

**UTI Asset Management Company Limited** (Revised)

August 12, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	-	-	Reaffirmed at CARE AAA; Stable / CARE A1+ and Withdrawn

Details of instruments/facilities in Annexure-1.

**Rationale and key rating drivers**

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings of 'CARE AAA; Stable/CARE A1+' [Triple A; Outlook: Stable/ A One Plus] assigned to the bank facilities of UTI Asset Management Company Ltd., with immediate effect. The above action has been taken at the request of UTI Asset Management Company Ltd., and 'No Objection Certificate' received from the bank(s) that have extended the facilities rated by CARE Ratings Ltd.

**Analytical approach:**

CARE has analysed the underlying credit quality of the debt schemes covered under the bank facilities.

**Outlook: Stable**

The stable outlook reflects high credit quality of assets/securities underlying the rated bank facilities and low duration of most assets under management (AUM), with 81.64% of investments are in liquid assets.

**Detailed description of the key rating drivers:**
**Key strengths**
**Sponsors strength, Experienced Management team and board of directors**

UTI AMC is the investment manager of UTI Mutual Fund. State Bank of India, Life Insurance Corporation of India, Bank of Baroda and Punjab National Bank are sponsors of UTI Mutual Fund. It has global partnership with T. Rowe Price International Ltd. which is one of the majority shareholders holding 22.92% stake in the AMC followed by Punjab National Bank 15.18%, Bank of Baroda 9.95%, State Bank of India 9.95%, and Life Insurance Corporation of India 9.95% as on March 31, 2024. The AMC board comprises of 3 Non-Executive Directors, 5 Independent directors and a non-executive chairman. The senior management and the fund management team consists of professionals with extensive experience in the investment management industry.

**High credit quality of underlying assets**

UTI Mutual Fund has collective Fund Based Working Capital facilities of ₹6,000.00 crore for meeting redemption/ repurchase requirements in 8 debt mutual fund schemes having total AUM of ₹55,446.93 crore as on June 30, 2024. Out of the combined portfolio of the 8 schemes, 81.64% of AUM was invested in highly liquid sovereign debt and AAA rated papers, 7.50% in AA+ rated papers, 5.65% in AA rated papers and the remaining 5.21% in AA- rated papers. The high credit quality of underlying assets mitigates credit risks.

**Low market risk and liquidity risk**

As on June 30, 2024, the portfolio duration of 8 schemes was 0.75 years as the majority of investment is in short-term instruments and government securities. Furthermore, out of the portfolio of 8 schemes, 81.64% of investments are in liquid assets which include G-sec, TREPS, CPs, CDs, T-Bills and cash, thereby resulting in lower market risk.

**Liquidity: Adequate**

As on June 30, 2024, all the 8 schemes of the mutual fund have high credit quality rating (CQR) of CARE AAAmfs. Out of the combined portfolio of the 8 schemes as stipulated in Annexure-6, 81.64% of AUM was invested in highly liquid sovereign debt and AAA rated papers, 7.50% in AA+ rated papers, 5.65% in AA rated papers and 5.21% in AA- rated papers.

Furthermore, the said facility is generally used to meet temporary liquidity requirements such as redemptions. While the available tenure of facilities is one year, the funds are generally repaid within 7 days. The facility drawn is against pledge of at least 1.1x security cover of highly rated and liquid securities and the bank has mechanism in place to monitor the liquidity position in the portfolio which mitigates liquidity risk.

<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

## Environment, social, and governance (ESG) risks

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 taken several steps such as:

- 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.
- Subscribed to Sustainalytics for independent ESG ratings and analysis as an input for investment team.
- Incorporated costs, 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.

## Applicable criteria

[Policy on Withdrawal of ratings](#)

[CARE's policy on default recognition](#)

[Criteria on assigning Outlook and Credit Watch](#)

[Mutual Fund Credit Quality](#)

[Criteria for short Term Instruments](#)

## 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 Company Limited (UTI AMC) is Investment Manager to UTI Mutual Fund. It is incorporated under the Companies Act, 1956 and was approved to act as an Asset Management Company for UTI Mutual Fund by SEBI on January 14, 2003. UTI AMC is registered as Portfolio Manager with SEBI and through its subsidiary it acts as Fund manager for AIF, among others. It also has a countrywide network of branches along with a diversified distribution network. Sponsors of UTI AMC are State Bank of India, Punjab National Bank, Bank of Baroda and Life Insurance Corporation of India. T. Rowe Price International Ltd is one of the shareholders of UTI AMC. 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 ₹3,10,696.93 crore (excluding domestic Fund of Funds but including Fund of Funds - Overseas) for the quarter ended June 30, 2024.

**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:** Annexure-4

**Lender details:** Annexure-5

**Details of Debt Mutual fund schemes considered under the above facility:** Annexure-6

**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
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC		-	-	-	0.00	Withdrawn

**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 2024-2025	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
1	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	-	-	1) CARE AAA; Stable / CARE A1+ (12-Aug-24)	1)CARE AAA; Stable / CARE A1+ (21-Jun-23)	-	-

Long term/Short term

**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	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	Simple

**Annexure-5: Lender details**To view the lender wise details of bank facilities please [click here](#)**Annexure-6: Details of Debt Mutual fund schemes considered under the above facility are:**

Sr. No	Scheme	As on June 30, 2024
		AUM
		(₹ crore)
1.	UTI Corporate Bond Fund	3,723.82
2.	UTI Floater Fund	1,382.47
3.	UTI Liquid Fund (formerly known as UTI Liquid Cash Plan Fund)	24,127.08
4.	UTI Money Market Fund	14,308.33
5.	UTI Overnight fund	3,920.66
6.	UTI Short Duration Fund (formerly known as UTI Short Term Income Fund)	2,566.21
7.	UTI Low Duration Fund (formerly known as UTI Treasury Advantage Fund)	2,428.81
8.	UTI Ultra Short Duration Fund (formerly known as UTI Ultra Short Term Fund)	2,239.53
	<b>TOTAL</b>	<b>54,696.91</b>

**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](mailto:care@careedge.in) for any clarifications.

### Contact us

<p><b>Media Contact</b></p> <p>Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Pradeep Kumar V Senior Director <b>CARE Ratings Limited</b> Phone: 914428501001 E-mail: <a href="mailto:pradeep.kumar@careedge.in">pradeep.kumar@careedge.in</a></p>	<p><b>Analytical Contacts</b></p> <p>Sanjay Agarwal Senior Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3582 E-mail: <a href="mailto:sanjay.agarwal@careedge.in">sanjay.agarwal@careedge.in</a></p> <p>Gaurav Dixit Director <b>CARE Ratings Limited</b> Phone: 91-120-4452002 E-mail: <a href="mailto:gaurav.dixit@careedge.in">gaurav.dixit@careedge.in</a></p> <p>Sudam Shrikrushna Shingade Associate Director <b>CARE Ratings Limited</b> Phone: 912267543453 E-mail: <a href="mailto:sudam.shingade@careedge.in">sudam.shingade@careedge.in</a></p>
---	--

### 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.

**For the detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**