



EDELWEISS FINANCIAL SERVICES LIMITED

Q2FY16 EARNINGS UPDATE



- 1 FINANCIAL HIGHLIGHTS
- 2 BUSINESS HIGHLIGHTS
- 3 ENTERPRISE UPDATES
- 4 MACRO-ENVIRONMENT
- 5 DETAILED FINANCIALS

FINANCIAL HIGHLIGHTS





Key Highlights

1 21% YoY growth in consolidated profits

- 33% growth in Ex Insurance PAT
- 16th quarter of consistent growth in profits

2 Improved capital efficiency

- Consolidated RoE 12.1%
- Ex Insurance RoE 17.4%

3 Calibrated Growth in Balance Sheet

- Diversified Asset Mix
- Focus on long term funds – marquee lenders
- Liquidity cushion at ₹ 29 bn
- ALM maintained
- Adequately Collateralized Credit Book
- Capital Adequacy ratio at 18.3%

A QUARTER OF SUSTAINED GROWTH



₹ in million

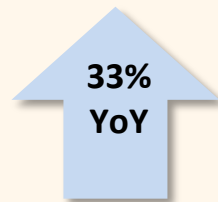
Consol PAT



Q2FY16 957

Q2FY15 792

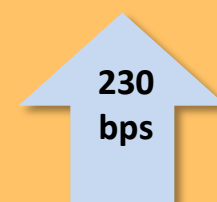
PAT Ex-Insurance



Q2FY16 1,201

Q2FY15 903

RoE Ex-Insurance



Q2FY16 17.4%

Q2FY15 15.1%

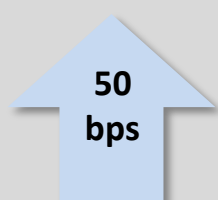
Balance Sheet



Q2FY16 292,894

Q2FY15 182,779

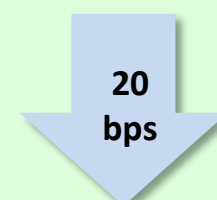
Credit Book Spread



Q2FY16 5.2%

Q2FY15 4.7%

RoA Ex-Insurance



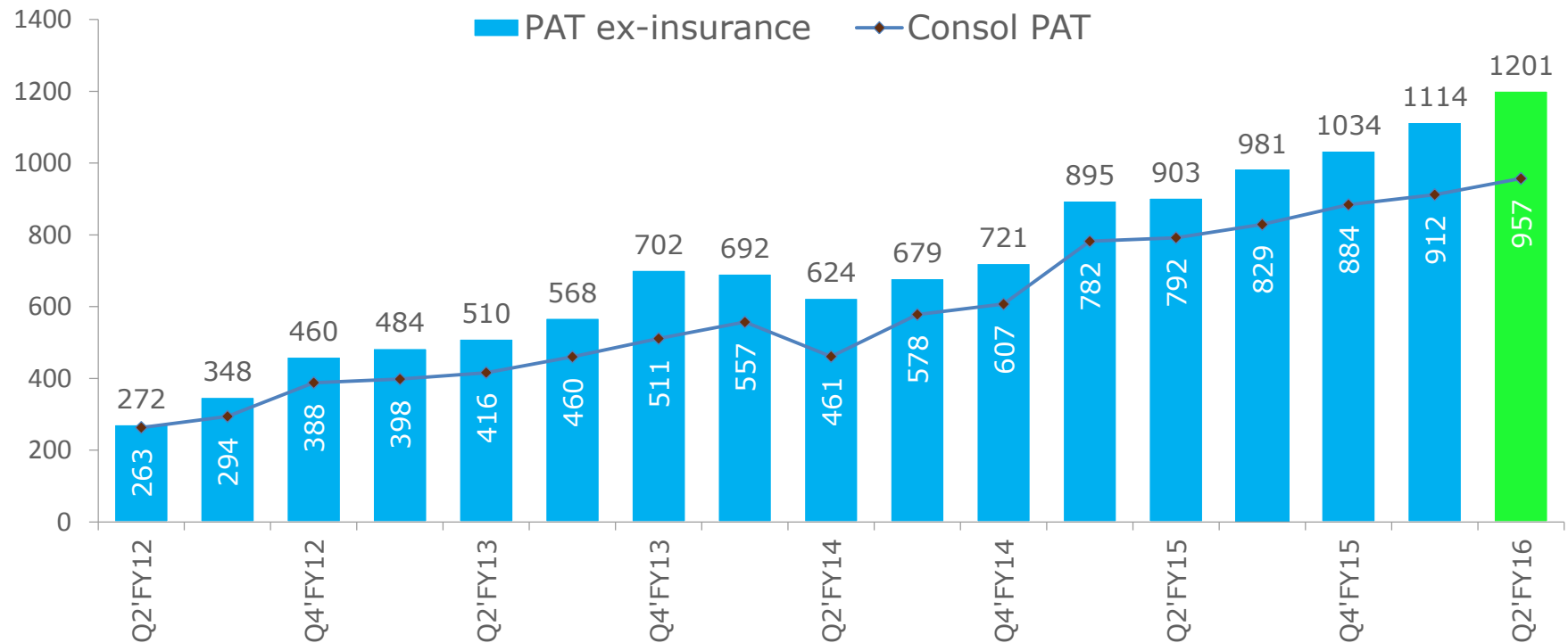
Q2FY16 1.7%

Q2FY15 1.9%

PROFITABILITY TRAJECTORY



Profit after Tax (₹ in million)

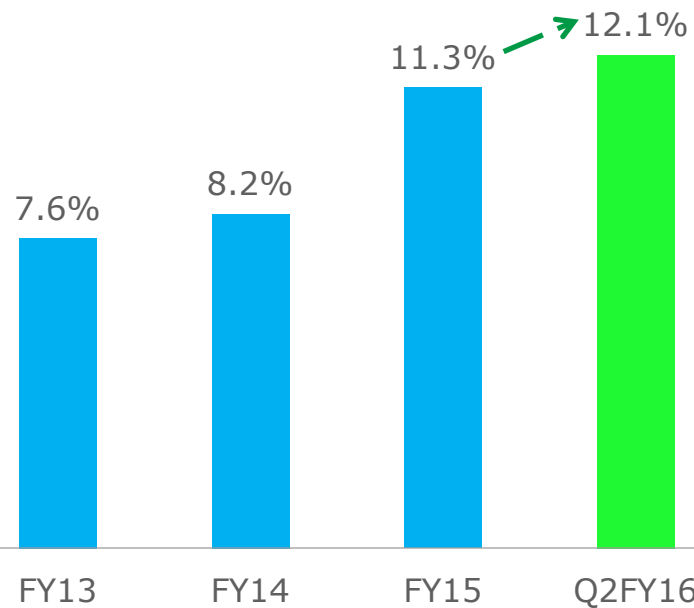


CONSISTENT TRACK RECORD OF GROWTH SINCE Q2FY12

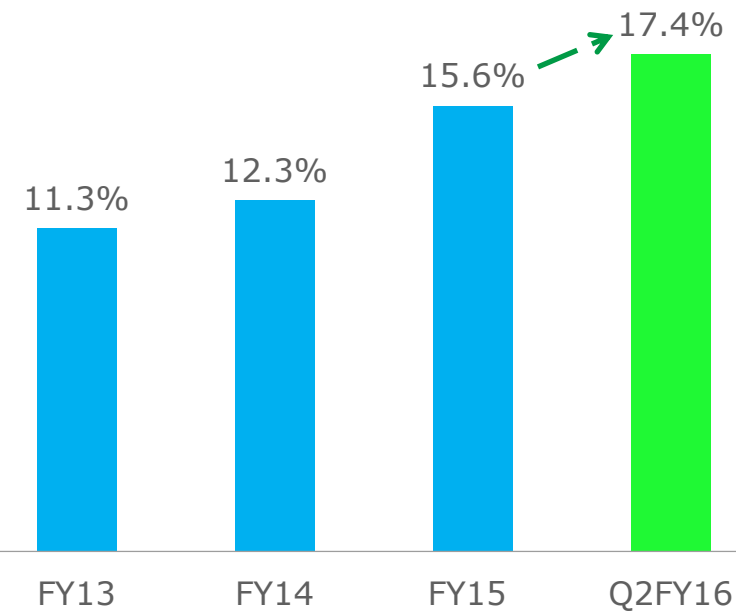
EX-INSURANCE ROE IMPROVED TO 17.4%



Consolidated RoE %



Tangible RoE % Ex-Insurance



ROA ATTRIBUTION (EX-INSURANCE)

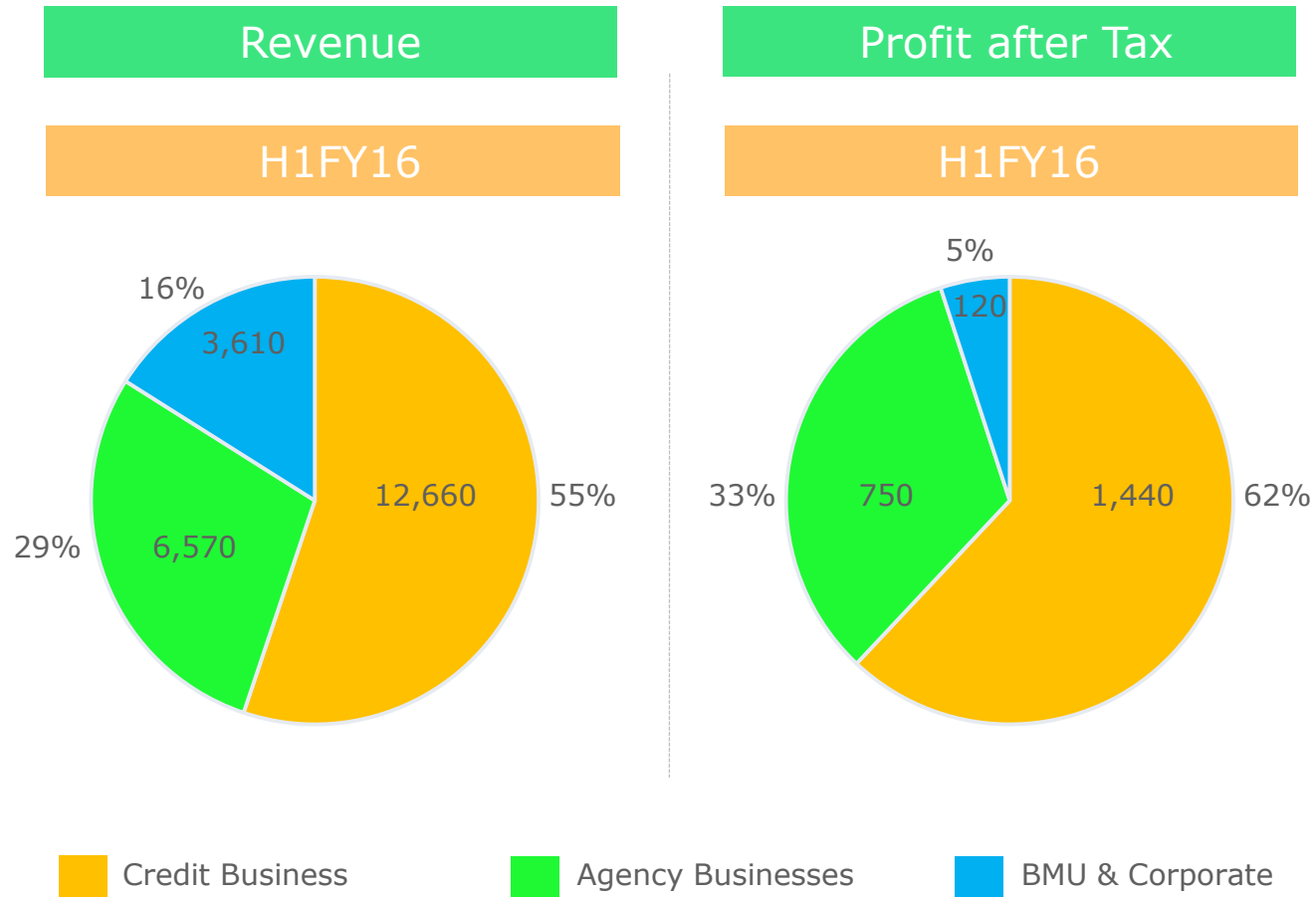


	H1FY16	FY15	FY14
NII	5.0%	5.6%	5.3%
Interest & Treasury	13.9%	14.3%	13.4%
Interest Cost	-8.9%	-8.7%	-8.1%
Non-interest income	2.5%	3.0%	2.6%
Fee & commission	2.2%	2.7%	2.4%
Other income	0.2%	0.2%	0.2%
Expenses	-5.1%	-5.7%	-5.1%
Employee cost	-2.6%	-2.9%	-2.5%
Depreciation & amortization	-0.3%	-0.3%	-0.3%
Operating expenses	-1.7%	-1.9%	-1.9%
Provisions	-0.5%	-0.6%	-0.4%
PBT	2.4%	2.8%	2.8%
Tax	-0.7%	-1.0%	-0.9%
PAT	1.7%	1.9%	1.9%

