Baroda BNP PARIBAS MUTUAL FUND

Valuation Policy

Confidentiality	Public
Version	1.9
Policy ID	BBNPP/OPS/RG/03
Owner/ Author	Chief Risk Officer
Nature of Policy	Mandatory ✓ Internal Recommendatory
Creation date	March 14, 2022
Effective date	March 14, 2022
Approver(s)	Board of directors of Baroda BNP Paribas Aset Management India Private Limited ("AMC") ✓ Board of directors of Baroda BNP Paribas Trustee India Private Limited ("Trustee Company") ✓ Kindly insert a (✓) symbol where applicable]

VERSIONS MONITORING

Version	Author	Writing date	Part(s) modified or to be updated	Modification (s) reason	Approval date by Board
1.0	Operations and Risk Management Team	March 14, 2022	New Policy	New Policy	Board of AMC & Trustee Company - 14-March-22
1.1	Operations and Risk Management Team	July 2022	1. Valuation of Shares tendered for Buy-back 2. Valuation of Overseas Mutual Fund Units 3. Valuation of Segregated Portfolios	Annual Update	AMC – July 25, 2022 Trustee - July 26, 2022
1.2	Operations and Risk Management Team	July 2023	Periodic review and regulatory changes	Annual Update	AMC – July 19, 2023 Trustee – July 21, 2023
1.3	Operations and Risk Management Team	February 2024	1. Valuation of Convertible Debentures/ Bonds 2. Valuation of Physical Gold 3. Units of InvITs/REITs 4. Units of Alternative Investment Fund ("AIF")	As per Principle of Fair Valuation & SEBI guidelines	AMC – February 09, 2024 Trustee – February 19, 2024
1.4	Investment team, Operations team, & Risk Management team	October 2024	Comprehensive review of entire policy	As per Principle of Fair Valuation & SEBI guidelines	AMC – October 28, 2024 Trustee – October 30, 2024
1.5	Investment team, Operations team, & Risk Management team	February 2025	Change in valuation of repurchase (repo) transaction by Mutual Funds	As per SEBI Circular dated November 26, 2024.	AMC – February 12, 2025 Trustee – February 27, 2025
1.6	Investment team, Operations team, & Risk Management team	October 2025	Valuation of Partly Paid Debentures, Valuation of Physical Gold, Abnormal situations and market disruptions	As per SEBI Circular, Periodic Review	AMC – October 28, 2025 Trustee – October 30, 2025

1.7	Investment team, Operations team, & Risk Management team	April 2026	Valuation of Gold as per AMFI Best Practice circular	Periodic Review	AMC – April 24, 2026 Trustee – April 28, 2026
1.8	Investment team, Operations team, & Risk Management team	August 2026	Valuation of Anchor investment during lock in period	As per SEBI Advisory	AMC – August 27, 2026 Trustee – August 28, 2026
1.9	Investment team, Operations team, & Risk Management team	Oct 2026	Aligning the policy with SEBI Circular	As per SEBI Circular	AMC – October 26, 2026 Trustee – October 28, 2026

DEPARTMENTS INVOLVED

Operations and Risk Management Team

REFERENCE or RELATED PROCEDURE(S) or TEXT(S)

SEBI (Mutual Funds) Regulations,2026 as amended from time to time.
AMFI best practice guidelines circular No.135/BP/29/2012-13 on May 15, 2012
AMFI best practice guidelines circular No.35P/MEM-COR/3/12-13 on May 30, 2012
AMFI best practice guidelines circular no 83/2019-20 on November 18, 2019
SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/2020/12151/1 dated July 31, 2020, read with email dated August 12, 2020
AMFI best practice guidelines circular no 91/2010-21 on March 24, 2021 on valuation of AT-1 Bonds and Tier 2 Bonds
SEBI letter No. SEBI/HO/IMD/IMD-I PoD-1/P/ON/2022 dated September 27, 2022
AMFI best practices Guidelines circular No.115 /2024-25 on July 26, 2024
SEBI Master Circular HO/24/13/11(1)2026-IMD-POD-1/1/7602/2026 dated March 20, 2026
AMFI Best Practice Guidelines No. 125 /2026-2027 circular dated April 13, 2026

TYPE OF RISK CONCERNED

Risk covered by the procedure:

- Compliance Risk in terms of incorrect valuation
- Investment Risk
- Financial Risk

CIRCULATION LISTs

Investment Team Operations Team Risk Management Team Compliance Team AMC Website	

Table of Contents

1 **Introduction** 5

2 **Scope and Objective** 5

3 **Valuation Methodologies** 6

4 **Waterfall approach for valuation of money market and debt securities** 25

5 **Abnormal situations and market disruptions** 31

6 **Deviations from valuation guidelines** 32

7 **Valuation of securities not covered under the current valuation policy** 32

8 **Use of Own Trade for Valuation** 32

9 **Impact of Changes in Terms of Investment** 32

10 **Valuation of Segregated Portfolio** 33

11 **Record Maintenance** 33

12 **Periodic Review** 33

13 **Review-Prevention and Detection of Incorrect Valuation** 33

14 **Disclosure** 34

15 **List of Acronyms** 35

1 Introduction

The Securities and Exchange Board of India (SEBI) has outlined investment valuation norms and accounting policies under Seventh Schedule of SEBI (Mutual Funds) Regulations, 2026 (the Regulations) as amended from time to time and SEBI Master circular dated March 20, 2026 and circulars issued by SEBI from time to time. Further, SEBI has introduced overriding guiding principles in the form of "Principles of Fair Valuation".

