

EW/Sec/2016/145

August 10, 2016

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 presentation being made to the Investors.

Kindly take the same on record.

Thanking you,

For Edelweiss Financial Services Limited


B. Renganathan
Executive Vice President & Company Secretary

Where the mind is without fear,
And the head is held high.



Edelweiss – Analyst & Investor Meet Financial & Business Update

August 10, 2016

 **Edelweiss**
PROUD SPONSOR
2016 INDIAN OLYMPIC TEAM



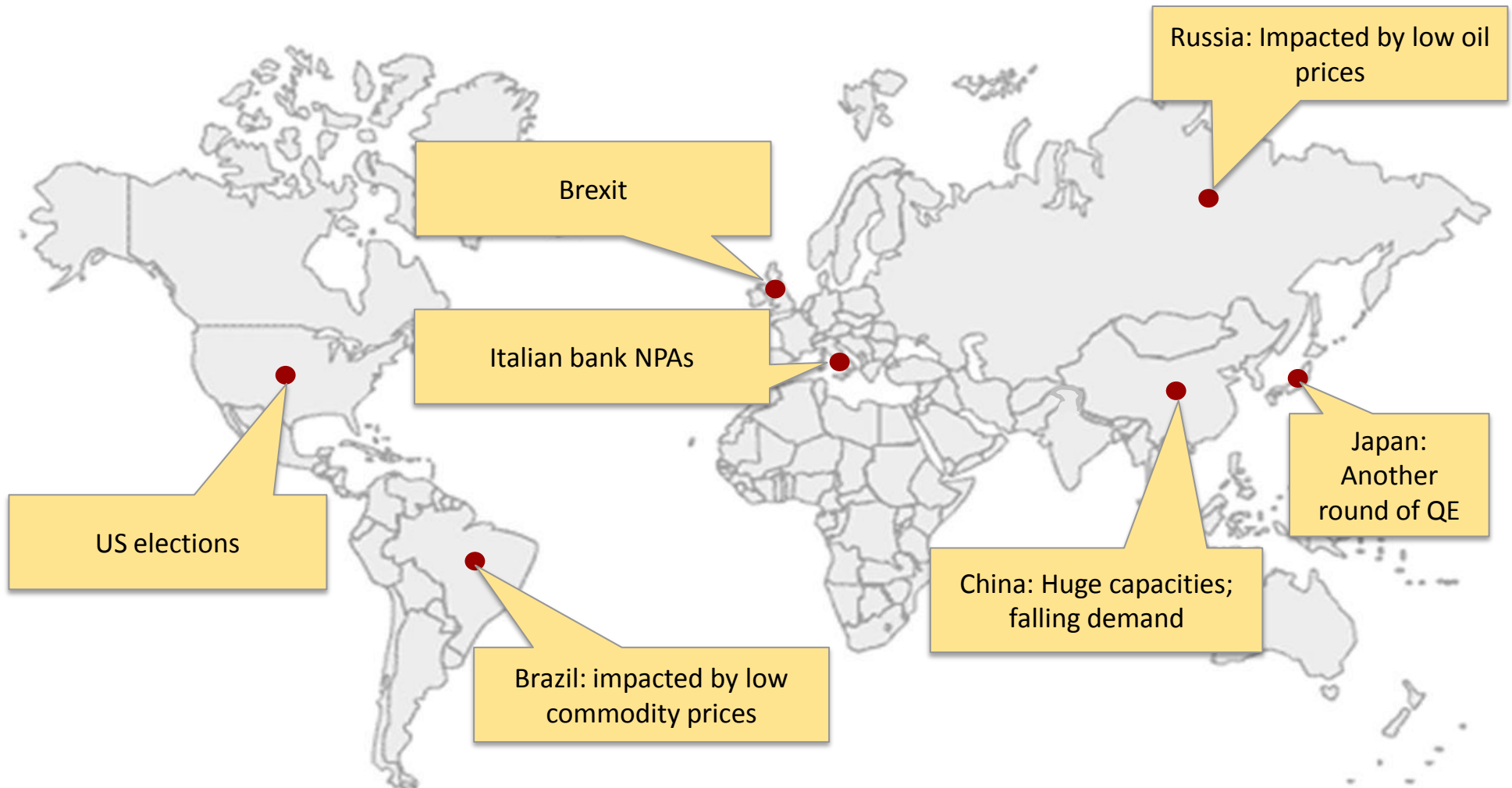


Macro Environment

Financial Services in India

Edelweiss Financial & Business Update

Global woes continue...



... But India Positive..



