

## HDFC Asset Management Company Limited

July 07, 2020

### Ratings:

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

*Details of instruments/facilities in Anneuxre-1*

### Detailed Rationale:

CARE 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. This fund is managed by HDFC Asset Management Company Limited.

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

CARE's fund credit quality ratings are opinions on the overall credit quality of specific Debt Mutual Fund scheme. CARE's 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 funds ability to meet the payment obligations to the investors.

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

CARE reviews the rated mutual fund scheme on an ongoing basis to support its published rating opinions. As such, 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 generally provides one month to the asset management company (AMC) to realign the score. The credit score of the above four schemes are on the basis of May 2020 portfolio which is within the benchmark set by CARE.

**Analytical Approach:** Assessment of Underlying Credit Quality of the Debt Schemes

### Applicable Criteria:

[CARE's Fund Credit Quality rating Criteria](#)

### About the 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 assets under management stood at Rs.8,959.06 crore as on May 31, 2020.

**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 assets under management stood at Rs.1,10,633.37 crore as on May 31, 2020.

<sup>1</sup> Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com)

**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 assets under management stood at Rs.12,615.43 crore as on May 31, 2020.

**HDFC Money Market Fund** was launched by HDFC Asset Management Company Limited in November 1999. The investment objective of the scheme is to generate optimal returns while maintaining safety and high liquidity. The fund's assets under management stood at Rs.7,591.62 crore as on May 31, 2020.

**Profile of Mutual Fund & AMC:**

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") (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 9.4 million live accounts. HDFC Mutual Fund serves their customers and distribution partners in over 200 cities through their network of 221 branches and 1,194 employees. HDFC Mutual Fund principal shareholders include Housing Development Finance Corporation Limited (HDFC) and Standard Life Investments Limited ("SLI") who own 52.72% and 26.89% stake (As on March 31, 2020) respectively.

The AMC has reported average assets under management (AAUM) for schemes of HDFC Asset Management Company Limited as Rs.3,56,183 crore for the quarter ended June 30, 2020.

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

**Any other information:** Not Applicable

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

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Rate	Size of the Issue (Rs. 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 of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1	HDFC Floating Rate Debt Fund	Open-Ended Debt Scheme	-	CARE AAAmfs	-	CARE AAAmfs (04-July-19)	CARE AAAmfs (06-Jul-18)	CARE AAAmfs (14-Jul-17)
2	HDFC Liquid Fund	Open-Ended Liquid Scheme	-	CARE AAAmfs	-	CARE AAAmfs (04-July-19)	CARE AAAmfs (06-Jul-18)	CARE AAAmfs (14-Jul-17)
3	HDFC Low Duration Fund	Open-Ended Debt Scheme	-	CARE AAAmfs	-	CARE AAAmfs (04-July-19)	CARE AAAmfs (06-Jul-18)	CARE AAAmfs (14-Jul-17)
4	HDFC Money Market Fund	Open-Ended Debt Scheme	-	CARE AAAmfs	-	CARE AAAmfs (04-July-19)	CARE AAAmfs (06-Jul-18)	CARE AAAmfs (14-Jul-17)

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

### Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**