

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 ₹	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		109056 06 81 512	93707 82 11 838	77594 42 22 671
(b) Number of units outstanding		4131 60 72 531	3726 27 58 415	3330 47 83 185
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST
UTI RETIREMENT SOLUTIONS LIMITED
COMBINED REVENUE ACCOUNT OF ALL SCHEMES FOR THE HALF YEAR ENDED 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	87 14 03 311
Interest		3251 79 60 136	2819 92 15 566	2464 46 60 566
Profit on sale/redemption of investments		113 06 92 698	119 22 83 260	81 36 50 949
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		3318 38 19 263	4341 88 27 533	1063 00 45 596
Other income		-	-	-
- 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		-	-	-
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 Charges		(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
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		(1854 36 99 767)	(3869 05 90 817)	2224 94 46 299
Less: Amount transferred (to) / from General Reserve		(3240 13 49 439)	(2956 86 72 885)	(2581 93 70 163)
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST
UTI RETIREMENT SOLUTIONS LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE COMBINED BALANCE SHEET OF ALL SCHEMES AS AT 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			
Add :Units issued during the year	37262 75 84 165	33304 78 31 846	29875 24 19 373
Less: Units redeemed during the year	4229 67 94 750	4092 19 85 484	3570 45 32 144
Outstanding at the end of the year	<u>(176 36 53 596)</u>	<u>(134 22 33 165)</u>	<u>(140 91 19 671)</u>
	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			
Add :Units issued during the year	3726 27 58 415	3330 47 83 185	2987 52 41 937
Less: Units redeemed during the year	422 96 79 479	409 21 98 548	357 04 53 215
Outstanding units at the end of the year	<u>(17 63 65 363)</u>	<u>(13 42 23 318)</u>	<u>(14 09 11 967)</u>
	4131 60 72 531	3726 27 58 415	3330 47 83 185

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	33136 71 25 718	27807 21 52 572	23482 59 60 803
Add: Premium on Units issued	6445 63 00 042	5496 14 57 873	4494 75 91 963
Less: Premium on Units redeemed	(245 20 20 728)	(166 64 84 727)	(170 14 00 194)
Add: Transfer from General Reserve			
Closing Balance	<u>39337 14 05 032</u>	<u>33136 71 25 718</u>	<u>27807 21 52 572</u>
General Reserve			
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	<u>22332 93 99 994</u>	<u>19092 80 50 555</u>	<u>16135 93 77 670</u>
Unrealised Appreciation Reserve			
Opening Balance	4215 54 51 400	346 48 60 583	2571 43 06 882
Add: Adjustment for Previous years unrealised appreciation reserve			
Add/(Less): Transfer from/(to) Revenue Account	1854 36 99 767	3869 05 90 817	(2224 94 46 299)
Closing Balance	<u>6069 91 51 167</u>	<u>4215 54 51 400</u>	<u>346 48 60 583</u>
Total	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 ₹
Current Liabilities and Provisions			
Current Liabilities			
Sundry Creditors for expenses			
Book Overdraft	4 94 60 216	3 86 68 045	3 92 06 403
Redemption Payable	-	-	-
TDS Payable	10 32 77 178	8 00 21 253	6 04 29 404
Contracts for purchase of investments	12 13 752	10 83 942	8 78 863
Amount Payable to Other Schemes	123 09 54 222	6 12 93 253	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
Total	138 49 05 368	18 10 66 493	10 05 14 670

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 ₹
Investments (Long Term and Short Term)			
Equity Shares	13835 07 39 188	13106 02 98 079	10815 26 85 747
Preference Shares	-	-	2 66 07 076
Debentures and Bonds Listed/Awaiting Listing	39334 80 17 603	32653 94 29 336	25427 22 72 172
Central and State Government Securities (including treasury bills)	52215 55 25 990	45079 62 15 535	38119 54 65 389
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	1218 87 15 484	297 10 04 785	1460 18 22 294
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

Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Deposits			
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 ₹
Other Current Assets			
Balances with bank in a current account	8 84 79 894	116 31 57 340	1 65 00 033
Contracts for sale of investments	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	2354 45 45 037	1929 10 11 876	1739 54 66 092
Dividend Receivable	2 89 49 810	2 42 48 648	3 39 18 538
Brokerage receivable from PFM	-	2 998	-
Application money pending allotment	-	-	-
Sundry Debtors	-	20 25 64 819	35 00 00 000
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)	-
Total	2379 00 88 615	2093 09 85 681	1779 58 84 663

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	21 st May, 2009
2.	Scheme E - Tier II	14 th December, 2009
3.	Scheme C - Tier I	21 st May, 2009
4.	Scheme C - Tier II	14 th December, 2009
5.	Scheme G - Tier I	21 st May, 2009
6.	Scheme G - Tier II	14 th December, 2009
7.	Scheme A - Tier I	14 th October, 2016
8.	Scheme A - Tier II	20 th October, 2016
9.	Scheme - Central Govt.	1 st April, 2008
10.	Scheme - State Govt.	25 th June, 2009
11.	NPS Lite Scheme - Govt. Pattern	4 th October, 2010
12.	Scheme - Corporate CG	5 th November, 2012
13.	Atal Pension Yojana	4 th June, 2015

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

Sr. No.	Name of Scheme	Investment Objective
1.	Scheme E - Tier I	To optimize returns through investments in :- a. Shares of companies which are listed in BSE or NSE which have market capitalization of not less than Rs. 5000 crore as on the date of investment and on which derivatives are available; b. Units of Mutual funds regulated by the SEBI, which have minimum 65% of their investment in shares of body corporates listed on BSE or NSE;
2.	Scheme E - Tier II	c. ETFs / Index Funds regulated by the SEBI that replicate the portfolio of either BSE Index or NSE Nifty 50 Index; d. ETFs issued by SEBI regulated Mutual Funds constructed specifically for disinvestment of shareholding of the Government of India in body corporate; and e. Exchange traded derivatives regulated by SEBI
3.	Scheme C - Tier I	To optimize returns through investments in: - a. Listed (or proposed to be listed) debt securities issued by bodies corporate, including banks and public financial institutions, which have a minimum residual maturity period of three years from the date of investment;
4.	Scheme C - Tier II	b. Basel III Tier - 1 Bonds issued by scheduled commercial banks under RBI Guidelines; c. Rupee Bonds having an outstanding maturity of at least 3 years issued by institutions of the International Bank for Reconstruction and Development, International Finance Corporation and the Asian Development Bank; and d. Term deposit Receipts of not less than one year duration issued by scheduled commercial banks.
5.	Scheme G - Tier I	To optimize returns through investments in: - a. Government Securities; b. Other Securities the principal whereof and interest whereon is fully and unconditionally

6.	Scheme G - Tier II	guaranteed by the Central Government or any State Government; and c. Units of mutual funds set up as dedicated funds for investment in Government securities and regulated by the SEBI.												
7.	Scheme A - Tier I	To optimize returns through investments in: - a. Commercial mortgage based securities or Residential mortgage based securities b. Units issued by Real Estate Investment Trusts regulated by the Securities and Exchange Board of India												
8.	Scheme A - Tier II	c. Asset backed securities regulated by the Securities and Exchange Board of India d. Units of Infrastructure Investment Trusts regulated by the Securities and Exchange Board of India e. Alternative Investment Funds (AIF Category I & II) registered with Securities and Exchange Board of India.												
9.	Scheme - Central Govt.	To optimize returns by investing in the instruments as per the following prescribed limits: -												
10.	Scheme - State Govt.													
11.	NPS Lite Scheme - Govt. Pattern													
12.	Scheme - Corporate CG													
13.	Atal Pension Yojana													
		<table border="1"> <thead> <tr> <th>Instrument</th> <th>Limit</th> </tr> </thead> <tbody> <tr> <td>Govt. Securities</td> <td>Upto 55%</td> </tr> <tr> <td>Debt Securities i.e. Corporate Bonds, Term Deposit Receipts etc.</td> <td>Upto 45%</td> </tr> <tr> <td>Short Term Debt Instruments and related investments</td> <td>Upto 10%</td> </tr> <tr> <td>Equity and related investments</td> <td>Upto 15%</td> </tr> <tr> <td>Asset Backed, Trust Structured and Miscellaneous Investments</td> <td>Upto 5%</td> </tr> </tbody> </table>	Instrument	Limit	Govt. Securities	Upto 55%	Debt Securities i.e. Corporate Bonds, Term Deposit Receipts etc.	Upto 45%	Short Term Debt Instruments and related investments	Upto 10%	Equity and related investments	Upto 15%	Asset Backed, Trust Structured and Miscellaneous Investments	Upto 5%
Instrument	Limit													
Govt. Securities	Upto 55%													
Debt Securities i.e. Corporate Bonds, Term Deposit Receipts etc.	Upto 45%													
Short Term Debt Instruments and related investments	Upto 10%													
Equity and related investments	Upto 15%													
Asset Backed, Trust Structured and Miscellaneous Investments	Upto 5%													

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 uniformly 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 re-schedulement of NPA, it may be re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

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

- i) In case an issuer has fully cleared all the arrears of interest, the interest provisions can be written back in full.

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

- i) 100% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

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

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

Current Period				Previous Period			
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:

Sr. No.	Name of Scheme	Current Period	Previous Period
		As on 30th September, 2019 (in ₹)	As on 31st March, 2019 (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:

Current Period				Previous Period			
Income		Expenditure		Income		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:

Particular	₹ in Crores	
	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

*** 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 30th 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 30th 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	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 $\geq 5\%$ 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, कुतुब इंस्टीट्यूशनल एरिया, नई दिल्ली - 110 016
B-14/A, Qutab Institutional Area, New Delhi - 110 016
ई मेल: / Email Id : nps.trust@pfrda.org.in फोन / Phone : +91-11-26514032

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 recovering dues of interest is low, the accrual of interest on these instruments shall be stopped by the Pension Funds in order to protect the subscribers' interest i.e. to be fair to both the incoming and	

	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
Assets				
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		416 04 76 229	378 20 53 498	271 88 23 137
(b) Number of units outstanding		14 13 07 679	12 58 95 310	9 64 42 671
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME E - TIER I
REVENUE ACCOUNT FOR THE HALF YEAR ENDED 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		3 28 81 266	1 40 02 429	2 24 00 392
Interest		34 511	8 336	-
Profit on sale/redemption of investments		2 86 50 573	1 15 36 097	98 84 205
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		18 62 40 062	30 91 56 017	25 28 80 159
Other income				
- Miscellaneous Income		84	94	791
Total Income (A)		24 78 06 496	33 47 02 943	28 51 65 547
Expenses and Losses				
Unrealized losses in value of investments		29 77 60 230	10 79 21 107	14 43 59 800
Loss on sale/redemption of investments		2 04 08 810	-	52 92 727
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		2 31 045	1 75 771	1 55 804
NPS Trust fees		32 778	44 528	66 019
Custodian fees (including GST)		63 378	47 422	43 832
Depository and settlement charges (including GST)		10 178	7 679	6 317
CRA Fees		15 09 294	14 45 537	12 33 207
Less: Amount recoverable on sale of units on account of CRA Charges		(15 09 294)	(14 45 537)	(12 33 207)
Provision for Non-Performing Assets		-	-	-
Other Expenses		-	-	-
Total Expenditure (B)		31 85 06 419	10 81 96 507	14 99 24 499
Surplus/(Deficit) for the year (A-B)		(7 06 99 923)	22 65 06 436	13 52 41 048
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		11 15 20 168	(20 12 34 910)	(10 85 20 359)
Less: Amount transferred (to) / from General Reserve		(4 08 20 245)	(2 52 71 526)	(2 67 20 689)
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME E - TIER I
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 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	96 44 26 710	84 72 90 587
Add: Units issued during the year	21 69 32 476	32 83 66 115	16 23 17 235
Less: Units redeemed during the year	(6 28 08 785)	(3 38 39 728)	(4 51 81 112)
Outstanding at the end of the year	141 30 76 788	125 89 53 097	96 44 26 710
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year	12 58 95 310	9 64 42 671	8 47 29 059
Add: Units issued during the year	2 16 93 248	3 28 36 612	1 62 31 723
Less: Units redeemed during the year	(6 28 80 879)	(3 38 39 973)	(4 51 81 111)
Outstanding units at the end of the year	14 13 07 679	12 58 95 310	9 64 42 671
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 62 525	99 51 40 587
Add: Premium on Units issued	41 65 28 643	60 37 73 171	29 63 44 506
Less: Premium on Units redeemed	(12 15 29 680)	(6 15 75 633)	(8 38 22 568)
Add: Transfer from General Reserve	-	-	-
Closing Balance	204 48 59 026	174 98 60 063	120 76 62 525
General Reserve			
Opening Balance	14 07 37 246	11 54 65 720	8 87 45 031
Add: Transfer from Revenue Account	4 08 20 245	2 52 71 526	2 67 20 689
Less: Transfer to Unit Premium Reserve	-	-	-
Closing Balance	18 15 57 491	14 07 37 246	11 54 65 720
Unrealised Appreciation Reserve			
Opening Balance	63 25 03 092	43 12 68 182	32 27 47 823
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	(11 15 20 168)	20 12 34 910	10 85 20 359
Closing Balance	52 09 82 924	63 25 03 092	43 12 68 182
Total	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 ₹
Current Liabilities and Provisions			
Current Liabilities			
Sundry Creditors for expenses	1 79 173	1 31 606	1 34 737
Bank Overdraft	-	-	-
Redemption Payable	-	-	-
TDS Payable	25 08 518	29 66 854	17 39 265
Contracts for Purchase of Investments	4 382	3 893	2 991
Amount Payable to Other Schemes	-	99 96 850	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
Total	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 ₹
Investments (Long Term and Short Term)			
Equity Shares	413 09 39 897	366 82 56 021	268 60 91 005
Preference Shares	-	-	4 48 072
Debentures and Bonds Listed/Awaiting Listing	7 48 228	-	-
Central and State Government Securities (including treasury bills)	-	-	-
Commercial Paper	-	-	-
AIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/ Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	3 10 04 896	8 85 62 175	3 31 73 261
Non Convertible Debentures classified as NPA	-	-	-
Less: Provision on Non performing investment	-	-	-
Total	416 26 93 021	375 68 18 196	271 97 12 338

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 ₹
Other Current Assets			
Balances with bank in a current account	1	1 14 85 802	1
Contracts for sale of investments	-	-	-
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	9 87 791
Brokerage receivable from PFM	-	2 998	-
Application money pending allotment	-	-	-
Sundry Debtors	-	-	-
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
Total	4 75 281	1 19 72 194	9 87 792

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 crore as on the date of investment;
 - (ii) And derivatives with the shares as underlying traded in the either of the two stock exchange.
 - (b) Units of Mutual funds regulated by the Securities and Exchange Board of India, which have minimum 65% of their investment in shares of body corporates listed on BSE or NSE.
 - (c) Exchange Traded Funds (ETFs) / Index Funds regulated by the Securities and Exchange Board of India that replicate the portfolio of either BSE Index or NSE Nifty 50 Index.