The amended regulation requires that Mutual Funds shall follow principles of fair valuation to minimize the difference in valuation of mutual fund assets relative to market values and also to enable fair treatment across all classes of investors i.e. existing investors as well as investors seeking to subscribe or redeem units.

It further prescribes that the valuation of investments shall be based on the principles of fair valuation i.e. the valuation shall be reflective of the realizable value of securities/ assets. The valuation shall be done in good faith and in a true and fair manner through appropriate valuation policies and procedures as approved by the Board of AMC. The valuation policies and procedures approved by the Board of AMC should seek to address conflict of interest.

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

This Policy reflects the guiding principles to ensure fair valuation of all securities under the Schemes to comply with the SEBI MF regulations 2026 and circulars issued from time to time.

Further, in accordance with SEBI Master Circular dated March 20, 2026, every AMC should formulate Valuation Committee to review investment valuation practices.

2 Scope and Objective

- Defining valuation procedures / methodologies for various types of securities;
- To ensure appropriateness and accuracy of the methodologies used and its effective implementation in valuing the securities;
- Valuation of securities / assets in the event of an inter scheme transfer;
- Review of valuation policies and procedures and reporting to the various stakeholders;
- Recording of deviations from established policies and procedures and rationale for same;
- Dealing with conflict of interests (including potential conflict of interest) which has / may have a bearing on valuation of securities;
- Valuation of securities / assets during exceptional events;
- Ensure transparency by making appropriate disclosures.

3 Valuation Methodologies

- Investment in any new type of security shall be made only after establishment of the valuation methodology for such security with the approval of the Board of Directors of AMC.
- Valuation price of the security; arrived as per the policy; shall be applied consistently across the portfolios. In other words; any particular security shall be valued at same price across all the portfolios and it cannot have different prices for valuation on a particular day.
- In case there are multiple / dual credit ratings for the same company, the lowest among the same shall be considered for valuation purpose; provided the structures of the instruments under consideration are similar.
- Changes if any in the mentioned primary/principal stock exchanges shall be documented along with the rationale
- Overnight repos are repos with 1 business day maturity.
- For all Non traded / thinly traded securities illiquidity discount (If any) shall be applied with approval from Valuation Committee.
- Where it is observed that Valuation methodology mentioned below, does not lead to fair valuation of securities, Valuation Committee may on a prospective basis deviate from the defined methodology and adopt such alternate procedures / methods in conformance with the guiding principles of fair valuation in good faith to arrive at the true and fair estimation of the realizable value of the security. The rationale for any such deviations would be recorded in writing and placed before the Board of Directors of the AMC and the Trustee.

VALUATION METHODOLOGIES

Asset Class	Traded/ Non Traded/ Listed/ Unlisted	Valuation Methodology
Equity Shares, Normal Preference Shares and Cumulative Convertible Preference Shares	**Traded**	When a security (other than Government Securities, money market and debt securities) is traded on any Stock Exchange on the valuation date or during a period of 30 calendar days prior to the valuation date, the scrip shall be treated as a traded security Traded Securities are to be valued at the last quoted closing price on the primary Stock Exchange (NSE). If a security is not traded on NSE on a particular valuation day, the close price at which it is traded on BSE shall be considered. When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange, as the case may be,

		on the earliest previous day may be used provided such date is not more than thirty days prior to valuation date. The securities held under the portfolio of Index Scheme(s) and Exchange Traded Funds will be valued using the closing value of securities at the respective exchange that represents the underlying index of the scheme(s).
	Thinly Traded/ Non-Traded	**Thinly traded** equity shares are equity shares for which the value of the trades of that security in a month is less than Rs. 5 lacs by value and the total volume of the trades in that security is less than 50,000 shares. In order to determine whether a security is thinly traded, the volumes traded in NSE and BSE shall be considered. **Non Traded:** If the equity securities are not traded on NSE and BSE for a period of thirty days prior to the valuation date, the scrip must be treated as `non-traded' scrip. If the security is not traded either on NSE and BSE, the earliest previous day's close price shall be used, provided such day is not more than thirty days prior to the valuation date. Thinly traded/ Non-traded securities shall be valued "in good faith" by the AMC on the basis of the valuation principles laid down below: Based on the latest available Balance Sheet, net worth shall be calculated as follows: a) Net Worth per share = [Share Capital+ Reserves (excluding Revaluation Reserves) – Misc. expenditure and Debit Balance in P&L A/c] Divided by Number of Paid up Shares. b) Average capitalization 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 capitalization rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts will be considered for this purpose. c) Management to evaluate impact on valuation of thinly traded/non traded equity investments if there are qualification in the auditor's report 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 capitalized 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. To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation. <u>Preference Shares (Thinly Traded/ Non-Traded/ Unlisted)</u> The value of convertible preference shares would be arrived based on the intrinsic value of the preference shares considering the conversion ratio as adjusted for illiquidity discount and other relevant factors as applicable as on the valuation date with the approval of Valuation Committee. Non- convertible preference shares are more in the nature of debt and to be valued after taking into account the applicable market yield for the similar duration and rating debt securities with further adjustment for standing in capital structure as approved by the Valuation Committee. In case prices of Non –traded preference shares are available from agency(ies) appointed by AMFI, then such Non–traded preference shares shall be valued at average of prices provided by AMFI appointed agency(ies). Further, after reviewing the valuation as listed above, if the prices as per the above methodology does not represent fair price or in case necessary details to value the same are not available, the Valuation Committee will determine fair value based on available information.
	<u>Unlisted Equity Shares</u>	These guidelines are similar to the guidelines issued by SEBI for non-traded / thinly traded securities mentioned above except the following: Computation of Net worth per share as lower of (i) and (ii): (i) Net worth of the company = Paid up share capital + Reserves other than Revaluation reserve - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses / Number of Paid up Shares

