HDFC Asset Management Company Limited

March 22, 2019

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
HDFC Overnight Fund	-	[ICRA]A1+mfs; assigned
HDFC Ultra Short Term Fund	-	[ICRA]A1+mfs; assigned
HDFC Fixed Maturity Plan 97D May 2018 (1) Series 40	-	[ICRA]A1+mfs; withdrawn
HDFC Short Term Debt Fund	-	[ICRA]AAAmfs@; outstanding
HDFC Banking and PSU Debt Fund	-	[ICRA]AA-mfs@; outstanding
HDFC Low Duration Fund	-	[ICRA]AA+mfs; outstanding
HDFC Corporate Bond Fund	-	[ICRA]AAAmfs; outstanding
HDFC Floating Rate Debt Fund	-	[ICRA]A1+mfs; outstanding
HDFC Liquid Fund	-	[ICRA]A1+mfs; outstanding
HDFC Money Market Fund	-	[ICRA]A1+mfs; outstanding
Total	-	

@ denotes under Rating Watch with Negative Implications
**Instrument details are provided in Annexure-1*

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. If 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 The rating on HDFC Fixed Maturity Plan 97D May 2018 (1) Series 40 has been withdrawn as the schemes have matured and there is no amount outstanding against the rated plans.

Liquidity: Not applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA- Mutual Fund Credit Risk Rating Methodology
Parent/Group Support	Not applicable
Consolidation / Standalone	Not applicable

About the company

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 promoters, Housing Development Finance Corporation Limited (HDFC) and Standard Life Investments Limited hold stakes of 52.81% and 29.96%, respectively, in the company, while the rest is held by public shareholders. The average assets under management (AUM) of HDFC MF's schemes for the quarter ended December 31, 2018 was Rs. 3,34,964 crore[1].

HDFC Ultra Short Term Fund
Launched in September 2018, this is an open-ended short-term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. The scheme's AUM stood at Rs. 3,030.81 crore as on February 28, 2019 with an average maturity of ~171 days (0.47 years) on that date.

HDFC Overnight Fund
Launched in February 2002, the open-ended debt scheme investing in overnight securities. The scheme's AUM stood at Rs. 7,801.20 crore as on February 28, 2019 with an average maturity of ~1 day on that date.

HDFC FMP 97D May 2018 (1) Series 40
The scheme was launched in June 2018.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

[1] *Source: www.amfiindia.com*

Rating history for last three years

S r. N o .	Scheme	Current Rating (FY2019)				Chronology of Rating History for the Past 3 Years										
						FY2019				FY2018		FY2017			FY2016	
		Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	Mar-19	Jan-19	Jun-18	Jun-18	Apr-18	Jun-17	Apr-17	Nov-16	Jun-16	Apr-16	Jun-15	May-15
1	HDFC Ultra Short Term Fund	Short Term	-	-	[ICRA]A1 +mfs; assigned	-	-	-	-	-	-	-	-	-	-	-
2	HDFC Overnight Fund	Short Term	-	-	[ICRA]A1 +mfs; assigned	-	-	-	-	-	-	-	-	-	-	-
3	HDFC Fixed Maturity Plan 97D May 2018 (1) Series 40	Short -term	-	-	[ICRA]A1 +mfs; withdrawn	[ICRA]A1 +mfs	[ICRA]A 1+mfs	[ICRA]A 1+mfs	-	-	-	-	-	-	-	-

4	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	[ICRA]AAAmfs	[ICRA]AAAmfs
5	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]AA+mfs	[ICRA]AA+mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	-	-
6	HDFC Low Duration Fund	Long Term	-	-	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AA+mfs; revised from [ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
7	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	[ICRA]AAAmfs	[ICRA]AAAmfs

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	[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	[ICRA]A1+mfs	[ICRA]A1+mfs
10	HDFC Money Market 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	[ICRA]A1+mfs	[ICRA]A1+mfs

@ denotes under Rating Watch with Negative Implications

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: Not applicable

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About ICRA Limited:

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