Subdued oil prices



Liquidity due to
quantitative easing



Reforms



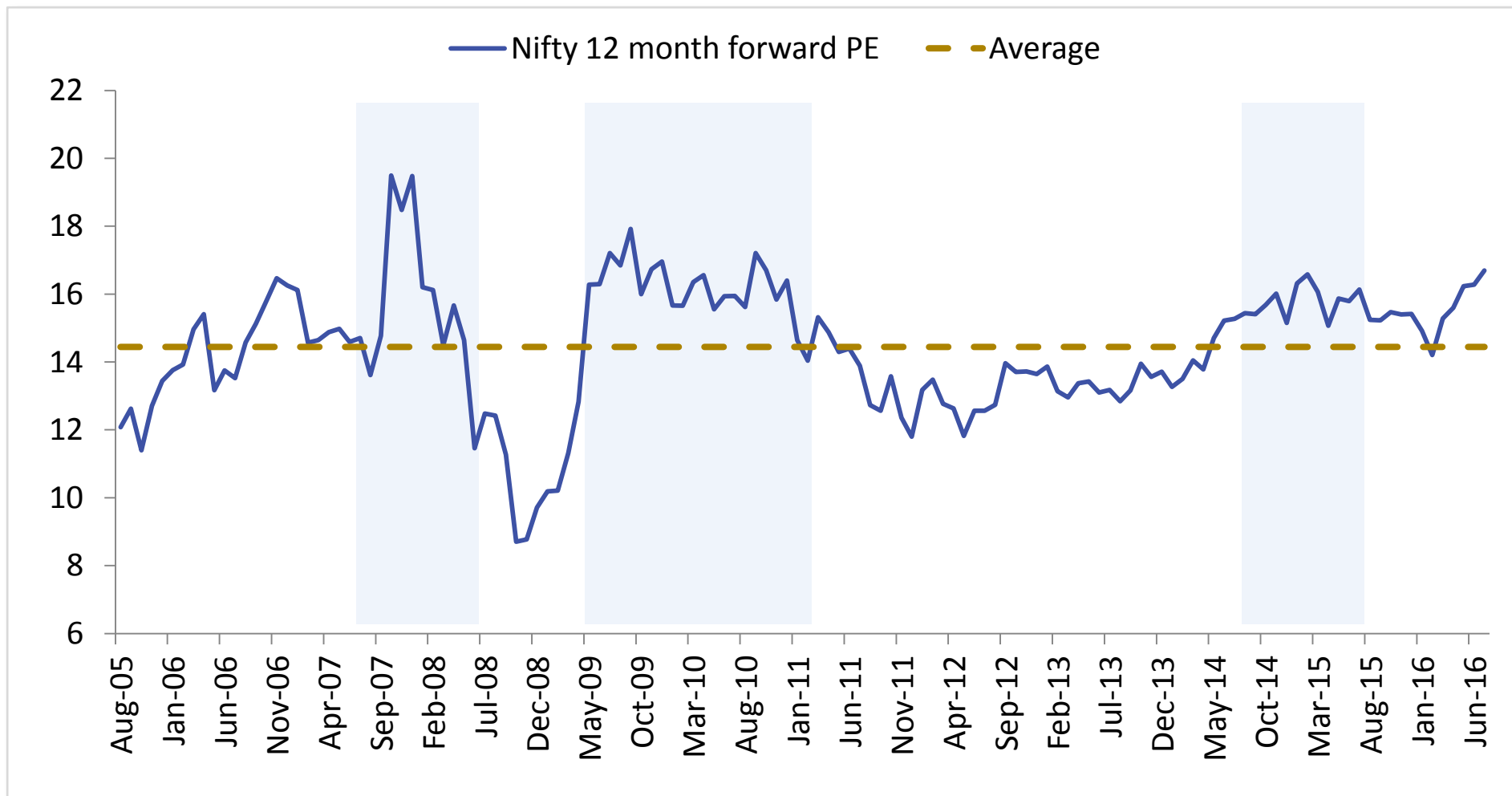
Normal monsoon

Liquidity in
Indian markets
remains high

... Spurring markets into relatively higher valuation zones



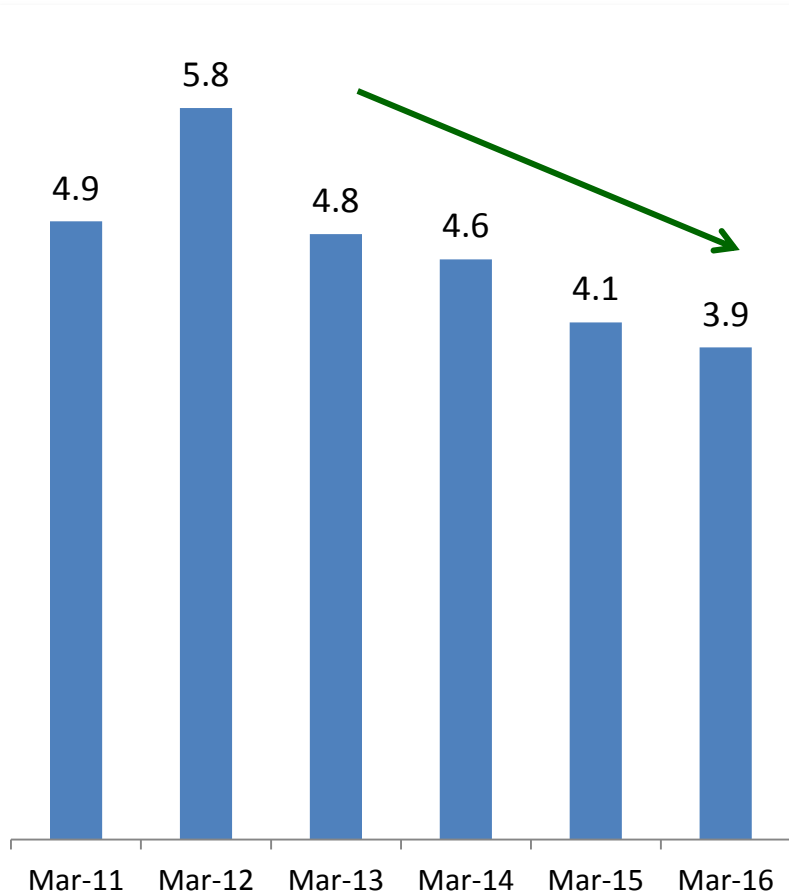
Nifty 12 month Forward PE is at 15% premium to its long term averages



