TAURUS MUTUAL FUND

INVESTMENT VALUATION POLICY

This Valuation Policy documents the policies and procedures to be adopted for valuation of the securities of the schemes of Taurus Mutual Fund. As required by the SEBI (Mutual Funds) Regulations, 1996, the Valuation Policy lays down the valuation policies and procedures approved by the Boards of Taurus Asset Management Company Limited (TAMCO) and Taurus Investment Trust Company Limited (TITCO).

The regulations require that mutual funds shall value their investments in accordance with principles of fair valuation so as to ensure fair treatment to all investors i.e. existing investors as well as investors seeking to subscribe or redeem units.

It also states that in case of any conflict between the principles of fair valuation and valuation guidelines as per Eighth Schedule and circulars issued by SEBI, the Principles of Fair Valuation shall prevail.

The following guidelines will be used for valuation of different securities with effect from January 01, 2024:

Valuation Committee

Valuation committee is formed to oversee the valuation of investments purchased by the schemes of Taurus Mutual Fund. The Committee will constitute of CEO, Fund Managers, Vice President-Operations, COO, Compliance Officer & CFO. AMC will ensure composition of committee in such a way that there is no conflict of interest between investment function and valuation of investments.

Following shall be duties and responsibilities of the committee:

a. Recommendation and drafting of valuation policy for approval from the AMC Board and from Board of Trustees

b. Review the accuracy and appropriateness of methods used in arriving at the fair value of securities and recommend changes, if any. Valuation will done be in good faith and in true and fair manner to reflect the net realizable value of the securities /asset as determined by Valuation Committee.

c. Lay down procedures to detect and prevent incorrect valuation.

d. Inter-scheme transfers will be done in line with regulatory requirements and applicable internal policies as determined by the Valuation Committee as described in inter scheme transfer.

e. Decide on valuation method during exceptional events including instances where market quotations are no longer reliable for a particular security as specified in Exceptional events.

f. Decide on valuation methodology for a new type of security (other than those mentioned in equity and equity related securities). Describe the methodologies used for valuing each type of securities/assets held by the Scheme(s);

g. Report to the Boards regarding any deviations or incorrect valuations.
h. ensure that the securities/assets are consistently valued as per the approved methodology/ies.
i. ensure the appropriateness and accuracy of the methodologies used and its effective implementation in valuing the securities/assets;
j. Seek to address the conflict of interest;
k. Ensure transparency by making appropriate disclosures.
l. Further, the investments held by schemes of the Fund would normally be valued according to the Valuation Guidelines specified by SEBI from time to time. In case of any conflict between the Principles of Fair Valuation as detailed under clause III (i) above and valuation guidelines specified by SEBI from time to time, the Principles of Fair Valuation shall prevail.

Conflict of Interest:

The implementation of valuation policy and methodologies as adopted / authorised by the Board and Trustee shall be subject to review by Valuation Committee. The Valuation Committee will be responsible for addressing areas of conflict of interest and therein recommend changes, if any, in policy/methodology. The same shall be ratified with the Board and Trustee.

Deviation:

Deviation in the valuation policy and procedures as stated above shall be allowed only with the prior approval of the Valuation Committee followed by reporting to the Board and Trustee. Such deviations shall be appropriately disclosed to the Investors as may be decided by the Valuation committee.

Record Maintenance:

Company shall maintain and preserve documentation for valuation (including inter scheme transfers) either in electronic or physical form for a period of 8 years or such period as specified by SEBI from time to time.

A. Debt securities:

Investments in debt securities can be classified into the following types:

1) Overnight instruments like TREPS and term deposits;
2) Money Market Instruments, Bonds/Debentures, Pass Through Certificates, etc
3) Treasury Bills and Cash Management Bills;
4) Central/State Government securities

The valuation policy and process for the above securities is as under:

1) Overnight instruments like Reverse Repo/TREPS with residual maturity upto 30 days will be valued at cost plus accrual. TREPS with residual maturity greater than 30 days will be valued the average of the prices of each such security provided by AMFI approved agencies (CRISIL and ICRA). Investments in term/fixed deposits will be valued at cost and interest will be accrued daily (daily basis). In the case of deposits with step up rates, interest will be accrued on a daily basis as per the interest rates provided.

2) Valuation of Money Market Instruments like Certificate of Deposits, Commercial Papers, Non-Convertible Debentures, Pass Through Certificates, Bills Rediscounting instruments and other similar securities.

Valuation of money market and debt securities

In case any new securities are purchased and the price of such security is not provided by AMFI approved agencies, then such security will be valued on the purchase yield.
In case only one agency had provided the price, then the same shall be considered for valuation.
Debt & Money Market securities will be valued at the average prices provided by AMFI approved agencies. In case of price being available from only one agency, the same will be considered for valuation.

In case of non-availability of prices from AMFI approved agencies-
• Traded (Own) securities will be valued at weighted average traded price /yield on the date of trade.
• Non-traded securities will be at the fair value as per procedures determined by the Valuation Committee.

Valuation of Government Securities: Government Securities (including T Bills) will be valued at average of the prices provided by AMFI approved agencies (currently CRISIL and ICRA).

Valuation of other money market/debt securities, short term deposits with banks (Pending deployment) and other OTC derivatives:

1. The Valuation of bills purchased under rediscounting scheme shall be as per guidelines mentioned for valuation of money market instruments
2. Investment in short term deposit with banks (pending deployment) and repurchase (repo) transactions (including tri-party repo i.e. TREPS), shall be valued on cost plus accrual basis.
3. All OTC derivatives viz. IRS/ FRA's will be valued at the average prices provided by AMFI approved agencies

Valuation of Securities with Put /Call Options:

1. Securities with put /call options on the same day and having same put and call price, shall be deemed to mature on such put/call date and shall be valued accordingly. In all other cases, the cash flow of each put/call option shall be evaluated and security shall be valued on following basis:

   Identify a 'Put Trigger Date' a date on which 'Price to put option' is the highest when compared with price to other put options and maturity price.

   Identify a 'Call Trigger Date' a date on which 'Price to Call option' is the lowest when compared with price to other call options and maturity price.

