

## Kotak Mahindra Asset Management Company Limited

February 06, 2023

Scheme Name	Scheme Type	Rating <sup>1</sup>	Rating Action
Kotak Low Duration Fund	Open-ended low duration debt scheme	CARE AAA mfs	Assigned
Kotak Savings Fund	Open-ended ultra-short term debt scheme	CARE AAA mfs	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has assigned the credit quality rating of 'CARE AAA mfs' (pronounced as Triple A mfs) to the Kotak Low Duration Fund and Kotak Savings Fund. These funds are managed by Kotak Mahindra Asset Management Company Limited.

Schemes rated 'CARE AAAMfs' are considered to have highest degree of safety regarding timely receipt of payments from the investments that they have made.

CARE Ratings' fund credit quality ratings are opinions on the overall credit quality of the specific debt mutual fund scheme. CARE Ratings' fund credit quality rating is not a recommendation to purchase, sell, or hold a security or fund. It neither comments on the current market price, suitability for a particular investor nor on the prospective performance of the fund with respect to appreciation, volatility of net asset value (NAV), or yield of the fund. The ratings do not address the fund's ability to meet the payment obligations to the investors.

The fund ratings capture the fund's overall exposure to default risk. CARE Ratings' fund credit quality ratings are based on the evaluation of the fund's investment strategy and portfolio credit risk. It also involves the evaluation of the credit quality of individual assets as well as the diversification of the portfolio. CARE Ratings uses the concept of credit scores, assigned to individual securities, as per the credit scoring matrix developed by CARE Ratings.

CARE Ratings reviews the rated mutual fund scheme on an ongoing basis to support its published rating opinions. As such, the monthly reports of the fund are examined. While the fund has to maintain the fund credit score within the benchmark fund scores, in a particular month, if the fund credit score breaches the benchmark, CARE Ratings generally provides one month to the asset management company (AMC) to realign the score. The credit scores of Kotak Low Duration Fund and Kotak Savings Fund schemes are on the basis of a review of the last three months' portfolio performance (including December 2022), which is within the benchmark set by CARE Ratings.

### Analytical approach

Assessment of underlying credit quality of the debt schemes.

### Applicable criteria

[CARE Ratings' fund credit quality rating criteria](#)

### About the fund

#### Kotak Low Duration Fund:

Kotak Low Duration Fund is an open-ended low duration debt scheme launched in March 2008. The primary objective of the Scheme is to generate income through investment primarily in low duration debt and money market securities. There is no assurance or guarantee that the investment objective of the scheme will be achieved. The fund's assets under management (AUM) stood at ₹7,618.33 crore as on December 31, 2022.

#### Kotak Savings Fund:

Kotak Savings Fund is an open-ended ultra-short-term debt scheme launched in August 2004. 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. However, there is no assurance or guarantee that the investment objective of the scheme will be achieved. The fund's assets under management (AUM) stood at ₹12,060.43 crore as on December 31, 2022.

### About the company

Kotak Mahindra AMC, which is a wholly-owned subsidiary of Kotak Mahindra Bank Limited (KMBL), is the investment manager to Kotak Mahindra Mutual Fund. In February 2003, Kotak Mahindra Finance Ltd (KMFL), the Kotak Mahindra group's flagship

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE publications

company, received a banking license from the Reserve Bank of India (RBI), becoming the first non-banking financial company (NBFC) in India to convert into a bank. The AMC reported average assets under management (AAUM) at ₹286,600 crore (excluding Fund of Funds – Domestic but including Fund of Funds – overseas) for the quarter ended December 31, 2022.

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

**Any other information:** Not applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of the various instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Kotak Low Duration Fund	-	-	-	-	-	CARE AAA mfs
Kotak Savings Fund	-	-	-	-	-	CARE AAA mfs

#### Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1.	Kotak Overnight Fund	Open-ended debt scheme	-	CARE A1+ mfs	1) CARE A1+ mfs (June 24, 2022)	1) CARE A1+ mfs (July 05, 2021)	1) CARE A1+ mfs (July 24, 2020)	1) CARE A1+ mfs (December 30, 2019)
2.	Kotak Liquid Fund	Open-ended liquid scheme	-	CARE A1+ mfs	1) CARE A1+ mfs (June 24, 2022)	1) CARE A1+ mfs (July 05, 2021)	1) CARE A1+ mfs (September 30, 2020)	-
3.	Kotak Money Market Fund	Open-ended debt scheme	-	CARE A1+ mfs	1) CARE A1+ mfs (June 24, 2022)	1) CARE A1+ mfs (August 03, 2021)	-	-
4.	Kotak Low Duration Fund	Open-ended low duration debt scheme	-	CARE AAA mfs	-	-	-	-
5.	Kotak Savings Fund	Open-ended ultra-short term debt scheme	-	CARE AAA mfs	-	-	-	-

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities**

Not applicable

**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of Instrument	Complexity Level
1	Credit Quality Rating	Simple

**Annexure-5: Lender details:** Not applicable

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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**Disclaimer:**

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