
Valuation Policy

OF

Bandhan AMC Limited

**Investment Manager to Bandhan Mutual Fund and
Investment strategies launched under Arudha SIF**

Document Version Control

Date	Author	Reviewed by	Version	Change Reference
October 19, 2022	Sharukh Bhacka	Sanjay Lakra	1/2022	No Change (Annual Review) Existing policy, Document version control added since last annual review
May 11, 2023	Sharukh Bhacka	Sanjay Lakra	2/2023	Addition of provisions pertaining to valuation norms for Units of Overseas Exchange Traded Funds (ETF's) and Financial Benchmark India Private Ltd (FBIL) reference rate for USD/INR conversion, Composition of Valuation Committee.
July 28, 2023	Sharukh Bhacka	Sanjay Lakra	2.1/2023	<ul style="list-style-type: none"> Addition of provisions pertaining to Valuation Norms under Non-Traded Equity and Equity related instruments for Convertible and Non-Convertible Preference Shares. Deletion of provision to value listed foreign securities before/after Indian Standard Time (IST) to ensure alignment with SEBI Circular dated March 29, 2023 (effective July 1, 2023).
February 22, 2024	Sharukh Bhacka	Vijayalaxmi Khatri	3/2024	<ul style="list-style-type: none"> Addition of provisions pertaining to Valuation Norms for units held in Corporate Debt Market Development Fund (CDMDF). Addition of provisions pertaining to Valuation Norms for units of Infrastructure Investment Trust (InvITs) & Real Estate Investment Trust (REITs).
May 10, 2024	Hemant Agrawal	Vijayalaxmi Khatri	3.1/2024	<ul style="list-style-type: none"> Addition of preamble and norms as laid down under Eighth (VIII) Schedule of SEBI (Mutual Funds) Regulations, 1996. Addition of Reference to Policy on Polling for Valuation of Debt and Money Market Instruments under Annexure C – Waterfall approach for Valuation.
October 30, 2024	Hemant Agrawal	Vijayalaxmi Khatri	3.2/2024	Additions of provisions for Valuation of Interest Rate Swaps (IRS).
February 7, 2025	Hemant Agrawal	Vijayalaxmi Khatri	4.1/2025	Additions of provisions for Valuation of Repurchase (Repo) transactions.
May 13-14, 2025	Hemant Agrawal	Vijayalaxmi Khatri	4.2/2025	Additions of provisions for Valuation of commodity i.e. Gold and Silver and Gold Monetization Scheme.

October 29-30, 2025	Hemant Agrawal	Vijayalaxmi Khatri	4.3/2025	Extended the scope of the policies for investment strategies launched under Arudha SIF
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1. Preamble

In accordance with the Regulation 25 (19) of SEBI (Mutual Funds) Regulations, 1996 ("SEBI Regulations") read with Regulation 47 pertaining to Valuation of Investments, the asset management company ("AMC") shall value all investments held under the Mutual Fund Schemes in accordance with the Investment Valuation Norms as specified under the Eighth Schedule to the SEBI Regulations.

The Eighth Schedule of the Regulations titled "Investment Valuation Norms" lays down the Principles of Fair Valuation based on which the Mutual Fund shall value its investments to ensure fair treatment to all investors including existing investors as well as investors seeking to purchase or redeem units of mutual funds in all schemes at all points of time.

2. Background and Rationale

This policy has been formulated in accordance with SEBI notification dated February 21, 2012 amending the SEBI (Mutual Funds) Regulations, 1996 which mandates Asset Management Companies (AMC's) to put in place a policy framework for valuing each type of security/asset on the principles of fair valuation with the objective of ensuring fair treatment to all investors, i.e., existing investors and investors seeking to subscribe or redeem units. Further, this policy has been updated based on the SEBI Circular no. SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019, SEBI Circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019, AMFI Best Practices Guidelines Circular no. 83/2019-20 dated November 18, 2019 and SEBI/HO/IMD/DF4/P/CIR/2021/593 dated July 9, 2021 read with SEBI Master Circular as amended from time to time.

This policy shall be based on the principles of fair valuation and the principles of fair valuation will have an overarching effect on the valuation guidelines prescribed under the SEBI (MF) guidelines. Prior to this amendment, the valuation of securities was being done as per the guidelines stated in the Eight Schedule of the SEBI (MF) Regulations and circulars issued by SEBI from time to time.

3. Objective

To ensure fair treatment to all investors, i.e., existing investors and investors seeking to subscribe or redeem units. The valuation shall be done in good faith and in a true and fair manner through appropriate valuation policies and procedures.