   In case no Put Trigger date or Call Trigger date is available, then valuation would be done to maturity price. In case one trigger date is available then valuation would be done as to the said trigger date. In case both Trigger dates are available, then valuation would be done to the earliest date.

If a put option is not exercised by a mutual fund when exercising such put option would be in favour of the scheme, a justification for not exercising the put option shall be provided to the board of AMC / Trustees by the fund manager.

Securities with Call Option:

The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

Securities with Put Option:

The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instrument.

Any put option inserted subsequent to the issuance of the security shall not be considered for the purpose of valuation and original terms of the issue will be considered for valuation.

Security to be valued in case of default or traded below investment grade:

A money market or debt security shall be classified as "below investment grade" if the long-term rating of the security issued by a SEBI registered Credit Rating Agency (CRA) is below BBB- or if the short-term rating of the security is below A3.

A money market or debt security shall be classified as "Default" if the interest and / or principal amount has not been received, on the day such amount was due or when such security has been downgraded to "Default" grade by a CRA. The Valuation Committee may subject to a provision in the Offer Document of the said debt scheme which holds the security in "default" may decide to recommend to the Board to "Segregate" the security.

Securities, which are rated below investment grade or default, shall be valued at the price provided by AMFI appointed valuation agencies.

Till such time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade or default, such securities shall be valued on the basis of indicative haircuts provided by these agencies. These indicative haircuts shall be applied on the date of credit event i.e. migration of the security to sub-investment grade or default and shall continue till the valuation agencies compute the valuation price of such securities. These haircuts shall be updated and refined, as and when there is availability of material information, which impacts the haircuts.

In case of trades after the valuation price is computed by the valuation agencies as referred above and where the traded price is lower than such computed price, such traded price shall be considered for the purpose of valuation and the valuation price may be revised accordingly.

In case of trades during the interim period between date of credit event and receipt of valuation price from valuation agencies, Taurus MF shall consider such traded price for valuation if it is lower than the price post standard haircut. The said traded price shall be considered for valuation till the valuation price is determined by the valuation agencies.

Taurus MF may deviate from the indicative haircuts and/or the valuation price for money market and debt securities/instruments rated below investment grade provided by the AMFI approved agencies with detailed rationale for deviation, as per prescribed in SEBI Circular~~s~~ No SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019 and Rules, Regulation and Master Circulars from time to time and taking into account any other specific factor the Valuation Committee may decide upon to value any security.

Treatment of outstanding accrued interest and future accrual of interest, in case of money market and debt securities classified as below investment grade or default:

- The indicative haircut that has been applied to the principal outstanding will also be applied to any outstanding accrued interest on the date of downgrade.
- In case of securities classified as below investment grade but not default, interest accrual will continue with the same haircut applied to the principal.
- In case of securities classified as default, no further interest accrual shall be made.

Treatment of accounting of any future recovery in terms of principal or interest, in case of money market and debt securities classified as below investment grade or default:

- Any recovery shall first be adjusted against the outstanding interest recognized in the NAV and any balance shall be adjusted against the value of principal recognized in the NAV.
- Any recovery in excess of the carried value (i.e. the value recognized in NAV) will be applied first towards amount of interest written off and then towards amount of principal written off.

Haircuts for below investment grade securities:

a) Haircuts for senior, secured securities:

Rating/sector	Infrastructure, Real Estate, Hotels, Loan against shares and Hospitals	Other Manufacturing and Financial Institutions	Trading, Gems & Jewellery and Others
BB	15%	20%	25%
B	25%	40%	50%
C	35%	55%	70%
D	50%	75%	100%

b) Haircuts on subordinated and unsecured (or both) securities

Rating/sector	Infrastructure, Real Estate, Hotels, Loan against shares and Hospitals	Other Manufacturing and Financial Institutions	Trading, Gems & Jewellery and Others
BB	25%	25%	25%
B	50%	50%	50%
C	70%	70%	70%
D	100%	100%	100%

Treatment of Upfront Fees on Trades

i) Upfront fees on all trades (including primary market trades), by whatever name and manner called, would be considered by the valuation agencies for the purpose of valuation of security.

ii) Details of such upfront fees should be shared by the AMC on the trade date to the valuation agencies as part of the trade reporting to enable them to arrive at the fair valuation for that date.

iii) For the purpose of accounting, such upfront fees should be reduced from the cost of the investment in the scheme that made the investment.

iv) In case upfront fees are received across multiple schemes, then such upfront fees should be shared on a pro-rata basis across such schemes.

Impact of any Changes to terms of an investment:

(i) While making any change to terms of an investment, AMC shall adhere to the following conditions:
   (a) Any changes to the terms of investment, which may have an impact on valuation, shall be reported to the valuation agencies immediately.
   (b) Any extension in the maturity of a money market or debt security shall result in the security being treated as "Default", for the purpose of valuation.
   (c) If the maturity date of a money market or debt security is shortened and then subsequently extended, the security shall be treated as "Default" for the purpose of valuation.
   (d) Any put option inserted subsequent to the issuance of the security shall not be considered for the purpose of valuation and original terms of the issue will be considered for valuation.

Waterfall Mechanism for valuation of money market, debt and government securities:

The broad principles as mentioned in SEBI circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019 para 2.2 will be adopted. for considering the traded yields for valuation of Debt, money market and government securities. The said circular prescribes AMFI shall ensure valuation agencies have a documented waterfall approach for valuation of Debt & money market securities.

(i) For arriving at security level pricing, a waterfall mechanism to be used by valuation agencies as provided by AMFI in consultation with SEBI (refer Waterfall Mechanism for valuation of money market, debt and government securities).

(ii) Guidelines issued by AMFI on polling by valuation agencies and on the responsibilities of Mutual Funds in the polling process, as part of the aforesaid waterfall approach is attached at (refer Guidelines on Polling Process for Money Market and Debt Securities).

