

## Baroda Asset Management India Limited

January 21, 2019

### Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Baroda Money Market Fund	-	[ICRA]A1+mfs; assigned
Baroda Ultra Short Duration Fund	-	[ICRA]A1+mfs; outstanding
Baroda Liquid Fund	-	[ICRA]A1+mfs; outstanding
Baroda Treasury Advantage Fund	-	[ICRA]A1+mfs; outstanding
<b>Total</b>	-	

### Rationale and Key Rating Drivers

The rating assigned is basis the indicative portfolio for the scheme with the credit score of the indicative portfolio being comfortable at the rating level of [ICRA]A1+mfs.

The ratings indicate ICRA's opinion on the credit quality of the portfolios held by the funds. They 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, net asset value (NAV) or volatility in its returns.

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. In an event that 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.

### Liquidity position: Not applicable

### Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">ICRA- Mutual Fund Credit Risk Rating Methodology</a>
Parent/Group Support	Not applicable
Consolidation / Standalone	Not applicable

## About the company:

### Baroda Asset Management India Limited

Baroda Asset Management India Limited ("AMC") was formed in 2008 as a joint venture between Bank of Baroda and Pioneer Global Asset Management S.p.A. ("Pioneer"). Further, on September 28, 2018, Bank of Baroda acquired the entire shareholding of UniCredit S.p.A.<sup>1</sup> held in Baroda Pioneer Asset Management Company Limited ("AMC") and Baroda Pioneer Trustee Company Private Limited ("Trustee"). Subsequently, the names of the AMC and Trustee have been changed to Baroda Asset Management India Limited and Baroda Trustee India Private Limited respectively, and the name of the mutual fund has been changed to Baroda Mutual Fund.

The fund had average assets under management of ~Rs. 12,257<sup>2</sup> crore during the quarter ended December 2018.

### Baroda Money Market Fund

Baroda Money Market Fund is an open-ended debt scheme investing in money market instruments. The objective of the scheme is to provide reasonable returns, commensurate with low risk while providing a high level of liquidity, through investments made in money market instruments.

The portfolio will primarily comprise of short term debt instruments such as commercial papers and other money market instruments with high credit quality with the scheme having average maturity of less than 1 year.

### Baroda Ultra Short Duration Fund

Launched in June 2018, Baroda Ultra Short Duration Fund, an open-ended debt scheme that focuses on investing in a combination of short term debt instruments including treasury bills, certificate of deposits, commercial papers and corporate bonds such that the Macaulay duration\* of the portfolio is between 3 months and 6 months. The fund's asset under management stood at ~Rs. 330 crore as on December 31, 2018 with an average residual maturity of ~3 months.

### Baroda Liquid Fund

Launched in February 2009, the stated objective of the scheme is to generate income with a high level of liquidity by investing in a portfolio of money market and debt securities. The portfolio is largely invested in high rated and liquid instruments. The fund house also maintains adequate proportion of portfolio in cash and instruments with a daily put call options to manage the liquidity requirements. The fund's asset under management stood at ~Rs. 5,391 crore as on December 31, 2018 with an average residual maturity of less than 1 month.

### Baroda Treasury Advantage Fund

Launched in June 2009, an open-ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months. The stated objective of the scheme is to provide optimal returns and liquidity through a portfolio comprising of debt securities and money market instruments. The portfolio is largely invested in high rated and liquid instruments. The fund's asset under management stood at ~Rs. 945 crore as on December 31, 2018 with an average residual maturity of ~1 year.

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<sup>1</sup> Effective November 1, 2017, Pioneer merged with UniCredit S.p.A., its ultimate holding company, by way of incorporation pursuant to Italian law.

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

**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)	FY2019		FY2018		FY2017	FY2016
				Jan-19	Nov-18	May-18	Nov-17	Sep-16	Oct-15
1 Baroda Money Market Fund	Short Term	-	-	[ICRA]A1+ mfs	-	-	-	-	-
2 Baroda Ultra Short Duration Fund	Short Term	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	-	-	-
3 Baroda Liquid Fund	Short Term	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+m fs	[ICRA]A1+m fs	[ICRA]A1+mfs
4 Baroda Treasury Advantage Fund	Short Term	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+m fs	[ICRA]A1+m fs	[ICRA]A1+m fs	[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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