

## Update on Investment in Dewan Housing

Finance Corporation Limited (DHFL)

Date: 13<sup>th</sup> Sept 2019

This is further to our update of June 06, 2019 on DHFL. As communicated earlier, the holding by schemes of Kotak Mahindra Mutual Fund (Kotak Low Duration Fund and Kotak Medium Term Fund) in Non-Convertible Debentures (NCDs) of DHFL had maturity of Rs 10 crores (face value) on August 16, 2019 and Rs 130 crores (face value) September 09, 2019. DHFL has defaulted on this payment on maturity date.

As communicated earlier, the independent Scrip Level Valuation (SLV) Agencies i.e. CRISIL & ICRA, marked down the secured NCD exposures of DHFL by 75% (of face value) on June 04, 2019 as per AMFI's matrix on "Standard haircut for sub investment grade debt securities". The independent Scrip Level Valuation (SLV) Agencies continue to value it at 75% marked down value.

The above NCDs are secured, with security in the form of first ranking pari-passu charge on present and future receivables of the Company with security cover of 1.10 times.

Kotak Mutual Fund will continue to monitor the developments on the liquidity front as also the strategic sale of various business segments of the company

**Investors and distributors are requested to take note of the same.**

In accordance with Section 60 of SEBI (Mutual Fund) Regulations, 1996, the investment by Kotak Low Duration Fund and Kotak Medium Term Fund in the aforementioned securities of DHFL may have adverse bearing on the investments made by the investors in each scheme.

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**