EW/Sec/2020/127

July 4, 2020

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051.

Dear Sirs,

Ref.:- Symbol - EDELWEISS

Sub: Press Release – "Audited Financial Results of the Company for the quarter and year ended March 31, 2020"

Enclosed is the press release pertaining to the Audited Financial Results of the Company for the quarter and year ended March 31, 2020.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Edelweiss Financial Services Limited

RENGANATHAN BASHYAM

B. Renganathan
Executive Vice President & Company Secretary

Encl: a/a

Edelweiss Financial Services Limited announces financial results for FY20
Higher impairments undertaken as a conservative measure
Well-capitalized despite higher impairments
Adequate liquidity maintained notwithstanding the impact of COVID-19 moratorium

FY20 Total Income INR 9,603 Cr (INR 11,161 Cr for FY19)
FY20 PAT INR (2,045) Cr (INR 995 Cr for FY19)
Group Net Worth INR 8,541 Cr[1]

Edelweiss Financial Services Limited (EFSL), India's leading diversified financial services company, declared its financial results for the year ended March 31, 2020 today.

FY20 highlights:

- **Resilience enabled by a diversified business model** with minimal impact to three out of the four business segments
  - Wealth & Asset Management and Asset Reconstruction businesses continue to perform well with a stable and a large fee income base and an increase in customer count
  - Insurance business, which is new age and digitally driven and currently in the investment phase, outperformed the industry to remain one of the fastest growing
- **Conservative stance adopted on impairments.** Total impairment of INR 2,549 Cr recorded in Q4FY20 based on revisions in the Expected Credit Loss (ECL) model and impact of COVID-19
- **Significantly reduced exposure to Wholesale Credit** with loan book of ECL Finance reducing by 43% from its peak levels. Wholesale Credit exposure is expected to reduce further going forward
- **All entities are adequately capitalized** with high capital adequacy levels despite impairments
  - Capital adequacy of key credit subsidiaries ECL Finance 21.0%, EHFL 28.6%, ERFL 29.4% and for EARC 32.5%
- **Comfortable liquidity position** with liquidity at 24% of the borrowings as on March 31, 2020 at a consolidated EFSL level
- **Wealth & Asset Management and Asset Reconstruction businesses continue to do well** and maintain market leadership. These 2 businesses contributed INR 491 Cr PAT on a pre-minority interest basis in FY20 and have a robust fee income base of ~INR 1,900 Cr p.a.
- **Key focus areas for FY21:** a) Active COVID-19 impact management on liquidity and asset quality, b) equity capital raise of INR 1,500 – 2,000 Cr and c) enhancing operational efficiencies through use of technology

[1] Net worth includes investment in equity convertible instrument by CDPQ of INR 1,040 Cr, Kora Management of INR 177 Cr and Sanaka Capital of INR 117 Cr

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

"The last eight quarters have been challenging ones for the financial services industry. A slowing economy was further weakened by the COVID-19 crisis. I am proud of the resilience we have showed in such testing times. I attribute our adaptability as an organisation to our diversified business model. So even when one of our businesses battle sustained headwinds, our other three businesses continued more or less BAU. Throughout this year, our liquidity has been adequate, and our capital base more than adequate.

In this quarter, we have taken three conscious decisions based on our experience and that of our Board: the markdown and sell-down of our corporate asset book, accelerating to capital light model in retail credit, and the proposed equity raise at Edelweiss and in our Wealth & Asset Management business. These measures will further strengthen both our balance sheet and our dominant franchises. As the economy recovers over the next few quarters, our businesses will be well-poised to grow strongly."

For FY20, Edelweiss has presented its business performance by legal entities. Edelweiss Group's structure is now organized under 4 business segments – Credit, Wealth & Asset Management (EGIA), Asset Reconstruction and Insurance with legal entities aligned to these Business Groups.

Credit Business:

Credit business is housed in three key subsidiaries, ECL Finance Ltd., Edelweiss Housing Finance Ltd.(EHFL) and Edelweiss Retail Finance Ltd. (ERFL) that offer Retail Mortgage, SME and Business Loans, ESOP and Margin Financing, Agri and Rural Finance, Structured Collateralized Credit and Wholesale Mortgages**.**

Business performance FY20:

Financials in INR Cr

Particulars	ECL Finance	EHFL	ERFL
Net Worth	3,518	769	463
Loan Book	13,388	4,326	1,391
Capital Adequacy	21.0%	28.6%	29.4%
NII	1,191	188	115
Opex	623	149	38
Credit Costs	2,335	41	73
PAT	(1,414)	2	1
NIM %	5.2%	3.8%	7.0%
GNPA %	3.8%	1.7%	2.4%

Key highlights:

- Comfortable capital adequacy
- ECL Finance liquidity stands at 28% of the total borrowings as on March 31, 2020
- Wholesale Loan book of ECL Finance is down 43% from peak levels

Strategic priorities:
Corporate Credit – expedite sell-down

- Continue to sell down assets and release equity
- Maintain adequate liquidity until the sell-down is complete
- Preserve asset quality - working closely with the customers and monitoring cashflows

Retail Credit – capital light model

- Prioritizing existing customers and helping them navigate the post COVID-19 scenario
- Use lockdown experience to improve cost efficiencies and productivity
- Focus on completing buildout of tech & analytics led platform
- Collaboration with Banks – Co-lending, On-lending and Securitization

Wealth & Asset Management (EGIA)

Wealth & Asset Management business is a highly scalable and profitable business that continues to consolidate its market position across business segments such as Wealth Management, Alternative Asset management, Mutual Funds and Institutional Equities.

