

नेशनल पेंशन सिस्टम ट्रस्ट  
(एन पी एस ट्रस्ट)  
NATIONAL PENSION SYSTEM TRUST  
(NPS TRUST)



वित्तीय वर्ष

2014-15

की

वार्षिक रिपोर्ट

व

खाते

*Annual Report &  
Audited Accounts  
for the  
Financial Year  
2014-15*

अनुक्रमिका / Contents	पेज संख्या / Page No.	कार्यालय / Office
एन पी एस ट्रस्ट का बोर्ड / Board of NPS Trust	2	<b>एन पी एस ट्रस्ट,</b> <b>पहला तल, आई सी ए डी आर बिल्डिंग,</b> <b>प्लॉट संख्या 6, वसंत कुंज इन्स्टीट्यूशनल</b> <b>एरिया, फेज II, नई दिल्ली 110070</b>  <b>NPS Trust,</b> <b>1<sup>st</sup> Floor, ICADR Building,</b> <b>Plot No. 6, Vasant Kunj</b> <b>Institutional Area, New Delhi</b> <b>110070</b>
एन पी एस ट्रस्ट के व्यवसाय समीक्षा सलाहकार / Business Review Consultants to NPS Trust	6	
एन पी एस के इंटेर्मेडियारिएस / Intermediaries of NPS	6	
ट्रस्टी रिपोर्ट व एन पी एस का परिचय/ Trustees' Report & About NPS	10	
एन पी एस ट्रस्ट – नियुक्तियाँ व सेवानिवृत्ति, ऑडिट कमेटी की बैठके /NPS Trust –Appointments & Retirements, Audit Committee Meetings	11	
एन पी एस ट्रस्ट बोर्ड की बैठको का विवरण / Meetings of Board of NPS Trust	13	
एन पी एस ट्रस्ट के खाते व अनबंध / Accounts of NPS Trust & Agreements Signed	13	<b>सांविधिक लेखा निरीक्षक</b> <b>Statutory Auditors</b>  <b>घोष खन्ना एंड कंपनी</b> <b>एल – 2 ए, हौज़ खास एंक्लेव,</b> <b>नई दिल्ली 100016</b>  <b>Ghosh Khanna &amp; Company,</b> <b>L-2A, Hauz Khas Enclave,</b> <b>New Delhi 110016</b>  <b>बैंकर्स / Bankers</b>  <b>इंडियन ओवर्सीस बैंक</b> <b>वसंत विहार शाखा</b> <b>एफ 75, पूर्वोत्तम मार्ग, वसंत विहार</b> <b>नई दिल्ली 110057</b>  <b>Indian Overseas Bank</b> <b>F-75, Poorvi Marg, Vasant Vihar,</b> <b>New Delhi 110057</b>
स्थानीय अर्थव्यवस्था / Domestic Economy 2014-15	14	
वैश्विक अर्थ व्यवस्था 2014-15 / Global Economy in 2014-15	16	
अंतर्राष्ट्रीय इक्विटी व डेब्ट मार्केट्स / International Equity & Debt Markets	19	
भारतीय म्यूचुअल फंड व बीमा उद्योग / Indian MF & Insurance Markets	21	
अंतर्राष्ट्रीय पेंशन मार्केट / International Pension Markets	23	
भारतीय पेंशन मार्केट्स / Indian Pension Markets	24	
कर्मचारी भविष्य निधि संगठन / EPFO	27	
एनपीएस की योजनाओं की निष्पादन / Performance of NPS Schemes	28	
एनपीएस की योजनाओं की निष्पाद नम्यूचुअल फंड की योजनाओं की तुलना में / Performance of NPS Schemes vis-à-vis MF Schemes	35	
आभार / Acknowledgements	44	
अनुबंधक-लेखा परीक्षक की रिपोर्ट व ऑडिटेड खाते / Annexure – Auditor's Report & Audited Accounts	45	
समेकित एनपीएस योजना खाते / Consolidated NPS Scheme Financials	59	

नेशनल पेंशन सिस्टम ट्रस्ट (एन.पी.एस.ट्रस्ट) का ट्रस्टी बोर्ड ( दिनांक 25 जुलाई 2015 को)  
Board of Trustees of National Pension System Trust (NPS Trust) as on 25th July 2015



श्री ग्यानेन्द्र नाथ बाजपेई, अध्यक्ष व ट्रस्टी  
Shri Ghyanendra Nath Bajpai, Chairman & Trustee



श्री शैलेश हरिभक्ति, ट्रस्टी  
Shri Shailesh Haribhakti,  
Trustee



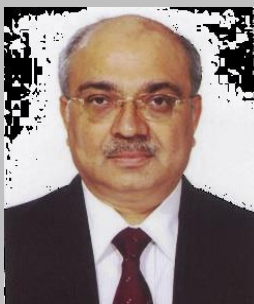
श्रीमती पल्लवी श्रोफ, ट्रस्टी  
Smt. Pallavi Shroff,  
Trustee



श्री प्रमोद कुमार रस्तोगी, ट्रस्टी  
Shri Pramod Kumar Rastogi,  
Trustee



श्री एन डी गुप्ता, ट्रस्टी  
Shri N D Gupta,  
Trustee



श्री अश्विन पारिख, ट्रस्टी  
Shri Ashvin Parekh,  
Trustee



श्री नगेन्द्र भटनागर,  
मुख्य कार्यकारी अधिकारी व ट्रस्टी  
(दिनांक 31 जुलाई 2014 तक)  
Shri Nagendra Bhatnagar,  
Chief Executive Officer & Trustee  
(Till 31 July 2014)



श्री कमल चौधरी, मुख्य कार्यकारी अधिकारी  
Shri Kamal Chaudhry, Chief  
Executive Officer  
(Since 01 August 2014)

नेशनल पेंशन सिस्टम ट्रस्ट (एन.पी.एस.ट्रस्ट) के ट्रस्टी बोर्ड (दिनांक 25 जुलाई 2015 को) का विवरण  
Board of Trustees of National Pension System Trust (NPS Trust) as on 25<sup>th</sup> July 2015- Details

<p><b>श्री ज्ञानेन्द्र नाथ बाजपेई</b></p> <p>(पूर्व अध्यक्ष भारतीय जीवन बीमा निगम व भारतीय प्रतिभूति व विनिमय बोर्ड)</p> <p><b>Shri Ghyanendra Nath Bajpai</b></p> <p>(Former Chairman of Life Insurance Corporation (LIC) and Securities &amp; Exchange Board of India (SEBI))</p>	<p><b>अध्यक्ष व ट्रस्टी</b></p> <p><b>Chairman &amp; Trustee</b></p> <p>(पी. एफ. आर. डी. ऐ. द्वारा दिनांक 27 फरवरी 2012 को नियुक्त व दिनांक 27 फरवरी 2014, 29 जनवरी 2014 और 28 जुलाई 2014 को पुनः नियुक्त)</p> <p>(Appointed by PFRDA with effect from 27th February 2012, reappointed on 27th February 2014, 29th January 2014 and 28th July 2014)</p>
<p><b>श्री शैलेश हरिभक्ति</b></p> <p>(समूह अध्यक्ष डी. एच. कंसल्टेंट लिमिटेड, मुंबई)</p> <p><b>Shri Shaliesh Haribhakti</b></p> <p>(Group Chairman of DH Consultants Limited, Mumbai)</p>	<p><b>ट्रस्टी</b></p> <p><b>Trustee</b></p> <p>(पी. एफ. आर. डी. ऐ. द्वारा दिनांक 12 नवम्बर 2012 को ट्रस्टी नियुक्त व दिनांक 12 नवंबर 2014 को पुनः नियुक्त)</p> <p>(Appointed by PFRDA as Trustee with effect from 12<sup>th</sup> November 2012, reappointed on 12<sup>th</sup> November 2014)</p>
<p><b>श्रीमती पल्लवी श्रोफ</b></p> <p>(प्रबंध पार्टनर श्रद्धुल अमरचंद मंगलदास एंड एंड कंपनी, नई दिल्ली)</p> <p><b>Smt. Pallavi Shroff</b></p> <p>(Managing Partner at Shardul Amarchand Mangaldas &amp; Co., New Delhi)</p>	<p><b>ट्रस्टी</b></p> <p><b>Trustee</b></p> <p>(पी. एफ. आर. डी. ऐ. द्वारा दिनांक 12 नवम्बर 2012 को ट्रस्टी नियुक्त व दिनांक 12 नवंबर 2014 को पुनः नियुक्त)</p> <p>(Appointed by PFRDA as Trustee with effect from 12<sup>th</sup> November 2012, reappointed on 12<sup>th</sup> November 2014)</p>
<p><b>श्री प्रमोद कुमार रस्तोगी</b></p> <p>[सेवा निवृत्त भारतीय प्रशासनिक सेवा अधिकारी, पूर्व सचिव स्टील मंत्रालय; सदस्य, टेलीकॉम डिसप्यूट सेट्लेमेंट तथा अप्पेलेट ट्रिबुनल]</p> <p><b>Shri Pramod Kumar Rastogi</b></p> <p>[Retired, IAS; Former Secretary, Ministry of Steel; Former Member, Telecom Disputes Settlement and Appellate (TDSAT) Tribunal]</p>	<p><b>ट्रस्टी</b></p> <p><b>Trustee</b></p> <p>(पी. एफ. आर. डी. ऐ. द्वारा दिनांक 8 अप्रैल 2013 को ट्रस्टी नियुक्त व दिनांक 12 अप्रैल 2014 को पुनः नियुक्त)</p> <p>(Appointed by PFRDA as Trustee with effect from 8th April 2013, reappointed on 8th April 2015)</p>

<p><b>श्री एन डी गुप्ता</b></p> <p>(भारत के चार्टर्ड एकाउंटेंट्स संस्थान के भूतपूर्व अध्यक्ष व अंतर्राष्ट्रीय लेखा मानक समिति (ब्रिटेन) और लेखाकार के इंटरनेशनल फेडरेशन (संयुक्त राज्य अमरीका) के बोर्ड के सदस्य)</p> <p><b>Shri N. D. Gupta</b></p> <p>(Ex President of Institute of Chartered Accountants of India, Board Member of International Accounting Standards Committee (IASC), U.K and International Federation of Accountants (IFAC), USA)</p>	<p><b>ट्रस्टी</b></p> <p><b>Trustee</b></p> <p>(पी. एफ. आर. डी. ऐ. द्वारा दिनांक 30 मार्च 2015 को ट्रस्टी नियुक्त)</p> <p>(Appointed by PFRDA as Trustee with effect from 30<sup>th</sup> March 2015)</p>
<p><b>श्री अश्विन पारेख</b></p> <p>(अश्विन पारेख एडवाइजरी सर्विसेज एलएलपी के प्रबंध पार्टनर और ग्लोबल वित्तीय सेवाएं - अर्न्स्ट एंड यंग प्रा। लिमिटेड केवरिष्ठ विशेषज्ञ सलाहकार)</p> <p><b>Shri Ashvin Parekh</b></p> <p>(Managing Partner of Ashvin Parekh Advisory Services LLP and Senior Expert Advisor of Global Financial Services- Ernst &amp; Young Pvt. Ltd.)</p>	<p><b>ट्रस्टी</b></p> <p><b>Trustee</b></p> <p>(पी.एफ.आर.डी.ऐ. द्वारा दिनांक 30 मार्च 2015 को ट्रस्टी नियुक्त)</p> <p>(Appointed by PFRDA as Trustee with effect from 30<sup>th</sup> March 2015)</p>
<p><b>श्री नगेन्द्र भटनागर</b></p> <p>(आई. डी. बी. आई. कैपिटल मार्केट्स लिमिटेड के पूर्व कार्यकारी निदेशक व सी. ई. ओ. तथा असोशिएशन ऑफ इनवेस्टमेंट बैंकर्स के पूर्व अध्यक्ष / सी. ई. ओ.)</p> <p><b>Shri Nagendra Bhatnagar</b></p> <p>(Former MD &amp; CEO of IDBI Capital Markets Ltd. and former Chairman / CEO of Association of Investment Bankers of India)</p>	<p><b>मुख्य कार्यकारी अधिकारी व ट्रस्टी</b></p> <p><b>Chief Executive Officer &amp; Trustee</b></p> <p>(31 जुलाई 2015 को मुख्य कार्यकारी अधिकारी एवं ट्रस्टी के रूप में सेवानिवृत्त)</p> <p>(Retired as Chief Executive Officer &amp; Trustee on 31<sup>st</sup> July 2015)</p>

श्री कमल चौधरी	मुख्य कार्यकारी अधिकारी
(स्थापना के बाद पीएफआरडीए के साथ जुड़े और बीमा और पेंशन क्षेत्र में व्यापक अनुभव )	Chief Executive Officer
Shri Kamal Chaudhry	(पी. एफ. आर. डी. ऐ. द्वारा दिनांक 01 अगस्त 2014 मुख्य कार्यकारी अधिकारी के रूप में नियुक्त)
(Associated with PFRDA since inception and has vast experience in Insurance & Pension Sector)	(Appointed by PFRDA as CEO with effect from 01st August 2014 & reappointed on 01st February 2015)



एन. पी. एस. ट्रस्ट के व्यवसाय समीक्षा सलाहकार

**BUSINESS REVIEW CONSULTANTS to NPS TRUST**

क्रिसिल लिमिटेड

क्रिसिल हाउस, सेंट्रल एवेन्यू, हीरानन्दानी बिजनेस पार्क, पवई, मुंबई 400076

संपर्क अधिकारी :-

श्री जीजू विद्याधरन, निदेशक, फंड व फिक्स्ड इंकम सेवाये

CRISIL Limited

CRISIL House, Central Avenue, Hiranandani Business Park,

Powai, Mumbai 400076.

Contact Person:-

Shri Jiju Vidyadharan, Director, Funds & Fixed Income Services.

नेशनल पेंशन सिस्टम (एन. पी. एस.) की मध्यवर्ती संस्थाएँ ( इंटेर्मेडियरिस)

(दिनांक 25 जुलाई 2015 को)

**INTERMEDIARIES FOR THE NATIONAL PENSION SYSTEM (NPS) SCHEMES**

(As on 25<sup>th</sup> July 2015)

पेंशन फंड मैनेजर (पी. एफ. एम.)

*Pension Fund Managers (PFMs)*

क्रमांक S. No.	पेंशन फंड मैनेजर Pension Fund Managers	अभिदाता / ग्राहक वर्ग Subscriber Class
1.	एस. बी. आई. पेंशन फंड (पी.) लिमिटेड 32, तीसरा तल, मेकर चेम्बर – III, नरीमन पॉइंट, मुंबई 400 021 SBI Pension Funds (P) Ltd, No. 32, 3rd Floor, Maker Chambers-III, Nariman Point, Mumbai – 400 021 संपर्क अधिकारी:- श्रीशैलेन्द्रकुमार, प्रबंधनिदेशक व सीईओ Contact Person:- Sh. Shailendra Kumar, Managing Director & CEO	केंद्र व राज्य सरकार (सी जी व एस जी तथा निजी क्षेत्र ) Central Government & State Government (CG & SG and Private Sector)
2	एल आई सी पेंशन फंड लिमिटेड सातवा तल, पूर्वी विंग, योगक्षेमा, जीवन बीमा मार्ग, नरीमन पॉइंट, मुंबई 400021 संपर्क अधिकारी:- श्री एस बंधोपाध्याय, प्रबंध निदेशक व सी ई ओ LIC Pension Fund Limited, 7th Floor, East Wing, Yogakshema, Jeevan Bima Marg, Nariman Point, Mumbai – 400021. Contact Person:- Sh. S. Bandyopadhyay, Managing Director & CEO	केंद्र व राज्य सरकार (सी जी व एस जी तथा निजी क्षेत्र ) Central Government & State Government (CG & SG and Private Sector)

क्रमांक S. No.	पेंशन फंड मैनेजर Pension Fund Managers	अभिदाता / ग्राहक वर्ग Subscriber Class
3.	<p>यूटीआई रिटायरमेंटसॉल्यूशंस लिमिटेड, यूटीआई टॉवर, 'जीएन' ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा(पूर्व), मुंबई 400051 संपर्क अधिकारी:- श्री .बलरामपी.भगत, मुख्य कार्यकारी अधिकारी</p> <p>UTI Retirement Solutions Ltd, UTI Tower, 'Gn' Block, BandraKurla Complex, Bandra (East), Mumbai – 400 051 Contact Person:- Sh. Balram P. Bhagat, Chief Executive Officer</p>	<p>केंद्र व राज्य सरकार (सी जी व एस जी तथा निजी क्षेत्र )</p> <p>Central Government &amp; State Government</p> <p>(CG &amp; SG and Private Sector)</p>
4.	<p>आईसीआईसीआई प्रूडेंशियल पेंशन फंड मैनेजमेंट कंपनी लिमिटेड आईसीआईसीआई प्रूलाइफ टावर्स, 1089, अप्पासाहेब मराठे मार्ग, प्रभादेवी, मुंबई- 400025 संपर्क अधिकारी: सुश्री मेघना बाजी, मुख्य कार्यकारी अधिकारी</p> <p>ICICI Prudential Pension Funds Management Company Ltd ICICI Prulife Towers, 1089, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025 Contact Person:- Ms. Meghana Baji, Chief Executive Officer</p>	<p>निजी क्षेत्र Private Sector</p>
5.	<p>कोटक महिंद्रा पेंशन फंड लिमिटेड 27 बीकेसी , प्लॉट संख्या सी -27, जी -ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा ईस्ट, मुंबई - 400 051 संपर्क अधिकारी:- श्री .संदीप श्रीखंडे, मुख्य कार्यकारी अधिकारी</p> <p>Kotak Mahindra Pension Fund Ltd 27 BKC, Plot No. C-27, G-Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 Contact Person:- Sh. Sandeep Shrikhande, Chief Executive Officer</p>	<p>निजी क्षेत्र Private Sector</p>

क्रमांक S. No.	पेंशन फंड मैनेजर Pension Fund Managers	अभिदाता / ग्राहक वर्ग Subscriber Class
6.	<p>रिलायंस कैपिटलपेंशन फंडलिमिटेड  एक इंडियाबुल्स केन्द्र, वी 11 मंजिल, बृहस्पति मिल्स कंपाउंड,  841, टावर I, सेनापति बापट मार्ग, एल्फिंस्टन रोड, मुंबई 400013  संपर्क अधिकारी:-  श्री .गुरबीर चोपड़ा, मुख्य कार्यकारी अधिकारी</p> <p>Reliance Capital Pension Fund Ltd.  One Indiabulls Centre, 11th floor, Jupiter Mills Compound,  841, Tower –I, Senapati Bapat Marg, Elphinstone Road,  Mumbai – 400 013.  Contact Person:-  Sh. Gurbir Chopra, Chief Executive Officer</p>	<p>निजी क्षेत्र  Private Sector</p>
7.	<p>एचडीएफसी पेंशन मैनेजमेंट कंपनी लिमिटेड  13 वीं मंजिल, लोढ़ा एक्ससेलस, अपोलो मिल्स कंपाउंड,  एन एम जोशी मार्ग, महालक्ष्मी, मुंबई 400 011  संपर्क अधिकारी: -  श्री सुमित शुक्ला, मुख्य कार्यकारी अधिकारी</p> <p>HDFC Pension Management Company Limited  13<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound,  N M Joshi Marg, Mahalaxmi, Mumbai 400 011  Contact Person:-  Sh. Sumit Shukla, Chief Executive Officer</p>	<p>निजी क्षेत्र  Private Sector</p>

**केन्द्रीय अभिलेख एजेंसी (सेंट्रल रेकॉर्ड कीपिंग एजेंसी)**

एनएसडीएलई-गवर्नेंस इंफ्रास्ट्रक्चर लिमिटेड, 4 थीमंजिल,ए विंग, ट्रेड वर्ल्ड, कमला मिल्स कम्पाउण्ड,

सेनापति बापट मार्ग, लोअरपरेल, मुंबई 400013

संपर्कअधिकारी: श्री अमित सिन्हा, कार्यकारी उपाध्यक्ष

**Central Record Keeping Agency**

NSDL e-Governance Infrastructure Limited,4th Floor, 'A' Wing, Trade World,Kamala Mills Compound, Senapati Bapat Marg, Lower Parel,Mumbai – 400 013

Contact Person: Sh. Amit Sinha, Executive Vice President

**ट्रस्टी बैंक**

एक्सिस बैंक लिमिटेड, व्यापार बैंकिंग विभाग, मंजिल 6, एक्सिस हाउस, सी 2-, वाडिया इंटरनेशनल सेंटर, पांडुरंगबुधकर मार्ग, वर्ली, मुंबई .400025

शाखा का पता:

शाखा का नाम-कॉर्पोरेट बैंकिंग शाखा, मुंबई, भूतल, एक्सिस हाउस, सी 2-, वाडिया इंटरनेशनल सेंटर,पांडुरंगबुधकर मार्ग, वर्ली, मुंबई 400025

संपर्क अधिकारी:-

1. श्री करन बूटालिया, वरिष्ठ उपाध्यक्ष,
२. श्री प्रसन्ना आचार्या, वरिष्ठ उपाध्यक्ष

**Trustee Bank**

Axis Bank Limited, Business Banking Dept., 6th Floor, Axis House, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400025.

Address of the Branch:

Name of the Branch - Corporate Banking Branch, Mumbai, Ground Floor, Axis House, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400025.