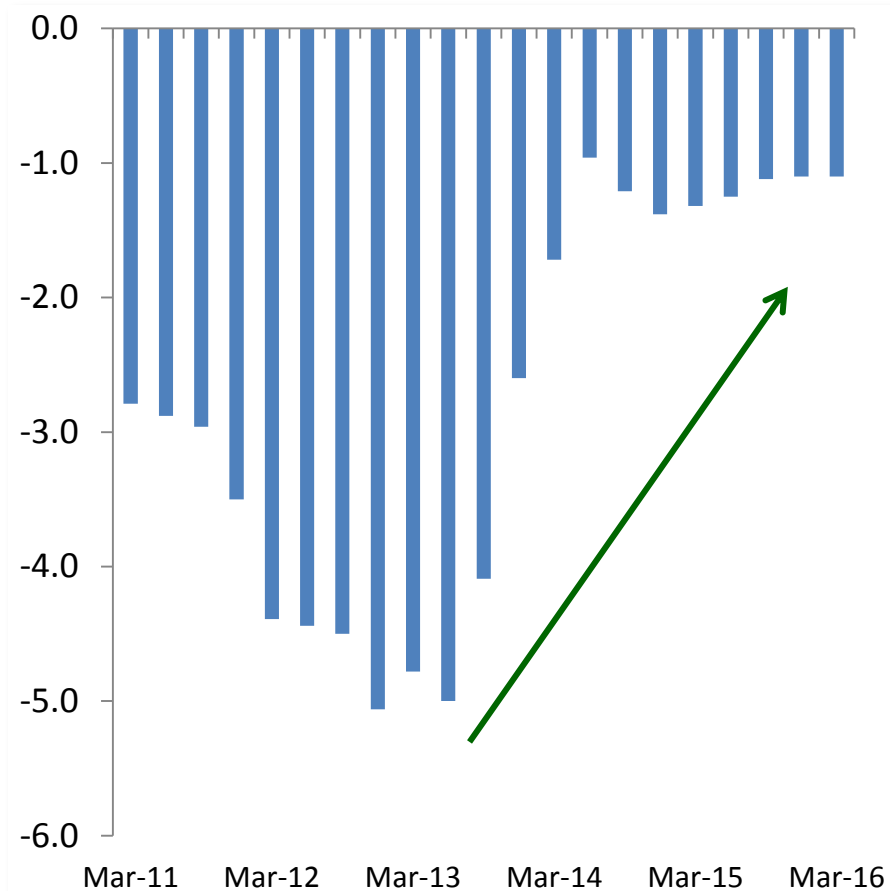
Domestic macro indicators are favorable



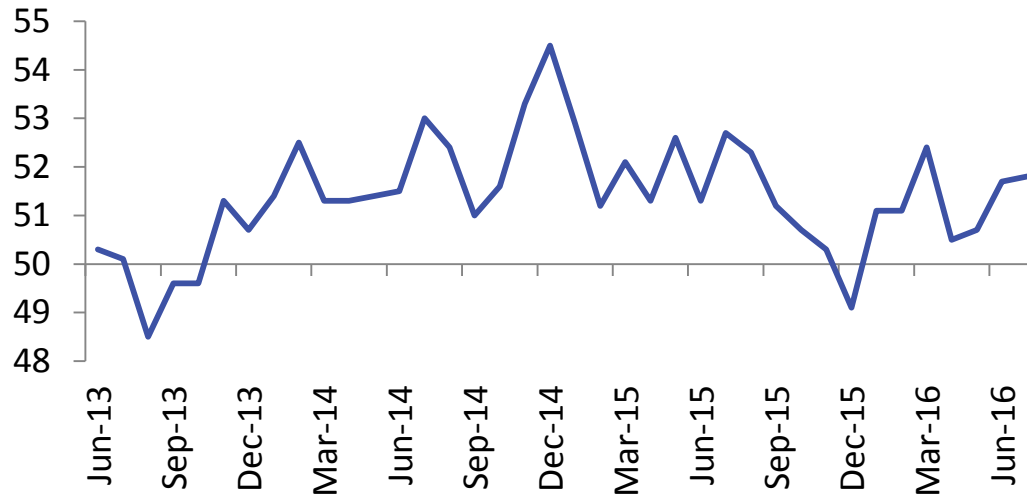
Fiscal Deficit (% of GDP)



Current Account Deficit (% of GDP)



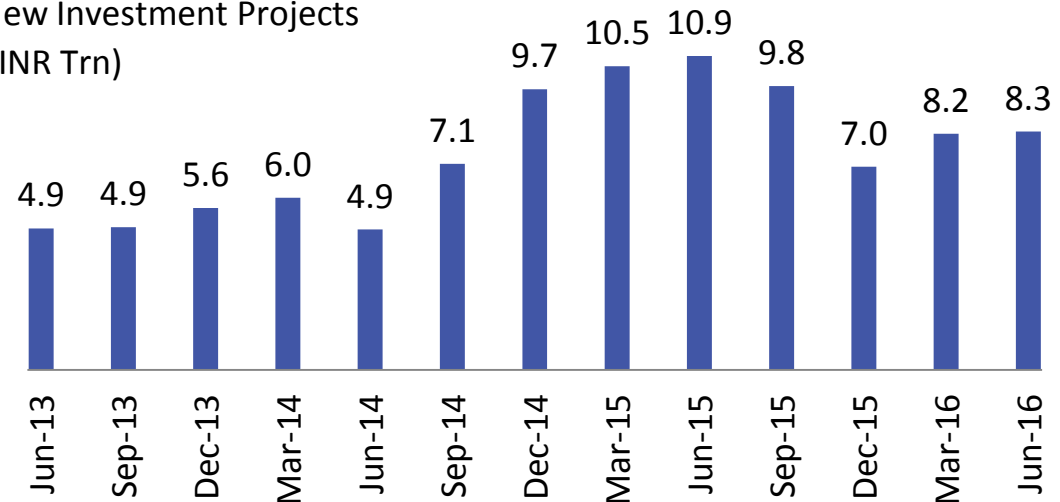
Though sentiments remain positive; investments yet to pick up



Manufacturing PMI*
showing sequential
improvement

New investment projects
remain stable

New Investment Projects
(INR Trn)





