

## INDEPENDENT AUDITORS' REPORT

To,  
The Trustees,  
National Pension System Trust

### Report on Financial Statements

- 1 We have audited the accompanying financial statements of **NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme E - Tier I** (Scheme) under the National Pension System Trust (NPS Trust) managed by UTI Retirement Solutions Ltd. (PFM) which comprise of the Balance Sheet as at March 31, 2014, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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



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

### Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2014;
  - b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date;

### Emphasis of Matter

- 7 As explained in Note No. 6A giving background of the Scheme regarding unbundled architecture, wherein PFM receives consolidated funds and does not have access to the individual subscribers' data. Based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the followings:
- a. ₹ 2,496,355 is lying with Trustee Bank as on 31st March, 2014 (Previous Year: Not available) the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. Accordingly, the subscription received pending allotment as well as balances with bank are understated by the said amount.
  - b. 10,827.5506 Units, valued at ₹ 174,133 as on 31st March 2014 (Previous Year: Not available) is lying in the name of "CRA Billing Account" maintained by CRA. As explained by CRA, this represents units redeemed on 28-03-2014 by CRA towards its charges, funds in respect of which has not been claimed from PFM, which has been paid by the PFM in the next financial year. Accordingly, the unit capital and unit premium as well as current liabilities are overstated by the said amount.



- c. 3.7498 Units, valued at ₹ 60 as on 31st March 2014 (Previous Year: Not available) termed as "residual units", which are not allotted to any investor and represents rounding off differences, which should have been accounted as scheme's income. However, this does not have any material impact on Financial Statements.

#### **Report on Other Legal And Regulatory Requirements**

- 8 As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- a. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- b. The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- c. In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.
- d. In our opinion, all transaction expenses in excess of the limits contractually agreed to / approved by the PFRDA are borne by the PFM and are not charged to the NAV of the Scheme.
- e. In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 to the extent made applicable by PFRDA.

- 9 We further certify that

- a. *Except as stated in note no. 6D, Investments have been valued in accordance with the guidelines issued by the PFRDA.*
- b. *Transaction and claims/fee raised by different entities are in accordance with the prescribed fee except that the case of fees claimed by CRA. We are unable to verify the same in view of unbundled architecture explained in note no. 6A.*

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

**Sanjay Khemani**  
**Partner**  
**M No.: 044577**  
**Place:**  
**Date:**




**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME E - TIER I**  
**BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	Note	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Liabilities</b>			
Unit Capital	1	12 81 09 444	7 99 65 666
Reserves and Surplus	2	7 84 10 200	2 66 50 436
Current Liabilities and Provisions	3	3 78 455	81 958
<b>Total</b>		<b>20 68 98 099</b>	<b>10 66 98 060</b>
<b>Assets</b>			
Investments	4	20 68 01 724	10 65 89 724
Other Current Assets	5	96 375	1 08 336
<b>Total</b>		<b>20 68 98 099</b>	<b>10 66 98 060</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Balram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)

Date :  
Place :

(Chief Executive Officer & Trustee)



**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME E - TIER I**  
**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>Income</b>			
Dividend		12 54 898	10 810
Profit on sale/redemption of investments		43 98 195	1 10 64 138
Unrealized gain on appreciation in investments		2 58 90 557	-
Other income			
- Refund of Securities Transaction Tax		-	48 698
- Miscellaneous Income		5 254	-
<b>Total</b>		<b>3 15 48 904</b>	<b>1 11 23 646</b>
<b>Expenses and Losses</b>			
Unrealized losses in value of investments		-	58 37 779
Loss on sale/redemption of investments		2 52 155	82
Management fees		2 98 393	827
Custodian fees		8 361	135
Trustees Bank fees		96	299
CRA Fees	6 45 513	6 70 909	
Less: Amount recovered / recoverable on sale of units on account of CRA Charges	( 6 45 513)	( 6 70 909)	
Depository and settlement charges		51	-
<b>Total</b>		<b>5 59 056</b>	<b>58 39 122</b>
Surplus for the year		3 09 89 848	52 84 524
Amount transferred From Unrealised Appreciation Reserve		-	2 81 887
		<b>3 09 89 848</b>	<b>55 66 411</b>
<b>Appropriation</b>			
Amount transferred to Unrealised Appreciation Reserve		2 03 34 665	-
Amount transferred to General Reserve		1 06 55 183	55 66 411
<b>Total</b>		<b>3 09 89 848</b>	<b>55 66 411</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Balram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date :  
Place :

(Chief Executive Officer & Trustee)

**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME E - TIER I**  
**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	₹	No.	₹
<b>Note 1</b>				
<b>Unit Capital (Face Value of Rs.10/- each unit)</b>				
Initial Capital*		231		231
Unit Capital				
Outstanding at the beginning of the year	79 96 567	7 99 65 666	45 03 362	4 50 33 618
Add :Units issued during the year	56 16 611	5 61 66 108	38 62 460	3 86 24 602
Less: Units redeemed during the year	( 8 02 233)	( 80 22 330)	( 3 69 255)	( 36 92 554)
Outstanding at the end of the year	<b>1 28 10 945</b>	<b>12 81 09 444</b>	<b>79 96 567</b>	<b>7 99 65 666</b>
* Represents capital on the date of commencement of scheme				
<b>Note 2</b>				
<b>Reserves and Surplus</b>				
<b>Unit Premium Reserve</b>				
Opening Balance		2 19 86 536		1 14 82 642
Add: Premium on Units issued		2 43 36 782		1 15 97 098
Less: Premium on Units redeemed		( 35 66 866)		( 10 93 204)
Closing Balance		<b>4 27 56 452</b>		<b>2 19 86 536</b>
<b>General Reserve</b>				
Opening Balance		46 63 900		( 9 02 511)
Add: Transfer from Revenue Account		1 06 55 183		55 66 411
Closing Balance		<b>1 53 19 083</b>		<b>46 63 900</b>
<b>Unrealised Appreciation Account</b>				
Opening Balance		-		2 81 887
Add: Transfer from/(to) Revenue Account		2 03 34 665		( 2 81 887)
Closing Balance		<b>2 03 34 665</b>		<b>-</b>
<b>Total</b>		<b>7 84 10 200</b>		<b>2 66 50 436</b>
<b>Note 3</b>				
<b>Current Liabilities and Provisions</b>				
<b>Current Liabilities</b>				
Sundry Creditors for expenses		1 22 456		352
Redemption Payable		2 52 571		81 583
TDS Payable		3 428		23
<b>Total</b>		<b>3 78 455</b>		<b>81 958</b>



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**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME E - TIER I**  
**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
<b>Note 4</b>		
<b>Investments (Long Term and Short Term)</b>		
Equity Shares	18 72 37 291	1 97 99 470
Others - Mutual Fund Units	1 95 64 433	8 67 90 254
<b>Total</b>	<b>20 68 01 724</b>	<b>10 65 89 724</b>
<b>Note 5</b>		
<b>Other Current Assets</b>		
Balances with bank in a current account	1	1 02 136
Outstanding and accrued income	96 374	6 200
<b>Total</b>	<b>96 375</b>	<b>1 08 336</b>

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## UTI RETIREMENT SOLUTIONS LIMITED

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

#### NOTE 6: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2014

##### A. Background

1. UTI Retirement Solutions Limited is appointed as a Pension Fund Manager (PFM) by the National Pension System Trust (NPS Trust) for the management of Pension Fund and for this purpose it has entered into an Investment Management Agreement (IMA). As per unbundled architecture of the NPS Trust, the main responsibility of the PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd., being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment/redemption of units and Bank of India (Axis Bank Ltd. w.e.f. July 01, 2013), being the Trustee Bank, provides/receive funds on consolidated basis in respect of such allotment/redemption.
2. CRA's responsibilities includes:
  - a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
  - b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
  - c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
  - d. PRAN Transaction Statement,
  - e. An operational interface between PFRDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trustee Bank etc.
  - f. CRA is responsible to resolve all queries pertaining to investors. CRA informs about the subscription and redemption to Pension Fund Managers (PFM) and also instruct Trustee Bank to credit PFM's pool account maintained with them.
3. NPS Trust has designated Stock Holding Corporation of India Ltd. (SHCIL) as the custodian, who is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, who is responsible for providing rates for valuation, which is used by PFM for valuation of investments.



4. Pension Fund Regulatory and Development Authority (PFRDA) has issued PFRDA (Preparation of Financial Statements and Auditor's Report of Scheme under National Pension System) Guidelines-2012 (PFRDA guidelines), which was effective from 5<sup>th</sup> September, 2012. Prior to that, the accounting policies followed by the scheme were in accordance with the SEBI (Mutual Fund) Regulations, 1996.
5. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.
6. The fees payable by CRA and trustee bank as per the architecture is charged to the scheme as claimed by CRA and trustee bank.

## B. Scheme particulars

1. **Investment objective:** The investment objective of the scheme is to optimise returns.
2. **Commencement:** The Scheme commenced operations on 21 May, 2009.
3. **Investment pattern:**

Upto 28 <sup>th</sup> January, 2014	Effective from 29.01.2014
Shares of Companies which are listed in BSE or NSE and on which derivatives are available or are part of BSE Sensex or Nifty 50 Index.	Index funds/ Exchange Traded Funds that replicate the portfolio of either BSE Sensex index or NSE Nifty 50 index. Index Fund Schemes invest in securities in the same weightage comprising of an index.

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

## C. Significant Accounting Policies

1. **Basis of Accounting:** The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Investments:**
  - a. Investments are accounted on trade date.



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- 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.
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 day.
      - b. **Non-traded:** Right entitlement is valued at the difference of the closing market price of the original equity share on the valuation day and the offer price multiplied by the ratio of Right Entitlement.
  - b. **Debentures, corporate bonds, commercial papers and certificate of deposits:**
    - i. Traded securities are valued at NSE weighted average traded price on that day.
    - ii. Securities not traded on a valuation day with residual maturity over 60 days are valued on a yield to maturity basis, which is arrived at by adding spreads of relevant tenor, rating and industry over the benchmark yield.
    - iii. The spread used are average of spreads provided by CRISIL and ICRA.
    - iv. Securities not traded on a valuation day with residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over the remaining maturity period of the instrument.
    - v. Securities purchased by way of private placement are valued at cost for a period of fifteen days beginning from the date of purchase.
    - vi. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.



- vii. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
  - viii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
  - ix. Partly paid bonds are valued at cost till it is fully paid.
  - x. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
- c. Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.
- d. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from AMFI website.
4. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.
5. Income Recognition:
- a. Dividend income is accrued on the "ex-dividend" date.
  - b. Interest on interest – bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
  - c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
6. **Computation of Net Asset Value (NAV):** The NAV of the units is determined by dividing the net assets, including investments recognised and valued as per the accounting policies, by the number of outstanding units on the valuation date.
7. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve.



- D. 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
Right Entitlement should be valued at difference between the Ex-right price and Right offer price multiplied by the ratio of Right Entitlement.	Right Entitlement is valued at difference between the Closing market price on the valuation date and Right offer price multiplied by the ratio of Right Entitlement.

- E. **CRA Fees:** The CRA fees charged to the scheme includes ₹ 174,133 which is yet to be recovered from investors by way of redemption of units which would be paid on respective due date.

- 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 Year	Previous Year	Current Year	Previous Year
0.0009% - up to 11/08/13	0.0009%	₹ 2,98,393	₹ 827
0.25% - w.e.f. 12/08/13			

\* excluding service tax

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

₹ in Crores

Current Year				Previous Year			
Purchase	%	Sales	%	Purchase	%	Sales	%
114.19	756.95	107.16	710.37	29.82	365.78	25.24	309.58

- 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 31<sup>st</sup> March, 2014 is ₹ 6,765.35. (Previous Year ₹ NIL)

- I. **Net Asset Value:**

	Current Year	Previous Year)
As on 31 <sup>st</sup> March *	₹ 16.1206	₹ 13.3327
On last business day (28.03.2014 / 28.03.2013)	₹ 16.0824	₹ 13.2597

\* NAV not declared, being a non - business day





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

Current Year				Previous Year			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
3.15	20.91	0.06	0.37	1.11	13.64	0.58	6.82

**K. Other disclosures:**

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


**L. Investment in associates and group companies:** ₹ Nil (Previous year: ₹ Nil)

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

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.107122W

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

S. Venkatraman  
(Director)

Sanjay Khemani  
(Partner)  
M. No. 044577

Date: 22.04.2014  
Place: Mumbai



Date:  
Place:



For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date:  
Place:

(Chief Executive Officer & Trustee)

**ANNEXURE A: SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION**

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

**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME E – TIER I**

**3/31/2014**

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>EQUITY SHARES</b>				
<b>MANUFACTURE OF ALLOPATHIC PHARMACEUTICAL PREPARATIONS</b>				
CIPLA LTD.	3,680	1,408,704	0.68	0.75
DIVIS LABORATORIES LTD.	1,000	1,365,900	0.66	0.73
DR. REDDYS LABORATORIES LTD.	2,002	5,132,928	2.49	2.74
LUPIN LTD.	2,469	2,303,947	1.12	1.23
RANBAXY LABORATORIES LTD.	54	19,705	0.01	0.01
SUN PHARMACEUTICAL INDUSTRIES LTD.	9,814	5,640,597	2.73	3.01
		<b>15,871,780</b>	<b>7.69</b>	<b>8.47</b>
<b>MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO</b>				
ITC LIMITED	38,734	13,667,292	6.62	7.30
		<b>13,667,292</b>	<b>6.62</b>	<b>7.30</b>
<b>MANUFACTURE OF OTHER PETROLEUM N.E.C. (INCLUDES MANUFACTURE OF PETROLEUM JELLY, MICRO-CRYSTALLINE PETROLEUM WAX, SLACK WAX, OZOKERITE, LIGNITE WAX, PETROLEUM COKE, PETROLEUM BITUMEN AND OTHER RESIDUES OF PETROLEUM OILS OR OF OILS OBTAINED FROM BITUMINOUS MINERALS)</b>				
RELIANCE INDUSTRIES LTD.	10,338	9,622,094	4.66	5.14
		<b>9,622,094</b>	<b>4.66</b>	<b>5.14</b>
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS. POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
AXIS BANK LTD.	2,719	3,971,100	1.92	2.12
BANK OF BARODA	3,854	2,777,771	1.35	1.48
HDFC BANK LTD.	14,945	11,190,816	5.42	5.98
ICICI BANK LTD.	8,782	10,934,029	5.29	5.84
INDUSIND BANK LTD.	4,573	2,294,960	1.11	1.23
KOTAK MAHINDRA BANK LTD.	517	403,803	0.20	0.22
PUNJAB NATIONAL BANK	199	148,036	0.07	0.08
STATE BANK OF INDIA	2,141	4,105,796	1.99	2.19
		<b>35,826,310</b>	<b>17.35</b>	<b>19.14</b>
<b>WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING</b>				
HCL TECHNOLOGIES LIMITED	2,158	3,001,131	1.45	1.60
INFOSYS LTD.	3,503	11,499,648	5.57	6.14
TATA CONSULTANCY SERVICES LTD.	3,985	8,500,603	4.12	4.54
WIPRO LTD.	5,282	2,869,182	1.39	1.53
		<b>25,870,564</b>	<b>12.53</b>	<b>13.81</b>



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## INDEPENDENT AUDITORS' REPORT

To,  
The Trustees,  
National Pension System Trust

### Report on Financial Statements

- 1 We have audited the accompanying financial statements of **NPS Trust – A/C UTI Retirement Solutions Scheme E – Tier II** (Scheme) under the National Pension System Trust (NPS Trust) managed by UTI Retirement Solutions Ltd. (PFM) which comprise of the Balance Sheet as at March 31, 2014, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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



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

#### **Opinion**

- 6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2014;
  - b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date;

#### **Emphasis of Matter**

- 7 As explained in Note No. 6A giving background of the Scheme regarding unbundled architecture, wherein PFM receives consolidated funds and does not have access to the individual subscribers' data. Based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the followings:
- a. ₹ 219,038 is lying with Trustee Bank as on 31st March, 2014 (Previous Year: Not available) the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. Accordingly, the subscription received pending allotment as well as balances with bank are understated by the said amount.
  - b. 188.8899 Units, valued at ₹ 2,453 as on 31<sup>st</sup> March 2014 (Previous Year: Not available) is lying in the name of "CRA Billing Account" maintained by CRA. As explained by CRA, this represents units redeemed on 28-03-2014 by CRA towards its charges, funds in respect of which has not been claimed from PFM, which has been paid by the PFM in the next financial year. Accordingly, the unit capital and unit premium as well as current liabilities are overstated by the said amount.



- c. 0.5097 Units, valued at ₹ 7 as on 31st March 2014 (Previous Year: Not available) termed as "residual units", which are not allotted to any investor and represents rounding off differences, which should have been accounted as scheme's income. However, this does not have any material impact on Financial Statements.

#### **Report on Other Legal And Regulatory Requirements**

- 8 As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- a. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- b. The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- c. In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.
- d. In our opinion, all transaction expenses in excess of the limits contractually agreed to / approved by the PFRDA are borne by the PFM and are not charged to the NAV of the Scheme.
- e. In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 to the extent made applicable by PFRDA.

- 9 We further certify that

- a. *Except as stated in note no. 6D, Investments have been valued in accordance with the guidelines issued by the PFRDA.*
- b. *Transaction and claims/fee raised by different entities are in accordance with the prescribed fee except that the case of fees claimed by CRA. We are unable to verify the same in view of unbundled architecture explained in note no. 6A.*

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

**Sanjay Khemani**  
**Partner**  
**M No.: 044577**  
**Place:**  
**Date:**



UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME E - TIER II  
BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Liabilities</b>			
Unit Capital	1	2 55 55 288	1 77 27 928
Reserves and Surplus	2	77 11 428	14 87 385
Current Liabilities and Provisions	3	78 161	506
<b>Total</b>		<b>3 33 44 877</b>	<b>1 92 15 819</b>
<b>Assets</b>			
Investments	4	3 33 22 021	1 90 97 307
Other Current Assets	5	22 856	1 18 512
<b>Total</b>		<b>3 33 44 877</b>	<b>1 92 15 819</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Balfam P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date :  
Place : Mumbai

(Chief Executive Officer & Trustee)

**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME E - TIER II**  
**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>Income</b>			
Dividend		2 94 103	2 500
Profit on sale/redemption of investments		8 01 898	17 51 251
Unrealized gain on appreciation in investments		40 80 583	-
Other income			
- Refund of Securities Transaction Tax		-	9 021
- Miscellaneous Income		1 518	-
<b>Total</b>		<b>51 78 102</b>	<b>17 62 772</b>
<b>Expenses and Losses</b>			
Unrealized losses in value of investments		-	8 70 854
Loss on sale/redemption of investments		45 257	7 084
Management fees		50 097	151
Custodian fees		1 540	21
Trustees Bank fees		19	54
CRA Fees	9 379		8 689
Less: Amount recovered / recoverable on sale of units on account of CRA Charges	( 9 379)		( 8 689)
Depository and settlement charges		40	-
<b>Total</b>		<b>96 953</b>	<b>8 78 164</b>
Surplus for the year		50 81 149	8 84 608
		<b>50 81 149</b>	<b>8 84 608</b>
<b>Appropriation</b>			
Amount transferred to Unrealised Appreciation Reserve		31 19 071	-
Amount transferred to General Reserve		19 62 078	8 84 608
<b>Total</b>		<b>50 81 149</b>	<b>8 84 608</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

Balram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date :  
Place :

(Chief Executive Officer & Trustee)

UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME E - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	₹	No.	₹
<b>Note 1</b>				
<b>Unit Capital (Face Value of Rs.10/- each unit)</b>				
Initial Capital*		481		481
Unit Capital				
Outstanding at the beginning of the year	17 72 793	1 77 27 928	11 07 448	1 10 74 480
Add :Units issued during the year	9 64 928	96 49 275	8 54 770	85 47 704
Less: Units redeemed during the year	( 1 82 192)	( 18 21 915)	( 1 89 425)	( 18 94 256)
<b>Outstanding at the end of the year</b>	<b>25 55 529</b>	<b>2 55 55 288</b>	<b>17 72 793</b>	<b>1 77 27 928</b>
* Represents capital on the date of commencement of scheme				
<b>Note 2</b>				
<b>Reserves and Surplus</b>				
<b>Unit Premium Reserve</b>				
Opening Balance		10 41 102		5 16 604
Add: Premium on Units issued		14 71 891		5 80 779
Less: Premium on Units redeemed		( 3 28 997)		( 56 281)
<b>Closing Balance</b>		<b>21 83 996</b>		<b>10 41 102</b>
<b>General Reserve</b>				
Opening Balance		4 46 283		( 4 38 325)
Add: Transfer from Revenue Account		19 62 078		8 84 608
<b>Closing Balance</b>		<b>24 08 361</b>		<b>4 46 283</b>
<b>Unrealised Appreciation Account</b>				
Opening Balance		-		-
Add: Transfer from/(to) Revenue Account		31 19 071		-
<b>Closing Balance</b>		<b>31 19 071</b>		<b>-</b>
<b>Total</b>		<b>77 11 428</b>		<b>14 87 385</b>
<b>Note 3</b>				
<b>Current Liabilities and Provisions</b>				
<b>Current Liabilities</b>				
Sundry Creditors for expenses		20 270		60
Redemption Payable		57 331		441
TDS Payable		560		5
<b>Total</b>		<b>78 161</b>		<b>506</b>



4



UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME E - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Note 4</b>		
<b>Investments (Long Term and Short Term)</b>		
Equity Shares	3 08 04 392	26 54 598
Others - Mutual Fund Units	25 17 629	1 64 42 709
<b>Total</b>	<b>3 33 22 021</b>	<b>1 90 97 307</b>

**Note 5**

**Other Current Assets**

Balances with bank in a current account	-	1 16 512
Outstanding and accrued income	22 856	2 000
<b>Total</b>	<b>22 856</b>	<b>1 18 512</b>



₹

## UTI RETIREMENT SOLUTIONS LIMITED

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

#### NOTE 6: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2014

##### A. Background

1. UTI Retirement Solutions Limited is appointed as a Pension Fund Manager (PFM) by the National Pension System Trust (NPS Trust) for the management of Pension Fund and for this purpose it has entered into an Investment Management Agreement (IMA). As per unbundled architecture of the NPS Trust, the main responsibility of the PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd., being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment/redemption of units and Bank of India (Axis Bank Ltd. w.e.f. July 01, 2013), being the Trustee Bank, provides/receive funds on consolidated basis in respect of such allotment/redemption.
2. CRA's responsibilities includes:
  - a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
  - b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
  - c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
  - d. PRAN Transaction Statement,
  - e. An operational interface between PFRDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trustee Bank etc.
  - f. CRA is responsible to resolve all queries pertaining to investors. CRA informs about the subscription and redemption to Pension Fund Managers (PFM) and also instruct Trustee Bank to credit PFM's pool account maintained with them.
3. NPS Trust has designated Stock Holding Corporation of India Ltd. (SHCIL) as the custodian, who is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, who is responsible for providing rates for valuation, which is used by PFM for valuation of investments.
4. Pension Fund Regulatory and Development Authority (PFRDA) has issued PFRDA (Preparation of Financial Statements and Auditor's Report



of Scheme under National Pension System) Guidelines-2012 (PFRDA guidelines), which was effective from 5<sup>th</sup> September, 2012.

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

#### B. Scheme particulars

1. **Investment objective:** The investment objective of the scheme is to optimise returns.
2. **Commencement:** The Scheme commenced operations on 14 December, 2009.
3. **Investment pattern:**

Upto 28 <sup>th</sup> January 2014	Effective from 29 <sup>th</sup> January 2014
Shares of Companies which are listed in BSE or NSE and on which derivatives are available or are part of BSE Sensex or Nifty 50 Index.	Index funds/ Exchange Traded Funds that replicate the portfolio of either BSE Sensex index or NSE Nifty 50 index. Index Fund Schemes invest in securities in the same weightage comprising of an index.

4. Contributions to the Scheme by the investors are withdrawable without any lock in period.

#### C. Significant Accounting Policies

1. **Basis of Accounting:** The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Investments:**
  - a. Investments are accounted on trade date.
  - b. 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.
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 day.
  - b. **Non-traded:** Right entitlement is valued at the difference of the closing market price of the original equity share on the valuation day and the offer price multiplied by the ratio of Right Entitlement.

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

- i. Traded securities are valued at NSE weighted average traded price on that day.
- ii. Securities not traded on a valuation day with residual maturity over 60 days are valued on a yield to maturity basis, which is arrived at by adding spreads of relevant tenor, rating and industry over the benchmark yield.
- iii. The spread used are average of spreads provided by CRISIL and ICRA.
- iv. Securities not traded on a valuation day with residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over the remaining maturity period of the instrument.
- v. Securities purchased by way of private placement are valued at cost for a period of fifteen days beginning from the date of purchase.
- vi. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- vii. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- viii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
- ix. Partly paid bonds are valued at cost till it is fully paid.
- x. Perpetual bond with single/multiple call options are valued at lowest price on each option date.

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



- d. **Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from AMFI website.
4. **Appreciation/Depreciation,** as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.
5. **Income Recognition:**
- 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.
6. **Computation of Net Asset Value (NAV):** The NAV of the units is determined by dividing the net assets, including investments recognised and valued as per the accounting policies, by the number of outstanding units on the valuation date.
7. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve.
- D. 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
Right Entitlement should be valued at difference between the Ex-right price and Right offer price multiplied by the ratio of Right Entitlement.	Right Entitlement is valued at difference between the Closing market price on the valuation date and Right offer price multiplied by the ratio of Right Entitlement.

- E. **CRA Fees:** The CRA fees charged to the scheme includes ₹ 2,453 which is yet to be recovered from investors by way of redemption of units which would be paid on respective due date.
- 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 Year	Previous Year	Current Year	Previous Year
0.0009% - up to 11/08/13 0.25% - w.e.f. 12/08/13	0.0009%	₹ 50,097	₹ 151

\* excluding service tax

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

₹ in Crores

Current Year				Previous Year			
Purchase	%	Sales	%	Purchase	%	Sales	%
27.20	1044.81	26.26	1008.70	9.27	624.92	8.57	577.31

**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 31<sup>st</sup> March, 2014 is ₹ 251.50. (Previous Year ₹ NIL).

**I. Net Asset Value:**

	Current Year	Previous Year
As on 31 <sup>st</sup> March *	₹ 13.0175	₹ 10.8390
On last business day (28.03.2014 / 28.03.2013)	₹ 12.9864	₹ 10.7759

\* NAV not declared, being a non - business day

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

Current Year				Previous Year			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
0.52	19.89	0.01	0.37	0.18	11.88	0.09	5.92

**K. Other disclosures:**

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



L. Investment in associates and group companies: ₹ Nil (Previous year: ₹ Nil)

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


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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.

Chartered Accountants

Firm Registration No.107122W

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

S. Venkatraman  
(Director)



Sanjay Khemani  
(Partner)  
M. No. 044577



Date: 22.04.2014  
Place: Mumbai

Date:  
Place:

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For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date:  
Place:

(Chief Executive Officer & Trustee)

**ANNEXURE A: SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION**

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

**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME E – TIER II**

**3/31/2014**

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to Investment category
<b>EQUITY SHARES</b>				
<b>MANUFACTURE OF ALLOPATHIC PHARMACEUTICAL PREPARATIONS</b>				
CIPLA LTD.	831	318,107	0.96	1.03
DR. REDDYS LABORATORIES LTD.	358	917,876	2.76	2.98
LUPIN LTD.	565	527,230	1.58	1.71
RANBAXY LABORATORIES LTD.	2	730	0.00	0.00
SUN PHARMACEUTICAL INDUSTRIES LTD.	1,196	687,401	2.07	2.23
		<b>2,451,344</b>	<b>7.37</b>	<b>7.95</b>
<b>MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO</b>				
ITC LIMITED	5,735	2,023,595	6.08	6.57
		<b>2,023,595</b>	<b>6.08</b>	<b>6.57</b>
<b>MANUFACTURE OF OTHER PETROLEUM N.E.C. (INCLUDES MANUFACTURE OF PETROLEUM JELLY, MICRO-CRYSTALLINE PETROLEUM WAX, SLACK WAX, OZOKERITE, LIGNITE WAX, PETROLEUM COKE, PETROLEUM BITUMEN AND OTHER RESIDUES OF PETROLEUM OILS OR OF OILS OBTAINED FROM BITUMINOUS MINERALS)</b>				
RELIANCE INDUSTRIES LTD.	1,849	1,720,957	5.17	5.59
		<b>1,720,957</b>	<b>5.17</b>	<b>5.59</b>
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS. POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
AXIS BANK LTD.	419	611,950	1.84	1.99
BANK OF BARODA	812	585,249	1.76	1.90
HDFC BANK LTD.	2,112	1,581,466	4.75	5.13
ICICI BANK LTD.	1,624	2,021,961	6.08	6.56
INDUSIND BANK LTD.	1,277	640,862	1.93	2.08
KOTAK MAHINDRA BANK LTD.	23	17,964	0.05	0.06
PUNJAB NATIONAL BANK	308	229,121	0.69	0.74
STATE BANK OF INDIA	446	855,294	2.57	2.78
		<b>6,543,867</b>	<b>19.67</b>	<b>21.24</b>
<b>WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING</b>				
HCL TECHNOLOGIES LIMITED	516	717,601	2.16	2.33
INFOSYS LTD.	580	1,904,024	5.72	6.18
TATA CONSULTANCY SERVICES LTD.	806	1,719,319	5.17	5.58
WIPRO LTD.	905	491,596	1.48	1.60
		<b>4,832,540</b>	<b>14.53</b>	<b>15.69</b>





## INDEPENDENT AUDITORS' REPORT

To,  
The Trustees,  
National Pension System Trust

### Report on Financial Statements

- 1 We have audited the accompanying financial statements of **NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme C - Tier I** (Scheme) under the National Pension System Trust (NPS Trust) managed by UTI Retirement Solutions Ltd. (PFM) which comprise of the Balance Sheet as at March 31, 2014, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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



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

### Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2014;
  - b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date;

### Emphasis of Matter

- 7 As explained in Note No. 6A giving background of the Scheme regarding unbundled architecture, wherein PFM receives consolidated funds and does not have access to the individual subscribers' data. Based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the followings:
- a. ₹ 1,659,634 is lying with Trustee Bank as on 31st March, 2014 (Previous Year: Not available) the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. Accordingly, the subscription received pending allotment as well as balances with bank are understated by the said amount.
  - b. 7,251.7548 Units, valued at ₹ 109,202 as on 31<sup>st</sup> March 2014 (Previous Year: Not available) is lying in the name of "CRA Billing Account" maintained by CRA. As explained by CRA, this represents units redeemed on 28-03-2014 by CRA towards its charges, funds in respect of which has not been claimed from PFM, which has been paid by the PFM in the next financial year. Accordingly, the unit capital and unit premium as well as current liabilities are overstated by the said amount.



- c. 3.6050 Units, valued at ₹ 54 as on 31st March 2014 (Previous Year: Not available) termed as "residual units", which are not allotted to any investor and represents rounding off differences, which should have been accounted as scheme's income. However, this does not have any material impact on Financial Statements.

#### **Report on Other Legal And Regulatory Requirements**

- 8 As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- a. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- b. The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- c. In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.
- d. In our opinion, all transaction expenses in excess of the limits contractually agreed to / approved by the PFRDA are borne by the PFM and are not charged to the NAV of the Scheme.
- e. In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 to the extent made applicable by PFRDA.

