

## ICICI Prudential Mutual Fund

June 10, 2022

### Ratings

Facilities/Instruments*	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
^Long Term Bank Facilities (Overnight Cash Credit)	4,000.00	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Short Term Bank Facilities	6,500.00	CARE A1+ (A One Plus)	Reaffirmed
<b>Total Bank Facilities</b>	<b>10,500.00</b> <b>(₹ Ten Thousand Five Hundred Crore Only)</b>		

\*Facility is extended to 18 debt schemes of ICICI Prudential Mutual Fund

Details of instruments/facilities in Annexure-1

^sublimit to intraday limit of Rs. 7,000 crore

### Detailed Rationale & Key Rating Drivers

The rating of the short-term bank facilities and overnight cash credit facilities of ICICI Prudential Mutual Fund factors in the sponsor's strength with strong brand linkages to ICICI Group, experience of the fund management team, high credit quality of the underlying assets of the schemes and low market and liquidity risk of the schemes. Maintenance of the high credit quality of the underlying assets of the schemes and asset coverage for the bank facility are the key rating sensitivities.

### Rating Sensitivities

#### Negative Factors - Factors that could lead to negative rating action/downgrade:

- Moderation in linkages with the parent
- Significant deterioration in the asset quality of the AUM
- Decline in asset coverage of the debt schemes

### Detailed description of the key rating drivers

#### Key Rating Strengths

##### Sponsor strength with strong brand linkages to ICICI Group

ICICI Prudential Asset Management Company Limited, the investment manager of ICICI Prudential Mutual Fund, is a joint venture between ICICI Bank (rated CARE AAA; Stable; 51% holding), India's leading private sector bank and Prudential Plc, (49% holding) one of the United Kingdom's largest players in the financial services sectors. ICICI Prudential Mutual Fund also benefits from the brand equity of its sponsors, ICICI Bank and Prudential Plc.

ICICI Bank is India's leading private sector bank with consolidated total assets of Rs. 17,52,637.4 crore as on March 31, 2022. The Bank has a network of 5,418 branches and about 13,626 ATMs across India as on March 31, 2022. Prudential plc is an international financial services group with significant operations in Asia, US and the UK. Prudential has 20 million customers and is listed on various stock exchanges in London, Hong Kong, Singapore & New York.

#### Experienced Management

The board and senior management comprise of select senior representative from ICICI Bank and Prudential Plc indicating strong group representation. The senior management and the fund management team consist of professionals with extensive experience in the investment management industry. Mr. Nimesh Shah is the Managing Director & Chief Executive Officer of ICICI Prudential AMC and supervises the overall operations. Prior to joining the AMC, he was a Senior General Manager at ICICI Bank where he handled many responsibilities in segments like project finance, international banking and corporate banking. He has also led ICICI Bank's foray into Middle-East and African regions and helped establish ICICI's brand presence. His focus has been always on being investor-centric and maintaining high levels of transparency.

#### High credit quality of underlying assets

All the debt schemes of ICICI AMC have invested majorly in high credit quality debt instruments. As on March 31, 2022, total portfolio constitutes (combined of all the 18 debt schemes) 97.58% of its investments in Sovereign, AAA and AA band rated instruments. Each company where the exposure is taken is evaluated for its financials, cashflows, individual strength, group support, management, track record, etc. The credit analysis of these debt schemes is undertaken by an independent risk management team which is also responsible for undertaking credit assessment, reviews and seeking approvals from appropriate approval forums for creation of debt investment limits for the investee companies.

#### Low market and liquidity risk

As on March 31, 2022, the portfolio duration of 14 of the 18 schemes was more than one year, which was on similar lines as on January 31, 2022. Hence, any change in interest rate would have limited impact on the price. The remaining 4 schemes had duration within a year. However, the schemes have invested in high credit quality papers which would help reducing the impact of any price movement. Most schemes also carry liquidity in excess of 10-20% which helps to maintain adequate liquidity in case of any redemption pressures.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

### Liquidity: Strong

ICICI Prudential Mutual Fund's debt schemes have AUM invested in highly liquid investments. As on March 31, 2022, of the total AUM of the 18 schemes, Rs. 78,438.14 crore (43.3% as on March 31, 2022) is in the form of highly liquid investments like Gsec, CBLOs, TREPAs, Treasury bills, reverse repos, etc. whereas the remaining i.e., Rs.1,02,712 crore (56.7% as on March 31, 2022) crore is in less liquid investments like commercial papers, debentures, REIT, Zero Coupon Bonds, etc. Most of the instruments are highly rated which are likely to be very liquid. The total portfolio as on March 31, 2022, constitutes (combined of all the 18 debt schemes) 97.58% of its investments in Sovereign, AAA and AA rated instruments.

### Analytical approach:

CARE has analysed standalone credit profile of ICICI Prudential Mutual Fund along with its operational and managerial linkages with its parent ICICI Bank (rated CARE AAA; Stable) and underlying credit quality of the debt schemes covered under the bank facility.

### Applicable Criteria

[Policy on default recognition](#)

[Factoring Linkages Parent Sub JV Group](#)

[Short Term Instruments](#)

[CARE's Fund Credit Quality Rating Criteria](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

### About the Company

ICICI Prudential Mutual Fund has been established as a trust under the Indian Trust Act, 1882 by ICICI Bank and Prudential Plc., with ICICI Prudential Trust Limited as the Trustee Company and ICICI Prudential Asset Management Company Limited as the Investment Manager. ICICI Prudential Asset Management Company Ltd. is a joint venture between ICICI Bank (51% holding), India's leading private sector bank and Prudential Plc, (49% holding) one of the United Kingdom's largest players in the financial services sectors. ICICI Prudential Mutual Fund also benefits from the brand equity of its sponsors, ICICI Bank and Prudential Plc. The average assets under management of ICICI Prudential Asset Management Company Ltd as on March 31, 2022, stood at Rs. 4,87,254.87 crores.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure 4

### Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating assigned along with Rating Outlook
Fund-based - ST-Working Capital Limits		-	-	-	6500.00	CARE A1+
Fund-based - LT-Cash Credit		-	-	-	4000.00	CARE AAA; Stable

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based - ST-Working Capital Limits	ST	6500.00	CARE A1+	-	1)CARE A1+ (02-Mar-22)	1)CARE A1+ (03-Dec-20)	1)CARE A1+ (18-Dec-19)
2	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (18-Dec-19)
3	Fund-based - LT-Cash Credit	LT	4000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (20-Jul-21)	-	-

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities**

Name of the Instrument	Detailed explanation
<b>A. Financial covenants</b>	<b>NA</b>
<b>B. Non-financial covenants</b>	<b>NA</b>

**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - ST-Working Capital Limits	Simple

**Annexure 5: Bank Lender Details for this Company**To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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### About CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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