

October 07, 2019

Sundaram Asset Management Company Limited: Ratings assigned to Sundaram Money Fund and Sundaram Banking & PSU Debt Fund

Summary of rating action

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Sundaram Money Fund	-	-	[ICRA]A1+mfs; assigned
Sundaram Banking & PSU Debt Fund	-	-	[ICRA]AAA mfs; assigned
Sundaram Corporate Bond Fund	-	-	[ICRA]AAA mfs; outstanding
Total	-	-	-

Rationale and key rating drivers

The ratings assigned are basis the portfolio of the scheme with the credit score of the portfolio being comfortable at the assigned rating level¹.

The ratings indicate ICRA's opinion on the credit quality of the portfolios that the funds hold. The ratings don't 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.

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 continues to breach the benchmark credit score, the rating is revised to reflect the change in the credit quality.

Liquidity position: Not applicable

Rating sensitivities

Positive triggers – Not applicable

¹ For definitions of rating scale visit www.icra.in

Negative triggers – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investment deteriorates or the size of the assets under management (AUM) declines, resulting in an increase in the share of lower rated investments and leading to a breach in the threshold for the rating level.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Mutual Fund Credit Risk Rating Methodology
Parent/Group Support	Not applicable
Consolidation/Standalone	Not applicable

About the company

Incorporated in 1996, Sundaram Asset Management Company Limited (SAMCL) is the investment manager of Sundaram Mutual Fund. The company extends asset management, investment advisory and portfolio management services to its investors. The AMC's quarterly average AUM stood at Rs. 30,613.10 crore² for the quarter ending September 30, 2019.

Sundaram Money Fund

Sundaram Money Fund is an open-ended liquid scheme. The investment objective of the scheme is to provide a level of income consistent with the preservation of capital, liquidity and lower level of risk, through investments primarily in money market and debt securities. The aim is to optimise returns while providing liquidity. The scheme's AUM was Rs. 7,733 crore as on August 31, 2019.

Sundaram Banking & PSU Debt Fund

Sundaram Banking & PSU Debt Fund is an open-ended debt scheme. The investment objective of the scheme is to generate income and capital appreciation by predominantly investing in the debt instruments of banks, public sector undertakings, public financial institutions and municipal bonds. The scheme's AUM was Rs. 1,031 crore as on August 31, 2019.

² Source: www.amfiindia.com

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2020)					Rating History for the Past 3 Years		
	Type	Amount Rated	Amount Outstanding	Rating		FY2019	FY2018	FY2017
				07-Oct-19	08-Aug-19	10-Aug-18	26-Jul-17	19-Jul-16
Sundaram Money Fund	ST	-	-	[ICRA]A1+ mfs; assigned	NA	NA	NA	NA
Sundaram Banking & PSU Debt Fund	LT	-	-	[ICRA]AAA mfs; assigned	NA	NA	NA	NA
Sundaram Corporate Bond Fund				[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs

Amount in Rs. crore

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: Not applicable

Annexure-2: List of entities considered for consolidated analysis: Not applicable

Analyst Contacts

Karthik Srinivasan

+91 22 6114 3444

karthiks@icraindia.com

Niraj Jalan

+91 33 7150 1146

niraj.jalan@icraindia.com

Amlan Jyoti Badu

+91 22 6114 3413

amlan.badu@icraindia.com

Relationship Contact

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@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.

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

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2556 0194/ 6606 9999

© Copyright, 2019 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents