

## SBI Funds Management Limited

December 30, 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 to long-term/short-term bank facilities of SBI Mutual Fund (managed by SBI Funds Management Limited, SFML) factoring in sponsor strength with strong brand linkages with State Bank of India (SBI), experienced fund management team, high credit quality of underlying assets of schemes and, comfortable security coverage. While these facilities are primarily utilised to meet redemption requirements, which may be volatile, available facilities are sufficiently higher than peak redemption behaviour of combined 20 schemes in the last one year, which provides comfort. 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 mutual funds for purpose of repurchase, redemption of units or payment of interest or dividend to unit-holders provided that the mutual fund shall not borrow over 20% of the net asset of the scheme and duration of such a borrowing shall not exceed six months (source: SEBI website).

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

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors - Factors that could, individually or collectively, lead to positive rating action/upgrade:

Not applicable

#### 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 CARE Ratings' expectation that SFML would continue to maintain high credit quality of underlying investments, with majority investments in liquid assets.

### Detailed description of the key rating drivers:

#### Key strengths

##### High credit quality of underlying assets and coverage

SBI Mutual Fund has a long term/short term facility of ₹41,000 crore, primarily utilised to meet temporary liquidity requirements of the schemes. Against the available facility of ₹41,000 crore, the total AUM of the debt mutual fund schemes stood at ₹2,20,400 crore as on October 31, 2024. Out of the combined portfolio of the 20 schemes, 88.40% was invested in highly liquid sovereign debt, TREPS and AAA rated papers, 11.24% in AA rated category paper and 0.36% in A rated category papers. As on October 31, 2024, all the schemes covered under the bank facility have the highest credit quality rating (CQR) of CARE AAA mfs.

The Asset Management Company (AMC) has not faced redemption pressure in the last one year. CARE Ratings' notes that management's stated intent to keep the fund conservative, and that withdrawal has not exceeded sanctioned facilities.

### Sponsors strength and Experienced Management

SBI Mutual Fund is managed by SBI FML, and SBI (rated 'CARE AAA; Stable') is the sole sponsor of SBI Mutual Fund. SBI is the largest bank in India in terms of assets and total business and is systemically important with an asset base of ₹61,79,694 crore

<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

as on March 31, 2024. 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% as on March 31, 2024. As on March 31, 2024, the bank has a network of 22,542 domestic branches and an international network of 241 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. SBI currently holds 61.98% stake in SBI FML and 36.40% stake is held by AMUNDI, through a wholly-owned subsidiary, Amundi India Holding.

The board comprises three representative directors from SBI and two representative directors from AMUNDI. In addition to this, there are Six independent directors on the board of AMC. Mr. Challa Sreenivasulu Setty (Chairman of SBI), Chairman of SBI FML, has over 36 years of experience in all the facets of Corporate Credit, Retail, Digital and International banking and banking in developed markets. Mr. Nand Kishore, MD & CEO of SBI FML, has over 34 years of experience. He is associated with the SBI group since 1990 and prior to this role, he was the Deputy MD of SBI. Mr. Denys De Campigneulles has been deputed from AMUNDI group as Deputy CEO of SBI FML w.e.f March 07, 2020. He has over 35 years of extensive experience in financial services.

### Low market risk and liquidity risk

As on October 31, 2024, the average portfolio duration is 3.44 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, 76.21% of investments are in liquid assets which includes CP, G-Secs, T-Bills, Repo, Treps, CDs, Cash, SDL Thereby leading to lower market risk.

### Liquidity: Strong

As on October 31, 2024, the debt mutual fund schemes have invested in debt instruments having high credit quality rating (CQR) of CARE AAA mfs. Of the combined portfolio of the 20 schemes aggregating to AUM of ₹2,20,400 crore, AMC faced peak redemption of around ₹30,000 crore over the last one year. As on October 31, 2024, 38.30% of the AUM was invested in G-sec, T-bills, Repo, Treps, Cash and SDL while CDs and CPs stood at 20.95% and 16.95% of the AUM.

Furthermore, the said facility is daylight in nature and is generally used to meet redemptions and is drawn and squared off on the same day. In case, if intraday facility is not repaid on same day, the same can be converted into bank overdraft. The bank has mechanism in place to monitor the liquidity position and has sight of unlevered position and liquid securities available with the custodian which mitigates credit/ liquidity risk.

### Applicable criteria

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

[Rating Outlook and Credit Watch](#)

[Rating Methodology Fund Credit Quality](#)

[CARE's Policy on Short term Instruments](#)

[Factoring Linkages Parent Sub JV Group](#)

### 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 61.98% stake in SBI FML and 36.40% stake is held by AMUNDI Asset Management through a wholly owned subsidiary, Amundi India Holding and 1.62% stake is held by others. Initially, this 36.40% 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 own ed foreign subsidiary namely SBI Funds Management (International) Private Ltd, which is based at Mauritius and manages off-shore funds.

The AMC reported average assets under management (AAUM) at ₹10,98,643 crore (excluding Fund of Funds – domestic but including Fund of Funds - Overseas) for the quarter ended September 30, 2024.

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

**Any other information:** Not applicable

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

**Detailed explanation of covenants of the rated instruments/facility:** Annexure-3

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

**Lender details:** Annexure-5

**Details of debt mutual fund schemes considered under the 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	-	-	-	-	41,000.00	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 2024-2025	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
1	Fund-based-LT/ST	LT/ST	41,000	CARE AAA; Stable / CARE A1+	-	1) CARE AAA; Stable / CARE A1+ (05-Jan-24)	1) CARE AAA; Stable / CARE A1+ (27-Feb-23)	-

LT/ST: 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-Long term / 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 October 31, 2024 (₹ crore)
1	SBI Banking & PSU Fund	3,795.76
2	SBI Corporate Bond Fund	20,570.47
3	SBI Credit Risk Fund	2,311.36
4	SBI Dynamic Bond Fund	3,304.98
5	SBI Floating Rate Debt Fund	1,169.78
6	SBI Liquid Fund	65,889.20
7	SBI Long Duration Fund	2,637.50
8	SBI Magnum Constant Maturity Fund	1,762.06
9	SBI Magnum Gilt Fund	10,839.24
10	SBI Magnum Income Fund	1,807.38
11	SBI Magnum Low Duration Fund	12,130.72
12	SBI Magnum Medium Duration Fund	6,688.66
13	SBI Magnum Ultra Short Duration Fund	11,857.95
14	SBI Overnight Fund	18,377.82
15	SBI Savings Fund	28,436.56
16	SBI Short Term Debt Fund	13,303.37
17	SBI CPSE Bond Plus SDL Sep 2026 50 50 IF	9,803.81
18	SBI CRISIL IBX Gilt Index-APR-2029 Fund	2,218.66
19	SBI CRISIL IBX Gilt Index-June 2036 Fund	2,400.08
20	SBI CRISIL IBX SDL Index-SEP-2027 Fund	1,094.38

**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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