December 31, 2024

UTI Asset Management Company Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
UTI Banking & PSU Fund	-	-	[ICRA]AAAmfs; reaffirmed
UTI Ultra Short Duration Fund	-	-	[ICRA]A1+mfs; reaffirmed
UTI Corporate Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
UTI Floater Fund	-	-	[ICRA]AAAmfs; reaffirmed
UTI Money Market Fund	-	-	[ICRA]A1+mfs; reaffirmed
UTI Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
UTI Low Duration 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 ratings for various debt mutual fund (MF) schemes of UTI Asset Management Company Limited (AMC), following its monitoring of the credit risk profile of the month-end portfolio position of these schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their current rating levels.

MF ratings incorporate ICRA's assessment of the creditworthiness of a debt MF 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 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 market risks and hence should not be construed as an indication of the expected returns, prospective performance of the MF scheme, and the ability to redeem investments at the reported net asset value (NAV) or volatility in its past returns, as all these are influenced by market risks.

ICRA's assessment of debt MF schemes is guided by the credit ratings of the individual investments and the relative share of the investments in the overall assets under assets under management (AUM) of the scheme, besides the maturity schedule of such investments. ICRA's MF ratings are not a reflection of the quality of the management of the AMC or its financial performance, reputation and other business practices including investment strategies, pricing, marketing and distribution activities. Furthermore, the ratings are not a reflection of whether the AMC or the fund is compliant with the applicable regulatory requirements.

The credit matrix is a tool used by ICRA for analysing the investment portfolio of the debt MF 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 compared with a benchmark credit score corresponding to the higher of the weighted average maturity of the scheme's portfolio or the maturity predefined by ICRA for the scheme category. The rating outcome corresponds to the rating level for which the portfolio's weighted average credit score is less than the benchmark credit score associated with the rating level. Further, the lowest rating of the investments of the scheme acts as the floor for its rating.

Once an MF scheme is rated and the rating is accepted, ICRA reviews the underlying investment portfolios for the credit scores on an ongoing basis. To this end, ICRA relies on the information provided by the AMC and/or publicly available sources. ICRA reviews the MF ratings on a monthly basis or earlier, if required, which involves an evaluation of the rating corresponding to

the portfolio credit score in relation to the existing rating outstanding. If the portfolio credit score meets the benchmark score for the existing rating, the rating is retained. If the portfolio credit score has a negative breach from the benchmark credit score for the existing 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 maintaining the existing 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. If the AMC corrects its portfolio, post the rating downgrade of the scheme, or the credit score improves in any manner subsequent to the downgrade, making the scheme eligible for an upgrade, ICRA may consider a rating upgrade only if the credit score is maintained consistently for a period of at least three months.

Liquidity position: Not applicable

Rating sensitivities

UTI Overnight Fund:

Positive factors – Not applicable

Negative factors – ICRA could downgrade the rating of the scheme if the credit quality of the underlying investment deteriorates, leading to a breach in the threshold for the rating level.

Other schemes:

Positive factors – Not applicable

Negative factors – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investment 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	ICRA's Methodology for Mutual Funds
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the company

UTI Asset Management Company Limited (UTI AMC) was incorporated on November 14, 2002 to render investment management services to the schemes of UTI Mutual Fund (the fund). The company is registered with the Securities and Exchange Board of India (SEBI) under the SEBI (Mutual Funds) Regulations, 1996, as amended (SEBI Regulations). It also provides portfolio management services to clients under the SEBI (Portfolio Managers) Regulations, 1993, as amended, pursuant to a certificate granted by SEBI. UTI AMC's equity shares are listed on the National Stock Exchange of Limited and BSE Limited.

UTI AMC has four wholly owned subsidiaries, viz. UTI International Limited, UTI Alternatives Private Limited, UTI Pension Fund Limited, UTI HART Financial and Investment Services Limited. It manages domestic and offshore funds while providing

discretionary, non-discretionary, and advisory services to HNIs, corporates, and institutions. Additionally, it offers retirement solutions and private equity funds across India and in over 35 countries through its principal and subsidiary business entities. The average quarterly AUM of the fund was Rs. 3.43 lakh crore[1] for the quarter ended September 30, 2024 compared to Rs. 2.91 lakh crore for the quarter ended March 31, 2024.

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. 1,430 crore as on November 30, 2024.

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. 4,699 crore as on November 30, 2024.

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. 16,372 crore as on November 30, 2024.

UTI Ultra Short Duration Fund

Launched in August 2003, UTI Ultra Short Duration Fund aims to generate reasonable income with low volatility by investing in a portfolio comprising debt and money market instruments. The fund's net AUM stood at Rs. 3,039 crore as on November 30, 2024.

UTI Low Duration 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. 3,505 crore as on November 30, 2024.

UTI Liquid Fund

Launched in June 2003, UTI Liquid Fund 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. 25,219 crore as on November 30, 2024.

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. 6,025 crore as on November 30, 2024.

UTI Banking & PSU Fund

Launched in January 2014, UTI Banking and PSU 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. 806 crore as on November 30, 2024.

