April 19, 2021

Aditya Birla Sun Life AMC Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Aditya Birla Sun Life Short Term Fund (erstwhile Aditya Birla Sun Life Short Term Opportunities Fund)	-	-	[ICRA]AAmfs; reaffirmed
Aditya Birla Sun Life Money Manager Fund	-	-	[ICRA]AAAmfs; reaffirmed
Aditya Birla Sun Life Savings Fund	-	-	[ICRA]AAAmfs; reaffirmed
Aditya Birla Sun Life Low Duration Fund	-	-	[ICRA]AAAmfs; reaffirmed
Aditya Birla Sun Life Floating Rate Fund	-	-	[ICRA]AAAmfs; reaffirmed
Aditya Birla Sun Life Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Aditya Birla Sun Life Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
Aditya Birla Sun Life Banking & PSU Debt Fund	-	-	[ICRA]AAAmfs; reaffirmed
Aditya Birla Sun Life Corporate Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
Aditya Birla Sun Life Income Fund	-	-	[ICRA]AAAmfs; reaffirmed
Total	**-**	**-**	

**Instrument details are provided in Annexure-1*

Rationale and key rating drivers

ICRA has reaffirmed the [ICRA]AAAmfs (pronounced ICRA triple A m f s) rating for Aditya Birla Sun Life Money Manager Fund, Aditya Birla Sun Life Savings Fund, Aditya Birla Sun Life Low Duration Fund, Aditya Birla Sun Life Floating Rate Fund, Aditya Birla Sun Life Banking & PSU Debt Fund, Aditya Birla Sun Life Corporate Bond Fund and Aditya Birla Sun Life Income Fund and the [ICRA]A1+mfs (pronounced ICRA A one plus m f s) rating for Aditya Birla Sun Life Liquid Fund and Aditya Birla Sun Life Overnight Fund. ICRA has also reaffirmed the [ICRA]AAmfs (pronounced ICRA double A m f s) rating for Aditya Birla Sun Life Short Term Fund (erstwhile Aditya Birla Sun Life Short Term Opportunities Fund). The reaffirmation of the ratings follows 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.

Mutual fund ratings incorporate ICRA's assessment of the creditworthiness of a debt mutual fund 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 mutual fund schemes. The ratings do not indicate the asset management company's (AMC) and/or any of its scheme's willingness and/or ability to make timely redemptions to its investors. The ratings do not address the market risks and hence should not be construed as an indication of the expected returns, the prospective performance of the mutual fund scheme, and the ability to redeem the investments at the reported net asset value (NAV) or the volatility in its past returns as all these are influenced by market risks.

ICRA's assessment of debt mutual fund schemes is guided by the credit ratings of the individual investments, the relative share of the investments in the overall assets under management (AUM) of the scheme and the maturity schedule of such investments. The credit matrix is a tool used by ICRA for analysing the investment portfolio of debt mutual fund 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 then measured against the appropriate benchmark credit score in the credit matrix. Once a mutual fund scheme is rated and the rating is accepted, ICRA reviews the underlying investment portfolios for the credit scores on an ongoing basis. If the portfolio credit score meets the benchmark of the existing rating, the rating is retained. If the portfolio credit score breaches the benchmark credit matrix score for the current 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 the current 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. In case of sharp breaches of the benchmark credit score (for instance due to a multi-notch downgrade in the underlying investment) and/or if ICRA believes that the breach may not get rectified within a month of the ongoing review, the rating is generally corrected immediately without giving a month's time for rebalancing the portfolio.

Liquidity position: Not applicable

Rating sensitivities

Positive factors

For Aditya Birla Sun Life Short Term Fund – ICRA could upgrade the rating of Aditya Birla Sun Life Short Term Fund if the credit quality of the underlying investment improves or the size of the AUM increases significantly, resulting in a decrease in the share of lower rated investments leading to an enhanced credit quality of the portfolio.

For other schemes – Not applicable

Negative factors

For all 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	Methodology for Rating Mutual Fund Schemes
Parent/Group Support	Not applicable
Consolidation/Standalone	Not applicable

About the company

Aditya Birla Sun Life AMC Limited is the asset management company for the mutual fund schemes of Aditya Birla Sun Life Mutual Fund (ABSL MF). The quarterly average AUM of the schemes of ABSL MF during the quarter ended March 31, 2021 (excluding Fund of Fund schemes) was Rs. 2,69,278 crore.

Aditya Birla Sun Life Overnight Fund

Launched in October 2018, Aditya Birla Sun Life Overnight Fund is an open-ended scheme with zero exit load allowing investors to purchase/redeem units on all business days at no extra cost. The scheme primarily invests in securities that mature overnight. Overnight funds, as a separate sub-category of debt schemes, were introduced by the Securities and Exchange Board of India (SEBI) as a part of its mutual fund scheme categorisation and rationalisation circular in October 2017. Due to the short maturity of the scheme's investments, overnight funds provide reasonable returns and high liquidity while simultaneously featuring a low level of risk. The fund's AUM stood at Rs. 7,290 crore as on March 31, 2021.