		(ii) After taking into account the outstanding warrants and options, Net worth of the company = Paid up capital + Consideration on exercise of Option/Warrants received/receivable by the company + free reserves other than Revaluation reserve – Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses / {Number of paid-up shares + number of shares that would be obtained on conversion/exercise of outstanding warrants and options}. If the net worth of the company is negative, the share should be marked down to Zero. a) Average capitalization 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 capitalization rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose. b) 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 15 per cent for illiquidity so as to arrive at the fair value per share. c) Computation of fair value per share to be considered for valuation at 15 % discount for illiquidity. [(Net worth per share + Capitalized value of EPS) / 2] * 0.85 The above valuation methodology shall be subject to the following conditions: a. All calculations shall be based on audited accounts. Management to evaluate impact on valuation of thinly traded/non-traded equity investments if there are qualification in the auditor's report b. If 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. c. If the Net Worth of the company is negative, the share would be marked down to zero. d. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalized earning.

		e. In case an individual security accounts for more than 5 per cent of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5 per cent of the total assets of the scheme, it shall be valued in accordance with the procedure as mentioned above on the date of valuation. At the discretion of the AMC and with the approval of the trustees, an unlisted equity share may be valued at a price lower than the value derived using the aforesaid methodology.
Partly Paid-up Equity Shares	**Traded**	If the partly paid-up equity shares are traded in market separately then the same shall be valued at last quoted closing price (like any other equity instrument).
	Non Traded/ Suspended/ Thinly Traded	(i) Such partly paid-up equity shares shall be valued at its last quoted closing price provided the date of last quoted closing price is not more than 30 days prior to the valuation date. (ii) In the event the last quoted closing price is more than 30 days prior to the valuation date, the partly paid-up equity shares shall be valued at value of the underlying fully paid-up equity shares as reduced by the amount of balance call money payable on partly paid-up equity shares. Suitable illiquidity discount, if deemed necessary, shall be applied with approval from the Valuation Committee.
	Unlisted Partly Paid up Equity Shares	Such partly paid-up equity shares shall be valued at value of the underlying fully paid-up equity shares as reduced by the amount of balance call money payable. Suitable illiquidity discount, if deemed necessary, shall be applied with approval from Valuation Committee. Further, after reviewing the valuation of such partly paid-up equity shares, if the prices as per the above methodology does not represent fair price or in case necessary details to value the partly paid-up equity shares are not available, the Valuation Committee will determine fair value based on available information.

Right Shares	**Traded:**	If the rights are traded, then the traded price will be considered for valuation. **Thinly Traded:** Any security which does not have trading volume of 50,000 shares and trading amount of Rs 5,00,000/- during a period of thirty days shall be categorized as thinly traded scrip **Non Traded:** If the equity securities are not traded on NSE and BSE for a period of thirty days prior to the valuation date, the scrip must be treated as `non-traded' scrip. Valuations of non-traded/thinly traded/Unlisted rights entitlement, SEBI MF Regulations 2026 have explained this with the help of following formula: Vr = n/m * (Pex – Pof) Where Vr = Value of Rights n = Number of rights offered m = Number of original shares held Pex = Ex-right price Pof = Rights offer price The following issues while valuing the rights entitlements have to be addressed: a) In case original shares on which the right entitlement accrues are not traded on the Stock Exchange, right entitlement should be valued at zero b) When rights are not treated pari passu with the existing shares such as, restrictions with regard to dividend etc., suitable adjustment should be made by way of a discount to the value of rights at the last dividend announced rate. c) Where right entitlements are not subscribed to but are to be renounced, and where renouncements are being traded, the right entitlements have to be valued at traded renunciation value. d) Where right entitlements are not traded and it is decided not to subscribe the rights, the right entitlements have to be valued at zero. e) 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.
	Non Traded/Unlisted/Thinly Traded	

Warrants	**<u>Traded</u>**	Traded warrants are to be valued at the last quoted closing price on the primary Stock Exchange (NSE). If a security is not traded on NSE on a particular valuation day, the close price at which it is traded on BSE shall be considered.. When a warrant is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to valuation date.
	<u>Non Traded</u>	In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. If the amount payable on exercise of the warrants is higher than the value of the share, the value of the warrants should be taken as zero. Value of Warrant =Max [(Price of Underlying Security - Exercise Price), 0] An illiquidity discount, wherever applicable, shall be considered by the Valuation Committee while determining the valuation.
Illiquid Securities		Aggregate value of "illiquid securities" under a scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value. Baroda BNP Pariibas MF shall disclose the scheme wise total illiquid securities in value and percentage of the net assets while disclosing monthly Portfolios to the unitholders. In the list of investments, an asterisk mark shall be given against all such investments which are recognized as illiquid securities. Baroda BNP Paribas MF shall not be allowed to transfer illiquid securities among their schemes
Application Money for Primary Market Issue		Application money should be valued at cost up to allotment. Equity securities allotted and proposed to be listed, but not listed, are to be valued at cost till listing.
Qualified Institutional Placement (QIP) / Follow on Public Offer/ Anchor		The equity shares allotted through QIP process should be considered on the same lines as the existing listed equity shares and hence should be valued at the market/traded price of the existing listed equity shares.