Contact Persons:-

1. Shri Karan Butalia, Senior Vice President
- 2.Shri Prasanna Acharya, Senior Vice President

**कस्टोडियन**

स्टॉक होल्डिंग कार्पोरेशन ऑफ इंडिया लिमिटेड (एस सी एच आई एल),

301, सेंटर प्वाइंट,परेल, डॉ.बाबासाहेब आंबेडकर रोड, मुंबई 400012

संपर्क अधिकारी: श्री आर आनंद, वाइस प्रेसिडेंट

**Custodian**

Stock Holding Corporation of India Ltd. (SCHIL)

301, Centre Point, Parel, Dr. Babasaheb Ambedkar Road, Mumbai – 400 012

Contact Person: Sh. R. Anand, Vice President

## **Trustees' Report**

The Trustees of National Pension System (NPS) Trust have pleasure in presenting the Annual Report of the Trust for the Financial Year 2014 – 15.

### **About NPS Trust**

The NPS Trust was established in terms of the Central Government letter D.O. No 5(75)/2006-ECB & PR dated 24<sup>th</sup> April 2007. PFRDA is the Settlor of the Trust and the execution of the NPS Trust Deed by PFRDA took place on 27<sup>th</sup> February, 2008. A memorandum of Understanding was signed between PFRDA and the NPS Trust highlighting the rights and obligations of both the parties on 1<sup>st</sup> July 2009. The Board of Trustees of NPS Trust was initially constituted with three members.

The NPS Trust has been set up and constituted to hold the assets and funds under the NPS for the benefit of the beneficiaries (subscribers). Trustees have the legal ownership of the Trust Fund and the general superintendence, direction and management of the affairs of the Trust and all powers, authorities and discretions appurtenant to or incidental to the purpose of the trust absolutely vest in the Trustees, subject nevertheless to the provision of the PFRDA Act-2013, Indian Trust Act – 1882, NPS Trust Deed and further subject to such directions or guidelines that may be issued by PFRDA from time to time. However, the beneficial interest shall always vest with the beneficiaries of the NPS Trust.

### **PFRDA (National Pension System Trust) Regulations**

The PFRDA (National Pension System Trust) Regulations was notified by the Authority on 12th March 2015.

### **Trustee Bank**

Axis Bank is functioning as Trustee Bank since 1<sup>st</sup> July 2013. Term of appointment of TB expired on 30<sup>th</sup> June 2015 after completing a period of 2 years. Fresh selection of Trustee Bank was done by PFRDA by RFP process and Axis Bank was re-appointed by PFRDA as the Trustee Bank w.e.f. 1<sup>st</sup> July 2015 for a period of 5 years. Funds are transmitted by the Trustee Bank (TB) as per the time limits prescribed in the agreement with TB. Some of the important responsibilities of TB are as under:-

- (i) The Bank shall assume the day to day banking of the funds under the NPS and the Bank shall provide Banking facilities in accordance with the provisions of the PFRDA guidelines/ directions.
- (ii). The Bank shall exercise all due diligence and vigilance in carrying out its duties and in protecting the rights and interests of the subscribers.

### **Custodian**

Stock Holding Corporation of India (SCHIL) were appointed by PFRDA as the custodian to NPS for a period of 10 years w.e.f 31/03/2008. Tripartite agreements have been signed between NPS Trust, Stock Holding Corporation of India and respective Fund Managers after signing of IMAs. As per the agreement, the custodian is authorized to maintain all accounts, registers, corporate books and other documents on computer records and to produce the same when required by the client and / or PFRDA/ SEBI/ or a Court of competent jurisdiction. As per the NPS Trust Deed, Trust is empowered to issue instructions to the custodian not to assign, transfer, hypothecate, pledge, lend or otherwise dispose of any assets or property of the NPS Trust, except as per the provisions of the custody agreement.

The scope of work of the Custodian includes:-

Providing Custodial and depository participant services.

To hold the Properties as agent and discharge such custodial functions as are specifically provided.

### **NPS Trust Board: Appointments & Retirements**

I. Shri Nagendra Bhatnagar retired as a Chief Executive Officer & Trustee of NPS Trust on 31<sup>st</sup> July 2014 on completion of his term.

II. Shri Kamal Chaudhry was appointed as Chief Executive Officer of NPS Trust for a period of 6 months w.e.f 1<sup>st</sup> August 2014. His term as the Chief Executive Officer of the NPS Trust was extended by PFRDA for further period of six months, i.e up to 31<sup>st</sup> July 2015.

III. Term of Sh. G. N. Bajpai as Chairman & Trustee of the Board of Trustee of NPS Trust was extended by PFRDA for a further period of 1 years w.e.f. 01<sup>st</sup> August 2014.

IV. Term of Sh. Shailesh Haribhakti as Trustee of the Board of Trustee of NPS Trust was extended by PFRDA for a further period of 2 years w.e.f. 12<sup>th</sup> November 2014.

V. Term of Ms. Pallavi S. Shroff as Trustee of the Board of Trustee of NPS Trust was extended by PFRDA for a further period of 2 years w.e.f. 12<sup>th</sup> November 2014.

VI. Shri N. D. Gupta and Shri Ashvin Parekh was appointed as Trustee of NPS Trust by PFRDA for a period of three years w.e.f 30<sup>th</sup> March 2015.

### **Audit Committee of the Board of Trustees of NPS Trust**

The Audit Committee to the Board of NPS Trust was constituted in the 22nd Board Meeting of NPS Trust on 29th August 2012 to assist the Board of NPS Trust with various audit reports, compliance reports of PFM. The Present Composition of Audit Committee of the Board of NPS Trust is:

Name	Designation
Shri Shailesh Haribhakti	Chairman
Shri Pramod Kumar Rastogi	Member
Shri Kamal Chaudhry	Member

### Meetings held and Attendance

Five meetings of the Audit Committee to NPS Trust Board were held during the financial year 2014-15. The details of Audit Committee meetings attended by the Trustees are as under:-

Name		No. of Meetings attended
Shri Shailesh Haribhakti	Chairman	5
Shri Pramod Kumar Rastogi	Member	4
Shri Nagendra Bhatnagar	Member	2
Shri Kamal Chaudhry	Member	3

### Meetings of the Board of Trustees of NPS Trust held and Attendance

Five meetings of the NPS Trust's Board of Trustees were held during the financial year 2014 -15. The details of Board meetings attended by the Trustees are as under:-

Name		No. of Meetings attended
Shri G. N. Bajpai	Chairman & Trustee	5
Shri Shailesh Haribhakti	Trustee	5
Smt. Pallavi Shroff	Trustee	1
Shri Pramod Kumar Rastogi	Trustee	5
Shri Nagendra Bhatnagar	CEO & Trustee	2
Shi Kamal Chaudhry	CEO	3

### Accounts of National Pension System (NPS) Trust

The Accounts of the Trust for the financial year 2014-15 were audited by M/s. Ghosh Khanna & Co. Statutory auditors to NPS Trust. The Audited Accounts and Report of the Auditor are annexed to this report.

### Agreements signed during the Financial Year 2014 - 15

During the Financial year 2014-15, Maharashtra joined the NPS for its State government employees and agreement was signed with the Government of Maharashtra on 10<sup>th</sup> October 2014. Telangana also joined the NPS for its State government employees and agreement was signed with the Government of Telangana on 13 November 2014. In addition, Investment Management Agreements were signed with all the Pension Fund Managers, managing the Private Sector NPS. The private sector PFMs were appointed through an RFP process. They were appointed for a period of 5 years w.e.f 01<sup>st</sup> August 2014.

## Domestic Economy: FY2014-15

The Central government has forecast India's economic growth at 7.4% for FY2014-15 against 6.9% in FY2013-14. The government now calculates the gross domestic product (GDP) of the country based on market prices vis-à-vis the factor cost method used previously. The new number represents an expanded coverage of manufacturing and includes under-represented sectors and data from the government's corporate database. According to the government's Economic Survey, the country's economic growth at market prices is seen between 8.1% and 8.5% for FY2015-16 based on the new GDP calculation formula. The International Monetary Fund (IMF) mirrors the Indian government's optimism and expects India to outgrow China and its BRIC peers for the first time since 1999, with a GDP growth of 7.5% each in 2015 and 2016.

*GDP growth (year-on-year %)*

	Q1FY15	Q2FY15	Q3FY15	FY15AE
GDP	6.5	8.2	7.5	7.4
Agriculture	3.5	2.0	-0.4	1.1
Industry	6.1	6.0	3.9	5.9
Mining & quarrying	5.1	2.4	2.9	2.3
Manufacturing	6.3	5.6	4.2	6.8
Utilities	10.1	8.7	10.1	9.6
Construction	5.1	7.2	1.7	4.5
Services	8.6	10.1	13.5	10.6
Trade, hotels, transport, communication and services related to broadcasting	9.4	8.7	7.2	8.4
Financing, real estate and professional services	11.9	13.8	15.9	13.7
Public administration, defence and other services	1.9	6.0	20.0	9.0

*AE: Advance estimates*

*Source: Central Statistical Office (CSO), CRISIL Research*

India's trade deficit was \$137.0 bn in FY15 compared with deficit of \$135.8 bn in FY14. The country exported \$310.5 bn worth of goods and services in FY15 against \$314.4 bn in FY14 and 7.5% below the government's target of \$340 bn. In spite of a decline in the rupee from 60.5 in FY14 to 61.1 in FY15, exports decreased on weak global growth. Even after accounting for 11.2% decline in oil exports (from \$63.1 bn to \$56.1 bn) due to lower oil prices in FY15, non-oil exports grew a meagre 1.2% (from \$251.3 bn to \$254.3 bn). Only engineering goods exports increased 14.2% (from \$63.9 bn to \$73.0 bn) in FY15. Imports also declined in FY15, though marginally; they slipped 0.59% to \$447.5 billion from \$450.2 bn in FY14. A 16.2% decline in oil imports in FY15 (from \$165.0 bn to \$138.3 bn) helped assuage the impact of higher gold imports which increased 19.2% (from \$28.8 bn to \$34.3 bn). The following items registered high import growth: electronic goods up 14.8% (from \$32.4 bn to \$37.2 bn) and machinery up 4.9% (from \$27.1 bn to \$28.5 bn).

Retail and wholesale inflation declined consistently in FY15. Retail inflation or Consumer Price Index (CPI)-based inflation fell to 6.00% in FY15 from 9.5% in FY14 due to a favourable base effect, lower minimum support price (MSP) increase, quick fix measures taken by the government to keep a tap on food inflation, reduction in vegetable inflation volatility and subdued oil prices among other things. Due to the decline in inflation, the RBI cut its interest rate (repo rate) in the last quarter of the fiscal twice by 25 bps each to 7.5%. In an important development, the government and the RBI signed a monetary policy framework deal under which the RBI will aim to contain consumer inflation within 6% by January 2016 and at 4% with a band of plus or minus 2% for all subsequent years.

*Consumer Price Index (year-on-year %)*

	April-March			
	Mar-15	Mar-14	FY15	FY14
<b>Headline CPI</b>	5.2	8.3	6.0	9.5
<b>Food and Beverages</b>	6.2	8.6	6.6	11.1
<b>Pan, tobacco and intoxicants</b>	9.2	8.1	8.0	8.6
<b>Fuel &amp; Light</b>	5.1	6.0	4.2	7.4
<b>Core CPI</b>	4.5	8.2	5.8	8.2
<b>Housing</b>	4.8	12.8	7.0	10.4
<b>Clothing &amp; footwear</b>	6.3	8.5	7.3	9.3
<b>Misc.</b>	3.0	6.3	4.6	6.8

*Source: CSO, CRISIL Research*

## Global economy: Calendar Year 2014

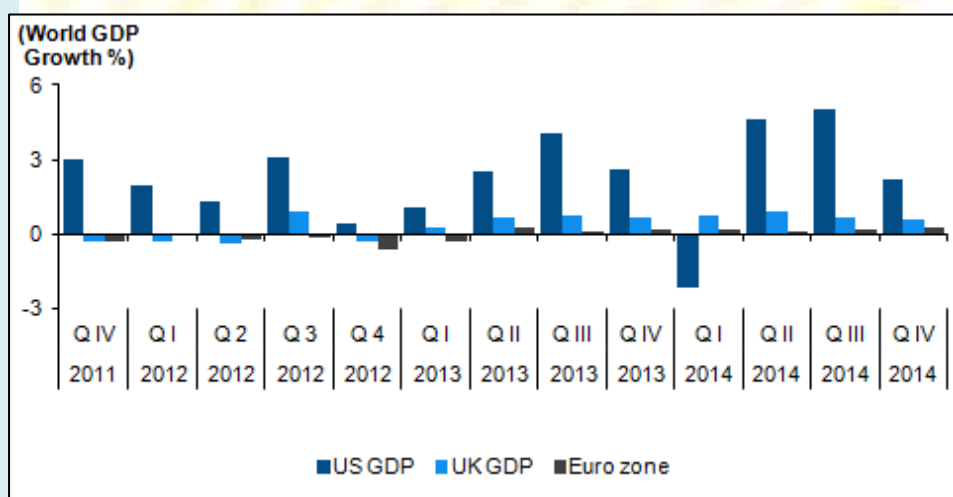
### The US

The US economic growth picked up in calendar year (CY) 2014, with the country's economic output up 2.4% compared to 2.2% in CY2013. This was reflected in the Federal Reserve's (Fed's) decision to curtail its economic stimulus programme in October 2014. However, it refrained from raising interest rates. In its latest monetary policy review, the Fed removed the word "patient" from its guidance, suggesting that a rate hike is likely by mid-2015. Meanwhile, annual inflation in the 12 months to December rose 0.8%, lower than 1.5% in the same month a year ago.

### The UK

The UK emerged as the fastest growing nation in the G7 group. It clocked GDP growth rate of 2.8% in CY2014, the fastest pace in nine years, and against 1.7% growth in CY2013. The nation's current account deficit, however, swelled to 97.9 bn pounds in 2014, which is around 5.5% of the GDP, and the biggest shortfall reading since record keeping began in 1948. In 2013, the deficit was 76.7 bn pounds. CPI inflation continued to ease, with prices moderating to an annual rate of 0.5% in December (the lowest since 2000) compared to 2% in December 2013. Meanwhile, the Bank of England (BoE) continued to keep interest rates on hold at 0.5% and its quantitative easing program unchanged at 375 bn pounds.

Chart 1 - GDP growth of major world economies



Source: Statistical Bureau, respective countries

### Euro zone

The Euro zone's GDP increased 0.9% in CY2014 from -0.5% in CY2013. Investor sentiment in the region was enhanced by the European Central Bank's (ECB's) decision to launch a quantitative easing programme to stimulate growth and stoke inflation. The stimulus measures which commenced from March 2015 entailed pumping 60 bn euros into the economy every month via asset purchases until September 2016. The bloc's struggle with softening prices worsened in 2014 – annual price growth tipped into negative territory at -0.2% in December 2014 compared to 0.8% in December 2013. To support prices, the ECB slashed its benchmark interest rate twice to 0.05%.

### China

China's full-year growth figure for 2014 heightened fears that the world's growth engine had run out of steam. In 2014, the nation's economic output grew 7.4%, which is a 24-year low, and below the

government's growth target of 7.5% and the 7.7% growth achieved in 2013. To stimulate growth in the domestic economy, the People's Bank of China (PBC) reduced the one-year lending rate twice from 6% to 5.35%. The apex bank also pruned the one-year deposit rate twice from 3% to 2.5% and lowered the banks' reserve requirement ratio (RRR) to 19.5%. Meanwhile, China's CPI inflation for the whole of 2014 was 2%, which is below the government's target of 3.5% and 2.6% price growth in 2013.

### Japan

Japan recovered from a technical recession in the last quarter of the year to record full-year growth of 0.04% aided by President Shinzo Abe's decision to defer a planned sales tax hike to 2017. The GDP figures were still sharply below the 1.6% growth rate achieved in 2013. Moody's, meanwhile, downgraded Japan's sovereign debt rating by one notch to A1, noting that the deferment in sales tax hike may hinder the government's long-term debt reduction goals. Among other developments, the Bank of Japan (BoJ) expanded its monetary stimulus programme, announcing that it would pump 80 trillion yen into the economy via purchase of government bonds to fend off deflation.

### Policy rates

All major central banks, except the ECB and PBC, maintained their interest rates through the year. The ECB slashed its interest rate twice by 10 bps each to 0.05% while the Chinese central bank lowered its key rates by 65 bps to 5.35% in the last one year ended March 2015.

### Policy rates in major economies

Country	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
<b>United States</b>	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25
<b>United Kingdom</b>	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>Euro zone</b>	0.25	0.25	0.25	0.15	0.15	0.15	0.05	0.05	0.05	0.05	0.05	0.05	0.05
<b>Japan</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>China</b>	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.60	5.60	5.60	5.60	5.35

Source: Central Banks, respective countries

### Indian equities rise on encouraging domestic and global cues...

The Indian equity market put up a stellar performance in FY15. Benchmark CNX Nifty surged 26.65% vs 18% returns in FY14. The key boosters were the Modi-led government's emphatic victory in the 2014 general elections and hopes for the much-needed economic stimulus. Other encouraging drivers included: a) the RBI's out-of-cycle interest rate cut at the start of 2015; b) key economic events (Union Budget and Economic Survey) and positive GDP growth estimate (due to the change in methodology for calculating domestic growth); c) the IMF's expectations of India growing faster than China in the next couple of years; d) the ECB's bond buying programme to revive the Eurozone and the US Fed's move to maintain the status quo on interest rates spurred equity purchases; and e) strong buying interest by FIIs; they invested Rs 1.11 trillion in FY15 against Rs 797 billion in FY14.

Geopolitical tensions in different parts of the world played spoilsport. Investors' mood dampened due to political and debt deal uncertainty in Greece and Switzerland's unexpected decision to abandon its currency

cap. Weakness of the rupee against the US dollar and concerns about the earlier-than-expected interest rate hike by the US Fed following the signs of the US economy gaining strength also prompted selling.

Majority of the sectoral indices analysed ended positive in FY15. The auto index gained 48.57% on the government's decision to extend excise duty cuts until December 31, 2014 and on encouraging corporate announcements from index constituents. Pharma index was the top gainer – up 68% as investors preferred to take defensive bets. While the metal index was the top laggard – down 7.78% following softening global commodity prices and after China (the world's largest consumer and importer of metals)- lowered its economic growth target for 2015 to about 7% from 7.5% in the previous year.

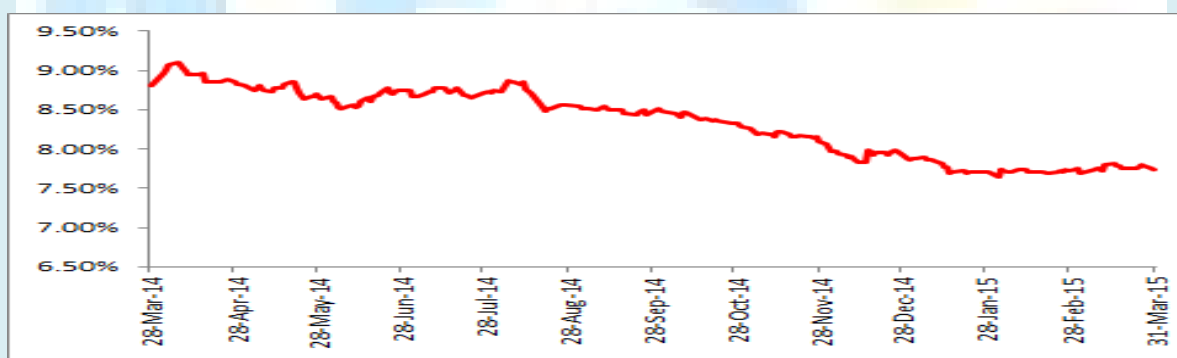
### ... So also the debt market

In a bid to get banks to manage their daily funding needs more efficiently, the RBI revised its liquidity management framework, stating it would conduct term repos more frequently. The banking regulator announced that with effect from September 2014, variable rate 14-day term repo auctions would be conducted four times during a reporting fortnight — every Tuesday and Friday. Towards the end of the fiscal, the apex bank also announced that it will conduct reverse repo and marginal standing facility (MSF) operations on all Saturdays with effect from February 21, 2015. These changes will ensure more flexibility to banks and lower incidence of liquidity mismatches.

Inflows from gilt redemptions, food/oil subsidy payments, and the government's month-end spending kept the call money rate from rising sharply. Relaxation of the RBI's interest rate stance also had an effect. After moving in a range of around 7-9% in the first three quarters, the one-day borrowing rate shifted to a range of 6.5-8.5% to align with the lower repo rates in the three months to March 2015.

However, outflows related to tax payments and the Centre's divestment of stake in public sector entities (particularly in the second half of the fiscal) widened the liquidity deficit and caused the overnight rate to rise. Banks' funding needs heightened periodically to pay for state development bonds and gilts purchased in weekly auctions. A sharp rise in the overnight borrowing rate was witnessed towards the end of each quarter as banks increased their loan disbursements.

Chart 3: India - 10-Year Benchmark Gilt Yield



Government bond prices strengthened primarily on expectation of easing interest rates in the country in light of encouraging macro-economic trends such as softening global crude oil prices and consumer inflation figures. The yield of the 10-year benchmark 8.40% 2024 paper slipped to 7.74% on March 31, 2015 from 8.80% a year ago. Other factors that contributed to the rally in the bond market included 150 bps cut in the statutory liquidity ratio (SLR) to 21.5% by the RBI, S&P's revision of India's sovereign credit outlook, deregulation of diesel, easing of norms for foreign domestic investment (FDI) in the construction sector by the government, and the US Fed's decision to keep interest rates near zero.

However, the rupee's depreciation against the US dollar; reports of conflicts in Iraq, Syria, Ukraine and Yemen; the domestic government's revision of the fiscal deficit target to 3.9% for 2015-16; and concerns that Greece may exit the Euro zone weakened sentiment for bonds and prevented further gains.

