

August 30, 2019

Edelweiss Securities Limited: Rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper Programme	1,000.00	0.00	[ICRA]A1+; withdrawn
Total	1,000.00	0.00	

* Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the [ICRA]A1+ (pronounced ICRA A one plus) rating for the Rs. 1,000 crore commercial paper programme (CP) of Edelweiss Securities Limited (ESL). The rating is withdrawn as the said instrument has been fully redeemed by the company and there is no amount outstanding against the instrument. The rating is withdrawn at the request of the company and in accordance with ICRA's policy on withdrawal and suspension

Outlook: Not applicable

Key rating drivers: Not applicable

Liquidity position: Not applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Brokerage Houses ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable
Consolidation Approach	Not applicable

About the company

Edelweiss Financial Services Ltd (EFSL), the holding company of the Edelweiss Group of companies, was incorporated in 1995 by first-generation entrepreneurs to offer investment banking services primarily to technology companies. At present, the Edelweiss Group is engaged in wholesale and retail financing, distressed assets resolution, commodity financing, corporate debt syndication and debt restructuring, institutional and retail equity broking, corporate finance advisory, wealth advisory and asset management. The Group forayed into housing finance in FY2011, life insurance in FY2012 and general insurance in FY2018.

Edelweiss Securities Limited

Incorporated in 2001, Edelweiss Securities Limited (ESL) is a wholly-owned subsidiary of EFSL, the flagship company of the Edelweiss Group. ESL is a member of the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) and houses the institutional broking operations of the Group. In FY2019, ESL reported a net profit (Ind AS) of Rs. 79.45 crore on a total income of Rs. 410.34 crore against a net profit (Ind AS) of Rs. 42.95 crore on a total income of Rs. 333.60 crore in FY2018. The company had a net worth of Rs. 380.41 crore as on March 31, 2019 compared to Rs. 446.38 crore as on March 31, 2018.

Key financial indicators (IndAS - consolidated for EFSL)

	FY2018	FY2019	1QFY2020 (unaudited)
Total Income (Gross)	8,921	10,878	2,546
Profit after Tax	863	995	132
Net Worth*	7,826	8,715	8,804
Loan Book**	42,010	43,510	42,599
Total Assets	63,487	64,543	63,978
Return on Assets@	1.3%	1.6%	0.8%^
Return on Equity*,@	10.70%	11.98%	6.11^
Gross NPA	1.75%	1.87%	2.33%
Net NPA	0.70%	0.83%	1.24%
Stage 3 assets/Loans at amortised cost	2.21%	3.42%	NA
Capital Adequacy Ratio	17%	18%	19%
Gearing*,\$	6.14	5.19	4.64#

Source: Company, ICRA research, *Net worth includes minority interest and insurance, **Includes distressed credit book, @based on net profit attributable to owners and minority interest, \$ Gearing as of March 31, 2018 and March 31, 2019 includes interest accrued as per INDAS. Gearing as of June 30, 2019 is based on borrowings excluding interest accrued and CBLO. ^annualised ratios #excluding insurance net worth gearing is 5.24 times as of June 30, 2019

Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Instrument	Type	Current Rating (FY2020)		Chronology of Rating History of the Past 3 Years					
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating			FY2019	FY2018	FY2017
				Aug-19	Jun-19	Apr-19	Jul-18	Mar-18	-
1 Commercial paper programme	Short Term	1,000.00	NA	[ICRA]A1+; withdrawn	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	-

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Commercial Paper	NA	NA	7-365 days	1000.00	[ICRA]A1+; withdrawn

Source: Edelweiss Securities Limited

Annexure-2: List of entities considered for consolidated analysis

The subsidiaries and associates considered in the consolidated financial statements as of March 31, 2019:

Company Name	Ownership	Consolidation Approach
Subsidiaries		
Edelweiss Securities Limited	100.00%	Full Consolidation
Edelweiss Finance & Investments Limited	100.00%	Full Consolidation
ECL Finance Limited	100.00%	Full Consolidation
Edelweiss Global Wealth Management Limited	100.00%	Full Consolidation
Edelweiss Insurance Brokers Limited	100.00%	Full Consolidation
Edelweiss Trustee Services Limited	100.00%	Full Consolidation
Edelcap Securities Limited	100.00%	Full Consolidation
Edelweiss Asset Management Limited	100.00%	Full Consolidation
Ecap Equities Limited	100.00%	Full Consolidation
Edelweiss Broking Limited	100.00%	Full Consolidation
Edelweiss Trusteeship Company Limited	100.00%	Full Consolidation
Edelweiss Housing Finance Limited	100.00%	Full Consolidation
Edelweiss Investment Adviser Limited	100.00%	Full Consolidation
EC Commodity Limited	100.00%	Full Consolidation
Edel Land Limited	100.00%	Full Consolidation
Edelweiss Custodial Services Limited	100.00%	Full Consolidation
Edel Investments Limited	100.00%	Full Consolidation
Edelweiss Rural & Corporate Services Limited (formerly known as Edelweiss Commodities Services Limited (ECSL))	100.00%	Full Consolidation
Edel Comtrade Limited	100.00%	Full Consolidation
Edel Finance Company Limited	100.00%	Full Consolidation
Edelweiss Retail Finance Limited	100.00%	Full Consolidation
Edelweiss Multi Strategy Fund Advisors LLP	100.00%	Full Consolidation
Edelweiss Resolution Advisors LLP (formerly known as Edelweiss Wealth Advisors LLP)	100.00%	Full Consolidation
Edelweiss Holdings Limited	100.00%	Full Consolidation
Edelweiss General Insurance Company Limited	100.00%	Full Consolidation
Edelweiss Finvest Private Limited	100.00%	Full Consolidation
Edelweiss Securities (IFSC) Limited	100.00%	Full Consolidation
Alternative Investment Market Advisors Private Limited	100.00%	Full Consolidation
Edelweiss Securities Trading and Management Private Limited (formerly known as Dhalia Commodities Services Private Limited)	100.00%	Full Consolidation

Company Name	Ownership	Consolidation Approach
Edelweiss Securities and Investment Private Limited (formerly known as Magnolia commodities Services Private Limited)	100.00%	Full Consolidation
Edelweiss Securities (Hong Kong) Private Limited	100.00%	Full Consolidation
EC Global Limited	100.00%	Full Consolidation
EC International Limited	100.00%	Full Consolidation
EAAA LLC	100.00%	Full Consolidation
EFSL International Limited	100.00%	Full Consolidation
Edelweiss Capital (Singapore) Pte. Limited	100.00%	Full Consolidation
Edelweiss Alternative Asset Advisors Pte. Limited	100.00%	Full Consolidation
Edelweiss International (Singapore) Pte. Limited	100.00%	Full Consolidation
Edelweiss Investment Advisors Private Limited	100.00%	Full Consolidation
Aster Commodities DMCC	100.00%	Full Consolidation
Edelweiss Financial Services (UK) Limited	100.00%	Full Consolidation
Edelweiss Financial Services Inc	100.00%	Full Consolidation
Edelweiss Alternative Asset Advisors Limited	95.00%	Full Consolidation
EW Clover Scheme - 1	100.00%	Full Consolidation
Edelvalue Foundation	100.00%	Full Consolidation
Edelgive Foundation	100.00%	Full Consolidation
Lichen Metal Private Limited	100.00%	Full Consolidation
EW India Special Assets Advisors LLC	90.00%	Full Consolidation
Edelweiss Private Equity Tech Fund	88.90%	Full Consolidation
Edelweiss Value and Growth Fund	88.90%	Full Consolidation
Edelweiss Asset Reconstruction Company Limited	74.80%	Full Consolidation
EW Special Opportunities Advisors LLC	67.00%	Full Consolidation
Edelweiss Tokio Life Insurance Company Limited	51.00%	Full Consolidation
Allium Finance Private Limited	70.00%	Full Consolidation
Retra Ventures Private Limited	70.00%	Full Consolidation

Source: Edelweiss Financial Services Limited

ANALYST CONTACTS

Karthik Srinivasan

+91 22 61143444

karthiks@icraindia.com

Samriddhi Chowdhary

+91 22 61143462

samriddhi.chowdhary@icraindia.com

Sainath Chandrasekaran

+91 22 61143439

sainath.chandrasekaran@icraindia.com

Komal M Mody

+91 22 61143424

komal.mody@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore + (91 80) 2559 7401/4049
Ahmedabad+ (91 79) 2658 4924/5049/2008
Hyderabad + (91 40) 2373 5061/7251
Pune + (91 20) 2556 0194/ 6606 9999

© Copyright, 2019 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents