

July 06, 2017

HSBC Asset Management (India) Private Limited

Summary of rated instruments

Instrument*	Rating Action
HSBC Cash Fund	[ICRA]A1+mfs; reaffirmed
HSBC Ultra Short Term Bond Fund	[ICRA]A1+mfs; reaffirmed
HSBC Flexi Debt Fund	[ICRA]AAAmfs; reaffirmed
HSBC Income Fund- Short Term Plan	[ICRA]AAAmfs; reaffirmed

*Instrument details are provided in Annexure-1

Rating action

ICRA has reaffirmed the credit risk ratings of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) to HSBC Cash Fund & HSBC Ultra Short Term Bond Fund and [ICRA]AAAmfs (pronounced ICRA triple A m f s) to HSBC Flexi Debt Fund & HSBC Income Fund- Short Term Plan of HSBC Asset Management Company Private Limited (the AMC). Schemes with this rating are considered to have the highest degree of safety regarding timely receipt of payments from the investments that they have made¹.

The rating should, however, not be construed as an indication of the performance of the mutual fund scheme or of volatility in its returns.

Rationale

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 estimate 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 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.

The ratings have been assigned following ICRA's analysis of the credit risk profile of the month end portfolio positions for these schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their current level of ratings.

Analytical approach:

For arriving at the ratings for the debt schemes, ICRA has assessed the credit risk profile of the month end portfolio position for these schemes for the past 12 months.

Links to applicable criteria:

[Rating Methodology for Mutual Funds](#)

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



About the company:

HSBC Asset Management (India) Private Limited

The above schemes are mutual fund schemes of HSBC Mutual Fund which has been established as a Trust under the Indian Trusts Act, 1882 with HSBC Securities and Capital Markets (India) Private Limited as the sponsor and HSBC Asset Management (India) Private Limited as the AMC to the fund. The AMC had average assets under management of ~Rs. 8,812 crore during Q4FY2017.

HSBC Cash Fund

Launched in December 2002, HSBC Cash Fund is an open ended liquid scheme with a stated investment objective to provide reasonable returns, commensurate with low risk while providing high level of liquidity, through a portfolio of Money Market Instruments and debt securities. The fund's assets under management stood at Rs. 4,197 crore as on May 31, 2017 and had an average residual maturity of in the range of ~1 month as on May 31, 2017. The fund continues to maintain a high proportion of its investments rated at high credit quality.

HSBC Ultra Short Term Bond Fund

Launched in October 2006, HSBC Ultra Short Term Bond Fund is an open-ended income fund with a stated investment objective of providing liquidity and reasonable returns by investment in short term debt and money market instruments. The fund's assets under management stood at Rs. 458 crore as on May 31, 2017 and had an average residual maturity of around ~8 months as on May 31, 2017. The fund continues to maintain a high proportion of its investments rated at high credit quality in banks and NBFCs.

HSBC Flexi Debt Fund

Launched in October 2007, the HSBC Flexi Debt Fund is an open ended income fund that would invest in fixed income instruments across various maturity profiles. The investment objective of the fund is to deliver returns in the form of interest income and capital gains, along with high liquidity, commensurate with the current view on the markets and the interest rate cycle, through active investment in debt and money market instruments. The fund's assets under management stood at Rs.389 crore as on May 31, 2017 and had an average residual maturity of around 6 years and 6 months as on May 31, 2017. The fund continues to maintain the entire investment portfolio in papers rated at highest credit quality. Bulk of the investments under this scheme is in government securities as on date.

HSBC Income Fund- Short Term Plan

Launched in December 2002, HSBC Income Fund – Short term Plan is an open-ended income fund with a stated investment objective to provide a reasonable income through a diversified portfolio of fixed income securities. The fund's assets under management stood at Rs. 2,224 crore as on May 31, 2017 and had an average residual maturity of around two and a half years as on May 31, 2017. The fund primarily invests in corporate bonds of mainly AAA rated entities and money market instruments.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years:
Table:

Sr. No.	Name of Scheme	Current Rating (FY2018)			Chronology of Rating History for the past 3 years			
		Type	Rate d amo unt (Rs. cror e)	FY2018	FY2017	FY2016	FY2015	
				Jul-2017	Jul-16	Jun-15	May-14	
1	HSBC Cash Fund	Short Term	-	[ICRA]A1+mfs; Reaffirmed	[ICRA]A1+mfs; Reaffirmed	[ICRA]A1+mfs; Reaffirmed	[ICRA]A1+mfs; Reaffirmed	
2	HSBC Ultra Short Term Bond Fund	Short Term	-	[ICRA]A1+mfs; Reaffirmed	[ICRA]A1+mfs; Reaffirmed	[ICRA]A1+mfs; Reaffirmed	[ICRA]A1+mfs; Reaffirmed	
3	HSBC Flexi Debt Fund	Long Term	-	[ICRA]AAAmfs; Reaffirmed	[ICRA]AAAmfs; Reaffirmed	[ICRA]AAAmfs; Reaffirmed	[ICRA]AAAmfs; Reaffirmed	
4	HSBC Income Fund-Short Term Plan	Long Term	-	[ICRA]AAAmfs; Reaffirmed	[ICRA]AAAmfs; Reaffirmed	[ICRA]AAAmfs; Reaffirmed	[ICRA]AAAmfs; Reaffirmed	

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

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	NA	NA	NA	NA	NA

Contact Details

Analyst Contacts:

Karthik Srinivasan

(Tel. No. +91 22 6114 3444)

karthiks@icraindia.com

Neha Parikh

(Tel. No. +91 6114 3426)

neha.parikh@icraindia.com

Saumya Aggarwal

(Tel No. +91 22 6114 3425)

saumya.aggarwal@icraindia.com

Relationship Contacts:

L. Shivakumar

(Tel. No. +91 22 61143 406)

shivakumar@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

© Copyright, 2017, ICRA Limited. All Rights Reserved

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500