



**Annual Report of
NPS Schemes
Managed by
UTI Retirement Solutions Limited**

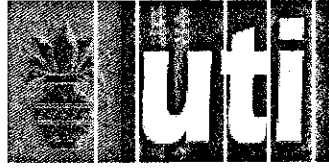
For the Financial Year 2012-13

Copy of

UTI RETIREMENT SOLUTIONS LIMITED

Registered Office:

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



Retirement Solutions

UTI RETIREMENT SOLUTIONS LIMITED

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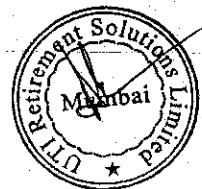
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For 2012 - 13

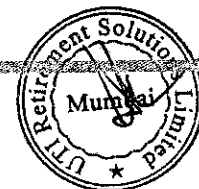
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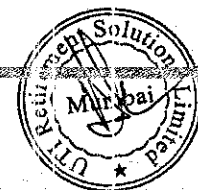
1. Operation and future outlook

The National Pension System (NPS) offered by the Govt. through the Pension Fund & Regulatory Development Authority (PFRDA) is one of the ideal investment avenues for retirement planning.

The NPS was introduced by PFRDA in January 2004. The scheme was first introduced w.e.f. March 31, 2008 for the Govt. Employees and then was made open to the general public w.e.f. May 2009. Indian citizens in the age group of 18 to 60 are eligible for the scheme. The contribution made by investor is invested in 3 asset classes E (Equities), C (Corporate Bonds) and G (Govt. Securities).

NPS offers 2 investment choices i.e. 'Active Choice' and 'Auto Choice'. The Active Choice offers flexibility to subscribers to decide the asset allocation between the 3 asset classes E, C and G. The maximum exposure to Equity is restricted to the maximum of 50%. It is appropriate for the subscribers who are well versed with the market. In the Auto Choice the asset allocation is linked to the age of investors and changes over the life span in a pre determined manner. Until the age of 35, the asset allocation is 50% in E (Equity Fund), 30% in C (Corporate Bonds) and 20% in G (Govt. Securities). The ratio of investment in E and C decreases annually at the rate of 2% and 1% respectively and it increases at the rate of 3% annually in G. At 55 years and thereafter the allocation remains at G - 80% and E & C - 10% each.

For the Govt. Employees (both Central & State Govt.) and NPS Lite Scheme – Govt. Pattern the prescribed asset allocation has been maximum 15% in Equity and minimum 85% in Debt.



The funds are invested in accordance with the Scheme features, PFRDA guidelines and the Investment Prudential Norms as set up by the company with the objective of optimising returns.

As on March 31, 2013 the company was managing following 10 schemes with different asset allocation pattern:

Sr. No.	Scheme	Investment pattern	
		Equity	Debt
1.	NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme – Central Govt.	15%	85%
2.	NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme – State Govt.	15%	85%
3.	NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme E – Tier I	100%	Nil
4.	NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme C – Tier I	Nil	100%
5.	NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme G – Tier I	Nil	100%
6.	NPS Trust – A/C UTI Retirement Solutions Scheme E – Tier II	100%	Nil
7.	NPS Trust – A/C UTI Retirement Solutions Scheme C – Tier II	Nil	100%
8.	NPS Trust – A/C UTI Retirement Solutions Scheme G – Tier II	Nil	100%
9.	NPS Trust – A/C UTI Retirement Solutions Ltd. – NPS Lite Scheme –Govt. Pattern	15%	85%
10.	NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme –Corporate CG	15%	85%



Debt Market outlook

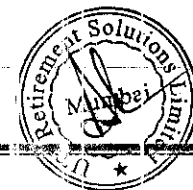
During the year 2012-13 the economy remained sluggish with weak GDP, IIP numbers, structural bottlenecks, high inflation with core industries underperforming against this backdrop. Corporate demand and investment remained moderate. Efforts continued towards fiscal consolidation and containing high Current Account Deficit while concerns remain due to global risk factors.

Against this backdrop the RBI started easing Monetary Policy in a calibrated manner by cutting Policy rates and also injected liquidity through OMO's and cutting Cash Reserve Ratio .

