

March 17, 2025

Bandhan AMC Limited: Rating upgraded for Bandhan Credit Risk Fund; ratings for other funds reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Bandhan Credit Risk Fund	-	-	[ICRA]AAAmfs; upgraded from [ICRA]AAmfs
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 Dynamic Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
Bandhan Bond Fund – Income Plan	-	-	[ICRA]AAAmfs; reaffirmed
Bandhan Floating Rate Fund	-	-	[ICRA]AAAmfs; reaffirmed
Bandhan Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Bandhan Money Manager Fund	-	-	[ICRA]A1+mfs; reaffirmed
Bandhan Ultra Short-Term Fund	-	-	[ICRA]A1+mfs; reaffirmed
Bandhan Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
Total	-	-	

*Instrument details are provided in Annexure I

Rationale and key rating drivers

ICRA has upgraded the mutual fund rating for Bandhan Credit Risk Fund to [ICRA]AAAmfs from [ICRA]AAmfs. The rating has been upgraded as the credit risk score for the scheme is comfortable for the upgraded rating level. The ratings for the other schemes of Bandhan AMC Limited (the asset management company; AMC) have been reaffirmed. The ratings reaffirmation follows 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 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 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 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.

Liquidity position: Not applicable

Rating sensitivities

Positive factors – 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 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	ICRA's Rating Methodology – Mutual Funds
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the company

Bandhan AMC Limited was formed by acquiring the erstwhile IDFC Asset Management Company. In December 2022, the Securities and Exchange Board of India (SEBI) approved a consortium comprising Bandhan Financial Holdings Limited (BFHL), GIC, and ChrysCapital to acquire IDFC Asset Management Company limited and IDFC AMC Trustee Company. Following the completion of the acquisition in March 2023, the name of IDFC AMC was changed to Bandhan AMC and IDFC AMC Trustee Company to Bandhan Mutual Fund Trustee Limited while the AMC's sponsor company was changed to BFHL. Currently,

Bandhan Group holds a 60% stake in the AMC with control of operations while the other two investors hold 20% each. Bandhan AMC's average AUM stood at Rs. 168,480.58¹ crore during the quarter ended December 2024.

Bandhan Credit Risk Fund

Bandhan Credit Risk Fund is an open-ended debt scheme predominantly investing in corporate bonds rated AA and below. The objective is to provide an optimal risk-reward profile to investors. The fund's AUM stood at Rs. 290 crore as on January 31, 2025.

Bandhan Bond Fund – Short Term Plan

Bandhan 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. 9,641 crore as on January 31, 2025.

Bandhan Low Duration Fund

Bandhan 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. 5,494 crore as on January 31, 2025.

Bandhan Bond Fund – Medium Term Plan

Bandhan 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. 1,469 crore as on January 31, 2025.

Bandhan Banking and PSU Debt Fund

Bandhan 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. 13,422 crore as on January 31, 2025.

Bandhan Corporate Bond Fund

Bandhan Corporate Bond Fund is an open-ended debt scheme predominantly investing in corporate bonds rated AA+ and above. The fund's AUM stood at Rs. 13,914 crore as on January 31, 2025.

Bandhan Dynamic Bond Fund

Bandhan Dynamic Bond Fund is an open-ended dynamic debt scheme investing across durations. The fund's AUM stood at Rs. 3,074 crore as on January 31, 2025.

Bandhan Bond Fund – Income Plan

Bandhan Bond Fund – Income Plan 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. 484 crore as on January 31, 2025.

Bandhan Floating Rate Fund

Bandhan Floating Rate Fund is an open-ended scheme primarily investing 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. 275 crore as on January 31, 2025.

¹ <https://www.amfiindia.com/research-information/aum-data/average-aum>

Bandhan Liquid Fund

Bandhan Liquid Fund is an open-ended scheme investing in high quality debt and money market instruments with high liquidity and seeks to generate accrual income with low volatility. The fund's AUM stood at Rs. 15,403 crore as on January 31, 2025.

Bandhan Money Manager Fund

Bandhan 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. 10,624 crore as on January 31, 2025.

Bandhan Ultra Short-Term Fund

Bandhan 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. 3,881 crore as on January 31, 2025.

Bandhan Overnight Fund

Bandhan Overnight Fund is an open-ended scheme investing in overnight schemes. Its objective is to generate short-term optimal returns in line with overnight rates. The fund's AUM stood at Rs. 690 crore as on January 31, 2025.

