



POLICY FOR PORTFOLIO VALUATION

Of

Holani Venture Capital Fund – I

(A scheme of Holani Venture Capital Fund)

Effective Date: April,30 2024

Version 1.0

According to SEBI's circular dated June 21, 2023, it is mandated that the manager shall ensure that the AIF appoints an independent valuer who satisfies the criteria specified by SEBI from time to time.

The investment team and key management personnel of the investment manager shall ensure that the independent valuer computes and carries out valuation of the investments of the schemes of the AIF in the manner specified by SEBI from time to time.

Regulatory Requirement:

In terms of Regulation 23 of the AIF Regulations, a Category I Alternative Investment Fund shall undertake a valuation of its investments, at least once every six months, by an independent valuer; provided that such period may be enhanced to one year on approval of at least 75% per cent of the investors by the value of their investment in such Category I Alternative Investment Fund.

- Valuation of securities , *other than unlisted securities and listed securities which are non-traded and thinly traded* for which valuation norms have already been prescribed under SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations") shall be carried out as per the norms prescribed under MF Regulations. Valuation of securities which are not covered under the MF Regulations, shall be carried out as per valuation guidelines endorsed by any AIF industry association as provided in the circular dated June 21, 2023.
- *Valuation of securities which are not covered in para above, shall be carried out as per valuation guidelines endorsed by any AIF industry association, which in terms of membership represents at least 33% of the number of SEBI registered AIFs. The eligible AIF industry association shall endorse appropriate valuation guidelines after taking into account recommendations of Alternative Investment Policy Advisory Committee of SEBI*
- The valuation process used for the investments in Portfolio Entities shall be based on the application of the relevant accounting standard guidelines in good faith keeping in mind information known and knowable as of a valuation date.
- The process is transparent, prudent and practical and uses a consistent approach from one valuation date to the next considering the facts and circumstances relevant to the portfolio investment and Portfolio Company as of a valuation date. Key guidelines leveraged may include the IPEV (International Private Equity and Venture Capital) Valuation Guidelines, accounting standards covering Fair Value such as US GAAP ASC 820, IFRS 13, and/or Ind-AS 113.
- According to standard valuation practice, the following will be used and accepted for determining the value of a company:

Asset Class	Valuation Methodology
Listed Equity	<ol style="list-style-type: none">1. Market Approach: Valuation is based on the current market price of the shares, considering the trading volume and market liquidity. Adjustments may be necessary for large holdings.2. Comparable Company Analysis: Utilizes financial ratios and operational metrics of comparable public companies to estimate the fair value.3. Dividend Discount Model (DDM): Applicable for dividend-paying companies, estimating the present value of forecasted dividends.
Unlisted Equity	<ol style="list-style-type: none">1. Discounted Cash Flow (DCF): Estimates the present value of the company's future cash flows, adjusted for the risk and the time value of money.2. Cost Approach: Valuation based on the cost to recreate or replace the business.

	3. Market Comparable: Using valuation multiples derived from comparable publicly traded companies or recent transactions in the same industry, adjusted for differences in scale, growth prospects, and risk.
Listed Debt	1. Yield to Maturity (YTM): Calculates the total return anticipated on a bond if the bond is held until its maturity, accounting for its current market price, par value, interest payments, and time to maturity 2. Discounted Cash Flow (DCF): Present value of future cash flows, adjusted for market interest rates 3. Market Approach: Valuation based on current market prices, considering trading volume and market liquidity.
Unlisted Debt	1. Discounted Cash Flow (DCF): Future cash flows are discounted back to the present value using a discount rate that reflects the risk profile of the debt instrument. 2. Comparable Instrument Analysis: Valuing the debt based on similar market instruments, adjusted for differences in credit risk, maturity, and other relevant factors. 3. Adjusted Book Value: Adjusted for any impairments, market changes, or expected losses.

- Given the stage of the Portfolio Entities, the Fund may consider primary valuation approaches, calibration techniques, and early stage valuation techniques including but not limited to scenario analyses, and milestone analysis.