CREDIT BUSINESS MAJOR GROWTH VECTOR

Ex-Insurance

₹ in million



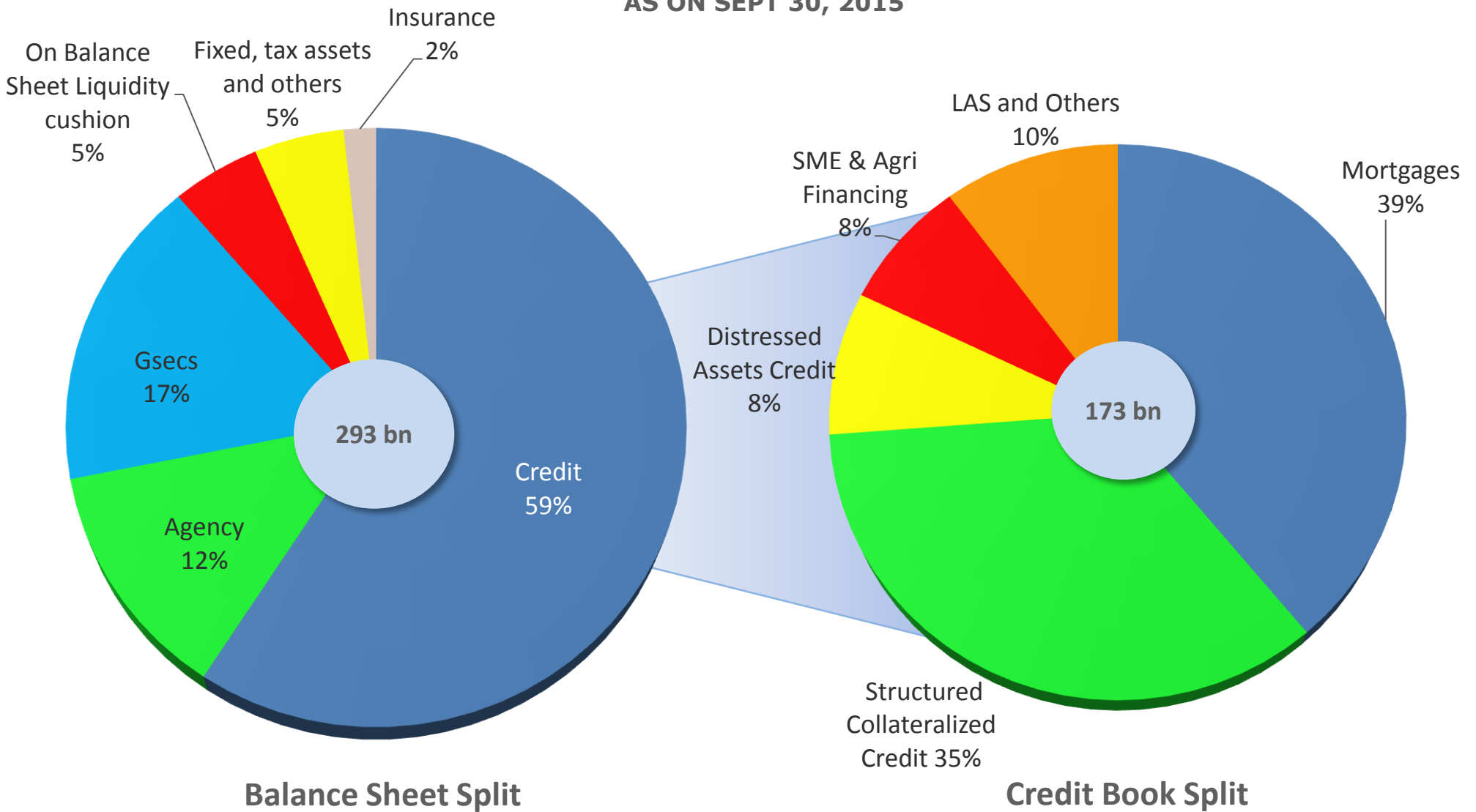
FINANCIAL HIGHLIGHTS

BALANCE SHEET & ALM

DIVERSIFIED ASSET MIX



AS ON SEPT 30, 2015



\$11.6 BILLION OF ASSETS



As on 30 Sep 2015

₹ bn

USD bn

Assets on Balance Sheet

293

4.5

Assets Under Management

267

4.1

Assets Under Advice

195

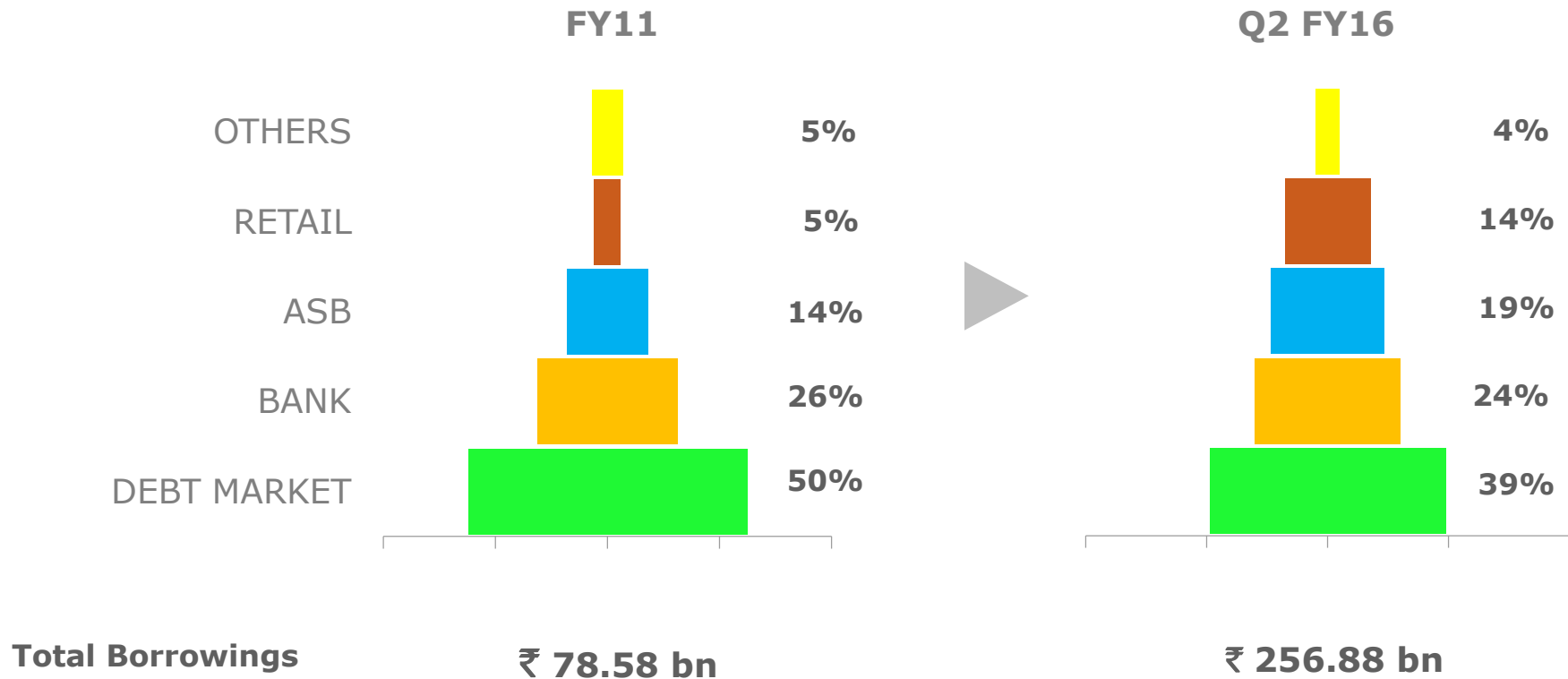
3.0

Total Assets

755

11.6

DIVERSIFIED SOURCES OF BORROWINGS

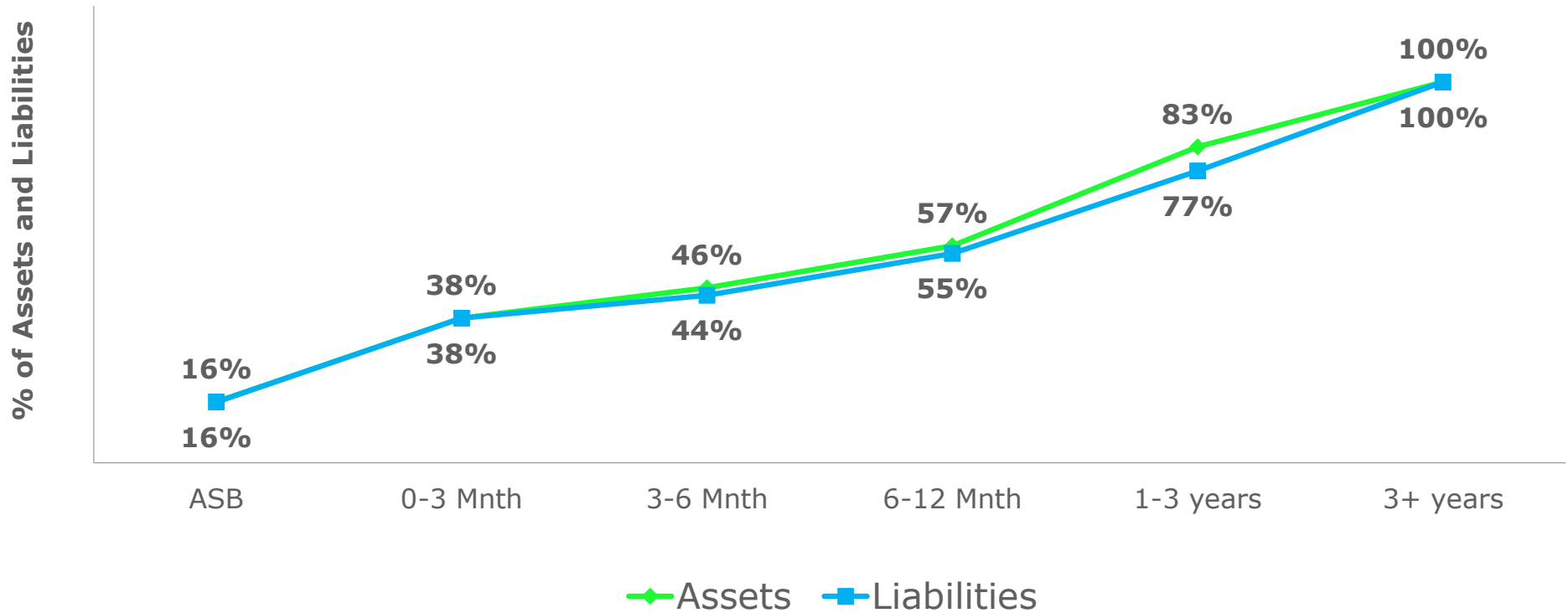


STEADY DIVERSIFICATION OF SOURCES OF BORROWINGS LEADING TO LOWER DEPENDENCE ON DEBT MARKET BORROWINGS

COMFORTABLE ALM PROFILE



Sep'15 ₹ 292.89 bn¹



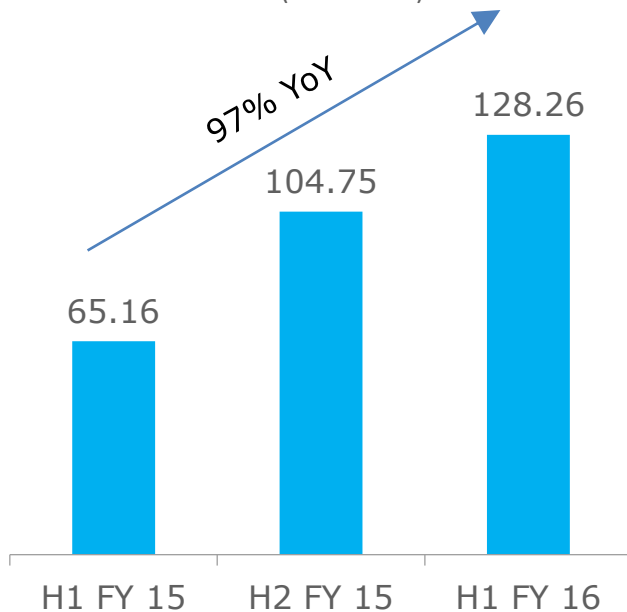
POSITIVE ALM
ALCO MANAGES AND MONITORS ALM, INTEREST RATE RISK AND LIQUIDITY

¹For footnotes, please refer the Safe Harbor slide at the end of this presentation

SHARE OF LONG TERM FUNDS INCREASING



Long Term Liabilities (₹ in billion)



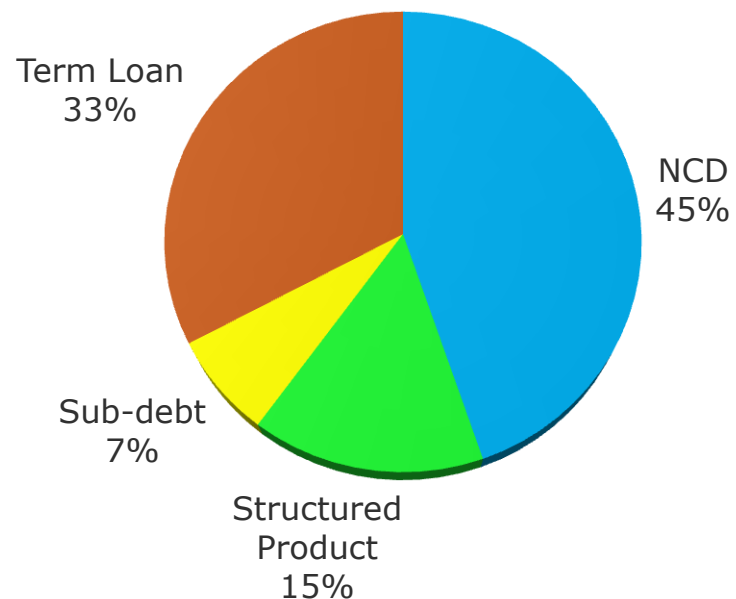
LT as % of
Total
Borrowing

48%

49%

55%

Long Term Liabilities Breakup



Average
Tenure (years)

3.9

COMFORTABLE CAPITAL ADEQUACY RATIO



Liability Structure, Sep'15 (₹ in billion)