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

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

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

C. Significant Accounting Policies

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

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 2,31,045	₹ 1,75,771

* excluding GST

** including GST

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

- 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 Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
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 Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
697.94	248.10	647.63	230.21	863.95	288.76	778.88	260.33

H. The aggregate value of non-traded investments (other than government securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 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		Income		Expenditure	
₹ 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 30th 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	Current Period	Previous Period
Non performing investments- Carrying value	Nil	Nil
Non performing investments- Market value	Nil	Nil
Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial interest	Nil	Nil

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

Name of Scheme	₹ in Crores			
	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 627.81	₹ 3.10	₹ 781.56	₹ 8.86

N. **Portfolio:** Industry wise classification where industry exposure % to total exposure in investment category $\geq 5\%$ as on 30th September, 2019 is given in Annexure A.

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

ANNEXURE A

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

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to Investment category
EQUITY SHARES				
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES				
HDFC BANK LTD.	242,974	298,238,436	7.17	7.22
ICICI BANK LTD.	604,835	262,316,940	6.30	6.35
AXIS BANK LTD.	305,843	209,502,455	5.04	5.07
KOTAK MAHINDRA BANK LTD.	106,595	175,290,148	4.21	4.24
INDUSIND BANK LTD.	97,617	135,058,000	3.25	3.27
STATE BANK OF INDIA	466,687	126,378,840	3.04	3.06
BANK OF BARODA	108,120	10,060,566	0.24	0.24
IDFC BANK LIMITED	64,936	2,610,427	0.06	0.06
YES BANK	61,055	2,527,677	0.06	0.06
PUNJAB NATIONAL BANK	3,627	224,693	0.01	0.01
		1,222,208,182	29.38	29.58
WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING				
INFOSYS LTD.	255,762	206,054,655	4.95	4.99
TATA CONSULTANCY SERVICES LTD.	77,222	162,112,145	3.90	3.92
TECH MAHINDRA LTD.	88,930	63,540,485	1.53	1.54
		431,707,285	10.38	10.45
PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING OILS, LUBRICATING OILS OR GREASES OR OTHER PRODUCTS FROM CRUDE PETROLEUM OR BITUMINOUS MINERALS				
RELIANCE INDUSTRIES LTD.	206,414	274,995,052	6.61	6.66
INDIAN OIL CORPORATION LTD.	219,400	32,339,560	0.78	0.78
CASTROL INDIA LTD.	79,800	10,856,790	0.26	0.26
		318,191,402	7.65	7.70
CONSTRUCTION OF UTILITY PROJECTS N.E.C.				
LARSEN & TOUBRO LTD.	168,783	248,828,338	5.98	6.02
		248,828,338	5.98	6.02
MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO				
ITC LIMITED	844,220	219,370,567	5.27	5.31
		219,370,567	5.27	5.31



NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME E - 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	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		26 35 00 460	23 31 04 245	18 81 70 590
(b) Number of units outstanding		1 09 77 706	95 18 035	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 ₹	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
Income				
Dividend		20 96 549	9 36 571	15 11 247
Interest		487	47	-
Profit on sale/redemption of investments		9 50 108	4 46 316	11 71 762
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		1 21 80 748	2 02 77 091	1 77 66 064
Other income		-	-	-
- Miscellaneous Income		33	-	253
Total Income (A)		1 52 27 925	2 16 60 025	2 04 49 326
Expenses and Losses				
Unrealized losses in value of investments		1 86 15 037	73 26 627	1 00 65 399
Loss on sale/redemption of investments		9 48 311	1	4 80 433
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		14 550	11 871	10 585
NPS Trust fees		2 075	3 065	4 485
Custodian fees (including GST)		3 754	3 051	3 228
Depository and settlement charges (including GST)		668	555	483
CRA Fees		24 265	22 926	21 199
Less: Amount recoverable on sale of units on account of CRA Charges		(24 265)	(22 926)	(21 199)
Provision for Non-Performing Assets		-	-	-
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 43 14 845	98 84 713
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		64 34 289	(1 29 50 464)	(77 00 665)
Less: Amount transferred (to) / from General Reserve		(20 77 819)	(13 64 381)	(21 84 048)
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

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			
Add :Units issued during the year	9 51 80 350	8 18 22 059	7 10 85 534
Less: Units redeemed during the year	(1 17 62 430)	(1 19 91 185)	(2 51 12 715)
Outstanding at the end of the year	<u>10 97 77 060</u>	<u>9 51 80 350</u>	<u>8 18 22 059</u>
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year			
Add :Units issued during the year	95 18 035	81 82 206	71 08 553
Less: Units redeemed during the year	26 35 914	25 34 948	25 11 272
Outstanding units at the end of the year	<u>(11 76 243)</u>	<u>(11 99 119)</u>	<u>(14 37 619)</u>
	<u>1 09 77 706</u>	<u>95 18 035</u>	<u>81 82 206</u>
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			
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	<u>9 39 78 123</u>	<u>7 38 22 148</u>	<u>5 65 61 629</u>
General Reserve			
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	<u>1 41 74 841</u>	<u>1 20 97 022</u>	<u>1 07 32 641</u>
Unrealised Appreciation Reserve			
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	(64 34 289)	1 29 50 464	77 00 665
Closing balance	<u>4 55 70 436</u>	<u>5 20 04 725</u>	<u>3 90 54 261</u>
Total	<u>15 37 23 400</u>	<u>13 79 23 895</u>	<u>10 63 48 531</u>
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	11 239	8 698	9 061
Redemption Payable	-	-	-
TDS Payable	3 62 567	9 81 309	8 80 815
Contracts for Purchase of Investments	277	250	205
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
Total	<u>3 74 083</u>	<u>9 90 257</u>	<u>8 90 081</u>

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 Sept 30, 2018 ₹
Investments (Long Term and Short Term)			
Equity Shares	26 04 30 183	23 19 74 263	18 46 72 045
Preference Shares	-	-	49 142
Debentures and Bonds Listed/Awaiting Listing	44 158	-	-
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	-
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	4 11 436	1
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	-	-	-
Less: Provision for interest on Non-Performing Investment	-	-	-
Outstanding and accrued income	321	47	-
Dividend Receivable	43 250	35 218	70 670
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	-	-
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
Total	43 572	4 46 701	70 671

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

- (d) 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 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 uniformly 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:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 14,550	₹ 11,871

* excluding GST

** including GST

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

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 Charges % 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 Period			
Purchase	%	Sales	%	Purchase	%	Sales	%
48.11	252.59	44.46	233.45	45.02	222.95	41.89	207.47

H. The aggregate value of non-traded investments (other than Government Securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 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:

Current Period				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ 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 30th 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	Nil

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

Name of Scheme	₹ in Crores			
	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 44.17	₹ 0.34	₹ 41.30	₹ 0.14

N. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category $\geq 5\%$ as on 30th September, 2019 is given in Annexure A.

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

ANNEXURE A

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

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
EQUITY SHARES				
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES				
HDFC BANK LTD.	13,590	16,681,046	6.33	6.41
ICICI BANK LTD.	36,192	15,696,470	5.96	6.03
AXIS BANK LTD.	19,228	13,171,180	5.00	5.06
KOTAK MAHINDRA BANK LTD.	7,560	12,432,042	4.72	4.77
INDUSIND BANK LTD.	6,566	9,084,389	3.45	3.49
STATE BANK OF INDIA	26,284	7,117,707	2.70	2.73
BANK OF BARODA	11,270	1,048,674	0.40	0.40
IDFC BANK LIMITED	5,000	201,000	0.08	0.08
YES BANK	3,450	142,830	0.05	0.05
		75,575,338	28.69	29.02
WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING				
INFOSYS LTD.	19,866	16,005,043	6.07	6.15
TATA CONSULTANCY SERVICES LTD.	5,154	10,819,792	4.11	4.15
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 LIQUID AND GASEOUS FUELS, ILLUMINATING OILS, LUBRICATING OILS OR GREASES OR OTHER PRODUCTS FROM CRUDE PETROLEUM OR BITUMINOUS MINERALS				
RELIANCE INDUSTRIES LTD.	12,079	16,092,248	6.11	6.18
INDIAN OIL CORPORATION LTD.	7,240	1,067,176	0.40	0.41
BHARAT PETROLEUM CORPORATION LTD.	1,158	544,376	0.21	0.21
CASTROL INDIA LTD.	2,060	280,263	0.11	0.11
		17,984,063	6.83	6.91
CONSTRUCTION OF UTILITY PROJECTS N.E.C.				
LARSEN & TOUBRO LTD.	10,938	16,125,347	6.12	6.19
		16,125,347	6.12	6.19
MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO				
ITC LIMITED	54,377	14,129,863	5.36	5.43
		14,129,863	5.36	5.43
ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS				
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	5,891	11,646,802	4.42	4.47
LIC HOUSING FINANCE LTD.	6,560	2,470,824	0.94	0.95
		14,117,626	5.36	5.42



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		245 91 26 535	216 33 78 979	160 45 23 230
(b) Number of units outstanding		9 79 51 346	9 00 56 867	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	Schedules	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹	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		-	-	-
Unrealized gain on appreciation in investments		4 99 14 353	6 62 12 428	12 762
Other income		-	-	-
- 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	74 305	6 66 58 278
Loss on sale/redemption of investments		-	-	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		1 37 287	1 05 952	89 965
NPS Trust fees		20 291	27 135	38 121
Custodian fees (including GST)		41 614	33 113	27 946
Depository and settlement charges (including GST)		7 122	6 583	5 232
CRA Fees		8 34 662	8 10 081	6 95 816
Less: Amount recoverable on sale of units on account of CRA Charges		(8 34 662)	(8 10 081)	(6 95 816)
Provision for Non-Performing Assets		96 00 000	2 50 000	-
Other Expenses		-	-	-
Total Expenditure (B)		3 42 55 918	4 97 088	6 68 19 542
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
Less: Amount transferred (to) / from General Reserve		(7 61 04 212)	(13 10 42 499)	(1 30 490)
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME C - TIER I
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 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	90 05 68 673	71 98 30 146	62 44 42 481
Add :Units issued during the year	12 82 24 429	21 21 41 445	12 10 64 377
Less: Units redeemed during the year	(4 92 79 643)	(3 14 02 918)	(2 56 76 712)
Outstanding at the end of the year	97 95 13 459	90 05 68 673	71 98 30 146
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year	9 00 56 867	7 19 83 014	6 24 44 248
Add :Units issued during the year	1 28 22 443	2 12 14 145	1 21 06 437
Less: Units redeemed during the year	(49 27 964)	(31 40 292)	(25 67 671)
Outstanding units at the end of the year	9 79 51 346	9 00 56 867	7 19 83 014

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	94 30 58 678	70 16 40 177	58 44 75 656
Add: Premium on Units issued	18 74 16 823	28 27 85 643	14 87 11 689
Less: Premium on Units redeemed	(7 21 83 014)	(4 13 67 142)	(3 15 47 168)
Add: Transfer from General Reserve	-	-	-
Closing Balance	105 82 92 487	94 30 58 678	70 16 40 177
General Reserve			
Opening Balance	31 40 95 406	18 30 52 907	18 29 22 417
Add: Transfer from Revenue Account	7 61 04 212	13 10 42 499	1 30 490
Less: Transfer to Unit Premium Reserve	-	-	-
Closing Balance	39 01 99 618	31 40 95 406	18 30 52 907
Unrealised Appreciation Reserve			
Opening Balance	56 56 222	-	61 63 615
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	2 54 64 749	56 56 222	(61 63 615)
Closing Balance	3 11 20 971	56 56 222	-
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 ₹
Current Liabilities and Provisions			
Current Liabilities			
Sundry Creditors for expenses	1 11 820	82 613	80 117
Book Overdraft	-	-	-
Redemption Payable	-	-	-
TDS Payable	16 72 190	16 64 388	13 72 493
Contracts for Purchase of Investments	2 713	2 380	1 793
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
Total	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 ₹
Investments (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)	-	-	-
Commercial Paper	-	-	-
AIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/ Commercial mortgage based Securitles or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	4 21 40 844	1 96 39 155	4 00 73 009
Non Convertible Debentures classified as NPA	86 00 000	52 50 000	-
Less: Provision on Non performing investment	(88 50 000)	-	-
Total	237 08 54 169	207 87 27 865	154 37 50 057
Schedule 5			
	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Deposits			
Deposits with Scheduled Banks	-	1 51 63 728	-
Total	-	1 51 63 728	-
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	12 99 306	57 25 898	4 12 500
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)	(8 95 738)	-
Outstanding and accrued income	8 87 59 783	6 47 60 869	6 18 15 076
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)	(2 50 000)	-
Total	9 00 59 089	7 12 36 767	6 22 27 576

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 treated as part of infrastructure as per Government of India's harmonized master list of infrastructure sub - sectors.

