 95 406 18 30 52 90:  nrealised Appreciation Reserve Opening Balance Opening Balance Add: Adjustment for Previous years unrealised appreciation reserve Add/(Less): Transfer from/(to) Revenue Account 2 54 64 749 56 56 222 (61 63 61: Closing Balance Total 147 96 13 076 126 28 10 306 88 46 93 08c  Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2018 Transfer from/(to) Revenue Account As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2018 Transfer from/(to) Revenue Account Total  111 820 82 613 80 117 Recemption Payable 157 Payable 1672 190 16 64 388 13 72 493 Contracts for Purchase of Investments 158 Payable 1672 190 16 64 388 13 72 493 Contracts for Purchase of Investments 179 Amount Payable to Other Schemes Provision for Interest overdue Provision on upgraded assets Interest received in Advance  Total  Total  1786 773 43 43 43 43 43 43 43 43 43 43 43 43 43			18 30 52 907	18 29 22 417
Closing Balance   39 01 99 618   31 40 95 406   18 30 52 907		7 61 04 212	13 10 42 499	1 30 490
### State			-	
Opening Balance   56 56 222   61 63 615     Add: Adjustment for Previous years unrealised appreciation reserve   Add/Lless): Transfer from/(to) Revenue Λccount   2 54 64 749   56 56 222   (61 63 615 61 61 61 61 61 61 61 61 61 61 61 61 61		39 01 99 618	31 40 95 406	18 30 52 907
Add: Adjustment for Previous years unrealised appreciation reserve				
Add: Adjustment for Previous years unrealised appreciation reserve Add/(Less): Transfer from/(to) Revenue Account    Closing Balance   2.54 64 749   56 56 222   (61 63 615 6222   62 64 64 64 64 64 64 64 64 64 64 64 64 64		56 56 222		C4 C2 C4
Total   147 96 13 076   126 28 10 306   88 46 93 084	Add: Adjustment for Previous years unrealised appreciation reserve		•	61 63 615
Total 147 96 13 076 126 28 10 306 88 46 93 084    Schedule 3	Add/(Less): Transfer from/(to) Revenue Account	2 54 64 749	56 56 222	100000
Total   147 96 13 076   126 28 10 306   88 46 93 084	Closing Balance			(61 63 615)
As at Sept 30, 2019			30 30 222	•
As at sept 30, 2018  As at sept 30, 2018  Forment Liabilities and Provisions  Forment Liabilities  Sundry Creditors for expenses  Book Overdraft  Redemption Payable  16 72 190  16 64 388  13 72 493  Contracts for Purchase of Investments  Amount Payable to Other Schemes  Provision for Interest overdue  Provision on upgraded assets  Interest received in Advance  Total  Total	1 otal	147 96 13 076	126 28 10 306	88 46 93 084
As at sept 30, 2018  As at sept 30, 2018  Forment Liabilities and Provisions  Forment Liabilities  Sundry Creditors for expenses  Book Overdraft  Redemption Payable  16 72 190  16 64 388  13 72 493  Contracts for Purchase of Investments  Amount Payable to Other Schemes  Provision for Interest overdue  Provision on upgraded assets  Interest received in Advance  Total  Total	f. L. L. L.			
urrent Liabilities Sundry Creditors for expenses Book Overdraft Redemption Payable Total  1 11 820 82 613 80 117 82 613 80 117 80 11 820 82 613 80 117 80 117 80 118 80 118 80 117 80 118 80 118 80 117 80 118 80 117 80 118 80 118 80 117 80 118 80 118 80 117 80 118 80 118 80 117 80 11	Scriedule 3			
Sundry Creditors for expenses   1 11 820   82 613   80 117	urrent Liabilities and Provisions			
Book Overdraft	urrent Liabilities			
Book Overdraft	Sundry Creditors for expenses	4.4.6		
TDS Payable Contracts for Purchase of Investments Contracts for Purchase of Investments Amount Payable to Other Schemes Provision for Interest overdue Provision on upgraded assets Interest received in Advance Total  17.86.723 16.64.388 13.72.493 2.380 1.793	Book Overdraft	1 11 820	82 613	80 117
TDS Payable 16 // 190 16 64 388 13 72 493 Contracts for Purchase of Investments 2 713 2 380 1 793 Amount Payable to Other Schemes	Redemption Payable	46.00	•	•
Contracts for Purchase of Investments Amount Payable to Other Schemes Provision for Interest overdue Provision on upgraded assets Interest received in Advance Total  2 380 1 793 2 380 1 793 2 380 1 793 2 380 1 793 2 380 1 793 2 380 1 793 2 380 1 793 2 380 1 793 2 380 1 793 2 380 1 793 2 380 1 793 2 380 1 793 2 380 1 793 2 380 2	TDS Payable		16 64 388	13 72 493
Amount Payable to Other Schemes  Provision for Interest overdue  Provision on upgraded assets Interest received in Advance  Total  17 86 723	Contracts for Purchase of Investments	2 713	2 380	1 793
Provision for Interest overdue Provision on upgraded assets Interest received in Advance Total  17.86.723	Amount Payable to Other Schemes	•	•	•
Provision on upgraded assets Interest received in Advance  Total  Total	Provision for Interest overdue	•	•	
Total 17.86.723	Provision on upgraded assets	•	•	•.
Total 17.86.723 47.0.000	interest received in Advance	-	•	
		•	•	•
	Total		4	
	· o.ui	17 86 723	17 49 381	14 54 403

## 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 SEPTEMBER 30, 2019

Schedule 4	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹	
nvestments (Long Term and Short Term)				
Equity Shares	•			
Preference Shares	-			
Debentures and Bonds Listed/Awaiting Listing	232 89 63 325	205 38 38 710	150 36 77 048	
Central and State Government Securities (including treasury bills)	*	200 00 00 720	130 30 77 040	
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	4 21 40 844	1 96 39 155	4 00 73 00	
Non Convertible Debentures classified as NPA	86 00 000	52 50 000	4007300	
Less: Provision on Non performing investment	(88 50 000)	32 30 000		
· · · · · · · · · · · · · · · · · · ·	( 50 50 000)	•		
Total	237 08 54 169	207 87 27 865	154 37 50 05	
Schedule 5	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018	
Schedule 3	₹	₹ .	₹	
Total	-	1 51 63 728		
Schedule 6	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018	
	₹	₹	₹	
ther Current Assets				
Balances with bank in a current account	12 99 306	57 25 898	4 12 50	
Contracts for sale of investments		-		
Interest Receivable on Non-Performing Investments	47 17 750	8 95 738		
Less: Provision for Interest on Non-Performing Investment	( 47 17 750)	(895738)		
Outstanding and accrued income	8 87 59 783	6 47 60 869	6 18 15 07	
Dividend Receivable		-	• • • • • • • • • • • • • • • • • • • •	
Brokerage receivable from PFM				
Application money pending allotment	_	_		
Sundry Debtors	_	_		
Redemption receivable on Non performing Investment	10 00 000	10 00 000		
Less: Provision for Non Performing Investment	(10 00 000)			
	(1000000)	( 2 50 000)		
Total	9 00 59 089	7 12 36 767	6 22 27 57	

#### 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 SEPTEMBER 30, 2019

#### 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 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 Axis Bank Ltd., being the Trustee Bank, provides/receives funds on consolidated basis in respect of such allotment/redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

## 2. CRA's responsibilities includes:

- a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
- b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- d. PRAN Transaction Statement,
- e. An operational interface between 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, which is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.

- **4.** The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- 5. 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 21st 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 tr3eated 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. 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 exdate 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.
- 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.

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

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii. 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 Association of Mutual Funds in India (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. 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 reschedulement 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.

### 6. 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.
- 7. 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.
- **8. 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.** 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	Impact as on		
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.	maturity exceeds 60 days otherwise at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the	not		

- 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.
- F. 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%	₹ 1,37,287	₹1,05,952	

<sup>\*</sup> excluding GST

G. 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 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	<b>Current Period</b>	Previous Period	
0.005%	0.005%	₹ 20,291	₹ 27,135	

H. 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				Previou	s Period		
Purchase	%	Sales	%	Purchase	%	Sales	%
308.25	185.46	278.17	167.36	413.27	229.21	362.47	201.03

I. 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 30th September, 2019 is ₹ 121.99 Crores. (Previous Period ₹ 78.93 Crores).

#### J. Net Asset Value:

Current Period	Previous Period
As on 30th September, 2019	As on 31st March, 2019
₹ 25.1055	₹ 24.0223

<sup>\*\*</sup> including GST

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

	Currer	nt Period		Previous Period			
Incom	e	Expendi	ture	Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	0/0	₹ in Crores	
13.58	5.83	3.43	1.47	13.72	7.61	0.05	0.03

### L. 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 30th September, 2019 is as under:

Particular	As on 30th Sept, 2019****	As on 31st March, 2019
Book Value (₹)	98,50,000	79,89,175
Provision for NPA (₹)	98,50,000	2,50,000
Carrying Cost (₹)	-	77,39,175
Market Value (₹)***		
% of NPA (Gross) to AUM	0.40	0.37

<sup>\*\*\*</sup> Investment is not traded; hence market value is not ascertainable.

#### M. Other disclosures:

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

**N. 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	Currer	nt Period	Previous Period		
- Traine of Scheme	Purchase	Purchase Outstanding		Outstanding	
UTI Asset					
Management	₹ 280.34	₹ 4.21	₹ 359.35	₹1.96	
Company Limited					

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

- O. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category >= 5% as on 30th September, 2019 is given in Annexure A.
- P. The Previous Period figures are regrouped/ reclassified, wherever necessary.

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नेशनल पेंशन सिस्टम ट्रस्ट(एन॰पी॰एस॰ट्रस्ट) National Pension System Trust (NPS Trust) तीसरी मंजिल, छत्रपति शिवाजी भवन, / Third Floor, Chatrapati Shivaji Bhawan,

> यी-14/ए, कुतुब इंस्टीट्यूरानल एरिया, नई दिल्ली - 110 016 B-14/A, Qutab Institutional Area, New Delhi - 110 016

ई मेलः / Email ld : nps.trust@plrda.org.in फोन / Phone : +91-11-26514032

TRUST

File No. 1/16/2018-NPST/11514

Dated: 06/08/2019

To

SBI Pension Fund LIC Pension Fund UTI Retirement Solutions Kotak Pension Fund HDFC Pension Fund

Subject: Valuation of IL&FS bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest

Dear Sir/ Madam,

This has reference to the various communications exchanged between NPS Trust and your offices on the above subject.

- 2. As you are kindly aware, overall exposure of schemes of NPS had an exposure of Rs. 1274.79 Cr. in IL&FS Ltd and group companies which were downgraded to 'D' ratings (below investment grade) by the rating agencies due to default in payment of principal as well as interest payments to investors within a very short span of time. In this regard, NPS Trust received communications from SHCIL (the third party valuation agency for NPS at that time) and some Pension Funds seeking clarification on valuation of the IL&FS bonds and accrual of daily interest on IL&FS Group investment.
- 3. The matter was taken up with the Authority to provide guidance on reasonable valuation of IL&FS securities till the time further course of action is taken by IL&FS Management/Promoters/Regulators.
- 4. The Authority vide its letter no. PFRDA/17/03/31/0018/2018-SUP-PF-Part (2) dated 01/08/2019 has advised that a policy decision on provisioning of downgraded securities pertaining specifically to IL&FS group has been taken for valuation of securities which are downgraded to 'default' rating but are not classified as NPAs. The same may be kindly referred as under:

Down gradation of IL&FS securities to 'D' (default) but is not classified as NPA	Valuation- % provision on book value		
Next day from the down gradation	25%		
3 months from the date of down gradation till classification of the security as NPA	Secured securities	Unsecured securities	
	75%	90%	
Accrual of interest on the debt instruments of IL&FS	As the prospects of recois low, the accrual instruments shall be sto Funds in order to printerest i.e. to be fair to	of interest on these opped by the Pension otect the subscribers'	

outgoing subscribers in terms of reflecting a realistic NAV of the schemes holding such securities.

- 5. Further, the Authority has advised that the Pension Funds should stop accruing the interest on these securities and reverse the interest accrued but not recovered even if the securities are not classified as NPA on the above lines.
- 6. It is requested to comply with the above directives of the Authority with immediate effect. The Valuation agency, IMaCS, is also being informed to value the securities of the IL&FS group as per the above direction of Authority with immediate effect.
- 7. As many of the IL&FS group securities have already been classified as NPA as per PFRDA (Identification, Income Recognition and provisioning of NPA) Guidance Note 2013, Pension Funds are required to make the minimum provisions as per the guidance note. However, making higher provision is at the discretion of Pension Fund with the approval of their Investment committee. Some of the Pension funds have already made the higher provisions.
- 8. In view of the above directives of the Authority, it is requested to kindly ensure that valuation of the securities which has been classified as NPA should also not be more than the valuation mentioned in para 4 above.

Yours sincerely,

(Akhilesh Kumar) General Manager

#### Copy for necessary action to:

- 1. Sh. Balram Bhagat, Chief Executive Officer and Whole Time Director, UTI Retirement Solutions Ltd, UTI Tower, 'Gn' Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051
- 2. Sh. Narayanan Sadanandan, Managing Director & CEO, SBI Pension Funds Pvt. Ltd., No. 32, 3rd Floor, Maker Chambers-III, Nariman Point, Mumbai 400021
- 3. Ms. Priti Panwar, Chief Executive Officer, LIC Pension Fund Ltd., Industrial Assurance Building, B-5, 5th Floor, Veer Nariman Road, Churchgate, Mumbai-400020.
- 4. Sh. Sumit Shukla, Chief Executive Officer, HDFC Pension Management Company limited, 14th Floor, Lodha Excelus, Apollo Mills Compound, N.M Joshi Marg, Mahalaxmi, Mumbai- 400011.
- 5. Sh. Sandeep Shrikhande, Chief Executive Officer, Kotak Mahindra Pension Fund Ltd., 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051
- 6. Sh. Ashwani Kumar, ICRA Management Consultancy services Ltd., 1102, 1103 Kanakia Wall Street, Chakala, Andheri East, Mumbai

Copy for information to:

- (i) Shri Venkateswarlu Peri, Chief General Manager, Supervision Dept. Pension Fund
- (ii) Ms Mamta Rohit, Chief General Manager, Supervision Dept. NPS Trust
- (iii) Shri Sumit Kumar, General Manager, Regulation Dept. Pension Fund

ANNEXURE A

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

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
DEBENTURES & BONDS		,		
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING B	ANKS. POSTAL SAV	INGS BANK AND DI	SCOUNT HOUSES	
AXIS BANK LTD.	1,750,000	179,643,154	7.31	7.7:
ICICI BANK LTD.	1,260,000	127,539,626	5.19	5.49
HDFC BANK LTD.	690,000	69,864,846	2.84	3.0
YES BANK	100,000	9,164,240	0.37	0.3
IDFC BANK LIMITED	90,000	9,011,133	0.37	0.3
KOTAK MAHINDRA BANK LTD.	80,000	8,264,456	0.34	0.3
PUNJAB NATIONAL BANK	20,000	1,964,896	0.08	0.08
		405,452,351	16.50	17.4
ACTIVITIES OF SPECIALIZED WAR				
ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR LUC HOUSING FINANCE LTD.			DEPOSITS	
	1,640,000	168,983,102	6.87	7.2
HOUSING AND URBAN DEVELOPMENT CORPORATION	1,160,000	122,633,362	4.99	5.28
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	880,000	92,224,671	3.75	3.97
		383,841,135	15.61	16.52
OTHER MONETARY INTERMEDIATION SERVICES N.E.C.				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	2,100,000	247 776 044		
EXPORT IMPORT BANK OF INDIA	770,000	217,776,844	8.86	9.37
	770,000	79,103,125	3.22	3.40
OTHER CREDIT GRANTING		296,879,969	12.08	12.77
RURAL ELECTRIFICATION CORPORATION LIMITED	1,570,000	160 201 624		
POWER FINANCE CORPORATION LTD.	1,100,000	160,291,621	6.52	6.90
INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.	50,000	111,072,406	4.52	4.78
and the state of t	30,000	4,902,840	0.20	0.21
		276,266,867	11.24	11.89
CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, RI	OADS, OTHER VEHI	CULAR AND PEDEST	TRIAN WAVE LIIGH	MAVE PRIDGES
COUNTER VIEW DODANIE	.,		INION WATS, MIGH	WATS, BRIDGES,
NATIONAL HIGHWAYS AUTHORITY OF INDIA	2,290,000	231,536,697	0.43	
	_,,	231,536,697	9.42	9.97
		231,330,037	9.42	9.97
PASSENGER RAIL TRANSPORT				
NDIAN RAILWAY FINANCE CORPORATION LTD.	1,640,000	168,349,407	6.85	7.25
		168,349,407	6.85	7.25

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## NATIONAL PENSION SYSTEM TRUST NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME C - TIER II BALANCE SHEET AS AT SEPTEMBER 30, 2019

Particulars		Schedules	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Liabilities					
Unit Capital		1	6 10 38 101	5 61 31 569	5 22 28 953
Reserves and Surplus		2	8 61 19 470	7 29 20 925	5 93 97 397
Current Liabilities and Provisions		3	3 60 599	3 06 888	1 08 343
	Total	-	14 75 18 170	12 93 59 382	11 17 34 693
Assets					
Investments		4	14 28 87 201	12 48 11 020	10 79 90 001
Deposits		5	-	96 609	-
Other Current Assets		6	46 30 969	44 51 753	37 44 692
•	Total		14 75 18 170	12 93 59 382	11 17 34 693
(a) Net assets as per Balance Sheets (b) Number of units outstanding	•		14 71 57 571 61 03 810	12 90 52 494 56 13 157	11 16 26 350 52 22 895
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 SEPTEMBER 30, 2019

Particulars	Schedules	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
Income				
Dividend		_		
Interest		51 76 468	46 16 684	-
Profit on sale/redemption of investments		73 578	86 373	41 13 461
Profit on inter-scheme transfer/sale of investments		,33,6	80 3/3	86 583
Unrealized gain on appreciation in investments		29 15 087	40 26 457	
Other income		23 23 00,	40 26 437	5 998
- Miscellaneous Income		5	34	22
Fotal Income (A)		81 65 138	87 29 548	42 06 064
expenses and Losses	*****			
Unrealized losses in value of investments		12.22.244		
Loss on sale/redemption of investments		12 23 344	13 910	43 42 745
Loss on inter-scheme transfer/sale of investments		-	-	•
Management fees (including GST)		8 232	-	•
NPS Trust fees		1 217	6 990	6 201
Custodian fees (including GST)		2 497	1 832	2 628
Depository and settlement charges (including GST)		2 497 863	2 205	1 929
CRA Fees		11 530	784	742
Less: Amount recoverable on sale of units on account of CRA C	harges	( 11 530)	10 989	10 430
Provision for Non-Performing Assets	.narges	3 40 000	( 10 989)	( 10 430
Other Expenses		3 40 000	•	
otal Expenditure (B)		15 76 153	25 721	43.54.345
	1000		23 / 21	43 54 245
urplus/(Deficit) for the year (A-B)		65 88 985	87 03 827	( 1 48 181
ess: Amount transferred (to) / from Unrealised Appreciation Re	serve	(16 91 743)	(616338)	9 40 538
ess: Amount transferred (to) / from General Reserve		(48 97 242)	(80 87 489)	(792357
Amount carried forward to Balance Sheet	,	· · · · · · · · · · · · · · · · · · ·	1000.403/	(7 32 337

