

Nippon Life India Asset Management Limited

April 07, 2022

Ratings

Scheme Name	Scheme Type	Rating ¹	Rating Action
Nippon India Liquid Fund	Open-Ended Liquid Scheme	CARE A1+mfs [A One Plus mfs]	Assigned
Nippon India Money Market Fund	Open-Ended Debt Scheme	CARE A1+mfs [A One Plus mfs]	Assigned

Details of instruments/facilities in Annexure-1

Detailed Rationale and Key Rating Drivers

CARE Ratings Limited has assigned the credit quality rating of 'CARE A1+mfs' [A One Plus mfs] to Nippon India Liquid Fund and Nippon India Money Market Fund. These funds are managed by Nippon Life India Asset Management Limited (NAM India). The schemes rated 'CARE A1+mfs' are considered to have very strong degree of safety regarding timely receipt of payments from the investments that they have made.

CARE Ratings Limited's fund credit quality ratings are opinions on the overall credit quality of the specific debt mutual fund scheme. CARE Ratings Limited's fund credit quality rating is not a recommendation to purchase, sell, or hold a security/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 Limited's 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 Limited uses the concept of credit scores, assigned to individual securities, as per the credit scoring matrix developed by CARE Ratings Limited.

CARE Ratings Limited 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 Limited generally provides one month to the asset management company (AMC) to realign the score. The credit scores of Nippon India Liquid Fund and Nippon India Money Market Fund schemes are on the basis of a review of the last six months' performance portfolio (including February 2022), which is within the benchmark set by CARE Ratings Limited.

Analytical approach: Assessment of Underlying Credit Quality of the Debt Schemes.

Applicable Criteria

[CARE's Fund Credit Quality Rating Criteria](#)

About the Fund

Nippon India Liquid Fund:

Nippon India Liquid Fund is an open-ended liquid scheme launched in December 2003. The investment objective of the scheme is to generate optimal returns consistent with moderate levels of risk and high liquidity by investing in debt and money market instruments. The fund's assets under management (AUM) stood at Rs.23,183.21 crore, as on February 28, 2022.

Nippon India Money Market Fund:

Nippon India Money Market Fund is an open-ended debt scheme launched in June 2005. The investment objective of the scheme is to generate optimal returns consistent with moderate levels of risk and liquidity by investing in money market instruments. The fund's AUM stood at Rs.9,247.72 crore, as on February 28, 2022.

About the Company

NAM India is the asset manager of Nippon India Mutual Fund (NIMF). Nippon Life Insurance Company is the promoter of NAM India and currently holds 73.97 % (as on September 30, 2021) of its total issued and paid-up equity share capital. Equity shares of NAM India are listed on the BSE Limited and the National Stock Exchange of India Limited.

The AMC has reported average assets under management (AAUM) for schemes of Nippon India Mutual Fund as Rs.2,82,415.83 crore for the quarter ended December 31, 2021.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE publications

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Nippon India Liquid Fund	-	-	-	-	-	CARE A1+mfs [A One Plus mfs]
Nippon India Money Market Fund	-	-	-	-	-	CARE A1+mfs [A One Plus mfs]

Annexure-2: Rating history of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Nippon India Liquid Fund	Open-ended liquid scheme	-	CARE A1+mfs	-	-	-	-
2.	Nippon India Money Market Fund	Open-ended debt scheme	-	CARE A1+mfs	-	-	-	-

Annexure-3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Credit Quality Rating	Simple

Note on complexity levels of the rated instrument: CARE Ratings Limited 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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About CARE Ratings:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

Disclaimer

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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