Among major developments, the government has raised the limit on the amount of gilts that overseas investors can purchase by \$5 bn to \$25 bn, while lowering the ceiling for long-term investors to \$5 bn from \$10 bn. The RBI will bring down the ceiling on SLR securities under the held-to-maturity (HTM) category to 22% of net demand and time liabilities (NDTL) in a phased manner beginning January 2015 to further develop the government securities market and enhance liquidity. The RBI said banks can shift their excess bond holdings to trading portfolios from the HTM basket thrice a year from 2015 to deepen the government securities market. The Centre plans to take away the RBI's regulatory powers over government bonds, but leave the central bank in charge of other money market instruments. The RBI and SEBI have allowed reinvestment of coupons of government bonds in a bid to attract more long-term foreign investment to the Indian bond market.

SEBI said that investments by foreign portfolio investors (FPIs) in non-convertible shares or debentures will be included within the \$51 bn limit meant for corporate debts. It has set a minimum subscription for public issue of debt securities at 75% of the base issue size for both NBFCs and non-NBFC issuers, with a minimum base issue size for the same at Rs 1 bn. SEBI has relaxed norms for conversion of debt into equity in companies that are in distress and unable to repay funds. It has also approved a new set of norms for listing and trading of municipal bonds on stock exchanges. SEBI notified that a call and put on a public issue of debt securities cannot be exercised before the expiry of 24 months from the date of issue of such securities.

### Global Equity Markets: Developed markets performed well

Global equity markets maintained the uptrend of FY14 in FY15; the MSCI World Index returned 4% in FY15 compared with nearly 17% in FY14. Improving economic conditions along with quantitative easing programmes by the central banks in Europe and Japan boosted the world's appetite for equities. The riskier emerging markets were dim but recovered slightly from the 4% dip in FY14; the MSCI Emerging Market Index returned -2% returns in FY15.

The US markets sustained the uptrend of previous three fiscals. Dow Jones, S&P 500 index and Nasdaq Composite gained 8%, 10% and 17%, respectively, in the latest period. Gains were largely attributed to encouraging economic data, improved corporate earnings and delay in interest rate hike by the US Fed. The tech-heavy Nasdaq enjoyed more gains due to upbeat earnings and growth prospects from the sector behemoths. European equities too finished FY15 on a firm note, tracking positive cues from the US and the ECB's monetary easing programmes.

The Asian indices saw a sharp uptick helped by positive cues of the developed markets and some strong regional developments. Nikkei, up 30%, was the biggest gainer as the yen weakened following the BoJ's monetary easing stance, thereby benefiting the exporters' oriented benchmark.

*Returns of key world markets in Financial Year 2015 make it sentence case*

Index	Country/Region	Returns (%)*
<u>Americas</u>		
<b>DOW JONES INDUS. AVG</b>	US	8.01
<b>S&amp;P 500 INDEX</b>	US	10.44
<b>NASDAQ COMPOSITE</b>	US	16.72
<b>BRAZIL IBOVESPA INDEX</b>	Brazil	1.46
<b>MEXICO IPC INDEX</b>	Mexico	8.06

Index	Country/Region	Returns (%)*
<u>Europe</u>		
<b>FTSE 100 INDEX</b>	UK	2.65
<b>CAC 40 INDEX</b>	France	14.62
<b>DAX INDEX</b>	Germany	25.22
<u>Asia</u>		
<b>NIKKEI 225</b>	Japan	29.53
<b>HANG SENG INDEX</b>	Hong Kong	12.41
<b>STRAITS TIMES INDEX</b>	Singapore	8.10
<b>NSE CNX NIFTY INDEX</b>	India	26.65
<u>Regional Indices</u>		
<b>MSCI EM</b>	Emerging markets	-2.02
<b>MSCI WORLD</b>	World	4.00
<b>MSCI AC ASIA x JAPAN</b>	Asia-Ex Japan	3.31
<b>MSCI EUROPE</b>	Europe	18.85

\*From March 31, 2014 to March 31, 2015. For indices which were not traded on these dates, the nearest dates were selected.

### International Debt and Gilt Markets (US)

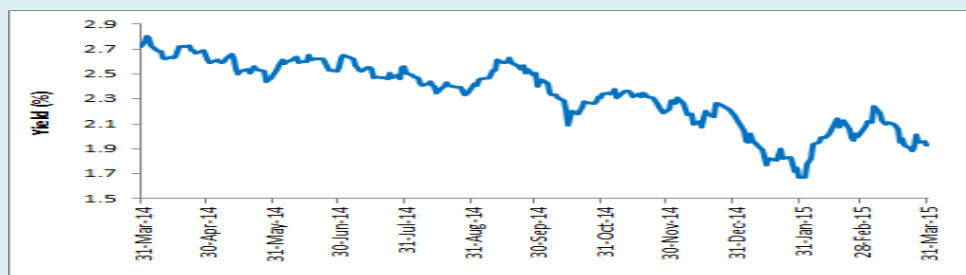
The US treasury prices rose in the fiscal year ended March 31, 2015 due to safe buying amid weak regional cues from Europe and China, and rise in geo-political tensions globally. The yield of the 10-year benchmark bond fell to 1.93% on March 31, 2015 from 2.72% on March 31, 2014.

The US bond market benefitted from the following developments:

- Downgrade of the outlook for the global economy by major economic institutions.
- Rising geo-political tension in Russia, Ukraine and Iraq.
- Announcement of stimulus measures including rate cuts from the ECB to boost the Eurozone economy.
- A sharp fall in global crude oil prices and political uncertainty in Greece.
- Dovish stance adopted by the US Fed with regards to the interest rate hike.

Treasury prices, however, declined intermittently as positive cues from the US economy strengthened the case of a rate hike in the country. Rise in risk appetite following the rise in Eurozone's GDP (October-December) data, China's decision to cut reserve requirements and reports of a ceasefire between Russia and Ukraine restricted further rise in bond prices.

Chart 2: The US 10-Year Government Bond Yield



## Indian Mutual Fund Industry

The Indian mutual fund industry's assets saw record growth in the fiscal year ended March 31, 2015 (FY15). Quarterly average assets under management (AUM) rose 31% year-on-year (y-o-y) to Rs 11.89 trillion – the highest annual growth since September 2010 when AMFI started declaring quarterly average numbers – as compared with 11% growth in fiscal year ended March 31, 2014. Month-end AUM also grew 31% y-o-y to Rs 10.83 trillion in March 2015 vs 18% y-o-y growth in March 2014.

As the stock market rallied - the benchmark CNX Nifty rose 27% in FY15 – retail investors rushed to participate and pumped in Rs 831 bn in equity funds in FY15. Average AUM of equity funds (including balanced funds) rose 88.3% or by Rs 1.79 trillion to Rs 3.82 trillion in FY15 thanks to healthy inflows and mark-to-market gains. The debt category's share of mutual fund assets slipped to 67% in FY15 from 76% in FY14. Debt funds' AUM rose 15.8% driven by short-term debt, ultra short-term and money market funds. Long-term debt funds performed better in the second half of FY15 on the back of easing interest rate in the country.

The industry remained top heavy with the leading five fund houses comprising 56% of AUM and the leading 10 fund houses comprising 79% of AUM. The industry saw some consolidation: Birla Sun Life Mutual Fund acquired ING Mutual Fund and Kotak Mahindra Mutual Fund acquired PineBridge Mutual Fund. Among stake sales, Dewan Housing Finance Corporation Ltd (DHFL) acquired 50% stake in Pramerica Asset Managers and Principal Financial Group, USA acquired Vijaya Bank's 4.03% stake in Principal PNB AMC and also the state-run lender's 5% share in the trustee company.

Among major regulatory initiatives, to weed out non-serious mutual funds players and allow only serious players to remain in business, SEBI raised the minimum capital requirement for an asset management company (AMC) from Rs 100 mn to Rs 500 mn. The regulator has given three years to AMCs to meet the Rs 500 mn minimum net worth norm. However, it has allowed fund houses to launch two new schemes in a year with net worth below Rs 500 mn on a case-to-case basis, only if AMCs demonstrate efforts to meet the net worth requirements within prescribed timelines. SEBI has tightened norms for debt-oriented mutual fund schemes; it requires the schemes to collect at least Rs 200 mn at the time of a new fund offer. The market regulator has relaxed norms for domestic funds managing offshore money by dropping the '20-25 rule', which required a minimum of 20 investors and a cap of 25% on investment by an individual, for funds from low-risk foreign investors. It has raised the cash transaction limit per investor for investments in mutual funds to Rs 50,000 from Rs 20,000 per year. Further, it has given its nod to mutual funds belonging to the same group as merchant bankers of an IPO to play the role of an anchor investor.

Meanwhile, in the two budgets - interim (July 2014) and full (February 2015) - held in FY15, the government increased the long-term capital gains tax on debt-oriented mutual funds from 10% to 20% and the definition of 'long term' for debt mutual funds was changed to 36 months from 12 months with effect from the date of the presentation of the interim budget. In the Union Budget, the government amended the provisions of the Income Tax Act so as to provide tax neutrality on transfer of units of a scheme of a mutual fund under the process of consolidation of schemes of mutual funds as per SEBI Regulations, 1996.

Association of Mutual Funds of India (AMFI) has launched MF Utility - an online platform that will allow investments in multiple mutual fund schemes via the submission of a single transaction form. The AMFI Committee on Operations and Compliance has informed the mutual funds to withdraw the dividend reinvestment sub-option under ELSS products to avoid confusion among investors. AMFI has asked all fund houses to disclose details of the compliance department and board meeting to their trustees. AMFI has also asked the fund houses to refrain from the practice of providing advance information of expected dividend / bonus payouts to investors. It announced that upfront commissions paid to distributors selling schemes would be capped at 1% from April 1, 2015.

## Indian Life Insurance Industry

The Insurance Regulatory Development Authority (IRDA) has been rechristened IRDA of India (IRDAI) following the promulgation of the Insurance Laws (Amendment) Ordinance, 2014. With an aim to reform the life insurance industry and improve transparency, IRDAI introduced various regulatory changes in 2014-15. On the business front, the first-year business premium income fell 50% y-o-y to Rs 101 bn in December 2014.

On the regulatory front, IRDAI has...

- Issued final guidelines on Insurance Marketing Firms - they can solicit and procure insurance products of two life, two general and two health insurance companies at any point of time under intimation to the Authority.
- Issued guidelines with respect to group insurance policies administered by the scheduled commercial banks, the RBI-registered NBFCs and National Housing Bank-regulated housing finance companies as group organisers/master policyholders.
- Revised guidelines with regard to repositories and dematerialisation; life insurance policy holders who opt for the electronic policy format can now get a 10-15% reduction in their premiums.
- Allowed insurers to invest in long-term bonds for financing infrastructure and affordable housing issued by banks.
- Tightened the rules for Unit Linked Insurance Plans (Ulips) further.
- Come out with a new product planner rule under which an insurer can file only five products for approval in a year.
- Made it mandatory for agents to provide full details in a transparent manner before persuading policyholders to shift to another life insurance firm.
- Revised the file and use norms in the group and immediate annuity segment for life insurance companies; it has said that discounts and loadings based on various rating factors specific to the group should not be more than 30% of the premium.

On the general insurance front, IRDAI has...

- Cracked down on general insurance companies offering heavy discounts to attract and retain corporate clients.
- Introduced long-term third party motor insurance policy with a three-year term.
- Marginally reduced the provisioning that general insurers have to make for third party motor insurance.
- Tightened norms on reporting of group health risks; rejected general insurers' demand to scrap pool for third party motor insurance.
- Ruled that even a minor change in the shareholding pattern (wherein the paid-up equity holding of the individual/group would be less than 5%) will require the regulator's approval.
- Allowed insurers to invest in interest rate derivatives for hedging against interest rate risks in their transactions.

Among other initiatives, IRDAI has...

- Launched insurance services through Common Service Centre (CSC).
- Mandated insurers to follow the upper limits of 3% and 10% for their fixed and current deposits in any bank.
- Allowed insurance companies to appoint individual agents on their own from April 1, 2015.
- Mandated insurance companies to display information about any unclaimed amount above Rs 1,000 of policyholders on their respective websites.
- Asked all general insurers to file financial condition reports by August-end of every fiscal.

- Allowed life insurers to charge up to Rs 100 to holders for cancellation or change in nomination in insurance policies.
- Launched a public campaign to create awareness among policyholders about spurious calls.
- Issued circular asking for better expense management by life insurers; it has warned that a low interest rate regime could pose a challenge for insurance companies in giving good returns to policy holders.
- Urged the government to launch 'Jan Bima Yojna' along the lines of the programme launched in banking to increase awareness and deepen insurance penetration.

### **International Pension Market**

A study by Towers Watson, a consultancy that advises institutional investors including pension funds on investment and risk management, shows that at the end of 2014, pension assets for the 16 major pension markets were estimated at USD 36,119 bn, representing a 6.1% rise compared with 2013 year-end value. The US, the UK and Japan – the largest pension markets – have 61.2%, 9.2% and 7.9% share in the total pension assets, respectively. In USD terms pension assets in these markets grew 9.0%, 5.7% and -1.2% respectively. The asset allocation of the seven biggest pension markets (Australia, Canada, Japan, the Netherlands, Switzerland, the UK and the US) shows that since 1995, equities and cash allocations have been coming down to a varying degree while allocation to other (alternative) assets have increased from 5% to 25%. In 2014, among the seven countries, the UK and the US continued to have above-average allocation to equity, while Canada's allocation to equity was in line with the average. The Netherlands and Japan had above-average exposure to bonds while Switzerland was the most diversified with allocation spread evenly across equities, bonds and other assets. In 2014, in the 16 major pension markets, global pension assets to GDP ratio increased from 83.4% (for 13 major markets) at the end of 2013 to 84.4% at the end of 2014. In the past 10 years, defined contribution (DC) assets have grown at 7.0% per annum while defined benefit assets have grown at a slower pace of 4.3% per annum. At the end of 2014, DC assets represented 46.7% of total pension assets (in the seven biggest pension market), in line with the established trend towards the growing dominance of DC pension.

## Indian Pension Market

Internationally, Pension industry is the largest mobilizer of funds and uses them for investments in the various asset classes. In the process, Pension Industry plays a major role in the world economy. As a measure of the size of the market, 16 major pension markets in the world were about US\$ 36 trillion in assets. USA is the largest Pension market in the world with assets of about US \$ 22 Trillion. Average 10 year CAGR in the assets of these top 16 markets has been 6.0% - and these are mature markets. The US continues to be the biggest market in terms of pension assets followed by Japan and UK where they together account for over 78.3% of total global assets. This will give you an estimate of the size and huge potential of the pension sector.

Indian Pension Sector is the Sunrise Industry of the financial sector in the country and as compared to the developed countries and some other parts of the world, especially some of the Latin American countries; we have been a late starter in introducing a regulatory framework and a universal pension product. Indian Pension industry has so far largely covered organized sector, constituting slightly more than one tenth of the Indian population, a fact which in itself states the enormity of task ahead. Pension sector in India has been, so far, characterized by the 'Defined Benefit' (DB) pension schemes for the Government ( both Central & State) employees as well as some institutional bodies; corporates., mostly from Public Sector Undertakings / Banks. EPFO has been the other provider of a pension product, albeit under 'Defined Contribution' (DC) category, where the EPFO Act mandates contribution for all organized sector employees drawing salary of Rs. 15000 or less. The other layer is provided by the myriad superannuation funds in the corporate sector.

The absence of a country-wide social security system (formal pension coverage being about 8% of the retirees within the private sector), the ageing population and social change in the society were the important considerations for introducing pension reform in the unorganised sector in our country. At the same time, fiscal stress of the defined benefit pension system was the major factor driving pension reforms for employees in the government sector. A series of discussion, public debate were held on the subject, involving the entire spectrum of the stakeholder and as a culmination, the Government of India established PFRDA as the regulatory body for the Pension Sector in India. PFRDA was also mandated by the Government of India to implement the National Pension System (NPS) initially for the new entrants to Central Government service, except to Armed Forces, which was later on extended to the State Governments and the all citizens of the country. The design features of the New Pension System (NPS) are self-sustainability, scalability, individual choice, and maximising outreach, low-cost yet efficient, and pension system based on sound regulation. Also in the Union Budget, An additional tax deduction of Rs 50,000 has been provided for contribution to the NPS under Section 80CCD.

### ***National Pension System (NPS)***

NPS Schemes showed a robust overall growth of 68% in its AUM during the financial year, as shown in Table I. All the schemes witnessed double-digit growth. Scheme E saw a triple-digit increase in its AUM. Tier 1 and Tier 2 schemes recorded high growth of 111.91% and 85.89% in terms of AUM.

Scheme CG for central government employees posted 51.9% growth in its AUM during the year. On the other hand, Scheme SG's assets grew handsomely by 80.2% during the year. The assets of NPS Lite grew by Rs 7,624 mn during the year.

TABLE I : Asset Under Management (AUM) Break up in NPS - Growth <i>Scheme Wise Position</i> as on Quarter ended 31st March 2015						Amt. Rs. in Crores	
Schemes	Actuals - AUM as on 31st Mar 2015			Growth in AUM			
	Mar-13	Mar-14	Mar-15	YoY Mar 14 over Mar 13		During the Current Financial Year over Mar 14	
				Amount	%	Amount	%
Equity Tier I	167.78	355.56	654.50	187.77	111.91%	298.95	84.08%
Equity Tier II	14.04	26.10	43.54	12.06	85.89%	17.44	66.81%
Equity Total	181.82	381.66	698.04	199.83	109.90%	316.39	82.90%
% Share in Total AUM	0.6%	0.8%	0.9%	1.1%		1.0%	
Bonds Tier I	128.81	246.46	468.76	117.65	91.33%	222.30	90.20%
Bonds Tier II	15.94	24.27	37.48	8.34	52.30%	13.21	54.42%
Bonds Total	144.75	270.73	506.24	125.98	87.03%	235.51	86.99%
% Share in Total AUM	0.5%	0.6%	0.6%	0.7%		0.7%	
G Sec Tier I	244.67	408.97	771.29	164.30	67.15%	362.32	88.59%
G Sec Tier II	12.90	20.44	35.68	7.54	58.45%	15.24	74.58%
G Sec Total	257.57	429.41	806.97	171.84	66.72%	377.56	87.93%
% Share in Total AUM	0.9%	0.9%	1.0%	0.9%		1.2%	
Sub Total Tier I	541.27	1,010.99	1,894.55	469.72	86.78%	883.57	87.40%
Sub Total Tier II	42.88	70.81	116.71	27.94	65.15%	45.89	64.81%
Tier I + Tier II	584.15	1,081.80	2,011.26	497.65	85.19%	929.46	85.92%
NPS Lite	436.08	843.33	1,605.72	407.25	93.39%	762.40	90.40%
Corporate CG	693.38	1,809.32	4,105.12	1,115.93	160.94%	2,295.81	126.89%
Sub Total (Pvt Sector)	1,713.60	3,734.44	7,722.11	2,020.84	117.93%	3,987.66	106.78%
% Share in Total AUM	5.7%	7.8%	9.6%	11.1%		12.2%	
Central Govt	17,313.02	24,172.06	36,736.77	6,859.04	39.62%	12,564.71	51.98%
% Share in Total AUM	58.0%	50.2%	45.4%	37.6%		38.4%	
State Govt	10,823.36	20,198.04	36,396.26	9,374.68	86.62%	16,198.22	80.20%
% Share in Total AUM	36.3%	42.0%	45.0%	51.4%		49.5%	
Sub Total (Govt.)	28,136.38	44,370.10	73,133.03	16,233.72	57.70%	28,762.93	64.83%
% Share in Total AUM	94.3%	92.2%	90.4%	88.9%		87.8%	
Grand Total	29,849.98	48,104.54	80,855.14	18,254.56	61.15%	32,750.59	68.08%

There was a healthy growth in the AUM of all the NPS Scheme for the unorganized / private sector as shown in Table II given below. The increase in AUM is significantly high at 68.1%, while in absolute terms, the corpus increased by Rs 3275059 Mn.

