

March 15, 2022

BOI AXA Investment Managers Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
BOI AXA Liquid Fund	-	-	[ICRA]AAAmfs; reaffirmed
BOI AXA Ultra Short Duration Fund	-	-	[ICRA]A1+mfs; reaffirmed
Total	-	-	

*Instrument details are provided in Annexure-1

Rationale and key rating drivers

ICRA has reaffirmed the ratings for BOI AXA Investment Managers Private Limited's BOI AXA Liquid Fund at [ICRA]AAAmfs and BOI AXA Ultra Short Duration Fund at [ICRA]A1+. The ratings have been reaffirmed following ICRA's monitoring of the credit risk profile of the month-end portfolio position of the schemes. The credit risk scores for the schemes were comfortably within the benchmark limit for the 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 the 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 – Not applicable

Negative factors – 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 – Mutual Fund Credit Risk Rating Methodology
Parent/Group Support	Not applicable
Consolidation/Standalone	Not applicable

About the company

BOI AXA Investment Managers Private Limited (formerly Bharti AXA Investment Managers Private Limited) is a joint venture (JV) between Bank of India (BOI) and AXA Investment Managers Asia Holdings Private Limited (AXA). On May 7, 2012, BOI acquired a 51% stake in the AMC from Bharti Ventures Limited and became a JV partner with AXA, which holds the remaining 49% stake. Consequent to the change in the shareholding, the AMC was renamed BOI AXA Investment Managers Private Limited. The AMC had average AUM of Rs. 2,727.7 crore for the quarter ended December 31, 2021.

BOI AXA Liquid Fund

Launched in July 2008, BOI AXA Liquid Fund is an open-ended liquid scheme with the objective of delivering reasonable market-related returns with lower risk and higher liquidity through a portfolio of debt and money market instruments. The scheme primarily invests in money market instruments of the highest credit quality. The scheme's AUM stood at Rs. 332.3 crore as on February 28, 2022 and it had an average maturity of ~40 days as on that date.

BOI AXA Ultra Short Duration Fund

Launched in July 2008, BOI AXA Ultra Short Duration Fund is an open-ended ultra-short-term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 and 6 months. The scheme invests in debt and money market instrument in order to provide reasonable market-related returns to investors with lower risk and higher liquidity. The scheme's AUM stood at Rs. 158.5 crore as on February 28, 2022 and it had an average maturity of ~102 days 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

	Instrume nt	Current Rating (FY2022)				Chronology of Rating History for the Past 3 Years							
		Type	Amou nt Rated (Rs. crore)	Amount Outstandi ng (Rs. crore)	Date & Rating	Date & Rating in FY2021		Date & Rating in FY2020		Date & Rating in FY2019			
					Mar 15, 2022	Mar 24, 2021	Apr 13, 2020	Nov 25, 2019	Jun 03, 2019	Jan 11, 2019	Sep 27, 2018	Jun 29, 2018	Apr 02, 2018
1	BOI AXA Liquid Fund	Mutual Fund-LT	-	-	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]AA Amfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs
2	BOI AXA Ultra Short Duration Fund	Mutual Fund-ST	-	-	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A1 +mfs	[ICRA]A 1+mfs	-	-			

Complexity level of the rated instruments

Instrument	Complexity Indicator
BOI AXA Liquid Fund	Not Applicable
BOI AXA Ultra Short Duration 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 instruments are available on ICRA's 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	BOI AXA Liquid Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	BOI AXA Ultra Short Duration Fund	NA	NA	NA	NA	[ICRA]A1+mfs

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

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

Neha Parikh
+ 91 22 6114 3426
neha.parikh@icraindia.com

Subhrajyoti Mohapatra
+91-22 6114 3400
subhrajyoti.mohapatra@icraindia.com

Komal M Mody
+91 22 6114 3424
komal.mody@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2022 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.