

November 25, 2025

UTI Asset Management Company Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short-term fund-based/Non-fund based bank facilities – Others^	17,150.00	17,150.00	[ICRA]A1+; reaffirmed
Long-term fund-based bank facilities	2,000.00	2,000.00	[ICRA]AAA (Stable); reaffirmed
Total	19,150.00	19,150.00	
Long-term interchangeable#	(2,000.00)	(2,000.00)	[ICRA]AAA (Stable); reaffirmed

*Instrument details are provided in Annexure I

^ Intraday liquidity facility for managing redemptions of schemes of the asset management company

Sub-limit towards overdraft against securities and within the intraday limit

Rationale

ICRA has reaffirmed the ratings assigned to the bank lines of UTI Asset Management Company Limited (UTI AMC). The rated facilities are used for the asset management company's (AMC) schemes to bridge the intraday timing mismatches between redemption payouts to unitholders and cash inflows through fresh subscription and/or sale/redemption of securities in the schemes during the day. Further, the need for availing overnight bank borrowings may arise to plug cashflow mismatches during periods of sustained redemptions. However, such mismatches are expected to be temporary and only for a few days.

For the redemptions in the equity schemes, the sale of assets is typically carried out on the day of the redemption request and deployed the next day on TREPS¹ for redemption payout and repayment of the intraday lines on the subsequent day. However, for open-ended debt schemes (OEDS), intraday liquidity management is a combination of the fresh inflows expected in the scheme, maturity of underlying investments in the scheme, the liquidity of the underlying investments (sale) and the ability of the schemes to raise funds by pledging securities {primarily TREPS of Government securities (G-Secs)/Treasury bills (T-bills)}. Hence, the ability of the OEDS to repay the intraday liquidity lines is a function of the credit quality of the underlying investments and the ability to raise funds by pledging securities. Since OEDS are required to maintain liquid assets² as per regulations, they can pledge these assets on TREPS to manage redemptions. But, if there is high volatility in the assets under management (AUM) due to redemptions, the sale of the underlying investments or the ability to raise borrowings (under TREPS) against the investments becomes a critical factor for intraday liquidity management.

Accordingly, ICRA has analysed the OEDS of UTI AMC, which have displayed high negative volatility in the AUM. ICRA's assessment of the credit quality of these OEDS is guided by the credit ratings of the individual investments and the relative share of the scheme's allocation towards investments, besides the maturity schedule of such investments. These schemes usually have a high share of investments in sovereign and/or AAA rated instruments (~85% on average), providing comfort regarding UTI AMC's ability to generate liquidity to repay the rated lines in a timely manner. Instances of overnight bank borrowing at UTI AMC in its OEDS have also remained limited, and redemptions have been primarily managed through TREPS borrowings or intraday lines during the 24-month period of August 2023 to July 2025.

The credit profile remains exposed to events of sustained redemption pressure, which could result in the depletion of the liquid investments, exposing the schemes to liquidity risk.

¹ Treasury Bills Repurchase/Tri-party Repo Dealing System (TREPs) is a proprietary product offered by The Clearing Corporation of India (CCIL), an institution authorised by the Reserve Bank of India (RBI). Through TREPS, entities can lend and borrow funds against G-Secs. The settlement of TREPs is guaranteed by CCIL

² OEDS are required to maintain 10% of the AUM in liquid assets (cash, T-bills and G-Secs). The minimum threshold is higher at 20% of AUM for liquid schemes and overnight schemes

The Stable outlook reflects ICRA's expectation that UTI AMC's open-ended debt schemes would continue to maintain the credit quality of the underlying investments and raise funds by selling or pledging securities in a timely manner in order to ensure efficient liquidity management.

Key rating drivers and their description

Credit strengths

Strong credit quality of underlying assets in schemes with relatively high negative volatility – ICRA has analysed the OEDS of UTI AMC that have exhibited high daily negative volatility in their AUM. The analysis indicates that the credit quality of the underlying investments held in these schemes remains strong with investments in short-tenor instruments. On average, ~85% of the investments of these schemes is in sovereign and AAA rated instruments, providing comfort regarding UTI AMC's ability to pledge/sell these investments at short notice to meet its liquidity requirements.

