HDFC Asset Management Company Limited

June 06, 2018

Summary of rated instruments

Instrument	Current Rated Amount (Rs. crore)	Rating Action
HDFC Fixed Maturity Plan 97D May 2018 (1) Series 40	-	[ICRA]A1+mfs; assigned
HDFC Capital Protection Oriented Fund Series III – Plan 2	-	[ICRA]AAAmfs(SO); outstanding
HDFC Capital Protection Oriented Fund Series III – Plan 3	-	[ICRA]AAAmfs(SO); outstanding
HDFC Cash Management Fund – Treasury Advantage Plan	-	[ICRA]AAAmfs; outstanding
HDFC Medium Term Opportunities Fund	-	[ICRA]AAAmfs; outstanding
HDFC Short Term Opportunities Fund	-	[ICRA]AAAmfs; outstanding
HDFC Income Fund	-	[ICRA]AAAmfs; outstanding
HDFC Floating Rate Income Fund – Short-Term Plan	-	[ICRA]A1+mfs; outstanding
HDFC Liquid Fund	-	[ICRA]A1+mfs; outstanding
HDFC Cash Management Fund – Savings Plan	-	[ICRA]A1+mfs; outstanding
HDFC Banking and PSU Debt Fund	-	[ICRA]AA-mfs; outstanding
HDFC High Interest Fund - Short-Term Plan	-	[ICRA]AAmfs; outstanding
HDFC High Interest Fund - Dynamic Plan	-	[ICRA]AA+mfs; outstanding
Total	-	

Rating action

ICRA has assigned the rating of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) to HDFC Fixed Maturity Plan 97D May 2018 (1) Series 40 of HDFC Asset Management Company Limited (the AMC)[1]. Schemes with the "[ICRA]A1mfs" rating are considered to have a very strong degree of safety regarding the timely receipt of payments from the investments that they have made. The modifier {"+" (plus)} can be used with the rating symbol to reflect the comparative standing within the category.

ICRA also has a rating outstanding of [ICRA]AAAmfs (pronounced triple A m f s) on HDFC Cash Management Fund – Treasury Advantage Plan, HDFC Medium Term Opportunities Fund, HDFC Short Term Opportunities Fund and HDFC Income Fund. ICRA also has a rating outstanding of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) on HDFC Floating Rate Income Fund – Short-Term Plan, HDFC Liquid Fund and HDFC Cash Management Fund – Savings Plan of the AMC. ICRA also has ratings outstanding of [ICRA]AA-mfs (pronounced ICRA double A minus m f s) on HDFC Banking and PSU Debt Fund, [ICRA]AAmfs (pronounced ICRA double A m f s) on HDFC High Interest Fund - Short-Term Plan and [ICRA]AA+mfs (pronounced ICRA double A plus m f s) on HDFC High Interest Fund - Dynamic Plan. ICRA also has a rating outstanding of [ICRA]AAAmfs(SO) (pronounced ICRA triple A m f s structured obligation) on HDFC Capital Protection Oriented Fund Series III – Plan 2 and Plan 3 of the AMC.

The ratings indicate ICRA's opinion on the credit quality of the portfolios that the funds hold; the ratings do not indicate the AMC's willingness, or ability, to make timely payments to the funds' 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 of volatility in its returns.

1 For complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications

Rationale and key rating drivers

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 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.

The portfolio structure for capital protection schemes have been designed to protect the unit holder's capital at maturity, which is ensured by investing a majority of the portfolio in debt securities maturing on or before the maturity of the schemes. The schemes will invest in debt securities only with a rating of [ICRA]AAA or equivalent, mitigating any concerns regarding credit risk. The proportion of debt securities is calculated such that the redemption value of debt less AMC expenses will be equal to or greater than the initial unit holder's capital, offering the highest degree of protection to the unit holder's capital at maturity. ICRA has factored in the credit risk of debt investments, reinvestment risk of interim receipts, precondition of marginal tenure mismatches and obligor concentrations. The debt portion would be passively managed. The balance portion would be invested in equity and equity-linked instruments to provide any upside potential to the unit holders. At the same time, given the proportion of high credit quality debt investments and the portfolio structure, the downside is protected, and the investor may not suffer loss of initial investment at the time of maturity.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:
ICRA- Mutual Fund Credit Risk Rating Methodology