- 9 We further certify that

- a. *Except as stated in note no. 6D, Investments have been valued in accordance with the guidelines issued by the PFRDA.*
- b. *Transaction and claims/fee raised by different entities are in accordance with the prescribed fee except that the case of fees claimed by CRA. We are unable to verify the same in view of unbundled architecture explained in note no. 6A.*

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

**Sanjay Khemani**  
**Partner**  
**M No.: 044577**  
**Place:**  
**Date:**



**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME C - TIER I**  
**BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	Note	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Liabilities</b>			
Unit Capital	1	9 05 75 480	5 59 35 926
Reserves and Surplus	2	4 59 18 717	2 34 81 507
Current Liabilities and Provisions	3	1 06 437	64 926
<b>Total</b>		<b>13 66 00 634</b>	<b>7 94 82 359</b>
<b>Assets</b>			
Investments	4	13 00 14 040	7 59 68 315
Other Current Assets	5	65 86 594	35 14 044
<b>Total</b>		<b>13 66 00 634</b>	<b>7 94 82 359</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Balram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)

Date :  
Place :

(Chief Executive Officer & Trustee)


**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME C - TIER I**  
**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>Income</b>			
Dividend			
Interest		90 64 304	52 03 008
Profit on sale/redemption of investments		3 73 071	1 34 897
Unrealized gain on appreciation in investments		-	20 16 833
Other income			
- Miscellaneous Income		-	39
<b>Total</b>		<b>94 37 375</b>	<b>73 54 777</b>
<b>Expenses and Losses</b>			
Unrealized losses in value of investments		24 55 079	-
Loss on sale/redemption of investments		67 249	-
Management fees		2 06 976	604
Custodian fees		8 397	4 723
Trustees Bank fees		52	219
CRA Fees	4 22 028	4 54 671	
Less: Amount recovered / recoverable on sale of units on account of CRA Charges	{ 4 22 028 }	{ 4 54 671 }	
<b>Total</b>		<b>27 37 753</b>	<b>5 546</b>
Surplus for the year		66 99 622	73 49 231
Amount transferred From Unrealised Appreciation Reserve		22 39 747	-
		<b>89 39 369</b>	<b>73 49 231</b>
<b>Appropriation</b>			
Amount transferred to Unrealised Appreciation Reserve		-	20 16 833
Amount transferred to General Reserve		89 39 369	53 32 398
<b>Total</b>		<b>89 39 369</b>	<b>73 49 231</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
S. Venkatraman  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date :  
Place :

(Chief Executive Officer & Trustee)

**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME C - TIER I**  
**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	₹	No.	₹
<b>Note 1</b>				
<b>Unit Capital (Face Value of Rs.10/- each unit)</b>				
Initial Capital*		138		138
Unit Capital				
Outstanding at the beginning of the year	55 93 593	5 59 35 926	33 40 284	3 34 02 836
Add :Units issued during the year	38 83 930	3 88 39 301	25 74 851	2 57 48 506
Less: Units redeemed during the year	( 4 19 975)	( 41 99 747)	( 3 21 542)	( 32 15 416)
Outstanding at the end of the year	90 57 548	9 05 75 480	55 93 593	5 59 35 926
<b>* Represents capital on the date of commencement of scheme</b>				
<b>Note 2</b>				
<b>Reserves and Surplus</b>				
<b>Unit Premium Reserve</b>				
Opening Balance		1 24 15 238		46 97 026
Add: Premium on Units issued		1 76 44 873		87 47 759
Less: Premium on Units redeemed		( 19 07 285)		( 10 29 547)
Closing Balance		2 81 52 826		1 24 15 238
<b>General Reserve</b>				
Opening Balance		88 26 522		34 94 124
Add: Transfer from Revenue Account		89 39 369		53 32 398
Closing Balance		1 77 65 891		88 26 522
<b>Unrealised Appreciation Account</b>				
Opening Balance		22 39 747		2 22 914
Add: Transfer from/(to) Revenue Account		( 22 39 747)		20 16 833
Closing Balance		-		22 39 747
<b>Total</b>		<b>4 59 18 717</b>		<b>2 34 81 507</b>
<b>Note 3</b>				
<b>Current Liabilities and Provisions</b>				
<b>Current Liabilities</b>				
Sundry Creditors for expenses		84 242		1 427
Redemption Payable		19 943		63 351
TDS Payable		2 252		148
<b>Total</b>		<b>1 06 437</b>		<b>64 926</b>



UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME C - TIER I  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
<b>Note 4</b>		
<b>Investments (Long Term and Short Term)</b>		
Debtentures and Bonds Listed/Awaiting Listing	12 68 52 638	7 58 27 800
Others - Mutual Fund Units	31 61 402	1 40 515
<b>Total</b>	<b>13 00 14 040</b>	<b>7 59 68 315</b>
<b>Note 5</b>		
<b>Other Current Assets</b>		
Balances with bank in a current account	11 11 694	1 66 271
Outstanding and accrued income	54 74 900	33 47 773
<b>Total</b>	<b>65 86 594</b>	<b>35 14 044</b>



## UTI RETIREMENT SOLUTIONS LIMITED

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

#### NOTE 6: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2014

##### A. Background

1. UTI Retirement Solutions Limited is appointed as a Pension Fund Manager (PFM) by the National Pension System Trust (NPS Trust) for the management of Pension Fund and for this purpose it has entered into an Investment Management Agreement (IMA). As per unbundled architecture of the NPS Trust, the main responsibility of the PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd., being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment/redemption of units and Bank of India (Axis Bank Ltd. w.e.f. July 01, 2013), being the Trustee Bank, provides/receive funds on consolidated basis in respect of such allotment/redemption.
2. CRA's responsibilities includes:
  - a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
  - b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
  - c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
  - d. PRAN Transaction Statement,
  - e. An operational interface between PFRDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trustee Bank etc.
  - f. CRA is responsible to resolve all queries pertaining to investors. CRA informs about the subscription and redemption to Pension Fund Managers (PFM) and also instruct Trustee Bank to credit PFM's pool account maintained with them.
3. NPS Trust has designated Stock Holding Corporation of India Ltd. (SHCIL) as the custodian, who is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, who is responsible for providing rates for valuation, which is used by PFM for valuation of investments.
4. Pension Fund Regulatory and Development Authority (PFRDA) has issued PFRDA (Preparation of Financial Statements and Auditor's Report of Scheme under National Pension System) Guidelines-2012 (PFRDA guidelines), which was effective from 5<sup>th</sup> September, 2012.





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

## B. Scheme particulars

1. **Investment objective:** The investment objective of the scheme is to optimise returns.
2. **Commencement:** The Scheme commenced operations on 21 May, 2009.
3. **Investment pattern:**

Upto 28 <sup>th</sup> January 2014	Effective from 29 <sup>th</sup> January 2014
Liquid Funds of AMCs regulated by SEBI.	Debt Mutual Funds as regulated by SEBI.
Fixed Deposits of scheduled commercial Banks	Fixed Deposits of scheduled commercial banks having Net worth of at least ₹ 500 crores, 3 years profitability, CRAR of not less than 9% in last 3 years and Net NPA of under 5%.
Debt securities with maturity of not less than 3 years tenure issued by Bodies Corporate including scheduled commercial Banks and Public Financial Institutions (as defined in Sec. 4 (A) of the Companies Act.	Rated Debt securities with maturity of not less than 3 years tenure issued by Bodies Corporate including scheduled commercial Banks and Public Financial Institutions (as defined in Sec. 4 (A) of the Companies Act.
Credit Rated Public Financial Institutions/PSU Bonds.	Credit Rated Public Financial Institutions/PSU Bonds.
Credit Rated Municipal Bonds/ Infrastructure Bonds.	Credit Rated Municipal Bonds/ Infrastructure Bonds/ Rated asset backed securities.

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

## C. Significant Accounting Policies

1. **Basis of Accounting:** The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.



**2. Investments:**

- a. Investments are accounted on trade date.
- b. 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.

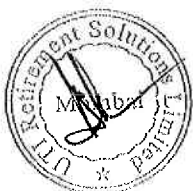
**3. Valuation of investments:** Investments are valued using the price determined in the following manner:

**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 day.
  - b. **Non-traded:** Right entitlement is valued at the difference of the closing market price of the original equity share on the valuation day and the offer price multiplied by the ratio of Right Entitlement.

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

- i. Traded securities are valued at NSE weighted average traded price on that day.
- ii. Securities not traded on a valuation day with residual maturity over 60 days are valued on a yield to maturity basis, which is arrived at by adding spreads of relevant tenor, rating and industry over the benchmark yield.
- iii. The spread used are average of spreads provided by CRISIL and ICRA.
- iv. Securities not traded on a valuation day with residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over the remaining maturity period of the instrument.
- v. Securities purchased by way of private placement are valued at cost for a period of fifteen days beginning from the date of purchase.
- vi. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- vii. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.



- viii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
  - ix. Partly paid bonds are valued at cost till it is fully paid.
  - x. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
- c. **Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.
- d. **Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from AMFI website.
4. **Appreciation/Depreciation,** as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.
5. **Income Recognition:**
- a. Dividend income is accrued on the "ex-dividend" date.
  - b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
  - c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
6. **Computation of Net Asset Value (NAV):** The NAV of the units is determined by dividing the net assets, including investments recognised and valued as per the accounting policies, by the number of outstanding units on the valuation date.
7. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve.
- D. 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
<b>1. Securities traded at a stock exchange:</b> When a debt security (other than government security) is not traded	When such securities are not traded on a valuation day, they are valued on a



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.	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.
2. Front-end discount / incentive should be reduced from the Cost of investments.	Front-end discount / incentive is taken to Income.

**E. CRA Fees:** The CRA fees charged to the scheme includes ₹ 109,202 which is yet to be recovered from investors by way of redemption of units which would be paid on respective due date.

**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 Year	Previous Year	Current Year	Previous Year
0.0009% - up to 11/08/13	0.0009%	₹ 2,06,976	₹ 604
0.25% - w.e.f. 12/08/13			

\* excluding service tax

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

₹ in Crores

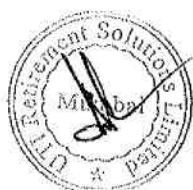
Current Year				Previous Year			
Purchase	%	Sales	%	Purchase	%	Sales	%
56.60	532.00	50.88	478.22	10.40	174.83	6.98	117.37

**H.** The aggregate value of non-traded investments (other than government securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31<sup>st</sup> March, 2014 is ₹ 6.27 Crores. (Previous Year ₹ 5.06 Crores).

**I. Net Asset Value:**

	Current Year	Previous Year
As on 31 <sup>st</sup> March *	₹ 15.0696	₹ 14.1979
On last business day (28.03.2014 / 28.03.2013)	₹ 15.0587	₹ 14.1877

\* NAV not declared, being a non - business day



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

Current Year				Previous Year			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
0.94	8.87	0.27	2.64	0.74	12.36	0.00	0.00

K. Other disclosures:

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

L. **Investment in associates and group companies:** ₹ Nil (Previous year: ₹ Nil)

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

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.107122W

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

S. Venkatraman  
(Director)



Sanjay Khemani  
(Partner)  
M. No. 044577



Date: 22.04.2014  
Place: Mumbai

Date:  
Place:

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date:  
Place:

(Chief Executive Officer & Trustee)

**ANNEXURE A: SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION**

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

**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME C – TIER I**

**3/31/2014**

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>DEBENTURES &amp; BONDS</b>				
<b>ACTIVITIES OF HOLDING COMPANIES</b>				
IL&FS FINANCIAL SERVICES LIMITED	40,000	4,039,952	2.96	3.18
TATA SONS LTD.	150,000	15,076,613	11.05	11.89
		<b>19,116,565</b>	<b>14.01</b>	<b>15.07</b>
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	90,000	9,001,642	6.59	7.10
LIC HOUSING FINANCE LTD.	50,000	4,956,083	3.63	3.91
		<b>13,957,725</b>	<b>10.22</b>	<b>11.01</b>
<b>OTHER CREDIT GRANTING</b>				
INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED	10,000	947,025	0.69	0.75
POWER FINANCE CORPORATION LTD.	160,000	15,795,529	11.57	12.45
RURAL ELECTRIFICATION CORPORATION LIMITED	130,000	12,657,095	9.27	9.98
		<b>29,399,649</b>	<b>21.53</b>	<b>23.18</b>



## INDEPENDENT AUDITORS' REPORT

To,  
The Trustees,  
National Pension System Trust

### Report on Financial Statements

- 1 We have audited the accompanying financial statements of **NPS Trust - A/C UTI Retirement Solutions Scheme C - Tier II** (Scheme) under the National Pension System Trust (NPS Trust) managed by UTI Retirement Solutions Ltd. (PFM) which comprise of the Balance Sheet as at March 31, 2014, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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



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

#### Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2014;
  - b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date;

#### Emphasis of Matter

- 7 As explained in Note No. 6A giving background of the Scheme regarding unbundled architecture, wherein PFM receives consolidated funds and does not have access to the individual subscribers' data. Based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the followings:
  - a. ₹ 140,778 is lying with Trustee Bank as on 31st March, 2014 (Previous Year: Not available) the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. Accordingly, the subscription received pending allotment as well as balances with bank are understated by the said amount.
  - b. 104.1327 Units, valued at ₹ 1,503 as on 31st March 2014 (Previous Year: Not available) is lying in the name of "CRA Billing Account" maintained by CRA. As explained by CRA, this represents units redeemed on 28-03-2014 by CRA towards its charges, funds in respect of which has not been claimed from PFM, which has been paid by the PFM in the next financial year. Accordingly, the unit capital and unit premium as well as current liabilities are overstated by the said amount.





- c. 0.4778 Units, valued at ₹ 7 as on 31st March 2014 (Previous Year: Not available) termed as "residual units", which are not allotted to any investor and represents rounding off differences, which should have been accounted as scheme's income. However, this does not have any material impact on Financial Statements.

**Report on Other Legal And Regulatory Requirements**

- 8 As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:
- a. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
  - b. The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
  - c. In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.
  - d. In our opinion, all transaction expenses in excess of the limits contractually agreed to / approved by the PFRDA are borne by the PFM and are not charged to the NAV of the Scheme.
  - e. In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 to the extent made applicable by PFRDA.
- 9 We further certify that
- a. *Except as stated in note no. 6E, Investments have been valued in accordance with the guidelines issued by the PFRDA.*
  - b. *Except as stated in note no. 6A(6), Transaction and claims/fee raised by different entities are in accordance with the prescribed fee.*

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

Sanjay Khemani  
Partner  
M No.: 044577  
Place:  
Date:




UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME C - TIER II  
BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Liabilities</b>			
Unit Capital	1	1 58 80 207	1 09 81 292
Reserves and Surplus	2	70 57 414	40 16 835
Current Liabilities and Provisions	3	2 46 190	1 838
<b>Total</b>		<b>2 31 83 811</b>	<b>1 49 99 965</b>
<b>Assets</b>			
Investments	4	2 21 94 645	1 42 70 829
Other Current Assets	5	9 89 166	7 29 136
<b>Total</b>		<b>2 31 83 811</b>	<b>1 49 99 965</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Ltd.

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Baifram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)

Date :  
Place :

(Chief Executive Officer & Trustee)


**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME C - TIER II**  
**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>Income</b>			
Interest		16 46 917	9 84 396
Profit on sale/redemption of investments		65 382	46 430
Unrealized gain on appreciation in investments		-	3 32 158
Other income			
- Miscellaneous Income		-	44
<b>Total</b>		<b>17 12 299</b>	<b>13 63 028</b>
<b>Expenses and Losses</b>			
Unrealized losses in value of investments		5 75 267	-
Management fees		37 021	117
Custodian fees		1 534	877
Trustees Bank fees		52	42
CRA Fees	6 018		5 821
Less: Amount recovered / recoverable on sale of units on account of CRA Charges	( 6 018)	( 5 821)	-
<b>Total</b>		<b>6 13 874</b>	<b>1 036</b>
Surplus for the year		10 98 425	13 61 992
Amount transferred From Unrealised Appreciation Reserve		4 58 347	-
		<b>15 56 772</b>	<b>13 61 992</b>
<b>Appropriation</b>			
Amount transferred to Unrealised Appreciation Reserve		-	3 32 158
Amount transferred to General Reserve		15 56 772	10 29 834
<b>Total</b>		<b>15 56 772</b>	<b>13 61 992</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Bartram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date :  
Place :

(Chief Executive Officer & Trustee)

UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME C - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

Particulars	No.	As at March 31, 2014 ₹	No.	As at March 31, 2013 ₹
<b>Note 1</b>				
<b>Unit Capital (Face Value of Rs.10/- each unit)</b>				
Initial Capital*		38		38
Unit Capital				
Outstanding at the beginning of the year	10 98 129	1 09 81 292	7 18 281	71 82 811
Add :Units issued during the year	6 02 447	60 24 467	4 88 624	48 86 239
Less: Units redeemed during the year	( 1 12 555)	( 11 25 552)	( 1 08 776)	( 10 87 758)
Outstanding at the end of the year	<b>15 88 021</b>	<b>1 58 80 207</b>	<b>10 98 129</b>	<b>1 09 81 292</b>

\* Represents capital on the date of commencement of scheme

**Note 2**

**Reserves and Surplus**

**Unit Premium Reserve**

Opening Balance	18 10 158	6 57 661
Add: Premium on Units issued	23 99 885	14 44 651
Less: Premium on Units redeemed	( 4 57 731)	( 2 92 154)
Closing Balance	<b>37 52 312</b>	<b>18 10 158</b>

**General Reserve**

Opening Balance	17 48 330	7 18 496
Add: Transfer from Revenue Account	15 56 772	10 29 834
Closing Balance	<b>33 05 102</b>	<b>17 48 330</b>

**Unrealised Appreciation Account**

Opening Balance	4 58 347	1 26 189
Add: Transfer from/(to) Revenue Account	( 4 58 347)	3 32 158
Closing Balance	<b>-</b>	<b>4 58 347</b>

<b>Total</b>	<b>70 57 414</b>	<b>40 16 835</b>
--------------	------------------	------------------

**Note 3**

**Current Liabilities and Provisions**

**Current Liabilities**

Sundry Creditors for expenses	14 771	265
Redemption Payable	2 31 034	1 545
TDS Payable	385	28

<b>Total</b>	<b>2 46 190</b>	<b>1 838</b>
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UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME C - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Note 4</b>		
<b>Investments (Long Term and Short Term)</b>		
Debentures and Bonds Listed/Awaiting Listing	2 17 19 543	1 42 53 557
Others - Mutual Fund Units	4 75 102	17 272
<b>Total</b>	<b>2 21 94 645</b>	<b>1 42 70 829</b>

**Note 5**

**Other Current Assets**

Balances with bank in a current account	1	1 05 318
Outstanding and accrued income	9 89 165	6 23 818
<b>Total</b>	<b>9 89 166</b>	<b>7 29 136</b>



## UTI RETIREMENT SOLUTIONS LIMITED

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

#### NOTE 6: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2014

##### A. Background

1. UTI Retirement Solutions Limited is appointed as a Pension Fund Manager (PFM) by the National Pension System Trust (NPS Trust) for the management of Pension Fund and for this purpose it has entered into an Investment Management Agreement (IMA). As per unbundled architecture of the NPS Trust, the main responsibility of the PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd., being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment/redemption of units and Bank of India (Axis Bank Ltd. w.e.f. July 01, 2013), being the Trustee Bank, provides/receive funds on consolidated basis in respect of such allotment/redemption.
2. CRA's responsibilities includes:
  - a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
  - b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
  - c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
  - d. PRAN Transaction Statement,
  - e. An operational interface between PFRDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trustee Bank etc.
  - f. CRA is responsible to resolve all queries pertaining to investors. CRA informs about the subscription and redemption to Pension Fund Managers (PFM) and also instruct Trustee Bank to credit PFM's pool account maintained with them.
3. NPS Trust has designated Stock Holding Corporation of India Ltd. (SHCIL) as the custodian, who is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, who is responsible for providing rates for valuation, which is used by PFM for valuation of investments.
4. Pension Fund Regulatory and Development Authority (PFRDA) has issued PFRDA (Preparation of Financial Statements and Auditor's Report of Scheme under National Pension System) Guidelines-2012 (PFRDA guidelines), which was effective from 5<sup>th</sup> September, 2012.