TABLE II : Asset Under Management (AUM) Break up in NPS - Growth - Subscriber Class Wise Position as on Quarter ended 31st March 2015

Amount: Rupees in Crores

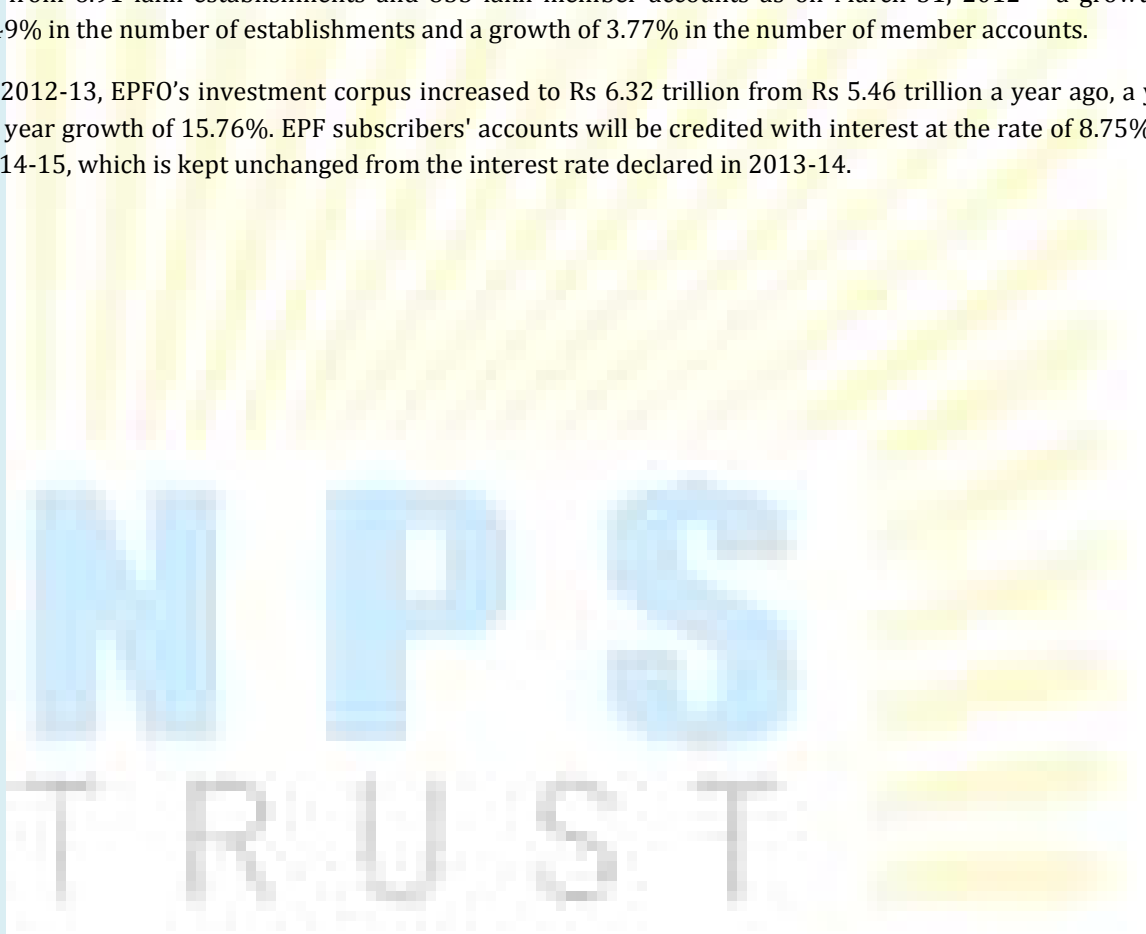
Subscriber Class	Actuals - AUM as on 31st Mar 2015			Growth in AUM			
	Mar-13	Mar-14	Mar-15	YoY March 14 over Mar 13		During the current Financial Year over Mar'14	
				Amount	%	Amount	%
NPS Main	231.1	365.3	594.0	134.2	58.1%	228.7	62.6%
% Share in Pvt. Sector	12.9%	9.5%	7.5%	6.6%		5.7%	
% Share in Total NPS	0.8%	0.8%	0.7%	0.7%		0.7%	
NPS Corporate	1120.5	2627.6	5674.8	1507.1	134.5%	3047.2	116.0%
% Share in Pvt. Sector	62.7%	68.6%	72.1%	73.7%		75.4%	
% Share in Total NPS	3.8%	5.5%	7.0%	8.3%		9.3%	
NPS Lite	436.1	839.3	1605.7	403.3	92.5%	766.4	91.3%
% Share in Pvt. Sector	24.4%	21.9%	20.4%	19.7%		19.0%	
% Share in Total NPS	1.5%	1.7%	2.0%	2.2%		2.3%	
Sub Total (Pvt Sector)	<b>1787.7</b>	<b>3832.2</b>	<b>7874.5</b>	<b>2044.5</b>	<b>114.4%</b>	<b>4042.3</b>	<b>105.5%</b>
% Share in Total NPS	<b>6.0%</b>	<b>8.0%</b>	<b>9.7%</b>	<b>11.2%</b>		<b>12.3%</b>	
Central Govt	17313.5	24177.1	36736.8	6863.6	39.6%	12559.8	51.9%
% Share in Govt. Sector	61.7%	54.6%	50.3%	42.3%		43.7%	
% Share in Total NPS	58.0%	50.3%	45.4%	37.6%		38.3%	
State Govt	10748.8	20095.3	36243.9	9346.5	87.0%	16148.6	80.4%
% Share in Govt. Sector	38.3%	45.4%	49.7%	57.7%		56.3%	
% Share in Total NPS	36.0%	41.8%	44.8%	51.2%		49.3%	
Sub Total (Govt.)	28062.3	44272.3	72980.7	16210.1	57.8%	28708.3	64.8%
% Share in Total NPS	94.0%	92.0%	90.3%	88.8%		87.7%	
Grand Total - NPS	<b>29849.99</b>	<b>48104.55</b>	<b>80855.14</b>	<b>18254.56</b>	61.2%	<b>32750.59</b>	68.1%

### ***Employees' Provident Fund Organization (EPFO)***

EPFO was set up in 1952, which administers the Employee Provident Fund (EPF), one of the world's biggest social security providers in terms of volumes. EPF is mandatory for the organised sector and companies/organisations are required to statutorily comply with respect to all employees drawing wages up to Rs 15,000 per month. It offers a provident fund and a pension scheme. EPF requires equal contributions by the employer and the employee. All the functions/ processes of EPF and Employee Pension Scheme (EPS) are handled by the EPFO, except fund management. Some establishments, which are under the purview of EPFO, are allowed to manage their own funds. EPFO treats them as exempted funds. These exempted funds are, however, required to follow the same investment pattern as that followed by EPFO and are required to match the returns of the EPFO.

About 7.43 lakh establishments are covered; there are 887.62 lakh member accounts as on March 31, 2013 up from 6.91 lakh establishments and 855 lakh member accounts as on March 31, 2012 – a growth of 7.49% in the number of establishments and a growth of 3.77% in the number of member accounts.

In 2012-13, EPFO's investment corpus increased to Rs 6.32 trillion from Rs 5.46 trillion a year ago, a year on year growth of 15.76%. EPF subscribers' accounts will be credited with interest at the rate of 8.75% for 2014-15, which is kept unchanged from the interest rate declared in 2013-14.



### **Performance of Pension Fund Managers**

The position of the corpus / AUM with the Pension Fund Managers is shown in the following table:-

PFM	AUM (in Rs Mn)			
	28-Mar-14	31-Mar-15	Increase in AUM	
			Amount	%
<b>SBI Pension Fund Pvt. Ltd.</b>	186,237	314,071	127,834	68.64
<b>UTI Retirement Solution Ltd.</b>	150,326	248,314	97,988	65.18
<b>LIC Pension Fund Ltd.</b>	141,667	240,101	98,434	69.48
<b>ICICI Prudential Pension Funds Management Company Ltd.</b>	1,752	3,690	1,938	110.61
<b>Kotak Mahindra Pension Fund Ltd.</b>	548	1074.744	527	96.12
<b>Reliance Capital Pension Fund Ltd.</b>	435	769.6571	335	76.93
<b>HDFC</b>	59	530.7745	472	799.62
<b>DSP Blackrock</b>	8	0	(8)	-100.00
<b>Total</b>	<b>481,031</b>	<b>808,552</b>	<b>327,521</b>	<b>68.09</b>

All the PFMs continued to witness good growth in assets under management. All the PFMs maintained their relative ranking in terms of size of AUM with SBI PF having the largest corpus. ICICI Prudential Pension Funds registered the highest growth in AUM in percentage terms. The assets from DSP Blackrock PF were transferred to SBI PF on 01<sup>st</sup> August 2014.

### **Funds of Central Government Employees**

#### **Performance: Scheme CG (as on March 31, 2015)**

SCHEME CG										
PFM	Financial Year Return (%)						Trailing Return (%)			
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	1-Yr	2-Yr	3-Yr	Since Inception
LIC PF	12.27	8.3	5.8	12.06	5.93	18.96	18.96	7.99	7.13	10.40
SBI PF	8.88	8.05	5.81	12.75	3.92	19.38	19.38	7.43	6.93	10.74
UTI RSL	9.27	8.45	5.52	12.26	5.04	18.58	18.58	7.57	6.92	10.20

*Note: Returns above 1 year periods are annualized*

### **Funds of State Government Employees**

#### **Performance: Scheme SG (as on March 31, 2015)**

SCHEME SG									
PFM	Financial Year Return (%)					Trailing Return (%)			
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	1-Yr	2-Yr	3-Yr	Since Inception
LIC PF	10.77	6.68	12.75	5.87%	19.43	19.43	8.11	7.34	10.58
SBI PF	9.88	6.8	13.01	3.83%	19.80	19.80	7.53	7.04	10.23
UTI RSL	11.34	6.04	13.22	4.70%	18.82	18.82	7.53	7.08	10.32

*Note: Returns above 1 year periods are annualised*

## Funds of Unorganised / Private Sector

### Performance: Scheme E – Tier I (as on March 31, 2015)

SCHEME E - TIER I									
PFM	Financial Year Return (%)					Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	1-Yr	2-Yr	3-Yr	Since Inception
ICICI Pru PF	11.83	-7.75	9.05	21.18	28.65	28.65	15.95	11.20	13.80
Kotak PF	11.89	-10.23	11.52	19.48	28.41	28.41	15.34	11.34	12.08
Reliance PF	10.77	-10.49	7.75	20.20	28.30	28.30	15.53	10.69	12.62
SBI PF	8.05	-7.18	8.24	20.68	28.37	28.37	15.71	10.89	10.63
UTI RSL	8.35	-10.58	7.42	21.29	29.74	29.74	16.10	10.95	13.23
DSP Blackrock PF	-	-	-	-	-	-	-	-	-
HDFC Life PF	-	-	-	-	28.63	28.63	-	-	29.82*
LIC PF	-	-	-	-	27.51	27.51	-	-	24.01*
IDFC PF	8.89	-9.32	-	-	-	-	-	-	-
S&P BSE SENSEX	10.94	-10.5	8.23	18.60	24.92	24.92	21.73	17.10	16.36
CNX Nifty	11.14	-9.23	7.31	17.83	26.56	26.56	22.14	17.03	16.30

Returns above 1 year periods are annualized

\* Inception dates: LIC → July 23, 2013; HDFC → August 01, 2013

**Performance: Scheme E – Tier II (as on March 31, 2015)**

SCHEME E - TIER II									
PFM	Financial Year Return (%)					Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	1-Yr	2-Yr	3-Yr	Since Inception
ICICI Pru PF	10.12	-10.41	9.79	21.14	28.66	28.66	15.94	11.34	10.46
Kotak PF	11.66	-9.8	11.33	19.50	28.12	28.12	15.25	11.25	11.00
Reliance PF	5.37	-10.37	7.79	20.67	28.25	28.25	15.67	10.78	10.83
SBI PF	7.86	-7.51	8.26	20.37	28.64	28.64	15.69	10.88	10.26
UTI RSL	10.16	-10.74	7.63	20.51	31.04	31.04	16.22	11.06	10.56
DSP Blackrock PF	-	-	-	-	-	-	-	-	-
HDFC Life PF	-	-	-	-	22.77	22.77	-	-	18.44*
LIC PF	-	-	-	-	21.46	21.46	-	-	11.80*
IDFC PF	7.05	-9.46	-	-	-	-	-	-	-
S&P BSE SENSEX	10.94	-10.5	8.23	18.60	24.92	24.92	21.73	17.10	9.73
CNX Nifty	11.14	-9.23	7.31	17.83	26.56	26.56	22.14	17.03	10.08

Returns above 1 year periods are annualized

\* Inception dates: LIC → August 12, 2013; HDFC → August 01, 2013



**Performance: Scheme C – Tier I (as on March 31, 2015)**

SCHEME C - TIER I									
PFM	Financial Year Return (%)					Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	1-Yr	2-Yr	3-Yr	Since Inception
ICICI Pru PF	9.41	11.43	14.22	6.22	15.72	15.72	7.12	7.02	11.29
Kotak PF	10.86	10.19	15.01	5.77	15.22	15.22	6.79	6.97	11.28
Reliance PF	8.12	8.13	13.89	6.89	15.04	15.04	7.13	6.97	9.46
SBI PF	12.66	11.07	14.27	5.24	15.70	15.70	6.76	6.81	11.59
UTI RSL	9.2	10.19	13.41	6.14	15.09	15.09	6.87	6.72	9.74
DSP Blackrock PF	-	-	-	-	-	-	-	-	-
HDFC Life PF	-	-	-	-	15.20	15.20	-	-	13.41*
LIC PF	-	-	-	-	15.43	15.43	-	-	13.55*
IDFC PF	6.26	9.15	-	-	-	-	-	-	-

Returns above 1 year periods are annualized

\*Inception dates: LIC → July 23, 2013; HDFC → August 01, 2013

**Performance: Scheme C – Tier II (as on March 31, 2015)**

SCHEME C - TIER II									
PFM	Financial Year Return (%)					Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	1-Yr	2-Yr	3-Yr	Since Inception
ICICI Pru PF	10.74	12.27	13.6	6.10	15.91	15.91	7.14	6.92	11.29
Kotak PF	7.2	9.7	13.15	5.76	15.19	15.19	6.78	6.62	9.71
Reliance PF	7.28	7.86	12	6.04	14.97	14.97	6.83	6.43	9.22
SBI PF	14.46	10.73	12.69	4.15	15.62	15.62	6.36	6.28	11.23
UTI RSL	7.62	11.4	12.95	5.75	15.30	15.30	6.81	6.60	10.10
DSP Blackrock PF	-	-	-	-	-	-	-	-	-
HDFC Life PF	-	-	-	-	9.51	9.51	-	-	9.45*
LIC PF	-	-	-	-	12.37	12.37	-	-	10.16*
IDFC PF	6.02	10.02	-	-	-	-	-	-	-

Returns above 1 year periods are annualised

\* Inception dates: LIC → August 12, 2013; HDFC → August 01, 2013

**Performance: Scheme G – Tier I (as on March 31, 2015)**

SCHEME G - TIER I									
PFM	Financial Year Return (%)					Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	1-Yr	2-Yr	3-Yr	Since Inception
ICICI Pru PF	7.71	6.07	13.84	1.51	20.75	20.75	7.02	6.89	9.01
Kotak PF	9.14	6.14	13.61	0.84	19.63	19.63	6.44	6.50	8.75
Reliance PF	7.65	5.63	13.74	0.89	20.24	20.24	6.65	6.65	8.39
SBI PF	12.25	5.46	13.48	0.23	20.73	20.73	6.55	6.54	10.32
UTI RSL	12.52	3.75	13.57	0.93	20.18	20.18	6.63	6.61	8.69
DSP Blackrock PF	-	-	-	-	-	-	-	-	-
HDFC Life PF	-	-	-	-	19.88	19.88	-	-	13.70*
LIC PF	-	-	-	-	20.93	20.93	-	-	15.55*
IDFC PF	6.97	5.9	-	-	-	-	-	-	-

Returns above 1 year periods are annualised

\* Inception dates: LIC → July 23, 2013; HDFC → August 01, 2013

**Performance: Scheme G – Tier II (as on March 31, 2015)**

SCHEME G - TIER II									
PFM	Financial Year Return (%)					Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	1-Yr	2-Yr	3-Yr	Since Inception
ICICI Pru PF	6.43	6.36	14.36	1.12	20.70	20.70	6.87	6.90	9.24
Kotak PF	6.40	5.37	12.86	1.18	19.90	19.90	6.64	6.48	8.57
Reliance PF	4.68	5.76	13.68	0.87	20.44	20.44	6.70	6.67	8.82
SBI PF	11.82	5.31	13.47	0.39	20.57	20.57	6.56	6.54	10.64
UTI RSL	16.44	3.81	13.52	0.51	20.27	20.27	6.51	6.52	10.18
DSP Blackrock PF	-	-	-	-	-	-	-	-	-
HDFC Life PF	-	-	-	-	19.45	19.45	-	-	15.19*
LIC PF	-	-	-	-	19.94	19.94	-	-	16.53*
IDFC PF	6.00	7.22	-	-	-	-	-	-	-

Returns above 1 year periods are annualised

\* Inception dates: LIC → August 12, 2013; HDFC → August 01, 2013

**Performance: Scheme NPS Lite (as on March 31, 2015)**

Scheme NPS Lite								
PFM	Financial Year Return (%)				Trailing Return (%)			
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	1-Yr	2-Yr	3-Yr	Since Inception
Kotak PF	-	14.58	5.18	19.23	19.23	7.82	7.51	12.32
LIC PF	10.1	13.02	5.91	19.52	19.52	8.16	7.41	11.68
SBI PF	8.7	13.83	4.11	19.52	19.52	7.54	7.20	11.87
UTI RSL	8.55	13.18	4.90	19.20	19.20	7.71	7.18	11.71

For Kotak inception date is Jan 31, 2012.

Returns above 1 year periods are annualised

**Performance: Scheme Corporate – CG (as on March 31, 2015)**

Scheme Corporate CG						
PFM	Financial Year Return (%)			Trailing Return (%)		
	FY 2012-13	FY 2013-14	FY 2014-15	1 year	2-Yr	Since Inception
LIC PF	-	5.63	19.53	19.53	8.06	12.03
SBI PF	-	3.31	19.99	19.99	7.40	11.51
UTI RSL	-	-	-	-	-	-

Returns above 1 year periods are annualized

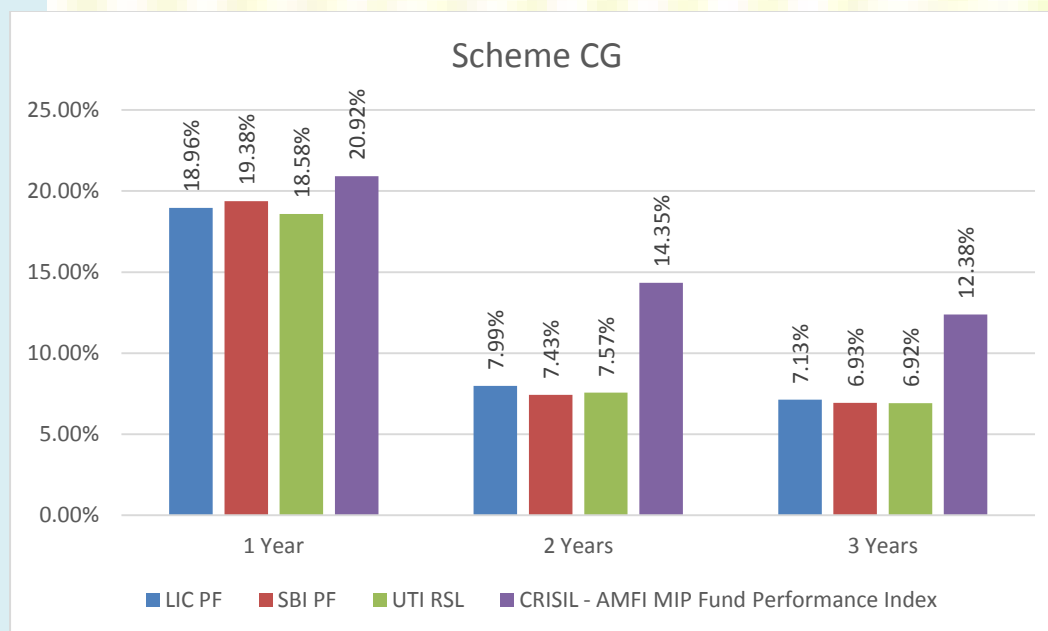
UTI Scheme Corporate CG ended in the financial year 2013-14

## Performance of PFMs vis-à-vis Mutual Fund Industry

To assess the performance of NPS schemes vis-à-vis mutual funds, returns delivered by respective PFMs in each category has been compared with relevant CRISIL AMFI MF performance indices. CRISIL – AMFI MF Performance Indices are industry level indices that track the performance of different categories of mutual funds across time frames and market cycles. The key highlights of performance comparison of NPS schemes vis-à-vis CRISIL AMFI MF performance indices as on March 31, 2015 are as follows:

- All PFMs in Scheme CG, Scheme SG, Scheme NPS Lite, and Scheme Corporate CG have underperformed the CRISIL - AMFI MIP Fund Performance Index over one year, two year and three year period.
- Equity schemes (Scheme E – Tier I and Scheme E – Tier II) of all PFMs have underperformed CRISIL - AMFI Large Cap Fund Performance Index in one year, two year and three year period.
- Corporate debt schemes (Scheme C – Tier I and Scheme C – Tier II) of all PFMs have delivered superior returns to CRISIL - AMFI Income Fund Performance Index in one year.
- Gilt schemes (Scheme G – Tier I and Scheme G – Tier II) of all PFMs have outperformed CRISIL - AMFI Gilt Fund Performance Index in one year.

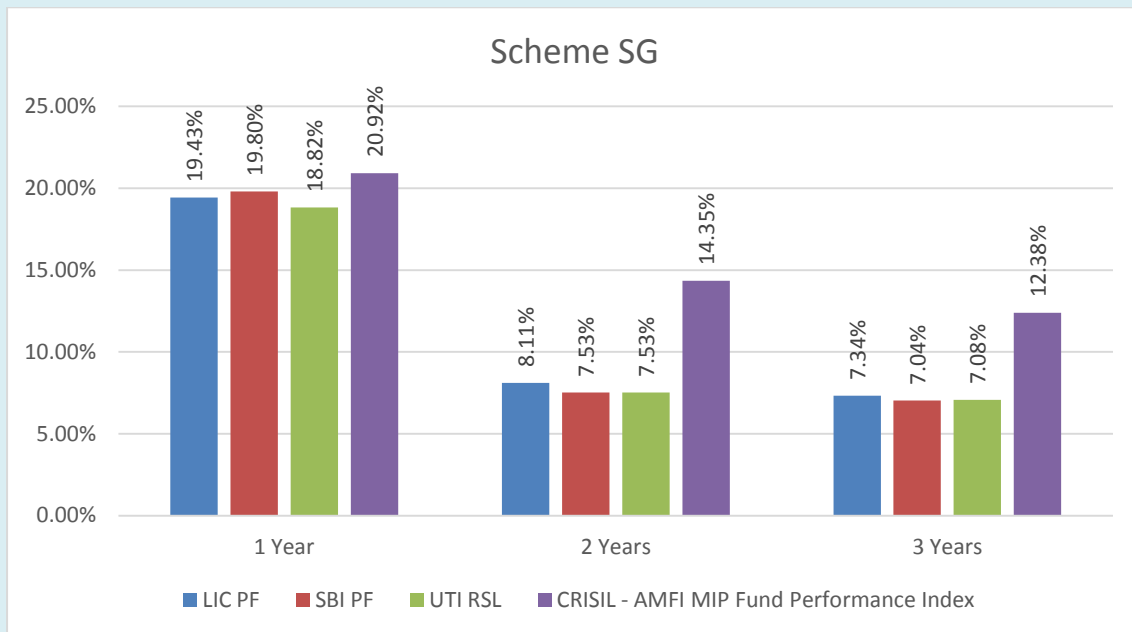
### Performance: Scheme CG Vs. mutual fund industry (as on March 31, 2015)



*Returns for period greater than one year are compounded annualised returns*

In scheme CG, all the PFMs underperformed the CRISIL - AMFI MIP Fund Performance Index for one year, two year and three year periods.