Macro Environment

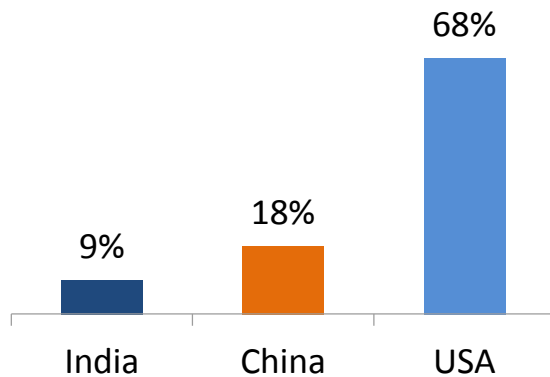
Financial Services in India

Edelweiss Financial & Business Update

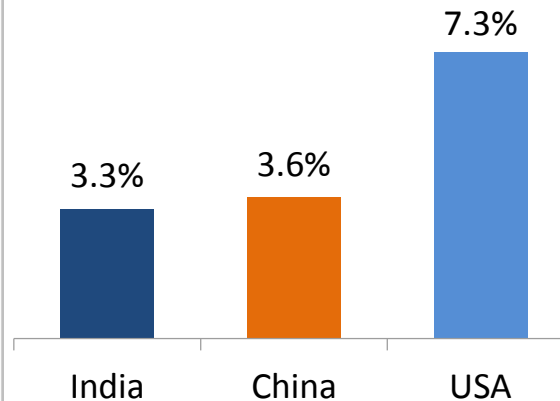
Indian Financial Services remains largely underpenetrated vis-à-vis other countries



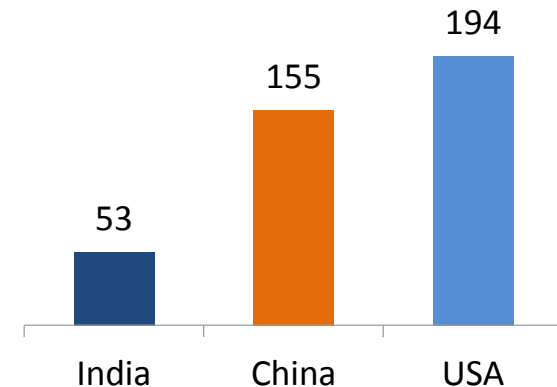
Housing Loan Penetration



Life Insurance penetration



Domestic Credit to Private sector (% of GDP)

