

Retirement Solutions

**UTI RETIREMENT SOLUTIONS LIMITED**

**Annual Audited Statement of  
Accounts of**

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

**For the Financial Year 2012-13**

**Registered Office:**

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



## INDEPENDENT AUDITORS' REPORT

To,  
The Trustees,  
National Pension System Trust

### Report on Financial Statements

- 1 We have audited the accompanying financial statements of NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme - 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, 2013, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

- 3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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:
- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2013;
  - in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date;

### Emphasis of Matter

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

### Report on Other Legal And Regulatory Requirements

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



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

9 We further certify that

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

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

*Sanjay Khemani*

Sanjay Khemani  
Partner

M No.: 044577 ,

Place: Mumbai

Date: 5 JUL 2013



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

| Particulars   | Note | As at March 31, 2013<br>₹ | As at March 31, 2012<br>₹ |
|---|------|---------------------------|---------------------------|
| <b>Liabilities</b>  |      |                           |                           |
| Unit Capital  | 1    | 2477 64 73 228            | 969 47 28 872             |
| Reserves and Surplus  | 2    | 1033 36 54 798            | 243 93 26 866             |
| Current Liabilities and Provisions                          | 3    | 15 50 862                 | 1 96 79 953               |
| <b>Total</b>  |      | <b>3511 16 78 888</b>     | <b>1215 37 35 691</b>     |
| <b>Assets</b>   |      |                           |                           |
| Investments   | 4    | 3350 89 98 766            | 1150 91 97 002            |
| Deposits  | 5    | 31 69 96 042              | 32 27 00 000              |
| Other Current Assets  | 6    | 128 56 84 080             | 32 18 38 689              |
| <b>Total</b>  |      | <b>3511 16 78 888</b>     | <b>1215 37 35 691</b>     |
| Significant Accounting Policies and other explanatory notes | 7    |                           |                           |

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

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

*Sanjay Khemani*



Sanjay Khemani  
(Partner)  
M. No. - 044577

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

For UTI Retirement Solutions Ltd.

*Balram P Bhagat*

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



Date:  
Place: Mumbai

*S. Venkatraman*

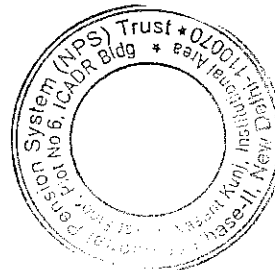
S. Venkatraman  
(Director)

For and on behalf of National Pension System Trust

*(Chairman NPS Trust Board)*

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

*(Chief Executive Officer)*



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

| Particulars   | Ncte | Year ended<br>March 31, 2013<br>₹ | Year ended<br>March 31, 2012<br>₹ |
|---|------|-----------------------------------|-----------------------------------|
| <b>Income</b>   |      |                                   |                                   |
| Dividend  |      | 1 40 03 214                       | 63 42 804                         |
| Interest  |      | 172 50 07 224                     | 57 58 28 065                      |
| Profit on sale/redemption of investments              |      | 14 80 49 847                      | 4 47 23 665                       |
| Unrealized gain on appreciation in investments        |      | 77 06 53 547                      | -                                 |
| Other Income  |      |                                   |                                   |
| - Refund of Securities Transaction Tax                |      | 2 84 442                          | -                                 |
| <b>Total</b>  |      | <b>265 79 98 274</b>              | <b>62 68 94 534</b>               |
| <b>Expenses and Losses</b>                            |      |                                   |                                   |
| Unrealized losses in value of investments             |      | -                                 | 3 77 67 207                       |
| Loss on sale/redemption of investments                |      | 5 38 502                          | 1 01 74 282                       |
| Management fees                                       |      | 25 13 176                         | 73 607                            |
| Custodian fees  |      | 17 01 670                         | 6 23 529                          |
| Trustees Bank fees                                    |      | 1 874                             | -                                 |
| Depository and settlement charges                     |      | 1 79 144                          | 92 998                            |
| <b>Total</b>  |      | <b>49 34 366</b>                  | <b>4 87 31 623</b>                |
| <b>Surplus for the year</b>                           |      | <b>265 30 63 908</b>              | <b>57 81 62 911</b>               |
| <b>Appropriation</b>                                  |      |                                   |                                   |
| Amount transferred to Unrealised Appreciation Reserve |      | 73 28 86 340                      | -                                 |
| Amount transferred to General Reserve                 |      | 192 01 77 568                     | 57 81 62 911                      |
| <b>Total</b>  |      | <b>265 30 63 908</b>              | <b>57 81 62 911</b>               |

Significant Accounting Policies and other explanatory notes 7.

