EW/Sec/2020/176

August 27, 2020

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

Dear Sirs,

Ref.:- Symbol: EDELWEISS

Sub: Investor Presentation

Please find enclosed the Investor Presentation on Earnings Updates for the first quarter ended June 30, 2020.

Kindly take the same on record.

Thanking you,

For Edelweiss Financial Services Limited
Renganathan Bashyam
Digitally signed by Renganathan Bashyam
Date: 2020.08.27 21:37:51 +05'30'
B. Renganathan
Executive Vice President & Company Secretary

Encl: a/a

Edelweiss Financial Services Limited

Q1FY21 Quarterly Update

Edelweiss
Ideas create, values protect

Contents

1 Q1FY21 Highlights 3

2 Business Update 14

3 Balance Sheet Highlights 29

4 Organization. Governance. Sustainability. 40

Q1FY21 Highlights

Edelweiss
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Edelweiss at a Glance – Q1FY21

Net Worth

INR 8,320 Cr

Liquidity

INR 5,700 Cr

As on 12th Aug'20

Customer Assets

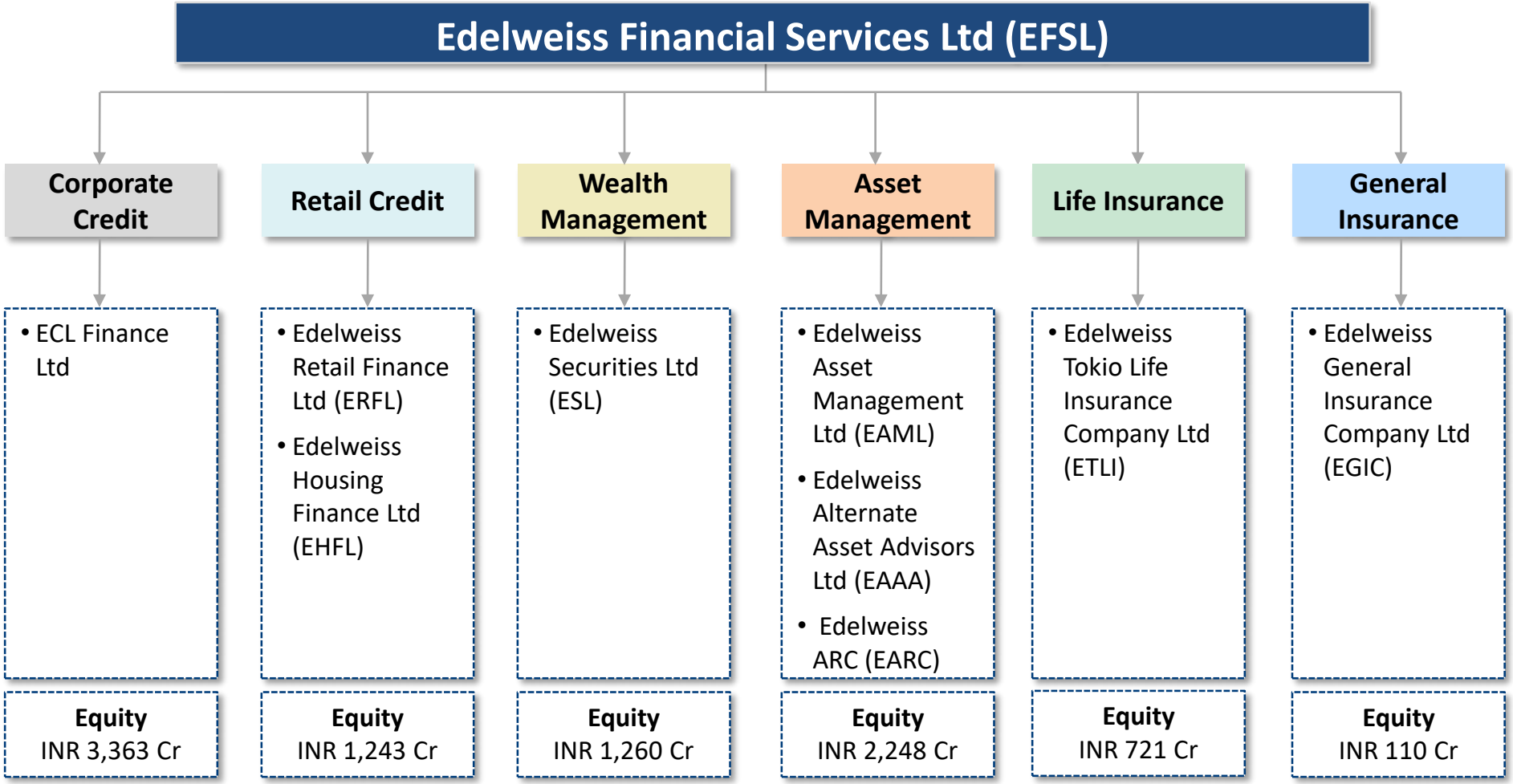
INR 2,23,000 Cr

Book Value

INR 66

Face Value ₹1

Our Six Businesses are Well – Capitalized..



25- year track record of seeding and growing businesses that benefit from the India growth story

..And Present In High Growth Segments

Edelweiss Wealth Management is the 2nd largest non bank wealth manager with AuA of ~INR 1,27,000 Cr (~$17 bn)

Edelweiss Asset Management is the largest and most comprehensive player in Indian private credit strategies with AUM of ~INR 1,00,000 Cr (~$13 bn)

Among the fastest growing and digitally enabled Life & General Insurance players in the industry

Generates ~INR 2,000 Cr of fee income every year on the back of strong & steadily growing customer assets

Consistently dominant presence in capital - light businesses

Edelweiss Approach

- Our mission is to build successful and dominant businesses that create long-term value for shareholders
  - EFSL contributes capital, brand, risk management and governance for sustainable growth
- Our partners are global entities with impeccable credentials who contribute domain expertise and capital
- Inflection point in growth journey : Our businesses are now moving from interdependence to independence
- For the next phase of growth, we will ensure that we have the best management team and sufficient resources for each of our six verticals
  - Continue to scale these businesses with more partnerships as required
- Aim to unlock value in these businesses for shareholders
  - Format of unlocking can take the most appropriate form that helps business growth

