

Edelweiss reports ex-Insurance PAT of INR 113 Cr, Strong performance across Businesses

Businesses poised for Profitable Growth * Robust Balance Sheet and Liquidity * Growing Customer Franchise

Quarter Ended Sep-21 Highlights:

- EFSL Ex-Insurance PAT of INR 113 Cr; 85% growth QoQ
- EFSL Consolidated PAT of INR 57 Cr; 217% growth QoQ
- Revenue (consolidated) - INR 1,853 Cr

Steady Performance across Businesses – Upward trend in key metrics.

- **Credit**
 - Return to profitability in NBFC
 - **Improved Asset Quality** in NBFC with Gross NPAs at 2.7% and Net NPAs at 2.2%.
 - Focus remains on **asset-light retail credit** model through partnerships with Banks
 - Gradual **scale up in disbursements**– ~INR 300 Cr disbursed and ~INR 250 Cr securitized in Housing Finance during the quarter
 - Retail **collection efficiency back to normalcy** at 99% in Housing Finance, 94% in SME & Business Loans
- **Asset Management**
 - Mutual Fund:**
 - **Equity AuM** grew ~3x YOY to ~INR 16,600 Cr
 - Total net inflows of ~INR 7,300 Cr and net equity inflows of ~INR 2,500 Cr during the quarter
 - **Retail folios** grew ~70% since Mar-21 to 8.2 lacs
 - Alternatives:**
 - **Deployment momentum continues to be strong** with INR 750 Cr invested during the quarter and ~INR 1,850 Cr in half year ended Sep-21
 - **Steady annuity income** flows from long term asset base; 75% of AUM has tenor > 3 years
 - **Huge potential upside** from carry income as ~95% of AUM is performance linked
- **Asset Reconstruction**
 - Focus continues to be on **deleveraging and building retail capabilities**
 - **Robust recoveries** of ~INR 900 Cr in the quarter, ~INR 160 Cr of which are from retail portfolio
 - Acquired assets worth ~INR 1,300 Cr
- **Insurance**
 - Life Insurance:**
 - **Gross premium** grew by 59% QoQ; Active client base has increased by ~9% YoY

General Insurance:

- **Gross premium grew by 52% QoQ;**
- **Expansion of distribution reach** – Digital Partnership with Paynearby & PhonePe
- **Wealth Management (EWM)**
- **35% YoY growth in AuA to INR 1,80,100 Cr, 16% growth YoY in clients**
- **Revenue grew at 18% and PAT doubled QoQ**

Robust Growth in Customer Franchise

- Customer base continues to grow despite challenging times, grew **~3x to 47 lakhs over last 2 years**, Acquired nearly **3 lakh customers in the quarter**, ~18 lakh customers in the last year despite pandemic.
- **Customer assets have grown 70% over the last 2 years to INR 3,24,100 Cr** – demonstrating the continued trust reposed in us by our customers
- Retail digital enabled businesses like Mutual Fund and Insurance have fuelled this growth

Strong Balance Sheet, Robust Liquidity and Well Capitalised businesses

- **Strong Net Worth** at INR 8,664 Cr
- **Borrowings declined** by ~36% over last 2 years to INR 24,755 Cr; **D/E reduced to 2.1x** from 3.4x in Q2FY20
- **Adequate Liquidity of INR 5,100 Cr** at 21% of Borrowings
- Credit Assets remain **conservatively provided well above IRAC norms**
- Well Capitalised businesses, with capital adequacy of over 20% across entities

Remain on track on Key Priorities:

- **EWM value unlocking**
 - Demerger of Edelweiss Wealth Management on track with listing expected by Sept-Dec 22
- **Scaled down wholesale credit assets**
 - Reduced wholesale assets by ~33% over 2 years to ~INR 10,695 Cr in ECL Finance, Expected to reduce by ~50% to ~INR 4,900 Cr by Sept-23
 - Successful Workouts of over INR 3,000 Cr in last 18 months
- **Continued Scale up in Asset Management & Insurance Businesses, enabled by digitalisation**
 - Growth in AuM (Mutual Funds - 61% YoY)
 - Insurance beating industry benchmarks. Life Insurance Individual APE CAGR since FY17 - 26% (industry at 13%); General Insurance GDPI - 62% YoY in Sep-21 quarter (industry at 12%)

Speaking on the occasion, Mr. Rashesh Shah, Chairman, Edelweiss Financial Services Limited said:

“This quarter has witnessed the return of optimism and normalcy across the country, the economy and we at Edelweiss witnessed the same. The vaccination drive across the country has been very encouraging and has brought back much needed confidence. .

Our Performance this quarter has been strong across all businesses and the positive trend will continue hereon. We returned to profitability in our NBFC and are moving towards normalization in retail credit with ~ 96% collection efficiency and scale up in disbursements. Our customer assets have nearly doubled and our customer franchisee has grown 3 times in last 2 years to ~5 million customers. A large part of this growth has come from our Asset management and Insurance Business which have seen a significant scale up. Our Mutual Fund AUM has grown by ~60% YoY, with the equity AuM growing almost 3x. The Alternatives Asset Management business has seen strong deployment momentum. Our insurance businesses are consistently outperforming industry. In ARC, recoveries have been good with almost ~20% of them coming from the retail end.

We continue to make progress on the key priorities that we have outlined for the next 15 months– The demerger of the EWM business for value unlocking through listing is progressing as per planned timelines. Wholesale book has been scaled down ~33% over the last two years with plans to downsize further by ~50%. Growing our asset management and insurance businesses continues to be a focus area. Consistent with our strategy, we have built a robust balance sheet with strong capital and adequate liquidity, which give us a solid foundation, as we look towards post pandemic economic revival and growth of our businesses.”

About Edelweiss Financial Services

The Edelweiss Group is one of India's leading diversified financial services companies, providing a broad range of financial products and services to a substantial and diversified client base that includes corporations, institutions and individuals. Edelweiss's products and services span multiple asset classes and consumer segments across domestic and global geographies. The group's research driven approach and proven history of innovation has enabled it to foster strong relationships across all client segments. Its businesses include Asset Management, NBFC, Housing Finance, Asset Reconstruction, Wealth Management, Life Insurance and General Insurance. Together with strong network of Sub-Brokers and Authorized Persons, Edelweiss group has presence across all major cities in India.

Edelweiss Financial Services trades under the symbols NSE: EDELWEISS, BSE: 532922, Reuters: EDEL.NS and EDEL.BO and Bloomberg: EDEL IS and EDEL IB. Edelweiss stock is actively covered by sell side research analysts of Citi Research, Maybank Kim Eng Securities, Haitong International, and Emkay Global Financial Services. To learn more about the Edelweiss Group, please visit www.edelweissfin.com.

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