

SBI Funds Management Pvt. Ltd.

March 29, 2019

Ratings

Facility	Amount (Rs. Crore)	Ratings ¹	Rating Action
Short Term Bank Facility*	2,000 (Rupees Two Thousand crore only)	CARE A1+ (A One Plus)	Reaffirmed

* The facility is extended to 8 debt schemes of SBI Mutual Fund
 Details of facilities/instruments in Annexure-1

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 Assets Under Management (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

As on December 31, 2018, out of the AUM, approximately 50% was in Government Securities and AAA rated bonds, 18% was in AA+ rated instruments while the remaining was invested in AA and lower rated instruments indicating high credit quality of underlying assets.

Comfortable asset coverage

Total facility is Rs.2,000 crore as against the total AUM of Rs.74,246.65 crore of the 8 Debt Schemes (as on December 31, 2018), thus ensuring adequate coverage.

Low market and liquidity risk

As on December 31, 2018, the portfolio duration of five of the schemes was less than 1 year. As on December 31, 2018, 67% of AUM of the rated five schemes was invested in CPs/CDs, 2.50% in T-bills, 4% in Short-Term Deposits, 23% in NCD and the remaining in Government Securities, zero-coupon, SBL, CBLO & Net Current Assets. Schemes have invested in relatively liquid instruments with CPs/CDs comprising the major proportion. In addition the instruments are highly rated which are likely to be very liquid.

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 Mr. Ashwani Bhatia, Managing Director & Chief Executive Officer (MD & CEO) who took over from Ms. Anuradha Rao, with effect from July 09, 2018.

Industry Prospects

During the last few years mutual fund industry has seen good traction of investments with increasing participation from the retail investors. The average AUM of the Indian mutual fund industry has grown from Rs.3.26 lakh crore as on 31st

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

March 2007 to Rs.23.17 lakh crore as on February 28, 2018. The industry is expected to continue its growth on the back of increasing retail and institutional participation on the back of vibrant equity market and developing bond markets.

Analytical approach: CARE has analysed standalone credit profile of SBI Fund Management Pvt. Ltd. along with its operational and managerial linkages with its parent SBI Ltd and underlying credit quality of the debt schemes covered under the Bank facility.

Applicable Criteria

[CARE's policy on default recognition](#)

[CARE's Fund Credit Quality rating Criteria](#)

[Rating of Short term instruments](#)

[Factor Linkages in Ratings](#)

About the Company

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), 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, State Bank of India and AMUNDI. The AMC had average assets under management (AUM) of Rs.2,64,353.03 crore as on December 31, 2018. Mr. Ashwani Bhatia is the Chief Executive Officer and Managing Director of SBI Funds Management Pvt. Ltd. and he is supported by a team of experienced professionals.

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.

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****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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - ST-Bank Overdraft	ST	2000.00	CARE A1+	1)CARE A1+ (03-Apr-18)	1)CARE A1+ (14-Apr-17)	1)CARE A1+ (05-Apr-16)	1)CARE A1+ (15-Apr-15)

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