

## Grading report

January 17, 2024 | Mumbai

### CRISIL assigns Fund Management Grading – 1 to Credit – Structured Income Portfolio Fund



### Detailed rationale

CRISIL has assigned **CRISIL Fund Management Grading – 1** to Credit - Structured Income Portfolio Fund (C-SIP), a Category II alternative investment fund (AIF) from Edelweiss Alternative Asset Advisors Ltd (EAAA), which is both the sponsor and investment manager (IM) of the fund. EAAA is a subsidiary of Edelweiss Securities and Investments Pvt Ltd (ESIPL), which, in turn, is a subsidiary of Edelweiss Financial Services Ltd (EFSL).

The schemes graded 'CRISIL Fund Management Grading – 1' are judged to follow '**very strong**' standards in investment processes and management practices.

The grading indicates the strong institutional framework of the Edelweiss group. EAAA is a leading alternative asset manager in India with more than a decade of experience across its key strategies (private debt and real assets), strong investment management systems and processes, robust risk management framework, extensive experience of the investment committee (IC) members and a track record of managing previous funds under the strategy. The group has recently decided to sell up to 20% stake in EAAA. Our discussions with the fund management revealed that there will be no major changes to the functioning of the fund after the stake sale. However, in case of any further stake sale, aspects such as continuity of key management personnel, investment processes and risk controls may need to be factored.

EFSL is a leading financial services group with a broad spectrum of activities such as asset management, financial advisory and intermediary services, underwriting, financing (including construction and mortgage finance), capital markets, sales and trading, research, sponsoring and managing private investment funds and other activities. Its presence across multiple segments gives it access to right potential leads for investments and its institutional framework enables better outreach among investors.

C-SIP has defined processes and procedures followed in deal origination, investment decision-making, deal structuring, asset monitoring and exits to ensure a disciplined investment approach in line with its investment guidelines. It intends to capitalise on the network of the EAAA platform to identify investment opportunities. The fund has an independent risk team that reviews credit underwriting, due diligence reports and notes prepared by the investment team to identify the risks and necessary mitigants.

The investment team comprises two members with an average experience of 13 years and expertise in investment and credit management. Both the team members joined EAAA over the last couple of years. To ensure detailed

### Research

evaluation of investments, external agencies support the investment team in the technical, legal, forensic and other forms of due diligence.

The risk team independently tracks the performance of the portfolio companies through a risk monitoring framework. The risk monitoring framework covers the following: regular monitoring of the portfolio (monthly tracking and quarterly reviews), escalation mechanisms for exceptions and risk categorisation of the deals. The fund has also established a separate operational risk team to enhance alignment of fund documents with processes, which acts as a second line of defence in this framework.

The fund also intends to leverage on the experience of the IC, which plays a crucial role in the investment decision making process. The committee comprises the senior management of EAAA with extensive experience of more than 20 years each in their respective domains with specialisation in stressed assets investment, portfolio risk management and structured credit.

The fund has adequate transparency in client communication and disclosure practices as it seeks to share quarterly portfolio updates, statement of accounts and annual reports with its clients.

EAAA is one of the largest alternative investment platforms in the country with over Rs 50,000 crore in assets under management (AUM) as of September 2023, across its key strategies. It has managed five funds under the performing credit strategy with a total corpus of ~Rs 12,000 crore as of September 2023. Most of these funds have outperformed the CRISIL AIF benchmarks under the debt sub-category in their respective vintage years as of March 2023.

## About the fund

C-SIP is a scheme under Emerging Credit Investment Trust, established as a trust under the provisions of the Indian Trusts Act, 1882. It is registered with the Securities and Exchange Board of India as a Category II AIF under the AIF Regulations, with the purpose of generating returns and long-term appreciation through investment in companies which require credit facility. The target size of the fund is Rs 1,000 crore (with an additional greenshoe option of Rs 1,000 crore). EAAA is the IM and sponsor and Vardhman Trusteeship Pvt Ltd is the trustee of the fund.