4. Scope

With respect to the schemes of Bandhan Mutual Fund including investment strategies launched under Arudha SIF (hereafter collectively referred as "scheme"), the valuation policy shall cover the following:

- Valuation methodologies for all security types
- Inter-scheme transfers
- Periodicity of review
- Record Keeping
- Exceptional circumstances / Deviation from valuation guidelines
- Waterfall approach for valuation of money market and debt securities

5. Policy Owner

Valuation Committee of Bandhan AMC Limited (Bandhan AMC/the AMC/the Company)

6. Composition of Valuation Committee

Valuation Committee shall comprise of the following members:

- a. Chief Executive Officer (CEO)
- b. Head – Fixed Income
- c. Head – Equity
- d. Head – Operations and Information Technology
- e. Head - Legal & Compliance

The quorum of the Committee shall be a simple majority of the members who will constitute the Committee. The meetings may be convened at periodic/shorter frequencies subject to business requirements.

7. Roles and Responsibilities of Valuation Committee

The Valuation Committee shall function under the following framework laid down by the Board of Directors of AMC & Trustee.

The Valuation Committee is entrusted with the following responsibilities:

Reviewing the systems, policies and practices of valuation of securities and exception if any, shall be reported to the Board of AMC & Trustee Company at its periodic meetings.

Monitoring of exceptional events and recommending appropriate valuation methods with due guidance from Board of AMC and Trustee Company.

8. Valuation Methodologies

The methodologies for valuing each type of security held by the schemes is as per **Annexure A**.

Investment in any new security shall be made only after determining an appropriate valuation methodology approved by the Valuation Committee and to be ratified post facto by the Board of AMC and Trustee Company.

9. Periodicity of Review

The valuation policy shall be reviewed annually by the Valuation Committee and independent auditors and the same shall be noted by the Board of AMC and Trustee. Any new circular/guideline which leads to any modification to any process/limits set out herein shall be deemed to form part of this process. The policy will be amended as required and the amended policy will be placed in the forthcoming Board meeting for the approval of the Boards.

10. Record Keeping

This policy shall be updated in the SAI, website and other documents as prescribed by the SEBI (MF) Regulations. These records shall be preserved in accordance with the SEBI (MF) Regulations.

11. Exceptional circumstances / Deviation from Valuation guidelines

The details in case of deviation from valuation guidelines and the practice adopted for arriving at the valuation in case of exceptional circumstances are detailed in **Annexure B**.

Any deviation from the disclosed valuation policy and procedures may be allowed with appropriate reporting to Board of AMC and Trustees respectively and appropriate disclosures to investors.

12. Waterfall approach for valuation of money market and debt securities

The practice adopted for Waterfall approach for valuation of money market and debt securities is detailed in **Annexure C**.

13. Annexure A

Valuation of Equity and Equity related instruments:

Asset Class	Traded / Non-traded Securities	Methodology for valuation
Equity Shares / Preference Shares / Equity Warrants/ Equity rights/rights entitlement/partly paid up rights shares	Traded Securities	<ul style="list-style-type: none"> National Stock Exchange (NSE) shall be the primary exchange for valuation except in case of schemes passively tracking an index published by Bombay Stock Exchange (BSE). For schemes passively tracking a BSE Index, the primary stock exchange for valuation shall be BSE. If a particular security is not traded on the primary stock exchange used for valuation (NSE or BSE) but if it is traded on the other stock exchange (BSE or NSE) then price of the other stock exchange shall be considered. If the security is not traded either on NSE or 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. If it is beyond 30 calendar days, it will be valued like a non-traded security.
	Non-Traded Securities	<ul style="list-style-type: none"> When a security is not traded on any stock exchange, on the date of valuation, then the previous closing price on NSE /BSE/ any other Stock Exchange will be used provided such closing price is not exceeding a period of 30 calendar days. In all other cases: <ol style="list-style-type: none"> Equity shares: Non-Traded equity shares of a company shall be valued "in good faith" and as per valuation principles laid down by SEBI. Based on the latest available Balance Sheet, net worth shall be calculated. $\text{Net Worth per share} = \frac{[\text{share capital} + \text{reserves (excluding revaluation reserves)} - \text{Misc. expenditure and Debit Balance in P\&L A/c}]}{\text{No. of Paid up Shares}}$ 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. 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. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless

Asset Class	Traded / Non-traded Securities	Methodology for valuation
		<p>the accounting year is changed, the shares of such companies shall be valued at zero. 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.</p> <p>b) Preference shares:</p> <p>Preference shares can be convertible or non-convertible.</p> <p>Convertible Preference shares shall be valued as:</p> <p>i) Convertible debentures considering the conversion ratio as adjusted for illiquidity discount or other relevant factors as applicable as on the valuation date with the approval of Valuation Committee.</p> <p>OR</p> <p>ii) Based on the below formula</p> <p>Price of Convertible Preference share =</p> $\frac{\text{Preference shares dividend}}{\text{Expected Return on Preference Shares}} \times \text{Face Value}$ <p>Non-Convertible Preference shares shall be valued as Non-convertible debentures.</p> <p>c) Equity rights /Equity Warrants/ Rights Entitlement / Partly paid up Rights shares: Valuation price shall be arrived, after reducing the exercise price / issuance price from the closing price of the underlying cash equity security.</p> <p>In case the rights offer/exercise/issuance price is greater than the ex-rights/closing price of the underlying cash security, the value of the rights share will be considered as zero.</p> <p>d) Merger/Demerger:</p> <p>Valuation of merged entity shall be arrived at based on the previous day's last closing price of the respective companies prior to merger as approved by the Valuation Committee.</p>

Asset Class	Traded / Non-traded Securities	Methodology for valuation
		<p>In case the demerged company is not immediately listed, valuation price shall be worked out by using previous day's last closing price before demerger reduced for last quoted closing price of the listed company.</p> <p>In case none of demerged companies are immediately listed, the shares of new companies shall be valued by allocating combined valuation existing as on date of the corporate action to the new companies after taking into consideration the pro-rata shares allotted and other relevant factors.</p> <p>If in an exceptional situation, the value of the share of demerged company is equal or in excess of the value of the pre-demerger share, then the non-traded share shall be referred to Valuation Committee.</p> <p>Illiquidity discount shall be applied as approved by the Valuation Committee on case to case basis.</p> <p>In case of any other scenario/(s) the same shall be fair valued as approved by the Valuation Committee.</p> <p>e) Securities under the process of delisting: Securities, whose traded prices are not available pending completion of delisting process, shall be valued at the last available closing price or the offer price whichever is lower.</p> <p>f) Securities under lock-in period/pending listing: Securities, whose traded prices are not available either due to shares being under lock in or pending listing the valuation shall be done on the last available closing price of security, after applying suitable discount for illiquidity, as approved by the Valuation Committee.</p> <p>g) Securities under suspension: In case trading of a security is suspended up to 30 days, then the last quoted closing price of the security shall be considered for valuation of the security for a period of next 30 days. If an equity security is suspended for more than 30 days, then after 30 days the said security shall be valued as per the norms stipulated for Thinly traded/ Non-traded equity shares. The Valuation</p>

Asset Class	Traded / Non-traded Securities	Methodology for valuation
		<p>Committee shall decide on the illiquidity discount to be applied, on a case to case basis.</p> <p>In case of any scenario/(s) not covered above, the valuation of such security shall be arrived as per the principles of fair valuation as approved by the Valuation Committee and shall be ratified post facto by the Board of AMC and Trustee Company.</p>
	<p>Unlisted Securities</p>	<p>Unlisted equity shares of a company shall be valued "in good faith" and as per valuation principles laid down below:</p> <p>a) Based on the latest available audited balance sheet, net worth shall be calculated as lower of (i) and (ii) below:</p> <p>i. Net worth per share = [share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid up Shares.</p> <p>ii. After taking into account the outstanding warrants and options, Net worth per share shall again be calculated and shall be = [share capital plus consideration on exercise of Option/Warrants received/receivable by the Company plus free reserves(excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares plus Number of Shares that would be obtained on conversion/exercise of Outstanding Warrants and Options}</p> <p>The lower of (i) and (ii) above shall be used for calculation of net worth per share and for further calculation in (c) below.</p> <p>(b) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which shall 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 shall be considered for this purpose.</p> <p>(c) 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% for illiquidity to arrive at the fair value per share.</p>

Asset Class	Traded / Non-traded Securities	Methodology for valuation
		<p>The above methodology for valuation shall be subject to the following conditions:</p> <ol style="list-style-type: none"> i. All calculations as aforesaid shall be based on audited accounts. ii. 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. iii. If the net worth of the company is negative, the share would be marked down to zero. iv. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning. v. 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 shall be valued in accordance with the procedure as mentioned above on the date of valuation. <p>An unlisted equity security may be valued at a price lower than the value derived using the aforesaid methodology if considered appropriate by the Valuation Committee. Such exception shall be reported to the Board of AMC & Trustees at its periodical meetings.</p>
	<p>Thinly traded securities [as defined under the SEBI (Mutual Fund) Regulations]</p>	<p>Thinly-Traded equity securities of a company shall be valued "in good faith" and as per valuation principles laid down by SEBI. Based on the latest available Balance Sheet, net worth shall be calculated. $\text{Net Worth per share} = [\text{share capital} + \text{reserves (excluding revaluation reserves)} - \text{Misc. expenditure and Debit Balance in P\&L A/c}] \text{ Divided by No. of Paid up Shares}$. 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. 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. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning. 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</p>

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		valued at zero. 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.
	Follow-on Public Offer purchase	The security shall be valued at listed price.
	Initial Public Offer purchase	The security shall be valued at cost, till the date of listing.
Futures & Options (F&O)	Traded	<ul style="list-style-type: none"> On the valuation day, traded F&O are valued at the settlement price provided by the respective stock exchanges.
	Non-Traded	<ul style="list-style-type: none"> Non-Traded F&O are valued based on settlement price / any other equivalent price (if settlement price is not available) provided by the respective stock exchanges.