Tier I

36.58

Tier II

9.45

Total Capital

46.03

**Risk Weighted
Assets**

252.08

Consolidated Capital Adequacy²

18.3%

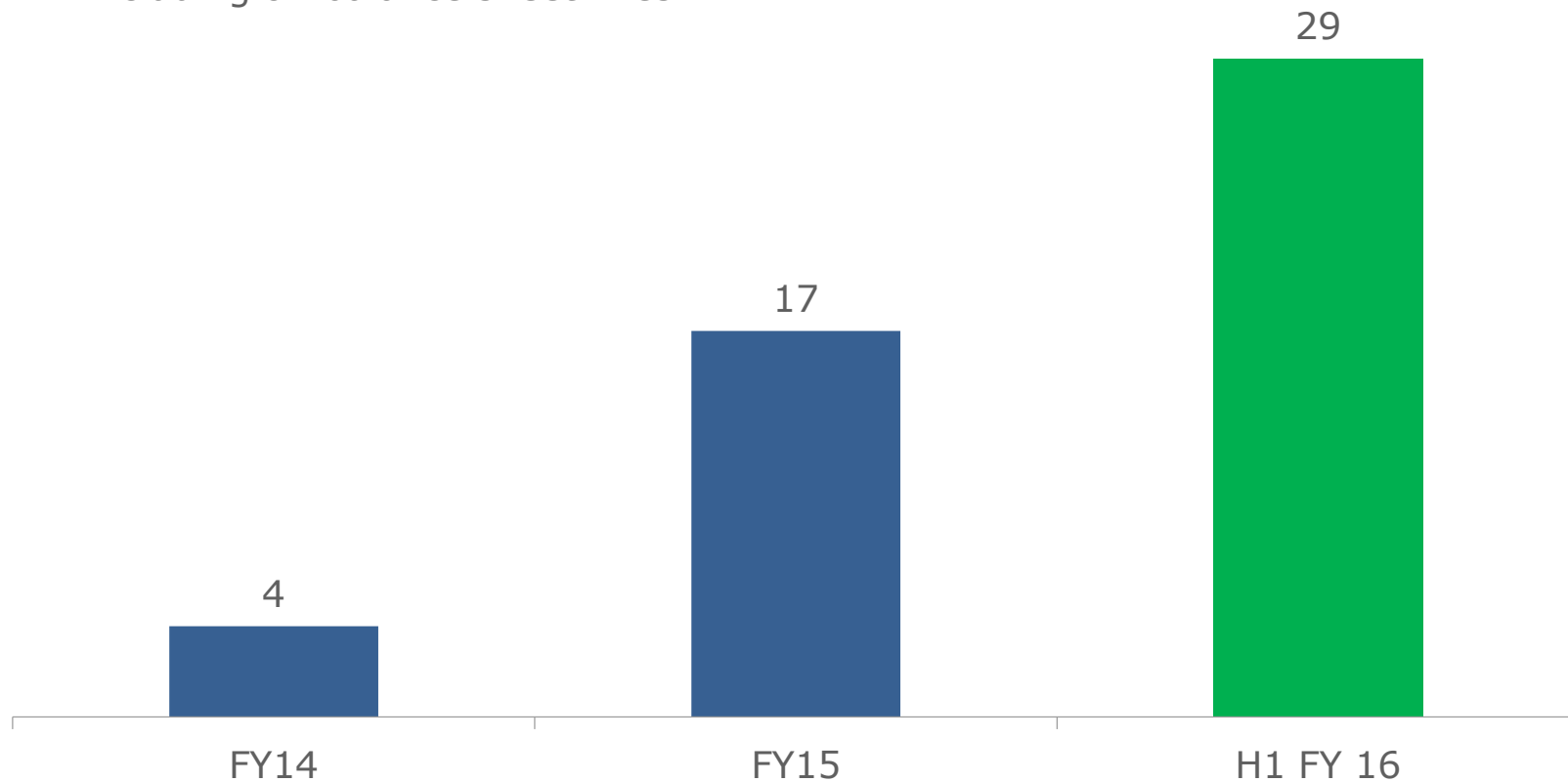
LIQUIDITY CUSHION AT ₹ 29 BN IS 10% OF BALANCE SHEET



Liquidity Cushion

Including off balance sheet lines

₹ in billion



BUSINESS HIGHLIGHTS

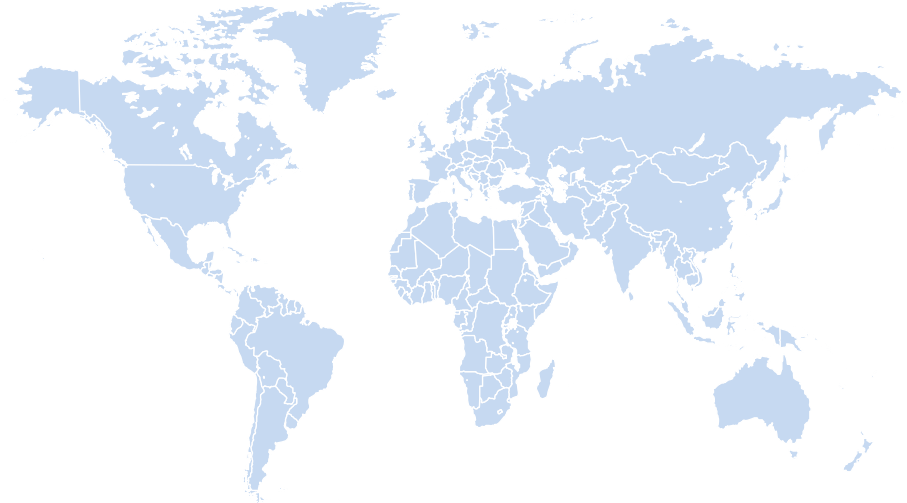
GROWING BUSINESS PRESENCE



MUMBAI

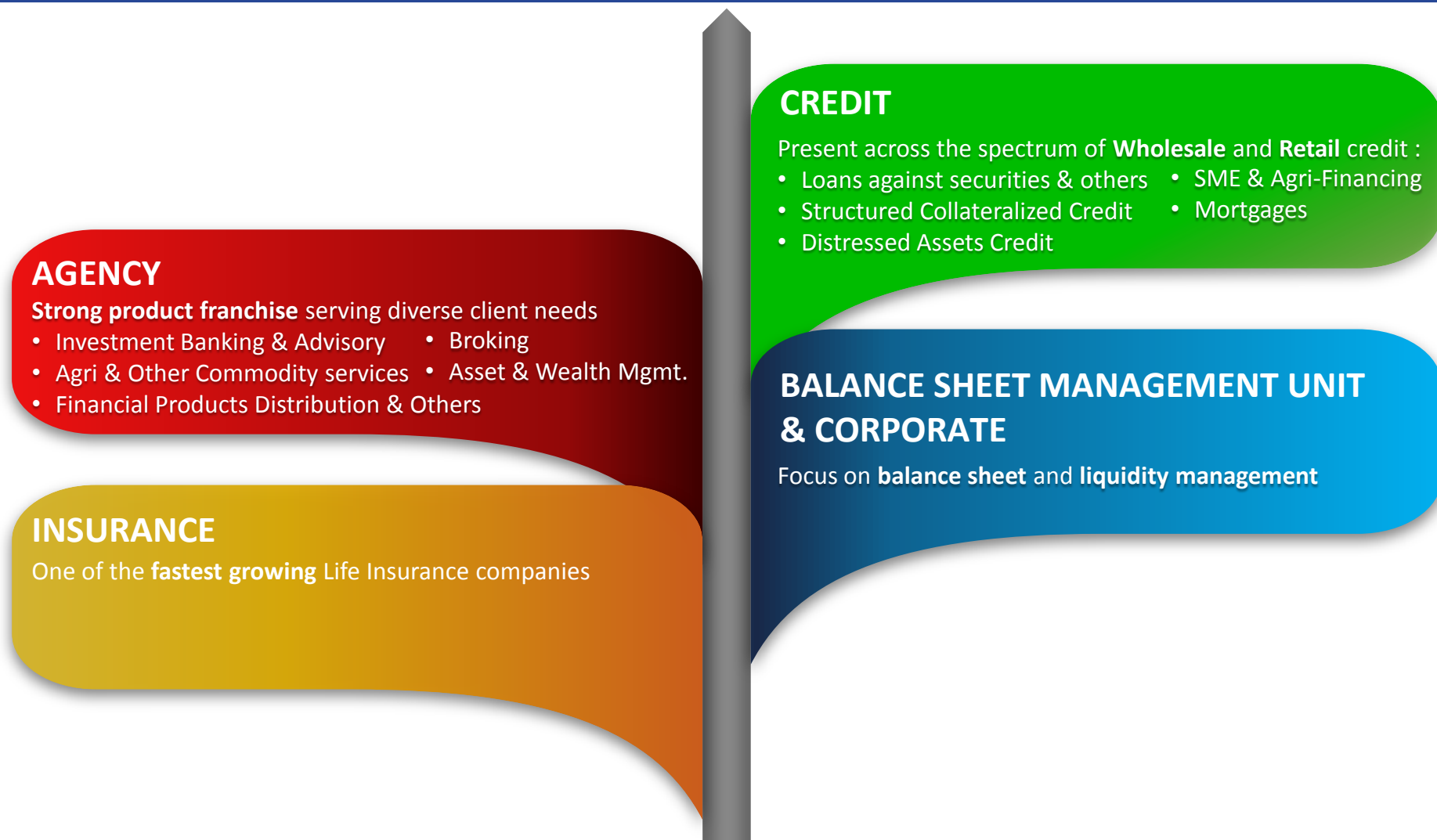


INDIA



GLOBAL PRESENCE

- 1** Strong **clients/accounts** base of over **630,000** across businesses
- 2** Over **293,000 Depository Participant Accounts**
- 3** **5,937 employees across 248 offices** in **128 cities** including **eight international offices**
- 4** Touch points include over **4,700 Authorised Persons** and **Sub-brokers** across India



DIVERSIFIED BUSINESS MIX WITH FOUR BUSINESSES

BUSINESS HIGHLIGHTS

CREDIT BUSINESS



At the end of (₹ in billion)	Q2FY16	Q1FY16	Q2FY15
Total Credit Book	173.21	164.31	105.95
Mortgages	67.48	65.32	41.73
Structured Collateralized Credit	60.35	63.45	42.25
Distressed Assets Credit	14.42	12.64	8.06
SME & Agri Finance	13.28	10.83	5.47
Loans against Securities, Rural Finance & others	17.68	12.07	8.44

Update

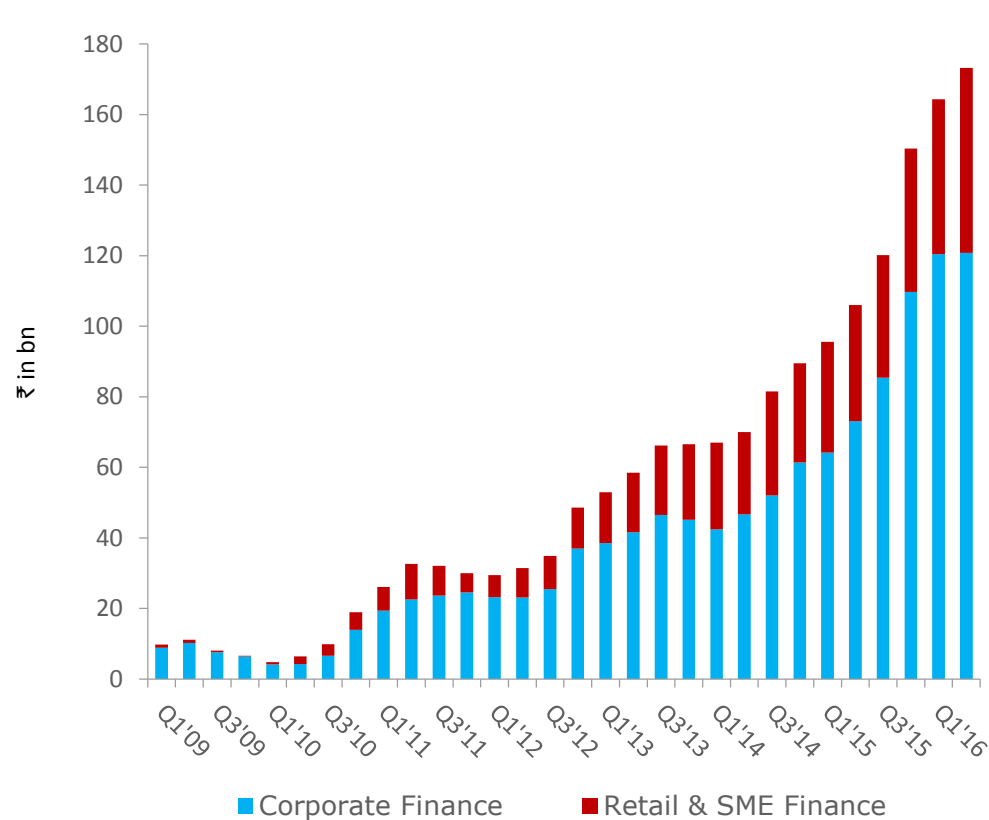
- * Creating capabilities on collections in retail, resolutions in distressed assets and sell down in structured finance