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

Provided that the investment under sub - categories (a), (b), (f) (i) to (iv) and (g) of this category no. (ii) shall be made only in such securities which have minimum AA rating or equivalent in the applicable rating scale from at least two credit rating agencies registered with the Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agency) Regulation, 1999.

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

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

Provided further that investments under this category requiring a minimum AA rating, as specified above, shall be permissible in securities having investment grade rating below AA in case the risk of default for

such securities is fully covered with Credit Default Swaps (CDSs) issued under Guidelines of the Reserve Bank of India and purchased alongwith the underlying securities. Purchase amount of such Swaps shall be considered to be investment made under this category.

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

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

Miscellaneous Investments (upto 5%)

- (a) Commercial mortgage based Securities or Residential mortgage based securities
- (b) Units issued by Real Estate Investment Trusts regulated by the Securities and Exchange Board of India.
- (c) Asset Backed Securities regulated by the Securities and Exchange Board of India.
- (d) Units of Infrastructure Investment Trusts regulated by the Securities and Exchange Board of India.

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

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

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

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

C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines - 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **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 uniformly 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 re-schedulement of NPA, it may be re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

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

i) In case an issuer has fully cleared all the arrears of interest, the interest provisions can be written back in full.

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

i) 100% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.

ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

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

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

- 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

* excluding GST

** 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 as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	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				Previous 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

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		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ 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

*** 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. Other disclosures:

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

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		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 280.34	₹ 4.21	₹ 359.35	₹ 1.96

O. **Portfolio:** Industry wise classification where industry exposure % to total exposure in investment category $\geq 5\%$ as on 30th September, 2019 is given in Annexure A.

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

NPS
TRUST

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, कुतुब इंस्टीट्यूशनल एरिया, नई दिल्ली - 110 016
B-14/A, Qutab Institutional Area, New Delhi - 110 016
ई मेल: / Email Id : nps.trust@ptrda.org.in फोन / Phone : +91-11-26514032

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 recovering dues of interest is low, the accrual of interest on these instruments shall be stopped by the Pension Funds in order to protect the subscribers' interest i.e. to be fair to both the incoming and	

	outgoing subscribers in terms of reflecting a realistic NAV of the schemes holding such securities.
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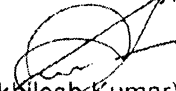
5. Further, the Authority has advised that the Pension Funds should stop accruing the interest on these securities and reverse the interest accrued but not recovered even if the securities are not classified as NPA on the above lines.

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,


(Akhlesh 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 exposure % to total exposure 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 BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES				
AXIS BANK LTD.	1,750,000	179,643,154	7.31	7.73
ICICI BANK LTD.	1,260,000	127,539,626	5.19	5.49
HDFC BANK LTD.	690,000	69,864,846	2.84	3.01
YES BANK	100,000	9,164,240	0.37	0.39
IDFC BANK LIMITED	90,000	9,011,133	0.37	0.39
KOTAK MAHINDRA BANK LTD.	80,000	8,264,456	0.34	0.36
PUNJAB NATIONAL BANK	20,000	1,964,896	0.08	0.08
		405,452,351	16.50	17.45
ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS				
LIC HOUSING FINANCE LTD.	1,640,000	168,983,102	6.87	7.27
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	217,776,844	8.86	9.37
EXPORT IMPORT BANK OF INDIA	770,000	79,103,125	3.22	3.40
		296,879,969	12.08	12.77
OTHER CREDIT GRANTING				
RURAL ELECTRIFICATION CORPORATION LIMITED	1,570,000	160,291,621	6.52	6.90
POWER FINANCE CORPORATION LTD.	1,100,000	111,072,406	4.52	4.78
INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.	50,000	4,902,840	0.20	0.21
		276,266,867	11.24	11.89
CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, ROADS, OTHER VEHICULAR AND PEDESTRIAN WAYS, HIGHWAYS, BRIDGES, TUNNELS AND SUBWAYS				
NATIONAL HIGHWAYS AUTHORITY OF INDIA	2,290,000	231,536,697	9.42	9.97
		231,536,697	9.42	9.97
PASSENGER RAIL TRANSPORT				
INDIAN 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		14 71 57 571	12 90 52 494	11 16 26 350
(b) Number of units outstanding		61 03 810	56 13 157	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	41 13 461
Profit on sale/redemption of investments		73 578	86 373	86 583
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		29 15 087	40 26 457	5 998
Other income		-	-	-
- Miscellaneous Income		5	34	22
Total Income (A)		81 65 138	87 29 548	42 06 064
Expenses and Losses				
Unrealized losses in value of investments		12 23 344	13 910	43 42 745
Loss on sale/redemption of investments		-	-	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		8 232	6 990	6 201
NPS Trust fees		1 217	1 832	2 628
Custodian fees (including GST)		2 497	2 205	1 929
Depository and settlement charges (including GST)		863	784	742
CRA Fees		11 530	10 989	10 430
Less: Amount recoverable on sale of units on account of CRA Charges		(11 530)	(10 989)	(10 430)
Provision for Non-Performing Assets		3 40 000	-	-
Other Expenses		-	-	-
Total Expenditure (B)		15 76 153	25 721	43 54 245
Surplus/(Deficit) for the year (A-B)		65 88 985	87 03 827	(1 48 181)
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		(16 91 743)	(6 16 338)	9 40 538
Less: Amount transferred (to) / from General Reserve		(48 97 242)	(80 87 489)	(7 92 357)
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME C - TIER II
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 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			
Add :Units issued during the year	5 61 31 569	5 22 28 953	4 61 17 250
Less: Units redeemed during the year	1 34 94 629	1 23 32 698	1 27 51 732
Outstanding at the end of the year	<u>(85 88 097)</u>	<u>(84 30 082)</u>	<u>(66 40 029)</u>
	6 10 38 101	5 61 31 569	5 22 28 953
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year			
Add :Units issued during the year	56 13 157	52 22 895	46 11 725
Less: Units redeemed during the year	13 49 463	12 33 270	12 75 173
Outstanding units at the end of the year	<u>(8 58 810)</u>	<u>(8 43 008)</u>	<u>(6 64 003)</u>
	61 03 810	56 13 157	52 22 895

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	4 36 45 133	3 88 25 432	3 18 88 778
Add: Premium on Units issued	1 84 26 255	1 50 26 943	1 44 38 569
Less: Premium on Units redeemed	(1 18 16 695)	(1 02 07 242)	(75 01 915)
Add: Transfer from General Reserve	-	-	-
Closing Balance	<u>5 02 54 693</u>	<u>4 36 45 133</u>	<u>3 88 25 432</u>
General Reserve			
Opening Balance	2 86 59 454	2 05 71 965	1 97 79 608
Add: Transfer from Revenue Account	48 97 242	80 87 489	7 92 357
Less: Transfer to Unit Premium Reserve	-	-	-
Closing Balance	<u>3 35 56 696</u>	<u>2 86 59 454</u>	<u>2 05 71 965</u>
Unrealised Appreciation Reserve			
Opening Balance	6 16 338	-	9 40 538
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	16 91 743	6 16 338	(9 40 538)
Closing Balance	<u>23 08 081</u>	<u>6 16 338</u>	<u>-</u>
Total	8 61 19 470	7 29 20 925	5 93 97 397

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	6 940	5 484	5 670
Redemption Payable	-	-	-
TDS Payable	3 53 487	3 01 247	1 02 538
Contracts for Purchase of Investments	172	157	135
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
Total	3 60 599	3 06 888	1 08 343

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	14 23 25 916	12 31 78 089	10 55 60 542
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	8 11 285	13 32 931	24 29 459
Non Convertible Debentures classified as NPA	90 000	3 00 000	-
Less: Provision on Non performing investment	(3 40 000)	-	-
Total	14 28 87 201	12 48 11 020	10 79 90 001

Schedule 5	As at Sept 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	1
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	1 97 705	51 359	-
Less: Provision for interest on Non-Performing Investment	(1 97 705)	(51 359)	-
Outstanding and accrued income	46 30 969	42 77 837	37 44 691
Dividend Receivable	-	-	-
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	37 44 692

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 14th December, 2009.
3. **Investment pattern to be followed as per the PFRDA Regulations:**
 - (a) Listed (or proposed to be listed in case of fresh issue) debt securities issued by bodies corporate, including banks and public financial institutions (Public Financial Institutions as defined under Section 2 of the Companies Act, 2013), which have a minimum residual maturity period of three years from the date of investment.
 - (b) Basel III Tier - 1 Bonds issued by scheduled commercial banks under RBI Guidelines:
 - (c) Rupee Bonds having an outstanding maturity of at least 3 years issued by institutions of the International Bank for Reconstruction and Development, International Finance Corporation and the Asian Development Bank.
 - (d) Term deposit Receipts of not less than one year duration issued by scheduled commercial banks, which satisfy the following conditions on the basis of published annual report(s) for the most recent years, as required to have been published by them under law:
 - (i) Having declared profit in the immediately preceding three financial years;

- (ii) maintaining a minimum Capital to Risk Weighted Assets Ratio of 9%, or mandated by prevailing RBI norms, whichever is higher;
 - (iii) having net non-performing assets of not more than 4% of the net advances;
 - (iv) having a minimum net worth of not less than Rs. 200 crores.
- (e) Units of Debt Mutual Funds as regulated by Securities and Exchange Board of India;
- (f) The following infrastructure related debt instruments:
- (i) Listed (or proposed to be listed in case of fresh issue) debt securities issued by body corporates engaged mainly in the business of development or operation and maintenance of infrastructure, or development, construction or finance of low cost housing.
 - (ii) Infrastructure and affordable housing Bonds issued by any scheduled commercial bank, which meets the conditions specified in (ii) (d) above.
 - (iii) Listed (or proposed to be listed in case of fresh issue) securities issued by Infrastructure debt funds operating as a Non - Banking Financial Company and regulated by Reserve Bank of India.
 - (iv) Listed (or proposed to be listed in case of fresh issue) units issued by Infrastructure Debt Funds operating as a Mutual Fund and regulated by Securities and Exchange Board of India.

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

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

Provided that the investment under sub - categories (a), (b), (f) (i) to (iv) and (g) of this category no. (ii) shall be made only in such securities which have minimum AA rating or equivalent in the applicable rating scale from at least two credit rating agencies registered with the Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agency) Regulation, 1999.

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

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

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

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

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

Miscellaneous Investments (upto 5%)

- (a) Commercial mortgage based Securities or Residential mortgage based securities
- (b) Units issued by Real Estate Investment Trusts regulated by the Securities and Exchange Board of India.
- (c) Asset Backed Securities regulated by the Securities and Exchange Board of India.
- (d) Units of Infrastructure Investment Trusts regulated by the Securities and Exchange Board of India.

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

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

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

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

C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines - 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **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 uniformly 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 re-schedulement of NPA, it may be re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

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

i) In case an issuer has fully cleared all the arrears of interest, the interest provisions can be written back in full.

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

- i) 100% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

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

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

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 8,232	₹ 6,990

* excluding GST

** 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 as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 1,217	₹ 1,832

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	%
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			
Income		Expenditure		Income		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 30th 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

*** 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. Other disclosures:

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

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		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 27.08	₹ 0.08	₹ 28.40	₹ 0.13

O. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category $\geq 5\%$ as on 30th September, 2019 is given in Annexure A.

