

April 16, 2024

## ECL Finance Limited: Rating withdrawn for PTCs backed by unsecured business loan receivables securitisation transaction

### 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 16 | Series A1 PTC | 25.61                            | 1.19   | 0.00                                   | [ICRA]AAA(SO); Withdrawn |

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the rating for the pass-through certificates (PTCs) issued under the unsecured business loan securitisation transaction originated by ECL Finance Limited; [ECL; rated [ICRA]A+(Stable)], as tabulated above. All the payouts to the investors in the above-mentioned instrument have been made and no further payments are due to the investors.

The key rating drivers, liquidity position, and rating sensitivities have not been captured as the rating assigned to the instruments has been withdrawn. The detailed rating rationale of the previous rating exercise is available at the following link:

UBL Trust 16 – [Click here](#)

### Analytical approach

| Analytical Approach             | Comments   |
|---------------------------------|--|
| Applicable rating methodologies | <a href="#">ICRA's Policy on Withdrawal of Credit Rating</a> |
| Parent/Group support            | Not Applicable   |
| Consolidation/Standalone        | Not Applicable   |

### About the originator

ECL Finance Limited is a systemically important non-deposit taking non-banking financial company (NBFC-ND-SI) registered with the Reserve Bank of India (RBI). It is the primary wholesale lending company for the Edelweiss Group.

The company currently carries out the Group's financing activities like structured collateralised corporate loans, real estate financing, loans against securities, small and medium-sized enterprise (SME) loans, loan against property, employee stock ownership plan (ESOP) financing and initial public offering (IPO) funding. It reported a net profit of Rs. 110.8 crore on total income of Rs. 1,602.2 crore in FY2023 compared to Rs. 79.4 crore and Rs. 1,660.8 crore, respectively, in FY2022. As of March 31, 2023, the capitalisation profile was characterised by a net worth of Rs. 2,671.6 crore, a gearing of 3.77 times and a capital adequacy ratio of 30.8%.

### Edelweiss Financial Services Limited (parent)

Edelweiss Financial Services Limited (Edelweiss), the holding company of the Edelweiss Group of companies, was incorporated in 1995 to offer investment banking services primarily to technology companies. At present, the Group is engaged in wholesale and retail lending, home finance, distressed assets resolution, general insurance, life insurance, alternatives and asset management. On a standalone basis, Edelweiss posted a total income of Rs. 3,089 crore and a PAT of Rs. 2,388 crore in FY2023 compared to total income of Rs. 1,373 crore and PAT of Rs. 933 crore in FY2022. While on a consolidated basis, Edelweiss posted a total income of Rs. 8,633 crore and a PAT of Rs. 344 crore in FY2023 compared to total income of Rs. 7,305 crore and PAT of Rs. 189 crore in FY2022. With fair valuations of stake held in Nuvama in FY2023, the Group had a consolidated net worth

of Rs. 7,846 crore as of March 31, 2023. However, with allotment of 30% stake held in Nuvama to shareholders of Edelweiss, the consolidated net worth is expected to decline by ~Rs. 2,352 crore.

#### Key financial indicators

| Edelweiss Financial Services Limited (Consolidated) | FY2021 | FY2022 | FY2023 |
|---|--------|--------|--------|
| Total income  | 10,849 | 7,305  | 8,633  |
| Profit after tax - Including minority interest      | 254    | 212    | 406    |
| Total assets  | 46,350 | 43,280 | 44,064 |
| Gross NPA*  | 8.53%  | 8.46%  | 12.45% |
| CRAR (%)  | 21.0%  | 30.0%  | 33.9%  |

Source: Company, ICRA research; All ratios as per ICRA calculations

\*excluding credit substitutes

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

**Any other information: None**

#### Rating history for past three years

| Trust Name          | Current Rating (FY2025) |                                  |                                |                          | Chronology of Rating History for the Past 3 Years |                         |                          |                         |
|---------------------|-------------------------|----------------------------------|--------------------------------|--------------------------|---|-------------------------|--------------------------|-------------------------|
|                     | Instrument              | Initial Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore) | Date & Rating            | Date & Rating in FY2024                           | Date & Rating in FY2023 |                          | Date & Rating in FY2022 |
|                     |                         |                                  |                                | April 16, 2024           | November 24, 2023                                 | November 10, 2022       | July 29, 2022            | -                       |
| <b>UBL Trust 16</b> | Series A1 PTC           | 25.61                            | 0.00                           | [ICRA]AAA(SO); withdrawn | [ICRA]AAA(SO)                                     | [ICRA]AA(SO)            | Provisional [ICRA]AA(SO) | -                       |

#### Complexity level of the rated instruments

| Trust Name          | Instrument    | Complexity Indicator |
|---------------------|---------------|----------------------|
| <b>UBL Trust 16</b> | 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

| Trust Name   | Instrument Name | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (Rs. crore) | Current Rating and Outlook |
|--------------|-----------------|-----------------------------|-------------|---------------|--------------------------|----------------------------|
| UBL Trust 16 | Series A1 PTC   | July 2022                   | 9.90%       | December 2024 | 0.00                     | [ICRA]AAA(SO); Withdrawn   |

Source: Company

#### Annexure II: List of entities considered for consolidated analysis

Not Applicable

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