

Important Update

June 12, 2019

Exposure to Non-Convertible Debentures issued by Sintex Industries Limited in Invesco India Credit Risk Fund

Invesco India Credit Risk Fund (**'the Scheme'**) invests a minimum of 65% of its net assets in AA and below rated corporate bonds of varying maturities particularly from credit spectrum. Amongst many credit exposures, the Scheme also holds Non-Convertible Debentures (**'NCDs'**) of Sintex Industries Limited having a face value of Rs. 15 Crores (ISIN: INE429C07057). The NCDs were rated "BWR A" outlook: Stable by Brickwork Ratings India Pvt. Ltd. The value of NCDs held by the Scheme as on 11th June, 2019 was Rs. 14.97 Crores and accrued interest of Rs. 0.33 Crores, aggregating to Rs.15.30 Crores which worked out to 5.90% of net assets of the Scheme as on 11th June, 2019.

The NCDs held by the Scheme have a quarterly interest payment which the Company has been paying on time with the last payment being made on 30th March 2019. The NCD has a put/call option on 30th September 2019 and is secured by the Fixed assets of the company with cover ratio of 1.25 times.

As per the Company's filing to the Bombay Stock Exchange on 12th June, 2019, the Company has not paid the principal and interest obligation on its other NCDs (ISIN: INE429C07040) amounting to Rs. 85.84 Crores and Rs. 3.03 Crores respectively which was due on 11th June, 2019. Given this development, Brickwork Ratings has downgraded the Bank loan and Non-Convertible Debentures rating of Sintex Industries Ltd. to BWR D. While the Company has stated in its notification to the stock exchange that the current liquidity situation is temporary and will not affect its going concern status, we would await further clarity from the Company on how it will resolve the situation.

Based on the audited results of the Company for the year ended on 31st March, 2019, the fixed assets of the Company are INR 82 Billion and Long Term borrowings are INR 52 Billion ensuring adequate security cover for its debt. The Company has also approved divestment of part of its stake in its overseas subsidiary to raise funds.

In view of the above downgrade, the Valuation Committee of Invesco Asset Management (India) Pvt. Ltd. has reviewed the above developments and with a view to protect the interest of unitholders of the Scheme and in line with the provisions of SEBI circular SEBI/HO/IMD/DF4/CIR/P/2019/41 dated 22nd March, 2019 decided to value the aforesaid NCDs at the prices provided by CRISIL and ICRA (Valuation agencies). This has resulted in the mark down of NCDs held by the Scheme by 75%. Further the Valuation Committee also approved not to accrue further interest on the said NCDs w.e.f. 12th June, 2019.

We will continue to monitor the situation and will pursue all efforts / legal recourse to recover the dues at the earliest with a view to protect the interest of unit holders of the Scheme.