(iii) Valuation of Bonds issued under Basel III framework as per SEBI circular SEBI/HO/IMD/DF4/CIR/P/2021/034 dated March 22, 2021 and AMFI Best Practices circular 135/BP/ 91 /2020-21 dated March 24, 2021. Relevant extract of AMFI Best Practices is being reproduced in [Guidelines for Valuation of Bonds (AT 1 Bonds and Tier 2 Bonds)]

B. Equity and equity related securities:

1. Traded Equity shares will be valued at their closing prices reported on the Bombay Stock Exchange, which is the principal stock exchange for all schemes of Taurus Mutual fund (except Taurus Nifty 50 Index Fund). Equity Shares of Taurus Nifty 50 Index Fund will be valued at the closing prices reported on the National Stock Exchange, if the shares are not traded on the Bombay Stock exchange, they will be valued at the closing price of National Stock Exchange which is the secondary stock exchange for all the schemes. If security is not traded on Bombay Stock Exchange or National Stock Exchange then same will be valued at closing price of any other stock exchange where the share is traded. If the share is not traded on any exchange, it should be valued at the closing price of the earliest previous day provided such date is not more than thirty days prior to the valuation date.

   The securities held under the portfolio of Index Scheme(s) and Exchange Traded Funds will be valued using the closing value of the underlying index of the scheme(s).

2. Ill-liquid equity instruments: Unlisted, thinly traded, non-traded or ill-liquid equity instruments which have not traded on any recognized stock exchange for more than thirty days will be valued at fair value as mentioned below.

3. Definition of Thinly Traded Equity/Equity Related Securities: When trading in an equity/equity related security (such as convertible debentures, equity warrants, etc.) in a month is less than Rs. 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security.

Point 2 and 3 Valuation of Non-traded / thinly traded equity securities:

(a) Based on the latest available Balance Sheet, net worth shall be calculated as follows:
(b) Net Worth per share = [share capital+ reserves (excluding revaluation reserves) – Misc. expenditure and Debit Balance in P&L A/c] Divided by No. of Paid up Shares.
(c) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.
(d) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share.
(e) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
(f) In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
(g) In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security.

4. Equity derivatives: Settlement prices of NSE will be used for valuation. If the same are not available, then the closing prices will be used.

5. IPO application monies will be valued at application cost till the date of listing and thereafter will be valued in accordance with the procedure for valuation of traded equity shares. This will apply to Follow on public offers as well as offer for sale applications. Valuation of additional quantity will only commence after the confirmation of allotment.

6. Rights: Until these are traded, rights entitlement will be valued at the difference between closing price and the rights offer price. Renounced rights will be valued at renunciation price and unsubscribed rights will be valued at zero. In case the rights offer price is greater than the ex-rights price, the value of the rights share is to be taken as zero. Right entitlements if traded will be valued at the closing market price on stock exchange.

7. Equity warrants: Equity warrants will be valued at traded price if traded. In case these are ill-liquid, the same will be valued at closing price of share reduced by the amount payable on exercise of the warrant. The value arrived will be reduced by appropriate discount as decided by Valuation Committee. If amount payable on exercise is higher, then it will be valued at zero.

8. Preference share can be convertible or non- convertible. The non-convertible preference share will be valued at the present value of all the future expected dividend payments and the maturity value, discounted at the expected return on preference share.

The value of convertible preference share can be expressed as follows:

$$\text{Price of convertible} = \frac{\text{Preference shares dividend}}{\text{Expected return on Preference Share}} \times \text{Face Value}$$

9. Valuation in case of demerger and other corporate actions: In case of demerger following situation may arise:

   a. Both the shares are traded on demerger: In such cases, both the shares are valued at their closing prices.

   b. Shares of only one company continued to be traded on de-merger: Traded shares will be valued at closing prices. Valuation price of non-traded / unlisted resulting company will be arrived at using traded price of demerged company on the day before de-merger less value of traded share of resulting company post demerger. In case value of non-traded / unlisted resulting company arrived at is less than zero, then same will be valued at zero.

   c. Both the shares are not traded on de-merger: In such a scenario, market capitalization of demerged company prior to demerger will be allocated to resulting companies on appropriate basis such as cost of shares, Price Earnings ratio or on other basis as considered appropriate by Valuation Committee.

d. In case of any other corporate action such as merger, amalgamation etc where in shares of companies are listed, valuation of resulting companies would be summation of valuation of entities immediately prior to merger date.

In case, one of the merging / amalgamating companies being unlisted, valuation of resulting companies would be valued on the principles of fair valuation as guided by the valuation committee

If the above companies remained unlisted for more than 3 months, the Valuation Committee to decide on application of illiquidity discount as deemed appropriate on case to case basis.

Valuation Committee may decide fair price other than the mentioned above, post considering the facts on case to case basis.

C. Other securities:

1. Mutual Fund units: Investments in units of Mutual Fund schemes shall be valued at the last declared / latest Net Asset Value made available per Unit by the respective mutual fund scheme, as at the close of the relevant valuation day.
2. Exchange Traded Funds: Units of Exchange Traded Funds will be valued at the closing prices on the stock Exchange. If price are not available on any stock exchange, then the NAV per unit will be used for valuation.

3 Convertible debentures: The non-convertible and convertible components of convertible debentures and bonds shall be valued separately. The nonconvertible component would be valued on the same basis as would be applicable to a debt instrument. The convertible component shall be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument, which is traded, the value of later instrument can be adopted after an appropriate discount for the non-tradability of the instrument during the period preceding conversion. While valuing such instruments, the fact whether the conversion is optional will also be factored in.

4. Convertible Preference Share will be valued at the traded prices. If it is not traded it will be valued based on the procedures as Valuation Committee may decide.

5. Fixed Deposits : Fixed deposits will be valued at cost.

6. Listed Foreign Securities (including ADR/GDR and Overseas Mutual Fund Units)

(i) Traded Securities

Traded foreign securities (including ADR/GDR and units of overseas mutual funds) shall be valued based on the latest available closing market price of the stock exchange on which the security is listed. If the security is listed on more than one stock exchange, the AMC shall select the appropriate stock exchange and the reasons for selection of the stock exchange shall be recorded in writing and approved by Valuation Committee. If the security is listed in a time zone ahead of ours than the same day's closing market price would be used for Valuation. If the security is listed in the time zone behind ours then the previous day's closing market price would be used for valuation. When on a particular valuation day, a security has not been traded on the selected stock exchange; the value at which it is traded on another stock exchange or last available price on the selected stock exchange shall be used provided such date is not more than thirty days prior to the valuation date.