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 (FY2025)					Chronology of rating history for the past 3 years				
	Type	Amount rated (Rs. crore)	Amount outstanding (Rs. crore)	Date & rating in FY2025		Date & rating in FY2024	Date & rating in FY2023		Date & rating in FY2022	
				Mar 17, 2025	Apr 02, 2024	Apr 04, 2023	Dec 06, 2022	May 02, 2022	Nov 01, 2021	May 28, 2021
Bandhan Credit Risk Fund	LT	-	-	[ICRA]AAAmfs	[ICRA]AAmfs	[ICRA]AAmfs	[ICRA]AAmfs	[ICRA]AAmfs	[ICRA]AAmfs	[ICRA]AAmfs
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]AAAmfs	[ICRA]AAAmfs	[ICRA]A1+mfs	[ICRA]A1+mfs
Bandhan Banking and PSU Debt Fund	LT	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[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 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 Floating Rate Fund	LT	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	-
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]A1+mfs	[ICRA]A1+mfs*	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
Bandhan Ultra Short-Term Fund	ST	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]AAAmfs	[ICRA]AAAmfs
Bandhan Overnight Fund	ST	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]AAAmfs	[ICRA]AAAmfs

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 Credit Risk 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 Dynamic Bond Fund	Not applicable
Bandhan Bond Fund – Income Plan	Not applicable
Bandhan Floating Rate Fund	Not applicable
Bandhan Liquid Fund	Not applicable
Bandhan Money Manager Fund	Not applicable
Bandhan Ultra Short-Term Fund	Not applicable
Bandhan Overnight 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 Credit Risk Fund	NA	NA	NA	NA	[ICRA]AAAmfs
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 Dynamic Bond Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Bandhan Bond Fund – Income Plan	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Bandhan Floating Rate Fund	NA	NA	NA	NA	[ICRA]AAAmfs
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 Ultra Short-Term Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	Bandhan Overnight Fund	NA	NA	NA	NA	[ICRA]A1+mfs

Annexure II: List of entities considered for consolidated analysis

Not applicable

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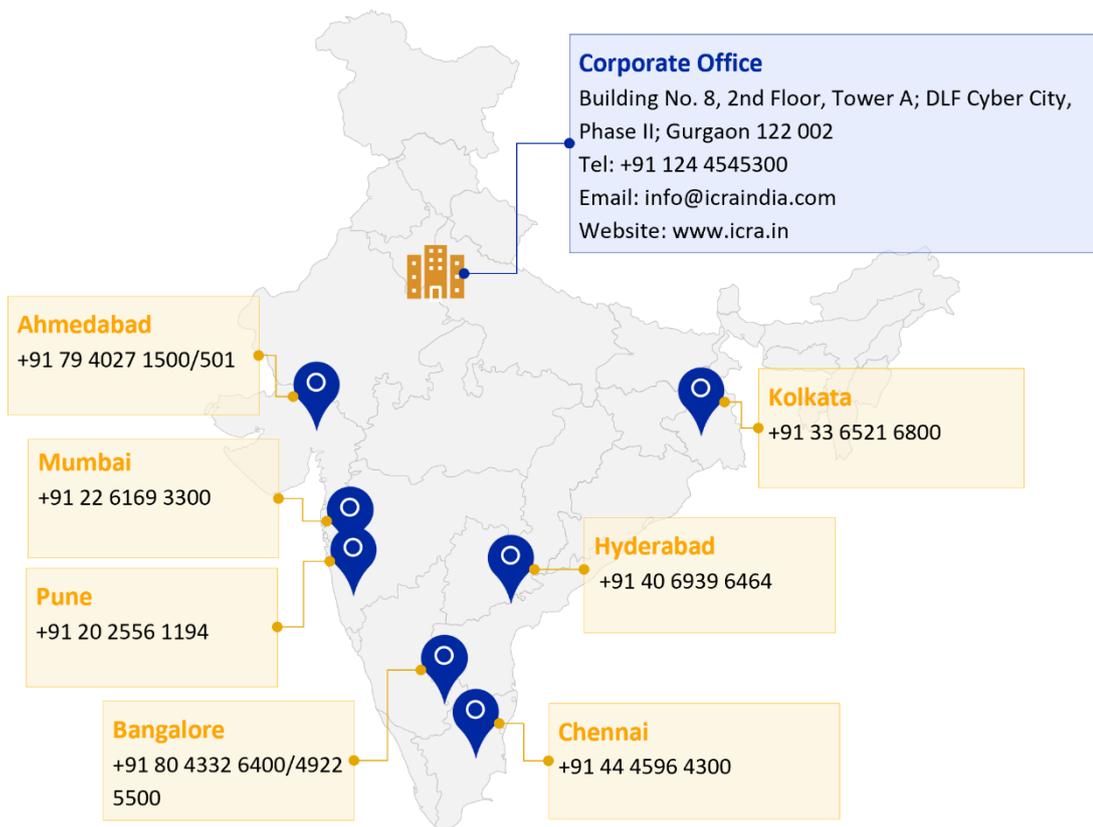
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