Primacy to creating and unlocking value for shareholders

Sale of 51% Stake in Edelweiss Wealth Management

- We have entered into a stake sale agreement in Wealth Management arm with PAG, largest Asia-focused alternative investment managers
  - They will acquire 51% stake in Edelweiss Wealth Management (EWM) at a post-money valuation of INR 4,400 Cr
  - EWM business consists of Wealth Management and Capital Markets
- This is our largest equity raise in Edelweiss group till date
- Transaction is expected to close in the next 4-6 months subject to regulatory approvals
- All business relationships and synergies with the Edelweiss Group will continue as earlier
- Proceeds generated from the stake sale will be used to de-leverage balance sheet and for equity investments in our other growth businesses
- Our intention is to demerge EWM in the next 12-18 months and list it in due course as a separate entity

This transaction is a visible endorsement of the value created in our Wealth Management arm

Summary Background of PAG

About PAG	• One of the world's largest Asia-focused private investment firms • AUM of ~$40 bn with 200+ investment professionals • 11 offices in Asia and around the world
PAG Private Equity	• Dedicated team of 50+ investment and operational professionals • Focused on large sized buyout/control deals and structured equity investments across Asia Pacific • Manages $16 bn across three different funds raised over the last eight years

PAG and India Investments	• PAG's private equity business in India is led by Nikhil Srivastava, Managing Director. Nikhil's previous experience includes KKR and Goldman Sachs.
	• Key India investments across the PAG Group:
	  • Minority investment in SME lender - U Gro Capital
	  • Debt investment in Shapoorji Pallonji Real Estate

This is PAG's first majority equity investment in India

Group Near – Term Priorities

- Progress the unlocking of value from our businesses and become capital surplus
- Grow each business with the best management teams and right partners
- Strengthen balance sheet further
- Accelerate tech-aided cost rationalization across businesses

Priorities By Business For FY21

Corporate Credit	• Focus on asset quality monitoring and collection efficiency • Expedite sell-down and release equity
Retail Credit	• Strengthen capital-light business models in partnership with banks • Help clients navigate the post Covid scenario, with active portfolio monitoring
Wealth Management	• Move towards demerger and subsequent listing for unlocking value • Maintain a clear leadership position in Wealth Management
Asset Management	• Strengthen equity passives offering in mutual funds similar to debt offering • Step up deployment in alternatives
Life Insurance	• Continue to strengthen distribution partnerships • Scale up the business further
General Insurance	• Step up product innovation and channel diversification • Onboard a strategic partner

Q1FY21 Financial Snapshot

Consolidated (INR Cr)	Q1FY21
Gross Revenue	1,808
Interest Cost	1,002
Net Revenue	**806**
Expenses	904
Impairment	145
PBT	**(243)**
PAT Pre MI	**(264)**
PAT Post MI	**(245)**

Distribution of Earnings Across Entities

INR Cr	Q1FY21
ECL Finance	(156)
ERFL & EHFL	11
Edelweiss Wealth Management	59
Edelweiss Asset Management	45
Edelweiss Tokio Life Insurance	(68)
Edelweiss General Insurance	(16)
BMU & Corporate	(139)
Total Consolidated Pre MI PAT	**(264)**

Business Update

Edelweiss
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Corporate Credit : ECL Finance Limited

Q1FY21 Key Metrics

Equity (INR Cr)	3,363
CAPAD	21.3%
Net D/E	4.1x
Liquidity (INR Cr)	~2,650

Business Update & Near Term Priorities

- Focused on resource raising to generate liquidity
  - Raised INR 1,800 Cr across PCG and TLTRO schemes in H1FY21 till date and another INR 400 Cr is in pipeline
  - Additionally, raised ~INR 400 Cr from banks and other sources in H1FY21 till date
  - Received sanctions of INR 200 Cr from banks
- Decline in revenue is on account of de-growing credit book
- Targeting 30% reduction in costs

Liquidity is as on 12th August'20

Business Performance Snapshot : ECL Finance Ltd

INR Cr	Q1FY21
EOP Loan Book	10,953
EOP Equity	3,363
Net Revenue	95
Operating Expenses	127
Credit Costs	124
Profit After Tax	(156)

Net Interest Margin	2.3%

NNPA	2.1%
Total provision cover	202%
CAPAD	21.3%

Retail Credit: Edelweiss Retail Finance Ltd and Edelweiss Housing Finance Ltd

ERFL/EHFL

Q1FY21 Key Metrics

	ERFL	EHFL
Equity (INR Cr)	474	769
CAPAD	29.0%	23.2%
Net D/E	2.5x	4.5x
Liquidity (INR Cr)	~50	~500
No of clients	~90,000	

Business Update & Near Term Priorities

- Improving collections - July collections were at ~INR 300 Cr
- Raised INR 265 Cr across PCG and TLTRO schemes, banks & other sources in H1FY21 till date and another INR 350 Cr is in pipeline
- Laying down framework for transforming to digital lending model
- Branch network optimization - consolidating our geographical footprint

Liquidity is as on 12th August'20

Business Performance Snapshot : ERFL and EHFL

Q1FY21 (INR Cr)	ERFL	EHFL
EOP Loan Book	1,312	4,490
EOP Equity	474	769
Net Revenue	20	37
Operating Expenses	8	27
Credit Costs	(2)	11
Profit After Tax	11	-
Net Interest Margin	5.6%	3.3%
NNPA	2.0%	1.4%
Total provision cover	120%	69%
CAPAD	29.0%	23.2%

Edelweiss Wealth Management : Edelweiss Securities Ltd and Others

EWM

Q1FY21 Key Metrics

AUA (INR Cr)	1,27,300
Net New Money (INR Cr)	1,250
#UHNI Clients	~2,400
#Affluent Clients	~6.1 Lacs

Business Update & Near Term Priorities

- Business continues to be steady despite market volatility
- Enhanced client engagement driven by tech-first approach
- Strong pipeline in Investment Banking across ECM, DCM and M&A
- Focus on cost rationalisation - 10% reduction in both employee cost and operating expenses

Business Performance Snapshot : Edelweiss Wealth Management

EWM

Q1FY21 (INR Cr)	ESL & Others
AuA	1,27,300
EOP Equity	1,260
Gross Revenues	264
Net Revenues	215
Operating costs	141
Profit before tax	72
Profit after tax	59

Edelweiss Asset Management : EAML, EAAA, EARC & Others

Q1FY21 Key Metrics

	EAML	EAAA,EARC and others
Equity (INR Cr)	159	2,090
AuM (INR Cr)	29,400	66,300
Net New Money (INR Cr)	2,507	-
#Retail Folios/ Clients	~3.5 Lacs	~600

