



A.K. Stockmart Pvt. Ltd.



Public Issue of Secured Redeemable Non-Convertible
Debentures

of

EDELWEISS FINANCIAL SERVICES LIMITED

Tranche I Issue

December 6, 2021 – December 27, 2021



**EDELWEISS FINANCIAL SERVICES LIMITED****INVESTMENT RATIONALE**

- **PUBLIC ISSUE OF SECURED, REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF Rs. 1,000 EACH ("NCDs") FOR AN AMOUNT OF Rs. 200 CRORES ("BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UP TO RS. 300 CRORES AGGREGATING UP TO 50,00,000 NCDs AMOUNTING TO RS. 500 CRORES ("TRANCHE I ISSUE LIMIT") ("TRANCHE I ISSUE") WHICH IS WITHIN THE SHELF LIMIT OF RS. 1,000 CRORES AND IS BEING OFFERED BY WAY OF THE TRANCHE I PROSPECTUS.**
- **The issue offers yields ranging from 8.75% to 9.69% depending up on the Category of Investor and the option applied for.**
- **Credit Rating of 'CRISIL AA-/Negative (double A minus with Negative Outlook)' by CRISIL for an amount of Rs. 1,000 crores and '[ACUITE] AA/Negative' by ACUITE for an amount of Rs. 1,500 Crores.**
- **The NCDs are proposed to be listed on BSE Limited ("BSE"). For the purposes of the Tranche I Issue, BSE shall be the Designated Stock Exchange.**

COMPANY PROFILE

- Edelweiss Financial Services Limited (EFSL) is registered as Category I Merchant Banker and listed entity with NSE & BSE.
- After commencing the business as an investment banking firm, the EFSL, through its subsidiaries has now diversified its businesses to include credit including retail and corporate credit, asset management, asset reconstruction, insurance including life and general insurance business, and wealth management businesses, which are conducted through its subsidiaries
- EFSL have a pan-India and international network with approximately 219 domestic offices, and seven international offices (total 226 offices), in approximately 124 cities in India and three international locations and employed approximately 5,685 employees as at September 30, 2021.
- EFSL has 32 subsidiaries and 10 associate companies as at September 30, 2021. Its profit/(loss) attributable to owners of the Company was ₹ 75.38 crores for the six months ended September 30, 2021 on a consolidated basis.

Source: Shelf Prospectus and Tranche I Prospectus both dated November 29 , 2021

Disclaimer: Invest only after referring to the Shelf Prospectus and Tranche I Prospectus both dated November 29 , 2021

STRENGTHS

- ***Diversified business model***

EFSL believe that its successful diversification of its businesses, asset classes, client segments and geographies since the early years of the 2,000 decade have gradually increased the scale and/or profitability of its retail credit, wealth management, asset management and insurance businesses, as well as the stability and sustainability on its overall business performance

- ***Pan-India distribution network***

EFSL pan-India and international network spanned across a total of 226 offices (including approximately 219 domestic offices in approximately 124 Indian cities and seven international offices in three international locations) as at September 30, 2021.

Its extensive network enables it to acquire more customers, particularly for its retail businesses such as its retail credit, wealth management, asset management and insurance businesses. Its retail customer base has grown from approximately 1,250,000 as at March 31, 2019 and approximately 1,325,000 as at March 31, 2021 to approximately 1,570,000 as at September 30, 2021

EFSL Life Insurance business has also expanded its distribution footprint across India and had approximately 109 branches in around 88 cities as at September 30, 2021

- ***Adequately capitalised***

EFSL believe that they are currently adequately capitalised, they continue to seek fresh capital or release capital through securitisation of assets to fund its future asset growth as also to ensure that they do maintain a sufficient cushion over the regulatory minimum CRAR in respect of its credit subsidiaries.

- ***Diversified funding profile***

EFSL current funding requirements are predominantly sourced through credit facilities from banks and the issuance of redeemable non-convertible debentures on a private placement basis and through public issuance. EFSL have accessed funds from multiple classes of credit providers, including nationalised banks, private Indian banks, mutual funds and other NBFCs. EFSL believe that they have developed stable long-term relationships with its lenders and established a track record of the timely servicing of its debts. EFSL Total Borrowings on a consolidated basis were ₹ 28,436.05 crores as at March 31, 2021 out of which ₹ 10,977.27 crores were to mature in less than a year.