(ii) Listed Overseas Exchange Traded Fund

Exchange Traded Funds units which are listed in the country having time zone before the country of underlying securities of the Fund, the units of such ETF will be valued at last published NAV as on the valuation day. In case, on any valuation day the overseas ETF is having a non-business day then previous day NAV would be considered for valuation. All other Exchange Traded Funds units shall be valued based on the latest available closing price of the stock exchange on which the security is listed. If the security is listed on more than one stock exchange, the AMC shall select the appropriate stock exchange and the reasons for selection of the stock exchange shall be recorded in writing and approved by Valuation Committee. When on a particular valuation day, a security has not been traded on the selected stock exchange; the value at which it is traded on another stock exchange or last available price on the selected stock exchange shall be used provided such date is not more than thirty days prior to the valuation date. On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the FBIL reference rate as at the close of banking hours on the relevant business day in India. If the security is listed in currency for which FBIL reference rate is not available, the exchange rates available from Reuters will be used. In case the direct exchange rates are not available on Reuters, then cross currency rate with USD would be considered and converted as per the INR/USD FBIL reference rate.

(iii) Non Traded Securities

Non traded foreign security shall be valued by AMC at fair value after considering relevant factors on case to case basis. Non-traded ADR/ GDR shall be valued after considering prices/issue terms of underlying security. Valuation committee shall decide the appropriate discount for illiquidity.

Units of Unlisted overseas Mutual Funds:

Valuation will based be on latest available Net Asset Value (NAV) of Mutual Fund units. On valuation date, all NAV's in foreign currency shall be valued in Indian Rupees at the FBIL reference rate as at the close of banking hours on the relevant business day in India. If the Units NAV is quoted in currency for which FBIL reference rate is not available, the exchange rates available from Reuters will be used. In case the direct exchange rates are not available on Reuters, then cross currency rate with USD would be considered and converted as per the INR/USD FBIL reference rate.

Listed Units of InvITs / REITs :

The units of InvIT and REIT will be valued at the closing market price at the principal stock exchange. If units are not traded on principal stock exchange on a particular valuation day, the closing market price on any other stock exchange where units are traded will be used. If units are not traded on any stock exchange on a particular valuation day, then closing market price at which it traded on the principal stock exchange or any other stock exchange, as the case may be, on the earliest previous day will be used provided such date is not more than 30 days prior to valuation date.

Unlisted / Non-Traded Units of InvITs /REITs:

Where units of InvIT and REIT are not traded on any stock exchange for a continuous period of 30 days then the valuation for such units of InvIT and REIT will be determined based on the procedure determined by Valuation Committee.

Note:

(a) Due to differences in the time zones across different markets, the AMC would consider a cut off time of 5.00 PM (IST) for availability of the closing market price for the purpose of valuation i.e. if any market closes on or before 5.00 PM (IST) that day's last closing market price will be considered for valuation else the previous day's closing market price of that stock exchange will be considered. Accordingly, the valuation of the units will be done based on T day prices or T-1 day prices, depending upon the closure of business hours of the stock exchange on which the particular units are traded / listed.

b) All the corporate action for Overseas Mutual Fund units will be recorded on the same basis as valuation of Overseas Mutual Fund units by considering a cut off time of 5.00 PM (IST). The corporate action of the units will be recorded on T day or T+1 day, depending upon the closure of business hours of the stock exchange on which the particular units are traded / listed.

D. Exceptional events:

The Valuation Committee shall identify and monitor exceptional events and recommend appropriate procedures / methodologies with necessary guidance from the Board of Taurus AMC and Trustee, wherever required, and get the same ratified.

Such exceptional events where current market information may not be available / sufficient for valuation of securities are classified as under:

a. Policy announcements by the Reserve Bank of India (RBI), the Government or any Regulatory body like (SEBI/IRDA/PFRDA).
b. Natural disasters or public disturbances that may impact the functioning of the capital markets.
c. Absence of trading in a specific security or similar securities.
d. Sufficient market information may not be available for the Valuation of Securities.
e. Significant volatility in the capital markets.
f. Deviation from the indicative haircuts and/or the valuation price
g. Valuation Agencies do not provide Valuation for Securities.

Note:

1. Any change/modification to the above list of exceptional events shall be updated from time to time.

2. The Valuation Committee shall identify and monitor the exceptional events and recommend appropriate procedures/methodologies with necessary guidance from the Board and Trustee, wherever required, and get the same ratified.

E. Deviation from Valuation guidelines:

1. In case AMC decides to deviate from the valuation price given by the valuation agencies, the detailed rationale for each of the instance of deviation shall be recorded by AMC.

2. The rationale for deviation along with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis- a –vis the price as per valuation agencies and the impact of such deviation on the scheme NAV (in amount and percentage terms) shall be reported to the board of AMC and Trustees

3. The rationale for deviation along with details as mentioned under paragraph D 2 above shall be disclosed immediately and prominently, under a separate head on the AMC Website.

4. Further, while disclosing the total number of instances of deviation in the monthly and half yearly portfolio statements, AMC will disclose exact link to their website for accessing the information at par D 3.

5. Segregated Portfolio valuation:

   Notwithstanding the decision to segregate the debt and money market instrument in accordance with the SEBI Circular dated December 28, 2018, the valuation should consider the credit event and value the portfolio based on the principles of fair valuation. (i.e. realizable value of the assets) in terms of relevant provisions of SEBI (Mutual Funds) Regulation, 1996 and Circular(s) issued thereunder. In case of AT-1 Bonds) and Tier 2 Bonds, the financial stress of the issuer and the capabilities of issuer to repay the dues/borrowings are considered in the valuation of the securities from the trigger date onwards i.e. date on which the instrument is to be written off or converted to equity pursuant to any proposal or otherwise. Irrespective of the above policy, the valuation committee might adopt valuation principles to align with fair valuation norms.