Robust risk management – The AMC maintains strong credit quality of the underlying assets in the OEDS, supporting its ability to sell/borrow against the underlying securities to manage its liquidity. Instances of overnight borrowings to manage intraday liquidity have been limited in the past. Further, as per Securities and Exchange Board of India (SEBI) guidelines, the maximum borrowings cannot exceed 20% of the AUM (including TREPS) of any of the OEDS. Over the past 24 months (August 2023 to July 2025), instances of consecutive overnight borrowings have been limited to 12 occurrences, each involving two consecutive working days of borrowings.

Credit challenges

Market dislocation and/or adverse liquidity events leading to redemption pressure – Though UTI AMC has managed liquidity across all its schemes, the liquidity of the OEDS remains exposed to events of sustained redemption pressure. Any adverse liquidity event in the market or weakening in macroeconomic factors could lead to a sustained increase in redemptions and a reduction in fresh inflows. During such liquidity events, the liquidity of the underlying investments may also decline. Further, as investor concentration in many OEDS tends to be high, herd behaviour and bulky redemptions could be witnessed during events of market stress. Sustained redemption pressure can result in a sharp contraction in the liquid investments of the schemes, limiting the AMC's ability to incrementally sell/borrow against these instruments. A combination of these events can hence pose challenges to the liquidity management of such OEDS.

Environmental and social risks

UTI AMC does not directly face material environmental risks as its operations are primarily focussed on managing the AUM across multiple schemes in order to achieve the relevant scheme's objective in terms of returns, risk mitigation, etc. However, financial institutions like UTI AMC are exposed to environmental risks indirectly through their portfolio of underlying investments. Nonetheless, such risk is mitigated by virtue of investment diversification and the ability to readjust the portfolio if needed.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for financial institutions as material lapses could be detrimental to their reputation and invite regulatory censure. UTI AMC has not faced such major lapses over the years. Additionally, it is noted that customer preferences are increasingly shifting towards the digital mode of transacting, necessitating more investments in technology. These social trends not only lead to an increase in upfront investments, they also put greater onus on being more sensitive to data leaks. At the same time, these trends provide an opportunity to grow business and reduce operating costs.

Liquidity position: Superior

As on July 31, 2025, UTI AMC had access to sanctioned bank facilities of Rs. 15,525 crore comprising Rs. 4,000-crore fund-based facilities, Rs. 11,450 crore of intraday facilities and a Rs. 75-crore non-fund based facility. The company has largely tapped overnight borrowings through the TREPS lending platform for addressing temporary mismatches between inflows and outflows during the 24-month period of August 2023 to July 2025. These overnight borrowings remain within the regulatory threshold of 20% of the AUM. During this period, the AMC borrowed on overnight basis on 14 days, including 12 instances where borrowings occurred over two consecutive working days. The peak utilisation of overnight borrowing was Rs. 650 crore during the above period, which was ~15% of its AUM. This was largely utilised in UTI Liquid Fund, which has relatively short-tenor assets.

Rating sensitivities

Positive factors – Not applicable

Negative factors – A material deterioration in the credit quality of the underlying investments of the OEDS or sustained negative volatility in the AUM of the schemes will increase the liquidity risk.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	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 carry on the activities of rendering investment management services to the schemes of UTI Mutual Fund (the Fund). It is registered with the Securities and Exchange Board of India (SEBI) under the SEBI (Mutual Funds) Regulations, 1996. The company also provides portfolio management services to clients under the SEBI (Portfolio Managers) Regulations, 1993, as amended, pursuant to a certificate granted by SEBI. Its equity shares are listed on the National Stock Exchange of India Limited and BSE Limited.

UTI AMC has four wholly-owned subsidiaries, viz. UTI Venture Funds Management Company Private Limited, UTI Retirement Solutions Limited, UTI Capital Private Limited and UTI International Limited. The company also has investments in UTI Structured Debt Opportunities Fund II (UTI SDOF II) and UTI Structured Debt Opportunities Fund III (UTI SDOF III).