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

For M. M. Nissim And Co. (FRN 107 122W)  
Chartered Accountants

Sanjay Khemani  
(Partner)  
M. No. - 044577



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

For UTI Retirement Solutions Ltd.

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

*S. Venkatraman*

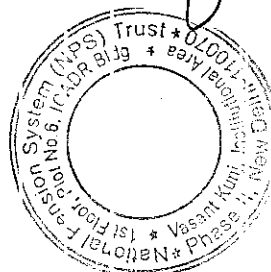
S. Venkatraman  
(Director)



For and on behalf of National Pension System Trust

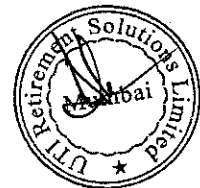
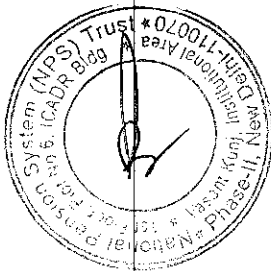
*(Signature)*  
(Chairman, NPS Trust Board)  
Date: **04 JUL 2013**  
Place: New Delhi

*(Signature)*  
(Chief Executive Officer)



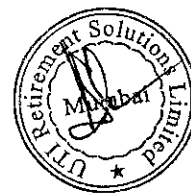
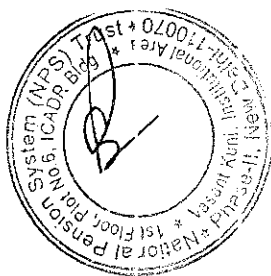
**NATIONAL PENSION SYSTEM TRUST**  
**NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT**  
**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2013**

| Particulars  | As at March 31, 2013 |                              | As at March 31, 2012 |                             |
|--|----------------------|------------------------------|----------------------|-----------------------------|
|  | No.                  | ₹                            | No.                  | ₹                           |
| <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                   | 96 94 72 887         | 969 47 28 872                | 34 47 77 579         | 344 77 75 795               |
| Add: Units issued during the year                          | 150 98 75 030        | 1509 87 50 304               | 62 47 60 482         | 624 76 04 817               |
| Less: Units redeemed during the year                       | ( 17 00 594)         | ( 1 70 05 948)               | ( 65 174)            | ( 6 51 740)                 |
| Outstanding at the end of the year                         | <u>247 76 47 323</u> | <u>2477 64 73 228</u>        | <u>96 94 72 887</u>  | <u>969 47 28 872</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  |                      | 167 74 67 641                |                      | 37 85 85 025                |
| Add: Premium on Units issued                               |                      | 524 75 59 616                |                      | 129 90 37 711               |
| Less: Premium on Units redeemed                            |                      | ( 62 95 592)                 |                      | ( 1 55 095)                 |
| Closing Balance  |                      | <u>691 87 31 665</u>         |                      | <u>167 74 67 641</u>        |
| <b>General Reserve</b>                                     |                      |                              |                      |                             |
| Opening Balance  |                      | 76 18 59 225                 |                      | 18 36 96 314                |
| Add: Transfer from Revenue Account                         |                      | 192 01 77 568                |                      | 57 81 62 911                |
| Closing Balance  |                      | <u>268 20 36 793</u>         |                      | <u>76 18 59 225</u>         |
| <b>Unrealised Appreciation Account</b>                     |                      |                              |                      |                             |
| Opening Balance  |                      | -                            |                      | -                           |
| Add: Transfer from Revenue Account                         |                      | 73 28 86 340                 |                      | -                           |
| Closing Balance  |                      | <u>73 28 86 340</u>          |                      | <u>-</u>                    |
| <b>Total</b>   |                      | <u><u>1033 36 54 798</u></u> |                      | <u><u>243 93 26 866</u></u> |
| <b>Note 3</b>  |                      |                              |                      |                             |
| <b>Current Liabilities and Provisions</b>                  |                      |                              |                      |                             |
| <b>Current Liabilities</b>                                 |                      |                              |                      |                             |
| Sundry Creditors for expenses                              |                      | 13 74 014                    |                      | 1 96 47 827                 |
| Redemption Payable   |                      | 80 429                       |                      | 9 101                       |
| TDS Payable  |                      | 96 419                       |                      | 23 025                      |
| <b>Total</b>   |                      | <u><u>15 50 862</u></u>      |                      | <u><u>1 96 79 953</u></u>   |