Business Update & Near Term Priorities

- **Mutual Fund** :
  - Bharat Bond ETF Series II oversubscribed 3.7 times and mobilised ~INR 11,000 Cr with ~40,000 applications
  - Aim to grow equity AUM to reach INR 10,000 Cr in next 12-18 months
  - Continue to launch innovative passive funds for clients
- **Asset Management:**
  - Infra Fund - Final close at INR 3,300 Cr
  - Received commitments of ~INR 6,000 Cr ($790 mn) in ESOF III till date
  - Actively looking at deployment opportunities - current dry powder at ~ INR 10,000 Cr
  - Strong recoveries of INR 470 Cr in ARC in pandemic hit quarter

Business Performance Snapshot : Edelweiss Asset Management

Q1FY21 (INR Cr)	EAML	EAAA, EARC & others
AUM	29,400	66,300
EOP Equity	159	2,090
Gross Revenues	25	257
Net Revenues	25	102
Operating costs	23	50
Profit before tax	2	57
Profit after tax	2	43

Life Insurance : Edelweiss Tokio Life Insurance Company Ltd

ETLI

Q1FY21 Key Metrics

Equity (INR Cr)	721
Individual APE (INR Cr)	58
AUM (INR Cr)	~3,000
VNB Margin	38%
Solvency Ratio	239%
13th Month Persistency	72%

Business Update & Near Term Priorities

- 2nd highest growth in industry: 21% YoY growth in individual APE
- Strong channel mix: 75% of channel is controlled channels like agency and direct to client
- Product mix is dominated by Traditional Par and Non-Par; ULIP is 25% only
- Won 3 awards at 9th ACEF Global Customer Engagement Award 2020 for Organ Donation campaign
- Look to partner with more banks for distribution tie-ups
- Embedded value as on 30th June'20 at INR 1,302 Cr

Business Performance Snapshot : Edelweiss Tokio Life Insurance Company Ltd

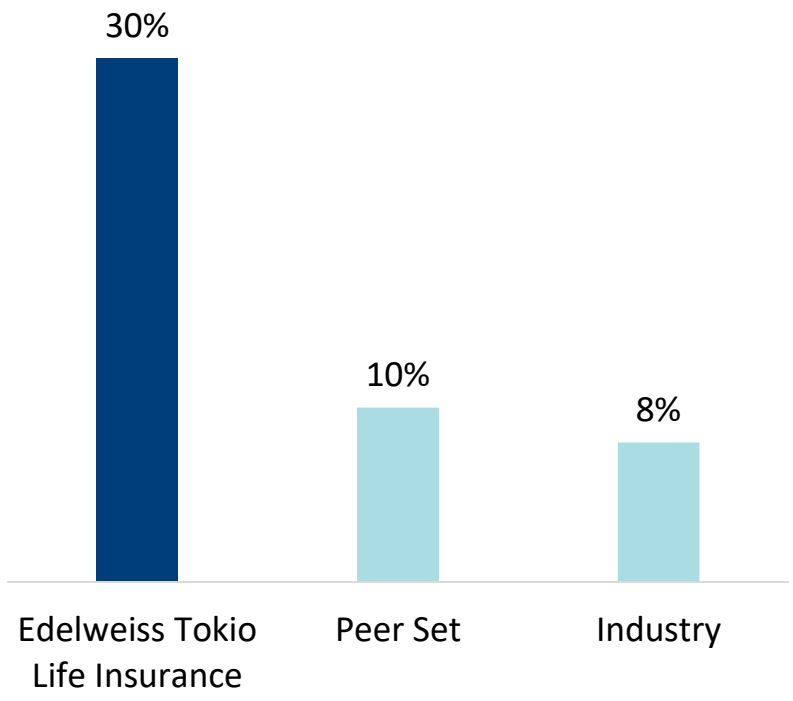
ETLI

INR Cr	Q1FY21
Net Premium Income	154
Investment Income & Other Income	195
Total Business	**349**
Profit After Tax	(68)
Minority	(33)
Edelweiss' Share in PAT	**(35)**

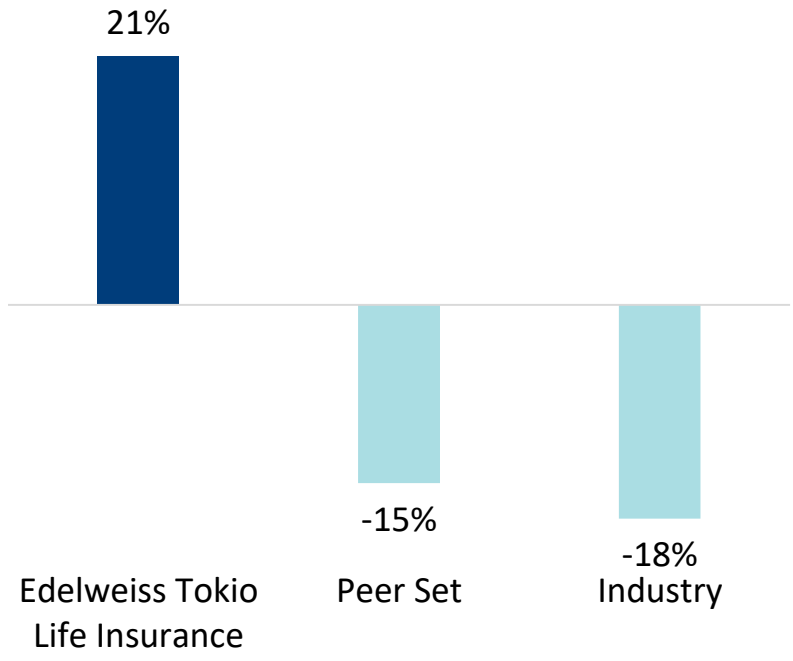
Among The Fastest Growing In The Industry

