

ICICI Prudential Mutual Fund

July 20, 2021

Ratings

Facilities*	Amount (Rs. crore)	Rating ¹	Rating Action
^Long Term Bank Facilities (Overnight Cash Credit)	4,000 (Rs. Four Thousand Crore Only)	CARE AAA; Stable (Triple A; Outlook:Stable)	Assigned

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

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

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating of the 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 Sensitivities (Factors that could individually or collectively lead to negative rating action/downgrade)

- 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. 15,73,812.24 crore as on March 31, 2021. The Bank has a network of 5,266 branches and about 14,136 ATMs across India as on March 31, 2021. 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 May 31, 2021, total portfolio constitutes (combined of all the 18 debt schemes) 98.73% of its investments in Sovereign, AAA and AA 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

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

seeking approvals from appropriate approval forums for creation of debt investment limits for the investee companies.

Low market and liquidity risk

As on May 31, 2021, the portfolio duration of 4 of the 18 schemes was less than one year, which was on similar lines as on September 30, 2020. Hence, any change in interest rate would have limited impact on the price. The remaining 14 schemes had duration of over 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% which helps to maintain adequate liquidity in case of any redemption pressures.

Liquidity: Strong

ICICI Prudential Mutual Fund's debt schemes have AUM invested in highly liquid investments. As on May 31, 2021, of the total AUM of the 18 schemes, Rs. 97,458.63 crore (50% as on May 31, 2021) is in the form of highly liquid investments like Gsec, CBLOs, TREPs, Treasury bills, reverse repos, etc. whereas the remaining i.e., Rs. 98,678.87 (50% as on May 31, 2021) 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 May 31, 2021, constitutes (combined of all the 18 debt schemes) 98.73% of its investments in Sovereign, AAA and AA rated instruments.

Analytical approach: Standalone

Applicable Criteria

[CARE's Policy on Default Recognition](#)

[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 assets under management of ICICI Prudential Asset Management Company Ltd as on May 31, 2021, stood at Rs. 4,28,085.84 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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT- Bank Facilities-Cash Credit (Overnight)	-	-	-	4,000	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 (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - ST- Working Capital Limits	ST	6,500.00	CARE A1+	-	1)CARE A1+ (03-Dec-2020)	1)CARE A1+ (18-Dec-19)	1)CARE A1+ (07-Mar-19)
2.	Fund-based - LT- Cash Credit	LT	-	-	-	-	1)Withdrawn (18-Dec-19)	1)CARE AAA (07-Mar-19)
3.	Fund-based - LT- Bank Facilities-Cash Credit (Overnight)	LT	4,000.00	CARE AAA; Stable	-	-	-	-

Annexure 3: Complexity level of various instruments rated for this company

Sr. No	Name of Instrument	Complexity Level
1	Fund-based-LT-Bank Facilities-Cash Credit (Overnight)	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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