- * Risk management continues to be the focus area

CREDIT BOOK SCALE UP WITHOUT DILUTING UNDERWRITING STANDARDS

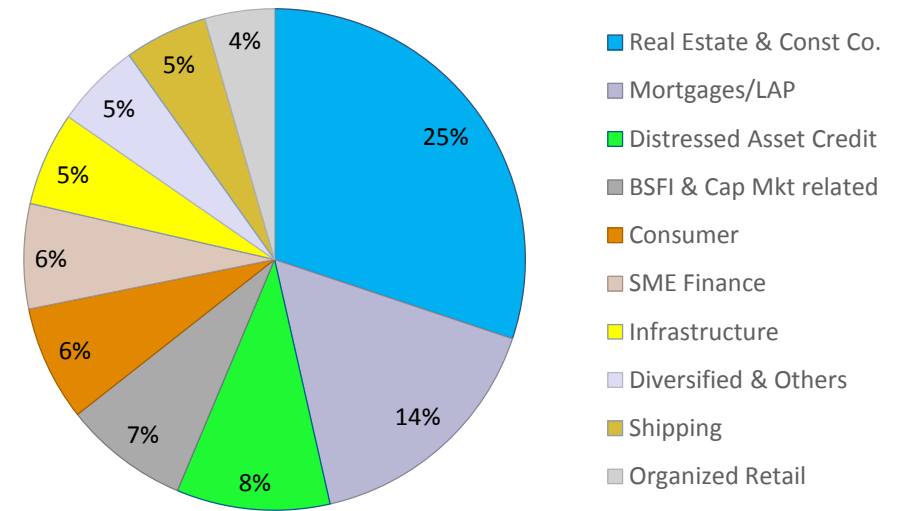
CREDIT BOOK GROWTH AND EXPOSURES



Credit Book Growth & Composition as on Sept 30, 2015



Top Ten Sector Exposures as on Sept 30, 2015



**RETAIL LOANS AT 30%
OF THE TOTAL BOOK**

**A WELL DIVERSIFIED CREDIT BOOK WITH
ROBUST RISK MANAGEMENT APPROACH**



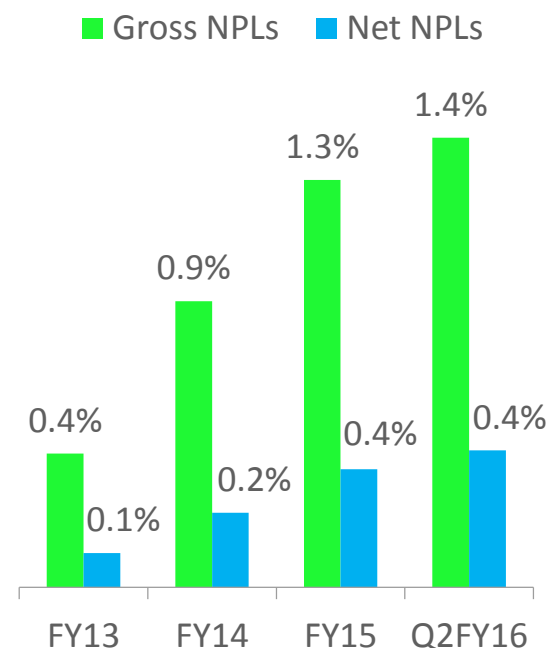
At the end of	Q2FY16	Q1FY16	Q2FY15
Average Interest Yield	16.0%	16.1%	15.8%
Average Cost of Borrowing	10.8%	10.8%	11.1%
Interest Spread	5.2%	5.3%	4.7%
Net Interest Margin	6.6%	6.7%	6.2%
Average collateral cover on Structured Collateralised book	2.1x	2.2x	2.4x
Retail Finance presence	44 cities & 1,800 villages	41 cities & 1,400 villages	26 cities & 750 villages
~Number of Retail Finance clients	78,000	50,500	34,500
Housing Finance & LAP portfolio LTV	~51%	~52%	~53%

**RETAIL FINANCE SPREADING FOOTPRINT THROUGH
SMALL-TICKET HOME LOANS, SME & RURAL FINANCE**

CREDIT : GOOD ASSET QUALITY



At the end of (₹ in million)	Q2FY16	Q1FY16	Q2FY15
Total Credit Book	173,215	164,310	105,955
Gross NPLs	2,504	2,169	1,213
Gross NPL %	1.45%	1.32%	1.14%
Net NPLs %	0.44%	0.39%	0.18%
Total Provision Held ³	2,333	2,101	1,280
Total Provision Cover ³	93%	97%	106%



