December 20, 2019

Reliance Nippon Life Asset Management Limited: Rating downgraded to [ICRA]A+mfs@ for Nippon India Low Duration Fund; ratings withdrawn for Nippon India Strategic Debt Fund and Nippon India Ultra Short Duration Fund

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Nippon India Low Duration Fund	-	-	[ICRA]A+mfs@; downgraded from [ICRA]AA+mfs@
Nippon India Strategic Debt Fund	-	-	[ICRA]A-mfs@; withdrawn
Nippon India Ultra Short Duration Fund	-	-	[ICRA]A4mfs@; withdrawn
Total	-	-	

@Under Rating Watch with Negative Implications
**Instrument details are provided in Annexure-1*

Rationale and key rating drivers

ICRA has downgraded the rating on Nippon India Low Duration Fund of Reliance Nippon Life Asset Management Limited to [ICRA]A+mfs @ (pronounced ICRA A plus m f s; on Watch with Negative Implications) from [ICRA]AA+mfs @ (pronounced ICRA double A plus m f s; on Watch with Negative Implications). Schemes with this rating are considered to have an adequate degree of safety regarding the timely receipt of payments from the investments that they have made. The rating action considers the deterioration in the credit quality of the underlying investments of the scheme. ICRA will continue to monitor the portfolio of the scheme regularly and take appropriate rating action as and when required.

Further, the ratings on Nippon India Strategic Debt Fund and Nippon India Ultra Short Duration Fund have been withdrawn. The ratings were withdrawn at the request of the rated entity in accordance with ICRA's policy on withdrawal and suspension (click here for policy).

The ratings indicate ICRA's opinion on the credit quality of the portfolios held by the funds. The ratings do not indicate the asset management company's (AMC) willingness or ability to make timely payments to the funds' investors. The ratings should not be construed as an indication of the expected returns, prospective performance of the mutual fund scheme, 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's 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 continues to breach the benchmark credit score, the rating is revised to reflect the change in the credit quality.

Liquidity position: Not applicable

Rating sensitivities – Nippon India Low Duration Fund

Positive triggers – ICRA could upgrade the rating of the scheme on an improvement in the credit quality of the underlying investment, which may enhance the credit quality of the portfolio.

Negative triggers – ICRA could downgrade the rating of the scheme if the credit quality of the underlying investment deteriorates or the size of the assets under management (AUM) declines, which may result in an increase in the share of lower rated investments and lead to a breach in the threshold for the rating level.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA- Mutual Fund Credit Risk Rating Methodology ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable
Consolidation/Standalone	Not applicable

About the company

Reliance Nippon Life Asset Management Limited (RNAM) is the asset manager of Nippon India Mutual Fund. As on September 30, 2019, Reliance Capital Limited and Nippon Life Insurance Company (the promoters of the company) held 4.28% and 75%, respectively, of the total issued and paid-up equity share capital of RNAM. In Q2 FY2020, RNAM's average AUM stood at Rs. 2,02,649.49 crore[1].

Nippon India Low Duration Fund

Launched in March 2007, Nippon India Low Duration Fund is an open-ended low duration debt scheme investing in debt and money market instruments such that the Macaulay duration of the portfolio is between 6 and 12 months. The fund's month-end AUM stood at Rs. 3402.63 crore as on November 30, 2019.

[1] *Source: Reliance Nippon Life Asset Management Limited*

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. No.	Name of Scheme	Type	Rated Amount	Current Rating (FY2020)						FY2019		FY2018			FY2017			
				20-Dec-19	30-Oct-19	26-Sep-19	13-Sep-19	07-Jun-19	17-May-19	17-Dec-18	30-Aug-18	09-Mar-18	19-Feb-18	27-Jul-17	17-Oct-16	15-Sep-16	03-Aug-16	12-Apr-16
1	Nippon India Ultra Short Duration Fund	Short Term	-	[ICRA]A4mfs@; withdrawn	ICRA]A4mfs@; downgraded from A2+mfs@ and placed on notice for withdrawal for 1 month	[ICRA]A2+mfs@	[ICRA]A2+mfs@	[ICRA]A1mfs@;	[ICRA]A1mfs@;downgraded from [ICRA]A1+mfs and placed on rating watch with negative implications	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs
2	Nippon India Strategic Debt Fund	Long Term	-	[ICRA]A-mfs@; withdrawn	[ICRA]A-mfs@; placed on notice for withdrawal for 1 month	[ICRA]A-mfs@	[ICRA]A-mfs@; downgraded from [ICRA]A+mfs@	[ICRA]Amfs@; downgraded from [ICRA]A+mfs@	[ICRA]A+mfs@; downgraded from [ICRA]AAmfs and placed on rating	[ICRA] AAmfs	[ICRA] AAmfs	[ICRA] AAmfs	[ICRA] AAmfs	[ICRA] AAmfs	[ICRA] AAmfs assigned	[ICRA] AAmfs assigned	-	-

