

HDFC Asset Management Company Limited

July 04, 2019

Ratings

Scheme Name	Rating ¹	Rating action
HDFC Liquid Fund	CARE AAAMfs [Triple A mfs]	Reaffirmed
HDFC Money Market Fund	CARE AAAMfs [Triple A mfs]	Reaffirmed
HDFC Low Duration Fund	CARE AAAMfs [Triple A mfs]	Reaffirmed
HDFC Floating rate Debt Fund	CARE AAAMfs [Triple A mfs]	Reaffirmed

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has reaffirmed the credit quality rating of 'CARE AAAMfs' (Triple A mfs) assigned to HDFC Liquid Fund, HDFC Money Market Fund, HDFC Low Duration Fund and HDFC Floating rate Debt Fund. These funds are managed by HDFC Asset Management Company Limited.

Schemes rated 'AAAMfs' are considered to have the highest degree of safety regarding timely receipt of payments from the investment 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 provides one month to the asset management company (AMC) to realign the score.

Analytical approach: Assessment of underlying credit quality of the debt schemes

Applicable Criteria

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

About the Funds

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 (AUM) stood at Rs.87,799 crore as on May 31, 2019.

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 AUM stood at Rs.5,745 crore as on May 31, 2019.

HDFC Low Duration Fund was launched by HDFC Asset Management Company Limited in November 1999. The investment objective of the scheme is to generate regular income through investment in debt securities and money market instruments. The scheme's AUM stood at Rs.15,997 crore as on May 31, 2019.

¹ Complete definitions of the ratings assigned are available at www.careratings.com

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 / money market instruments, fixed rate debt / money market instruments swapped for floating rate returns and fixed rate debt securities and money market instruments. The scheme's AUM stood at Rs.11,084 crore as on May 31, 2019 .

Profile of AMC

HDFC Asset Management Company Ltd is a public limited company which has been appointed as the Asset Management Company of the HDFC Mutual Fund by HDFC Trustee Company Limited. HDFC Mutual Fund is sponsored by Housing Development Finance Corporation Limited and Standard Life Investments Limited. The AMC reported an average asset under management (AAUM) of Rs. 3,62,538.43 crore for quarter of April-June 2019.

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 Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
HDFC Liquid Fund	-	-	-	-	CARE AAAmfs
HDFC Money Market Fund	-	-	-	-	CARE AAAmfs
HDFC Low Duration Fund	-	-	-	-	CARE AAAmfs
HDFC Floating Rate Debt Fund	-	-	-	-	CARE AAAmfs

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1	HDFC Liquid Fund	Open-Ended Liquid Scheme	-	CARE AAAmfs	-	CARE AAAmfs (06-Jul-18)	CARE AAAmfs (14-Jul-17)	CARE AAAmfs (13-Jul-16)
2	HDFC Money Market Fund	Open-Ended Debt Scheme	-	CARE AAAmfs	-	CARE AAAmfs (06-Jul-18)	CARE AAAmfs (14-Jul-17)	CARE AAAmfs (13-Jul-16)
3	HDFC Low Duration Fund	Open-Ended Debt Scheme	-	CARE AAAmfs	-	CARE AAAmfs (06-Jul-18)	CARE AAAmfs (14-Jul-17)	CARE AAAmfs (13-Jul-16)
4	HDFC Floating Rate Debt Fund	Open-Ended Debt Scheme	-	CARE AAAmfs	-	CARE AAAmfs (06-Jul-18)	CARE AAAmfs (14-Jul-17)	CARE AAAmfs (13-Jul-16)

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. Investors/market intermediaries/regulators or others are welcome to write to 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 credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. 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.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is 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.

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