

March 26, 2025

## Kotak Mahindra Asset Management Company Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Kotak Bond Short Term Fund	-	-	[ICRA]AAAmfs; reaffirmed
Kotak Dynamic Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
Kotak Savings Fund	-	-	[ICRA]A1+mfs; reaffirmed
Kotak Corporate Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
Kotak Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
Kotak Banking and PSU Debt Fund	-	-	[ICRA]AAAmfs; reaffirmed
Kotak Money Market Fund	-	-	[ICRA]A1+mfs; reaffirmed
Kotak Floating Rate Fund	-	-	[ICRA]AAAmfs; reaffirmed
Kotak Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Kotak Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
Kotak Low Duration Fund	-	-	[ICRA]AAAmfs; reaffirmed
Total	-	-	

\*Instrument details are provided in Annexure I

### Rationale and key rating drivers

ICRA has reaffirmed the ratings of various debt mutual fund (MF) schemes of Kotak Mahindra Asset Management Company Limited (the asset management company; 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.

MF ratings incorporate ICRA's assessment of the creditworthiness of a debt MF 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 MF 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 MF 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 MF 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 MF 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 MF 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 an MF 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 MF 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** –

**For Kotak 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 debt mutual fund 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	<a href="#">Methodology for Rating Mutual Fund Schemes</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

## About the company

Kotak Mahindra Asset Management Company Limited, the AMC for the mutual fund schemes of Kotak Mahindra Mutual Fund (KMMF), is a wholly-owned subsidiary of Kotak Mahindra Bank Limited {rated [ICRA]AAA (Stable)}. The AMC's average AUM was Rs. 4,88,744.93<sup>1</sup> crore for the quarter ended December 31, 2024.

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

**Kotak Low Duration Fund** is an open-ended debt fund. Its main objective is to generate income by primarily investing in low duration debt and money market securities. The scheme's AUM stood at Rs. 11,755 crore as on February 28, 2025.

**Kotak Floating Rate Fund** is an open-ended debt scheme predominantly investing in floating rate instruments. Its main objective is to generate income by primarily investing in floating rate debt instruments, fixed rate debt instruments swapped for floating rate returns, and money market instruments. The scheme's AUM stood at Rs. 3,264 crore as on February 28, 2025.

**Kotak Money Market Fund** is an open-ended debt scheme investing in money market instruments. Its investment objective is to generate returns by investing in money market instruments with a maturity of up to one year. The scheme's AUM stood at Rs. 27,943 crore as on February 28, 2025.

**Kotak Bond Short Term Fund** is an open-ended debt scheme, which was launched in May 2002. Its investment objective is to provide reasonable returns and reasonably high levels of liquidity by investing in debt instruments such as bonds, debentures and Government securities as well as money market instruments such as Treasury bills, commercial paper, certificates of deposit, including repos in permitted securities of different maturities, with a view to spread the risk across different kinds of issuers in the debt markets. The scheme's AUM stood at Rs. 17,188 crore as on February 28, 2025.

**Kotak Dynamic Bond Fund** is an open-ended debt scheme. Its investment objective is to maximise returns through the active management of a portfolio of debt and money market securities. The scheme's AUM stood at Rs. 3,001 crore as on February 28, 2025.

**Kotak Savings Fund** is an open-ended debt scheme, which was launched in 2004. Its investment objective is to generate returns through investments in debt and money market instruments with a view to reduce the interest rate risk. The scheme's AUM stood at Rs. 12,726 crore as on February 28, 2025.

**Kotak Corporate Bond Fund** is an open-ended debt scheme, which was launched in 2015. Its investment objective is to generate returns through investments in debt and money market instruments. The scheme's AUM stood at Rs. 14,449 crore as on February 28, 2025.

**Kotak Bond Fund** is an open-ended debt scheme. Its investment objective is to create a portfolio of debt instruments such as bonds, debentures, Government securities and money market instruments, including repos in permitted securities of different maturities, with a view to spread the risk across different kinds of issuers in the debt markets. The scheme's AUM stood at Rs. 2,134 crore as on February 28, 2025.

**Kotak Banking and PSU Debt Fund** is an open-ended debt scheme, which was launched in 1998. Its investment objective is to generate income by predominantly investing in debt and money market securities issued by banks, public sector undertakings (PSUs), public financial institutions, municipal bonds and reverse repos in such securities, sovereign securities issued by the Central Government and state governments, and/or any security unconditionally guaranteed by the Government of India. The scheme's AUM stood at Rs. 5,762 crore as on February 28, 2025.

**Kotak Liquid Fund** is an open-ended debt scheme. Its investment objective is to provide reasonable returns and a high level of liquidity by investing in debt and money market instruments of different maturities with a view to spread the risk across different kinds of issuers in the debt markets. The scheme's AUM stood at Rs. 38,144 crore as on February 28, 2025.

