

April 04, 2023

## IDFC Asset Management Company Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Bandhan Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Bandhan Money Manager Fund	-	-	[ICRA]A1+mfs; reaffirmed
Bandhan Bond Fund – Short Term Plan	-	-	[ICRA]AAAmfs; reaffirmed
Bandhan Low Duration Fund	-	-	[ICRA]AAAmfs; reaffirmed
Bandhan Bond Fund – Medium Term Plan	-	-	[ICRA]AAAmfs; reaffirmed
Bandhan Banking and PSU Debt Fund	-	-	[ICRA]AAAmfs; reaffirmed
Bandhan Corporate Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
Bandhan Ultra Short-Term Fund	-	-	[ICRA]A1+mfs; reaffirmed
Bandhan Dynamic Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
Bandhan Bond Fund – Income Plan	-	-	[ICRA]AAAmfs; reaffirmed
Bandhan Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
Bandhan Credit Risk Fund	-	-	[ICRA]AAmfs; reaffirmed
Bandhan Floating Rate Fund	-	-	[ICRA]AAAmfs; reaffirmed
<b>Total</b>	-	-	

\*Instrument details are provided in Annexure I

### Rationale and key rating drivers

ICRA has reaffirmed the ratings for various debt mutual fund schemes of IDFC Asset Management Company Limited<sup>1</sup> (asset management company or AMC). 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 these schemes were comfortably within the benchmark limits for their current 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 AMC's 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 are 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 on 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

<sup>1</sup>proposed to be changed to Bandhan Asset Management Company Limited; awaiting registration.

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 –**

**For Bandhan Credit Risk Fund** – ICRA could upgrade the rating of the scheme if the credit quality of the underlying investments improves or the share of lower rated investments decreases on account of an increase in the AUM or otherwise, leading to improvement in credit quality of the portfolio.

**For other schemes** – Not applicable.

#### **Negative factors –**

**For Bandhan Overnight Fund** – ICRA could downgrade the rating of the scheme if the credit quality of the underlying investment deteriorates, leading to a breach in the threshold for the rating level.

**For other schemes** – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investment deteriorates or if there is an increase in the share of lower rated investments on account of a decline in the assets under management (AUM) or otherwise, leading to a breach in the threshold for the rating level.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">ICRA Rating Methodology - Mutual Funds</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

## About the company

Bandhan Financial Holdings Limited (BFHL), along with Lathe Investment Pte. Ltd. (affiliate of GIC Private Limited), Tangerine Investments Limited and Infinity Partners (Tangerine and Infinity are affiliates of ChrysCapital) acquired IDFC Asset Management Company Limited (IDFC AMC) and IDFC AMC Trustee Company Limited (IDFC AMC Trustee) from IDFC Financial Holding Company Limited on January 31, 2023. Pursuant to the transaction, the sponsor of IDFC Mutual Fund changed to BFHL from IDFC Limited. Accordingly, the name of IDFC Mutual Fund has been changed to Bandhan Mutual Fund. Names of IDFC AMC and IDFC AMC Trustee are proposed to be changed to “Bandhan Asset Management Company Limited” and “Bandhan Mutual Fund Trustee Limited” respectively (awaiting registration).

### Bandhan Money Manager Fund

Launched in February 2003, Bandhan Money Manager Fund (erstwhile IDFC Money Manager Fund) is an open-ended income scheme investing in money market instruments. The fund aims to invest only in short maturity, highly rated debt and money market instruments and seeks to generate returns predominantly through accrual income. The fund’s AUM stood at Rs. 2,938 crore as on February 28, 2023.

### Bandhan Liquid Fund

Launched in July 2001, the objective of Bandhan Liquid Fund (erstwhile IDFC Cash Fund) is to invest in high quality debt and money market instruments with high liquidity and to generate accrual income with low volatility. The fund’s AUM stood at Rs. 11,962 crore as on February 28, 2023.

### Bandhan Bond Fund – Short Term Plan

Launched in December 2000, Bandhan Bond Fund – Short Term Plan (erstwhile IDFC Bond Fund – Short Term Plan) is an open-ended income scheme investing in debt and money market instruments such that the Macaulay duration of the portfolio is between 1 year and 3 years. The scheme’s AUM stood at Rs. 9,457 crore as on February 28, 2023.

### Bandhan Low Duration Fund

Launched in January 2006, Bandhan Low Duration Fund (erstwhile IDFC Low Duration Fund) is an open-ended income debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months. The fund aims to invest in high quality debt and money market instruments. The fund’s AUM stood at Rs. 5,733 crore as on February 28, 2023.

### Bandhan Bond Fund – Medium Term Plan

Bandhan Bond Fund – Medium Term Plan (erstwhile IDFC Bond Fund – Medium Term Plan) is an open-ended medium-term debt scheme investing in high quality debt and money market instruments, including Government securities such that the Macaulay duration of the portfolio is between 3 years and 4 years. The fund’s total AUM stood at Rs. 1,980 crore as on February 28, 2023.

### Bandhan Banking and PSU Debt Fund

Bandhan Banking and PSU Debt Fund (erstwhile IDFC Banking and PSU Debt Fund) is an open-ended debt scheme predominantly investing in the high-quality money market and debt instruments of banks, public sector undertakings, and public financial institutions and in municipal bonds. The fund’s AUM stood at Rs. 14,964 crore as on February 28, 2023.