NATIONAL PENSION SYSTEM TRUST  
 NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT  
 NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2013

| Particulars  | As at March 31, 2013<br>₹ | As at March 31, 2012<br>₹ |
|--|---------------------------|---------------------------|
| <b>Note 4</b>  |                           |                           |
| <b>Investments (Long Term and Short Term)</b>                      |                           |                           |
| Equity Shares  | 185 38 16 359             | 58 90 92 901              |
| Debentures and Bonds Listed/Awaiting Listing                       | 1292 74 30 684            | 442 10 76 836             |
| Central and State Government Securities (including treasury bills) | 1680 75 79 274            | 568 62 46 178             |
| Commercial Paper   | 9 78 95 950               | -                         |
| Others - Mutual Fund Units   | 74 88 11 750              | 24 21 80 450              |
| - Certificates of Deposit  | 107 34 64 749             | 57 06 00 637              |
| <b>Total</b>   | <b>3350 89 98 766</b>     | <b>1150 91 97 002</b>     |
| <b>Note 5</b>  |                           |                           |
| <b>Deposits</b>  |                           |                           |
| Deposits with Scheduled Banks                                      | 31 69 96 042              | 32 27 00 000              |
| <b>Total</b>   | <b>31 69 96 042</b>       | <b>32 27 00 000</b>       |
| <b>Note 6</b>  |                           |                           |
| <b>Other Current Assets</b>  |                           |                           |
| Balances with bank in a current account                            | 93 60 240                 | 32 37 430                 |
| Outstanding and accrued income                                     | 95 42 43 173              | 31 86 01 259              |
| Receivable from other scheme                                       | 32 20 80 667              | -                         |
| <b>Total</b>   | <b>128 56 84 080</b>      | <b>32 18 38 689</b>       |





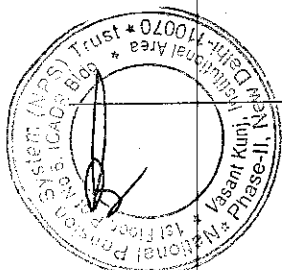
**ANNEXURE A: SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION**

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

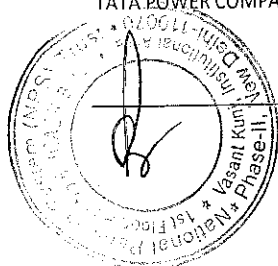
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS PENSION FUND SCHEME - STATE GOVT

