

ECL Finance Limited

Instrument/Facility	Amount in INR Crores	Rating Action (<i>March 2016</i>)
Principal Protected Market Linked Debenture Programme	500.00	PP-MLD[ICRA]A1+ assigned

ICRA has assigned the rating of PP-MLD[ICRA]A1+ to the Rs. 500 Crore Principal Protected Market Linked Debenture Programme of ECL Finance.

ICRA also has ratings of [ICRA]A1+ on the Rs 1400 crore Commercial Paper Programme (IPO Financing), PP-MLD[ICRA]AA (stable) on Rs. 600 Crore Principal Protected Long Term Equity Linked Debentures, [ICRA]AA (stable) on the Rs 4,350 crore NCD Programme, [ICRA]A1+ on the Rs 3,600 crore Commercial Paper Programme and [ICRA]AA (stable)/[ICRA]A1+ on the Rs 5,700 Crore bank lines and [ICRA]AA (stable) on the Rs 650 crore Sub Debt Programme, PP-MLD[ICRA]A1+ on the Rs 400 Crore Short term Equity linked Debenture Programme and [ICRA]A1+ on the Rs 100 Crore Short term NCD programme of ECL Finance Ltd.

The rating is derived after considering the combined financial and business profiles of the key companies in the Edelweiss group. The rating reflects ECLF's parentage in the form of Edelweiss Financial Services Limited (EFSL), group's strong capitalisation level, diversified income streams, strong presence in institutional equity broking and investment banking and robust risk management systems. In ICRA's view ECLF is one of the largest subsidiaries of the group and is of strategic importance for EFSL to grow its wholesale financing business and, in our belief, would continue to get support from the parent as and when required. The rating also factors in the improvement in the operating environment in the last few months which is expected to augur well for the larger players with strong presence in the capital markets space. The steady improvement in the non capital markets related businesses with seasoning and stable asset quality indicators, adequate profitability and capitalization indicators provide support to the credit profile of the Edelweiss Group. ICRA also takes note of the group's improving liquidity profile with high liquid treasury assets and better diversification in resource mobilisation by targeting retail investors in the recent past and thereby moderately reducing the dependence on capital market borrowings; however refinancing risks exist on account of relatively higher (though declining) reliance on mutual funds.*

Edelweiss Group

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 the technology companies. Currently, Edelweiss group is involved in the wholesale financing, commodity trading, corporate debt syndication and debt restructuring, equity broking - both institutional and retail, corporate finance advisory services, wealth advisory and asset management. The group has forayed into housing finance in FY11 and into life insurance business in FY12. At consolidated level, EFSL reported a consolidated net profit (after tax and minority interest) of Rs 329 crore in FY 15 as compared to a PAT of Rs 220 crores in FY14.

Recent Results

EFSL reported a PAT of Rs 106 crore on a total income of Rs 1,361 crore in Q3FY16 compared to a PAT of Rs 83 crore on a total income of Rs 968 crore in Q3FY15.

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