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

## B. Scheme particulars

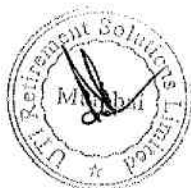
1. **Investment objective:** The investment objective of the scheme is to optimise returns.
2. **Commencement:** The Scheme commenced operations on 14 December, 2009.
3. **Investment pattern:**

Upto 28 <sup>th</sup> January 2014	Effective from 29 <sup>th</sup> January 2014
Liquid Funds of AMCs regulated by SEBI.	Debt Mutual Funds as regulated by SEBI.
Fixed Deposits of scheduled commercial Banks	Fixed Deposits of scheduled commercial banks having Net worth of at least ₹ 500 crores, 3 years profitability, CRAR of not less than 9% in last 3 years and Net NPA of under 5%.
Debt securities with maturity of not less than 3 years tenure issued by Bodies Corporate including scheduled commercial Banks and Public Financial Institutions (as defined in Sec. 4 (A) of the Companies Act.	Rated Debt securities with maturity of not less than 3 years tenure issued by Bodies Corporate including scheduled commercial Banks and Public Financial Institutions (as defined in Sec. 4 (A) of the Companies Act.
Credit Rated Public Financial Institutions/PSU Bonds.	Credit Rated Public Financial Institutions/PSU Bonds.
Credit Rated Municipal Bonds/Infrastructure Bonds.	Credit Rated Municipal Bonds/Infrastructure Bonds/ Rated asset backed securities.

4. Contributions to the Scheme by the investors are withdrawable without any lock in period.

## C. Significant Accounting Policies

1. **Basis of Accounting:** The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.



## 2. Investments:

- a. Investments are accounted on trade date.
- b. 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.

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 day.
  - b. **Non-traded:** Right entitlement is valued at the difference of the closing market price of the original equity share on the valuation day and the offer price multiplied by the ratio of Right Entitlement.

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

- i. Traded securities are valued at NSE weighted average traded price on that day.
- ii. Securities not traded on a valuation day with residual maturity over 60 days are valued on a yield to maturity basis, which is arrived at by adding spreads of relevant tenor, rating and industry over the benchmark yield.
- iii. The spread used are average of spreads provided by CRISIL and ICRA.
- iv. Securities not traded on a valuation day with residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over the remaining maturity period of the instrument.
- v. Securities purchased by way of private placement are valued at cost for a period of fifteen days beginning from the date of purchase.
- vi. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- vii. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- viii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
- ix. Partly paid bonds are valued at cost till it is fully paid.





- x. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
  - c. **Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.
  - d. **Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from AMFI website.
4. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.
  5. **Income Recognition:**
    - a. Dividend income is accrued on the "ex-dividend" date.
    - b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
    - c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
  6. **Computation of Net Asset Value (NAV):** The NAV of the units is determined by dividing the net assets, including investments recognised and valued as per the accounting policies, by the number of outstanding units on the valuation date.
  7. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve.
- D. 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
<b>1. Securities traded at a stock exchange:</b> 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	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



previous day is used, provided that such day is not more than fifteen days.	valuation price, spread uniformly over the remaining maturity period of the instrument.
2. Front-end discount / incentive should be reduced from the Cost of investments.	Front-end discount / incentive is taken to Income.

**E. CRA Fees:** The CRA fees charged to the scheme includes ₹ 1,503 which is yet to be recovered from investors by way of redemption of units which would be paid on respective due date.

**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 Year	Previous Year	Current Year	Previous Year
0.0009% - up to 11/08/13 0.25% - w.e.f. 12/08/13	0.0009%	₹ 37,021	₹ 117

\* excluding service tax

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

₹ in Crores

Current Year				Previous Year			
Purchase	%	Sales	%	Purchase	%	Sales	%
5.37	276.23	4.52	232.41	2.64	232.38	2.09	183.25

**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 31<sup>st</sup> March, 2014 is ₹ 10.85 Crores. (Previous Year ₹ 7.14 Crore).

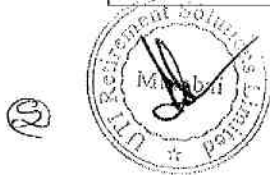
**I. Net Asset Value:**

	Current Year	Previous Year
As on 31 <sup>st</sup> March *	₹ 14.4441	₹ 13.6578
On last business day (28.03.2014 / 28.03.2013)	₹ 14.4335	₹ 13.6485

\*NAV not declared, being a non - business day

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

Current Year				Previous Year			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
0.17	8.81	0.06	3.16	0.14	11.98	0.00	0.00



**K. Other disclosures:**

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


**L. Investment in associates and group companies:** ₹ Nil (Previous year: ₹ Nil)

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

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

**For UTI Retirement Solutions Limited**

**For M. M. Nissim And Co.**  
**Chartered Accountants**  
Firm Registration No.107122W

  
**Bahram P Bhagat**  
**(Chief Executive Officer & Whole Time Director)**

**S. Venkatraman**  
**(Director)**



**Sanjay Khemani**  
**(Partner)**  
**M. No. 044577**



**Date: 22.04.2014**  
**Place: Mumbai**

**Date:**  
**Place:**

---

**For and on behalf of National Pension System Trust**

**(Chairman, NPS Trust Board)**  
**Date:**  
**Place:**

**(Chief Executive Officer & Trustee)**

**ANNEXURE A: SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION**

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

**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME C – TIER II****3/31/2014**

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>DEBENTURES &amp; BONDS</b>				
<b>ACTIVITIES OF HOLDING COMPANIES</b>				
IL&FS FINANCIAL SERVICES LIMITED	15,000	1,472,328	6.42	6.78
TATA SONS LTD.	20,000	1,973,178	8.60	9.08
		<b>3,445,506</b>	<b>15.02</b>	<b>15.86</b>
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	20,000	2,010,791	8.77	9.26
		<b>2,010,791</b>	<b>8.77</b>	<b>9.26</b>
<b>MANUFACTURE OF OTHER AGROCHEMICAL PRODUCTS N.E.C.</b>				
UNITED PHOSPHOROUS LTD.	20,000	2,075,672	9.05	9.56
		<b>2,075,672</b>	<b>9.05</b>	<b>9.56</b>
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
AXIS BANK LTD.	10,000	973,082	4.24	4.48
ICICI BANK LTD.	10,000	981,274	4.28	4.52
		<b>1,954,356</b>	<b>8.52</b>	<b>9.00</b>
<b>OTHER CREDIT GRANTING</b>				
POWER FINANCE CORPORATION LTD.	40,000	3,926,447	17.12	18.08
RURAL ELECTRIFICATION CORPORATION LIMITED	10,000	998,000	4.35	4.59
		<b>4,924,447</b>	<b>21.47</b>	<b>22.67</b>



## INDEPENDENT AUDITORS' REPORT

To,  
The Trustees,  
National Pension System Trust

### Report on Financial Statements

- 1 We have audited the accompanying financial statements of **NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme G - Tier I** (Scheme) under the National Pension System Trust (NPS Trust) managed by UTI Retirement Solutions Ltd. (PFM) which comprise of the Balance Sheet as at March 31, 2014, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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



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

### Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2014;
  - b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date;

### Emphasis of Matter

- 7 As explained in Note No. 6A giving background of the Scheme regarding unbundled architecture, wherein PFM receives consolidated funds and does not have access to the individual subscribers' data. Based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the followings:
- a. ₹ 1,581,437 is lying with Trustee Bank as on 31st March, 2014 (Previous Year: Not available) the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. Accordingly, the subscription received pending allotment as well as balances with bank are understated by the said amount.
  - b. 12,616.8211 Units, valued at ₹ 171,884 as on 31<sup>st</sup> March 2014 (Previous Year: Not available) is lying in the name of "CRA Billing Account" maintained by CRA. As explained by CRA, this represents units redeemed on 28-03-2014 by CRA towards its charges, funds in respect of which has not been claimed from PFM, which has been paid by the PFM in the next financial year. Accordingly, the unit capital and unit premium as well as current liabilities are overstated by the said amount.



- c. 4.3267 Units, valued at ₹ 59 as on 31st March 2014 (Previous Year: Not available) termed as "residual units", which are not allotted to any investor and represents rounding off differences, which should have been accounted as scheme's income. However, this does not have any material impact on Financial Statements.

#### **Report on Other Legal And Regulatory Requirements**

- 8 As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- a. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- b. The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- c. In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.
- d. In our opinion, all transaction expenses in excess of the limits contractually agreed to / approved by the PFRDA are borne by the PFM and are not charged to the NAV of the Scheme.
- e. In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 to the extent made applicable by PFRDA.

- 9 We further certify that

- a. *Except as stated in note no. 6D, Investments have been valued in accordance with the guidelines issued by the PFRDA.*
- b. *Transaction and claims/fee raised by different entities are in accordance with the prescribed fee except that the case of fees claimed by CRA. We are unable to verify the same in view of unbundled architecture explained in note no. 6A.*

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

**Sanjay Khemani**  
**Partner**  
**M No.: 044577**  
**Place:**  
**Date:**




**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME G - TIER I**  
**BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	Note	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Liabilities</b>			
Unit Capital	1	14 35 39 558	9 02 10 719
Reserves and Surplus	2	5 21 01 066	3 16 08 559
Current Liabilities and Provisions	3	1 35 887	33 132
<b>Total</b>		<b>19 57 76 511</b>	<b>12 18 52 410</b>
<b>Assets</b>			
Investments	4	19 20 04 317	11 92 14 020
Other Current Assets	5	37 72 194	26 38 390
<b>Total</b>		<b>19 57 76 511</b>	<b>12 18 52 410</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Balram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)

Date :  
Place :

(Chief Executive Officer & Trustee)




**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME G - TIER I**  
**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>Income</b>			
Interest		1 29 34 488	73 53 209
Profit on sale/redemption of investments		5 14 447	1 49 816
Unrealized gain on appreciation in investments		-	39 16 930
Other income			
- Miscellaneous Income		-	32
<b>Total</b>		<b>1 34 48 935</b>	<b>1 14 19 987</b>
<b>Expenses and Losses</b>			
Unrealized losses in value of investments		1 11 58 406	-
Loss on sale/redemption of investments		4 784	-
Management fees		2 95 773	934
Custodian fees		13 105	7 449
Trustees Bank fees		114	341
CRA Fees	6 73 504	7 34 778	
Less: Amount recovered / recoverable on sale of units on account of CRA Charges	( 6 73 504)	( 7 34 778)	
Depository and settlement charges		1 712	1 218
<b>Total</b>		<b>1 14 73 894</b>	<b>9 942</b>
Surplus for the year		19 75 041	1 14 10 045
Amount transferred From Unrealised Appreciation Reserve		28 16 260	-
		<b>47 91 301</b>	<b>1 14 10 045</b>
<b>Appropriation</b>			
Amount transferred to Unrealised Appreciation Reserve		-	28 16 260
Amount transferred to General Reserve		47 91 301	85 93 785
<b>Total</b>		<b>47 91 301</b>	<b>1 14 10 045</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
S. Venkatraman  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)

Date :  
Place :

(Chief Executive Officer & Trustee)

**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME G - TIER I**  
**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	₹	No.	₹
<b>Note 1</b>				
<b>Unit Capital (Face Value of Rs.10/- each unit)</b>				
Initial Capital*		92		92
Unit Capital				
Outstanding at the beginning of the year	90 21 072	9 02 10 719	50 66 158	5 06 61 585
Add :Units issued during the year	56 57 964	5 65 79 639	42 66 626	4 26 66 262
Less: Units redeemed during the year	( 3 25 080)	( 32 50 800)	( 3 11 712)	( 31 17 128)
Outstanding at the end of the year	<b>1 43 53 956</b>	<b>14 35 39 558</b>	<b>90 21 072</b>	<b>9 02 10 719</b>
<b>* Represents capital on the date of commencement of scheme</b>				
<b>Note 2</b>				
<b>Reserves and Surplus</b>				
<b>Unit Premium Reserve</b>				
Opening Balance		1 71 18 371		64 93 196
Add: Premium on Units issued		1 96 41 385		1 13 92 868
Less: Premium on Units redeemed		( 11 23 919)		( 7 67 693)
Closing Balance		<b>3 56 35 837</b>		<b>1 71 18 371</b>
<b>General Reserve</b>				
Opening Balance		1 16 73 928		30 80 143
Add: Transfer from Revenue Account		47 91 301		85 93 785
Closing Balance		<b>1 64 65 229</b>		<b>1 16 73 928</b>
<b>Unrealised Appreciation Account</b>				
Opening Balance		28 16 260		-
Add: Transfer from/(to) Revenue Account		( 28 16 260)		28 16 260
Closing Balance		<b>-</b>		<b>28 16 260</b>
<b>Total</b>		<b>5 21 01 066</b>		<b>3 16 08 559</b>
<b>Note 3</b>				
<b>Current Liabilities and Provisions</b>				
<b>Current Liabilities</b>				
Sundry Creditors for expenses		1 21 803		2 534
Redemption Payable		10 843		30 335
TDS Payable		3 241		263
<b>Total</b>		<b>1 35 887</b>		<b>33 132</b>



**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME G - TIER I**  
**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Note 4</b>		
<b>Investments (Long Term and Short Term)</b>		
Central and State Government Securities (including treasury bills)	18 92 71 601	11 86 28 505
Others - Mutual Fund Units	27 32 716	5 85 515
<b>Total</b>	<b>19 20 04 317</b>	<b>11 92 14 020</b>
<b>Note 5</b>		
<b>Other Current Assets</b>		
Balances with bank in a current account	-	1 42 769
Outstanding and accrued income	37 72 194	24 95 621
<b>Total</b>	<b>37 72 194</b>	<b>26 38 390</b>



## UTI RETIREMENT SOLUTIONS LIMITED

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

#### NOTE 6: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2014

##### A. Background

1. UTI Retirement Solutions Limited is appointed as a Pension Fund Manager (PFM) by the National Pension System Trust (NPS Trust) for the management of Pension Fund and for this purpose it has entered into an Investment Management Agreement (IMA). As per unbundled architecture of the NPS Trust, the main responsibility of the PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd., being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment/redemption of units and Bank of India (Axis Bank Ltd. w.e.f. July 01, 2013), being the Trustee Bank, provides/receive funds on consolidated basis in respect of such allotment/redemption.
2. CRA's responsibilities includes:
  - a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
  - b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
  - c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
  - d. PRAN Transaction Statement,
  - e. An operational interface between PFRDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trustee Bank etc.
  - f. CRA is responsible to resolve all queries pertaining to investors. CRA informs about the subscription and redemption to Pension Fund Managers (PFM) and also instruct Trustee Bank to credit PFM's pool account maintained with them.
3. NPS Trust has designated Stock Holding Corporation of India Ltd. (SHCIL) as the custodian, who is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, who is responsible for providing rates for valuation, which is used by PFM for valuation of investments.



45

4. Pension Fund Regulatory and Development Authority (PFRDA) has issued PFRDA (Preparation of Financial Statements and Auditor's Report of Scheme under National Pension System) Guidelines-2012 (PFRDA guidelines), which was effective from 5<sup>th</sup> September, 2012.
5. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.
6. The fees payable by CRA and trustee bank as per the architecture is charged to the scheme as claimed by CRA and trustee bank.

#### B. Scheme particulars

1. **Investment objective:** The investment objective of the scheme is to optimise returns.
2. **Commencement:** The Scheme commenced operations on 21 May, 2009.
3. **Investment pattern:**  
Investments will be in -
  - (a) Government of India Bonds
  - (b) State Government Bonds
4. Contributions to the Scheme by the investors for retirement are non-withdrawable.