investment during lock-in period		With respect to Anchor investments, the securities shall be valued at IPO price until listing, and during lock-in period securities shall be valued at market price post listing. Illiquidity discount if required shall be applied with approval from Valuation Committee
Investments in Equity or Equity related Securities proposed to be listed (Pre-Public Offering/ Pre IPO):		Such securities shall be valued as below: (i) at cost, upto 30 days from the date of allotment. (ii) Valued as unlisted equity shares after 30 days .
Suspended security		In case trading in an equity security is suspended upto 30 days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than 30 days, then it would be considered as non-traded and valued accordingly. In case the price used for valuation is different from the arrived price using said methodology, the same needs to be approved by Valuation Committee.
Shares tendered for Buy-back		On tendering the shares for buyback: Valued normally at the NSE/BSE closing price. Acceptance of offer: On receipt of the information from the custodian / company, the quantity accepted would be removed from the holding at the buyback price.
Valuation of Shares on Merger		In case of merger, if the shares are traded, the traded price will be considered for valuation. If the shares of the merged entity are not listed / traded, then valuation of the merged entity will be decided on case to case basis by the Valuation Committee depending on the terms of merger. The shares of the companies prior to merger may be valued at previous day's closing price of the respective companies till the listing of the merged entity as per the provisions covered above
Valuation of shares on De-merger		Both the shares are traded immediately on de-merger- In this case both the shares are valued at last quoted closing price of the respective companies. Shares of only one company continued to be traded on de-merger- In case of demerger, where one of the resulting company is not immediately listed/ traded, valuation price shall be worked out by using previous day's last quoted closing price before demerger of original combined company as reduced by opening price/special pre-opening session(SPOS)price (wherever such SPOS session is conducted)of the

		listed demerged company. If value of the share of the listed demerged company is equal or in excess of the value of the pre de merger share price, then the residual unlisted company share is to be valued at zero. Both the shares are not traded on de-merger- Shares of de-merged companies are to be valued equal to the pre de merger value up to a period of 30 days from the date of demerger. The market price of the shares of the de-merged company one day prior to ex-date can be bifurcated over the de-merged shares. The market value of the shares can be bifurcated on an appropriate basis in the ratio of cost of shares, proportion of net worth or any other measure, as per the decision of the Valuation Committee. Further, after reviewing the valuation as listed above, if the prices as per the above methodology does not represent fair price or in case necessary details to value the same are not available, the Valuation Committee will determine fair value based on available information. In case shares of both the companies are not traded for more than 30 days, these are to be valued as unlisted security and Valuation Committee shall approve the fair valuation for the same.
		Other corporate action events In case of any other type of capital corporate action event, the same shall be valued at fair price, on case to case basis, as may be determined by the Valuation Committee.
Debt & Money Market instruments (including Bills Rediscounting Deposit Scheme, Floating rate securities, Additional Tier I bonds and Tier 2 bonds issued under Basel III framework, Perpetual Bonds, Debt Instrument like subordination to equity, convertible to equity upon trigger of a pre-specified event until converted to equity**)**	**Traded/Non Traded**	A money market or debt security shall be considered as traded when, on the date of valuation, there are trades (in marketable lots) in that security on any recognized Stock Exchange or there are trades reported (in marketable lots) on the trade reporting platform of recognized stock exchanges or CCIL. In this regard, the marketable lots have been defined by AMFI from time to time, in consultation with the Board. 1. All money market and debt securities, including floating rate securities shall be valued at an average security level prices obtained from valuation agencies. 2. In case security level prices given by valuation agencies are not available for a new security (which is currently not held by any Mutual Fund), then such security may be valued at purchase yield/price on the date of allotment / purchase." **Valuation of Perpetual Bonds (Other than bonds issued under Basel III framework)**

		For Valuation purpose, the maturity of all perpetual bonds (Excluding bonds issued under Basel III framework) shall be treated as 100 years from the date of issuance of the bond **<u>Valuation of Bonds issued under Basel III framework</u>** For valuation purpose, the deemed residual maturity for Additional Tier I bonds and Tier 2 bonds issued under Basel III framework will be as per SEBI Master Circular dated March 20, 2026, SEBI circular SEBI/HO/IMD/PoD1/CIR/P/2024/106 dated August 05, 2024 and detailed guidelines as per AMFI Best Practices Guidelines Circular No. 91/ 2020–21 dated March 24, 2021.
TREPS, Reverse Repo, Corporate Bond Repo, and Short term Deposits with banks		Valuation of all repo transactions, except for overnight repos, in addition to the valuation of money market and debt securities, shall be obtained from valuation agencies. Overnight Repos will be valued on cost plus accrual basis. Investments in short-term deposits with banks (pending deployment) shall be valued on cost plus accrual basis
OTC derivatives including Interest Rate Swaps (IRS)/ Forward Rate Agreements (FRA)		The OTC derivatives will be valued at the average of security level price provided by the valuation agencies (currently CRISIL & ICRA).
Interest Rate Futures		The Interest Rate Futures (IRF) would be valued at the daily settlement price of the exchange.
Treasury Bills, Government Securities, State Development Loans, Cash Management Bills	**Traded/Non Traded**	Irrespective of the residual maturity these securities will be valued at average of security level prices obtained from valuation agencies. (CRISIL & ICRA) In case security level prices given by the valuation agencies are not available for a new security then such security may be valued at purchase yield on the date of allotment / purchase.
Securities with Call/Put/ Both Call and Put option:		<u>Securities with call option:</u> 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. AT-1 Bonds shall be valued on Yield to Call basis (adjusted with appropriate risk spreads), consistent with the principles of market-based measurement under Ind AS 113 <u>Securities with Put option:</u> 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 instruments. 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. <u>Securities with both Put and Call option on the same day:</u> Only securities with put / call options on the same day and having the same put and call option 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 the security shall be valued on the following basis: 1.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. 2.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. 3. In case no Put Trigger Date or Call Trigger Date ('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 have been in favour of the scheme, then:

