

January 02, 2023

## PGIM India Asset Management Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
PGIM India Ultra Short Duration Fund	-	-	[ICRA]A1+mfs; reaffirmed
PGIM India Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
PGIM India Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
PGIM India Money Market Fund	-	-	[ICRA]A1+mfs; reaffirmed
PGIM India Dynamic Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
PGIM India Corporate Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
PGIM India Banking and PSU Debt Fund	-	-	[ICRA]AAAmfs; reaffirmed
Total	-	-	

\*Instrument details are provided in Annexure I

### Rationale and key rating drivers

The ratings have been reaffirmed following ICRA's monitoring of the credit risk profile of the month-end portfolio position of these schemes. The credit risk scores for the schemes were comfortably within the benchmark limits for their respective rating levels.

Mutual fund ratings incorporate ICRA's assessment of the creditworthiness of a debt mutual fund scheme's investment portfolio. These ratings are a symbolic representation of the credit risk in the underlying investments or the degree of safety regarding the timely receipt of payments from the investments made by the mutual fund schemes. The ratings do not indicate the asset management company's (AMC) and/or any of its scheme's willingness and/or ability to make timely redemptions to its investors. The ratings do not address market risks and hence should not be construed as an indication of the expected returns, prospective performance of the mutual fund scheme, and the ability to redeem investments at the reported net asset value (NAV) or volatility in its past returns, as all these are influenced by market risks.

ICRA's assessment of debt mutual fund schemes is guided by the credit ratings of the individual investments and the relative share of the schemes' allocation towards the investments, besides the maturity schedule of such investments. ICRA's mutual fund ratings are not a reflection of the quality of the management of the AMC or its financial performance, reputation and other business practices including investment strategies, pricing, marketing and distribution activities. Furthermore, the ratings are not a reflection of whether the AMC or the fund is compliant with the applicable regulatory requirements.

The credit matrix is a tool used by ICRA for analysing the investment portfolio of the debt mutual fund schemes by assessing the portfolio's aggregate credit quality while reviewing the credit quality of each underlying debt security. The portfolio's weighted average credit quality is compared with a benchmark credit score corresponding to the higher of the weighted average maturity of the scheme's portfolio or the maturity predefined by ICRA for the scheme category. The rating outcome corresponds to the rating level for which the portfolio's weighted average credit score is less than the benchmark credit score associated with the rating level. Further, the lowest rating of the investments of the scheme acts as the floor for its rating.

Once a mutual fund scheme is rated and the rating is accepted, ICRA reviews the underlying investment portfolios for the credit scores on an ongoing basis. To this end, ICRA relies on the information provided by the AMC and/or publicly available sources. ICRA reviews the mutual fund ratings on a monthly basis or earlier, if required, which involves an evaluation of the

rating corresponding to the portfolio credit score in relation to the existing rating outstanding. If the portfolio credit score meets the benchmark score for the existing rating, the rating is retained. If the portfolio credit score has a negative breach from the benchmark credit score for the existing rating, ICRA communicates the same to the fund manager/product manager or other officials of the concerned AMC and may provide a month's time to bring the portfolio credit score within the benchmark credit score for maintaining the existing rating level. If the investment composition of the fund is realigned to bring the portfolio credit score within the benchmark credit score, the rating is retained. However, if the portfolio continues to breach the benchmark credit score for the existing rating level, the rating is revised to reflect the change in the portfolio's credit quality.

In case of sharp breaches of the benchmark credit score (for instance due to a multi-notch downgrade in the underlying investment) and/or if ICRA believes that the breach may not get rectified within a month of the ongoing review, the rating is generally corrected immediately without giving a month's time for rebalancing the portfolio. If the AMC corrects its portfolio, post the rating downgrade of the scheme, or the credit score improves in any manner subsequent to the downgrade, making the scheme eligible for an upgrade, ICRA may consider a rating upgrade only if the credit score is maintained consistently for a period of at least three months.

## Liquidity position: Not applicable

## Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – 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, which may result in an increase in the share of lower rated investments, leading to a breach in the threshold for the rating level.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Methodology for Rating Mutual Fund Schemes</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

## About the company

Incorporated in September 2008, PGIM India Asset Management Private Limited is the investment manager of PGIM India Mutual Fund. In July 2019, PGIM India Asset Management Private Limited completed the 100% stake acquisition (earlier stake was 50%) in its joint venture with DHFL Pramerica Asset Managers Private Limited. The company extends asset management, investment advisory and portfolio management services to its investors. The AMC's average AUM stood at Rs. 19,333 crore<sup>1</sup> for the quarter ending September 30, 2022.

### PGIM India Overnight Fund

Launched in August 2019, PGIM India Overnight Fund is an open-ended debt fund investing in overnight securities. The investment objective is to provide reasonable returns commensurate with low risk and provide a high level of liquidity by investing primarily in overnight securities with a maturity of 1 business day. The AUM stood at Rs. 129 crore as on November 30, 2022.