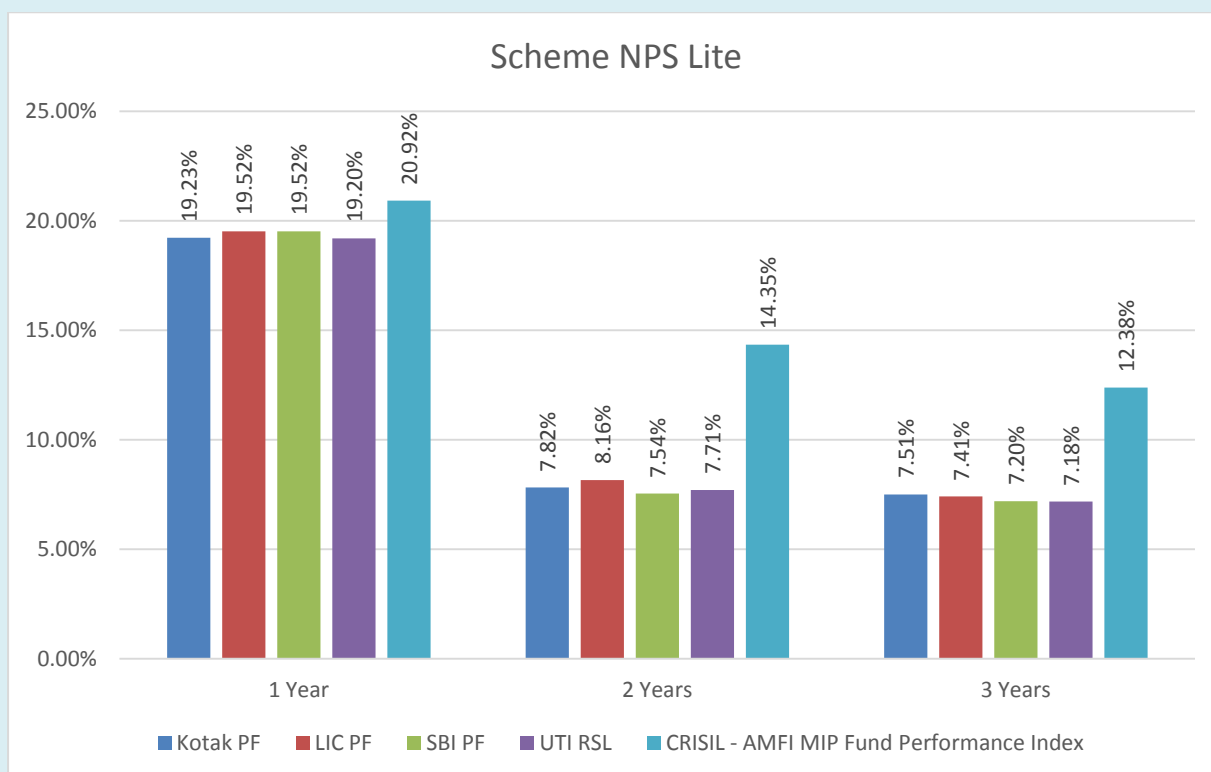
**Performance: Scheme SG Vs. mutual fund industry (as on March 31, 2015)**



*Returns for period greater than one year are compounded annualised returns*

In scheme SG, all the PFMs underperformed the CRISIL - AMFI MIP Fund Performance Index for one year, two year and three year periods.

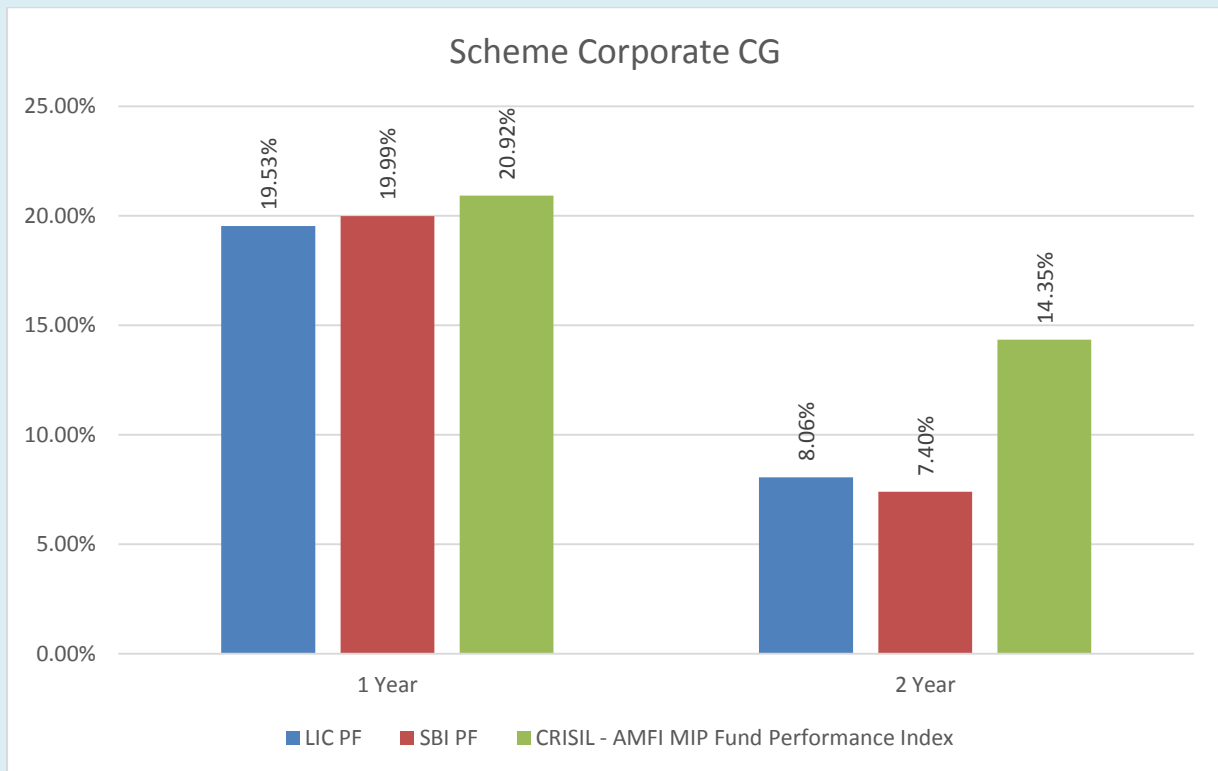
**Performance: Scheme NPS Lite Vs. mutual fund industry (as on March 31, 2015)**



*Returns for period greater than one year are compounded annualised returns.*

In scheme NPS Lite, all the PFMs underperformed the CRISIL - AMFI MIP Fund Performance Index for one year, two year and three year periods.

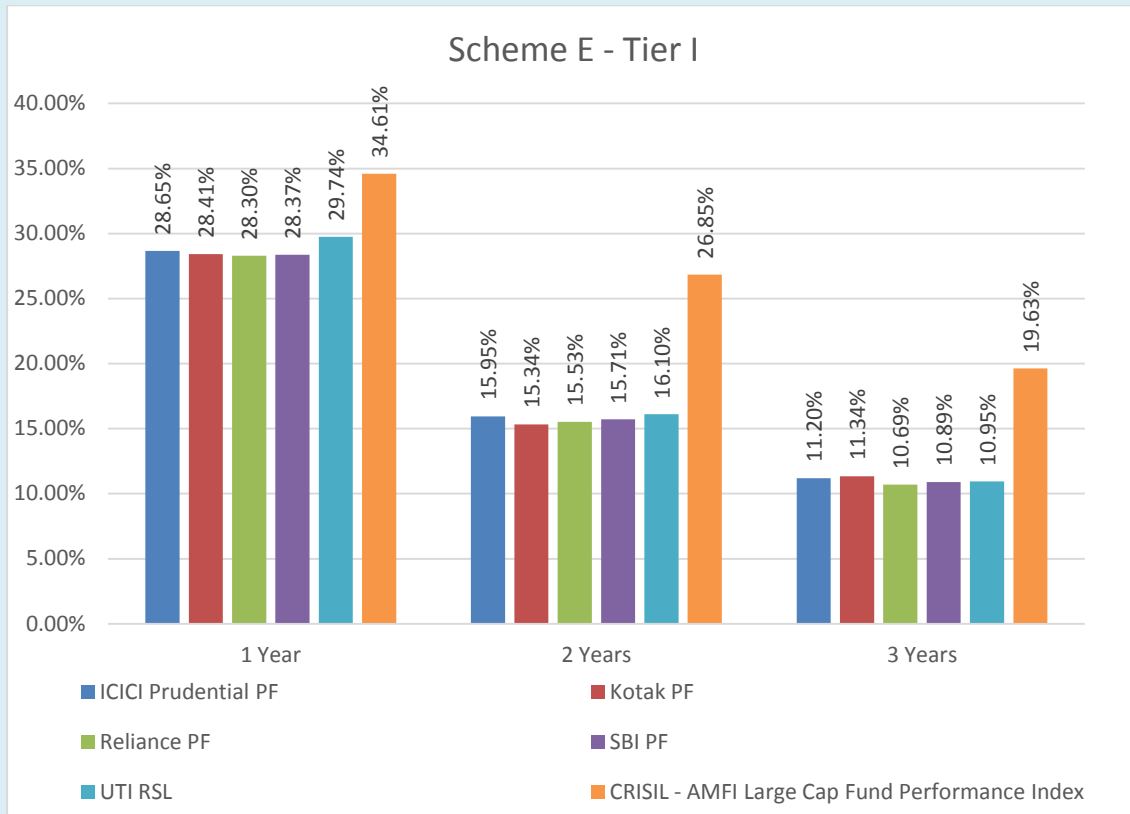
**Performance: Scheme Corporate CG Vs. mutual fund industry (as on March 31, 2015)**



*Returns for period greater than one year are compounded annualised returns.*

In scheme corporate CG, all the PFMs underperformed the CRISIL - AMFI MIP Fund Performance Index for one year and two year periods.

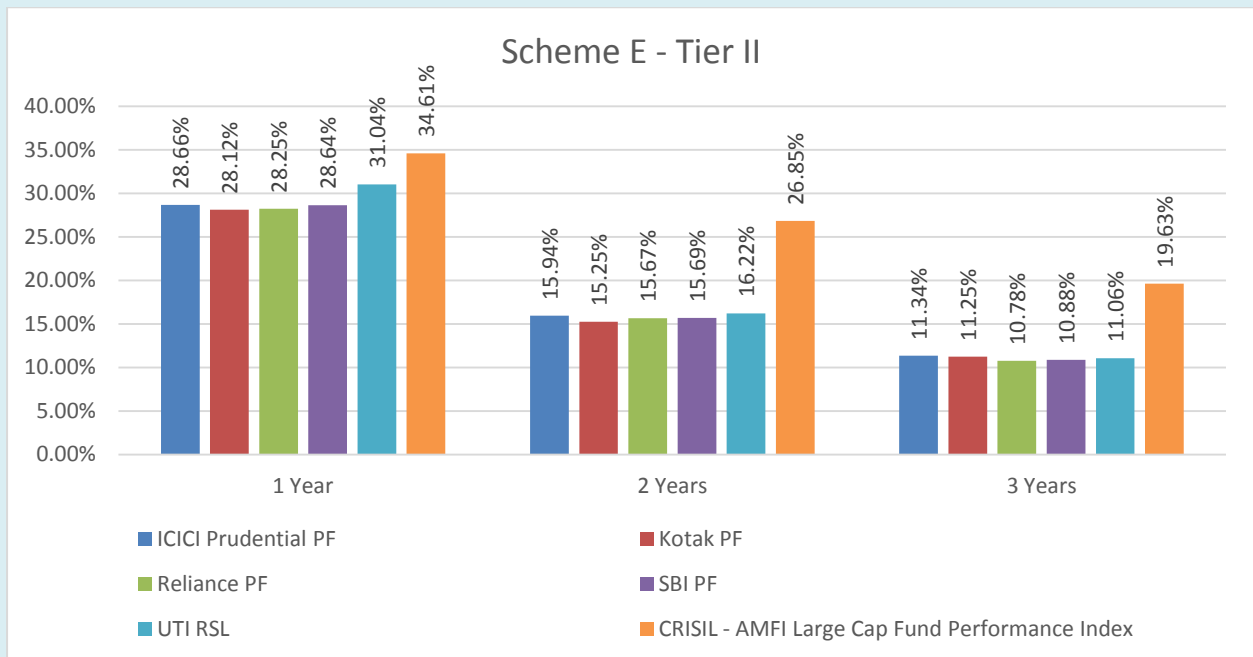
**Performance: Scheme E – Tier I Vs. mutual fund industry (as on March 31, 2015)**



Returns for period greater than one year are compounded annualised returns

In scheme E – Tier I, all the PFMs underperformed CRISIL - AMFI Large Cap Fund Performance Index in one year, two year and three year periods.

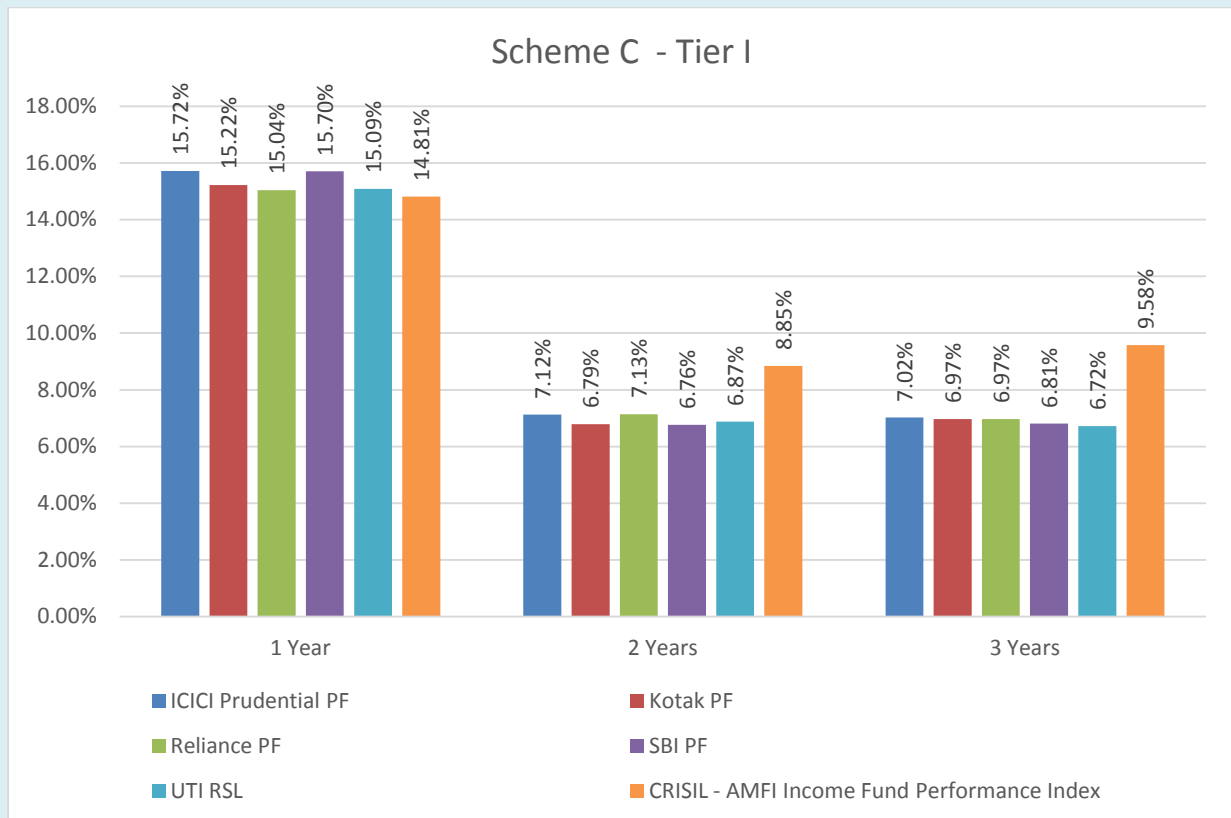
**Performance: Scheme E – Tier II Vs. mutual fund industry (as on March 31, 2015)**



Returns for period greater than one year are compounded annualised returns

In scheme E – Tier II, all the PFMs underperformed CRISIL - AMFI Large Cap Fund Performance Index in one year, two year and three year periods.

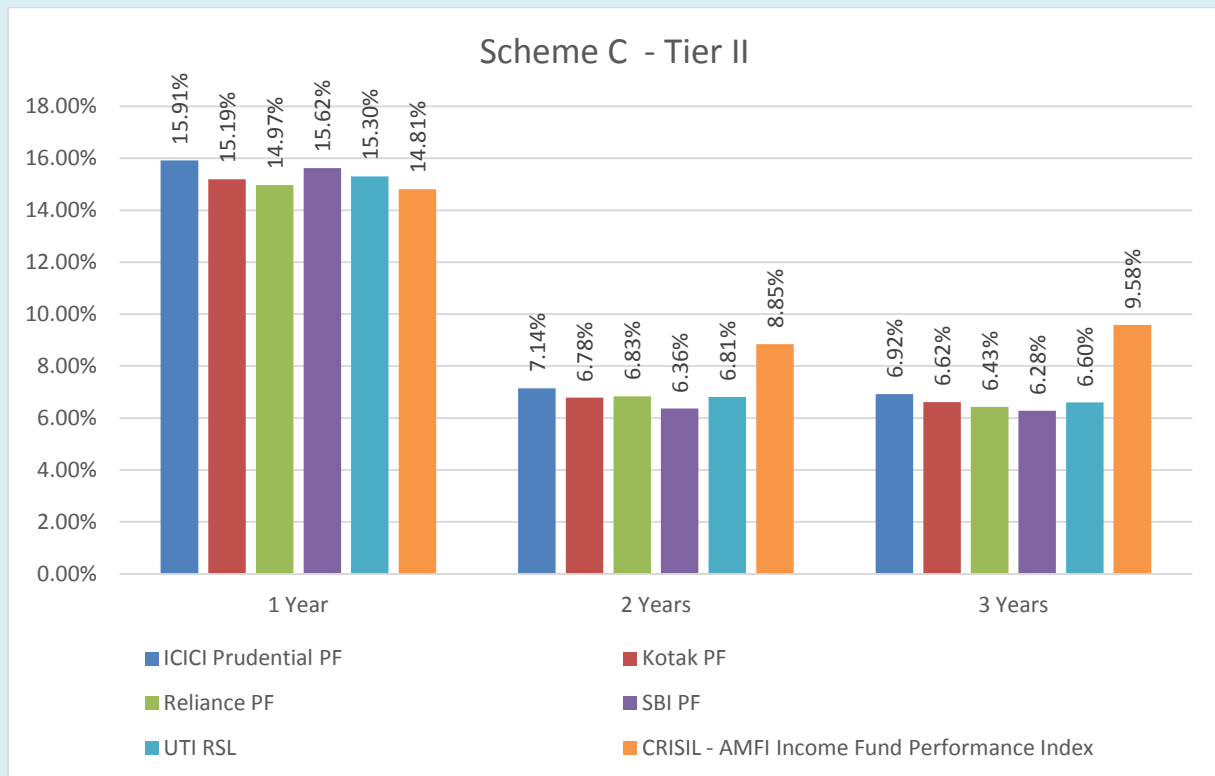
**Performance: Scheme C – Tier I Vs. mutual fund industry (as on March 31, 2015)**



*Returns for period greater than one year are compounded annualised returns*

In scheme C – Tier I, all the PFMs outperformed the CRISIL - AMFI Income Fund Performance Index in the one year period. However, all the PFMs underperformed the CRISIL - AMFI Income Fund Performance Index in two year and three year period.