Interest rates are generally expected to have peaked out and the Indian Debt and Government Securities markets provide an attractive investment option for long term pension investments. In our Debt Oriented Funds, we have been increasing our asset allocation across the Bond and G Sec markets while continuing to focus on credit profile and risk factors.

Equity Market outlook

The Macro-economic environment remains challenging despite some policy announcement by the government & execution of key reforms remains a big concern. The Indian economy has its own set of challenges in kick starting the investment in the economy which is very essential for a sustained long term GDP growth.

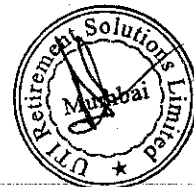


Our Equity Funds provide a good option for investment in the Indian markets. We continue to be positive on the Indian markets in the long term and we believe that Scheme E Tier I and Tier II represent a very good opportunity for investment in Indian Equity Market. The schemes continue to focus on large caps and maintain a combination of bottom up and top down approach to investing in order to generate superior returns.

The portfolio aims to maintain a good balance between the sectors which would benefit from the revival in the economy. The fund is focused towards the large cap space and would strive to increase the exposure in sectors like banking sector, consumer goods, Pharma etc. which would be a prime beneficiary of the upturn in the economy.

The equity schemes (E Tier I and II) have maintained a good long term performance against equity benchmarks and we remain confident of maintaining the track record.

With the overall pension coverage in India at around 13% only, the future outlook of NPS Schemes seems to be very bright. As per the studies carried out by two independent entities it has been reaffirmed that the Pension Market in India will grow as under:



a) According to Helene K. Poisson of IMF Indian Retirement Market will grow:

2020: Rs. 3000 billion

2025: Rs. 4000 billion

b) FICCI – KPMG Study indicates:

- Without any Pension Reform, Pension market would be

2025 : Rs. 1,80,8 billion

- Post Reform Pension Market

2025: Rs. 4,06,4 billion

2. Liabilities and responsibilities of PF

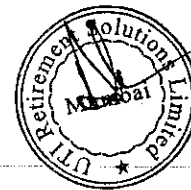
Liabilities and responsibilities have been incorporated in the Investment Management Agreement (IMA) entered into by UTI Retirement Solutions Limited with NPS Trust, which *inter-alia* includes:

a. The PF shall assume day to day investment management of the Schemes and, in that capacity, make investment decisions and manage the Scheme in accordance with this agreement, the Investment Guidelines, Scheme Objectives, the Deed of Trust and provisions of the PFRDA, rules/ guidelines/ directions/ notifications/ circulars/ regulations and law in force from time to time. The PF shall act as the Investment Manager of the Schemes with respect to the investment and reinvestment of the investible funds including cash, securities and other properties comprising the assets of each scheme organized under the PF with full discretionary authority in accordance with the investment policies set forth in the



Deed of Trust and by the PFRDA guidelines/directions from time to time. The transactions entered into by the PF shall be in accordance with the PFRDA Guidelines including the Guidelines for Registration, the Trust Deed and the Code of Ethics prescribed by the NPS Trust.

- b. PF shall have regard to the investment guidelines set out in Schedule II when investing and managing the funds. However, nothing contained herein shall amount to the PF having assured any minimum rate of return on the investment.
- c. The PF shall exercise all due diligence, prudence, promptness and vigilance in carrying out its duties and in protecting the rights and interests of the subscribers. The PF shall avoid all nature of speculative transactions/dealing in investments. Investment decisions should be taken by the PF with emphasis on safety and optimum returns.
- d. The PF shall maintain books and records and comply with the disclosure requirements specified by PFRDA/NPS Trust from time to time.
- e. The PF shall not give any undue or unfair advantage to any associates or deal with any of the associates of the Pension Fund in any manner detrimental to interest of the Subscribers.



- f. The PF shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the PF and shall be liable to compensate for such acts of commissions or omissions.

3. Investment Objectives

The investment objective of the scheme is primarily to provide optimum returns through growth in the NAV. The Fund invests in accordance with PFRDA Investment Guidelines and Internal Investment norms laid down by the Board of Directors. The Fund follows a conservative style of management offering stable returns with low volatility with more weightage to higher rated and longer duration investment options.