## 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 SEPTEMBER 30, 2019

134 94 629   123 32 698   1.	Schedule 1	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Add this issued during the year 13 49 4629 123 2698 1. See	Unit Capital			
Add chits issued during the year 13.4 94 629 12.3 2.698 1.	Outstanding at the beginning of the year	5 61 31 560	E 22 20 0E2	
Less: Units redeemed during the year   (8.5 88.097)   (84.3 0082)   (1.5 001810	Add :Units issued during the year			4 61 17 250
Face Value of Rs.10/- each unit, fully paid up	Less: Units redeemed during the year			1 27 51 732
Face Value of Rs.10/- each unit, fully paid up)   Dutstanding units at the beginning of the year   13 49 463   12 33 270   14 464 Units seed during the year   13 49 463   12 33 270   14 465 Units redeemed during the year   18 58 810   18 43 008   10 00	Outstanding at the end of the year		······································	( 66 40 029 5 22 28 953
Duist anding units at the beginning of the year   13 49 463   12 33 270   1	(Face Value of Rs.10/- each unit_fully paid un)			
Add chils issued during the year 13.49 463 12.33 270 12.50 1	Outstanding units at the beginning of the year			
Less: Lands of Long Elaince	Add :Units issued during the year			46 11 725
Schedule 2   As at Sept 30, 2019   As at March 31, 2019   As at Sept 30, 2019   As at March 31, 2019   As at Sept 30, 2019   As at March 31, 2019   As at Sept 30, 2019   As at March 31, 2019   As at Sept 30, 2019   As at March 31, 2019   As at Sept 30, 2019   As at March 31, 2019   As at Sept 30, 2019   As at March 31, 2019   As at Sept 30, 2019   As at March 31, 2019   As at Sept 30, 2019   Add: Premium on Units issued   4 36 45 133   3 88 25 432   31 40 45 26 255   15 02 69 43   14 40 45 26 255   15 0	Less: Units redeemed during the year			12 75 173
Schedule 2	Outstanding units at the end of the year			( 6 64 003 <b>52 22 895</b>
Reserves and Surplus  Unit Premium Reserve  Opening Balance 4 36 45 133 3 88 25 432 3 1 4 4 5 6 5 1 50 26 943 1 4 4 5 6 5 1 50 26 943 1 4 4 5 6 5 1 50 26 943 1 4 4 5 6 5 1 50 26 943 1 4 4 5 6 5 1 50 26 943 1 4 4 5 6 5 1 5 0 26 943 1 4 5 6 1 5 0 26 943 1 4 5 0 26 94 1 5 0 26 94 1 5 0 26 94 1 5 0 26 94 1 5 0 26 94 1 5 0 26 94 1 5 0 26 94 1 5 0 26 94 1 5 0 26 9				
Unit Premium Reserve  Opening Balance Opening	Schedule 2			As at Sept 30, 2018 ₹
Add:   Premium on Units issued	Reserves and Surplus			
Add: Premium on Units issued 1 18 42 62 255 1 150 26 943 1 14 Less: Premium on Units redeemed (118 16 695) (10 20 7 242) (7 Add: Transfer from General Reserve Closing Balance 5 02 54 693 4 36 45 133 388 General Reserve Opening 3alance 2 86 59 454 205 71 965 19 Add: Transfer from Revenue Account 48 97 242 80 87 489 Less: Transfer to Unit Premium Reserve Closing Balance 3 355 6696 286 59 454 205 71 965 19 Less: Transfer to Unit Premium Reserve Closing Balance 6 16 338 Add: Add: Adjustment for Previous years unrealised appreciation reserve Add/(Less): Transfer from/(to) Revenue Account 16 91 743 6 16 338 (1) Closing Balance 23 08 081 6 16 338 (1)  Total 861 19 470 7 29 20 925 5 92  Schedule 3 As at Sept 30, 2019 As at March 31, 2019 As at Sept 30 Turrent Liabilities and Provisions Current Liabilities Sundry Creditors for expenses Sook Over draft 6 940 5 484 Redemption Payable 3 53 487 3 01 247 17 TOS Payable 170 Payable 170 Provision for Interest overdue Provision of unpgraded assets	Unit Premium Reserve			
Add: Premium on Units issued Less: P	Opening Balance	4 36 45 133	2 00 25 422	
Less: Premium on Units redeemed Add: Transfer from General Reserve Closing Balance  Soz 54 693  General Reserve Opening Salance  Closing Balance  Closing Balance  Add: Transfer from Revenue Account Add: Transfer from Revenue Account Add: Transfer from Revenue Account Add: Transfer to Unit Premium Reserve Closing Balance  Closing Balance  Closing Balance  Closing Balance  Closing Balance  Add: Alg 55 6656  Closing Balance  Closing Balance  Add: Alg 57 484  Alg 7 485  Closing Balance  Add: Alg 58 59 454  Closing Balance  As at 58 19 470  As at March 31, 2019  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30, 2019  Current Liabilities and Provisions  Current Liabilities  Curre				3 18 88 778
Add: Transfer from General Reserve Closing Balance  General Reserve Opening Jalance Add: Transfer from Revenue Account Add: Transfer from Revenue Account Less: Transfer to Unit Premium Reserve Closing Balance Opening Balance Opening Balance Opening Balance Opening Balance Add: Adjustment for Previous years unrealised appreciation reserve Add/(Less): Transfer from/(to) Revenue Account 16 91 743 6 16 338 (Closing Balance) Add: Adjustment for Previous years unrealised appreciation reserve Add/(Less): Transfer from/(to) Revenue Account 16 91 743 6 16 338 (Closing Balance) Total 86 11 9 470 7 29 20 925 5 99  Schedule 3 As at Sept 30, 2019 As at March 31, 2019 As at Sept 30 Current Liabilities Current Liabilities Sundry Creditors for expenses Book Overdraft Redemption Payable TDS Payable Contracts for Purchase of Investments Amount Payable to Other Schemes Provision of unpgraded assets				1 44 38 569
Schedule 3   As at Sept 30, 2019   As at March 31, 2019   As at Sept 30, 2019   Current Liabilities and Provisions		(= == == == == == == == == == == == == =	(1020/242)	( 75 01 915)
Opening 3alance	Closing Balance	5 02 54 693	4 36 45 133	3 88 25 432
Add: Transfer from Revenue Account Less: Transfer to Unit Premium Reserve Closing Balance 3 3556696 2 86 59 454 2 0  Unrealised Appreciation Reserve Opening Balance Add: Algistment for Previous years unrealised appreciation reserve Add/(Less): Transfer from/(to) Revenue Account 16 91 743 16 16 338 16 16 338 17 Closing Balance  Total 8 61 19 470 7 29 20 925 5 99  Schedule 3 As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2019 As at Se	General Reserve			
Add: Transfer from Revenue Account Less: Transfer to Unit Premium Reserve Closing Balance  335 56 696 286 59 454 20 Unrealised Appreciation Reserve Opening Balance Add: Adjustment for Previous years unrealised appreciation reserve Add/(Less): Transfer from/(to) Revenue Account 16 91 743 616 338 Closing Balance 16 16 338 Total 86 11 9 470 7 29 20 925 59:  Schedule 3 As at Sept 30, 2019 Revenue As at March 31, 2019 Revenue As at Sept 30, 2019 Reven	Opening Balance	2 86 50 454	2.05.71.055	
Closing Balance   3 35 56 696   2 86 59 454   2 0	Add: Transfer from Revenue Account			1 97 79 608
Unrealised Appreciation Reserve Opening Balance Opening Balance Add: Adjustment for Previous years unrealised appreciation reserve Add/(Less): Transfer from/(to) Revenue Account Losing Balance Total  Schedule 3  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30  Current Liabilities Current Liabilities Sundry Creditors for expenses Sundry Creditors for expenses Book Ove draft Book Ove draft Contracts for Purchase of Investments TDS Payable TDS Payable Contracts for Purchase of Investments Amount Payable to Other Schemes Provision for Interest overdue Provision on upgraded assets		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	00 07 409	7 92 357
Unrealised Appreciation Reserve Opening Balance Add: Adjustment for Previous years unrealised appreciation reserve Add/(Less): Transfer from/(to) Revenue Account  16 91 743 616 338  Closing Balance  Total  8 61 19 470 7 29 20 925 592  Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30 Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30 Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30 Total  Current Liabilities  Sundry Creditors for expenses Sundry	Closing Balance	3 35 56 696	2 86 59 454	2 05 71 965
Add: Adjustment for Previous years unrealised appreciation reserve Add/(Less): Transfer from/(to) Revenue Account  Closing Balance  Total  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at Sept 30  Total  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  Total  As at Sept 30, 2019  As at Sept 30, 2019  As at Sept 30, 2019  Total	Unrealised Appreciation Reserve			
Add/(Less): Transfer from/(to) Revenue Account  Add/(Less): Transfer from/(to) Revenue Account  Total  B 61 19 470  7 29 20 925  5 99  Schedule 3  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30  Total  As at March 31, 2019  As at Sept 30  Total  As at March 31, 2019  As at Sept 30  Total  As at March 31, 2019  As at Sept 30  Total  As at March 31, 2019  As at March 31, 2019  As at Sept 30  Total  As at March 31, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30  Total  As at Sept 30  Total  As at March 31, 2019  As at March 31, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30  Total  As at Sept 30  Total  As at March 31, 2019  As at March 31, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept 30  Total  As at March 31, 2019  As at March 31, 2019  As at Sept 30  Total  As at Sept		6 16 220		
Add/(Less): Transfer from/(to) Revenue Account Closing Balance  Total  Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30 Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30 Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30 Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30 Total  As at Sept 30, 2019 Total  As at Sept 30, 2019 Total  As at Sept 30, 2019 Total  As at March 31, 2019 As at Sept 30 Total  As at Sept 30, 2019 Total  As at March 31, 2019 As at Sept 30 Total  As at Sept 30, 2019 Total Total  As at March 31, 2019 As at Sept 30 Total Total  As at Sept 30, 2019 Total	Add: Adjustment for Previous years unrealised appreciation reserve	0 10 338	•	9 40 538
Total 861 19 470 7 29 20 925 5 99  Schedule 3 As at Sept 30, 2019 As at March 31, 2019 As at Sept 30 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	Add/(Less): Transfer from/(to) Revenue Account	16 91 743	6 16 220	(0.40.40.4
Total 8 61 19 470 7 29 20 925 5 925  Schedule 3 As at Sept 30, 2019 As at March 31, 2019 As at Sept 30  Current Liabilities and Provisions  Current Liabilities  Sundry Creditors for expenses  Soundry Creditors for expenses  Book Överdraft  Redemption Payable  TOS Payable  Contracts for Purchase of Investments  Amount Payable to Other Schemes  Provision for Interest overdue  Provision on upgraded assets	Closing Balance	***************************************		( 9 40 538)
Schedule 3  As at Sept 30, 2019 Research Liabilities and Provisions  Current Liabilities Sundry Creditors for expenses Sundry Creditors for expenses Book Overdraft Redemption Payable TDS Payable TDS Payable Contracts for Purchase of Investments Amount Payable to Other Schemes Provision for Interest overdue Provision on upgraded assets  As at March 31, 2019 As at Sept 30  Fast Sept 30  Fast Sept 30, 2019 Fast March 31, 2019 Fast Sept 30  Fast March 31, 2019 Fast Sept 30  Fas	·			•
Current Liabilities and Provisions  Current Liabilities  Sundry Creditors for expenses  Book Overdraft  Redemption Payable  TDS Payable  Contracts for Purchase of Investments  Amount Payable to Other Schemes  Provision for Interest overdue  Provision on upgraded assets	Total	8 61 19 470	7 29 20 925	5 93 97 397
Current Liabilities and Provisions  Current Liabilities  Sundry Creditors for expenses  Book Overdraft  Redemption Payable  TDS Payable  Contracts for Purchase of Investments  Amount Payable to Other Schemes  Provision for Interest overdue  Provision on upgraded assets				
Current Liabilities Sundry Creditors for expenses Book Överdraft Redemption Payable TDS Payable Contracts for Purchase of Investments Amount Payable to Other Schemes Provision on upgraded assets  Sundry Creditors  6 940 5 484  5 353 487 3 01 247 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Schedule 3			As at Sept 30, 2018 ₹
Book Överdraft Redemption Payable TDS Payable TDS Payable Contracts for Purchase of Investments Amount Payable to Other Schemes Provision for Interest overdue Provision on upgraded assets  5 484	urrent Liabilities and Provisions			
Book Overdraft Redemption Payable TDS Payable TDS Payable Contracts for Purchase of Investments Amount Payable to Other Schemes Provision for Interest overdue Provision on upgraded assets  5 484	urrent Liabilities			
Book Overdraft Redemption Payable TDS Payable TDS Payable Contracts for Purchase of Investments Amount Payable to Other Schemes Provision for Interest overdue Provision on upgraded assets  5 484		6 040		
TDS Payable 3333 487 301 247 1 Contracts for Purchase of Investments 172 157 Amount Payable to Other Schemes	Book Overdraft	0 940	5 484	5 670
Contracts for Purchase of Investments Amount Payable to Other Schemes Provision for Interest overdue Provision on upgraded assets		2 52 707	304 04-	•
Amount Payable to Other Schemes  Provision for Interest overdue  Provision on upgraded assets				1 02 538
Provision for Interest overdue Provision on upgraded assets	Contracts for Purchase of Investments	1/2	157	135
Provision on upgraded assets	Amount Payable to Other Schemes		•	•
	Provision for Interest overdue	· · ·	*	*
Interest received in Advance		-	-	•
•	interest received in Advance	-	•	•

3 60 599

3 06 888

1 08 343

Total

## 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 SEPTEMBER 30, 2019

Schedule 4	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
investments (Long Term and Short Term)			
Equity Shares			
Preference Shares	•	-	
Debentures and Bonds Listed/Awaiting Listing		-	
Central and State Government Securities (including treasury bills)	14 23 25 916	12 31 78 089	10 55 60 54
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	0.11.205	-	
Non Convertible Debentures classified as NPA	8 11 285	13 32 931	24 29 45
Less: Provision on Non performing investment	90 000	3 00 000	,
partorning investment	( 3 40 000)	-	•
Total	443007304		
1 V C C I	14 28 87 201	12 48 11 020	10 79 90 00:
	As at Sept 30, 2019		
Schedule 5	As at 3ept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Deposits			
Deposits with Scheduled Banks	•	96 609	
Total	-	96 609	-
Schedule 6	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Other Current Assets			
Balances with bank in a current account	-	1 73 916	
Contracts for sale of investments	-		
Interest Receivable on Non-Performing Investments	1 97 705	51 359	
Less: Provision for interest on Non-Performing Investment	(197705)	(51 359)	
Outstanding and accrued income	46 30 969	42 77 837	37 44 69
Dividend Receivable		, , 03,	37 44 03
Brokerage receivable from PFM			
Application money pending allotment	_		
Sundry Debtors	_	•	
Redemption receivable on Non performing Investment	_	•	
Less: Provision for Non Performing Investment	· ·	•	
•	~	-	
Total	46 30 969	44 51 753	27.44.60
	~U JU JUJ	44 31 /33	37 44 69

#### 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 SEPTEMBER 30, 2019

#### 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 NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd. and Karvy Computershare Private Limited, being the Central Recordkeeping Agencies (CRA) provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment/redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

### 2. CRA's responsibilities includes:

- a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
- b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- d. PRAN Transaction Statement,
- e. An operational interface between 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, which is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- 4. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- 5. 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 tr3eated 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. 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 exdate 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.
- 3. Valuation of investments: Investments are valued using the price determined in the following manner:

#### a. Equity:

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

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii. 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 Association of Mutual Funds in India (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. 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 reschedulement 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.

#### 6. 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.
- 7. 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.
- **8. 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. 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	Impact as on 30-09-19
1. Securities traded at a	When such securities are	Impact was not
stock exchange:	not traded on a valuation	ascertainable.
When a debt security	day, they are valued on a	
(other than government	yield to maturity basis if	
security) is not traded on	residual maturity exceeds	
any stock exchange on a	60 days otherwise at last	
particular valuation day,	valuation price plus the	
the value at which it was	difference between the	
traded on any other stock	redemption value and last	
exchange on the earliest	valuation price, spread	
previous day is used,	uniformly over the	
provided that such day is	remaining maturity period	: : !
not more than fifteen		
days.		

- 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.
- F. 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	<b>Previous Period</b>	
0.01%	0.01%	₹ 8,232	₹ 6,990	

<sup>\*</sup> excluding GST

G. 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 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 Peri		
0.005%	0.005%	₹1,217	₹1,832	

<sup>\*\*</sup> including GST

H. 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 Pe			s Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
29.20	261.10	27.14	242.64	30.10	253.23	28.51	239.92

I. 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 30th September, 2019 is ₹ 7.78 Crores. (Previous Period ₹ 5.76 Crore).

#### J. Net Asset Value:

Current Period	Previous Period
As on 30th September, 2019	As on 31st March, 2019
₹ 24.1091	₹ 22.9910

**K. 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				
Incom	ie	Expend	iture	Income		e Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
0.82	5.85	0.16	1.13	0.87	7.35	0.00	0.02

#### L. 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 30<sup>th</sup> September, 2019 is as under:

Particular	As on 30th Sept, 2019****	As on 31st March, 2019
Book Value (₹)	3,40,000	4,00,000
Provision for NPA (₹)	3,40,000	0
Carrying Cost (₹)	· .	4,00,000
Market Value (₹)***	•	-,,
% of NPA (Gross) to AUM	0.23	0.31

<sup>\*\*\*</sup> Investment is not traded; hence market value is not ascertainable.

#### M. Other disclosures:

Particulars	<b>Current Period</b>	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

N. 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		Name of Scheme Current Period		Previo	us Period
	Purchase	Outstanding	Purchase	Outstanding		
UTI Asset						
Management	₹ 27.08	₹ 0.08	₹ 28.40	₹ 0.13		
Company Limited				V 0.15		

- O. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category >= 5% as on 30<sup>th</sup> September, 2019 is given in Annexure A.
- P. The Previous Period figures are regrouped/ reclassified, wherever necessary.

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

नेशानल पेंशन सिस्टम ट्रस्ट(एन॰पी॰एस॰ट्रस्ट)
National Pension System Trust (NPS Trust)
तीसरी मंजिल, छन्नपति शिवाजी भवन. / Third Floor, Chatrapati Shivaji Bhawan,
बी-14/ए, खुतुब इंस्टीट्यूशनल एरिया, नई दिल्ली - 110 016
B-14/A, Qutab Institutional Area, New Delhi - 110 016

ई मेलः / Email ld : nps.trust@ptrda.org.in फोन / Phone : +91-11-26514032

TRUST

File No. 1/16/2018-NPST/11514

Dated: 06/08/2019

To

SBI Pension Fund LIC Pension Fund UTI Retirement Solutions Kotak Pension Fund HDFC Pension Fund

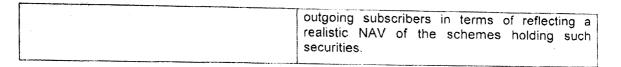
Subject: Valuation of IL&FS bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest

Dear Sir/ Madam.

This has reference to the various communications exchanged between NPS Trust and your offices on the above subject.

- 2. As you are kindly aware, overall exposure of schemes of NPS had an exposure of Rs. 1274.79 Cr. in IL&FS Ltd and group companies which were downgraded to 'D' ratings (below investment grade) by the rating agencies due to default in payment of principal as well as interest payments to investors within a very short span of time. In this regard, NPS Trust received communications from SHCIL (the third party valuation agency for NPS at that time) and some Pension Funds seeking clarification on valuation of the IL&FS bonds and accrual of daily interest on IL&FS Group investment.
- 3. The matter was taken up with the Authority to provide guidance on reasonable valuation of IL&FS securities till the time further course of action is taken by IL&FS Management/Promoters/Regulators.
- 4. The Authority vide its letter no. PFRDA/17/03/31/0018/2018-SUP-PF-Part (2) dated 01/08/2019 has advised that a policy decision on provisioning of downgraded securities pertaining specifically to IL&FS group has been taken for valuation of securities which are downgraded to 'default' rating but are not classified as NPAs. The same may be kindly referred as under:

Down gradation of IL&FS securities to 'D' (default) but is not classified as NPA	Valuation- % provision on book value		
Next day from the down gradation	25%		
3 months from the date of down gradation till classification of the security as NPA	Secured securities	Unsecured securities	
	75%	90%	
Accrual of interest on the debt instruments of IL&FS	As the prospects of recois low, the accrual instruments shall be sto Funds in order to printerest i.e. to be fair to	of interest on these opped by the Pension otect the subscribers'	



- 5. Further, the Authority has advised that the Pension Funds should stop accruing the interest on these securities and reverse the interest accrued but not recovered even if the securities are not classified as NPA on the above lines.
- 6. It is requested to comply with the above directives of the Authority with immediate effect. The Valuation agency, IMaCS, is also being informed to value the securities of the IL&FS group as per the above direction of Authority with immediate effect.
- 7. As many of the IL&FS group securities have already been classified as NPA as per PFRDA (Identification, Income Recognition and provisioning of NPA) Guidance Note 2013, Pension Funds are required to make the minimum provisions as per the guidance note. However, making higher provision is at the discretion of Pension Fund with the approval of their Investment committee. Some of the Pension funds have already made the higher provisions.
- 8. In view of the above directives of the Authority, it is requested to kindly ensure that valuation of the securities which has been classified as NPA should also not be more than the valuation mentioned in para 4 above.

Yours sincerely,

(Akhilesh Kumar) General Manager

#### Copy for necessary action to:

- 1. Sh. Balram Bhagat, Chief Executive Officer and Whole Time Director, UTI Retirement Solutions Ltd, UTI Tower, 'Gn' Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051
- 2. Sh. Narayanan Sadanandan, Managing Director & CEO, SBI Pension Funds Pvt. Ltd., No. 32, 3rd Floor, Maker Chambers-III, Nariman Point, Mumbai 400021
- 3. Ms. Priti Panwar, Chief Executive Officer, LIC Pension Fund Ltd., Industrial Assurance Building, B-5, 5th Floor, Veer Nariman Road, Churchgate, Mumbai-400020.
- 4. Sh. Sumit Shukla, Chief Executive Officer, HDFC Pension Management Company limited, 14th Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai- 400011.
- 5. Sh. Sandeep Shrikhande, Chief Executive Officer, Kotak Mahindra Pension Fund Ltd., 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051
- 6. Sh. Ashwani Kumar, ICRA Management Consultancy services Ltd., 1102, 1103 Kanakia Wall Street, Chakala, Andheri East, Mumbai

#### Copy for information to:

- (i) Shri Venkateswarlu Peri, Chief General Manager, Supervision Dept. Pension Fund
- (ii) Ms Mamta Rohit, Chief General Manager, Supervision Dept. NPS Trust
- (iii) Shri Sumit Kumar, General Manager, Regulation Dept. Pension Fund

ANNEXURE A Industry wise classification where industry explosure % to total explosure in investment category is >= 5%

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
DEBENTURES & BONDS				
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING B	ANKS. POSTAL SAV	INGS BANK AND DI	SCOUNT HOUSES	
AXIS BANK LTD.	90,000	9,481,319	6.44	6,7
ICICI BANK LTD.	80,000	8,184,439	5.56	5.79
HDFC BANK LTD.	70,000	7,087,738	4.82	5.0
KOTAK MAHINDRA BANK LTD.	10,000	1,033,057	0.70	0.73
DFC BANK LIMITED	10,000	1,007,600	0.68	0.71
	•	26,794,153	18.20	18.9
ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR H	HOLISE DI IDCUASES	THAT ALSO TAKE F	SEROCIYA	
IC HOUSING FINANCE LTD.	120,000	12,415,330		
OUSING AND URBAN DEVELOPMENT CORPORATION	80,000	8,409,286	8.44	8.78
OUSING DEVELOPMENT FINANCE CORPORATION LTD.	30,000	3,063,095	5.71	5.95
	30,000	23,887,711	2.08	2.17
		23,007,711	16.23	16.90
OTHER CREDIT GRANTING				
RURAL ELECTRIFICATION CORPORATION LIMITED	90,000	9,080,257	6.17	
POWER FINANCE CORPORATION LTD.	80,000	8,102,557	5.51	6.42
	30,000	17,182,814	11.68	5.73
		17,102,014	11.00	12.15
OTHER MONETARY INTERMEDIATION SERVICES N.E.C.				
IATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	120,000	12,442,226	8.46	0.00
XPORT IMPORT BANK OF INDIA	30,000	3,037,098	2.06	8.80
	30,000	15,479,324		2.15
		- · · · · · · · · · · · · · · · · · · ·	10.52	10.95
ONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, ROUNNELS AND SUBWAYS	DADS, OTHER VEHI	CULAR AND PEDEST	TRIAN WAYS, HIGH	WAYS, BRIDGES,
IATIONAL HIGHWAYS AUTHORITY OF INDIA	120.000			•
THOMAS TO THOMAS TO THE STATE OF THE STATE O	130,000	13,180,508	8.96	9.32
		13,180,508	8.96	9.32
RANSMISSION OF ELECTRIC ENERGY				
OWER GRID CORPORATION OF INDIA LTD.	00.000	0.044.4		
	90,000	9,214,304	6.26	6.52
		9,214,304	6.26	6.52
ASSENGER RAIL TRANSPORT				
NDIAN RAILWAY FINANCE CORPORATION LTD.	70,000	7.000.004		
The combination of the contract of the contrac	70,000	7,083,634	4.81	5.01

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### NATIONAL PENSION SYSTEM TRUST NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME G - TIER I BALANCE SHEET AS AT SEPTEMBER 30, 2019

Particulars		Schedules	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
<u>Liabilities</u>				-	
Unit Capital	•	1	161 55 14 110	148 72 99 058	117 87 82 553
Reserves and Surplus		2	226 73 11 690	180 92 84 667	121 79 03 005
Current Liabilities and Provisions		3	19 49 131	4 18 25 230	15 67 923
	Total	•	388 47 74 931	333 84 08 955	239 82 53 481
Assets					
Investments		4	382 64 42 149	325 48 23 838	235 96 66 709
Deposits		5	-	2 05 20 290	•
Other Current Assets		6	5 83 32 782	6 30 64 827	3 85 86 772
	Total		388 47 74 931	333 84 08 955	239 82 53 481
a) Net assets as per Balance Sheets b) Number of units outstanding			388 28 25 800 16 15 51 411	329 65 83 725 14 87 29 906	239 66 85 558 11 78 78 255
ignificant 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 SEPTEMBER 30, 2019

