

January 09, 2025

Bank of India Investment Managers Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Bank of India Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Bank of India Ultra Short Duration Fund	-	-	[ICRA]A1+mfs; reaffirmed
Total	-	-	

*Instrument details are provided in Annexure I

Rationale and key rating drivers

ICRA has reaffirmed the rating for various debt mutual fund (MF) schemes of Bank of India Investment Managers Private Limited (the asset management company; the AMC) 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 schemes. The ratings do not indicate the AMC and/or any of its scheme's willingness and/or ability to make timely redemptions to its investors. The ratings also do not address the market risks and hence should not be construed as an indication of the expected returns, the prospective performance of the MF 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 MF schemes is guided by the credit rating 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. 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-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 – ICRA could downgrade the rating 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

On December 21, 2021, Bank of India purchased AXA Investment Managers Asia Holdings Private Limited's stake in BOI AXA Investment Managers Private Limited, i.e. the entire 47.07% equity shares as well as the total 49% equity stake in BOI AXA Trustee Services Private Limited. Following this, the AMC's name was changed to Bank of India Investment Managers Private Limited with effect from April 12, 2022. The AMC had an average AUM of ~Rs. 10,336 crore¹ for the quarter ending September 30, 2024.

Bank of India Liquid Fund

Launched in July 2008, Bank of India 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. Its AUM stood at ~Rs. 1,699 crore as on November 30, 2024.

Bank of India Ultra Short Duration Fund

Launched in July 2008, Bank of India 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 three and six months. The scheme invests in debt and

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

money market instruments to provide reasonable market-related returns to investors with lower risk and higher liquidity. Its AUM stood at ~Rs. 185 crore as on November 30, 2024.

Key financial indicators (audited): Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jan 09, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Bank of India Liquid Fund	ST	-	[ICRA]A1+mfs	15-Feb-24	[ICRA]A1+mfs	09-Mar-23	[ICRA]A1+mfs	15-Mar-22	[ICRA]AAA mfs
				-	-	21-Feb-23	[ICRA]A1+mfs		
				-	-	06-Dec-22	[ICRA]A1+mfs^		
Bank of India Ultra Short Duration Fund	ST	-	[ICRA]A1+mfs	15-Feb-24	[ICRA]A1+mfs	09-Mar-23	[ICRA]A1+mfs	15-Mar-22	[ICRA]A1+mfs
						21-Feb-23	[ICRA]A1+mfs		
						06-Dec-22	[ICRA]A1+mfs		

ST – Short term; ^Long-term rating of [ICRA]AAA mfs withdrawn and [ICRA]A1+mfs assigned simultaneously

Complexity level of the rated instruments: 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

Not applicable

Annexure II: List of entities considered for consolidated analysis

Not applicable

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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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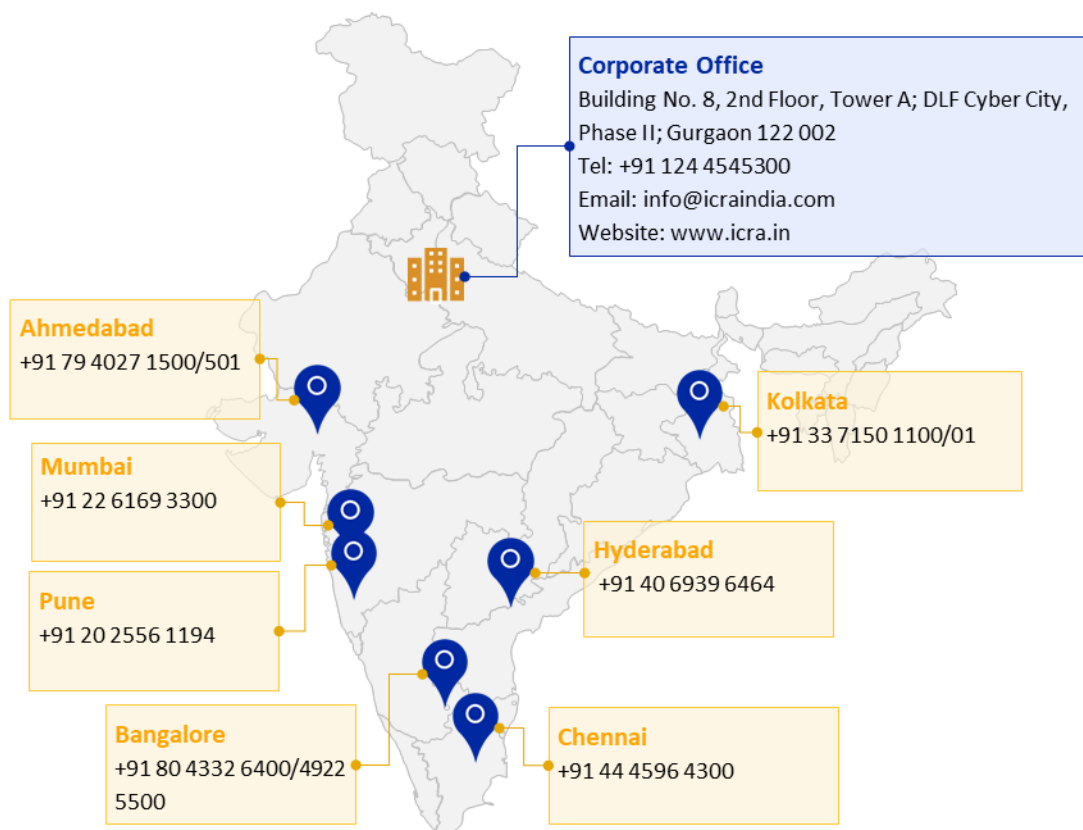


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