Valuation of Debt and Debt related (including Money Market) instruments:

Asset Class	Security type	Methodology for valuation
Debt & Money Market Securities (including floating rate securities and Repo transactions [(Exclusion: Overnight repos) (Inclusion: Tri-party repo i.e. TREPS and Corporate Bond Repo)] (irrespective of the residual maturity)		<p>All Debt and Money Market securities shall be valued at the average of Valuation prices provided for individual securities by CRISIL & ICRA, or any other external independent agency(ies) as prescribed by AMFI.</p> <p>New securities purchased for which Valuation price is not provided by the external agencies on the date of purchase/allotment, would be valued at the purchase yield on the date of purchase/allotment (weighted average yield in case of multiple of trades).</p>
Government Securities (irrespective of the residual maturity)		<p>Government Securities shall mean and include such securities issued by Central government or State Government, Cash Management bills, Treasury bills, State Development Loans, etc.</p> <p>Government Securities (including Treasury Bills) shall be valued at the average of Valuation prices provided for individual securities by CRISIL & ICRA, or any other external independent agency(ies) as prescribed by AMFI.</p>
Other Money market / Debt securities	Short-term deposits with banks (pending)	Investments in short-term deposits with banks (pending deployment) and Overnight repurchase (repo) transactions

Asset Class	Security type	Methodology for valuation
	deployment), Overnight Repurchase (Repo) Transaction (incl. TREPS and Corporate Bond Repo)	(including tri-party repo i.e. TREPS and Corporate Bond Repo), shall be valued on cost plus accrual basis.
	Traded and Non-traded money market / debt security	<p>Traded Money Market / Debt Security A money market or debt security shall be considered as traded if, on the date of valuation, there are trades in marketable lots in that security on any recognized stock exchange (RSE) or trade reporting platform of RSE or Clearing Corporation of India Limited (CCIL).</p> <p>Non- Traded Money Market / Debt Security A money market or debt security shall be considered non-traded if, on the date of valuation, there are no trades in marketable lots in such security on any RSE or on trade reporting platform of RSE or CCIL</p> <p>The term 'marketable lot' as defined by AMFI vide its Best Practices Guidelines Circular No.83/2019-20 dated November 18, 2019 shall be followed.</p>
Securities with Put / Call Options		<p>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.</p> <p>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 instruments.</p> <p>Securities with both Put and Call option: 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:</p>

Asset Class	Security type	Methodology for valuation
		<p>i. 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.</p> <p>ii. 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.</p> <p>iii. 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.</p> <p>Securities with multiple Put Options present ab-initio effective October 1, 2021:</p> <p>If a put option is not exercised when exercising such put option would have been in favor of the scheme, in such cases the justification for not exercising the put option shall be provided to the Valuation Agencies, Board of AMC and Trustees on or before the last date of the notice period.</p> <p>The Valuation Agencies shall not take into account the remaining put options for the purpose of valuation of the security.</p> <p>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.</p>
	AT-1 Bonds and Tier 2 Bonds	<p>SEBI vide its Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/034 dated March 22, 2021 read with point 8 of its Circular No. SEBI/HO/IMD/DF/CIR/P/2021/032 dated March 10, 2021 has laid down norms for valuation of existing as well as new bonds issued under Basel III framework.</p> <p>In accordance with the above SEBI Circulars, the AT-1 Bonds and Tier 2 Bonds issued under Basel III framework shall be valued as per the valuation methodology stipulated by AMFI Best Practice Guidelines Circular No. 135/BP/91/2020-21 dated March 24, 2021 effective April 1, 2021 as detailed in Appendix 1.</p>
Debt Derivatives	Interest Rate Futures (IRF)	The exchange traded Interest Rate Futures would be valued based on the Daily Settlement Price of the exchange.
	Interest Rate Swaps (IRS) and	IRS and OTC derivatives shall be valued at the average of valuation prices provided for individual securities by CRISIL &

