

June 04, 2026

## HDFC Mutual Fund: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rate amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short-term fund-based bank facilities – Others^	25,000.00	25,000.00	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>25,000.00</b>	<b>25,000.00</b>	

\*Instrument details are provided in Annexure II; ^Intraday liquidity facility for primarily managing the intraday timing mismatches between unitholder payouts and cash inflows

### Rationale

ICRA has reaffirmed the short-term rating for the bank facilities sanctioned to the Schemes of HDFC Mutual Fund (HDFC MF) {investment manager: HDFC Asset Management Company Limited (HDFC AMC)}. The rated facilities are primarily used for Schemes to bridge the intraday timing mismatches between unitholder payouts (typically made early during the day) and cash inflows through the maturity of securities/TREPS<sup>1</sup>/fresh subscription and/or sale/redemption of securities in the schemes that follow later during the same day.

For redemptions in equity schemes, any sale of assets that may be required, over and above the existing liquidity, is typically carried out on the day/next day of the redemption request and the proceeds are deployed in TREPS for redemption payouts and/or repayment of the intraday lines on the subsequent day. However, for open-ended debt schemes (OEDS), intraday liquidity management is a combination of the fresh inflows expected in the scheme, the maturity of the underlying investments in the scheme, the liquidity of the underlying investments (sale) and the ability of the schemes to borrow. Hence, the ability of the OEDS to repay the intraday liquidity lines is a function of the credit quality of the underlying investments and the ability to raise funds by overnight borrowing. Since OEDS are required to maintain liquid assets<sup>2</sup> as per regulations, they can use these assets as collateral and borrow to manage redemptions. The sale of the underlying investments or the ability to raise borrowings against the investments becomes an important factor for intraday liquidity management.

ICRA takes note of the Securities and Exchange Board of India's (SEBI's) circular dated March 13, 2026, placing certain restrictions on utilisation of such intraday facilities w.e.f. April 1, 2026, and the subsequent deferment of its implementation to July 15, 2026, on representations from the Industry Body – Association of Mutual Funds in India. SEBI has now sought public views on its consultation paper, dated May 13, 2026, on the utilisation of intraday borrowings by mutual funds (MFs) on inter alia - limiting the utilisation of intraday borrowings to maturity/sale proceeds or the guaranteed receivables due on the same day from the Government of India (GoI), the Reserve Bank of India (RBI) or The Clearing Corporation of India Limited (CCIL). The cited circular of March 13, 2026, if implemented could have constrained the ability of OEDS to utilise intraday facilities. A timely sale of underlying investments or the ability to raise borrowings against these investments becomes critical for effective intraday liquidity management.

ICRA has analysed the OEDS that have displayed high negative volatility in the AUM. ICRA's assessment of the credit quality of these OEDS is guided by the credit ratings of the individual investments and the relative share of the scheme's allocation towards investments, besides the maturity schedule of such investments. These schemes usually have a high share of investments in sovereign and/or AAA-rated instruments (proportion above 75%), which provides comfort regarding HDFC MF's

<sup>1</sup> Tri-party Repo (TREPs) is a proprietary product offered by CCIL {rated [ICRA]AAA (Stable)}, an institution authorised by the RBI. Through TREPs, entities can lend and borrow funds against Government securities (G-Secs) and/or Treasury bills (T-bills). The settlement of TREPs is guaranteed by CCIL

<sup>2</sup> OEDS are required to maintain 10% of the AUM in liquid assets (cash, T-bills and G-Secs). The minimum threshold is higher at 20% of the AUM for liquid schemes and overnight schemes

ability to generate liquidity to repay the rated lines in a timely manner. Instances of borrowing (other than through TREPS) in its OEDS have also remained limited (a single instance during the past 36 months), reflecting its ability to manage liquidity.

The credit profile remains exposed to events of sustained redemption pressure, which could result in the depletion of the liquid investments, exposing the schemes to liquidity risk.

## Key rating drivers and their description

### Credit strengths

**Strong credit quality of underlying assets in schemes with relatively high negative volatility** – ICRA has analysed the OEDS of HDFC MF that have exhibited high daily negative volatility in their AUM. The analysis indicates that the credit quality of the underlying investments held in these schemes remains strong with investments in short-tenor instruments. At least 75% of the investments of each of these schemes is in sovereign and AAA-rated instruments, providing comfort regarding its ability to pledge/sell these investments at short notice to meet its liquidity requirements.