		• The justification for not exercising the put option will be provided to the Valuation Committee, Valuation Agencies, Board of AMC and Trustees on or before the last date of the notice period. • For such cases with multiple put option, the valuation agency shall not take into account the remaining put options for the purpose of valuation of the security. The put option shall be considered, as 'in favour of the scheme' if the yield of the valuation price ignoring the put option under evaluation is more than the contractual yield/coupon rate by 30 basis points.
Below Investment Grade / Default securities	**Traded/Non Traded**	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. 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. In this respect, AMC shall promptly inform to the valuation agencies and the CRAs, any instance of non-receipt of payment of interest and / or principal amount (part or full) in any security. All money market and debt securities which are rated below investment grade/Default shall be valued at the average of security level prices provided by valuation agencies. Till such time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade, 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 and shall continue till the valuation agencies compute the valuation price of such securities. Further, these haircuts shall be updated and refined, as and when there is availability of material information which impacts the haircuts. <u>a) Consideration of Traded Price for Valuation</u>

		In case of trades during the interim period between date of credit event and receipt of valuation price from valuation agencies, AMCs 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. 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. The trades referred above shall be of a minimum size as determined by valuation agencies. Any deviation from the hair cut or valuation price for such securities should be approved by the Valuation Committee. <u>b) Treatment of accrued interest/ future interest accrual</u> The indicative haircut that has been applied to the principal should be applied to any accrued interest. In case of securities classified as below investment grade but not default, interest accrual may continue with the same haircut applied to the principal. In case of securities classified as default, no further interest accrual shall be made. <u>c)Treatment for future recovery for both principal or interest</u> 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) should then be applied first towards amount of interest written off and then towards amount of principal written off.
Derivative Products		**<u>Equity / Index Options Derivatives</u>** (i) Market values of traded open option contracts shall be determined with respect to the exchange on which contracted originally, i.e., traded option contracted on the National Stock Exchange (NSE) would be valued at the settlement price on the NSE.

		The price of the same option series on the Bombay Stock Exchange (BSE) shall not be considered for the purpose of valuation, unless the option itself has been contracted on the BSE. Thus; traded option shall be valued at the settlement price provided by the respective Stock Exchanges. (ii) When a security is not traded on the respective stock exchange on the date of valuation, then the settlement price / any other derived price provided by the respective stock exchange shall be considered for valuation. **Equity / Index Futures Derivatives** (i) Market values of traded futures contracts shall be determined with respect to the exchange on which contracted originally, i.e., traded futures position contracted on the National Stock Exchange (NSE) would be valued at the settlement price on the NSE. The price of the same futures contract on the Bombay Stock Exchange (BSE) shall not be considered for the purpose of valuation, unless the futures contract itself has been contracted on the BSE. Thus; traded futures contracts shall be valued at the settlement price provided by the respective Stock Exchanges. (ii) When a security is not traded on the respective stock exchange on the date of valuation, then the settlement price / any other derived price provided by the respective stock exchange shall be considered for valuation.
Mutual Fund Units and Exchange Traded Funds (ETFs)	**Listed & Traded**	At the closing traded price on the stock exchange of the underlying index as on the valuation date
	Unlisted & Listed but not Traded	At the last available NAV as per the AMFI website.
Overseas Mutual Fund Units		The valuation of the investment in overseas Mutual Fund Units will be based on the latest available NAV of the Underlying Fund on the date of the valuation. On the valuation day, all the assets and liabilities in foreign currency will be valued in Indian Rupees based on Foreign Exchange rate which will be the RBI Reference rate as at the close of the Banking hours on that day in India. In case the RBI reference rate is not available, Foreign Exchange rate quoted on Bloomberg/Reuters around

		India markets close time (which is currently around 3:30 p.m. IST) shall be considered. The Trustees/AMC reserves the right to change the source for determining the exchange rate. The reasons for the change in the source for determining the exchange rate will be recorded in writing. The Rupee value of Investments valued in the manner described above and other assets and liabilities represented in foreign currency shall be obtained by multiplying the aforesaid rate
Overseas Exchange Traded Funds (ETFs)		Exchange Traded Fund units shall be valued based on the latest available closing price of the stock exchange on which the respective Overseas ETF is listed. In case an Overseas ETF 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. Any subsequent change in the stock exchange selected for valuation of Overseas ETF will also be recorded in writing and approved by Valuation Committee. When on a particular valuation day, if the latest available closing price is not available for units of Overseas ETF on the selected stock exchange, then value at which such units are 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 RBI Reference rate as at the close of the Banking hours on that day in India. In case the RBI reference rate is not available, Foreign Exchange rate quoted on Bloomberg/Reuters around India markets close time (which is currently around 3:30 p.m. IST) shall be considered. 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 RBI reference rate.
Units of InvITs/REITs	**Traded**	The units of InvITs and REITs will be valued at the closing price at the principal stock exchange. If units are not traded on principal stock exchange on a particular valuation day, the closing 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 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. Further, on the date of listing, if the units of REITs and InvITs are not traded then the units will be valued at the purchase price / allotted price till such time the traded price is not available upto a maximum period of 30 days.

