

UTI Asset Management Company Limited

December 05, 2018

Summary of rated instruments

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

Rating action

ICRA has assigned the credit risk rating of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) for the UTI Overnight Fund of UTI Asset Management Company Limited (the asset management company (AMC)). Schemes with [ICRA]A1mfs rating are considered to have very strong degree of safety regarding timely receipt of payments from the investments that they have made. Within this rating category, modifier {"+" (plus)} can be used with the rating symbol. The modifier reflects the comparative standing within the category.

ICRA has a rating outstanding of [ICRA]AAA mfs (pronounced ICRA triple A m f s) for the AMC's UTI Ultra Short Term Fund, UTI Treasury Advantage Fund, UTI Bond Fund, UTI Dynamic Bond Fund and UTI Banking and PSU Debt Fund. Schemes with this rating are considered to have the highest degree of safety regarding the timely receipt of payments from the investments that they have made. 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. ICRA also has a rating outstanding of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) on the UTI Liquid Cash Plan and UTI FIIF Quarterly Interval Plan Series VI.

The ratings indicate ICRA's opinion on the credit quality of the portfolios held by the funds. They 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, net asset value (NAV) or volatility in its returns.

Rationale and key rating drivers

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. If 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 continues to breach the benchmark credit score, the rating is revised to reflect the change in credit quality.

The ratings have been reaffirmed following ICRA's analysis of the credit risk profile of the month-end portfolio position of the schemes. The credit risk scores for the schemes were comfortably within the benchmark limits for the current rating levels.

Liquidity Position: Not Applicable

Analytical Approach:

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

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 period ended September 30, 2018 for the AMC stood at Rs. 1,66,608.96 crore.

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. 641 crore as on October 31, 2018. As on October 31, 2018 the portfolio comprises of only CBLO instruments.

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. 36,684 crore as on October 31, 2018.

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. 5,341 crore as on October 31, 2018.

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. 8,024 crore as on October 31, 2018

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. 807 crore as on October 31, 2018.

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. 1,090 crore as on October 31, 2018.

UTI Banking and 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 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. 790 crore as on October 31, 2018.

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 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 (FY2019) | | Chronology of Rating History for the past 3 years | | | | | | | | | | | |
|---------|---|------------|-------------------------|-------------------------|---|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | | Rated amount | Dec-18 | FY2019 | | | | FY2018 | | | | FY2017 | | FY2016 | |
| | | | | | Oct-18 | Sep-18 | Jun-18 | Jun-18 | Dec-17 | Oct-17 | Aug-17 | Jul-17 | Oct-16 | Jul-16 | Sep-15 | Jul-15 |
| 1 | UTI Overnight Fund | Short Term | - | [ICRA] A1+mfs; assigned | | | | | | | | | | | | |
| 2 | 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 |
| 3 | UTI Ultra Short Term Fund | Long Term | - | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] A1+mfs | [ICRA] A1+mfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs |
| 4 | UTI Treasury Advantage Fund | Long Term | - | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs |
| 5 | UTI Bond Fund | Long Term | - | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs | [ICRA] AAAmfs |
| 6 | UTI Dynamic Bond Fund | Long Term | - | [ICRA] AAAmfs | [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 Banking and PSU Debt Fund | Long Term | - | [ICRA] AAAmfs | [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 Capital Protection Oriented Scheme Series X - | Long Term | - | [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) | Provisional [ICRA] AAAmfs (SO) | Provisional [ICRA] AAAmfs (SO) | Provisional [ICRA] AAAmfs (SO) | Provisional [ICRA] AAAmfs (SO) | Provisional [ICRA] AAAmfs (SO) |

| Sr. No. | Name of Scheme | Type | Current Rating (FY2019) | | Chronology of Rating History for the past 3 years | | | | | | | | | | | |
|---------|---|------------|-------------------------|--------------------|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|--------|--------|--------|
| | | | Rated amount | Dec-18 | FY2019 | | | | FY2018 | | | | FY2017 | | FY2016 | |
| | | | | | Oct-18 | Sep-18 | Jun-18 | Jun-18 | Dec-17 | Oct-17 | Aug-17 | Jul-17 | Oct-16 | Jul-16 | Sep-15 | Jul-15 |
| 9 | 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) | Provisional [ICRA] AAAmfs (SO) | | | |
| 10 | 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) | Provisional [ICRA] AAAmfs (SO) | Provisional [ICRA] AAAmfs (SO) | | | |
| 11 | 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) | Provisional [ICRA] AAAmfs (SO) | Provisional [ICRA] AAAmfs (SO) | Provisional [ICRA] AAAmfs (SO) | | | |
| 12 | UTI FIIF Quarterly Interval Plan - Series VI | Short Term | - | [ICRA] A1+mfs | [ICRA] A1+mfs | [ICRA] A1+mfs | [ICRA] A1+mfs | [ICRA] A1+mfs | - | - | - | - | - | - | - | - |

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

| ISIN No | 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 |

ANALYST CONTACTS

Karthik Srinivasan

+91 22 6114 3444

karthiks@icraindia.com

Neha Parikh

+91 22 6114 3426

neha.parikh@icraindia.com

Sandeep Sharma

+91 22 6114 3472

sandeep.sharma@icraindia.com

RELATIONSHIP CONTACT

Mr. 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:

+91-124-2866928 (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

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 6606 9999

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