

Sundaram Asset Management Company Limited

August 10, 2018

Summary of rated instruments

| Instrument | Current Rated Amount (Rs. crore) | Rating Action |
|--|-------------------------------------|--------------------------|
| Sundaram Corporate Bond Fund (erstwhile Sundaram Flexible Fund – Flexible Income Plan) | - | [ICRA]AAAmfs; reaffirmed |

Rating action

ICRA has reaffirmed the credit risk rating of [ICRA]AAAmfs (pronounced ICRA triple A m f s) for the Sundaram Corporate Bond Fund (erstwhile Sundaram Flexible Fund – Flexible Income Plan) of Sundaram Asset Management Company Limited (SAMCL; the asset management company; AMC). Schemes with this rating are considered to have the highest degree of safety regarding the timely receipt of payments from the investments that they have made¹.

The ratings indicate ICRA's opinion on the credit quality of the portfolios that the funds hold. The ratings do not indicate the AMC's willingness, or ability, to make timely payments to the fund's investors. The ratings should not be construed as an indication of expected returns, prospective performance of the mutual fund scheme, NAV or of volatility in its returns.

Rationale and key rating drivers

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 credit score meets the benchmark of the assigned rating during the review, the rating is retained. If 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 still continues to breach the benchmark credit score, the rating is revised to reflect the change in credit quality.

The ratings were reaffirmed following ICRA's analysis 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 limits for the current rating level.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

¹ For complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications

Links to applicable criteria:

[ICRA - Mutual Fund Credit Risk Rating Methodology](#)

About the company

Sundaram Asset Management Company Limited

Incorporated in 1996, SAMCL is the investment manager of Sundaram Mutual Fund. The company extends asset management, investment advisory and portfolio management services to its investors. The company's total AUM including mutual fund management, portfolio management service and advisory service stood at Rs. 33,379 crore as on June 29, 2018.

Sundaram Corporate Bond Fund

Launched on December 30, 2004, Sundaram Corporate Bond Fund (erstwhile Sundaram Flexible Fund- Flexible Income Plan) is an open-ended income scheme of SAMCL. The investment objective of the scheme is to generate reasonable returns by creating a portfolio comprising substantially of fixed income instruments and money market instruments by keeping the interest rate risk of the fund low. As on July 31, 2018, the fund's corpus stood at Rs. 379 crore with an average residual maturity of 4.58 years.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

| Instrument | Type | Current Rating (FY2019) | | | Chronology of Rating History for the past 3 years | | |
|---|-----------|--------------------------|--------------------------------|--------------|---|------------------|--------|
| | | Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore) | Aug-18 | FY2018 Jul-17 | FY2017 Jul-16 | FY2016 |
| Sundaram Corporate Bond Fund (erstwhile Sundaram Flexible Fund – Fixed Income Plan) | Long term | - | - | [ICRA]AAAams | [ICRA]AAAams | [ICRA]AAAams | - |

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 No | 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 |

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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.

For more information, visit www.icra.in

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