

**SBI Funds Management Limited (Revised)**

January 05, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	41,000.00	CARE AAA; Stable / CARE A1+	Reaffirmed

\* Facility is extended to 20 debt schemes of SBI Mutual Fund (Managed by SBI Funds Management Limited)  
Details of instruments/facilities in Annexure-1.

**Rationale and key rating drivers**

CARE Ratings Limited (CARE Ratings) has reaffirmed the rating assigned to the long term / short-term bank facilities of SBI Mutual Fund (managed by SBI Funds Management Limited) factoring in the strong sponsor strength with strong brand linkages to State Bank of India (SBI), experienced fund management team, high credit quality of the underlying assets of the schemes, comfortable asset coverage for the bank facilities and low duration of most assets under management (AUM).

Regulation 44 sub regulations 2 of SEBI (Mutual Funds) Regulations 1996 provides that mutual funds shall not borrow except to meet temporary liquidity needs of the mutual funds for the purpose of repurchase, redemption of units or payment of interest or dividend to the unit holders provided that the mutual fund shall not borrow more than 20% of the net asset of the scheme and the duration of such a borrowing shall not exceed a period of six months (source: SEBI website).

Maintenance of the high credit quality of the underlying assets and comfortable asset coverage for the bank facility are the key rating sensitivities.

**Rating sensitivities: Factors likely to lead to rating actions**
**Negative factors - Factors that could, individually or collectively, lead to negative rating action/downgrade**

- Significant deterioration in the credit quality of assets under management (AUM)
- Material dilution in the shareholding linkages with the parent

**Analytical approach:**

CARE Ratings has analysed the underlying credit quality of the debt schemes considered under the bank facilities as well as factored in the sponsorship from and brand linkages with the parent.

**Outlook: Stable**

The stable outlook reflects high credit quality of assets/securities underlying the rated bank facilities of most assets under management (AUM), with 75.09% of investments in liquid assets.

**Key strengths**
**High credit quality of underlying assets**

SBI Mutual Fund has a long term/short term facility of ₹41,000 crore. Against the facility of ₹41,000 crore, the total AUM of the open-ended debt mutual fund schemes stood at ₹1,97,722 crore as on November 30, 2023. Further the bank facility utilisation is primarily to meet temporary liquidity requirements of the fund, which are short term in nature.

As on November 30, 2023, the mutual fund schemes had high credit quality rating (CQR) of CARE AAAmfs. Out of the combined portfolio of the 20 schemes, 28.48% was invested in Sovereign debt, 58.10% in AAA rated papers, 12.36% in AA category rated papers and 1.06% in A category rated papers.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

**Sponsors strength**

SBI Mutual Fund is managed by SBI FML (SBI Funds Management Limited), and SBI (rated 'CARE AAA; Stable') is the sponsor of SBI Mutual Fund. SBI is the largest bank in India in terms of assets and total business and is systematically important with an asset base of ₹55,04,785 crore as on June 30, 2023. The bank has largest market share in advances and deposits in the Indian banking system. Government of India (GOI) is the major shareholder holding 56.92% stake in SBI as on June 30, 2023. As on June 30, 2023, the bank has a network of 22,405 domestic branches and an international network of 235 offices across 29 countries.

SBI FML is a joint venture (JV) between SBI and AMUNDI Asset Management (AMUNDI), France, one of the world's leading fund management companies. A shareholder agreement in this regard has been entered on April 13, 2011, between SBI and AMUNDI. As on March 31, 2023, SBI currently holds 62.53% stake in SBI FML and 36.73% stake is held by AMUNDI, through a wholly-owned subsidiary, Amundi India Holding.

**Experienced management**

The board comprises three representative directors from SBI and three representative directors from AMUNDI. In addition to this, there are five independent directors on the board of AMC. Dinesh Kumar Khara (Chairman of SBI), Chairman of SBI FML, has over 36 years of experience in all the facets of commercial banking, such as Retail Credit, SME/Corporate Credit, deposit mobilisation, international banking operations, branch management, etc. Before taking over the charge as Chairman, Khara was Managing Director (Global Banking and Subsidiaries) of the bank. Shamsher Singh, MD & CEO of SBI FML, has over 32 years of experience. He is associated with the SBI group since 1990 and prior to this role he was the Deputy MD of SBI. Denys De Campigneulles has been deputed from AMUNDI group as Deputy CEO of SBI FML w.e.f March 07, 2020. He has over 33 years of extensive experience in financial services.

**Low market risk and liquidity risk**

As on November 30, 2023, the combined portfolio duration of 20 schemes was 2.30 years. The schemes have been invested in high credit quality papers and highly liquid G-secs, which would help reduce the market risk and liquidity risk. Furthermore, out of the portfolio of 20 schemes, 75.09% of investments are in liquid assets which includes CP, G-Secs, T-Bills, CBLO, Repo, Treps, CDs, thereby resulting into lower market risk.

