

Valuation Update

12th February 2019

In order to comply with Order dated February 4, 2019 passed by the National Company Law Appellate Tribunal, Ministry of Company Affairs (MCA) have submitted the list of companies/entities belonging to Infrastructure Leasing & Financial Services Limited (IL&FS).

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.

38 companies / firms of IL&FS have been identified under 'Red' category. As per the MCA submissions, 'RED' category companies / firms 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 (IFIN) which has been identified under the 'Red' category.

TAML Valuation Committee have reviewed the submissions made by MCA and committee felt that now it is even more unlikely that IFIN will be able to service their debt obligations on timely basis in near to medium term.

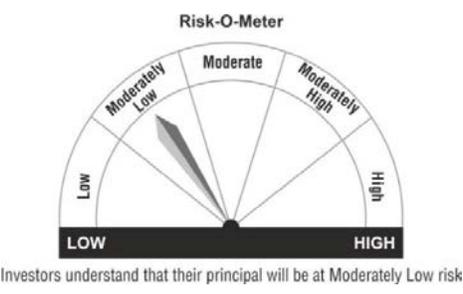
In view of the above, to protect the interest of unitholders, TAML valuation committee approved markdown the value of entire holding of IL&FS Financial Services Ltd (Secured NCD), held in Tata Corporate Bond Fund, by 100%.

29th October 2018

On 8th September 2018 ICRA downgraded long and short-term ratings of Infrastructure Leasing and Financial Services Limited (IL&FS). Rating was downgraded to below investment grade and subsequently after a few days to default.

Since the issuer had been downgraded below investment grade, valuation agencies had stopped providing scrip level valuation of various debt Instruments of IL&FS. As per SEBI Valuation norms, debt instruments of companies rated below investment grade are required to be valued based on fair valuation norms. Accordingly, Debt Instruments of IL&FS has been fair-valued after applying recommendations of the Valuation Committee of Tata Mutual Fund.

In view of the last two defaults (September and October 2018), based on information in public domain and various interactions with the company, it was felt unlikely that these instruments (commercial papers) would be repaid in the near future. Hence it was felt prudent by TAML valuation committee to markdown the entire holding of IL&FS (CP) held in Tata Money Market Fund and Tata Short Term Bond Fund by 100%.

<p>Tata Money Market Fund is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Regular Income over Short Term • Investment in Money Market Instruments. <p>Tata Short Term Bond Fund is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Regular Fixed Income for Short Term. • Investment in Debt / Money Market instruments / Government Securities. 	
<p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	

26th September 2018

Head of Fixed Income, had a meeting with IL& FS Senior Management for repayment of Rs.25 crores Commercial Paper (CP) which is due today. Where IL&FS management has confirmed that immediately they do not have liquidity and hence will not be able to immediately service CP maturing today. They have not indicated exact timeframe within which they will arrange liquidity. Due to uncertainty of receipt of maturity proceeds in near future valuation committee has recommended & approved 100% provisions against maturity proceeds of IL&FS CP which matured today.

19th September 2018

IL&FS Ltd and IL&FS Financial Services Ltd, both have defaulted on debt repayments on multiple instances. IL&FS' group credit rating was downgraded to 'D' grade by the rating agencies.

Taking into consideration recurring delays and lack of clarity from the management of IL&FS group regarding timely servicing of debt instruments held by Tata Mutual Fund schemes, the

valuation committee of TAML , as a prudential measure and principles of fair valuation, has decided to further mark down Tata Mutual Fund's exposure by another 25% of its face value to derive the prices of the securities in its holding.

10th September 2018

On 8th September ICRA downgraded long and short term ratings of Infrastructure Leasing and Financial Services Limited (IL&FS) and IL&FS Financial Services Ltd (IFIN). Long term ratings were downgraded to BB (i.e. below investment grade) from AA+ and the short-term rating downgraded from A1+ to A4.

Since both the issuers have been downgraded below investment grade, valuation agencies have stopped providing scrip level valuation of various debt Instruments of IL&FS and IFIN.

As per SEBI Valuation norms, debt instruments of these companies are therefore required to be valued based on fair valuation norms hereafter. Accordingly Debt Instruments of IL&FS & IFIN have been fair-valued after applying appropriate hair cut as recommended by the Valuation Committee of Tata Mutual Fund. The Valuation Committee will continuously review the development on both the above issuers and will continue a fair valuation thereof, until the valuation agencies resume their valuation inputs.

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