#### C. Significant Accounting Policies

1. **Basis of Accounting:** The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Investments:**
  - a. Investments are accounted on trade date.
  - b. The cost includes service tax on brokerage.
  - c. Cost is determined on the basis of weighted average cost.
  - d. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
3. **Valuation of investments:** Investments are valued using the price determined in the following manner:



**a. Equity:**

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

**iii. Right entitlement:**

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

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

- i. Traded securities are valued at NSE weighted average traded price on that day.
- ii. Securities not traded on a valuation day with residual maturity over 60 days are valued on a yield to maturity basis, which is arrived at by adding spreads of relevant tenor, rating and industry over the benchmark yield.
- iii. The spread used are average of spreads provided by CRISIL and ICRA.
- iv. Securities not traded on a valuation day with residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over the remaining maturity period of the instrument.
- v. Securities purchased by way of private placement are valued at cost for a period of fifteen days beginning from the date of purchase.
- vi. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- vii. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- viii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
- ix. Partly paid bonds are valued at cost till it is fully paid.
- x. Perpetual bond with single/multiple call options are valued at lowest price on each option date.



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

d. **Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from AMFI website.

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

5. **Income Recognition:**

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

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

c. Other income of miscellaneous nature is accounted for when there is certainty of collection.

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

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

D. 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
1. Valuation of G- sec at YTM based on prevailing market prices	They are being valued at average of price given by CRISIL and ICRA

E. **CRA Fees:** The CRA fees charged to the scheme includes ₹ 171,884 which is yet to be recovered from investors by way of redemption of units which would be paid on respective due date.



- 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 Year	Previous Year	Current Year	Previous Year
0.0009% - up to 11/08/13 0.25% - w.e.f. 12/08/13	0.0009%	₹ 2,95,773	₹ 934

\* excluding service tax

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

₹ in Crores							
Current Year				Previous Year			
Purchase	%	Sales	%	Purchase	%	Sales	%
48.04	307.09	39.51	252.60	15.08	163.64	9.33	101.31

- 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 31<sup>st</sup> March, 2014 is ₹ NIL. (Previous Year ₹ NIL.)

- I. **Net Asset Value:**

	Current Year	Previous Year
As on 31 <sup>st</sup> March *	₹ 13.6297	₹ 13.5038
On last business day (28.03.2014 / 28.03.2013)	₹ 13.6234	₹ 13.4980

\* NAV not declared, being a non - business day

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

Current Year				Previous Year			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
1.34	8.60	1.15	7.34	1.14	12.39	0.00	0.00





**K. Other disclosures:**


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

**L. Investment in associates and group companies: ₹ Nil (Previous year: ₹ Nil)**

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

**For UTI Retirement Solutions Limited**

**For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.107122W**

  
**Bakram P Bhagat  
(Chief Executive Officer &  
Whole Time Director)**

**S. Venkatraman  
(Director)**

**Date: 22.04.2014  
Place: Mumbai**



**Sanjay Khemani  
(Partner)  
M. No. 044577**

**Date:  
Place:**



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**For and on behalf of National Pension System Trust**

**(Chairman, NPS Trust Board)  
Date:  
Place:**

**(Chief Executive Officer & Trustee)**

## INDEPENDENT AUDITORS' REPORT

To,  
The Trustees,  
National Pension System Trust

### Report on Financial Statements

- 1 We have audited the accompanying financial statements of **NPS Trust - A/C UTI Retirement Solutions Scheme G - Tier II (Scheme)** under the National Pension System Trust (NPS Trust) managed by UTI Retirement Solutions Ltd. (PFM) which comprise of the Balance Sheet as at March 31, 2014, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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



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

### Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2014;
  - b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date;

### Emphasis of Matter

- 7 As explained in Note No. 6A giving background of the Scheme regarding unbundled architecture, wherein PFM receives consolidated funds and does not have access to the individual subscribers' data. Based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the followings:
- a. ₹ 120,805 is lying with Trustee Bank as on 31st March, 2014 (Previous Year: Not available) the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. Accordingly, the subscription received pending allotment as well as balances with bank are understated by the said amount.
  - b. 117.6310 Units, valued at ₹ 1,634 as on 31st March 2014 (Previous Year: Not available) is lying in the name of "CRA Billing Account" maintained by CRA. As explained by CRA, this represents units redeemed on 28-03-2014 by CRA towards its charges, funds in respect of which has not been claimed from PFM, which has been paid by the PFM in the next financial year. Accordingly, the unit capital and unit premium as well as current liabilities are overstated by the said amount.



- c. 0.5386 Units, valued at ₹ 7 as on 31st March 2014 (Previous Year: Not available) termed as "residual units", which are not allotted to any investor and represents rounding off differences, which should have been accounted as scheme's income. However, this does not have any material impact on Financial Statements.

#### **Report on Other Legal And Regulatory Requirements**

- 8 As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- a. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- b. The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- c. In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.
- d. In our opinion, all transaction expenses in excess of the limits contractually agreed to / approved by the PFRDA are borne by the PFM and are not charged to the NAV of the Scheme.
- e. In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 to the extent made applicable by PFRDA.

- 9 We further certify that

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

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

**Sanjay Khemani**  
**Partner**  
**M No.: 044577**  
**Place:**  
**Date:**




**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME G - TIER II**  
**BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	Note	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Liabilities</b>			
Unit Capital	1	1 63 75 381	1 06 01 330
Reserves and Surplus	2	63 82 471	40 57 039
Current Liabilities and Provisions	3	69 545	1 086
<b>Total</b>		<b>2 28 27 397</b>	<b>1 46 59 455</b>
<b>Assets</b>			
Investments	4	2 23 94 191	1 43 54 754
Other Current Assets	5	4 33 206	3 04 701
<b>Total</b>		<b>2 28 27 397</b>	<b>1 46 59 455</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Ltd.

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Balram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date :  
Place :

(Chief Executive Officer & Trustee)


**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME G - TIER II**  
**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>Income</b>			
Interest		15 55 181	8 39 994
Profit on sale/redemption of investments		1 01 407	30 832
Unrealized gain on appreciation in investments		-	4 30 754
Other income			
- Miscellaneous Income		-	243
<b>Total</b>		<b>16 56 588</b>	<b>13 01 823</b>
<b>Expenses and Losses</b>			
Unrealized losses in value of investments		15 13 083	-
Loss on sale/redemption of investments		338	-
Management fees		35 324	104
Custodian fees		1 584	857
Trustees Bank fees		15	38
CRA Fees	6 357	6 115	
Less: Amount recovered / recoverable on sale of units on account of CRA Charges	( 6 357)	( 6 115)	
Depository and settlement charges		955	787
<b>Total</b>		<b>15 51 299</b>	<b>1 786</b>
Surplus for the year		1 05 289	13 00 037
Amount transferred From Unrealised Appreciation Reserve		2 90 781	-
		<b>3 96 070</b>	<b>13 00 037</b>
<b>Appropriation</b>			
Amount transferred to Unrealised Appreciation Reserve		-	2 90 781
Amount transferred to General Reserve		3 96 070	10 09 256
<b>Total</b>		<b>3 96 070</b>	<b>13 00 037</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Ltd.

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Balram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date :  
Place :

(Chief Executive Officer & Trustee)

**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME G - TIER II**  
**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	No.	As at March 31, 2014 ₹	No.	As at March 31, 2013 ₹
<b>Note 1</b>				
<b>Unit Capital (Face Value of Rs.10/- each unit)</b>				
Initial Capital*		96		96
<b>Unit Capital</b>				
Outstanding at the beginning of the year	10 60 133	1 06 01 330	6 37 667	63 76 672
Add :Units issued during the year	6 61 918	66 19 175	5 05 115	50 51 150
Less: Units redeemed during the year	( 84 512)	( 8 45 124)	( 82 649)	( 8 26 492)
Outstanding at the end of the year	<b>16 37 539</b>	<b>1 63 75 381</b>	<b>10 60 133</b>	<b>1 06 01 330</b>
<b>* Represents capital on the date of commencement of scheme</b>				
<b>Note 2</b>				
<b>Reserves and Surplus</b>				
<b>Unit Premium Reserve</b>				
Opening Balance		23 03 618		9 36 309
Add: Premium on Units issued		25 28 531		15 98 275
Less: Premium on Units redeemed		( 3 08 388)		( 2 30 966)
Closing Balance		<b>45 23 761</b>		<b>23 03 618</b>
<b>General Reserve</b>				
Opening Balance		14 62 640		4 53 384
Add: Transfer from Revenue Account		3 96 070		10 09 256
Closing Balance		<b>18 58 710</b>		<b>14 62 640</b>
<b>Unrealised Appreciation Account</b>				
Opening Balance		2 90 781		-
Add: Transfer from/(to) Revenue Account		( 2 90 781)		2 90 781
Closing Balance		-		<b>2 90 781</b>
<b>Total</b>		<b>63 82 471</b>		<b>40 57 039</b>

**Note 3**

**Current Liabilities and Provisions**

**Current Liabilities**

Sundry Creditors for expenses	14 738	444
Redemption Payable	54 425	594
TDS Payable	382	48
<b>Total</b>	<b>69 545</b>	<b>1 086</b>



UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME G - TIER II  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Note 4</b>		
<b>Investments (Long Term and Short Term)</b>		
Central and State Government Securities (including treasury bills)	2 18 57 813	1 42 35 499
Others - Mutual Fund Units	5 36 378	1 19 255
<b>Total</b>	<b>2 23 94 191</b>	<b>1 43 54 754</b>
<b>Note 5</b>		
<b>Other Current Assets</b>		
Balances with bank in a current account	1	31 868
Outstanding and accrued income	4 33 205	2 72 833
<b>Total</b>	<b>4 33 206</b>	<b>3 04 701</b>





## UTI RETIREMENT SOLUTIONS LIMITED

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

#### NOTE 6: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2014

##### A. Background

1. UTI Retirement Solutions Limited is appointed as a Pension Fund Manager (PFM) by the National Pension System Trust (NPS Trust) for the management of Pension Fund and for this purpose it has entered into an Investment Management Agreement (IMA). As per unbundled architecture of the NPS Trust, the main responsibility of the PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd., being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment/redemption of units and Bank of India (Axis Bank Ltd. w.e.f. July 01, 2013), being the Trustee Bank, provides/receive funds on consolidated basis in respect of such allotment/redemption.
2. CRA's responsibilities includes:
  - a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
  - b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
  - c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
  - d. PRAN Transaction Statement,
  - e. An operational interface between PFRDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trustee Bank etc.
  - f. CRA is responsible to resolve all queries pertaining to investors. CRA informs about the subscription and redemption to Pension Fund Managers (PFM) and also instruct Trustee Bank to credit PFM's pool account maintained with them.
3. NPS Trust has designated Stock Holding Corporation of India Ltd. (SHCIL) as the custodian, who is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, who is responsible for providing rates for valuation, which is used by PFM for valuation of investments.



4. Pension Fund Regulatory and Development Authority (PFRDA) has issued PFRDA (Preparation of Financial Statements and Auditor's Report of Scheme under National Pension System) Guidelines-2012 (PFRDA guidelines), which was effective from 5<sup>th</sup> September, 2012..
5. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.
6. The fees payable by CRA and trustee bank as per the architecture is charged to the scheme as claimed by CRA and trustee bank.

## B. Scheme particulars

1. **Investment objective:** The investment objective of the scheme is to optimise returns.
2. **Commencement:** The Scheme commenced operations on 14 December, 2009.
3. **Investment pattern:**  
Investments will be in -
  - (a) Government of India Bonds
  - (b) State Government Bonds
4. Contributions to the Scheme by the investors are withdrawable without any lock in period.

## C. Significant Accounting Policies

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



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 day.
- b. **Non-traded:** Right entitlement is valued at the difference of the closing market price of the original equity share on the valuation day and the offer price multiplied by the ratio of Right Entitlement.

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

- i. Traded securities are valued at NSE weighted average traded price on that day.
- ii. Securities not traded on a valuation day with residual maturity over 60 days are valued on a yield to maturity basis, which is arrived at by adding spreads of relevant tenor, rating and industry over the benchmark yield.
- iii. The spread used are average of spreads provided by CRISIL and ICRA.
- iv. Securities not traded on a valuation day with residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over the remaining maturity period of the instrument.
- v. Securities purchased by way of private placement are valued at cost for a period of fifteen days beginning from the date of purchase.
- vi. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- vii. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- viii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
- ix. Partly paid bonds are valued at cost till it is fully paid.



- x. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
  - c. **Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.
  - d. **Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from AMFI website.
4. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.
  5. **Income Recognition:**
    - a. Dividend income is accrued on the "ex-dividend" date.
    - b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
    - c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
  6. **Computation of Net Asset Value (NAV):** The NAV of the units is determined by dividing the net assets, including investments recognised and valued as per the accounting policies, by the number of outstanding units on the valuation date.
  7. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve.
- D. 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
1. Valuation of G- sec at YTM based on prevailing market prices	They are being valued at average of price given by CRISIL and ICRA



- E. **CRA Fees:** The CRA fees charged to the scheme includes ₹ 1,634 which is yet to be recovered from investors by way of redemption of units which would be paid on respective due date.
- 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 Year	Previous Year	Current Year	Previous Year
0.0009% - up to 11/08/13 0.25% - w.e.f. 12/08/13	0.0009%	₹ 35,324	₹ 104

\* excluding service tax

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

₹ in Crores

Current Year				Previous Year			
Purchase	%	Sales	%	Purchase	%	Sales	%
6.22	330.70	5.26	279.35	1.92	183.26	1.29	122.71

- 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 31<sup>st</sup> March, 2014 is ₹ NIL. (Previous Year ₹ NIL)

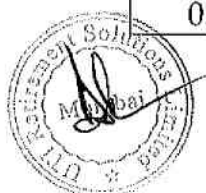
- I. **Net Asset Value:**

	Current Year	Previous Year
As on 31 <sup>st</sup> March *	₹ 13.8976	₹ 13.8269
On last business day (28.03.2014 / 28.03.2013)	₹ 13.8909	₹ 13.8211

\*NAV not declared, being a non - business day

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

Current Year				Previous Year			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
0.17	8.80	0.16	8.25	0.13	12.40	0.00	0.00



**K. Other disclosures:**

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

**L. Investment in associates and group companies:** ₹ Nil (Previous year: ₹ Nil)

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

**For UTI Retirement Solutions Limited**

**For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.107122W**

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

**S. Venkatraman  
(Director)**



**Sanjay Khemani  
(Partner)  
M. No. 044577**



**Date: 22.04.2014  
Place: Mumbai**

**Date:  
Place:**

**For and on behalf of National Pension System Trust**

**(Chairman, NPS Trust Board)  
Date:  
Place:**

**(Chief Executive Officer & Trustee)**

## INDEPENDENT AUDITORS' REPORT

To,  
The Trustees,  
National Pension System Trust

### Report on Financial Statements

- 1 We have audited the accompanying financial statements of **NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme - Central Govt.(Scheme)** under the National Pension System Trust (NPS Trust) managed by UTI Retirement Solutions Ltd. (PFM) which comprise of the Balance Sheet as at March 31, 2014, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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



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

### Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2014;
  - b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date;

### Emphasis of Matter

- 7 As explained in Note No. 7A giving background of the Scheme regarding unbundled architecture, wherein PFM receives consolidated funds and does not have access to the individual subscribers' data. Based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the followings:
- a. 1,74,18,078.7764 Units, valued at ₹ 28,99,81,401 as on 31st March 2014 (Previous Year: Not available) is lying in the name of "Unitization Pool Account" maintained by CRA. As explained by CRA, the subscribers for the same have not been identified. The possible impact, if any, shall be known after completion of identification/reconciliation process.
  - b. ₹ 231,456,798 is lying with Trustee Bank as on 31st March, 2014 (Previous Year: Not available) the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. Accordingly, the subscription received pending allotment as well as balances with bank are understated by the said amount.





- c. 2,812,5419 Units, valued at ₹ 46,824 as on 31st March 2014 (Previous Year: Not available) termed as "residual units", which are not allotted to any investor and represents rounding off differences, which should have been accounted as scheme's income. However, this does not have any material impact on Financial Statements.

#### **Report on Other Legal And Regulatory Requirements**

- 8 As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.
- In our opinion, all transaction expenses in excess of the limits contractually agreed to / approved by the PFRDA are borne by the PFM and are not charged to the NAV of the Scheme.
- In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 to the extent made applicable by PFRDA.

