

Update on rating downgrade of Simplex Infrastructures Limited and its impact on valuation



12th December, 2019

This update is in continuation to the communication dated November 26, 2019, appended hereto. As communicated earlier, HDFC Credit Risk Debt Fund has a debt exposure to Secured Non-Convertible Debentures ('NCDs') issued by Simplex Infrastructures Limited ('Simplex').

On December 11, 2019, CARE Ratings has further downgraded the rating of the NCDs issued by Simplex from CARE BB+ to CARE D due to a recent instance of delay in repayment of certain debt obligations as the liquidity position of the company has been affected on account of elongation of its working capital cycle. Consequent to this downgrade, HDFC Credit Risk Debt Fund has valued the exposure to Simplex, in accordance with the applicable SEBI Regulations and Circulars on valuation of such securities. The impact due to the said change in valuation on the NAV of 'HDFC Credit Risk Fund' is -0.3%.

Scheme Name	Value of exposure to Simplex as on 11.12.2019 in Rs. Cr	% of AUM as on 11.12.2019
HDFC Credit Risk Debt Fund	62.5	~0.43%

Simplex was established in 1924 and is one of the leading construction companies in India, promoted by the Mundhra family of Kolkata. It is primarily engaged in Engineering Procurement Construction (EPC) contracts and turnkey projects related to civil construction across various sectors. For the six month ended September 2019, Simplex has reported revenues of Rs. 2485 Crs, operating profit of Rs.330 Crs and profit after tax of Rs.28 Crs. As per rating rationale from CARE Ratings, in order to improve its liquidity position, Simplex plans to induct a strategic partner who is likely to infuse funds into the company. Additionally, Simplex is also looking to monetize its shareholding in one of the road SPVs in the near term.

We continue to monitor the developments closely and are also engaging with the company for repayment of the outstanding exposure of the aforesaid Scheme.

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

HDFC Credit Risk Debt Fund

[An open ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds)]

This product is suitable for investors who are seeking*:	Riskometer
<ul style="list-style-type: none"> income over short to medium term to generate income / capital appreciation by investing predominantly in AA and below rated corporate debt (excluding AA+ rated corporate bonds) 	<p>Investors understand that their principal will be at Moderate risk</p>

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

Update on rating downgrade and valuation of exposure to Simplex Infrastructures Limited



26th November 2019

HDFC Credit Risk Debt Fund has debt exposure of Rs.124.11 Crs to Secured Non-Convertible Debentures ('NCDs') issued by Simplex Infrastructures Limited ("the Company") as on November 25, 2019. The Company was established in 1924 and is one of the leading construction companies in India, which has the Mundhra family of Kolkata as its promoters. It is primarily engaged in Engineering Procurement Construction (EPC) contracts and turnkey projects related to civil construction across various sectors. The Company has reported Revenues of Rs.2485 Crs., EBITDA of Rs.330 Crs. and PAT of Rs.28 Crs. for six month ended September 2019.

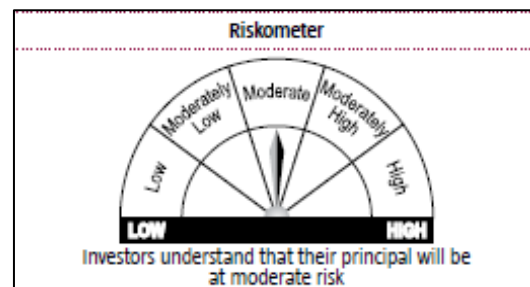
CARE Ratings has downgraded the rating of the NCDs issued by Simplex Infrastructures Limited on November 25, 2019 from CARE BBB to CARE BB+. The ratings continue to be on negative outlook. Consequent to this downgrade, HDFC Credit Risk Debt Fund has valued the exposure to the Company (as shown below), in accordance with the applicable SEBI Regulations and Circulars on valuation of such securities:

Scheme Name	Market Value of exposure to Simplex Infrastructures Ltd. as on 25.11.2019 (Rs. in crores)	Market Value of exposure to Simplex Infrastructures Ltd. as on 26.11.2019 (Rs. in crores)	As on 26.11.2019 (% of AUM)
HDFC Credit Risk Debt Fund	124.11	106.25	0.73%

We will continue to monitor the developments around the Company and keep investors informed about the same.

This product is suitable for investors who are seeking ~

- income over short to medium term
- to generate income/capital appreciation by investing predominantly in AA and below rated corporate debt (excluding AA+ rated corporate bonds)



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

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.