Business performance FY20:

Financials in INR Cr

Particulars	Wealth Management	Asset Management	EGIA Total
Net Worth	987	173	**1,160**
Net Revenues	861	298	**1,158**
PBT	254	22	**276**
PAT	162	22	**185**
RoE	26%	14%	**23%**
Customer Assets (AUA/AUM)	113,700	50,800	**164,500**

Key highlights:

- A robust and stable fee-based revenue base of INR 250 Cr+ per quarter
- High profitability levels with RoE of 23%
- Customer Assets have grown 8x in less than 5 years
- Largest player in Alternative Assets segment and second largest non-Bank Wealth Management company in India
- Significantly large Retail and HNI customer base (> 575,000 in Wealth Management and ~331,500 folios in Asset Management)

Asset Reconstruction:

Edelweiss Asset Reconstruction Company continues to be the largest ARC in the country. Focus of this business continues to be on acquiring large, viable, operating and EBITDA earning assets, that are financially broken.

Business performance:

Particulars	ARC
AUM	43,188
Net worth	2,035
Capital Adequacy	32.5%
Net Revenues	433
PAT (pre MI)	306
RoA	5.1%

Key highlights:

- Market leadership position with a significant share of the asset reconstruction industry
- Strong balance sheet with a low D/E and a large proportion of borrowing repayments linked to recoveries
- Sizeable and steady management fee income of ~INR 800 Cr p.a. which is in the range of 1.8-1.9% of the AUM
- A large number of accounts contribute to overall recoveries – ~INR 20,850 Cr recovered from 350+ accounts in the last 3 years
- ARC remains a high RoA business with growth potential driven by a strong pipeline of NPAs

Insurance:

Life Insurance

Edelweiss Tokio Life Insurance is one of the fastest growing life insurance companies in India. It continues to expand its distribution footprint across agency and alternate channels with presence across **121** branches and the agency channel force of ~ **51,700** Agents.

Life Insurance highlights:

- Annualized premium equivalent INR 323 Cr
- Gross Premium INR 1,048 Cr
- AUM INR 2,707 Cr
- Value of new business (VNB) margin at 38%
- 13th Month Persistency of 78%

General Insurance

Edelweiss General Insurance aims to bridge the distance between customers and insurance, by making insurance disarmingly effortless. Understanding the pulse of customer requirements, the products are based on real needs with future ready tech stack and digital operating model which provides unique services in a robust ecosystem.

General insurance highlights:

- Gross Written Premium at INR 159 Cr - growth of 53% YoY
- Number of Customers - ~87,000
- Number of Policies - ~85,000

EdelGive Foundation:

EdelGive Foundation, set up in 2008, is the philanthropic arm of the Edelweiss Group. Over the last 12 years of its existence, EdelGive has evolved into a grant-making organisation, with the mission to build and expand philanthropy in India by funding and supporting the growth of high-caliber small to mid-sized NGOs. EdelGive has so far supported over **150 NGOs** and influenced over **INR 331 Cr** towards commitments to NGOs.

Key awards in FY20:

- **National CSR Award**
  Ministry of Corporate Affairs, 2019
- **Best Private Bank, India – Edelweiss Private Wealth Management**
  Global Finance Magazine 2020, FinanceAsia Country Awards 2019, Asiamoney Best Private Banks 2019
- **Best Wealth Manager, India – Edelweiss Private Wealth Management**
  Asian Private Banker 2019, Asset AAA Alternate Investment & Investment Banking Awards 2019
- **Iconic Brands of India 2020 - Edelweiss Mutual Fund**
  The Economic Times, 2020
- **Best Broker, India – Edelweiss Institutional Equities**
  FinanceAsia Country Awards 2020
- **Best NBFC in SME Finance of the Year - Edelweiss SME Lending**
  India NBFC Summit & Awards 2019
- **Insurtech of the Year – Edelweiss General Insurance**
  India Insurance Summit & Awards 2020
- **Best Customer Experience Team of the Year - Edelweiss Personal Wealth Advisory**
  13th Edition of the Customer FEST Awards, 2020
- **Best IT Team of the Year, Best Technology Implementation**
  CIO Conclave, 2020
- **Best BFSI Technology Award – Cloud Computing**
  Express Computer, Indian Express, 2020

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. The group has sizeable presence in the large retail segment, through its businesses such as Life Insurance, Housing Finance, Mutual Fund and Retail Financial Markets. 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 covered by sell side research analysts of Morgan Stanley, Citi Research, SBI Cap Securities, ICICI Securities, Maybank Kim Eng Securities, Haitong International, Credit Suisse Securities and Emkay Global Financial Services.
To learn more about the Edelweiss Group, please visit www.edelweissfin.com.
Edelweiss Financial Services Limited **Corporate Identity Number**: L99999MH1995PLC094641

Edelweiss Social media handle:

edelweissfinancialservicesltd | @EdelweissFin | Linkedin.com/company/edelweissfin

For more details please contact:

Shalaka Kagathra
Head
Group Corporate Communications
Edelweiss Financial Services Limited
Tel: +91 22 4009 4367
E-mail: Shalaka.Kagathra@edelweissfin.com

Revathi Pandit
Vice President
Corporate Communications
Edelweiss Financial Services Limited
Tel: +91 22 4063 5433
E-mail: Revathi.pandit@edelweissfin.com

Safe Harbour

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