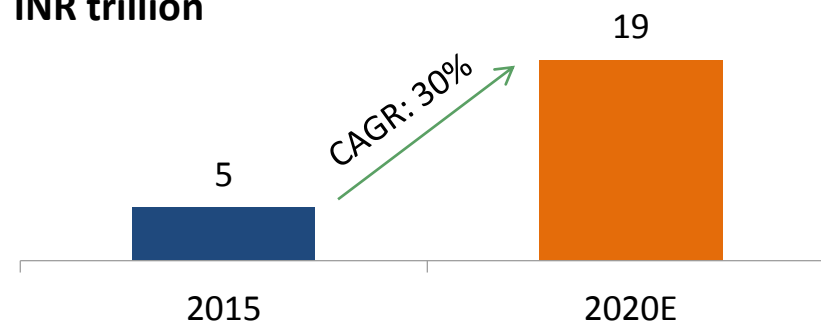


Resulting in large addressable market opportunities



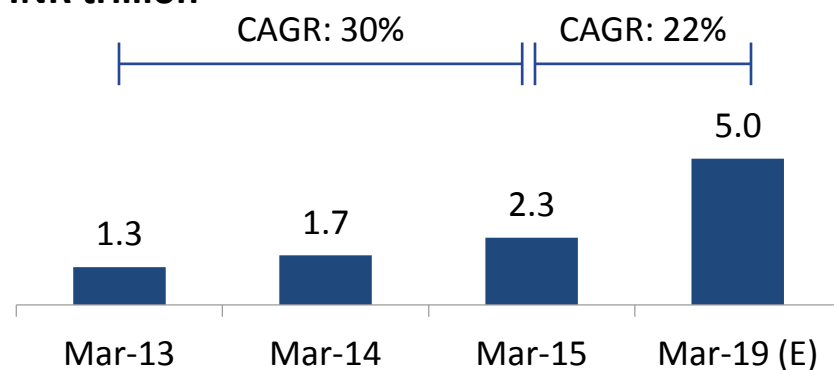
Insurance Market Size

INR trillion



LAP Assets Under Management

INR trillion



MSME Finance Demand

Potential MSME Finance Demand



Formal Supply



Total Finance Gap



A few key trends are emerging



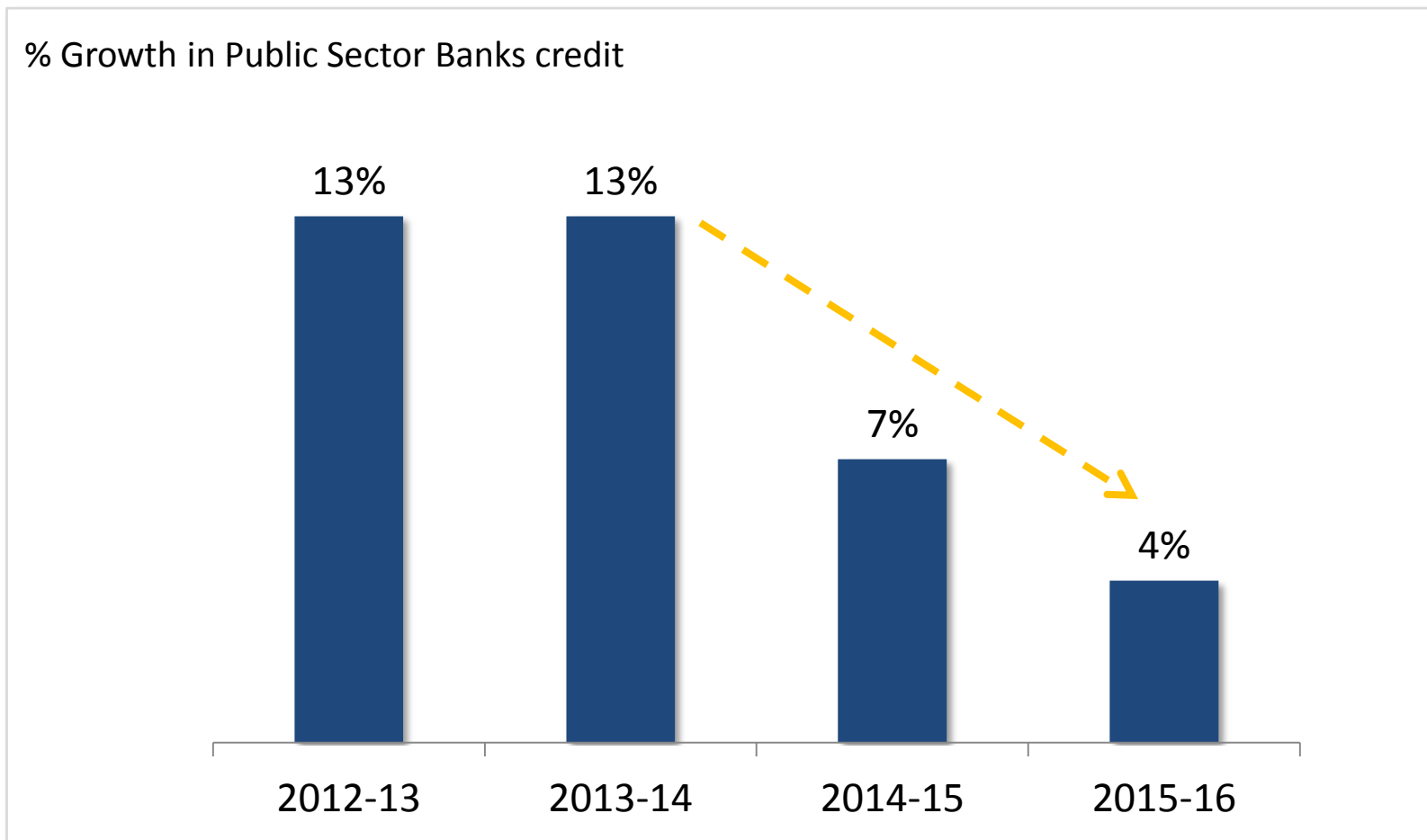
1. Government financial institutions ceding market share to private ones

2. Global financial institutions are retreating from Emerging Markets

3. Global capital, however, continues to flow into India

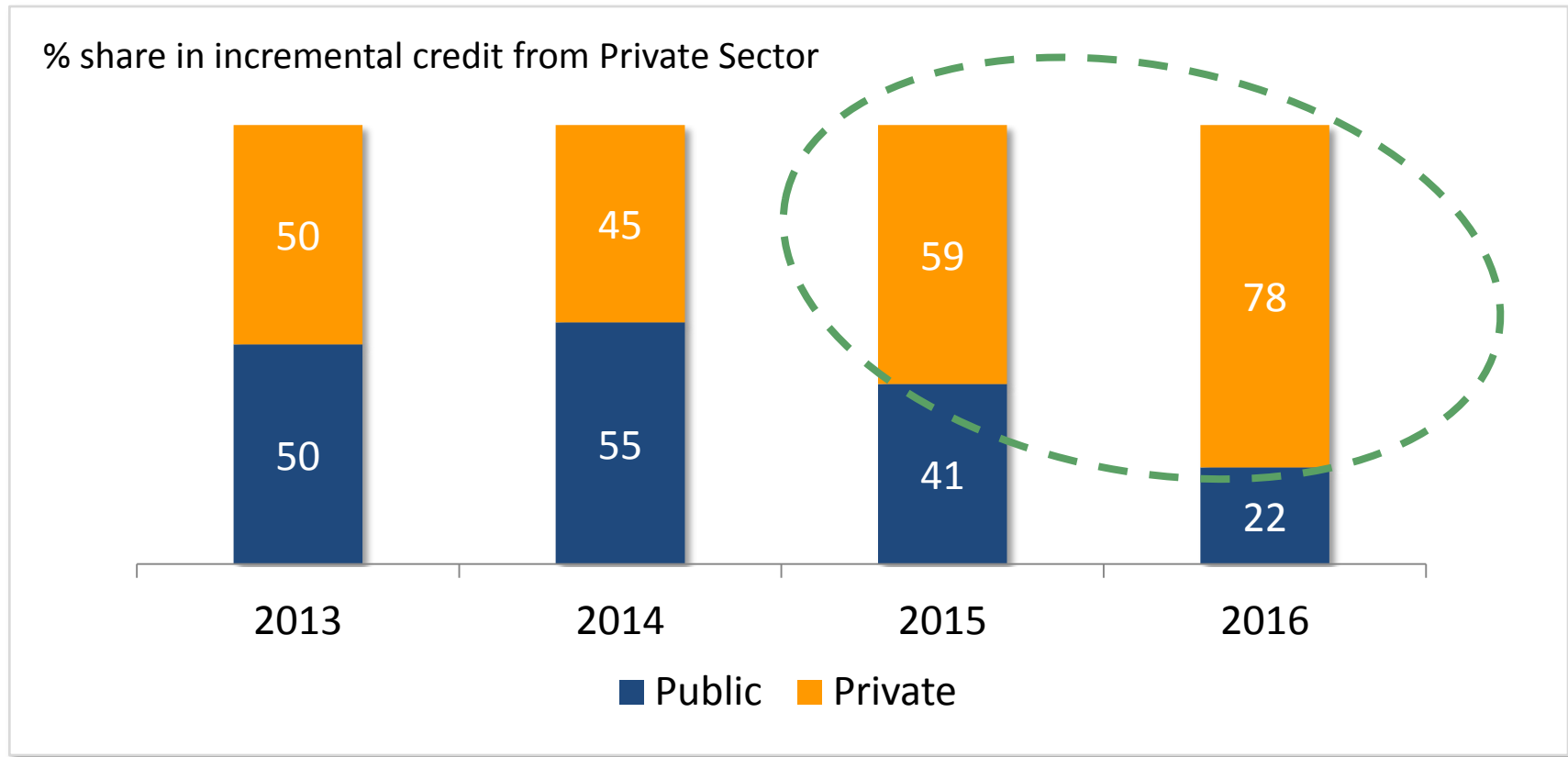
4. Compounding phase for India – To be a USD 5 trillion economy by 2025

