



UTI RETIREMENT SOLUTIONS LIMITED

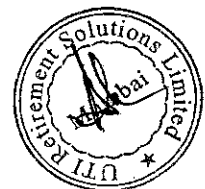
**Annual Audited Statement of
Accounts of**

*NPS Trust – A/C UTI Retirement Solutions Pension Fund
Scheme G – Tier II*

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 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, 2013, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

Opinion

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

Emphasis of Matter

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

Report on Other Legal And Regulatory Requirements

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



- c. In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.
- d. In our opinion, 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. 5A(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 2010



NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME G - TIER II
BALANCE SHEET AS AT MARCH 31, 2013

Particulars	Note	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Liabilities			
Unit Capital	1	1 06 01 330	63 76 672
Reserves and Surplus	2	40 57 039	13 89 693
Current Liabilities and Provisions	3	1 086	22 177
Total		1 46 59 455	77 88 542
Assets			
Investments	4	1 43 54 754	76 37 717
Other Current Assets	5	3 04 701	1 50 825
Total		1 46 59 455	77 88 542
Significant Accounting Policies and other explanatory notes	6		

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

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

For UTI Retirement Solutions Ltd.

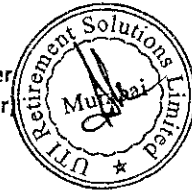


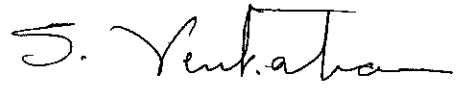


Sanjay Khemani
(Partner)
M. No. - 044577



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

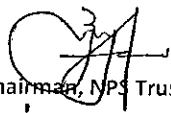




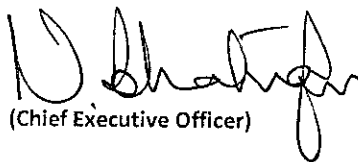
S. Venkatraman
(Director)

Date: 5 JUL 2013
Place: Mumbai

For and on behalf of National Pension System Trust

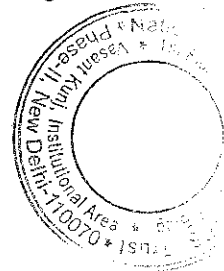


(Chairman, NPS Trust Board)



(Chief Executive Officer)

Date: 04 JUL 2013
Place: New Delhi



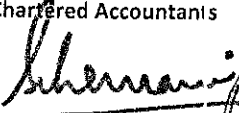
NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/ UTI RETIREMENT SOLUTIONS SCHEME G - TIER II
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Note	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
Income			
Dividend			
Interest		8 39 994	4 73 141
Profit on sale/redemption of investments		30 852	13 671
Unrealized gain on appreciation in investments		4 30 754	-
Other income			
- Miscellaneous Income		243	-
Total		13 01 823	4 86 812
Expenses and Losses			
Unrealized losses in value of investments		-	1 39 973
Management fees		104	58
Custodian fees		857	540
Trustees Bank fees		33	1 143
CRA Fees	6 115	3 754	
Less: Amount recovered / to be recoverable on sale of units on account of CRA Charges	<u>(6 115)</u>	<u>(3 754)</u>	
Depository and settlement charges		787	772
Total		1 786	1 42 486
Surplus for the year		13 00 037	3 44 326
Appropriation			
Amount transferred to Unrealised Appreciation Reserve		2 90 781	-
Amount transferred to General Reserve		10 09 256	3 44 326
Total		13 00 037	3 44 326

Significant Accounting Policies and other explanatory notes 6


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

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



Sanjay Khemani
(Partner)
M. No. - 044577



For UTI Retirement Solutions Ltd.

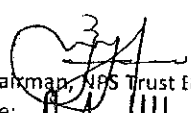

Bahen P Bhagat
(Chief Executive Officer
& Whole Time Director)

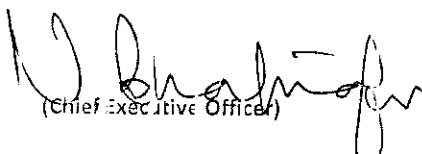



S. Venkatraman
(Director)

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

For and on behalf of National Pension System Trust

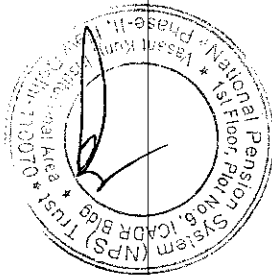

(Chairman, NPS Trust Board)
Date: **6 JUL 2013**
Place: New Delhi


(Chief Executive Officer)



