

July 27, 2017

Reliance Nippon Life Asset Management Limited

Summary of rated instruments

Instrument*	Rating Action
Reliance Liquidity Fund	[ICRA]A1+mfs; reaffirmed
Reliance Liquid Fund – Treasury Plan	[ICRA]A1+mfs; reaffirmed
Reliance Liquid Fund - Cash Plan	[ICRA]A1+mfs; reaffirmed
Reliance Money Manager Fund	[ICRA]AAAmfs; reaffirmed
Reliance Income Fund	[ICRA]AAAmfs; reaffirmed
Reliance Floating Rate Fund – Short Term Plan	[ICRA]AAAmfs; reaffirmed
Reliance Short Term Fund	[ICRA]AAAmfs; reaffirmed
Reliance Medium Term Fund	[ICRA]AAAmfs; reaffirmed
Reliance Dynamic Bond Fund	[ICRA]AAAmfs; reaffirmed
Reliance Banking & PSU Debt Fund	[ICRA]AAAmfs; reaffirmed
Reliance Corporate Bond Fund	[ICRA]AAmfs; reaffirmed

*Instrument details are provided in Annexure-1

Rating action

ICRA has reaffirmed the credit risk rating of [ICRA]AAAmfs (pronounced ICRA triple A m f s) for the Reliance Money Manager Fund, Reliance Income Fund, Reliance Floating Rate Fund – Short Term Plan, Reliance Short Term Fund, Reliance Medium Term Fund, Reliance Dynamic Bond Fund and Reliance Banking & PSU Debt Fund of Reliance Nippon Life Asset Management Limited (the AMC). Schemes with this rating are considered to have the highest degree of safety regarding timely receipt of payments from the investments that they have made¹.

ICRA has also reaffirmed the credit risk rating of [ICRA]AAmfs (pronounced ICRA double A m f s) for the Reliance Corporate Bond Fund of the AMC. Schemes with [ICRA]A1mfs rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

ICRA has also reaffirmed the credit risk rating of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) for Reliance Liquidity Fund, Reliance Liquid Fund – Treasury Plan and Reliance Liquid Fund - Cash Plan of the AMC. Schemes with [ICRA]A1mfs rating are considered to have a very strong degree of safety regarding timely receipt of payments from the investments that they have made. The modifier {"+" (plus)/ "-" (minus)} reflects the comparative standing within the category.

The ratings should, however, not be construed as an indication of the performance of the mutual fund scheme or of volatility in its returns.

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



Rationale

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 estimate 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 various 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.

The ratings have been reaffirmed following ICRA's analysis of the credit risk profile of the month end portfolio positions for these schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their current level of ratings.

Analytical approach:

For arriving at the ratings for the debt schemes, ICRA has assessed the credit risk profile of the month end portfolio position for these schemes for the past 12 months.

Links to applicable criteria:

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

About the company:

Reliance Nippon Life Asset Management Limited

Reliance Nippon Life Asset Management Limited (formerly Reliance Capital Asset Management Limited)(RNAM) is the asset manager of Reliance Mutual Fund (RMF). Presently, Reliance Capital Limited holds 46.57% of its total issued and paid-up equity share capital of RNAM. Nippon Life Insurance Company (NLI) holds 49.00% of RNAM's total issued and paid up equity share capital. During Q1FY2018, the mutual fund average assets under management of the AMC stood at Rs. 2,22,964 crore.

Reliance Liquidity Fund

Launched in June 2005, Reliance Liquidity Fund is an open-ended liquid scheme with high liquidity with a stated objective to generate optimal returns consistent with moderate levels of risk and high liquidity with investments predominantly in Debt and Money Market Instruments. The fund's month end assets under management stood at Rs. 4,575 crore as on June 30, 2017 and had an average maturity of around 2 months.

Reliance Liquid Fund – Treasury Plan

Launched in December 2003, Reliance Liquid Fund-Treasury Plan is an open-ended liquid scheme with a stated objective to generate optimal returns consistent with moderate levels of risk and high liquidity with investments predominantly in Debt and Money Market Instruments. The fund's month end assets under management stood at Rs. 21,781 crore as on June 30, 2017 and had an average maturity of around 2 months.

Reliance Liquid Fund - Cash Plan

Launched in December 2001, Reliance Liquid Fund - Cash Plan is an open ended fund with an objective to generate optimal returns consistent with moderate levels of risk and high liquidity. Accordingly, investments are predominantly made in Debt and Money Market Instruments. The fund's month end assets under management stood at Rs. 2,903 crore as on June 30, 2017 and had an average maturity of around 2 months.

Reliance Money Manager Fund

Launched in March 2007, Reliance Money Manager Fund is an open ended scheme with a stated investment objective of the fund to generate optimal returns consistent with moderate levels of risk and liquidity by investing in debt securities and money market securities. The fund's month end assets under management stood at Rs. 16,598 crore as on June 30, 2017 with an average maturity of around 11 months.

