



Nurturing Markets,
Widening Horizons



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FIMNOT/2022-23/14

March 17, 2023

To,

FIMMDA Members / Stakeholders / Website Users,

Sub: Publication of SLV on a firm Basis

- I. Please refer to the discussions at the Valuation Committee meeting held on 1st March 2023 on where the likelihood of publication of Security Level Valuations (SLV) on a Firm Basis with short notice, subject to the readiness of market participants, (both in terms of IT and internal processes) to migrate to SLV from Matrix-based valuations.

As discussed at the meeting we once again enclose the proposed publication format of the SLV output for Plain Vanilla Bonds.

This is the same format as that of SLV output currently being published on "Trial Basis" as available on our website.

Market Participants are requested again to send a communication as per the following format, confirming their preparedness, to use SLV on a daily basis.

| Name of Institution | Preparedness to migrate to SLV (Yes / No) | Remarks (If any) |
|---------------------|---|------------------|
| | | |

We request you to provide your confirmation by return mail.

- II. To start with we will be publishing valuation of only Plain Vanilla Bonds (PVB) upto rating AA-

Users will have to use the valuation as published under SLV for the available ISINs.

In case valuation of the particular ISIN is not available under SLV Spread Matrix may be used for valuation as hitherto.

In such cases Market Participant need to send the specific ISIN details to FIMMDA as per the format below for updating FIMMDA Master data and for inclusion in SLV publication database:

| |
|---------|
| ISIN |
| Company |



| |
|---|
| Name of the Instrument |
| Description in NSDL |
| Issue price (per security) |
| Face Value (per security) |
| Issue Date/Date of Allotment |
| Redemption |
| Coupon Rate |
| Frequency of the Interest Payment with specified dates |
| Cash Flow Dates |
| Put / Call Option with specified dates |
| Credit Rating with name of Credit Rating Agency and Date of Credit Rating |
| Frequency of the Interest Payment with specified dates |
| Last Traded Date |
| Last Traded price |
| Last Traded Yield |
| Remarks |

III. Market Participants are also requested to note that, as per the requests received, the "Final Yield " published would be as below:

- a. Where the ISIN has traded within a look-back period of 15 days:
 - i. The Final Yield is the latest traded yield within the 15-day look-back period.
- b. Where the ISIN has NOT traded within a look-back period of 15 days:
 - i. Where Model Yield is greater than the corresponding G-Sec par yield + 50 bps, the Model Yield is published as the Final Yield.
 - ii. Where Model Yield is lesser than the corresponding G-Sec par yield + 50 bps, then the corresponding G-Sec par yield + 50 bps is published as Final Yield.

Yours truly,




G. Ravindranath

Chief Executive Officer

Security Level valuation of Corporate Bonds (on trial basis) on 30-Nov-2022

| Sr. No. | ISIN | Name of Issuer | Coupon Rate | Maturity Date | Rating | Segment of Issuer | Model Yield for 30-Nov | Model Price | 15 days Yield | 15 days Price | Final Yield | Final price | Remarks |
|---------|--------------|------------------------|-------------|---------------|--------|-------------------|------------------------|-------------|---------------|---------------|-------------|-------------|---------|
| 1 | INE029A08040 | BHARAT PETROLEUM CORPO | 7.69% | 16-Jan-23 | AAA | PSU, FI & Bank | 6.89 | 100.01 | 0.00 | 0.00 | 7.17 | 100.04 | |
| 2 | INE029A08057 | BHARAT PETROLEUM CORPO | 8.02% | 11-Mar-24 | AAA | PSU, FI & Bank | 7.41 | 100.57 | 0.00 | 0.00 | 7.47 | 100.64 | |
| 4 | INE753F07038 | DAMODAR VALLEY CORPORA | 9.30% | 30-Mar-27 | AAA | PSU, FI & Bank | 7.74 | 106.15 | 0.00 | 0.00 | 7.74 | 106.15 | |
| 5 | INE753F08028 | DAMODAR VALLEY CORPORA | 8.69% | 25-Mar-28 | AAA | PSU, FI & Bank | 7.83 | 104.28 | 0.00 | 0.00 | 7.83 | 104.28 | |
| 6 | INE153A08014 | MAHANAGAR TELEPHONE NI | 8.57% | 28-Mar-23 | AAA | PSU, FI & Bank | 7.01 | 100.42 | 0.00 | 0.00 | 7.13 | 100.43 | |
| 8 | INE153A08022 | MAHANAGAR TELEPHONE NI | 9.38% | 05-Dec-23 | AAA | PSU, FI & Bank | 7.39 | 101.98 | 0.00 | 0.00 | 7.45 | 101.85 | |
| 9 | INE153A08030 | MAHANAGAR TELEPHONE NI | 9.39% | 26-Mar-24 | AAA | PSU, FI & Bank | 7.41 | 102.51 | 0.00 | 0.00 | 7.47 | 102.35 | |
| 10 | INE153A08071 | MAHANAGAR TELEPHONE NI | 8.29% | 28-Nov-24 | AAA | PSU, FI & Bank | 7.53 | 101.51 | 0.00 | 0.00 | 7.59 | 101.27 | |

Notes:

1. For Computation of SLV – look back 15 calendar days traded data considered (inclusive of failed trades).
2. SLVs computed and published are for only Plain Vanilla Bonds with Rating up to AA-
3. Issuer Default – Wherever there is a rating Downgrade by 2 notches or of rating downgrade to “Default” category and there are no trades in such ISIns Security Level Valuation will not be provided. In such cases for Valuation, please use Matrix.
4. The SLV computation is as per FIMMDA published methodology. Methodology document is available on "www.fimmda.org" Regulatory Guidelines:

All users should also consider the following RBI guidelines while valuing securities using FIMMDA Matrix.

- a). All debentures / Bonds other than those which are in nature of advance should be valued on the YTM basis.
- b). Where the debenture / bond is quoted and there have been transactions within 15 calendar days prior to the valuation date, the value adopted should not be higher than the rate at which the transaction is recorded on the stock exchange. For this purpose, FIMMDA publishes traded values of all Bonds of the past 15 calendar days separately, on all Mumbai bus c). The yield used for the YTM for rated debentures / bonds should be at least 50 basis points above the rate applicable to a Government of India loan of equal maturity d). The Mark-up for the unrated debentures / bonds should appropriately reflect the credit risk borne by the FI.
- e). The yield used for the YTM for unrated debentures / bonds should not be less than the rate applicable to rated debentures / bonds of equivalent maturity.
- f). Where interest / principal on the debenture / bond is in arrears, the provision should be made for the debentures / bonds as in the case of debentures / bonds treated as advances.

Disclaimer: Evaluated securities are financial instruments that are traded infrequently.

The traded data is sourced from the Exchanges that maintain reporting/trading platforms. We have used methodology as described in the document to arrive at prices/yields of non-traded securities. It is generally found that no evaluation method can generate prices/yields that may match the expected traded values. The user understands the limitations and agrees to use these values at their own risk and responsibility. FIMMDA assumes no responsibility expressed or implied of any kind for accuracy, completeness, reliability or fitness of the values published

