ICRA Analytics Limited

Valuation Workflow & Methodology
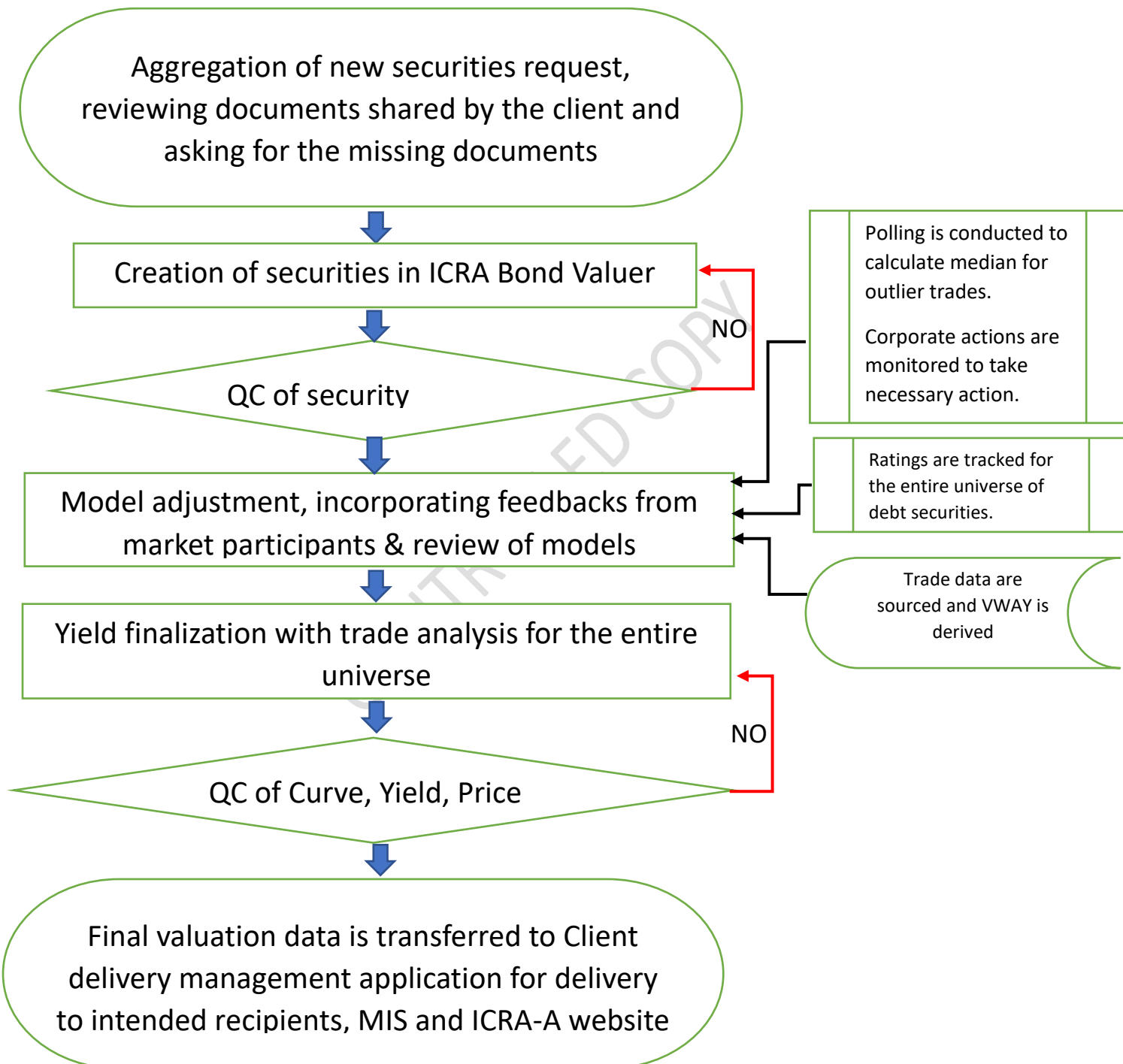
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Prepared by	Reviewed By	Approved By	Last Updated on
Fixed Income Team	Sector Head	Sector Head	23.06.2025