Particulars	Schedules	Half Year ended Sept 30, 2019 で	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
Income	•			
Dividend				
Interest		13 23 79 156	-	
Profit on sale/redemption of investments		12 22 364	10 32 62 353	8 56 75 268
Profit on inter-scheme transfer/sale of investments		12 22 364	27 51 008	12 60 535
Unrealized gain on appreciation in investments		15 50 03 450		•
Other income		15 69 93 458	12 69 32 399	1 07 960
- Miscellaneous Income		59	157	720
Fotal Income (A)	-	29 05 95 037	22.22.45.62	
•		23 03 33 037	23 29 45 917	8 70 44 483
Expenses and Losses				
Unrealized losses in value of investments		20 71 558	C 40.004	
Loss on sale/redemption of investments		20 /1 558	6 40 221	9 44 60 937
Loss on inter-scheme transfer/sale of investments		-	-	•
Management fees (including GST)		2 14 343	-	
NPS Trust fees		32 029	1 61 480	1 33 264
Custodian fees (including GST)			41 210	56 468
Depository and settlement charges (including GST)		64 239	50 736	42 709
CRA Fees		15 254	17 907	11 316
Less: Amount recoverable on sale of units on account of CRA Charge	_	12 63 588	11 95 200	10 35 946
Provision for Non-Performing Assets	25	( 12 63 588)	( 11 95 200)	( 10 35 946
Other Expenses		-		
Fotal Expenditure (B)	_	23.03.440		
	2000	23 97 423	9 11 554	9 47 04 694
Surplus/(Deficit) for the year (A-B)		28 81 97 614	23 20 34 363	(70.00
.ess: Amount transferred (to) / from Unrealised Appreciation Reserve		(15 49 21 900)		( 76 60 211
.ess: Amount transferred (to) / from General Reserve		(13 32 75 714)	(81 75 679)	
Amount carried forward to Balance Sheet	****	(13 32 /3 /14)	(22 38 58 684)	76 60 211
Significant Accounting Policies and Notes to Accounts	7			

### NATIONAL PENSION SYSTEM TRUST NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME G $\cdot$ TIER I NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT SEPTEMBER 30, 2019

Schedule 1	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Unit Capital			
Outstanding at the beginning of the year	148 72 99 058	1170702 553	
Add :Units issued during the year	20 09 52 990	117 87 82 553	102 40 43 98
Less: Units redeemed during the year	(7 27 37 938)	34 68 52 225	19 27 22 82
Outstanding at the end of the year	161 55 14 110	(3 83 35 720) 148 72 99 058	(3 79 84 258 117 87 82 553
/Fees Value of De 101 and the 15 f M			227 07 02 33.
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year	14 87 29 906	11 78 78 255	10 24 04 399
Add: Units issued during the year	2 00 95 299	3.46 85 223	1 92 72 282
Less: Units redeemed during the year	(72 73 794)	( 38 33 572)	( 37 98 426
Outstanding units at the end of the year	16 15 51 411	14 87 29 906	11 78 78 255
Schedule 2	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
Reserves and Surplus		<u> </u>	₹
•			
Unit Premium Reserve			
Opening Balance	133 75 09 916	97 81 62 617	81 91 27 210
Add: Premium on Units issued	26 58 98 957	40 33 76 <b>68</b> 6	19 78 98 941
Less: Premium on Units redeemed	(9 60 69 548)	(4 40 29 387)	(3 88 63 534
Add: Transfer from General Reserve	-		` .
Closing Balance	150 73 39 325	133 75 09 916	97 81 62 617
General Reserve			•
Opening Balance	46 35 99 072	23 97 40 388	24.74.00.500
Add: Transfer from Revenue Account	13 32 75 714	22 38 58 684	24 74 00 599
Less: Transfer to Unit Premium Reserve		22 30 38 084	( 76 60 211
Closing Balance	59 68 74 786	46 35 99 072	23 97 40 388
Inrealised Appreciation Reserve			
Opening Balance			
Add: Adjustment for Previous years unrealised appreciation reserve	81 75 679	-	
Add/(Less): Transfer from/(to) Revenue Account	45	•	•
Closing Balance	15 49 21 900	81 75 679	-
	16 30 97 579	81 75 679	•
Total	226 73 11 690	180 92 84 667	121 79 03 005
Schedule 3	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Current Liabilities and Provisions			
urrent Liabilities			
Sundry Creditors for expenses	1 77 444		
Book Overdraft	1 77 440	1 31 801	1 20 360
Redemption Payable			•
TDS Payable	17 67 354	16 78 377	14 44 872
Contracts for Purchase of Investments	4 337	3 858	2 691
Amount Payable to Other Schemes	-	4 00 11 194	-
Provision for Interest overdue	-	-	•
Provision on upgraded assets	-	-	•
Interest received in Advance	-	•	•
	•	-	-
Total	19 49 131	4 18 25 230	45.00.000
		7 10 43 43U	15 67 923

## 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 SEPTEMBER 30, 2019

Schedule 4	As at Sept 30, 2019 . ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
nvestments (Long Term and Short Term)			
Equity Shares			
Preference Shares	-	•	•
Debentures and Bonds Listed/Awaiting Listing	*	-	-
Central and State Government Securities (including treasury bills) Commercial Paper	379 67 12 171	319 17 88 628	228 65 20 176
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	-		-
Non Convertible Debentures classified as NPA	2 97 29 978	6 30 35 210	7 31 46 533
Less: Provision on Non performing investment	•	•	
Total	382 64 42 149	325 48 23 838	225.06.66.200
•	302 04 42 143	323 48 23 838	235 96 66 709
Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Deposits  Deposits with Scheduled Banks	-	2 05 20 290	
Total		2 05 20 290	~
Schedule 6	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Other Current Assets			
Balances with bank in a current account	1	94 86 181	
Contracts for sale of investments		94 00 101	1
Interest Receivable on Non-Performing Investments	_		•
Less: Provision for interest on Non-Performing Investment	~	_	•
Outstanding and accrued income	5 83 32 781	5 15 78 087	3 85 86 771
Dividend Receivable	•	*	•
Brokerage receivable from PFM Application money pending allotment	-	•	
Sundry Debtors	•	•	•
Redemption receivable on Non performing Investment	-	20 00 559	-
Less: Provision for Non Performing Investment	-	•	-
Total	P 00 10 = 0		
10(0)	5 83 32 782	6 30 64 827	3 85 86 772

#### 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 SEPTEMBER 30, 2019

#### 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 Net Net Asset Value (NAV). As per the architecture, the NSDL e-Governance Infrastructure Ltd. and Karvy Computershare Private Limited, being the Central Recordkeeping Agencies (CRA) provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment / redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

#### 2. CRA's responsibilities includes:

- a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
- b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- d. PRAN Transaction Statement,
- e. An operational interface between 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, which is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- 4. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- 5. 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 21st 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

 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. 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 exdate 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.
- 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.

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

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii. 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 Association of Mutual Funds in India (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.
- d. Interest on Fixed Assets is accounted on accrual basis.
- 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 after each subscription /redemption.
- D. 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	Impact as on 30-09-19
1. Valuation of G-sec at YTM based on prevailing market prices (FIMMDA).	They are being valued at average of price given by CRISIL and ICRA	Impact was not

- **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.
- **F.** 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:

Managemer	ıt Fees % p.a.*	Managem	ent Fees **
Current Period Previous Period		Current Period Previous Peri	
0.01%	0.01%	₹ 2,14,343	₹ 1,61,480

<sup>\*</sup> excluding GST

**G. 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 basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust C	harges % p.a.	NPS Trus	st Charges
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 32,029	₹ 41,210

**H. 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				Previou	s Period		
Purchase	%	Sales	%	Purchase	%	Sales	%
465.06	185.98	423.51	169.37	620.28	225.71	541.62	197.08

I. 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 30th September, 2019 is ₹ NIL. (Previous Period ₹ NIL)

<sup>\*\*</sup> including GST

#### J. Net Asset Value:

Current Period	Previous Period
As on 30th September, 2019	As on 31st March, 2019
₹ 24.0346	₹ 22.1649

K. 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			Previou	s Period			
Income		Expenditure		re Income		Expendi	ture
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
29.06	8.00	0.24	0.07	23.29	8.48	0.09	0.03

#### L. Other disclosures:

Particulars	<b>Current Period</b>	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

M. 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	of Scheme Curren		ne of Scheme Current Period		Previous Period		
. Otherne	Purchase	Outstanding	Purchase	Outstanding			
UTI Asset  Management  Company Limited	₹ 420.07	₹ 2.97	₹ 537.70	₹ 6.30			

N. 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 SEPTEMBER 30, 2019

Particulars	Schedules	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Liabilities				
Unit Capital	1	8 44 07 020	7 39 05 983	6 59 17 300
Reserves and Surplus	2	12 38 72 719	9 45 71 746	7 14 98 110
Current Liabilities and Provisions	3	2 48 302	13 99 563	1 16 751
	Total	20 85 28 041	16 98 77 292	13 75 32 161
Assets				
Investments	4	20 51 40 480	16 63 74 538	13 50 60 599
Deposits	5	-	2 66 139	
Other Current Assets	6	33 87 561	32 36 615	24 71 562
	Total	20 85 28 041	16 98 77 292	13 75 32 161
a) Net assets as per Balance Sheets b) Number of units outstanding		20 82 79 739 84 40 702	16 84 77 729 73 90 598	13 74 15 410 65 91 730
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 SEPTEMBER 30, 2019

Particulars	Schedules	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
Income				
Dividend				
Interest		69 13 410		-
Profit on sale/redemption of investments		1 16 967	57 16 808	48 57 766
Profit on inter-scheme transfer/sale of investments		1 10 907	1 15 052	1 01 298
Unrealized gain on appreciation in investments		78 06 250	7.70.000	-
Other income		78 06 250	74 78 899	17 210
- Miscellaneous Income		5		21
Total Income (A)	••••	1 48 36 632	1 33 10 759	49 76 295
	5002		A 33 10 733	49 /6 295
Expenses and Losses				
Unrealized losses in value of investments		1 63 252	2 850	55.35.347
Loss on sale/redemption of investments		2 00 232	2 830	55 35 347
Loss on inter-scheme transfer/sale of investments		_	-	•
Management fees (including GST)		11 267	8 891	7.520
NPS Trust fees		1711	2 312	7 539
Custodian fees (including GST)		3 319	2 762	3 194
Depository and settlement charges (including GST)		1 122	1 004	2 373 937
CRA Fees		16 237	13 900	
Less: Amount recoverable on sale of units on account of CRA Charge	٠ς	( 16 237)	( 13 900)	12 901
Provision for Non-Performing Assets		( 10 237)	. (13 900)	( 12 901)
Other Expenses		•	•	
Total Expenditure (B)		1 80 671	17 819	55 49 390
	-	200 V. 2	1/013	<b>33 49 39</b> 0
Surplus/(Deficit) for the year (A-B)		1 46 55 961	1 32 92 940	/ = 72.00=1
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		( 76 42 998)	(905118)	( 5 73 095)
Less: Amount transferred (to) / from General Reserve		(70 12 963)	(1 23 87 822)	F 72 00F
Amount carried forward to Balance Sheet		(,012 303)	(1 23 87 822)	5 73 095
Significant Accounting Policies and Notes to Accounts	7			

### 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 SEPTEMBER 30, 2019

Schedule 1		As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Unit Capital				
Outstanding at the beginning of the year		7 39 05 983	6 59 17 300	E 63 90 000
Add :Units issued during the year		1 94 70 744	1 67 14 479	5 63 86 666
Less: Units redeemed during the year		( 89 69 707)	(87 25 796)	1 58 19 442
Outstanding at the end of the year		8 44 07 020	7 39 05 983	( 62 88 808 6 59 17 300
Face Value of Rs.10/- each unit, fully paid up}				
Outstanding units at the beginning of the year		772.00 #00		
Add :Units issued during the year		73 90 598	65 91 730	56 38 667
Less: Units redeemed during the year		19 47 075	16 71 448	15 81 944
Outstanding units at the end of the year		(896971)	( 8 72 580)	(6 28 881
o was an and at the good or the year		84 40 702	73 90 598	65 91 730
Schedule 2		As at Sept 30, 2019 ₹	As at March 31, 2019	As at Sept 30, 2018
December and Complex	***************************************		₹	
Reserves and Surplus				
Unit Premium Reserve Opening Balance				
Add: Premium on Units issued		6 10 85 045	5 13 04 349	4 09 53 337
Less: Premium on Units redeemed		2 73 09 492	2 02 31 192	1 70 94 212
Add: Transfer from General Reserve		(1 26 64 480)	(1 04 50 496)	( 67 43 200
Closing Balance		7 57 30 057	6 10 85 045	5 13 04 349
ieneral Reserve				
Opening Balance		3 25 81 583	2 01 93 761	
Add: Transfer from Revenue Account		70 12 963	1 23 87 822	2 07 66 856
Less: Transfer to Unit Premium Reserve		70 12 303	1,23 87 822	( 5 73 095)
Closing Balance		3 95 94 546	3 25 81 583	2 01 93 761
Inrealised Appreciation Reserve				
Opening Balance		9 05 118		
Add: Adjustment for Previous years unrealised appreci	iation reserve	903118	•	-
Add/(Less): Transfer from/(to) Revenue Account		76 42 998	0.05.440	.=
Closing Balance		85 48 116	9 05 118 9 05 118	
Total	ı	12 38 72 719	9 45 71 746	7.1.00
		22.30.72.723	3 43 /1 /48	7 14 98 110
Schedule 3		As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
		₹ .	₹	₹ ₹
urrent Liabilities and Provisions				
urrent Liabilities				
Sundry Creditors for expenses		9 534	7000	
Book Overdraft		ə <b>334</b>	7 056	6 893
Redemption Payable		2 38 525	2 66 277	
TDS Payable		2 30 323	3 66 377	1 09 700
Contracts for Purchase of Investments		243	202	158
Amount Payable to Other Schemes		-	10 25 928	•
Provision for Interest overdue		-	•	•
and the second s		-	•	•
Provision on upgraded assets				
Provision on upgraded assets Interest received in Advance		-	<u>-</u>	•
		2 48 302	-	-

## 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 SEPTEMBER 30, 2019

	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
nvestments (Long Term and Short Term)			
Equity Shares			
Preference Shares	•	-	•
Debentures and Bonds Listed/Awalting Listing	•	-	•
Central and State Government Securities (including treasury bills)	20 38 66 631	16.25.25.640	
Commercial Paper	20 30 00 031	16 35 35 549	13 18 56 062
AIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/	-	<del>.</del>	•
Commercial mortgage based Securities or Residential mortgage based securities		*	•
Basel III Tier I bonds	,		
Others - Mutual Fund Units	12 73 849	20 20 000	
Non Convertible Debentures classified as NPA	12 /3 649	28 38 989	32 04 537
Less: Provision on Non performing investment	~	•	-
	•	•	-
Total	20 51 40 480	16 63 74 538	13 50 60 599
Schedule 5	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
	₹	₹	₹
Deposits			
Deposits with Scheduled Banks	•	2 66 139	-
Total		2 66 139	-
Schedule 6	As at Sam 20, 2010		
	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
Schedule 6	As at 5ept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Other Current Assets		₹	₹
Other Current Assets  Balances with bank in a current account Contracts for sale of investments		₹	₹
Other Current Assets  Balances with bank in a current account Contracts for sale of investments Interest Receivable on Non-Performing Investments		₹	₹
Other Current Assets  Balances with bank in a current account Contracts for sale of investments	·	3 48 637	₹
Dither Current Assets  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		₹	₹
Dither Current Assets  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	·	3 48 637	₹
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	·	3 48 637	₹
Other Current Assets  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	·	3 48 637 28 36 682	₹
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	·	3 48 637	₹
Other Current Assets  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	·	3 48 637 28 36 682	₹
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	·	3 48 637 28 36 682	₹

#### 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 SEPTEMBER 30, 2019

#### 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 Net Asset Value (NAV). As per the architecture, the NSDL e-Governance Infrastructure Ltd. and Karvy Computershare Private Limited, being the Central Recordkeeping Agencies (CRA) provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment / redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

#### 2. CRA's responsibilities includes:

- a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
- b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- d. PRAN Transaction Statement,
- e. An operational interface between 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, which is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- 4. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- 5. 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. 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.
- 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.

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

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii.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.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- 6. 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.
- 7. Unit Premium Reserve: Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve after.
- D. 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			
Valuation Policy	Impact as on 30-09-19		
They are being valued	Impact was not		
at average of price	ascertainable.		
given by CRISIL and			
ICRA			
	They are being valued at average of price given by CRISIL and		

- **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.
- **F.** 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:

Managemer	nt Fees % p.a.*	Management Fees **		
Current Period	Previous Period	<b>Current Period</b>	Previous Period	
0.01%	0.01%	₹ 11,267	₹ 8,891	

<sup>\*</sup> excluding GST

**G. 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 basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust C	harges % p.a.	NPS Trus	st Charges
Current Period Previous Period		Current Period Previous P	
0.005%	0.005%	₹1,711	₹ 2,312

**H. 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	s Period		
Purchase	%	Sales	%	Purchase	%	Sales	%
45.65	327.58	42.55	305.33	37.21	246.10	34.82	230.24

I. 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 30th September, 2019 is ₹ NIL. (Previous Period ₹ NIL)

<sup>\*\*</sup> including GST

### J. Net Asset Value:

Current Period	Previous Period
As on 30th September, 2019	As on 31st March, 2019
₹ 24.6756	₹ 22.7962

K. 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				
Incom	e	Expenditure		Incom	e	Expenditure	
₹ in Crores	%	₹ in Crores	0/0	₹ in Crores	%	₹ in Crores	%
1.48	7.76	0.02	0.09	1.33	8.80	0.002	0.01

# L. Other disclosures:

Particulars	<b>Current Period</b>	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

M. 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	Curren	t Period	Previo	us Period
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset				
Management	₹ 42.38	₹ 0.13	₹ 34.52	₹ 0.28
Company Limited			_	0.20

N. 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 SEPTEMBER 30, 2019

Particulars	Schedules	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Liabilities	•			
Unit Capital	1	1 20 55 866	96 56 744	50 30 197
Reserves and Surplus	2	26 68 051	17 57 130	6 97 530
Current Liabilities and Provisions	3	61 609	19 511	288
	Total	1 47 85 526	1 14 33 385	57 28 015
Assets				
Investments	4	1 47 85 526	1 11 44 791	57 28 015
Deposits	5	-	1 58 387	
Other Current Assets	6		1 30 207	
	, Total	1 47 85 526	1 14 33 385	· 57 28 015
(a) Net assets as per Balance Sheets (b) Number of units outstanding		1 47 23 917 12 05 586	1 14 13 874 9 65 674	57 27 727 5 03 020
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 SEPTEMBER 30, 2019

Particulars Schedule		Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
Income				
Dividend				
Interest		107	-	-
Profit on sale/redemption of investments		56 077	30	
Profit on inter-scheme transfer/sale of investments		30 077	56 034	2 05 909
Unrealized gain on appreciation in investments		3 75 960	222444	•
Other income		3 / 3 900	2 32 111	•
- Miscellaneous Income		• •	8	6
Total Income (A)	-	4 32 144	2 88 183	2 05 915
Expenses and Losses	-			
Unrealized losses in value of investments				
Loss on sale/redemption of investments		-	-	27 633
Loss on inter-scheme transfer/sale of investments		•	-	
Management fees (including GST)		704	- 	-
NPS Trust fees		781	451	292
Custodian fees (including GST)		119	106	124
Depository and settlement charges (including GST)		-	•	•
CRA Fees		0.775		•
Less: Amount recoverable on sale of units on account of CRA Charges		8 725	6 983	5 028
Provision for Non-Performing Assets		( 8 725)	( 6 983)	( 5 028
Other Expenses		-	-	-
ower experies		•	•	-
Total Expenditure (B)		900	557	28 049
Surplus/(Deficit) for the year (A-B)		4 31 244	2 87 626	1 77 866
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		(3 75 960)	(232111)	27 633
Less: Amount transferred (to) / from General Reserve		( 55 284)	( 55 515)	(205499
Amount carried forward to Balance Sheet	2000	1 00 001	( 33 313)	(205495
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 NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT SEPTEMBER 30, 2019

