

March 28, 2025

PPFAS Mutual Fund: [ICRA]A1+mfs assigned to Parag Parikh Liquid Fund

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Parag Parikh Liquid Fund	-	[ICRA]A1+mfs; assigned
Total	-	

*Instrument details are provided in Annexure I

Rationale and key rating drivers

ICRA has assigned an [ICRA]A1+mfs rating to Parag Parikh Liquid Fund of PPFAS Mutual Fund managed by PPFAS Asset Management Private Limited (the asset management company; AMC). As per the Scheme Information Document (SID) filed with the Securities and Exchange Board of India (SEBI), Parag Parikh Liquid Fund is an open-ended liquid scheme with an investment objective of delivering reasonable market related returns with lower risk and high liquidity through judicious investments in money market and debt instruments. The credit risk score for the scheme based on the indicative/allocated portfolio was comfortably within the benchmark limit for the assigned rating level.

Mutual fund (MF) ratings incorporate ICRA's assessment of the creditworthiness of a debt MF scheme's investment portfolio. These ratings are a symbolic representation of the credit risk in the underlying investments or the degree of safety regarding the timely receipt of payments from the investments made by the MF scheme. The rating does not indicate the AMC's and/or any of its scheme's willingness and/or ability to make timely redemptions to its investors. The rating also does not address the market risks and hence should not be construed as an indication of the expected returns, the prospective performance of the MF scheme, and the ability to redeem the investments at the reported net asset value (NAV) or the volatility in its past returns as all these are influenced by market risks.

ICRA's assessment of debt MF schemes is guided by the credit rating of the individual investments, the relative share of the investments in the overall assets under management (AUM) of the scheme and the maturity schedule of such investments. ICRA's MF ratings are not a reflection of the quality of the management of the AMC or its financial performance, reputation and other business practices, including investment strategies, pricing, marketing and distribution activities. Furthermore, the ratings are not a reflection of whether the AMC or the fund is compliant with the applicable regulatory requirements.

The credit matrix is a tool used by ICRA for analysing the investment portfolio of the debt MF schemes by assessing the portfolio's aggregate credit quality while reviewing the credit quality of each underlying debt security. The portfolio's weighted average credit quality is compared with a benchmark credit score corresponding to the higher of the weighted average maturity of the scheme's portfolio or the maturity predefined by ICRA for the scheme category. The rating outcome corresponds to the rating level for which the portfolio's weighted average credit score is less than the benchmark credit score associated with the rating level. Further, the lowest rating of the investments of the scheme acts as the floor for its rating.

Once an MF scheme is rated and the rating is accepted, ICRA reviews the underlying investment portfolios for the credit scores on an ongoing basis. To this end, ICRA relies on the information provided by the AMC and/or publicly available sources. ICRA reviews the MF ratings on a monthly basis or earlier, if required, which involves an evaluation of the rating corresponding to the portfolio credit score in relation to the existing rating outstanding. If the portfolio credit score meets the benchmark score for the existing rating, the rating is retained. If the portfolio credit score has a negative breach from the benchmark credit score for the existing rating, ICRA communicates the same to the fund manager/product manager or other officials of the concerned AMC and may provide a month's time to bring the portfolio credit score within the benchmark credit score for maintaining the existing rating level. If the investment composition of the fund is realigned to bring the portfolio credit score

within the benchmark credit score, the rating is retained. However, if the portfolio continues to breach the benchmark credit score for the existing rating level, the rating is revised to reflect the change in the portfolio's credit quality.

In case of sharp breaches of the benchmark credit score (for instance due to a multi-notch downgrade in the underlying investment) and/or if ICRA believes that the breach may not get rectified within a month of the ongoing review, the rating is generally corrected immediately without giving a month's time for rebalancing the portfolio. If the AMC corrects its portfolio, post the rating downgrade of the scheme, or the credit score improves in any manner subsequent to the downgrade, making the scheme eligible for an upgrade, ICRA may consider a rating upgrade only if the credit score is maintained consistently for a period of at least three months.

