

The below-mentioned debt schemes are invested in 0% Essel Infra Series I 22 May 2020 and 0% Essel Infra Series II 22 May 2020 NCDs issued by Essel Infraprojects Ltd. (EIL). At maturity, the issuer was unable to meet the maturity obligation. These NCDs are currently fair valued at INR 92 crores in our portfolios i.e. at 15% of maturity value after providing a haircut of 85%. The NCDs are backed by a pledge of listed shares of Zee Entertainment Enterprises Ltd (ZEEL), Dish TV India Ltd, unlisted shares of EIL, personal guarantee of Mr. Subhash Chandra and corporate guarantee.

As the securities have matured on May 22, 2020, the maturity receivables would continue to be valued at INR 92 crores. This event does not have any impact on the NAV per unit of the schemes in comparison to NAV of May 21, 2020. This only reflects the realizable value basis the current share cover and does not indicate any reduction or write-off of the amount repayable by EIL. The valuation would be monitored daily and the receivable will be adjusted to reflect any material change in the share cover (listed equity shares).

We have appointed a legal counsel and are actively considering all necessary actions to maximize recovery value. The schemes will continuously monitor the developments in EIL and take appropriate steps in the best interest of its unitholders.

The schemes invested in these NCDs are Franklin India Short Term Income Plan (Number of Segregated Portfolios - 3) FISTIP (under winding up), Franklin India Dynamic Accrual Fund (Number of Segregated Portfolios - 3) FIDA- (under winding up), Franklin India Low Duration Fund (Number of Segregated Portfolios - 2)- (under winding up) FILDF and Franklin India Credit Risk Fund (Number of Segregated Portfolios - 3) FICRF- (under winding up). The scheme-wise exposure details as on May 21, 2020 along with the maturity value is mentioned below.

Scheme	Maturity Value including redemption premium (INR crores)	Market value (INR crores)	Valuation % to AuM
FIDA	24	4	0.16%
FICRF	103	16	0.48%
FISTIP	195	29	0.54%
FILDF	293	44	1.87%
<b>Grand Total</b>	<b>616</b>	<b>92</b>	



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

**Product Labels:**

Fund Name	This product is suitable for investors who are seeking*	
Franklin India Low Duration Fund (Number of Segregated Portfolios - 2) FILDF	<ul style="list-style-type: none"> <li>Regular income for short term</li> <li>A fund that focuses on low duration securities.</li> </ul>	
Franklin India Short Term Income Plan (Number of Segregated Portfolios - 3) FISTIP	<ul style="list-style-type: none"> <li>Regular income for medium term</li> <li>A fund that invests in short term corporate bonds including PTCs.</li> </ul>	
Franklin India Credit Risk Fund (Number of Segregated Portfolios - 3) FICRF	<ul style="list-style-type: none"> <li>Medium to long term capital appreciation with current income</li> <li>A bond fund focusing on AA and below rated corporate bonds (excluding AA+ rated corporate bonds).</li> </ul>	
Franklin India Dynamic Accrual Fund (Number of Segregated Portfolios - 3) FIDA	<ul style="list-style-type: none"> <li>Medium term capital appreciation with current income</li> <li>A fund that focuses on fixed income securities with high accrual and potential for capital gains.</li> </ul>	

\*Investors should consult their financial distributors if in doubt about whether these products are suitable for them.

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