**Liquidity: Strong**

As on November 30, 2023, the debt mutual fund schemes have invested in debt instruments having high credit quality rating (CQR) of CARE AAAmfs. The rated facility is generally used to meet redemptions on T+1 days, which is drawn and squared off on the same day. The bank has mechanism in place to monitor the liquidity position and has access to funds maintained in liquid products like Treps and Government securities in the portfolio. Since utilization of rated facility is towards meeting redemption requirements under the schemes, floating charge is created. Out of the combined portfolio of the 20 schemes, 86.58% was invested in highly liquid sovereign debt and AAA rated papers, 12.36% in AA rated category paper and 1.06% in A rated category papers. In case, if intraday facility is not repaid on same day, the same gets converted into overdraft facility and specific charge is created on assets which mitigates liquidity risk. Additionally, company has intraday facility from HDFC Bank and ICICI Bank of ₹12,000 crore and ₹300 crore respectively.

**Applicable criteria**

[Policy on default recognition](#)

[Rating Outlook and Credit Watch](#)

[CARE's Policy on Short term Instruments](#)
[Factoring Linkages Parent Sub JV Group](#)
[Mutual Fund Credit Quality](#)

## About the company and industry

### Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Capital Markets	Asset Management Company

SBI FML is the investment manager of SBI Mutual Fund. SBI FML was incorporated on February 07, 1992, under the Companies Act, 1956. The company is a joint venture between State Bank of India (SBI) and AMUNDI Asset Management (France), one of the world's leading fund management companies. A shareholder agreement in this regard has been entered on April 13, 2011, between SBI & AMUNDI. Accordingly, SBI currently holds 63% stake in SBI FML and 37% stake is held by AMUNDI, through a wholly owned subsidiary, Amundi India Holding. Initially, this 37% was held by Societe Generale Asset Management S.A., a subsidiary of Societe Generale S.A which was transferred to AMUNDI in June 2011. The company has a wholly owned foreign subsidiary namely SBI Funds Management (International) Private Ltd, which is based at Mauritius and manages off-shore funds. Government of India (GOI) is the major shareholder holding 56.92% stake in SBI as on June 30, 2023.

The AMC reported average assets under management (AAUM) at ₹826,934 (excluding Fund of Funds – Domestic but including Fund of Funds – overseas) for the quarter ended September 30, 2023.

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Debt Mutual Fund Schemes covered under the above facility:** Annexure 6

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based-LT/ST		-	-	-	41000.00	CARE AAA; Stable / CARE A1+

**Annexure-2: Rating history for the last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - ST-Bank Overdraft	ST	-	-	-	-	-	1)CARE A1+ (17-Feb-21) 2)Withdrawn (17-Feb-21)
2	Fund-based-LT/ST	LT/ST*	41000.00	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (27-Feb-23)	-	-

\*Long term/Short term.

**Annexure-3: Detailed explanation of covenants of the rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based-Short Term	Simple

**Annexure-5: Lender details**To view the lender wise details of bank facilities please [click here](#)**Annexure-6: Debt Mutual Fund Schemes covered under the above facility are as follows:**

Sr. No.	Scheme	AUM as on November 30, 2023
		(₹ crore)
1	SBI Banking & PSU Fund	4,450.61
2	SBI Corporate Bond Fund	20,292.49
3	SBI Credit Risk Fund	2,661.21
4	SBI Dynamic Bond Fund	2,945.18

Sr. No.	Scheme	AUM as on November 30, 2023
		(₹ crore)
5	SBI Floating Rate Debt Fund	2,218.25
6	SBI Liquid Fund	58,177.26
7	SBI Long Duration Fund	970.01
8	SBI Magnum Constant Maturity Fund	1,534.52
9	SBI Magnum Gilt Fund	7,764.84
10	SBI Magnum Income Fund	1,697.31
11	SBI Magnum Low Duration Fund	10,358.83
12	SBI Magnum Medium Duration Fund	6,895.37
13	SBI Magnum Ultra Short Duration Fund	11,780.12
14	SBI Overnight Fund	16,533.36
15	SBI Savings Fund	19,355.97
16	SBI Short Term Debt Fund	13,478.19
17	SBI CPSE Bond Plus SDL Sep 2026 50 50 IF	11,186.35
18	SBI CRISIL IBX Gilt Index-APR-2029 Fund	2,131.65
19	SBI CRISIL IBX Gilt Index-June 2036 Fund	2,132.46
20	SBI CRISIL IBX SDL Index-SEP-2027 Fund	1,158.33

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

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### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

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