ETLI

Individual APE CAGR Since FY16 vs Industry



Individual APE Growth : Outlier During Lockdown in Q1FY21



General Insurance : Edelweiss General Insurance Company Ltd

EGIC

Q1FY21 Key Metrics

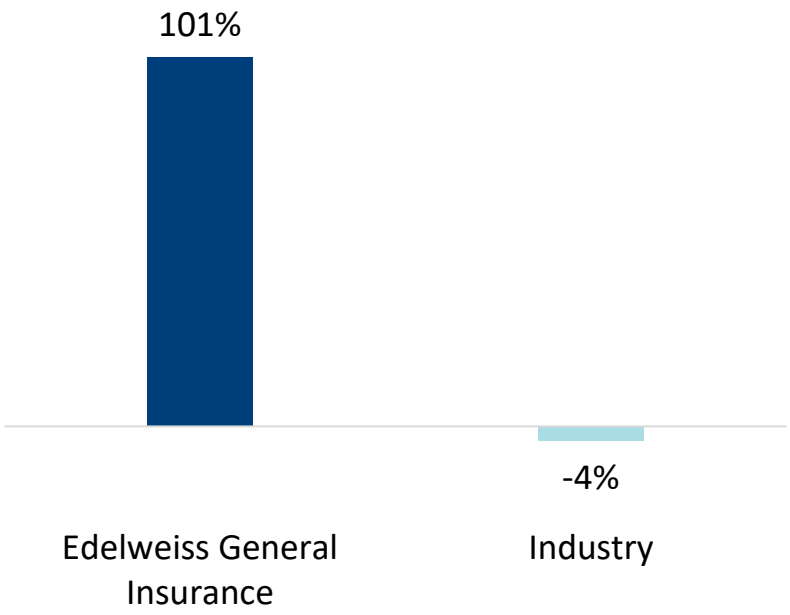
Equity (INR Cr)	110
GWP (INR Cr)	40
Solvency Ratio	196%
#Policies Issued in Q1FY21	26,397
#Active Customers	109,089

Business Update & Near Term Priorities

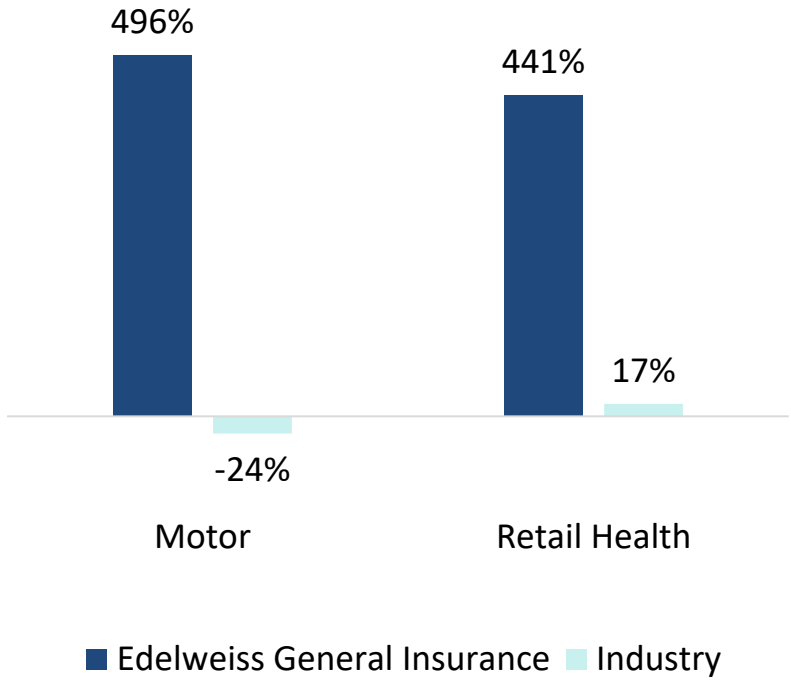
- Fastest growing insurer among private players
- Health continues to be a large focus area for us - Contribution of health higher than the Industry and our Peers (40% vs 27% vs 15%)
- Share of profitable Motor OD premium one of the highest in industry in Q1FY21
- We serviced ~45.5% of claims through the BOLT app even during lockdown and garage closures
- Focused on diversifying distribution mix with emphasis on digital partnerships
- Continue to build depth in our product portfolio for Motor OD, Health and modular sachet products focusing on digital products
- Continue the buildout of our digital Motor and Health Platforms

Digital Model Enabled Seamless Execution During Lockdown

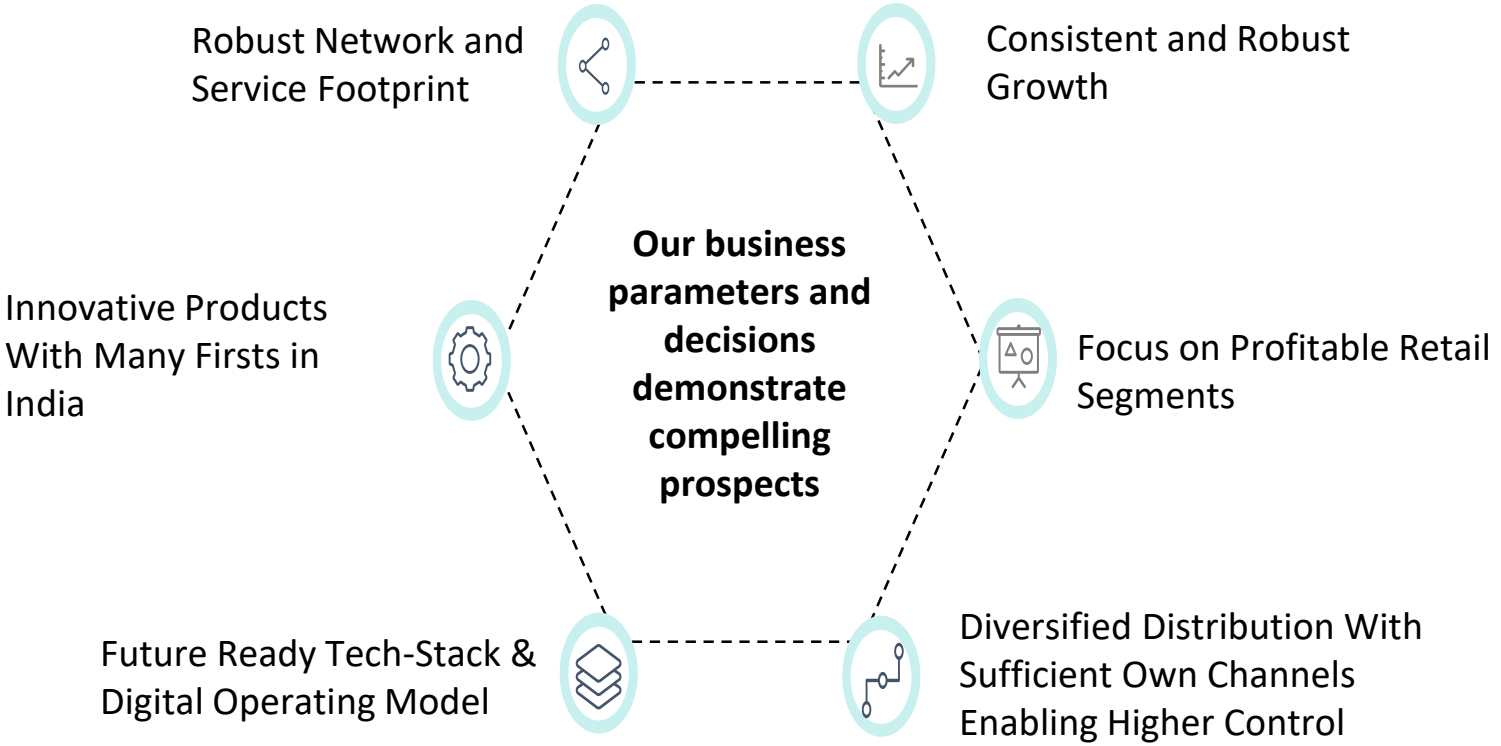
Robust growth in GWP continued while Industry faced headwinds in Q1FY21