C-SIP intends to be sector agnostic and aims to do collateralised lending primarily through NCDs.

## Scoring model

The schemes are assigned scores on a five-point scale, ranging from Fund Management Grading – 1 to Fund Management Grading – 5.

Grading level	Definition
Fund Management Grading – 1	Scheme follows <b>very strong</b> standards in investment processes and management practices
Fund Management Grading – 2	Scheme follows <b>strong</b> standards in investment processes and management practices
Fund Management Grading – 3	Scheme follows <b>adequate</b> standards in investment processes and management practices
Fund Management Grading – 4	Scheme follows <b>below average</b> standards in investment processes and management practices
Fund Management Grading – 5	Scheme follows <b>weak</b> standards in investment processes and management practices

**Link to related criteria:** [Fund Management Grading Methodology](#)

## Research

## About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong, UAE and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

## About Regulated Research provided by CRISIL Limited

CRISIL Limited is registered as a Research Analyst with SEBI (Registration No INH000007854), herein referred to as "CRISIL Research". We provide insights, opinion, analysis, and data on the Indian economy, industry, capital markets, and companies.

We are the largest valuation agency for fixed income securities, and a prominent debt and hybrid index provider in India. We publish rankings for mutual fund schemes, and provide granular portfolio analysis services for asset managers, financial intermediaries, retirement funds and institutional investors.

Our data and analytics platforms - Alphatrax and Quantix - enable our clients to assess Industry and Company level risks based on CRISIL's proprietary models.

CRISIL ESG Scores help benchmark companies based on their inherent ESG risk using public domain information and a proprietary framework.

Our Company reports (that combine select financial and non-financial data, analytics from our proprietary risk models, and commentary on company's financial performance) are used by commercial banks, financial institutions, and non-banking finance companies as part of their credit/risk management process.

Our SME Gradings, used by lenders, assess creditworthiness of SME enterprises relative to the peers leveraging our proprietary grading model. The framework includes assessment of entity-level financial and operating performance, as well as industry-level drivers.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

For additional disclosures please click on this [link](#)

## CRISIL Privacy Statement

CRISIL respects your privacy. We may use your contact information, such as your name, address, and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit [www.crisil.com/privacy](http://www.crisil.com/privacy).

## Analyst Disclosure

Notwithstanding any member(s) of the team, who are involved in the preparation of this Report and/or whose names are published as part of this Report and their relatives, having financial interest or actual/ beneficial ownership in the form of securities holding (of less than 1%), at an individual level, if any, with any of the members having served as officers, directors, or employees of the companies in the last 6 months or having engaged in market making activities, in the subject companies, there exists no material conflict of interest which can affect the neutrality or bias the output of the Report, given the deployed procedural safeguards including but not limited to objective methodology followed in the process of execution with no influence at an analyst level and the outputs being executed at a portfolio level, with no separate analysis for an individual company.

## Terms and Conditions

This Report is based on data publicly available or from sources considered reliable. CRISIL Research does not represent that the Report is accurate or complete and hence, it should not be relied upon as such. Opinions expressed herein are our current opinions as on the date of this report. Nothing in this report constitutes investment, legal, accounting or tax advice or any solicitation, whatsoever. The subscriber/ user assumes the entire risk of any use made of this data/ report. CRISIL especially states that, it has no financial liability whatsoever, to the subscribers/ users of this report.

This Report is additionally subject to your contractual terms with CRISIL.

The report is for use within the jurisdiction of India only. Nothing in this report is to be construed as CRISIL providing, or intending to provide, any services in other jurisdictions where CRISIL does not have the necessary permissions and/ or registration to carry out its business activities. The user will be solely responsible for ensuring compliance for use of the report, or part thereof, outside India.

CRISIL Limited operates independently of, and does not have access to information obtained by CRISIL Ratings Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research, and not of CRISIL Ratings Limited.