RISK MANAGEMENT ENSURING ASSET QUALITY REMAINS UNDER CONTROL

BUSINESS HIGHLIGHTS

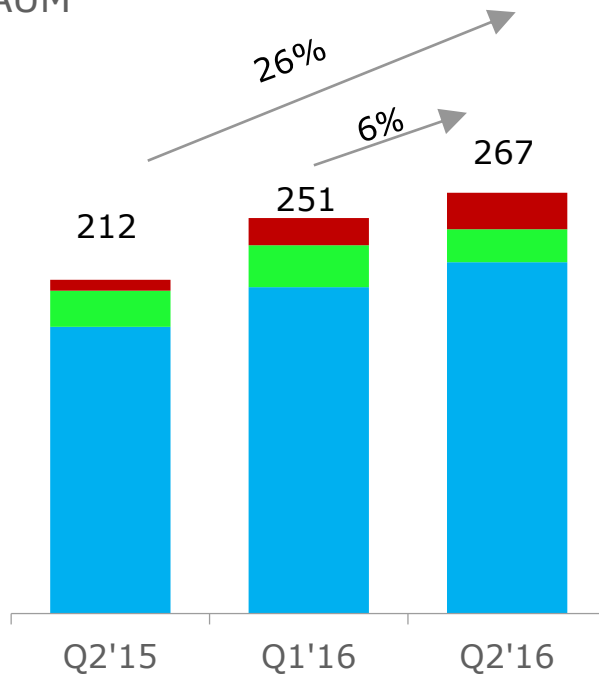
AGENCY BUSINESSES

AGENCY BUSINESSES SCALING UP RAPIDLY



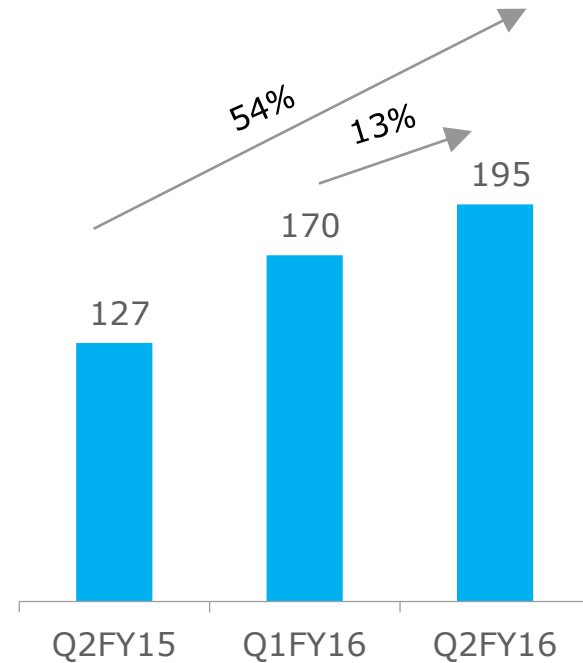
₹ in billion

AUM



- ARC Assets
- Credit Alternatives
- Equity

Wealth AUA





At the end of	H1FY16	H1FY15
Number of IB & DCM Deals	58	48
Research Coverage		
Institutional	210	207
Retail	36	47
Broking ADV (₹ in billion)	50	46
Retail Financial Markets clients	464,000	437,500
Depository Participant accounts	293,000	273,000
Agri Services		
Number of Warehouses	190	-
Warehousing Capacity (Lac MT)	7.2	-

BUSINESS HIGHLIGHTS

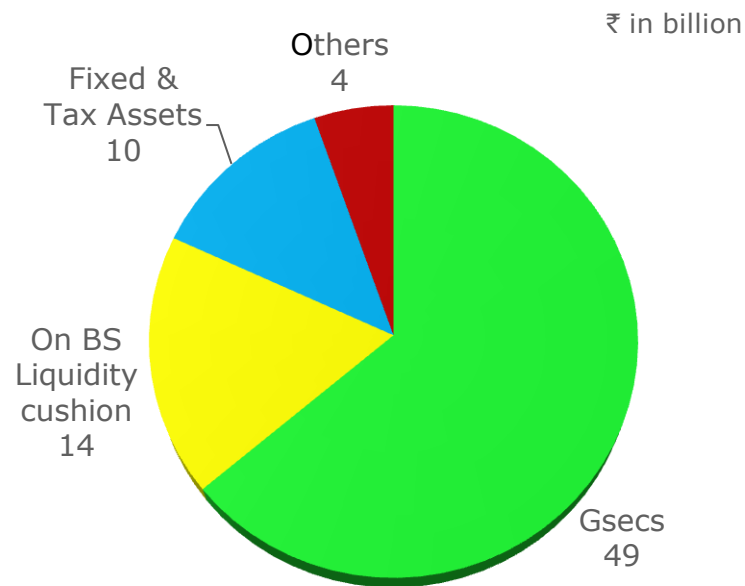
BMU & CORPORATE



Key Objectives

- * Liquidity management; Liquidity cushion raised to ₹ 29 bn
- * Asset Liability Management
- * Manage Treasury assets
- * Corporate Fixed Assets and Investments

BMU & Corporate Assets, September'15



BUSINESS HIGHLIGHTS

LIFE INSURANCE BUSINESS



Life Insurance business with JV partner Tokio Marine Holdings, Inc.

- Focus on performance including achieving growth in premium and expansion of distribution footprint
- Edelweiss Tokio funds have been rated top performers by Morningstar with **all** Individual ULIP funds rated **5 Star** as on Sep'15
- Edelweiss Tokio offers range of individual products to meet six key needs of customers viz. education, wealth, accumulation, wealth enhancement, income replacement, impaired health and retirement funding.

At the end of	Q2FY16	Q1FY16	Q2FY15
No. of Personal Financial Advisors	12,400	11,000	8,400
No. of Branches	59 in 49 cities	59 in 49 cities	58 in 48 cities

FIPB APPROVAL RECEIVED FOR INCREASING FOREIGN STAKE FROM 26% TO 49%

ENTERPRISE UPDATES



 Edelweiss
Ideas create, values protect

**Edelweiss Group sponsors
Saina Nehwal and signs her as Brand Ambassador!**



Rashesh Shah, Chairman and CEO, Edelweiss Group
with **Saina Nehwal**
and all our Bangalore based Regional and Branch Heads from
Global Investment Management, Edelweiss Tokio Life Insurance, Retail Finance & Asset Management Company



Rashesh Shah and **Saina Nehwal** unveiling the Edelweiss sponsored jersey
at the press conference today

Welcome Aboard!





Congratulations!

Edelweiss Broking for winning

'Best Equity Broking House' (Mid-size)



By BSE - Dun & Bradstreet Equity Broking Awards 2015

Nitin Jain - CEO, Global Asset & Wealth Management, Harish Sharma - Business Head, HNI Broking receive the award from

Shri Sudhir Mungantiwar - Minister for Finance, Planning & Forest, Government of Maharashtra



Congratulations!

Edelweiss Structured Products wins
the Best Private Banking Solution Award

at the Asia-Pacific Structured Products &

Derivatives Awards 2015

by Structured Retail Products



Structured Retail Products is the leading database resource for 15+ years across 52 different countries for the global structured products community with coverage of retail, institutional and private banking markets. SRP's Asia-Pacific Structured Products & Derivatives Awards 2015 saw participation from over 80+ participants including all MNC issuers such as JP Morgan, Citibank, Societe Generale



KEY HR METRICS



At the end of/During		Q2FY16	Q1FY16	Q2FY15
End of Period Head Count		5,937	5,760	4,739
Senior Attrition		9%	9%	20%
Learning & Development	Training man days	5,528	6,804	5,177
	Employees covered	2,172	2,271	1,875

**BUILDING LEADERSHIP CAPABILITY THROUGH
A FOUR-TIER LEADERSHIP STRUCTURE FOR FUTURE GROWTH**

CORPORATE SOCIAL RESPONSIBILITY – EDELGIVE FOUNDATION



Philanthropic initiative to drive sustainable social change

Impacted over 2,60,000 lives

Financially supported over 65 organizations till date

Committed nearly ₹ 340 mn

Over 12,000 hours of pro-bono support from Edelweiss employees

Over 2,000 Edelweiss employees engaged in volunteering and financial contributions

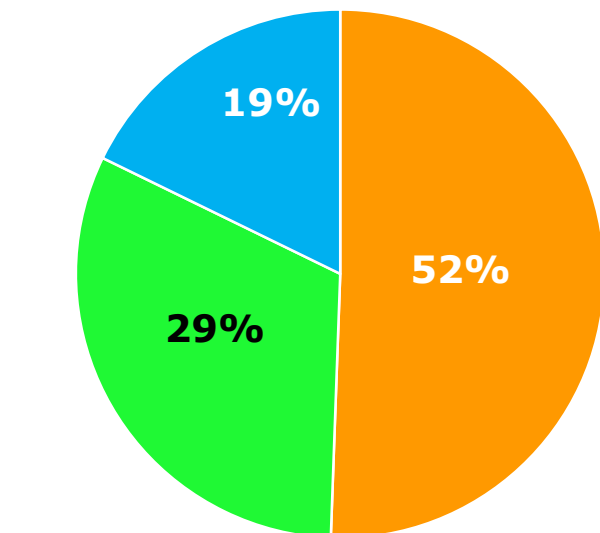
Focus on Education, Livelihoods and Women's Empowerment

Post the phenomenal success of **MC Mary Kom** at the London Olympics 2012, Edelweiss is now also supporting **P V Sindhu** (Badminton) and **Ayonika Paul** (Rifle shooting) through Olympic Gold Quest

SHAREHOLDING PATTERN



**NON INSTITUTIONS
(INCL. CORPORATES
AND INDIVIDUALS)**



**FOREIGN
INSTITUTIONS
& COMPANIES**

**PROMOTERS,
EMPLOYEES
& EMPLOYEE
TRUSTS**

**TOP INSTITUTIONAL SHAREHOLDERS ABOVE 1%⁵
AS ON SEPT 30, 2015**

	Name	Percent
1	Carlyle	8.4%
2	BIH SA	5.4%
3	Fidelity	5.4%
4	SAIF Advisors	3.2%
5	Amansa Investments	1.5%
6	Birla Sun Life MF	1.2%

SIGNIFICANT INSTITUTIONAL OWNERSHIP FROM ACROSS GEOGRAPHIES

MACRO-ENVIRONMENT



1

China slowdown impacted global markets

2

Uncertainty around US Fed actions

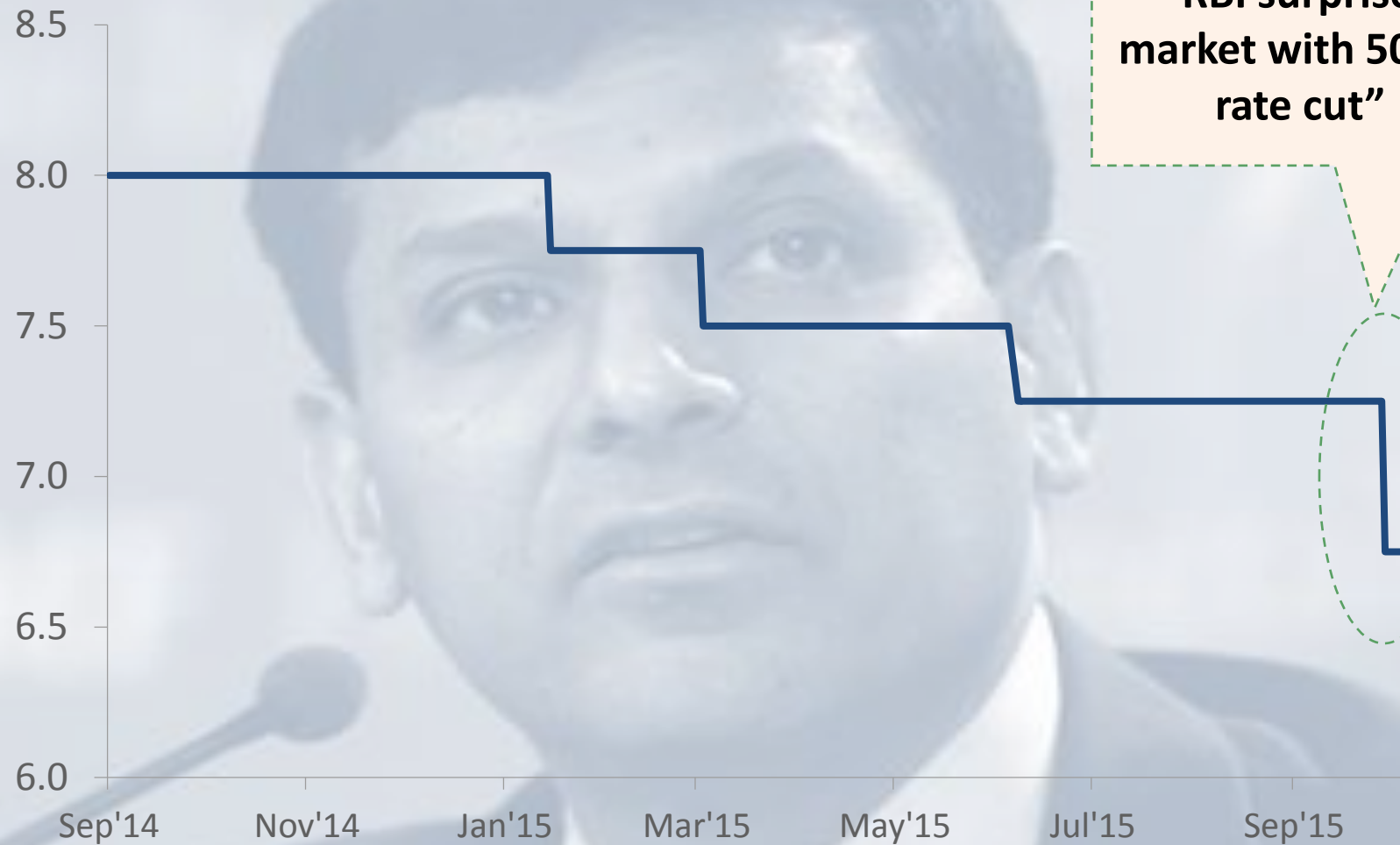
3

Some traction from government on policies

4

Surprise 50 bps rate cut by RBI

Repo Rate



“RBI surprised market with 50bps rate cut”

Could this be the trigger for Positive Investment Climate?