**Kotak Overnight Fund** is an open-ended debt scheme, which gives the opportunity to invest in securities maturing in one business day with low interest rate risk and high liquidity. The scheme's AUM stood at Rs. 5,378 crore as on February 28, 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 (FY2025)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Mar 26, 2025	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Kotak Bond Short Term Fund	Long term	-	[ICRA]AAA mfs	Apr 09, 2024	[ICRA]AAA mfs	May 04, 2023	[ICRA]AAA mfs	Dec 02, 2022	[ICRA]AAA mfs	Oct 04, 2021	[ICRA]AAA mfs
						-	-	Aug 02, 2022	[ICRA]AAA mfs	Apr 02, 2021	[ICRA]AAA mfs
Kotak Dynamic Bond Fund	Long term	-	[ICRA]AAA mfs	Apr 09, 2024	[ICRA]AAA mfs	May 04, 2023	[ICRA]AAA mfs	Dec 02, 2022	[ICRA]AAA mfs	Oct 04, 2021	[ICRA]AAA mfs
						-	-	Aug 02, 2022	[ICRA]AAA mfs	Apr 02, 2021	[ICRA]AAA mfs
Kotak Savings Fund	Short term	-	[ICRA]A1+ mfs	Apr 09, 2024	[ICRA]A1+ mfs	May 04, 2023	[ICRA]A1+ mfs	Dec 02, 2022	[ICRA]A1+ mfs <sup>2</sup>	Oct 04, 2021	[ICRA]A1+ mfs
						-	-	Aug 02, 2022	[ICRA]A1+ mfs	Apr 02, 2021	[ICRA]A1+ mfs
Kotak Corporate Bond Fund	Long term	-	[ICRA]AAA mfs	Apr 09, 2024	[ICRA]AAA mfs	May 04, 2023	[ICRA]AAA mfs	Dec 02, 2022	[ICRA]AAA mfs	Oct 04, 2021	[ICRA]AAA mfs
						-	-	Aug 02, 2022	[ICRA]AAA mfs	Apr 02, 2021	[ICRA]AAA mfs
Kotak Bond Fund	Long term	-	[ICRA]AAA mfs	Apr 09, 2024	[ICRA]AAA mfs	May 04, 2023	[ICRA]AAA mfs	Dec 02, 2022	[ICRA]AAA mfs	Oct 04, 2021	[ICRA]AAA mfs
						-	-	Aug 02, 2022	[ICRA]AAA mfs	Apr 02, 2021	[ICRA]AAA mfs
Kotak Banking and PSU Debt Fund	Long term	-	[ICRA]AAA mfs	Apr 09, 2024	[ICRA]AAA mfs	May 04, 2023	[ICRA]AAA mfs	Dec 02, 2022	[ICRA]AAA mfs	Oct 04, 2021	[ICRA]AAA mfs
						-	-	Aug 02, 2022	[ICRA]AAA mfs	Apr 02, 2021	[ICRA]AAA mfs
Kotak Money Market Fund	Short term	-	[ICRA]A1+ mfs	Apr 09, 2024	[ICRA]A1+ mfs	May 04, 2023	[ICRA]A1+ mfs	Dec 02, 2022	[ICRA]A1+ mfs <sup>3</sup>	Oct 04, 2021	[ICRA]A1+ 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

Instrument	Current (FY2025)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Mar 26, 2025	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
						-	-	Aug 02, 2022	[ICRA]A1+ mfs	Apr 02, 2021	[ICRA]A1+ mfs
<b>Kotak Floating Rate Fund</b>	Long term	-	[ICRA]AAA mfs	Apr 09, 2024	[ICRA]AAA mfs	May 04, 2023	[ICRA]AAA mfs	Dec 02, 2022	[ICRA]AAA mfs	Oct 04, 2021	[ICRA]AAA mfs
						-	-	Aug 02, 2022	[ICRA]AAA mfs	Apr 02, 2021	[ICRA]AAA mfs
<b>Kotak Low Duration Fund</b>	Long term	-	[ICRA]AAA mfs	Apr 09, 2024	[ICRA]AAA mfs	May 04, 2023	[ICRA]AAA mfs	Dec 02, 2022	[ICRA]AAA mfs	Oct 04, 2021	[ICRA]AAA mfs
						-	-	Aug 02, 2022	[ICRA]AAA mfs	Apr 02, 2021	[ICRA]AAA mfs
<b>Kotak Liquid Fund</b>	Short term	-	[ICRA]A1+ mfs	Apr 09, 2024	[ICRA]A1+ mfs	May 04, 2023	[ICRA]A1+ mfs	Dec 02, 2022	[ICRA]A1+ mfs	Oct 04, 2021	[ICRA]A1+ mfs
						-	-	Aug 02, 2022	[ICRA]A1+ mfs	Apr 02, 2021	[ICRA]A1+ mfs
<b>Kotak Overnight Fund</b>	Short term	-	[ICRA]A1+ mfs	Apr 09, 2024	[ICRA]A1+ mfs	May 04, 2023	[ICRA]A1+ mfs	Dec 02, 2022	[ICRA]A1+ mfs	Oct 04, 2021	[ICRA]A1+ mfs
						-	-	Aug 02, 2022	[ICRA]A1+ mfs	Apr 02, 2021	[ICRA]A1+ mfs

## Complexity level of the rated instrument

Instrument	Complexity indicator
<b>Kotak Bond Short Term Fund</b>	Not applicable
<b>Kotak Dynamic Bond Fund</b>	Not applicable
<b>Kotak Savings Fund</b>	Not applicable
<b>Kotak Corporate Bond Fund</b>	Not applicable
<b>Kotak Bond Fund</b>	Not applicable
<b>Kotak Banking and PSU Debt Fund</b>	Not applicable
<b>Kotak Money Market Fund</b>	Not applicable
<b>Kotak Floating Rate Fund</b>	Not applicable
<b>Kotak Liquid Fund</b>	Not applicable
<b>Kotak Overnight Fund</b>	Not applicable
<b>Kotak Low Duration Fund</b>	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	Kotak Bond Short Term Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Kotak Dynamic Bond Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Kotak Savings Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	Kotak Corporate Bond Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Kotak Bond Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Kotak Banking and PSU Debt Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Kotak Money Market Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	Kotak Floating Rate Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Kotak Liquid Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	Kotak Overnight Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	Kotak Low Duration Fund	NA	NA	NA	NA	[ICRA]AAAmfs

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

Not applicable

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### Branches



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