	Unlisted/ Non Traded	Where units of InvITs and REITs 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 price provided by an independent valuation agency(s), an illiquidity discount may be provided in order to arrive at the fair valuation. The illiquidity discount along with rationale will be proposed by the Fund Manager considering changes in similar issuances/issuer fundamentals or traded levels of similar instruments or changes in respective NAVs declared by the company and will be approved by the valuation committee Where the valuation of units of InvIT and ReIT is not available from any independent valuation agency(s), the valuation will be proposed by the fund manager or research analyst based on the principles of fair valuation having due consideration to last traded level or changes in declared Nav by the issuer or changes in any fundamental attributes of the issuer and its financials. The same shall be approved by the valuation committee. The valuation derived as above will be reviewed at a frequency of 30 days.
Convertible Debentures/Bonds	**Traded/ Non-Traded**	**Traded** a) Traded Securities In case of Compulsorily Convertible Debenture (CCD) / Partly Convertible Debentures (PCD) are qualified as traded then they would be valued as per the valuation guidelines applicable to equity shares i.e. valued on closing traded price similar to equity shares. The value of CCD / PCD so derived, shall be treated as dirty price of the CCD / PCD and accordingly valuation will be done. **Non Traded/ Thinly Traded** b) Thinly Traded / Non-Traded / Unlisted Securities The non-convertible and convertible components of convertible debentures and bonds will be valued separately: (i) Non-convertible component will be valued on the same basis as would be applicable to debt instrument. (ii) Convertible component of CCD would be valued at the value of the equity share which would be obtained on conversion, further appropriate discount for illiquidity should be applied. The illiquidity percentage will be decided by the Valuation Committee on a case- to-case basis. Valuation guidelines related to equity shares would be applicable for the valuation of underlying equity shares. c) If security level valuation (SLV) price of CCD / PCD is provided by the valuation agencies, appointed by AMFI, then the same will be used for valuation. d) The Valuation Committee may in specific cases decide to use a different method for valuation of CCD / PCD by assigning reasons thereof:

Units of Alternative Investment Fund ("AIF")		Units of Alternative Investment Fund (AIF) shall be valued based on the latest Net Asset Value ("NAV") per unit by the respective Investment Manager. If NAV for that day is not available, then previous day NAV will be considered for the period of next 30 days. Beyond 30 days valuation will be decided by the valuation committee.
Inter scheme Transfers		**Debt and related Securities** i) The AMC shall seek prices for IST of any money market or debt security (irrespective of maturity), from the valuation agencies i.e CRISIL & ICRA. ii) If prices from the valuation agencies are received within the pre-agreed TAT, an average of the prices so received shall be used for IST pricing. iii) If price from only one valuation agency is received within the agreed TAT, that price may be used for IST pricing. iv) If prices are not received from any of the valuation agencies within the agreed TAT, AMCs shall determine the price for the IST, in accordance with SEBI (Mutual Funds) Regulations, 2026. **Equity Securities** Inter-scheme transfer of equity securities would be effected at the prevailing spot market price of the security at the time the transfer is effected. For this purpose, at the time of effecting the inter-scheme transfer, a record of the prices for the security quoted in the relative stock exchange (i.e. NSE/BSE) or Bloomberg Terminal in which it is traded or reported would be obtained, which would indicate the date, time and the currently quoted price.
Valuation of Upfront fees		(a) Upfront fees on all trades (including primary market trades) by whatever name called, would be considered by the valuation agencies for the purpose of valuation of the security (b) Details of such upfront fees would be shared on the trade date with the valuation agencies as part of the trade reporting to enable them to arrive at the fair valuation for that date. (c) For the purpose of accounting such upfront fees would be reduced from the cost of investment in the scheme that made the investment.

		(d) In case upfront fees are received across multiple schemes, then such upfront fees would be shared on a pro rata basis across such schemes.
Valuation of physical Gold and Silver		Physical gold and silver held by Exchange Traded Fund (ETF) Scheme shall be valued by using the polled spot prices published by the recognized stock exchanges which are used for settlement of physically delivered gold and silver derivates contracts. The Multi Commodity Exchange of India Limited (MCX) would be considered as principal stock exchange. The polled spot price derived above shall then be converted to the equivalent price for 1 kilogram gold of 995.0 fineness and 1 kilogram silver of 999.0 fineness by applying the conversion factor, if any. If on any day the polled spot price published by the principal stock exchange is not available due to holiday or any other reason, then the gold and silver will be valued based on either of the following methodology: • Latest available polled spot price published by the principal stock exchange or other recognized stock exchange. • Methodology prescribed by SEBI / AMFI for such cases. • The valuation committee may in specific cases decide to use different method for valuation of gold and silver by assessing reasons therefor.
Indian Depository Receipts	**Traded**	Valuation of IDRs listed on the India Stock Exchange would follow the valuation guidelines adopted for the Listed Indian Equity Shares.
	Non Traded/ Thinly Traded	In case the IDRs are classified as thinly traded / non-traded, the criteria, as laid above for Listed Indian Equity Shares shall be applied taking into consideration the relevant Company's Balance Sheet.
Foreign Securities (Equities/ADRs/GDRs)		Any security issued outside India and listed on the stock exchanges outside India shall be valued at the closing price on the stock exchange at which it is listed. However, in case a security is listed on more than one stock exchange, the AMC reserves the right to determine the stock exchange, the price of which would be used for the purpose of valuation of that security and the reason for the selection will be recorded in writing. Any subsequent change in the reference stock exchange used for valuation will be backed by reasons for such change being recorded in writing by the