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



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 recovering dues of interest is low, the accrual of interest on these instruments shall be stopped by the Pension Funds in order to protect the subscribers' interest i.e. to be fair to both the incoming and	

	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 Sadaniandan, 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 exposure % to total exposure 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 BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES				
AXIS BANK LTD.	90,000	9,481,319	6.44	6.71
ICICI BANK LTD.	80,000	8,184,439	5.56	5.79
HDFC BANK LTD.	70,000	7,087,738	4.82	5.01
KOTAK MAHINDRA BANK LTD.	10,000	1,033,057	0.70	0.73
IDFC BANK LIMITED	10,000	1,007,600	0.68	0.71
		26,794,153	18.20	18.95
ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS				
LIC HOUSING FINANCE LTD.	120,000	12,415,330	8.44	8.78
HOUSING AND URBAN DEVELOPMENT CORPORATION	80,000	8,409,286	5.71	5.95
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	30,000	3,063,095	2.08	2.17
		23,887,711	16.23	16.90
OTHER CREDIT GRANTING				
RURAL ELECTRIFICATION CORPORATION LIMITED	90,000	9,080,257	6.17	6.42
POWER FINANCE CORPORATION LTD.	80,000	8,102,557	5.51	5.73
		17,182,814	11.68	12.15
OTHER MONETARY INTERMEDIATION SERVICES N.E.C.				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	120,000	12,442,226	8.46	8.80
EXPORT IMPORT BANK OF INDIA	30,000	3,037,098	2.06	2.15
		15,479,324	10.52	10.95
CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, ROADS, OTHER VEHICULAR AND PEDESTRIAN WAYS, HIGHWAYS, BRIDGES, TUNNELS AND SUBWAYS				
NATIONAL HIGHWAYS AUTHORITY OF INDIA	130,000	13,180,508	8.96	9.32
		13,180,508	8.96	9.32
TRANSMISSION OF ELECTRIC ENERGY				
POWER GRID CORPORATION OF INDIA LTD.	90,000	9,214,304	6.26	6.52
		9,214,304	6.26	6.52
PASSENGER RAIL TRANSPORT				
INDIAN RAILWAY FINANCE CORPORATION LTD.	70,000	7,083,634	4.81	5.01
		7,083,634	4.81	5.01



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 ₹
Liabilities				
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		388 28 25 800	329 65 83 725	239 66 85 558
(b) Number of units outstanding		16 15 51 411	14 87 29 906	11 78 78 255
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME G - TIER I
REVENUE ACCOUNT FOR THE HALF YEAR ENDED 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		13 23 79 156	10 32 62 353	8 56 75 268
Profit on sale/redemption of investments		12 22 364	27 51 008	12 60 535
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		15 69 93 458	12 69 32 399	1 07 960
Other income		-	-	-
- Miscellaneous Income		59	157	720
Total Income (A)		29 05 95 037	23 29 45 917	8 70 44 483
Expenses and Losses				
Unrealized losses in value of investments		20 71 558	6 40 221	9 44 60 937
Loss on sale/redemption of investments		-	-	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		2 14 343	1 61 480	1 33 264
NPS Trust fees		32 029	41 210	56 468
Custodian fees (including GST)		64 239	50 736	42 709
Depository and settlement charges (including GST)		15 254	17 907	11 316
CRA Fees		12 63 588	11 95 200	10 35 946
Less: Amount recoverable on sale of units on account of CRA Charges		(12 63 588)	(11 95 200)	(10 35 946)
Provision for Non-Performing Assets		-	-	-
Other Expenses		-	-	-
Total Expenditure (B)		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	(76 60 211)
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		(15 49 21 900)	(81 75 679)	-
Less: Amount transferred (to) / from General Reserve		(13 32 75 714)	(22 38 58 684)	76 60 211
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

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 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	117 87 82 553	102 40 43 986
Add :Units issued during the year	20 09 52 990	34 68 52 225	19 27 22 825
Less: Units redeemed during the year	(7 27 37 938)	(3 83 35 720)	(3 79 84 258)
Outstanding at the end of the year	161 55 14 110	148 72 99 058	117 87 82 553
(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			
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 76 686	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 00 599
Add: Transfer from Revenue Account	13 32 75 714	22 38 58 684	(7 60 211)
Less: Transfer to Unit Premium Reserve	-	-	-
Closing Balance	59 68 74 786	46 35 99 072	23 97 40 388
Unrealised Appreciation Reserve			
Opening Balance	81 75 679	-	-
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	15 49 21 900	81 75 679	-
Closing Balance	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			
Current Liabilities			
Sundry Creditors for expenses	1 77 440	1 31 801	1 20 360
Book Overdraft	-	-	-
Redemption Payable	17 67 354	16 78 377	14 44 872
TDS Payable	4 337	3 858	2 691
Contracts for Purchase of Investments	-	4 00 11 194	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
Total	19 49 131	4 18 25 230	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 ₹
Investments (Long Term and Short Term)			
Equity Shares	-	-	-
Preference Shares	-	-	-
Debentures and Bonds Listed/Awaiting Listing	-	-	-
Central and State Government Securities (including treasury bills)	379 67 12 171	319 17 88 628	228 65 20 176
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	2 97 29 978	6 30 35 210	7 31 46 533
Non Convertible Debentures classified as NPA	-	-	-
Less: Provision on Non performing investment	-	-	-
Total	382 64 42 149	325 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	1
Contracts for sale of investments	-	-	-
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	-	20 00 559	-
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
Total	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

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 uniformly 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:**
- Dividend income is accrued on the "ex-dividend" date.
 - 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.
 - Other income of miscellaneous nature is accounted for when there is certainty of collection.
 - 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 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 as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 2,14,343	₹ 1,61,480

* excluding GST

** 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 as under:

NPS Trust Charges % p.a.		NPS Trust 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				Previous 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)

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				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ 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:

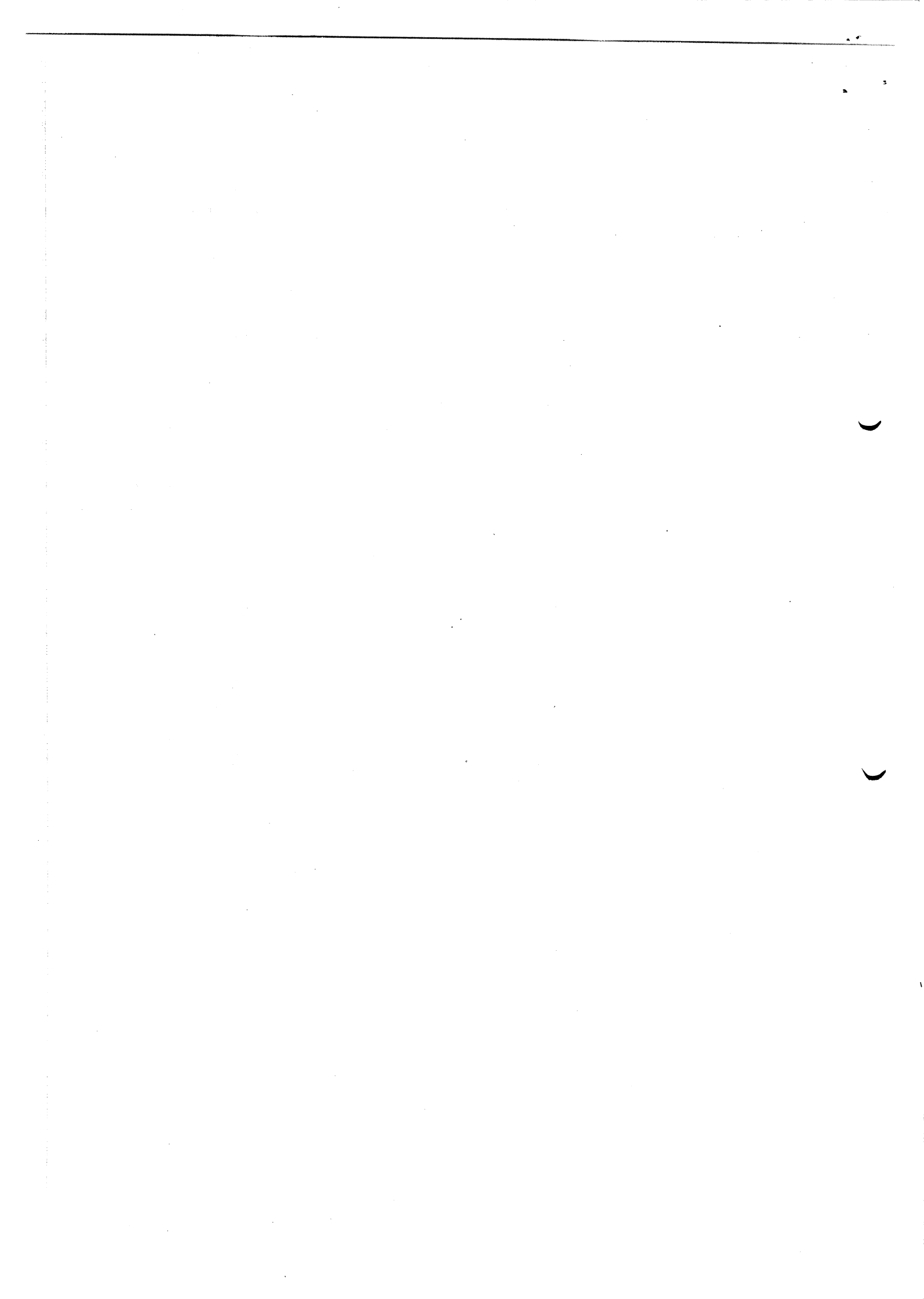
Particulars	Current Period	Previous Period
Contingent liabilities	Nil	Nil
Non performing investments- Carrying value	Nil	Nil
Non performing investments- Market value	Nil	Nil
Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial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

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	Current Period		Previous Period	
	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		20 82 79 739	16 84 77 729	13 74 15 410
(b) Number of units outstanding		84 40 702	73 90 598	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	57 16 808	48 57 766
Profit on sale/redemption of investments		1 16 967	1 15 052	1 01 298
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		78 06 250	74 78 899	17 210
Other income		-	-	-
- Miscellaneous Income		5	-	21
Total Income (A)		1 48 36 632	1 33 10 759	49 76 295
Expenses and Losses				
Unrealized losses in value of investments		1 63 252	2 850	55 35 347
Loss on sale/redemption of investments		-	-	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		11 267	8 891	7 539
NPS Trust fees		1 711	2 312	3 194
Custodian fees (including GST)		3 319	2 762	2 373
Depository and settlement charges (including GST)		1 122	1 004	937
CRA Fees		16 237	13 900	12 901
Less: Amount recoverable on sale of units on account of CRA Charges		(16 237)	(13 900)	(12 901)
Provision for Non-Performing Assets		-	-	-
Other Expenses		-	-	-
Total Expenditure (B)		1 80 671	17 819	55 49 390
Surplus/(Deficit) for the year (A-B)		1 46 55 961	1 32 92 940	(5 73 095)
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		(76 42 998)	(9 05 118)	-
Less: Amount transferred (to) / from General Reserve		(70 12 963)	(1 23 87 822)	5 73 095
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME G - TIER II
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 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	5 63 86 666
Add :Units issued during the year	1 94 70 744	1 67 14 479	1 58 19 442
Less: Units redeemed during the year	(89 69 707)	(87 25 796)	(62 88 808)
Outstanding at the end of the year	8 44 07 020	7 39 05 983	6 59 17 300
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year	73 90 598	65 91 730	56 38 667
Add :Units issued during the year	19 47 075	16 71 448	15 81 944
Less: Units redeemed during the year	(8 96 971)	(8 72 580)	(6 28 881)
Outstanding units at the end of 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 ₹
Reserves and Surplus			
Unit Premium Reserve			
Opening Balance	6 10 85 045	5 13 04 349	4 09 53 337
Add: Premium on Units issued	2 73 09 492	2 02 31 192	1 70 94 212
Less: Premium on Units redeemed	(1 26 64 480)	(1 04 50 496)	(67 43 200)
Add: Transfer from General Reserve	-	-	-
Closing Balance	7 57 30 057	6 10 85 045	5 13 04 349
General Reserve			
Opening Balance	3 25 81 583	2 01 93 761	2 07 66 856
Add: Transfer from Revenue Account	70 12 963	1 23 87 822	(5 73 095)
Less: Transfer to Unit Premium Reserve	-	-	-
Closing Balance	3 95 94 546	3 25 81 583	2 01 93 761
Unrealised Appreciation Reserve			
Opening Balance	9 05 118	-	-
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	76 42 998	9 05 118	-
Closing Balance	85 48 116	9 05 118	-
Total	12 38 72 719	9 45 71 746	7 14 98 110
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	9 534	7 056	6 893
Book Overdraft	-	-	-
Redemption Payable	2 38 525	3 66 377	1 09 700
TDS Payable	243	202	158
Contracts for Purchase of Investments	-	10 25 928	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
Total	2 48 302	13 99 563	1 16 751

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 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)	20 38 66 631	16 35 35 549	13 18 56 062
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	12 73 849	28 38 989	32 04 537
Non Convertible Debentures classified as NPA	-	-	-
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 Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Other Current Assets			
Balances with bank in a current account	-	3 48 637	1
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	-	-	-
Less: Provision for interest on Non-Performing Investment	-	-	-
Outstanding and accrued income	33 87 561	28 36 682	24 71 561
Dividend Receivable	-	-	-
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	51 296	-
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
Total	33 87 561	32 36 615	24 71 562

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 14th 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 uniformly 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	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 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 as under:

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 11,267	₹ 8,891

* excluding GST

** 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 as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
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 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)

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			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
1.48	7.76	0.02	0.09	1.33	8.80	0.002	0.01