Development Speed Breakers

1. Weak global markets
2. Weak exports
3. Risk of China dumping goods
4. Investment climate has not yet improved

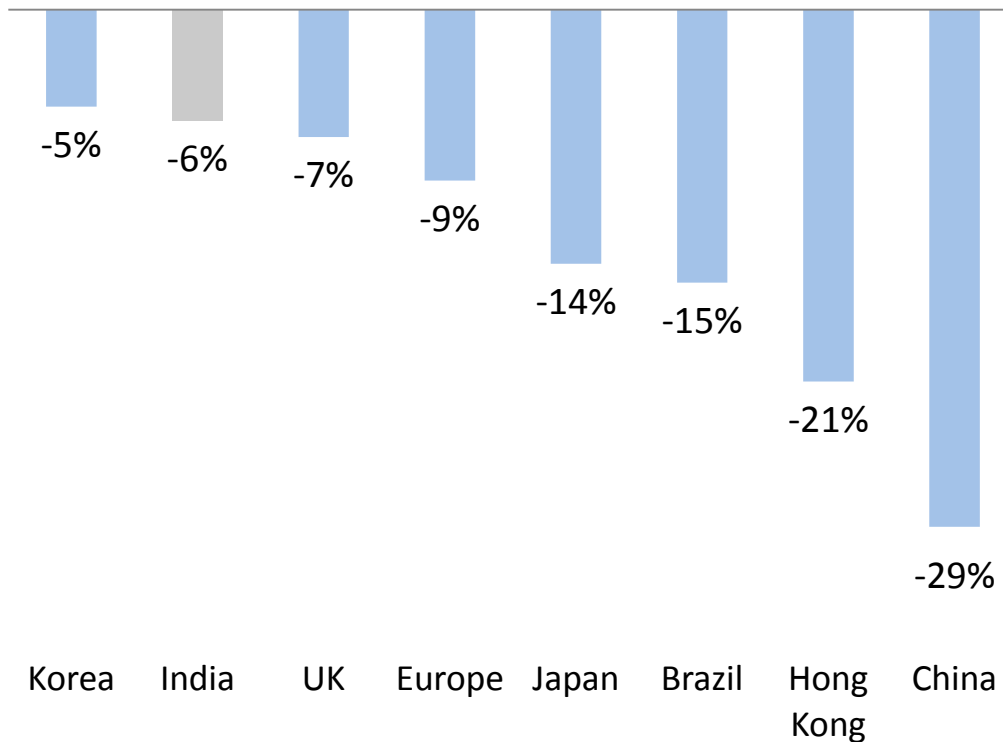
Development Enablers

1. Roads cleared for FIIs
2. Low inflation & crude prices
3. Improving credit quality
4. Rate cut transmission
5. Government commitment to spending
6. Improving bond market

1 GLOBAL TURMOIL, CREATING MARKET SHOCKS



World Indices 3 month returns

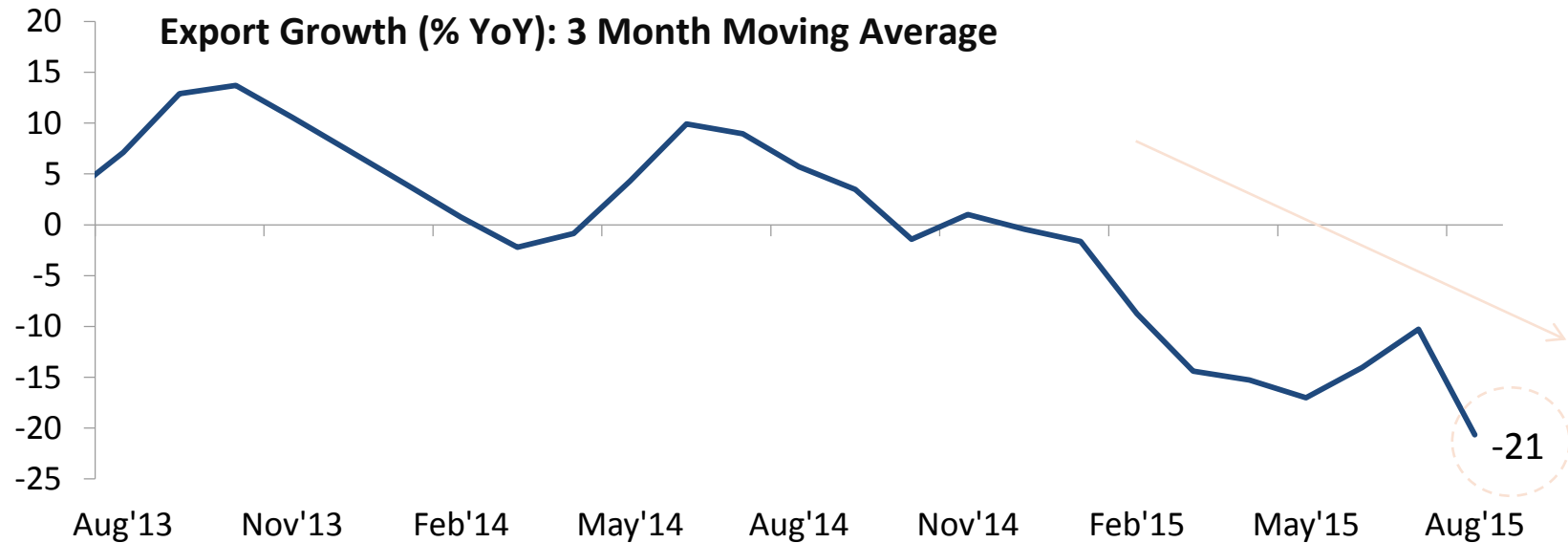


- Chinese markets crash
- US Fed interest rate hike put on hold
- Emerging markets sell off – Indian markets also got impacted

2 INDIAN EXPORTS ARE WEAK...



Indian exports continue to fall



Domestic demand is needed to drive growth



Aug 06, 2015, 10.49 AM | Source: [CNBC-TV18](#)

Indian tyre makers hurting from China dumping

The rising pressure from Chinese import dumps is hurting Indian tyre industry, says Arun K Bajoria, President of International Operations at JK Tyres.

Duty increased on Chinese goods to stop them from 'dumping' in India: Rajnath Singh

Lauding the BJP-led NDA Government's economic policies, Union Home Minister Rajnath Singh on Saturday said that the Government increased the duty on Chinese products so that they could not dump their goods in India.

By: ANI | Mumbai | September 6, 2015 10:15 AM

Steel players seek protection from Chinese dumping

Saturday, 26 September 2015 - 7:45am IST | Place: Kolkata | Agency: dna | From the print edition

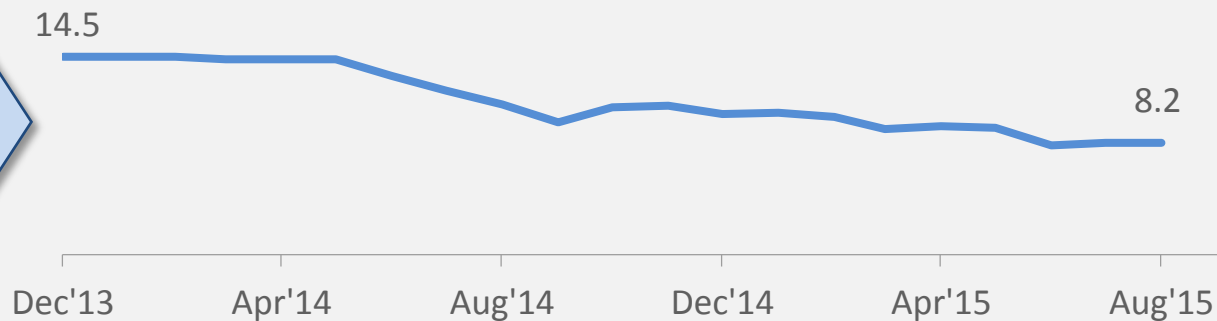
Sumit Moitra

4 INVESTMENT ENVIRONMENT REMAINS SUBDUED

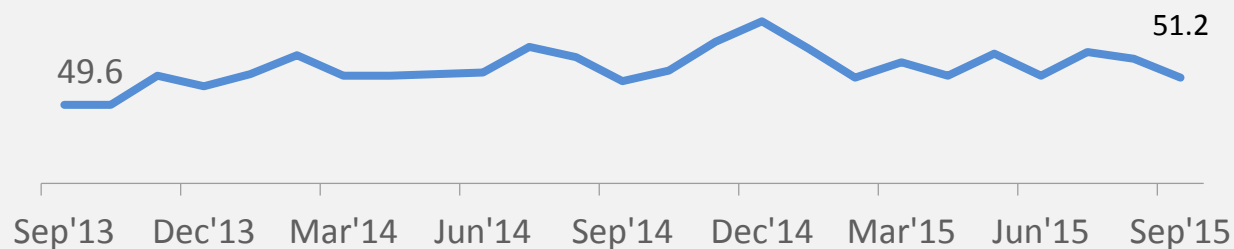


Subdued
Credit
off- take
growth

SCBs Bank credit growth (% YoY)



