

June 23, 2023

Edelweiss Retail Finance Limited: Rating withdrawn for PTCs backed by unsecured business loan receivables issued by UBL Trust 12

Summary of rating action

Trust Name	Instrument*	Initial Amount Rated (Rs. crore)	Amount outstanding after last surveillance (Rs. crore)	Current Amount Outstanding (Rs. crore)	Rating Action
UBL Trust 12	Series A1 PTC	28.30	NA	0.00	[ICRA]AA(SO); Withdrawn

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the rating for PTCs issued under unsecured business loan securitisation transaction originated by Edelweiss Retail Finance Limited {ERFL; rated [ICRA]A+(Stable)}, as tabulated above. All the payouts to the investors have been made in reference to the mentioned instrument..

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The previous detailed rating rationale of previous rating exercise is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy on Withdrawal of Credit Ratings
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

Edelweiss Retail Finance Limited (ERFL) is a non-deposit taking systemically important non-banking financial company (NBFCND-SI) registered with the RBI. It is primarily engaged in the business of lending and its products include loan against property for meeting the business requirements of small and medium enterprise (SME) customers. ERFL was incorporated in 1997 as Affluent Dealcom Private Limited. It was subsequently acquired by Edelcap Securities Limited and was rechristened Edelweiss Retail Finance Limited in January 2014. As of March 31, 2021, Edelcap Securities Limited held a 70.45% stake in ERFL followed by Edel Land Limited (22.57%) and Edel Finance Company Limited (6.98%).

The company reported a net profit of Rs. 18.47 crore on total income of Rs. 179.91 crore in FY2022 compared to a net profit of Rs. 26.84 crore on total income of Rs. 250.06 crore in FY2021. It had a net worth of Rs. 508.73 crore and total assets of Rs. 1,264.26 crore as on March 31, 2022 compared to Rs. 489.93 crore and Rs. 1,518.48 crore, respectively, as of March 31, 2021. Its borrowings stood at Rs. 673.19 crore as of March 31, 2022 compared to Rs. 954.54 crore as of March 31, 2021. The loan book stood at Rs. 1,023.64 crore as of March 31, 2022 compared to Rs. 1,192.39 crore as of March 31, 2021.

Edelweiss Financial Services Limited (EFSL)

Edelweiss Financial Services Limited (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 Group is engaged in wholesale and retail financing, distressed assets resolution, corporate debt syndication and debt restructuring, institutional and retail equity broking, corporate finance advisory, wealth advisory and asset management. It forayed into housing finance in FY2011, life insurance in FY2012 and general insurance in FY2018.

On a standalone basis, EFSL had posted total income of Rs. 1,372 crore and a PAT of Rs. 933 crore in FY2022 compared to Rs. 1,722 crore and Rs. 716 crore, respectively, in FY2021. It had a net worth of Rs. 5,000 crore, total borrowings of Rs. 2,432 crore and total assets of Rs. 8,042 crore as of March 31, 2022 compared to Rs. 4,126 crore, Rs. 838 crore and Rs. 5,981 crore, respectively, as of March 31, 2021.

Key Financial Indicators (audited)

Edelweiss Financial Services Limited (consolidated)	FY2020	FY2021	FY2022
Net interest income	1,109	200	61
Total income	9,603	10,849	7,305
Profit after tax (Edelweiss' share)	(2,045)	265	189
Profit after tax - Including MI	(2,044)	254	212
Net worth	7,207	7,677	7,592
Loan assets	28,361	22,455	20,006
Total assets	54,280	46,350	43,188
Return on assets	-3.5%	0.5%	0.5%
Return on equity	-25.7%	3.4%	2.8%
Gross NPA (%)	5.3%	7.7%	7.1%*
Net NPA (%)	4.1%	4.1%	1.6%
Net NPA/Net worth (%)	11.9%	8.2%	2.7%
Gross gearing (times)	5.1	3.7	3.0
CRAR (%)	21%	21%	30%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; *Includes Rs. 558 crore of exposures, which have been fully provisioned.
Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No	Transaction name	Instrument	Current Rating (FY2024)		Chronology of Rating History for the past 3 years			
			Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
					June 23, 2023	June 02, 2022	March 18, 2022	-
1	UBL Trust 12	Series A1 PTC	28.30	0.00	[ICRA]AA(SO); withdrawn	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
UBL Trust 12	Series A1 PTC	Moderately Complex

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, is available on ICRA's website [Click Here](#)

Annexure-I: Instrument details

Transaction Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
UBL Trust 12	Series A1 PTC	March 2022	8.75%	April 2024	0.00	[ICRA]AA(SO); Withdrawn

Source: Company

Annexure-II: List of entities considered for consolidated analysis

Not Applicable

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