

May 03, 2024

DSP Investment Managers Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
DSP Liquidity Fund	-	-	[ICRA]A1+mfs; reaffirmed
DSP Ultra Short Fund	-	-	[ICRA]A1+mfs; reaffirmed
DSP Short Term Fund	-	-	[ICRA]AAA mfs; reaffirmed
DSP Banking & PSU Debt Fund	-	-	[ICRA]AAA mfs; reaffirmed
DSP Savings Fund	-	-	[ICRA]A1+mfs; reaffirmed
DSP Strategic Bond Fund	-	-	[ICRA]AAA mfs; reaffirmed
DSP Low Duration Fund	-	-	[ICRA]AAA mfs; reaffirmed
DSP Corporate Bond Fund	-	-	[ICRA]AAA mfs; reaffirmed
DSP Floater Fund	-	-	[ICRA]AAA mfs; reaffirmed
DSP Overnight 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 DSP Investment Managers Private 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 MF schemes. The ratings do not indicate the AMC's 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 on 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. Further, the lowest rating of the investments of the scheme acts as the floor for its rating.

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.

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. If the AMC corrects its portfolio, post the rating downgrade of the scheme or the credit score improves in any manner subsequent to the downgrade, making the scheme eligible for an upgrade, ICRA may consider a rating upgrade only if the credit score is maintained consistently for a period of at least three months.

Liquidity position: Not applicable

Rating sensitivities

Positive factors – Not applicable

Negative factors –

For DSP 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 debt MF schemes – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investments deteriorates or the size of the assets under management (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

DSP Investment Managers Private Limited is the asset management company (AMC) for DSP Mutual Fund (the fund). The fund was established as a trust under the Indian Trusts Act, 1882. DSP ADIKO Holdings Pvt. Ltd. and DSP HMK Holdings Pvt. Ltd. are its sponsors. The AMC's average AUM stood at ~Rs. 1,48,063 crore for the quarter ended March 31, 2024¹ (~Rs. 1,14,722 crore for the quarter ended March 31, 2023), as per its records.

DSP Liquidity Fund

Launched in March 1998, DSP Liquidity Fund is an open-ended income scheme, which aims to generate reasonable returns commensurate with low risk and a high degree of liquidity from a portfolio consisting of money market securities and high quality debt securities. The scheme's AUM stood at Rs. 6,732 crore as on March 31, 2024.

¹ Source: <https://www.amfiindia.com/research-information/aum-data/average-aum>

DSP Ultra Short Fund

Launched in July 2006, DSP Ultra Short Fund (erstwhile DSP BlackRock Money Manager Fund) is an open-ended income scheme, which aims to generate returns commensurate with risk from a portfolio comprising money market securities and debt securities such that the Macaulay duration of the portfolio is between 3 months and 6 months. The scheme's AUM stood at Rs. 2,228 crore as on March 31, 2024.

DSP Short Term Fund

Launched in September 2002, DSP Short Term Fund is an open-ended income scheme, which aims to generate returns commensurate with risk from a portfolio comprising money market securities and/or debt securities such that the Macaulay duration of the portfolio is between 1 year and 3 years. The scheme's AUM stood at Rs. 2,996 crore as on March 31, 2024.

DSP Banking & PSU Debt Fund

Launched in September 2013, DSP Banking & PSU Debt Fund is an open-ended income scheme, which aims to generate income and capital appreciation by primarily investing in a portfolio of high quality debt and money market securities issued by banks and public sector entities/undertakings. The scheme's AUM stood at Rs. 2,376 crore as on March 31, 2024.

DSP Savings Fund

Launched in September 1999, DSP Savings Fund is an open-ended debt scheme, which aims to generate income through investment in a portfolio comprising money market instruments with a maturity of less than or equal to 1 year. The scheme's AUM stood at Rs. 3,699 crore as on March 31, 2024.

DSP Strategic Bond Fund

Launched in April 2007, DSP Strategic Bond Fund is an open-ended income scheme with the investment objective of generating optimal returns with high liquidity through the active management of a portfolio of high quality debt and money market securities. The scheme's AUM stood at Rs. 932 crore as on March 31, 2024.

DSP Low Duration Fund

Launched in March 2015, DSP Low Duration Fund is an open-ended debt scheme, which seeks to generate returns commensurate with risk from a portfolio comprising money market securities and/or debt securities such that the Macaulay duration of the portfolio is between 6 months and 12 months. The scheme's AUM stood at Rs. 4,205 crore as on March 31, 2024.

DSP Corporate Bond Fund

Launched in September 2018, DSP Corporate Bond Fund is an open-ended debt scheme, which seeks to generate regular income and capital appreciation commensurate with risk from a portfolio mainly comprising investments in corporate debt securities rated AA+ and above, across maturities, in addition to the debt instruments issued by Central and state governments and money market securities. The scheme's AUM stood at Rs. 2,617 crore as on March 31, 2024.