Reliance Income Fund

Launched in January 1998, Reliance Income Fund is an open ended income scheme with stated objective to generate optimal returns consistent with moderate levels of risk. This income may be complemented by capital appreciation of the portfolio. Accordingly, investments shall predominantly be made in Debt & Money Market Instruments. The fund's month end assets under management stood at Rs. 1,057 crore as on June 30, 2017 with average maturity of around 12 years.

Reliance Floating Rate Fund – Short Term Plan

Launched in August 2004, Reliance Floating Rate Fund – Short Term Plan is an open-ended income scheme with a stated investment objective to generate regular income through investment in a portfolio comprising substantially of floating rate debt securities (including floating rate securitised debt, money market instruments and fixed rate debt instruments swapped for floating rate returns). The scheme also invests in fixed rate debt securities (including fixed rate securitised debt, money market instruments and floating rate debt instruments swapped for fixed returns). The fund's month end assets under management stood at Rs. 8,078 crore as on June 30, 2017 and had an average maturity of around 3 years.

Reliance Short Term Fund

Launched in December 2002, Reliance Short Term Fund is an open-ended income scheme with a stated investment objective to generate stable returns for investors with short-term investment horizon by investing in fixed income securities of short-term maturity. The fund's month end assets under management stood at Rs. 14,497 crore as on June 30, 2017 and had an average maturity of approximately 3 yrs.

Reliance Medium Term Fund

Reliance Medium Term Fund is an open ended income scheme with no assured returns launched in September 2000 with a stated objective to generate regular income in order to make regular dividend payments to unit holders and the secondary objective is growth of capital. The fund's month end assets under management stood at Rs. 10,401 crore as on June 30, 2017 and had an average maturity of around 1 year.

Reliance Dynamic Bond Fund

Reliance Dynamic Bond Fund is an open ended income scheme launched in November 2004 with the primary investment objective to generate optimal returns consistent with moderate levels of risk. This income may be complemented by capital appreciation of the portfolio. Accordingly, investments shall be predominantly made in debt and money market instruments. The fund's month end assets under management stood at Rs. 4,073 crore as on June 30, 2017 and had an average maturity of around 12 years.



Reliance Banking & PSU Debt Fund

Launched in May 2015, Reliance Banking & PSU Debt Fund (RBPDF) Investments is an open ended income scheme investing in debt and money market instruments of various maturities, consisting predominantly of securities issued by Banks, Public Sector undertakings & Public Financial Institutions. The fund's month end assets under management stood at Rs. 5,121 crore as on June 30, 2017 and had an average maturity of around 4 years.

Reliance Corporate Bond Fund

Launched in June 2014, Reliance Corporate Bond Fund is an open-ended income scheme with a stated objective to generate income through investments in a range of debt and money market instruments of various maturities with a view to maximizing income while maintaining the optimum balance of yield, safety and liquidity. The fund's month end assets under management stood at Rs. 6,595 crore as on June 30, 2017 and had an average maturity of around 4 years.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years:
Table:

Sr. No.	Name of Scheme	Current Rating (FY2018)			Chronology of Rating History for the past 3 years							
		Type	Rated amount	Jul-17	FY2017				FY2016	FY2015		
					Oct 2016	Sep 2016	Jul 2016	Apr 2016	Aug 2015	Jan 2015	Sep 2014	
1	Reliance Liquidity 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
2	Reliance Liquid Fund – Treasury Plan	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
3	Reliance Liquid Fund - Cash Plan	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
4	Reliance Money Manager Fund	Long Term	-	[ICRA]AAA mfs	[ICRA]AAA mfs ²	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
5	Reliance Income Fund	Long Term	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs*	-	-	-	-
6	Reliance Floating Rate Fund – Short Term Plan	Long Term	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
7	Reliance Short Term Fund	Long Term	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
8	Reliance Medium Term Fund	Long Term	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
9	Reliance Dynamic Bond Fund	Long Term	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAAmfs	[ICRA]AAAmfs*	-	-
10	Reliance Banking & PSU Debt Fund	Long Term	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAAmfs	[ICRA]AAAmfs*	-	-
11	Reliance Corporate Bond Fund	Long Term	-	[ICRA]AAmfs	[ICRA]AAmfs	[ICRA]AAmfs*	-	-	-	-	-	-

*Initial rating was assigned

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

² Rating of [ICRA]AAAmfs reassigned from [ICRA]A1+mfs

Annexure-1
Instrument details

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	NA	NA	NA	NA	NA

Contact Details

Analyst Contacts:

Mr. Karthik Srinivasan (Tel. No. +91 22 6114 3444)
karthiks@icraindia.com

Mr. Omkar Athalekar (Tel No. +91 22 6114 3439)
omkar.athalekar@icraindia.com

Mr. Kushal Modi (Tel No. +91 22 6114 3428)
kushal.modi@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar (Tel. No. +91 22 61143 406)
shivakumar@icraindia.com

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.

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500