July 01, 2019

Aditya Birla Sun Life AMC Limited: Ratings reaffirmed for seven schemes and fresh ratings assigned to three schemes

Summary of rating action

Instrument*	Previous Rated Amount (Rs. Crore)	Current Rated Amount (Rs. crore)	Rating Action
Aditya Birla Sun Life Corporate Bond Fund	-	-	[ICRA]AAAmfs; assigned
Aditya Birla Sun Life Income Fund	-	-	[ICRA]AAAmfs; assigned
Aditya Birla Sun Life Banking & PSU Debt Fund	-	-	[ICRA]AAAmfs; assigned
Aditya Birla Sun Life Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
Aditya Birla Sun Life Short Term Opportunities Fund	-	-	[ICRA]AA-mfs@; 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 – Long Term Plan	-	-	[ICRA]AAAmfs; reaffirmed
Aditya Birla Sun Life Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed

@Under rating watch with negative implications
**Instrument details are provided in Annexure-1*

Rationale and key rating drivers

ICRA has reaffirmed the rating of [ICRA]AAAmfs for Aditya Birla Sun Life Money Manager Fund, Aditya Birla Sun Life Savings Fund, Aditya Birla Sun Life Low Duration Fund and Aditya Birla Sun Life Floating Rate Fund – Long Term Plan, and [ICRA]AA-mfs@ for Aditya Birla Sun Life Short Term Opportunities Fund. ICRA has also reaffirmed the rating of [ICRA]A1+mfs for Aditya Birla Sun Life Liquid Fund and Aditya Birla Sun Life Overnight Fund. ICRA has assigned the rating of [ICRA]AAAmfs to Aditya Birla Sun Life Corporate Bond Fund, Aditya Birla Sun Life Income Fund and Aditya Birla Sun Life Banking & PSU Debt Fund.

The reaffirmation of ratings of the debt schemes follows ICRA's monitoring of the credit risk profile of the month end portfolio position for these schemes for the last 12 months. The credit risk scores for these schemes were comfortably within the benchmark limits for their current level of ratings.

The ratings assigned are basis the portfolio of the scheme with the credit score of the portfolio being comfortable at the rating level of [ICRA]AAAmfs.

The ratings indicate ICRA's opinion on the credit quality of the portfolios held by the funds. They do not indicate the AMC's willingness or ability to make timely payments to the fund's investors. The ratings should not be construed as an indication of expected returns, prospective performance of the mutual fund scheme, net asset value (NAV) or volatility in its returns.

ICRA's mutual fund rating methodology is based on evaluating the inherent credit quality of the fund's portfolio. As a measure of the credit quality of a debt fund's assets, ICRA uses the concept of "credit scores". These scores are based on ICRA's estimates of the credit risk associated with each exposure of the portfolio taking into account its maturity. To quantify the credit risk scores, ICRA uses its database of historical default rates for various rating categories and maturity buckets. The credit risk ratings incorporate ICRA's assessment of a debt fund's published investment objectives and policies, its management characteristics, and the creditworthiness of its investment portfolio. ICRA reviews relevant fund information on an ongoing basis to support its published rating opinions. If the portfolio credit score meets the benchmark of the assigned rating during the review, the rating is retained. In an event that the benchmark credit score is breached, ICRA gives a month's time to the debt fund manager to bring the portfolio credit score within the benchmark credit score. If the debt fund manager is able to reduce the portfolio credit score within the benchmark credit score, the rating is retained. If the portfolio still continues to breach the benchmark credit score, the rating is revised to reflect the change in credit quality.

Outlook: Not Applicable

Liquidity position: Not applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA- Mutual Fund Credit Risk Rating Methodology
Parent/Group Support	Not applicable
Consolidation / Standalone	Not applicable

Aditya Birla Sun Life AMC Limited

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 assets under management (AUM) of schemes of the ABSL MF during the quarter ended March 31, 2019 (excluding Fund of Fund schemes) was Rs. 2,46,479.65 crore[1].

