

## NPS TRUST A/C - MAX LIFE PENSION FUND MANAGEMENT LIMITED

### SCHEME E TIER I

#### Schedule 6

#### Significant accounting policies & notes to accounts for the Half Year ended March 31, 2023

##### 1.1 Background

Max Life Pension Fund Management Ltd., (MLPFML) a Company incorporated under the Companies Act, 2013, and a subsidiary of Max Life Insurance Limited was appointed as a Pension Fund Manager (PFM) by the Pension Fund Regulatory and Development Authority (PFRDA) for the management of Pension Fund and for this purpose it has entered into Investment Management Agreement (IMA). As per unbundled architecture of the NPS Trust, the main responsibility of the PFM is to manage funds in accordance with the laid down guidelines and declare NAV. The PFM manage funds of subscribers till attaining the age of superannuation / death / voluntary withdrawal, whichever is earlier.

As per the architecture, Protean eGovernance Infrastructure Ltd., KFin Technologies Private Limited, and Computer Age Management Services Limited being the Central Recordkeeping Agencies (CRAs) provides consolidated data to PFM for allotment/redemption of units and Axis Bank Ltd., being the Trustee Bank, provides/receive funds on consolidated basis in respect of such allotment/redemption.

**Central Record Keeping Agency (CRA):** Protean eGovernance Infrastructure Ltd., KFin Technologies Private Limited, Computer Age Management Services Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS.

**Some of the key responsibilities of the CRA include the following:**

- Record keeping, Administration and Customer service function for NPS subscriber,
- Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- Maintaining database of all PRANs issued and recording transactions relating to each subscriber's PRAN,
- PRAN Transaction Statement,
- An operational interface between PFRDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trust Bank etc.

CRA is responsible to resolve all queries pertaining to investors. CRA informs about the fund flow to Pension Fund Managers (PFM) and also instruct Axis Bank to credit PFM's pool account maintained with them.

The Trustee bank i.e. Axis Bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account maintained by the PFM, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.

NPS trust has designated Deutsche Bank AG (DB) as the custodian, who is responsible for safe custody of securities and settlements of trades and informs/updates about the corporate actions.

The fees payable to CRA, in terms of IMA, is charged to the investor by redeeming the equivalent number of units on receipt of intimation from CRA. As stated above, the amount of funds received from the subscribers is intimated by the Trustee Bank on consolidated basis on T +2 basis. PFM records the same on receipt basis. Accordingly, funds with Trustee Bank at the year-end do not get reflected in the financial statements.

CRISIL has been designated as centralised valuation service provider appointed by NPS Trust, who is responsible for providing rates for valuation, which is used by PFM for valuation of investments.

## **1.2 Schemes Particulars**

The Company manages eight separate schemes under the two tiered structure (Tier I and II) prescribed under the NPS. The schemes are classified as Scheme E, G, C, A and Tax Saver based on the asset class prescribed under the NPS as follows:

Scheme E - Equity market instruments

Scheme G - Government securities

Scheme C - Credit risk bearing fixed income instruments

Scheme A -Alternate Investment funds

Scheme Tax Saver- Hybrid Investments

Tier-I: This is the non-withdrawable permanent retirement account into which the regular contributions made by the subscriber are credited and invested as per the portfolio/fund manager chosen of the subscriber.

Tier-II: This is a voluntary withdrawable account which is allowed only when there is an active Tier I account in the name of the subscriber. The withdrawals are permitted from this account as per the needs of the subscriber as and when required.

The objective of the schemes is to maximize the risk adjusted return by investing in specified securities as per investing pattern as prescribed by PFRDA.

## **1.3 Basis of preparation**

The financial statements have been prepared to comply with the Pension Fund Regulatory and Development Authority Act, 2013, PFRDA (Preparation of financial statements and

Auditor's report of Schemes under National Pension System) Guidelines- 2012, Accounting Standards notified under the Companies Act, 2013 to the extent made applicable by PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines- 2012 and generally accepted accounting principles. These financial statements have been prepared on an accrual basis under the historical cost convention, except valuation of investments, which are 'mark-to-market'.

#### **1.4 Accounting of Unit Capital**

Units are created and redeemed based on the intimation provided by Central Record Keeping Agency (CRA) and the same are reflected as Unit Capital and the net premium or discount to the face value is transferred to the Unit Premium Reserve.