March   Marc	Schedule 1	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Made   Surface	Unit Capital			
Made   Company   14	Outstanding at the beginning of the year	96 56 744	50 30 197	34 20 117
Less Units redeemed Jurnity (1975-686)   33 51 511   55 67 6   120 51 58 66   96 56 744   93 03 03 03 03 03 03 03 03 03 03 03 03 03	Add :Units issued during the year			
Contraining at the end of the year   120 55 866   96 58 744   50 30 120				
Outstanding units at the beginning of the year         9 65 6774         5 08 000         3 42 07 05 48 0015         2 177 05 21 15 05 05 05 05 05 05 05 05 05 05 05 05 05	Outstanding at the end of the year			50 30 197
Outstanding units at the beginning of the year         9 65 6774         5 08 000         3 42 07 05 48 0015         2 177 05 21 15 05 05 05 05 05 05 05 05 05 05 05 05 05	(Face Value of Rs.10/- each unit, fully paid up)			
Mad Units Stude during the year   3 47 676   498 016   2177		9 65 674	E 03-030	2 42 042
1 0 7 764   35 362   56 77   50 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0				
Schedule 2   As at Sept 30, 2019   As at March 31, 2019   As at Sept 30, 2011				
Reserves and Surplus  Julit Premium Reserve Opening Balance Opening Balance 11 91 224 4 19 250 2 36 4 4 19 250 2 51 1 25 11 1 25 1 25 1 1 25 1 1 25 1 25 1 1 25 1 1 25 1 25 1 1 25 1 25 1 25 1 1 25				5 03 020
Reserves and Surplus  Julit Premium Reserve Opening Balance Opening Balance 11 91 224 4 19 250 2 36 4 4 19 250 2 51 1 25 11 1 25 1 25 1 1 25 1 1 25 1 25 1 1 25 1 1 25 1 25 1 1 25 1 25 1 25 1 1 25				
Dening Balance	Schedule 2			As at Sept 30, 2018 ₹
Opening Balance         11 91 224         4 19 250         2 36 4 Add: Premium on Units issued         6 95 887         8 29 712         2 51 11         2 51 11         2 51 11         2 51 11         2 51 12         2 51 11	Reserves and Surplus			
Add: Premium on Units issued  6 95 897 8 29712 2511  Less: Premium on Units redeemed  Add: Transfer from General Reserve  Closing Balance  16 70 901 11 91 224 4192  Seneral Reserve  Opening Balance  3 30 727 2 75 212 697  Add: Transfer from Revenue Account 55 284 55 515 205 4  Less: Transfer to Unit Premium Reserve  Closing Balance  3 86 011 3 30 727 2 75 212 697  Add: Add: Transfer from Revenue Account 55 284 55 515 205 4  Less: Transfer to Unit Premium Reserve  Opening Balance  Opening Balance  Opening Balance  Opening Balance  Opening Balance  Add: Adjustment for Previous years unrealised appreciation reserve  Closing Balance  Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2018  Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2018  Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2018  Total  Closing Balance  Total 51 101 19 240  TOS Payable  Contracts for purchase of investments  10 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	Jnit Premium Reserve			
Add: Premium on Units issued Less: Premium on Units issued Less: Premium on Units issuedemed (2 16 220) (5 7738) (683 Add: Transfer from General Reserve Closing Balance  Seneral Reserve  Closing Balance  Seneral Reserve  Opening Balance Add: Transfer from Revenue Account Serve State State Closing Balance Add: Transfer from Revenue Account Serve State State Closing Balance Add: Adjustment for Premium Reserve  Opening Balance Add: Adjustment for Previous years unrealised appreciation reserve  Add: Adjustment for Previous years unrealised appreciation reserve  Add: Adjustment for Previous years unrealised appreciation reserve  Add: Adjustment for Previous years unrealised appreciation reserve  Add: Adjustment for Previous years unrealised appreciation reserve  Add: Adjustment for Previous years unrealised appreciation reserve  Add: Adjustment for Previous years unrealised appreciation reserve  Add: Adjustment for Previous years unrealised appreciation reserve  Add: Adjustment for Previous years unrealised appreciation reserve  Add: Adjustment for Previous years unrealised appreciation reserve  Add: Adjustment for Previous years unrealised appreciation reserve  Add: Adjustment for Previous years unrealised appreciation reserve	Opening Balance	11 91 224	4 10 250	3.36.404
Less: Premium on Units redeemed (2 16 220) (5 7 738) (683 Add: Transfer from General Reserve (16 70 901 1191 224 419 2	Add: Premium on Units issued			
Add: fransfer from General Reserve Closing Balance Seneral Reserve Opening Balance Opening Balance Add: fransfer from Revenue Account Less: Transfer to Unit Premium Reserve Closing Balance Opening Balance Opening Balance 3 3 0 727 2 75 212 697 Add: fransfer to Unit Premium Reserve Less: Transfer to Unit Premium Reserve Opening Balance Opening Balan	Less: Premium on Units redeemed			
Schedule 3   As at Sept 30, 2019   As at March 31, 2019   As at Sept 30, 2018	Add: Transfer from General Reserve	( = = = = = = = = = = = = = = = = = = =	(37738)	( 00 347
Opening Balance         3 3 0 727         2 75 212         697           Add: Transfer from Revenue Account         55 284         55 515         205 44           Less: Transfer to Unit Premium Reserve         3 86 011         3 30 727         275 22           Closing Balance         3 86 011         3 30 727         275 22           Increalised Appreciation Reserve         2 35 179         3 068         30 77           Add: Adjustment for Previous years unrealised appreciation reserve         3 75 960         2 32 111         ( 27 66           Add: Adjustment for Previous years unrealised appreciation reserve         6 111 139         2 35 179         3 068         30 77           Add: Adjustment for Previous years unrealised appreciation reserve         6 111 139         2 32 111         ( 27 66           Closing Balance         Total         26 68 051         17 57 130         6 97 52           Schedule 3         As at Sept 30, 2019         As at March 31, 2019         As at Sept 30, 2018           urrent Llabilities         Total         2 668 051         17 57 130         6 97 52           urrent Llabilities and Provisions         Total         496         262         22           urrent Llabilities         Sundry Creditors for expenses         496         262         25	Closing Balance	16 70 901	11 91 224	4 19 250
Opening Balance         3 3 0 727         2 75 212         697           Add: Transfer from Revenue Account         55 284         55 515         205 44           Less: Transfer to Unit Premium Reserve         3 86 011         3 30 727         275 22           Closing Balance         3 86 011         3 30 727         275 22           Increalised Appreciation Reserve         2 35 179         3 068         30 77           Add: Adjustment for Previous years unrealised appreciation reserve         3 75 960         2 32 111         ( 27 66           Add: Adjustment for Previous years unrealised appreciation reserve         6 111 139         2 35 179         3 068         30 77           Add: Adjustment for Previous years unrealised appreciation reserve         6 111 139         2 32 111         ( 27 66           Closing Balance         Total         26 68 051         17 57 130         6 97 52           Schedule 3         As at Sept 30, 2019         As at March 31, 2019         As at Sept 30, 2018           urrent Llabilities         Total         2 668 051         17 57 130         6 97 52           urrent Llabilities and Provisions         Total         496         262         22           urrent Llabilities         Sundry Creditors for expenses         496         262         25	General Reserve			
Add: Transfer from Revenue Account Less: Transfer to Unit Premium Reserve Closing Balance Surrealised Appreciation Reserve Opening Balance Ope		2 20 777		
Less: Transfer to Unit Premium Reserve   33 86 011   330 727   275 22     Closing Balance   3 86 011   330 727   275 22     Direalised Appreciation Reserve   2 35 179   3 068   30 77     Add: Adjustment for Previous years unrealised appreciation reserve   3 75 960   2 32 111   (276 in the context of the				69 713
Closing Balance   386 011   330 727   275 22     Interestised Appreciation Reserve   2 35 179   3 068   30 70     Add: Adjustment for Previous years unrealised appreciation reserve   3 75 960   2 32 111   2 76     Add: Adjustment for Previous years unrealised appreciation reserve   3 75 960   2 32 111   2 76     Add: Adjustment for Previous years unrealised appreciation reserve   4611139   2 35 179   3 00     Total   26 68 051   17 57 130   6 97 51		55 284	55 515	2 05 499
Discretation Reserve		3 86 011	3 30 727	
Opening Balance Add: Adjustment for Previous years unrealised appreciation reserve Add: Adjustment for Previous years unrealised appreciation reserve Add/(Less): Transfer from/(to) Revenue Account Closing Balance Total  Total  As at Sept 30, 2019 Total  As at Sept 30, 2019 Total  As at Sept 30, 2019 Total  As at March 31, 2019 Total  As at Sept 30, 2019 Total  As at March 31, 2019 Total  As at Sept 30, 2019 Total  As at March 31, 2019 Total  As at Sept 30, 2019 Total  As at Sept 30, 2019 Total  As at March 31, 2019 Total  As at Sept 30, 2018 Total  As at Sept 30, 2019 Total  As at Sept 30, 2018 Total  As at Sept 30, 2019 Total  To		Yandulus Maria		273212
Add: Adjustment for Previous years unrealised appreciation reserve Add/(Less): Transfer from/(to) Revenue Account 3 75 960 2 32 111 (276: 611 139 2 35 179 30:  Total 26 68 051 1757 130 6 97 5:  Schedule 3 As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2018  Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2018  Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2018  Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2018  Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2018  Total  Total  Total  As at Sept 30, 2019 As at March 31, 2019 As at Sept 30, 2018  Total				
Add/(Less): Transfer from/(to) Revenue Account Closing Balance Total  Total  As at Sept 30, 2019  Contract Liabilities  Sundry Creditors for expenses Book Overdraft Redemption Payable Contracts for purchase of investments Amount Payable to Other Schemes Provision on upgraded assets Interest received in Advance  Total  As 3 75 960  2 32 111 (27 6) 2 6 68 051  17 57 130  6 97 52  As at Sept 30, 2019  As at March 31, 2019 As at Sept 30, 2018  7  7  8 at March 31, 2019 As at Sept 30, 2018  2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Opening Balance	2 35 179	3 068	30 701
Total   26 68 051   17 57 130   17 57 130   6 97 52	Add//Loss): Transfer from (Am) Research appreciation reserve	-	-	
Total 26 68 051 17 57 130 6 97 52    Schedule 3			2 32 111	( 27 633
Schedule 3  As at Sept 30, 2019  Total  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30, 2018  As at Sept	Closing balance	6 11 139	2 35 179	3 068
Schedule 3  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30, 2018  Turrent Liabilities and Provisions  As at Sept 30, 2019  As at March 31, 2019  As at Sept 30, 2018  Total  As at Sept 30, 2018  As at March 31, 2019  As at Sept 30, 2018  As at Sept 30, 2018  As at March 31, 2019  As at Sept 30, 2018  As at Sept 30, 2018  As at March 31, 2019  As at Sept 30, 2018  As at Sept 30, 2018  As at Sept 30, 2018  Total  As at March 31, 2019  As at March 31, 2019  As at March 31, 2019  As at Sept 30, 2018  Total  As at Sept 30, 2018  As at March 31, 2019  As at March 31, 2019  As at March 31, 2019  As at Sept 30, 2018  Total  As at March 31, 2019  As at Sept 30, 2018  Total	Total	26 68 051	17 57 130	6 97 530
Furrent Liabilities and Provisions  Furrent Liabilities  Sundry Creditors for expenses  Book 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				
Furrent Liabilities  Sundry Creditors for expenses  Book 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  Total	Schedule 3			As at Sept 30, 2018 ₹
Sundry Creditors for expenses  Book Overdraft	urrent Liabilities and Provisions			
Book Overdraft Redemption Payable TDS Payable TOS Payable Contracts for purchase of investments Total  61 101 19 240 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	urrent Liabilities			
Book Overdraft Redemption Payable 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		406	200	
TDS Payable Contracts for purchase of investments Amount Payable to Other Schemes Provision for Interest overdue Provision on upgraded assets Interest received in Advance		430	262	210
Contracts for purchase of investments  Amount Payable to Other Schemes  Provision for Interest overdue  Provision on upgraded assets Interest received in Advance	•	61 101	10.240	•
Amount Payable to Other Schemes  Provision for Interest overdue  Provision on upgraded assets Interest received in Advance  Total				73
Amount Payable to Other Schemes Provision for Interest overdue Provision on upgraded assets Interest received in Advance	Contracts for purchase of investments		9	5
Provision on upgraded assets Interest received in Advance  Total	Amount Payable to Other Schemes		•	•
Interest received in Advance  Total	Provision for Interest overdue		•	•
Total	Provision on upgraded assets	<u>.</u>	•	•
Total 61 609 19 511 28	Interest received in Advance	•	• •	•
10131 61 609 19 511 28	T	****	-	-
	IOTAI	61 609	19 511	288

# 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 SEPTEMBER 30, 2019

Schedule 4	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
nvestments (Long Term and Short Term)			
Equity Shares			
Preference Shares	•	•	
Debentures and Bonds Listed/Awaiting Listing	-		
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	<u>.</u>		
Others - Mutual Fund Units	1 47 85 526	1 11 44 791	57 28 01
Non Convertible Debentures classified as NPA		11144751	37 28 01
Less: Provision on Non performing investment	-		
Total	1 47 85 526	1 11 44 791	57 28 01
Schedule 5	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
	₹	₹	₹
eposits			
Deposits with Scheduled Banks	-	1 58 387	
Total	_	1 58 387	
Schedule 6	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
	₹	₹	₹
ther Current Assets			
Balances with bank in a current account	_	1 30 177	
Contracts for sale of investments		1301//	
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	u.		
Application money pending allotment	-		
Sundry Debtors	-	•	
Redemption receivable on Non performing Investment	-	•	
American Brancheton Control of the C			
Less: Provision for Non Performing Investment	-	-	
Less: Provision for Non Performing Investment  Total	-	1 30 207	

#### 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 SEPTEMBER 30, 2019

## 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 Net Asset Value (NAV). As per the architecture, the NSDL e-Governance Infrastructure Ltd. and Karvy Computershare Private Limited, being the Central Recordkeeping Agencies (CRA) provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides/receives funds on consolidated basis in respect of such allotment/redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

# 2. CRA's responsibilities includes:

- a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
- b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- d. PRAN Transaction Statement,
- e. An operational interface between 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, which is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- 4. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- **5.** 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.
- Commencement: The Scheme commenced its operations on 14th 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.
- 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. 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.
- 3. Valuation of investments: Investments are valued using the price determined in the following manner:

### a. Equity:

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

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii. 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 Association of Mutual Funds in India (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.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- 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 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:

Managemen	t Fees % p.a.*	Managem	ent Fees **
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 781	₹ 451

<sup>\*</sup> excluding 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 basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust C	harges % p.a.	NPS Trus	st Charges
Current Period Previous Period		Current Period	Previous Period
0.005%	0.005%	₹119	₹ 106

**G. Purchase/Sale of Investments**: During the year 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				Previou	s Period		
Purchase	%	Sales	%	Purchase	%	Sales	%
0.50	79.22	0.18	28.46	1.30	168.46	0.77	99.74

**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 30th September, 2019 is ₹ NIL. (Previous Period ₹ NIL).

<sup>\*\*</sup> including GST

### I. Net Asset Value:

Current Period	Previous Period
As on 30th September, 2019	As on 31st March, 2019
₹ 12.2130	₹11.8195

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			
Incor	ne	Expen	diture	Incor	ne	Expend	iture
₹	%	₹	%	₹	%	₹	%
4,32,144	3.26	900	0.01	2,88,183	3.75	557	0.01

### K. 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

L. 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	Curren	Current Period		us Period
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset				8
Management	₹ 0.50	₹1.48	₹1.28	₹1.11
Company Limited			. 1.20	

- M. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category >= 5% as on  $30^{th}$  September, 2019 is Nil.
- N. 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 SEPTEMBER 30, 2019

Particulars	Schedules		As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹	
Liabilities						
Unit Capital		1	-	-	-	
Reserves and Surplus		2	-			
Current Liabilities and Provisions		3		•	27	
	Total	-	-		27	
Assets						
Investments		4	-	-		
Deposits		5	-	•	-	
Other Current Assets		6	-	-	27	
	Total		~	-	27	
(a) Net assets as per Balance Sheets (b) Number of units outstanding			<u>-</u>	•	-	
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 SEPTEMBER 30, 2019

Particulars ·	Schedules	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
ncome				
Dividend				
Interest		•	-	
Profit on sale/redemption of investments		•	-	
Profit on inter-scheme transfer/sale of investments		•	<del>-</del>	
Unrealized gain on appreciation in investments			-	
Other income		•	-	
- Miscellaneous Income		_		
			•	
Total Income (A)		*	•	
xpenses and Losses				The state of the s
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 (	`h====	-	-	
Provision for Non-Performing Assets	_narges	-	-	•
Other Expenses		•	•	
and milestrates		-		
otal Expenditure (B)				
• • •	244	*	-	
urplus/(Deficit) for the year (A-B)		_		
ess: Amount transferred (to) / from Unrealised Appreciation Re	serve	-	•	
ess: Amount transferred (to) / from General Reserve	-	_	•	
Amount carried forward to Balance Sheet		*	•	
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 SEPTEMBER 30, 2019

		, , , , , , , , , , , , , , , , , , , ,	
Schedule 1	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 201 ₹
Unit Capital			
Outstanding at the beginning of the year			
Add :Units issued during the year		·	
Less: Units redeemed during the year		* ·	
Outstanding at the end of the year		-	
		* .	***************************************
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year			
Add :Units issued during the year		• -	
Less: Units redeemed during the year			
Outstanding units at the end of the year			
Schedule 2	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2011
0		₹	
Reserves and Surplus			
Unit Premium Reserve			
Opening Balance			
Add: Premium on Units issued	-	<u>.</u>	
Less: Premium on Units redeemed	-	en e	
Add: Transfer from General Reserve	-	· ·	
Closing Balance			
		*	
General Reserve			
Opening Balance	_		
Add: Transfer from Revenue Account	_	•	
Less: Transfer to Unit Premium Reserve Closing Balance	_	<del>-</del>	
GOODING DEMANCE		-	
Unrealised Appreciation Reserve		-	
Opening Balance			
Add: Adjustment for Previous years upropliced	-		
Add/(Less): Transfer from/(to) Revenue Account	-	-	
Closing Balance	-	_	
Total			
· · · · · · · · · · · · · · · · · · ·	-	*	-
Schedule 3	A		
	As at Sept 30, 2019 ₹	As at March 31, 2019	As at Sept 30, 2018
urrent Liabilities and Provisions		₹ .	*
rrent Liabilities			
Sundry Creditors for expenses			
BOOK Overdraft			
Redemption Payable	•	•	***
IDS Payable	•	<del>-</del> .	27
Contracts for purchase of investments	•	•	•
""Ount Favable to Othor C-L	•	•	•
· Ovision (of interact council	•	•	•.
OVISION ON Upgraded accord	₩.	-	•
nterest received in Advance	•		•
	•		•.
Total		•	; <b>-</b>
, Otal	200		*
	30100		
			27

# 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 SEPTEMBER 30, 2019

Schedule 4	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
nvestments (Long Term and Short Term)			
Equity Shares	-	<u>.</u>	
Preference Shares		÷	
Debentures and Bonds Listed/Awaiting Listing	•	-	
Central and State Government Securities (including treasury bills)	•	-	-
Commercial Paper	•	-	•
AIF's (Category Fand 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	-		•
Total			
			•
Schedule 5	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
Schedule 3	₹	₹	₹
Deposits			
Deposits with Scheduled Banks	•	~	
Total	-	-	
Schedule 6	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Other Current Assets	•		
Balances with bank in a current account		•	2
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	-	-	
managering and contract of the			

### 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 SEPTEMBER 30, 2019

# 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 Net Asset Value (NAV). As per the architecture, the NSDL e-Governance Infrastructure Ltd. and Karvy Computershare Private Limited, being the Central Recordkeeping Agencies (CRA) provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides/receives funds on consolidated basis in respect of such allotment/redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

# **2.** CRA's responsibilities includes:

- 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, which is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- **4.** The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- 5. 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 1 & 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. 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 exdate 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.
- 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.

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

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii. 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 Association of Mutual Funds in India (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.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- 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 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:

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

<sup>\*</sup> excluding 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 basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust C	harges % p.a.	NPS Trus	st Charges	
Current Period	Previous Period	Current Period	Previous Period	
0.005%	0.005%	₹NIL	₹NIL	

**G. Purchase/Sale of Investments**: During the year 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			·	Previou	s Period		
Purchase	%	Sales	%	Purchase	%	Sales	%
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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 30th September, 2019 is ₹ NIL. (Previous Period ₹ NIL)

<sup>\*\*</sup> including GST

#### I. Net Asset Value:

Current Period	Previous Period
As on 30th September, 2019	As on 31st March, 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			
Inco	Income		Expenditure		Income		iture
₹	%	₹	%	₹	%	₹	%
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

### K. Other disclosures:

Particulars	<b>Current Period</b>	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

L. 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				8
Management	₹NIL	₹NIL	₹NIL	₹NIL
Company Limited		1112	V IVIL	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \

- M. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category >= 5% as on  $30^{th}$  September, 2019 is Nil.
- N. 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 SEPTEMBER 30, 2019

Particulars	Schedules	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Liabilities				
Unit Capital	1	14397 23 89 415	13267 21 80 555	12220 53 60 796
Reserves and Surplus	2	27329 91 82 770	23294 06 49 019	18884 87 77 628
Current Liabilities and Provisions	3	21 60 19 875	5 13 27 860	3 17 10 603
	Total	41748 75 92 060	36566 41 57 434	31108 58 49 027
ussets.				
Investments	4	40723 69 52 504	35627 64 01 227	30373 84 73 208
Deposits	5	100 00 00 000	128 18 51 360	-
Other Current Assets	6	925 06 39 556	810 59 04 847	734 73 75 819
	Total	41748 75 92 060	36566 41 57 434	31108 58 49 027
a) Net assets as per Balance Sheets a) Number of units outstanding		41727 15 72 185 1439 72 38 941	36561 28 29 574 1326 72 18 055	31105 41 38 424 1222 05 36 080
ignificant 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 SEPTEMBER 30, 2019

Particulars Sch	nedules	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
Income				
Dividend		43 74 54 569	10.00.07.000	
Interest		1265 01 23 465	19 88 87 030	34 89 95 609
Profit on sale/redemption of investments		44 28 91 781	1123 22 63 026	1001 41 11 791
Profit on inter-scheme transfer/sale of investments		44 20 31 701	42 21 99 267	34 67 18 785
Unrealized gain on appreciation in investments		1268 07 08 570	4700 00 50 705	
Other income		1200 07 00 370	1709 93 58 795	434 03 66 184
- Miscellaneous Income		14 331	548	20 029
Total Income (A)		2621 11 92 716	2895 27 08 666	1505 02 12 398
	Guan	***************************************		2903 02 22 330
Expenses and Losses				
Unrealized losses in value of investments		570 30 07 874	184 87 04 528	1330 39 94 372
Loss on sale/redemption of investments		23 38 03 548	6 01 389	22 23 33 107
Loss on inter-scheme transfer/sale of investments			0 01 389	22 23 33 107
Management fees (including GST)		2 36 92 910	2 02 95 540	1 00 12 551
NPS Trust fees		34 27 883	52 33 520	1 80 12 551
Custodian fees (Including GST)		67 24 009	59 59 920	74 82 781
Depository and settlement charges (including GST)		11 76 304	12 14 393	54 18 021
CRA Fees		63 492	75 043	11 00 498
Less: Amount recoverable on sale of units on account of CRA Charges		( 63 492)		2 25 898
Provision for Non-Performing Assets		61 24 85 522	( 75 043)	( 2 25 898
Other Expenses		01 24 63 322	9 50 14 479	•
Total Expenditure (B)	*******	658 43 18 050	197 70 23 769	1355 83 41 330
	***************************************		257.70 25.703	1333 03 41 330
Surplus/(Deficit) for the year (A-B)		1962 68 74 666	2697 56 84 897	140 40 74 000
ess: Amount transferred (to: / from Unrealised Appreciation Reserve		(697 77 00 696)		149 18 71 068
Less: Amount transferred (to) / from General Reserve		(1264 91 73 970)	(1525 06 54 267)	896 36 28 188
Amount carried forward to Balance Sheet		(1204 31 /3 3/0)	(1172 50 30 630)	(1045 54 99 256
Significant Accounting Policies and Notes to Accounts	7	-		

# 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 SEPTEMBER 30, 2019

Schedule 1	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Unit Capital			
Outstanding at the beginning of the year	13267 21 80 555	12220 53 60 796	11196 17 63 154
Add :Units issued during the year	1175 62 63 567	1087 60 70 539	1065 75 58 714
Less: Units redeemed during the year	(45 60 54 707)	(40 92 50 780)	(41 39 61 072
Outstanding at the end of the year	14397 23 89 415	13267 21 80 555	12220 53 60 796
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year	1326 72 18 055	1222 05 36 080	1119 61 76 315
Add :Units issued during the year	117 56 26 357	108 76 07 053	106 57 55 872
Less: Units redeemed during the year	(4 56 05 471)	(4 09 25 078)	(4 13 96 107)
Outstanding units at the end of the year	1439 72 38 941	1326 72 18 055	1222 05 36 080
Schedule 2	As at Sept 30, 2019 ₹	As at March 31, 2019	As at Sept 30, 2018
<u> </u>		₹	₹
Reserves and Surplus			
Unit Premium Reserve			
Opening Balance	12623 24 73 252	10911 62 86 758	9332 23 18 226
Add: Premium on Units issued	2157 13 75 376	1779 51 19 807	1643 13 16 040
Less: Premium on Units redeemed	(83 97 16 291)	(67 89 33 313)	(63 73 47 508)
Add: Transfer from General Reserve			*
Closing Balance	14696 41 32 337	12623 24 73 252	10911 62 86 758
General Reserve			
Opening Balance	8830 93 28 809	7658 42 98 179	6612 87 98 923
Add: Transfer from Revenue Account	1264 91 73 970	1172 50 30 630	1045 54 99 256
Less: Transfer to Unit Premium Reserve Closing Balance	•		-
Closing Balance	10095 85 02 779	8830 93 28 809	7658 42 98 179
Unrealised Appreciation Reserve			
Opening Balance	1839 88 46 958	314 81 92 691	1211 18 20 879
Add: Adjustment for Previous years unrealised appreciation reserve	-	•	
Add/(Less): Transfer from/(to) Revenue Account Closing Balance	697 77 00 696	1525 06 54 267	(896 36 28 188)
Closing balance	2537 65 47 654	1839 88 46 958	314 81 92 691
Total	27329 91 82 770	23294 06 49 019	18884 87 77 628
Schedule 3	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
	₹	₹	₹
Current Llabilities and Provisions			
Current Liabilities			
Sundry Creditors for expenses	1 90 24 567	1 50 40 04 5	
Book Overdraft	1 70 24 30/	1 52 49 818	1 57 70 399
Redemption Payable	3 60 40 250	3 56 52 591	1 55 07 000
TDS Payable	4 64 725	4 25 451	1 55 87 993
Contracts for purchase of investments Amount Payable to Other Schemes	16 04 90 333	, #5 <del>43</del> 1	3 52 211
Provision for Interest overdue	, -		-
Provision on upgraded assets	•	÷	-
Interest received in Advance	•	-	-
	-	•	
Total	21 60 19 875	£ 42 53 65	
	VV 17 0/3	5 13 27 860	3 17 10 603

# 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 SEPTEMBER 30, 2019

Schedule 4	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
nvestments (Long Term and Short Term)			
Equity Shares	5280 65 35 275	5074 91 41 109	4200 55 45 45
Preference Shares	3200 03 33 273	3074 91 41 109	4292 56 42 61
Debentures and Bonds Listed/Awaiting Listing	15135 00 38 978	12725 19 05 120	1 33 30 09
Central and State Government Securities (including treasury bills) Commercial Paper	20024 85 32 988	17724 25 33 864	10303 14 23 21 15241 68 36 81
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		•	
Non Convertible Debentures classified as NPA	302 93 45 263	57 03 35 613	535 12 40 46
Less: Provision on Non performing investment	27 00 00 000	48 75 00 000	
The state of the s	(46 75 00 000)	(2 50 14 479)	
Total	40723 69 52 504	35627 64 01 227	30373 84 73 208
Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Deposits			
Deposits with Scheduled Banks	100 00 00 000	128 18 51 360	
Total	100 00 00 000	128 18 51 360	
Schedule 6	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Other Current Assets			
Balances with bank in a current account	3 53 88 974	10 56 93 905	74.00.00
Contracts for sale of investments	3 46 50 982	10 30 33 303	74 25 000
Interest Receivable on Non-Performing Investments	26 23 42 599	9 38 75 795	
Less: Provision for interest on Non-Performing Investment	(26 23 42 599)	(9 38 75 795)	•
Outstanding and accrued income	916 95 20 295	782 06 15 801	747.60.07.00
Dividend Receivable	1 10 79 305	95 95 141	713 68 97 324
Brokerage receivable from PFM	# #U 13 303	33 33 141	1 30 53 49
Application money pending allotment	•	*	•
Sundry Dabtors	· ·	5 00 00 000	10.00.20.00
unidity Distors	2	19 00 00 000	19 00 00 000
		エラ いい いい はばり	
Redemption receivable on Non performing Investment Less: Provision for Non Performing Investment	24 00 00 000 (24 00 00 000)	(7 00 00 000)	

#### 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 SEPTEMBER 30, 2019

### 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.

# 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. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- 4. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- 5. 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 1st April, 2008.