- ***Diversified credit profile, strong credit evaluation and risk management systems***

EFSL believes that its business processes ensure independence of functions and a segregation of responsibilities. EFSL believe that its credit appraisal and credit control processes, centralised operations unit, approval of loans at transaction level and in house internal audit unit for checking compliance with the prescribed policies, as well as its risk management processes and policies allow multiple layers of checks and verifications. These legal and technical verifications include collateral valuation, title search, document verification, fraud and KYC verifications, personal meetings with clients and internal review before the disbursement of loans. Its processes have been standardised with the objective of providing high quality of service and ensuring efficiency, and to facilitate integration of its workforce, processes and technology. Each of its key business processes is regularly monitored by the respective business or operations head.

- ***Strong Edelweiss Board and management***

EFSL believe that Edelweiss today enjoys a strong brand franchise in the financial services space backed by a reputation for consistent focus on execution and innovation. EFSL further believe the strength of its senior management team helps them in implementing policies and processes that ensure healthy credit quality and high standards of work ethic and that its current management structure allows scalability. Its senior management seeks to maintain a strong focus on corporate governance.

Source: Shelf Prospectus and Tranche I Prospectus both dated November 29 , 2021

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ISSUE STRUCTURE

Particulars	Details				
Issuer / Company	Edelweiss Financial Services Limited.				
Lead Managers	Equirus Capital Private Limited.				
Type and nature of instrument	Secured, redeemable, non-convertible debentures of face value of Rs. 1,000 each.				
Seniority	Senior				
Base Issue	Rs. 200 crores				
Option to retain Oversubscription Amount	Rs. 300 crores				
Total Tranche I Issue Size	Rs. 500 crores				
Face Value (in Rs. / NCD)	1,000 each				
Issue Price (in Rs. / NCD)	1,000 each				
Minimum application and multiples of NCDs thereafter	Rs.10,000 (10 NCDs) and in multiples of Rs. 1000 (1 NCDs) thereafter.				
Mode of Issue	Public Issue				
Tranche I Issue	Public Issue by the Company of secured redeemable non-convertible debentures of face value of ₹ 1,000 each (“NCDs”) for an amount of ₹ 200 crores (“Base Issue Size”) with an option to retain oversubscription up to ₹ 300 crores amounting to up to ₹ 500 crores (“Tranche I Issue Limit”) (“Tranche I Issue”) which is within the Shelf Limit of ₹ 1000 crores and is being offered by way of the Tranche I Prospectus dated November 29, 2021 containing <i>inter alia</i> the terms and conditions of Tranche I Issue (“Tranche I Prospectus”), which should be read together with the Shelf Prospectus. The Shelf Prospectus and Tranche I Prospectus constitutes the prospectus “Prospectus”).				
Listing	The NCDs are proposed to be listed on BSE . BSE shall be the Designated Stock Exchange for the Tranche I Issue. The NCDs shall be listed within six Working Days from the Tranche I Issue Closing Date.				
Mode of Allotment and Trading	Compulsorily in dematerialised form.				
Market / Trading Lot	One (1) NCD.				
Security	The principal amount of the NCDs to be issued in terms of the Shelf Prospectus and the Tranche I Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by way of <i>pari-passu</i> / specified charge in favour of the Debenture Trustee on an identified immovable property and/or future receivables of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of at least 100% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all time until the Maturity Date. Issuer have received necessary consents from the relevant debenture trustees and security trustees for ceding <i>pari passu</i> charge in favour of the Debenture Trustee in relation to the NCDs..				
Credit Rating	Rating agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated (in INR crores)
	CRISIL Ratings Limited	Non-Convertible Debentures	CRISIL AA-/Negative	October 22, 2021 and revalidated <i>vide</i> letter dated November16, 2021.	1,000
	Acuité Ratings & Research Limited	Non-Convertible Debentures	[ACUITE] AA with outlook (Negative)	October 20, 2021 & revalidated <i>vide</i> letter dated November 17, 2021	1,500
Pay-in Date	Application Date. The entire Application Amount is payable on Application				
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Board of Directors and/or Debenture Fund Raising Committee as constituted by the Board of Directors, from time to time in accordance with the applicable law. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case the Record Date falls on a day when the Stock Exchanges are having a trading holiday, the immediate subsequent trading day or a date notified by our Company will be deemed as the Record Date.				
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	As agreed in the Debenture Trust Deed, executed/to be executed in accordance with applicable law				
Tranche I Issue Schedule	The Tranche I Issue shall be open from December 6, 2021 to De 27, 2021 with an option to close earlier and/or extend up to a period as may be determined by the <i>Board of Directors of the Company or the Debenture Fund Raising Committee, thereof, subject to relevant approvals</i>				
Day count convention	Actual/Actual.				
Tranche I Issue Opening Date	Monday, December 6, 2021				
Tranche I Issue Closing Date	Monday, December 27, 2021*				
Put/Call Option	N.A.				