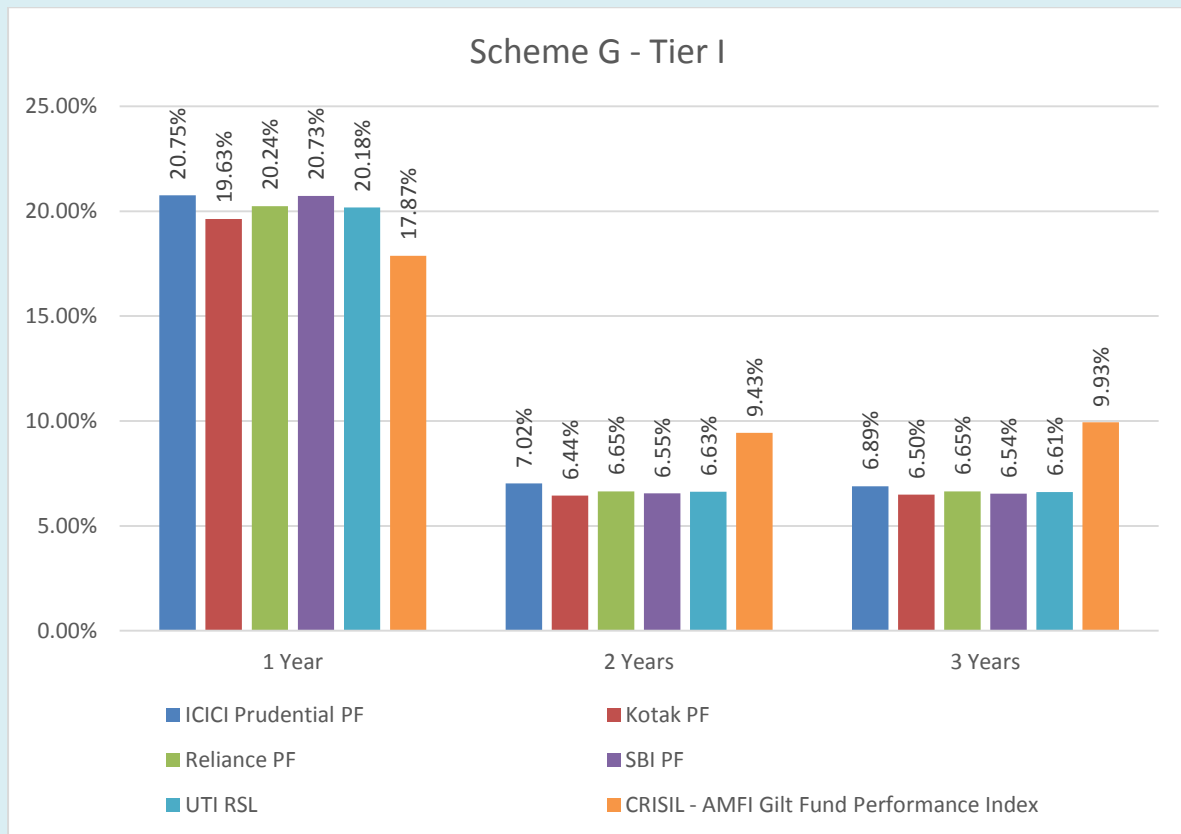
**Performance: Scheme C – Tier II Vs. mutual fund industry (as on March 31, 2015)**



*Returns for period greater than one year are compounded annualised returns*

In scheme C – Tier II, all the PFMs outperformed the CRISIL - AMFI Income Fund Performance Index in the one year period. However, all the PFMs underperformed the CRISIL - AMFI Income Fund Performance Index in two year and three year period.

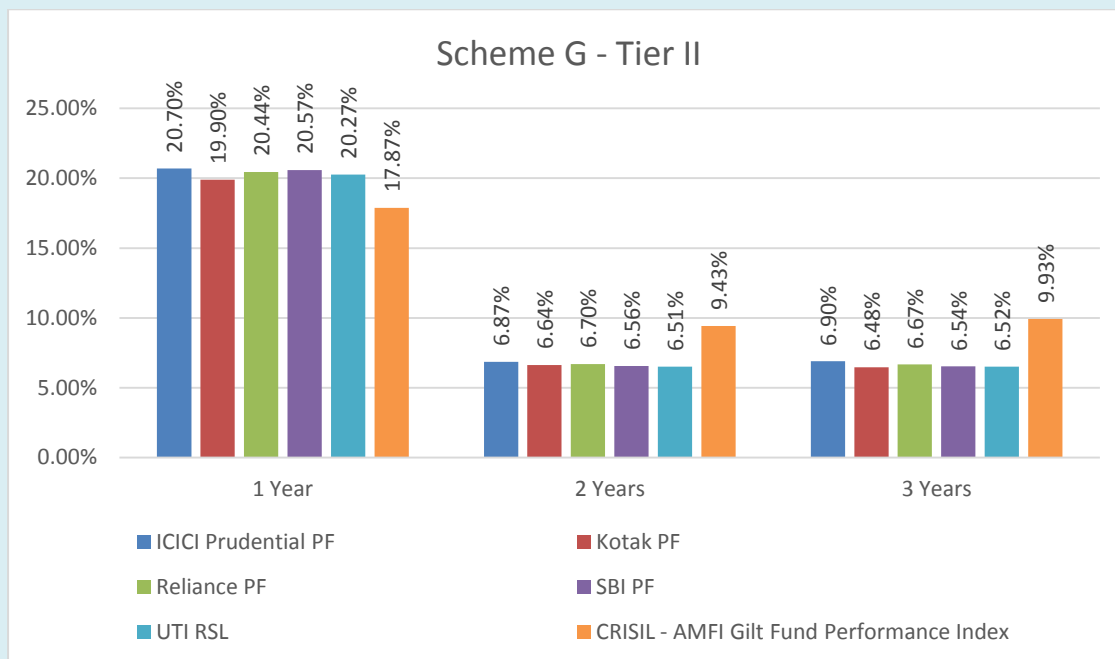
**Performance: Scheme G – Tier I Vs. mutual fund industry (as on March 31, 2015)**



*Returns for period greater than one year are compounded annualised returns*

In scheme G – Tier I, all the PFMs outperformed the CRISIL - AMFI Gilt Fund Performance Index in the one year period. However, all the PFMs underperformed the CRISIL - AMFI Gilt Fund Performance Index in two year and three year period.

**Performance: Scheme G – Tier II Vs. mutual fund industry (as on March 31, 2015)**



*Returns for period greater than one year are compounded annualised returns*

In scheme G – Tier II, all the PFMs outperformed the CRISIL - AMFI Gilt Fund Performance Index in the one year period. However, all the PFMs underperformed the CRISIL - AMFI Gilt Fund Performance Index in two year and three year period.

**Acknowledgements**

The Board of Trustees will like to thank the Chairman PFRDA for providing constant guidance, encouragement and support to the NPS Trust in ensuring its smooth function and efficient discharge of its responsibilities. We would also like to place on record our appreciation for all the other staff of PFRDA, who have provided constant support and assistance to the NPS Trust. The Board of Trustees will like to make a special mention of the tireless and efficient work done by the team of the staff in the NPS Trust Secretariat and place on record our appreciation for the entire team of staff of the NPS Trust.

SD/-

**G. N. Bajpai**  
**Chairman of the Board of Trustees**  
**National Pension System Trust**  
**Date: 25<sup>th</sup> July 2015**  
**Mumbai**

**अनुबंधक / ANNEXURE**

**एन पी एस ट्रस्ट के लेखा परीक्षक की रिपोर्ट व अंकेक्षित खाते  
31 मार्च 2015 को समाप्त होने वाले वित्तीय वर्ष के लिए**

**Auditor's Report and Audited Accounts of NPS Trust  
for the Financial year ended 31<sup>st</sup> March 2015**

**INDEPENDENT AUDITORS' REPORT**

**THE TRUSTEES OF NATIONAL PENSION SCHEME (NPS) TRUST**

**Report on the Financial Statements**

We have audited the accompanying financial statements of M/s **National Pension Scheme (NPS) Trust** which comprises the Balance Sheet as at 31st March, 2015 and the Income and Expenditure account and Receipt and Payment account for the year ended on that date and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management 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 Trust in accordance with the Generally Accepted Accounting Principles. 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.

**Auditors' Responsibility**

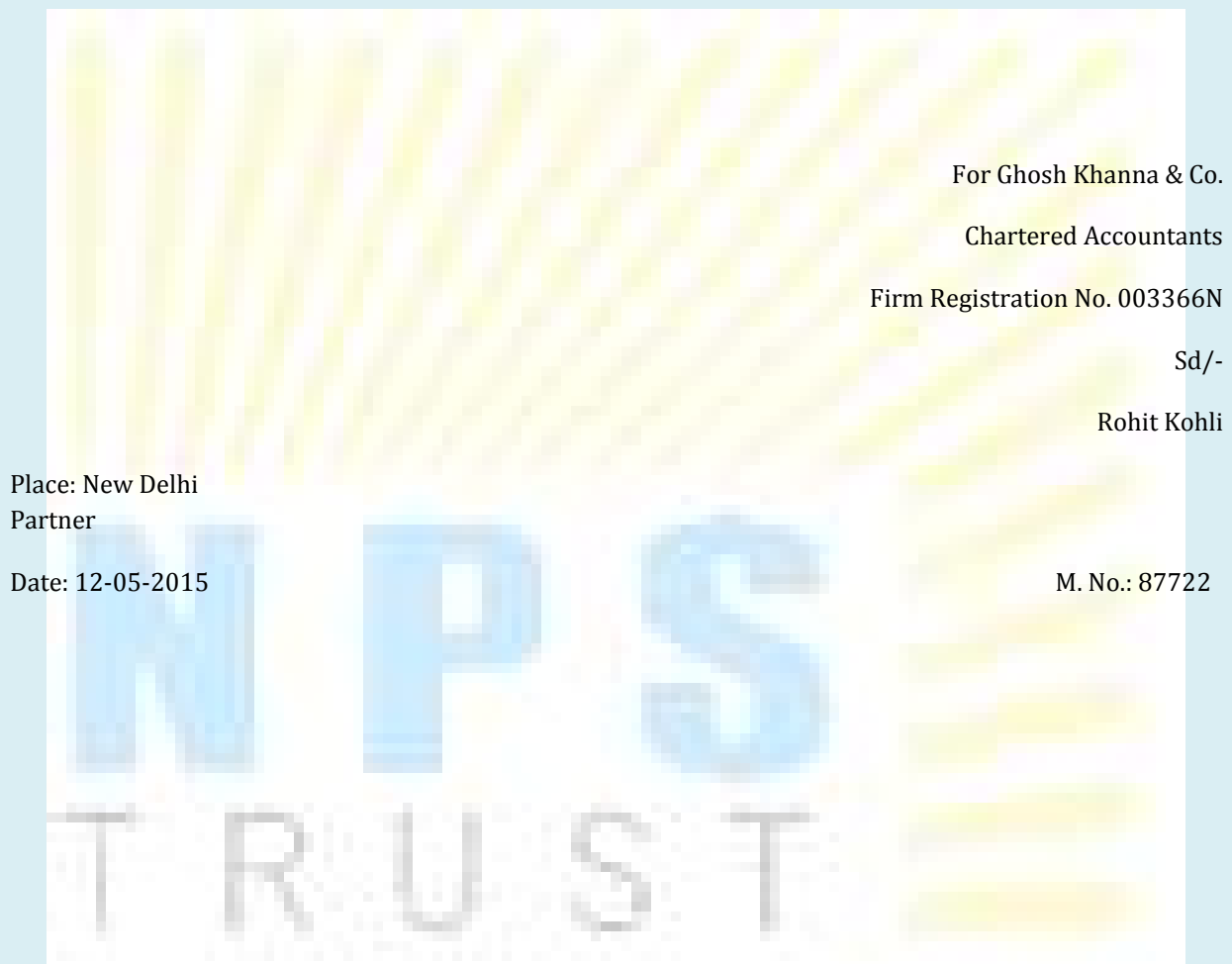
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform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

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 judgment, 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 Trust'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

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 the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Trust as at 31st March, 2015 and
- (ii) In the case of the Income and Expenditure Account, of the less of income over expenditure for the year ended on that date.
- (iii) In the case of the Receipts and Payments Account, of the total receipts and payments for the year ended on that date.



# NATIONAL PENSION SYSTEM (NPS) TRUST

## BALANCE SHEET AS AT 31.03.2015

Particulars	Note	(Amount in Rs.)	
		As at March 31, 2015	As at March 31, 2014
<b><u>CORPUS / CAPITAL FUND AND LIABILITIES</u></b>			
Corpus / Capital Fund	2.1	1,119,695	1,300,373
Current Liabilities and Provisions	2.2	104,417	190,983
<b>Total</b>		<b>1,224,112</b>	<b>1,491,356</b>
<b><u>ASSETS</u></b>			
Fixed Assets	2.3	76,481	119,904
Current Assets, Loans and Advances	2.4	1,147,631	1,371,452
<b>Total</b>		<b>1,224,112</b>	<b>1,491,356</b>
Significant accounting policies and notes on accounts	1&2		
<i>Note: The notes referred to above are an integral part of the balance sheet.</i>			
As per our Report of even Date Attached			
<b>For Ghosh Khanna &amp; Company</b>		<b>For and on Behalf of National Pension System(NPS) Trust</b>	
<i>Chartered Accountants</i>			
Firm Registration Number: 003366N			
<b>Rohit Kohli</b>		<b>G. N. Bajpai</b>	<b>Kamal Chaudhry</b>
<i>Partner</i>		<i>Chairman</i>	<i>CEO</i>
Membership Number: 87722			
Place: New Delhi		Place: New Delhi	Place: New Delhi
Date: 12-05-2015		Date: 11-05-2015	Date: 11-05-2015

NATIONAL PENSION SYSTEM (NPS)TRUST			
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2015			
Particulars	Note	(Amount in Rs.)	
		As at March 31, 2015	As at March 31, 2014
<b><u>INCOME</u></b>			
Grants / Subsidies	2.5	5,500,000	9,500,000
Interest Earned	2.6	96,535	43,970
<b>Total (A)</b>		<b>5,596,535</b>	<b>9,543,970</b>
<b><u>EXPENDITURE</u></b>			
Establishment Expenses	2.7	1,347,217	3,117,548
Other Administrative Expenses	2.8	4,403,362	5,878,457
Finance Charges	2.9	639	1,400
Depreciation	2.3	25,995	55,119
<b>Total (B)</b>		<b>5,777,213</b>	<b>9,052,524</b>
<b>Balance being surplus (deficit) before exceptional and extra-ordinary items (A-B)</b>		<b>(180,678)</b>	<b>491,446</b>
<b><u>EXCEPTIONAL AND EXTRA-ORDINARY ITEMS</u></b>			
<b>Balance being surplus (deficit) carried to corpus / capital fund</b>		<b>(180,678)</b>	<b>491,446</b>
Significant accounting policies and notes on accounts	1&2		
<i>Note: The notes referred to above are an integral part of the Income and Expenditure Account.</i>			
As per our Report of even Date Attached			
For <b>Ghosh Khanna &amp; Company</b>	For and on Behalf of National Pension System(NPS) Trust		
Chartered Accountants			
Firm Registration Number: 003366N			
<b>Rohit Kohli</b>	<b>G. N. Bajpai</b>	<b>Kamal Chaudhry</b>	
Partner	Chairman	CEO	
Membership Number: 87722			
Place: New Delhi	Place: New Delhi	Place: New Delhi	
Date: 12-05-2015	Date: 11-05-2015	Date: 11-05-2015	

# NATIONAL PENSION SYSTEM (NPS) TRUST

## RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31-03-2015

	(Amount in Rs.)			(Amount in Rs.)	
RECEIPTS	As at March 31, 2015	As at March 31, 2014	PAYMENTS	As at March 31, 2015	As at March 31, 2014
<b><u>I. Opening Balances</u></b>			<b><u>I. Expenses</u></b>		
a) Cash in hand	10,053	10,000	a) Establishment Expenses	1,347,217	3,110,198
b) Bank Balance - Saving account	1,356,863	872,675	b) Administrative Expenses	4,471,056	5,948,131
<b><u>II. Grants Received</u></b>			<b><u>VI. Finance Charges (Interest)</u></b>		
a) Grant Received from PFRDA	5,500,000	9,500,000	Bank charges	639	1,400
<b><u>IV. Interest Received</u></b>			<b><u>VII. Closing Balances</u></b>		
a) On Bank deposits	96,535	43,970	a) Cash in hand	3,865	10,053
			b) Bank Balances-Savings account	1,140,674	1,356,863
<b>Total</b>	<b>6,963,451</b>	<b>10,426,645</b>	<b>Total</b>	<b>6,963,451</b>	<b>10,426,645</b>
Significant accounting policies and notes on accounts <b>1&amp;2</b>					
<p><i>Note: The notes referred to above are an integral part of the Receipts and Payments Account.</i></p> <p>As per our Report of even Date Attached</p>					
<p><b>For Ghosh Khanna &amp; Company</b></p> <p><i>Chartered Accountants</i></p> <p>Firm Registration Number: 003366N</p> <p><b>Rohit Kohli</b></p> <p><i>Partner</i></p> <p>Membership Number: 87722</p> <p>Place: New Delhi</p> <p>Date: 12-05-2015</p>			<p><b>For and on Behalf of National Pension System(NPS) Trust</b></p> <p><b>G. N. Bajpai</b>      <b>Kamal Chaudhry</b></p> <p><i>Chairman</i>      <i>CEO</i></p> <p>Place: New Delhi      Place: New Delhi</p> <p>Date: 11-05-2015      Date: 11-05-2015</p>		

## **NATIONAL PENSION SYSTEM (NPS) TRUST**

### **NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015**

#### **Background:**

The National Pension System Trust (NPS Trust) was established by Pension Fund Regulatory and Development Authority (PFRDA) on 27th February, 2008 with the execution of the NPS Trust Deed. The NPS Trust has been set up and constituted for taking care of the assets and funds under the National Pension System (NPS) in the interest of the beneficiaries (subscribers). The NPS fund are managed by the Board of Trustees to realize and fulfill the objectives of the NPS Trust in the exclusive interest of the Subscribers.

In fulfillment of its objectives, as broadly mentioned in the Deed, the NPS Trust supervises the Pension Fund Managers (PFM'S) and interacts with other intermediaries like Trustee Bank (Bank of India), Central Record Agency (NSDL), Stock Holding Corporation of India Ltd, etc. The Trust is empowered to enter into agreements with other intermediaries and operating agencies to discharge its obligations.

#### **1. Significant Accounting Policies**

##### **1.1 Basis of preparation of financial statements**

These financial statements are prepared under the historical cost convention, and compliance in accordance with Generally Accepted Accounting Principles (GAAP) in India on accrual basis. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy heitherto in use.

##### **1.2 Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, reported amount of assets and liabilities and disclosure relating to contingent assets and liabilities as of the date of the financial statements. Accounting estimate could change from period to period and actual results could differ from those estimates.

##### **1.3 Tangible fixed assets and depreciation**

Fixed Assets are stated at historical cost after reducing accumulated depreciation and impairment if any up to the date of balance sheet. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation. Depreciation on all assets has been charged on pro-rata basis as per written down value method at the rates and in the manner prescribed under Income Tax Act, 1961.

##### **1.4 Government grants / subsidies**

The expenses of NPS Trust is borne by government Grants received during the year. Grant/Subsidies are accounted for on realisation basis

##### **1.5 Other revenue recognition**

Interest on saving accounts and other incomes are accounted for on accrual basis.

As per our Report of even Date Attached

**For Ghosh Khanna & Company**  
Chartered Accountants  
Firm Registration Number: 003366N

**For and on Behalf of National Pension System(NPS) Trust**

**Rohit Kohli**  
Partner  
Membership Number: 87722

**G. N. Bajpai**  
Chairman

**Kamal Chaudhry**  
CEO

Place: New Delhi  
Date: 12-05-2015

Place: New Delhi  
Date: 11-05-2015

Place: New Delhi  
Date: 11-05-2015

### 1.6 Employee benefits

Since the number of employees is less than the statutory limit required under the provision of Provident Fund and Miscellaneous Provision Act the trust has not yet registered itself under the Authorities and hence there is no provident fund contribution.

### 1.7 Foreign Currency Transactions

The trust accounts for effects of differences in foreign exchange rates in accordance with Accounting Standard-11, issued by the Institute of Chartered Accountants of India.

#### Initial recognition

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

#### Conversion

Foreign currency monetary items are reported using the closing rate.

#### Exchange Difference

Exchange differences arising on the settlement of monetary items or on reporting trust's monetary items at rates different for those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which arise.

### 1.8 Provisions and Contingencies

Provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation; in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

### 1.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank accounts.

### 1.10 Change in accounting policy

There is no change in the accounting policy as those adopted in previous year.