Asset Class	Security type	Methodology for valuation
	other Debt Over the Counter (OTC) Derivatives	ICRA, or any other external independent agency(ies) as prescribed by AMFI.
Inter scheme – Transfers	Debt & Money Market Securities	<p>Revised Norms for Inter scheme pricing effective December 23, 2019:</p> <p>Prices for Inter Scheme Transfer of money market and debt securities are being obtained from valuation agencies (appointed by AMFI), irrespective of maturity of security.</p> <p>AMFI vide its email dated December 23, 2019 has decided a turn-around-time (TAT) within which IST prices are provided by valuation agencies. If prices are received from valuation agencies within this TAT, average of prices so received shall be used for IST pricing. If price is received only from one agency within the TAT, then that price may be used for IST pricing.</p> <p>If prices are not received from any valuation agency within the TAT, the following methodology shall be adopted:</p> <p>Inter scheme transfers shall be effected at the current market prices. For this purpose, quotes in same or similar securities shall be obtained from 2 brokers at the time of executing the inter-scheme transfer. Such inter-scheme transfers shall be executed within the bid-ask range obtained from brokers.</p> <p>In case no quotes are available, inter-scheme shall be effected at the fair value based on justification from the Fund Manager.</p> <p>Under abnormal market condition inter-scheme may be effected at previous day valuation price, for this purpose the process laid out for determination of abnormal Situations & Market Disruptions mentioned below in this policy needs to be adhered to.</p>
	Valuation of money market and debt securities which are rated below investment grade or default	<p>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.</p> <p>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. In this respect, Bandhan Mutual Fund would promptly inform to the valuation agencies</p>

Asset Class	Security type	Methodology for valuation
		<p>and the CRAs, any instance of non-receipt of payment of interest and / or principal amount (part or full) in any security.</p> <p>Treatment of Principal:</p> <p>All money market and debt securities which are rated below investment grade shall be valued at the price provided by valuation agencies.</p> <p>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 AMFI. 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.</p> <p>In case of trades during the interim period between date of credit event and receipt of valuation price from valuation agencies, the AMC shall consider such traded price for valuation if it is lower than the price post standard haircut.</p> <p>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.</p> <p>In case of any deviation from the indicative haircuts and/or the valuation price provided by the valuation agencies, a detailed rationale along with the details of the trade and impact of deviation shall be recorded in the Valuation Committee and reported to the Board of AMC and Trustees.</p> <p>The rationale for deviation along-with details as mentioned in the SEBI circular shall be disclosed to investors under a separate head on their website. Further, the total number of such instances shall also be disclosed in the monthly and half-yearly portfolio statements for the relevant period along-with an exact link to the website wherein the details of all such instances of deviation are available.</p> <p>Treatment of accrued interest, future interest accrual and future recovery:</p> <p>The indicative haircut that has been applied to the principal should be applied to any accrued interest.</p>

Asset Class	Security type	Methodology for valuation
		<p>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.</p> <p>The following shall be the treatment of how any future recovery should be accounted for in terms of principal or interest:</p> <p>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.</p> <p>Any recovery in excess of the carried value (i.e. the value recognized in NAV) shall then be applied first towards amount of interest written off and then towards amount of principal written off.</p>
	<p>Changes in terms of investment</p>	<p>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.</p> <ul style="list-style-type: none"> • Any extension in maturity of money market or debt security shall result in the security being treated as 'Default' for purpose of valuation. • If maturity date of a money market and debt security is shortened and then subsequently extended, the security shall be treated as 'Default' for valuation purposes. • Any put option inserted subsequent to the issuance of security shall not be considered for valuation and original terms of issue only shall be considered.
	<p>Upfront Fees on trades</p>	<ul style="list-style-type: none"> • Upfront fees on all trades, by whatever name and manner called, would be considered by the valuation agencies for the purpose of valuation of the security. • Details of such upfront fees should be shared by the AMC on the trade date to the valuation agencies as a part of trade reporting. • For the purpose of accounting, such upfront fees should be reduced from the cost of the investment in the scheme that has made the investment

Asset Class	Security type	Methodology for valuation
		<ul style="list-style-type: none"> In case upfront fees are received across multiple schemes, then such upfront fees should be shared on a pro-rata basis across such schemes.

Valuation of other instruments:

Asset Class	Security type	Methodology for valuation
Valuation policy for Foreign Securities	Listed Foreign Security (including ADR/GDR/ETF)	<p>Foreign securities will be valued at the last available traded or quoted price on the overseas stock exchange where such security is listed. However, if the security is listed on more than one stock exchange, an appropriate stock exchange will be selected from which the price will be sourced. Bandhan AMC shall select the Primary stock exchange prior to transacting in any scheme in case a security is listed on more than one stock exchange and the reasons for the selection will be recorded in writing. Any subsequent change in the reference stock exchange used for valuation will be necessarily backed by reasons for such change being recorded in writing by the Bandhan AMC and approved by the Valuation Committee.</p> <p>If the security is not traded on a particular valuation day on the primary stock exchange, the value at which it is traded on another stock exchange shall be used. If the security is not traded on any stock exchange on the particular day then, last quoted closing price of the primary stock exchange shall be used, provided such date is not more than thirty calendar days prior to the valuation date.</p> <p>If it is determined that market quotations (last traded/quoted prices) are not readily available or reliable for a particular security the valuation committee may apply fair value, as determined by the Valuation Committee.</p> <p>Additionally, if it is determined that a significant market changes have occurred after security prices were established for a particular market or exchange but prior to Net Asset Value (NAV) computation, Bandhan AMC reserves the right to apply fair valuation as determined by the Valuation Committee.</p>
	Unlisted Foreign Securities (including ADR/GDR)	<p>Unlisted American Depository Receipts (ADRs)/ Global Depository Receipts (GDRs) shall be valued after considering prices/issue terms of underlying security.</p> <p>Unlisted and Non-traded foreign securities shall be valued by Bandhan AMC at fair value as determined by the Valuation Committee after considering relevant factors on case to case basis.</p>

Asset Class	Security type	Methodology for valuation
		Valuation committee shall decide the appropriate discount for illiquidity.
	Mutual Fund Units	Units of Mutual Funds will be valued at latest published NAV.
	Exchange Traded Funds (ETF's)	<p>Units of overseas Exchange Traded Funds will be valued at the latest available closing price on the stock exchange on which the respective overseas ETF is listed.</p> <p>In case the closing price of the overseas ETF is not available on the stock exchange on any particular valuation date, then the ETF's will be valued at the last available closing price of another stock exchange on which the security is listed. Where no traded prices are available on any stock exchange where the overseas ETF is listed then the previous day's closing price would be used provided the same is not more than 30 calendar days prior to the valuation date.</p> <p>In case the last available closing price is not available for more than 30 calendar days the ETF/security will be valued as per the latest published Net Asset Value (NAV).</p> <p>In case of any other scenario/(s) the same shall be fair valued as approved by the Valuation Committee.</p>
	Foreign Exchange Conversion	<p>The Financial Benchmark India Private Ltd (FBIL)/Reserve Bank of India (RBI) reference rate at the time of closing of banking hours on the relevant business day in India would be used for available currencies and where the FBIL/RBI reference rate is not available; the rate available in Reuters at the time of closing of banking hours on the relevant business day in India (at 5:00 PM IST) shall be used.</p> <p>In case the direct exchange rates are not available on Reuters, then cross currency rate with United States Dollars (USD) would be considered and converted as per the Indian Rupees (INR)/USD FBIL/RBI reference rate.</p> <p>The Trustee/AMC reserves the right to change the source of determining the exchange rate.</p>
Mutual Fund Units and Exchange Traded Funds (Domestic)	Mutual Fund Units	Units of Mutual Funds will be valued at latest published NAV.
	Exchange Traded Funds	The closing price of the units of ETFs on the Stock Exchange/(s) shall be used for valuation of investment in ETFs.

Asset Class	Security type	Methodology for valuation
		<p>In case of ETF's passively tracking an underlying index of Bombay Stock Exchange (BSE) and listed on the same exchange, the closing price of units on BSE shall be considered for valuation, whereas in case of ETF's passively tracking an underlying index of National Stock Exchange (NSE) and listed on the same exchange, the closing price of units on NSE shall be considered for valuation.</p> <p>If units are not traded on respective listed stock exchange/(s) on a valuation day, then the latest published NAV per unit will be considered for valuation.</p>
Securities Lending		<p>The valuation of the securities lent shall be done in accordance with the norms laid down in the valuation policy. The lending fees received through the securities lending contract shall be valued at amortised cost and shall be accrued in a proportionate manner till maturity of the contract.</p>
Units held in Corporate Debt Market Development Fund (CDMDF)	CDMDF Units	<p>Units held in the schemes of Corporate Debt Market Development Fund (CDMDF) would be valued at the last declared /published NAV on the website of AMFI and the Investment Manager of the CDMDF as on the valuation date.</p>
Units of Infrastructure Investment Trust (InvITs) & Real Estate Investment Trust (REITs)	Units of InvITs / REITs	<p>(a) Allotted but Listing awaited</p> <p>Valuation of units of InvITs/REITs post allotment but awaiting listing shall be carried out as per allotment price.</p> <p>(b) Listed (Traded and Non-Traded)</p> <p>On a valuation day, traded units of InvITs/REITs are to be valued at the last quoted closing price on the principal stock exchange.</p> <p>The AMC has selected NSE as principal stock exchange, for all schemes other than Index based Funds/ETF. If no trade is reported on the principal stock exchange on a particular valuation date, units of InvITs and REITs shall be valued at the last quoted closing price on other recognised stock exchange. For this purpose, only NSE and BSE shall be considered as the recognized stock exchanges.</p> <p>When units of InvITs/REITs is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the principal stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than 30 days prior to valuation date.</p>