While Public sector credit (PSB) growth has been sluggish

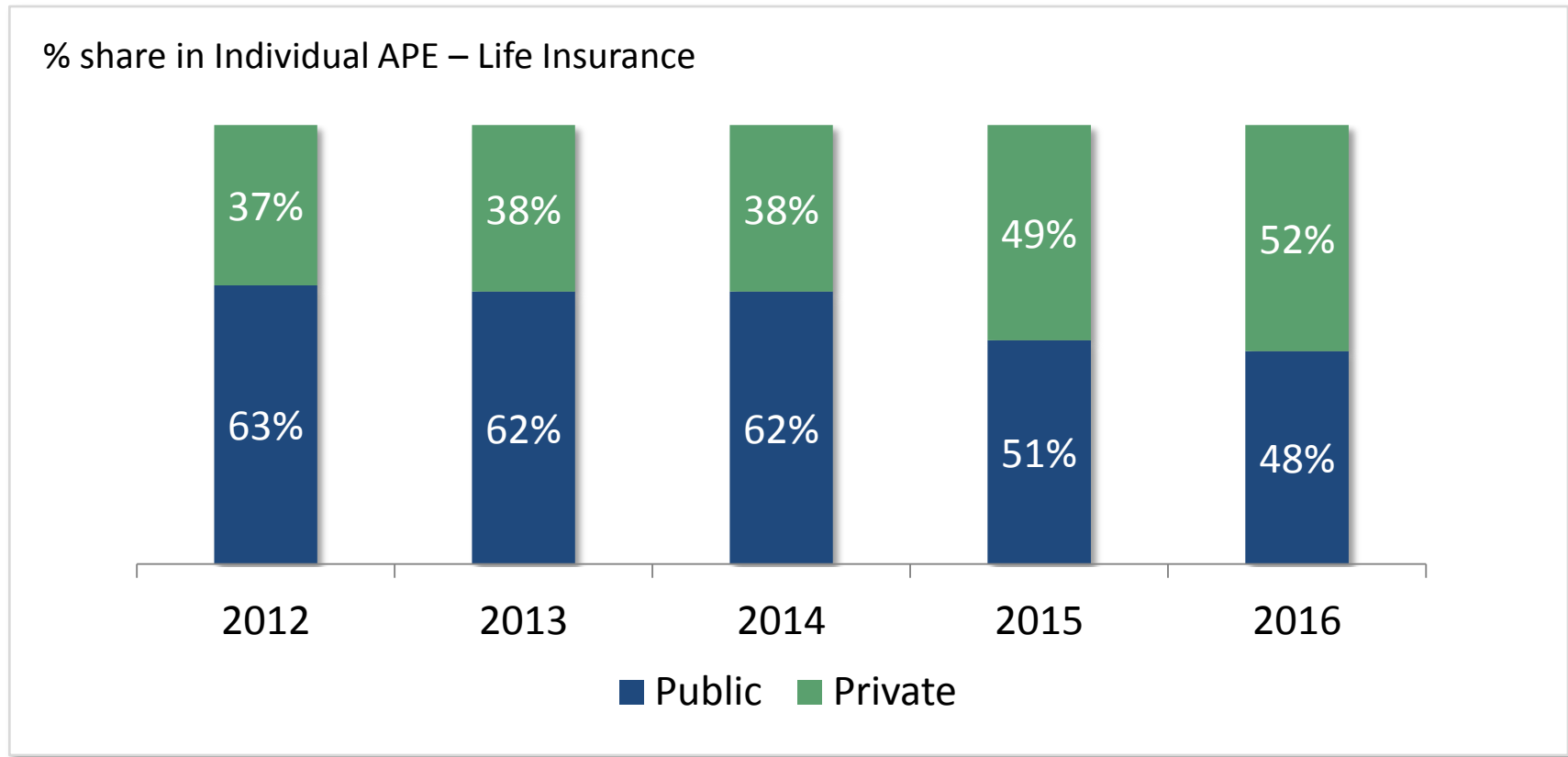


Recapitalization of PSBs may help the credit growth

... Private sector banks, NBFCs and HFCs are taking advantage by capturing market share from public sector banks



... With a similar story playing out in the Insurance sector as well



Global financial institutions are retreating...