#### **1.5 Investments**

Transactions for purchase and sale of securities are accounted on trade date at cost and sale price respectively.

The holding cost of investments is determined by the weighted average cost method and the cost includes applicable taxes, stamp charges and brokerage but exclude other transactional charges. Investments are reconciled with the custodian records on daily basis.

##### **Valuation of Investments**

The scheme marks all investments to market and carries investments in the Balance Sheet at the market value as on Balance Sheet date / date of determination / date of valuation.

The change in unrealised appreciation/depreciation in the value of investments is determined separately for each assets category at the year-end and is recognised in the Revenue Account. The change in net unrealised appreciation, if any, is transferred to /from "Unrealised Appreciation Reserve" shown as part of Reserves and Surplus.

As per directive received from NPS Trust, the valuation of investments is carried out by CRISIL Limited w.e.f. April 01, 2022. The Investment valuation methodology adopted by CRISIL Limited is as follows:

The following valuation norms are as prescribed by PFRDA (Preparation of Financial Statements and Auditor's Report of schemes under National Pension System) Guidelines - 2012.

##### **Securities traded at a stock exchange:**

The securities are valued at the daily closing price on the stock exchange. Listed equity shares are valued at market value, being the last quoted closing price on the National stock exchange (NSE). If they are not quoted on NSE, then the last quoted closing price on the Bombay stock exchange (BSE) is taken.

**Securities not traded at a stock exchange:**

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued "in-good faith" on the basis of following valuation methods approved by the Authority/Trust:

Equity instruments are generally valued on the basis of capitalization of earnings solely or in combination with the net asset value, using for the purposes of capitalization, the price or earning ratios of comparable traded securities and with an appropriate discount for lower liquidity.

**Valuation of Right Shares:**

Non traded rights are valued at the difference of closing market price of the original equity share for the day and the offer price.

Traded rights are valued at the closing market price of the rights renunciation till the time of application. In the event of application of rights, the rights entitlement would be valued at the closing market price of the original equity share till the date of allotment/listing.

**Valuation of Money Market Investment and Mutual Fund**

Money market instruments like, commercial paper, and certificate of deposit are valued at last quoted price / applicable Matrix based valuation for investment grade securities.

Mutual fund units are valued based on the net asset value of the preceding day of the valuation date.

**1.6 Income Recognition**

Dividend Income is recognised on the "Ex-Dividend" date in case of listed equity shares.

Bonus entitled shares are recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Rights entitlements are recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.

Profit or loss on sale of equity is the difference between the sale consideration net of expenses and the weighted average book cost as on the date of sale.

Profit or loss on sale of mutual fund units is the difference between the sale consideration net of expenses and the weighted average book cost.

Interest income on all interest bearing investment is recognised on daily accrual basis; when investments are purchased, interest paid for the period from the last interest due date upto the date of purchase is debited to Interest Recoverable Account and not included in cost of purchase. Similarly, interest received at the time of sale for the period from the last interest due date upto the date of sale credited to Interest Recoverable Account and not included in sale value.

**1.7 Computation of NAV**

The NAV of the units is determined by dividing the net assets, including investments recognised and valued as per the accounting policies, by the number of outstanding units on the valuation date.

### 1.8 Income Taxes

No Provision for Income tax has been made since the income of the Scheme is exempt under Section 10(44) of the Income tax Act, 1961.

### 1.9 Net unrealized gain or loss in value of investments

The net unrealized gain or loss in the value of investments is determined separately for each category of investment. The net change in unrealized gain or loss between two balance sheet dates is recognized in the revenue account. Later, the change in unrealized gain (net) in the value of investment is transferred from/to unrealized appreciation reserve through appropriation account.

### 1.10 Unit Premium Reserve

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

### 1.11 Units reconciliation

The subscribers' units as per Investment management system are reconciled with Central Recordkeeping Agency (CRA) records on daily basis.

### 1.12 Investment management fee

Investment management fees are recognised on daily accrual basis on closing Asset Under Management (AUM) in accordance with IMA. The Investment management fee excludes custodian charges and applicable taxes, if any.

The Company has charged investment management fee as per the below slab structure basis the aggregate AUM managed by the PFM under all Scheme during the period of operation.