L. Other disclosures:

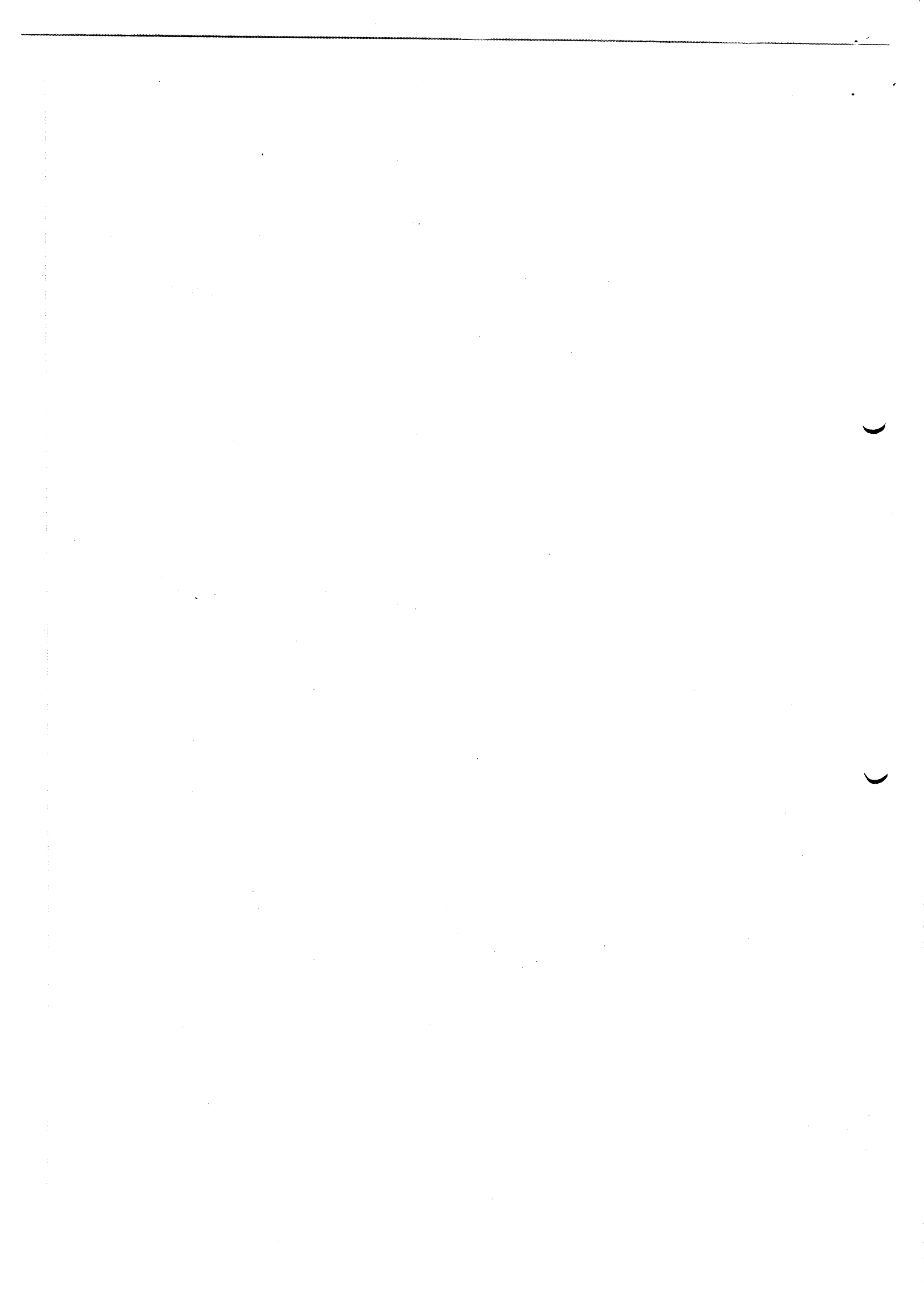
Particulars	Current Period	Previous Period
Contingent liabilities	Nil	Nil
Non performing investments- Carrying value	Nil	Nil
Non performing investments- Market value	Nil	Nil
Brokerage, custodial fees and other charges to entities where PFM or its subsidiaries or its major shareholders have substantial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

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	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 42.38	₹ 0.13	₹ 34.52	₹ 0.28

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		1 47 23 917	1 14 13 874	57 27 727
(b) Number of units outstanding		12 05 586	9 65 674	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	Schedules	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
Income				
Dividend		-	-	-
Interest		107	30	-
Profit on sale/redemption of investments		56 077	56 034	2 05 909
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		3 75 960	2 32 111	-
Other income		-	-	-
- 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		-	-	27 633
Loss on sale/redemption of investments		-	-	-
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		781	451	292
NPS Trust fees		119	106	124
Custodian fees (including GST)		-	-	-
Depository and settlement charges (including GST)		-	-	-
CRA Fees		8 725	6 983	5 028
Less: Amount recoverable on sale of units on account of CRA Charges		(8 725)	(6 983)	(5 028)
Provision for Non-Performing Assets		-	-	-
Other Expenses		-	-	-
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)	(2 32 111)	27 633
Less: Amount transferred (to) / from General Reserve		(55 284)	(55 515)	(2 05 499)
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME A - TIER I
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 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	96 56 744	50 30 197	34 20 117
Add :Units issued during the year	34 76 758	49 80 158	21 77 701
Less: Units redeemed during the year	(10 77 636)	(3 53 611)	(5 67 621)
Outstanding at the end of the year	1 20 55 866	96 56 744	50 30 197
(Face Value of Rs.10/- each unit, fully paid up)			
Outstanding units at the beginning of the year	9 65 674	5 03 020	3 42 012
Add :Units issued during the year	3 47 676	4 98 016	2 17 770
Less: Units redeemed during the year	(1 07 764)	(35 362)	(56 762)
Outstanding units at the end of the year	12 05 586	9 65 674	5 03 020
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	11 91 224	4 19 250	2 36 404
Add: Premium on Units issued	6 95 897	8 29 712	2 51 193
Less: Premium on Units redeemed	(2 16 220)	(57 738)	(68 347)
Add: Transfer from General Reserve	-	-	-
Closing Balance	16 70 901	11 91 224	4 19 250
General Reserve			
Opening Balance	3 30 727	2 75 212	69 713
Add: Transfer from Revenue Account	55 284	55 515	2 05 499
Less: Transfer to Unit Premium Reserve	-	-	-
Closing Balance	3 86 011	3 30 727	2 75 212
Unrealised Appreciation Reserve			
Opening Balance	2 35 179	3 068	30 701
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	3 75 960	2 32 111	(27 633)
Closing Balance	6 11 139	2 35 179	3 068
Total	26 68 051	17 57 130	6 97 530

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	496	262	210
Book Overdraft	-	-	-
Redemption Payable	61 101	19 240	73
TDS Payable	12	9	5
Contracts for purchase of investments	-	-	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
Total	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 ₹
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 securities:	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	1 47 85 526	1 11 44 791	57 28 015
Non Convertible Debentures classified as NPA	-	-	-
Less: Provision on Non performing investment	-	-	-
Total	1 47 85 526	1 11 44 791	57 28 015

Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Deposits			
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 ₹
Other Current Assets			
Balances with bank in a current account	-	1 30 177	-
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	-	-	-
Less: Provision for interest on Non-Performing Investment	-	-	-
Outstanding and accrued income	-	30	-
Dividend Receivable	-	-	-
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	-	-
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
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.
2. **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 mortgage based securities
 - b. Units issued by Real Estate Investment Trusts regulated by the Securities and Exchange Board of India (SEBI)
 - c. Asset backed securities regulated by the SEBI.
 - d. Units issued by Infrastructure Investment Trusts regulated by the SEBI.
 - e. Alternative Investment Funds (AIF Category I & II) registered with SEBI.
4. Contributions to the Scheme by the investors are withdrawable in accordance with the Pension Fund Regulatory and Development Authority Exit and Withdrawals under National Pension System) Regulations, 2015.

C. Significant Accounting Policies

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

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.01%	0.01%	₹ 781	₹ 451

* excluding GST

** including GST

F. NPS Trust Charges: The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

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

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			
Income		Expenditure		Income		Expenditure	
₹	%	₹	%	₹	%	₹	%
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:

Name of Scheme	₹ in Crores			
	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 0.50	₹ 1.48	₹ 1.28	₹ 1.11

M. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category $\geq 5\%$ as on 30th 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		-	-	-
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 ₹
Income				
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)		-	-	-
Surplus/(Deficit) for the year (A-B)		-	-	-
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		-	-	-
Less: Amount transferred (to) / from General Reserve		-	-	-
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

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, 2018 ₹
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, 2018 ₹
Reserves and Surplus			
Unit Premium Reserve			
Opening Balance	-	-	-
Add: Premium on Units issued	-	-	-
Less: Premium on Units redeemed	-	-	-
Add: Transfer from General Reserve	-	-	-
Closing Balance	-	-	-
General Reserve			
Opening Balance	-	-	-
Add: Transfer from Revenue Account	-	-	-
Less: Transfer to Unit Premium Reserve	-	-	-
Closing Balance	-	-	-
Unrealised Appreciation Reserve			
Opening Balance	-	-	-
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	-	-	-
Closing Balance	-	-	-
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	-	-	27
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	-	-	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 ₹
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 securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>

Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Deposits			
Deposits with Scheduled Banks	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>

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	-	-	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	-	-	-
Redemption receivable on Non performing Investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
Total	<u>-</u>	<u>-</u>	<u>27</u>

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:
 - 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 20th October, 2016.
3. **Investment pattern to be followed as per PFRDA Regulations:**
 - a. Commercial mortgage based securities or Residential mortgaged based securities
 - b. Units issued by Real Estate Investment Trusts regulated by the Securities and Exchange Board of India (SEBI)
 - c. Asset backed securities regulated by the SEBI.
 - d. Units issued by Infrastructure Investment Trusts regulated by the SEBI.
 - e. Alternative Investment Funds (AIF Category I & II) registered with SEBI.
4. Contributions to the Scheme by the investors are withdrawable in accordance with the Pension Fund Regulatory and Development Authority (Exit and Withdrawals under National Pension System) Regulations, 2015.

C. Significant Accounting Policies

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

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

* excluding GST

** including GST

F. NPS Trust Charges: The Scheme has accrued NPS Trust Charges payable to NPS Trust as a percentage of Scheme's Average Daily Net Assets. The basis of NPS Trust Charges and aggregate NPS Trust Fees are as under:

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

G. Purchase/Sale of Investments: During the 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				Previous 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)

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			
Income		Expenditure		Income		Expenditure	
₹	%	₹	%	₹	%	₹	%
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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	Current Period		Previous Period	
	Purchase	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ NIL	₹ NIL	₹ NIL	₹ NIL

M. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category $\geq 5\%$ as on 30th September, 2019 is Nil.

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

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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
Assets				
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		41727 15 72 185	36561 28 29 574	31105 41 38 424
(b) Number of units outstanding		1439 72 38 941	1326 72 18 055	1222 05 36 080
Significant Accounting Policies and Notes to Accounts	7			

NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT
REVENUE ACCOUNT FOR THE HALF YEAR ENDED 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		43 74 54 569	19 88 87 030	34 89 95 609
Interest		1265 01 23 465	1123 22 63 026	1001 41 11 791
Profit on sale/redemption of investments		44 28 91 781	42 21 99 267	34 67 18 785
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		1268 07 08 570	1709 93 58 795	434 03 66 184
Other income		-	-	-
- Miscellaneous Income		14 331	548	20 029
Total Income (A)		2621 11 92 716	2895 27 08 666	1505 02 12 398
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		-	-	-
Management fees (including GST)		2 36 92 910	2 02 95 540	1 80 12 551
NPS Trust fees		34 27 883	52 33 520	74 82 781
Custodian fees (including GST)		67 24 009	59 59 920	54 18 021
Depository and settlement charges (including GST)		11 76 304	12 14 393	11 00 498
CRA Fees		63 492	75 043	2 25 898
Less: Amount recoverable on sale of units on account of CRA Charges		(63 492)	(75 043)	(2 25 898)
Provision for Non-Performing Assets		61 24 85 522	9 50 14 479	-
Other Expenses		-	-	-
Total Expenditure (B)		658 43 18 050	197 70 23 769	1355 83 41 330
Surplus/(Deficit) for the year (A-B)		1962 68 74 666	2697 56 84 897	149 18 71 068
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		(697 77 00 696)	(1525 06 54 267)	896 36 28 188
Less: Amount transferred (to) / from General Reserve		(1264 91 73 970)	(1172 50 30 630)	(1045 54 99 256)
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 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 ₹
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	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	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 Liabilities and Provisions			
Current Liabilities			
Sundry Creditors for expenses	1 90 24 567	1 52 49 818	1 57 70 399
Book Overdraft	-	-	-
Redemption Payable	3 60 40 250	3 56 52 591	1 55 87 993
TDS Payable	4 64 725	4 25 451	3 52 211
Contracts for purchase of investments	16 04 90 333	-	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
Total	21 60 19 875	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 ₹
Investments (Long Term and Short Term)			
Equity Shares	5280 65 35 275	5074 91 41 109	4292 56 42 618
Preference Shares	-	-	1 33 30 096
Debentures and Bonds Listed/Awaiting Listing	15135 00 38 978	12725 19 05 120	10303 14 23 216
Central and State Government Securities (including treasury bills)	20024 85 32 988	17724 25 33 864	15241 68 36 817
Commercial Paper	-	-	-
AIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/ Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Base I/III Tier I bonds	-	-	-
Others - Mutual Fund Units	302 93 45 263	57 03 35 613	535 12 40 461
Non Convertible Debentures classified as NPA	27 00 00 000	48 75 00 000	-
Less: Provision on Non performing investment	(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 25 000
Contracts for sale of investments	3 46 50 982	-	-
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	713 68 97 324
Dividend Receivable	1 10 79 305	95 95 141	1 30 53 495
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	5 00 00 000	19 00 00 000
Redemption receivable on Non performing Investment	24 00 00 000	19 00 00 000	-
Less: Provision for Non Performing Investment	(24 00 00 000)	(7 00 00 000)	-
Total	925 06 39 556	810 59 04 847	734 73 75 819

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

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 uniformly 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 re-schedulement of NPA, it may be re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

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

- i) In case an issuer has fully cleared all the arrears of interest, the interest provisions can be written back in full.

