

## HDFC Asset Management Company Limited

June 28, 2022

### Ratings

Scheme Name	Scheme Type	Rating <sup>1</sup>	Rating Action
HDFC Floating Rate Debt Fund	Open-Ended Debt Scheme	CARE AAAmfs [Triple A mfs]	Reaffirmed
HDFC Liquid Fund	Open-Ended Liquid Scheme	CARE AAAmfs [Triple A mfs]	Reaffirmed
HDFC Low Duration Fund	Open-Ended Low Duration Debt Scheme	CARE AAAmfs [Triple A mfs]	Reaffirmed
HDFC Money Market Fund	Open-Ended Debt Scheme	CARE AAAmfs [Triple A mfs]	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Detailed rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed the credit quality ratings assigned to HDFC Floating Rate Debt Fund, HDFC Liquid Fund, HDFC Low Duration Fund and HDFC Money Market Fund. These funds are managed by HDFC Asset Management Company Limited (AMC).

Schemes rated 'CARE AAAmfs' are considered to have highest degree of safety regarding timely receipt of payments from the investments that they have made.

CARE Ratings' fund credit quality ratings are opinions on the overall credit quality of the specific debt mutual fund scheme. CARE Ratings' fund credit quality rating is not a recommendation to purchase, sell, or hold a security/fund. It neither comments on the current market price, suitability for a particular investor, nor on the prospective performance of the fund with respect to appreciation, volatility of net asset value (NAV), or yield of the fund. The ratings do not address the fund's ability to meet the payment obligations to the investors.

The fund ratings capture the fund's overall exposure to default risk. CARE Ratings' fund credit quality ratings are based on evaluation of the fund's investment strategy and portfolio credit risk. It also involves evaluation of the credit quality of individual assets as well as the diversification of the portfolio. CARE Ratings uses the concept of credit scores, assigned to individual securities, as per the credit scoring matrix developed by CARE Ratings.

CARE Ratings reviews the rated mutual fund schemes on an ongoing basis to support its published rating opinions. As such, the monthly reports of the fund are examined. While the fund has to maintain the fund credit score within the benchmark fund scores, in a particular month, if the fund credit score breaches the benchmark, CARE Ratings generally provides one month to the asset management company (AMC) to realign the score. The credit scores of the above four schemes have been calculated based on the portfolio outstanding as on May 31, 2022, and are within the benchmarks set by CARE Ratings.

### Analytical approach

Assessment of underlying credit quality of the debt schemes.

### Applicable criteria

[CARE Ratings' fund credit quality rating criteria](#)

### About the funds

**HDFC Floating Rate Debt Fund:** HDFC Floating Rate Debt Fund was launched by HDFC Asset Management Company Limited in October 2007. The investment objective of the scheme is to generate regular income through investment in a portfolio comprising substantially of floating rate debt, fixed rate debt swapped for floating rate returns and money market instruments. The fund's asset under management stood at about ₹18,174 crore as on May 31, 2022.

**HDFC Liquid Fund:** HDFC Liquid Fund was launched by HDFC Asset Management Company Limited in October 2000. The investment objective of the scheme is to enhance income consistent with a high level of liquidity, through a judicious portfolio mix comprising of money market and debt instruments. The fund's asset under management stood at about ₹51,623 crore as on May 31, 2022.

**HDFC Low Duration Fund:** HDFC Low Duration Fund was launched by HDFC Asset Management Company Limited in November 1999. The investment objective of the scheme is to generate income/capital appreciation through investment in debt securities and money market instruments. The fund's asset under management stood at about ₹17,330 crore as on May 31, 2022.

**HDFC Money Market Fund:** HDFC Money Market Fund was launched by HDFC Asset Management Company Limited in November 1999. The investment objective of the scheme is to generate income/capital appreciation by investing in money market instruments. The fund's asset under management stood at about ₹13,367 crore as on May 31, 2022.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE publications

### About the company

HDFC Mutual Fund is one of India's largest mutual fund managers. Started in 1999, HDFC Mutual Fund set up as a joint venture between Housing Development Finance Corporation Limited (HDFC; rated 'CARE AAA; Stable') and Standard Life Investments Limited ("SLI"). HDFC Asset Management Company ("HDFC AMC") is the investment manager to the schemes of HDFC Mutual Fund ("HDFC MF"). HDFC Mutual Fund offer a comprehensive suite of savings and investment products across asset classes, which provide income and wealth creation opportunities to their large retail and institutional customer base of 89 lakh live accounts. HDFC Mutual Fund serves their customers and distribution partners in over 200 cities through their network of more than 220 branches and over 1,200 employees. HDFC Mutual Fund principal shareholders include Housing Development Finance Corporation Limited (HDFC) and Standard Life Investments Limited ("SLI") who own 52.68% and 21.24% stake (As on March 31, 2021) respectively. The AMC has reported average assets under management (AAUM) for schemes of HDFC Mutual Fund of ₹4,35,537 crore for the quarter ended March 31, 2022.

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of rated instruments/facilities:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure-4

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
HDFC Floating Rate Debt Fund	-	-	-	-	-	CARE AAAMfs [Triple A mfs]
HDFC Liquid Fund	-	-	-	-	-	CARE AAAMfs [Triple A mfs]
HDFC Low Duration Fund	-	-	-	-	-	CARE AAAMfs [Triple A mfs]
HDFC Money Market Fund	-	-	-	-	-	CARE AAAMfs [Triple A mfs]

### Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1.	HDFC Floating Rate Debt Fund	Open-Ended Debt Scheme	-	CARE AAAMfs	-	1) CARE AAAMfs (29-Jun-21)	1) CARE AAAMfs (07- July-20)	1) CARE AAAMfs (04- July-19)
2.	HDFC Liquid Fund	Open-Ended Liquid Scheme	-	CARE AAAMfs	-	1) CARE AAAMfs (29-Jun-21)	1) CARE AAAMfs (07- July-20)	1) CARE AAAMfs (04- July-19)
3.	HDFC Low Duration Fund	Open-Ended Low Duration Debt Scheme	-	CARE AAAMfs	-	1) CARE AAAMfs (29-Jun-21)	1) CARE AAAMfs (07- July-20)	1) CARE AAAMfs (04- July-19)
4.	HDFC Money Market Fund	Open-Ended Debt Scheme	-	CARE AAAMfs	-	1) CARE AAAMfs (29-Jun-21)	1) CARE AAAMfs (07- July-20)	1) CARE AAAMfs (04- July-19)

### Annexure-3: Detailed explanation of covenants of the rated instruments/facilities

Not applicable

**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No	Name of Instrument	Complexity Level
1	Credit Quality Rating	Simple

**Note on complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

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**About us:**

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

**Disclaimer:**

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