Aditya Birla Sun Life Overnight Fund

Launched in October 2018, Aditya Birla Sun Life Overnight Fund is an open-ended with zero exit load allowing investors to purchase/redeem units on all business days at no extra cost. The scheme primarily invest in securities that mature overnight. Overnight funds as a separate sub-category of debt schemes were introduced by SEBI as part of its mutual fund scheme categorization and rationalization 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. 864 crore as on May 31, 2019.

Aditya Birla Sun Life Floating Rate Fund – Long Term Plan

Launched in June 2003, Aditya Birla Sun Life Floating Rate – Long term plan is an open-ended income fund. The funds objective is to provide a regular income by investing in different types of floating rate debt/money market instruments. It may invest a portion of its money in fixed rate debt securities and money market instruments too. The fund's AUM stood at Rs. 5,848 crore as on May 31, 2019 and had an average residual maturity of around one year 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 risks arising from interest rate fluctuations or movement by maintaining a low maturity profile of its investments by investing in money market instruments. The fund's AUM stood at Rs. 11,117 crore as on May 31, 2019 and had an average residual maturity of around 7 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

[1] Source: www.amfindia.com

fund aims to invest entirely in debt and money market instruments. The fund's AUM stood at Rs. 15,792 crore as on May 31, 2019 and had an average residual maturity of around 7 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. The scheme's 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. 8,640 crore as on May 31, 2019 and had an average residual maturity of around 1 year as on that date.

Aditya Birla Sun Life Short Term Opportunities Fund
Launched in May 2003, Aditya Birla Sun Life Short Term Opportunities Fund is an open ended debt scheme. The scheme's 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. 3,379 crore as on May 31, 2019 and had an average residual maturity of over three 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. 61,143 crore as on May 31, 2019 and had an average residual maturity of around one month 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 exploits the short term opportunities for its investors without taking undue risk. By investing in fixed income investments of different tenures, the fund exploits investment opportunities and provides better returns. The fund's AUM stood at Rs. 958 crore as on May 31, 2019 and had an average residual maturity of around 8 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 AA+ and above rated corporate bonds. The investment objective of the scheme is to generate optimal returns with high liquidity through active management of the portfolio by investing in High Quality Debt and Money Market Instruments. The fund's AUM stood at Rs. 15,879 crore as on May 31, 2019 and 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. 6,540 crore as on May 31, 2019 and had an average residual maturity of around 5 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 last three years:

	Instrument	Type	Current Rating (FY2020) Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	July 2019	Chronology of Rating History for the past 3 years FY2020 May 2019	FY2020 April 2019	FY2019 Jan 2019	FY2019 July 2018	FY2018 July 2017	FY2017 August 2016	FY2017 July 2016
1	Aditya Birla Sun Life Short Term Opportunities Fund	Long Term	-	-	[ICRA]AA-mfs@	[ICRA]AA-mfs@	[ICRA]AA mfs@	[ICRA]AAmfs@	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs
2	Aditya Birla Sun Life Money Manager Fund	Long Term	-	-	[ICRA]AAA mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
3	Aditya Birla Sun Life Savings Fund	Long Term	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	-
4	Aditya Birla Sun Life Low Duration Fund	Long Term	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	-
5	Aditya Birla Sun Life Floating Rate Fund – Long Term Plan	Long Term	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
6	Aditya Birla Sun Life Liquid Fund	Short term	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
7	Aditya Birla Sun Life Overnight Fund	Short Term	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	-	-	-	-	-
8	Aditya Birla Sun Life Corporate Bond Fund	Long Term	-	-	[ICRA]AAA mfs	-	-	-	-	-	-	-
9	Aditya Birla Sun Life Income Fund	Long Term	-	-	[ICRA]AAA mfs	-	-	-	-	-	-	-
10	Aditya Birla Sun Life Banking & PSU Debt Fund	Long Term	-	-	[ICRA]AAA mfs	-	-	-	-	-	-	-

@ Under rating watch with negative implications

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

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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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