SBI FUNDS MANAGEMENT PRIVATE LIMITED

April 14, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Short-term Bank Facilities*	2000	**CARE A1+ (A One Plus)**	**Reaffirmed**
Total	2000 (Rupees Two Thousand crore only)		

**Facility is extended to 5 debt schemes of SBI Mutual Fund*

Detailed Rationale & Key Rating Drivers

The rating factors in the high credit quality of the underlying assets of the schemes, comfortable asset coverage for the bank facility and low duration for the majority of the AUM. The rating also factors in the sponsorship from State Bank of India and Amundi India Holding, along with the experience of the fund management team. The maintenance of the high credit quality of the underlying assets of the schemes and asset coverage for the bank facilities are the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

High credit quality of underlying assets

All the five schemes covering the bank facilities have invested in high credit quality debt instruments. As on December 31, 2016, around 16% of the combined rated portfolio was invested in Government securities/CBLO/T-Bill, around 37% in AAA rated and around 45% was invested in AA category instruments.

Comfortable asset coverage and low gearing

Total facility amount is Rs.2,000 crore as against the total closing Assets Under Management (AUM) of Rs.53,362 crore (as on December 31, 2016) of the five debt schemes, thus ensuring adequate coverage.

Low market and liquidity risk

As on Dec 31, 2016, the portfolio duration of SBI Short Term Debt Fund stood at ~2 years and 1 month, portfolio duration of SBI Ultra Short term Debt Fund stood at ~1 year and 2 months while portfolio duration of other three schemes was less than 1 year. Any change in interest rate would have limited impact on any movement of price due to relatively lower duration of majority of the AUM. Moreover, the schemes invest in high credit quality debt instruments which should further limit market risk and liquidity risk.

Sponsors strength with strong brand linkages to SBI Group

SBI Funds Management Private Limited (SBI FMPL), the investment manager of SBI Mutual Fund is a joint venture between State Bank of India (SBI), India's largest bank and Amundi India Holding (AMUNDI), (wholly owned subsidiary of Amundi France - a leading European asset management company). SBI currently holds 63% stake in SBI FMPL and the 37% stake is held by AMUNDI through Amundi India Holding. SBI Mutual Fund also benefits from the brand equity of its sponsors, SBI Bank and AMUNDI.

Experienced management

The board and senior management comprise of select senior representative from SBI Bank and AMUNDI indicating strong group representation. The senior management and the fund management team consist of professionals with extensive experience in the investment management industry. The Board of Directors of the AMC is headed by Ms. Arundhati Bhattacharya (Chairperson of SBI) and Mr. Dinesh Kumar Khara (Ex-Chief General Manager – Bhopal Circle) has been deputed as the MD & CEO of the AMC by SBI.

Analytical approach- Underlying Credit Quality of the debt schemes covered under the Bank facility

Applicable Criteria

[CARE's Policy on Default Recognition](#)

[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

[CARE's Fund Credit Quality rating Criteria]
[CARE's Policy on Short term Instruments]

About the Company
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Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

Analyst Contact:
Name: Anuj Jain
Tel: 022-67543451
Mobile: + 91-9892209428
Email: anuj.jain@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - ST-Bank Overdraft	-	-	-	2000.00	CARE A1+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - ST-Bank Overdraft	ST	2000.00	CARE A1+	-	1)CARE A1+ (05-Apr-16)	1)CARE A1+ (15-Apr-15)	1)CARE A1+ (07-Apr-14)

CONTACT

Head Office Mumbai

Mr. Amod Khanorkar
Mobile: + 91 98190 84000
E-mail: amod.khanorkar@careratings.com

Mr. Saikat Roy
Mobile: + 91 98209 98779
E-mail: saikat.roy@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Deepak Prajapati
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-9099028864
Tel: +91-80-4115 0445, 4165 4529
E-mail: deepak.prajapati@careratings.com

CHANDIGARH
Mr. Sajan Goyal
SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Ramesh Bob
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 90520 00521
Tel: +91-40-4010 2030
E-mail: ramesh.bob@careratings.com

JAIPUR
Mr. Nikhil Soni
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 95490 33222
Tel: +91-141-402 0213 / 14
E-mail: nikhil.soni@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr.Pratim Banerjee
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-98361 07331
Tel: +91-20- 4000 9000
E-mail: pratim.banerjee@careratings.com

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