

Update on IL&FS Financial Services Ltd Investments in Tata Corporate Bond Fund

Tata Corporate Bond Fund had investment in Secured NCD of IL & FS Financial Services Ltd which were marked down by 50% as part of fair valuation policy of Tata Mutual Fund in the month of October 2018.

Subsequent to its default, we had taken steps towards the settlement of maturity amounts from IL & FS and sent notices to the company. We received response from IL&FS wherein they cited the NCLAT order insulating them from legal recourse and suits from creditors for non-repayment.

A Committee led by Mr. Uday Kotak appointed by the Government for the resolution of the default issues as a part of the process have identified debt issues in terms of repayment. The newly constituted board of the IL&FS group, its Financial creditors, executives of the Ministry of Corporate Affairs, and Kotak Mahindra Bank Managing Director and Chief Executive Officer Uday Kotak — the non-executive chairman of IL&FS group — have classified the IL&FS Group companies into three categories, namely '**Green**', '**Amber**', and '**Red**'.

As many as 69 out of the 169 firms of the IL&FS group incorporated in India have been placed under three categories based on their ability to service routine debt obligations to secured financial and operational creditors.

The Committee has identified 38 firms under '**Red**' category which would be unable to repay even to the secured financial creditors. Tata Corporate Bond Fund has exposure to secured NCD of IL & FS Financial Services Ltd which has been identified under the '**Red**' category.

Accordingly, in view of the above-mentioned firm confirming their inability to repay their secured creditors, it was felt prudent by TAML valuation committee to markdown the entire holding of IL&FS Financial Services Ltd (Secured NCD) held in Tata Corporate Bond Fund by 100%.

We would be continuously monitoring the developments with regards to the IL & FS and make all efforts to recover our investments in due course of time.

This product is suitable for investors who are seeking*:

- Regular Income for Medium Term
- Predominant investment in corporate debt securities

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Risk-O-Meter

Low Moderate High

LOW HIGH

Investors understand that their principal will be at Moderate risk

Mutual Fund Investments are subject to market risk, read all scheme related documents carefully.