		AMC. Further in case of extreme volatility in the overseas markets, the securities listed in those markets may be valued on a fair value basis. If a significant event has occurred after security prices were established for the computation of NAV of the scheme, the AMC reserves the right to value the said securities on fair value basis. 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 quoted closing price on selected stock exchange shall be used provided such date is not more than thirty days prior to the valuation date. If the same is not available, fair value pricing will be used. In case of investment in foreign debt securities, on the valuation day, the securities shall be valued in line with the valuation norms specified by SEBI for Indian debt securities. However, in case valuation for a specific debt security is not covered by the SEBI MF Regulations 2026, then the security will be valued on fair value basis. Due to difference in time zones of different markets, in case the closing prices of securities are not available within a given time frame to enable the AMC to upload the NAV for a valuation day, as per SEBI Master circular dated March 20, 2026 AMCs as a principle shall ensure that NAV of schemes is disclosed based on the value of underlying securities/ Funds as on the T-day and while complying with this requirement, if there is delay in upload of the NAV, reasons for such delayed disclosure shall be recorded by the AMC. On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the RBI reference rate as at the close of banking hours on the relevant business day in India. For Currencies where RBI reference rate is not available, Bloomberg / Reuters shall be used. The Valuation Committee reserves the right to change the source for determining the exchange rate. Non -traded ADR /GDRs shall be valued after considering prices/ issue terms of underlying security. Valuation Committee shall decide the appropriate discount for illiquidity. Non- traded foreign security shall be valued by AMC at fair value after considering relevant factors on case-to-case basis. Corporate Action (Foreign Security): In case of any corporate action event, the same shall be valued at fair price on case-to-case basis as may be determined by the Valuation Committee in consultation with Independent advisors (if required).
Partly Paid Debentures		(a) Price calculation: Cash flows are plotted using the details provided in the term sheet. The same is then discounted using YTM derived for that particular ISIN. Prices are sent on

		face value of Rs 100 (when fully paid), and as per actual paid up value as per valuation date. Cash flows are plotted till actual maturity or deemed maturity (explicit put call option on same date and same value). Two types of securities were available: • Pay-in dates and pay-in values are clearly defined – In such case future pay-ins are plotted as per details available in term sheet. (Mutual Funds cannot buy these PPDs as per the AMFI Best Practices Guidelines circular no. 115/24-25 dt. 26-July-2024) • Pay in dates and pay in values are not clearly defined or are linked to occurrence of some event or is optional linked to on demand from issuer/investor for making such pay-ins – In such case, since pay-in dates/pay-in values can't be estimated, such future pay-ins are factored on actual basis on receipt of information. (b) Yield Calculation: Yields for the ISIN are derived on a daily basis using the standard waterfall approach prescribed for corporate bonds. Definitions of similar maturity, similar issuer, outlier security remains same as other normal securities.

4 Waterfall approach for valuation of money market and debt securities

As per SEBI Master Circular **dated March 20, 2026** covering Valuation of money market and debt securities, has laid down the broad principles for considering traded yields for the purpose of valuation of money market and debt securities. The said circular prescribe AMFI to ensure valuation agencies have a documented waterfall approach for valuation of Debt and Money Market securities.

As prescribed by AMFI in guidelines issued in circular no 83/2019-20 on November 18, 2019, the following shall be the broad sequence of the waterfall for valuation of money market and debt securities:

1) 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;
2) VWAY of primary issuances through book building of same issuer, similar maturity (Refer Note 1 below);
3) VWAY of secondary trades of same issuer, similar maturity;
4) VWAY of primary issuances through fixed price auction of same issuer, similar maturity;
5) VWAY of primary issuances through book building of similar issuer, similar maturity (Refer Note 1 below);
6) VWAY of secondary trades of similar issuer, similar maturity;
7) VWAY of primary issuance through fixed price auction of similar issuer, similar maturity;
8) Construction of matrix (polling may also be used for matrix construction);
9) In case of exceptional circumstances, polling for security level valuation (Refer Note 2 below)

(I) All traded securities shall be valued on the basis of traded yields, subject to identification of outlier trades by the valuation agencies.

(II) Volume Weighted Average Yield (VWAY) for trades in the last one hour of trading shall be used as the basis for valuation of Government Securities (including T-bills). Valuation of all other money market and debt securities (including Government securities not traded in last one hour) shall be done on the basis of VWAY of all trades during the day.
(III) An indicative list of exceptional events shall form part of the documented waterfall approach mentioned above. In case of any exceptional events on a day, only VWAY of trades post such event may be considered for valuation. Further, all exceptional events along-with valuation carried out on such dates shall be documented with adequate justification.
(IV) All trades on stock exchanges and trades reported on trade reporting platforms till end of the trade reporting time (excluding Inter-scheme transfers), shall be considered for valuation on that day. Towards this end, the timing for disclosure of NAV on website of respective AMCs and AMFI shall be as per Paragraph 9.3.4 of SEBI Master Circular.

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 6 months. 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 as 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.

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
Upto 1 month	Calendar Weekly Bucket
Greater than 1 month to 3 months	Calendar Fortnightly Bucket
Greater than 3 months to 1 year	Calendar Monthly Bucket
Greater than 1 year 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.

Process for determination of similar issuer

Valuation agencies shall determine similar issuers using one or a combination of the following criteria. Similar issuer do 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.

Recognition of trades and outlier criteria

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

As per SEBI master circular dated March 20, 2026 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, Semiliquid, 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 above 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 days
Liquid	30 bps	20 bps	10 bps

Semi-Liquid	45 bps	35 bps	25 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.