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

- i) 100% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

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

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

2. 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 ascertainable.
3. Money Market Instruments like T - Bill, CP and CD should be typically valued at amortised cost, unless traded, which is contrary to the stipulation in accounting policy.	Money Market instruments are valued as per debt securities. i.e. upto 60 days residual maturity - Amortisation, above 60 days - YTM basis.	Impact was not ascertainable.
4. Front-end discount should be reduced from the Cost of investments.	Front-end discount is taken to Income.	Impact was not 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 as under:

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

* excluding GST

** 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 as under:

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

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	%
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				Previous Period			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ 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 30th September, 2019 is as under:

₹ in Crores

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	-	74.41
Market Value***	-	-
% of NPA (Gross) to AUM	0.17	0.23

*** Investment is not traded; hence market value is not ascertainable.

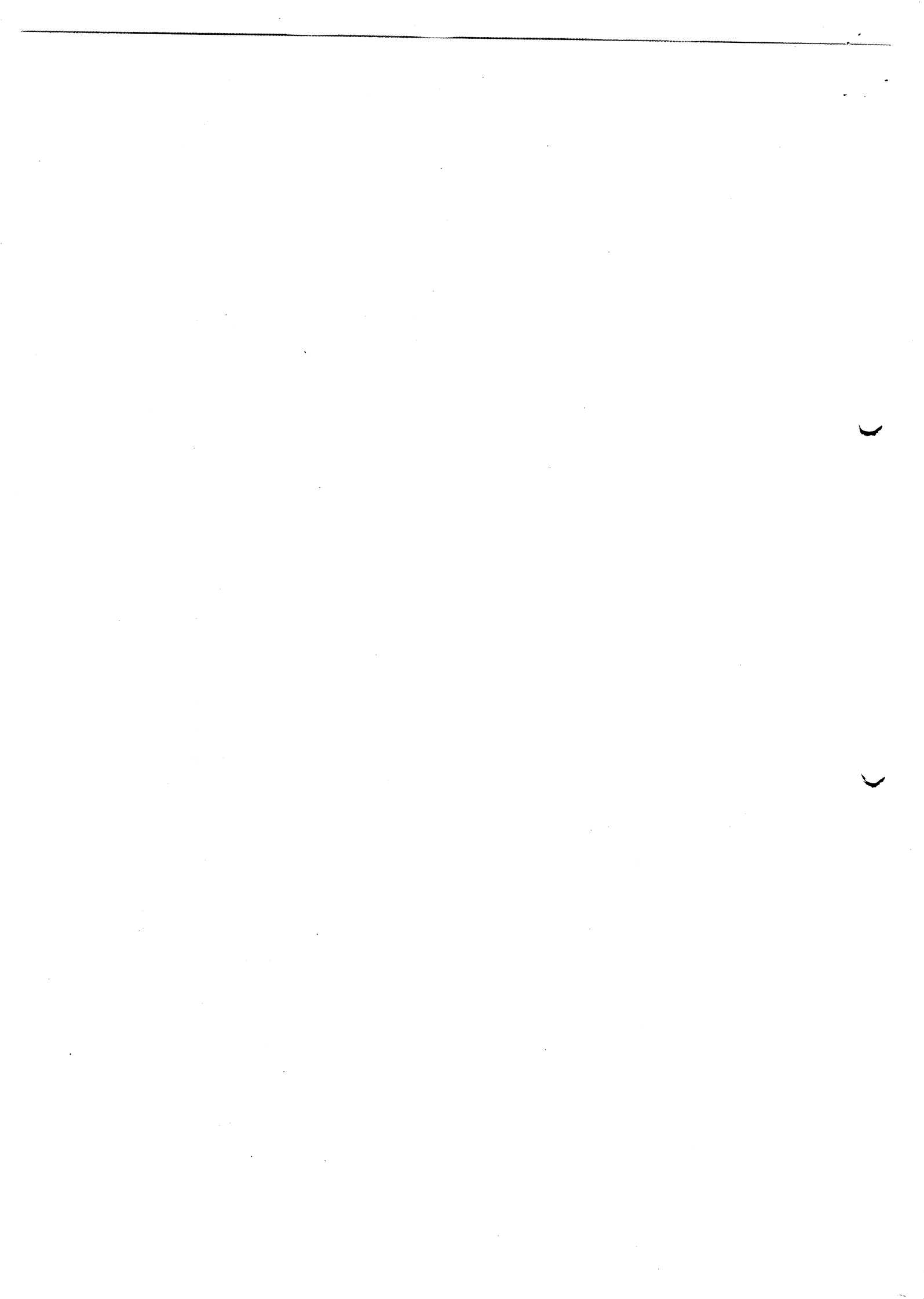
**** As per board of director direction, 100% provision has been made on IL&FS Limited and IL&FS Financial Services Limited.

- M. Contingent liability as on 30th 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 30th 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	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 25,022.06	₹ 277.90	₹ 22,705.77	₹ 37.01

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



NPS
TRUST

नेशनल पेंशन सिस्टम ट्रस्ट(एन.पी.एस.ट्रस्ट)
National Pension System Trust (NPS Trust)
तीसरी मंजिल, छत्रपति शिवाजी भवन, / Third Floor, Chatrapati Shivaji Bhawan,
की-14/ए, कुतुब इन्स्टीट्यूशनल एरिया, नई दिल्ली - 110 018
B-14/A, Qutab Institutional Area, New Delhi - 110 018
ई मेल: / Email Id : nps.trust@ptrda.org.in फोन / Phone : +91-11-26514032

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 recovering dues of interest is low, the accrual of interest on these instruments shall be stopped by the Pension Funds in order to protect the subscribers' interest i.e. to be fair to both the incoming and	

	outgoing subscribers in terms of reflecting a realistic NAV of the schemes holding such securities.
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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 exposure % to total exposure 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, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT 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
WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING				
INFOSYS LTD.	3,493,156	2,814,261,131	0.67	5.33
TATA CONSULTANCY SERVICES LTD.	1,005,534	2,110,917,526	0.51	4.00
TECH MAHINDRA LTD.	578,234	413,148,193	0.10	0.78
HCL TECHNOLOGIES LIMITED	286,741	309,852,325	0.07	0.59
WIPRO LTD.	411,058	98,571,708	0.02	0.19
		5,746,750,883	1.37	10.89
PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING OILS, LUBRICATING OILS OR GREASES OR OTHER PRODUCTS FROM CRUDE PETROLEUM OR BITUMINOUS MINERALS				
RELIANCE INDUSTRIES LTD.	2,544,239	3,389,562,408	0.81	6.42
INDIAN OIL CORPORATION LTD.	1,882,968	277,549,483	0.07	0.53
CASTROL INDIA LTD.	1,356,000	184,483,800	0.04	0.35
BHARAT PETROLEUM CORPORATION LTD.	381,327	179,261,823	0.04	0.34
		4,030,857,514	0.96	7.64
CONSTRUCTION OF UTILITY PROJECTS N.E.C.				
LARSEN & TOUBRO LTD.	1,901,453	2,803,217,085	0.67	5.31
		2,803,217,085	0.67	5.31

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 TAKE DEPOSITS				
LIC HOUSING FINANCE LTD.	120,770,000	12,495,627,026	2.99	8.26
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	73,880,000	7,693,040,325	1.84	5.08
HOUSING AND URBAN DEVELOPMENT CORPORATION	42,490,000	4,441,344,758	1.06	2.93
PNB HOUSING FINANCE LIMITED	4,500,000	446,599,550	0.11	0.3
		25,076,611,659	6.00	16.57
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES				
AXIS BANK LTD.	95,850,000	9,924,994,358	2.38	6.56
ICICI BANK LTD.	88,050,000	8,920,108,814	2.14	5.89
HDFC BANK LTD.	34,910,000	3,543,564,194	0.85	2.34
IDFC BANK LIMITED	11,280,000	1,135,921,250	0.27	0.75
YES BANK	6,500,000	621,932,100	0.15	0.41
KOTAK MAHINDRA BANK LTD.	4,490,000	463,842,593	0.11	0.31
PUNJAB NATIONAL BANK	1,000,000	98,244,800	0.02	0.06
ING VYSYA BANK LTD.	800,000	86,131,280	0.02	0.06
		24,794,739,389	5.94	16.38
OTHER CREDIT GRANTING				
RURAL ELECTRIFICATION CORPORATION LIMITED	110,740,000	11,284,915,384	2.70	7.46
POWER FINANCE CORPORATION LTD.	98,840,000	10,034,200,634	2.40	6.63
INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.	1,500,000	147,085,200	0.04	0.10
		21,466,201,218	5.14	14.19
OTHER MONETARY INTERMEDIATION SERVICES N.E.C.				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	94,470,000	9,764,268,800	2.34	6.45
EXPORT IMPORT BANK OF INDIA	27,780,000	2,826,921,963	0.68	1.87
		12,591,190,763.00	3.02	8.32
CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, ROADS, OTHER VEHICULAR AND PEDESTRIAN WAYS, HIGHWAYS, BRIDGES, TUNNELS AND SUBWAYS				
NATIONAL HIGHWAYS AUTHORITY OF INDIA	105,630,000	10,686,677,046	2.56	7.06
		10,686,677,046.00	2.56	7.06
TRANSMISSION OF ELECTRIC ENERGY				
POWER GRID CORPORATION OF INDIA LTD.	100,830,000	10,257,396,122	2.46	6.78
		10,257,396,122	2.46	6.78
PASSENGER RAIL TRANSPORT				
INDIAN RAILWAY FINANCE CORPORATION LTD.	93,720,000	9,535,676,913	2.29	6.30
		9,535,676,913.00	2.29	6.30

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		62311 11 04 579	52938 99 29 078	43245 85 52 814
(b) Number of units outstanding		2412 96 51 426	2157 68 05 152	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 05 572	47 05 06 196
Interest		1849 85 90 369	1585 30 39 017	1371 06 59 637
Profit on sale/redemption of investments		60 71 99 837	72 25 70 460	40 75 72 710
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		1885 10 51 737	2431 67 54 762	567 86 76 363
Other income		-	-	-
- Miscellaneous Income		17 323	181	51 444
Total Income (A)		3858 27 54 095	4116 00 69 992	2026 74 66 350
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		-	-	-
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	102 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 Charges		(2 91 627)	(2 38 521)	(4 20 165)
Provision for Non-Performing Assets		102 13 60 000	13 70 00 000	-
Other Expenses		-	-	-
Total Expenditure (B)		949 74 15 678	280 34 06 303	1846 24 03 148
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 Reserve		(1078 11 42 384)	(2169 65 43 987)	1254 61 82 914
Less: Amount transferred (to) / from General Reserve		(1830 41 96 033)	(1666 01 19 702)	(1435 12 46 116)
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 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
(Face Value of Rs.10/- each unit, fully paid up)			
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	262 20 00 787	253 41 08 883	212 09 79 169
Less: Units redeemed during the year	(6 91 54 513)	(4 90 92 077)	(6 16 91 344)
Outstanding units at the end of the year	2412 96 51 426	2157 68 05 152	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	-	-	-
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	23 69 72 750	1278 31 55 664
Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
Add/(Less): Transfer from/(to) Revenue Account	1078 11 42 384	2169 65 43 987	(1254 61 82 914)
Closing Balance	3271 46 59 121	2193 35 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 18 18 315
Book Overdraft	-	-	-
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	-	-
Amount Payable to Other Schemes	-	-	-
Provision for interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
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

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	7617 41 66 593	7193 95 28 368	5888 97 02 361
Preference Shares	-	-	1 20 25 955
Debentures and Bonds Listed/Awaiting Listing	22559 62 93 453	18595 56 04 566	14132 62 23 084
Central and State Government Securities (including treasury bills)	29906 16 73 390	25453 64 69 524	21403 31 67 016
Commercial Paper	-	-	-
AIIF's (Category I and Category II Only)/REITs/INVITs/Asset Backed Securities/ Commercial mortgage based Securities or Residential mortgage based securities	-	-	-
Basel III Tier I bonds	-	-	-
Others - Mutual Fund Units	849 30 14 180	191 74 34 304	846 46 50 677
Non Convertible Debentures classified as NPA	42 38 60 000	76 02 00 000	-
Less: Provision on Non performing investment	(61 03 60 000)	(6 25 00 000)	-
Total	60913 86 47 616	51504 67 36 762	42272 57 69 093

Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Deposits			
Deposits with Scheduled Banks	150 00 00 000	234 25 48 986	-
Total	150 00 00 000	234 25 48 986	-

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	4 97 81 233	100 09 20 757	82 50 00 1
Contracts for sale of investments	9 07 86 970	-	-
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 39 376
Dividend Receivable	1 65 57 455	1 35 12 743	1 86 16 158
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	-	-
Redemption receivable on Non performing Investment	54 80 00 000	19 80 00 000	15 00 00 000
Less: Provision for Non Performing Investment	(54 80 00 000)	(7 45 00 000)	-
Total	1356 91 91 126	1205 09 34 678	978 77 05 535

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 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 uniformly 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 re-schedulement of NPA, it may be re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

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

- i) In case an issuer has fully cleared all the arrears of interest, the interest provisions can be written back in full.

