

**Bandhan AMC Limited (Revised)**  
**(Erstwhile IDFC Asset Management Company Limited)**

December 27, 2023

Scheme Name	Scheme Type	Rating <sup>1</sup>	Rating Action
Bandhan Banking and PSU Debt Fund (Erstwhile IDFC Banking and PSU Debt Fund)	Open-ended debt scheme	CARE AAA mfs	Reaffirmed
Bandhan Corporate Bond Fund (Erstwhile IDFC Corporate Bond Fund)	Open-ended debt scheme	CARE AAA mfs	Reaffirmed
Bandhan Low Duration Fund (Erstwhile IDFC Low Duration Fund)	Open-ended low duration debt scheme	CARE AAA mfs	Reaffirmed
Bandhan Money Manager Fund (Erstwhile IDFC Money Manager Fund)	Open-ended debt scheme	CARE AAA mfs	Reaffirmed
Bandhan Overnight Fund (Erstwhile IDFC Overnight Fund)	Open-ended debt scheme	CARE A1+ mfs	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Detailed rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed the credit quality rating of 'CARE AAA mfs' (pronounced as 'Triple A Mutual Fund Schemes') to the Bandhan Banking and PSU Debt Fund, Bandhan Corporate Bond Fund, Bandhan Low Duration Fund, Bandhan Money Manager Fund, and CARE A1+mfs (pronounced as 'A One Plus Mutual Fund Schemes') to Bandhan Overnight Fund. These funds are managed by Bandhan AMC Limited.

The Schemes rated 'CARE AAA mfs' are considered to have highest degree of safety regarding timely receipt of payments from the investments that they have made.

The schemes rated 'CARE A1+mfs' are considered to have very strong degree of safety regarding timely receipt of payments from the investments that they have made.

CARE Ratings' funds credit quality ratings are opinions on the overall credit quality of the specific debt mutual fund scheme. CARE Ratings' fund credit quality rating is not a recommendation to purchase, sell, or hold a security or fund. It neither comments on the current market price, suitability for a particular investor nor on the prospective performance of the fund with respect to appreciation, volatility of net asset value (NAV), or yield of the fund. The ratings do not address the fund's ability to meet the payment obligations to the investors.

The fund ratings capture the fund's overall exposure to default risk. CARE Ratings' fund credit quality ratings are based on the evaluation of the fund's investment strategy and portfolio credit risk. It also involves the evaluation of the credit quality of individual assets as well as the diversification of the portfolio. CARE Ratings uses the concept of credit scores, assigned to individual securities, as per the credit scoring matrix developed by CARE Ratings.

CARE Ratings reviews the rated mutual fund scheme on an ongoing basis to support its published rating opinions. As such, the monthly reports of the fund are examined. While the fund has to maintain the fund credit score within the benchmark fund scores, in a particular month, if the fund credit score breaches the benchmark, CARE Ratings generally provides one month to the asset management company (AMC) to realign the score. The credit score of the above schemes has been calculated on the basis of portfolio outstanding as on November 30, 2023, and is within the benchmark set by CARE Ratings.

### Rating sensitivities: Factors that could individually or collectively lead to rating actions

**Positive factors:** Not applicable

**Negative factors:** CARE Ratings could downgrade the ratings of the schemes if the credit quality of the underlying securities deteriorates thereby resulting into a breach in the threshold limit set by CARE Ratings for a given rating level.

### Analytical approach

Assessment of underlying credit quality of the debt schemes.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE publications

## Applicable criteria

[Rating Methodology – Fund Credit Quality](#)

### About the fund

#### **Bandhan Banking and PSU Debt Fund (Erstwhile IDFC Banking and PSU Debt Fund):**

Bandhan Banking & PSU Debt Fund was launched in March 2013 by Bandhan AMC Limited. It is an open-ended debt scheme predominantly investing in debt instruments of banks, public sector undertakings (PSUs), public financial institutions and municipal bonds with relatively high interest rate risk and relatively low credit risk. The investment objective of the scheme seeks to generate returns through investments in debt and money market instruments predominantly issued by entities, such as banks, PSUs and Public Financial Institutions (PFIs). There is no assurance or guarantee that the objectives of the scheme will be realised. The fund's assets under management (AUM) stood at ₹15,674.54 crore as on November 30, 2023.

The scheme had breach with regards to single issuer limits of 10% (of NAV in debt instruments) in one of the exposures as per portfolio dated November 30, 2023, but approvals from board of directors of AMC and trustee are in place to extend single issuer limits by upto 2%, (in addition to the general exposure norms) of the NAV of the scheme. Despite single issuer concentration in few of the securities (within the board approved limits), the score continues to remain within CARE Ratings threshold for rating band.

#### **Bandhan Corporate Bond Fund (Erstwhile IDFC Corporate Bond Fund):**

Bandhan Corporate Bond Fund was launched in January 2016 by Bandhan AMC Limited. It is an open-ended debt scheme predominantly investing in AA+ and above rated corporate bonds with relatively high interest rate risk and relatively low credit risk. The investment objective of the scheme is to provide steady income and capital appreciation by investing primarily in AA+ and above rated corporate debt securities across maturities. There is no assurance or guarantee that the objectives of the scheme will be realised. The fund's AUM stood at ₹14,107.55 crore as on November 30, 2023.

The scheme had breach with regards to single issuer limits of 10% (of NAV in debt instruments) in three of the exposures as per portfolio dated November 30, 2023, but approvals from board of directors of AMC and trustee are in place to extend single issuer limits by upto 2%, (in addition to the general exposure norms) of the NAV of the scheme. Despite single issuer concentration in few of the securities (within the board approved limits), the score continues to remain within CARE Ratings' threshold for rating band.

