

**IDBI Asset Management Company Ltd.**

July 04, 2019

**Ratings**

Scheme name	Rating <sup>1</sup>	Rating action
IDBI Dynamic Bond Fund	CARE AA-mfs [Double A Minus mfs]	Revised from 'CARE AAAmfs' [CARE Triple A mfs]
IDBI Gilt Fund	CARE AAAmfs [Triple A mfs]	Reaffirmed
IDBI Liquid Fund	CARE AAAmfs [Triple A mfs]	Reaffirmed

*Details of instruments/facilities in Annexure-1*
**Detailed Rationale & Key Rating Drivers**

The revision in rating of IDBI Dynamic Bond Fund takes into account deterioration in credit quality of the underlying portfolio of the fund on account of its exposure 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. Consistency in credit quality and investment strategy is the key rating sensitivity.

Further, CARE has reaffirmed the credit quality rating of 'CARE AAAmfs' assigned to IDBI Gilt Fund and IDBI Liquid Fund. All of these funds are managed by IDBI Asset Management 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. Schemes rated 'CARE AA-mfs' are considered to have the high 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 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 Dynamic Bond Fund**

It was launched by IDBI Asset Management Limited in February 2012. The investment objective of the scheme is to generate income while maintaining liquidity through active management of a portfolio comprising of debt and money market instruments. The fund's assets under management stood at Rs.41.24 crore as on May 31, 2019.

**IDBI Gilt Fund**

It was launched by IDBI Asset Management Limited in December 2012. The investment objective of the scheme is to provide regular income along with opportunities for capital appreciation through investments in a diversified basket of central government dated securities, state government securities and treasury bills. The fund's assets under management stood at Rs.25.14 crore as on May 31, 2019.

**IDBI Liquid Fund**

It was launched by IDBI Asset Management Limited in July 2010. The investment objective of the Scheme will be to provide investors with high level of liquidity along with regular income for their investment. The Scheme will endeavor to

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

achieve this objective through an allocation of the investment corpus in a low risk portfolio of money market and debt instruments with maturity of up to 91 days. The fund's assets under management stood at Rs.2784.12 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.9,265.79 crore for the quarter January-March 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
IDBI Gilt Fund	-	-	-	-	CARE AAAmfs
IDBI Liquid Fund	-	-	-	-	CARE AAAmfs
IDBI Dynamic Bond Fund	-	-	-	-	CARE AA-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 AA-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)
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 A-mfs (28-Jun-19)	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 Amfs (28-Jun-19)	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](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 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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