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

Particulars	As at March 31, 2013		As at March 31, 2012	
	No.	₹	No.	₹
Note 1				
Unit Capital (Face Value of Rs.10/- each unit)				
Initial Capital*		96		96
Unit Capital				
Outstanding at the beginning of the year	6 37 667	63 76 672	3 11 271	31 12 711
Add :Units issued during the year	5 05 115	50 51 150	3 48 602	34 86 025
Less: Units redeemed during the year	(82 649)	(8 26 492)	(22 206)	(2 22 064)
Outstanding at the end of the year	<u>10 60 133</u>	<u>1 06 01 330</u>	<u>6 37 667</u>	<u>63 76 672</u>
* Represents capital on the date of commencement of scheme				
Note 2				
Reserves and Surplus				
Unit Premium Reserve				
Opening Balance		9 36 309		3 60 190
Add: Premium on Units issued		15 98 275		6 18 688
Less: Premium on Units redeemed		(2 30 966)		(42 569)
Closing Balance		<u>23 03 618</u>		<u>9 36 309</u>
General Reserve				
Opening Balance		4 53 384		1 09 057
Add: Transfer from Revenue Account		10 09 256		3 44 327
Closing Balance		<u>14 62 640</u>		<u>4 53 384</u>
Unrealised Appreciation Account				
Opening Balance		-		-
Add: Transfer from Revenue Account		2 90 781		-
Closing Balance		<u>2 90 781</u>		<u>-</u>
Total		<u><u>40 57 039</u></u>		<u><u>13 89 693</u></u>
Note 3				
Current Liabilities and Provisions				
Current Liabilities				
Sundry Creditors for expenses		444		304
Book Overdraft		-		21 719
Redemption Payable		594		122
TDS Payable		48		32
Total		<u>1 086</u>		<u>22 177</u>



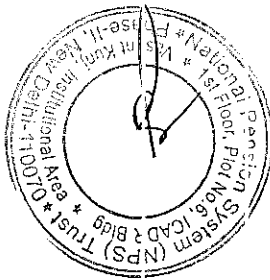
NATIONAL PENSION SYSTEM TRUST
NPS TRUST - A/C UTI RETIREMENT SOLUTIONS SCHEME - TIER II
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2013

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Note 4		
Investments (Long Term and Short Term)		
Central and State Government Securities (including treasury bills)	1 42 35 499	74 71 388
Others - Mutual Fund Units	1 19 255	1 66 329
Total	1 43 54 754	76 37 717

Note 5

Other Current Assets

Balances with bank in a current account	31 863	-
Contracts for sale of investments	-	18 770
Outstanding and accrued income	2 72 833	1 32 055
Total	3 04 701	1 50 825



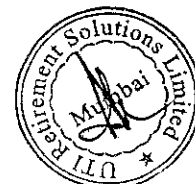
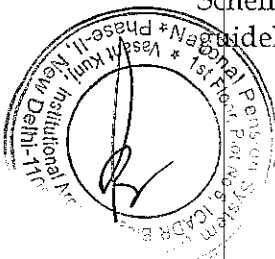
NATIONAL PENSION SYSTEM TRUST

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, 2013

A. Background

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



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

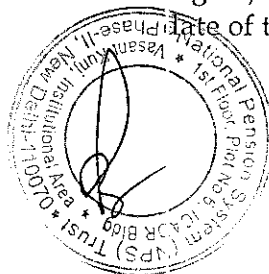
5. The Trustee bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a scheme's account, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.
6. The fees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

B. Scheme particulars

1. **Investment objective:** The investment objective of the scheme is to optimise returns.
2. **Commencement:** The Scheme commenced operations on 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. 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:

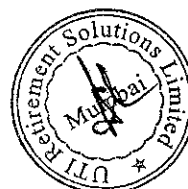
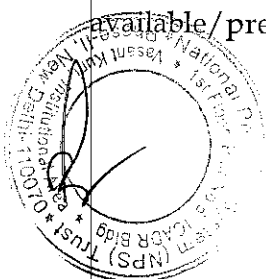
- i. When a security is traded on National Stock Exchange (NSE) on a valuation day, the last quoted closing price at which it was traded on the NSE
- ii. When on a valuation day, a security has not been traded on NSE, the value at which it is traded on BSE is used.

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.

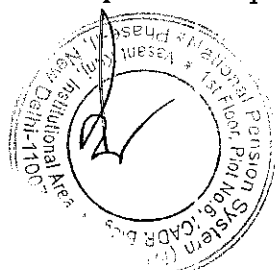
7. Unit Premium Reserve: Difference between the issue/redemption price and face value of units is credited/debited to Unit Premium Reserve.

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 ₹ 4.31 Lakhs, 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
1. Valuation of G- sec at MTM based on prevailing market prices	They are being valued at average of price given by CRISIL and ICRA

F. CRA Fees: The CRA fees charged to the scheme includes ₹ 1,808 which is yet to be recovered from investors by way of redemption of units which would be paid on respective due date.



M. 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 - Money Market Fund	NIL	NIL	6,57,709	NIL

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

For UTI Retirement Solutions Ltd.

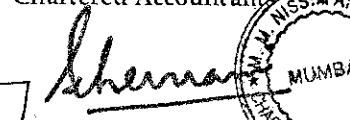


Baham P E hagat
(CEO & Whole Time Director)
Date:
Place: Mumbai




S. Verkatraman
(Director)

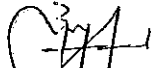
For M. M. Nissim And Co.
(FRN 107122W)
Chartered Accountants



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)