Slab of AUM	Investment Management Fees
Upto 10,000 Cr	0.09%
10,001 – 50,000 Cr	0.06%
50,001 – 1,50,000 Cr	0.05%
Above 1,50,000 Cr	0.03%

### 1.13 Trustee fees

The Trustee fees is charged to the scheme at 0.005% p.a. on Net Assets Value.

#### **1.14 Other Expenses**

Custody charges are recognised on accrual basis in accordance with IMA. Trustee bank charges, if any, are recognised when they are debited by the trustee bank on a quarterly basis.

NAME OF PENSION FUND  
SCHEME NAME  
PERIOD

MAX LIFE PENSION FUND MANAGEMENT LIMITED  
SCHEME E TIER I  
31ST MARCH 2023

ISIN No.	Name of the Instrument	Industry	Quantity	Market Value	% of Portfolio
<b>Equity Instruments</b>					
<b>Shares</b>					
INE040A01034	HDFC Bank Limited	Monetary Intermediation of Commercial Banks, Saving Banks, Postal Savings Bank and Discount Houses	20211	32,530,615	7.58%
INE002A01018	Reliance Industries Limited	Manufacture of Other Petroleum n.e.c.	13689	31,909,743	7.44%
INE090A01021	ICICI Bank Limited	Monetary Intermediation of Commercial Banks, Saving Banks, Postal Savings Bank and Discount Houses	31624	27,742,154	6.47%
INE001A01036	Housing Development Finance Corp Limited	Activities of Specialized Institutions Granting Credit for House Purchases that also Take Deposits	8284	21,749,642	5.07%
INE009A01021	Infosys Limited	Writing , Modifying, Testing of Computer Program to Meet the Needs of a Particular Client excluding Web-Page Designing	11666	16,658,465	3.88%
INE467B01029	Tata Consultancy Services Limited	Computer Consultancy and Computer Facilities Management Activities	4176	13,387,838	3.12%
INE018A01030	Larsen & Toubro Limited	Other Civil Engineering Projects n.e.c.	5995	12,974,379	3.03%
INE154A01025	ITC Limited	Manufacture of Cigarettes, Cigarette Tobacco	32669	12,528,562	2.92%
INE062A01020	State Bank Of India	Monetary Intermediation of Commercial Banks, Saving Banks, Postal Savings Bank and Discount Houses	22490	11,779,138	2.75%
INE237A01028	Kotak Mahindra Bank Limited	Monetary Intermediation of Commercial Banks, Saving Banks, Postal Savings Bank and Discount Houses	6560	11,367,496	2.65%
INE021A01026	Asian Paints (India) Limited	Manufacture of Paints and Varnishes, Enamels or Lacquers	3646	10,068,976	2.35%
INE030A01027	Hindustan Unilever Limited	Manufacture of Soap all Forms	3488	8,930,501	2.08%
INE397D01024	Bharti Airtel Limited	Activities of maintaining and operating paging, Cellular and other Telecommunication Networks	11055	8,280,195	1.93%
INE095A01012	Indusind Bank Limited	Monetary Intermediation of Commercial Banks, Saving Banks, Postal Savings Bank and Discount Houses	7398	7,900,694	1.84%
INE066F01012	Hindustan Aeronautics Limited	Manufacture of Airplanes	2751	7,513,256	1.75%
INE585B01010	Suzuki Corporation Limited	Manufacture of Passenger Cars	828	6,865,900	1.60%
INE263A01024	Bharat Electronics Limited	Manufacture of Radar Equipment, Gps Devices, Search, Detection, Navigation, Aeronautical and Nautical Equipment	69014	6,732,316	1.57%
INE669C01036	Tech Mahindra Limited	Computer Consultancy and Computer Facilities Management Activities	5991	6,601,183	1.54%
