

UTI Asset Management Company Limited

April 25, 2019

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
UTI Overnight Fund	-	[ICRA]A1+mfs; reaffirmed
UTI Liquid Cash Plan	-	[ICRA]A1+mfs; reaffirmed
UTI Ultra Short Term Fund	-	[ICRA]AAAmfs; reaffirmed
UTI FIIF Quarterly Interval Plan - Series VI	-	[ICRA]A1+mfs; reaffirmed
UTI Banking and PSU Debt Fund	-	[ICRA]AAAmfs@; reaffirmed
UTI Bond Fund	-	[ICRA]AA-mfs@; rating downgraded from [ICRA]AAAmfs@
UTI Dynamic Bond Fund	-	[ICRA]AA-mfs@; rating downgraded from [ICRA]AAAmfs@
UTI Treasury Advantage Fund	-	[ICRA]AAmfs; rating downgraded from [ICRA]AAAmfs
UTI Capital Protection Oriented Scheme Series X - Plan 2	-	[ICRA]AAAmfs(SO); outstanding
UTI Capital Protection Oriented Scheme Series IX - Plan 1	-	[ICRA]AAAmfs(SO); outstanding
UTI Capital Protection Oriented Scheme Series IX - Plan 2	-	[ICRA]AAAmfs(SO); outstanding
UTI Capital Protection Oriented Scheme Series IX - Plan 3	-	[ICRA]AAAmfs(SO); outstanding

@Under rating watch with negative implications

*Instrument details are provided in Annexure-1

Rationale and key rating drivers

ICRA has reaffirmed the long-term credit risk rating of [ICRA]AAAmfs (pronounced ICRA triple A m f s) for UTI Ultra Short Term Fund and short-term credit risk rating of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) for UTI Liquid Cash Plan, UTI Overnight Fund and UTI FIIF Quarterly Interval Plan Series VI of UTI Asset Management Company Limited. ICRA has also reaffirmed the long-term credit risk rating of [ICRA]AAAmfs@ (@ - Under rating watch with negative implications) for UTI Banking and PSU Debt Fund.

ICRA has also downgraded the rating on UTI Treasury Advantage Fund of UTI Asset Management Company Limited¹ to [ICRA]AAmfs (pronounced ICRA double A m f s) from [ICRA]AAAmfs. ICRA has also downgraded the rating on UTI Bond Fund and UTI Dynamic Bond Fund to [ICRA]AA-mfs@ (pronounced ICRA double A minus m f s) from [ICRA]AAAmfs@. Schemes with [ICRA]AAmfs rating are considered to have a high degree of safety regarding timely receipt of payments from the investments that they have made. The rating action considers the deterioration in the credit quality of the underlying investments of the scheme. ICRA notes that three UTI Asset Management Company Limited's schemes - UTI Banking and PSU Debt Fund, UTI Bond Fund and UTI Dynamic Bond Fund have exposure to IL&FS SPV namely Jorabat Shillong Expressway Limited. As on March 31, 2019 the exposure to Jorabat Shillong Expressway Limited stood at Rs.

¹ For complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications

56.19 crore (7.92% of AUM), Rs. 66.76 crore (8.23% of AUM) and Rs. 43.67 crore (16.42% of AUM) for UTI Bond Fund and UTI Dynamic Bond Fund, UTI Banking and PSU Debt Fund respectively. ICRA will continue to monitor the portfolios of these schemes regularly and take appropriate rating action as and when required.

ICRA also has a rating outstanding of [ICRA]AAA mfs(SO) (pronounced ICRA triple A m f s structured obligation) for the AMC's UTI Capital Protection Oriented Scheme Series X (Plan 2) and UTI Capital Protection Oriented Scheme Series IX (Plans 1, 2 & 3). The letters, SO, in parenthesis, suffixed to a rating symbol stand for structured obligation. An SO rating is specific to the rated issue, its terms and structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned.

The ratings indicate ICRA's opinion on the credit quality of the portfolios that the funds hold. The ratings do not indicate the AMC's willingness, or ability, to make timely payments to the fund's investors. The ratings should not be construed as an indication of expected returns, prospective performance of the mutual fund scheme, NAV or of volatility in its returns.

ICRA's mutual fund rating methodology is based on evaluating the inherent credit quality of the fund's 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 the 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 and 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.

Outlook: Not Applicable

Liquidity: Not Applicable

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA- Mutual Fund Credit Risk Rating Methodology
Parent/Group Support	Not Applicable
Consolidation / Standalone	Standalone

About the company:

UTI Asset Management Company Limited, incorporated under the Companies Act, 1956, is the asset management company (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 AMC's average assets under management for the quarter ended March 31, 2019 for the AMC stood at Rs. 1,59,694.23 crore².

UTI Banking and PSU Debt Fund

² Source: Association of Mutual Funds in India (<https://www.amfiindia.com/>)

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 high level of liquidity from a portfolio of predominantly debt and money market securities of banks and public sector undertakings (PSUs). The fund's asset under management stood at Rs. 266 crore as on March 31, 2019.

UTI Bond Fund

Launched in May 1998, UTI Bond Fund is an open-ended debt scheme with a stated objective to invest in the entire range of debt and money market instruments. The fund's asset under management stood at Rs. 710 crore as on March 31, 2019.