Strong performance in Retail Lines compared to the Industry in Q1FY21



Well Positioned for Strong Growth in the Future



We are currently engaging with investors to raise equity capital for accelerating our journey towards growth

Balance Sheet Highlights

Liquidity. Capital Adequacy. Portfolio Mix

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1. Update on Resources Raising

1
- Raised ~INR 2,000 Cr under TLTRO and PCG in H1FY21 till date
- INR 750 Cr is in pipeline

2
- Additionally, raised ~INR 1,700 Cr mainly from bank borrowings in H1FY21 till date
- INR 200 Cr is in pipeline

3
- Corporate asset sell-down transaction generated liquidity to the tune of ~INR 470 Cr
- Further sell-downs over the next 2 - 3 quarters will generate additional liquidity

Steady improvement in liquidity from banking system

1. Liquidity & Cash Flow Plan

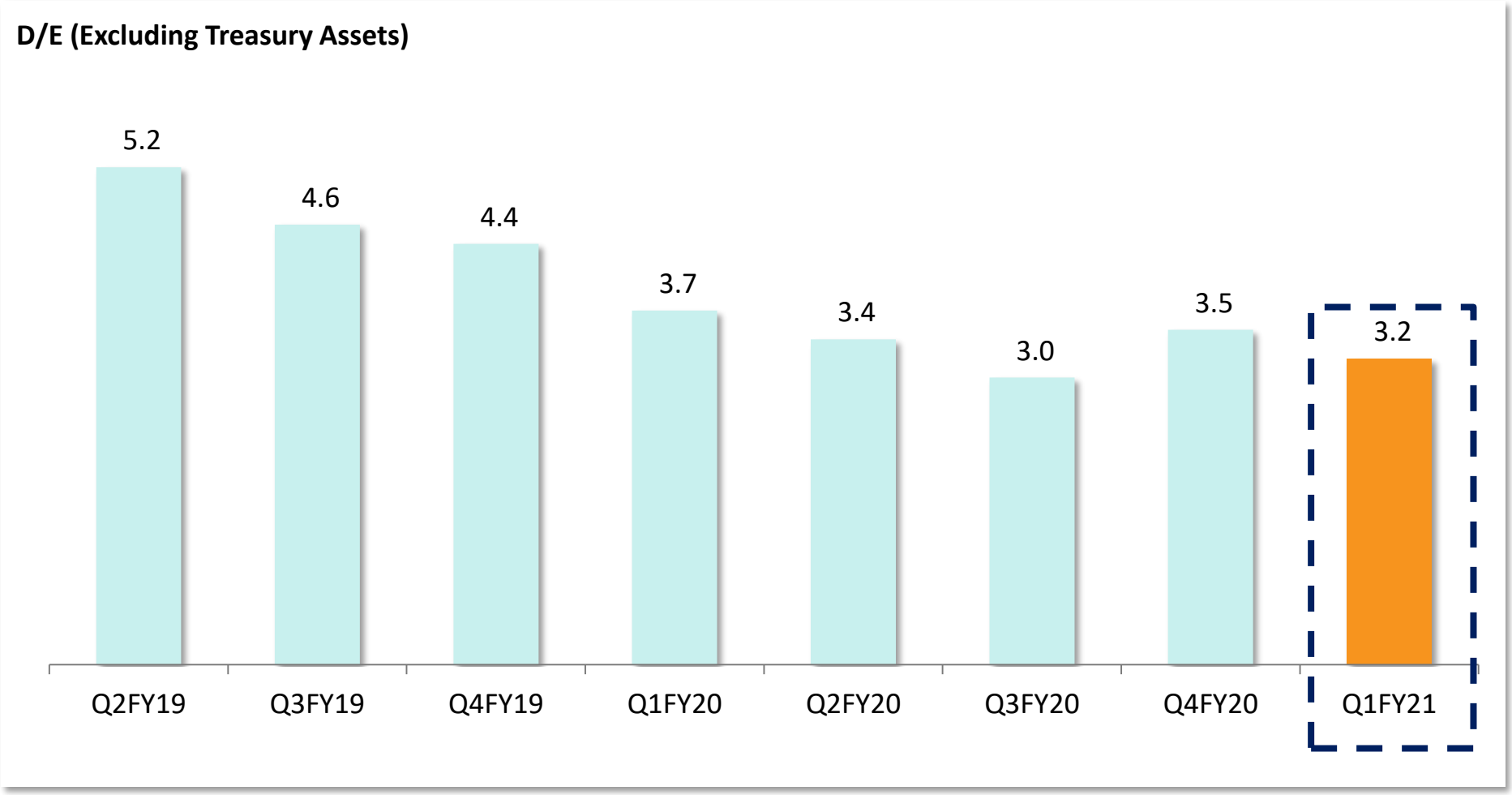
Particulars (INR Cr)	Jul-Dec'20	Jan-Jun'21
Opening Available Liquidity (A)	**4,700**	**5,200**
Inflows		
Contractual Inflows	4,000	4,200
Covid-related impact	(1,900)	(300)
Fresh Borrowings	4,500	2,000
Asset Sell downs	1,300	1,100
Total Inflows (B)	**7,900**	**7,000**
Outflows		
Repayments	6,000	4,600
Disbursements	1,400	1,900
Total Outflows (C)	**7,400**	**6,500**
Closing Available Liquidity (A+B-C)	**5,200**	**5,700**