- 9 We further certify that

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

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

**Sanjay Khemani**  
**Partner**  
**M No.: 044577**  
**Place:**  
**Date:**




**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT**  
**BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	Note	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Liabilities</b>			
Unit Capital	1	4850 62 58 758	3660 22 75 309
Reserves and Surplus	2	3231 38 66 633	2144 97 69 020
Current Liabilities and Provisions	3	2 27 33 137	32 47 29 707
<b>Total</b>		<b>8084 28 58 528</b>	<b>5837 67 74 036</b>
<b>Assets</b>			
Investments	4	7737 50 09 401	5615 55 86 491
Deposits	5	121 21 81 112	56 02 14 512
Other Current Assets	6	225 56 68 015	166 09 73 033
<b>Total</b>		<b>8084 28 58 528</b>	<b>5837 67 74 036</b>
Significant Accounting Policies and other explanatory notes	7		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Balram P. Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date :  
Place :

(Chief Executive Officer & Trustee)

**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT**  
**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>Income</b>			
Dividend		7 56 42 216	3 77 78 464
Interest		535 19 59 028	371 55 77 373
Profit on sale/redemption of investments		36 16 18 998	30 96 74 448
Profit on inter-scheme transfer/sale of investments		-	2 07 99 863
Unrealized gain on appreciation in investments		-	140 47 79 218
Other income			
- Refund of Securities Transaction Tax		-	23 71 704
- Miscellaneous Income		1 32 026	20 002
<b>Total</b>		<b>578 93 52 268</b>	<b>549 10 01 072</b>
<b>Expenses and Losses</b>			
Unrealized losses in value of investments		220 28 13 361	-
Loss on sale/redemption of investments		3 30 25 221	1 17 62 829
Management fees		78 33 118	53 34 529
Custodian fees		55 83 101	37 29 792
Trustees Bank fees		46 918	3 34 308
CRA Fees		-	4 82 163
Less: Amount recovered / to be recoverable on sale of units on account of CRA Charges		-	( 4 82 163)
Depository and settlement charges		3 15 398	1 80 325
<b>Total</b>		<b>224 96 17 117</b>	<b>2 13 41 783</b>
Surplus for the year		353 97 35 151	546 96 59 289
Amount transferred From Unrealised Appreciation Reserve		101 60 73 001	-
		<b>455 58 08 152</b>	<b>546 96 59 289</b>
<b>Appropriation</b>			
Amount transferred to Unrealised Appreciation Reserve		-	101 60 73 001
Amount transferred to General Reserve		455 58 08 152	445 35 86 288
<b>Total</b>		<b>455 58 08 152</b>	<b>546 96 59 289</b>
Significant Accounting Policies and other explanatory notes	7		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W



Balram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)

(Chief Executive Officer & Trustee)

Date :  
Place :

UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	₹	No.	₹
<b>Note 1</b>				
<b>Unit Capital (Face Value of Rs.10/- each unit)</b>				
Initial Capital*		296 11 57 465		296 11 57 465
Unit Capital				
Outstanding at the beginning of the year	366 02 27 531	3660 22 75 309	271 98 71 115	2719 87 11 152
Add: Units issued during the year	119 89 38 289	1198 93 82 890	100 50 30 391	1005 03 03 912
Less: Units redeemed during the year	( 85 39 944)	(8 53 99 441)	(6 46 73 975)	(64 67 39 755)
Outstanding at the end of the year	<u>485 06 25 876</u>	<u>4850 62 58 758</u>	<u>366 02 27 531</u>	<u>3660 22 75 309</u>
* Represents capital on the date of commencement of scheme				
<b>Note 2</b>				
<b>Reserves and Surplus</b>				
<b>Unit Premium Reserve</b>				
Opening Balance		1073 00 47 888		597 73 76 923
Add: Premium on Units issued		737 76 16 944		510 37 15 408
Less: Premium on Units redeemed		(5 32 54 482)		(35 10 44 443)
Closing Balance		<u>1805 44 10 350</u>		<u>1073 00 47 888</u>
<b>General Reserve</b>				
Opening Balance		970 36 48 131		525 00 61 843
Add: Transfer from Revenue Account		455 58 08 152		445 35 86 288
Closing Balance		<u>1425 94 56 283</u>		<u>970 36 48 131</u>
<b>Unrealised Appreciation Reserve</b>				
Opening Balance		101 60 73 001		-
Add: Transfer from/(to) Revenue Account		(101 60 73 001)		101 60 73 001
Closing Balance		<u>-</u>		<u>101 60 73 001</u>
<b>Total</b>		<u>3231 38 66 633</u>		<u>2144 97 69 020</u>

**Note 3**

**Current Liabilities and Provisions**

**Current Liabilities**

Contracts for purchase of investments	1 31 44 364	-
Sundry Creditors for expenses	49 13 487	24 82 802
Redemption Payable	45 76 014	-
Amount Payable to Other Schemes	-	32 20 81 069
TDS Payable	99 272	1 65 836
<b>Total</b>	<u>2 27 33 137</u>	<u>32 47 29 707</u>



**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - CENTRAL GOVT**  
**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
<b>Note 4</b>		
<b>Investments (Long Term and Short Term)</b>		
Equity Shares	670 55 10 078	333 25 33 614
Debentures and Bonds Listed/Awaiting Listing	2794 69 71 658	2163 84 58 191
Central and State Government Securities (including treasury bills)	4069 38 39 495	2817 93 99 603
Commercial Paper	-	39 15 83 800
Others - Mutual Fund Units	123 04 87 570	186 46 87 533
- Certificates of Deposit	79 82 00 600	74 89 23 750
<b>Total</b>	<b>7737 50 09 401</b>	<b>5615 55 86 491</b>
<b>Note 5</b>		
<b>Deposits</b>		
Deposits with Scheduled Banks	121 21 81 112	56 02 14 512
<b>Total</b>	<b>121 21 81 112</b>	<b>56 02 14 512</b>
<b>Note 6</b>		
<b>Other Current Assets</b>		
Balances with bank in a current account	438	5 29 23 712
Outstanding and accrued income	225 56 58 032	160 80 49 321
Receivable from UTIRSL	9 545	-
	<b>225 56 68 015</b>	<b>166 09 73 033</b>



## UTI RETIREMENT SOLUTIONS LIMITED

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

### NOTE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2014

#### A. Background

1. UTI Retirement Solutions Limited is appointed as a Pension Fund Manager (PFM) by the National Pension System Trust (NPS Trust) for the management of Pension Fund and for this purpose it has entered into an Investment Management Agreement (IMA). As per unbundled architecture of the NPS Trust, the main responsibility of the PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd., being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment/redemption of units and Bank of India (Axis Bank Ltd. w.e.f. July 01, 2013), being the Trustee Bank, provides/receive funds on consolidated basis in respect of such allotment/redemption.
2. CRA's responsibilities includes:
  - a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
  - b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
  - c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
  - d. PRAN Transaction Statement,
  - e. An operational interface between PFRDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trustee Bank etc.
  - f. CRA is responsible to resolve all queries pertaining to investors. CRA informs about the subscription and redemption to Pension Fund Managers (PFM) and also instruct Trustee Bank to credit PFM's pool account maintained with them.
3. NPS Trust has designated Stock Holding Corporation of India Ltd. (SHCIL) as the custodian, who is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, who is responsible for providing rates for valuation, which is used by PFM for valuation of investments.
4. Pension Fund Regulatory and Development Authority (PFRDA) has issued PFRDA (Preparation of Financial Statements and Auditor's Report of Scheme under National Pension System) Guidelines-2012 (PFRDA guidelines), which was effective from 5th September, 2012.



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

## B. Scheme particulars

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

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

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

## C. Significant Accounting Policies

1. **Basis of Accounting:** The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Investments:**
  - a. Investments are accounted on trade date.
  - b. 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.
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 day.
  - b. **Non-traded:** Right entitlement is valued at the difference of the closing market price of the original equity share on the valuation day and the offer price multiplied by the ratio of Right Entitlement.

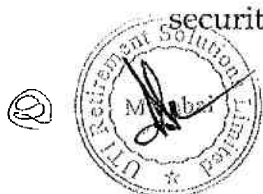
**b. Debentures, corporate bonds, commercial papers and certificate of deposits:**

- i. Traded securities are valued at NSE weighted average traded price on that day.
- ii. Securities not traded on a valuation day with residual maturity over 60 days are valued on a yield to maturity basis, which is arrived at by adding spreads of relevant tenor, rating and industry over the benchmark yield.
- iii. The spread used are average of spreads provided by CRISIL and ICRA.
- iv. Securities not traded on a valuation day with residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over the remaining maturity period of the instrument.
- v. Securities purchased by way of private placement are valued at cost for a period of fifteen days beginning from the date of purchase.
- vi. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- vii. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- viii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
- ix. Partly paid bonds are valued at cost till it is fully paid.
- x. Perpetual bond with single/multiple call options are valued at lowest price on each option date.

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

**d. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from AMFI website.

4. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the





aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

5. **Income Recognition:**

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

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

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

D. 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
<b>1. Securities traded at a stock exchange:</b> 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.	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.
<b>2. Valuation of G- sec at YTM based on prevailing market prices</b>	They are being valued at average of price given by CRISIL and ICRA
<b>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.</b>	Money Market instruments are valued as per debt securities. i.e. upto 60 days residual maturity - Amortisation, above 60 days - YTM basis.



4. Right Entitlement should be valued at difference between the Ex-right price and Right offer price multiplied by the ratio of Right Entitlement.	Right Entitlement is valued at difference between the Closing market price on the valuation date and Right offer price multiplied by the ratio of Right Entitlement.
5. Front-end discount / incentive should be reduced from the Cost of investments.	Front-end discount / incentive is taken to Income.

- 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 Year	Previous Year	Current Year	Previous Year
0.0102%	0.0009% - up to 17/04/12 0.0102% - w.e.f. 18/04/12	₹ 78,33,118	₹ 53,34,529

\* excluding service tax

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

₹ in Crores

Current Year				Previous Year			
Purchase	%	Sales	%	Purchase	%	Sales	%
11,615.91	169.82	9,267.68	135.49	7,407.70	153.67	5,591.51	116.00

- G. The aggregate value of non-traded investments (other than Government Securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31<sup>st</sup> March, 2014 is ₹ 1,653.63 Crores. (Previous Year ₹ 1,496.10 Crores)

- H. **Net Asset Value:**

	Current Year	Previous Year
As on 31 <sup>st</sup> March *	₹ 16.6618	₹ 15.8602
On last business day (28.03.2014 / 28.03.2013)	₹ 16.6483	₹ 15.8495

\* NAV not declared, being a non - business day

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

Current Year				Previous Year			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
578.94	8.46	224.96	3.29	549.10	11.39	2.13	0.04

**J. Other disclosures:**

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

**K. Investment in associates and group companies:** ₹ Nil (Previous year: ₹ Nil)

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

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

**For UTI Retirement Solutions Limited**

**For M. M. Nissim And Co.**  
**Chartered Accountants**  
Firm Registration No.107122W

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

S. Venkatraman  
(Director)



Sanjay Khemani  
(Partner)  
M. No. 044577



Date: 22.04.2014  
Place: Mumbai

Date:  
Place:

---

**For and on behalf of National Pension System Trust**

(Chairman, NPS Trust Board)  
Date:  
Place:

(Chief Executive Officer & Trustee)

**ANNEXURE A: SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION**

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

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

**3/31/2014**

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>EQUITY SHARES</b>				
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	332,017	293,469,826	0.36	4.38
LIC HOUSING FINANCE LTD.	325,585	76,886,898	0.10	1.15
		<b>370,356,724</b>	<b>0.46</b>	<b>5.53</b>
<b>MANUFACTURE OF ALLOPATHIC PHARMACEUTICAL PREPARATIONS</b>				
CIPLA LTD.	122,176	46,768,973	0.06	0.70
DIVIS LABORATORIES LTD.	68,305	93,297,800	0.12	1.39
DR. REDDYS LABORATORIES LTD.	70,943	181,890,758	0.23	2.71
LUPIN LTD.	87,189	81,360,415	0.10	1.21
RANBAXY LABORATORIES LTD.	11,494	4,194,161	0.01	0.06
SUN PHARMACEUTICAL INDUSTRIES LTD.	268,907	154,554,298	0.19	2.30
		<b>562,066,404</b>	<b>0.71</b>	<b>8.37</b>
<b>MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO</b>				
ITC LIMITED	1,128,020	398,021,857	0.49	5.94
		<b>398,021,857</b>	<b>0.49</b>	<b>5.94</b>
<b>MONEYARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
ALLAHABAD BANK	71,031	6,456,718	0.01	0.10
ANDHRA BANK	34,370	2,197,962	0.00	0.03
AXIS BANK LTD.	114,079	166,612,380	0.21	2.48
BANK OF BARODA	163,487	117,833,255	0.15	1.76
FEDERAL BANK LTD.	211,525	20,253,519	0.03	0.30
HDFC BANK LTD.	471,210	352,842,048	0.44	5.26
ICICI BANK LTD.	273,065	339,979,578	0.42	5.07
INDIAN BANK	65,589	7,532,897	0.01	0.11
INDUSIND BANK LTD.	59,803	30,012,136	0.04	0.45
KOTAK MAHINDRA BANK LTD.	8,900	6,951,345	0.01	0.10
ORIENTAL BANK OF COMMERCE	73,650	16,416,585	0.02	0.24
PUNJAB NATIONAL BANK	55,678	41,418,864	0.05	0.62
STATE BANK OF INDIA	92,989	178,325,005	0.22	2.66
UCO BANK	73,650	5,372,768	0.01	0.08
		<b>1,292,205,058</b>	<b>1.62</b>	<b>19.26</b>
<b>WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING</b>				
HCL TECHNOLOGIES LIMITED	75,588	105,120,232	0.13	1.57
INFOSYS LTD.	110,211	361,800,671	0.45	5.40
TATA CONSULTANCY SERVICES LTD.	162,167	345,926,536	0.43	5.16
WIPRO LTD.	255,426	138,747,403	0.17	2.07
		<b>951,594,842</b>	<b>1.18</b>	<b>14.20</b>
<b>DEBENTURES &amp; BONDS</b>				
<b>ACTIVITIES OF HOLDING COMPANIES</b>				
IL&FS FINANCIAL SERVICES LIMITED	4,390,000	434,050,746	0.54	1.55
TATA SONS LTD.	17,810,000	1,773,491,270	2.19	6.35
		<b>2,207,542,016</b>	<b>2.73</b>	<b>7.90</b>
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	13,420,000	1,340,442,043	1.66	4.80
LIC HOUSING FINANCE LTD.	8,060,000	812,065,499	1.00	2.91
		<b>2,152,507,542</b>	<b>2.66</b>	<b>7.71</b>



Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>MANUFACTURE OF OTHER AGROCHEMICAL PRODUCTS N.E.C.</b>				
UNITED PHOSPHOROUS LTD.	18,070,000	1,855,135,955	2.30	6.64
		<b>1,855,135,955</b>	<b>2.30</b>	<b>6.64</b>
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
AXIS BANK LTD.	7,750,000	754,138,550	0.93	2.70
HDFC BANK LTD.	1,000,000	97,065,200	0.12	0.35
ICICI BANK LTD.	6,180,000	603,822,276	0.75	2.16
IDBI BANK LTD.	6,500,000	682,931,600	0.85	2.44
INDIAN OVERSEAS BANK	1,000,000	101,644,100	0.13	0.36
ING VYSYA BANK LTD.	800,000	78,026,800	0.10	0.28
STATE BANK OF INDIA	500,000	51,039,850	0.06	0.18
YES BANK	2,000,000	197,272,400	0.24	0.71
		<b>2,565,940,776</b>	<b>3.18</b>	<b>9.18</b>
<b>OTHER CREDIT GRANTING</b>				
INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED	1,500,000	145,649,550	0.18	0.52
POWER FINANCE CORPORATION LTD.	25,920,000	2,557,610,290	3.16	9.15
RURAL ELECTRIFICATION CORPORATION LIMITED	25,540,000	2,494,096,969	3.09	8.92
		<b>5,197,356,809</b>	<b>6.43</b>	<b>18.59</b>
<b>OTHER FINANCIAL SERVICE ACTIVITIES, EXCEPT INSURANCE AND PENSION FUNDING ACTIVITIES, N.E.C.</b>				
CHOLAMANDALAM INVESTMENT & FINANCE CO. LTD.	1,200,000	122,013,960	0.15	0.44
HDB FINANCIAL SERVICES LTD.	7,700,000	766,540,610	0.95	2.74
INDIA INFRASTRUCTURE FINANCE CO. LTD.	1,000,000	93,164,500	0.12	0.33
INFRASTRUCTURE LEASING AND FINANCIAL SERVICES LTD.	7,590,000	754,053,706	0.93	2.70
MAHINDRA AND MAHINDRA FINANCIAL SERVICES LIMITED	1,500,000	151,086,000	0.19	0.54
RELIANCE CAPITAL LTD.	3,000,000	299,903,290	0.37	1.07
SHRIRAM TRANSPORT FINANCE CO. LTD.	12,180,000	1,241,129,667	1.54	4.44
TATA MOTOR FINANCE LTD.	1,800,000	180,516,960	0.22	0.65
VOLKSWAGEN FINANCE PVT LTD.	1,000,000	99,672,200	0.12	0.36
		<b>3,708,080,893</b>	<b>4.59</b>	<b>13.27</b>



## INDEPENDENT AUDITORS' REPORT

To,  
The Trustees,  
National Pension System Trust

### Report on Financial Statements

- 1 We have audited the accompanying financial statements of **NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme – State Govt. (Scheme)** under the National Pension System Trust (NPS Trust) managed by UTI Retirement Solutions Ltd. (PFM) which comprise of the Balance Sheet as at March 31, 2014, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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



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

### Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2014;
  - b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date;

### Emphasis of Matter

- 7 As explained in Note No. 7A giving background of the Scheme regarding unbundled architecture, wherein PFM receives consolidated funds and does not have access to the individual subscribers' data. Based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the followings:
- a. ₹ 767,785,440 is lying with Trustee Bank as on 31st March, 2014 (Previous Year: Not available) the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. Accordingly, the subscription received pending allotment as well as balances with bank are understated by the said amount.
  - b. 2,711.8627 Units, valued at ₹ 40,209 as on 31st March 2014 (Previous Year: Not available) termed as "residual units", which are not allotted to any investor and represents rounding off differences, which should have been accounted as scheme's income. However, this does not have any material impact on Financial Statements.



