

January 27, 2023

UTI Asset Management Company Limited: Rating upgraded to [ICRA]AAAmfs for UTI Banking and PSU Debt Fund; ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
UTI Banking & PSU Debt Fund	-	-	[ICRA]AAAmfs; upgraded from [ICRA]A-mfs
UTI Ultra Short Term 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 Cash Plan Fund	-	-	[ICRA]A1+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 Floater Fund and UTI Corporate Bond 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 Ultra Short Term 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 the schemes. The credit risk score for the schemes were comfortably within the benchmark limit for the current rating levels.

ICRA has upgraded the rating of UTI Banking and PSU Debt Fund to [ICRA]AAAmfs (pronounced ICRA triple A m f s) from [ICRA]A-mfs (pronounced ICRA A minus m f s) as the credit quality of the portfolio has improved. The scheme was comfortably within the benchmark limit for [ICRA]AAAmfs rating level. The rating of UTI Banking and PSU Debt Fund were previously constrained on account of its exposure to IL&FS special purpose vehicle (SPV) namely Jorabat Shillong Expressway Limited (JSEL) which was sold on May 6, 2022.

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 market risks and hence should not be construed as an indication of the expected returns, prospective performance of the mutual fund 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 mutual fund schemes is guided by the credit ratings of the individual investments and the relative share of the schemes' allocation towards the investments, besides the maturity schedule of such investments. ICRA's mutual fund ratings are not a reflection on 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 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 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 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. To this end, ICRA relies on the information provided by the AMC and/or publicly available sources. ICRA reviews the mutual fund 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

Positive factors – Not applicable

Negative factors – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investment deteriorates or if there is an increase in the share of lower rated investments 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 Rating Methodology - Mutual Funds
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the company

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. 1,721 crore as on December 31, 2022.

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. 3,150 crore as on December 31, 2022.

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. 7,440 crore as on December 31, 2022.

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. 2,005 crore as on December 31, 2022.

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. 3,009 crore as on December 31, 2022.

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. 23,212 crore as on December 31, 2022.

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. 6,629 crore as on December 31, 2022.

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. 527 crore as on December 31, 2022.

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						
					Jan-27-23	Dec-6-22	Aug-10-22	Aug-24-21	Jul-2-21		Dec-30-20 Oct-30-20 Sep-24-20 Aug-28-20	Feb-6-2020	Dec-30-19 Nov-22-19	Sep-27-19 Sep-9-19	Jul-9-19	Jul-2-19 Jun-14-19	May-27-19
1	UTI Floater Fund	Long term	-	-	[ICRA]AAA mfs;	[ICRA]AAA mfs;	[ICRA]AA A mfs;	[ICRA]AA A mfs;	[ICRA]AA A mfs;	[ICRA]AA A mfs;	[ICRA]AA A mfs;						
2	UTI Corporate Bond Fund	Long term	-	-	[ICRA]AAA mfs;	[ICRA]AAA mfs;	[ICRA]AA A mfs;	[ICRA]AA A mfs;	[ICRA]AA A mfs;	[ICRA]AA A mfs;	[ICRA]AA A mfs;	[ICRA]AA A mfs;	[ICRA]AA A 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	[ICRA]A1 +mfs	[ICRA]A1 +mfs			
4	UTI Ultra Short Term Fund	Short term	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]AA Amfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAmfs	[ICRA] AAmfs	[ICRA] AAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs
5	UTI Treasury Advantage Fund	Long term	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AA A mfs	[ICRA]AA A mfs	[ICRA]AA A mfs	[ICRA]AA A mfs	[ICRA]AA A mfs	[ICRA]AA A mfs	[ICRA]BB B+ mfs	[ICRA]BB B+ mfs	[ICRA]BBB+ mfs	[ICRA]A A mfs	[ICRA]AAmfs
6	UTI Banking & PSU Debt Fund	Long term	-	-	[ICRA]AAA mfs	[ICRA]A- mfs	[ICRA]A- mfs	[ICRA]A- mfs	[ICRA]BB B-mfs@	[ICRA]BB B-mfs@	[ICRA]BB B-mfs@	[ICRA]BB B-mfs@	[ICRA]BB B-mfs@	[ICRA]BB B-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	[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	[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 instruments 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	NA	NA	NA	NA	NA	NA

Annexure II: List of entities considered for consolidated analysis: 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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Branches



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