

June 06, 2025

ITI Asset Management Limited: [ICRA]AAAmfs assigned to ITI Banking & PSU Debt Fund

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
ITI Banking & PSU Debt Fund	-	[ICRA]AAAmfs; assigned
Total	-	

*Instrument details are provided in Annexure I

Rationale and key rating drivers

ICRA has assigned a rating of [ICRA]AAAmfs to ITI Banking & PSU Debt Fund of ITI Asset Management Limited (the asset management company; AMC). As per the Scheme Information Document (SID) filed with the Securities and Exchange Board of India (SEBI), it is an open-ended debt scheme with the investment objective of generating income/capital appreciation through investments in debt and money market instruments, primarily securities issued by banks, public sector undertakings (PSUs) and public financial institutions and municipal bonds. The credit risk score of the scheme, based on the allocated portfolio, was comfortably within the benchmark limit for the assigned rating level.

Mutual fund (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 these schemes. The ratings do not indicate the AMC's 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 schemes' allocation towards the investments, 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

Positive factors – Not applicable

Negative factors – ICRA could downgrade the rating of the scheme if the credit quality of the underlying investment deteriorates or the size of the assets under management (AUM) declines, which may result in an increase in the share of lower rated investments, leading to a breach in the threshold for the rating level.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Mutual Fund Credit Risk Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the company

ITI Asset Management Limited (ITIAML), the AMC for the mutual fund schemes of ITI Mutual Fund, is a subsidiary of The Investment Trust of India Limited (ITI Limited; formerly known as Fortune Financial Services (India) Limited). As per its annual report for FY2024, ITI Limited has a stake of 45.15% in ITIAML while 30.11% is held by ITI Credit Limited, a subsidiary of ITI Limited. ITI Mutual Fund Trustee Private Limited (ITIMFTPL), a wholly-owned subsidiary of ITI Limited, acts as a trustee of ITI Mutual Fund. The AMC had an average AUM of around Rs. 9,293 crore¹ (excluding Domestic Fund of Funds but including Overseas Fund of Funds) for the quarter ended March 31, 2025.

ITI Group

ITI Group is promoted by Mr. Sudhir Valia. It was initially engaged in the capital market businesses of retail and institutional broking, apart from investment banking. In 2013, the Group diversified into lending businesses. Mr. Valia has an established presence in real estate development and construction through his companies. ITI Group is present in institutional and retail equity research and broking, asset-based lending (fintech small and medium-sized enterprise (SME) lending, vehicle loans, etc), investment banking, alternative investment funds (long-short equity, real estate, venture capital) and fixed income broking and retailing. The Group has more than 3,000 employees across 190 branches in India.

¹ Source: AMFI

ITI Banking & PSU Debt Fund

Launched in October 2020, ITI Banking & PSU Debt Fund is an open-ended debt scheme that invests in debt and money market instruments, primarily securities issued by banks, public sector undertakings and public financial institutions and municipal bonds bearing relatively higher interest rate risk albeit lower credit risk. The investment objective is to provide regular income over the short to medium term. The scheme's AUM stood at Rs. 35 crore as on April 30, 2025.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	June 06, 2025	Date	Rating	Date	Rating	Date	Rating
ITI Banking & PSU Debt Fund	Long term	-	[ICRA]AAAmfs	-	-	-	-	-	-

Complexity level of the rated instruments: 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

Not applicable

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Karthik Srinivasan

+91 22 6114 3444

karthiks@icraindia.com

Sohil Mehta

+91 22 6114 3449

sohil.mehta@icraindia.com

Arpit Agarwal

+91 124 4545 873

arpit.agarwal@icraindia.com

Anil Gupta

+91 124 4545 314

anilg@icraindia.com

Ajay Bathija

+91 22 6114 3448

ajay.bathija@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

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

ICRA Limited

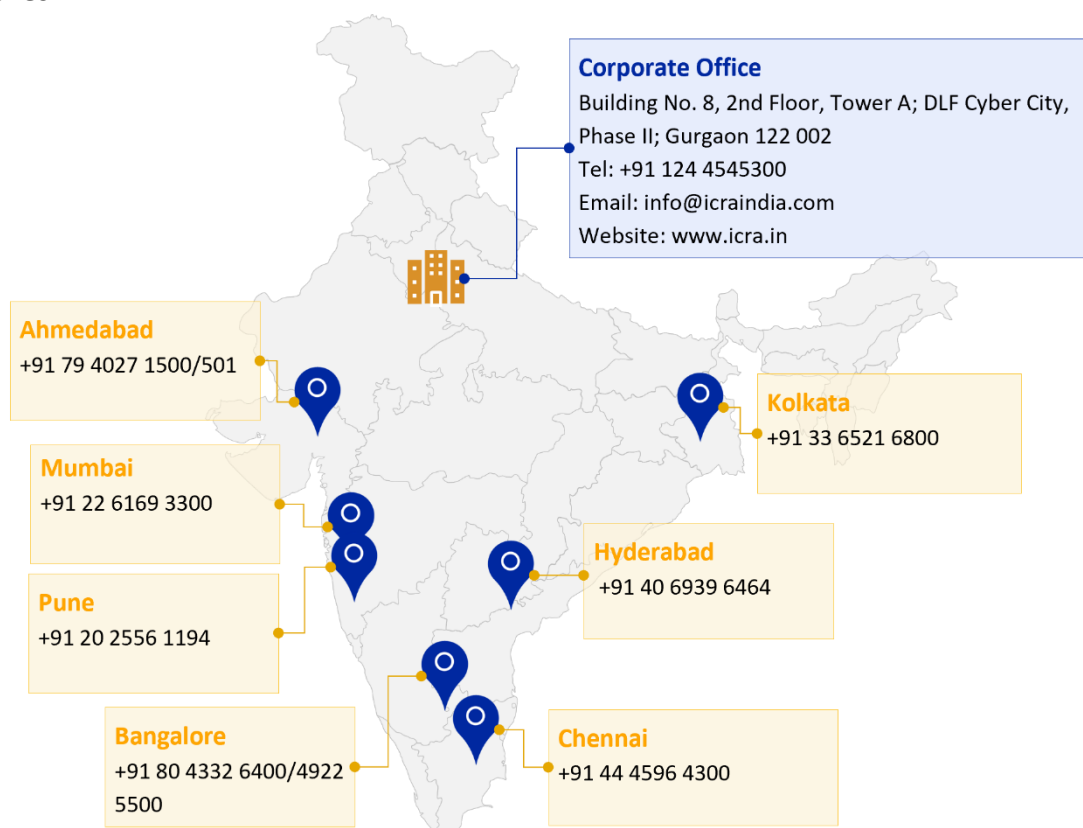


Registered Office

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



Branches



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