UTI Dynamic Bond Fund

Launched in June 2010, UTI Dynamic Bond Fund is an open-ended income scheme with a stated objective to generate optimal returns with adequate liquidity through active management of the portfolio, by investing in debt and money market instruments. The fund's asset under management stood at Rs. 811 crore as on March 31, 2019.

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 high level of liquidity from a portfolio of overnight securities having a maturity of one day. The fund's asset under management stood at Rs. 357 crore as on March 31, 2019.

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 high level of liquidity, from a portfolio of money market securities and high-quality debt. The fund's asset under management stood at Rs. 24,244 crore as on March 31, 2019.

UTI Ultra Short Term Fund

Launched in August 2003, UTI Ultra Short Term Fund earlier known as UTI Floating Rate Fund aims to generate reasonable income with low volatility through investment in a portfolio comprising of debt & money market instruments. The fund's asset under management stood at Rs. 4,645 crore as on March 31, 2019.

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 asset under management stood at Rs. 5,057 crore as on March 31, 2019.

UTI FIIF Quarterly Interval Plan Series VI

UTI FIIF Quarterly Interval Plan – Series VI is a debt-oriented open-ended interval scheme with a stated objective to generate regular income through investments in fixed income securities, maturing in line with the time profile of the plan.

UTI Capital Protection Oriented Scheme Series IX - (Plans 1,2 &3) and Series X - Plan 2

Plans 1 of UTI Capital Protection Oriented Scheme Series IX was launched in April 2017, Plan 2 was launched in June 2017 and Plan 3 was launched in August 2017. Plan 2 of UTI Capital Protection Oriented Scheme Series X was launched in April 2018.

The portfolio structure of the capital protection schemes has been designed with the intention of protecting the unit holder's capital at maturity, which is achieved by investing the majority of the funds in debt securities maturing on or before the maturity of the scheme. The proportion of debt securities is calculated so that the redemption value of debt less the AMC expenses will be equal to or more than the initial unit holder's capital, thereby offering the highest degree of protection to the unit holder's capital at maturity. ICRA has factored in the credit risk of debt investments, re-investment risk of interim receipts, precondition of marginal tenure mismatches and obligor concentrations. The debt portion would be passively managed. The balance portion is invested in equity and/or equity-linked instruments to

provide upside potential to the unit holders. At the same time, given the proportion of high credit quality debt investments and the portfolio structure, the downside is protected, and the investor may not suffer loss of initial investment at the time of maturity.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Sr. No.	Name of Scheme	Type	Current Rating (FY2020)		Chronology of Rating History for the past 3 years												
			Rated amount	FY2019											FY2018		
				Apr-19	Jan-19	Dec-18	Oct-18	Sep-18	Jun-18	Jun-18	Dec-17	Oct-17	Aug-17	Jul-17	Oct-		
1	UTI Overnight Fund	Short Term	-	[ICRA] A1+mfs; reaffirmed	[ICRA] A1+mfs	[ICRA] A1+mfs											
2	UTI Liquid Cash Plan	Short Term	-	[ICRA] A1+mfs; reaffirmed	[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		
3	UTI Ultra Short Term Fund	Long Term	-	[ICRA] AAAmfs; reaffirmed	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs		
4	UTI FIIF Quarterly Interval Plan - Series VI	Short Term	-	[ICRA] A1+mfs; reaffirmed	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	-	-	-	-		
5	UTI Banking and PSU Debt Fund	Long Term	-	[ICRA]AAAmfs@; reaffirmed	[ICRA] AAAmfs&	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs		
6	UTI Bond Fund	Long Term	-	[ICRA]AA-mfs@; rating downgraded from [ICRA]AAAmfs@	[ICRA] AAAmfs&	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs		
7	UTI Dynamic Bond Fund	Long Term	-	[ICRA]AA-mfs@; rating downgraded from [ICRA]AAAmfs@	[ICRA] AAAmfs&	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs		
8	UTI Treasury Advantage Fund	Long Term	-	[ICRA]AAAmfs; rating downgraded from [ICRA]AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs		
9	UTI Capital Protection Oriented Scheme Series X - Plan 2	Long Term	-	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	Provisional [ICRA] AAAmfs (SO)	Provisional [ICRA] AAAmfs (SO)	Provisional [ICRA] AAAmfs (SO)	Provisional [ICRA] AAAmfs (SO)				
10	UTI Capital Protection Oriented Scheme Series IX - Plan 1	Long Term	-	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	Provisional [ICRA] AAAmfs (SO)		

Sr. No.	Name of Scheme	Type	Current Rating (FY2020)		Chronology of Rating History for the past 3 years										
			Rated amount	Apr-19	FY2019							FY2018			
					Jan-19	Dec-18	Oct-18	Sep-18	Jun-18	Jun-18	Dec-17	Oct-17	Aug-17	Jul-17	Oct-
11	UTI Capital Protection Oriented Scheme Series IX - Plan 2	Long Term	-	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	Provisional [ICRA] AAAmfs (SO)	Provisional [ICRA] AAAmfs (SO)
12	UTI Capital Protection Oriented Scheme Series IX - Plan 3	Long Term	-	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	Provisional [ICRA] AAAmfs (SO)	Provisional [ICRA] AAAmfs (SO)

Complexity level of the rated instrument:

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

Annexure-1: Instrument Details: Not applicable

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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.

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