3/31/2013

| Industry and Company Particulars             | Quantity | Market Value<br>(₹) | % to Net<br>Asset | % to invt.<br>category |
|--|----------|---------------------|-------------------|------------------------|
| <b>EQUITY SHARES</b>                         |          |                     |                   |                        |
| <b>AUTOMOBILES</b>                           |          |                     |                   |                        |
| BAJAJ AUTO LIMITED                           | 25,028   | 45,039,137          | 0.13              | 2.43                   |
| HERO HONDA                                   | 13,491   | 20,803,122          | 0.06              | 1.12                   |
| MAHINDRA & MAHINDRA                          | 5,000    | 4,306,500           | 0.01              | 0.23                   |
| MARUTI SUZUKI INDIA LTD.                     | 37,500   | 48,045,000          | 0.14              | 2.59                   |
| TATA MOTORS LTD.                             | 180,000  | 48,447,000          | 0.14              | 2.61                   |
|  |          | <b>166,640,759</b>  | <b>0.47</b>       | <b>8.99</b>            |
| <b>BANKING</b>                               |          |                     |                   |                        |
| ALLAHABAD BANK                               | 48,000   | 6,067,200           | 0.02              | 0.33                   |
| ANDHRA BANK                                  | 11,000   | 1,041,150           | 0.00              | 0.06                   |
| AXIS BANK                                    | 38,000   | 49,426,600          | 0.14              | 2.67                   |
| BANK OF BARODA                               | 52,000   | 35,120,800          | 0.10              | 1.89                   |
| FEDERAL BANK                                 | 19,480   | 9,363,062           | 0.03              | 0.51                   |
| HDFC BANK LTD.                               | 84,034   | 52,550,662          | 0.15              | 2.83                   |
| ICICI BANK                                   | 88,732   | 92,742,686          | 0.26              | 5.00                   |
| INDIAN BANK                                  | 37,608   | 6,624,649           | 0.02              | 0.36                   |
| ORIENTAL BANK OF COMMERCE                    | 18,000   | 4,532,400           | 0.01              | 0.24                   |
| PUNJAB NATIONAL BANK                         | 3,000    | 2,153,700           | 0.01              | 0.12                   |
| STATE BANK OF INDIA                          | 36,017   | 74,654,237          | 0.21              | 4.03                   |
| UCO BANK                                     | 45,000   | 2,508,750           | 0.01              | 0.14                   |
|  |          | <b>336,785,896</b>  | <b>0.96</b>       | <b>18.17</b>           |
| <b>CONSUMER NON DURABLES</b>                 |          |                     |                   |                        |
| HINDUSTAN UNILEVER LTD.                      | 134,000  | 62,571,300          | 0.18              | 3.38                   |
| ITC LTD                                      | 293,000  | 90,668,850          | 0.26              | 4.89                   |
| SHREE RENUKA SUGARS LTD.                     | 30,000   | 666,000             | 0.00              | 0.04                   |
| TATA GLOBAL BEVERAGES LTD.                   | 65,770   | 8,408,695           | 0.02              | 0.45                   |
| UNITED SPIRITS LTD.                          | 7,500    | 14,243,625          | 0.04              | 0.77                   |
|  |          | <b>176,558,470</b>  | <b>0.50</b>       | <b>9.52</b>            |
| <b>FINANCE</b>                               |          |                     |                   |                        |
| HOUSING DEVELOPMENT FINANCE CORPORATION LTD. | 141,500  | 116,914,375         | 0.33              | 6.31                   |
| LIC HOUSING FINANCE LTD                      | 90,000   | 20,241,000          | 0.06              | 1.09                   |
|  |          | <b>137,155,375</b>  | <b>0.39</b>       | <b>7.40</b>            |
| <b>OIL, GAS AND PETROLEUM PRODUCTS</b>       |          |                     |                   |                        |
| BHARAT PETROLEUM CORPORATION LTD.            | 66,000   | 24,928,200          | 0.07              | 1.34                   |
| CAIRN INDIA                                  | 192,258  | 52,380,692          | 0.15              | 2.83                   |
| GAIL   | 39,000   | 12,411,750          | 0.04              | 0.67                   |
| OIL & NATURAL GAS CORPORATION LTD.           | 83,000   | 25,846,200          | 0.07              | 1.39                   |
| RELIANCE INDUSTRIES LIMITED                  | 109,056  | 84,289,382          | 0.24              | 4.55                   |
|  |          | <b>199,856,225</b>  | <b>0.57</b>       | <b>10.78</b>           |
| <b>PHARMACEUTICALS</b>                       |          |                     |                   |                        |
| AUROBINDO PHARMA LIMITED                     | 40,000   | 5,838,000           | 0.02              | 0.31                   |
| BIOCON LTD                                   | 35,000   | 9,577,750           | 0.03              | 0.52                   |
| CIPLA  | 63,000   | 23,924,250          | 0.07              | 1.29                   |
| DIVI'S LABORATORIES                          | 21,725   | 21,453,438          | 0.06              | 1.16                   |
| DR. REDDY'S LABORATORIES LTD.                | 21,007   | 37,108,866          | 0.11              | 2.00                   |
| LUPIN  | 23,500   | 14,770,925          | 0.04              | 0.80                   |
| RANBAXY LABORATORIES LTD.                    | 20,000   | 8,775,000           | 0.02              | 0.47                   |
| SUN PHARMACEUTICALS INDUSTRIES LTD.          | 26,467   | 21,675,150          | 0.06              | 1.17                   |
|  |          | <b>143,123,378</b>  | <b>0.41</b>       | <b>7.72</b>            |