6. Guidelines for valuation of Debt & Debt Related Instruments:

All Debt & Debt related Instruments are valued based on AMFI and SEBI circulars/guidelines, by the independent valuation agencies nominated by AMFI for determining valuation for such securities

Marketable lot defined by AMFI in consultation with SEBI is as under: - The following volume criteria shall be used for recognition of trades by valuation agencies:

Parameter	Minimum Volume of Criteria for marketable lot
Primary	25 cr for both/ NCD/ CP/ CD and any other money market instruments
Secondary	25 cr for CP/CD, T-Bills and any other money market instruments
Secondary	5 cr for Bonds/ NCD/ G-Secs

A money market or debt security shall be considered as non-traded when, on the date of valuation, there are no trades (in marketable lots) in such security on any recognized Stock Exchange or no trades (in marketable lots) have been reported on any of the aforementioned trade reporting platforms.

F. Inter scheme Transfers

Inter-scheme transfers will be done in line with regulatory requirements and applicable internal policies as determined by the Valuation Committee as described below-

Security Type	**Inter scheme Policy**
Listed Equity Shares	Inter scheme to be done on latest quote for a particular security on primary stock exchange.
Debt & Money Market Securities (Government Securities/ Treasury bills/Commercial Paper/ Certificate of	i. IST of Securities will be done as per the average prices provided by AMFI approved agencies currently CRISIL & ICRA.

	ii. If prices from the valuation agencies are received within the pre-agreed TAT as per AMFI, an average of the prices so received shall be used for IST pricing. iii. If price from only one valuation agency is received, that price may be used for IST pricing. iv. If prices are not received from any of the valuation agencies, AMC may determine the price for the IST, in accordance with Clause 3 (a) of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996

G. Periodic Review

The Valuation Policy shall be reviewed at least annually and any modification shall be approved by the AMC and Trustee Boards. The Valuation Policy shall also be reviewed by Independent Auditors once in a Financial Year to ensure the appropriateness of the valuation methodologies.

Annexure 1

Part A: Valuation of Money Market and Debt Securities other than G-Secs

1. **Waterfall Mechanism for valuation of money market and debt securities:**

The following shall be the broad sequence of the waterfall for valuation of money market and debt securities:

i. Volume Weighted Average Yield (VWAY) of primary reissuances of the same ISIN (whether through book building or fixed price) and secondary trades in the same ISIN

ii. VWAY of primary issuances through book building of same issuer, similar maturity (Refer Note 1below)

iii. VWAY of secondary trades of same issuer, similar maturity

iv. VWAY of primary issuances through fixed price auction of same issuer, similar maturity

v. VWAY of primary issuances through book building of similar issuer, similar maturity (Refer Note 1below)

vi. VWAY of secondary trades of similar issuer, similar maturity.

vii. VWAY of primary issuance through fixed price auction of similar issuer, similar maturity

viii. Construction of matrix (polling may also be used for matrix construction)

ix. In case of exceptional circumstances, polling for security level valuation (Refer Note 2 below)

Note 1

Except for primary issuance through book building, polling shall be conducted to identify outlier trades. However, in case of any issuance through book building which is less than INR 100 Cr, polling shall be conducted to identify outlier trades.

Note 2

Some examples of exceptional circumstance would be stale spreads, any event/news in particular sector/issuer, rating changes, high volatility, corporate action or such other event as may be considered by valuation agencies. Here stale spreads are defined as spreads of issuer which were not reviewed/updated through trades/primary/polls in same or similar security/issuers of same/similar maturities in waterfall approach in last 6months.

Further, the exact details and reasons for the exceptional circumstances which led to polling shall be documented and reported to AMCs. Further, a record of all such instances shall be maintained by AMCs and shall be subject to verification during SEBI inspections.

Note 3

All trades on stock exchanges and trades reported on trade reporting platforms till end of trade reporting time (excluding Inter-scheme transfers) should be considered for valuation on that day.

Note 4

It is understood that there are certain exceptional events, occurrence of which during market hours may lead to significant change in the yield of the debt securities. Hence, such exceptional events need to be factored in while calculating the price of the securities. Thus, for the purpose of calculation of VWAY of trades and identification of outliers, on the day of such exceptional events, rather than considering whole day trades, only those trades shall be considered which have occurred post the event (on the same day).

The following events would be considered exceptional events:

i. Monetary / Credit Policy
ii. Union Budget
iii. Government Borrowing/Auction Days
iv. Material Statements on Sovereign Rating
v. Issuer or Sector Specific events which have a material impact on yields vi. Central Government Election Days
vii. Quarter end days

In addition to the above, valuation agencies may determine any other event as an exceptional event. All exceptional events along-with valuation carried out on such dates shall be documented with adequate justification.

2. Definition of tenure buckets for Similar Maturity

When a trade in the same ISIN has not taken place, reference should be taken to trades of either the same issuer or a similar issuer, where the residual tenure matches the tenure of the bond to be priced. However, as it may not be possible to match the exact tenure, it is proposed that tenure buckets are created and trades falling within such similar maturity be used as per table below.

Residual Tenure of Bond to be priced	Criteria for similar maturity
Up to 1month	Calendar Weekly Bucket
Greater than 1month to 3 months	Calendar Fortnightly Bucket
Greater than 3 months to 1year	Calendar Monthly Bucket
Greater than 1year to 3 years	Calendar Quarterly Bucket
Greater than 3 years	Calendar Half Yearly or Greater Bucket

In addition to the above:

a. In case of market events, or to account for specific market nuances, valuation agencies may be permitted to vary the bucket in which the trade is matched or to split buckets to finer time periods as necessary. Such changes shall be auditable. Some examples of market events / nuances include cases where traded yields for securities with residual tenure of less than 90 days and more than 90 days are markedly different even though both may fall within the same maturity bucket, similarly for less than 30 days and more than 30 days or cases where yields for the last week v/s second last week of certain months such as calendar quarter ends can differ.

b. In the case of illiquid/ semi liquid bonds, it is proposed that traded spreads be permitted to be used for longer maturity buckets (1 year and above). However, the yield should be adjusted to account for steepness of the yield curve across maturities.

c. The changes / deviations mentioned in clauses a and b, above, should be documented, along with the detailed rationale for the same. Process for making any such deviations shall also be recorded. Such records shall be preserved for verification.