4. Basis and Policy of Investment

The Pension Fund expects to earn steady returns and capital appreciation with low risk, over a long term horizon while investing as per the Investment Guidelines of PFRDA and the Prudential Norms laid down by the Board of Directors of UTI Retirement Solutions Limited. The fund looks for opportunities to maximize returns while focusing on high credit quality, risk parameters.



The Schemes focus on high credit quality and does not make any investment below AA-. The credit profile of debt component of schemes as on March 31, 2013 is as under:

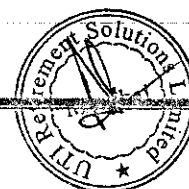
Rating	Central Govt. Scheme	State Govt. Scheme	Scheme C - Tier I	Scheme C - Tier II	NPS Lite Scheme
GILT / G - Sec	55.81%	55.28%	0.00%	0.00%	56.13%
AAA/equivalent/A1+ for CP/CD	30.46%	34.66%	85.03%	78.06%	36.11%
AA+	7.59%	6.02%	14.97%	21.94%	3.38%
AA	4.96%	2.95%	0.00%	0.00%	2.57%
AA-	1.18%	1.09%	0.00%	0.00%	1.81%
Below AA-	0.00%	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

5. Declaration

Schemes permit investments partly or wholly in shares, bonds, debentures and other scripts or securities whose value can fluctuate. The price and redemption value of the units, and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments.

All investments in Pension Funds and securities are subject to market risks and the NAV of the Funds may go up or down depending on the factors and forces affecting the securities markets. There can be no assurance that the funds objectives will be achieved. Past performance of the sponsor / Pension Fund Schemes / Pension Fund Manager is not necessarily indicative of future results.

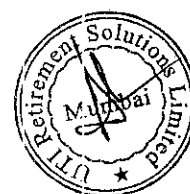
The Pension Fund schemes are subject to risk relating to credit, interest rates, liquidity, trading in Equity and Debt Derivatives (the specific risk could be credit, market illiquidity, judgmental error and interest rates).



6. Performance of Schemes

a) Fund Facts, Performance and Volatility Measures of 'NPS Trustees A/c UTI Retirement Solutions Pension Fund Scheme – Central Government':-

As on March 31, 2013	
Fund Facts:-	
Launch date	March 31, 2008
Fund size	₹ 5,805.21 Crore
NAV as on 31/03/2013	₹ 15.8602 per unit
Performance as on 31/03/2013: -	
Period	Compounded Annual Growth Rate (CAGR)%
1 year	12.26
3 year	8.73
Since inception	9.67
Volatility measures: -	
Standard Deviation (Annual)	2.26%
Sharpe Ratio	1.89



b) Fund Facts, Performance and Volatility Measures of 'NPS Trust A/c UTI Retirement Solutions Pension Fund Scheme – State Government':-

As on March 31, 2013	
Fund Facts:-	
Launch date	June 25, 2009
Fund size	₹ 3,511.01 Crore
NAV as on 31/03/2013	₹ 14.1707 per unit
Performance as on 31/03/2013:-	
Period	Compounded Annual Growth Rate (CAGR) %
1 year	13.22
3 year	10.17
Since inception	9.70
Volatility measure:-	
Standard Deviation (Annual)	2.55%
Sharpe Ratio	2.05

c) Fund Facts & Performance of 'NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme E – Tier I':-

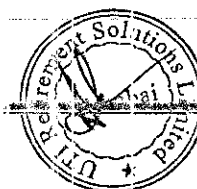
As on March 31, 2013	
Fund Facts: -	
Launch date	May 21, 2009
Fund size	₹ 10.66 Crore
NAV as on 31/03/2013	₹ 13.3327 per unit
Performance as on 31/03/2013: -	
Period	Compounded Annual Growth Rate (CAGR)%
1 year	7.42
3 year	1.92
Since inception	7.73

d) Fund Facts & Performance of 'NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme C – Tier I':-

As on March 31, 2013	
Fund Facts: -	
Launch date	May 21, 2009
Fund size	₹ 7.94 Crore
NAV as on 31/03/2013	₹ 14.1979 per unit
Performance as on 31/03/2013: -	
Period	Compounded Annual Growth Rate (CAGR)%
1 year	13.41
3 year	10.92
Since inception	9.50

e) Fund Facts and Performance of 'NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme G – Tier I':-

