

NIPPON LIFE INDIA ASSET MANAGEMENT LIMITED

(IFSC BRANCH)

VALUATION POLICY**October2025****Document Ownership**

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1. Background and Objective

1.1. The International Financial Services Centers Authority (IFSCA) has outlined investment valuation norms for the funds/Schemes to compute and carry out valuation of its investment in its portfolio under “SIXTH SCHEDULE” of IFSCA (Fund Management) Regulations, 2025 (as amended from time to time).

1.2. As stipulated in the IFSCA (FM) regulations, the Nippon India Asset Management Limited (IFSC branch) is required to put in place board approved valuation policy and procedure on the basis of following criteria:

- a) Valuation of securities /assets shall be reflective of the realizable value of the securities/financial product/assets,
- b) The valuation shall be done in good faith and in true and fair manner,
- c) The policy and procedures shall identify the methodologies that will be used for valuing each type of securities/financial products/assets held by the schemes,
- d) The policy and procedures shall identify the methodologies that will be used for valuing each type of securities/financial products/assets held by the schemes,
- e) Describe the process to deal with exceptional events where market quotations are no longer reliable for a particular asset,
- f) Periodic review of valuation policy and procedure by the Board of Directors of NAM India to ensure the appropriateness and accuracy of the methodologies used and its effective implementation in valuing the securities/financial products/assets,
- g) Address conflict of interest,
- h) Disclosure of deviation from the policy to the NAM India or IFSC branch/ Trustees/ Investors,
- i) The responsibility of true and fairness of valuation and correct NAV shall be of the IFSC branch,

1.3. This valuation policy lays down the broad principles that will be followed for valuing the investments made by the various Schemes managed by Nippon Life India Asset Management Limited (IFSC Branch). However, given the wide range of assets that different schemes could invest in, it must be understood that the valuation principles that are applied will depend on the nature of the investments.

2. Periodic Review

This policy and procedure will be reviewed at least once in a financial year by the Risk Management department. The periodic review of the policy shall be made to ensure the appropriateness and accuracy of the methodologies used and effective implementation of the policy in valuing the securities/financial products/assets.

3. Definitions

“Fund of funds scheme” means a scheme that invests primarily in other schemes whether in IFSC or India or foreign jurisdictions.

“valuer” means a person who is authorized to practice as a valuer under the law of the state or country where the valuation takes place.

“Valuation date” is date at which the value of a security is determined.

4. Valuation Methodologies:

4.1. Valuation of investment in the units of underlying Funds/Schemes

Mutual Fund schemes

- Investments in investee fund shall be valued at the latest available NAV of the respective investee fund or funds

Exchange Traded Schemes

- Investments in investee fund shall be valued at the fair Valuation, which is closing traded price on exchange as on the valuation date. However, in case units are non-traded due to exchange holiday, previous closing traded price shall be applied.

Units of Venture Capital Fund

- 4.2. The units of the Venture capital fund shall be valued as per the NAV of respective investee fund regulated by a financial sector regulator, directly or through a manager, in IFSC, India or foreign jurisdiction(s), which are valued by any independent entity. Equity, Preference shares. and Warrants

Traded Shares - If on a valuation date share is traded, then closing price of the principal stock exchange shall be considered. In case the prices are not available from the Principal Stock exchange, then any other stock exchange shall be considered. These shall include the

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Equity shares including Indian Depository Receipts and other instruments, as the case may be.

Not traded on Valuation date: - In case a share is not traded on a valuation date, latest closing price of either principal / secondary or any other stock exchange would be used, provided such date is not more than 30 days prior to the valuation date. This process to be reviewed by the Valuation Committee every 30 days.

If the Shares are not traded beyond 30 days, the valuation Committee will provide the fair Valuation for the shares. If required, an external valuer will be appointed to value the Shares.

Unlisted Equity / Preference Shares / Unlisted Equity in early-stage companies - Equity/Preference shares will be valued by independent external valuer (as appointed by the valuation committee).

Warrants –

In case warrants are traded separately then the closing prices shall be used for valuation.

In case of the non-traded warrants, the warrants will be valued at the value of the shares which would be obtained on exercise (as determined by the valuer) less the amount payable on exercise of the warrant.