2. Capital Adequacy Strong Both At Group & Key Operating Entities Level

Q1FY21	CAPAD	Net D/E
ECL Finance Ltd	21.3%	4.1x
Edelweiss Retail Finance Ltd	29.0%	2.5x
Edelweiss Housing Finance Ltd	23.2%	4.5x
Edelweiss Asset Reconstruction Company Ltd	32.6%	1.8x

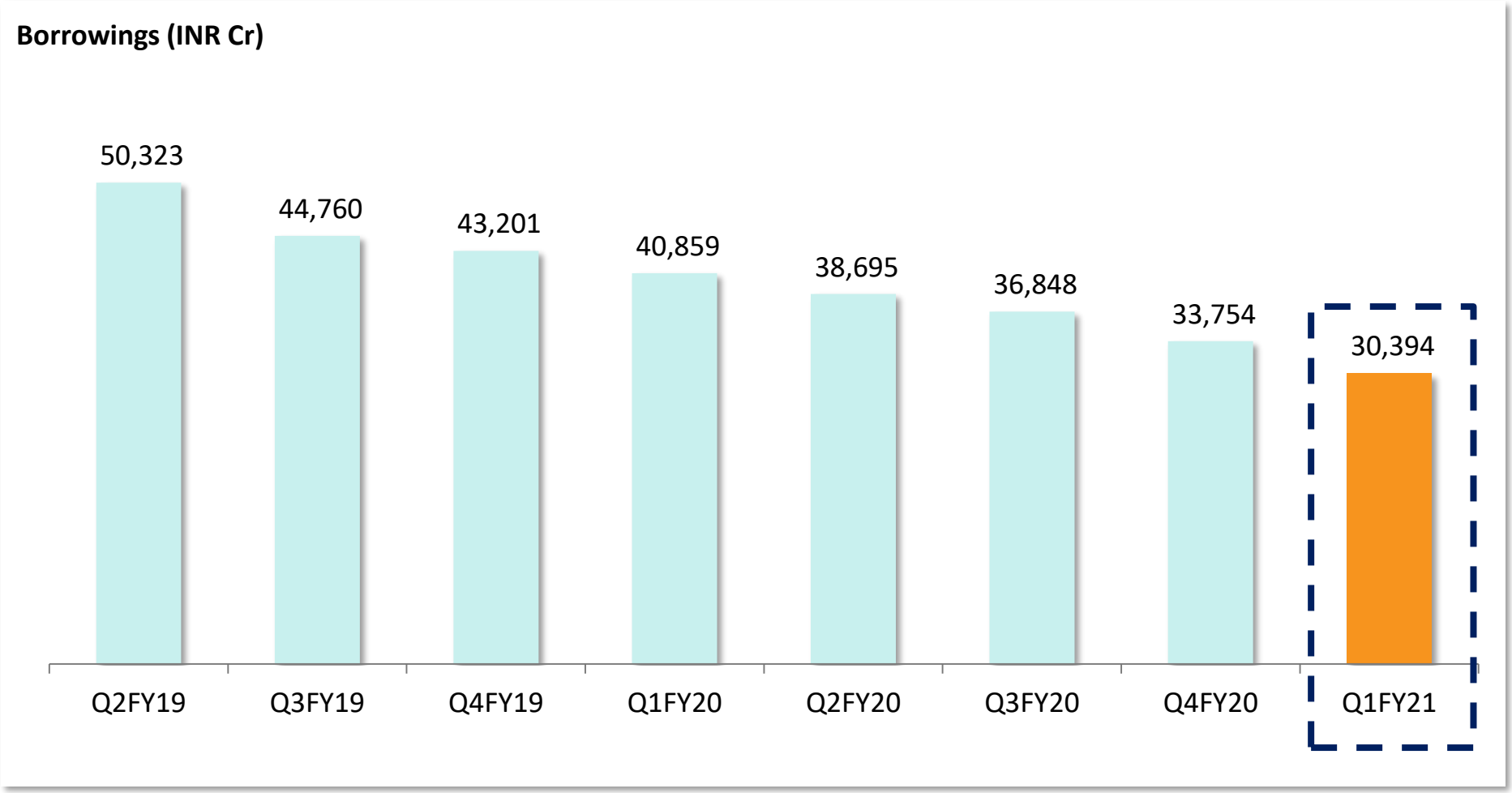
EFSL (Consolidated) has capital adequacy ratio of 21.1%

2. Debt Equity Ratio Continues To Decline



Debt Equity Ratio set to decline further through FY21

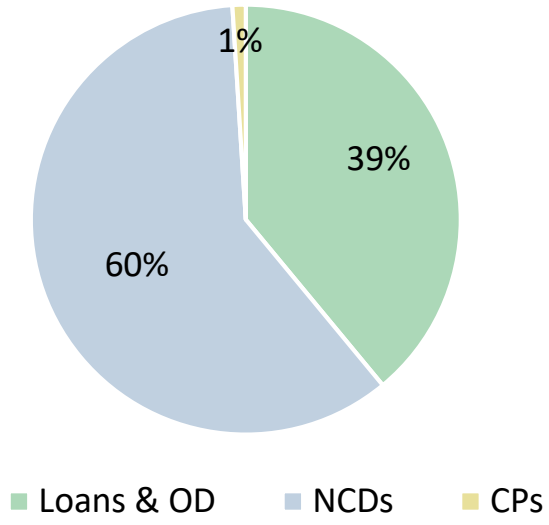
2. Significantly De-Levered Our Balance Sheet



Borrowings has reduced by 40% over Q2FY19 levels

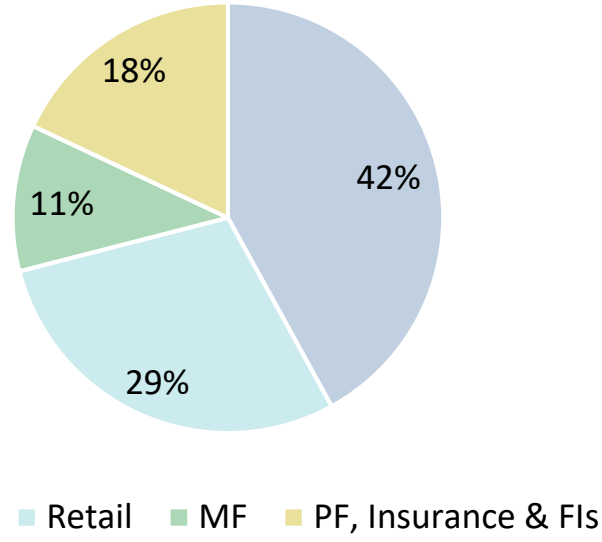
2. Borrowing Profile Is Well Diversified

