

March 08, 2024

## Quant Money Managers Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Quant Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Quant Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
Total	-	-	

\*Instrument details are provided in Annexure I

### Rationale and key rating drivers

ICRA has reaffirmed the rating of [ICRA]A1+mfs for Quant Liquid Fund and Quant Overnight Fund of Quant Money Managers Limited (the mutual fund or asset management company; AMC). The rating has been reaffirmed following ICRA's monitoring of the credit risk profile of the month-end portfolio position of these schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their current rating levels.

Mutual fund ratings incorporate ICRA's assessment of the creditworthiness of a debt mutual fund 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 mutual fund schemes. The ratings do not indicate the AMC's and/or any of its scheme's willingness and/or ability to make timely redemptions to its investors. The ratings do not address market risks and hence should not be construed as an indication of the expected returns, prospective performance of the mutual fund scheme, and the ability to redeem investments at the reported net asset value (NAV) or volatility in its past returns, as all these are influenced by market risks.

ICRA's assessment of debt mutual fund schemes is guided by the credit ratings of the individual investments and the relative share of the schemes' allocation towards the investments, besides the maturity schedule of such investments. ICRA's mutual fund ratings are not a reflection on 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 mutual fund 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 a mutual fund 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 mutual fund 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** –

**For Quant Overnight Fund** – ICRA could downgrade the rating of the scheme if the credit quality of the underlying investment deteriorates, leading to a breach in the threshold for the rating level.

**For Quant Liquid Fund** – ICRA could downgrade the rating of the scheme if the credit quality of the underlying investment deteriorates or if there is an increase in the share of lower rated investments on account of a decline in the assets under management (AUM) or otherwise, leading to a breach in the threshold for the rating level.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">ICRA Rating Methodology - Mutual Funds</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

## About the company

Quant Group was incorporated in December 2007. It commenced operations in May 2008 as a financial services platform. Quant Group embarked on the money management journey by acquiring Escorts Group's 22-year-old mutual fund, which was relaunched as Quant Mutual Fund. Quant Money Managers Limited, the AMC, was incorporated on December 12, 1995 and was approved to act as an AMC for Quant Mutual Fund by the Securities and Exchange Board of India (SEBI) vide its letter dated October 30, 2017. The AMC's average AUM was around Rs. 40,675 crore<sup>1</sup> for the quarter ended December 31, 2023.

**Quant Liquid Fund** is an open-ended liquid scheme investing in money market and debt instruments. The objective of the scheme is to generate optimal returns consistent with moderate levels of risk and high liquidity by investing in high quality debt and money market instruments. The scheme's investment will be in instruments with maturity or residual maturity of up to 91 days. The fund's AUM stood at Rs. 1,754 crore as on January 31, 2024.

**Quant Overnight Fund** is an open-ended debt scheme investing in overnight securities. The stated objective of the scheme is to generate returns commensurate with low risk and to provide a high level of liquidity through investments made primarily in overnight securities. The scheme invests in debt and money market instruments with maturity of one business day. The fund's AUM stood at Rs. 148 crore as on January 31, 2024.

<sup>1</sup> <https://www.amfiindia.com/research-information/aum-data/average-aum>

**Key financial indicators: Not applicable**

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

	Name of Scheme	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of Jan 31, 2024 (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
					Mar 08, 2024			
1	Quant Liquid Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	-	-
2	Quant Overnight Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	-	-

### Complexity level of the rated instrument

Instrument	Complexity Indicator
Quant Liquid Fund	Not applicable
Quant Overnight Fund	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

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Quant Liquid Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	Quant Overnight Fund	NA	NA	NA	NA	[ICRA]A1+mfs

#### Annexure II: List of entities considered for consolidated analysis – Not applicable

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## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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.

For more information, visit [www.icra.in](http://www.icra.in)

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