On exercise of warrant, the warrants would be transferred to the normal equity and valued accordingly.

Rights –

If the rights are traded separately then the closing prices shall be used for valuation.

If rights are not traded separately then the rights would be valued as per the below formula.

$$V_r = n * (P_{ex} - P_{of}), \text{ where}$$

V_r	=	Value of rights
n	=	no. of rights offered
P_{ex}	=	Ex – rights price
P_{of}	=	Rights Offer price

If the rights are on non-traded shares or unlisted shares then the rights would be valued at zero market price

Valuation of Suspended/Nontraded Share / Corporate Actions.

In case a security is suspended/non-traded/ awaiting Corporate Actions, then the Valuation of such security shall be done on the basis of good faith relying upon prevailing practices elsewhere. The Valuation Committee shall take note of such methodology and accordingly value the security. The Valuation Committee may obtain an opinion from an external valuer on such methodology.

4.3. Equity Derivatives

Futures and Options

Individual stock & index, futures & options would be valued as given below.

- **Options:** All traded options are to be valued as per the closing prices and in the absence of traded closing prices, the settlement price declared by the exchange will be considered for valuation. Whenever option contracts are not traded on a given day, the settlement price which reflects fair value shall be used for valuation. In case no settlement price is available, then a theoretical price as derived by the Black & Scholes option pricing formula would be used for valuation.
- **Future:** The settlement price will be considered for valuation. If the contract is traded and settlement price is not available, then closing prices for the security will be considered for valuation

4.4. Government Securities (Central, State & Treasury Bills)

Securities would be valued basis the prices provided by Independent Valuer

5. Valuation Committee

- **Composition**

- The Board of NAM India shall constitute a Valuation Committee (Committee) comprising of senior officials of NAM India including Principal Officer, Compliance Officer, Compliance Officer of NAM India IFSC branch, the fund Manager and Risk Representative.

- **Terms of Reference**

- Implementation and oversight of the valuation methodologies, policies and procedures
- Valuation policy and procedures are regularly reviewed
- The valuation policies and procedures adopted by NAM India IFSC branch shall seek to address conflict of interest.
- Monitoring of exceptional events* where market quotations may not be available/reliable/sufficient for valuation of a particular security and to decide on its valuation based on the fair valuation principles as per the Regulations.

*Exceptional events are those events where current market information may not be available/sufficient/reliable for valuation of securities. For example, events like –

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- i) major policy announcements by the Central Bank, the Government or the Regulator;
 - ii) natural disasters or public disturbances that force the markets to close unexpectedly;
 - iii) significant volatility in capital markets and.
 - iv) any other significant events considered as abnormal event for the purpose of fair valuation.
- **Quorum and Responsibilities of Valuation Committee**
 - For the purposes of quorum, the presence may either be in person or via teleconference/ video conference.
 - The Valuation Committee will meet and decide on the principles of valuing investments that are not envisaged by this policy or where an exception to this policy needs to be made.
 - The Valuation Committee will approve the valuation reports submitted by the external valuers wherever applicable.

6. Fair Valuation

Nippon Life India Asset Management Limited (IFSC Branch) would be responsible for true and fairness of valuation and correct NAV irrespective of disclosure of the approved valuation policies and procedures i.e., if the established policies and procedures of valuation do not result in fair/ appropriate valuation, the IFSC branch shall deviate from the above established policies and procedures in order to value the assets/ financial products / securities at fair value:

Provided that any deviation from the procedure may be allowed with appropriate disclosures to investors.

7. Exceptional and Conflict of Interest Situation

While these guidelines have been framed keeping into account the current practices and instruments in case investments are made in asset classes not envisaged by the current policy, the valuation of such investments shall be done on the principles laid down by the Valuation Committee.

The valuation principles enumerated in this policy envisage the computation of a fair, realizable value for the investments. Further in case of Conflict-of-Interest situation arises in case of valuation then that would be dealt basis the Nippon Life India Asset Management Limited (IFSC Branch) conflict of Interest Policy.

8. Retention of records:

Documentation of rationale for valuation including methods used shall be maintained and preserved by the IFSC branch as per the paragraph 119 of IFSCA (FM) Regulations, 2025.