

Edelweiss reports ex-Insurance PAT of INR 405 Cr, ~30% growth YoY

Declared Final Dividend of Rs 1.20 per share. Total Dividend for FY22 stands at Rs. 1.45 per share

Steady Business Performance * Improved Asset Quality * Robust Balance Sheet * Growing Customer Franchise

Year Ended Mar 22 Highlights:

- EFSL Ex-Insurance PAT of INR 405 Cr; ~30% growth YoY *
- EFSL Consolidated PAT of INR 189 Cr; 60% growth YoY *
- Revenue (consolidated) - INR 7,305 Cr
- Board of Directors have approved a Final Dividend of Rs. 1.20 per share. Total Dividend for the year stands at Rs. 1.45 per share.

**FY21 PAT for EFSL has been commensurately adjusted to reflect changes in EFSL stake in Edelweiss Wealth Management. Currently EFSL holds ~44% stake in EWM. Earlier EWM was wholly owned by EFSL*

Quarter Ended Mar22 Highlights:

- EFSL Ex-Insurance PAT of INR 104 Cr
- EFSL Consolidated PAT of INR 42 Cr
- Revenue (consolidated) - INR 1,915 Cr

Strong Growth in Customer Franchise

- Enabled by digital platforms and synergistic partnerships, **customer reach has nearly doubled in two years**
Customer assets steadily growing at ~27% YoY to INR 3,57,700 Cr – demonstrating the continued trust reposed in us by our customers
- **Digital platforms, innovative products and synergistic partnerships** across trusted legacy institutions & new age internet economy players has fueled this growth

Significant improvement in Asset Quality

- GNPA improved from **6.7 % in Mar 21 to 2.5% in Mar 22**; NNPA improved from **5.8% in Mar 21 to 1.8% in Mar 22**, aided by strong wholesale recoveries and high retail collection efficiency
- Conservative provisioning of credit assets, higher than IRAC norms

Robust Balance Sheet, Comfortable Liquidity and Well Capitalised businesses

- **Net Worth** at INR 8,457 Cr
- **Borrowings reduced by ~30%** over last 2 years to INR 24,050 Cr; **D/E improved to 2.0x** from 3.5x in Mar 20
- **Adequate Liquidity** of INR 5,500 Cr at ~23% of Borrowings
- **Strong capitalization across businesses**, with capital adequacy of over 28% across entities

Remain on track on Key Priorities:

- **Demerger and listing of Edelweiss Wealth Management**
 - NCLT order received and made effective for Phase 2 demerger scheme
 - Phase 3 of the Demerger and Listing of EWM is on track; listing expected by Feb 23
- **Scaled down wholesale credit assets; Strong inflows in Q4**
 - Successful workouts in last 18 months have helped improve asset quality

- Wholesale book reduced ~30% in the past 2 years
 - Further reduction of ~60% expected in the next 2 years aided by strong demand in real estate
 - Expect inflows of ~INR 4,000 Cr in year ending Mar 23
- **Continued Scale up in Asset Management & Insurance Businesses, enabled by digitalization**
 - Asset Management AUM has doubled in two years and tripled in three years to INR 115,500 Cr
 - Gross Premium has grown at 20% for Life Insurance and 60% for General Insurance YoY

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

“Last year was challenging in parts yet promising overall. Despite the macroeconomic headwinds, it is encouraging to see normalization in business environment and pick-up in economic growth. At Edelweiss, our continued focus has been on building resilience and strength to shield against short-term disruptions while creating long-term value through gradually scaling our businesses.

Our businesses saw a steady performance in FY22 with our ex-Insurance PAT at INR 405 Cr. Asset Management cluster doubled its AUM over two years. Mutual Fund AUM increased ~55% YoY with a 2.2x increase in its customer base. Alternatives continued to see robust deployment with an onset of operating leverage leading to improving margins and PAT growth of 2.4x YoY. Our Life Insurance and the General Insurance franchisees are amongst the fastest growing players in the industry. Recoveries in the Asset Reconstruction business continue to be healthy with share of retail portfolio in capital employed scaling up by 4x YoY. In our Credit cluster, we continue our pivot to an asset light, co-lending based, with partnerships driven model.

We have seen substantial improvement in asset quality with GNPA improving from 6.7% in Mar 21 to 2.5% in Mar 22 on the back of strong wholesale recoveries and high collection efficiencies. Focused workouts have helped accelerate reduction in our wholesale credit book, which has also been a key priority for the year. We received inflows of ~INR 1,600 Cr in Q4 and expect this momentum to be maintained in FY23.

We also saw continued expansion in our customer franchise. Customer assets scaled up by 27 % YoY and now stand at over INR 3.5 trillion while customer reach is at ~5 million, almost doubled over two years.

We continue to deleverage with net D/E ratio at 2.0 and continue to maintain comfortable liquidity.

Over the next year, we will continue to focus on our key priorities which include listing of EWM business and value unlock for shareholders, scaling up of our businesses in order to create and unlock value, reduction of wholesale book and strengthening asset-light retail credit model and further fortification of our balance sheet.”

Steady Performance across Businesses – Healthy Profitability & Upward trend in Key metrics

- **Credit**
 - **Credit cluster reported a PAT of INR 112 Cr**
 - Focus remains on **asset-light retail credit** model through partnerships with Banks. Forged partnerships with State Bank of India, Central Bank, Standard Chartered Bank among others.
 - Strategic shift in product mix of MSME; **pivoting to secured lending model**
 - **Significant improvement in Asset Quality** – NNPA in Housing Finance at 1.46% as on Mar 22 from 3.14% on Mar 21; NNPA in NBFC at 1.96% as on Mar 22 from 6.83% on Mar 21

- **Strong wholesale recoveries** of ~INR 1,600 Cr in the quarter ended Mar 22, momentum expected to continue
- **Retail collection efficiency is healthy** at 101% in Housing Finance, 96% in NBFC

- **Asset Management**

- Mutual Fund:**

- **AUM grew ~55% YoY** to ~INR 85,000 Cr; Equity AUM grew 85% as on Mar 22
 - **Continued leadership in Debt passives** with AUM over INR ~52,000 Cr as on Mar 22
 - **Equity Gross Sales more than doubled YoY** to INR 11,800 Cr; **Total net equity inflows doubled YoY** to ~INR 8,000 Cr; ~INR 1,400 Cr in the quarter
 - **Retail folios grew** by 76% in FY22 to **~1 million**
 - **Market share improved** ~50 bps to ~2.2% with **rank improving** from 15 to 13 in the year

- Alternatives:**

- Maintain dominant position in India Alternatives market, **AUM growth of ~15x over past 7 years**
 - Fee paying AUM grew ~25% YoY; Profitability grew by 2.4x YoY to INR 47 Cr
 - **Deployed ~ INR 4,900 Cr and realized ~INR 3,600 Cr** during the year.
 - **Encouraging response to ongoing fund raise** which will add to dry powder and growth

- **Asset Reconstruction**

- Focus continues to be on **building retail capabilities even as recoveries from wholesale continue to be strong**
- **Total recoveries** of ~INR 2,700 Cr in Q4FY22 and INR 6,900 Cr in the year of which 11% are from retail portfolio
- Acquired assets worth ~INR 5,200 Cr in the year and ~INR 610 Cr in the quarter.
- **Share of Retail Assets grew** 4x YoY, and currently stands at ~14% of capital employed in Mar 22

- **Insurance**

- Life Insurance:**

- **Gross premium grew at 66% QoQ & 20% YoY**; Dominant share of Traditional Par and Non-Par at ~82%
 - **Individual APE for the year grew at a 5-year CAGR of 21%** against industry growth at 10%
 - Solvency ratio at 211%

- General Insurance:**

- Achieved **GDPI growth of ~27% in the quarter and ~60% in the year** against industry growth of ~11%
 - **Consistent Growth across our choice of business segments exceeds industry benchmarks**; Health and Motor grew by ~42% and ~77% YoY in the year against industry growth of ~25% and ~4% respectively
 - **2.5 x growth in Customers over 2 years**; Issued ~3 lakh policies in the year; ~60% growth both QoQ & YoY
 - **Expansion of distribution reach through partnerships** with marquee internet economy players

- **Wealth Management (EWM)**

- **AuA grew ~30% YoY and ~4% QoQ** with net new money of ~INR 2,100 Cr for quarter; ~INR 10,500 Cr in year
- Strong 63% YoY **growth in distribution income, revenue growth** of 24% YoY
- LAS book grew ~95% YoY to ~INR 3,000 Cr as on Mar 22
- **Customer reach increased by ~22%** to over 8.5 lakh customers

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 NBFC, Housing Finance, Asset Management, Asset Reconstruction, Life Insurance, General Insurance and Wealth Management. Together with strong network of Sub-Brokers and Authorized Persons, Edelweiss group has presence across all major cities in India.

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