Valuation Workflow

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│  Aggregation of new securities request,  │
│  reviewing documents shared by the       │
│  client and asking for the missing       │
│  documents                               │
╰─────────────────────────────────────────╯
                    ↓
┌─────────────────────────────────────────┐          ┌──────────────────────────────────┐
│  Creation of securities in ICRA Bond     │◄─ NO ──  │ Polling is conducted to          │
│  Valuer                                  │          │ calculate median for outlier     │
└─────────────────────────────────────────┘          │ trades.                          │
                    ↓                                 │                                  │
        ◇ QC of security ◇                            │ Corporate actions are monitored  │
                    ↓                                 │ to take necessary action.        │
┌─────────────────────────────────────────┐          └──────────────────────────────────┘
│  Model adjustment, incorporating         │◄─        ┌──────────────────────────────────┐
│  feedbacks from market participants &    │◄─        │ Ratings are tracked for the      │
│  review of models                        │◄─        │ entire universe of debt          │
└─────────────────────────────────────────┘          │ securities.                      │
                    ↓                                 └──────────────────────────────────┘
┌─────────────────────────────────────────┐          ╭──────────────────────────────────╮
│  Yield finalization with trade analysis  │          │ Trade data are sourced and VWAY  │
│  for the entire universe                 │◄─ NO ──   │ is derived                       │
└─────────────────────────────────────────┘          ╰──────────────────────────────────╯
                    ↓
    ◇ QC of Curve, Yield, Price ◇
                    ↓
╭─────────────────────────────────────────╮
│  Final valuation data is transferred to  │
│  Client delivery management application  │
│  for delivery to intended recipients,    │
│  MIS and ICRA-A website                  │
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Valuation Methodology for G-sec Securities.	
Waterfall	Secondary Trade>Primary Trade>2-way quote (not wider than 5 bps)>Previous Spread over benchmark>Polling
Trade quantum criteria	Minimum 5 cr for G-Sec
Outlier criteria	+/-5 bps over and above benchmark movement
Sources for traded data	CCIL & Public platform (RBI)
Liquidity classification	Liquid
Day count convention	30/360
Consideration of Yield	VWAY of last one hour, if not available then VWAY whole day
Benchmarking criteria	Based on liquidity
Poll consideration	Median of minimum 5 polls for benchmark and median of minimum 3 polls for non-benchmark
Trade cut-off	Market closing time
Exceptional events: (but not limited to)	1. Monetary/Credit Policy 2. Union Budget 3. Material statement on sovereign ratings 4. Issuer or sector specific events which have a material impact on yields 5. Central government election days 6. Quarter end days
Deviation & exceptional event handling	By internal valuation committee of ICRA -A

Valuation Methodology for SDL Securities.	
Waterfall	Secondary Trade>Primary Trade>2-way quote (not wider than 5 bps)>Previous Spread over benchmark>Polling
Trade quantum criteria	Minimum 5 cr for SDL
Outlier criteria	+/-5 bps over and above benchmark movement
Sources for traded data	CCIL & Public platform (RBI)
Liquidity classification	Liquid
Day count convention	30/360
Consideration of Yield	VWAY of last one hour, if not available then VWAY whole day
Benchmarking criteria	Based on liquidity
Poll consideration	Median of minimum 5 polls for benchmark and median of minimum 3 polls for non-benchmark
Trade cut-off	Market closing time
Exceptional events: (but not limited to)	1. Monetary/Credit Policy 2. Union Budget 3. Material statement on sovereign ratings 4. Issuer or sector specific events which have a material impact on yields 5. Central government election days 6. Quarter end days
Deviation & exceptional event handling	By internal valuation committee of ICRA -A

Valuation Methodology for G-sec Strip.	
Waterfall	Secondary Trade>2-way quote (not wider than 5 bps)>Previous Spread over benchmark>Polling
Trade quantum criteria	Minimum 5 cr
Outlier criteria	+/-5 bps over and above benchmark movement
Sources for traded data	CCIL & Public platform (RBI)
Liquidity classification	Liquid
Day count convention	30/360
Consideration of Yield	VWAY of last one hour, if not available then VWAY whole day
Benchmarking criteria	Tenor based linked with G-sec
Poll consideration	Median of minimum 3 polls
Trade cut-off	Market closing time
Exceptional events: (but not limited to)	1. Monetary/Credit Policy 2. Union Budget 3. Material statement on sovereign ratings 4. Issuer or sector specific events which have a material impact on yields 5. Central government election days 6. Quarter end days
Deviation & exceptional event handling	By internal valuation committee of ICRA -A