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

 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. 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.
- 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.

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

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii. 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 Association of Mutual Funds in India (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. 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 reschedulement 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.

# 6. 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.
- 7. 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.
- 8. 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.** 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	Impact as on 30-09-19
1. Securities traded at a	When such securities are	Impact was not
stock exchange:	not traded on a valuation	ascertainable.
When a debt security	day, they are valued on a	
(other than government	yield to maturity basis if	
security) is not traded on	residual maturity exceeds	
any stock exchange on a	60 days otherwise at last	
particular valuation day,	valuation price plus the	
the value at which it was	difference between the	
traded on any other stock	redemption value and	
exchange on the earliest	last valuation price,	
previous day is used,	spread uniformly over	
provided that such day is	1 -	
not more than fifteen days.	,	

2. Valuation of G- sec at	They are being valued at	Impact was not
YTM based on prevailing	average of price given by	ascertainable.
market prices (FIMMDA).	CRISIL and ICRA	
3. Money Market	Money Market	Impact was not
Instruments like T - Bill,	instruments are valued as	ascertainable.
CP and CD should be	per debt securities. i.e.	
typically valued at	upto 60 days residual	
amortised cost, unless	maturity - Amortisation,	
traded, which is contrary	above 60 days - YTM	
to the stipulation in	basis.	
accounting policy.		
4. Front-end discount	Front-end discount is	Impact was not
should be reduced from	taken to Income.	ascertainable.
the Cost of investments.	•	

- 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.
- F. 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:

Managemen	Management Fees % p.a.*		ent Fees **
Current Period	Previous Period	Current Period	Previous Period
0.0102%	0.0102%	₹ 2,36,92,910	₹ 2,02,95,540

<sup>\*</sup> excluding GST

G. 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 basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Tru	st Charges
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 34,27,883	₹ 52,33,520

<sup>\*\*</sup> including GST

H. 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

	Currer	t Period		Previous Period			
Purchase	· %	Sales	%	Purchase	%	Sales	%
29,729.69	93.36	24,988.11	78.47	27,521.24	81.35	23,369.24	69.07

I. 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 30th September, 2019 is ₹ 8,499.51 Crores. (Previous Period ₹ 5,660.90 Crores)

### J. Net Asset Value:

Current Period	Previous Period
As on 30th Sept, 2019	As on 31st March, 2019
₹ 28.9827	₹ 27.5576

**K. 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			Previou	s Period	**************************************		
Income		Expendi	ture	Income Expend		Expendit	ure
₹ in Crores	%	₹ in Crores	%	₹ in Crores	0/0	₹ in Crores	%
2,621.12	6.65	658.43	1.67	2,895.27	8.56	197.70	0.58

#### L. 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 30<sup>th</sup> September, 2019 is as under:

Particular	As on 30th Sept, 2019****	As on 31st March, 2019
Book Value	70.75	83.91
Provision for NPA	70.75	9.50
Carrying Cost	<b>u</b>	74.41
Market Value***		-
% of NPA (Gross) to AUM	0.17	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.
- M. Contingent liability as on 30<sup>th</sup> September, 2019 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).
- N. Details of Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest as on 30<sup>th</sup> September, 2019 is ₹ NIL. (Previous Period ₹ NIL)
- O. 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.
- P. 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	Curren	Current Period		s Period
2 WARE OF SCHEME	Purchase	Outstanding	Purchase	Outstanding
UTI Asset				
Management	₹ 25,022.06	₹ 277.90	₹ 22,705.77	₹ 37.01
Company Limited			·	

- Q. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category  $\geq$  5% as on 30<sup>th</sup> September, 2019 is given in Annexure A.
- R. The Previous Period figures are regrouped/ reclassified, wherever necessary.

TRUST

नेशनल पेंशन सिस्टम ट्रस्ट(एनःपी॰एस॰ट्रस्ट) National Pension System Trust (NPS Trust) तीरारी मंजिल, छत्रपति शिवाजी भवन, / Third Floor, Chatrapati Shivaji Bhawan, बी-14/ए, कुतुब इंस्टीट्यूशनल एरिया, नई दिस्ती - 110 018 B-14/A, Qutab Institutional Area, New Delhi - 110 018

ई मेलः / Email ld : nps.trust@ptrda.org.in फोन / Phone : +91-11-26514032

Dated: 06/08/2019

File No. 1/16/2018-NPST/11514

To

SBI Pension Fund LIC Pension Fund UTI Retirement Solutions Kotak Pension Fund HDFC Pension Fund

Subject: Valuation of IL&FS bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest

Dear Sir/ Madam,

This has reference to the various communications exchanged between NPS Trust and your offices on the above subject.

- 2. As you are kindly aware, overall exposure of schemes of NPS had an exposure of Rs. 1274.79 Cr. in IL&FS Ltd and group companies which were downgraded to 'D' ratings (below investment grade) by the rating agencies due to default in payment of principal as well as interest payments to investors within a very short span of time. In this regard, NPS Trust received communications from SHCIL (the third party valuation agency for NPS at that time) and some Pension Funds seeking clarification on valuation of the IL&FS bonds and accrual of daily interest on IL&FS Group investment.
- 3. The matter was taken up with the Authority to provide guidance on reasonable valuation of IL&FS securities till the time further course of action is taken by IL&FS Management/Promoters/Regulators.
- 4. The Authority vide its letter no. PFRDA/17/03/31/0018/2018-SUP-PF-Part (2) dated 01/08/2019 has advised that a policy decision on provisioning of downgraded securities pertaining specifically to IL&FS group has been taken for valuation of securities which are downgraded to 'default' rating but are not classified as NPAs. The same may be kindly referred as under:

Down gradation of IL&FS securities to 'D' (default) but is not classified as NPA	Valuation- % provision	on book value
Next day from the down gradation	25%	
3 months from the date of down gradation till classification of the security as NPA	Secured securities	Unsecured securities
	75%	90%
Accrual of interest on the debt instruments of IL&FS	As the prospects of recise low, the accrual instruments shall be sufficient to provide to provide to be fair to be fair to the sufficient to be sufficient to the suff	of interest on these topped by the Pension rotect the subscribers'

outgoing subscribers in terms of reflecting a realistic NAV of the schemes holding such securities.

- 5. Further, the Authority has advised that the Pension Funds should stop accruing the interest on these securities and reverse the interest accrued but not recovered even if the securities are not classified as NPA on the above lines.
- 6. It is requested to comply with the above directives of the Authority with immediate effect. The Valuation agency, IMaCS, is also being informed to value the securities of the IL&FS group as per the above direction of Authority with immediate effect.
- 7. As many of the IL&FS group securities have already been classified as NPA as per PFRDA (Identification, Income Recognition and provisioning of NPA) Guidance Note 2013, Pension Funds are required to make the minimum provisions as per the guidance note. However, making higher provision is at the discretion of Pension Fund with the approval of their Investment committee. Some of the Pension funds have already made the higher provisions.
- 8. In view of the above directives of the Authority, it is requested to kindly ensure that valuation of the securities which has been classified as NPA should also not be more than the valuation mentioned in para 4 above.

Yours sincerely,

(Akhilesh Kumar) General Manager

### Copy for necessary action to:

- 1. Sh. Balram Bhagat, Chief Executive Officer and Whole Time Director, UTI Retirement Solutions Ltd, UTI Tower, 'Gn' Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051
- 2. Sh. Narayanan Sadanandan, Managing Director & CEO, SBI Pension Funds Pvt. Ltd., No. 32, 3rd Floor, Maker Chambers-III, Nariman Point, Mumbai 400021
- 3. Ms. Priti Panwar, Chief Executive Officer, LIC Pension Fund Ltd., Industrial Assurance Building, B-5, 5th Floor, Veer Nariman Road, Churchgate, Mumbai-400020.
- 4. Sh. Sumit Shukla, Chief Executive Officer, HDFC Pension Management Company limited, 14th Floor, Lodha Excelus, Apollo Mills Compound, N.M Joshi Marg, Mahalaxmi, Mumbai- 400011.
- 5. Sh. Sandeep Shrikhande, Chief Executive Officer, Kotak Mahindra Pension Fund Ltd., 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051
- 6. Sh. Ashwani Kumar, ICRA Management Consultancy services Ltd., 1102, 1103 Kanakia Wall Street, Chakala, Andheri East, Mumbai

#### Copy for information to:

- (i) Shri Verkateswarlu Peri, Chief General Manager, Supervision Dept. Pension Fund
- (ii) Ms Mamta Rohit, Chief General Manager, Supervision Dept. NPS Trust
- (iii) Shri Sumit Kumar, General Manager, Regulation Dept. Pension Fund

ANNEXURE A
Industry wise classification where industry explosure % to total explosure in investment category is >= 5%

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
EQUITY SHARES				
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SA	VING BANKS. POSTAL SAVII	NGS BANK AND DISC	OUNT HOUSES	
ICICI BANK LTD.	8,080,982	3,504,721,893	0.84	6.64
HDFC BANK LTD.	2,577,396	3,163,624,720	0.76	5.99
AXIS BANK LTD.	3,459,745	2,369,925,325	0.57	4.49
KOTAK MAHINDRA BANK LTD.	1,214,195	1,996,682,968	0.48	3.78
STATE BANK OF INDIA	6,217,913	1,683,810,840	0.40	3.19
INDUSIND BANK LTD.	1,113,359	1,540,387,844	0.37	2.92
BANK OF BARODA	2,893,135	269,206,212	0.06	0.51
FEDERAL BANK LTD.	1,678,050	151,695,720	0.04	0.29
IDFC BANK LIMITED	2,386,722	95,946,224	0.02	0.18
PUNJAB NATIONAL BANK	619,890	38,402,186	0.01	0.07
YES BANK	896,225	37,103,715	0.01	0.07
		14,851,507,647	3.56	28.13
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD. HCL TECHNOLOGIES LIMITED WIPRO LTD.	1,005,534 578,234 286,741	2,110,917,526 413,148,193 309,852,325	0.51 0.10 0.07	4.00 0.78 0.59
WIPRO ETD.	411,058	98,571,708 5,7 <b>46,750,883</b>	0.02 1.37	0.19 <b>10.8</b> 9
PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINAT PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD. INDIAN OIL CORPORATION LTD.	ING OILS, LUBRICATING OIL: 2,544,239 1,882,968	3,389,562,408 277,549,483	0.81 0.07	OM CRUDE 6.42
CASTROL INDIA LTD.  BHARAT PETROLEUM CORPORATION LTD.  CONSTRUCTION OF UTILITY PROJECTS N.E.C.	1,356,000 381,327	184,483,800 179,261,823 4,030,857,514	0.04 0.04 <b>0.96</b>	0.35 0.34
BHARAT PETROLEUM CORPORATION LTD.	1,356,000	184,483,800 179,261,823	0.04 0.04	0.53 0.35 0.34 <b>7.64</b>

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
DEBENTURES & BONDS				
ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FO	OR HOUSE PURCHASES	THAT ALSO TAKE DE	DOCITO	
TIC HOUSING FINANCE LID.	120,770,000	12,495,627,026		
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	73,880,000	7,693,040,325	2.99 1.84	8.
HOUSING AND URBAN DEVELOPMENT CORPORATION	42,490,000	4,441,344,758		5.
PNB HOUSING FINANCE LIMITED	4,500,000	446,599,550	1.06	2.
	-,00,000	25,076,611,659	0.11 <b>6.00</b>	16.
MONETARY INTERMEDIATION OF COMMEDIAL PANKS CANDIN				
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING AXIS BANK LTD.	3 BANKS, POSTAL SAVI		COUNT HOUSES	
ICICI BANK LTD.	95,850,000	9,924,994,358	2.38	6
HDFC BANK LTD.	88,050,000	8,920,108,814	2.14	5
IDFC BANK LIMITED	34,910,000	3,543,564,194	0.85	2
YES BANK	11,280,000	1,135,921,250	0.27	0
	6,500,000	621,932,100	0.15	0
KOTAK MAHINDRA BANK LTD.	4,490,000	463,842,593	0.11	0
PUNJAB NATIONAL BANK	1,000,000	98,244,800	0.02	C
ING VYSYA BANK LTD.	800,000	86,131,280	0.02	C
		24,794,739,389	5.94	16
OTHER CREDIT GRANTING				
RURAL ELECTRIFICATION CORPORATION LIMITED	110 740 000	11 204 045 204		
POWER FINANCE CORPORATION LTD.	110,740,000	11,284,915,384	2.70	7
INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.	98,840,000	10,034,200,634	2.40	. 6
MONAT MENERAL ENERGY DEVELOPINENT AGENCY ETD.	1,500,000	147,085,200	0.04	. (
		21,466,201,218	5.14	1/
OTHER MONETARY INTERMEDIATION SERVICES N.E.C.				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	94,470,000	9,764,268,800	2.34	•
EXPORT IMPORT BANK OF INDIA	27,780,000	2,826,921,963	0.68	1
		12,591,190,763.00	3.02	
CONCENIESTON AND MANAGEMENT OF THE PROPERTY OF				
CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREET TUNNELS AND SUBWAYS	S, ROADS, OTHER VEH	ICULAR AND PEDESTI	RIAN WAYS, HIGHW	AYS, BRIDGES,
NATIONAL HIGHWAYS AUTHORITY OF INDIA	105,630,000	10,686,677,046	2.56	7
	203,000,000	10,686,677,046.00	2.56	7
`			2.30	
TRANSMISSION OF ELECTRIC ENERGY				
POWER GRID CORPORATION OF INDIA LTD.	100,830,000	10,257,396,122	2.46	6
		10,257,396,122	2.46	,
			2.,+0	
PASSENGER RAIL TRANSPORT				
INDIAN DANIMAN FINANCE CORDON FROM THE	93,720,000	9,535,676,913	2.29	(
INDIAN RAILWAY FINANCE CORPORATION LTD.				

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# NATIONAL PENSION SYSTEM TRUST NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT BALANCE SHEET AS AT SEPTEMBER 30, 2019

Particulars	Schedules	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Liabilities				
Unit Capital	1	24129 65 14 259	21576 80 51 525	19091 78 83 458
Reserves and Surplus	2	38181 45 90 320	31362 18 77 553	24154 06 69 356
Current Liabilities and Provisions	3	109 67 34 163	5 02 91 348	5 49 21 814
	Total	62420 78 38 742	52944 02 20 426	43251 34 74 628
Assets				
investments	4	60913 86 47 616	51504 67 36 762	42272 57 69 093
Deposits	5	150 00 00 000	234 25 48 986	-
Other Current Assets	6	1356 91 91 126	1205 09 34 678	978 77 05 535
	Total	62420 78 38 742	52944 02 20 426	43251 34 74 628
(a) Net assets as per Balance Sheets (b) Number of units outstanding		62311 11 04 579 2412 96 51 426	52938 99 29 078 2157 68 05 152	43245 85 52 814 1909 17 88 346
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 SEPTEMBER 30, 2019

Particulars	Schedules	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
Income				
Dividend		62 58 94 829	26 77 07 575	
Interest		1849 85 90 369	26 77 05 572	47 05 06 196
Profit on sale/redemption of investments		60 71 99 837	1585 30 39 017 72 25 70 460	1371 06 59 637
Profit on inter-scheme transfer/sale of investments		00 / 1 3 9 8 3 /	72 23 70 460	40 75 72 710
Unrealized gain on appreciation in investments		1885 10 51 737	2431 67 54 762	
Other income		1003 10 31 737	2431 67 54 762	567 86 76 363
- Miscellaneous Income		17 323	181	51 444
Total Income (A)	-	3858 27 54 095	4116 00 69 992	2026 74 66 350
_	*			2020 7 4 00 330
Expenses and Losses				
Unrealized losses in value of investments		806 99 09 353	262 02 10 775	1822 48 59 277
Loss on sale/redemption of investments		35 46 44 679		19 36 41 614
Loss on inter-scheme transfer/sale of investments		-	-	25 50 41 014
Management fees (including GST)		3 46 83 709	2 86 39 662	2 46 63 992
NPS Trust fees		50 68 990	73 30 807	1 02 45 925
Custodian fees (including GST)		99 03 912	84 50 642	73 88 660
Depository and settlement charges (including GST)		18 45 035	17 74 417	16 03 680
CRA Fees		2 91 627	2 38 521	4 20 165
Less: Amount recoverable on sale of units on account of CRA C	harges	(291627)	(238521)	( 4 20 165)
Provision for Non-Performing Assets		102 13 60 000	13 70 00 000	( , 20 203)
Other Expenses		•	•	•
Total Expenditure (B)	-	949 74 15 678	280 34 06 303	1846 24 03 148
Surplus // Deficial for the control of				
Surplus/(Deficit) for the year (A-B)		2908 53 38 417	3835 66 63 689	180 50 63 202
Less: Amount transferred (to) / from Unrealised Appreciation Res	erve	(1078 11 42 384)	(2169 65 43 987)	1254 61 82 914
Less: Amount transferred (to) / from General Reserve Amount carried forward to Balance Sheet	-	(1830 41 96 033)	(1666 01 19 702)	(1435 12 46 116)

# 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 SEPTEMBER 30, 2019

Schedule 1	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
	₹	₹	₹
Unit Capital	,		
Outstanding at the beginning of the year	21576 80 51 525	19091 78 83 458	17032 50 05 215
Add :Units issued during the year	2622 00 07 860	2534 10 88 833	2120 97 91 689
Less: Units redeemed during the year	(69 15 45 126)	(49 09 20 766)	(61 69 13 446
Outstanding at the end of the year	24129 65 14 259	21576 80 51 525	19091 78 83 458
Vices Value of De 10/ mask with fully mald with			
(Face Value of Rs.10/- each unit, fully paid up)	2453 60 05 450		
Outstanding units at the beginning of the year	2157 68 05 152	1909 17 88 346	1703 25 00 521
Add :Units issued during the year Less: Units redeemed during the year	262 20 00 787	253 41 08 883	212 09 79 169
Outstanding units at the end of the year	(6 91 54 513) 2412 96 51 426	(4 90 92 077) 2157 68 05 152	(6 16 91 344 1909 17 88 346
Schedule 2	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Reserves and Surplus			
Unit Premium Reserve			
Opening Balance	19478 05 42 368	16105 59 97 860	13510 91 04 033
Add: Premium on Units issued	4017 20 83 085	3439 27 79 649	2672 36 42 292
Less: Premium on Units redeemed	(106 47 08 735)	(66 82 35 141)	(77 67 48 465
Add: Transfer from General Reserve			(// 0/ /0 /0
Closing Balance	23388 79 16 718	19478 05 42 368	16105 59 97 860
General Reserve			
Opening Balance	9690 78 18 448	8024 76 98 746	6589 64 52 630
Add: Transfer from Revenue Account	1830 41 96 033	1666 01 19 702	1435 12 46 116
Less: Transfer to Unit Premium Reserve	•		
Closing Balance	11521 20 14 481	9690 78 18 448	8024 76 98 746
Unrealised Appreciation Reserve			
Opening Balance	2193 35 16 737	22 60 72 750	1220 21 55 664
Add: Adjustment for Previous years unrealised appreciation reserve	2193 33 10 737	23 69 72 750	1278 31 55 664
Add/(Less): Transfer from/(to) Revenue Account	1078 11 42 384	2169 65 43 987	(1354 51 03 044
Closing Balance	3271 46 59 121	2193 35 16 737	(1254 61 82 914
·	. 52/1 40 33 121	2193 33 16 737	23 69 72 750
Total	38181 45 90 320	31362 18 77 553	24154 06 69 356
Schedule 3	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018
Current Liabilities and Provisions			
Current Liabilities			
Sundry Creditors for expenses	2 81 71 964	2 17 31 233	2 10 10 24
Book Overdraft		£ 17 31 233	2 18 18 315
Redemption Payable	5 09 23 672	2 79 49 780	3 26 13 495
TDS Payable	6 93 082	6 10 335	4 90 004
Contracts for purchase of investments	101 69 45 445	0.10.333	4 50 004
Amount Payable to Other Schemes		•	•
Provision for Interest overdue	-	-	•
Provision on upgraded assets	**		•
Interest received in Advance	•		•
W I			
Total	109 67 34 163	5 02 91 348	5 49 21 814

# 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 SEPTEMBER 30, 2019

Investments (Long Term and Short Term)		₹	₹
Equity Shares	7617 41 66 593	7193 95 28 368	F999 07 02 26
Preference Shares	7027 42 00 333	7193 93 28 388	5888 97 02 36
Debentures and Bonds Listed/Awaiting Listing	22559 62 93 453	18595 56 04 566	1 20 25 95
Central and State Government Securities (including treasury bills)	29906 16 73 390	25453 64 69 524	14132 62 23 08
Commercial Paper	23500 10 73 530	23433 04 09 324	21403 31 67 01
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	849 30 14 180	191 74 34 304	0.
Non Convertible Debentures classified as NPA	42 38 60 000		846 46 50 67
Less: Provision on Non performing investment	(61 03 60 000)	76 02 00 000	•
	(01 03 00 000)	(6 25 00 000)	
Total	60913 86 47 616	51504 67 36 762	42272 57 69 09
Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
eposits			
Deposits with Scheduled Banks	150 00 00 000	234 25 48 986	
Total	150 00 00 000	234 25 48 986	
	As at Sept 30, 2019		
Schedule 6	As at 3ept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
ther Current Assets			
Balances with bank in a current account	4 97 81 233	100 09 20 757	82 50 00
Contracts for sale of investments	9 07 86 970	100 05 20 757	82 30 00
Interest Receivable on Non-Performing Investments	36 36 77 521	13 57 14 133	
Less: Provision for Interest on Non-Performing Investment	(36 36 77 521)	(13 57 14 133)	
Outstanding and accrued income	1341 20 65 468	1076 30 01 178	961 08 39 37
Dividend Receivable	1 65 57 455	1 35 12 743	1 86 16 15
Brokerage receivable from PFM		1 33 11 743	1 00 10 15
Application money pending allotment	_		
Sundry Debtors	,,	15 00 00 000	15 00 00 00
			12 00 00 00
Redemption receivable on Non performing Investment	54 80 00 000	19 80 00 000	
	54 80 00 000 (54 80 00 000)	19 80 00 000 (7 45 00 000)	

#### 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 SEPTEMBER 30, 2019

#### 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 Net Asset Value (NAV). As per the architecture, the NSDL e-Governance Infrastructure Ltd. and Karvy Computershare Private Limited, being the Central Recordkeeping Agencies (CRA), provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment/redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

### 2. CRA's responsibilities includes:

- a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
- b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- d. PRAN Transaction Statement,
- e. An operational interface between 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, which is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation services provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- 4. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- 5. 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 25th 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 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. 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 exdate 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.
- 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.

