TAURUS MUTUAL FUND

VALUATION POLICY

This Valuation Policy documents the policies and procedures to be adopted for valuation of the securities of the schemes of Taurus Mutual Fund. As required by the SEBI (Mutual Funds) Regulations, 1996, the Valuation Policy lays down the valuation policies and procedures approved by the Boards of Taurus Asset Management Company Limited and Taurus Investment Trust Company Limited. The following guidelines will be used for valuation of different securities with effect from May 01, 2018:

A. Debt securities :

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

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

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

1) Overnight instruments like CBLO/Reverse Repo will be valued at cost and then amortised till maturity. Investments in term/fixed deposits will be valued at cost and interest will be accrued on a daily basis. In the case of deposits with step up rates, interest will be accrued on a daily basis as per the interest rates provided.

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

Category	Valuation Policy
Securities with maturity up to 60 days	Instruments shall be valued by amortisation on a straight line basis to maturity from cost or the last valuation price, whichever is more recent. The resultant price will be compared with the price using the benchmark yields +/- a spread. In case the amortised price is within +/- 0.10% of the price derived using the benchmark yield, the same shall be used; else the price of the security shall be adjusted to bring it within this range. However, in case of a self trade in the security as defined in this Policy, the self trade price / yield will be used to value the security on that day. At the time of purchase of a security with up to 60 days to maturity, the difference between the benchmark yield and the purchase yield will be the spread. The benchmark yield +/- the spread will be used daily to arrive at the price of the security. If at the time of initial

	purchase, the maturity is more than 60 days and the security comes into the less than 61 days bucket, the spread, if any, at the time of security entering the less than 61 days bucket will continue to be used for checking the fair valuation of the security. However, the spread can be changed in case of a change in credit rating or credit profile of the issuer, change in market conditions, recent trades of similar securities, etc. The reasons for the change in spread will be documented.
Securities maturing after 60 days	Securities maturing after 60 days will be valued at the average of the prices of each such security provided by AMFI approved agencies (CRISIL and ICRA). If it is believed that the price determined as per this process is not the fair value of the security, the procedure laid out in Section D of the Policy shall be followed. In case any new securities are purchased and the price of such security is not provided by AMFI approved agencies, then such security will be valued at weighted average price / yield of the trades of that security done by the Fund on that day.

Inter-scheme trades of debt securities:

Transfer of securities between schemes shall ensure fair treatment of investors in both schemes. Such transfers shall be made at current market prices prevailing at the time of the inter scheme trade. Current market prices shall be the weighted average prices of the trades in that security, if the trades in the security meet the parameters defined under `Definition of trades' section below. If there are no trades, or if the trades do not meet the parameters mentioned in points 1 and 2 under the Section Definition of Trades, inter scheme trades will be done at the yield prevailing on the previous day. In case the same is not done at the traded prices or at the previous day price, reasons for using a different price shall be documented.

Definition of trades:

The prices or yields of securities traded on a public platform will be considered for pricing of inter-scheme trades only if they meet the following parameters:

i. For securities maturing above 1 year:

At least two trades aggregating to Rs 25 crores or more of face value

ii. For securities maturing below 1 year:

At least three trades aggregating to Rs 100 crores or more of face value

iii. Public platform:

Trades reported on FIMMDA platform and Stock Exchanges will be considered as public platforms. The above parameters have to be satisfied at each public platform. Trades reported on FIMMDA will be considered first, followed by those at the stock exchanges. The prices arrived at after considering the eligible trades shall not be used to value the securities, if the Head of Fixed Income and at least two members of the Valuation committee (one of whom should be the CEO) feel they do not represent the true valuation/market prices of that security. Such exceptions will have to be recorded and approved by the Head of Fixed Income and the CEO. The same will also be communicated to the Investment Committee and the two Boards.

iv. Self trades:

Self trades are trades done in the same security by any scheme/s of the Fund in marketable lots of Rs 5 crores or more.

3) Valuation of Government securities, Treasury bills and Cash Management bills

A. Securities maturing up to 60 days.

These securities shall be valued by amortisation on a straight line basis to maturity from cost or last valuation price whichever is more recent. The resultant price will be compared with the price arrived at by using benchmark yields. The amortised price shall be used for valuation as long as it is within +/- 0.10% of the price derived using the benchmark yields. In case the variance exceeds +/- 0.10% of the price arrived using benchmark yields, the valuation shall be adjusted to bring it within +/- 0.10% of the price computed using the benchmark yields.

At the time of purchase of a security with up to 60 days to maturity, the difference between the benchmark yield and the purchase yield will be the spread. This spread will be used daily to arrive at the price using the benchmark yield. If at the time of initial purchase, the maturity is more than 60 days and the security comes into the less than 61 days bucket, the spread, if any, at the time of initial purchase (and changed thereafter) will continue to be used for valuation of the security.

However, the spread can be changed in case of change in market conditions, recent trades of similar securities, etc and the reasons for the change in spread will be documented.

B. Securities maturing after 60 days.

The valuation of these securities maturing after 60 days will be done at the average prices provided by AMFI approved agencies (CRISIL and ICRA).

B. Debt securities - Non-Performing Assets:

An Asset shall be classified as non-performing, if the interest and/or principal amount have not been received or remained outstanding for more than one quarter from the day such income/installment has fallen due. Suitable provisions shall be made in line with SEBI circular No. MFD/CIR/ 8 / 92 / 2000 dated September 18, 2000 which deals with guidelines for identification and provisioning for Non-Performing Assets (Debt Securities) for Mutual Funds.

C. Equity and equity related securities:

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

2. Ill-liquid equity instruments : Unlisted, thinly traded or ill-liquid equity instruments which have not traded for more than thirty days will be valued on the basis of latest available Balance Sheet on average of capitalization of earnings and net asset value per share further discounted by 10% (15% in case of unlisted securities) as detailed in the SEBI circulars. In case where the latest Balance Sheet is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies will be valued at zero.

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

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

5. Rights: Until they are traded, rights entitlement will be valued at the difference between closing price and the rights offer price. Renounced rights will be valued at renunciation price and unsubscribed rights will be valued at zero. In case the rights offer price is greater than the ex-rights price, the value of the rights share is to be taken as zero.

6. Equity warrants: Equity warrants will be valued at traded price if traded. In case they are ill-liquid, the same will be valued at closing price of share reduced by the

amount payable on exercise of the warrant. If amount payable on exercise is higher, then it will be valued at zero.

7. Preference shares will be valued at cost. Traded preference shares will be valued at their closing prices similar to traded equity shares.

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

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

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

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

   d. In case of any other corporate action such as merger, amalgamation etc where in shares of companies are not traded. Valuation Committee will arrive at fair price on case to case basis.

9. Shares with differential voting rights: Shares with differential voting rights will be valued as per their closing prices. In case of ill-liquid DVR shares, a discount for ill-liquidity may be applied to arrive at the fair value.

D. Other securities

1. Mutual Fund units: Mutual Fund units will be valued at the latest NAV available at the time of valuation.

2. Exchange Traded Funds: Units of Exchange Traded Funds will be valued at the closing prices on the BSE. If the units are not traded on the BSE, then the price available on any other stock exchange will be considered. If price are not available on any stock exchange, then the NAV per unit will be used for valuation.

3. Convertible debentures: The non-convertible and convertible components of convertible debentures and bonds shall be valued separately. The nonconvertible component would be valued on the same basis as would be applicable to a debt instrument. The convertible component shall be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument, which

is traded, the value of later instrument can be adopted after an appropriate discount for the non-tradability of the instrument during the period preceding conversion. While valuing such instruments, the fact whether the conversion is optional will also be factored in.

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

E. Valuation principles, conflict of interest and exceptional situations

All securities of the fund will be consistently valued as per the above defined policies and procedures. Where it is observed that the above defined policies and procedures do not lead to fair valuation of the securities, the Valuation Committee may deviate from the above procedures and adopt alternative procedures to determine the fair value. Similarly, any conflict of interest in the valuation of a security will be addressed by the Valuation Committee.

Exceptional events are events during which even the market prices cannot reasonably be considered for the purposes of fair valuation. These events lead to artificial prices that are unsustainable and therefore require that valuation be determined using alternate means to ensure fair treatment to all customers. Some of the events which lead to such situations are announcements of monetary policy initiatives, significant volatility in capital markets, certain geo-political events, heavy redemptions faced by the fund as well as by other mutual funds, etc. The Valuation Committee will identify such exceptional events and will adopt alternative procedures to value securities. Such events and the subsequent measures will be communicated to the Board.

F. Periodic Review

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