IDBI Asset Management Company Ltd.

June 28, 2019

Ratings

Scheme name	Rating[1]	Rating action
IDBI Short Term Bond Fund	'CARE A-mfs' [CARE Single A Minus mfs]	Revised from 'CARE AAAmfs' [CARE Triple A mfs]
IDBI Ultra Short Term Fund	'CARE Amfs' [CARE Single A mfs]	Revised from 'CARE AAAmfs' [CARE Triple A mfs]

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating revision takes into account deterioration in credit quality of the underlying portfolio of IDBI Ultra Short Term Fund and IDBI Short Term Bond Fund on account of exposure of the scheme to Dewan Housing Finance Corporation Limited (DHFL) whose debt has been downgraded to 'CARE D'. CARE has considered the scheme portfolios as on May 31, 2019. Post May 31, 2019, the AMC has written off the exposure towards DHFL. Consistencies in credit quality and investment strategy are the key rating sensitivities.

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

IDBI Short Term Bond Fund

The objective of the Scheme will be to provide investors with regular income for their investment. The Scheme will endeavour to achieve this objective through an allocation of the investment corpus in a diversified portfolio of debt and money market instruments. The fund's assets under management stood at Rs.67.67 crore as on May 31, 2019.

IDBI Ultra Short Term Fund

The objective of the Scheme will be to provide investors with regular income for their investment. The Scheme will endeavour to achieve this objective through an allocation of the investment corpus in a diversified portfolio of money market and debt instruments with relatively lower interest rate risk. The fund's assets under management stood at Rs.317.34 crore as on May 31, 2019.

Profile of AMC:

IDBI Asset Management Ltd., a subsidiary of IDBI Bank Limited, is a public limited company which has been appointed as the AMC of the IDBI Mutual Fund by the IDBI MF Trustee Company Limited. IDBI Mutual Fund has been constituted as a trust by IDBI Bank Limited (the Sponsor) and IDBI MF Trustee Company Limited acts as the Trustee. The AMC reported an average AUM of Rs.8,949.06 crore for the quarter January-March 2019.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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
IDBI Ultra Short Term Bond Fund	-	-	-	-	CARE Amfs
IDBI Short Term Bond Fund	-	-	-	-	CARE 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 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.	IDBI Dynamic Bond Fund	Open-Ended Debt Scheme	-	CARE AAAmfs	-	1)CARE AAAmfs (22-Aug-18) 2)CARE AAAmfs (05-Jul-18)	1)CARE AAAmfs (20-Jul-17)	1)CARE AAAmfs (12-Jul-16)
2.	IDBI Gilt Fund	Open-Ended Debt Scheme	-	CARE AAAmfs	-	1)CARE AAAmfs (05-Jul-18)	1)CARE AAAmfs (20-Jul-17)	1)CARE AAAmfs (12-Jul-16)
3.	IDBI Liquid Fund	Open-Ended Debt Scheme	-	CARE AAAmfs	-	1)CARE AAAmfs (05-Jul-18)	1)CARE AAAmfs (20-Jul-17)	1)CARE AAAmfs (12-Jul-16)
4.	IDBI Short-term Bond Fund	Open-Ended Debt Scheme	-	CARE A-mfs	-	1)CARE AAAmfs (22-Aug-18) 2)CARE AAAmfs (05-Jul-18)	1)CARE AAAmfs (20-Jul-17)	1)CARE AAAmfs (12-Jul-16)
5.	IDBI Ultra Short Term Fund	Open-Ended Debt Scheme	-	CARE Amfs	-	1)CARE AAAmfs (05-Jul-18)	1)CARE AAAmfs (14-Nov-17) 2)CARE AA-mfs (11-Jul-17) 3) CARE AA-mfs (Under Credit watch with developing implications) (02-Jun-17)	1)CARE AAAmfs (12-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.

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