### 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. Debentures, corporate bonds, commercial papers and certificate of deposits:
  - i. 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.
  - ii. 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.
  - iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
  - iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
  - v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
  - vi. 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.
  - vii. Partly paid bonds are valued at cost till it is fully paid.
  - viii. 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 Association of Mutual Funds in India (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. 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 reschedulement 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.

### 6. 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.
- 7. 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.
- **8. 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.** 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	Impact as on 30-09-19
1. Securities traded at a	When such securities are not	Impact was not
stock exchange:	traded on a valuation day,	ascertainable.
When a debt security (other	they are valued on a yield to	
than government security) is	maturity basis if residual	
not traded on any stock	maturity exceeds 60 days	
exchange on a particular	otherwise at last valuation	
valuation day, the value at	price plus the difference	
	between the redemption	
other stock exchange on the	value and last valuation	
earliest previous day is used,	price, spread uniformly over	
provided that such day is not	the remaining maturity	
more than fifteen days.	period of the instrument.	

2. Valuation of G- sec at	They are being valued at	Impact was not	
YTM based on prevailing	average of price given by	ascertainable.	
market prices (FIMMDA).	CRISIL and ICRA	· 1 * ·	
3. Money Market	Money Market instruments	Impact was not	
Instruments like T – Bill, CP	are valued as per debt	ascertainable.	
and CD should be typically	securities. i.e.upto 60 days		
valued at amortised cost,	residual maturity –		
unless traded, which is	Amortisation, above 60 days		
contrary to the stipulation in	- YTM basis.		
accounting policy.			
4. Front-end discount should	Front-end discount is taken	Impact was not	
be reduced from the Cost of	to Income.	ascertainable.	
investments.			

- 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.
- F. 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:

Managemer	ıt Fees % p.a.*	Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.0102%	0.0102%	₹ 3,46,83,709	₹ 2,86,39,662

<sup>\*</sup> excluding GST

G. 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 basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

	harges % p.a.	NPS Trus	st Charges
Current Period	Previous Period	<b>Current Period</b>	Previous Period
0.005%	0.005%	₹ 50,68,990	₹ 73,30,807

<sup>\*\*</sup> including GST

**H.** 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				Previou	s Period		
Purchase	%	Sales	%	Purchase	%	Sales	%
39,173.13	88.38	30,457.81	68.72	36,941.40	77.34	29,362.97	61.47

I. 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 30th September, 2019 is ₹ 11,932.85 Crores. (Previous Period ₹ 8,034.99 Crores)

#### J. Net Asset Value:

Current Period	Previous Period
As on 30th September, 2019	As on 31st March, 2019
₹ 25.8234	₹ 24.5351

**K. 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 Expenditu		ture	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
3,858.28	6.69	949.74	1.65	4,116.01	8.62	280.34	0.59

### L. 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 30<sup>th</sup> September, 2019 is as under:

Particular	As on 30th Sept, 2019****	As on 31st March, 2019
Book Value	115.84	121.06
Provision for NPA	115.84	13.70
Carrying Cost	-	107.36
Market Value***	-	
% of NPA (Gross) to AUM	0.19	0.23

<sup>\*\*\*</sup> Investment is not traded; hence market value is not ascertainable.

- M. Contingent liability as on 30<sup>th</sup> September, 2019 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).
- N. Details of Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest as on 30<sup>th</sup> September, 2019 is ₹ NIL. (Previous Period ₹ Nil)
- O. 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.
- P. 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 Outstand		Purchase	Outstanding
UTI Asset				
Management	₹ 30,825.76	₹ 772.15	₹ 28,476.06	₹ 161.17
Company Limited				

- Q. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category >= 5% as on 30th September, 2019 is given in Annexure A.
- R. The Previous Period figures are regrouped/ reclassified, wherever necessary.

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

TRUST

नेशनल पेंशन सिस्टम ट्रस्ट(एन॰पी॰एस॰ट्रस्ट)
National Pension System Trust (NPS Trust)
तीसरी मंजिल, छत्रपति शियाजी भवन, / Third Floor, Chatrapati Shivaji Bhawan,
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File No. 1/16/2018-NPST/115/4

Dated: 06/08/2019

To

SBI Pension Fund LIC Pension Fund UTI Retirement Solutions Kotak Pension Fund HDFC Pension Fund

Subject: Valuation of IL&FS bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest

Dear Sirl Madam,

This has reference to the various communications exchanged between NPS Trust and your offices on the above subject.

- 2. As you are kindly aware, overall exposure of schemes of NPS had an exposure of Rs. 1274.79 Cr. in IL&FS Ltd and group companies which were downgraded to 'D' ratings (below investment grade) by the rating agencies due to default in payment of principal as well as interest payments to investors within a very short span of time. In this regard, NPS Trust received communications from SHCIL (the third party valuation agency for NPS at that time) and some Pension Funds seeking clarification on valuation of the IL&FS bonds and accrual of daily interest on IL&FS Group investment.
- 3. The matter was taken up with the Authority to provide guidance on reasonable valuation of IL&FS securities till the time further course of action is taken by IL&FS Management/Promoters/Regulators.
- 4. The Authority vide its letter no. PFRDA/17/03/31/0018/2018-SUP-PF-Part (2) dated 01/08/2019 has advised that a policy decision on provisioning of downgraded securities pertaining specifically to IL&FS group has been taken for valuation of securities which are downgraded to 'default' rating but are not classified as NPAs. The same may be kindly referred as under:

Down gradation of IL&FS securities to 'D' (default) but is not classified as NPA	Valuation- % provision on book value		
Next day from the down gradation	25%		
3 months from the date of down gradation till classification of the security as NPA	Secured securities	Unsecured securities	
	75%	90%	
Accrual of interest on the debt instruments of IL&FS	As the prospects of recois low, the accrual instruments shall be st Funds in order to printerest i.e. to be fair to	of interest on these opped by the Pension otect the subscribers'	

outgoing subscribers in terms of reflecting a realistic NAV of the schemes holding such securities.

- 5. Further, the Authority has advised that the Pension Funds should stop accruing the interest on these securities and reverse the interest accrued but not recovered even if the securities are not classified as NPA on the above lines.
- 6. It is requested to comply with the above directives of the Authority with immediate effect. The Valuation agency, IMaCS, is also being informed to value the securities of the IL&FS group as per the above direction of Authority with immediate effect.
- 7. As many of the IL&FS group securities have already been classified as NPA as per PFRDA (Identification, Income Recognition and provisioning of NPA) Guidance Note 2013, Pension Funds are required to make the minimum provisions as per the guidance note. However, making higher provision is at the discretion of Pension Fund with the approval of their Investment committee. Some of the Pension funds have already made the higher provisions.
- 8. In view of the above directives of the Authority, it is requested to kindly ensure that valuation of the securities which has been classified as NPA should also not be more than the valuation mentioned in para 4 above.

Yours sincerely,

(Akhilesh Kumar) General Manager

#### Copy for necessary action to:

- 1. Sh. Balram Bhagat, Chief Executive Officer and Whole Time Director, UTI Retirement Solutions Ltd, UTI Tower, 'Gn' Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051
- 2. Sh. Narayanan Sadanandan, Managing Director & CEO, SBI Pension Funds Pvt. Ltd., No. 32, 3rd Floor, Maker Chambers-III, Nariman Point, Mumbai 400021
- 3. Ms. Priti Panwar, Chief Executive Officer, LIC Pension Fund Ltd., Industrial Assurance Building, B-5, 5th Floor, Veer Nariman Road, Churchgate, Mumbai-400020.
- 4. Sh. Sumit Shukla, Chief Executive Officer, HDFC Pension Management Company limited, 14th Floor, Lodha Excelus, Apollo Mills Compound, N.M Joshi Marg, Mahalaxmi, Mumbai- 400011.
- 5. Sh. Sandeep Shrikhande, Chief Executive Officer, Kotak Mahindra Pension Fund Ltd., 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051
- 6. Sh. Ashwani Kumar, ICRA Management Consultancy services Ltd., 1102, 1103 Kanakia Wall Street, Chakala, Andheri East, Mumbai

Copy for information to:

- (i) Shri Venkateswarlu Peri, Chief General Manager, Supervision Dept. Pension Fund
- (ii) Ms Mamta Rohit, Chief General Manager, Supervision Dept. NPS Trust
- (iii) Shri Sumit Kumar, General Manager, Regulation Dept. Pension Fund

ANNEXURE A

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

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
EQUITY SHARES				
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SA	VING BANKS. POSTAL SAVI	NGS BANK AND DISC	COUNT HOUSES	
ICICI BANK LTD.	11,713,816	5,080,281,999	0.82	6.6
HDFC BANK LTD.	3,588,478	4,404,677,321	0.71	5.7
AXIS BANK LTD.	5,696,407	3,902,038,795	0.63	5.1
KOTAK MAHINDRA BANK LTD.	1,814,408	2,983,703,236	0.48	3.9
STATE BANK OF INDIA	9,638,564	2,610,123,131	0.42	3.4
INDUSIND BANK LTD.	1,640,233	2,269,344,367	0.36	2.9
BANK OF BARODA	4,241,911	394,709,819	0.06	0.5
FEDERAL BANK LTD.	1,836,800	166,046,720	0.03	0.2
IDFC BANK LIMITED	3,102,982	124,739,876	0.02	0.1
YES BANK	1,943,125	80,445,375	0.01	0.1
PUNJAB NATIONAL BANK	388,806	24,086,532	0.00	0.0
		22,040,197,171	3.54	28.9
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.	1,453,498 905,090	3,051,328,351 646,686,805	0.49 0.10	4.0 0.8
HCL TECHNOLOGIES LIMITED	275,823	298,054,334	0.05	0.3
WIPRO LTD,	456,225	109,402,755	0.02	0.14
		8,102,464,636	1.30	10.64
PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINAT PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD.	ING OILS, LUBRICATING OIL	S OR GREASES OR O		
INDIAN OIL CORPORATION LTD.	2,659,200		0.73	5.96
CASTROL INDIA LTD.	1,696,574	391,966,080	0.06	0.5:
BHARAT PETROLEUM CORPORATION LTD.		230,818,893	0.04	0.30
a mann want with this will,	240,819	113,209,012	0.02	0.1
		5,275,301,465	0.85	6.92
CONSTRUCTION OF UTILITY PROJECTS N.E.C.				
LARSEN & TOUBRO LTD.	2,888,182	4,257,902,314	0.68	5,59
		4,257,902,314	5.00	3.33

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
DEBENTURES & BONDS				
ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR	HOUSE PURCHASES	THAT ALSO TAVE DE	DOCITO	
LIC HOUSING FINANCE LTD.	185,160,000	19,227,324,024		
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	124,150,000		3.09	8.57
HOUSING AND URBAN DEVELOPMENT CORPORATION	86,990,000	12,938,779,616 9,072,815,104	2.08	5.77
PNB HOUSING FINANCE LIMITED	7,500,000	746,675,650	1.46	4.04
	,,500,000	41,985,594,394	0.12	0.33
		41,303,334,334	6.75	18.71
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING F	BANKS, POSTAL SAVI	NGS BANK AND DISC	OHNT HOUSES	
AXIS BANK LTD.	142,620,000	14,737,421,046	2.37	£ £.2
ICICI BANK LTD.	111,260,000	11,317,686,567	1.82	6.57
HDFC BANK LTD.	43,550,000	4,418,393,570	0.71	5.04
IDFC BANK LIMITED	15,790,000	1,589,288,920	0.26	1.97
KOTAK MAHINDRA BANK LTD.	9,410,000	971,023,387	0.16	0.71
YES BANK	7,700,000	724,593,180		0.43
PUNJAB NATIONAL BANK	900,000	88,420,320	0.12	0.32
ING VYSYA BANK LTD.	700,000	75,364,870	0.01	0.04
	700,000	33,922,191,860	0.01	0.03
		33,322,131,000	5.46	15.11
OTHER CREDIT GRANTING				
RURAL ELECTRIFICATION CORPORATION LIMITED	155,260,000	15,907,218,917	2.55	7.09
POWER FINANCE CORPORATION LTD.	144,210,000	14,633,561,051	2.35	6.52
INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.	950,000	93,153,960	0.01	0.04
	200,000	30,633,933,928	4.91	13.65
				13.03
OTHER MONETARY INTERMEDIATION SERVICES N.E.C.				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	168,390,000	17,407,219,612	2.79	7.76
EXPORT IMPORT BANK OF INDIA	48,530,000	4,989,958,646	0.80	2.22
	(0,000,000	22,397,178,258	3.59	9.98
		11,000,1200,230	3.33	3.30
CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS,	ROADS, OTHER VEHI	CULAR AND PEDEST	RIAN WAYS, HIGHW	AYS, BRIDGES,
TUNNELS AND SUBWAYS				
NATIONAL HIGHWAYS AUTHORITY OF INDIA	176,510,000	17,888,760,536	2.87	
		17,888,760,536	2.87	7.97
DACCENGED BAN TRANSPORT				
PASSENGER RAIL TRANSPORT	100 1			
INDIAN RAILWAY FINANCE CORPORATION LTD.	138,850,000	14,112,239,965	2.26	
		14,112,239,965	2.26	6.29
TRANSMISSION OF ELECTRIC ENERGY				
POWER GRID CORPORATION OF INDIA LTD.	125 170 222	43 750 400 000		
FOWER GRID CORPORATION OF INDIA LID.	125,170,000	12,758,433,804	2.05	
	······································	12,758,433,804	2.05	5.69

# NATIONAL PENSION SYSTEM TRUST NPS TRUST A/C - UTI RETIREMENT SOLUTIONS LIMITED - NPS LITE SCHEME - GOVT PATTERN BALANCE SHEET AS AT SEPTEMBER 30, 2019

Particulars	Schedules	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Liabilities				
Unit Capital	1	427 03 47 787	421 67 18 154	412 91 62 545
Reserves and Surplus	2	599 89 22 036	543 01 18 624	461 31 34 819
Current Liabilities and Provisions	3	18 28 898	15 42 543	13 21 267
	Total	1027 10 98 721	964 83 79 321	874 36 18 631
Assets				
Investments	4	1005 80 94 099	944 91 99 761	853 65 76 933
Deposits	5	-	1 31 38 967	-
Other Current Assets	6	21 30 04 622	18 60 40 593	20 70 41 698
	Total	1027 10 98 721	964 83 79 321	874 36 18 631
(a) Net assets as per Balance Sheets (b) Number of units outstanding		1026 92 69 823 42 70 34 779	964 68 36 778 42 16 71 815	874 22 97 364 41 29 16 255
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 SEPTEMBER 30, 2019

Particulars	Schedules	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
Income				
Dividend		1 20 12 624	58 31 363	4.00.04.00
Interest		32 29 82 968	30 15 86 338	1 02 24 192
Profit on sale/redemption of investments		2 26 17 523	1 14 17 631	29 24 12 053
Profit on inter-scheme transfer/sale of investments		2017325	1 14 17 651	2 08 86 256
Unrealized gain on appreciation in investments Other income		31 82 88 901	45 02 64 736	12 61 25 814
- Miscellaneous Income		531	13	474
Total Income (A)	 1	67 59 02 547	76 91 00 081	44 96 48 789
Expenses and Losses				
Unrealized losses in value of Investments		16 33 52 129	5 24 43 494	27.00 47.50
Loss on sale/redemption of investments		47 67 966	5 24 45 494	37 88 17 697
Loss on inter-scheme transfer/sale of investments		47 07 900	•	35 02 165
Management fees (including GST)		6 02 420	5 <b>49</b> 048	r 34 00 4
NPS Trust fees		85 149	1 43 190	5 21 804
Custodian fees (including GST)		1 68 493	1 58 359	2 16 768
Depository and settlement charges (including GST)		26 506	29 439	1 56 200
CRA Fees		1 20 79 358	1 22 85 565	28 457 1 22 67 656
Less: Amount recoverable on sale of units on account of CRA	Charges	(1 20 79 358)	(1 22 85 565)	(1 22 67 656
Provision for Non-Performing Assets		1 02 00 000	52 50 000	(1 22 0 / 050
Other Expenses			-	-
Total Expenditure (B)		17 92 02 663	5 85 73 530	38 32 43 091
	•			
Surplus/(Deficit) for the year (A-B)		49 66 99 884	71 05 26 551	6 64 05 698
Less: Amount transferred (to) / from Unrealised Appreciation F	eserve	(15 49 36 772)	(39 78 21 242)	25 26 91 883
Less: Amount transferred (to) / from General Reserve		(34 17 63 112)	(31 27 05 309)	(31 90 97 581
Amount carried forward to Balance Sheet	-		(02 2: 03 303)	131 30 37 381

# 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 SEPTEMBER 30, 2019

Schedule 1	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Unit Capital			
Outstanding at the beginning of the year	421 67 18 154	412.01.62.545	402 50 47 056
Add: Units issued during the year	9 29 91 282	412 91 62 545 12 14 68 653	403 58 17 866 12 80 07 100
Less: Units redeemed during the year	(3 93 61 649)	(3 39 13 044)	
Outstanding at the end of the year	427 03 47 787	421 67 18 154	(3 46 62 421 412 91 62 545
	·		
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year	42 16 71 815	41 29 16 255	40 35 81 787
Add :Units issued during the year	92 99 129	1 21 46 865	1 28 00 710
Less: Units redeemed during the year	(39 36 165)	( 33 91 305)	( 34 66 242
Outstanding units at the end of the year	42 70 34 779	42 16 71 815	41 29 16 255
Schedule 2	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018
Reserves and Surplus			₹
Unit Premium Reserve			
Opening Balance	216 00 80 775	205 36 23 521	194 95 93 354
Add: Premium on Units issued	12 51 47 151	14 68 58 968	14 24 06 017
Less: Premium on Units redeemed	(5 30 43 623)	(4 04 01 714)	(3 83 75 850)
Add: Transfer from General Reserve	(5 30 45 025)	(4 04 01 714)	(3 63 73 630)
Closing Balance	223 21 84 303	216 00 80 775	205 36 23 521
General Reserve			
Opening Balance	202.52.45.54		
Add: Transfer from Revenue Account	263 52 16 544	232 25 11 235	200 34 13 654
Less: Transfer to Unit Premium Reserve	34 17 63 112	31 27 05 309	31 90 97 581
Closing Balance	297 69 79 656	263 52 16 544	232 25 11 235
,			232 23 14 233
Unrealised Appreciation Reserve			
Opening Balance	63 48 21 305	23 70 00 063	48 96 91 946
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	15 49 36 772	39 78 21 242	(25 26 91 883)
Closing Balance	78 97 58 077	63 48 21 305	23 70 00 063
Total	599 89 22 036	543 01 18 624	461 31 34 819
Schedule 3	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Current Liabilities and Provisions			
Current Liabilities			
Sundry Creditors for expenses	4 72 556	4 05 628	4 46 034
Book Overdraft	-		
Redemption Payable	13 44 937	11 25 772	8 65 362
TDS Payable	11 405	11 143	9 871
Contracts for purchase of investments	•	-	3.071
Amount Payable to Other Schemes	-	-	
Provision for Interest overdue		•	
Provision on upgraded assets	-		
Interest received in Advance			-

18 28 898

15 42 543

13 21 267

Total

# 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 SEPTEMBER 30, 2019

Schedule 4	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
nvestments (Long Term and Short Term)			,
Equity Shares	142 22 99 976	135 90 28 634	120 42 56 555
Preference Shares	142 22 33 376	135 90 28 634	120 42 56 555
Debentures and Bonds Listed/Awaiting Listing	349 79 48 257	326 98 81 067	7 49 257
Central and State Government Securities (including treasury bills)	504 04 58 499	469 36 84 792	290 42 95 466
Commercial Paper	304 04 38 433	409 30 84 792	429 13 97 48
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	9 73 87 367	9 73 55 268	13 58 78 17
Non Convertible Debentures classified as NPA	44 50 000	2 92 50 000	13 30 70 17.
Less: Provision on Non performing investment	(44 50 000)	-	
Total	1005 80 94 099	944 91 99 761	853 65 76 93
	A STATE OF THE STA		
Schedule 5	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
	₹ .	₹	₹
Deposits with Scheduled Banks	-	1 31 38 967	
Total	-	1 31 38 967	
Schedule 6	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
other Current Assets	,		
Balances with bank in a current account	1	34.04.039	
	1	34 04 039	
Contracts for sale of investments	÷	-	
Contracts for sale of investments Interest Receivable on Non-Performing Investments	61 43 426	54 34 527	
Contracts for sale of investments	61 43 426 ( 61 43 426)	54 34 527 ( 54 34 527)	19 65 09 42
Contracts for sale of investments Interest Receivable on Non-Performing Investments Less: Provision for interest on Non-Performing Investment	61 43 426 ( 61 43 426) 21 28 01 611	54 34 527 ( 54 34 527) 17 65 74 287	
Contracts for sale of investments Interest Receivable on Non-Performing Investments Less: Provision for interest on Non-Performing Investment Outstanding and accrued income	61 43 426 ( 61 43 426)	54 34 527 ( 54 34 527)	
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	61 43 426 ( 61 43 426) 21 28 01 611	54 34 527 ( 54 34 527) 17 65 74 287	
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	61 43 426 ( 61 43 426) 21 28 01 611	54 34 527 ( 54 34 527) 17 65 74 287	4 43 27
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	61 43 426 (61 43 426) 21 28 01 611 2 03 010	54 34 527 ( 54 34 527) 17 65 74 287 3 12 267	4 43 27
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	61 43 426 ( 61 43 426) 21 28 01 611	54 34 527 ( 54 34 527) 17 65 74 287	19 65 98 42 4 43 27 1 00 00 00

#### 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 SEPTEMBER 30, 2019

#### 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 Net Asset Value (NAV). As per the architecture, the NSDL e-Governance Infrastructure Ltd. and Karvy Computershare Private Limited, being the Central Recordkeeping Agencies (CRA) provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment/redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

### 2. CRA's responsibilities includes:

- a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
- b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- d. PRAN Transaction Statement,
- e. An operational interface between 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, which is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- 4. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- 5. 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

 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. 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 exdate 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.
- 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.

