

August 09, 2024

SBI Funds Management Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
SBI Banking and PSU Fund	-	-	[ICRA]AAAmfs; reaffirmed
SBI Short Term Debt Fund	-	-	[ICRA]AAAmfs; reaffirmed
SBI Corporate Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
SBI Magnum Low Duration Fund	-	-	[ICRA]AAAmfs; reaffirmed
SBI Magnum Ultra Short Duration Fund	-	-	[ICRA]A1+mfs; reaffirmed
SBI Dynamic Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
SBI Floating Rate Debt Fund	-	-	[ICRA]AAAmfs; reaffirmed
SBI Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
SBI Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
SBI Savings Fund	-	-	[ICRA]A1+mfs; reaffirmed
Total	-	-	

*Instrument details are provided in Annexure I

Rationale and key rating drivers

ICRA has reaffirmed the ratings of various debt mutual fund (MF) schemes of SBI Funds Management Limited (the asset management company; AMC). The ratings have been reaffirmed following ICRA's monitoring of the credit risk profile of the month-end portfolio position of these schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their current rating levels.

MF ratings incorporate ICRA's assessment of the creditworthiness of a debt MF scheme's investment portfolio. These ratings are a symbolic representation of the credit risk in the underlying investments or the degree of safety regarding the timely receipt of payments from the investments made by the schemes. The ratings do not indicate the AMC and/or any of its scheme's willingness and/or ability to make timely redemptions to its investors. The ratings do not address market risks and hence should not be construed as an indication of the expected returns, prospective performance of the MF scheme, and the ability to redeem investments at the reported net asset value (NAV) or volatility in its past returns, as all these are influenced by market risks.

ICRA's assessment of debt MF schemes is guided by the credit ratings of the individual investments and the relative share of the schemes' allocation towards the investments, besides the maturity schedule of such investments. ICRA's MF ratings are not a reflection of the quality of the management of the AMC or its financial performance, reputation and other business practices including investment strategies, pricing, marketing and distribution activities. Furthermore, the ratings are not a reflection of whether the AMC or the fund is compliant with the applicable regulatory requirements.

The credit matrix is a tool used by ICRA for analysing the investment portfolio of the debt MF schemes by assessing the portfolio's aggregate credit quality while reviewing the credit quality of each underlying debt security. The portfolio's weighted average credit quality is compared with a benchmark credit score corresponding to the higher of the weighted average maturity of the scheme's portfolio or the maturity predefined by ICRA for the scheme category. The rating outcome corresponds to the rating level for which the portfolio's weighted average credit score is less than the benchmark credit score associated with the rating level.

Once an MF scheme is rated and the rating is accepted, ICRA reviews the underlying investment portfolios for the credit scores on an ongoing basis. To this end, ICRA relies on the information provided by the AMC and/or publicly available sources. ICRA reviews the MF ratings on a monthly basis or earlier, if required, which involves an evaluation of the rating corresponding to the portfolio credit score in relation to the existing rating outstanding. If the portfolio credit score meets the benchmark score for the existing rating, the rating is retained. If the portfolio credit score has a negative breach from the benchmark credit score for the existing rating, ICRA communicates the same to the fund manager/product manager or other officials of the concerned AMC and may provide a month's time to bring the portfolio credit score within the benchmark credit score for maintaining the existing rating level. If the investment composition of the fund is realigned to bring the portfolio credit score within the benchmark credit score, the rating is retained. However, if the portfolio continues to breach the benchmark credit score for the existing rating level, the rating is revised to reflect the change in the portfolio's credit quality.

Liquidity position: Not applicable

Rating sensitivities

Positive factors – Not applicable

Negative factors

For SBI Overnight Fund – ICRA could downgrade the rating of the scheme if the credit quality of the underlying investment deteriorates, leading to a breach in the threshold for the rating level.

For other schemes – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investment deteriorates or the size of the AUM declines, which may result in an increase in the share of lower rated investments, leading to a breach in the threshold for the rating level.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's Methodology for Mutual Funds
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the company

SBI Funds Management Limited, the AMC for SBI Mutual Fund (SBI MF), was established in February 1992. It is a joint venture between SBI (rated [ICRA]AAA (Stable) on Tier II bonds) and Amundi, with 63% and 37% stakes, respectively, as on June 30, 2024. The AMC's quarterly average AUM for the quarter¹ ended June 30, 2024 was Rs. 9,88,256 crore (Rs. 9,14,365 crore as on March 31, 2024).

SBI Banking and PSU Fund

Launched in October 2009, SBI Banking and PSU Fund is an open-ended debt scheme. The investment objective is to generate regular income through a mix of a portfolio predominantly comprising the debt and money market securities of banks, public sector undertakings, public financial institutions and municipal bodies. The AUM stood at Rs. 3,884 crore as on June 30, 2024.

SBI Short Term Debt Fund

Launched in July 2007, SBI Short Term Debt Fund is an open-ended short-term debt scheme. The investment objective is to provide investors the opportunity to generate regular income through investments in a portfolio predominantly comprising

¹ Source: Association of Mutual Funds in India (AMFI)

debt instruments, which are not rated below investment grade, and money market instruments such that the Macaulay duration of the portfolio is between 1 year and 3 years. The AUM stood at Rs. 12,702 crore as on June 30, 2024.