INE296A01024	Bajaj Finance Limited	Other Credit Granting	1082	6,077,324	1.42%
INE481G01011	Ultratech Cement Limited	Manufacture of Clinkers and Cement	749	5,708,990	1.33%
INE101A01026	Mahindra & Mahindra Limited	Manufacture of Tractors used in Agriculture and Forestry	4913	5,692,693	1.33%
INE733E01010	NTPC Limited	Electric Power Generation by Coal Based Thermal Power Plants	31605	5,534,036	1.29%
INE603J01030	PI Industries Limited	Manufacture of Other Agrochemical Products n.e.c.	1799	5,451,330	1.27%
INE860A01027	HCL Technologies Limited	Writing , modifying, testing of computer program to meet the needs of a particular client excluding web-page designing	4562	4,950,911	1.15%
INE044A01036	Sun Pharmaceutical Industries Limited	Manufacture of Medicinal Substances used in the Manufacture of Pharmaceuticals: Antibiotics, Endocrine Products, Basic Vitamins; Opium Derivatives; Sulpha Drugs; Serums and Plasmas; Salicylic Acid, Its Salts and Esters; Glycosides and Vegetable Alkal	4872	4,789,663	1.12%
INE123W01016	SBI Life Insurance Company Limited	Life Insurance	4348	4,787,583	1.12%
INE155A01022	Tata Motors Limited	Manufacture of Commercial Vehicles such as Vans, Lorries, Over-The-Road Tractors for Semi-Trailers etc.	11118	4,678,454	1.09%
INE752E01010	Power Grid Corporation Of India Limited	Transmission of Electric Energy	20602	4,649,871	1.08%
INE795G01014	HDFC Life Insurance Company Limited	Life Insurance	9099	4,542,221	1.06%
INE356A01018	Mphasis Limited	Other Information Technology and Computer Service Activities n.e.c.	2400	4,309,800	1.00%
INE361B01024	Divis Laboratories Limited	Manufacture of Medicinal Substances used in the Manufacture of Pharmaceuticals: Antibiotics, Endocrine Products, Basic Vitamins; Opium Derivatives; Sulpha Drugs; Serums and Plasmas; Salicylic Acid, Its Salts and Esters; Glycosides and Vegetable Alkal	1519	4,288,669	1.00%
INE437A01024	Apollo Hospitals Enterprise Limited	Hospital activities	991	4,272,102	1.00%
INE280A01028	Titan Company Limited	Manufacture of Jewellery of Gold, Silver and Other Precious or Base Metal Metal Clad With Precious Metals or Precious or Semi-Precious Stones, or of Combinations of Precious Metal and Precious or Semi-Precious Stones or of Other Materials	1625	4,086,713	0.95%
INE003A01024	Siemens Limited	Manufacture of Other Electrical Equipment	1222	4,065,777	0.95%
INE059A01026	Cipla Limited	Manufacture of Medicinal Substances used in the Manufacture of Pharmaceuticals: Antibiotics, Endocrine Products, Basic Vitamins; Opium Derivatives; Sulpha Drugs; Serums and Plasmas; Salicylic Acid, Its Salts and Esters; Glycosides and Vegetable Alkal	4293	3,865,847	0.90%
INE192A01025	Tata Consumers Product Limited	Processing and Blending of Tea including Manufacture of Instant Tea	5397	3,825,663	0.89%
INE465A01025	Bharat Forge Limited	Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy	4941	3,806,793	0.89%
INE081A01020	Tata Steel Limited	Manufacture of Other Iron and Steel Casting and Products thereof	34612	3,616,954	0.84%
INE522F01014	Coal India Limited	Belowground Mining of Hard Coal	16028	3,424,382	0.80%

