

HDFC Asset Management Company Limited

| Scheme | Rating Action |
|---|-------------------------|
| | June-2016 |
| HDFC Cash Management Fund – Savings Plan | [ICRA]A1+mfs reaffirmed |
| HDFC Liquid Fund | [ICRA]A1+mfs reaffirmed |
| HDFC Floating Rate Income Fund - Short-Term Plan | [ICRA]A1+mfs reaffirmed |
| HDFC Cash Management Fund – Treasury Advantage Plan | [ICRA]AAAmfs reaffirmed |
| HDFC Medium Term Opportunities Fund | [ICRA]AAAmfs reaffirmed |
| HDFC Short Term Opportunities Fund | [ICRA]AAAmfs reaffirmed |
| HDFC Income Fund | [ICRA]AAAmfs reaffirmed |
| HDFC High Interest Fund – Dynamic Plan | [ICRA]AAAmfs reaffirmed |
| HDFC Banking and PSU Debt Fund | [ICRA]AAAmfs reaffirmed |
| HDFC High Interest Fund - Short Term Plan | [ICRA]AA+mfs reaffirmed |
| HDFC Quarterly Interval Fund – Plan A | [ICRA]A1+mfs withdrawn |
| HDFC Quarterly Interval Fund – Plan B | [ICRA]A1+mfs withdrawn |
| HDFC Quarterly Interval Fund – Plan C | [ICRA]A1+mfs withdrawn |

ICRA has reaffirmed credit risk rating of [ICRA]A1+mfs (pronounced ICRA A One plus m f s) ¹ to HDFC Cash Management Fund – Savings Plan (HDFC-CMS), HDFC Liquid Fund (HDFC-LF) and HDFC Floating Rate Income Fund – Short Term Plan (HDFC-FRSTP). Schemes with this rating are considered to have very strong degree of safety regarding timely receipt of payments from the investments that they have made. The modifier {"+" (plus)} reflects the comparative standing within the category.

ICRA has reaffirmed the credit risk rating of [ICRA]AAAmfs (pronounced ICRA triple A m f s) to HDFC Cash Management Fund – Treasury Advantage Plan (HDFC-TAP), HDFC Medium Term Opportunities Fund (HDFC-MTO), HDFC Short Term Opportunities Fund (HDFC-STO), HDFC Income Fund (HDFC-IF), HDFC High Interest Fund – Dynamic Plan (HDFC-HIFDP) and HDFC Banking and PSU Debt Fund (HDFC-BPSU). Schemes with this rating are considered to have very strong degree of safety regarding timely receipt of payments from the investments that they have made.

ICRA has also reaffirmed and the ratings of [ICRA]AA+mfs (pronounced ICRA double A plus m f s) HDFC High Interest Fund – Short Term Plan (HDFCHISTP).

ICRA has withdrawn the [ICRA]A1+ rating assigned to HDFC Quarterly Interval Fund (Plan A, B & C) as the rated schemes have matured.

The ratings should, however, not be construed as an indication of the performance of the Mutual Fund scheme, NAV or of volatility in its returns.

Asset Management Company and Fund Details

The above schemes are mutual fund schemes of HDFC Mutual Fund (HDFC MF) and are managed by HDFC Asset Management Company Limited (a joint venture with Standard Life Investments). The Quarterly average Assets Under Management (AUM) by the asset management company (AMC) during January – March 2016 (excluding Fund of Fund Schemes) was Rs. 1,75,779 crores.

Launched in November 1999, HDFCCMS is an open ended liquid mutual fund scheme with a stated objective to generate optimal returns while maintaining safety and high liquidity by investing in Money Market Instruments and Debt Instruments. The fund's assets under management stood at Rs. 8,754 Crores as on May 31, 2016 with an average residual maturity of less than 2 months as on that date.

¹ For complete rating scale and definitions please refer to ICRA's Website www.icra.in or other ICRA Rating Publications

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 of money market and debt instruments. The fund's assets under management stood at Rs. 33,193 Crores as on May 31, 2016 and had an average maturity of less than 2 months as on that date.

Launched in January 2003, HDFCFRSTP is an open-end income fund with a stated objective to generate regular income through investment floating rate debt/money market instruments, fixed rate debt/money market instruments swapped for floating rate returns, and fixed rate debt securities and money market instruments. The fund's assets under management stood at Rs. 11,658 Crores as on May 31, 2016 and had an average maturity of about 1 year as on that date.

Launched in November 1999, HDFCTAP 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. 9,256 Crores as on May 31, 2016 and had an average residual maturity of around 14 months as on that date.

Launched in February 2002, HDFCHIFSTP is an open-ended income scheme with a stated objective to generate income by investing in a range of debt and money market instruments of various maturity dates with a view to maximising income while maintaining the optimum balance of yield, safety and liquidity. The scheme's assets under management stood at Rs. 1,606 Crores as on May 31, 2016 and had an average residual maturity of around 4.7 years as on that date.

Launched in April 1997, HDFC-HIFDP is an open ended income scheme with a stated objective to generate income by investing in a range of debt and money market instruments of various maturity dates with a view to maximising income while maintaining the optimum balance of yield, safety and liquidity. The fund's assets under management stood at Rs. 1,885 Crores as on May 31, 2016 with an average residual maturity of ~13 years as on that date.

Launched in Sep 2000, HDFC-IF is an open-ended income scheme with a stated objective to optimise returns while maintaining a balance of safety, yield and liquidity. The fund's assets under management stood at Rs. 2,858 Crores as on May 31, 2016 and had an average maturity of ~16 years as on that date.

Launched in June 2010, HDF-MTOF is an open ended income scheme with a stated objective to generate regular income through investments in Debt/Money Market Instruments and Government Securities with maturities not exceeding 60 months. The fund's assets under management stood at Rs. 4,699 Crores as on May 31, 2016 with an average residual maturity of ~3 years as on that date.

Launched in June 2010, HDFC-STOP is an open-ended income scheme with a stated objective to generate regular income through investments in Debt/Money Market Instruments and Government Securities. The fund's assets under management stood at Rs. 7,156 Crores as on May 31, 2016 and had an average maturity of 18 months as on that date.

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 assets under management stood at Rs. 562 crores as on May 31, 2016 and had an average residual maturity of around 2.7 years as on that date.

Launched in March 2007, HDFC Quarterly Interval Fund series (Plan A, B and C) is open ended interval schemes with a stated objective to generate regular income through investments in Debt / Money Market Instruments and Government Securities.

ICRA Credit Quality Rating Methodology for debt mutual fund schemes

ICRA's mutual fund rating methodology is based on evaluating the inherent credit quality of the funds 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 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 for various 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.

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