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

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii. 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 Association of Mutual Funds in India (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. 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 reschedulement 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.

### 6. 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.
- 7. 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.
- **8. 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.** 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		Impact as on 30-09-19
1. Securities traded at a	When such securities are not	Impact was
stock exchange:	traded on a valuation day,	not
When a debt security (other	they are valued on a yield to	ascertainable.
than government security) is	maturity basis if residual	
not traded on any stock	maturity exceeds 60 days	
exchange on a particular	otherwise at last valuation	
valuation day, the value at	price plus the difference	
which it was traded on any	between the redemption	
other stock exchange on the	value and last valuation	
earliest previous day is used,	price, spread uniformly over	
provided that such day is not	the remaining maturity	
more than fifteen days.	period of the instrument.	

2. Valuation of G- sec at	They are being valued at	Impact was
YTM based on prevailing	average of price given by	not
market prices (FIMMDA).	CRISIL and ICRA	ascertainable.
3. Money Market	Money Market instruments	Impact was
Instruments like T - Bill, CP	are valued as per debt	not
and CD should be typically	securities. i.e. upto 60 days	ascertainable.
valued at amortised cost,	residual maturity -	
unless traded, which is	Amortisation, above 60 days	
contrary to the stipulation in	- YTM basis.	
accounting policy.		

- 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.
- F. 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%	₹ 6,02,420	₹ 5,49,048

<sup>\*</sup> excluding GST

G. 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 basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust C	harges % p.a.	NPS Trust Charges		
Current Period	Previous Period	Current Period Previous Pe		
0.005%	0.005%	₹ 85,149	₹ 1,43,190	

H. 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

	Curren	t Period		Previous Period			-
Purchase	%	Sales	%	Purchase	%	Sales	%
1,312.76	147.53	1,263.82	142.03	1,560.52	170.56	1,497.26	163.64

<sup>\*\*</sup> including GST

I. 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 30th September, 2019 is ₹ 203.82 Crores. (Previous Period ₹ 175.43 Crores)

#### J. Net Asset Value:

Current Period	Previous Period
As on 30th September, 2019	As on 31st March, 2019
₹ 24.0478	₹ 22.8775

**K. 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				
Incom	e	Expendit	Expenditure Income Expe		Income		ture
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
67.59	6.75	17.92	1.79	76.91	8.41	5.86	0.64

### L. 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 30th September, 2019 is as under:

₹ in Crores

Particular	As on 30th Sept, 2019****	As on 31st March, 2019
Book Value	1.55	4.99
Provision for NPA	1.55	0.53
Carrying Cost	-	4.46
Market Value***	-	## ### ### ### ### ### #### ##########
% of NPA (Gross) to AUM	0.15	0.52

<sup>\*\*\*</sup> Investment is not traded; hence market value is not ascertainable.

M. Contingent liability as on 30<sup>th</sup> September, 2019 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).

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

- N. Details of Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest as on 30<sup>th</sup> September, 2019 is ₹ NIL. (Previous Period ₹ Nil)
- O. 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.
- P. 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	Previou	ıs Period
rame of Scheme	Purchase	Outstanding	Purchase	Outstanding
UTI - Asset				
Management	₹1,257.87	₹ 9.74	₹1,484.53	₹ 9.74
Company Limited				( ),/1

- Q. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category >= 5% as on 30<sup>th</sup> September, 2019 is given in Annexure A.
- R. The Previous Period figures are regrouped/ reclassified, wherever necessary.

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TRUST

नेशानल पेंशान सिस्टम ट्रस्ट(एन॰पी॰एस॰ट्रस्ट) National Pension System Trust (NPS Trust) तीसरी मंजिल, छत्रपति शिवाजी भवन, /Third Floor, Chatrapati-Shivaji Bhawan, बी-14/ए, खुतुब इंस्टीट्यूशनल एरिया, नई दिल्ली - 110 016 B-14/A. Qutab Institutional Area, New Delhi - 110 016

ई मेलः / Email ld : nps.trust@pfrda.org.in फोन / Phone : +91-11-26514032

File No. 1/16/2018-NPST/115/4

Dated: 06/08/2019

To

SBI Pension Fund LIC Pension Fund UTI Retirement Solutions Kotak Pension Fund HDFC Pension Fund

Subject: Valuation of IL&FS bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest

Dear Sir/ Madam.

This has reference to the various communications exchanged between NPS Trust and your offices on the above subject.

- 2. As you are kindly aware, overall exposure of schemes of NPS had an exposure of Rs. 1274.79 Cr. in IL&FS Ltd and group companies which were downgraded to 'D' ratings (below investment grade) by the rating agencies due to default in payment of principal as well as interest payments to investors within a very short span of time. In this regard, NPS Trust received communications from SHCIL (the third party valuation agency for NPS at that time) and some Pension Funds seeking clarification on valuation of the IL&FS bonds and accrual of daily interest on IL&FS Group investment.
- 3. The matter was taken up with the Authority to provide guidance on reasonable valuation of IL&FS securities till the time further course of action is taken by IL&FS Management/Promoters/Regulators.
- 4. The Authority vide its letter no. PFRDA/17/03/31/0018/2018-SUP-PF-Part (2) dated 01/08/2019 has advised that a policy decision on provisioning of downgraded securities pertaining specifically to IL&FS group has been taken for valuation of securities which are downgraded to 'default' rating but are not classified as NPAs. The same may be kindly referred as under:

Down gradation of IL&FS securities to 'D' (default) but is not classified as NPA	Valuation- % provision on book value			
Next day from the down gradation	25%			
3 months from the date of down gradation till classification of the security as NPA	Secured securities	Unsecured securities		
	75%	90%		
Accrual of interest on the debt instruments of IL&FS	As the prospects of recision low, the accrual instruments shall be storaged from the state of th	of interest on these opped by the Pension otect the subscribers'		

outgoing subscribers in terms of reflecting a realistic NAV of the schemes holding such securities.

- 5. Further, the Authority has advised that the Pension Funds should stop accruing the interest on these securities and reverse the interest accrued but not recovered even if the securities are not classified as NPA on the above lines.
- 6. It is requested to comply with the above directives of the Authority with immediate effect. The Valuation agency, IMaCS, is also being informed to value the securities of the IL&FS group as per the above direction of Authority with immediate effect.
- 7. As many of the IL&FS group securities have already been classified as NPA as per PFRDA (Identification, Income Recognition and provisioning of NPA) Guidance Note 2013, Pension Funds are required to make the minimum provisions as per the guidance note. However, making higher provision is at the discretion of Pension Fund with the approval of their Investment committee. Some of the Pension funds have already made the higher provisions.
- 8. In view of the above directives of the Authority, it is requested to kindly ensure that valuation of the securities which has been classified as NPA should also not be more than the valuation mentioned in para 4 above.

Yours sincerely,

(Akhilesh Kumar) General Manager

#### Copy for necessary action to:

- 1. Sh. Balram Bhagat, Chief Executive Officer and Whole Time Director, UTI Retirement Solutions Ltd, UTI Tower, 'Gn' Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051
- 2. Sh. Narayanan Sadanandan, Managing Director & CEO, SBI Pension Funds Pvt. Ltd., No. 32, 3rd Floor, Maker Chambers-III, Nariman Point, Mumbai 400021
- 3. Ms. Priti Panwar, Chief Executive Officer, LIC Pension Fund Ltd., Industrial Assurance Building, B-5, 5th Floor, Veer Nariman Road, Churchgate, Mumbai-400020.
- 4. Sh. Sumit Shukla, Chief Executive Officer, HDFC Pension Management Company limited, 14th Floor, Lodha Excelus, Apollo Mills Compound, N.M Joshi Marg, Mahalaxmi, Mumbai- 400011.
- 5. Sh. Sandeep Shrikhande, Chief Executive Officer, Kotak Mahindra Pension Fund Ltd., 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051
- 6. Sh. Ashwani Kumar, ICRA Management Consultancy services Ltd., 1102, 1103 Kanakia Wall Street, Chakala, Andheri East, Mumbai

#### Copy for information to:

- (i) Shri Venkateswarlu Peri, Chief General Manager, Supervision Dept. Pension Fund
- (ii) Ms Mamta Rohit, Chief General Manager, Supervision Dept. NPS Trust
- (iii) Shri Sumit Kumar, General Manager, Regulation Dept. Pension Fund

ANNEXURE A

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

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
EQUITY SHARES				
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SA	VING BANKS, POSTAL SAV	NGS BANK AND DIS	SCOUNT HOUSES	
ICICI BANK LTD.	231,452	100,380,732	0.98	7.06
HDFC BANK LTD.	69,708	85,563,085	0.83	6.02
AXIS BANK LTD.	90,505	61,995,925	0.60	4.36
KOTAK MAHINDRA BANK LTD.	31,528	51,846,220	0.50	3.65
STATE BANK OF INDIA	166,780	45,164,024	0.44	3.18
INDUSIND BANK LTD.	26,570	36,760,924	0.36	2.58
BANK OF BARODA	78,155	7,272,323	0.07	0.51
FEDERAL BANK LTD.	45,000	4,068,000	0.04	0.29
IDFC BANK LIMITED	81,204	3,264,401	0.03	0.23
PUNJAB NATIONAL BANK	20,125	1,246,744	0.01	0.09
YES BANK	30,000	1,242,000	0.01	0.09
		398,804,378	3.87	28.06
	98,582	79.422.588	0.77	PAGE DESIGNING
INFOSYS LTD. TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.	98,582 30,174 21,199	79,422,588 63,344,278 15,146,686	0.77 0.62 0.15	5.58 4.45
TATA CONSULTANCY SERVICES LTD.	30,174	• •		5.58 4.45 1.06
TATA CONSULTANCY SERVICES LTD.	30,174 21,199	63,344,278 15,146,686 157,913,552	0.62 0.15 1.54 DTHER PRODUCTS F 0.95 0.06	5.58 4.45 1.06 11.09 FROM CRUDE 6.87 0.46
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATI PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD. INDIAN OIL CORPORATION LTD.  MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO	30,174 21,199 NG OILS, LUBRICATING OIL 73,292	63,344,278 15,146,686 157,913,552 S OR GREASES OR 6 97,643,267 6,485,600	0.62 0.15 1.54 DTHER PRODUCTS F	5.58 4.45 1.06 11.09 FROM CRUDE 6.87 0.46
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATI PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD. INDIAN OIL CORPORATION LTD.	30,174 21,199 NG OILS, LUBRICATING OIL 73,292	63,344,278 15,146,686 157,913,552 S OR GREASES OR 6 97,643,267 6,485,600	0.62 0.15 1.54 DTHER PRODUCTS F 0.95 0.06	5.58 4.45 1.06 11.09 FROM CRUDE 6.87 0.46 7.33
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATI PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD. INDIAN OIL CORPORATION LTD.  MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO	30,174 21,199 NG OILS, LUBRICATING OIL 73,292 44,000	63,344,278 15,146,686 157,913,552 S OR GREASES OR 6 97,643,267 6,485,600 104,128,867	0.62 0.15 1.54 OTHER PRODUCTS 6 0.95 0.06 1.01	5.58 4.45 1.06 11.05 FROM CRUDE 6.87 0.46 7.33
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATI PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD. INDIAN OIL CORPORATION LTD.  MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO ITC LIMITED  CONSTRUCTION OF UTILITY PROJECTS N.E.C.	30,174 21,199 NG OILS, LUBRICATING OIL 73,292 44,000	63,344,278 15,146,686 157,913,552 S OR GREASES OR 6 97,643,267 6,485,600 104,128,867	0.62 0.15 1.54 OTHER PRODUCTS F 0.95 0.06 1.01	5.58 4.45 1.06 11.09 FROM CRUDE 6.87 0.46 7.33
TATA CONSULTANCY SERVICES LTD. TECH MAHINDRA LTD.  PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATI PETROLEUM OR BITUMINOUS MINERALS RELIANCE INDUSTRIES LTD. INDIAN OIL CORPORATION LTD.  MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO ITC LIMITED	30,174 21,199 NG OILS, LUBRICATING OIL 73,292 44,000	63,344,278 15,146,686 157,913,552 S OR GREASES OR 6 97,643,267 6,485,600 104,128,867	0.62 0.15 1.54 OTHER PRODUCTS F 0.95 0.06 1.01	5.58 4.45 1.06 11.09

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
DEBENTURES & BONDS				9 /
OTHER MONETARY INTERMEDIATION SERVICES N.E.C.				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	2,910,000	200 646 520		
EXPORT IMPORT BANK OF INDIA	1,970,000	300,646,520 205,785,365	2.93	8.66
	1,570,000	506,431,885	2.00	5.93
		300,431,863	4.93	14.59
OTHER CREDIT GRANTING				
RURAL ELECTRIFICATION CORPORATION LIMITED	2,560,000	260,585,474	2.54	7.0
POWER FINANCE CORPORATION LTD.	2,200,000	225,677,960	2.34	7.51
		486,263,434	4.74	6.50
				14.01
ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR	HOUSE PURCHASES	THAT ALSO TAKE D	EDOCITE	
LIC HOUSING FINANCE LID,	2,810,000	293,382,318		
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	1,560,000	162,835,092	2.86	8.45
PNB HOUSING FINANCE LIMITED	250,000	25,022,025	1.59	4.69
,	230,000	481,239,435	0.24	0.72
		401,233,433	4.69	13.86
TRANSMISSION OF ELECTRIC ENERGY				
POWER GRID CORPORATION OF INDIA LTD.	3,230,000	331,191,087	3.23	0.0
	0,230,000	331,191,087	3.23 3.23	9.54
		331,131,007	3.23	9.54
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING B	ANKS, POSTAL SAVI	NGS BANK AND DIS	COLINIT HOUSES	
ICICI BANK LTD.	1,120,000	117,049,253	1.14	3.37
AXIS BANK LTD.	770,000	80,534,092	0.78	2.32
IDFC BANK LIMITED	470,000	47,478,260	0.46	1.37
HDFC BANK LTD.	330,000	33,413,622	0.33	0.96
PUNJAB NATIONAL BANK	80,000	7,859,584	0.08	0.23
		286,334,811	2.79	8.25
		200,334,011	2.73	8.43
PASSENGER RAIL TRANSPORT				
INDIAN RAILWAY FINANCE CORPORATION LTD.	1,900,000	193,785,270	1.89	5.58
		193,785,270	1.89	5.58
		255,755,E70	1.03	3,38
ELECTRIC POWER GENERATION AND TRANSMISSION BY NUCLEAR	POWER PLANTS			
NUCLEAR POWER CORPORATION OF INDIA LIMITED	1,670,000	175,279,856	1.71	5.05
	.,0,0,000	175,279,856	1.71 1.71	5.05 <b>5.0</b> 5

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# NATIONAL PENSION SYSTEM TRUST NPS TRUST - A/C UTI RETIREMENT SOLUTIONS LIMITED SCHEME – ATAL PENSION YOJANA BALANCE SHEET AS AT SEPTEMBER 30, 2019

Particulars	Schedules	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Liabilities				
Unit Capital	1	1934 60 91 454	1608 89 38 457	1272 73 87 129
Reserves and Surplus	2	942 65 53 220	655 56 13 407	379 88 74 938
Current Liabilities and Provisions	3	6 28 49 912	1 85 14 709	65 46 177
	Total	2883 54 94 586	2266 30 66 573	1653 28 08 244
Assets				
Investments	4	2823 51 70 529	2219 34 94 145	1618 71 35 725
Deposits	5		3 60 05 929	-
Other Current Assets	6	60 03 24 057	43 35 66 499	34 56 72 519
	Total	2883 54 94 586	2266 30 66 573	1653 28 08 244
a) Net assets as per Balance Sheets b) Number of units outstanding		2877 26 44 674 193 46 09 145	2264 45 51 864 160 88 93 846	1652 62 62 067 127 27 38 713
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 SEPTEMBER 30, 2019

Particulars Scher		Half Year ended Sept 30, 2019 て	Half Year ended March 31, 2019 ₹	Half Year ended March 31, 2019 ₹
Income				<del></del>
Dividend		2 84 85 275		
Interest			1 03 76 161	1 77 65 67
Profit on sale/redemption of investments		81 66 10 561	62 88 36 706	47 30 08 03
Profit on inter-scheme transfer/sale of investments		2 61 52 040	2 00 07 943	2 48 12 21
Unrealized gain on appreciation in investments Other income		91 73 44 137	101 81 33 838	21 40 87 082
- Miscellaneous Income		446	905	1 343
Total Income (A)		178 85 92 459	167 73 55 553	72 96 74 342
Expenses and Losses				
Unrealized losses in value of investments				
Loss on sale/redemption of investments		35 95 67 115	9 08 98 899	64 63 70 41
Loss on inter-scheme transfer/sale of investments		99 43 857	•	60 23 51
Management fees (including GST)		~	•	
NPS Trust fees		15 50 976	11 69 293	8 80 70
Custodian fees (including GST)		2 32 163	2 93 431	3 65 86
Dépository and settlement charges (including GST)		4 52 164	3 53 059	2 67 47
CRA Fees		96 317	91 064	71 49
Less: Amount recoverable on sale of units on account of CRA Charges		9 05 54 392	6 72 78 578	6 01 74 95
Provision for Non-Performing Assets		(9 05 54 392)	(6 72 78 578)	(6 01 74 95
Other Expenses		1 70 00 000	-	
Fotal Expenditure (B)	1700			
iotal Expellatture (b)		38 88 42 592	9 28 05 746	65 39 79 461
urplus/(Deficit) for the year (A-B)		139 97 49 867	158 45 49 807	7.55.04.00
.ess: Amount transferred (to) / from Unrealised Appreciation Reserve		(55 77 77 022)		7 56 94 88
.ess: Amount transferred (to) / from General Reserve		(84 19 72 845)	(48 81 70 046)	17.56.5.55
Amount carried forward to Balance Sheet		(64 19 72 845)	(109 63 79 761)	(7 56 94 88
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 SEPTEMBER 30, 2019

Schedule 1	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Unit Capital			
Outstanding at the beginning of the year	1608 89 38 457	1272 72 07 17A	
Add :Units issued during the year	361 86 20 875	1272 73 87 129	975 70 46 517
Less: Units redeemed during the year		363 66 20 863	317 72 08 614
Outstanding at the end of the year	(36 14 67 878) 1934 60 91 454	(27 50 69 535) 1608 89 38 457	(20 68 68 002 1272 73 87 129
			22/2/30/223
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year	160 88 93 846	127 27 38 713	97 57 04 652
Add: Units issued during the year	36 18 62 088	36 36 62 087	31 77 20 861
Less: Units redeemed during the year	(3 61 46 789)	(2 75 06 954)	(2 06 86 800
Outstanding units at the end of the year	193 46 09 145	160 88 93 846	127 27 38 713
Schedule 2	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
	₹	₹	₹
Reserves and Surplus			
Unit Premium Reserve			
Opening Balance	398 38 58 405	281 16 69 743	193 07 58 083
Add: Premium on Units issued	163 49 85 514	126 79 80 112	94 24 41 357
Less: Premium on Units redeemed	(16 37 95 568)	(9 57 91 450)	(6 15 29 697)
Add: Transfer from General Reserve	, <u>-</u>	(0.27.02.130)	(0.13.23.037)
Closing Balance	545 50 48 351	398 38 58 405	281 16 69 743
General Reserve			
Opening Balance	208 35 84 956	00.70 05.405	
Add: Transfer from Revenue Account	84 19 72 845	98 72 05 195	91 15 10 314
Less: Transfer to Unit Premium Reserve	84 19 72 845	109 63 79 761	7 56 94 881
Closing Balance	292 55 57 801	208 35 84 956	98 72 05 195
			30 / 2 03 133
Unrealised Appreciation Reserve			
Opening Balance	48 81 70 046	-	_
Add: Adjustment for Previous years unrealised appreciation reserve	•		•
Add/(Less): Transfer from/(to) Revenue Account	55 77 77 022	48 81 70 046	•
Closing Balance	104 59 47 068	48 81 70 046	-
Total	942 65 53 220	656.56.42.403	
	342 03 33 220	655 56 13 407	379 88 74 938
Schedule 3	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
	₹	₹	₹
Current Liabilities and Provisions			
urrent Liabilities			
Sundry Creditors for expenses	12 94 487	9 13 846	
Book Overdraft	A& 34 407	3 13 846	8 14 580
Redemption Payable	80 04 577	77 15 740	
TDS Payable	32 404	73 15 318	57 12 798
Contracts for purchase of investments	5 35 18 444	26 264	18 799
Amount Payable to Other Schemes	2 22 10 444	1 02 59 281	•
Provision for Interest overdue	•	•	•
Provision on upgraded assets	-	•	•
Interest received in Advance	•	•	•
	•	•	-
Total	6 28 49 912	1 85 14 709	Er Ac and
		1 0J 14 /US	65 46 177

# 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 SEPTEMBER 30, 2019

Schedule 4	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
vestments (Long Term and Short Term)			
Equity Shares	355 63 67 264	311 23 69 684	226 23 21 16
Preference Shares	-	311 23 03 004	4 554
Debentures and Bonds Listed/Awaiting Listing	1043 16 55 288	788 50 21 784	540 10 92 81
Central and State Government Securities (including treasury bills)	1380 42 82 311	1096 82 03 178	803 56 87 83
Commercial Paper			003 30 07 02
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	44 58 65 666	19 78 99 499	48 80 29 35
Non Convertible Debentures classified as NPA	1 40 00 000	3 00 00 000	
Less: Provision on Non performing investment	(1 70 00 000)	•	
Total	2823 51 70 529	2219 34 94 145	1618 71 35 72
		2217 34 34 143	1018 /1 35 /2
Schedule S	As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
	₹	₹	₹
eposits			
Deposits with Scheduled Banks	-	3 60 05 929	
Total	-	3 60 05 929	
Schedule 6	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Other Current Assets			······································
Balances with bank in a current account	20 10 377	1 52 76 501	442.50
Contracts for sale of investments	26 75 922	2 53 76 592	4 12 50
Interest Receivable on Non-Performing Investments	93 80 316	43 13 151	
Less: Provision for interest on Non-Performing Investment	( 93 80 316)	(43 13 151)	
Outstanding and accrued income	59 50 40 808	·	21.45.42.0
Dividend Receivable	5 96 950	40 73 58 752 3 18 191	34 45 12 87
Brokerage receivable from PFM	2 20 320	5 10 191	7 47 1
Application money pending allotment	•	•	
Sundry Debtors	•	5 12 964	
Redemption receivable on Non performing Investment	•	5 12 <del>9</del> 64	
Less: Provision for Non Performing Investment	•	•	
•	•	•	
Total	60 03 24 057	43 35 66 499	34 56 72 5
			37 30 /2 3

#### 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 SEPTEMBER 30, 2019

#### 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 Net Asset Value (NAV). As per the architecture, the NSDL e-Governance Infrastructure Ltd. and Karvy Computershare Private Limited, being the Central Recordkeeping Agencies (CRA) provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides/receives funds on consolidated basis in respect of such allotment/redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

## 2. CRA's responsibilities includes:

- a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
- b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- d. PRAN Transaction Statement,
- e. An operational interface between 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, which is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- **4.** The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- **5.** 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 4th 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. 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 exdate 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.
- 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.

