

Bajaj Finserv Asset Management Limited

April 02, 2024

Scheme Name	Scheme Type	Rating ¹	Rating Action
Bajaj Finserv Ultra Short Duration Fund*	Open-ended debt scheme	CARE A1+ mfs	Assigned
Bajaj Finserv Liquid Fund	Open-ended liquid scheme	CARE A1+ mfs	Reaffirmed
Bajaj Finserv Money Market Fund	Open-ended debt scheme	CARE A1+ mfs	Reaffirmed
Bajaj Finserv Overnight Fund	Open-ended debt scheme	CARE A1+ mfs	Reaffirmed

Details of instruments/facilities in Annexure-1.

*Yet to be launched

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has assigned the credit quality rating of 'CARE A1+mfs' (A One Plus mfs) to Bajaj Finserv Ultra Short Duration Fund and reaffirmed the credit quality rating assigned to Bajaj Finserv Liquid Fund, Bajaj Finserv Money Market Fund and Bajaj Finserv Overnight Fund. These funds are managed by Bajaj Finserv Asset Management Limited.

The schemes rated 'CARE A1+mfs' are considered to have a very strong degree of safety regarding the timely receipt of payments from the investments that they have made.

CARE Ratings' fund credit quality rating (CQR) is an opinion on the overall credit quality of the specific debt mutual fund scheme. CARE Ratings' fund CQR is not a recommendation to purchase, sell, or hold a security or fund. It comments neither on the current market price, the 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 rating does not address the fund's ability to meet the payment obligations to the investors.

The rating is not an opinion on the fund management practices (including fund structure, expense ratios, and marketing activities), financial performance as well as management quality of an asset management company (AMC), and hence, do not comment upon the business practices. The rating is also not indicative of compliance and reputation risks, liquidity, market and sectoral risks.

The rating captures the fund's overall exposure to default risk based on the credit quality of individual securities in the portfolio. CARE Ratings' fund CQR is based on the evaluation of the fund's stated investment strategy and portfolio credit risk. It also involves the evaluation of the credit quality of individual securities as well as the diversification of portfolio. CARE Ratings uses the concept of credit scores assigned to individual securities as per the credit scoring matrix developed by it. CARE Ratings reviews the rating of mutual fund schemes on an ongoing basis to support its published rating opinions. As such, the portfolio of the fund is reviewed on a monthly basis. In addition, a detailed annual review of the fund is also undertaken. The fund has to maintain the fund credit score within the benchmark fund score associated with a given rating level. If in any particular month, the fund credit score breaches the benchmark, CARE Ratings generally provides one month to the AMC to correct the situation and realign the score. If the fund credit score is not corrected within the curing period, CARE Ratings would consider revising the rating.

The credit score of the above schemes apart from Bajaj Finserv Ultra Short Duration Fund has been calculated on the basis of portfolio outstanding as on February 29, 2024 and is within the benchmark set by CARE Ratings.

Rating sensitivities: Factors that could individually or collectively lead to rating actions

Positive factors: Not applicable

Negative factors:

CARE Ratings could downgrade the rating of the scheme if the credit quality of the underlying securities deteriorates, thereby resulting in a breach in the threshold limit set by CARE Ratings for a given rating level.

Analytical approach

Assessment of the underlying credit quality of the debt schemes.

Applicable criteria

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

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

About the fund

Bajaj Finserv Ultra Short Duration Fund:

Bajaj Finserv Ultra Short Duration Fund is yet to be launched open ended scheme under ultra short-term debt category. The investment objective of the scheme shall be to provide investors with an opportunity to generate regular income with high degree of liquidity through investment in a portfolio comprising predominantly of debt and money market instruments.

The AMC has filed draft Scheme Information Document (SID) with SEBI for launching of the scheme and has received approval from the regulator. As per CARE's criteria for assigning Credit Quality Rating (CQR) for a scheme that is yet to be launched, CARE Ratings discusses the proposed investment mix in terms of the credit quality that the fund manager intends to maintain. Once the scheme is launched for regular investments, a detailed review of the investment portfolio shall be carried out.

Bajaj Finserv Liquid Fund:

Bajaj Finserv Liquid Fund is an open-ended liquid scheme launched in July 05, 2023. The investment objective of the scheme is to provide a level of income consistent with the objectives of preservation of capital, lower risk and high liquidity through investments made primarily in money market and debt securities with maturity of up to 91 days only. However, there is no assurance that the investment objective of the scheme will be achieved. The fund's assets under management (AUM) stood at ₹ 3,933 crore as on February 29, 2024.

Bajaj Finserv Money Market Fund:

Bajaj Finserv Money Market Fund is an open-ended debt scheme launched in July 24, 2023. The investment objective of the scheme is to generate regular income through investments in a portfolio comprising money market instruments. However, there is no assurance that the investment objective of the scheme will be achieved. The fund's assets under management (AUM) stood at ₹1,435 crore as on February 29, 2024.

The scheme witnessed single issuer limit breach (of 10% limit of NAV in debt instruments for AAA securities) with regards to few exposures under the portfolio dated February 29, 2024. However, approvals from board of directors of AMC and trustee are in place so as to extend single issuer limits by upto 2% (as permitted under regulations) of the NAV of the scheme. Despite single issuer concentration in few of the securities, the score continues to remain within CARE Ratings threshold for the assigned rating band.

Bajaj Finserv Overnight Fund:

Bajaj Finserv Overnight Fund is an open-ended debt scheme launched in July 05, 2023. The scheme aims to provide reasonable returns commensurate with low risk and high level of liquidity, through investments made primarily in overnight securities having maturity of one business day. However, there is no assurance that the investment objective of the scheme will be achieved. The fund's assets under management (AUM) stood at ₹ 231 crore as on February 29, 2024.

About the company and industry

Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Capital markets	Asset management company

Bajaj Finserv Asset Management Limited, incorporated on October 18, 2021, is a wholly owned subsidiary of Bajaj Finserv Limited. Bajaj Finserv Asset Management Limited is the AMC for Bajaj Finserv Mutual Fund. The AMC has reported average assets under management (AAUM) of ₹6,218 crore (excluding domestic fund of funds but including fund of funds-overseas) for the quarter ended December 31, 2023.

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
Bajaj Finserv Ultra Short Duration Fund	-	-	-	-	-	CARE A1+mfs
Bajaj Finserv Liquid Fund	-	-	-	-	-	CARE A1+mfs
Bajaj Finserv Money Market Fund	-	-	-	-	-	CARE A1+mfs
Bajaj Finserv Overnight Fund	-	-	-	-	-	CARE A1+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 2023-2024	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
1.	Bajaj Finserv Money Market Fund	Open-ended debt scheme	-	CARE A1+mfs	1) CARE A1+mfs (10-Nov-2023)	-	-	-
2.	Bajaj Finserv Liquid Fund	Open-ended liquid scheme	-	CARE A1+mfs	1) CARE A1+mfs (26-Oct-2023)	-	-	-
3.	Bajaj Finserv Overnight Fund	Open-ended debt scheme	-	CARE A1+mfs	1) CARE A1+mfs (26-Oct-2023)	-	-	-
4.	Bajaj Finserv Ultra Short Duration Fund	Open-ended debt scheme	-	CARE A1+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.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

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