

April 16, 2020

## PGIM India Asset Management Private Limited: Rating assigned to PGIM India Money Market Fund

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
PGIM India Money Market Fund	-	-	[ICRA]A1+mfs; assigned
PGIM India Ultra Short-term Fund	-	-	[ICRA]AAA mfs; outstanding
PGIM India Overnight Fund	-	-	[ICRA]A1+mfs; outstanding
PGIM India Dynamic Bond Fund	-	-	[ICRA]AAA mfs; outstanding
PGIM India Insta Cash Plus Fund	-	-	[ICRA]AAA mfs; outstanding
PGIM India Banking and PSU Debt Fund	-	-	[ICRA]AAA mfs; outstanding
PGIM India Premier Bond Fund	-	-	[ICRA]AAA mfs; outstanding

\*Instrument details are provided in Annexure-1

### Rationale and key rating drivers

The rating assigned is based on the portfolio of the scheme with the credit score of the portfolio being comfortable at the assigned rating level<sup>1</sup>.

The ratings indicate ICRA's opinion on the credit quality of the portfolios that the funds hold. They do not indicate the AMC's willingness or ability to make timely payments to the fund's investors. The ratings should not be construed as an indication of expected returns, prospective performance of the mutual fund scheme, net asset value (NAV) or volatility in its returns.

ICRA's mutual fund rating methodology is based on evaluating the inherent credit quality of the fund's portfolio. As a measure of the credit quality of a debt fund's assets, ICRA uses the concept of "credit scores". These scores are based on ICRA's estimates of the credit risk associated with each exposure of the portfolio taking into account its maturity. To quantify the credit risk scores, ICRA uses its database of historical default rates for various rating categories and maturity buckets. The credit risk ratings incorporate ICRA's assessment of a debt fund's published investment objectives and policies, its management characteristics, and the creditworthiness of its investment portfolio. ICRA reviews

relevant fund information on an ongoing basis to support its published rating opinions. If the portfolio credit score meets the benchmark of the assigned rating during the review, the rating is retained. In an event that the benchmark credit score is breached, ICRA gives a month's time to the debt fund manager to bring the portfolio

<sup>1</sup> For definitions of rating scale visit [www.icra.in](http://www.icra.in)

credit score within the benchmark credit score. If the debt fund manager is able to reduce the portfolio credit score within the benchmark credit score, the rating is retained. If the portfolio still continues to breach the benchmark credit score, the rating is revised to reflect the change in credit quality.

### Liquidity position: Not applicable

### Rating sensitivities

Positive triggers – Not applicable

Negative triggers – ICRA could downgrade the rating of schemes if the credit quality of the underlying investment deteriorates or the size of 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="#">ICRA- Mutual Fund Credit Risk Rating Methodology</a>
Parent/Group Support	: applicable
Consolidation/Standalone	: applicable

### About the company

Incorporated in September 2008, PGIM India Asset Management Private Limited is the investment manager of PGIM India Mutual Fund. In July 2019, PGIM India Asset Management Private Limited announced that it has completed the 100% stake acquisition of its earlier 50% stake held in joint venture with DHFL Pramerica Asset Managers Private Limited. The company extends asset management, investment advisory and portfolio management services to its investors. The AMC's quarterly average AUM stood at Rs. 4,335.29 crore<sup>2</sup> for the quarter ending March 2020.

#### PGIM India Money Market Fund

PGIM India Money Market Fund is an open-ended debt scheme launched in March 2020. The investment objective of the scheme is to provide reasonable returns commensurate with low risk and providing a high level of liquidity, through investments made in money market instruments having maturity in 4-5 months. The scheme had an AUM of Rs. 102 crore as on March 31, 2020.

#### PGIM India Ultra short-term Fund

The fund was acquired by PGIM India Asset Management Private Limited and renamed to PGIM India Ultra Short term fund in August 2019. Originally, the open-ended scheme was launched in November 2008. The investment objective of the scheme is to provide reasonable returns commensurate with low risk and providing a high level of

<sup>2</sup> Source: <https://www.amfiindia.com>

liquidity, through investments made primarily in debt and money market instruments having maturity in 3-6 months. The scheme had an AUM of Rs. 82 crore as on March 31, 2020.