**Report on Other Legal And Regulatory Requirements**

8 As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- a. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- b. The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- c. In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.
- d. In our opinion, all transaction expenses in excess of the limits contractually agreed to/approved by the PFRDA are borne by the PFM and are not charged to the NAV of the Scheme.
- e. In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 to the extent made applicable by PFRDA.

9 We further certify that

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

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

Sanjay Khemani  
Partner  
M No.: 044577  
Place:  
Date:





**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT**  
**BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	Note	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Liabilities</b>			
Unit Capital	1	4487 41 58 646	2477 64 73 228
Reserves and Surplus	2	2171 21 26 647	1033 36 54 798
Current Liabilities and Provisions	3	1 88 20 949	15 50 862
<b>Total</b>		<b>6660 51 06 242</b>	<b>3511 16 78 888</b>
<b>Assets</b>			
Investments	4	6385 64 96 116	3350 89 98 766
Deposits	5	94 88 62 761	31 69 96 042
Other Current Assets	6	179 97 47 365	128 56 84 080
<b>Total</b>		<b>6660 51 06 242</b>	<b>3511 16 78 888</b>
Significant Accounting Policies and other explanatory notes	7		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Balram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)

(Chief Executive Officer & Trustee)

Date :

Place :

**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT**  
**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>Income</b>			
Dividend		4 79 56 585	1 40 03 214
Interest		391 59 53 969	172 50 07 224
Profit on sale/redemption of investments		20 10 95 159	14 80 49 847
Unrealized gain on appreciation in investments		-	77 06 53 547
Other income			
- Refund of Securities Transaction Tax		-	2 84 442
- Miscellaneous Income		88 514	-
<b>Total</b>		<b>416 50 94 227</b>	<b>265 79 98 274</b>
<b>Expenses and Losses</b>			
Unrealized losses in value of investments		165 68 39 198	-
Loss on sale/redemption of investments		56 34 522	5 38 502
Management fees		57 05 754	25 13 176
Custodian fees		40 60 259	17 01 670
Trustees Bank fees		-	1 874
Depository and settlement charges		3 57 430	1 79 144
<b>Total</b>		<b>167 25 97 163</b>	<b>49 34 366</b>
Surplus for the year		249 24 97 064	265 30 63 908
Amount transferred From Unrealised Appreciation Reserve		73 28 86 340	-
		<b>322 53 83 404</b>	<b>265 30 63 908</b>
<b>Appropriation</b>			
Amount transferred to Unrealised Appreciation Reserve		-	73 28 86 340
Amount transferred to General Reserve		322 53 83 404	192 01 77 568
<b>Total</b>		<b>322 53 83 404</b>	<b>265 30 63 908</b>
Significant Accounting Policies and other explanatory notes	7		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Balaram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date :  
Place :

(Chief Executive Officer & Trustee)

**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT**  
**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	No.	As at March 31, 2014 ₹	No.	As at March 31, 2013 ₹
<b>Note 1</b>				
<b>Unit Capital (Face Value of Rs.10/- each unit)</b>				
Initial Capital*		1 67 676		1 67 676
<b>Unit Capital</b>				
Outstanding at the beginning of the year	247 76 47 323	2477 64 73 228	96 94 72 887	969 47 28 872
Add :Units issued during the year	202 19 94 423	2021 99 44 233	150 98 75 030	1509 87 50 304
Less: Units redeemed during the year	(1 22 25 881)	(12 22 58 815)	( 17 00 594)	(1 70 05 948)
Outstanding at the end of the year	<b>448 74 15 865</b>	<b>4487 41 58 646</b>	<b>247 76 47 323</b>	<b>2477 64 73 228</b>
<b>* Represents capital on the date of commencement of scheme</b>				
<b>Note 2</b>				
<b>Reserves and Surplus</b>				
<b>Unit Premium Reserve</b>				
Opening Balance		691 87 31 665		167 74 67 641
Add: Premium on Units issued		894 12 60 350		524 75 59 616
Less: Premium on Units redeemed		(5 52 85 565)		( 62 95 592)
Closing Balance		<b>1580 47 06 450</b>		<b>691 87 31 665</b>
<b>General Reserve</b>				
Opening Balance		268 20 36 793		76 18 59 225
Add: Transfer from Revenue Account		322 53 83 404		192 01 77 568
Closing Balance		<b>590 74 20 197</b>		<b>268 20 36 793</b>
<b>Unrealised Appreciation Account</b>				
Opening Balance		73 28 86 340		-
Add: Transfer from/(to) Revenue Account		(73 28 86 340)		73 28 86 340
Closing Balance		-		<b>73 28 86 340</b>
<b>Total</b>		<b>2171 21 26 647</b>		<b>1033 36 54 798</b>

**Note 3**

**Current Liabilities and Provisions**

**Current Liabilities**

Contracts for purchase of investments	1 31 45 537	-
Sundry Creditors for expenses	39 22 492	13 74 014
Redemption Payable	16 71 067	80 429
TDS Payable	81 853	96 419
<b>Total</b>	<b>1 88 20 949</b>	<b>15 50 862</b>



**UTI RETIREMENT SOLUTIONS LIMITED**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT**  
**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Note 4</b>		
<b>Investments (Long Term and Short Term)</b>		
Equity Shares	495 21 86 693	185 38 16 359
Debentures and Bonds Listed/Awaiting Listing	2305 93 37 181	1292 74 30 684
Central and State Government Securities (including treasury bills)	3432 12 63 747	1680 75 79 274
Commercial Paper	14 92 90 200	9 78 95 950
Others - Mutual Fund Units	57 63 91 545	74 88 11 750
- Certificates of Deposit	79 80 26 750	107 34 64 749
<b>Total</b>	<b>6385 64 96 116</b>	<b>3350 89 98 766</b>
<b>Note 5</b>		
<b>Deposits</b>		
Deposits with Scheduled Banks	94 88 62 761	31 69 96 042
<b>Total</b>	<b>94 88 62 761</b>	<b>31 69 96 042</b>
<b>Note 6</b>		
<b>Other Current Assets</b>		
Balances with bank in a current account	699	93 60 240
Outstanding and accrued income	179 97 37 119	95 42 43 173
Receivable from other scheme	-	32 20 80 667
Receivable from UTIRSL	9 547	-
<b>Total</b>	<b>179 97 47 365</b>	<b>128 56 84 080</b>



## UTI RETIREMENT SOLUTIONS LIMITED

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

### NOTE 7: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2014

#### A. Background

1. UTI Retirement Solutions Limited is appointed as a Pension Fund Manager (PFM) by the National Pension System Trust (NPS Trust) for the management of Pension Fund and for this purpose it has entered into an Investment Management Agreement (IMA). As per unbundled architecture of the NPS Trust, the main responsibility of the PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd., being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment/redemption of units and Bank of India (Axis Bank Ltd. w.e.f. July 01, 2013), being the Trustee Bank, provides/receive funds on consolidated basis in respect of such allotment/redemption.
2. CRA's responsibilities includes:
  - a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
  - b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
  - c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
  - d. PRAN Transaction Statement,
  - e. An operational interface between PFRDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trustee Bank etc.
  - f. CRA is responsible to resolve all queries pertaining to investors. CRA informs about the subscription and redemption to Pension Fund Managers (PFM) and also instruct Trustee Bank to credit PFM's pool account maintained with them.
3. NPS Trust has designated Stock Holding Corporation of India Ltd. (SHCIL) as the custodian, who is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, who is responsible for providing rates for valuation, which is used by PFM for valuation of investments.
4. Pension Fund Regulatory and Development Authority (PFRDA) has issued PFRDA (Preparation of Financial Statements and Auditor's Report of Scheme under National Pension System) Guidelines-2012 (PFRDA guidelines), which was effective from 5<sup>th</sup> September, 2012.



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

## B. Scheme particulars

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

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

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

## C. Significant Accounting Policies

1. **Basis of Accounting:** The Scheme maintains books of account on an accrual basis under the historical cost convention, as modified for investments, which are 'marked-to-market'.
2. **Investments:**
  - a. Investments are accounted on trade date.
  - b. 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.
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 day.
  - b. **Non-traded:** Right entitlement is valued at the difference of the closing market price of the original equity share on the valuation day and the offer price multiplied by the ratio of Right Entitlement.

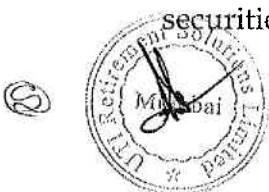
**b. Debentures, corporate bonds, commercial papers and certificate of deposits:**

- i. Traded securities are valued at NSE weighted average traded price on that day.
- ii. Securities not traded on a valuation day with residual maturity over 60 days are valued on a yield to maturity basis, which is arrived at by adding spreads of relevant tenor, rating and industry over the benchmark yield.
- iii. The spread used are average of spreads provided by CRISIL and ICRA.
- iv. Securities not traded on a valuation day with residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over the remaining maturity period of the instrument.
- v. Securities purchased by way of private placement are valued at cost for a period of fifteen days beginning from the date of purchase.
- vi. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
- vii. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
- viii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
- ix. Partly paid bonds are valued at cost till it is fully paid.
- x. Perpetual bond with single/multiple call options are valued at lowest price on each option date.

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

**d. Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from AMFI website.

**4. Appreciation/Depreciation,** as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the



aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.

**5. Income Recognition:**

- 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.

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

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

**D. 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
<b>1. Securities traded at a stock exchange:</b> 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.	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.
<b>2. Valuation of G- sec at YTM based on prevailing market prices</b>	They are being valued at average of price given by CRISIL and ICRA
<b>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.</b>	Money Market instruments are valued as per debt securities. i.e. upto 60 days residual maturity - Amortisation, above 60 days - YTM basis.





4. Right Entitlement should be valued at difference between the Ex-right price and Right offer price multiplied by the ratio of Right Entitlement.	Right Entitlement is valued at difference between the Closing market price on the valuation date and Right offer price multiplied by the ratio of Right Entitlement.
5. Front-end discount / incentive should be reduced from the Cost of investments.	Front-end discount / incentive is taken to Income.

- 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 Year	Previous Year	Current Year	Previous Year
0.0102%	0.0009% - up to 17/04/12 0.0102% - w.e.f. 18/04/12	₹ 57,05,754	₹ 25,13,176

\* excluding service tax

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

₹ in Crores

Current Year				Previous Year			
Purchase	%	Sales	%	Purchase	%	Sales	%
12,392.71	248.52	9,159.06	183.68	6,683.58	296.97	4,545.76	201.98

- G. The aggregate value of non-traded investments (other than government securities) where investments have been valued "in good faith" exceed 5% of the NAV as at 31<sup>st</sup> March, 2014 is ₹ 1,196.59 Crores. (Previous Year ₹ 749.21 Crores)

H. **Net Asset Value:**

	Current Year	Previous Year
As on 31 <sup>st</sup> March *	₹ 14.8384	₹ 14.1707
On last business day (28.03.2014 / 28.03.2013)	₹ 14.8269	₹ 14.1614

\* NAV not declared, being a non - business day

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

Current Year				Previous Year			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
416.51	8.35	167.26	3.35	265.80	11.81	0.49	0.02



J. Other disclosures:

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


K. Investment in associates and group companies: ₹ Nil (Previous year: ₹ Nil)

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

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.107122W

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

S. Venkatraman  
(Director)

Date: 22.04.2014  
Place: Mumbai



Sanjay Khemani  
(Partner)  
M. No. 044577

Date:  
Place:



For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date:  
Place:

(Chief Executive Officer & Trustee)

**ANNEXURE A: SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION**

**Industry wise classification where industry exposure % to total exposure in investment category**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME – STATE GOVT**

**3/31/2014**

Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>EQUITY SHARES</b>				
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	246,524	217,902,564	0.33	4.40
LIC HOUSING FINANCE LTD.	210,000	49,591,500	0.07	1.00
		<b>267,494,064</b>	<b>0.40</b>	<b>5.40</b>
<b>MANUFACTURE OF ALLOPATHIC PHARMACEUTICAL PREPARATIONS</b>				
CIPLA LTD.	90,530	34,654,884	0.05	0.70
DIVIS LABORATORIES LTD.	66,122	90,316,040	0.14	1.82
DR. REDDYS LABORATORIES LTD.	46,725	119,798,228	0.18	2.42
LUPIN LTD.	76,035	70,952,060	0.11	1.43
RANBAXY LABORATORIES LTD.	21,684	7,912,492	0.01	0.16
SUN PHARMACEUTICAL INDUSTRIES LTD.	247,093	142,016,702	0.21	2.87
		<b>465,650,405</b>	<b>0.70</b>	<b>9.40</b>
<b>MANUFACTURE OF CIGARETTES, CIGARETTE TOBACCO</b>				
ITC LIMITED	909,427	320,891,317	0.48	6.48
		<b>320,891,317</b>	<b>0.48</b>	<b>6.48</b>
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS. POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
ALLAHABAD BANK	48,000	4,363,200	0.01	0.09
ANDHRA BANK	11,000	703,450	0.00	0.01
AXIS BANK LTD.	80,598	117,713,379	0.18	2.38
BANK OF BARODA	134,789	97,149,172	0.15	1.96
FEDERAL BANK LTD.	147,400	14,113,550	0.02	0.28
HDFC BANK LTD.	340,961	255,311,597	0.38	5.16
ICICI BANK LTD.	207,850	258,783,643	0.39	5.23
INDIAN BANK	37,608	4,319,279	0.01	0.09
INDUSIND BANK LTD.	66,288	33,266,633	0.05	0.67
KOTAK MAHINDRA BANK LTD.	5,726	4,472,292	0.01	0.09
ORIENTAL BANK OF COMMERCE	18,000	4,012,200	0.01	0.08
PUNJAB NATIONAL BANK	15,213	11,316,951	0.02	0.23
STATE BANK OF INDIA	73,841	141,604,886	0.21	2.86
UCO BANK	45,000	3,282,750	0.00	0.07
		<b>950,412,980</b>	<b>1.44</b>	<b>19.20</b>
<b>WRITING , MODIFYING, TESTING OF COMPUTER PROGRAM TO MEET THE NEEDS OF A PARTICULAR CLIENT EXCLUDING WEB-PAGE DESIGNING</b>				
HCL TECHNOLOGIES LIMITED	46,316	64,411,661	0.10	1.30
INFOSYS LTD.	85,264	279,904,659	0.42	5.65
TATA CONSULTANCY SERVICES LTD.	127,061	271,040,172	0.41	5.47
WIPRO LTD.	205,181	111,454,319	0.17	2.25
		<b>726,810,812</b>	<b>1.10</b>	<b>14.67</b>
<b>DEBENTURES &amp; BONDS</b>				
<b>ACTIVITIES OF HOLDING COMPANIES</b>				
IL&FS FINANCIAL SERVICES LIMITED	5,500,000	551,352,550	0.83	2.39
TATA SONS LTD.	15,730,000	1,575,709,178	2.37	6.83
		<b>2,127,061,728</b>	<b>3.20</b>	<b>9.22</b>
<b>ACTIVITIES OF SPECIALIZED INSTITUTIONS GRANTING CREDIT FOR HOUSE PURCHASES THAT ALSO TAKE DEPOSITS</b>				
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	14,370,000	1,431,122,465	2.15	6.21
LIC HOUSING FINANCE LTD.	7,180,000	713,746,293	1.07	3.10
		<b>2,144,868,758</b>	<b>3.22</b>	<b>9.31</b>