[1] *Source: AMFI website; excludes Fund of Funds Domestic but includes Fund of Fund Overseas*

Key financial indicators – Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. no.	Name of scheme	Current rating (FY2025)			Chronology of rating history for the past 3 years					
		Type	Rated amount (Rs. crore)	Date & Rating	Date and rating in FY2024	Date and rating in FY2023			Date and rating in FY2022	
				Dec 31, 2024	Jan-2-24	Jan-27-23	Dec-6-22	Aug-10-22	Aug-24-21	Jul-2-21
1	UTI Floater Fund	Long term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
2	UTI Corporate Bond Fund	Long term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
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
4	UTI Ultra Short Duration Fund	Short term	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]AAAmfs	[ICRA]AAA mfs	[ICRA]AAA mfs
5	UTI Low Duration Fund	Long term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAA mfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
6	UTI Banking & PSU Fund	Long term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]A-mfs	[ICRA]A-mfs	[ICRA]A-mfs	[ICRA]BBB-mfs
7	UTI Liquid Fund	Short term	-	[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

Complexity level of the rated instrument

Instrument	Complexity Indicator
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 instrument are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**UTI Banking & PSU Fund**	NA	NA	NA	NA	[ICRA]AAAmfs
NA	**UTI Ultra Short Duration Fund**	NA	NA	NA	NA	[ICRA]A1+mfs
NA	**UTI Corporate Bond Fund**	NA	NA	NA	NA	[ICRA]AAAmfs
NA	**UTI Floater Fund**	NA	NA	NA	NA	[ICRA]AAAmfs
NA	**UTI Money Market Fund**	NA	NA	NA	NA	[ICRA]A1+mfs
NA	**UTI Liquid Fund**	NA	NA	NA	NA	[ICRA]A1+mfs
NA	**UTI Low Duration Fund**	NA	NA	NA	NA	[ICRA]AAAmfs
NA	**UTI Overnight Fund**	NA	NA	NA	NA	[ICRA]A1+mfs

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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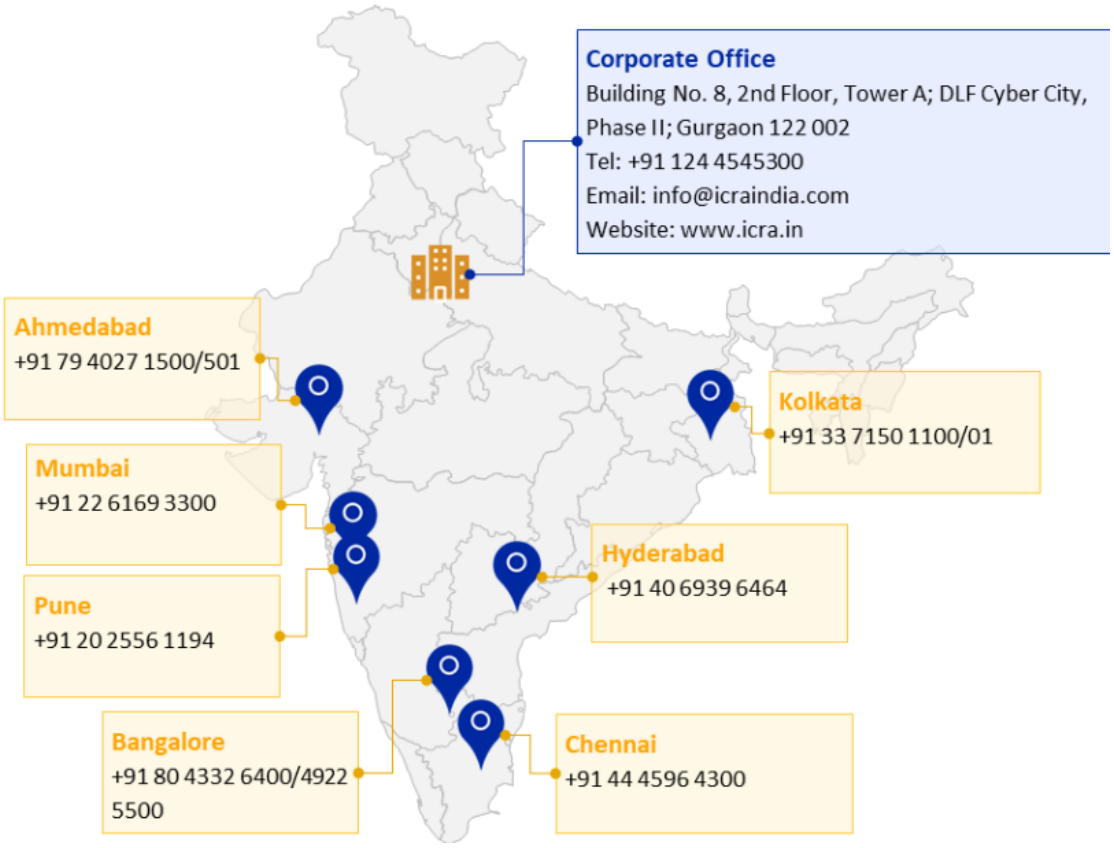

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