As per our Report of even Date Attached

**For Ghosh Khanna & Company**  
Chartered Accountants  
Firm Registration Number: 003366N

**For and on Behalf of National Pension System (NPS) Trust**

**Rohit Kohli**  
Partner  
Membership Number: 87722

**G. N. Bajpai**  
Chairman

**Kamal Chaudhry**  
CEO

Place: New Delhi  
Date: 12-05-2015

Place: New Delhi  
Date: 11-05-2015

Place: New Delhi  
Date: 11-05-2015

**NATIONAL PENSION SYSTEM (NPS) TRUST****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015****2. Notes to Accounts****1119842.97****2.1 : Corpus / Capital fund****(Amount in Rs.)**

<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Balance as at the beginning of the year	1,300,373	808,927
Add : Contributions towards Corpus / Capital fund		
Add / (Deduct) : Balance of net income / (expenditure)	(180,678)	491,446
<b>Balance as at the end of the year</b>	<b>1,119,695</b>	<b>1,300,373</b>

**2.2 : Current liabilities and provisions****(Amount in Rs.)**

<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>A. Current liabilities</b>		
Statutory liabilities :		
- TDS payable	5,454	932
Other liabilities :		
- Expenses payable	98,963	190,051
<b>Total ( A )</b>	<b>104,417</b>	<b>190,983</b>
<b>B. Provisions</b>		
	-	-
<b>Total ( B )</b>	<b>-</b>	<b>-</b>
<b>Total ( A + B )</b>	<b>104,417</b>	<b>190,983</b>

As per our Report of even Date Attached

For **Ghosh Khanna & Company**For and on Behalf of National Pension  
System(NPS) Trust

Chartered Accountants

Firm Registration Number: 003366N

**Rohit Kohli**

Partner

Membership Number: 87722

**G. N. Bajpai**

Chairman

**Kamal Chaudhry**

CEO

Place: New Delhi

Date: 12-05-2015

Place: New Delhi

Date: 11-05-2015

Place: New Delhi

Date: 11-05-2015

<b>NATIONAL PENSION SYSTEM (NPS) TRUST</b> <b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015</b> <b>2.2b : TDS Payable</b>		
(Amount in Rs.)		
Particulars	As at March 31, 2015	As at March 31, 2014
TDS contractor payable	3,712	932
TDS Professional Payable	1,742	-
<b>Total</b>	<b>5,454</b>	<b>932</b>
<b>2.2c : Expenses payable</b>		
(Amount in Rs.)		
Particulars	As at March 31, 2015	As at March 31, 2014
Allowances payable	-	18,772
Account maintenance charges	16,855	12,360
Audit fee payable	15,674	15,169
Travelling expenses - domestic	10,496	-
Meeting & Conference Expenses Payable	-	17,001
Taxi Hiring Charges	-	36,976
Books & periodicals - payable	377	545
Manpower charges payable	49,472	55,218
Postage & Courier Payable	2,994	4,111
Printing & Stationary Payable	-	25,411
Internet Charges	890	-
Telephone & mobile expenses payable	2,205	4,488
<b>Total</b>	<b>98,963</b>	<b>190,051</b>
As per our Report of even Date Attached		
For <b>Ghosh Khanna &amp; Company</b> Chartered Accountants Firm Registration Number: 003366N	For and on Behalf of National Pension System(NPS) Trust	
- <b>Rohit Kohli</b> Partner Membership Number: 87722	<b>G. N. Bajpai</b> Chairman	<b>Kamal Chaudhry</b> CEO
Place: New Delhi Date: 12-05-2015	Place: New Delhi Date: 11-05-2015	Place: New Delhi Date: 11-05-2015

**NATIONAL PENSION SYSTEM (NPS) TRUST**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015**

**2.3 : Fixed Assets**

**(Amount in Rs.)**

Description	Rate of Dep	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost/Valuation As at beginning of the year	Additions during the year	Deductions during the year	Cost/Valuation As at the year-end	As at beginning of the Year	For the Year	On Deductions during the year	Total upto year end	As at the Current Year	As at the previous year
<b>Fixed Assets:</b>	-										
1. Furniture's and fixtures	10%	29,210	51,725	-	80,935	10,641	4,443	-	15,084	65,851	18,569
2. Office equipment	15%	96,422	-	96,422	-	21,662	5,607	-	27,269		74,760
3. Computer / Peripherals	60%	672,949		-	672,949	646,374	15,945	-	662,319	10,630	26,575
<b>Total of current year</b>		798,581	51,725	96,422	753,884	678,676	25,995	-	704,672	76,481	119,905
<b>Previous year</b>		793,706	4,875	-	798,581	623,558	55,119	-	678,677	119,904	170,148

As per our Report of even Date Attached

**For Ghosh Khanna & Company**

*Chartered Accountants*

Firm Registration Number: 003366N

**Rohit Kohli**

*Partner*

Membership Number: 87722

Place: New Delhi  
Date: 12-05-2015

**For and on Behalf of National Pension System(NPS) Trust**

**G. N. Bajpai**

*Chairman*

Place: New Delhi  
Date: 11-05-2015

**Kamal Chaudhry**

*CEO*

Place: New Delhi  
Date: 11-05-2015

**NATIONAL PENSION SYSTEM (NPS) TRUST****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015****2.4 : Current assets, loan and advances**

<b>(Amount in Rs.)</b>		
<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>A. Current assets :</b>		
Cash balances in hand (including cheques/drafts and imprest)	3,865	10,053
Bank Balances :		
- With Scheduled Banks : saving account	1,140,674	1,356,863
<b>Total ( A )</b>	<b>1,144,539</b>	<b>1,366,916</b>
<b>B. Loans, advances and other assets</b>		
Advances and other amounts recoverable in cash or in kind or for value to be received:	536	4,536
Debit Balance in Sundry Creditors (TDS)	2,556	
<b>Total ( B )</b>	<b>3,092</b>	<b>4,536</b>
<b>Total ( A + B )</b>	<b>1,147,631</b>	<b>1,371,452</b>

In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of business, equal at least to the amount shown in the balance sheet.

**2.5 : Grants / Subsidies**

<b>(Amount in Rs.)</b>		
<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>(Irrevocable Grants &amp; Subsidies Received)</b>		
Grant Received From PFRDA	5,500,000	9,500,000
<b>Total</b>	<b>5,500,000</b>	<b>9,500,000</b>

As per our Report of even Date Attached

**For Ghosh Khanna & Company**

*Chartered Accountants*

Firm Registration Number: 003366N

**For and on Behalf of National Pension System(NPS) Trust**

**- Rohit Kohli**

*Partner*

Membership Number: 87722

**G. N. Bajpai**

*Chairman*

**Kamal Chaudhry**

*CEO*

Place: New Delhi

Date: 12-05-2015

Place: New Delhi

Date: 11-05-2015

Place: New Delhi

Date: 11-05-2015

# **NATIONAL PENSION SYSTEM (NPS) TRUST**

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015**

### **2.6 : Interest earned**

**(Amount in Rs.)**

<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Interest on Saving Bank Account:		
- With Scheduled Bank	96,535	43,970
<b>Total</b>	<b>96,535</b>	<b>43,970</b>

### **2.7 : Establishment expenses**

**(Amount in Rs.)**

<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Salaries and wages	1,166,181	2,781,733
Medical reimbursement	40,958	29,000
Local conveyance allowance	-	3,235
LFC Expenses		176,080
Other allowances and re-imbursements	140,078	127,500
<b>Total</b>	<b>1,347,217</b>	<b>3,117,548</b>

As per our Report of even Date Attached

**For Ghosh Khanna & Company**

*Chartered Accountants*

Firm Registration Number: 003366N

**For and on Behalf of National Pension System(NPS) Trust**

**Rohit Kohli**

*Partner*

Membership Number: 87722

**G. N. Bajpai**

*Chairman*

**Kamal Chaudhry**

*CEO*

Place: New Delhi

Date: 12-05-2015

Place: New Delhi

Date: 11-05-2015

Place: New Delhi

Date: 11-05-2015

# **NATIONAL PENSION SYSTEM (NPS) TRUST**

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015**

### **2.8 : Other administrative expenses**

**(Amount in Rs.)**

<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Sitting fee	105,000	109,000
Telephone & mobile expenses	26,306	64,089
Postage, telegram and courier charges	22,676	21,985
Printing and stationery	72,867	137,652
Travelling and conveyance expenses	801,008	1,634,932
Office expenses	1,158	1,201
Staff welfare expenses	21,647	15,447
Meeting & conference expenses	161,882	366,612
Books & periodicals	11,645	29,777
Vehicle hire charges/running & maintenance	277,933	666,922
Professional charges	56,180	81,132
Audit fees	17,416	15,169
Manpower hiring charges	564,675	606,611
Consultancy charges	2,120,656	2,050,000
Computer repair & maintenance	67,979	58,095
Legal fees	2,400	4,980
Internet charges	15,548	10,196
Repair and maintenance	7,166	3,845
Web site registration fees	2,300	-
Loss on sale of Office Equipment	46,772	-
Interest on TDS	148	700
Foreign Exchange(Gain) / Loss	-	113
<b>Total</b>	<b>4,403,362</b>	<b>5,878,457</b>

As per our Report of even Date Attached

**For Ghosh Khanna & Company**

*Chartered Accountants*

Firm Registration Number: 003366N

**For and on Behalf of National Pension System(NPS) Trust**

**- Rohit Kohli**

*Partner*

Membership Number: 87722

**G. N. Bajpai**

*Chairman*

**Kamal Chaudhry**

*CEO*

Place: New Delhi

Date: 12-05-2015

Place: New Delhi

Date: 11-05-2015

Place: New Delhi

Date: 11-05-2015

**NATIONAL PENSION SYSTEM (NPS) TRUST****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015****2.9 : Interest and finance charges****(Amount in Rs.)**

Particulars	As at March 31, 2015	As at March 31, 2014
Other bank charges	639	1,400
<b>Total</b>	<b>639</b>	<b>1,400</b>

**2.10 : Taxation**

As per the provisions of Section 10(44) of The Income Tax Act, 1961, The Income of the NPS Trust is exempted from Tax therefore provision for Tax has not been done

**2.11 : Foreign currency transactions****(Amount in Rs.)**

Particulars	As at March 31, 2015	As at March 31, 2014
Travel (USD 2000*54.75)	-	109,500
Foreign Exchange Loss on cancellation of Tour (USD 750 x 0.15)		113
<b>Total</b>	<b>-</b>	<b>109,500</b>

**2.12 : Government Grant**

Particulars	As at March 31, 2015	As at March 31, 2014
Opening Balance of Government Grant	1,300,373	808,927
<b>Add :</b> Grant Received during the year	5,500,000	9,500,000
<b>Less :</b> Utilisation of Grant during the year ( Net off)	5,680,678	9,008,554
<b>Closing Balance of Government Grant</b>	<b>1,119,695</b>	<b>1,300,373</b>

**2.13 : Previous year's figures**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**2.14 : TDS Statement**

With reference to the payments of Fund Management Fee by Fund to the Fund Manager, TDS of Rs 90,93,544 on the Management Fee of Rs. 9,58,44,452.56 were deducted by the Fund itself and the same was deposited with the Tax Deduction Account No. of NPS and accordingly this amount has been reflected in the quarterly TDS statement of NPS. The Scheme Accounts will henceforth be taking separate TDS deduction Account numbers and depositing the TDS directly.

As per our Report of even Date Attached

**For Ghosh Khanna & Company**

**For and on Behalf of National Pension System(NPS) Trust**

*Chartered Accountants*

Firm Registration Number: 003366N

**Rohit Kohli**

*Partner*

Membership Number: 87722

Place: New Delhi

Date: 12-05-2015

**G. N. Bajpai**

*Chairman*

Place: New Delhi

Date: 11-05-2015

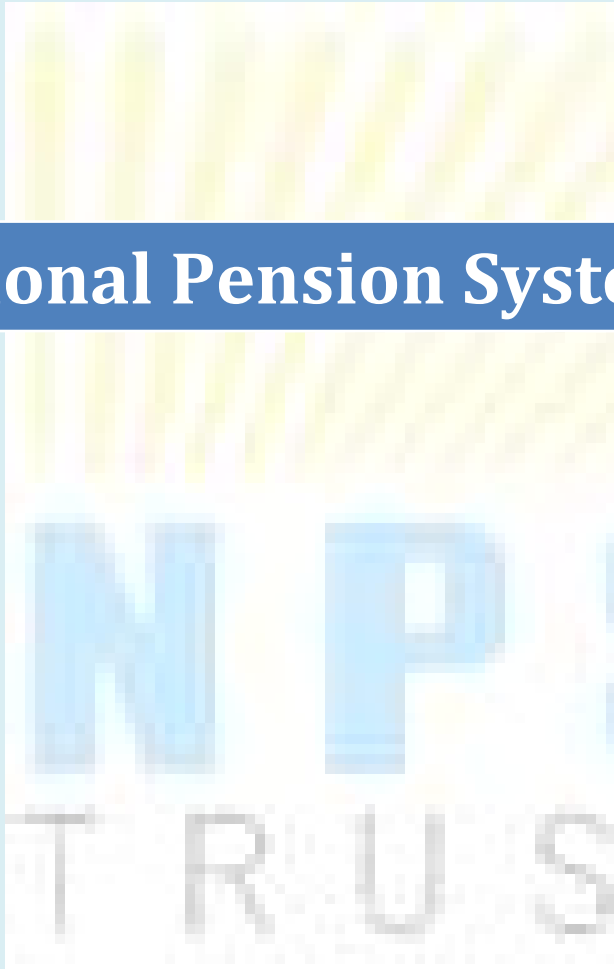
**Kamal Chaudhry**

*CEO*

Place: New Delhi

Date: 11-05-2015

# National Pension System Trust (NPS Trust)



National Pension System Trust

## Contents

<b>A. Report of Chartered Accountants &amp; Consolidated Balance Sheet &amp; Consolidated Revenue Account .....</b>	
1. Report of Chartered Accountants .....	61
2. Consolidated Balance Sheet .....	62
3. Consolidated Revenue Account .....	63
<b>B. Introduction – Audit of NPS Scheme Accounts .....</b>	64
<b>C. Consolidation of Scheme Accounts and its Methodology .....</b>	65
<b>D. Significant Accounting Policies .....</b>	66
1. Basis of Preparation of Financial statements .....	66
2. Investment Valuation .....	66
3. Non-Performing Assets .....	67
4. Accounting of Subscribers Contribution .....	67
5. Accounting of Fees/Charge levied on Subscribers .....	67
<b>E. Notes to Financial Statements .....</b>	69
1. Discontinuance of DSP Black Rock Pension Fund Managers Private Limited ....	69
2. Compliance of Investment Guidelines .....	69
3. Details of Non-Performing Assets in Schemes as on 31 <sup>st</sup> March 2015 .....	69
4. Unitization of Pool Account .....	71
5. Residual Units .....	71
6. Details of balance lying with Trustee Bank as on 31 <sup>st</sup> March 2015 .....	71
7. Details of balances with Point of Presence as on 31 <sup>st</sup> March 2015 .....	71
8. Details of balances with Aggregator as on 31 <sup>st</sup> March 2015 .....	73

## REPORT

To  
The Trustees  
NPS Trust

We have examined the Consolidated Balance Sheet and Consolidated Revenue account of the schemes of National Pension Scheme Trust (NPS Trust) managed by eight Pension Fund Managers (PFM) for the year ended 31<sup>st</sup> March 2015 duly compiled by the NPS Trust.

The Financial Statements of the respective Schemes of National Pension Scheme Trust (NPS Trust) managed by Pension Fund Managers have been audited by independent Firm of Chartered Accountants duly appointed by the Trustees of the NPS Trust. NPS Trust has shared the Audit Reports of these firm of Chartered Accountants and we have placed reliance on the audit reports of these independent firm of Chartered Accountants.

The Audited Balance Sheet and Consolidated Revenue account of schemes of each PFM has been considered by the NPS Trust in order to compile the Consolidated Balance Sheet and Consolidated Revenue Account. During the process of consolidation necessary groupings have been incorporated in order to maintain uniformity in the presentation of the Consolidated Balance Sheet and the Consolidated Revenue account. On account of these regroupings the Consolidated Balance Sheet and Consolidated Revenue account of the schemes of PFM may not be comparable with the individual Audited Balance Sheet and the Consolidated Revenue account and we do not express any assurance on the Consolidated Balance Sheet and Consolidated Revenue account of the schemes of the NPS Trust.

The Notes to accounts annexed along with the Consolidated Balance Sheet and Consolidated Revenue account compiled by the NPS Trust have been compiled based on the Notes to accounts forming part of the Audited Financial Statements of the schemes of the PFM except Note no. E7 and E8. Note no. E7 and E8 have been compiled by the NPS Trust based on the data as available with the NPS Trust and which has been certified by independent firms of chartered accountants and is not subject to audit or review as part of this exercise. This procedure does not constitute either an audit or an review made in accordance with the generally accepted auditing standards in India.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose.

For Mukund M. Chitale & Co.  
Chartered Accountant  
Firm Regn. No. 106655W

(M.M.Chitale)  
Partner  
M.No. 014054

Place : Mumbai  
Date : 11-12-2015

## Consolidation Balance Sheet as on March 31, 2015

NPS - SCHEMES MANAGED BY PFM CONSOLIDATED BALANCE SHEET AT MARCH 31, 2015				
(In Rs.)				
Particulars		As at		
		March 31, 2015		March 31, 2014
<b>Sources of funds</b>				
Unit capital		441,754,053,298		309,955,494,117
Reserves and surplus		366,797,369,394		171,402,114,993
Borrowings		-		-
<b>Total</b>		<b>808,551,422,692</b>		<b>481,357,609,110</b>
<b>Application of funds</b>				
Investments (long term and short term)		782,908,197,864		458,615,367,081
Deposits		5,817,195,194		8,414,486,410
Other Current Assets	21,225,141,995		15,096,860,481	
Less : Current Liabilities and provisions	1,399,112,361	19,826,029,634	769,104,862	14,327,755,619
<b>Total</b>		<b>808,551,422,692</b>		<b>481,357,609,110</b>
(a) Number of units outstanding		44,175,405,329		30,995,549,412
Notes to accounts (B,C,D,E) forms an integral part of the consolidated financial statements.				
<p>As per our report attached For Mukund M. Chitale &amp; Co. Chartered Accountants Firm Reg. No. 106655W</p> <p>For National Pension System Trust</p> <p>(M. M. Chitale) Partner M. No. 014054 Place: Mumbai Date : 11-12-2015</p> <p>(G. N. Bajpai) Chairman, NPS Trust Place: Mumbai Date : 25-07- 2015</p> <p>(Kamal Chaudhry) Chief Executive Officer, NPS Trust Place: Mumbai Date : 25-07- 2015</p>				

## Consolidated Revenue Account for the year ended March 31, 2015

NPS - SCHEMES MANAGED BY PFM CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2015		
(In Rs.)		
Particulars	For the year ended	
	March 31, 2015	March 31, 2014
Income from investments		
Interest income	48,771,863,728	29,987,713,338
Dividend income	872,045,873	512,287,732
Net profit/(loss) on sale/redemption of investments (other than inter-scheme transfer/sale)	1,768,824,845	1,874,307,525
Net profit/(loss) on inter-scheme transfer/sale of investments	8,959,778	19,059,852
Other Income	76,267	242,296
<b>Total income (A)</b>	<b>51,421,770,491</b>	<b>32,393,610,743</b>
<b>Expenses and losses</b>		
Provision for outstanding accrued income considered doubtful	118,059,326	10,923,637
Provision For Non-Performing investments//Receivables	266,553,333	247,051,833
Management fees	94,290,023	83,854,609
Service Tax	7,623,829	7,378,484
Custodian fees	53,815,845	31,133,968
Trustee bank fees	-	366,286
Realised Losses on sale of Investment -Interscheme transaction	1,224,442	6,002,529
Realised Losses on sale / redemption of Investments	127,942,520	1,029,518,246
Round off	5	-
Depository and settlement charges	878,410	687,644
Other Expenses	-	3,015
<b>Total expenditure (B)</b>	<b>670,387,733</b>	<b>1,416,920,251</b>
<b>Net income/(expenditure) for the year (A-B)=C before unrealised gain/(loss)</b>	<b>50,751,382,758</b>	<b>30,976,690,492</b>
Add/Less:Unrealised Gain/(Loss) <b>D</b>	59,611,744,211	(11,496,457,911)
<b>Net income/(expenditure) for the year after unrealised gain/(loss) carried forward to BS (C+D)</b>	<b>110,363,126,969</b>	<b>19,480,232,581</b>
Notes to accounts (B,C,D,E) forms an integral part of the consolidated financial statements.		
As per our report attached		
For Mukund M. Chitale & Co. Chartered Accountants Firm Reg. No. 106655W	For National Pension System Trust	
(M. M. Chitale) Partner  M. No. 014054	(G. N. Bajpai) Chairman, NPS Trust	(Kamal Chaudhry) Chief Executive Officer, NPS Trust
Place: Mumbai Date : 11-12-2015	Place: Mumbai Date : 25-07- 2015	Place: Mumbai Date : 25-07- 2015

## B. Introduction - Audit of NPS Scheme Accounts

The annual financial accounts of NPS Schemes managed by the Pension Fund were audited in compliance of the Authority's Guidelines issued under *PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guideline - 2012*. In terms of these guidelines, the scheme auditors were appointed by NPS Trust and each Pension Fund have submitted the individual NPS Scheme financial accounts for the Financial Year 2014-15 to NPS Trust which were duly audited in the prescribed formats and approved by the respective Board of Directors of Pension Funds. The Board of Trustee of NPS Trust has adopted these annual scheme financials in its 36<sup>th</sup> meeting held on 25<sup>th</sup> July 2015.

The Pension Funds engaged in managing the schemes under the National Pension System for the financial year 2014-15 as appointed by the Authority were as under:-

1. HDFC Pension Management Company Limited
2. DSP Black Rock Pension Fund Managers Private Limited (upto to July 31, 2014)
3. ICICI Prudential Pension Fund Management Company Limited
4. Kotak Mahindra Pension Fund Limited
5. LIC Pension Fund Limited
6. Reliance Capital Pension Limited
7. SBI Pension Funds Private Limited
8. UTI Retirement Solutions Limited

The schemes under NPS that were managed by the Pension Funds are:-

1. Scheme - E (Tier-I)
2. Scheme - C (Tier-I)
3. Scheme - G (Tier-I)
4. Scheme - E (Tier-II)
5. Scheme - C (Tier-II)
6. Scheme - G (Tier-II)
7. Scheme - CG (Central Government)
8. Scheme - SG (State Government)
9. Scheme -NPS Lite Government Pattern
10. Scheme - Corporate CG

The Schemes CG & SG, applicable for government employees, are exclusively managed by LIC Pension Fund Limited, SBI Pension Funds Private Limited and UTI Retirement Solutions Limited as mandated by the Authority.

### C. Consolidation of Scheme Accounts and its Methodology

At the behest of the Board of Trustee of NPS Trust, the audited individual NPS Scheme financials of each Pension Fund have been consolidated into a single Balance Sheet and Revenue Account representing the summarized position of NPS Scheme Financial Accounts for the Financial Year 2014-15. As the applicable Authority's guidelines does not provide for consolidating the scheme accounts of NPS, the following methodology was adopted to consolidate the scheme accounts of NPS Trust for the Financial Year 2014-15.

