

February 04, 2025

Axis Asset Management Company Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Axis Floater Fund	-	-	[ICRA]AAAmfs; reaffirmed
Axis Corporate Bond Fund (erstwhile Axis Corporate Debt Fund)	-	-	[ICRA]AAAmfs; reaffirmed
Axis Short Duration Fund (erstwhile Axis Short Term Fund)	-	-	[ICRA]AAAmfs; reaffirmed
Axis Banking & PSU Debt Fund	-	-	[ICRA]AAAmfs; reaffirmed
Axis Treasury Advantage Fund	-	-	[ICRA]AAAmfs; reaffirmed
Axis Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
Axis Money Market Fund	-	-	[ICRA]A1+mfs; reaffirmed
Axis Ultra Short Duration Fund (erstwhile Ultra Short-Term Fund)	-	-	[ICRA]A1+mfs; reaffirmed
Axis Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed

*Instrument details are provided in Annexure I

Rationale and key rating drivers

ICRA has reaffirmed the ratings of various debt schemes of Axis Asset Management Company 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.

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 (AMC) 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 mutual fund 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 mutual fund 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 mutual fund 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 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 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 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. To this end, ICRA relies on the information provided by the AMC and/or publicly available sources. ICRA reviews the mutual fund 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 – NA

Negative factors

For Axis 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 schemes – ICRA could downgrade the ratings of the schemes 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, leading to a breach in the threshold for the rating level.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA Rating Methodology – Mutual Funds
Parent/Group support	NA
Consolidation/Standalone	NA

About the company

Axis Mutual Fund was granted a certificate of registration in September 2009 and Axis Asset Management Company Limited (Axis AMC) received consent to act as the AMC for Axis Mutual Fund. In FY2013, Axis Bank Limited {rated [ICRA]AAA (Stable)¹} entered into a strategic tie-up with Schroders Plc, UK. Through this tie-up, Schroder Investment Management (Singapore) Limited via its wholly-owned subsidiary, Schroder Singapore Holdings Private Limited, acquired 25% plus one equity share of the total issued and paid-up equity share capital of Axis AMC and Axis Mutual Fund Trustee Limited (Axis Trustee), respectively. Axis Mutual Fund had an average AUM of Rs. 3,26,097.5 crore² in Q3 FY2025.

¹ Axis Bank's Basel III compliant Tier II Bond rated [ICRA]AAA (Stable)

² <https://www.amfiindia.com/research-information/aum-data/average-aum>

Axis Floater Fund

Axis Floater Fund is open-ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives). The investment objective is to generate regular income through investment in a portfolio predominantly comprising floating rate instruments and fixed rate instruments swapped for floating rate returns. The AUM of the scheme, as on December 31, 2024, was Rs. 169 crore.

Axis Corporate Bond Fund (erstwhile Axis Corporate Debt Fund)

Axis Corporate Bond Fund is an open-ended debt scheme. It is an open-ended debt scheme predominantly investing in AA+ and above rated corporate bonds. The investment objective is to generate regular income and capital appreciation by investing in corporate debt across maturities. The AUM of the scheme, as on December 31, 2024, was Rs. 6,047 crore.

Axis Short Duration Fund (erstwhile Axis Short Term Fund)

Axis Short Duration Fund is an open-ended scheme investing in instruments such that the Macaulay duration of the scheme is between 1 and 3 years. Its stated objective is to generate stable returns with a low risk strategy while maintaining liquidity through a portfolio comprising debt and money market instruments. The fund's AUM stood at ~Rs. 8,879 crore as on December 31, 2024.

Axis Banking & PSU Debt Fund

Axis Banking and PSU Debt Fund is an open-ended debt scheme. Its objective is to generate stable returns by investing predominantly in debt and money market instruments issued by banks. The fund's AUM stood at ~Rs. 12,916 crore as on December 31, 2024.

Axis Treasury Advantage Fund

Axis Treasury Advantage Fund is an open-ended debt scheme. Its objective is to generate optimal returns through a judicious mix of a portfolio largely comprising money market instruments and short-term debt securities. The fund's AUM stood at ~Rs. 5,843 crore as on December 31, 2024.

Axis Overnight Fund

Axis Overnight Fund is an open-ended debt scheme investing in overnight securities. Its objective is to provide reasonable returns, commensurate with a very low interest rate risk and a high level of liquidity through investments primarily in overnight securities with a maturity/residual maturity of one business day. The fund's AUM stood at ~Rs. 8,626 crore as on December 31, 2024.

Axis Money Market Fund

Axis Money Market Fund is an open-ended debt scheme with the objective of generating regular income through investment in a portfolio comprising money market instruments. The fund's AUM stood at ~Rs. 15,464 crore as on December 31, 2024.

Axis Ultra Short Duration Fund (erstwhile Ultra Short-Term Fund)

Axis Ultra Short Duration Fund is an open-ended debt scheme. The investment objective is to generate regular income and capital appreciation by investing in a portfolio of short-term debt and money market instruments with a relatively lower interest rate risk such that the Macaulay duration of the portfolio is between 3 months and 6 months. The fund's AUM stood at ~Rs. 5,996 crore as on December 31, 2024.