Banking business



ING

Royal Bank of
Scotland

Mutual Funds



Fidelity

JP Morgan

ING

Equities Broking



Citigroup

Standard
Chartered

Barclays

Private Wealth



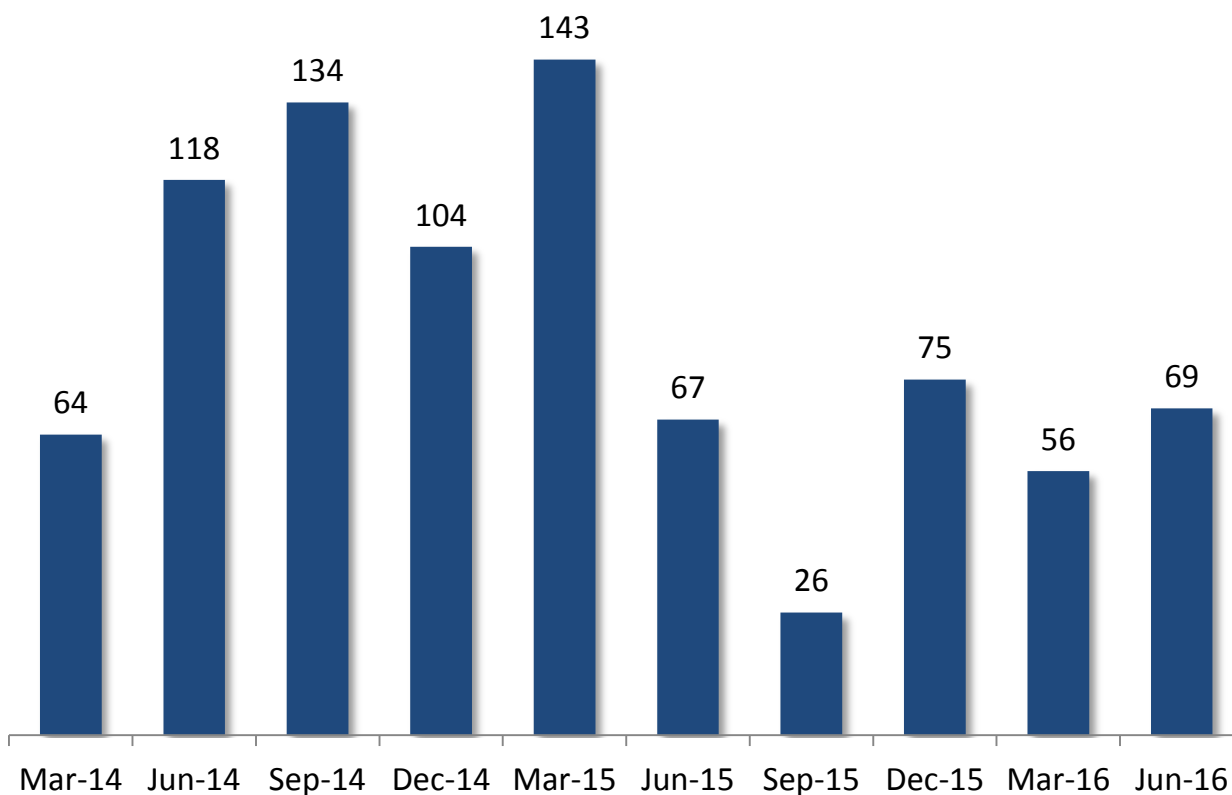
HSBC

...Creating opportunity for hiring and gaining market share

...While global capital continues to flow into India



FDI* and FPI* flows remain relatively stable ('000 cr)



India would be a USD 5 trillion economy by 2025..







<u>Year</u>	<u>GDP (USD)</u>	
2025	5 trn	2.5x in 11 years
2014	2 trn	
2007	1 trn	2x in 7 years

Factors in India's favour

1. **Growth Rate** – Only major economy growing at this rate
2. **Time** for which it can continue to grow
3. **Size**: GDP of 2 trn as base to grow from

.. Which will create huge opportunities in financial services sector

USD Bn	<u>2015</u>	<u>2025</u>
 Annual Financial savings	300	1,000
 Market cap	1,300	4,000
 Credit	1,300	5,200
 Number of Ultra HNIs	1,40,000	9,00,000



Macro Environment

Financial Services in India

Edelweiss Financial & Business Update

Edelweiss – A Leading Diversified Financial Services Firms



June 30, 2016

CREDIT BUSINESSES

Present across the spectrum of

Wholesale

- Structured Collateralized Credit
- Distressed Assets Credit
- Wholesale Mortgage

Retail

- Retail Mortgage
- Agri & Rural Finance
- Loan Against Shares
- SME & Others

NON CREDIT BUSINESSES

Strong product franchise serving diverse client needs

- Capital Markets
- Wealth Management
- Asset Management
- Balance sheet Management Unit & Liquidity Management
- Agri Services & Others

INSURANCE

One of the fastest growing Life Insurance companies

Edelweiss - A Leading Diversified Financial Services Firms

On Balance Sheet Assets ~ 33,100 Cr

Assets under Management ~35,000 Cr

Assets under Advice ~31,100 Cr

of clients ~960,000

of employees 6,361

of offices 240

Key financial highlights



Financial Performance & Overview

- 1** Consolidated PAT growth of 53%; Ex Insurance growth of 39%
- 2** Consistent growth track record - 38% Ex Insurance CAGR over 4 years
- 3** Consolidated RoE improved to 15.1%; Ex Insurance RoE to 19.4%
- 4** Steady growth in credit and non-credit PAT

Balance Sheet

- 5** Calibrated growth in balance sheet (17% YoY growth)
- 6** Total asset managed 99,200 cr (40% YoY growth)
- 7** Long term liabilities increased and ALM maintained
- 8** Liquidity cushion further increased to 3,000 cr
- 9** Comfortable capital adequacy ratio at 18.1%

1

Consolidated PAT Growth 53% & Ex Insurance PAT Growth 39%

<u>(INR Cr)</u>	<u>Q1FY17</u>	<u>Q1FY16</u>	<u>Growth over Q1FY16</u>	<u>FY16</u>	<u>FY15</u>
PAT Consolidated	140	91	53%	414	329
PAT Ex Insurance	155	111	39%	519	381