1. The Revenue Account and Balance Sheet as on 31<sup>st</sup> March 2015 was consolidated scheme-wise across different Pension Fund resulting into 10 (ten) Revenue Account and Balance Sheet depicting each NPS Scheme.
2. The above 10 (ten) NPS Scheme Revenue Account and Balance Sheet were further consolidated into a single Revenue Account and Balance Sheet.
3. Balances outstanding in the collection account with Trustee Bank as on 31<sup>st</sup> March 2015 were segregated scheme wise on the basis of 'Fund Receipt Confirmation' uploaded by Trustee Bank after 31<sup>st</sup> March 2015. The details of Balances have been disclosed in Para E6. These Balances are not forming part of the Consolidated Balance Sheet compiled by the NPS.
4. Balance outstanding with Point of Presence (PoP) and Aggregators were compiled and the same have not been included in the consolidated Balance Sheet since the same is not forming part of the Audited Financial Statements of the Schemes of NPS managed by PFM. The details of balances with Point of Presence (PoP) and Aggregators have been disclosed in [Para E7 and E8](#) respectively.
5. The charges levied by the Central Recordkeeping Agency to the non-government subscribers by way of extinguishing of units were not accounted for in the scheme financial as records of subscribers are held by the Central Recordkeeping Agency and the charges are expended from the subscribers individual pension account.
6. The consolidated scheme accounts will not bear any Net Asset Value as each Pension Fund declares Net Asset Value for each individual NPS Scheme on a daily basis.

## D. Significant Accounting Policies

### 1. Basis of Preparation of Financial statements

The financial statements have been prepared in compliance of the PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards notified under the Companies Act, read with general circular 15/2013 dated 13.09.2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 to the extent made applicable by the Authority's guidelines and generally accepted accounting principles. These financial statements have been prepared on an accrual basis.

### 2. Investment Valuation

The scheme portfolio investments are marked to market and are valued in compliance of the valuation policy prescribed under PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under National Pension System) Guidelines – 2012. Moreover, as per the Authority's guidelines, unrealised Gain / Loss, if any, arising out of appreciation / depreciation in value of investments is transferred to Revenue Account.

For ensuring uniform valuation of scheme investment by Pension Funds for calculating the Net Asset Value of Schemes on a daily basis, NPS Trust has appointed Stock Holding Corporation of India Limited as a third party valuer for providing valuation services to the Pension Funds.

The Scheme Auditors have noted the following deviations from the guidelines issued by the Authority in respect of valuation undertaken for the schemes:-

PFRDA Guidelines	Valuation Policy
<b>Securities traded at a stock exchange:</b> When a debt security (other than government security) is not traded on any stock exchange on a particular valuation day, the value at which it was traded on any other stock exchange on the earliest previous day is used, provided that such day is not more than fifteen days.	When such securities are not traded on a valuation day, they are valued on a yield to maturity basis if residual maturity exceeds 60 days otherwise at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.
Debt securities (other than government securities) are valued at the last quoted closing price on the Principal exchange on which the security is traded.	Debt securities (other than government securities) are valued at the NSE weighted average traded price on that day.
Valuation of G- sec at YTM based on prevailing market prices	They are being valued at average of price given by CRISIL and ICRA
Money Market Instruments like T - Bill, CP and CD should be typically valued at amortised cost, unless traded, which is contrary to the stipulation in accounting policy.	Money Market instruments are valued as per debt securities. i.e. upto 60 days residual maturity - Amortisation, above 60 days - YTM basis.
Front-end discount should be reduced from the Cost of investments.	Front-end discount is taken to Income.
<b>Securities not traded at a stock exchange :</b> When a debt security (Other than government Security ) is not traded on any stock exchange on a particular valuation date, the value at which was traded on any other stock exchange on the earliest previous day is used, provided that such day is not more than 15 days.	With residual maturity over 60 days are valued on a yield to maturity basis, based on average of spreads provided by CRISIL and ICRA. 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 remaining maturity period of the instrument.

### 3. Non-Performing Assets

Scheme investments for which interest and/or principal are overdue have been accounted for as non-performing assets in compliance of the PFRDA (Identification, Income Recognition and Provisioning of NPA) Guidance Note 2013. Details of Non-Performing Assets as on 31<sup>st</sup> March 2015 are disclosed in [Para E3](#).

### 4. Accounting of Subscribers Contribution

Under the NPS architecture, contributions by subscribers to their individual Permanent Retirement Account Number maintained with Central Recordkeeping Agency are received through the Point of Presence (un-organised sector), Aggregator (NPS Lite) and Nodal Offices (Government employees) and subsequently remitted to the Trustee Bank for onward transmission to the Pension Funds for investments. The subscriber's contributions are recognized in the Scheme Accounts only on the date of receipt of funds by the Pension Funds from the Trustee Bank. The time lines prescribed by the Authority for remittances of subscribers contributions by different intermediaries are as follows:-

Intermediary	Timelines (Turn Around Time)
Point of Presence	T + 1
Aggregator	T + 3 to 7
Nodal Office	Not prescribed
Trustee Bank	T + 2

Due to the above prescribed timelines, there were subscribers contributions lying with Trustee Bank, Point of Presence and Aggregator as on 31<sup>st</sup> March 2015 which represented amounts collected from subscribers but units thereof was not allotted to the individual subscribers account. The details of balances lying with the Trustee Bank, Point of Presence and Aggregator are shown in [Para E6, E7 & E8](#) respectively.

### 5. Accounting of Fees/Charges levied on Subscribers

The accounting for fees/charges paid by the subscribers to the various intermediaries under NPS are not completely reflected in the scheme accounts since the nature and manner of recovery of the fees/charges by the various intermediaries are different as prescribed by the Authority. The intermediaries' fees/charges and the manner of its recovery from the subscriber are as under:-

Intermediary	Charge Head	Method of Deduction	Whether accounted in Scheme Accounts
Custodian	Asset Servicing charges *	NAV deduction, accrued on daily basis	Yes
Pension Fund	Investment Management Fee**	NAV deduction, accrued on daily basis	Yes
Trustee Bank	NA	NA	NA
Central Recordkeeping Agency	CRA Charges***	Extinguishing of units from subscriber's account	No
Point of Presence	Processing Fees	Charges collected upfront and Net Amount remitted to Trustee Bank	No
Aggregator	NA	NA	No

\*The Custodian Fee is exclusive of applicable taxes and other statutory dues.

\*\* The Investment Management Fee is inclusive of all transaction related charges such as brokerage, transaction cost etc. except applicable taxes.

\*\*\*In case of NPS subscribers from the Government sector, the Central Recordkeeping Agency charges are paid by the respective Government/employer directly and units are not extinguished from their Permanent Retirement Account Number.

### Applicable Fees and Charges:-

Intermediary	Fees / Charges	Private	Govt.	NPS Lite
Central Recordkeeping Agency	PRA Opening charges	Rs. 50	Rs. 50	Rs 35
	Annual PRA Maintenance cost per account	Rs. 190	Rs. 190	Rs 50
	Charge per transaction	Rs. 4	Rs. 4	12 free
Point of Presence	Initial subscriber registration and contribution upload	Rs. 100	NA	NA
	Any subsequent transactions	0.25% of contribution, Min. Rs 20 Max. Rs 25000	NA	NA
Custodian	Asset Servicing charges	0.0075% p.a for Electronic segment & 0.05% p.a. for Physical segment		
Pension Funds	Investment Management Fee	0.01% p.a. wef 01/08/14 and 0.25% upto 31/07/14	0.0102% p.a.	0.0102% p.a



## E. Notes to Financial Statements

### 1. Discontinuance of DSP Black Rock Pension Fund Managers Private Limited

Subsequent to cessation of the certificate of registration granted to DSP BlackRock Pension Fund Managers Private Limited, as a Pension Fund wef August 1, 2014, at the directions of the Authority, the existing subscribers were shifted and the assets were transferred in the manner prescribed in exit policy, to SBI Pension Funds Private Limited, on 31<sup>st</sup> July 2014.

### 2. Compliance of Investment Guidelines

The Pension Funds have invested the contributions received from subscribers in the NPS Schemes in compliance of the Authority's investment guidelines and as on 31<sup>st</sup> March 2015, the following schemes had certain deviations which can be attributable to the small size of the corpus under the schemes:-

SL	Pension Fund	Scheme Name
1	LIC Pension Fund Limited	Scheme E – Tier II
2	LIC Pension Fund Limited	Scheme C – Tier II
3	HDFC Pension Management Company Limited	Scheme C – Tier II

Further, under Scheme E (Tier-I & II), Non-Convertible Debentures were held in the scheme portfolio as NTPC Limited(*index constituent which pension Funds replicate*) declared bonus to its equity shareholders as secured, Non-cumulative, Non-convertible, Redeemable, Taxable fully Paid-up Debentures ("NCDs"), having face value of Rs. 12.50/- each with tenure of 10 years, in the ratio of 1:1 with deemed date of allotment as 25<sup>th</sup> March 2015.

### 3. Details of Non-Performing Assets in Schemes as on 31<sup>st</sup> March 2015

(Refer Para D3)

Name of the PFM: SBI PENSION FUNDS PRIVATE LIMITED (Rupees in crores)					
Sl	Scheme Name	Name of Security	Date of Purchase	Total Face Value	NPA Since
1	Scheme CG	Deccan Chronicle Limited (CP)	22/03/2012	10.00	29/09/2012
2	Scheme SG	Deccan Chronicle Limited (CP)	22/03/2012	10.00	29/09/2012
3	Scheme CG	12.50 % Gujarat NRE Coke Ltd.	06/10/2010	15.00	30/09/2014
4	Scheme SG	12.50 % Gujarat NRE Coke Ltd.	06/10/2010	5.00	30/09/2014
5	Scheme CG	10.20 % Parekh Aluminex Limited	02/12/2010	4.70	01/06/2013
6	Scheme C	10.20 % Parekh Aluminex Limited	02/12/2010	0.20	01/06/2013
7	Scheme CII	10.20 % Parekh Aluminex Limited	02/12/2010	0.10	01/06/2013

Name of PFM: LIC Pension Fund Limited (Rupees in crores)					
Sl	Scheme Name	Name of Security	Date of purchase	Total Face Value	NPA Since
1	CG Scheme	10.75% SEC ELDER PHARMACEUTICALS LTD NCDs 2015 (23.12.2015)	2/1/2011	5.00	9/24/2013
2	SG Scheme	10.75% SEC ELDER PHARMACEUTICALS LTD NCDs 2015 (23.12.2015)	2/1/2011	5.00	9/24/2013
3	CG Scheme	11.15% ERA INFRA ENGINEERING LIMITED NCDs 2014 (27.11.2014)	27/02/2010,30/03/2010 31/03/2010	20.00	5/27/2014
4	SG Scheme	11.15% ERA INFRA ENGINEERING LIMITED NCDs 2014 (27.11.2014)	27/02/2010,30/03/2010	1.00	5/27/2014
5	CG Scheme	9.75% PAREKH ALUMINEX LTD. NCDS 2014 (01.03.2014).	9/1/2010	1.00	5/31/2013
6	CG Scheme	9.75% PAREKH ALUMINEX LTD. NCDS 2014 (01.09.2014).	9/1/2010	1.00	5/31/2013
7	CG Scheme	9.75% PAREKH ALUMINEX LTD. NCDS 2015 (01.03.2015).	9/1/2010	1.50	5/31/2013
8	CG Scheme	9.75% PAREKH ALUMINEX LTD. NCDS 2015 (01.09.2015).	9/1/2010	1.50	5/31/2013
9	CG Scheme	10.20% PAREKH ALUMINEX LTD. STRPPS 2013 (01.12.2013).	12/1/2010	1.50	5/31/2013
10	CG Scheme	10.20% PAREKH ALUMINEX LTD - STRPPS 2014 (01.12.2014).	12/1/2010	1.50	5/31/2013
11	CG Scheme	10.20% PAREKH ALUMINEX LTD. - STRPPS 2015 (01.12.2015).	12/1/2010	2.00	5/31/2013
12	SG scheme	9.75% PAREKH ALUMINEX LTD. NCDS 2014 (01.03.2014).	9/1/2010	1.00	5/31/2013
13	SG scheme	9.75% PAREKH ALUMINEX LTD. NCDS 2014 (01.09.2014).	9/1/2010	1.00	5/31/2013
14	SG scheme	9.75% PAREKH ALUMINEX LTD. NCDS 2015 (01.03.2015).	9/1/2010	1.50	5/31/2013
15	SG scheme	9.75% PAREKH ALUMINEX LTD. NCDS 2015 (01.09.2015).	9/1/2010	1.50	5/31/2013
16	SG scheme	10.20% PAREKH ALUMINEX LTD. STRPPS 2013 (01.12.2013).	12/1/2010	0.60	5/31/2013
17	SG scheme	10.20% PAREKH ALUMINEX LTD - STRPPS 2014 (01.12.2014).	12/1/2010	0.60	5/31/2013
18	SG scheme	10.20% PAREKH ALUMINEX LTD. - STRPPS 2015 (01.12.2015).	12/1/2010	0.80	5/31/2013

Legal action has already been initiated against the issuer/companies for recovery of the outstanding dues in the respective schemes

#### 4. Unitization of Pool Account

The contributions which had been transferred by the Government Nodal Offices without proper details of subscribers till 30<sup>th</sup> April 2012 has been invested by the Pension Funds but units have not been allotted to individual subscribers account due to non-availability of subscriber's data for proper identification of the contributions by Central Recordkeeping Agency. The amount of contributions lying in the 'pool account' is as follows:-

Financial Year	Units	Value
As on March 2014	4,79,51,966.2368	80,96,66,140.15
As on March 2015	4,63,70,887.6955	93,18,66,916.06

The Board of NPS Trustees have initiated measures to nullify the said 'pool account' and allocate the units to the individual subscribers by adopting a process of reconciliation to identify the funds with subscribers through co-ordination of information between the erstwhile Trustee Bank (Bank Of India), Central Recordkeeping Agency and Nodal Offices.

#### 5. Residual Units

The term "residual units" means units lying with the Central Recordkeeping Agency which have not been allotted to any subscriber due to the differences that arise in rounding off units to four decimal places while allocating units to the individual subscriber accounts. The balance of residual units and their value are as follows:-

#### 6. Details of balances lying with Trustee Bank as on 31<sup>st</sup> March 2015

(Refer Para C3 & D4)

PFs Name	Amt. (In crs.)
HDFC Pension Management Company Limited	0.70
ICICI Prudential Pension Funds Management Company Limited	1.36
Kotak Mahindra Pension Fund Limited	0.60
LIC Pension Fund Limited	539.58
Reliance Capital Pension Fund Limited	0.28
SBI Pension Funds Private Limited	550.21
UTI Retirement Solutions Limited	532.95
<b>Grand Total</b>	<b>1,625.67</b>

#### 7. Details of balances with Point of Presence as on 31<sup>st</sup> March 2015

(Refer Para C4 & D4)

Sl	Name of Point of Presence	Amount in Rupees
1	Zen Securities Ltd	9,605.00
2	Citibank N.A.	18,000.00
3	Way2Wealth Brokers Pvt Ltd	134,515.41

Sl	Name of Point of Presence	Amount in Rupees
4	IL&FS Securities Services Ltd	2,534,589.19
5	Stock Holding Corporation of India Ltd	1,064,921.00
6	HDFC Securities Ltd	14,035,917.66
7	Kotak Mahindra Bank Ltd	1,587,379.92
8	Microsec Capital Limited	20,645.90
9	Marvadi Shares and Finance Limited	113,623.23
10	KarurVysya Bank	31,613,312.00
11	ICICI Securities Limited (5000343)	1,098,579.41
12	Bajaj Capital Ltd	233,948.93
13	Abhipra Capital Ltd	6,000.00
14	Alankit Assignments Ltd	2,977,397.79
15	Corporation Bank	8,202.00
16	State Bank of India Mumbai Main Branch 5000214	2,219,365.00
17	South Indian Bank	1,228,537.43
18	Computer Age Management Sevices Pvt Ltd	589,419.02
19	Syndicate Bank	6,000.00
20	State Bank of Hyderabad	124,612.00
21	Steel City Securities Limited	92,256.20
22	Bank of Maharashtra	339,057.00
23	Muthoot Finance Limited	9,990.00
24	State Bank of Bikaner & Jaipur, Vashi	33,022.00
25	Integrated Enterprises (India) Ltd	222,462.91
26	Lakshmi Vilas Bank	24,114.38
27	IDBI Bank LTD	96,950.00
28	UTI Asset Management Company Ltd	4,477,214.92
29	Allahabad Bank Kolkata Main Branch	39,893.00
30	Reliance Capital Ltd	4,733,086.05
31	Union Bank of India	28,904.50
32	ICICI Bank	3,919,526.39
33	UTITSL	1,337,022.15
34	Karvy Financial Services Ltd	70,496.11
35	Yes Bank	23,932.59
36	Axis Bank Ltd	2,717,601.41
37	Bank of India	69,483.76
38	State Bank of Mysore	20,982.00
39	Dena Bank	6,078.00
40	Indian Bank	13,500.00
41	Federal Bank	23,189,250.00
42	India Infoline Finance Limited	55,181.06
43	Indian Overseas Bank	1.00
44	UCO Bank (DD BLOCK 1870)	81,376.33
45	State Bank of Travancore	23,502,502.25
46	Canara Bank	5,670,160.40
47	Oriental Bank of Commerce	13,008,810.86
48	India Post NPS Nodal Office	492,195.00
	<b>Total</b>	<b>143,899,621.16</b>

## 8. Details of balances with Aggregator as on 31<sup>st</sup> March 2015

(Refer Para C4 & D4)

Sl	Name of Aggregator	Amount in Rupees
1	Saptrishi Consultancy Services Ltd	2,669,089.00
2	IL&FS Securities Services Ltd	807,363.00
3	Banaskantha Dist. Co-op Milk Producers Union Limited	294,235.00
4	Centre for Development Orientation and Training, C DOT	1,282,517.00
5	Dena Bank	33,050.00
6	Margdarshak Financial Services Limited	4,988,969.51
7	Union Bank of India	200.00
8	JagranMicrofin Private Limited	1,189,572.00
9	Assam Gramin Vikash Bank	398,680.00
10	Shree KshethraDharmasthala Rural Development Project	9,220,862.00
11	Allahabad Bank, R.C.Place Branch	337,635.00
12	Janalakshmi Financial Services Private Limited	41,303,900.00
13	Esaf Microfinance & Investments (P) Ltd	46,708,986.55
14	State Bank of Hyderabad	565,112.00
15	South Indian Bank	1,212,492.00
16	AP Buidling & Other Constructions Workers Welfare Board	204,989.00
17	IDBI Bank Ltd	76,020.00
18	Syndicate Bank	91,100.00
19	Allahabad UP Gramin Bank - Bahraich	514,725.00
20	Indian Overseas Bank, Cathedral Branch	186,450.00
21	Bank of Maharashtra	1,556,884.00
22	Indian Bank	6,447,988.00
23	Shri Mahila Sewa Sahakari Bank Limited	7,994,100.00
24	IFMR Rural Finance Services Pvt Ltd	9,891,864.31
25	Gujarat Infotech Limited	538,909.74
26	IndurIntideepm Producers MACS Federation Ltd	381,768.00
27	Adhikar Micro Finance Pvt Ltd	1,392,450.00
28	Vijaya Bank	248,700.00
29	Cashpor Micro Credit	3,115,250.00
30	Bank of Baroda	2,953,100.00
31	Swayamshree Micro Credit Services	267,832.00
32	Abhipra Capital Limited	1,543,167.93
33	Alankit Assignments Limited	19,942,568.83
34	Grameen Koota Financial Services Pvt ltd	496,200.00
35	Saptagiri Grameena Bank	918.00
36	Baroda Rajasthan Kshetriya Gramin Bank	58,662.00
37	UTI Infrastructure Technology & Services Limited	25,967,909.86

SI	Name of Aggregator	Amount in Rupees
38	Baroda Gujarat Gramin Bank	4,500.00
39	State Bank of India	1,319,456.00
40	Samhita Community Development Services	1,092,374.00
41	Punjab National Bank	432,070.00
42	Karnataka State Unorganised Workers Social Security Board	12,135,189.00
43	Central Bank of India	3,718.00
44	United Bank of India	2,460,435.00
45	Andhra Bank	18,955.06
46	Director Women and Child Development	288,582,198.00
47	Society for Elimination of Rural Poverty	34,854,689.00
48	Building & other Construction Workers Welfare Board Rajasthan	5,425,926.04
49	Madhya Bihar Gramin Bank	4,478,300.00
50	India Infoline Finance Limited	3,467,396.77
51	BWDA Finance Limited	2,718,000.00
52	UCO Bank (DD BLOCK 1870)	14,000.00
53	Corporation Bank	4,144.00
54	Sarva Haryana Gramin Bank Branch office Rohtak Main	4,865,738.00
55	Canara Bank	23,822,962.00
56	State Bank of Travancore	479,029.00
57	Bandhan Financial Services Pvt Ltd	52,050.54
58	LIC of India	431,778.90
59	LIC Housing Finance Ltd	98,506,762.78
60	Bank of India	84,100.00
61	Oriental Bank of Commerce	272,700.00
62	Jharkhand Building and Other Construction Workers	1,296,000.00
	<b>Total</b>	<b>681,706,691.82</b>

Signature to Notes to accounts

For Mukund M. Chitale & Co.  
Chartered Accountants  
Firm Reg. No. 106655W

For National Pension System Trust

(M. M. Chitale)  
Partner

(G. N. Bajpai)  
Chairman, NPS Trust

(Kamal Chaudhry)  
Chief Executive Officer,  
NPS Trust

M. No. 014054

Place: Mumbai  
Date : 11-12-2015

Place: Mumbai  
Date : 25-07- 2015

Place: Mumbai  
Date : 25-07- 2015

नेशनल पेंशन सिस्टम ट्रस्ट  
(एन पी एस ट्रस्ट)  
के  
सेटलोर  
Settlors of National Pension System Trust  
(NPS Trust)



पेंशन निधि विनियामक और विकास प्राधिकरण  
**Pension Fund Regulatory & Development  
Authority**

नेशनल पेंशन सिस्टम ट्रस्ट  
(एन पी एस ट्रस्ट)  
की  
वार्षिक रिपोर्ट व खाते

*National Pension  
System Trust  
(NPS Trust)  
Annual Report &  
Accounts*

**(2014-15)**