S. No.	Name of Scheme	Type	Rated Amount	Current Rating (FY2020)						FY2019		FY2018			FY2017			
				20-Dec-19	30-Oct-19	26-Sep-19	13-Sep-19	07-Jun-19	17-May-19	17-Dec-18	30-Aug-18	09-Mar-18	19-Feb-18	27-Jul-17	17-Oct-16	15-Sep-16	03-Aug-16	12-Apr-16
									watch with negative implications									
3	Nippon India Capital Protection Fund II - Plan A	Long Term	-	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO); assigned	-	-	-	-	-	-	-	-	-	-	-	-
4	Nippon India Capital Protection Fund II - Plan B	Long Term	-	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO); assigned	-	-	-	-	-	-	-	-	-	-	-	-
5	Nippon India Gilt Securities Fund	Long Term	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs; assigned	-	-	-	-	-	-	-	-	-	-
6	Nippon India Low Duration Fund	Long Term	-	[ICRA]A+mfs@; Downgraded from [ICRA]AA+ mfs@	[ICRA]AA+ mfs@	[ICRA]AA+ mfs@	[ICRA]AA+ mfs@	[ICRA]AA+ mfs@; downgraded from [ICRA]AAA mfs and placed on rating watch with negative implications	[ICRA]AAA mfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs re-assigned from	[ICRA] A1+mfs	[ICRA] A1+mfs

S. No.	Name of Scheme	Type	Rated Amount	Current Rating (FY2020)						FY2019		FY2018			FY2017			
				20-Dec-19	30-Oct-19	26-Sep-19	13-Sep-19	07-Jun-19	17-May-19	17-Dec-18	30-Aug-18	09-Mar-18	19-Feb-18	27-Jul-17	17-Oct-16	15-Sep-16	03-Aug-16	12-Apr-16
7	Nippon India Prime Debt Fund	Long Term	-	[ICRA]AA-mfs@	[ICRA]AA-mfs@	[ICRA]AA-mfs@	[ICRA]AA-mfs@	[ICRA]AA-mfs@	[ICRA]AA-mfs@; downgraded from [ICRA]AAAmfs and placed on rating watch with negative implications	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs
8	Nippon India Overnight Fund	Short Term	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA] A1+mfs	-	-	-	-	-	-	-	-
9	Nippon India Interval Fund – Quarterly Interval Fund – Series III	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	[ICRA] A1+mfs	-	-	-	-	-	-
10	Nippon India Interval Fund – Monthly Interval Fund – Series I	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	[ICRA] A1+mfs	-	-	-	-	-	-

S. No.	Name of Scheme	Type	Rated Amount	Current Rating (FY2020)						FY2019		FY2018			FY2017			
				20-Dec-19	30-Oct-19	26-Sep-19	13-Sep-19	07-Jun-19	17-May-19	17-Dec-18	30-Aug-18	09-Mar-18	19-Feb-18	27-Jul-17	17-Oct-16	15-Sep-16	03-Aug-16	12-Apr-16
11	Nippon India Interval Fund – Monthly Interval Fund – Series II	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	[ICRA] A1+mfs	-	-	-	-	-	-
12	Nippon India Interval Fund - Quarterly Interval Fund - Series II	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	[ICRA] A1+mfs	[ICRA] A1+mfs; assigned		-	-	-	-
13	Nippon India 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	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs
14	Nippon India Money Market 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	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs
15	Nippon India Banking & PSU Debt Fund	Long Term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs
16	Nippon India Income	Long Term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs*	[ICRA] AAAmfs*	[ICRA] AAAmfs*	[ICRA] AAAmfs*

S. N o.	Name of Scheme	Type	Rated Amou nt	Current Rating (FY2020)						FY2019		FY2018			FY2017			
				20-Dec-19	30-Oct-19	26-Sep-19	13-Sep-19	07-Jun-19	17-May-19	17-Dec-18	30-Aug-18	09-Mar-18	19-Feb-18	27-Jul-17	17-Oct-16	15-Sep-16	03-Aug-16	12-Apr-16
	Fund																	
17	Nippon India Floating Rate Fund	Long Term	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA] AAAm fs	[ICRA] AAAm fs	[ICRA] AAAm fs	[ICRA] AAAmf s	[ICRA] AAAm fs	[ICRA] AAAmf s	[ICRA] AAAmf s	[ICRA] AAAmf s	[ICRA] AAAmf s
18	Nippon India Short Term Fund	Long Term	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA] AAAm fs	[ICRA] AAAm fs	[ICRA] AAAm fs	[ICRA] AAAmf s	[ICRA] AAAm fs	[ICRA] AAAmf s	[ICRA] AAAmf s	[ICRA] AAAmf s	[ICRA] AAAmf s
19	Nippon India Dynamic Bond Fund	Long Term	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA] AAAm fs	[ICRA] AAAm fs	[ICRA] AAAm fs	[ICRA] AAAmf s	[ICRA] AAAm fs	[ICRA] AAAmf s	[ICRA] AAAmf s	[ICRA] AAAmf s	[ICRA] AAAmf s

@Under rating Watch with Negative Implications
Amount in Rs. crore

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

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	NA	NA	NA	NA	NA	NA

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

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