

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

SCHEME E TIER II

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 Agreements (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 yearend 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 II
31ST MARCH 2023

ISIN No.	Name of the Instrument	Industry	Quantity	Market Value	% of Portfolio
Equity Instruments					
Shares					
INE002A01018	Reliance Industries Limited	Manufacture of Other Petroleum n.e.c.	115	268,071	7.85%
INE040A01034	HDFC Bank Limited	Monetary Intermediation of Commercial Banks, Saving Banks. Postal Savings Bank and Discount Houses	156	251,090	7.35%
INE090A01021	ICICI Bank Limited	Monetary Intermediation of Commercial Banks, Saving Banks. Postal Savings Bank and Discount Houses	252	221,067	6.47%
INE001A01036	Housing Development Finance Corp Limited	Activities of Specialized Institutions Granting Credit for House Purchases that also Take Deposits	69	181,160	5.30%
INE009A01021	Infosys Limited	Writing , Modifying, Testing of Computer Program to Meet the Needs of a Particular Client excluding Web-Page Designing	94	134,227	3.93%
INE018A01030	Larsen & Toubro Limited	Other Civil Engineering Projects n.e.c.	54	116,867	3.42%
INE062A01020	State Bank Of India	Monetary Intermediation of Commercial Banks, Saving Banks. Postal Savings Bank and Discount Houses	210	109,988	3.22%
INE467B01029	Tata Consultancy Services Limited	Computer Consultancy and Computer Facilities	33	105,795	3.10%
INE154A01025	ITC Limited	Management Activities	263	100,861	2.95%
INE237A01028	Kotak Mahindra Bank Limited	Manufacture of Cigarettes, Cigarette Tobacco	57	98,772	2.89%
INE021A01026	Asian Paints (India) Limited	Monetary Intermediation of Commercial Banks, Saving Banks. Postal Savings Bank and Discount Houses	28	77,326	2.26%
INE397D01024	Bharti Airtel Limited	Manufacture of Paints and Varnishes, Enamels or Lacquers	103	77,147	2.26%
INE030A01027	Hindustan Unilever Limited	Activities of maintaining and operating paging, Cellular and other Telecommunication Networks	29	74,250	2.17%
INE585B01010	Suzuki Corporation Limited	Manufacture of Soap all Forms	8	66,337	1.94%
INE296A01024	Bajaj Finance Limited	Manufacture of Passenger Cars	11	61,784	1.81%
INE095A01012	Indusind Bank Limited	Other Credit Granting	54	57,669	1.69%
INE066F01012	Hindustan Aeronautics Limited	Monetary Intermediation of Commercial Banks, Saving Banks. Postal Savings Bank and Discount Houses	21	57,353	1.68%
INE263A01024	Bharat Electronics Limited	Manufacture of Airplanes	567	55,311	1.62%
INE481G01011	Ultratech Cement Limited	Manufacture of Radar Equipment, Gps Devices, Search, Detection, Navigation, Aeronautical and Nautical Equipment	7	53,355	1.56%
INE733E01010	NTPC Limited	Manufacture of Clinkers and Cement	283	49,553	1.45%
INE752E01010	Power Grid Corporation Of India Limited	Electric Power Generation by Coal Based Thermal Power Plants	201	45,366	1.33%
INE101A01026	Mahindra & Mahindra Limited	Transmission of Electric Energy	39	45,189	1.32%
INE669C01036	Tech Mahindra Limited	Manufacture of Tractors used in Agriculture and Forestry	38	41,870	1.23%
INE239A01016	Nestle India Limited	Computer Consultancy and Computer Facilities	2	39,409	1.15%
INE860A01027	HCL Technologies Limited	Management Activities	36	39,069	1.14%
INE044A01036	Sun Pharmaceutical Industries Limited	Manufacture of milk-powder, ice-cream powder and condensed milk except baby milk food	38	37,358	1.09%
INE437A01024	Apollo Hospitals Enterprise Limited	Writing , modifying, testing of computer program to meet the needs of a particular client excluding web-page designing	8	34,487	1.01%
INE603J01030	PI 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	11	33,332	0.98%
INE280A01028	Titan Company Limited	Hospital activities	13	32,694	0.96%
INE094A01015	Hindustan Petroleum Corporation 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	137	32,442	0.95%
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	93	32,020	0.94%
INE123W01016	SBI Life Insurance Company Limited	Production of Liquid and Gaseous Fuels, Illuminating Oils, Lubricating Oils or Greases or Other Products from Crude Petroleum or Bituminous Minerals	28	30,831	0.90%
INE494B01023	TVS Motor Company Limited	Life Insurance	28	30,162	0.88%
INE081A01020	Tata Steel Limited	Manufacture of Motorcycles, Scooters, Mopeds etc. and Their Engine	281	29,365	0.86%
INE079A01024	Ambuja Cements Limited	Manufacture of Other Iron and Steel Casting and Products thereof	78	28,513	0.83%
INE795G01014	HDFC Life Insurance Company Limited	Manufacture of Clinkers and Cement	55	27,456	0.80%
INE787D01026	Balkrishna Industries Limited	Life Insurance	14	27,320	0.80%
INE003A01024	Siemens Limited	Manufacture of Rubber Tyres and Tubes for Motor Vehicles, Motorcycles, Scooters, Three-Wheelers, Tractors and Aircraft	8	26,617	0.78%
INE155A01022	Tata Motors Limited	Manufacture of Other Electrical Equipment	63	26,510	0.78%
INE129A01019	Gail (India) Limited	Manufacture of Commercial Vehicles such as Vans, Lorries, Over-The-Road Tractors for Semi-Trailers etc.	248	26,077	0.76%
INE522F01014	Coal India Limited	Distribution and Sale of Gaseous Fuels Through Mains	119	25,424	0.74%
		Belowground Mining of Hard Coal			