3. Process for determination of similar issuer

Valuation agencies shall determine similar issuers using one or a combination of the following criteria. Similar issuer does not always refer to issuers which trade at same yields, but may carry spreads amongst themselves & move in tandem or they are sensitive to specific market factor/s hence warrant review of spreads when such factors are triggered. i. Issuers within same sector/industry and/or

ii. Issuers within same rating band and/or

iii. Issuers with same parent/ within same group and/or

iv. Issuers with debt securities having same guarantors and/or

v. Issuers with securities having similar terms like Loan Against Shares (LAS)/ Loan Against Property (LAP)

The above criteria are stated as principles and the final determination on criteria, and whether in combination or isolation shall be determined by the valuation agencies. The criteria used for such determination should be documented along with the detailed rationale for the same in each instance. Such records shall be preserved for verification. Similar issuers which trade at same level or replicate each other's movements are used in waterfall approach for valuations. However, similar issuer may also be used just to trigger the review of spreads for other securities in the similar issuer category basis the trade/news/action in any security/ies within the similar issuer group.

4. Recognition of trades and outlier criteria

i. Volume criteria for recognition of trades (marketable lot)

Paragraph 1.1.1.1(a) of SEBI vide circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019 on Valuation of money market and debt securities, prescribes that the marketable lots shall be defined by AMFI, in consultation with SEBI. In this regard, marketable lot is defined as under.

The following volume criteria shall be used for recognition of trades by valuation agencies:

Parameter	Minimum Volume Criteria for marketable lot
Primary	INR 25 cr. for both Bonds/NCD/CP/CD and other money market instruments
Secondary	INR 25 cr. for CP/ CD, T-Bills and other money market instruments
Secondary	INR 5 Cr for Bonds/NCD/G-secs

Trades not meeting the minimum volume criteria i.e. the marketable lot criteria as stated above shall be ignored.

ii. Outlier criteria It is critical to identify and disregard trades which are aberrations, do not reflect market levels and may potentially lead to mispricing of a security or group of securities. Hence, the following broad principles would be followed by valuation agencies for determining outlier criteria.

a. Outlier trades shall be classified on the basis of liquidity buckets (Liquid, Semi-liquid, and Illiquid). Price discovery for liquid issuers is generally easier than that of illiquid issuers and hence a tighter pricing band as compared to illiquid issuers would be appropriate.

b. The outlier trades shall be determined basis the yield movement of the trade, over and above the yield movement of the matrix. Relative movement ensures that general market movements are accounted for in determining trades that are outliers. Hence, relative movement over and above benchmark movement shall be used to identify outlier trades.

c. Potential outlier trades which are identified through objective criteria defined below will be validated through polling from market participants. Potential outlier trades that are not validated through polling shall be ignored for the purpose of valuation.

d. The following criteria shall be used by valuation agencies in determining Outlier Trades

Liquidity Classification	Bps Criteria (Yield movement over Previous Day yield after accounting for yield movement of matrix)		
	Up to 15 days	15-30 days	Greater than 30
Liquid	30 bps	20 bps	10 bps
Semi-liquid	45 bps	35 bps	20 bps
Illiquid	70 bps	50 bps	35 bps

The above criteria shall be followed consistently and would be subject to review on a periodic basis by valuation agencies and any change would be carried in consultation with AMFI.

e. In order to ensure uniform process in determination of outlier trades the criteria for liquidity classification shall be as detailed below.

<u>Liquidity classification criteria-liquid, semi Liquid and Illiquid definition</u>

Valuation agencies shall use standard criteria for classifying trades as Liquid, Semi-Liquid and illiquid basis the following two criteria

a. Trading Volume

b. Spread over reference yield

Such criteria shall be reviewed on periodic basis in consultation with AMFI.

Trading Volume (Traded days) based criteria:

Number of unique days an issuer trades in the secondary market or issues a new security in the primary market in a calendar quarter

• Liquid =50% of trade days
• Semi liquid =10%to 50%trade days
• Illiquid = <10% of trade days

Spread based criteria:

Spread over the matrix shall be computed and based on thresholds defined, issuers shall be classified as liquid, semi liquid and illiquid. For bonds thresholds are defined as up to 15 bps for liquid; >15-75 bps for semi-liquid;
> 75 bps for illiquid. (Here, spread is computed as average spread of issuer over AAA Public Sector Undertakings/Financial Institutions/Banks matrix), For CP/ CD- up to 25 bps for liquid; >25- 50 bps for semi liquid; >50 bps for illiquid. (Here, spread is computed as average spread of issuer over A1+/AAA CD Bank matrix).

The thresholds shall be periodically reviewed and updated having regard to the market. The best classification (liquid being the best) from the above two criteria (trading volume and spread based) shall be considered as the final liquidity classification of the issuer. The above classification shall be carried out separately for money market instruments (CP/ CDs) and bonds.

5. **Process for construction of spread matrix**

Valuation agencies shall follow the below process in terms of calculating spreads and constructing the matrix:

Steps	Detailed Process
Step 1	**Segmentation of corporate** The entire corporate sector is first categorised across following four

	sectors i.e. all the corporates will be catalogued under one of the below mentioned bucket: 1. Public Sector Undertakings/Financial Institutions/Banks; 2. Non-Banking Finance Companies -except Housing Finance Companies; 3. Housing Finance Companies; 4. Other Corporates
Step 2	**Representative issuers-** For the aforesaid 4 sectors, representative issuers (Benchmark Issuers) shall be chosen by the valuation agencies for only higher rating {I.e. "AAA" or AA+). Benchmark/Representative Issuers will be identified basis high liquidity, availability across tenure in AAA/AA+ category and having lower credit/liquidity premium. Benchmark Issuers can be single or multiple for each sector. It may not be possible to find representative issuers in the lower rated segments, however in case of any change in spread in a particular rating segment, the spreads in lower rated segments should b e suitably adjusted to reflect the market conditions. In this respect, in case spreads over benchmark are widening at a better rated segment, then adjustments should be made across lower rated segments, such that compression of spreads is not seen at any step. For instance, if there is widening of spread of AA segment over the AAA benchmark, then there should not be any compression in spreads between AA and A rated segment and so on.
Step 3	**Calculation of benchmark curve and calculation of spread** 1. Yield curve to be calculated for representative issuers for each sector for maturities ranging from 1month till 20 years and above. 2. Waterfall approach as defined in Part A (1) above will be used for construction of yield curve of each sector. 3. In the event of no data related to trades/primary issuances in the securities of the representative issuer is available, polling shall be conducted from market participants 4. Yield curve for Representative Issuers will be created on daily basis for all 4 sectors. All other issuers will be pegged to the respective benchmark issuers depending on the sector, parentage