Aditya Birla Sun Life Floating Rate Fund

Launched in June 2003, Aditya Birla Sun Life Floating Rate is an open-ended income fund. The fund's objective is to provide regular income by investing in different types of floating rate debt/money market instruments. It may also invest a portion of its money in fixed rate debt securities and money market instruments. The fund's AUM stood at Rs. 14,250 crore as on March 31, 2021 and it had an average residual maturity of around 21 months as on that date.

Aditya Birla Sun Life Money Manager Fund

Launched in June 2003, Aditya Birla Sun Life Money Manager Fund is an open-ended income fund. The fund's objective is to provide a regular stream of income while minimising the risks arising from interest rate fluctuations or movements by maintaining a low maturity profile for its investments and by investing in money market instruments. The fund's AUM stood at Rs. 11,383 crore as on March 31, 2021 and it had an average residual maturity of around 6 months as on that date.

Aditya Birla Sun Life Savings Fund

Launched in November 2001, Aditya Birla Sun Life Savings Fund is an open-ended ultra short-term income scheme with the objective of providing the convenience of a savings account with the opportunity to earn higher post-tax returns. The fund aims to invest entirely in debt and money market instruments. The fund's AUM stood at Rs. 16,098 crore as on March 31, 2021 and it had an average residual maturity of around 10 months as on that date.

Aditya Birla Sun Life Low Duration Fund

Launched in May 1998, Aditya Birla Sun Life Low Duration Fund is an open-ended income scheme. Its key objective is to generate regular income by investing primarily in investment grade fixed income securities and money market instruments with short to medium term maturities, and investment grade ratings. The fund's AUM stood at Rs. 16,378 crore as on March 31, 2021 and it had an average residual maturity of around 13 months as on that date.

Aditya Birla Sun Life Short Term Fund (erstwhile Aditya Birla Sun Life Short Term Opportunities Fund)

Launched in May 2003, Aditya Birla Sun Life Short Term Fund is an open-ended debt scheme. Its key objective is to generate income and capital appreciation by investing 100% of the corpus in a diversified portfolio of debt and money market securities. The fund's AUM stood at Rs. 6.863 crore as on March 31, 2021 and it had an average residual maturity of around 31 months years as on that date.

Aditya Birla Sun Life Liquid Fund

Launched in June 1997, Aditya Birla Sun Life Liquid Fund was the first open-ended liquid mutual fund scheme in India with a stated objective to provide reasonable returns at a high level of safety and liquidity through judicious investments in high quality debt and money market instruments. The fund's AUM stood at Rs. 27.433 crore as on March 31, 2021 and it had an average residual maturity of around 47 days as on that date.

Aditya Birla Sun Life Income Fund

The fund predominantly focuses on long-term growth, investing in low-risk debt securities such as Government securities. It explores short-term opportunities for its investors without taking undue risks. By investing in fixed income investments of different tenures, the fund explores investment opportunities and provides better returns. The fund's AUM stood at Rs. 1,222 crore as on March 31, 2021 and it had an average residual maturity of around 7 years as on that date.

Aditya Birla Sun Life Corporate Bond Fund

Launched in 1997, Aditya Birla Sun Life Corporate Bond Fund is an open-ended debt scheme predominantly investing in corporate bonds rated AA+ and above. The investment objective of the scheme is to generate optimal returns with high liquidity through the active management of the portfolio by investing in high quality debt and money market instruments. The fund's AUM stood at Rs. 23,508 crore as on March 31, 2021 and it had an average residual maturity of around 3 years as on that date.

Aditya Birla Sun Life Banking & PSU Debt Fund

Aditya Birla Sun Life Banking & PSU Debt Fund is an open-ended debt scheme predominantly investing in debt and money market securities that are issued by banks, public sector undertakings (PSUs) and public financial institutions (PFIs) in India. The fund's AUM stood at Rs. 14,049 crore as on March 31, 2021 and it had an average residual maturity of around 3 years as on that date.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years					
	Type	Amount Rated	Amount Outstanding	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020		Date & Rating in FY2019	
				Apr 19, 2021	Dec 30, 2020	Apr 17, 2020	May 27, 2019 Jul 01, 2019	Apr 11, 2019	Jan 21, 2019	Jul 06, 2018
Aditya Birla Sun Life Short Term Fund^	LT	-	-	[ICRA]AA mfs	[ICRA]AA mfs	[ICRA]AA- mfs	[ICRA]AA- mfs@	[ICRA]AA mfs@	[ICRA]AA mfs@	[ICRA]AA+ mfs
Aditya Birla Sun Life Money Manager Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs
Aditya Birla Sun Life Savings Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs
Aditya Birla Sun Life Low Duration Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs
Aditya Birla Sun Life Floating Rate Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs
Aditya Birla Sun Life Liquid Fund	ST	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs
Aditya Birla Sun Life Overnight Fund	ST	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	-	-
Aditya Birla Sun Life Banking & PSU Debt Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	-	-	-
Aditya Birla Sun Life Corporate Bond Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	-	-	-
Aditya Birla Sun Life Income Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	-	-	-

LT – Long term; ST – Short term; ^ Erstwhile Aditya Birla Sun Life Short Term Opportunities Fund

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details: Not applicable

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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About ICRA Limited:

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