* This Tranche I Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that this Tranche I Issue may close on such earlier date or extended date as may be decided by the Board of Directors of the Company or the Debenture Fund Raising Committee, thereof, subject to relevant approvals. In the event of an early closure or extension of this Tranche I Issue; the Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation and a regional daily at the place where the registered office of the Company is situated on or before such earlier or extended date of Tranche I Issue closure. Applications Forms for this Tranche I Issue will be accepted only from 10:00 a.m. to 5:00 p.m. or such extended time as may be permitted by BSE, on Working Days during the Tranche I Issue Period. On the Tranche I Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 PM on one Working Day after the Tranche I Issue Closing Date. For further details please refer to the chapter titled “Issue Related Information” on page 43 of the Tranche I Prospectus.

Source: Shelf Prospectus and Tranche I Prospectus both dated November 29 , 2021
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THE SPECIFIC TERMS OF EACH OPTION OF NCDs

Terms and conditions in connection with Secured NCDs Options	I	II	III	IV*	V	VI	VII	VIII	IX	X
Frequency of Interest Payment	Annual	NA	Monthly	Annual	NA	Monthly	Annual	NA	Monthly	Annual
Type of NCD	Secured	Secured	Secured	Secured	Secured	Secured	Secured	Secured	Secured	Secured
Minimum Application	₹ 10,000 (10 NCDs) across all Series									
Face Value/ Issue Price of NCDs (₹/ NCD)	₹ 1,000									
In Multiples of thereafter (₹)	₹ 1,000/- (1 NCD)									
Tenor	24 months	24 months	36 months	36 months	36 months	60 months	60 months	60 months	120 months	120 months
Coupon (% per annum) for NCD Holders in Category I, II, III & IV	8.75%	NA	8.75%	9.10%	NA	9.15%	9.55%	NA	9.30%	9.70%
Effective Yield (% per annum) for NCD Holders in Category I, II, III & IV	8.75%	8.75%	9.10%	9.09%	9.10%	9.54%	9.54%	9.55%	9.70%	9.69%
Mode of Interest Payment	Through various mode available									
Redemption Amount (₹/NCD) for NCD Holders in Category I, II, III & IV	₹1,000	₹1,182.65	₹1,000	₹1,000	₹1,299	₹1,000	₹1,000	₹1,578.25	₹1,000	₹1,000
Maturity / Redemption Date (Years from the Deemed Date of Allotment)	24 months	24 months	36 months	36 months	36 months	60 months	60 months	60 months	120 months	120 months
Put and Call Option	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

*The Company shall allocate and allot Series IV NCDs wherein the Applicants have not indicated the choice of the relevant NCD Series.

ALLOCATION RATIO

Institutional Portion	Non-Institutional Portion	High Net Worth Individual Investors Portion	Retail Individual Investors Portion
10%	10%	40%	40%

INVESTOR CATEGORIES AND ALLOTMENT

Category I	Category II	Category III	Category IV
<ul style="list-style-type: none">•Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;•Provident funds, pension funds each with a minimum corpus of Rs 25 crores, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;•Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;•Resident Venture Capital Funds registered with SEBI;•Insurance Companies registered with IRDAI;•State industrial development corporations;•Insurance funds set up and managed by the army, navy, or air force of the Union of India;•Insurance funds set up and managed by the Department of Posts, the Union of India;•Systemically Important Non- Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements•National Investment Fund set up by resolution no. F. No. 2/3/2005 –DDII dated November 23,2005 of the Government of India published in the Gazette of India; and• Mutual Funds registered with SEBI.	<ul style="list-style-type: none">• Companies within the meaning of Section 2(20) of the Companies Act, 2013; Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;• Co-operative banks and regional rural banks• Trusts including Public/private charitable/religious trusts which are authorised to invest in the NCDs;• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;• Partnership firms in the name of the partners; and• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);• Association of Persons; and• Any other incorporated and/ or unincorporated body of persons.	<ul style="list-style-type: none">• High Net-worth Individual Investors ("HNIs") - Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above INR 1,000,000 across all options of NCDs in the Tranche I Issue.	<ul style="list-style-type: none">• Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10,00,000 across all options of NCDs in this Tranche I Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹ 200,000 in any of the bidding options in this Tranche I Issue (including HUFs applying through their Karta and does not include NRIs) though UPI Mechanism.

