HDFC Asset Management Company Limited

June 15, 2018

Summary of rated instruments

Instrument	Current Rated Amount (Rs. crore)	Rating Action
HDFC Low Duration Fund (erstwhile HDFC Cash Management Fund – Treasury Advantage Plan)	-	[ICRA]AA+mfs; downgraded from [ICRA]AAAmfs
HDFC Corporate Bond Fund (erstwhile HDFC Medium Term Opportunities Fund after merger of HDFC Floating Rate Income Fund – Long Term Plan and HDFC Gilt Fund – Short Term Plan)	-	[ICRA]AAAmfs; reaffirmed
HDFC Short Term Debt Fund (erstwhile HDFC Short Term Opportunities Fund)	-	[ICRA]AAAmfs; reaffirmed
HDFC Floating Rate Debt Fund (erstwhile HDFC Floating Rate Income Fund – Short-Term Plan)	-	[ICRA]A1+mfs; reaffirmed
HDFC Liquid Fund	-	[ICRA]A1+mfs; reaffirmed
HDFC Cash Management Fund – Savings Plan	-	[ICRA]A1+mfs; reaffirmed
HDFC Banking and PSU Debt Fund	-	[ICRA]AA-mfs; reaffirmed
HDFC Income Fund	-	[ICRA]AA+mfs; downgraded from [ICRA]AAAmfs and put on notice for withdrawal for 1 month
HDFC Medium Term Debt Fund (erstwhile HDFC High Interest Fund – Short-Term Plan)	-	[ICRA]AAmfs; reaffirmed, put on notice for withdrawal for 1 month
HDFC Dynamic Debt Fund (erstwhile HDFC High Interest Fund – Dynamic Plan)	-	[ICRA]AA+mfs; reaffirmed, put on notice for withdrawal for 1 month

Rating action

ICRA has reaffirmed the credit risk rating of [ICRA]AAAmfs (pronounced ICRA triple A m f s) for HDFC Asset Management Company Limited's HDFC Corporate Bond Fund and HDFC Short Term Debt Fund[1]. Schemes with [ICRA]AAAmfs rating are considered to have the strongest degree of safety regarding the timely receipt of payments from the investments that they have made. ICRA has also reaffirmed the credit risk ratings of [ICRA]AA+mfs (pronounced ICRA double A plus m f s) for HDFC Dynamic Debt Fund, [ICRA]AAmfs for HDFC Medium Term Debt Fund and [ICRA]AA-mfs (pronounced ICRA double A minus m f s) for HDFC Banking and PSU Debt Fund. Schemes with [ICRA]AAmfs rating are considered to have a high degree of safety regarding the timely receipt of payments from the investments that they have made. The modifier {"+" (plus)/ "-" (minus)} reflects the comparative standing within the category. ICRA has also reaffirmed the credit risk rating of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) for HDFC Floating Rate Debt Fund, HDFC Liquid Fund and HDFC Cash Management Fund – Savings Plan. Schemes with this rating are considered to have a very strong degree of safety regarding the timely receipt of payments from the investments that they have made. This scale applies to debt funds with weighted average maturity of up to one year. ICRA has revised the rating of the HDFC Low Duration Fund and HDFC Income Fund from [ICRA]AAAmfs to [ICRA]AA+mfs. ICRA has also put the credit risk ratings of HDFC Income Fund, HDFC Medium Term Debt Fund and HDFC Dynamic Debt Fund on notice for withdrawal for one month, at the request of the fund house. The ratings, however, should not be construed as an indication of expected returns, the prospective performance of the mutual fund scheme, NAV or 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.

Outlook: Not applicable

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

HDFC Cash Management Fund – Savings Plan

Launched in November 1999, HDFC-CMS is an open-ended liquid mutual fund scheme with a stated objective of generating optimal returns while maintaining safety and high liquidity by investing in money market and debt instruments. The fund's AUM stood at Rs. 5,438 crore as on May 31, 2018, with average residual maturity of less than 2 months on that date.

HDFC Liquid Fund

Launched in October 2000, HDFC-LF is an open-ended liquid mutual fund scheme with a stated objective to enhance income consistent with a high level of liquidity, through a portfolio mix comprising money market and debt instruments. The fund's AUM stood at Rs. 38,976 crore as on May 31, 2018 with average maturity of less than 2 months on that date.

HDFC Floating Rate Debt Fund (erstwhile HDFC Floating Rate Income Fund - Short-Term Plan)

Launched in January 2003, HDFC-FRDF is an open-ended income fund with a stated objective to generate regular income through investment in floating rate debt and money market instruments, fixed rate debt and money market instruments swapped for floating rate returns, and fixed rate debt securities and money market instruments. The fund's AUM stood at Rs. 17,078 crore as on May 31, 2018 with average maturity of ~1 year on that date.

HDFC Low Duration Fund (erstwhile HDFC Cash Management Fund - Treasury Advantage Plan)

Launched in November 1999, HDFC-LDF is an open-ended income scheme with a stated objective to generate regular income through investment in debt securities and money market instruments. The fund's corpus stood at Rs. 10,745 crore as on May 31, 2018 with average residual maturity of ~1.12 years on that date.

HDFC Medium Term Debt Fund (erstwhile HDFC High Interest Fund - Short Term Plan)

Launched in February 2002, HDFC-MTDF is an open-ended income scheme with a stated objective of generating income by investing in a range of debt and money market instruments of various maturity dates with a view of maximising income while maintaining an optimum balance between yield, safety and liquidity. The scheme's AUM stood at Rs. 1,470 crore as on May 31, 2018 with average residual maturity of ~3.45 years on that date.