	and characteristics. Spread over the benchmark curve for each security is computed using latest available trades/primaries/polls for respective maturity bucket over the Benchmark Issuer. 5. Spreads will be carried forward in case no data points in terms of trades/primaries/polls are available for any issuer and respective benchmark movement will be given
Step 4	1. The principles of VWAY, outlier trades and exceptional events shall be applicable while constructing the benchmark curve on the basis of trades/primary issuances. 2. In case of rating downgrade/credit event/change in liquidity or any other material event in Representative Issuers, new Representative Issuers will be identified. Also, in case there are two credit ratings, the lower rating to be considered. 3. Residual tenure of the securities of representative issuers shall be used for construction of yield curve.

Part B: Valuation of G-Secs (T-Bill, Cash management bills, G-Sec and SDL)

The following is the waterfall mechanism for valuation of Government securities:

- VWAY (Volume Weighted Average Yield) of last one hour, subject to outlier validation
- VWAY for the day (including a two quote, not wider than 5 bps on NDSOM), subject to outlier validation
- Two quote, not wider than 5 bps on NDSOM, subject to outlier validation
- Carry forward of spreads over the benchmark
- Polling etc.

Note:

1. VWAY shall be computed from trades which meet the marketable lot criteria stated in Part A of these Guidelines.
2. Outlier criteria: Any trade deviating by more than+/- 5 bps post factoring the movement of benchmark security shall be identified as outlier. Such outlier shall be validated through polling for inclusion in valuations. If the trades are not validated, such trades shall be ignored.

II. AMFI GUIDELINES ON POLLING PROCESS FOR MONEY MARKET AND DEBT SECURITIES

Polling Guidelines:

1. Valuation agencies shall identify the Mutual Funds who shall participate in the polling process on a particular day, taking into account factors such as diversification of poll submitters and portfolio holding of the Mutual Funds. Mutual Funds

who are identified by the valuation agencies shall necessarily participate in the polling process. However, in case any Mutual Fund does not participate in the polling process, detailed reason for the same shall be recorded at the time and subsequently made available during SEBI inspections. In this respect, since a Mutual Fund may have investments in similar securities, a security not forming part of investment universe may not be considered as an adequate reason for not participating in the polling process.

2. Polling will be carried out on a daily basis by the valuation agencies, in terms of points 9-11below.
3. Each valuation agency needs to take polls from at least 5 unique Mutual Funds on a daily basis. Hence, between the two valuation agencies 10 unique Mutual Funds to be polled. They may cover more Mutual Funds, over and above this. For benchmark securities a poll constituting at least 5 responses will be considered as valid. In case of non-benchmark securities a poll constituting at least 3 responses will be considered as valid. The responses received by each valuation agency will be shared with the other agency also.
4. Median of polls shall be taken for usage in valuation process.
5. The valuation agencies will also need to cover as many non- Mutual Fund participants as possible, over and above the Mutual Funds, to improve on the polling output quality.
6. Endeavour would be made to have adequate representation of both holders and non-holders of the same bond/same issuer for non-benchmark securities in the poll process. Where this is not possible, valuation agencies may seek polls from holders of bonds with a similar structure.
7. In the case of issuers with multiple notch rating upgrades / downgrades over short periods of time, valuation agencies shall:
   a. Conduct polls with a larger universe of pollers. b. Increase the frequency of polling
8. Suo moto feedback on valuations should be entertained only through formal mails from persons designated by AMC for said purpose, and the same shall be validated through re-polling. Any such feedback shall be duly recorded by the valuation agencies, including the reason for the challenge, results of re-polling and subsequent changes in valuation on re polling, if any. Such records shall be preserved by the valuation agencies, for verification.
9. Polling will be done for two sets of securities, Benchmark & Others.
10. Benchmark will be defined for the following categories across tenors. a) Treasury Bills
    b) Central Government Securities
    c) State Government Securities
    d) AAA PSU/PFI/PSUBanks
    e) AAA Private
    f) NBFC

g) HFC

h) Any other as required for improving fair valuations.

11. Polling shall be conducted in the following two scenarios:

a) Validation of traded levels if they are outlier trades.

b) Non-traded Securities (in exceptional circumstances as defined in the waterfall mechanism for valuation of money market and debt securities).

12. Best efforts should be made by poll submitters to provide fair valuation of a security.

13. The polling process will be revalidated by external audit of the valuation agencies with at least an annual frequency

14. AMCs shall have a written policy, approved by the Board of AMC and Trustees, on governance of the polling process. The aforesaid policy shall include measures for mitigation of potential conflicts of interest in the polling process and shall identify senior officials, with requisite knowledge and expertise, who shall be responsible for polling. Further, the policy should outline the following aspects:

a. The process of participating in a polling exercise.

b. Identify the roles and responsibilities of persons participating in the polling.

c. Include policies and procedures for arriving at the poll submission

d. Cover the role of the Board of AMC and Trustees, and the periodic reporting that needs to be submitted to them.

e. All polling should be preferably over email. In case for any reason, the polling is done by way of a telephonic call then such a call should be over recorded lines, followed subsequently by an email.

f. AMCs should have adequate business continuity arrangements for polling, with the necessary infrastructure /skill to ensure that consistent delivery of poll submissions is made without material interruption due to any failure, human or technical.

15. All polling done will have to be documented and preserved in format approved by the Board of AMC, for a period of eight years, along-with details of the basis of polling (such as market transactions, market quotes, expert judgement etc.).

16. AMCs shall ensure that participation in the polling process is not misused to inappropriately influence the valuation of securities. The officials of the AMC who are responsible for polling in terms of point no. 14 above, shall also be personally liable for any misuse of the polling process.