#### **PGIM India Overnight Fund**

PGIM India Overnight Fund is an open-ended debt scheme launched in August 2019. The investment objective of the scheme is to provide reasonable returns commensurate with low risk and providing a high level of liquidity, through investments made primarily in overnight securities having maturity of one business day. The scheme had an AUM of Rs. 58 crore as on March 31, 2020.

#### **PGIM India Banking and PSU Debt Fund (erstwhile DHFL Pramerica Banking and PSU Fund)**

The fund was acquired by PGIM India Asset Management Private Limited and renamed to PGIM India Banking and PSU Debt Fund in August 2019. Originally, the open-ended scheme was launched in March 2013. The primary objective of the scheme is to seek to generate income and capital appreciation by investing predominantly in debt instruments issued by banks, public sector undertakings, public financial institutions and municipal bonds. The fund's assets under management (AUM) stood at Rs. 49 crore as on March 31, 2020.

#### **PGIM India Insta Cash Plus Fund (erstwhile DHFL Pramerica Insta Cash Fund)**

The fund was acquired by PGIM India Asset Management Private Limited and renamed to PGIM India Insta Cash Plus Fund in August 2019. DHFL Pramerica Insta Cash Fund (formerly known as DHFL Pramerica Insta Cash Plus Fund) was launched in September 2007. It is an open-ended scheme which seeks to generate steady returns along with high liquidity by investing in a portfolio of short-term, quality money market and debt instruments. The fund's AUM stood at Rs. 648 crore as on March 31, 2020.

#### **PGIM India Premier Bond Fund (erstwhile DHFL Pramerica Premier Bond Fund)**

The fund was acquired by PGIM India Asset Management Private Limited and renamed to PGIM India Premier Bond Fund in August 2019. DHFL Pramerica Premier Bond Fund was launched in January 2003. It is an open-ended scheme which seeks to generate income through investments in a range of corporate debt, central & state government securities and money market instruments. The fund's AUM stood at Rs. 55 crore as on March 31, 2020.

#### **PGIM India Dynamic Bond Fund (erstwhile DHFL Pramerica Dynamic Bond Fund)**

The fund was acquired by PGIM India Asset Management Private Limited and renamed to PGIM India Dynamic Bond Fund in August 2019. DHFL Pramerica Dynamic Bond Fund is an open-ended income scheme launched in January 2012. The primary investment objective of the scheme is to generate returns through active management of a portfolio of debt and money market instruments. The fund's AUM stood at Rs. 50 crore as on March 31, 2020.

## **Key financial indicators: Not applicable**

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

## **applicable Any other information: None**

### Rating history for past three years

Sr No	Instrument	Current Rating (FY2021)				Chronology of Rating History for the past 3 years							
		Type	Rated Amount	Amount Outstanding	16-Apr-20	FY2020			FY2019			FY2018	
						30-Dec-19	27-Nov-19	30-Apr-19*	22-Mar-19	15-Feb-19	30-Apr-18	14-Jun-17	
1	PGIM India Money Market Fund	Short Term			[ICRA] A1+mfs	-	-	-	-	-	-	-	-
2	PGIM India Ultra Short- term Fund	Long Term	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	-	[ICRA]A+mfs; withdrawn	[ICRA]AA+mfs @; put on notice of withdrawal for 1 month	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs
3	PGIM India Overnight Fund	Short Term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA] A1+mfs	-	-	-	-	-	-
4	PGIM India banking and PSU Debt Fund	Long Term	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs
5	PGIM India Dynamic Bong Fund	Long Term	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs
6	PGIM India Insta Cash Fund	Long Term	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs
7	PGIM India Premier Bond Fund	Long Term	-	-	[ICRA]A AAmfs	[ICRA]AA Amfs	[ICRA]A AAmfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs	[ICRA]A AAmfs

\* Ratings outstanding on the corresponding schemes under DHFL Pramerica Asset Managers Pvt. Ltd. were acquired by PGIM India Asset Management Private Limited

@signifies ratings placed on watch with negative implications

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## Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

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**Annexure-1: Instrument details: Not applicable**

**Annexure-2: List of entities considered for consolidated analysis: Not applicable**

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### About ICRA Limited:

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