

August 04, 2026

HSBC Asset Management (India) Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator [#]
Short-term fund – based bank lines- Others [^]	10,000.00	10,000.00	[ICRA]A1+ reaffirmed	RBI
Total	10,000.00	10,000.00		

*Instrument details are provided in Annexure I

[#]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.

[^] Intraday liquidity facility for primarily managing the intraday timing mismatches between unitholder payouts and cash inflows

Rationale

ICRA has reaffirmed the rating assigned to the bank lines (intraday liquidity facility) sanctioned to the schemes of HSBC Mutual Fund (HSBC MF) and managed by HSBC Asset Management (India) Private Limited¹ (HSBC AMC). The rated facility is used for the asset management company's (AMC) schemes to bridge the intraday timing mismatch between redemption payouts to unitholders and cash inflows through fresh subscription and/or sale/redemption of securities in the schemes during the day.

For redemptions in the equity schemes, the sale of assets is typically carried out on the day of the redemption request and deployed the next day on TREPS² for redemption payout and 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 raise funds by pledging securities {primarily TREPS borrowing against Government securities (G-Secs)/Treasury bills (T-bills)}. Hence, the ability of the OEDS to repay intraday liquidity lines is a function of the credit quality of the underlying investments and the ability to raise funds by pledging securities. Since OEDS are required to maintain liquid assets³ as per regulations, they can pledge these assets on TREPS to manage redemptions. However, if there is high volatility in the assets under management (AUM) due to redemptions, the sale of the underlying investments or the ability to raise borrowings (under TREPS) against the investments becomes a paramount factor for intraday liquidity management.

ICRA takes note of the Securities and Exchange Board of India's (SEBI) circular dated March 13, 2026, placing certain restrictions on the 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. The timely sale of the underlying investments or the ability to raise borrowings against these investments becomes critical for effective intraday liquidity management.

¹ As the investment manager of HSBC MF

² Tri-party Repo Dealing System (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 G-Secs. The settlement of TREPS is guaranteed by CCIL

³ 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

ICRA has analysed the OEDS that have displayed high negative volatility in their 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 have a high share of investments in sovereign and/or AAA-rated instruments (more than 75%), which provides comfort regarding HSBC AMC's ability to generate liquidity to repay the rated lines in a timely manner. There has been no instance of dependence on overnight bank borrowings in any of the OEDS, and redemptions have been primarily managed through TREPS borrowings or intraday lines during the 24-month period of June 2024 to May 2026.

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 the AMC 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. More than 75% of the investments of each of these schemes are in sovereign and AAA-rated instruments, providing comfort regarding the AMC's ability to pledge/sell these investments at short notice to meet its liquidity requirements.

Robust risk management – HSBC AMC maintains the strong credit quality of the underlying assets in the OEDS, supporting 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 cannot exceed 20% of the AUM (including TREPS) of any of the schemes.

Credit challenges

Market dislocation and/or adverse liquidity events leading to redemption pressure – Though HSBC AMC has managed liquidity across all its schemes, 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 HSBC AMC's ability to incrementally sell/borrow against these instruments. A combination of these events can hence pose challenges to the liquidity management of such OEDS.

Liquidity position: Superior

As on June 30, 2026, HSBC AMC had access to sanctioned intraday facilities of Rs. 9,000 crore. There was no instance of utilising overnight bank borrowings during the 24-month period of June 2024 to May 2026. HSBC AMC has largely managed all borrowings through the TREPS lending platform, staying 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	Mutual Funds
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the company

Incorporated in December 2001, HSBC AMC was appointed the asset management company for the mutual fund business of HSBC Mutual Fund (HSBC MF). HSBC MF was established as a trust under the Indian Trusts Act, 1882, with HSBC Securities and Capital Markets (India) Private Limited as the sponsor of the AMC – HSBC Trustees (India) Private Limited.

HSBC AMC acquired L&T Investment Management Limited (LTIM), the AMC/MF business of L&T Financial Holdings Limited, in November 2022. HSBC AMC's daily average AUM was Rs. 1,43,007 crore in June 2026.

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 (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Aug 04, 2026	Date	Rating	Date	Rating	Date	Rating
Short-term fund-based bank lines – Others	Short term	10,000	[ICRA]A1+	Aug 04, 2025	[ICRA]A1+	Aug 05, 2024	[ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Intraday Bank Lines	Simple

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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator [#]
NA	Short-term fund-based bank lines – Others*	-	-	-	10,000.00	[ICRA]A1+	RBI

*Intraday liquidity facility/daylight overdraft facility for managing redemptions of schemes of the AMC

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Annexure II: List of entities considered for consolidated analysis

Not applicable

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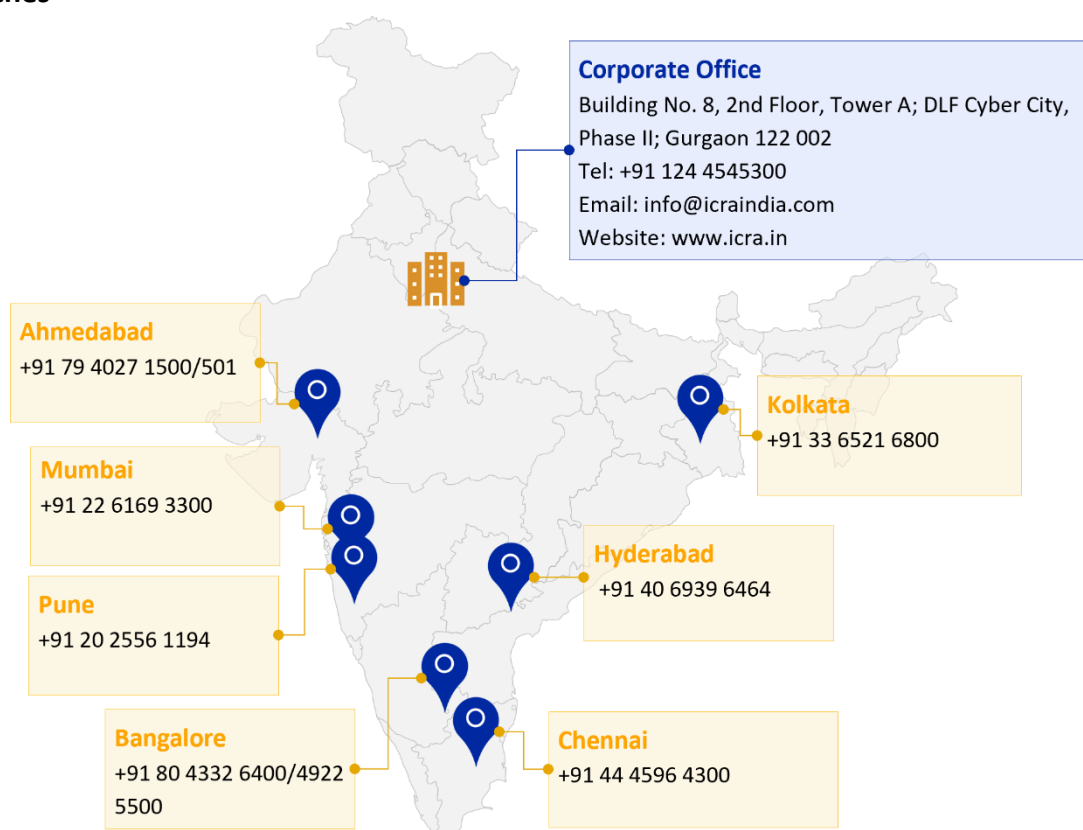
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