

ADDITIONAL DISCLOSURES – VALUATION POLICY

- **Hansdeep Industries & Trading Ltd.**

The schemes were holding bonds of Hansdeep Industries & Trading Ltd. (Hansdeep). Some of the schemes were looking to sell these bonds to create liquidity to meet redemption needs. However, there were no market bids even at levels higher than the valuation yields (SLV – scrip level valuation).

The Valuation Committee took cognizance of the fact that the best bid was the issuer's bid at 11.50%. In the interest of fair valuation, a mark up on the yields of these bonds was proposed and the bonds were marked up effectively to 11.50% with effect from May 16th, 2019.

- **Edelweiss Rural & Corporate Services Ltd. (erstwhile Edelweiss Commodities Ltd.)**

Holdings of Edelweiss group entities viz. Edelweiss Rural & Corporate Services Ltd., Edelweiss Housing Finance Ltd. and ECL Finance Ltd. were fair valued through a mark up in yields by 25 bps on each of these securities with effect from October 26th, 2018.

The Valuation Committee took note of the fact that these bonds were slightly over-valued given the current illiquidity in the market for financial services issuers. The mark-up was hence, primarily to align the valuation of these bonds to 'fair valuation' levels.

- **Jorbat Shillong Expressway Ltd. (JSEL)**

Jorbat Shillong Expressway Ltd. (JSEL), is a completed and fully operational road annuity project, which receives semi-annual cash flows from NHAI (owned 100% by GOI) and rated AAA by India Ratings. The issuer was rated AAA(So), on the strength of the ring-fenced structure, project cash flows and credit strength of NHAI (which is rated Crisil AAA) which makes the regular annuity payments to the SPV.

The NCDs of JSEL were downgraded to IND BB (SO), a non-investment grade rating by Fitch Rating on January 24, 2019. Given the change in ratings to non - investment grade, the Valuation Committee at its meeting held on January 25th, 2019, deliberated on the matter at length and approved the write down in the value of the NCDs by 25% to the face value.

Subsequently, due to non-payment of a scheduled coupon due on March 01, 2019, Care Ratings downgraded the ratings of the NCDs to 'CARE D (SO)'.

The Valuation Committee at its meeting held on March 5th, 2019, reviewed the matter. Given the rating downgrade to default grade by CARE and non-receipt of coupon by the schemes of DPMF, the Committee approved a full write down in the value of the aforesaid NCDs to zero (nil value).