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

- i) 100% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

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

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

2. 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 ascertainable.
3. Money Market Instruments like T - Bill, CP and CD should be typically valued at amortised cost, unless traded, which is contrary to the stipulation in accounting policy.	Money Market instruments are valued as per debt securities. i.e. upto 60 days residual maturity - Amortisation, above 60 days - YTM basis.	Impact was not ascertainable.
4. Front-end discount should be reduced from the Cost of investments.	Front-end discount is taken to Income.	Impact was not 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 as under:

Management 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

* excluding GST

** 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 as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
0.005%	0.005%	₹ 50,68,990	₹ 73,30,807

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	%
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		Expenditure	
₹ 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 30th September, 2019 is as under:

₹ in Crores

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

*** 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 30th 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 30th 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	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 30,825.76	₹ 772.15	₹ 28,476.06	₹ 161.17

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



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 recovering dues of interest is low, the accrual of interest on these instruments shall be stopped by the Pension Funds in order to protect the subscribers' interest i.e. to be fair to both the incoming and	

	outgoing subscribers in terms of reflecting a realistic NAV of the schemes holding such securities.
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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 exposure % to total exposure 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, SAVING BANKS. POSTAL SAVINGS BANK AND DISCOUNT HOUSES				
ICICI BANK LTD.	11,713,816	5,080,281,999	0.82	6.67
HDFC BANK LTD.	3,588,478	4,404,677,321	0.71	5.78
AXIS BANK LTD.	5,696,407	3,902,038,795	0.63	5.12
KOTAK MAHINDRA BANK LTD.	1,814,408	2,983,703,236	0.48	3.92
STATE BANK OF INDIA	9,638,564	2,610,123,131	0.42	3.43
INDUSIND BANK LTD.	1,640,233	2,269,344,367	0.36	2.98
BANK OF BARODA	4,241,911	394,709,819	0.06	0.52
FEDERAL BANK LTD.	1,836,800	166,046,720	0.03	0.22
IDFC BANK LIMITED	3,102,982	124,739,876	0.02	0.16
YES BANK	1,943,125	80,445,375	0.01	0.11
PUNJAB NATIONAL BANK	388,806	24,086,532	0.00	0.03
		22,040,197,171	3.54	28.94
WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING				
INFOSYS LTD.	4,961,202	3,996,992,391	0.64	5.25
TATA CONSULTANCY SERVICES LTD.	1,453,498	3,051,328,351	0.49	4.01
TECH MAHINDRA LTD.	905,090	646,686,805	0.10	0.85
HCL TECHNOLOGIES LIMITED	275,823	298,054,334	0.05	0.39
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, ILLUMINATING OILS, LUBRICATING OILS OR GREASES OR OTHER PRODUCTS FROM CRUDE PETROLEUM OR BITUMINOUS MINERALS				
RELIANCE INDUSTRIES LTD.	3,407,249	4,539,307,480	0.73	5.96
INDIAN OIL CORPORATION LTD.	2,659,200	391,966,080	0.06	0.51
CASTROL INDIA LTD.	1,696,574	230,818,893	0.04	0.30
BHARAT PETROLEUM CORPORATION LTD.	240,819	113,209,012	0.02	0.15
		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	0.68	5.59

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 TAKE DEPOSITS				
LIC HOUSING FINANCE LTD.	185,160,000	19,227,324,024	3.09	8.57
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	124,150,000	12,938,779,616	2.08	5.77
HOUSING AND URBAN DEVELOPMENT CORPORATION	86,990,000	9,072,815,104	1.46	4.04
PNB HOUSING FINANCE LIMITED	7,500,000	746,675,650	0.12	0.33
		41,985,594,394	6.75	18.71
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES				
AXIS BANK LTD.	142,620,000	14,737,421,046	2.37	6.57
ICICI BANK LTD.	111,260,000	11,317,686,567	1.82	5.04
HDFC BANK LTD.	43,550,000	4,418,393,570	0.71	1.97
IDFC BANK LIMITED	15,790,000	1,589,288,920	0.26	0.71
KOTAK MAHINDRA BANK LTD.	9,410,000	971,023,387	0.16	0.43
YES BANK	7,700,000	724,593,180	0.12	0.32
PUNJAB NATIONAL BANK	900,000	88,420,320	0.01	0.04
ING VYSYA BANK LTD.	700,000	75,364,870	0.01	0.03
		33,922,191,860	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
		30,633,933,928	4.91	13.65
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
		22,397,178,258	3.59	9.98
CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, ROADS, OTHER VEHICULAR AND PEDESTRIAN WAYS, HIGHWAYS, BRIDGES, TUNNELS AND SUBWAYS				
NATIONAL HIGHWAYS AUTHORITY OF INDIA	176,510,000	17,888,760,536	2.87	7.97
		17,888,760,536	2.87	7.97
PASSENGER RAIL TRANSPORT				
INDIAN RAILWAY FINANCE CORPORATION LTD.	138,850,000	14,112,239,965	2.26	6.29
		14,112,239,965	2.26	6.29
TRANSMISSION OF ELECTRIC ENERGY				
POWER GRID CORPORATION OF INDIA LTD.	125,170,000	12,758,433,804	2.05	5.69
		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		1026 92 69 823	964 68 36 778	874 22 97 364
(b) Number of units outstanding		42 70 34 779	42 16 71 815	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	1 02 24 192
Interest		32 29 82 968	30 15 86 338	29 24 12 053
Profit on sale/redemption of investments		2 26 17 523	1 14 17 631	2 08 86 256
Profit on inter-scheme transfer/sale of investments		-	-	-
Unrealized gain on appreciation in investments		31 82 88 901	45 02 64 736	12 61 25 814
Other income		-	-	-
- Miscellaneous Income		531	13	474
Total Income (A)		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	37 88 17 697
Loss on sale/redemption of investments		47 67 966	-	35 02 165
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		6 02 420	5 49 048	5 21 804
NPS Trust fees		85 149	1 43 190	2 16 768
Custodian fees (including GST)		1 68 493	1 58 359	1 56 200
Depository and settlement charges (including GST)		26 506	29 439	28 457
CRA Fees		1 20 79 358	1 22 85 565	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	-
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 Reserve		(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		-	-	-

Significant Accounting Policies and Notes to Accounts

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 91 62 545	403 58 17 866
Add :Units issued during the year	9 29 91 282	12 14 68 653	12 80 07 100
Less: Units redeemed during the year	(3 93 61 649)	(3 39 13 044)	(3 46 62 421)
Outstanding at the end of the year	427 03 47 787	421 67 18 154	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	-	-	-
Closing Balance	223 21 84 303	216 00 80 775	205 36 23 521
General Reserve			
Opening Balance	263 52 16 544	232 25 11 235	200 34 13 654
Add: Transfer from Revenue Account	34 17 63 112	31 27 05 309	31 90 97 581
Less: Transfer to Unit Premium Reserve	-	-	-
Closing Balance	297 69 79 656	263 52 16 544	232 25 11 235
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	-	-	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
Total	18 28 898	15 42 543	13 21 267

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 ₹
Investments (Long Term and Short Term)			
Equity Shares	142 22 99 976	135 90 28 634	120 42 56 555
Preference Shares	-	-	7 49 257
Debentures and Bonds Listed/Awaiting Listing	349 79 48 257	326 98 81 067	290 42 95 466
Central and State Government Securities (including treasury bills)	504 04 58 499	469 36 84 792	429 13 97 484
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	9 73 87 367	9 73 55 268	13 58 78 171
Non Convertible Debentures classified as NPA	44 50 000	2 92 50 000	-
Less: Provision on Non performing investment	(44 50 000)	-	-
Total	1005 80 94 099	944 91 99 761	853 65 76 933

Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Deposits			
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	-
Contracts for sale of Investments	-	-	-
Interest Receivable on Non-Performing Investments	61 43 426	54 34 527	-
Less: Provision for interest on Non-Performing Investment	(61 43 426)	(54 34 527)	-
Outstanding and accrued income	21 28 01 611	17 65 74 287	19 65 98 420
Dividend Receivable	2 03 010	3 12 267	4 43 278
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	-	1 00 00 000
Redemption receivable on Non performing Investment	1 10 00 000	1 10 00 000	-
Less: Provision for Non Performing Investment	(1 10 00 000)	(52 50 000)	-
Total	21 30 04 622	18 60 40 593	20 70 41 698

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 4th October, 2010.
3. **Investment pattern to be followed as per PFRDA Regulations:**

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

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

C. Significant Accounting Policies

1. **Basis of Accounting:** The financial statements have been prepared in compliance of the PFRDA (Pension Fund) Regulations 2015 and PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes

under National Pension System) Guidelines - 2012, Accounting Standards specified in Companies (Accounting Standards) Amendment Rules, 2016 under Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the amended Companies (Accounts) Rules, 2014 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.

2. 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 uniformly 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 re-schedulement of NPA, it may be re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

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

- i) In case an issuer has fully cleared all the arrears of interest, the interest provisions can be written back in full.

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

- i) 100% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

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

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

2. 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 ascertainable.
3. Money Market Instruments like T - Bill, CP and CD should be typically valued at amortised cost, unless traded, which is contrary to the stipulation in accounting policy.	Money Market instruments are valued as per debt securities. i.e. upto 60 days residual maturity - Amortisation, above 60 days - YTM basis.	Impact was not 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 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

* excluding GST

** 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 as under:

NPS Trust Charges % p.a.		NPS Trust Charges	
Current Period	Previous Period	Current Period	Previous Period
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

Current 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

- 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			
Income		Expenditure		Income		Expenditure	
₹ 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:

Particular	₹ in Crores	
	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

*** 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.

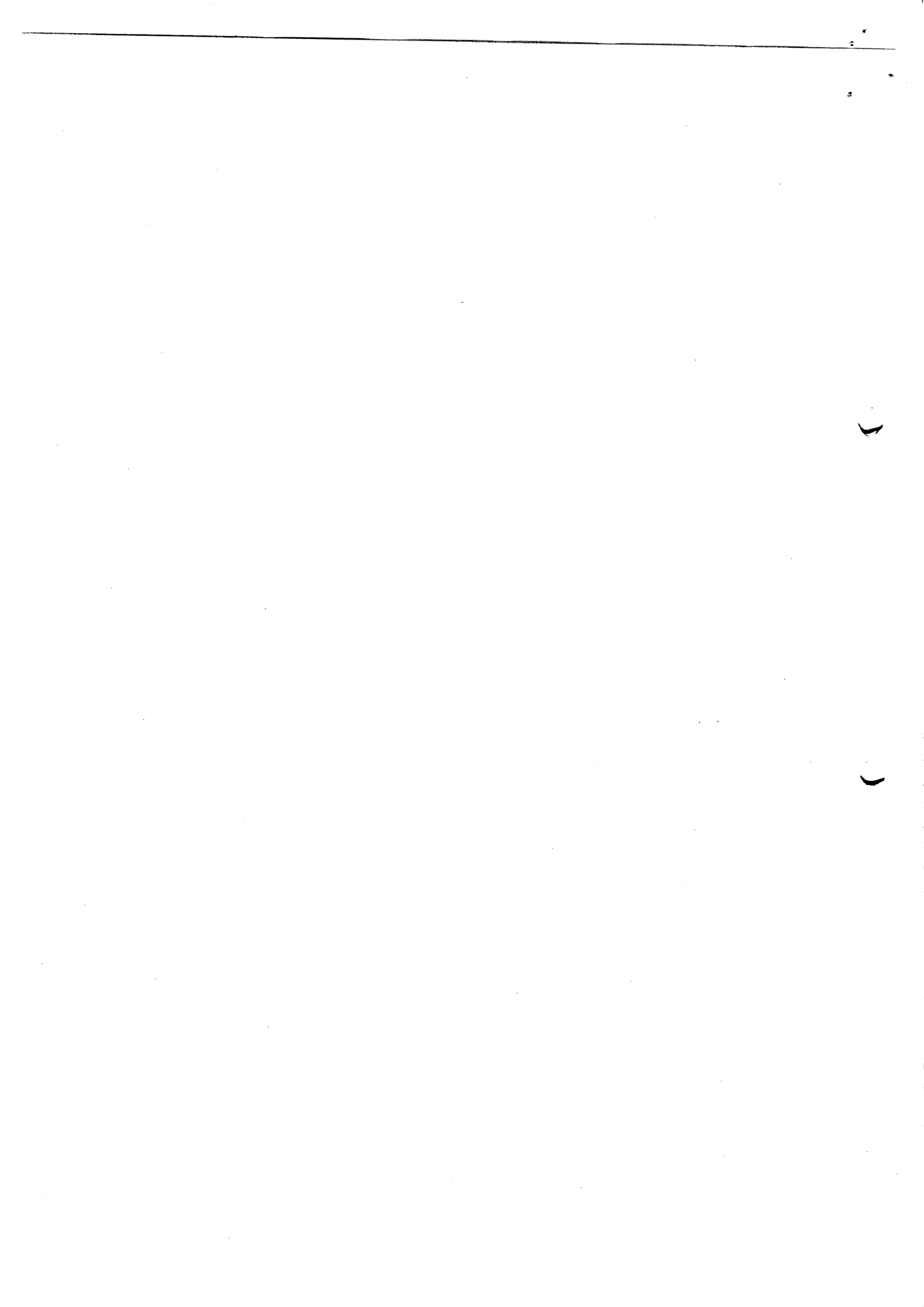
- M. Contingent liability as on 30th September, 2019 is ₹ 10,14,200 towards uncalled amount of ₹ 461 per shares on 2,200 Partly Paid shares of Tata Steel Limited. (Previous Period ₹ 10,14,200).