As on March 31, 2013	
Fund Facts:-	
Launch date	May 21, 2009
Fund size	₹ 12.18 Crore
NAV as on 31/03/2013	₹ 13.5038 per unit
Performance as on 31/03/2013:-	
Period	Compounded Annual Growth Rate (CAGR) %
1 year	13.57
3 year	9.86
Since inception	8.09

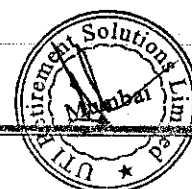


f) **Fund Facts & Performance of 'NPS Trust – A/C UTI Retirement Solutions Scheme E – Tier II':-**

As on March 31, 2013	
Fund Facts: -	
Launch date	December 14, 2009
Fund size	₹ 1.92 Crore
NAV as on 31/03/2013	₹ 10.8390 per unit
Performance as on 31/03/2013: -	
Period	Compounded Annual Growth Rate (CAGR)%
1 year	7.63
3 year	2.62
Since inception	2.47

g) **Fund Facts & Performance of 'NPS Trust – A/C UTI Retirement Solutions Scheme C – Tier II':-**

As on March 31, 2013	
Fund Facts: -	
Launch date	December 14, 2009
Fund size	₹ 1.50 Crore
NAV as on 31/03/2013	₹ 13.6578 per unit
Performance as on 31/03/2013:-	
Period	Compounded Annual Growth Rate (CAGR) %
1 year	12.95
3 year	10.63
Since inception	9.92

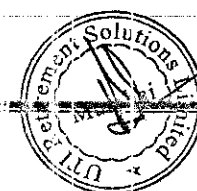


h) Fund Facts & Performance of 'NPS Trust - A/C UTI Retirement Solutions Scheme G - Tier II':-

As on March 31, 2013	
Fund Facts: -	
Launch date	December 14, 2009
Fund size	₹ 1.47 Crore
NAV as on 31/03/2013	₹ 13.8269 per unit
Performance as on 31/03/2013:-	
Period	Compounded Annual Growth Rate (CAGR) %
1 year	13.52
3 year	11.12
Since inception	10.33

i) Fund Facts, Performance & Volatility Measures of 'NPS Trust - A/C UTI Retirement Solutions Ltd. - NPS Life Scheme - Govt. Pattern':-

As on March 31, 2013	
Fund Facts:-	
Launch date	October 04, 2010
Fund size	₹ 130.88 Crore
NAV as on 31/03/2013	₹ 13.1566 per unit
Performance as on 31/03/2013:-	
Period	Compounded Annual Growth Rate (CAGR) %
1 year	13.18
3 year	NA
Since inception	11.66
Volatility Measure: -	
Annual Standard Deviation	2.73%
Sharpe Ratio	1.88



7. Historical NAV 'Per Unit' statistics

Sr. No.	Scheme	Date of inception	NAV per unit (₹)		
			31.03.2013	31.03.2012	31.03.2011
1.	NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme – Central Govt.	31/03/2008	15.8602	14.1282	13.3787
2.	NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme – State Govt.	25/06/2009	14.1707	12.5163	11.7949
3.	NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme E – Tier I	21/05/2009	13.3327	12.4119	13.6445
4.	NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme C – Tier I	21/05/2009	14.1979	12.5191	11.3583
5.	NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme G – Tier I	21/05/2009	13.5038	11.8899	11.4572
6.	NPS Trust – A/C UTI Retirement Solutions Scheme E – Tier II	14/12/2009	10.8390	10.0706	11.0487
7.	NPS Trust – A/C UTI Retirement Solutions Scheme C – Tier II	14/12/2009	13.6578	12.0918	10.8517
8.	NPS Trust – A/C UTI Retirement Solutions Scheme G – Tier II	14/12/2009	13.8269	12.1798	11.7296
9.	NPS Trust – A/C UTI Retirement Solutions Ltd. – NPS Lite Scheme –Govt. Pattern	04/10.2010	13.1566	11.6249	10.7052
10.	NPS Trust – A/C UTI Retirement Solutions Pension Fund Scheme – Corporate CG	05/11/2012	10.3563	NA	NA