Valuation Methodology for T-bill & Cash Management Bill.	
Waterfall	Secondary Trade>Primary Trade>2-way quote (not wider than 5 bps)>Previous Spread over benchmark>Polling
Trade quantum criteria	Minimum 25 cr for T-bill
Outlier criteria	+/-5 bps over and above benchmark movement
Sources for traded data	CCIL & Public platform (RBI)
Liquidity classification	Liquid
Day count convention	Act/365
Consideration of Yield	VWAY of last one hour, if not available then VWAY whole day
Benchmarking criteria	Fortnightly till 91 days and monthly for >91 days
Poll consideration	Median of minimum 5 polls for benchmark and median of minimum 3 polls for non-benchmark
Trade cut-off	Market closing time
Exceptional events: (but not limited to)	1. Monetary/Credit Policy 2. Union Budget 3. Material statement on sovereign ratings 4. Issuer or sector specific events which have a material impact on yields 5. Central government election days 6. Quarter end days
Deviation & exceptional event handling	By internal valuation committee of ICRA -A

Valuation Methodology for CP-CD securities	
Waterfall	Primary Trade>Secondary Trade>Similar issuer similar maturity>Previous Spread over benchmark>Polling
Trade quantum criteria	Minimum 25 cr
Outlier criteria	Outlier criteria is defined as per tenor & liquidity
Similar Issuer	Similar issuer can be based on multiple factor such as; sector, industry, rating, parentage, guarantor etc.
Similar maturity criteria	Weekly, Fortnightly and Monthly
Sources for traded data	Ftrac
Liquidity classification	Liquid, Semiliquid and Illiquid
Day count convention	Act/365
Consideration of Yield	Volume weighted average yield
Benchmarking criteria	Based on liquidity and tenor wise availability
Poll consideration	Median of minimum 5 polls for benchmark and median of minimum 3 polls for non-benchmark
Trade cut-off	Market closing time
Exceptional events: (but not limited to)	1. Monetary/Credit Policy 2. Union Budget 3. Material statement on sovereign ratings 4. Issuer or sector specific events which have a material impact on yields 5. Central government election days 6. Quarter end days
Deviation & exceptional event handling	By internal valuation committee of ICRA -A

Valuation Methodology for Corporate Bonds/Debenture	
Waterfall	Primary Trade>Secondary Trade>Similar issuer similar maturity>Previous Spread over benchmark>Polling
Trade quantum criteria	Minimum 5 cr for Secondary and 25 cr for Primary
Outlier criteria	Outlier criteria is defined as per tenor & Liquidity
Similar Issuer	Similar issuer can be based on multiple factor such as; sector, industry, rating, parentage, guarantor etc.
Similar maturity criteria	Weekly, Fortnightly, Monthly, Quarterly, Semi-annually, and Annually
Sources for traded data	NSE & BSE
Liquidity classification	Liquid, Semiliquid and Illiquid
Day count convention	Act/Act
Consideration of Yield	Volume weighted average yield
Benchmarking criteria	Based on liquidity and tenor wise availability
Poll consideration	Median of minimum 5 polls for benchmark and median of minimum 3 polls for non-benchmark
Trade cut-off	Market closing time
Exceptional events: (but not limited to)	1. Monetary/Credit Policy 2. Union Budget 3. Material statement on sovereign ratings 4. Issuer or sector specific events which have a material impact on yields 5. Central government election days 6. Quarter end days
Deviation & exceptional event handling	By internal valuation committee of ICRA -A

Valuation Methodology for G-sec Repo.				
Waterfall	Trade>Similar Maturity>Previous Spread over benchmark>Polling			
Trade quantum criteria	Minimum 5 cr			
Outlier criteria	*Tenor*	*Upto 15 days*	*>15 -30 days*	*>30days*
	Repo	*30 bps*	*20 bps*	*10 bps*
Sources for traded data	CCIL			
Liquidity classification	Liquid			
Day count convention	Act/365			
Consideration of Yield	WAR (weighted average rate)			
Benchmarking criteria	Linked with T-bill			
Poll consideration	Median of minimum 3 polls			
Trade cut-off	Market closing time			
Exceptional events: (but not limited to)	1. Monetary/Credit Policy 2. Union Budget 3. Material statement on sovereign ratings 4. Issuer or sector specific events which have a material impact on yields 5. Central government election days 6. Quarter end days			
Deviation & exceptional event handling	By internal valuation committee of ICRA -A			