Asset Class	Security type	Methodology for valuation
		<p>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 InvITs and ReITs will be determined by the Valuation Committee based on the principles of fair valuation.</p>

Commodities	Gold	<p>Valuation of Gold of 0.995 fineness and 0.999 fineness</p> <p>The gold acquired by the scheme will be in the form of standard bars and its value as on a particular day shall be determined as under:</p> <ol style="list-style-type: none"> The London Bullion Market Association's (LBMA) AM fixing price per troy ounce would be considered. The Cost, Insurance, Freight premium, LBMA fixing charges and other charges, as applicable, shall be added to the above LBMA price as determined above. The value arrived at based on (a) and (b) above shall then be converted to the equivalent price for 1 kilogram gold of 0.999 /0.995 fineness by applying the conversion factor. The RBI reference rate shall be applied to convert the price from US dollars to Indian Rupees. Statutory taxes and levies, as applicable from time to time, shall be added to arrive at the final landed price of gold after adjusting for eligible input tax credit. Add Premium/Discount - Gold may be traded in the domestic market at a premium or discount vis a vis LBMA. This premium/discount would be fixed daily. The MCX spot price would be considered for determining the premium/discount. <p>If on any day the LBMA AM fixing or RBI reference rate is not available due to holiday or any other reason, then the immediately previous day's prices shall be applied for the purpose of calculating the value of gold.</p>
	Silver	<p>The silver acquired by the scheme will be in the form of standard bars and its value as on a particular day shall be determined as under:</p> <ol style="list-style-type: none"> The London Bullion Market Association's (LBMA) AM fixing price per troy ounce would be considered. The Cost, Insurance, Freight premium, LBMA fixing charges and other charges, as applicable, shall be added to the above LBMA price as determined above. The value arrived at based on (a) and (b) above shall then be converted to the equivalent price for 1 kilogram silver of 0.999 fineness by applying the conversion factor. The RBI reference rate shall be applied to convert the price from US dollars to Indian Rupees.

		<p>(e) Statutory taxes and levies, as applicable from time to time, shall be added to arrive at the final landed price of silver after adjusting for eligible input tax credit.</p> <p>(f) Add Premium/Discount - Silver may be traded in the domestic market at a premium or discount vis a vis LBMA. This premium/discount would be fixed daily. The MCX spot price would be considered for determining the premium/discount.</p> <p>If on any day the LBMA AM fixing or RBI reference rate is not available due to holiday or any other reason, then the immediately previous day's prices shall be applied for the purpose of calculating the value of silver.</p>
Gold Monetisation Scheme (GMS)		<p>Gold Monetisation Scheme (GMS) of banks having gold held as underlying, shall be carried out in line with the same principles as provided for valuation of physical gold (stated in the Valuation Policy above).</p> <p>Interest received on such GMS shall be accrued in proportionate manner till the maturity of deposits.</p>

14. Annexure B

Deviation from valuation guidelines / Abnormal Situations & Market Disruptions:

As per the Principles of Fair Valuation specified in Eighth Schedule of SEBI (Mutual Funds) Regulations, 1996, the valuation of securities shall be true and fair. Considering the same, in case of any deviation from the valuation price given by the valuation agencies, the detailed rationale for each instance of deviation shall be recorded.

The rationale for deviation along-with details such as information about the security (International Security Identification Number (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 Trustees.

The rationale for deviation along-with details as mentioned above shall be disclosed immediately and prominently, under a separate head on the Bandhan Mutual Fund's website.

Further, while disclosing the total number of instances of deviation in the monthly and half-yearly portfolio statements, the exact link to the website for accessing the above information shall be provided.

In normal situations the above methods will be used for valuation. However, in abnormal market conditions, due to lack of market trading or otherwise it may not be possible to obtain fair valuation using "normal" means. In such situations, the realizable value may be substantially different from the benchmark-based prices obtained. Such events may comprise (list indicative and not exhaustive) monetary policy or other regulatory related events, large redemptions, or other external factors could constitute abnormal events.

