

UTI Asset Management Company Limited

November 03, 2023

Scheme Name	Scheme Type	Rating ¹	Rating Action
UTI Overnight fund	Open-ended debt scheme	CARE AAA mfs	Reaffirmed
UTI Short Duration Fund (Erstwhile UTI Short-term Income Fund)	Open-ended short-term debt scheme	CARE AAA mfs	Reaffirmed
UTI Low Duration Fund (Erstwhile 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 (CQR) assigned to UTI Overnight Fund, UTI Short Duration Fund and UTI Low Duration Fund. These funds are managed by UTI Asset Management Company Limited (UTI AMC). The schemes rated 'CARE AAAMfs' are considered to have highest degree of safety regarding timely receipt of payments from the investments that they have made.

CARE Ratings' fund CQR are opinions on the overall credit quality of a specific debt mutual fund scheme. CARE Ratings' fund CQR is not a recommendation to purchase, sell, or hold a security/fund. It neither comments 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 and 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 and reputation risks, liquidity, market and sectoral risks.

The fund 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 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 a 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 a particular month, if the fund credit score breaches the benchmark, CARE Ratings generally provides one month to the asset management company (AMC) to realign the score. The credit score of the above three schemes have been calculated on the basis of portfolio outstanding as on September 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 profile

In view of the importance of ESG practices, global nature of environment, social, and governance (ESG) requirements and its criticality for operations of UTI International Limited, the Board has also constituted a 'ESG Committee' through circular resolution dated August 2, 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 document management system (DMS). The company is developing unique sector-based ESG templates into research process. The company has special focus on ESG-focused interaction. It also has subscription to sustainalytics for independent ESG ratings and analysis as an input for investment team. The company has been incorporating costs, benefits and capital allocation implications based on ESG templates

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

into fundamental analysis, valuation and investment decision making. It added an 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. The company also signed up three analysts 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 AMC 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 ₹3,687.34 crore as on September 30, 2023.

UTI Short Duration Fund (Erstwhile UTI Short-term Income Fund):

UTI Short Duration Fund was launched by UTI AMC 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 and 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 AUM stood at ₹2,388.88 crore as on September 30, 2023.

UTI Low Duration Fund (Erstwhile UTI Treasury Advantage Fund):

UTI Low Duration Fund was launched by UTI AMC 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 and 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 AUM stood at ₹3,734.20 crore as on September 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 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.

The AMC has reported average assets under management (AAUM) for schemes of UTI Mutual Fund of ₹266,813 crore (excluding domestic Fund of Funds but including Fund of Funds - Overseas) for the quarter ended September 30, 2023.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Disclosure of Interest of Independent / Non-Executive Directors of CARE Ratings Ltd. : Not applicable

Disclosure of Interest of Managing Director & CEO: 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: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
UTI Overnight Fund	-	-	-	-	-	CARE AAA mfs
UTI Short Duration Fund (Erstwhile UTI Short-term Income Fund)	-	-	-	-	-	CARE AAA mfs
UTI Low Duration Fund (Erstwhile 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 (01-June-2023)	1) CARE AAAMfs (02-June-2022)	1) CARE AAAMfs (10-June-2021)	1) CARE AAAMfs (23-June-2020)
2.	UTI Short Duration Fund (Erstwhile UTI Short-term Income Fund)	Open-ended Short-term debt scheme	-	CARE AAAMfs	1) CARE AAAMfs (01-June-2023)	1) CARE AAAMfs (02-June-2022)	1) CARE AAAMfs (10-June-2021)	1) CARE AAAMfs (23-June-2020)
3.	UTI Low Duration Fund (Erstwhile UTI Treasury Advantage Fund)	Open-ended low duration debt scheme	-	CARE AAAMfs	1) CARE AAAMfs (01-June-2023)	1) CARE AAAMfs (02-June-2022)	1) CARE AAAMfs (10-June-2021)	1) CARE AAAMfs (23-June-2020)

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

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the 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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