Valuation Methodology for TREPS				
Waterfall	Trade>Similar Maturity>Previous Spread over benchmark>Polling			
Trade quantum criteria	Minimum 25 cr			
Outlier criteria	*Tenor*	*Upto 15 days*	*>15 -30 days*	*>30days*
	Repo	*30 bps*	*20 bps*	*10 bps*
Sources for traded data	CCIL			
Liquidity classification	Liquid			
Day count convention	Act/365			
Consideration of Yield	WAR (weighted average rate)			
Benchmarking criteria	Linked with T-bill			
Poll consideration	Median of minimum 3 polls			
Trade cut-off	Market closing time			
Exceptional events: (but not limited to)	1. Monetary/Credit Policy 2. Union Budget 3. Material statement on sovereign ratings 4. Issuer or sector specific events which have a material impact on yields 5. Central government election days 6. Quarter end days			
Deviation & exceptional event handling	By internal valuation committee of ICRA -A			

Valuation Methodology for IRS Securities (Mibor-OIS)	
Waterfall	Trade on CCIL>MIBOR OIS
Trade quantum criteria	Minimum 25 cr on CCIL
Outlier criteria	NA
Sources for traded data	CCIL & Reuters
Valuation done for Floating leg/Fixed leg	Only Fixed leg
Day count convention	Act/365
Consideration of Yield	VWAY whole day
Yield finalisation	Yield is finalised based on residual tenor of securities. If the residual tenor of security falls in between the available tenor in the curve than interpolation method is used.
Poll consideration	NA
Trade cut-off	Market closing time
Exceptional events: (but not limited to)	1. Monetary/Credit Policy 2. Union Budget 3. Material statement on sovereign ratings 4. Issuer or sector specific events which have a material impact on yields 5. Central government election days 6. Quarter end days
Deviation & exceptional event handling	By internal valuation committee of ICRA -A

Valuation Methodology for Corporate Bond Repo.	
Waterfall	Trade>Similar Maturity>Previous Spread over benchmark>Polling
Trade quantum criteria	Minimum 5 cr
Outlier criteria	Outlier criteria is defined as per tenor & Liquidity
Sources for traded data	CCIL-FTRAC
Liquidity classification	Liquid
Day count convention	Act/365
Consideration of Yield	VWAY (Volume weighted average yield)
Benchmarking criteria	Based on underlying basket, sector, Rating and maturity of Repo. Repo will be pegged to respective tenor bucket of CP/CD benchmark curve.
Poll consideration	Median of minimum 3 polls
Trade cut-off	Market closing time
Exceptional events: (but not limited to)	1. Monetary/Credit Policy 2. Union Budget 3. Material statement on sovereign ratings 4. Issuer or sector specific events which have a material impact on yields 5. Central government election days 6. Quarter end days
Deviation & exceptional event handling	By internal valuation committee of ICRA -A

Data retention policy

All valuation related data are kept in the access controlled shared drive for eight years and more as per AMFI guidance.

Business Continuity Plans (BCP)

ICRA-A has a robust Business Continuity Plan and Business Continuity Tests are conducted periodically as per a predetermined schedule. CISO is overall responsible for preparing BCP, recovery strategy, test plan, and implementation of the same.

ICRA-A has formed the Crisis Management Team (CMT) responsible for planning, implementation, and monitoring of BCP when it is invoked during a disaster situation. CMT is responsible for taking decisions and coordination at the time of any disaster or emergency. They are also responsible for the successful execution and implementation of BCP at the time of disaster or emergency.

Review Policy:

a) Share drive permission is reviewed on periodic basis for authorized access.
b) Application login permission is reviewed on periodic basis for authorized access.
c) Valuation process and policy is reviewed as and when required or at least on yearly basis. If there is any material change than it should be uploaded on the website 15 days prior to implementation.

Notes:

a) Polling can be done for outlier, spread review and/or market feedback. Polling level should have the primacy over traded level (outlier) subject to the criteria of minimum number of polls are met.

Disclaimer:

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