HDFC Dynamic Debt Fund (erstwhile HDFC High Interest Fund – Dynamic Plan)

Launched in April 1997, HDFC-DDF is an open-ended income scheme with a stated objective of generating income by investing in a range of debt and money market instruments of various maturity dates with a view of maximising income while maintaining an optimum balance between yield, safety and liquidity. The fund's AUM stood at Rs. 1,398 crore as on May 31, 2018 with average residual maturity of ~5.82 years on that date.

HDFC Income Fund

Launched in September 2000, HDFC-IF is an open-ended income scheme with a stated objective of optimising returns while maintaining a balance between safety, yield and liquidity. The fund's AUM stood at Rs. 1,128 crore as on May 31, 2018 with average maturity of ~6.42 years on that date.

HDFC Corporate Bond Fund (erstwhile HDFC Medium Term Opportunities Fund)

Launched in May 2018, after the merger of HDFC Medium Term Opportunities Fund with HDFC Floating Rate Income Fund – Long Term Plan, and HDFC Gilt Fund – Short Term Plan, HDFC-CBF is an open-ended income scheme with a stated objective to generate regular income through investments in debt and money market instruments and Government securities with maturities not exceeding 60 months. The fund's AUM stood at Rs. 12,909 crore as on May 31, 2018 with average residual maturity of ~2.39 years on that date.

HDFC Short Term Debt Fund (erstwhile HDFC Short Term Opportunities Fund)

Launched in June 2010, HDFC-STDF is an open-ended income scheme with a stated objective to generate regular income through investments in debt and money market instruments and Government securities. The fund's AUM stood at Rs. 10,460 crore as on May 31, 2018 with average maturity of ~1.41 years on that date.

HDFC Banking and PSU Debt fund

Launched in March 2014, HDFC -BPSU is an open-ended income scheme with a stated objective to generate regular income through investments in debt and money market instruments consisting predominantly of securities issued by entities such as scheduled commercial banks and public sector undertakings. The scheme's AUM stood at Rs. 3,327 crore as on May 31, 2018 with average residual maturity of ~3.66 years on that date.

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) Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	Jun-18	Chronology of Rating History for the past 3 years FY2019 June-18	Apr-18	FY2018 Jun-17	Apr-17	FY2017 Nov-16	Jun-16	Apr-16	FY2016 Jun-15	May-15
1	HDFC Fixed Maturity Plan 97D May 2018 (1) Series 40	Short-term	-	-	[ICRA]A1+ mfs	[ICRA]A1 +mfs	-	-	-	-	-	-	-	-
2	HDFC Capital Protection Oriented Fund Series III – Plan 2	Long Term	-	-	[ICRA]AAA mfs (SO)	[ICRA]AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA]AAAmfs (SO)	[ICRA]AAAmfs (SO)	[ICRA]AAAmfs (SO)	[ICRA]AAAmfs (SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)
3	HDFC Capital Protection Oriented Fund Series III – Plan 2	Long Term	-	-	[ICRA]AAA mfs (SO)	[ICRA]AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA]AAAmfs (SO)	[ICRA]AAAmfs (SO)	[ICRA]AAAmfs (SO)	[ICRA]AAAmfs (SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)

Sr. No.	Scheme	Current Rating (FY2019) Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	Jun-18	Chronology of Rating History for the past 3 years FY2019 June-18	Apr-18	FY2018 Jun-17	Apr-17	FY2017 Nov-16	Jun-16	Apr-16	FY2016 Jun-15	May-15
4	HDFC Low Duration Fund	Long Term	-	-	[ICRA]AA+ mfs; revised from [ICRA]AAA mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
5	HDFC Corporate Bond Fund	Long Term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
6	HDFC Short Term Debt Fund	Long Term	-	-	[ICRA]AAAmfs	[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]AA+ mfs; revised from [ICRA]AAA mfs and put on notice for withdraw	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[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)	Jun-18	FY2019		FY2018		FY2017			FY2016	
						June-18	Apr-18	Jun-17	Apr-17	Nov-16	Jun-16	Apr-16	Jun-15	May-15
					al for 1 month									
8	HDFC Floating Rate Debt 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	[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	[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	[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]AA+mfs	[ICRA]AAAmfs	[ICRA]AAA mfs	-	-

Sr. No.	Scheme	Current Rating (FY2019) Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	Jun-18	Chronology of Rating History for the past 3 years FY2019 June-18	Apr-18	FY2018 Jun-17	Apr-17	FY2017 Nov-16	Jun-16	Apr-16	FY2016 Jun-15	May-15
12	HDFC Medium Term Debt Fund	Long Term	-	-	[ICRA]AA mfs; put on notice for withdrawal for 1 month	[ICRA]AA mfs	[ICRA] AAmfs	[ICRA]AA mfs	[ICRA]AA +mfs	[ICRA]AA +mfs	[ICRA]AA +mfs	[ICRA]AA+ mfs	[ICRA]AA+ mfs	[ICRA]AA+ mfs
13	HDFC Dynamic Debt Fund	Long Term	-	-	[ICRA]AA+ mfs; put on notice for withdrawal for 1 month	[ICRA]AA +mfs	[ICRA] AA+mfs	[ICRA]AA +mfs	[ICRA]AA Amfs	[ICRA]AA Amfs	[ICRA]AA Amfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs

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

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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.

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