

## Mahindra Asset Management Company Private Limited

September 26, 2018

### Summary of rated instruments

Instrument	Current Rated Amount (Rs. crore)	Rating Action
Mahindra Liquid Fund	-	[ICRA]A1+mfs; reaffirmed
Mahindra Low Duration Bachat Yojana*	-	[ICRA]A1+mfs; reaffirmed, put on notice for withdrawal for 1 month

### Rating action

ICRA has reaffirmed the credit risk rating of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) for the Mahindra Liquid Fund of Mahindra Asset Management Company Private Limited (the asset management company; AMC). Schemes with this rating are considered to have a very strong degree of safety regarding the timely receipt of payments from the investments that they have made.<sup>1</sup>

ICRA has also reaffirmed the credit risk rating of [ICRA]A1+mfs for the AMC's Mahindra Low Duration Bachat Yojana. Schemes with this rating are considered to have a very strong degree of safety regarding the timely receipt of payments from the investments that they have made. ICRA has put the credit risk rating of Mahindra Low Duration Bachat Yojana on notice for withdrawal for one month, at the request of the AMC.

The ratings indicate ICRA's opinion on the credit quality of the portfolios held by the funds. 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.

\* *Erstwhile Mahindra Alp Samay Bachat Yojana*

<sup>1</sup> For complete rating scale and definitions, please refer to ICRA's website ([www.icra.in](http://www.icra.in)) or other ICRA rating publications

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.

**Links to applicable criteria:**

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

## About the company

Mahindra Asset Management Company Private Limited, incorporated in June 2013 under the Companies Act, 1956, is a wholly-owned subsidiary of Mahindra and Mahindra Financial Services Limited. The AMC is the investment manager of Mahindra Mutual Fund. Mahindra Mutual Fund was constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882, as per the terms of a trust deed dated September 29, 2015 between Mahindra and Mahindra Financial Services Limited, as the sponsor, and Mahindra Trustee Company Private Limited, as the trustee. The AMC received SEBI's approval to act as the AMC to Mahindra Mutual Fund in February 2016. The AMC had average assets under management (AUM) of ~Rs. 3,961 crore during the quarter ended June 30, 2018.

### Mahindra Liquid Fund

Mahindra Liquid Fund is an open-ended liquid scheme of Mahindra Mutual Fund. The investment objective of the scheme is to deliver reasonable market related returns with lower risk and higher liquidity through a portfolio of money market and debt instruments. The scheme will endeavour to achieve this objective through an allocation of the investment corpus in a low-risk portfolio of money market and debt instruments. The scheme primarily invests in money market instruments of the highest credit quality. The fund's AUM stood at Rs. 3,231 crore as on August 31, 2018 and had an average residual maturity of around 0.06 years as on that date.

### Mahindra Low Duration Bachat Yojana (erstwhile Mahindra Alp Samay Bachat Yojana)

Mahindra Low Duration Bachat Yojana is an open-ended income scheme of Mahindra Mutual Fund. The investment objective of the scheme is to deliver reasonable market related returns with lower risk and higher liquidity through a portfolio of money market and debt instruments. The scheme will endeavour to achieve this objective through an allocation of the investment corpus in a low-risk portfolio of money market and debt instruments. The scheme primarily invests in money market instruments of the highest credit quality. The fund's AUM stood at Rs. 169 crore as on August 31, 2018 and had an average residual maturity of around 0.73 years 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 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)	Sep-18	FY2018		FY2017	FY2016	
					Sep-17	Aug-17	Jul-16	-	
1 Mahindra Liquid Fund	Short-term	-	-	[ICRA]A1+mfs; reaffirmed	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	-	
2 Mahindra Low Duration Bachat Yojana	Short-term	-	-	[ICRA]A1+mfs; reaffirmed, notice for withdrawal for one month	[ICRA]A1+mfs	-	-	-	

### 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](http://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](http://www.icra.in)

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