About the company:
HDFC Asset Management Company Limited

The rated scheme is a mutual fund scheme of HDFC Mutual Fund (HDFC MF) and is managed by HDFC Asset Management Company Limited (a joint venture with Standard Life Investments). The average assets under management (AUM) of schemes of HDFC Mutual Fund, during the quarter ended March 31, 2018 (including Fund of Fund Schemes), was Rs. 3,00,794 crore.

HDFC FMP 97D May 2018 (1) Series 40

HDFC FMP 97D May 2018 (1) Series 40 is a close-ended debt scheme with maturity of 97 days. The investment objective of the scheme is to generate returns through investments in debt and money market instruments with a view to reduce the interest rate risk. The scheme will invest in debt and money market securities, maturing on or before the maturity of the scheme.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Sr. No.	Scheme	Current Rating (FY2019)				Chronology of Rating History for the past 3 years							
		Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)		FY2019	FY2018		FY2017			FY2016	
					June-18	Apr-18	Jun-17	Apr-17	Nov-16	Jun-16	Apr-16	Jun-15	May-15
1	HDFC Fixed Maturity Plan 97D May 2018 (1) Series 40	Short-term	-	-	[ICRA]A1+mfs	-	-	-	-	-	-	-	-
2	HDFC Capital Protection Oriented Fund Series III – Plan 2	Long Term	-	-	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAAmfs(SO)
3	HDFC Capital Protection Oriented Fund Series III – Plan 2	Long Term	-	-	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAAmfs(SO)
4	HDFC Cash Management Fund – Treasury Advantage Plan	Long Term	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAAmfs
5	HDFC Medium Term Opportunities Fund	Long Term	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAAmfs

Sr. No.	Scheme	Current Rating (FY2019)				Chronology of Rating History for the past 3 years							
		Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)		FY2019	FY2018		FY2017			FY2016	
					June-18	Apr-18	Jun-17	Apr-17	Nov-16	Jun-16	Apr-16	Jun-15	May-15
6	HDFC Short Term Opportunities Fund	Long Term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
7	HDFC Income Fund	Long Term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
8	HDFC Floating Rate Income Fund – Short-Term Plan	Short-term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
9	HDFC Liquid Fund	Short-term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
10	HDFC Cash Management Fund – Savings Plan	Short-term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
11	HDFC Banking and PSU Debt Fund	Long Term	-	-	[ICRA]AA-mfs	[ICRA]AA-mfs	[ICRA]AA-mfs	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	-	-
12	HDFC High Interest Fund - Short-Term Plan	Long Term	-	-	[ICRA]AAmfs	[ICRA]AAmfs	[ICRA]AAmfs	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AA+mfs

Sr. No.	Scheme	Current Rating (FY2019)				Chronology of Rating History for the past 3 years							
		Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)		FY2019	FY2018		FY2017			FY2016	
					June-18	Apr-18	Jun-17	Apr-17	Nov-16	Jun-16	Apr-16	Jun-15	May-15
13	HDFC High Interest Fund - Dynamic Plan	Long Term	-	-	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs

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

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	NA	NA	NA	NA	NA	NA

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

Neha Parikh
+91 22 6114 3426
neha.parikh@icraindia.com

Parvathy S
+91 22 6114 3428
parvathy.s@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Corporate Office
Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002
Tel: +91 124 4545300
Email: info@icraindia.com
Website: www.icra.in

Registered Office
1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001
Tel: +91 11 23357940-50

Branches

Mumbai	+ (91 22) 24331046/53/62/74/86/87
Chennai	+ (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata	+ (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore	+ (91 80) 2559 7401/4049
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