

## Kotak Mahindra Asset Management Company Limited

June 12, 2018

### Summary of rated instruments

Instrument	Current Rated Amount (Rs. crore)	Rating Action
Kotak Fixed Maturity Plan Series 229	-	[ICRA]A1+mfs; assigned
Kotak Capital Protection Oriented Scheme Series 5	-	Provisional [ICRA]AAAmfs(SO); outstanding
Kotak Capital Protection Oriented Scheme Series 6	-	Provisional [ICRA]AAAmfs(SO); outstanding
Kotak Bond Short Term Plan	-	[ICRA]AAAmfs; outstanding
Kotak Dynamic Bond Fund	-	[ICRA]AAAmfs; outstanding
Kotak Savings Fund	-	[ICRA]AAAmfs; outstanding
Kotak Corporate Bond Fund	-	[ICRA]AAAmfs; outstanding
Kotak Bond	-	[ICRA]AAAmfs; outstanding
Kotak Banking and PSU Debt Fund	-	[ICRA]AAAmfs; outstanding
Kotak Money Market Scheme	-	[ICRA]A1+mfs; outstanding
Kotak Mahindra Liquid Scheme	-	[ICRA]A1+mfs; outstanding
Kotak Fixed Maturity Plan Series 218	-	[ICRA]A1+mfs; outstanding
Kotak Fixed Maturity Plan Series 227	-	[ICRA]A1+mfs; outstanding
<b>Total</b>	-	

### Rating action

ICRA has assigned the rating of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) to the Kotak Fixed Maturity Plan Series 229 of Kotak Mahindra Asset Management Company Limited (the AMC). Schemes with “[ICRA]A1mfs” rating are considered to have very strong degree of safety regarding timely receipt of payments from the investments that they have made. Modifier {"+" (plus)} can be used with the rating symbol to reflect the comparative standing within the category.

ICRA also has a rating outstanding of [ICRA]AAAmfs (pronounced triple A m f s) on Kotak Bond Short Term Plan, Kotak Dynamic Bond Fund (erstwhile Kotak Flexi Debt Fund), Kotak Savings Fund (erstwhile Kotak Treasury Advantage Fund), Kotak Bond (erstwhile Kotak Bond Fund), Kotak Corporate Bond Fund and Kotak Banking and PSU Debt Fund. ICRA also has a rating outstanding of [ICRA]A1+ (pronounced ICRA A one plus m f s) on Kotak Money Market Scheme (erstwhile Kotak Floater Short Term), Kotak Mahindra Liquid Scheme (erstwhile Kotak Liquid Fund) and Kotak Fixed Maturity Plan Series 218 and Series 227 of the AMC. ICRA also has rating outstanding of Provisional [ICRA]AAAmfs(SO) (pronounced provisional ICRA triple A m f s structured obligation) on Kotak Capital Protection Oriented Scheme Series 5 and Series 6 of the AMC. The provisional ratings are subject to the scheme receiving the regulatory approvals and fulfilment of all conditions specified in the portfolio structure.

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 funds’ 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. 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 portfolio structure for the capital protection schemes have been designed to protect the unit holders' capital at maturity, which is ensured by investing a majority of the portfolio in debt securities maturing on or before the maturity of the schemes. The schemes will invest in debt securities only with a rating of [ICRA]AAA or equivalent, mitigating any concerns on credit risk. The proportion of debt securities is calculated such that the redemption value of debt less AMC expenses will be equal to or greater than the initial unit holder's capital, offering highest degree of protection of the unit holder's capital at maturity. ICRA has factored in the credit risk of debt investments, reinvestment risk of interim receipts, precondition of marginal tenure mismatches and obligor concentrations. The debt portion would be passively managed. The balance portion would be invested in equity and equity-linked instruments to provide any upside potential to the unit holders. At the same time, given the proportion of high credit quality debt investments and the portfolio structure, the downside is protected, and the investor may not suffer loss of initial investment at the time of maturity.

**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:**

**Kotak Mahindra Asset Management Company Limited**

Kotak Mahindra Asset Management Company Limited (the AMC) is the asset management company for the mutual fund schemes of Kotak Mahindra Mutual Fund (KMMF). The AMC is a wholly owned subsidiary of Kotak Mahindra Bank Limited. The AMC had average assets under management of around Rs. 1,24,691<sup>1</sup> crore during the quarter ended March 31, 2018.

**Kotak FMP Series 229**

Kotak FMP Series 229 is a close ended debt scheme with maturity of 95 days. The investment objective of the Scheme is to generate returns through investments in debt and money market instruments with a view to reduce the interest rate risk. The Scheme will invest in debt and money market securities, maturing on or before maturity of the scheme.

**Key financial indicators: Not applicable**

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

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<sup>1</sup> Source: <https://www.amfiindia.com/research-information/aum-data/average-aum>

### Rating history for last three years:

Sr. No.	Scheme	Current Rating (FY2019)				Chronology of Rating History for the past 3 years						
		Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	June 2018	FY2019	FY2108			FY2017		FY2016
						May-18	Mar-18	Nov-17	Aug-17	Mar-17	Jun-16	Sep-15
1	Kotak Corporate Bond Fund	Long Term	-	-	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	-	-
2	Kotak Money Market Scheme	Short Term	-	-	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+	-
3	Kotak Banking and PSU Debt Fund	Long Term	-	-	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs; reassigned from [ICRA]A 1+ mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs
4	Kotak Mahindra Liquid Scheme	Short Term	-	-	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs
5	Kotak Bond Short Term Plan	Long Term	-	-	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs
6	Kotak Dynamic Bond Fund	Long Term	-	-	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs
7	Kotak Savings Fund	Long Term	-	-	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs

Sr. No.	Scheme	Current Rating (FY2019)				Chronology of Rating History for the past 3 years						
		Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	June 2018	FY2019	FY2108			FY2017		FY2016
						May-18	Mar-18	Nov-17	Aug-17	Mar-17	Jun-16	Sep-15
8	Kotak Bond	Long Term	-	-	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs
9	Kotak Capital Protection Oriented Scheme Series 5	Long Term	-	-	Provisional [ICRA]A AAmfs (SO)	Provisional [ICRA]A AAmfs (SO)	Provisional [ICRA]A AAmfs (SO)	Provisional [ICRA]A AAmfs (SO)	-	-	-	-
10	Kotak Capital Protection Oriented Scheme Series 6	Long Term	-	-	Provisional [ICRA]A AAmfs (SO)	Provisional [ICRA]A AAmfs (SO)	Provisional [ICRA]A AAmfs (SO)	Provisional [ICRA]A AAmfs (SO)	-	-	-	-
11	Kotak Fixed Maturity Plan Series 218	Short Term	-	-	[ICRA]A 1+mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs	-	-	-	-	-
12	Kotak Fixed Maturity Plan Series 227	Short Term	-	-	[ICRA]A 1+mfs	[ICRA]A 1+mfs	-	-	-	-	-	-
13	Kotak Fixed	Short	-	-	[ICRA]A 1+mfs	-	-	-	-	-	-	-

Sr. No.	Scheme	Current Rating (FY2019)				Chronology of Rating History for the past 3 years							
		Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	June 2018	FY2019		FY2108			FY2017		FY2016
						May-18	Mar-18	Nov-17	Aug-17	Mar-17	Jun-16	Sep-15	
	Maturity Plan Series 229	Term											

### 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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