<sup>1</sup> Source: AMFI website

**PGIM India Money Market Fund**

Launched in March 2020, PGIM India Money Market Fund is an open-ended fund investing in money market instruments with maturity of up to one year. This scheme seeks to deliver reasonable market-related returns by investing in money market instruments. The AUM stood at Rs. 126 crore as on November 30, 2022.

**PGIM India Ultra Short Duration Fund (erstwhile PGIM India Ultra Short Term Fund)**

Launched in July 2008, this scheme was acquired by PGIM India Asset Management Private Limited and renamed PGIM India Ultra Short Term Fund in August 2019. In January 2022, the scheme was renamed PGIM India Ultra Short Duration Fund. This is an open-ended ultra-short-term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. The investment objective is to provide liquidity and generate returns by investing in a mix of short-term debt and money market instruments. The AUM stood at Rs. 493 crore as on November 30, 2022.

**PGIM India Liquid Fund (erstwhile PGIM India Insta Cash Fund)**

Launched in September 2007, this scheme was acquired by PGIM India Asset Management Private Limited and renamed PGIM India Insta Cash Fund in August 2019. In January 2022, the scheme was renamed PGIM India Liquid Fund. This is an open-ended scheme investing in instruments with a maturity of up to 91 days. The investment objective is to generate steady returns along with high liquidity by investing in a portfolio of short-term, high-quality money market and debt instruments. The AUM stood at Rs. 770 crore as on November 30, 2022.

**PGIM India Dynamic Bond Fund (erstwhile DHFL Pramerica Dynamic Bond Fund)**

Launched in January 2012, this scheme was acquired by PGIM India Asset Management Private Limited and renamed PGIM India Dynamic Bond Fund in August 2019. This is an open-ended scheme investing in debt instruments across durations. The investment objective of this scheme is to generate returns through the active management of a portfolio of debt and money market instruments. The AUM stood at Rs. 142 crore as on November 30, 2022.

**PGIM India Corporate Bond Fund (erstwhile PGIM India Premier Bond Fund)**

Launched in January 2003, this scheme was acquired by PGIM India Asset Management Private Limited and renamed PGIM India Premier Bond Fund in August 2019. In January 2022, the scheme was renamed PGIM India Corporate Bond Fund. This is an open-ended debt scheme predominantly investing in AA+ and above rated corporate bonds (maximum investment in other debt, including Government securities, and money market instruments not exceeding 20% of the net assets of the scheme). The investment objective of this scheme is to generate income and facilitate capital appreciation. The AUM stood at Rs. 62 crore as on November 30, 2022.

**PGIM India Banking and PSU Debt Fund (erstwhile DHFL Pramerica Banking and PSU Debt Fund)**

Launched in March 2013, this scheme was acquired by PGIM India Asset Management Private Limited and renamed PGIM India Banking and PSU Debt Fund in August 2019. This is an open-ended debt scheme predominantly investing in the debt instruments of banks, public sector undertakings, public financial institutions and municipal bonds (maximum investment in other debt and money market instruments not exceeding 20% of the net assets of the scheme). The investment objective of this scheme is to generate income and facilitate capital appreciation. The AUM stood at Rs. 61 crore as on November 30, 2022.

**Key financial indicators (audited): Not applicable**

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

**Any other information: None**

### Rating history for past three years

Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years								
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding as of Nov 30, 2022 (Rs. crore)	Date & Rating		Date & Rating in FY2022		Date & Rating in FY2021		Date & Rating in FY2020		
				Jan 02, 2023	Dec 02, 2022	Feb 25, 2022	Apr 27, 2021	Jul 09, 2020	Apr 16, 2020	Dec 30, 2019	Nov 27, 2019	Apr 30, 2019
1 PGIM India Overnight Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	-
2 PGIM India Money Market Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	-	-	-
3 PGIM India Ultra Short Duration Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs <sup>2</sup>	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	-	[ICRA] AAA mfs withdrawn
4 PGIM India Liquid Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs <sup>3</sup>	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs
5 PGIM India Dynamic Bond Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs
6 PGIM India Corporate Bond Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs
7 PGIM India Banking and PSU Debt Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs

<sup>2</sup> Rating of [ICRA]AAAmfs has been withdrawn and rating of [ICRA]A1+mfs has been simultaneously assigned

<sup>3</sup> Rating of [ICRA]AAAmfs has been withdrawn and rating of [ICRA]A1+mfs has been simultaneously assigned

### **Complexity level of the rated instruments: Not applicable**

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

### **Annexure I: Instrument details: Not applicable**

### **Annexure II: List of entities considered for consolidated analysis: Not applicable**

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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.

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