Industry and Company Particulars	Quantity	Market Value (₹)	% to Net Asset	% to investment category
<b>MONETARY INTERMEDIATION OF COMMERCIAL BANKS, SAVING BANKS, POSTAL SAVINGS BANK AND DISCOUNT HOUSES</b>				
AXIS BANK LTD.	6,380,000	620,826,316	0.93	2.69
HDFC BANK LTD.	900,000	87,358,680	0.13	0.38
ICICI BANK LTD.	8,580,000	840,130,852	1.26	3.64
ING VYSYA BANK LTD.	700,000	68,273,450	0.10	0.30
YES BANK	1,000,000	98,774,900	0.15	0.43
		<b>1,715,364,198</b>	<b>2.57</b>	<b>7.44</b>
<b>OTHER CREDIT GRANTING</b>				
POWER FINANCE CORPORATION LTD.	24,670,000	2,428,782,655	3.65	10.53
RURAL ELECTRIFICATION CORPORATION LIMITED	31,120,000	3,033,946,776	4.56	13.16
		<b>5,462,729,431</b>	<b>8.21</b>	<b>23.69</b>
<b>OTHER FINANCIAL SERVICE ACTIVITIES, EXCEPT INSURANCE AND PENSION FUNDING ACTIVITIES, N.E.C.</b>				
CHOLAMANDLAM INVESTMENT & FINANCE CO. LTD.	300,000	30,503,490	0.05	0.13
HDB FINANCIAL SERVICES LTD.	8,900,000	883,182,540	1.33	3.83
INDIA INFRASTRUCTURE FINANCE CO. LTD.	500,000	46,582,250	0.07	0.20
INFRASTRUCTURE LEASING AND FINANCIAL SERVICES LTD.	5,816,000	581,303,919	0.87	2.52
MAHINDRA AND MAHINDRA FINANCIAL SERVICES LIMITED	500,000	50,362,000	0.08	0.22
RELIANCE CAPITAL LTD.	300,000	29,999,760	0.05	0.13
SHRIRAM TRANSPORT FINANCE CO. LTD.	2,800,000	285,263,610	0.43	1.24
TATA MOTOR FINANCE LTD.	1,000,000	100,287,200	0.15	0.43
VOLKSWAGEN FINANCE PVT LTD.	1,000,000	99,672,200	0.15	0.43
		<b>2,107,156,969</b>	<b>3.18</b>	<b>9.13</b>



## INDEPENDENT AUDITORS' REPORT

To,  
The Trustees,  
National Pension System Trust

### Report on Financial Statements

- 1 We have audited the accompanying financial statements of **NPS Trust - A/C UTI Retirement Solutions Ltd. - NPS Lite Scheme -Govt. Pattern** (Scheme) under the National Pension System Trust (NPS Trust) managed by UTI Retirement Solutions Ltd. (PFM) which comprise of the Balance Sheet as at March 31, 2014, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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



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

### Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2014;
  - b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date;

### Emphasis of Matter

- 7 As explained in Note No. 6A giving background of the Scheme regarding unbundled architecture, wherein PFM receives consolidated funds and does not have access to the individual subscribers' data. Based on the individual subscribers' data and break-up of balance in bank accounts provided to us by the CRA, without modifying our opinion, we invite attention to the followings:
- a. ₹ 24,101,631 is lying with Trustee Bank as on 31st March, 2014 (Previous Year: Not available) the units in respect of which have been allotted in the next financial year on receipt of funds by the PFM. Accordingly, the subscription received pending allotment as well as balances with bank are understated by the said amount.
  - b. 738,648.4782 Units, valued at ₹ 10,187,883 as on 31<sup>st</sup> March 2014 (Previous Year: Not available) is lying in the name of "CRA Billing Account" maintained by CRA. As explained by CRA, this represents units redeemed on 28-03-2014 by CRA towards its charges, funds in respect of which has not been claimed from PFM, which has been paid by the PFM in the next financial year. Accordingly, the unit capital and unit premium as well as current liabilities are overstated by the said amount.



- a. 0.2083 Units, valued at ₹ 3 as on 31st March 2014 (Previous Year: Not available) termed as "residual units", which are not allotted to any investor and represents rounding off differences, which should have been accounted as scheme's income. However, this does not have any material impact on Financial Statements.

**Report on Other Legal And Regulatory Requirements**

- 8 As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- a. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- b. The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- c. In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFMso far as appears from our examination of those books.
- d. In our opinion, all transaction expenses in excess of the limits contractually agreed to / approved by the PFRDA are borne by the PFM and are not charged to the NAV of the Scheme.
- e. In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 to the extent made applicable by PFRDA.

- 9 We further certify that

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

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

Sanjay Khemani  
Partner  
M No.: 044577  
Place:  
Date:




UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST A/C - UTI RETIREMENT SOLUTIONS LIMITED - NPS LITE SCHEME - GOVT PATTERN  
BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Liabilities</b>			
Unit Capital	1	175 41 60 247	99 48 06 391
Reserves and Surplus	2	66 70 61 352	31 40 25 043
Current Liabilities and Provisions	3	5 70 652	26 975
<b>Total</b>		<b>242 17 92 251</b>	<b>130 88 58 409</b>
<b>Assets</b>			
Investments	4	235 50 51 293	127 03 54 350
Other Current Assets	5	6 67 40 958	3 85 04 059
<b>Total</b>		<b>242 17 92 251</b>	<b>130 88 58 409</b>
Significant Accounting Policies and other explanatory notes	6		

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Balram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date :  
Place :

(Chief Executive Officer & Trustee)



UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST A/C - UTI RETIREMENT SOLUTIONS LIMITED - NPS LITE SCHEME - GOVT PATTERN  
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Note	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>Income</b>			
Dividend		30 71 542	13 42 125
Interest		14 87 15 027	7 01 38 896
Profit on sale/redemption of investments		1 01 95 900	87 18 761
Unrealized gain on appreciation in investments		-	3 93 23 651
Other income			
- Miscellaneous Income		3 651	1 052
<b>Total</b>		<b>16 19 86 120</b>	<b>11 95 24 485</b>
<b>Expenses and Losses</b>			
Unrealized losses in value of investments		6 31 86 787	-
Loss on sale/redemption of investments		1 99 457	-
Management fees		1 66 430	9 913
Custodian fees		1 60 581	74 417
Trustees Bank fees		-	200
CRA Fees	3 49 06 935	2 92 38 251	
Less: Amount recovered / recoverable on sale of units on account of CRA Charges	(3 49 06 935)	(2 92 38 251)	
Depository and settlement charges		12 057	7 041
<b>Total</b>		<b>6 37 25 312</b>	<b>91 571</b>
Surplus for the year		9 82 60 808	11 94 32 914
Amount transferred From Unrealised Appreciation Reserve		4 05 85 904	-
		<b>13 88 46 712</b>	<b>11 94 32 914</b>
<b>Appropriation</b>			
Amount transferred to Unrealised Appreciation Reserve		-	3 93 23 651
Amount transferred to General Reserve		13 88 46 712	8 01 09 263
<b>Total</b>		<b>13 88 46 712</b>	<b>11 94 32 914</b>


Significant Accounting Policies and other explanatory notes

6

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.: 107122W

  
Bahram P Bhagat  
Chief Executive Officer  
& Whole Time Director

S. Venkatraman  
Director



Sanjay Khemani  
Partner  
M. No. - 044577



Date : 22/04/2014  
Place : Mumbai

Date :  
Place :

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date :  
Place :

(Chief Executive Officer & Trustee)

UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST A/C - UTI RETIREMENT SOLUTIONS LIMITED - NPS LITE SCHEME - GOVT PATTERN  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

Particulars	No.	As at March 31, 2014 ₹	No.	As at March 31, 2013 ₹
<b>Note 1</b>				
<b>Unit Capital (Face Value of Rs.10/- each unit)</b>				
Initial Capital*		3 200		3 200
<b>Unit Capital</b>				
Outstanding at the beginning of the year	9 94 80 639	99 48 06 391	3 85 77 674	38 57 76 737
Add :Units issued during the year	7 89 99 341	78 99 93 406	6 30 50 710	63 05 07 105
Less: Units redeemed during the year	( 30 63 955)	(3 06 39 550)	( 21 47 745)	(2 14 77 451)
Outstanding at the end of the year	17 54 16 025	175 41 60 247	9 94 80 639	99 48 06 391

\* Represents capital on the date of commencement of scheme

**Note 2**

**Reserves and Surplus**

**Unit Premium Reserve**

Opening Balance	17 31 62 442	4 12 49 897
Add: Premium on Units issued	26 50 46 129	13 67 54 190
Less: Premium on Units redeemed	(1 02 70 628)	( 48 41 645)
Closing Balance	42 79 37 943	17 31 62 442

**General Reserve**

Opening Balance	10 02 76 697	2 01 67 434
Add: Transfer from Revenue Account	13 88 46 712	8 01 09 263
Closing Balance	23 91 23 409	10 02 76 697

**Unrealised Appreciation Account**

Opening Balance	4 05 85 904	12 62 253
Add: Transfer from/(to) Revenue Account	(4 05 85 904)	3 93 23 651
Closing Balance	-	4 05 85 904

**Total**

**66 70 61 352 31 40 25 043**

**Note 3**

**Current Liabilities and Provisions**

**Current Liabilities**

Contracts for purchase of investments	4 18 325	-
Sundry Creditors for expenses	1 43 372	24 453
Redemption Payable	5 952	-
TDS Payable	3 003	2 522

**Total**

**5 70 652 26 975**



UTI RETIREMENT SOLUTIONS LIMITED  
NPS TRUST A/C - UTI RETIREMENT SOLUTIONS LIMITED - NPS LITE SCHEME - GOVT PATTERN  
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Note 4</b>		
<b>Investments (Long Term and Short Term)</b>		
Equity Shares	24 63 12 780	11 48 93 480
Debentures and Bonds Listed/Awaiting Listing	89 38 48 822	48 77 17 358
Central and State Government Securities (including treasury bills)	116 93 78 605	61 29 57 992
Others - Mutual Fund Units	4 55 11 086	5 47 85 520
<b>Total</b>	<b>235 50 51 293</b>	<b>127 03 54 350</b>
<b>Note 5</b>		
<b>Other Current Assets</b>		
Balances with bank in a current account	-	13 47 719
Outstanding and accrued income	6 67 40 833	3 71 56 340
Receivable from UTIRSL	125	-
<b>Total</b>	<b>6 67 40 958</b>	<b>3 85 04 059</b>



## UTI RETIREMENT SOLUTIONS LIMITED

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

#### NOTE 6: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2014

##### A. Background

1. UTI Retirement Solutions Limited is appointed as a Pension Fund Manager (PFM) by the National Pension System Trust (NPS Trust) for the management of Pension Fund and for this purpose it has entered into an Investment Management Agreement (IMA). As per unbundled architecture of the NPS Trust, the main responsibility of the PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd., being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment/redemption of units and Bank of India, being the Trustee Bank (Axis Bank Ltd. w.e.f. July 01, 2013), provides/receive funds on consolidated basis in respect of such allotment/redemption.
2. CRA's responsibilities includes:
  - a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
  - b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
  - c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
  - d. PRAN Transaction Statement,
  - e. An operational interface between PFRDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trustee Bank etc.
  - f. CRA is responsible to resolve all queries pertaining to investors. CRA informs about the subscription and redemption to Pension Fund Managers (PFM) and also instruct Trustee Bank to credit PFM's pool account maintained with them.
3. NPS Trust has designated Stock Holding Corporation of India Ltd. (SHCIL) as the custodian, who is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, who is responsible for providing rates for valuation, which is used by PFM for valuation of investments.
4. Pension Fund Regulatory and Development Authority (PFRDA) has issued PFRDA (Preparation of Financial Statements and Auditor's Report of Scheme under National Pension System) Guidelines-2012 (PFRDA guidelines), which was effective from 5<sup>th</sup> September, 2012.



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

## B. Scheme particulars

1. **Investment objective:** The investment objective of the scheme is to optimise returns.
2. **Commencement:** The Scheme commenced operations on 04 October, 2010.
3. **Investment pattern:**

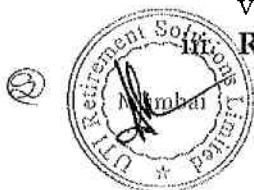
Sr. No.	Investment Pattern	Percentage amount to be invested
(i)	Government Securities	Upto 55
(ii)	Debt Securities	Upto 40
(iii)	Money Market instruments	Upto 5
(iv)	Equity Shares	Upto 15

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

## C. Significant Accounting Policies

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

**Right entitlement:**



- a. **Traded:** Right entitlement is valued at the closing market price on the valuation day.
    - b. **Non-traded:** Right entitlement is valued at the difference of the closing market price of the original equity share on the valuation day and the offer price multiplied by the ratio of Right Entitlement.
  - b. **Debentures, corporate bonds, commercial papers and certificate of deposits:**
    - i. Traded securities are valued at NSE weighted average traded price on that day.
    - ii. Securities not traded on a valuation day with residual maturity over 60 days are valued on a yield to maturity basis, which is arrived at by adding spreads of relevant tenor, rating and industry over the benchmark yield.
    - iii. The spread used are average of spreads provided by CRISIL and ICRA.
    - iv. Securities not traded on a valuation day with residual maturity up to 60 days are valued at last traded price plus the difference between the redemption value and last traded price, spread uniformly over the remaining maturity period of the instrument.
    - v. Securities purchased by way of private placement are valued at cost for a period of fifteen days beginning from the date of purchase.
    - vi. Only Callable Bonds (single/multiple call options), which are callable by the issuer, are valued at lowest value on each call option date.
    - vii. Only Puttable Bonds (single/multiple put options), which are puttable by the investor, are valued at highest value on each put option date.
    - viii. Securities with both Put and Call option (single/multiple) on the same day is deemed to mature on the Put/Call option day and is valued accordingly.
    - ix. Partly paid bonds are valued at cost till it is fully paid.
    - x. Perpetual bond with single/multiple call options are valued at lowest price on each option date.
  - c. **Central and State Government Securities:** Securities are valued at the average of prices provided by CRISIL and ICRA.
  - d. **Mutual fund units:** Mutual fund units are valued at the latest available/previous day's NAV from AMFI website.
4. Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end have been computed for the Scheme, whereby the aggregate market value of all investments taken together is compared with aggregate cost of acquisition. The change in net appreciation/depreciation is recognised in Revenue Account.



5. **Income Recognition:**
    - a. Dividend income is accrued on the "ex-dividend" date.
    - b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.
    - c. Other income of miscellaneous nature is accounted for when there is certainty of collection.
  6. **Computation of Net Asset Value (NAV):** The NAV of the units is determined by dividing the net assets, including investments recognised and valued as per the accounting policies, by the number of outstanding units on the valuation date.
  7. **Unit Premium Reserve:** Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve.
- D. 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
<b>1. Securities traded at a stock exchange:</b> 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.	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.
<b>2. Valuation of G- sec at YTM based on prevailing market prices</b>	They are being valued at average of price given by CRISIL and ICRA
<b>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.</b>	Money Market instruments are valued as per debt securities. i.e. upto 60 days residual maturity - Amortisation, above 60 days - YTM basis.
<b>4. Right Entitlement should be valued at difference between the Ex-right price and Right offer price multiplied by the ratio of Right Entitlement.</b>	Right Entitlement is valued at difference between the Closing market price on the valuation date and Right offer price multiplied by the ratio of Right Entitlement.



5. Front-end discount / incentive should be reduced from the Cost of investments.	Front-end discount / incentive is taken to Income.
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E. **CRA Fees:** The CRA fees charged to the scheme includes ₹ 10,187,883 which is yet to be recovered from investors by way of redemption of units which would be paid on respective due date.

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 Year	Previous Year	Current Year	Previous Year
0.0009% - up to 24/07/13 0.0102% - w.e.f. 25/07/13	0.0009%	₹ 1,66,430	₹ 9,913

\* excluding service tax

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

₹ in Crores

Current Year				Previous Year			
Purchase	%	Sales	%	Purchase	%	Sales	%
707.83	364.25	592.20	304.74	377.76	385.78	296.52	302.83

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 31<sup>st</sup> March, 2014 is ₹ 53.13 Crores. (Previous Year ₹ 31.06 Crores)

I. **Net Asset Value:**

	Current Year	Previous Year
As on 31 <sup>st</sup> March *	₹ 13.8002	₹ 13.1566
On last business day (28.03.2014 / 28.03.2013)	₹ 13.7926	₹ 13.1479

\*NAV not declared, being a non - business day

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

Current Year				Previous Year			
Income		Expenditure		Income		Expenditure	
₹ in Crores	%	₹ in Crores	%	₹ in Crores	%	₹ in Crores	%
16.20	8.34	6.37	3.28	11.95	12.21	0.01	0.01



₹



K. Other disclosures:

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


L. Investment in associates and group companies: ₹ Nil (Previous year: ₹ Nil)

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

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

For UTI Retirement Solutions Limited

For M. M. Nissim And Co.  
Chartered Accountants  
Firm Registration No.107122W

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

S. Venkatraman  
(Director)



Sanjay Khemani  
(Partner)  
M. No. 044577



Date: 22.04.2014  
Place: Mumbai

Date:  
Place:

For and on behalf of National Pension System Trust

(Chairman, NPS Trust Board)  
Date:  
Place:

(Chief Executive Officer & Trustee)

3/31/2014

