



CONTRIBUTING TO OUR ECONOMY



Edelweiss
Ideas create, values protect



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As one of India's leading diversified financial services group, our goal at Edelweiss is to achieve maximum returns to our stakeholders while simultaneously having a positive impact on society and economy. Our strength comes from our diversified business model which provides our customers with varied financial products and services to meet their economic goals.

RESPONSIBLE INVESTMENT

Edelweiss Alternative Asset Advisors Limited (EAAA) is a leading alternative asset manager in India with a focus on "Connecting Capital to Yield". It manages funds across four strategies - performing corporate credit, performing real estate credit, distressed credit and buying operating infrastructure assets. Despite FY21 being a challenging year for businesses across the world on account of the COVID-19 pandemic, EAAAs AUMs have grown by ~33% to INR 30,000 Cr over the one year period ending March 31, 2021. During the year, EAAA announced the final close of ESOF III, the flagship fund under Performing Credit strategy at around ~\$900 mn and EIYPI, the flagship fund under Infrastructure Yield strategy at ~\$450 mn. During the year, the business also signed an agreement with Ontario Teachers' Pension Plan Board (OTPP) under which the Canadian pension fund will invest \$350 mn in the performing and distressed private credit investment opportunities in the Indian market. Similarly, ESOF III also saw significant commitments from State Board Administration of Florida and the Swedish Pension Fund – AP4.

ESG Considerations in EAAA's Investment Process

EAAA is committed to advancing the ESG agenda through a Responsible Investing approach. EAAA has adopted an ESG policy which is anchored to Principles of Responsible Investment (PRI) and UN Global Compact's 10 principles. We believe that responsible investment can not only make societies more inclusive and sustainable, but also enhance the performance of our portfolio. Using the UN Global Compact and the Principles of Responsible Investing as guiding lights in the areas of human rights, labour, environment, community impact and anti-corruption & bribery, EAAA seeks to incorporate these principles into strategies, policies and procedures and it believes this will be a key component of sustainable long-term business growth.

All investments made by the investment manager are governed by an Exclusion Sectors list and ESG policy. As a practice, the investment team members can undertake transactions as per fund strategy & objectives laid out in the fund documents. Also, none of the deals forming part of sectors in the Exclusion Sectors list can be taken for further evaluation. As a process, prior to investments internal / external due diligences are undertaken, and an ESG declaration is obtained from the portfolio companies and an independent ESG assessment is conducted.

ESG Exclusion List

We have developed an exclusion list that ensures we do not directly invest in companies or projects that are incompatible with our corporate values. We do not invest in the following sensitive business areas:



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- Weapons
- Coal
- Mining
- Nuclear energy
- Animal Testing
- Human Trafficking
- Betting and gambling

Our investments create significant direct and indirect economic impacts:

- Helping in asset monetisation of infra developers and the government, thus freeing up their capital for productive use
- Delivering electricity to households, thereby increasing per capita consumption through transmission assets
- Connecting the economy and people in different regions through road assets
- Supporting mid-income and affordable housing development and providing completion finance to residential real estate projects
- Investing in renewable energy, thereby contributing to India's clean energy transition
- Reviving distressed companies, leading to job retention
- Facilitating growth of companies, leading to job creation
- Buying the NPAs of banks and NBFCs, thus enhancing their ability to provide credit in the economy

AFFORDABLE HOUSING

Realizing the need for affordable housing for various communities across India, we launched our affordable housing segment in 2013. Over the last 8 years, this segment has helped us to provide solutions for housing for low income families. Today we serve ~15,700 customers across with an average household income of ~INR 5.6 lakhs. ~INR 17 Cr subsidies under PMAY scheme was given to 684 borrowers during the year. Average ticket size of homes financed stood at ~INR 14 lakhs.

To serve needs of under-served sections of the society, we have extended loans to:

- 47% of our loan book accounts for new to credit customers
- Over 42% of our loan book covers women as co-owners
- Over 76% of our loan book accounts for homes in tier 2 & tier 3 locations

SUPPORTING SMALL ENTERPRISES

SME entities in India contribute significant portion of India's GDP and form a backbone of our country's economy. At Edelweiss our goal is to create an environment that enables the growth of SMEs. One of the biggest challenges faced by SMEs in India is the availability of credit. Our SME loans help these entrepreneurs and sole proprietors to overcome this challenge. Edelweiss' small loans, on average INR 14 lakhs, caters to the working capital needs of SMEs which face difficulties in obtaining loans.



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Financial inclusion is a key objective in SME business, and we have achieved that through our Salary Advance scheme which empowers employees from SME sector to avail an advance on their salary. This type of loan supports SME sector employees as it's not easy for them to procure through conventional lenders. We have indirectly generated employment opportunities to ~10,000 people through financing of MSMEs

Seeing the potential of women entrepreneurs and leaders in the SME sector, we have been able to lend to ~48% of total loans to Women Entrepreneurs this year.

ASSET RECONSTRUCTION

Asset Reconstruction companies play a vital role in reviving and successfully turning around distressed companies. Edelweiss is the largest and most diversified stressed asset investor in India with AUM of ~INR 40,800 Cr as of 31st Mar'21, focusing on assets that have a potential for revival. With our expertise in financial turnaround and the ability to provide capital through bridge loans and priority funding, we aim to get these enterprises back on track. We have protected over 25,000 jobs through revival of sick companies since inception.

We take an 'Active Partner' approach to resolution of acquired NPAs. This is done through:

- Acquisition of majority stake in debt to have influence on restructuring and/or enforcement
- Providing revival capital and financial support necessary for restart, viz. capex and/or opex
- Handholding of company through the revival phase
- Leveraging Edelweiss's local & global reach and financial expertise

During the year, we have acquired distressed assets worth ~INR 1,650 Cr for revival and restructuring. Revived 179 assets during the year with total recoveries of ~INR 5,400 Cr.

INSURANCE

Insurance companies play a significant part in the economy. From protecting lives, covering medical expenses for critical illness to long term care, protecting income, influencing investments by taking into account ESG considerations, they create a significant economic and social impact in the society. Both our life and general insurance companies have been growing at faster than the industry throughout the year and have made significant contributions to help our customers tide through the pandemic.

- Covered ~9,11,700 lives as on 31st March'21
- Covered ~16,51,500 individuals under our Health Insurance policies



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