DSP Floater Fund

Launched in March 2021, DSP Floater Fund is an open-ended income scheme, which aims to generate regular income by predominantly investing in floating rate and fixed rate debt instruments (including money market instruments). As on March 31, 2024, the scheme's AUM stood at Rs. 879 crore.

DSP Overnight Fund

Launched in January 2019, DSP Overnight Fund is an open-ended income scheme with the investment objective of generating returns commensurate with low risk and providing a high level of liquidity through investments made primarily in overnight securities with a maturity of one business day. The scheme's AUM stood at Rs. 1,230 crore as March 31, 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

	Instrument	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years				
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023		Date & Rating in FY2022	
					May 03, 2024	Jun 07, 2023	Dec 05, 2022	Aug 05, 2022	Sep 28, 2021	May 04, 2021
1	DSP Floater Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
2	DSP Corporate Bond Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
3	DSP Low Duration Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
4	DSP Strategic Bond Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
5	DSP Overnight Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
6	DSP Ultra Short Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
7	DSP Savings Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
8	DSP Short Term Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
9	DSP Liquidity Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
10	DSP Banking & PSU Debt Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs

Complexity level of the rated instrument

Instrument	Complexity Indicator
DSP Liquidity Fund	Not applicable
DSP Ultra Short Fund	Not applicable
DSP Short Term Fund	Not applicable
DSP Banking & PSU Debt Fund	Not applicable
DSP Savings Fund	Not applicable
DSP Strategic Bond Fund	Not applicable
DSP Low Duration Fund	Not applicable
DSP Corporate Bond Fund	Not applicable
DSP Floater Fund	Not applicable
DSP Overnight 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: [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	DSP Liquidity Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	DSP Ultra Short Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	DSP Short Term Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	DSP Banking & PSU Debt Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	DSP Savings Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	DSP Strategic Bond Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	DSP Low Duration Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	DSP Corporate Bond Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	DSP Floater Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	DSP Overnight Fund	NA	NA	NA	NA	[ICRA]A1+mfs

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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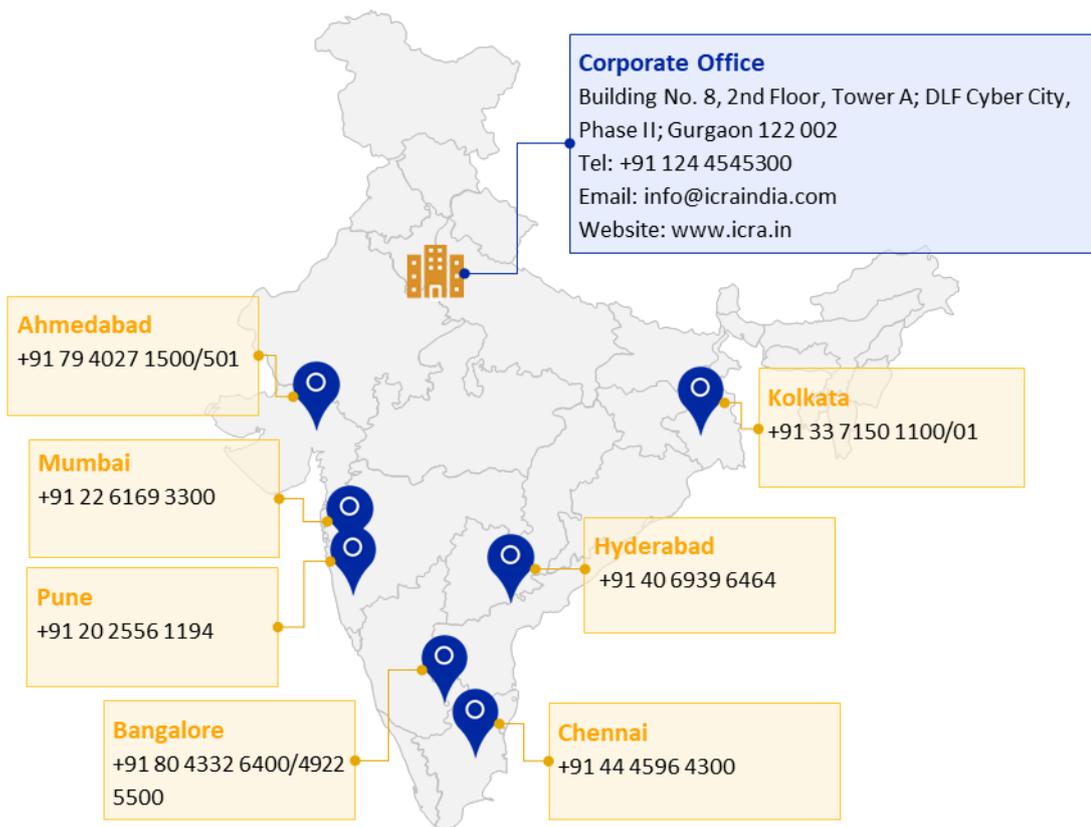
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