

Dated: November 29, 2019

Update on exposures of Scheme(s) of SBI Mutual Fund in Debt Securities of Reliance Home Finance Limited

As per SEBI circular dated September 24, 2019 point no. 4 on Deviation from Valuation guidelines which provides that in case an AMC decides to deviate from the valuation price given by valuation agencies the detailed rationale for each instance of deviation shall be recorded by the AMC and rationale for deviation shall be disclosed on website. Currently, as per the valuation price provided by the valuation agencies, we have taken 75% haircut on exposures to NCD's of Reliance Home Finance Ltd. and the securities were valued at 25% of the Face Value (FV) since June 28, 2019. The rating of the securities had been downgraded to D on September 13, 2019. Subsequent to the categorisation of the issuer as D, the following additional events pertaining to the issuer needs to be considered.

1. The company continues to default on payment obligation under various series of NCD's. The company has cited directions of lead bank under the Inter Creditor Agreement (ICA) as reasons for the payment delay on various series of NCD's.
2. With respect to the ICA framework, no resolution plan has yet been finalised by the lenders. Important aspects such as the Forensic audit report are yet to be completed. This implies a larger uncertainty with respect to resolution.
3. The exposures of our schemes are in secured debentures maturing on January 03, 2020 issued under a public issue of debentures. As per the terms of our Debenture Trust Deed, SBI Mutual Fund called a meeting of debenture holders in the public issue on November 14, 2019. Accordingly, a resolution of all secured NCD holders in the public issue was passed calling an Event of Default on November 19, 2019. IDBI Trusteeship Services Limited, which is the debenture trustee for the public issue called for acceleration of dues giving the issuer 7 days for payment which expired on November 26, 2019. The company has failed to make repayment as per the resolution passed by the secured debenture holders.

In view of the above additional events, which provide a higher degree of uncertainty with respect to the possibility of early resolution and timely repayment of dues under the public issue, the exposures in the debt securities of Reliance Home Finance Ltd. has been valued to zero with effect from November 29, 2019.

The impact of above valuation on Net Asset Value (NAV) of various schemes of SBI Mutual Fund are as follows: -

Scheme Name	ISIN	Issuer name	Rating	Price at which the security is valued (% of Face Value)	Price as per the valuation agencies (% of Face Value)	Impact of deviation on scheme NAV in amount terms (Rs.)	Impact of deviation on scheme NAV of 28.11.2019 in % terms
SBI Equity Hybrid Fund	INE217K07AB6	RHFL 08.70% (Series I Cat I & II) 03-Jan-2020	CARE D	0	25	25,00,00,000	0.08%
SBI Magnum Children's Benefit Fund	INE217K07AB6	RHFL 08.70% (Series I Cat I & II) 03-Jan-2020	CARE D	0	25	75,00,000	1.15%
SBI Credit Risk Fund	INE217K07AB6	RHFL 08.70% (Series I Cat I & II) 03-Jan-2020	CARE D	0	25	6,25,00,000	0.12%
SBI Credit Risk Fund	INE217K07AC4	RHFL 08.90% (Series I Cat III & IV) 03-Jan-2020	CARE D	0	25	31,25,00,000	0.61%
SBI Debt Hybrid Fund	INE217K07AB6	RHFL 08.70% (Series I Cat I & II) 03-Jan-2020	CARE D	0	25	6,25,00,000	0.57%
SBI Debt Hybrid Fund	INE217K07AC4	RHFL 08.90% (Series I Cat III & IV) 03-Jan-2020	CARE D	0	25	2,50,00,000	0.23%
SBI Dual Advantage Fund-Series XVIII	INE217K07AC4	RHFL 08.90% (Series I Cat III & IV) 03-Jan-2020	CARE D	0	25	21,25,00,000	2.21%
SBI Dual Advantage Fund-Series XXII	INE217K07AB6	RHFL 08.70% (Series I Cat I & II) 03-Jan-2020	CARE D	0	25	50,00,00,000	1.77%
SBI Dual Advantage Fund-Series XXII	INE217K07AC4	RHFL 08.90% (Series I Cat III & IV) 03-Jan-2020	CARE D	0	25	12,50,00,000	0.44%
SBI Debt Fund Series C-1	INE217K07AC4	RHFL 08.90% (Series I Cat III & IV) 03-Jan-2020	CARE D	0	25	2,37,50,000	2.06%
SBI Dual Advantage Fund-Series XXIII	INE217K07AB6	RHFL 08.70% (Series I Cat I & II) 03-Jan-2020	CARE D	0	25	16,75,00,000	0.66%
SBI Dual Advantage Fund-Series XXIII	INE217K07AC4	RHFL 08.90% (Series I Cat III & IV) 03-Jan-2020	CARE D	0	25	26,87,50,000	1.06%

Recoveries if any from the Investment will be credited to the schemes in the proportion of their initial holdings.

We will continue to monitor the developments around Reliance Home Finance Ltd. and take suitable measures with a view to protect the interest of the unit holders.

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