| Industry and Company Particulars                    | Quantity  | Market Value<br>(₹)  | % to Net<br>Asset | % to invt.<br>category |
|---|-----------|----------------------|-------------------|------------------------|
| <b>SOFTWARE</b>                                     |           |                      |                   |                        |
| HCL TECHNOLOGIES                                    | 42,385    | 33,696,075           | 0.10              | 1.82                   |
| INFOSYS LTD.  | 32,000    | 92,459,200           | 0.26              | 4.99                   |
| TATA CONSULTANCY SERVICES LTD.                      | 27,500    | 43,333,125           | 0.12              | 2.34                   |
| WIPRO LTD.  | 173,000   | 75,626,950           | 0.22              | 4.08                   |
|   |           | <b>245,115,350</b>   | <b>0.70</b>       | <b>13.22</b>           |
| <b>DEBENTURES &amp; BONDS</b>                       |           |                      |                   |                        |
| <b>BANKING</b>                                      |           |                      |                   |                        |
| AXIS BANK   | 3,380,000 | 344,538,610          | 0.98              | 2.67                   |
| HDFC BANK LTD.                                      | 900,000   | 90,958,230           | 0.26              | 0.70                   |
| ICICI BANK  | 4,600,000 | 465,501,640          | 1.33              | 3.60                   |
| ING VVSYA   | 700,000   | 71,234,590           | 0.20              | 0.55                   |
| YES BANK LIMITED                                    | 1,000,000 | 102,842,500          | 0.29              | 0.80                   |
|   |           | <b>1,075,075,570</b> | <b>3.06</b>       | <b>8.32</b>            |
| <b>FINANCE</b>                                      |           |                      |                   |                        |
| HOUSING DEVELOPMENT FINANCE CORPORATION LTD.        | 1,090,000 | 1,026,172,336        | 2.92              | 7.94                   |
| ICICI HOME FINANCE COMPANY LIMITED                  | 500,000   | 50,313,000           | 0.14              | 0.39                   |
| INDIAN INFRASTRUCTURE FIN. CO.                      | 500,000   | 53,995,000           | 0.15              | 0.42                   |
| INDIAN RAILWAY FINANCE CORPORATION LTD.             | 500,000   | 50,329,950           | 0.14              | 0.39                   |
| INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED | 7,815,000 | 797,062,083          | 2.27              | 6.17                   |
| LIC HOUSING FINANCE LTD                             | 7,580,000 | 773,365,378          | 2.20              | 5.98                   |
| POWER FINANCE CORPORATION LIMITED                   | 7,990,000 | 806,946,568          | 2.30              | 6.24                   |
| RELIANCE CAPITAL LTD.                               | 1,400,000 | 141,114,390          | 0.40              | 1.09                   |
| TATA SONS LIMITED                                   | 8,430,000 | 865,044,956          | 2.46              | 6.69                   |
|   |           | <b>4,564,343,661</b> | <b>13.00</b>      | <b>35.31</b>           |
| <b>METAL INDUSTRY</b>                               |           |                      |                   |                        |