Liquidity position: Not applicable

Rating sensitivities

Positive factors – Not applicable

Negative factors – A deterioration in the credit quality of the underlying investment or a decline in the size of the AUM, which may result in an increase in the share of lower rated investments, leading to a breach in the threshold for the rating level, could lead to a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA Rating Methodology – Mutual Funds
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the company

PPFAS Asset Management Private Limited (PPFAS AMC) was incorporated in August 2011. It is promoted by Parag Parikh Financial Advisory Services Limited (PPFAS), an investment advisory firm incorporated in 1992. PPFAS AMC's average AUM during the quarter ended December 2024 was Rs. 95,830 crore.

Parag Parikh Liquid Fund

Launched in 2018, Parag Parikh Liquid Fund is an open-ended debt scheme investing in money market and debt securities with maturity of up to 91 days. The investment objective is to deliver reasonable market-related returns with lower risk and high liquidity. The AUM stood at Rs. 2,426 crore as on February 28, 2025.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated	Date & rating in FY2025	FY2024		FY2023		FY2022	
		(Rs. crore)	March 28, 2025	Date	Rating	Date	Rating	Date	Rating
Parag Parikh Liquid Fund	Short term	-	[ICRA]A1+mfs	-	-	-	-	-	-

Complexity level of the rated instruments: Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

Not applicable

Annexure II: List of entities considered for consolidated analysis

Not applicable

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ABOUT ICRA LIMITED

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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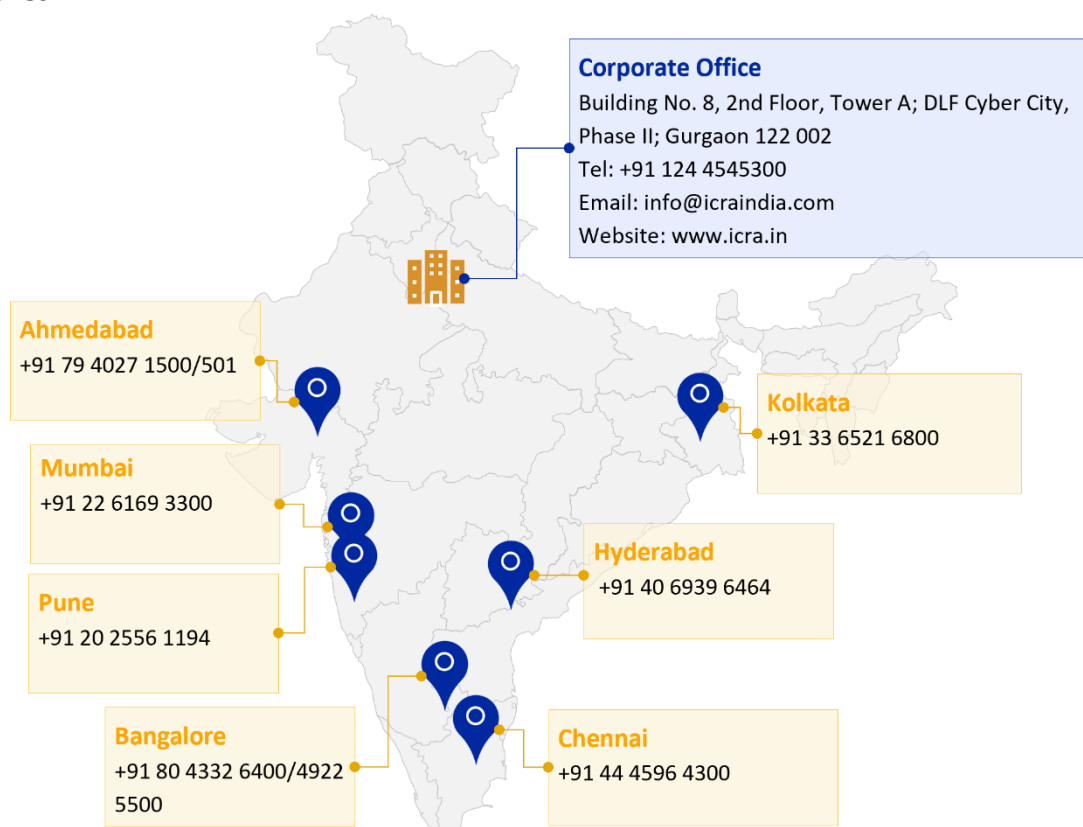


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