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

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii. 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 Association of Mutual Funds in India (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. 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 reschedulement 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.

## 6. 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.
- 7. 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.

- 8. 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. The valuation policy of the Scheme, as advised by SHCIL, is at variance with PFRDA'S guidelines. The details of deviation are as under:

PFRDA Guidelines	Valuation Policy	Impact as on 30-09-19
1. Securities traded at a	When such securities are	Impact was not
stock exchange:	not traded on a valuation	ascertainable.
When a debt security	day, they are valued on a	
(other than government	yield to maturity basis if	
security) is not traded on	residual maturity exceeds	, ,
any stock exchange on a	60 days otherwise at last	
particular valuation day,	valuation price plus the	
the value at which it was	difference between the	2 · ·
traded on any other stock	redemption value and last	
exchange on the earliest	valuation price, spread	
previous day is used,	uniformly over the	
provided that such day is	remaining maturity period	
not more than fifteen days.	of the instrument.	
2. Valuation of G- sec at	They are being valued at	Impact was not
YTM based on prevailing	average of price given by	ascertainable.
market prices (FIMMDA).	CRISIL and ICRA	
3. Money Market	Money Market	Impact was not
Instruments like T - Bill, CP	instruments are valued as	ascertainable.
and CD should be typically	per debt securities. i.e.	
valued at amortised cost,	upto 60 days residual	
unless traded, which is	maturity - Amortisation,	
contrary to the stipulation	above 60 days - YTM	
in accounting policy.	basis.	
4. Front-end discount	Front-end discount is	Impact was not
should be reduced from	taken to Income.	ascertainable.
the Cost of investments.		

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.

**F.** 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:

Managemen	t Fees % p.a.*	Managem	ent Fees **
Current Period	Previous Period	Current Period	Previous Period
0.0102%	0.0102%	₹ 15,50,976	₹ 11,69,293

<sup>\*</sup> excluding GST

**G. 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 basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust C	Charges % p.a.	NPS Trus	st Charges
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 2,32,163	₹ 2,93,431

**H.** 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	%
5,829.11	341.78	5,272.95	309.17	6,165.78	316.06	5,655.07	289.88

I. 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 30th September, 2019 is ₹ 493.20 Crores. (Previous Period ₹ 288.31 Crores)

#### J. Net Asset Value:

Current Period	Previous Period
As on 30th September, 2019	As on 31st March, 2019
₹ 14.8725	₹14.0746

<sup>\*\*</sup> including GST

K. 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						
Incon	ne	Expendi	ture	Incon	ne	Expendit	ure
₹ in Crores	9/0	₹ in Crores	0/0	₹ in Crores	<b>%</b>	₹ in Crores	%
178.86	6.93	38.88	1.51	167.74	8.60	9.28	0.48

#### L. 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 30<sup>th</sup> September, 2019 is as under:

₹ in Crores

Particular	As on 30th Sept, 2019****	As on 31st March, 2019
Book Value	1.70	3.99
Provision for NPA	1.70	•
Carrying Cost		3.99
Market Value***	••	-
% of NPA (Gross) to AUM	0.06	0.18

<sup>\*\*\*</sup> Investment is not traded, hence market value is not ascertainable.

- M. Contingent liability as on 30<sup>th</sup> September, 2019 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).
- N. Details of Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest as on 30<sup>th</sup> September, 2019 is ₹ NIL. (Previous Period ₹ Nil)

<sup>\*\*\*\*</sup> As per board of director direction, 100% provisions has been made on IL&FS Limited and IL&FS Financial Services Limited.

**O. 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	Scheme Current Period		Previous Period		
	Purchase	Outstanding	Purchase	Outstanding	
UTI Asset  Management  Company Limited	₹ 5,290.39	₹ 44.59	₹ 5,595.07	₹ 19.79	

- **P. Portfolio**: Industry wise classification where industry exposure % to total exposure in investment category >= 5% as on 30<sup>th</sup> September, 2019 is given in Annexure A.
- **Q.** The Previous Period figures are regrouped/ reclassified, wherever necessary.

TRUST

नेशनल पेंशन सिस्टम ट्रस्ट(एन॰पी॰एस॰ट्रस्ट)
National Pension System Trust (NPS Trust)
तीसरी मंजिल, छत्रपति शियाजी भवन, /Third Floor, Chatrapati Shivaji Bhawan,
बी-14/ए, कृतुब इंस्टीट्यूशनल एरिया, नई दिल्ली - 110 016
B-14/A, Qutab Institutional Area, New Delhi - 110 016

ई मेलः / Email ld : nps.trust@pfrda.org.in कोन / Phone : +91-11-26514032

Dated: 06/08/2019

File No. 1/16/2018-NPST/115/4

To

SBI Pension Fund LIC Pension Fund UTI Retirement Solutions Kotak Pension Fund HDFC Pension Fund

Subject: Valuation of IL&FS bonds subsequent to down gradation of security to 'D' rating and accrual of daily interest

Dear Sir/ Madam.

This has reference to the various communications exchanged between NPS Trust and your offices on the above subject.

- 2. As you are kindly aware, overall exposure of schemes of NPS had an exposure of Rs. 1274.79 Cr. in IL&FS Ltd and group companies which were downgraded to 'D' ratings (below investment grade) by the rating agencies due to default in payment of principal as well as interest payments to investors within a very short span of time. In this regard, NPS Trust received communications from SHCIL (the third party valuation agency for NPS at that time) and some Pension Funds seeking clarification on valuation of the IL&FS bonds and accrual of daily interest on IL&FS Group investment.
- 3. The matter was taken up with the Authority to provide guidance on reasonable valuation of IL&FS securities till the time further course of action is taken by IL&FS Management/Promoters/Regulators.
- 4. The Authority vide its letter no. PFRDA/17/03/31/0018/2018-SUP-PF-Part (2) dated 01/08/2019 has advised that a policy decision on provisioning of downgraded securities pertaining specifically to IL&FS group has been taken for valuation of securities which are downgraded to 'default' rating but are not classified as NPAs. The same may be kindly referred as under:

Down gradation of IL&FS securities to 'D' (default) but is not classified as NPA	Valuation- % provision on book value		
Next day from the down gradation	25%		
3 months from the date of down gradation till classification of the security as NPA	Secured securities	Unsecured securities	
	75%	90%	
Accrual of interest on the debt instruments of IL&FS	As the prospects of recois low, the accrual instruments shall be strunds in order to printerest i.e. to be fair to	of interest on these opped by the Pension otect the subscribers'	

outgoing subscribers in terms of reflecting a realistic NAV of the schemes holding such securities.

- 5. Further, the Authority has advised that the Pension Funds should stop accruing the interest on these securities and reverse the interest accrued but not recovered even if the securities are not classified as NPA on the above lines.
- 6. It is requested to comply with the above directives of the Authority with immediate effect. The Valuation agency, IMaCS, is also being informed to value the securities of the IL&FS group as per the above direction of Authority with immediate effect.
- 7. As many of the IL&FS group securities have already been classified as NPA as per PFRDA (Identification, Income Recognition and provisioning of NPA) Guidance Note 2013, Pension Funds are required to make the minimum provisions as per the guidance note. However, making higher provision is at the discretion of Pension Fund with the approval of their Investment committee. Some of the Pension funds have already made the higher provisions.
- 8. In view of the above directives of the Authority, it is requested to kindly ensure that valuation of the securities which has been classified as NPA should also not be more than the valuation mentioned in para 4 above.

Yours sincerely,

(Akhilesh Kumar) General Manager

#### Copy for necessary action to:

- 1. Sh. Balram Bhagat, Chief Executive Officer and Whole Time Director, UTI Retirement Solutions Ltd, UTI Tower, 'Gn' Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051
- 2. Sh. Narayanan Sadanandan, Managing Director & CEO, SBI Pension Funds Pvt. Ltd., No. 32, 3rd Floor, Maker Chambers-III, Nariman Point, Mumbai 400021
- 3. Ms. Priti Panwar, Chief Executive Officer, LIC Pension Fund Ltd., Industrial Assurance Building, B-5, 5th Floor, Veer Nariman Road, Churchgate, Mumbai-400020.
- 4. Sh. Sumit Shukla, Chief Executive Officer, HDFC Pension Management Company limited, 14th Floor, Lodha Excelus, Apollo Mills Compound, N.M Joshi Marg, Mahalaxmi, Mumbai- 400011.
- 5. Sh. Sandeep Shrikhande, Chief Executive Officer, Kotak Mahindra Pension Fund Ltd., 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051
- 6. Sh. Ashwani Kumar, ICRA Management Consultancy services Ltd., 1102, 1103 Kanakia Wall Street, Chakala, Andheri East, Mumbai

#### Copy for information to:

- (i) Shri Venkateswarlu Peri, Chief General Manager, Supervision Dept. Pension Fund
- (ii) Ms Mamta Rohit, Chief General Manager, Supervision Dept. NPS Trust
- (iii) Shri Sumit Kumar, General Manager, Regulation Dept. Pension Fund

ANNEXURE A
Industry wise classification where industry explosure % to total explosure in investment category is >= 5%

Industry and Company Particulars	Quantity	Market Value (ぞ)	% to Net Asset	% to investment category
EQUITY SHARES				
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SA	AVING BANKS. POSTAL SAV	INGS BANK AND DIS	SCOUNT HOUSES	
HDFC BANK LTD.	174,698	214,433,060	0.75	<b>6.</b> 03
ICICI BANK LTD.	470,498	204,054,983	0.71	5.74
AXIS BANK LTD.	294,950	202,040,750	0.70	5.68
KOTAK MAHINDRA BANK LTD.	96,741	159,085,737	0.55	4.47
INDUSIND BANK LTD.	94,911	131,314,114	0.46	3.69
STATE BANK OF INDIA	424,523	114,960,828	0.40	3.23
BANK OF BARODA	150,182	13,974,435	0.05	0.39
YES BANK	123,570	5,115,798	0.02	0.14
IDFC BANK LIMITED	14,780	594,156	0.00	0.02
PUNJAB NATIONAL BANK	144	8,921	0.00	0.00
		1,045,582,782	3.64	29.39
WRITING, MODIFYING, TESTING OF COMPUTER PROGRAM INFOSYS LTD.	TO MEET THE NEEDS OF A 229,860	PARTICULAR CLIEN 185,186,709	T EXCLUDING WEB	-PAGE DESIGNING 5.21
TATA CONSULTANCY SERVICES LTD.	65,332	137,151,468	0.48	3.86
TECH MAHINDRA LTD.	78,392	56,011,084	0.19	1.57
HCL TECHNOLOGIES LIMITED	76	82,126	0.00	0.00
		378,431,387	1.31	10.64
PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINAT	ING OILS, LUBRICATING OIL	S OR GREASES OR	OTHER PRODUCTS I	ROM CRUDE
PETROLEUM OR BITUMINOUS MINERALS				
RELIANCE INDUSTRIES LTD,	166,702	222,088,740	0.77	6.24
INDIAN OIL CORPORATION LTD,	145,600	21,461,440	0.07	0.60
CASTROL INDIA LTD.	62,400	8,489,520	0.03	0.24
		252,039,700	0.87	7.08
CONSTRUCTION OF UTILITY PROJECTS N.E.C.				
LARSEN & TOUBRO LTD.	141,219	208,192,111	0.72	5.85
		208,192,111	0.72	5.85

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
DEBENTURES & BONDS				силевогу
ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR I	OUSE PURCHASES	THAT ALSO TAKE IS	CB-001mg	
THE THE PARTY OF T	9,240,000	958,171,408		
HOUSING AND URBAN DEVELOPMENT CORPORATION	8,380,000		3.33	9.23
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	4,990,000	870,803,230	3.03	8.3
PNB HOUSING FINANCE LIMITED	250,000	518,262,123	1.80	4.9
	230,000	25,022,025	0.09	0.24
		2,372,258,786	8.25	22.8
OTHER CREDIT GRANTING				
RURAL ELECTRIFICATION CORPORATION LIMITED	6,200,000	C2C 0C7 454		
POWER FINANCE CORPORATION LTD.		626,867,451	2.18	6.0
	5,770,000	586,176,432	2.04	5.64
		1,213,043,883	4.22	11.68
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS RANK LTD.	ANIVE DOCTAL CALL			
AXIS BANK LTD.				
ICICI BANK LTD.	7,770,000	800,670,231	2.78	7.71
HDFC BANK LTD.	1,920,000	194,094,180	0.67	1.87
IDFC BANK LIMITED	1,430,000	144,792,362	0.50	1.39
YES BANK	370,000	37,153,720	0.13	0.36
KOTAK MAHINDRA BANK LTD.	200,000	18,328,480	0.06	0.18
TO THE MINIMUM BRISK ETD.	10,000	1,033,057	0.00	0.01
		1,196,072,030	4.14	11.52
OTHER MONETARY INTERNATIONATION STRUCTURES				
OTHER MONETARY INTERMEDIATION SERVICES N.E.C.				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	8,750,000	901,666,358	3.13	8.68
EXPORT IMPORT BANK OF INDIA	1,980,000	202,374,993	. 0.70	1.95
		1,104,041,351	3.83	10.63
CONCERNICATION		•		
CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, R	OADS, OTHER VEHI	CULAR AND PEDEST	TRIAN WAYS, HIGH	WAYS, BRIDGES,
IONNELS AND SUBWAYS				
ATIONAL HIGHWAYS AJTHORITY OF INDIA	10,040,000	1,021,013,293	3.55	9.83
		1,021,013,293	3.55	9.83
PASSENGER RAIL TRANSPORT				
INDIAN RAILWAY FINANCE CORPORATION LTD.	9,820,000	1,002,907,261	3.49	9.66
		1,002,907,261	3.49	9.66
			2.40	3.00
TRANSMISSION OF ELECTRIC ENERGY				
POWER GRID CORPORATION OF INDIA LTD.	5,500,000	562,225,042	1.95	5.41
		562,225,042	1.95	3.71.1

# NATIONAL PENSION SYSTEM TRUST NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CORPORATE CG BALANCE SHEET AS AT SEPTEMBER 30, 2019

Particulars	Schedules	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Liabilities				
Unit Capital	1	-	-	
Reserves and Surplus	2	-	•	
Current Liabilities and Provisions	3	•	-	
	Total	-	-	
Assets				
Investments	4	-		
Deposits	5	-	•	
Other Current Assets	6	-	-	
	Total	_	-	
(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 SEPTEMBER 30, 2019

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  Total Income (A)  Expenses and Losses Unrealized losses in value of investments Loss on sale/redemption of investments Loss on inter-scheme transfer/sale of investments Management fees (including 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  Total Expenditure (B)	-		
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  Total Income (A)  Expenses and Losses Unrealized losses in value of investments Loss on sale/redemption of investments Loss on inter-scheme transfer/sale of investments Management fees (including 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	-	- - - -	
Profit on sale/redemption of investments Profit on inter-scheme transfer/sale of investments Unrealized gain on appreciation in investments Other income - Miscellaneous Income  Total Income (A)  Expenses and Losses Unrealized losses in value of investments Loss on sale/redemption of investments Loss on inter-scheme transfer/sale of investments Management fees (including 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	-	-	
Profit on inter-scheme transfer/sale of investments Unrealized gain on appreciation in investments Other income - Miscellaneous income  otal Income (A)  xpenses and Losses Unrealized losses in value of investments Loss on sale/redemption of investments Loss on inter-scheme transfer/sale of investments Management fees (including 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	-	-	
Unrealized gain on appreciation in investments Other income - Miscellaneous income  otal income (A)  xpenses and Losses Unrealized losses in value of investments Loss on sale/redemption of investments Loss on inter-scheme transfer/sale of investments Management fees (including 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		-	
Unrealized gain on appreciation in investments Other income - Miscellaneous income  otal Income (A)  xpenses and Losses Unrealized losses in value of investments Loss on sale/redemption of investments Loss on inter-scheme transfer/sale of investments Management fees (including 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		-	
Other income - Miscellaneous Income  otal Income (A)  Expenses and Losses  Unrealized losses in value of investments Loss on sale/redemption of investments Loss on inter-scheme transfer/sale of investments  Management fees (including 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	-	-	
potal Income (A)  Expenses and Losses  Unrealized losses in value of investments Loss on sale/redemption of investments Loss on inter-scheme transfer/sale of investments  Management fees (including 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	•	-	
xpenses and Losses  Unrealized losses in value of investments Loss on sale/redemption of investments Loss on inter-scheme transfer/sale of investments  Management fees (including 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	*	-	
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  otal Expenditure (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  otal Expenditure (B)			
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			
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	•	•	
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	-	-	
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  otal Expenditure (B)	-	•	
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 otal Expenditure (B)	-		
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  otal Expenditure (B)	•	-	
CRA Fees Less: Amount recoverable on sale of units on account of CRA Charges Provision for Non-Performing Assets Other Expenses otal Expenditure (B)		-	
Provision for Non-Performing Assets Other Expenses otal Expenditure (B)	•	-	
Provision for Non-Performing Assets Other Expenses  otal Expenditure (B)	•	•	
Other Expenses  otal Expenditure (B)	•	•	
2000/GAMMHH	-	~	
	-	-	
the drawn of the second of the	-	-	
urplus/(Deficit) for the year (A-B)			
ess: Amount transferred (to) / from Unrealised Appreciation Reserve	_	•	
ss: Amount transferred (to) / from General Reserve	-	•	
mount carried forward to Balance Sheet	<u>.</u>		
	-	•	

# 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 SEPTEMBER 30, 2019

Schedule 4	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹	
Investments (Long Term and Short Term)				
Equity Shares	-		-	
Preference Shares	•	•	-	
Debentures and Bonds Listed/Awaiting Listing	•	•	-	
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	•	•	-	
Total		•	-	
Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹	
Deposits				
Deposits with Scheduled Banks		-	-	
·				
Total	-	*	_	
Schedule 6	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹	
Other Current Assets				
Duter Current washing			4	
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	-	<u>.</u>	•	
Redemption receivable on Non performing Investment	-	•	•	
Less: Provision for Non Performing Investment	-	•	•, -	
			•	
Total	*			

# 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 SEPTEMBER 30, 2019

Schedule 1	No.	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Init Capital				
Outstanding at the beginning of the year				
Add :Units Issued during the year		•	•	
Less: Units redeemed during the year		•	•	
Outstanding at the end of the year		-		
the state of the s				
(Face Value of Rs.10/- each unit, fully paid up)				
Outstanding units at the beginning of the year		•	-	
Add :Units issued during the year Less: Units redeemed during the year		~	-	
Outstanding units at the end of the year				
		The state of the s	-	
Schedule 2		As at Sept 30, 2019	As at March 31, 2019	As at Sept 30, 2018
Scriedule 2		₹	₹	As at 3ept 30, 2018
eserves and Surplus				
Jnit Premium Reserve				
Opening Balance		•		
Add: Premium on Units issued		-	-	
Less: Premium on Units receemed			_	
Add: Transfer from General Reserve		•		
Closing Balance		-	-	
ieneral Reserve				
Opening Balance				
Add: Transfer from Revenue Account			•	
Less: Transfer to Unit Premium Reserve			<u> </u>	
Closing Balance		-	*	
Inrealised Appreciation Reserve				
Opening Balance		•	_	
Add: Adjustment for Previous years unrealised appreciation reserve			•	
Add/(Less): Transfer from/ito) Revenue Account		-	•	
Closing Balance				
<b>*</b> 1				
Total		*	-	
Schedule 3		As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Current Liabilities and Provisions				
Current Liabilities				
Sundry Creditors for expenses				
Book Overdraft		•	•	
Redemption Payable		•	-	
nesemption ayabic		•		
TDS Payable		-	•	
TDS Payable				
TDS Payable Contracts for purchase of investments Amount Payable to Other Schemes		-	*	
TDS Payable Contracts for purchase of investments Amount Payable to Other Schemes Provision for Interest overcue			-	
TDS Payable Contracts for purchase of investments Amount Payable to Other Schemes Provision for Interest overcue Provision on upgraded assets		- - -	- -	
TDS Payable Contracts for purchase of investments Amount Payable to Other Schemes Provision for Interest overcue			:	
TDS Payable Contracts for purchase of investments Amount Payable to Other Schemes Provision for Interest overcue Provision on upgraded assets		,	· · ·	

### 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 SEPTEMBER 30, 2019

#### 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 Net Asset Value (NAV). As per the architecture, the NSDL e-Governance Infrastructure Ltd. and Karvy Computershare Private Limited, being the Central Recordkeeping Agencies (CRA) provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment / redemption. Unit capital is accounted for on the basis of data received from CRA and transfer of funds through Trustee Bank.

## 2. CRA's responsibilities includes:

- a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
- b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- d. PRAN Transaction Statement,
- e. An operational interface between 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, which is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, which is responsible for providing rates for valuation, which is used by PFM for valuation of investments. SHCIL also updates the ratings of Bonds and G Sec as well as Corporate Action.
- 4. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM records receipt of funds in the respective schemes only.
- 5. 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. 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 exdate 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.
- 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.

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

- i. 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.
- ii. 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.
- iii. Securities purchased by way of private placement are valued at cost till the date of creation of ISIN.
- iv. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- v. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- vi. 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.
- vii. Partly paid bonds are valued at cost till it is fully paid.
- viii. 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 Association of Mutual Funds in India (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.
- d. Interest on Fixed Deposits is accounted on accrual basis.
- 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 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:

Managemer	ıt Fees % p.a.*	Managem	ent Fees **
Current Period	Previous Period		Previous Period
0.01%	0.01%	₹NIL	₹NII.
4 1 1:			1

<sup>\*</sup> excluding 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 basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

NPS Trust Charges % p.a.		NPS Trus	st Charges
Current Period	Previous Period	<b>Current Period</b>	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			Previou	s 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 30th September, 2019 is ₹ NIL. (Previous Period ₹ NIL)

#### H. Net Asset Value:

Current Period	Previous Period		
As on 30th September, 2019	As on 31st March, 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			<b>Previous Period</b>				
Incom	e	Expendit	ure Income		e	Expenditure	
₹ in Crores	<b>%</b>	₹ in Crores	%	₹ in Crores	%	₹ in Crores	0/0
NIL	NIL	NIL .	NIL	NIL	NIL	NIL	NIL

<sup>\*\*</sup> including GST

# J. Other disclosures:

Particulars	<b>Current Period</b>	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	1	Nil

- N. Investment in associates and group companies:  $\mathsf{T}$  Nil (Previous Period:  $\mathsf{T}$  Nil)
- K. The Previous Period figures are regrouped/ reclassified, wherever necessary.