| STERLITE INDUSTRIES (INDIA) LTD.                    | 500,000   | 50,418,950           | 0.14              | 0.39                   |
| HINDALCO INDUSTRIES LTD                             | 3,290,000 | 337,241,326          | 0.96              | 2.61                   |
| TATA STEEL LTD.                                     | 4,660,000 | 445,731,796          | 1.27              | 3.45                   |
|   |           | <b>833,392,072</b>   | <b>2.37</b>       | <b>6.45</b>            |
| <b>NON-BANKING FINANCIAL COMPANY</b>                |           |                      |                   |                        |
| BMW INDIA FINANCIAL SERVICES PVT LTD                | 2,730,000 | 279,737,913          | 0.80              | 2.16                   |
| CHOLAMANDALAM INVESTMENT AND FINANCE CO. LIMITED    | 300,000   | 31,233,930           | 0.09              | 0.24                   |
| HDB FINANCIAL SERVICES LIMITED                      | 4,500,000 | 453,838,650          | 1.29              | 3.51                   |
| MAHINDRA AND MAHINDRA FINANCIAL SERVICES LTD        | 500,000   | 51,327,150           | 0.15              | 0.40                   |
| SHRIRAM TRANSPORT FINANCE CO. LTD                   | 2,800,000 | 289,697,330          | 0.83              | 2.24                   |
| TATA MOTORS FINANCE LTD                             | 1,000,000 | 100,649,300          | 0.29              | 0.78                   |
| VOLKSWAGEN FINANCE PRIVATE LIMITED                  | 1,000,000 | 100,398,300          | 0.29              | 0.78                   |
|   |           | <b>1,306,882,573</b> | <b>3.72</b>       | <b>10.11</b>           |
| <b>OIL, GAS AND PETROLEUM PRODUCTS</b>              |           |                      |                   |                        |
| RELIANCE GAS TRANSPORTATION INFRASTRUCTURE LTD      | 3,920,000 | 422,470,552          | 1.20              | 3.27                   |
| RELIANCE PORTS & TERMINALS LIMITED                  | 7,360,000 | 799,151,744          | 2.28              | 6.18                   |
|   |           | <b>1,221,622,296</b> | <b>3.48</b>       | <b>9.45</b>            |
| <b>PESTICIDES</b>                                   |           |                      |                   |                        |
| UNITED PHOSPHORUS LTD.                              | 7,610,000 | 813,985,439          | 2.32              | 6.30                   |
|   |           | <b>813,985,439</b>   | <b>2.32</b>       | <b>6.30</b>            |
| <b>POWER &amp; ELECTRICITY</b>                      |           |                      |                   |                        |
| NUCLEAR POWER CORPORATION OF INDIA LIMITED          | 1,400,000 | 139,158,760          | 0.40              | 1.08                   |
| POWER GRID CORPORATION OF INDIA LIMITED             | 3,500,000 | 350,571,650          | 1.00              | 2.71                   |
| RELIANCE UTILITIES AND POWER PRIVATE LIMITED        | 2,000,000 | 210,221,605          | 0.60              | 1.63                   |
| RURAL ELECTRIFICATION CORPORATION LIMITED           | 6,000,000 | 608,356,150          | 1.73              | 4.71                   |
| TATA POWER COMPANY LTD.                             | 4,510,000 | 497,413,096          | 1.42              | 3.85                   |
|   |           | <b>1,805,721,261</b> | <b>5.14</b>       | <b>13.97</b>           |



