

# Rating Update: Dewan Housing Finance Corporation Limited (DHFL)

## DEWAN HOUSING FINANCE CORPORATION LIMITED (“DHFL”)

Dewan Housing Finance Corporation Limited missed payments on Zero Coupon Bond (“ZCB”) that were due on June 04, 2019 along with interest payments for that was due for the Non- Convertible Debenture (“NCDs”) maturing on June 04, 2021 . DHFL was expecting proceeds from loan sell downs which did not come through hence the default or delay in payments.

Accordingly, BNP Paribas Asset Management India Private Limited has decided to mark down the ZCB maturing on June 04, 2019 by taking a 100% haircut. Three Schemes of BNP Paribas Mutual Fund had exposure to the said ZCB. The details are as follows:

### Exposure by Schemes of BNP Paribas Mutual Fund in “0% DEWAN HOUSING FIN CORP 04-JUN-19” (ISIN: INE202B07AU7)

Scheme Name	Face Value (Rs. Crore)	% of AUM*	Valuation Impact
BNP Paribas Low Duration Fund	8.00	4.38%	-4.63% (13.33 Crs)
BNP Paribas Substantial Equity Hybrid Fund	3.00	1.68%	-1.71% (5.00 crs)
BNP Paribas Conservative Hybrid Fund	4.00	1.65%	-1.69% (6.67 crs)
<b>Total</b>	<b>15.00</b>		

\*as on June 03, 2019; Valuation yield as June 03, 2019 is 12.96%

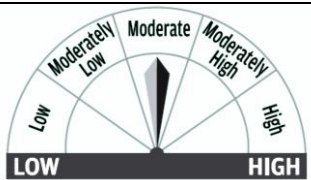
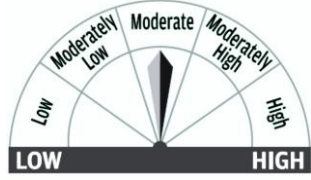


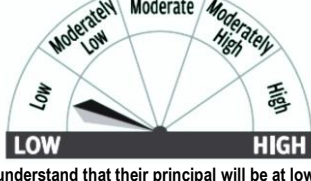
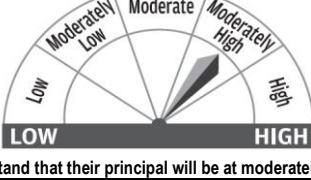
Further, DHFL has also missed interest payment on the NCD maturing of June 04, 2021. BNP Paribas Asset Management India Private Limited, in this case has decided to value the security based on valuation provided by valuation agencies, which have effectively mark down the NCD by taking a 75% haircut, using the standard indicative haircut matrix for secured securities, which has been prepared / provided by valuation agencies (CRISIL and IMACS) and discussed & finalised by AMFI. The details are as follows:

### Exposure by Schemes of BNP Paribas Mutual Fund in “8.90% DEWAN HOUSING FIN CORP 04-JUN-21” (ISIN: INE202B07IY2)

Scheme Name	Face Value (Rs. Crore)	% of AUM*	Valuation Impact
BNP Paribas Corporate Bond Fund	10.00	13.34%	-12.07% (6.70 Crs)
BNP Paribas Short Term Fund	10.00	4.66%	-3.91% (6.70 crs)
BNP Paribas Medium Term Fund	23.00	15.86%	-14.72% (15.42 crs)
BNP Paribas Low Duration Fund	7.00	1.91%	-1.63% (4.69 crs)
<b>Total</b>	<b>50.00</b>		

\*as on June 03, 2019; Valuation yield as June 03, 2019 is 19.96%

**PRODUCT LABELING**

<b>Riskometer for the Scheme</b>	
<p><b>BNP PARIBAS CORPORATE BOND FUND</b> (An Open ended Debt Scheme predominantly investing in AA+ and above rated corporate bonds)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>• Capital appreciation and regular income in long term.</li> <li>• Investment primarily in AA+ and above rated corporate bonds and the rest in debt and money market instruments.</li> </ul>	 <p><b>LOW HIGH</b></p> <p>Investors understand that their principal will be at moderate risk</p>
<p><b>BNP PARIBAS MEDIUM TERM FUND</b> (An Open ended Medium Term Debt Scheme investing in instruments such that the Macaulay duration# of the portfolio is between 3 years and 4 years)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>• Regular income in medium term.</li> <li>• Investments in a portfolio of debt and money market instruments with portfolio Macaulay Duration ranging from 3 to 4 years.</li> </ul>	 <p><b>LOW HIGH</b></p> <p>Investors understand that their principal will be at moderate risk</p>
<p><b>BNP PARIBAS CONSERVATIVE HYBRID FUND</b> (An Open ended Hybrid Scheme investing predominantly in debt instruments)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>• Regular income and capital appreciation in long term.</li> <li>• Investments primarily in Debt and Money Market Instruments for regular returns &amp; in equity and equity related securities for capital appreciation</li> </ul>	 <p><b>LOW HIGH</b></p> <p>Investors understand that their principal will be at moderate risk</p>
<p><b>BNP PARIBAS SHORT TERM FUND</b> (An Open ended Short Term Debt Scheme investing in instruments such that Macaulay duration# of portfolio between 1 year and 3 years)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>• Regular income in short term.</li> <li>• Investments in debt &amp; money market instruments.</li> </ul>	 <p><b>LOW HIGH</b></p> <p>Investors understand that their principal will be at moderately low risk</p>
<p><b>BNP PARIBAS LOW DURATION FUND</b> (An Open ended Low Duration Debt Scheme investing in instruments such that Macaulay duration# of portfolio is between 6 months and 12 months)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>• Regular income in short term.</li> <li>• Investments in portfolio comprising of debt &amp; money market instruments and derivatives.</li> </ul>	 <p><b>LOW HIGH</b></p> <p>Investors understand that their principal will be at low risk</p>
<p><b>BNP PARIBAS SUBSTANTIAL EQUITY HYBRID FUND</b> (An Open ended Hybrid Scheme investing predominantly in equity and equity related instruments)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>• Wealth creation in long term.</li> <li>• Investment primarily in equity &amp; equity-related securities and the rest in debt securities &amp; money market instruments to generate income and capital appreciation</li> </ul>	 <p><b>LOW HIGH</b></p> <p>Investors understand that their principal will be at moderately high risk.</p>

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

#Concept of Macaulay duration: The Macaulay Duration is a measure of a bond's sensitivity to interest rate changes. It is expressed in annual terms. It is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price. Factors like a bond's price, maturity, coupon, yield to maturity among others impact the calculation of Macaulay duration.

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



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