INE647A01010	SRF Limited	Manufacture of Organic and Inorganic Chemical Compounds n.e.c.	1394	3,362,119	0.78%
INE066A01021	Eicher Motors Limited	Manufacture of Motorcycles, Scooters, Mopeds etc. and Their Engine	1140	3,361,689	0.78%
INE239A01016	Nestle India Limited	Manufacture of milk-powder, ice-cream powder and condensed milk except baby milk food	168	3,310,356	0.77%
INE016A01026	Dabur India Limited	Manufacture of Hair Oil, Shampoo, Hair Dye etc.	5928	3,230,167	0.75%
INE038A01020	Hindalco Industries Limited	Manufacture of Aluminium from Alumina and by Other Methods and Products of Aluminium and Alloys	7781	3,154,028	0.74%
INE079A01024	Ambuja Cements Limited	Manufacture of Clinkers and Cement	8302	3,034,796	0.71%
INE047A01021	Grasim Industries Limited	Manufacture of Synthetic or Artificial Filament Staple Fibre not Textured	1858	3,033,557	0.71%
INE089A01023	Dr Reddys Laboratories Limited	Manufacture of allopathic pharmaceutical preparations	655	3,027,901	0.71%
INE029A01011	Bharat Petroleum Corporation Limited	Production of Liquid and Gaseous Fuels, Illuminating Oils, Lubricating Oils or Greases or Other Products from Crude Petroleum or Bituminous Minerals	8690	2,991,967	0.70%
INE787D01026	Balkrishna Industries Limited	Manufacture of Rubber Tyres and Tubes for Motor Vehicles, Motorcycles, Scooters, Three-Wheelers, Tractors and Aircraft	1503	2,933,029	0.68%
INE196A01026	Marico Limited	Manufacture of Vegetable Oils and Fats excluding Corn Oil	5713	2,741,097	0.64%
INE094A01015	Hindustan Petroleum Corporation Limited	Production of Liquid and Gaseous Fuels, Illuminating Oils, Lubricating Oils or Greases or Other Products from Crude Petroleum or Bituminous Minerals	11210	2,654,528	0.62%
INE494B01023	TVS Motor Company Limited	Manufacture of Motorcycles, Scooters, Mopeds etc. and Their Engine	2452	2,641,294	0.62%
INE129A01019	Gail (India) Limited	Distribution and Sale of Gaseous Fuels Through Mains	24170	2,541,476	0.59%
INE742F01042	Adani Ports And Special Economic Zone Limited	Cargo Handling Incidental to Water Transport	3895	2,461,251	0.57%
INE213A01029	Oil & Natural Gas Corp Limited	On shore extraction of crude petroleum	14267	2,155,030	0.50%
INE226A01021	Voltas Limited	Manufacture of Air-Conditioning Machines, including Motor Vehicles Air-Conditioners	2459	2,012,077	0.47%
INE176B01034	Havells India Limited	Manufacture of electricity distribution and control apparatus	1665	1,978,853	0.46%
INE018E01016	SBI Cards And Payment Services Limited	Other Credit Granting	2566	1,899,353	0.44%
INE010B01027	Zydus Lifesciences Limited	Manufacture of allopathic pharmaceutical preparations	3863	1,898,858	0.44%
INE200M01013	Varun Beverages Limited	Manufacture of Aerated Drinks	1307	1,812,809	0.42%
INE699H01024	Adani Wilmar Limited	Manufacture of Vegetable Oils and Fats excluding Corn Oil	3500	1,420,475	0.33%
INE849A01020	Trent Limited	Retail Sale of Readymade Garments, Hosiery Goods, Other Articles of Clothing and Clothing Accessories such as Gloves, Ties, Braces etc.	919	1,263,579	0.29%
INE797F01020	Jubilant Foodworks Limited	Restaurants Without Bars	2408	1,059,761	0.25%
INE208A01029	Ashok Leyland Limited	Manufacture of Commercial Vehicles such as Vans, Lorries, Over-The-Road Tractors for Semi-Trailers etc.	7560	1,052,352	0.25%
INE918I01026	Bajaj Finserv Limited	Other Credit Granting	730	924,545	0.22%
INE158A01026	Hero Motocorp Limited	Manufacture of Motorcycles, Scooters, Mopeds etc. and Their Engine	382	896,688	0.21%
INE318A01026	Pidilite Industries Limited	Manufacture of organic and inorganic chemical compounds n.e.c.	334	785,902	0.18%
	<b>Subtotal (A)</b>			<b>415,586,365</b>	<b>96.90%</b>

#### Money Market Instruments

##### Liquid Funds

INF789FB1S71	UTI Overnight Fund - Direct Plan - Growth	Management of Mutual Funds	3828.50975	11,746,003	2.74%
	<b>Subtotal (B)</b>			<b>11,746,003</b>	<b>2.74%</b>
	<b>Grand Total (A+B)</b>			<b>427,332,368</b>	<b>99.64%</b>

Equity				415,586,365	96.90%
Money Market Instruments				11,746,003	2.74%
Cash / Cash Equivalent Net Current Assets				1,556,522	0.36%
<b>Grand Total</b>				<b>428,888,890</b>	<b>100.00%</b>

NAV DATE	NAV
at the beginning of the period	10.0000
at the end of the period	9.3688
Total NPAs provided for and its percentage of NAV	Nil
Total value and Percentage of illiquid equity shares	Nil
Total Outstanding exposure in derivative instruments at the end of the period	Nil
Total Infrastructure investments	Nil
Average Maturity of Portfolio ( in Yrs.)	Nil
Modified Duration ( in Yrs.)	Nil
Yield to Maturity (%)	Nil