UTI AMC is among the top 10 AMCs in India (in terms of mutual fund AUM managed). The quarterly average AUM for mutual fund schemes increased to Rs. 3,78,413 crore for the quarter ended September 30, 2025 from Rs. 3,42,549 crore for the quarter ended September 30, 2024. The overall AUM of UTI AMC stood at Rs. 3,66,629 crore for the quarter ended September 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

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Nov 25, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Short-term fund-based/Non-fund based bank facilities – Others [^]	Short term	17,150.00	[ICRA]A1+	Sep-13-2025	[ICRA]A1+	-	-	-	-
Long-term fund-based bank facilities	Long term	2,000.00	[ICRA]AAA (Stable)	Sep-13-2025	[ICRA]AAA (Stable)	-	-	-	-
Long-term interchangeable [#]	Long term	(2,000.00)	[ICRA]AAA (Stable)	Sep-13-2025	[ICRA]AAA (Stable)	-	-	-	-

[^]Intraday liquidity facility for managing redemptions of schemes of the AMC; [#]Sub-limit towards overdraft against securities and within the intraday limit

Complexity level of the rated instruments

Instrument	Complexity indicator
Short-term fund-based/Non-fund based bank facilities – Others [^]	Very Simple
Long-term fund-based bank facilities	Very Simple
Long-term interchangeable [#]	Very Simple

[^]Intraday liquidity facility for managing redemptions of schemes of the AMC; [#] Sub-limit towards overdraft against securities and within the intraday limit

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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Short-term fund-based/Non-fund based bank facilities – Others [^]	NA	NA	NA	17,150.00	[ICRA]A1+
NA	Long-term fund-based bank facilities	NA	NA	NA	2,000.00	[ICRA]AAA (Stable)
NA	Long-term interchangeable [#]	NA	NA	NA	(2,000.00)	[ICRA]AAA (Stable)

Source: Company; [^]Intraday liquidity facility for managing redemptions of schemes of the AMC; [#] Sub-limit towards overdraft against securities and within the intraday limit

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

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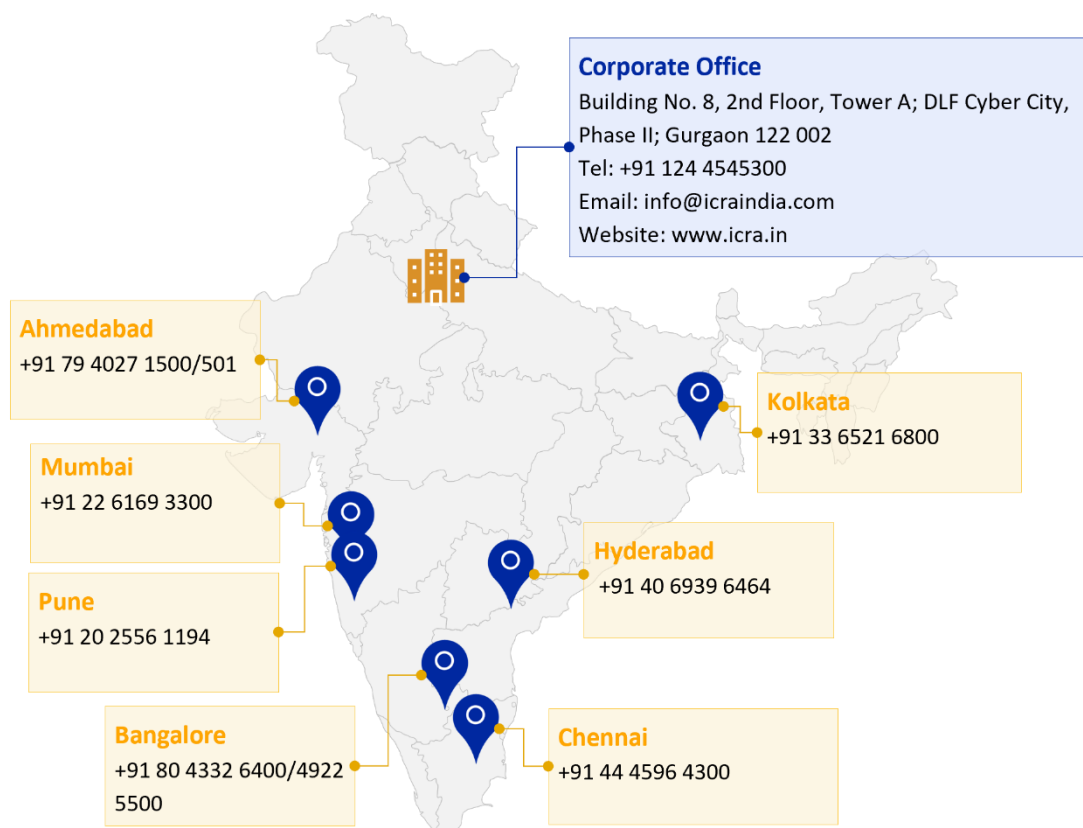


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