

August 10, 2022

## UTI Asset Management Company Limited: Ratings reaffirmed

### Summary of rating action

| Instrument*                 | Previous Rated Amount<br>(Rs. crore) | Current Rated Amount<br>(Rs. crore) | Rating Action            |
|-----------------------------|--------------------------------------|-------------------------------------|--------------------------|
| UTI Corporate Bond Fund     | -                                    | -                                   | [ICRA]AAAmfs; reaffirmed |
| UTI Floater Fund            | -                                    | -                                   | [ICRA]AAAmfs; reaffirmed |
| UTI Money Market Fund       | -                                    | -                                   | [ICRA]A1+mfs; reaffirmed |
| UTI Ultra Short Term Fund   | -                                    | -                                   | [ICRA]AAAmfs; reaffirmed |
| UTI Liquid Cash Plan Fund   | -                                    | -                                   | [ICRA]A1+mfs; reaffirmed |
| UTI Banking & PSU Debt Fund | -                                    | -                                   | [ICRA]A-mfs; reaffirmed  |
| UTI Treasury Advantage Fund | -                                    | -                                   | [ICRA]AAAmfs; reaffirmed |
| UTI Overnight Fund          | -                                    | -                                   | [ICRA]A1+mfs; reaffirmed |
| Total                       | -                                    | -                                   |                          |

\*Instrument details are provided in Annexure I

### Rationale and key rating drivers

ICRA has reaffirmed the credit risk rating of [ICRA]AAAmfs (pronounced ICRA triple A m f s) for UTI Treasury Advantage Fund, UTI Ultra Short Term Fund, UTI Floater Fund and UTI Corporate Bond Fund and the credit risk rating of [ICRA]A-mfs (pronounced ICRA A minus m f s) for UTI Banking & PSU Debt Fund. ICRA has also reaffirmed the credit risk rating of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) for UTI Money Market Fund, UTI Overnight Fund and UTI Liquid Cash Plan. The ratings have been reaffirmed following ICRA's monitoring of the credit risk profile of the month-end portfolio position of these schemes. The credit risk score for these schemes were comfortably within the benchmark limits for their current rating levels.

The rating for UTI Banking & PSU Debt Fund remains constrained by its exposure to IL&FS' special purpose vehicle (SPV), namely Jorabat Shillong Expressway Limited (JSEL), with the instrument maturity date in March 2022. ICRA continues to consider the gross value of the investment for computing the credit score for a period that is earlier of the passage of at least six months from the date when such investment is fully written down/matured. ICRA will continue to monitor the portfolios of these schemes regularly and take appropriate rating action as and when required.

Mutual fund ratings incorporate ICRA's assessment of the creditworthiness of a debt mutual fund scheme's investment portfolio. These ratings are a symbolic representation of the credit risk in the underlying investments or the degree of safety regarding the timely receipt of payments from the investments made by the mutual fund schemes. The ratings do not indicate the asset management company's (AMC) and/or any of its scheme's willingness and/or ability to make timely redemptions to its investors. The ratings do not address the market risks and hence should not be construed as an indication of the expected returns, the prospective performance of the mutual fund scheme, and the ability to redeem the investments at the reported net asset value (NAV) or the volatility in its past returns as all these are influenced by market risks.

ICRA's assessment of debt mutual fund schemes is guided by the credit ratings of the individual investments, the relative share of the investments in the overall assets under management (AUM) of the scheme and the maturity schedule of such investments. The credit matrix is a tool used by ICRA for analysing the investment portfolio of the debt mutual fund schemes by assessing the portfolio's aggregate credit quality while reviewing the credit quality of each underlying debt security. The portfolio's weighted average credit quality is then measured against the appropriate benchmark credit score in the credit matrix.

Once a mutual fund scheme is rated and the rating is accepted, ICRA reviews the underlying investment portfolios for the credit scores on an ongoing basis. If the portfolio credit score meets the benchmark of the existing rating, the rating is retained. If the portfolio credit score breaches the benchmark credit matrix score for the current rating, ICRA communicates the same to the fund manager/product manager or other officials of the concerned AMC and may provide a month's time to bring the

portfolio credit score within the benchmark credit score for the current rating level. If the investment composition of the fund is realigned to bring the portfolio credit score within the benchmark credit score, the rating is retained. However, if the portfolio continues to breach the benchmark credit score for the existing rating level, the rating is revised to reflect the change in the portfolio's credit quality. In case of sharp breaches of the benchmark credit score (for instance due to a multi-notch downgrade in the underlying investment) and/or if ICRA believes that the breach may not get rectified within a month of the ongoing review, the rating is generally corrected immediately without giving a month's time for rebalancing the portfolio

## Liquidity position: Not applicable

## Rating sensitivities

**Positive factor** – ICRA could upgrade the rating of the scheme if the credit quality of the underlying investments improves or the share of lower rated investments decreases on account of an increase in the AUM or otherwise, leading to enhanced credit quality of the portfolio.

**Negative factor** – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investments deteriorates or the share of lower rated investments increases on account of a decline in the AUM or otherwise, leading to a breach in the threshold for the rating level.