APPLICATIONS CANNOT BE MADE BY

- (a) Minors without a guardian name* (A guardian may apply on behalf of a minor. However, the name of the guardian will need to be mentioned on the Application Form);
- (b) Foreign nationals NRI inter-alia including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- (c) Persons resident outside India and other foreign entities;
- (d) Foreign Institutional Investors;
- (e) Foreign Portfolio Investors
- (f) Non Resident Indians;
- (g) Qualified Foreign Investors;
- (h) Overseas Corporate Bodies**;
- (i) Foreign Venture Capital Funds;
- (j) Persons ineligible to contract under applicable statutory/ regulatory requirements.

* Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872

**The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Tranche I Issue.

The Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchanges by the Designated Intermediaries.

KEY OPERATIONAL AND FINANCIAL PARAMETERS (CONSOLIDATED)

(Rs.in Crores)

Parameters	September 30, 2021	March 31, 2021	As of March 31, 2020	March 31, 2019
Net worth*	7799.41	7676.99	7207.08	8714.99
Total borrowings of which				
i) Debt securities	16,500.43	17,485.85	20758.51	24591.05
ii) Borrowings (other than debt securities)	7681.10	9431.82	13321.06	19045.35
iii) Deposit	1.52	9.60	216.90	143.68
iv) Subordinated liabilities	1539.20	1508.78	2360.88	2367.66
Property, plant and equipment	1178.67	1228.13	1501.26	547.79
Investment property	310.30	339.46	445.73	314.45
Capital work in progress	0.97	0.79	11.16	10.29
Right-of-use assets	-	-	-	-
Intangible assets under development	16.36	12.42	32.08	33.39
Other intangible assets	132.07	146.77	225.58	228.26
Loans	21130.90	21910.55	28360.68	38408.31
Other financial assets	1190.02	1262.81	830.23	609.85
Other non-financial assets	461.75	380.67	363.32	329.70
Cash and cash equivalents	1369.25	3898.51	4942.52	3115.82
Bank balance other than above	1115.23	861.69	3667.09	3339.61
Investments	12536.66	11476.30	8266.60	8799.05
Other financial liabilities	3842.19	4145.72	4925.05	3912.70
Non-financial liabilities	5758.46	5022.78	3818.79	3205.33
Total income	3502.56	10848.85	9602.63	11161.23
Revenue from operations	3454.35	9357.36	9513.31	11077.52
Finance cost	1550.72	3834.03	4793.04	4783.22
Impairment on financial instruments	(24.74)	1260.92	2690.27	484.90
Profit for the year from continuing operations	90.51	253.92	(2043.77)	1044.70
Total comprehensive income	78.66	252.12	(1571.13)	(1101.70)
Gross NPA (%)	-	7.73	5.30	-
Net NPA (%)	-	4.10	4.10	-

**Net worth equals to shareholder's fund minus intangible assets.

CAPITAL ADEQUACY RATIOS FOR KEY NBFC SUBSIDIARIES/HFC ENGAGED IN THE CREDIT BUSINESS, WHICH IS COMPUTED ON THE BASIS OF THE APPLICABLE RBI/NHB REQUIREMENTS, AS AT THE DATES INDICATED:

Particulars	As at September 30, 2021	As at March 31,			
		2021	2020	2019	
ECL Finance Limited					
CRAR – Tier I capital (%)	14.49	13.70	10.51	14.27	
CRAR – Tier II capital (%)	11.04	11.59	10.51	5.00	
Total CRAR (%)	25.53	25.29	21.02	19.27	
Edelweiss Retail Finance Limited					
CRAR – Tier I capital (%)	22.38	26.70	19.73	24.92	
CRAR – Tier II capital (%)	11.81	13.15	9.65	8.96	
Total CRAR (%)	34.19	39.85	29.38	33.87	
Edelweiss Housing Finance Limited (calculated as per Ind AS)					
CET1 Capital ratio	22.00	26.49	28.03	20.80	
CET2 Capital ratio	0.00	0.00	0.54	0.60	
Total Capital Ratio	22.00	26.49	28.57	21.40	

DEBT EQUITY RATIO OF THE COMPANY ON A CONSOLIDATED BASIS AS ON SEPTEMBER 30, 2021:

Before the issue of Debt Securities (as of September 30, 2021)	3.30
After the issue of debt securities[#]	3.43

[#] The debt - equity ratio post Issue is indicative on account of the assumed inflow of Rs. 500 crores from the proposed Issue. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment

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