- 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 30th 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	Outstanding	Purchase	Outstanding
UTI Asset Management Company Limited	₹ 1,257.87	₹ 9.74	₹ 1,484.53	₹ 9.74

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



NPS
TRUST

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. कुतुब इन्स्टीट्यूशनल एरिया, नई दिल्ली - 110 016
B-14/A. Qutab Institutional Area, New Delhi - 110 016
ई मेल: / Email Id : nps.trust@pfrda.org.in फोन / Phone : +91-11-26514032

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 recovering dues of interest is low, the accrual of interest on these instruments shall be stopped by the Pension Funds in order to protect the subscribers' interest i.e. to be fair to both the incoming and	

	outgoing subscribers in terms of reflecting a realistic NAV of the schemes holding such securities.
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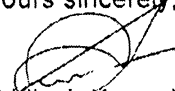
5. Further, the Authority has advised that the Pension Funds should stop accruing the interest on these securities and reverse the interest accrued but not recovered even if the securities are not classified as NPA on the above lines.

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,


(Akhlesh 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 exposure % to total exposure 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, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT 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
WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING				
INFOSYS LTD.	98,582	79,422,588	0.77	5.58
TATA CONSULTANCY SERVICES LTD.	30,174	63,344,278	0.62	4.45
TECH MAHINDRA LTD.	21,199	15,146,686	0.15	1.06
		157,913,552	1.54	11.09
PRODUCTION OF LIQUID AND GASEOUS FUELS, ILLUMINATING OILS, LUBRICATING OILS OR GREASES OR OTHER PRODUCTS FROM CRUDE PETROLEUM OR BITUMINOUS MINERALS				
RELIANCE INDUSTRIES LTD.	73,292	97,643,267	0.95	6.87
INDIAN OIL CORPORATION LTD.	44,000	6,485,600	0.06	0.46
		104,128,867	1.01	7.33
MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO				
ITC LIMITED	321,309	83,492,144	0.81	5.87
		83,492,144	0.81	5.87
CONSTRUCTION OF UTILITY PROJECTS N.E.C.				
LARSEN & TOUBRO LTD.	55,201	81,380,074	0.79	5.72
		81,380,074	0.79	5.72

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to Investment category
DEBENTURES & BONDS				
OTHER MONETARY INTERMEDIATION SERVICES N.E.C.				
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	2,910,000	300,646,520	2.93	8.66
EXPORT IMPORT BANK OF INDIA	1,970,000	205,785,365	2.00	5.93
		506,431,885	4.93	14.59
OTHER CREDIT GRANTING				
RURAL ELECTRIFICATION CORPORATION LIMITED	2,560,000	260,585,474	2.54	7.51
POWER FINANCE CORPORATION LTD.	2,200,000	225,677,960	2.20	6.50
		486,263,434	4.74	14.01
ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS				
LIC HOUSING FINANCE LTD.	2,810,000	293,382,318	2.86	8.45
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	1,560,000	162,835,092	1.59	4.69
PNB HOUSING FINANCE LIMITED	250,000	25,022,025	0.24	0.72
		481,239,435	4.69	13.86
TRANSMISSION OF ELECTRIC ENERGY				
POWER GRID CORPORATION OF INDIA LTD.	3,230,000	331,191,087	3.23	9.54
		331,191,087	3.23	9.54
MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT 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
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
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
		175,279,856	1.71	5.05

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		2877 26 44 674	2264 45 51 864	1652 62 62 067
(b) Number of units outstanding		193 46 09 145	160 88 93 846	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	Schedules	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹	Half Year ended March 31, 2019 ₹
Income				
Dividend				
Interest		2 84 85 275	1 03 76 161	1 77 65 675
Profit on sale/redemption of investments		81 66 10 561	62 88 36 706	47 30 08 031
Profit on inter-scheme transfer/sale of investments		2 61 52 040	2 00 07 943	2 48 12 211
Unrealized gain on appreciation in investments		91 73 44 137	101 81 33 838	21 40 87 082
Other income				
- 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		35 95 67 115	9 08 98 899	64 63 70 410
Loss on sale/redemption of investments		99 43 857	-	60 23 517
Loss on inter-scheme transfer/sale of investments		-	-	-
Management fees (including GST)		15 50 976	11 69 293	8 80 701
NPS Trust fees		2 32 163	2 93 431	3 65 861
Custodian fees (including GST)		4 52 164	3 53 059	2 67 475
Depository and settlement charges (including GST)		96 317	91 064	71 497
CRA Fees		9 05 54 392	6 72 78 578	6 01 74 955
Less: Amount recoverable on sale of units on account of CRA Charges		(9 05 54 392)	(6 72 78 578)	(6 01 74 955)
Provision for Non-Performing Assets		1 70 00 000	-	-
Other Expenses		-	-	-
Total Expenditure (B)		38 88 42 592	9 28 05 746	65 39 79 461
Surplus/(Deficit) for the year (A-B)		139 97 49 867	158 45 49 807	7 56 94 881
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		(55 77 77 022)	(48 81 70 046)	-
Less: Amount transferred (to) / from General Reserve		(84 19 72 845)	(109 63 79 761)	(7 56 94 881)
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

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 73 87 129	975 70 46 517
Add :Units issued during the year	361 86 20 875	363 66 20 863	317 72 08 614
Less: Units redeemed during the year	(36 14 67 878)	(27 50 69 535)	(20 68 68 002)
Outstanding at the end of the year	1934 60 91 454	1608 89 38 457	1272 73 87 129
(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	-	-	-
Closing Balance	545 50 48 351	398 38 58 405	281 16 69 743
General Reserve			
Opening Balance	208 35 84 956	98 72 05 195	91 15 10 314
Add: Transfer from Revenue Account	84 19 72 845	109 63 79 761	7 56 94 881
Less: Transfer to Unit Premium Reserve	-	-	-
Closing Balance	292 55 57 801	208 35 84 956	98 72 05 195
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	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			
Current Liabilities			
Sundry Creditors for expenses	12 94 487	9 13 846	8 14 580
Bank Overdraft	-	-	-
Redemption Payable	80 04 577	73 15 318	57 12 798
TDS Payable	32 404	26 264	18 799
Contracts for purchase of investments	5 35 18 444	1 02 59 281	-
Amount Payable to Other Schemes	-	-	-
Provision for Interest overdue	-	-	-
Provision on upgraded assets	-	-	-
Interest received in Advance	-	-	-
Total	6 28 49 912	1 85 14 709	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 ₹
Investments (Long Term and Short Term)			
Equity Shares	355 63 67 264	311 23 69 684	226 23 21 163
Preference Shares	-	-	4 554
Debentures and Bonds Listed/Awaiting Listing	1043 16 55 288	788 50 21 784	540 10 92 816
Central and State Government Securities (including treasury bills)	1380 42 82 311	1096 82,03 178	803 56 87 834
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	44 58 65 666	19 78 99 499	48 80 29 358
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 35 725

Schedule 5	As at Sept 30, 2019 ₹	As at March 31, 2019 ₹	As at Sept 30, 2018 ₹
Deposits			
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	2 53 76 592	4 12 500
Contracts for sale of investments	26 75 922	-	-
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	40 73 58 752	34 45 12 873
Dividend Receivable	5 96 950	3 18 191	7 47 146
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	5 12 964	-
Redemption receivable on Non performing investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
Total	60 03 24 057	43 35 66 499	34 56 72 519

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 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 uniformly 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 re-schedulement of NPA, it may be re-classified as 'performing asset' if the next two coupons/ installments of principal, if applicable, is regularly serviced as re-scheduled.

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

- i) In case an issuer has fully cleared all the arrears of interest, the interest provisions can be written back in full.

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

- i) 100% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter, where the provision of principal was made due to the interest defaults only.
- ii) 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter, where both principal and interest were in default earlier.

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

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

Management Fees % p.a.*		Management Fees **	
Current Period	Previous Period	Current Period	Previous Period
0.0102%	0.0102%	₹ 15,50,976	₹ 11,69,293

* excluding GST

** 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 as under:

NPS Trust Charges % p.a.		NPS Trust 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

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		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ 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 30th September, 2019 is as under:

Particular	₹ in Crores	
	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

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

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

M. Contingent liability as on 30th 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 30th September, 2019 is ₹ NIL. (Previous Period ₹ Nil)

- 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	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 $\geq 5\%$ as on 30th September, 2019 is given in Annexure A.

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

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 recovering dues of interest is low, the accrual of interest on these instruments shall be stopped by the Pension Funds in order to protect the subscribers' interest i.e. to be fair to both the incoming and	

	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 exposure % to total exposure 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, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES				
HDFC BANK LTD.	174,698	214,433,060	0.75	6.03
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 TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING				
INFOSYS LTD.	229,860	185,186,709	0.64	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, ILLUMINATING OILS, LUBRICATING OILS OR GREASES OR OTHER PRODUCTS FROM 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				
ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS				
LIC HOUSING FINANCE LTD.	9,240,000	958,171,408	3.33	9.23
HOUSING AND URBAN DEVELOPMENT CORPORATION	8,380,000	870,803,230	3.03	8.38
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	4,990,000	518,262,123	1.80	4.99
PNB HOUSING FINANCE LIMITED	250,000	25,022,025	0.09	0.24
		2,372,258,786	8.25	22.84
OTHER CREDIT GRANTING				
RURAL ELECTRIFICATION CORPORATION LIMITED	6,200,000	626,867,451	2.18	6.04
POWER FINANCE CORPORATION LTD.	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, POSTAL SAVINGS BANK AND DISCOUNT HOUSES				
AXIS BANK LTD.	7,770,000	800,670,231	2.78	7.71
ICICI BANK LTD.	1,920,000	194,094,180	0.67	1.87
HDFC BANK LTD.	1,430,000	144,792,362	0.50	1.39
IDFC BANK LIMITED	370,000	37,153,720	0.13	0.36
YES BANK	200,000	18,328,480	0.06	0.18
KOTAK MAHINDRA BANK LTD.	10,000	1,033,057	0.00	0.01
		1,196,072,030	4.14	11.52
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
CONSTRUCTION AND MAINTENANCE OF MOTORWAYS, STREETS, ROADS, OTHER VEHICULAR AND PEDESTRIAN WAYS, HIGHWAYS, BRIDGES, TUNNELS AND SUBWAYS				
NATIONAL HIGHWAYS AUTHORITY 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
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	5.41

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

Particulars	Schedules	Half Year ended Sept 30, 2019 ₹	Half Year ended March 31, 2019 ₹	Half Year ended Sept 30, 2018 ₹
Income				
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)		-	-	-
Surplus/(Deficit) for the year (A-B)		-	-	-
Less: Amount transferred (to) / from Unrealised Appreciation Reserve		-	-	-
Less: Amount transferred (to) / from General Reserve		-	-	-
Amount carried forward to Balance Sheet		-	-	-

Significant Accounting Policies and Notes to Accounts

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 securities	-	-	-
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			
Balances with bank in a current account	-	-	-
Contracts for sale of investments	-	-	-
Interest Receivable on Non-Performing Investments	-	-	-
Less: Provision for interest on Non-Performing Investment	-	-	-
Outstanding and accrued income	-	-	-
Dividend Receivable	-	-	-
Brokerage receivable from PFM	-	-	-
Application money pending allotment	-	-	-
Sundry Debtors	-	-	-
Redemption receivable on Non performing investment	-	-	-
Less: Provision for Non Performing Investment	-	-	-
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 ₹
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, 2018 ₹
Reserves and Surplus				
Unit Premium Reserve				
	Opening Balance	-	-	-
	Add: Premium on Units issued	-	-	-
	Less: Premium on Units redeemed	-	-	-
	Add: Transfer from General Reserve	-	-	-
	Closing Balance	-	-	-
General Reserve				
	Opening Balance	-	-	-
	Add: Transfer from Revenue Account	-	-	-
	Less: Transfer to Unit Premium Reserve	-	-	-
	Closing Balance	-	-	-
Unrealised Appreciation Reserve				
	Opening Balance	-	-	-
	Add: Adjustment for Previous years unrealised appreciation reserve	-	-	-
	Add/(Less): Transfer from/(to) Revenue Account	-	-	-
	Closing Balance	-	-	-
	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	-	-	-
	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	-	-	-

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 5th 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 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 uniformly 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.
-

J. Other disclosures:

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

N. Investment in associates and group companies: ₹ Nil (Previous Period: ₹ Nil)

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