

August 26, 2010

CARE ASSIGNS 'CARE AAAF' TO IDBI ULTRA SHORT TERM FUND

Scheme Name	Scheme Type	Rating
IDBI Ultra Short Term Fund	Open-Ended Liquid Scheme	CARE AAAf

CARE has assigned '**CARE AAAF**' rating to IDBI Ultra Short Term (UST) Fund of IDBI Mutual Fund. The assigned rating indicates highest credit quality rating by CARE to a fund and carries credit risk similar to instruments having minimal credit risk. The fund is managed by IDBI Asset Management Limited.

IDBI Mutual Fund plans to launch the IDBI UST Fund in September, 2010. The investment objective of the scheme will be to provide investors with regular income for their investment. The Scheme will endeavor to achieve this objective through an allocation of the investment corpus in a diversified portfolio of money market and debt instruments. It is the intent of the Scheme to maintain the average maturity of the portfolio within a range of 30 days to 120 days under normal market conditions depending on the fund manager's assessment of various parameters including interest rate environment, liquidity and macro-economic factors. However, the maturity profile of the scheme can undergo a change in case the market conditions warrant and at the discretion of the fund manager. The fund house will manage the portfolio of IDBI UST Fund such that it meets the CARE's criteria to qualify for the credit quality rating of 'CARE AAAf'.

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 funds overall exposure to default risk. CARE's fund credit quality ratings are based on evaluation of 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 portfolio of the fund is 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.

About IDBI Asset Management Ltd.

IDBI Asset Management Ltd., wholly owned subsidiary of IDBI Bank Limited, is a public company which has been appointed as the Asset Management Company of the IDBI Mutual Fund by the IDBI MF Trustee Company Limited. IDBI Mutual Fund has been constituted as a trust with IDBI Bank Limited, as the Sponsor and IDBI MF Trustee Company Limited as the Trustees. IDBI Mutual Fund recently started its operations and has launched two schemes – IDBI Nifty Index Fund in May 2010 followed by IDBI Liquid Fund in July 2010.

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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.

Disclaimer

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The ratings are based on current information furnished to CARE by the issuer or obtained by CARE from sources it considers 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. CARE does not perform an audit in connection with any rating and may, on occasion, rely on unaudited information. The ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances. Funds rated by CARE have paid a rating fee.

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