Borrowing Profile by Instruments



INR 30,394 Cr

Borrowing Profile by Source



INR 30,394 Cr

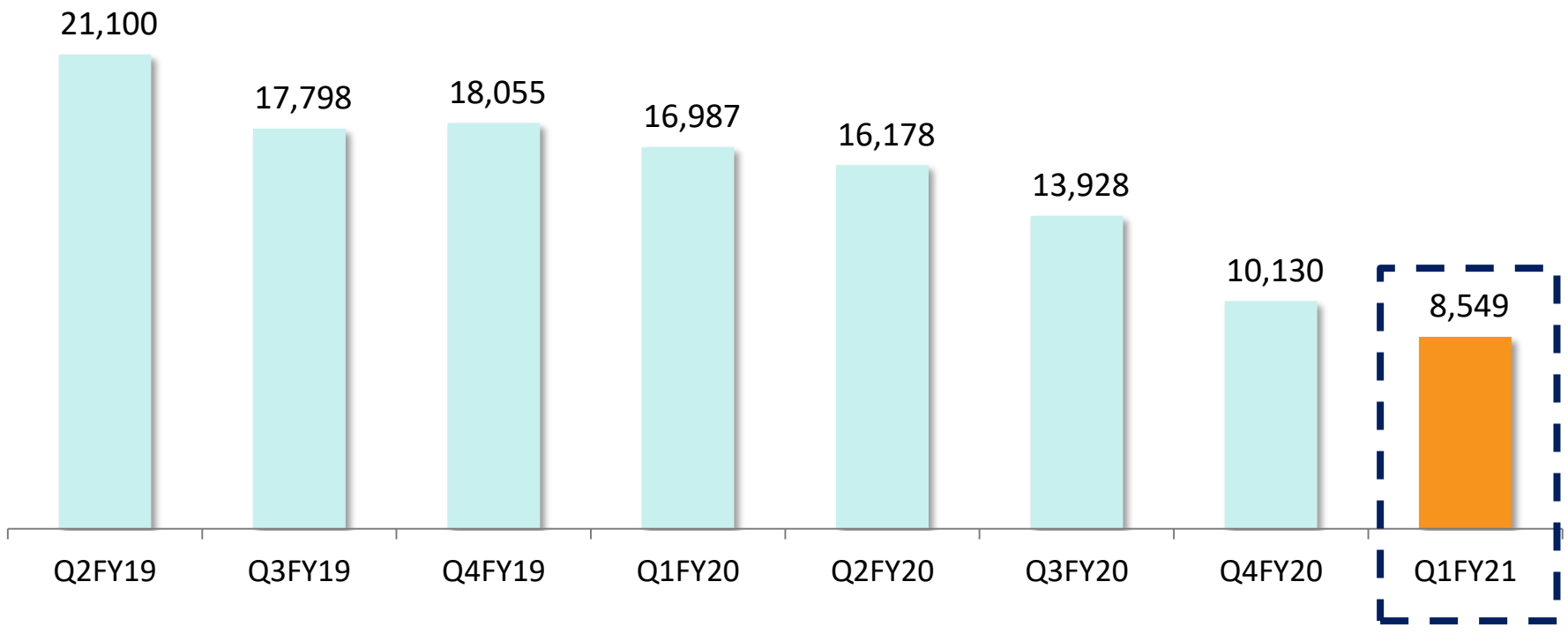
2. Assets in each Tenor Range Adequately Cover Liabilities

(INR Cr)	Assets	Liabilities	Gap
Upto 1 year	13,200	11,400	1,800
1-3 years	14,300	14,000	300
3 years+	16,000	11,100	4,900

Total gap represents our equity base

3. Corporate Credit Exposure Continues To Decline

Total Corporate Credit Assets (INR Cr)



Corporate credit book will decline by another INR 2,000 - 3,000 Cr by end FY21

3. Retail Credit Assets Are 55% Of Total

Q1FY21 (INR Cr)	Total book	%
Retail Credit	**10,457**	**55%**
Retail Mortgage	6,514	34%
SME & Business Loans	2,409	13%
ESOP and Margin Financing	1,409	7%
Agri and Rural Finance	124	1%
Corporate Credit	**8,549**	**45%**
Structured Collateralised Credit	2,930	15%
Wholesale Mortgage	5,619	30%
Total Credit Book	**19,006**	**100%**

3. Asset Quality at a Glance

INR Cr	Q1FY21
Credit Book	18,896
Of which Stage 3	887
ECL Provision	909
Of which Stage 3	206
NNPA	3.6%
Specific Provision Cover	23%
Total Provision Cover	103%

Organisation. Governance. Sustainability

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Prudent Risk Management and Responsible Growth

Enterprise risk management approach: 11 Risk Framework

12 Member Board Comprises Majority of Independent Directors

Mr. P N Venkatachalam
Independent Director

- Banking sector expert and former member of the Interim Pension Fund Regulatory Authority of India
- Former MD, State Bank of India

Dr. Ashima Goyal
Independent Director

- Professor at Indira Gandhi Institute of Development Research
- Specialist in open economy macroeconomics, international finance, institutional and development economics
- Serves as a Part-time member of Economic Advisory Council to the Prime Minister

Mr. K Chinniah
Independent Director

- Served as Managing Director & Global Head Infrastructure, Portfolio, Strategy & Risk Group with GIC Special Investments

Mr. Biswamohan Mahapatra
Independent Director

- Former RBI Executive Director, chaired various committees of RBI
- Handled varied areas of banking regulations, policy and supervision

Mr. Navtej S. Nandra
Independent Director

- Served as President of E*TRADE Financial Corporation.
- Prior to this he served as CEO for Morgan Stanley Investment Mgmt Inc. and COO for Wealth Management at Merrill Lynch