Axis Liquid Fund

Axis Liquid Fund is an open-ended debt scheme. The objective is to provide a high level of liquidity with reasonable returns, reflecting low risk, through a judicious mix of a portfolio largely comprising money market instruments and short-term debt securities with a residual maturity of up to 91 days. The fund's AUM stood at ~Rs. 30,917 crore as on December 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

	Name of scheme	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years							
			Amount rated (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023		Date & rating in FY2022				
				Feb-04-2025	Feb-07-2024	Feb-27-2023	Dec-02-2022	Mar-02-2022	Nov-02-2021	Jul-23-2021	Jun-25-2021	Apr-06-2021
1	Axis Floater Fund	Long term	-	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	Provisional [ICRA] AAAMfs; assigned	-	-
2	Axis Corporate Bond Fund (erstwhile Axis Corporate Debt fund)	Long term	-	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs
3	Axis Short Duration Fund (erstwhile Axis Short Term fund)	Long term	-	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs
4	Axis Banking & PSU Debt Fund	Long term	-	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs
5	Axis Treasury Advantage Fund	Long term	-	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs	[ICRA] AAAMfs ³	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs
6	Axis 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	[ICRA] A1+mfs	[ICRA] A1+mfs
7	Axis 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
8	Axis Ultra Short Duration Fund (erstwhile Ultra Short Term 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
9	Axis 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
10	Axis Capital Protection Oriented Fund-Series 7	Long term	-	-	-	-	-	-	-	-	Provisional [ICRA] AAA(SO); withdrawn	Provisional [ICRA] AAA(SO)
11	Axis Capital Protection Oriented Fund-Series 8	Long term	-	-	-	-	-	-	-	-	Provisional [ICRA]	Provisional [ICRA]

³ Rating of [ICRA]A1+mfs has been withdrawn and rating of [ICRA]AAAMfs has been simultaneously assigned

	Name of scheme	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years							
			Amount rated (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023		Date & rating in FY2022				
				Feb-04-2025	Feb-07-2024	Feb-27-2023	Dec-02-2022	Mar-02-2022	Nov-02-2021	Jul-23-2021	Jun-25-2021	Apr-06-2021
											AAA(SO); withdrawn	AAA(SO)
12	Axis Capital Protection Oriented Fund-Series 9	Long term	-	-	-	-	-	-	-	-	Provisional [ICRA] AAA(SO); withdrawn	Provisional [ICRA] AAA(SO)
13	Axis Capital Protection Oriented Fund-Series 10	Long term	-	-	-	-	-	-	-	-	Provisional [ICRA] AAA(SO); withdrawn	Provisional [ICRA] AAA(SO)

Complexity level of the rated instrument

Instrument	Complexity indicator
Mutual 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 instrument 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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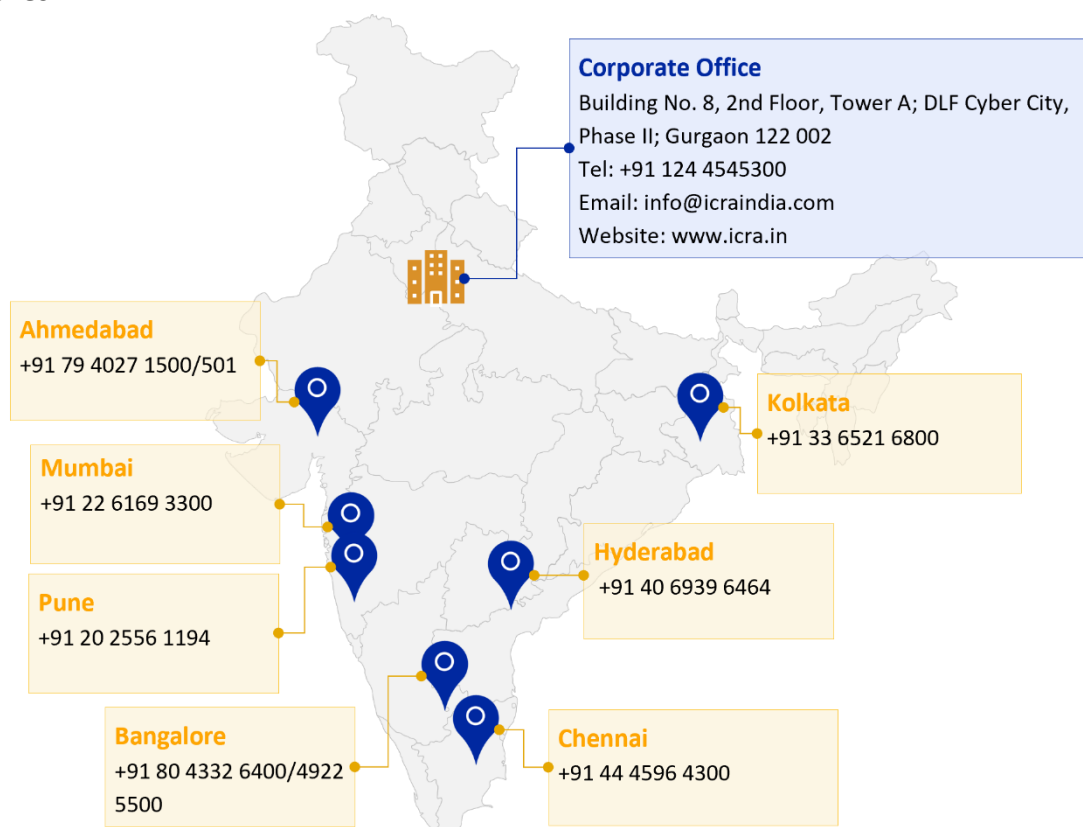


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Branches



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