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	9	25,410	0.74%
INE226A01021	Voltas Limited	Manufacture of Air-Conditioning Machines, including Motor Vehicles Air-Conditioners	30	24,548	0.72%
INE038A01020	Hindalco Industries Limited	Manufacture of Aluminium from Alumina and by Other Methods and Products of Aluminium and Alloys	60	24,321	0.71%
INE213A01029	Oil & Natural Gas Corp Limited	On shore extraction of crude petroleum	156	23,564	0.69%
INE797F01020	Jubilant Foodworks Limited	Restaurants Without Bars	52	22,885	0.67%
INE176B01034	Havells India Limited	Manufacture of electricity distribution and control apparatus	19	22,582	0.66%
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	25	22,513	0.66%
INE647A01010	SRF Limited	Manufacture of Organic and Inorganic Chemical Compounds n.e.c.	9	21,707	0.64%
INE018E01016	SBI Cards And Payment Services Limited	Other Credit Granting	29	21,466	0.63%
INE066A01021	Eicher Motors Limited	Manufacture of Motorcycles, Scooters, Mopeds etc. and Their Engine	7	20,642	0.60%
INE200M01013	Varun Beverages Limited	Manufacture of Aerated Drinks	14	19,418	0.57%
INE016A01026	Dabur India Limited	Manufacture of Hair Oil, Shampoo, Hair Dye etc.	35	19,072	0.56%
INE158A01026	Hero Motocorp Limited	Manufacture of Motorcycles, Scooters, Mopeds etc. and Their Engine	8	18,779	0.55%
INE192A01025	Tata Consumers Product Limited	Processing and Blending of Tea including Manufacture of Instant Tea	26	18,430	0.54%
INE208A01029	Ashok Leyland Limited	Manufacture of Commercial Vehicles such as Vans, Lorries, Over-The-Road Tractors for Semi-Trailers etc.	130	18,096	0.53%
INE742F01042	Adani Ports And Special Economic Zone Limited	Cargo Handling Incidental to Water Transport	28	17,693	0.52%
INE918I01026	Bajaj Finserv Limited	Other Credit Granting	13	16,465	0.48%
INE356A01018	Mphasis Limited	Other Information Technology and Computer Service Activities n.e.c.	9	16,162	0.47%
INE465A01025	Bharat Forge Limited	Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy	18	13,868	0.41%
INE318A01026	Pidilite Industries Limited	Manufacture of organic and inorganic chemical compounds n.e.c.	2	4,706	0.14%
	Subtotal			3,301,818	96.68%

Money Market Instruments

Liquid Funds

INF789FB1571	UTI Overnight Fund - Direct Plan - Growth	Management of Mutual Funds	35.91319	110,183	3.23%
	Subtotal			110,183	3.23%

Equity				3,301,818	96.68%
Money Market Instruments				110,183	3.23%
Cash / Cash Equivalent Net Current Assets				3,288	0.10%
Grand Total				3,415,288	100.00%

NAV DATE	NAV
at the beginning of the period	10.0000
at the end of the period	9.9303
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