## Analytical approach

| Analytical Approach             | Comments                                                          |
|---------------------------------|-------------------------------------------------------------------|
| Applicable Rating Methodologies | <a href="#">ICRA – Mutual Fund Credit Risk Rating Methodology</a> |
| Parent/Group Support            | Not applicable                                                    |
| Consolidation/Standalone        | Not applicable                                                    |

## About the company

UTI Asset Management Company Limited (the AMC), incorporated under the Companies Act, 1956, is the AMC for UTI Mutual Fund. The fund was established as a trust under the Indian Trusts Act, 1882, with State Bank of India, Punjab National Bank, Bank of Baroda and Life Insurance Corporation of India as the sponsors. The average AUM for the quarter ended June 30, 2022 for UTI Mutual Fund stood at Rs. 2,24,279.12<sup>1</sup> crore.

### UTI Floater Fund

Launched in October 2018, UTI Floater Fund is an open-ended debt scheme with a stated objective to generate reasonable returns and reduce the interest rate risk by investing in a portfolio predominantly comprising floating rate instruments and fixed rate instruments swapped for floating rate returns. The fund's net AUM stood at Rs. 2,256 crore as on June 30, 2022 and it had a weighted average maturity of 1.20 years.

### UTI Corporate Bond Fund

Launched in August 2018, UTI Corporate Bond Fund is an open-ended debt scheme with a stated objective to generate optimal returns by predominantly investing in corporate bonds rated AA+ and above. The fund's net AUM stood at Rs. 3,127 crore as on July 31, 2022 and it had a weighted average maturity of 1.61 years.

<sup>1</sup> Source: <https://www.amfiindia.com/>

**UTI Money Market Fund**

Launched in April 1997, UTI Money Market Fund is an open-ended debt scheme with a stated objective to generate reasonable income with a high level of liquidity from a portfolio of money market instruments. The fund's net AUM stood at Rs. 8,198 crore as on July 31, 2022 and it had a weighted average maturity of ~141 days.

**UTI Ultra Short Term Fund**

Launched in August 2003, UTI Ultra Short Term Fund aims to generate reasonable income with low volatility through investment in a portfolio comprising debt and money market instruments. The fund's net AUM stood at Rs. 1,948 crore as on July 31, 2022 and it had a weighted average maturity of ~134 days.

**UTI Treasury Advantage Fund**

Launched in July 1999, the key objective of this open-ended debt scheme is to generate income through investments in quality-oriented debt and money market instruments. The fund's net AUM stood at Rs. 2,630 crore as on July 31, 2022 and it had a weighted average maturity of 0.6 years.

**UTI Liquid Cash Plan**

Launched in June 2003, UTI Liquid Fund Cash Plan is an open-ended liquid scheme with a stated objective to generate steady and reasonable income, with low risk and a high level of liquidity, from a portfolio of money market securities and high-quality debt. The fund's net AUM stood at Rs. 27,586 crore as on July 31, 2022 and it had a weighted average maturity of 43 days.

**UTI Overnight Fund**

Launched in November 2003, UTI Overnight Fund is an open-ended debt scheme investing in overnight securities with a stated objective to generate reasonable income, with low risk and a high level of liquidity from a portfolio of overnight securities with a maturity of one day. The fund's net AUM stood at Rs. 5,933 crore as on July 31, 2022 and it had a weighted average maturity of 1 day.

**UTI Banking & PSU Debt Fund**

Launched in January 2014, UTI Banking and PSU Debt Fund is an open-ended income scheme with a stated objective to generate steady and reasonable income, with low risk and a high level of liquidity from a portfolio of predominantly debt and money market securities of banks, public sector undertakings (PSUs), public financial institutions (PFIs) and Municipal Bonds. The fund's net AUM stood at Rs. 303 crore as on July 31, 2022 and had a weighted average maturity of ~4.35 years.