PMI

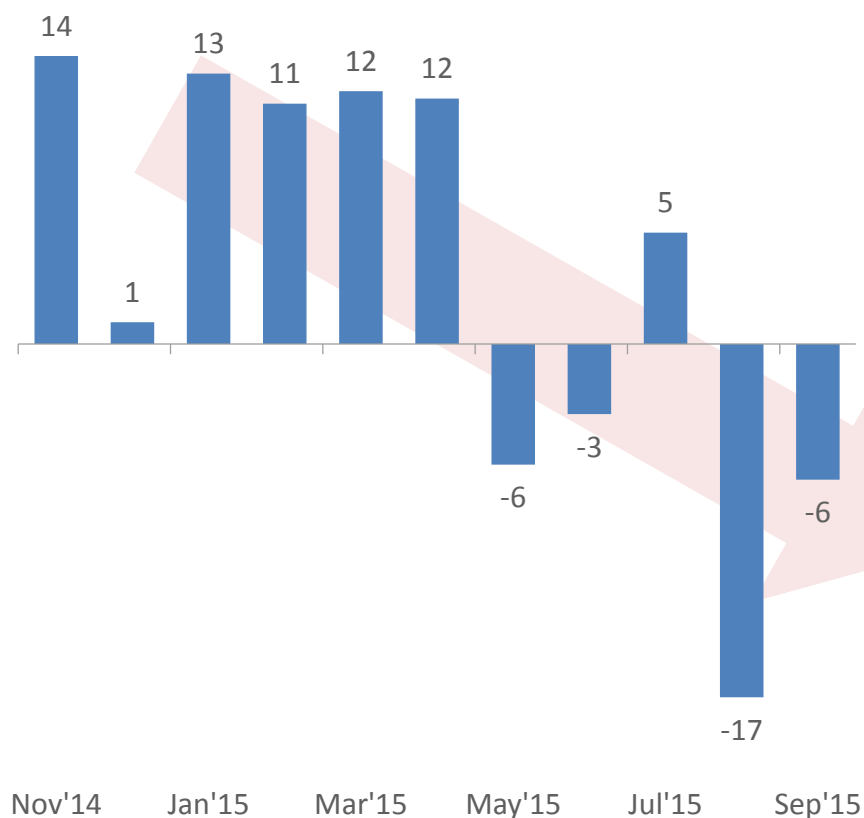


PMI
remaining flat

1 ROADS CLEARED FOR FOREIGN INVESTMENTS



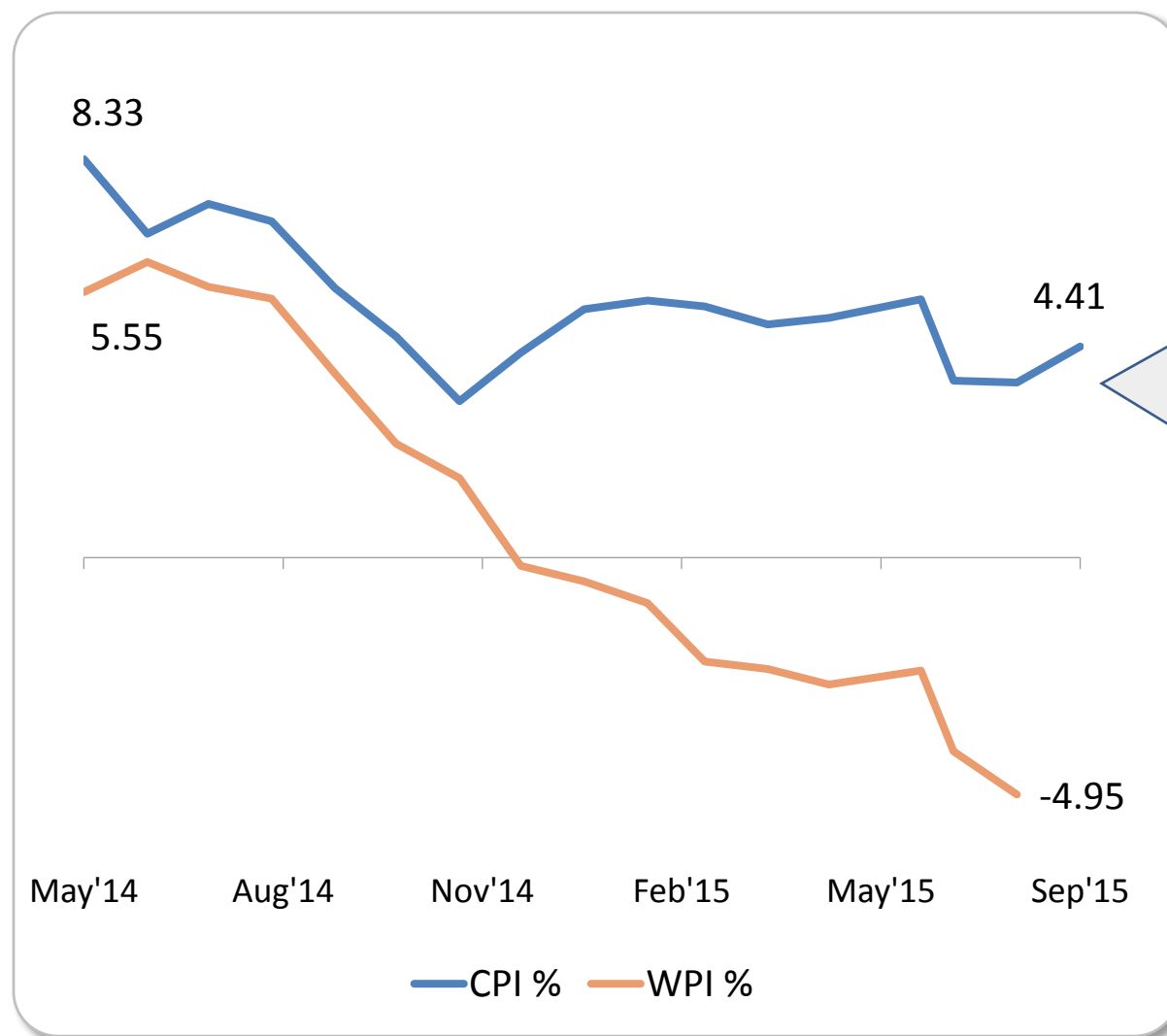
FII flows in Equity have been reducing... USD bn



...Prompting Government action to improve flows

- **MAT removal for Foreign Portfolio Investors**
- **FDI approvals on fast track (FIPB meeting frequency increased)**
- **Increased FDI Commitments from foreign countries**
 - UAE \$75 bn
 - Japan \$35 bn

2 LOW INFLATION AND COMMODITY PRICES



Positive Drivers

Lower global commodity prices

Negative Drivers

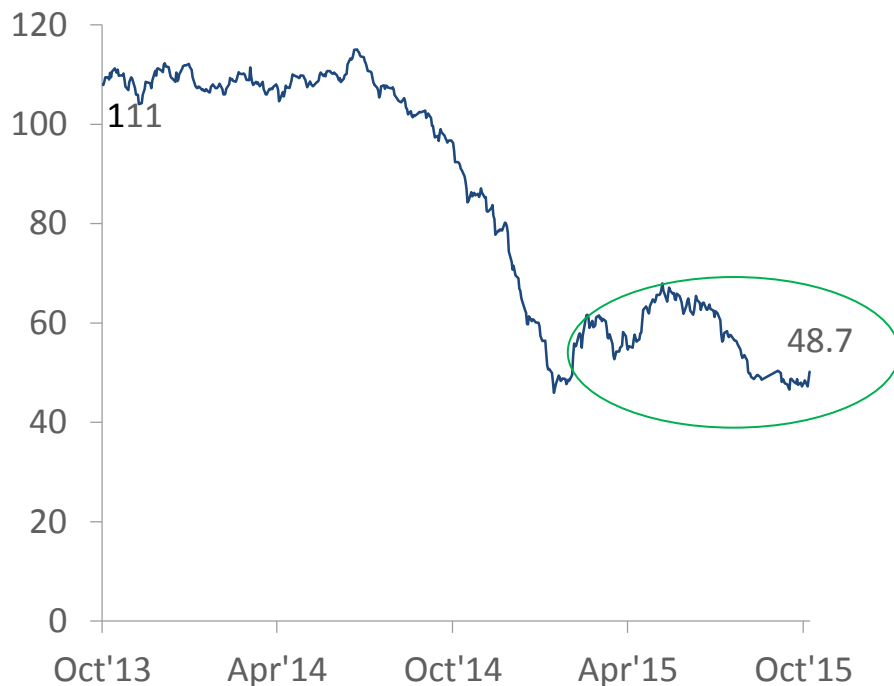
Monsoon deficit

2 LOW CRUDE PRICES A BIG POSITIVE FOR INDIA



Crude prices are at ~\$50 level for a month

Brent crude
\$/barrel



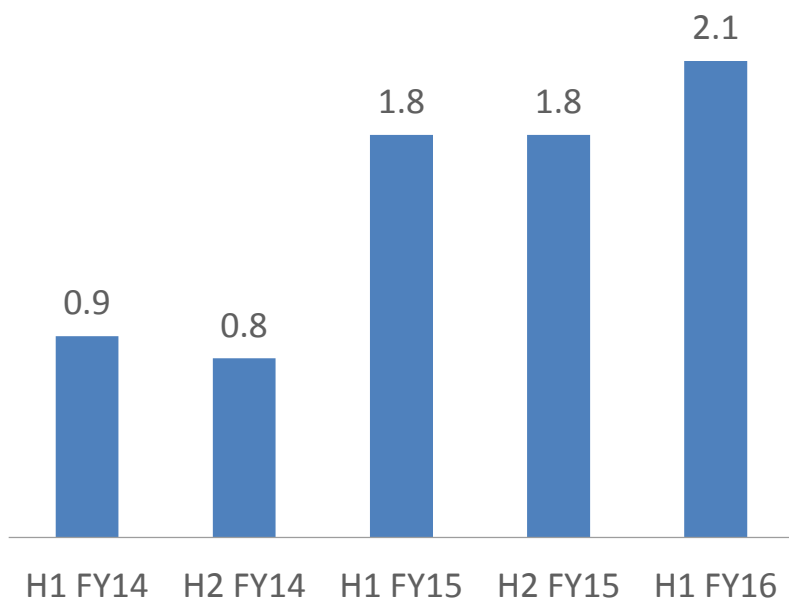
Low crude prices has been a major positive for India

- Inflation control
- Reduced current account deficit
- Fiscal deficit has dropped
- Currency stability has improved