Liquidity classification criteria - Liquid, semi-Liquid and Illiquid definition

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 the 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 upto 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- upto 25 bps for liquid; >25-50 bps for semiliquid; > 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.

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 corporates: The entire corporate sector is first categorized 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 be 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 1 month 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 illiquidity 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. Residential 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 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.

Considering the importance of polling in valuation process, detailed guidelines has also been issued by AMFI on polling by valuation agencies and on the responsibilities of Mutual Funds in polling process, as part of the aforesaid waterfall approach

5 Abnormal situations and market disruptions

Following types of events could be classified as abnormal situations where current market information may not be available / sufficient for valuation of securities. Given the exceptional nature of the following events and the lack of clarity on how it would impact the markets, it may not be possible to define a standard methodology to be adopted for fair valuation of securities for such events.

- Major policy announcements by the Central Bank, the Government or the Regulator;
- Natural disasters or public disturbances that force the markets to close unexpectedly or functions abnormally;
- Significant volatility in the capital markets;
- Closure of the stock exchange where a particular security is listed;
- Events which lead to lack of availability of accurate or sufficient information to value the securities.
- Significant illiquidity in fixed income markets.
- Events like sovereign bankruptcy, disruptive political scenarios that may impact the markets.
- Valuation Agencies do not provide valuation for particular security
- Emergency situations resulting from geopolitical tensions, war conflicts, and other related crises, that may impact the functioning of the capital markets

The above list is illustrative and not exhaustive.

Valuation Committee shall be responsible for monitoring exceptional events and recommending appropriate valuation methods. Necessary guidance may be sought from the Boards of AMC and Trustee.

6 Deviations from valuation guidelines

- In case the AMC decides to deviate from the valuation price given by the valuation agencies, the detailed rationale for each instance of deviation shall be recorded by the AMC.
- 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 the valuation agencies and the impact of such deviation on scheme NAV (in amount and percentage terms) shall be reported to the Board of AMC and Trustee.
- The rationale for deviation along with details as mentioned above shall be disclosed immediately and prominently, under a separate head on the website of the AMC.
- Further, while disclosing the total number of instances of deviation in the monthly and half-yearly portfolio statements, the AMC will also provide the exact link to its website for accessing information mentioned above.

7 Valuation of securities not covered under the current valuation policy

As per SEBI MF master circular dated March 20, 2026, in case of security/ies purchased/ received through a corporate action entitlement by the fund does not fall within the current framework of the valuation of securities then the same shall be reported immediately to AMFI. Further, at the time of investment/ received through a corporate action entitlement AMC shall ensure that the total exposure in such securities does not exceed 5% of the total AUM of the scheme.

AMFI has been advised that the valuation agencies shall ensure that the valuation of such securities gets covered in the valuation framework within six weeks from the date of receipt of such intimation from the mutual fund.

In the interim period, till AMFI makes provisions to cover such securities in the valuation of securities framework, the AMCs shall value such securities using their proprietary model which has been approved by their independent trustees and the statutory auditors.

8 Use of Own Trade for Valuation

Mutual Fund's own trades shall not be used for valuation of debt and money market securities and for Inter-Scheme Transfers

9 Impact of Changes in Terms of Investment

As per SEBI MF master circular dated March 20, 2026, While making any change to terms of an investment, AMC shall adhere to the following conditions:

- Any changes to the terms of investment, including extension in the maturity of a money market or debt security, shall be reported to valuation agencies and SEBI registered Credit Rating Agencies (CRAs) immediately, along-with reasons for such changes.
- 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.
- 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.
- 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 shall be considered for valuation

10 Valuation of Segregated Portfolio

Based the decision to segregate the debt and money market instrument in accordance with SEBI circular dated March 20,2026 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 the relevant provisions of SEBI MF Regulations 2026 and Circular(s) issued thereunder. Incase of AT-1 Bonds and Tier 2 Bonds, the financial stress of the issuer and the capabilities of issuer to repay the dues are considered in the valuation of securities from the trigger date onwards i.e date on which the instruments 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.

11 Record Maintenance

Record retention will be governed by the Record Retention policy.

12 Periodic Review

The Valuation Committee shall review the valuation methodologies at least annually in terms of its appropriateness and accuracy in determining the fair value of each and every security. The Valuation Committee shall update the Board of Directors of AMC and Trustee Company, every year, in terms of the effectiveness of the methodologies and deviations or incorrect valuations.

Further, the Valuation Policy shall also be reviewed by Independent Auditors at least once in a Financial Year to ensure the appropriateness of the Valuation Methodologies..

13 Review-Prevention and Detection of Incorrect Valuation

The AMC has put in place policies and procedures to prevent and detect incorrect valuation like ensuring adherence to the policy along with basic checks and balances in normal course and conducting a periodic review (including Independent Audit) at least annually in terms of its appropriateness and accuracy in determining the fair value of each and every security.

14 Disclosure

The Valuation Policy approved by the Board shall be disclosed in Statement of Additional Information (SAI), website of the AMC and other documents as prescribed by the SEBI MF regulations 2026 and guidelines.

15 List of Acronyms

ADR/GDR	American Depository Receipt /Global Depository Receipt
AMC	Asset Management Company
NSE	National Stock exchange
BSE	Bombay Stock Exchange
OTC	Over The Counter
VWAY	Volume Weighted Average Yield
NAV	Net Asset Value
ISIN	International Securities Identification Number
REIT	Real Estate Investment Trust
InvIT	Infrastructure Investment Trust