SBI Corporate Bond Fund

Launched in January 2019, SBI Corporate Bond Fund is an open-ended debt scheme. The investment objective is to provide investors with the opportunity to predominantly invest in corporate bonds rated AA+ and above to generate additional spread on a part of their debt investments from high quality corporate debt securities while maintaining moderate liquidity in the portfolio through investment in money market securities. The AUM stood at Rs. 20,286 crore as on June 30, 2024.

SBI Magnum Low Duration Fund

Launched in July 2007, SBI Magnum Low Duration Fund is an open-ended debt scheme. The investment objective is to provide investors the opportunity to generate regular income with a reasonable degree of liquidity through investment in debt and money market instruments in such a manner that the Macaulay duration of the portfolio is between 6 months and 12 months. The AUM stood at Rs. 9,803 crore as on June 30, 2024.

SBI Magnum Ultra Short Duration Fund

Launched in May 1999, SBI Magnum Ultra Short Duration Fund is an open-ended debt scheme. The investment objective is to provide investors the opportunity to generate regular income with a high degree of liquidity through investments in a portfolio predominantly comprising debt and money market instruments. The AUM stood at Rs. 11,568 crore as on June 30, 2024.

SBI Dynamic Bond Fund

Launched in February 2004, SBI Dynamic Bond Fund is an open-ended debt scheme. The investment objective is to provide investors attractive returns through investment in an actively managed portfolio of high-quality debt securities of varying maturity. The AUM stood at Rs. 3,126 crore as on June 30, 2024.

SBI Liquid Fund

Launched in November 2003, SBI Liquid Fund is an open-ended liquid scheme. The investment objective is to provide investors the opportunity to invest in the entire range of debt and money market securities with a residual maturity of up to 91 days. The AUM stood at Rs. 60,476 crore as on June 30, 2024.

SBI Overnight Fund

Launched in October 2002, SBI Overnight Fund is an open-ended debt scheme. The investment objective is to provide investors the opportunity to invest in overnight securities maturing on the next business day. The AUM stood at Rs. 16,097 crore as on June 30, 2024.

SBI Savings Fund

Launched in July 2004, SBI Savings Fund is an open-ended debt scheme. The investment objective is to provide investors the opportunity to invest in money market instruments. The AUM stood at Rs. 28,371 crore as on June 30, 2024.

SBI Floating Rate Debt Fund

The investment objective of the scheme is to generate regular income through investment in a portfolio mainly comprising floating rate debt instruments. The scheme may invest a portion of its net assets in fixed rate debt securities swapped for floating rate returns and money market instruments. The AUM stood at Rs. 1,154 crore as on June 30, 2024.

Key financial indicators – Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Name of Scheme	Current Rating (FY2025)			Chronology of Rating History for the Past 3 Years					
		Type	Amount Rated	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023		Date & Rating in FY2022		
			(Rs. crore)	Aug 09, 2024	Aug 18, 2023	Dec 02, 2022	Sep 12, 2022	Oct 22, 2021	Sep 30, 2021	Feb 24, 2021
1	SBI Savings Fund	Short term	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs; outstanding	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
2	SBI Banking and PSU Fund	Long term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs; outstanding	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
3	SBI Short Term Debt Fund	Long term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs; outstanding	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
4	SBI Corporate Bond Fund	Long term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs; outstanding	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
5	SBI Magnum Low Duration Fund	Long term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs; outstanding	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
6	SBI Magnum Ultra Short Duration Fund	Short term	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]AAAmfs withdrawn; [ICRA]A1+mfs assigned simultaneously	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
7	SBI Dynamic Bond Fund	Long term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs; outstanding	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
8	SBI Floating Rate Debt Fund	Long term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs; outstanding	[ICRA]AAAmfs	[ICRA]AAAmfs	-	-
9	SBI Capital Protection Oriented Fund Series A Plan 7	Long term	-	-	[ICRA]AAA(SO); withdrawn	[ICRA]AAA(SO); outstanding	[ICRA]AAA(SO)	[ICRA]AAA (SO)	[ICRA]AAA (SO)	[ICRA]AAA (SO)
10	SBI Capital Protection Oriented Fund Series A Plan 8	Long term	-	-	[ICRA]AAA(SO); withdrawn	[ICRA]AAA(SO); outstanding	[ICRA]AAA(SO)	[ICRA]AAA (SO)	[ICRA]AAA (SO)	[ICRA]AAA (SO)
11	SBI Liquid Fund	Short term	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs; outstanding	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
12	SBI Overnight Fund	Short term	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs; outstanding	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs

Complexity level of the rated instrument

Instrument	Complexity Indicator
Mutual Fund	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instrument are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	SBI Banking and PSU Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	SBI Short Term Debt Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	SBI Corporate Bond Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	SBI Magnum Low Duration Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	SBI Magnum Ultra Short Duration Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	SBI Dynamic Bond Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	SBI Floating Rate Debt Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	SBI Liquid Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	SBI Overnight Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	SBI Savings Fund	NA	NA	NA	NA	[ICRA]A1+mfs

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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Branches



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