17. AMCs shall maintain an audit trail for all polls submitted to valuation agencies.

Guidelines for Valuation of Bonds (AT 1 Bonds and Tier 2 Bonds)

1. Currently a bond is considered traded, if there is at least one trade in market lot in that particular ISIN. If the bond does not get traded there is a defined waterfall mechanism for valuation of that bond as per AMFI Best Practice Guideline circular no. NO.83 / 2019-20 dated November 18, 2019.

2. The said waterfall requires grouping of same issuer with similar maturity and similar issuers with similar maturity. However, in case any ISIN of issuer has not traded, the valuation of AT 1 Bonds is currently done based on adjusting spread directly to the benchmark security.

3. In order to improve existing valuation of these bonds and implement the defined waterfall, following is being done:

i. Form two types of ISINs:

a) Benchmark ISINs (a non-benchmark ISIN can be linked to only one benchmark ISIN. Currently, SBI ISINs happens to be the benchmark ISINs across all maturities for AT-1 Bonds.)

b) Non-benchmark ISINs (Will be divided into multiple groups based on similar issuer and similar maturity).

c) The groups will be decided in consultation with valuation agencies. The two main criteria envisaged to be used here would be Tier 1 / Tier 2 ratings of the ISINs / Issuers, and the spread range in which the group of ISINs / Issuer's trade over the benchmark.

ii. Take a look back period for trade recognition as under:

a) 15 working days for benchmark ISINs

b) 30 working days for non-benchmark ISINs

c) This will be revised to 7 working days for benchmark ISIN and 15 working days for non-benchmark ISINs from October 01, 2021.

4. If the ISIN gets traded, the traded YTM will be taken for the purpose of valuation. Further, if 1 ISIN of the issuer trades all other ISINs of issuers will be considered as traded but with necessary adjustment of spread to YTM. If none of the ISIN of the issuer gets traded, the trade of similar issuer in the group will be taken to valuation however with necessary adjustment of spread to YTM of similar issuer similar maturity. If none of the ISIN in a group gets traded on any particular day, an actual trade in a look back period will be seen. If there is an actual trade in look back period the security will be considered as traded and valued with necessary adjustment of spread to YTM. According to this valuation will be done based on the trade of issuer, trade of similar issuer and as an additional layer a look back period of is requested. It is confirmed that spread over YTM will be taken without any adjustment of modified duration to call.

5. Further, as the valuation is based on trade during the look back period, it is confirmed that a spread is adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.

6. However, if there is no actual trade of any ISIN of the issuer as well as similar issuer during look back period, the valuation will be done by taking spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI.

7. Maturity of 100 years will be adopted for perpetual bond issued by banks. There will be a glide path

for these bonds as indicated below. The Deemed Residual Maturity for the Purpose of Calculation of valuation as well as Macaulay Duration for existing as well as new perpetual bonds issued:

Time Period	Deemed Residual Maturity (Years)
Till March 31, 2022	10
April 01, 2022 – September 31, 2022	20
October 01, 2022 – March 31, 2023	30
March 31, 2023 onwards	100

the residual maturity will always remain above the deemed residual maturity proposed above.

8. Valuation methodology, as mentioned above, for AT-1 Bonds is to be followed for the valuation of tier II bonds also. Further, the Macaulay Duration is proposed to be calculated as under for Tier II bonds:

Time Period	Deemed Residual Maturity for all securities (Years)
April 01, 2021 – March 31, 2022	10 years or contractual maturity whichever is earlier
April 01, 2022 onwards	Actual Maturity

9. Besides, AT-1 bonds and Tier 2 bonds being different categories of bonds, the valuation of these bonds will be done separately (i.e.) ISIN of AT-1 bond traded will not mean that ISIN of Tier-2 bonds of the same issuer have also traded. However, if any issuer does not exercise call option for any ISIN, then the valuation and calculation of Macaulay Duration should be done considering maturity of 100 years from the date of issuance for AT-1 Bonds and Contractual Maturity for Tier 2 bonds, for all ISINs of the issuer.

10. It is confirmed that the Macaulay Duration of ISINs will be calculated based on the deemed residual maturity proposed in para 7 and 8 above to reflect the duration risk.

11. Further, henceforth mutual funds will disclose both Yield to Call and Yield to Maturity.

Notes:

1. Public Platform refers to:

a) Clearcorp F-TRAC Platform of Clearcorp Dealing Systems (India) Ltd. (CDSIL), NSE & BSE

<u>For Commercial Papers and Certificate of Deposits</u>

Clearcorp F-TRAC Platform of Clearcorp Dealing Systems (India) Ltd. (CDSIL)

<u>For corporate bonds / debentures and securitized debts order of preference for the Public Platforms for consideration would be as follow:</u>

NSE – NSE

OTC BSE -
ICDM

b) NDS-OM: For Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, Ujwal DISCOM Assurance Yojana (UDAY) Bond, etc

2. Following assets will be valued at cost plus accruals / amortization:

a) Bank Fixed Deposits

b) TREPS / Reverse Repo (including Corporate Bond Repo) with tenor up to 30 days

.

3. Weighted average YTM / Last Traded YTM shall be rounded up to two digits after decimal point.

4. Securities with Put/Call Options

a) Securities with Put option/(s): Once the option is exercised the security would be valued to Put date (being the deemed maturity date) and would follow the valuation principles as applicable for securities. In case of securities with residual maturity > 30 days post exercising the Put and prices not provided by valuation agencies, the securities shall be valued on the basis of guidelines provided by the Investment Committee.

b) Securities with Call option/(s): Once the option is exercised the security would be valued to Call date (being the deemed maturity date) and would follow the valuation principles as applicable for securities In case of securities with residual maturity > 30 days post exercising the Call and prices not provided by valuation agencies, the securities shall be valued on the basis of guidelines provided by the Investment Committee.

5. The valuation of security lent shall be done as per the valuation methodology stated for respective security in Annexure I of this valuation policy. The lending fee received for the security lent would be amortized proportionately, until expiry of the contract.

6. In case of any deviation from the valuation price for money market and debt securities provided by the valuation agencies, AMC shall follow the procedure as mentioned in SEBI Circular No SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019 and SEBI Circular No SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019