**Bandhan Corporate Bond Fund**

Launched in January 2016, Bandhan Corporate Bond Fund (erstwhile IDFC Corporate Bond Fund) is an open-ended debt scheme predominantly investing in AA+ and above rated corporate bonds. The fund's AUM stood at Rs. 14,281 crore as on February 28, 2023.

**Bandhan Ultra Short-Term Fund**

Launched in July 2018, Bandhan Ultra Short-Term Fund (erstwhile IDFC Ultra Short-Term Fund) is an open-ended ultra-short-term debt scheme investing in high quality debt and money market instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. The fund's AUM stood at Rs. 4,151 crore as on February 28, 2023.

**Bandhan Dynamic Bond Fund**

Launched in June 2002, Bandhan Dynamic Bond Fund (erstwhile IDFC Dynamic Bond Fund) is an open-ended dynamic debt scheme investing across durations. The fund's AUM stood at Rs. 2,214 crore as on February 28, 2023.

**Bandhan Bond Fund – Income Plan**

Bandhan Bond Fund – Income Plan (erstwhile IDFC Bond Fund – Income Plan) was launched in July 2000. It is an open-ended medium-term debt scheme investing in highly rated money market and debt instruments (including Government securities) such that the Macaulay duration of the portfolio is between 4 years and 7 years. The fund's AUM stood at Rs. 497 crore as on February 28, 2023.

**Bandhan Credit Risk Fund**

Launched in March 2017, Bandhan Credit Risk Fund (erstwhile IDFC Credit Risk Fund) is an open-ended debt scheme predominantly investing in AA and below rated corporate bonds. The objective is to provide an optimal risk-reward profile to investors by focusing on companies with a well-run management and evolving business prospects or good businesses with improving financial profiles. The fund's AUM stood at Rs. 550 crore as on February 28, 2023.

**Bandhan Overnight Fund**

Bandhan Overnight Fund (erstwhile IDFC Overnight Fund) was launched in January 2019, the objective of Bandhan Overnight Fund (erstwhile IDFC Cash Fund) is to generate short-term optimal returns in line with overnight rates. The fund's AUM stood at Rs. 2,424 crore as on February 28, 2023.

**Bandhan Floating Rate Fund**

Bandhan Floating Rate Fund (erstwhile IDFC Floating Rate Fund) was launched in February 2021, the fund seeks to generate returns by creating a portfolio that is primarily invested in floating rate instruments, including fixed rate instruments swapped for floating returns and other debt and money market instruments. The fund's AUM stood at Rs. 307 crore as on February 28, 2023.

**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 (FY2024)				Chronology of Rating History for the Past 3 Years					
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021	
				Apr 04, 2023	Dec 06, 2022	May 02, 2022	Nov 01, 2021	May 28, 2021	Oct 29, 2020	Jun 05, 2020
Bandhan Liquid Fund	ST	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
Bandhan Money Manager Fund	ST	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs*	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
Bandhan Bond Fund – Short Term Plan	LT	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
Bandhan Low Duration Fund	LT	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
Bandhan Bond Fund – Medium Term Plan	LT	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
Bandhan Banking and PSU Debt Fund	LT	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
Bandhan Corporate Bond Fund	LT	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
Bandhan Ultra Short-Term Fund	ST	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
Bandhan Dynamic Bond Fund	LT	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
Bandhan Bond Fund – Income Plan	LT	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
Bandhan Overnight Fund	ST	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
Bandhan Credit Risk Fund	LT	-	-	[ICRA]AAmfs	[ICRA]AAmfs	[ICRA]AAmfs	[ICRA]AAmfs	[ICRA]AAmfs	[ICRA]AAmfs	-
Bandhan Floating Rate Fund	LT	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	-	-	-
Bandhan Fixed Term Plan – Series 153	ST	-	-	-	-	-	-	-	-	-

LT – Long term; ST – Short term; \*[ICRA]AAAmfs withdrawn and [ICRA]A1+mfs assigned simultaneously

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Bandhan Liquid Fund	Not applicable
Bandhan Money Manager Fund	Not applicable
Bandhan Bond Fund – Short Term Plan	Not applicable
Bandhan Low Duration Fund	Not applicable
Bandhan Bond Fund – Medium Term Plan	Not applicable
Bandhan Banking and PSU Debt Fund	Not applicable
Bandhan Corporate Bond Fund	Not applicable
Bandhan Ultra Short-Term Fund	Not applicable
Bandhan Dynamic Bond Fund	Not applicable
Bandhan Bond Fund – Income Plan	Not applicable
Bandhan Overnight Fund	Not applicable
Bandhan Credit Risk Fund	Not applicable
Bandhan Floating Rate Fund	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

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Bandhan Liquid Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	Bandhan Money Manager Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	Bandhan Bond Fund – Short Term Plan	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Bandhan Low Duration Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Bandhan Bond Fund – Medium Term Plan	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Bandhan Banking and PSU Debt Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Bandhan Corporate Bond Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Bandhan Ultra Short-Term Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	Bandhan Dynamic Bond Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Bandhan Bond Fund – Income Plan	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Bandhan Overnight Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	Bandhan Credit Risk Fund	NA	NA	NA	NA	[ICRA]AAmfs
NA	Bandhan Floating Rate Fund	NA	NA	NA	NA	[ICRA]AAAmfs

#### 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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### Branches



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