**Robust risk management** – HDFC MF maintains strong credit quality of the underlying assets in the OEDS, complementing its ability to sell/borrow against the underlying securities to manage its liquidity. Instances of overnight borrowings to manage intraday liquidity (excluding TREPS) have been limited in the past. Further, as per SEBI guidelines, the maximum borrowings (including through TREPS) cannot exceed 20% of the AUM of any of the schemes.

### Credit challenges

**Market dislocation and/or adverse liquidity events leading to redemption pressure** – The liquidity of the OEDS remains exposed to events of sustained redemption pressure. Any adverse liquidity event in the market or weakening in macroeconomic factors could lead to a sustained increase in redemptions and a reduction in fresh inflows. During such liquidity events, the liquidity of the underlying investments may also decline. Further, investor concentration in many OEDS tends to be high; herd behaviour and bulky redemptions could be witnessed during events of market stress. Sustained redemption pressure can result in a sharp contraction in the liquid investments of the schemes, limiting HDFC MF's ability to incrementally sell/borrow against these instruments. A combination of these events can thus pose challenges to the liquidity management of such OEDS.

### Liquidity position: Superior

As on April 30, 2026, HDFC MF had access to sanctioned intraday bank facilities of Rs. 20,300 crore. There was a single instance of utilising overnight facilities during the 36-month period of ending March 2026. HDFC MF has largely managed all borrowings through the TREPS lending platform, within the regulatory threshold of 20% of the AUM.

### Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – A material deterioration in the credit quality of the underlying investments of the OEDS or sustained negative volatility in the AUM of the schemes will increase the liquidity risk.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Mutual Funds</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

## About the Mutual Fund and the Investment Manager

HDFC MF was constituted as a trust vide a trust deed dated June 8, 2000, with HDFC Trustee Company as the trustee and HDFC AMC as the investment manager. HDFC MF is registered as a mutual fund with SEBI vide registration certificate no. MF/044/00/6 dated June 30, 2000. SEBI, vide its letter dated July 03, 2000, approved HDFC AMC to act as the investment manager of HDFC MF. It is also registered under the SEBI (Portfolio Managers) Regulations, 1993 and provides portfolio management services.

The average AUM of HDFC MF stood at Rs. 9.27<sup>3</sup> lakh crore for the quarter ended March 31, 2026 (Rs. 7.73 lakh crore as on March 31, 2025).

**Key financial indicators: Not applicable**

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

**Any other information: None**

<sup>3</sup> Quarterly average excluding Fund of Funds – Domestic but including Fund of Funds – Overseas  
<https://www.amfiindia.com/research-information/aum-data/average-aum>

## Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	FY2027		June 04, 2026	FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)		Date	Rating	Date	Rating	Date	Rating
<b>Short-term fund-based bank facilities – Others<sup>^</sup></b>	Short term	25,000.00	[ICRA]A1+	Jun 02, 2025	[ICRA] A1+	-	-	-	-

<sup>^</sup>Intraday liquidity facility for primarily managing the intraday timing mismatch between unitholder payouts and cash inflows

## Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Short-term fund-based bank facilities – Others <sup>^</sup>	Simple

<sup>^</sup>Intraday liquidity facility for primarily managing the intraday timing mismatch between unitholder payouts and cash inflows

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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Short-term fund-based based bank facilities – Others <sup>^</sup>	NA	NA	NA	25,000.00	[ICRA]A1+

<sup>^</sup>Intraday liquidity facility for primarily managing the intraday timing mismatch between unitholder payouts and cash inflows

[Please click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure III: List of entities considered for consolidated analysis

Not applicable

## ANALYST CONTACTS

**Karthik Srinivasan**

+91 22 6114 3444

[karthiks@icraindia.com](mailto:karthiks@icraindia.com)

**Anil Gupta**

+91 124 4545 314

[anilg@icraindia.com](mailto:anilg@icraindia.com)

**Neha Parikh**

+91 22 6114 3426

[neha.parikh@icraindia.com](mailto:neha.parikh@icraindia.com)

**Harsh Mange**

+91 22 6114 3429

[harsh.mange@icraindia.com](mailto:harsh.mange@icraindia.com)

**Abhilash Rathi**

+91 20 6606 9923

[abhilash.rathi@icraindia.com](mailto:abhilash.rathi@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.