September 3, 2021

**Update on Coffee Day Natural Resources Private Limited**

DSP Credit Risk Fund (“Scheme”) had invested INR 115 crores (face value) in non-convertible debentures of Coffee Day Natural Resources Private Limited (“NCD”) on December 23, 2016 out of which INR 46 crores were paid off. Accordingly, the Scheme had exposure of INR 69 crores (face value) in the NCD. The issuer exercised the call option on July 15, 2019 for settlement on August 16, 2019 but failed to make payment till date.

Coffee Day Natural Resources Private Limited is a holding company with no assets of its own and the NCD derives its value from its collateral which has suffered significant deterioration in value. Any further erosion in the value of NCD could led to significant impact on the return to current set of investors in the Scheme.

In view of the above, the Board of Directors of DSP Investment Managers Private Limited (“DSPIM”) and DSP Trustee Private Limited had approved the proposal for DSPIM to purchase the NCD from the Scheme at the prevailing carrying value based on the valuation provided by the independent valuation agencies viz. CRISIL & ICRA, appointed by AMFI. DSPIM had purchased the NCD from the Scheme with the trade date of August 31, 2021.