

UTI Asset Management Company Limited

June 01, 2023

Scheme Name	Scheme Type	Rating ¹	Rating Action
UTI Overnight Fund	Open-ended Debt Scheme	CARE AAA mfs	Reaffirmed
UTI Short Term Income Fund	Open-ended Short Term Debt Scheme	CARE AAA mfs	Reaffirmed
UTI Treasury Advantage Fund	Open-ended Low Duration Debt Scheme	CARE AAA mfs	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed the credit quality rating assigned to UTI Overnight Fund, UTI Short Term Income Fund and UTI Treasury Advantage Fund. These funds are managed by UTI Asset Management Company Private Limited (AMC).

Schemes rated 'CARE AAA mfs' are considered to have highest degree of safety regarding timely receipt of payments from the investments that they have made.

CARE Ratings' fund Credit Quality Rating (CQR) is an opinion on the overall credit quality of a debt mutual fund scheme. CARE Ratings' fund CQR is not a recommendation to purchase, sell, or hold a security/fund. They comment neither on the current market price, suitability for a particular investor nor on the prospective performance of the fund with respect to appreciation, volatility of net asset value (NAV), or yield of the fund. The ratings do not address the fund's ability to meet the payment obligations to the investors. The ratings are not an opinion on the fund management practices (including fund structure, expense ratios & marketing activities), financial performance as well as management quality of an AMC and hence do not comment upon the business practices. The ratings are also not indicative of compliance & reputation risks, liquidity, market and sectoral risks.

The ratings capture the fund's overall exposure to default risk based on the credit quality of individual securities in the portfolio. CARE Ratings' fund CQR is based on the evaluation of the fund's investment strategy and portfolio credit risk. It also involves the evaluation of the credit quality of individual securities as well as the diversification of portfolio. CARE Ratings Limited (CARE Ratings) uses the concept of credit scores assigned to individual securities, as per credit scoring matrix developed by it.

CARE Ratings reviews the rated mutual fund scheme on an on-going basis to support its published rating opinions. As such, portfolio of the fund is reviewed on monthly basis. In addition, detailed annual review of the fund is also undertaken. The fund has to maintain the fund credit score within the benchmark fund score associated with a given rating level. If in any particular month, the fund credit score breaches the benchmark, CARE Ratings generally provides one month to the AMC to realign the score.

The credit score of the above schemes has been calculated on the basis of portfolio outstanding as on April 30, 2023, and are within the benchmark set by CARE Ratings.

Rating sensitivities: Factors that could individually or collectively lead to rating actions

Positive factors: Not Applicable

Negative factors:

CARE Ratings could downgrade the ratings of the schemes if the credit quality of the underlying securities deteriorates thereby resulting into a breach in the threshold limit set by CARE Ratings for a given rating level.

Analytical approach

Assessment of underlying credit quality of the debt schemes.

Environment, Social and Governance (ESG) Profile:

In view of the importance of ESG practices, global nature of ESG requirements and its criticality for operations of UTI International Limited, the Board has also constituted a 'ESG Committee' through circular resolution dated 2nd August, 2021 with majority of the members being independent directors. In Pursuance of the ESG initiative, the company has implemented a paperless approval system. All internal approvals are obtained digitally through documents management system (DMS). Developing unique sector based ESG templates into research process. Company interaction by analyst, with special focus on ESG focused interaction. Subscription to Sustainalytics for independent ESG ratings and analysis as an input for investment team. Incorporating costs,

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

benefits and capital allocation implications based on ESG templates into fundamental analysis, valuation and investment decision making. Added ESG analyst to the team to help integrate responsible investing (RI) framework in line with obligation as United Nations - Principles for Responsible Investing (UN-RPI) signatory. Signed up 3 analyst for ESG/RI certification programmes

Applicable criteria

[Rating Methodology – Fund Credit Quality](#)

About the funds

UTI Overnight Fund:

UTI Overnight Fund was launched by UTI Asset Management Company Limited in November 2003. It is an open-ended debt scheme investing in overnight securities, with a relatively low interest rate risk and relatively low credit risk. The investment objective of the scheme is to generate reasonable income, with low risk and high level of liquidity from a portfolio of overnight securities having a maturity of one day. However, there can be no assurance that the investment objective of the scheme will be achieved. The scheme does not guarantee / indicate any returns. The fund's assets under management (AUM) stood at ₹6,196.18 crore as on April 30, 2023.

UTI Short Term Income Fund:

UTI Short Term Income Fund was launched by UTI Asset Management Company Limited in June 2003. It is an open-ended short term debt scheme investing in instruments such that the Macaulay duration of portfolio is between 1 year and 3 years, with a relatively high interest rate risk and moderate credit risk. The investment objective of the scheme is to generate reasonable income, with low risk and high level of liquidity from a portfolio of debt & money market instruments. However, there can be no assurance that the investment objective of the scheme will be achieved. The scheme does not guarantee / indicate any returns. The fund's assets under management (AUM) stood at ₹2,356.84 crore as on April 30, 2023.

UTI Treasury Advantage Fund:

UTI Treasury Advantage Fund was launched by UTI Asset Management Company Limited in July 1999. It is an open-ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolios is between 6 months and 12 months, with a moderate interest rate risk and moderate credit risk. The investment objective is to generate reasonable income for its investors consistent with high liquidity by investing in a portfolio of debt & money market instruments. However, there can be no assurance that the investment objective of the scheme will be achieved. The scheme does not guarantee / indicate any returns. The fund's assets under management (AUM) stood at ₹3,381.29 crore as on April 30, 2023.

About the company and industry

Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Capital Markets	Asset Management Company

UTI Asset Management Co. Ltd. (UTI AMC) was established in 1964 through a bill passed in the Parliament of India. It is the asset manager to the schemes of UTI Mutual Fund which is a SEBI-registered mutual fund under SEBI Mutual Fund Regulations Act, 1956, sponsored by State Bank of India, Punjab National Bank, Bank of Baroda and Life Insurance Corporation of India as the sponsors. It has global partnership with T. Rowe Price International Ltd. UTI AMC is managing assets across different business verticals that include domestic mutual fund, portfolio management services (PMS), international business, retirement solutions and alternate investment assets. UTI MF reported average assets under management (AAUM) at ₹2,38,791 crore (excluding domestic Fund of Funds but including Fund of Funds - Overseas) for the quarter ended March 31, 2023.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

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

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

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
UTI Overnight Fund	-	-	-	-	-	CARE AAA mfs
UTI Short Term Income Fund	-	-	-	-	-	CARE AAA mfs
UTI Treasury Advantage Fund	-	-	-	-	-	CARE AAA mfs

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1.	UTI Overnight Fund	Open-ended Debt Scheme	-	CARE AAAmfs	-	1) CARE AAAmfs (02-June-2022)	1) CARE AAAmfs (10-June-2021)	1) CARE AAAmfs (23-June-2020)
2.	UTI Short Term Income Fund	Open-ended Short Term Debt Scheme	-	CARE AAAmfs	-	1) CARE AAAmfs (02-June-2022)	1) CARE AAAmfs (10-June-2021)	1) CARE AAAmfs (23-June-2020)
3.	UTI Treasury Advantage Fund	Open-ended Low Duration Debt Scheme	-	CARE AAAmfs	-	1) CARE AAAmfs (02-June-2022)	1) CARE AAAmfs (10-June-2021)	1) CARE AAAmfs (23-June-2020)

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of Instrument	Complexity Level
1	Credit Quality Rating	Simple

Annexure-5: Lender details: Not applicable

Note on the complexity levels of the rated instruments: CARE Ratings 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.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

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