**Key financial indicators: Not applicable**

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

| Sr no | Name of scheme              | Current rating (FY2023) |                          |                        |                           | Chronology of rating history for the past 3 years |                 |                                                  |                           |                        |                       |                 |                       |                 |                |
|-------|-----------------------------|-------------------------|--------------------------|------------------------|---------------------------|---------------------------------------------------|-----------------|--------------------------------------------------|---------------------------|------------------------|-----------------------|-----------------|-----------------------|-----------------|----------------|
|       |                             | Type                    | Rated amount (Rs. crore) | Amount o/s (Rs. crore) | Date and rating in FY2023 | Date and rating in FY2022                         |                 | Date and rating in FY2021                        | Date and rating in FY2020 |                        |                       |                 |                       |                 |                |
|       |                             |                         |                          |                        | Aug-10-22                 | Aug-24-21                                         | Jul-2-21        | Dec-30-20<br>Oct-30-20<br>Sep-24-20<br>Aug-28-20 | Feb-6-2020                | Dec-30-19<br>Nov-22-19 | Sep-27-19<br>Sep-9-19 | Jul-9-19        | Jul-2-19<br>Jun-14-19 | May-27-19       | Apr-25-19      |
| 1     | UTI Floater Fund            | Long Term               | -                        | -                      | [ICRA]AAA mfs;            | [ICRA]AAA mfs;                                    | [ICRA]AAA mfs;  | [ICRA]AAA mfs;                                   | [ICRA]AAA mfs;            |                        |                       |                 |                       |                 |                |
| 2     | UTI Corporate Bond Fund     | Long Term               | -                        | -                      | [ICRA]AAA mfs;            | [ICRA]AAA mfs;                                    | [ICRA]AAA mfs;  | [ICRA]AAA mfs;                                   | [ICRA]AAA mfs;            | [ICRA]AAA mfs;         | [ICRA]AAA mfs;        |                 |                       |                 |                |
| 3     | UTI Money Market Fund       | Short Term              | -                        | -                      | [ICRA]A1+ mfs             | [ICRA]A1+ mfs                                     | [ICRA]A1+ mfs   | [ICRA]A1+ mfs                                    | [ICRA]A1+ mfs             | [ICRA]A1+ mfs          | [ICRA]A1+ mfs         | [ICRA]A1+ mfs   |                       |                 |                |
| 4     | UTI Ultra Short Term Fund   | Long Term               | -                        | -                      | [ICRA]AAA mfs             | [ICRA]AAA mfs                                     | [ICRA]AAA mfs   | [ICRA]AAA mfs                                    | [ICRA]AAA mfs             | [ICRA]AAA mfs          | [ICRA]AAA mfs         | [ICRA]AAA mfs   | [ICRA]AAA mfs         | [ICRA]AAA mfs   | [ICRA]AAA mfs  |
| 5     | UTI Treasury Advantage Fund | Long Term               | -                        | -                      | [ICRA]AAA mfs             | [ICRA]AAA mfs                                     | [ICRA]AAA mfs   | [ICRA]AAA mfs                                    | [ICRA]AAA mfs             | [ICRA]AAA mfs          | [ICRA]BBB+ mfs        | [ICRA]BBB+ mfs  | [ICRA]BBB+ mfs        | [ICRA]A mfs     | [ICRA]AA mfs   |
| 6     | UTI Banking & PSU Debt Fund | Long Term               | -                        | -                      | [ICRA]A- mfs              | [ICRA]A- mfs                                      | [ICRA]BBB- mfs@ | [ICRA]BBB- mfs@                                  | [ICRA]BBB- mfs@           | [ICRA]BBB- mfs@        | [ICRA]BBB- mfs@       | [ICRA]BBB- mfs@ | [ICRA]BBB- mfs@       | [ICRA]BBB- mfs@ | [ICRA]AAA mfs@ |
| 7     | UTI Liquid Cash Plan        | Short Term              | -                        | -                      | [ICRA]A1+ mfs             | [ICRA]A1+ mfs                                     | [ICRA]A1+ mfs   | [ICRA]A1+ mfs                                    | [ICRA]A1+ mfs             | [ICRA]A1+ mfs          | [ICRA]A1+ mfs         | [ICRA]A1+ mfs   | [ICRA]A1+ mfs         | [ICRA]A1+ mfs   | [ICRA]A1+ mfs  |
| 8     | UTI Overnight Fund          | Short Term              | -                        | -                      | [ICRA]A1+ mfs             | [ICRA]A1+ mfs                                     | [ICRA]A1+ mfs   | [ICRA]A1+ mfs                                    | [ICRA]A1+ mfs             | [ICRA]A1+ mfs          | [ICRA]A1+ mfs         | [ICRA]A1+ mfs   | [ICRA]A1+ mfs         | [ICRA]A1+ mfs   | [ICRA]A1+ mfs  |

@Watch with negative implications

## Complexity level of the rated instrument

| Instrument name | Complexity indicators |
|-----------------|-----------------------|
| Mutual Fund     | Not applicable        |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [www.icra.in](http://www.icra.in)

**Annexure I: Instrument details**

| ISIN | Instrument Name | Date of Issuance /<br>Sanction | Coupon<br>Rate | Maturity Date | Amount Rated<br>(Rs. crore) | Current Rating<br>and Outlook |
|------|-----------------|--------------------------------|----------------|---------------|-----------------------------|-------------------------------|
| NA   | NA              | NA                             | NA             | NA            | NA                          | NA                            |

**Annexure II: List of entities considered for consolidated analysis: Not applicable**

## ANALYST CONTACTS

**Karthik Srinivasan**  
+91 22 6114 3444  
[karthiks@icraindia.com](mailto:karthiks@icraindia.com)

**Niraj Jalan**  
+91 33 7150 1146  
[niraj.jalan@icraindia.com](mailto:niraj.jalan@icraindia.com)

**Sandeep Sharma**  
+91 22 6114 3472  
[sandeep.sharma@icraindia.com](mailto:sandeep.sharma@icraindia.com)

**Prateek Mittal**  
+91 33 71501132  
[prateek.mittal@icraindia.com](mailto:prateek.mittal@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**  
+91 22 6114 3406  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)  
[info@icraindia.com](mailto:info@icraindia.com)

## 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.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



© Copyright, 2022 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

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. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.