



September 21, 2010

ICRA assigns highest credit quality ratings to ICICI Prudential Blended Plan B

ICRA has assigned a credit risk rating of mfA1+ (pronounced m f A One plus) to ICICI Prudential Blended Plan B (ICICIPB). The rating is the highest-credit-quality short-term rating assigned by ICRA to debt funds. This scale applies to debt funds with weighted average maturity up to one year. Such funds would generally include liquid funds and cash funds. Benchmark maturity for this scale is 12 months. The rated fund carries the lowest credit risk, similar to that associated with short-term debt obligations rated in the highest-credit-quality category. The rating should, however, not be construed as an indication of the performance of the Mutual Fund scheme or of volatility in its returns.

Asset Management Company and Fund Details

The above fund is a mutual fund scheme of ICICI Prudential Mutual Fund and is managed by ICICI Prudential Asset Management Company Private Limited. The AMC had average assets under management of Rs. 68,769 crore during August 2010.

Launched in April 2005, ICICIPB is an open ended fund with an objective to provide capital appreciation and income distribution by investing predominantly in debt securities and the balance portion in equity & equity related securities including derivatives. The fund maintains a high proportion of its investments rated at highest credit quality and had an average maturity of less than 3 months in the recent past. The fund's corpus stood at Rs. 3493 crore as on August 31, 2010 and had an average residual maturity of around 3 month as on that date. The fund house manages the portfolios such that it meets the criteria to qualify for the ICRA mfA1+ rating. There would not be any investments into equities in this scheme. The rating is valid up to December 31, 2010.

ICRA Credit Quality Rating Methodology for debt mutual fund schemes

ICRA's mutual fund rating methodology is based on evaluating the inherent credit quality of the funds portfolio. As a measure of the credit quality of a debt fund's assets, ICRA uses the concept of "credit scores". These scores are based on ICRA's estimates of credit risk associated with each exposure of the portfolio taking into account its maturity. To quantify the credit risk scores, ICRA uses its database of historical default rates for various rating categories for various maturity buckets. The credit risk ratings incorporate ICRA's assessment of a debt fund's published investment objectives and policies, its management characteristics, and the creditworthiness of its investment portfolio. ICRA reviews relevant fund information on an ongoing basis to support its published rating opinions. If the portfolio credit score meets the benchmark of the assigned rating during the review, the rating is retained. In an event that the benchmark credit score is breached, ICRA gives a month's time to the debt fund manager to bring the portfolio credit score within the benchmark credit score. If the debt fund manager is able to reduce the portfolio credit score within the benchmark credit score, the rating is retained. If the portfolio still continues to breach the benchmark credit score, the rating is revised to reflect the change in credit quality.

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Disclaimer: ICRA Ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA Ratings are subject to a process of surveillance, which may lead to revision in ratings. Please visit our website (www.icra.in) or contact any ICRA office for the latest information on ICRA Ratings outstanding.



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*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*

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