### Company Disclosure

1. CRISIL Research or its associates do not provide investment banking or merchant banking or brokerage or market making services.
2. CRISIL Research encourages independence in research report preparation and strives to minimize conflict in preparation of research reports through strong governance architecture comprising of policies, procedures, and disclosures.
3. CRISIL Research prohibits its analysts, persons reporting to analysts, and their relatives from having any financial interest in the securities or derivatives of companies that the analysts cover.
4. CRISIL Research or its associates collectively may own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.
5. CRISIL Research or its associates may have financial interest in the form of holdings in the subject company mentioned in this report.
6. CRISIL receives compensation from the company mentioned in the report or third party in connection with preparation of the research report.
7. As a provider of ratings, grading, data, research, analytics and solutions, infrastructure advisory, and benchmarking services, CRISIL or its associates are likely to have commercial transactions with the company and may receive compensation for the services provided.
8. CRISIL Research or its associates do not have any other material conflict of interest at the time of publication of the report.
9. No material disciplinary action has been taken against CRISIL Research or its analysts by any Regulatory Authority impacting Research Analyst activities.

### Disclaimer

The Grading is a one-time exercise and the grading will not be kept under surveillance. An accepted Grading may be used and disseminated only for a period of twelve (12) months from the date of acceptance of initial Grading by the client. Each Grading shall be the sole property of CRISIL. CRISIL shall, at all times, exclusively own any and all intellectual property rights in the Grading. No CRISIL Grading/ Grading Report may be copied, retransmitted or redistributed in any manner except for licensed usage (Permitted Use herein) agreed with CRISIL. While CRISIL uses reasonable care in arriving at the Grading and bases its grading on data and information that it considers reliable, CRISIL does not warrant that any Grading is error-free, complete, adequate or without faults. CRISIL explicitly states that it relies on the data received from the asset manager, on an 'as is' basis to arrive at the Grading. CRISIL does not conduct any independent due diligence on the authenticity or accuracy thereof and disclaims any liability in this regard. The grading does not constitute an audit of the organisation by CRISIL. The grading is also not a recommendation to enter into or not enter into any transaction with the organisation and is not an assurance/guarantee of the targeted returns of the fund mentioned by the asset manager. Anyone accessing and/or using the Grading does so subject to the condition that: (a) CRISIL is not responsible for any errors, omissions or faults with respect to any Grading or for the results obtained from the use of the Grading; (b) CRISIL expressly excludes all liability arising from or relating to their use of the Grading. It is especially stated that CRISIL, its Directors, Grading Committee members, employees and others associated with the grading assignment do not have any financial liability whatsoever to the users of this grading and/or grading report. You acknowledge that the Grading represents CRISIL's independent opinion based on, among other things, information made available by the asset manager and information that CRISIL obtains from sources considered reliable. In doing so, CRISIL does not act as an "expert" under any law or regulation and You may not name CRISIL as such.

EXCEPT FOR THE FOREGOING, THERE ARE NO OTHER WARRANTIES OR REPRESENTATIONS OF WHATEVER NATURE, WHETHER EXPRESS OR IMPLIED INCLUDING, WITHOUT LIMITATION, WARRANTIES OF FITNESS OF PURPOSE, OR THAT THE SERVICES ARE ERROR-FREE OR WILL BE PROVIDED WITHOUT INTERRUPTION.

Argentina | China | Hong Kong | **India** | Poland | Singapore | UK | USA | UAE

**CRISIL Limited:** CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076. India  
Phone: + 91 22 3342 3000 | Fax: + 91 22 3342 3001 | [www.crisil.com](http://www.crisil.com)

[in/company/crisil](https://www.linkedin.com/company/crisil) [@CRISILLimited](https://twitter.com/CRISILLimited) [f/CRISILLimited](https://www.facebook.com/CRISILLimited) [You Tube/user/CRISILLimited](https://www.youtube.com/user/CRISILLimited) [/lifeatcrisil](https://www.instagram.com/lifeatcrisil)

**CRISIL**  
An S&P Global Company