Mr. Ashok Kini
Independent Director

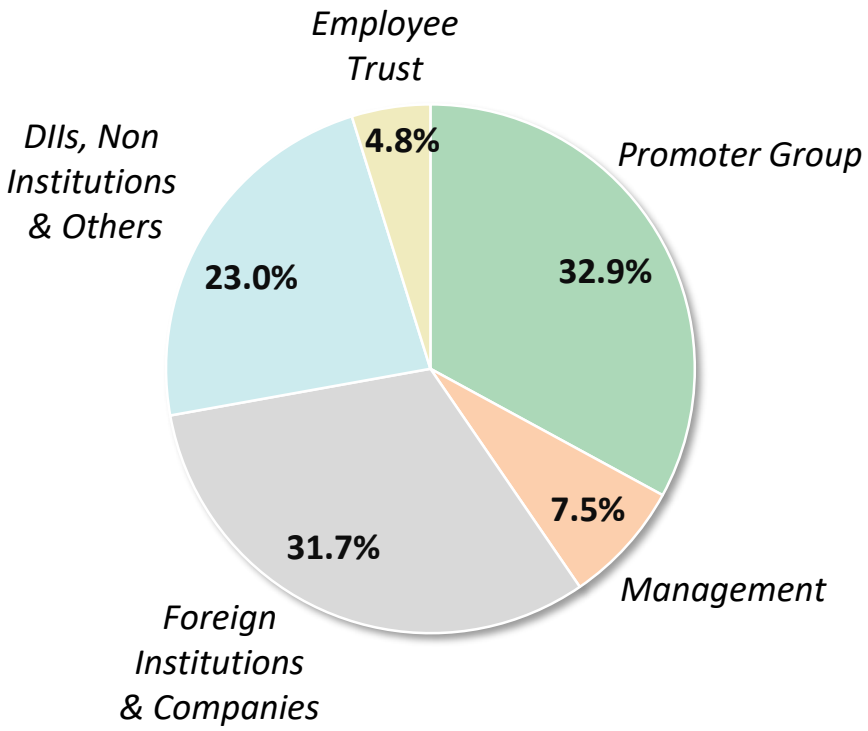
- Former Managing Director (National Banking Group) State Bank of India
- Served as an advisor to the Thorat Committee on Financial Inclusion at RBI
- 35 years of banking experience

Mr. Berjis Desai
Independent Director

- An independent legal counsel engaged in private client practice.
- Retired as Managing Partner at J. Sagar & Associates

Significant Institutional Ownership

Shareholding Pattern as on 30th June, 2020



	Key Shareholders above 1%	Percent
1	BIH SA	5.2%
2	Pabrai Investment Funds	4.3%
3	Wellington Management	3.7%
4	TIAA CREF funds	3.2%
5	LIC	2.2%
6	Baron Asset Management	1.9%
7	HDFC AMC	1.9%
8	Flowering Tree Investment Management	1.5%
9	Caisse de dépôt et placement du Québec (CDPQ)	1.5%
10	Vanguard Group	1.3%
11	Rakesh Jhunjhunwala	1.2%
12	UBS	1.1%

~45% owned by Edelweiss management and employees

Our Sustainability Efforts

111 Districts across **14** States

INR 14.18 Cr * committed

42 NGO Partners

50 Co-funded Grants

71 Active Grants

EdelGive Foundation's commitment to Achieving the SDGs (*Cumulative till date*)

Quality Education

INR 13 lakhs*

18.41 lakh Children supported

More than 65,000 Teaching professionals trained

18,482 Schools

No Poverty

INR 240 lakhs*

1,240 acres of irrigated land

10,612 Individuals trained

216 Watershed Structures Repaired/Built

8 FPO/FPC Strengthened

Gender Equality

INR 48 lakhs*

More than 1.63 lakh women supported

5,700+ Grassroot leaders developed

6,857 males engaged

Employee Engagement

(*Cumulative till date*)

- **~ 80%** Edelweiss Employees Engaged
- **~ 40,000** Man-hours of volunteering
- **71** skilled volunteering projects

* Q1FY21 Commitments

EdelGive Funding Partners & Networks

We have partnered with some of the largest Foundations, Corporates and HNIs through our innovative models focused on collaboration

Annexure

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Wealth Management Pro Forma Financials

	INR Cr
Edelweiss Wealth Management (EWM) PBT	**72**
Profit on sale of shares	(38)
Preference Share Dividends	14
Costs carved in from other entities	(11)
Pro-Forma Edelweiss Wealth Management PBT	**37**

Safe Harbour

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For more information, please visit www.edelweissfin.com

Safe Harbour

NOTES:

Slide 4 :	Net worth is including MI and 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
Slide 4 :	Customer Assets are rounded off to nearest 100
Slide 5 :	Only key entities are mentioned for wealth & asset management
Slide 5 :	Business Equity numbers are after inter company eliminations within respective businesses
Slide 6 & 21 :	Conversion rate of 1 USD equal to 75.53 INR has been used
Slide 13 :	PAT numbers are after inter company eliminations within respective businesses
Slide 15 & 16 :	Equity includes CDPQ investment of INR 1,040 Cr in CCD
Slide 16 & 18 :	NNPA is as per RBI prudential norms & calculated on credit assets excluding FVTPL accounts
Slide 19 & 20 :	AuA is inclusive of custody assets & rounded off to nearest 100
Slide 20 :	Equity includes Kora Management and Sanaka Capital investment of INR 294 Cr in equity convertible instrument
Slide 21 & 22 :	AuM is rounded off to nearest 100
Slide 23 & 25 :	Source for growth calculation is life insurance council
Slide 23:	13th Month Persistency (on Premium Basis) includes policies issued from Apr to June 2019; EV is calculated on market consistent basis
Slide 26 & 27:	2nd fastest growing insurer in the industry after AICC; Source for industry data is GIC & market information
Slide 31 :	Numbers are based on management estimates and rounded off to nearest 100
Slide 32 :	CAPAD is calculated for standalone entities
Slide 33,34& 35 :	Borrowings are excluding CBLO & CCDs & excludes accrued interest
Slide 36 :	Numbers are based on management estimates & 3 years+ liabilities exclude Equity; Assets and Liabilities don't include insurance and client funds in broking
Slide 39 :	Credit Book excludes assets identified for sale in near future which have been carried at Fair Value through P&L
Slide 42 :	Anita George is now director of ECL Finance Ltd
Slide 43 :	Key institutional shareholders: Holding of known affiliates have been clubbed together for the purpose of this information