Fund manager will explain in writing why a day of valuations should qualify as an abnormal market condition and what will qualify as situation returning to normal. Valuation committee will discuss and approve recognition of abnormal market condition and decide basis for valuation during the period of continuation of abnormal market condition. This period upto ceasure of abnormal market condition (also to be detailed by fund manager and approved by valuation committee) will be documented. The Board of the AMC and Trustee Company will review the valuation methodology adopted and offer direction if any, to the Valuation Committee within a period of 3 days from the occurrence of the abnormal event.

15. Annexure C

Waterfall approach for valuation of money market and debt securities:

The broad principles that shall be adopted as part of the waterfall approach for arriving at the security level prices as per SEBI Circular dated September 24,2019 are as follows:

- All traded securities shall be valued on the basis of traded yields, subject to identification of outlier trades by the valuation agencies.
- 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.
- 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.
- All trades on stock exchanges and trades reported on trade reporting platforms till end of the trade reporting time (excluding Inter-scheme transfers), should be considered for valuation on that day.
- 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. The AMC has put in place a Policy on Polling for Valuation of money market and debt instruments in line with the AMFI Guidelines as amended from time to time, which approved by the Board of AMC and Trustees respectively.

Appendix 1:**Guidelines for Valuation of Bonds (AT 1 Bonds and Tier 2 Bonds) issued under Basel III framework**

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 proposed to be 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 will be 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 also then valuation will be done by taking spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI.

Points 4, 5 & 6 have been further elaborated in the detailed Appendix 1.0 attached hereto.

7. AMCs shall adopt maturity of 100 years for perpetual bond issued by banks. There will be a glide path for smooth implementation. 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 30, 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. Hitherto, Mutual Fund industry used to value Tier II bonds considering first call date as a deemed maturity date. Therefore, a glide path is required for valuation as well as calculation of Macaulay Duration for tier II bonds also. Accordingly, 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.

Appendix 1.0: Illustration for point 4 to 6

ABC and XYZ are similar issuer and similar maturity:

Maturity of ISIN 1 of ABC is near to maturity of ISIN 1 of XYZ & Maturity of ISIN 2 of ABC is near to maturity to ISIN 2 of XYZ

Issuers	ABC		XYZ		Valuation of ABC ISIN 1
	ISIN 1	ISIN 2	ISIN 1	ISIN 2	
Traded Today	Y	-	-	-	Take price and arrive at YTM
Traded Today	N	Y	-	-	Take price of ISIN 2 of ABC and compute YTM of ISIN 2. Then adjust the YTM spread of ISIN 1 and ISIN 2 and compute value of ISIN 1 of ABC.
Traded Today	N	N	Y	N	From the price of ISIN 1 of XYZ compute YTM. The spread between YTM of ABC ISIN 1 and XYZ ISIN 1 is to be adjusted to derive YTM of ABC ISIN 1. The spread should further be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued and final YTM and price of the security should be computed.
Traded Today	N	N	N	Y	From the price of ISIN 2 of XYZ compute YTM of ISIN 2 of XYZ. Then derive YTM of ISIN 1 of XYZ by adjusting spread of YTM. Then by adjusting difference in spread between ISIN 1 of XYZ and ISIN 1 of ABC trade (which happens to be nearest maturity) arrive at YTM of ISIN 1 of ABC. The spread should be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
No trade today. Check for actual trade during look back	Y	-	-	-	Take YTM of traded day and adjust spread to the movement of benchmark ISIN over the period. Also adjust to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
No trade today. Check for actual trade during look back	N	Y	-	-	Arrive at YTM of ISIN 2 by adjusting spread to the movement of benchmark ISIN over the period. Derive YTM of ISIN 1 of ABC from ISIN 2 of ABC by adjusting spread over YTM. Also, adjustment should be done to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
No trade today. Check for actual trade during look back	N	N	Y	N	Arrive at YTM of ISIN 1 of XYZ by adjusting spread to the movement of benchmark ISIN over the period. Then the spread of YTM of XYZ ISIN 1 and ABC ISIN 1 is to be adjusted to arrive at YTM of ISIN 1 of ABC. Also, adjustment will be done to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
No trade today. Check for actual trade during look back	N	N	N	Y	Take YTM of ISIN 2 of XYZ by adjusting spread to the movement of benchmark ISIN over the period. Adjust the spread of YTM of ISIN 1 of XYZ and ISIN 2 of XYZ to arrive at YTM of ISIN 1 of XYZ. YTM of ISIN 1 of ABC will be derived by adjusting spread of YTM of ISIN 1 of XYZ to ISIN 1 of ABC (which appears to be a nearest maturity to ABC ISIN 1). Further, YTM will be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
Not Traded During look back	N	N	N	N	Valuation will be done considering spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI.

Note: The duration to call shall not be considered/adjusted to spread over YTM. Yield to Call and Yield to Maturity shall be disclosed to investors.