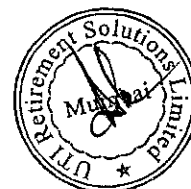
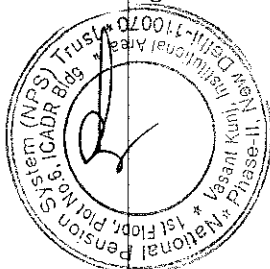
## NATIONAL PENSION SYSTEM TRUST

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, 2013

#### A. Background

1. UTI Retirement Solutions Limited is appointed as a Pension Fund Manager (PFM) by the National Pension System Trust (NPS Trust) for the management of Pension Fund and for this purpose it has entered into an Investment Management Agreement (IMA). As per unbundled architecture of the NPS Trust, the main responsibility of the PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd., being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment/redemption of units and Bank of India, being the Trustee Bank, provides/receives funds on consolidated basis in respect of such allotment/redemption.
2. CRA's responsibilities includes:
  - a. Recordkeeping, Administration and Customer service functions for NPS subscribers,
  - b. Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
  - c. Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
  - d. PRAN Transaction Statement,
  - e. An operational interface between PFRDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trustee Bank etc.
  - f. CRA is responsible to resolve all queries pertaining to investors. CRA informs about the subscription and redemption to Pension Fund Managers (PFM) and also instruct Trustee Bank to credit PFM's pool account maintained with them.
3. NPS Trust has designated Stock Holding Corporation of India Ltd. (SHCIL) as the custodian, who is responsible for safe custody of securities and settlement of trades. Further, SHCIL has also been designated as valuation service provider, who is responsible for providing rates for valuation, which is used by PFM for valuation of investments.
4. Pension Fund Regulatory and Development Authority (PFRDA) has issued PFRDA (Preparation of Financial Statements and Auditor's Report of Scheme under National Pension System) Guidelines-2012 (PFRDA guidelines), which was effective from 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. As per clarification, the PFRDA guidelines have been applied prospectively and accordingly the figures of the previous year are not comparable with that of the current year. Since the changes in the accounting policy are necessitated by the PFRDA guidelines, the same has not been considered as change in the accounting policy.

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

#### B. Scheme particulars

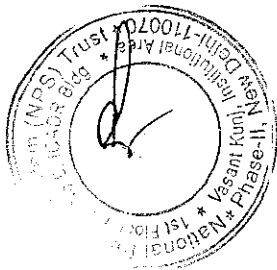
1. **Investment objective:** The investment objective of the scheme is to optimise returns.
2. **Commencement:** The Scheme commenced operations on 25 June, 2009
3. **Investment pattern:**

| 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. The cost includes service tax on brokerage.
  - c. Cost is determined on the basis of weighted average cost.



d. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.

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

**a. Equity:**

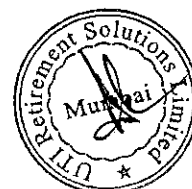
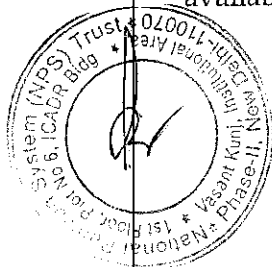
- i. When a security is traded on National Stock Exchange (NSE) on a valuation day, the last quoted closing price at which it was traded on the NSE
- ii. When on a valuation day, a security has not been traded on NSE, the value at which it is traded on BSE is used.

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

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

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

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



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

5. Income Recognition:

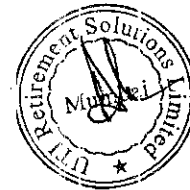
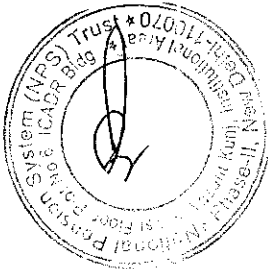
- a. Dividend income is accrued on the "ex-dividend" date.
- b. Interest on interest bearing and other fixed income investments is recognised on a day to day basis as it is earned. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase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

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

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

D. Hitherto, the Scheme was accounting net unrealised gains on appreciation in the value of investments in the Balance Sheet as an Unrealised Appreciation Reserve. During the year, pursuant to the PFRDA guidelines, the Scheme has changed the manner of recognising net unrealised appreciation by routing it through Revenue Account. The effect of the change in accounting policy has resulted in income for the year being higher by ₹ 77.07 Crores, though this does not have any impact either on the accumulated balance in the Reserves and Surplus or on NAV.

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



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

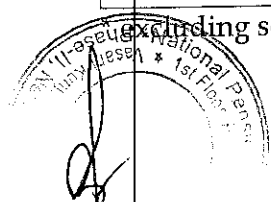
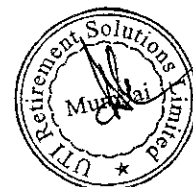
F. **Brokerage:** The service tax of ₹ 1,28,923 on brokerage has been charged to scheme and accordingly has been included in cost of investments.