3 IMPROVING LEAD INDICATORS OF CREDIT QUALITY

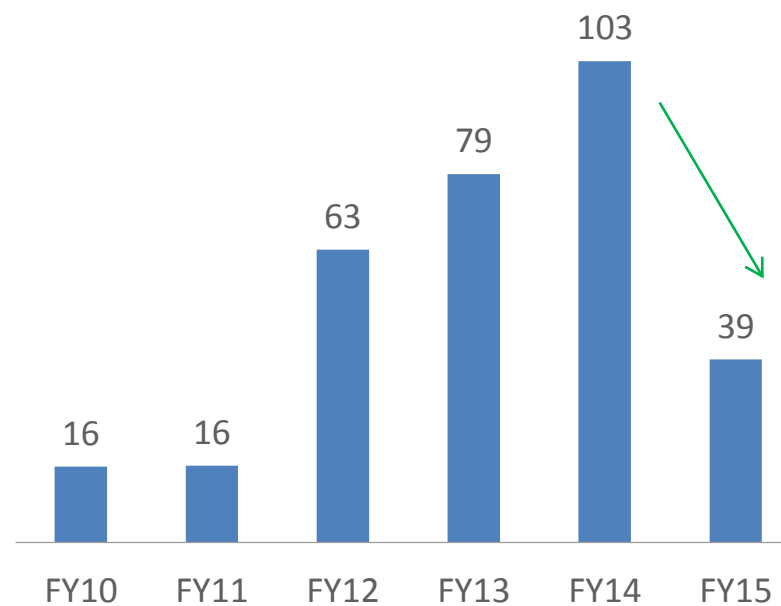
Improving credit ratio

Ratio of upgrades/downgrades by CRISIL



Restructured asset buildup on decline







Restructured assets approved
INR 000'cr



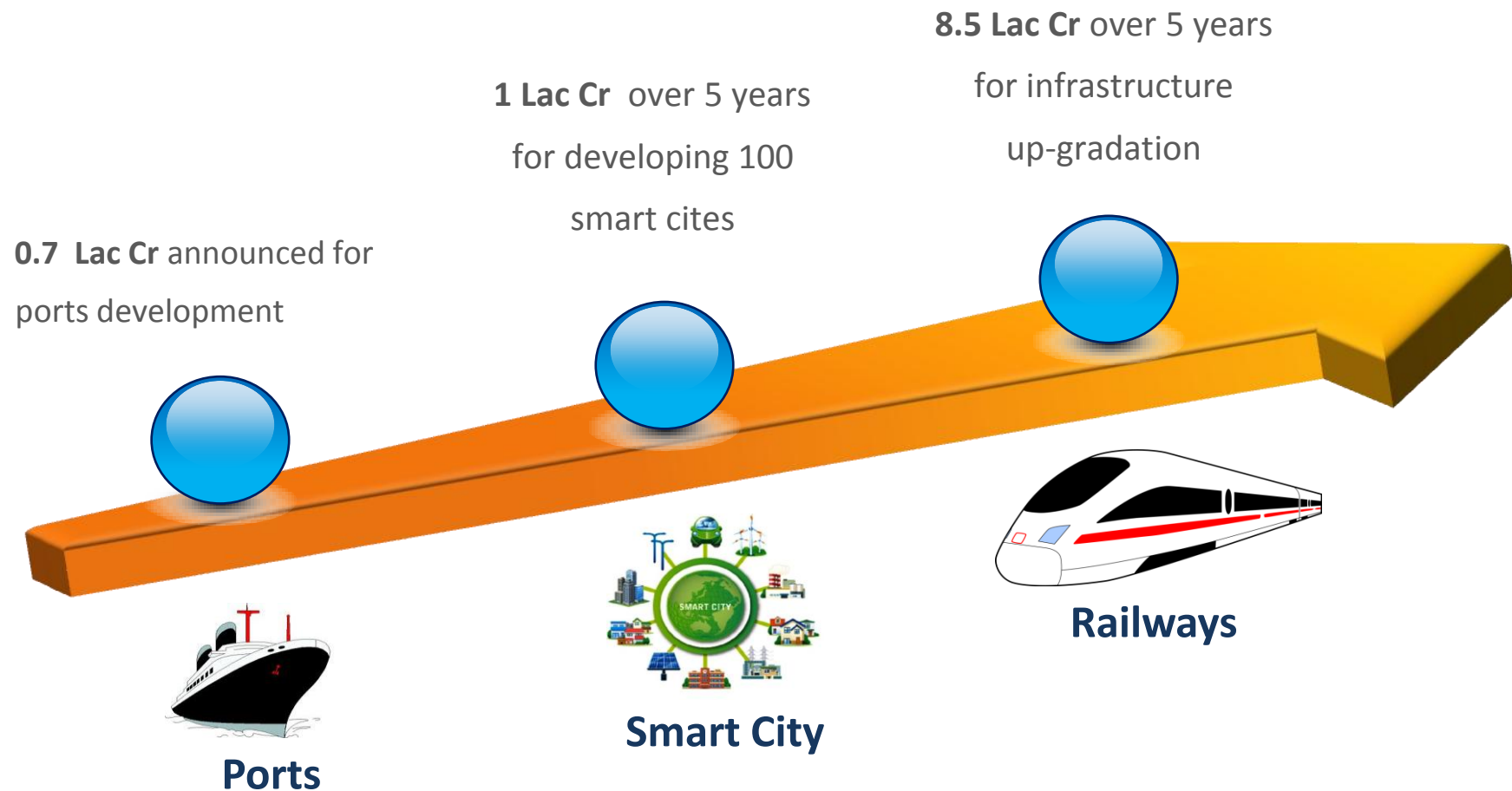
No new cases of CDR reported in Q1'FY16

4 RATE CUT TRANSMISSION BEGINNING TO TAKE PLACE



(In bps)	Pre Sept	Post Sept	Total
	75	50	125
	30	40	70
	40	25	65
	30	35	65
	25	40	65
	25	25	50

5 GOVERNMENT COMMITMENT TO SPENDING

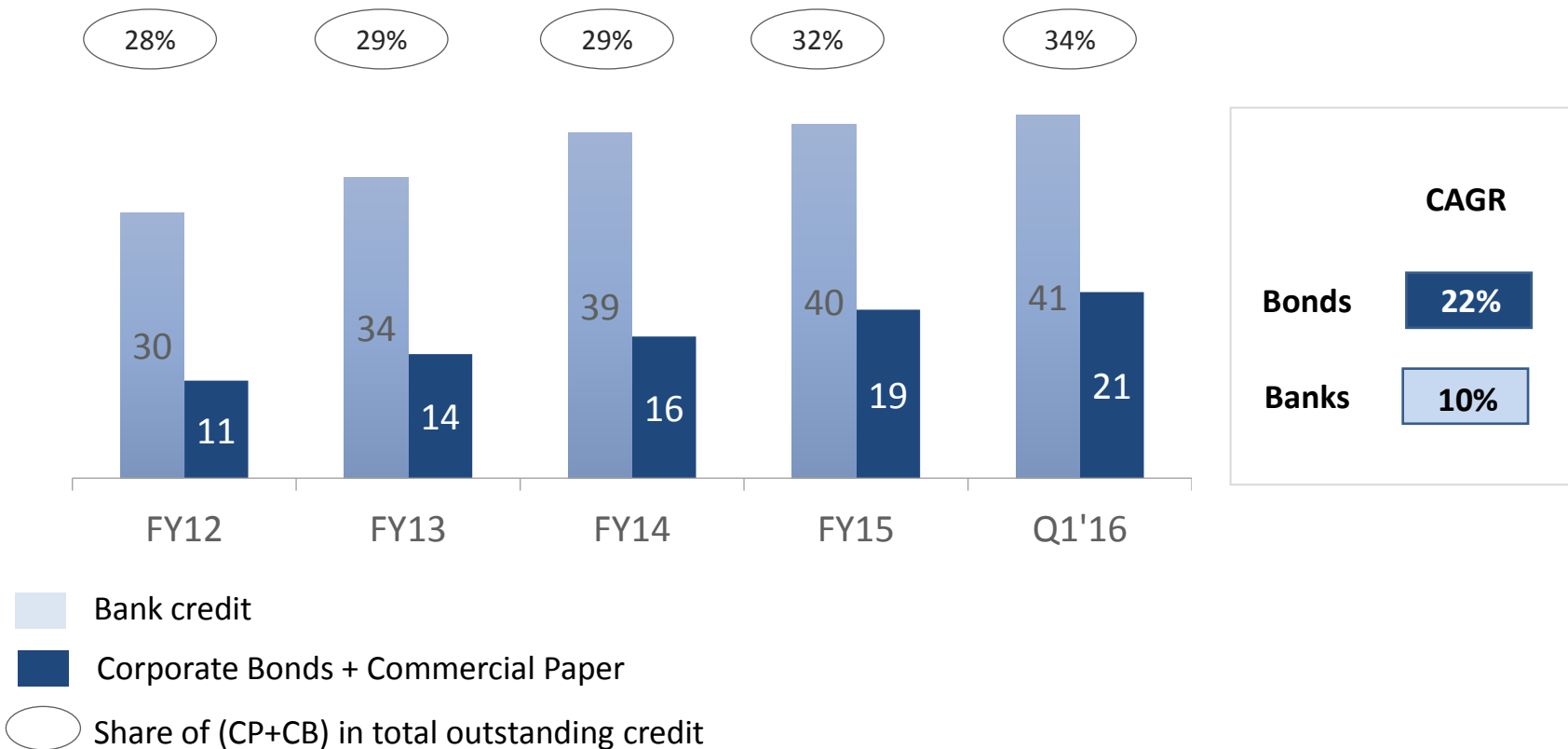


6 IMPROVING DEBT MARKET VOLUMES



Outstanding Debt

INR Lac Cr





Corporate earnings growth

Increase in investments by corporates

Domestic consumer demand

Rate hike by US Federal Reserve

Growth in Chinese economy

DETAILED FINANCIALS

CONSOLIDATED RESULTS



₹ in million	FY16	FY16	FY15	FY16	FY15	FY15
	Q2	Q1	Q2	H1	H1	Annual
Fee and Commission Income	1,480	1,628	1,275	3,109	2,333	5,727
Fund based Income	10,260	9,561	7,376	19,821	14,188	31,001
Premium from Life Insurance Business	576	302	409	877	622	1,866
Other Operating Income	164	141	41	305	89	385
Other Income	6	46	49	52	70	140
Total Revenue	12,486	11,678	9,150	24,164	17,302	39,119
Employee Benefits Expense	2,134	2,113	1,709	4,248	3,148	7,086
Financial Costs	6,377	6,056	4,223	12,433	8,080	18,316
Depreciation & Amortization	207	200	173	407	324	716
Change in life ins. policy liability – actuarial	496	221	291	716	430	1,395
Other Expenses	1,882	1,713	1,519	3,595	2,867	6,326
Total Expenses	11,096	10,303	7,915	21,399	14,849	33,839
Profit Before Tax	1,390	1,375	1,235	2,765	2,453	5,280
Tax Expenses	482	472	450	954	886	2,017
Profit After Tax	908	903	785	1,811	1,567	3,263
Share of Minority Interests in Profits	(49)	(9)	(7)	(59)	(8)	(24)
Profit After Tax and Minority Interest	957	912	792	1,870	1,575	3,287
Diluted EPS ⁶ (in ₹) (FV ₹ 1)	1.11	1.06	0.98	2.18	1.91	3.88
Book Value per Share (in ₹) (FV ₹ 1)	42	41	37	42	37	40

CONSOLIDATED RESULTS EX-INSURANCE



₹ in million	FY16	FY16	FY15	FY16	FY15	FY15
	Q2	Q1	Q2	H1	H1	Annual
Fee and Commission Income	1,480	1,628	1,275	3,109	2,333	5,727
Fund based Income	10,081	9,312	7,108	19,393	13,713	30,064
Other Operating Income	164	141	41	305	89	385
Other Income	-	37	40	37	51	104
Total Revenue	11,725	11,118	8,464	22,844	16,186	36,280
Employee Benefits Expense	1,844	1,829	1,458	3,674	2,679	6,105
Financial Costs	6,375	6,054	4,222	12,430	8,078	18,310
Depreciation & Amortization	189	185	147	374	283	635
Other Expenses	1,597	1,403	1,253	3,000	2,392	5,240
Total Expenses	10,005	9,471	7,080	19,478	13,432	30,290
Profit Before Tax	1,720	1,647	1,384	3,366	2,754	5,990
Tax Expenses	482	472	450	953	886	2,017
Profit After Tax	1,238	1,175	934	2,413	1,868	3,973
Share of Minority Interests in Profits	37	61	31	98	70	160
Profit After Tax and Minority Interest	1,201	1,114	903	2,315	1,798	3,813
Diluted EPS ⁶ (in ₹) (FV ₹ 1)	1.40	1.30	1.11	2.71	2.22	4.65



Edelweiss Tokio Life Insurance Company Limited Standalone (ETLI)				
₹ in million	Q2FY16	Q1FY16	Q2FY15	FY15
Gross Premium Income	599	324	424	1,931
Investment Income & Other Income	185	258	277	972
Total Income	784	582	701	2,903
Total Expenses	1,113	855	851	3,613
Profit Before Tax	(329)	(273)	(150)	(710)
Profit After Tax	(329)	(273)	(150)	(710)
Net Worth	5,040	5,393	6,091	5,691

SUMMARY BALANCE SHEET



As on (₹ in million)	Sept 30 '15 (Unaudited)	Mar 31 '15 (Audited)	Sept 30 '14 (Unaudited)
Equity and Liabilities			
Shareholders' Funds	33,915	31,606	30,504
Minority Interest	3,654	3,709	3,708
Borrowings	256,883	235,404	150,168
Total	294,452	270,719	184,380

Assets			
Credit Book Assets	173,215	150,358	105,955
Cash and Bank Balances	12,887	23,650	18,277
Government Bonds	49,500	43,230	29,380
Other Assets	58,850	53,481	30,768
Total	294,452	270,719	184,380



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NOTES:

- ¹ Excludes Employee Welfare Trust shares
- ² Capital Adequacy Ratio for EFSL consolidated Balance Sheet calculated as per RBI norms applicable to NBFCs
- ³ Including provision held on Standard Assets
- ⁴ Wealth AuMs/AuAs include Broking & Advisory assets
- ⁵ Holding of known affiliates have been clubbed together for the purpose of this information
- ⁶ Quarterly/Half yearly EPS not annualised