#### **Bandhan Low Duration Fund (Erstwhile IDFC Low Duration Fund):**

Bandhan Low Duration Fund was launched in January 2006 by Bandhan AMC Limited. It is an open-ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between six months and 12 months, with a relatively low interest rate risk and relatively low credit risk. The investment objective of the scheme is to seek to offer an investment avenue for short-term savings by looking to generate returns commensurate with a low risk strategy from a portfolio that is invested in debt and money market securities such that the Macaulay duration of the portfolio is between six months and 12 months. There is no assurance or guarantee that the objectives of the scheme will be realised. The fund's AUM stood at ₹5,447.06 crore as on November 30, 2023.

The scheme had breach with regards to single issuer limits of 10% (of NAV in debt instruments) in three of the exposures as per portfolio dated November 30, 2023, but approvals from board of directors of AMC and trustee are in place to extend single issuer limits by upto 2% (in addition to the general exposure norms) of the NAV of the scheme. Despite single issuer concentration in one of the securities (within the board approved limits), the score continues to remain within CARE Ratings threshold for rating band.

#### **Bandhan Money Manager Fund (Erstwhile IDFC Money Manager Fund):**

Bandhan Money Manager Fund was launched in February 2003 by Bandhan AMC Limited. It is an open-ended debt scheme investing in money market instruments with a relatively low interest rate risk and relatively low credit risk. The investment objective of the scheme is to generate stable returns with a low-risk strategy by creating a portfolio that is substantially invested in money market instruments. There is no assurance or guarantee that the objectives of the Scheme will be achieved. The fund's AUM stood at ₹3,507.26 crore as on November 30, 2023.

The scheme had breach with regards to single issuer limits of 10% (of NAV in debt instruments) in one of the exposures as per portfolio dated November 30, 2023, but approvals from board of directors of AMC and trustee are in place to extend single issuer limits by upto 2% (in addition to the general exposure norms) of the NAV of the scheme. Despite single issuer concentration in

one of the securities (within the board approved limits), the score continues to remain within CARE Ratings' threshold for rating band.

#### **Bandhan Overnight Fund (Erstwhile IDFC Overnight Fund):**

Bandhan Overnight Fund was launched in December 19, 1999 by Bandhan AMC Limited. It is an open-ended debt scheme investing in overnight securities, with a relatively low interest rate risk and relatively low credit risk. The primary investment objective of the scheme is to offer an investment avenue for short-term savings by looking to generate returns in line with the overnight rates. There is no assurance or guarantee that the objectives of the scheme will be realised. The fund's AUM stood at ₹1,744.40 crore as on November 30, 2023.

#### **About the company and industry**

##### **Industry classification**

Macro-economic Indicator	Sector	Industry	Basic Industry
Financial services	Financial services	Capital markets	Asset management company

#### **About the company**

Established in 2000, Bandhan AMC Limited (Erstwhile IDFC AMC) is focused on helping savers become investors and create wealth. Backed by the legacy, goodwill, and inclusiveness represented by the shareholders, Bandhan Financial Services Limited, ChrysCapital, and GIC (Singapore), it brings together a strong foundation in serving investors through a slew of well-defined products and a deep commitment to empowering communities.

Bandhan AMC Limited has a seasoned investment team, an on-the-ground presence in over 60 cities, and investors in over 790 cities and towns across the country. It offers a range of prudently constructed investment products – across Mutual Funds, AIF, and PMS platforms with the aim of providing performance consistent with the product's well-defined objectives.

The AMC reported average assets under management (AAUM) at ₹124,582 crore (excluding Fund of Funds domestic but including Fund of Funds – overseas) for the quarter ended September 30, 2023.

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

#### **Any other information:**

**Disclosure of Interest of Independent / Non-Executive Directors of CARE Ratings Ltd. :** Not applicable

**Disclosure of Interest of Managing Director & CEO:** Not applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of the various instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### **Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Bandhan Banking & PSU Debt Fund	-	-	-	-	-	CARE AAA mfs
Bandhan Corporate Bond Fund	-	-	-	-	-	CARE AAA mfs
Bandhan Low Duration Fund	-	-	-	-	-	CARE AAA mfs
Bandhan Money Manager Fund	-	-	-	-	-	CARE AAA mfs
Bandhan Overnight Fund	-	-	-	-	-	CARE A1+ mfs

**Annexure-2: Rating history for the last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History				
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1.	Bandhan Banking & PSU Debt Fund	Open-ended debt scheme	-	CARE AAA mfs	1) CARE AAA mfs (June 22, 2023)	1) CARE AAA mfs (Jan. 19, 2023)	-	-	-
2.	Bandhan Corporate Bond Fund	Open-ended debt scheme	-	CARE AAA mfs	1) CARE AAA mfs (June 22, 2023)	1) CARE AAA mfs (Jan. 19, 2023)	-	-	-
3.	Bandhan Low Duration Fund	Open-ended low duration debt scheme	-	CARE AAA mfs	1) CARE AAA mfs (June 22, 2023)	1) CARE AAA mfs (Jan. 19, 2023)	-	-	-
4.	Bandhan Money Manager Fund	Open-ended debt scheme	-	CARE AAA mfs	1) CARE AAA mfs (June 22, 2023)	1) CARE AAA mfs (Jan. 19, 2023)	-	-	-
5.	Bandhan Overnight Fund	Open-ended debt scheme	-	CARE A1+ mfs	1) CARE A1+ mfs (June 22, 2023)	1) CARE A1+ mfs (June 24, 2022)	1) CARE A1+ mfs (June 29, 2021)	1) CARE A1+ mfs (July 14, 2020)	-

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities**

Not applicable

**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of Instrument	Complexity Level
1	Credit quality rating	Simple

**Annexure-5: Lender details:** Not applicable

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

## Contact us

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### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

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