G. **Inter Scheme Transaction:** The Subscription of NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme - State Govt (Scheme SG) was wrongly taken in NPS Trust - A/C UTI Retirement Solutions Pension Fund Scheme - Central Govt (Scheme CG), which at the instructions of PFRDA was rectified by redeeming the units with aggregate redemption value of ₹32,20,80,667 by scheme CG and issuing the units by Scheme SG. Units in Scheme SG were issued one day after the redemption by Scheme CG, resulting into loss of ₹ 61,379 to concerned investors.

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

| Management Fees % p.a.*  |               | Management Fees |               |
|--------------------------|---------------|-----------------|---------------|
| Current Year             | Previous Year | Current Year    | Previous Year |
| 0.0009% - up to 17/04/12 | 0.0009%       | 25,13,175       | 73,607        |
| 0.0102% - from 18/04/12  |               |                 |               |

including service tax

- I. 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    | %      |
| 6,683.58     | 296.97 | 4,545.76 | 201.93 | 2,733.21      | 371.35 | 2,010.83 | 268.29 |

- J. 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, 2013 is ₹ 749.21 Crores. (Previous Year ₹ 284.11 Crores)
- K. Net Asset Value: Net Asset Value of the Scheme as on 31<sup>st</sup> March 2013 is ₹ 14.1707 per unit (as on 31<sup>st</sup> March 2012 ₹ 12.5163 per unit)
- L. Income and Expenditure: The total income and expenditure for the year as a percentage of the scheme's average net assets are as under:

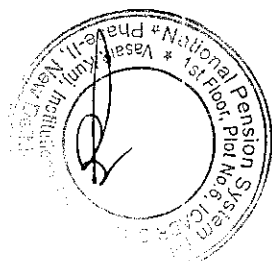
| Income       |               |              |               | Expenditure  |               |              |               |
|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|
| ₹ in Crores  |               | %            |               | ₹ in Crores  |               | %            |               |
| Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| 265.80       | 62.69         | 11.81        | 8.36          | 0.49         | 4.87          | 0.02         | 0.65          |

- M. 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           |

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


| Name of Scheme            | Current year |             | Previous year |             |
|---------------------------|--------------|-------------|---------------|-------------|
|                           | Purchase     | Outstanding | Purchase      | Outstanding |
| UTI - Liquid Cash Plan    | NIL          | NIL         | 76,66,8,250   | NIL         |
| UTI - Money Market Fund   | NIL          | NIL         | 77,12,01,809  | NIL         |
| UTI - Nifty Index Fund    | NIL          | NIL         | 1,05,00,000   | NIL         |
| UTI - Banking Sector Fund | NIL          | NIL         | NIL           | 20,00,000   |



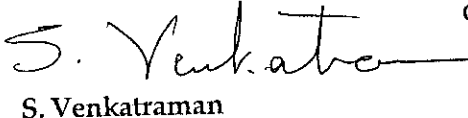


- O. Portfolio: Industry wise classification where industry exposure % to total exposure in investment category  $\geq 5\%$  is given in Annexure A.
- P. The previous year figures are regrouped/ reclassified, wherever necessary.

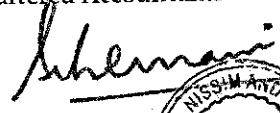
For UTI Retirement Solutions Ltd.

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



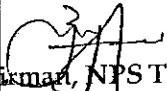
  
 S. Venkatraman  
 Director

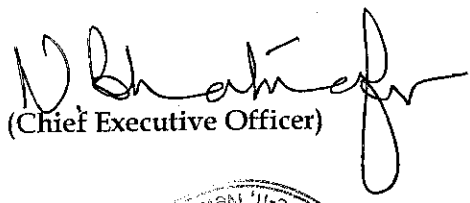
For M. M. Nissim And Co.  
 (FRN 107122W)  
 Chartered Accountants

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



For and on behalf of National Pension System Trust

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

  
 (Chief Executive Officer)

