ICRA

July 19, 2017

HDFC Asset Management Company Limited

Summary of rated instruments

Instrument *	Rated Amount (in Rs. crore)	Rating Action
HDFC Capital Protection Oriented Fund Series II (Plan 3 and Plan 4)	-	[ICRA]AAAmfs(SO); withdrawn
HDFC Capital Protection Oriented Fund Series III (3 Plans)	-	[ICRA]AAAmfs(SO); outstanding

*Instrument Details are provided in Annexure-1

Rating action

ICRA has withdrawn the rating of [ICRA]AAAmfs (SO) outstanding on Plan 3 and Plan 4 of HDFC Capital Protection Oriented Fund – Series II. The withdrawal is on account of maturity of these schemes.

ICRA has the rating of [ICRA]AAAmfs (SO) [pronounced ICRA triple A m f s Structured Obligation] outstanding on the 3 plans of HDFC Capital Protection Oriented Fund – Series III.

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

Rationale

The portfolio structure for the schemes has been designed with the intention of protecting the unit holder's capital at maturity, which is arrived at by having majority of investments in debt securities, maturing on or before the maturity of the scheme. The scheme has invested in debt securities only with a rating of [ICRA]AAA or equivalent, mitigating any concerns on credit risk. The proportion of debt securities is calculated such that the redemption value of debt less AMC expenses will be equal to or greater than the initial unit holder's capital, offering highest degree of protection of the unit holder's capital at maturity. ICRA has factored in the credit risk of debt investments, re-investment risk of interim receipts, precondition of marginal tenure mismatches and obligor concentrations. The debt portion would be passively managed. The balance portion is invested in equity and/or equity-linked instruments to provide any upside potential to the unit holders. At the same time, given the proportion of high credit quality debt investments and the portfolio structure, the downside is protected and the investor may not suffer loss of initial investment at the time of maturity.

Analytical approach:

For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

ICRA- Mutual Fund Credit Risk Rating Methodology

About the company

HDFC Asset Management Company Limited

The above scheme is a mutual fund scheme of HDFC Mutual Fund (HDFC MF) and is managed by HDFC Asset Management Company Limited (a joint venture with Standard Life Investments). The average Assets Under Management (AUM) of schemes of HDFC Mutual Fund during quarter ended June 2017 (excluding Fund of Fund Schemes) was Rs. 2,53,044 crore.

HDFC Capital Protection Oriented Fund – Series II and Series III
Plans 3 and Plan 4 of HDFC Capital Protection Oriented Fund – Series II were launched in June 2014. The 3 plans of HDFC Capital Protection Oriented Fund – Series III were launched in October 2014, December 2014 and February 2015.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years:

Table:

Sr. No.	Instrument	Current Rating (FY2018)			Chronology of Rating History for the past 3 years				
		Type	Amount Rated (Rs. crore)	FY2018	FY2018	FY2017	FY2016	FY2015	
					April 2017	April 2016	May 2015	August 2014	May 2014
				July 2017					
1	HDFC Capital Protection Oriented Fund Series II (Plan 3 and Plan 4)	Long term	-	[ICRA]AAA mfs(SO); withdrawn	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)
2	HDFC Capital Protection Oriented Fund Series III (3 Plans)	Long term	-	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)	[ICRA]AAA mfs(SO)

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
Details of Instrument

Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Rated Amount Outstanding (Rs. crore)	Current Rating and Outlook
HDFC Capital Protection Oriented Fund Series III (3 Plans)	-	-	-	-	[ICRA]AAAmfs (SO)

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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.
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