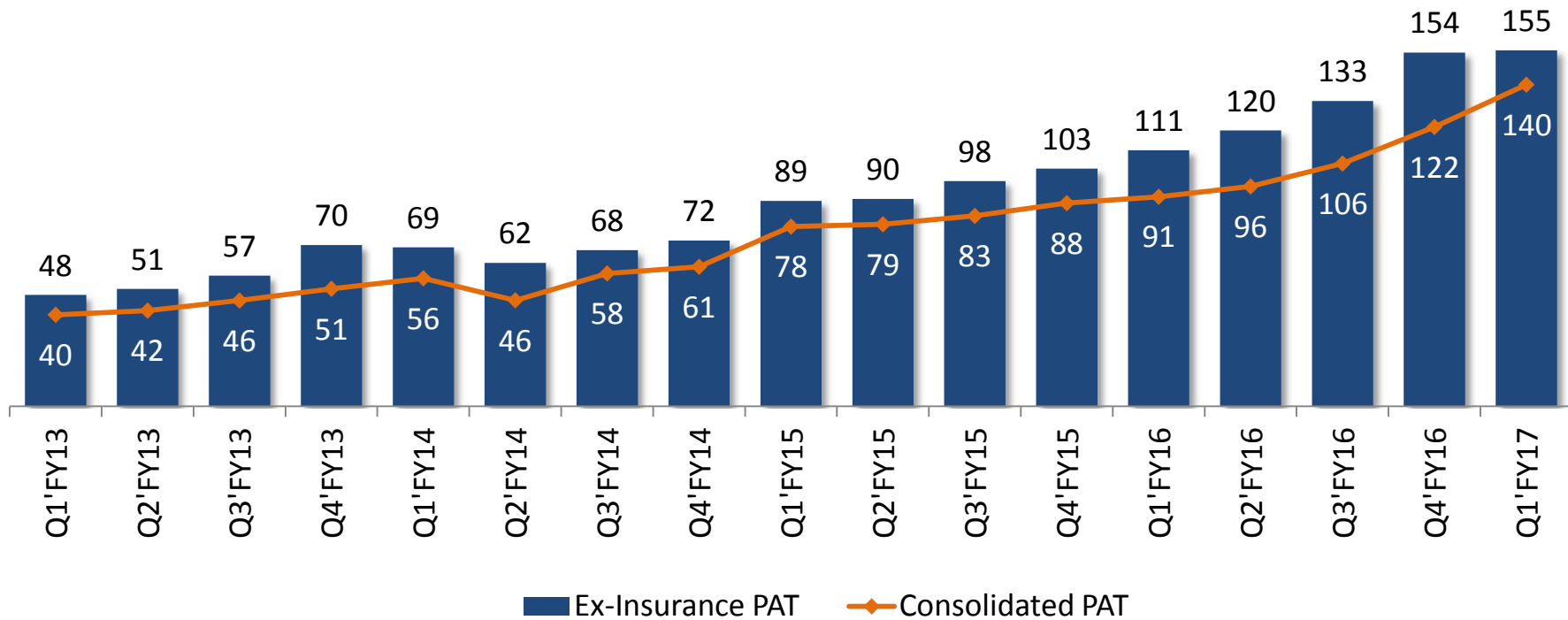
..... with only 17% growth in Assets

Balance Sheet	33,092	28,304	17%	32,145	27,072
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Non Linear growth in Profitability



Profit after Tax INR Cr

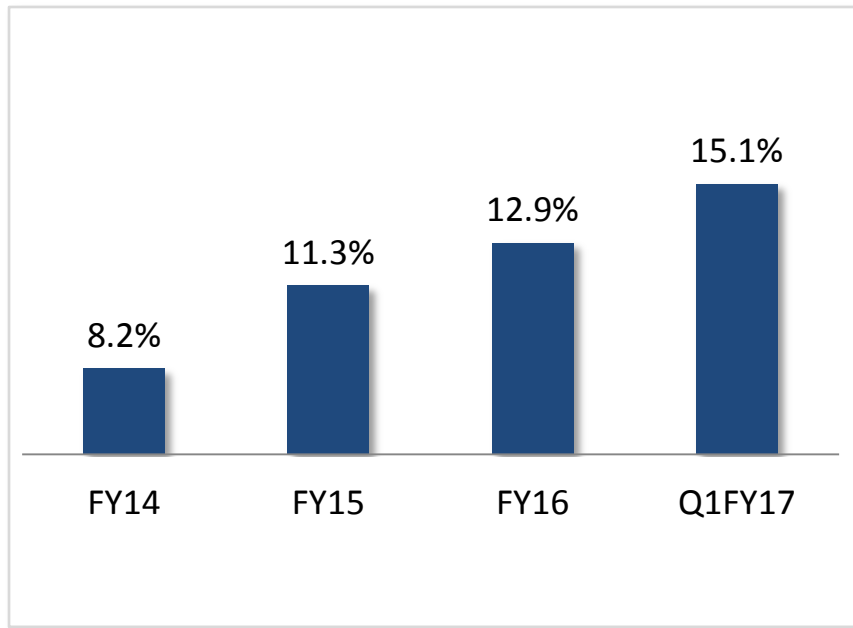


Ex Insurance PAT CAGR of 38% over last four years

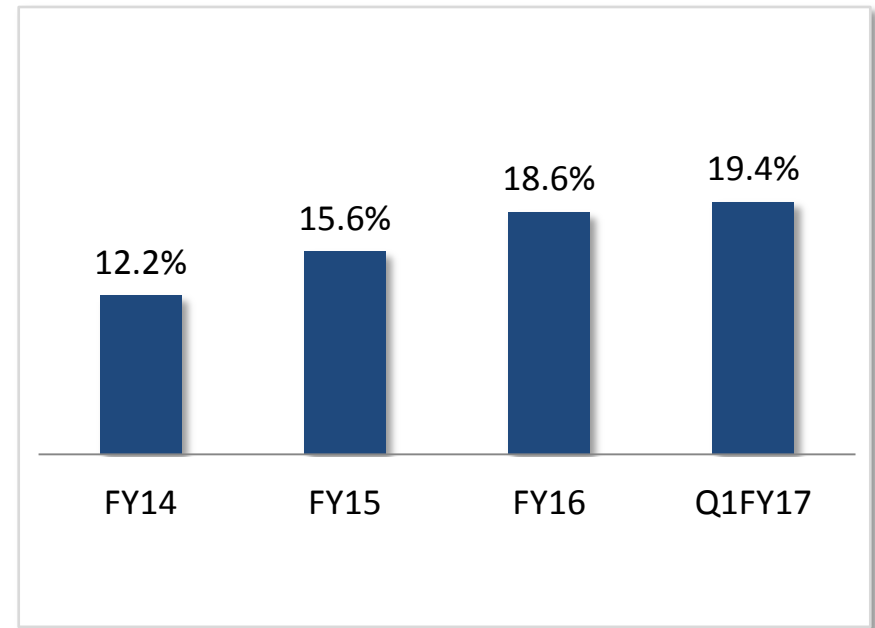
3 Consolidated RoE at 15.1%



Consolidated ROE %



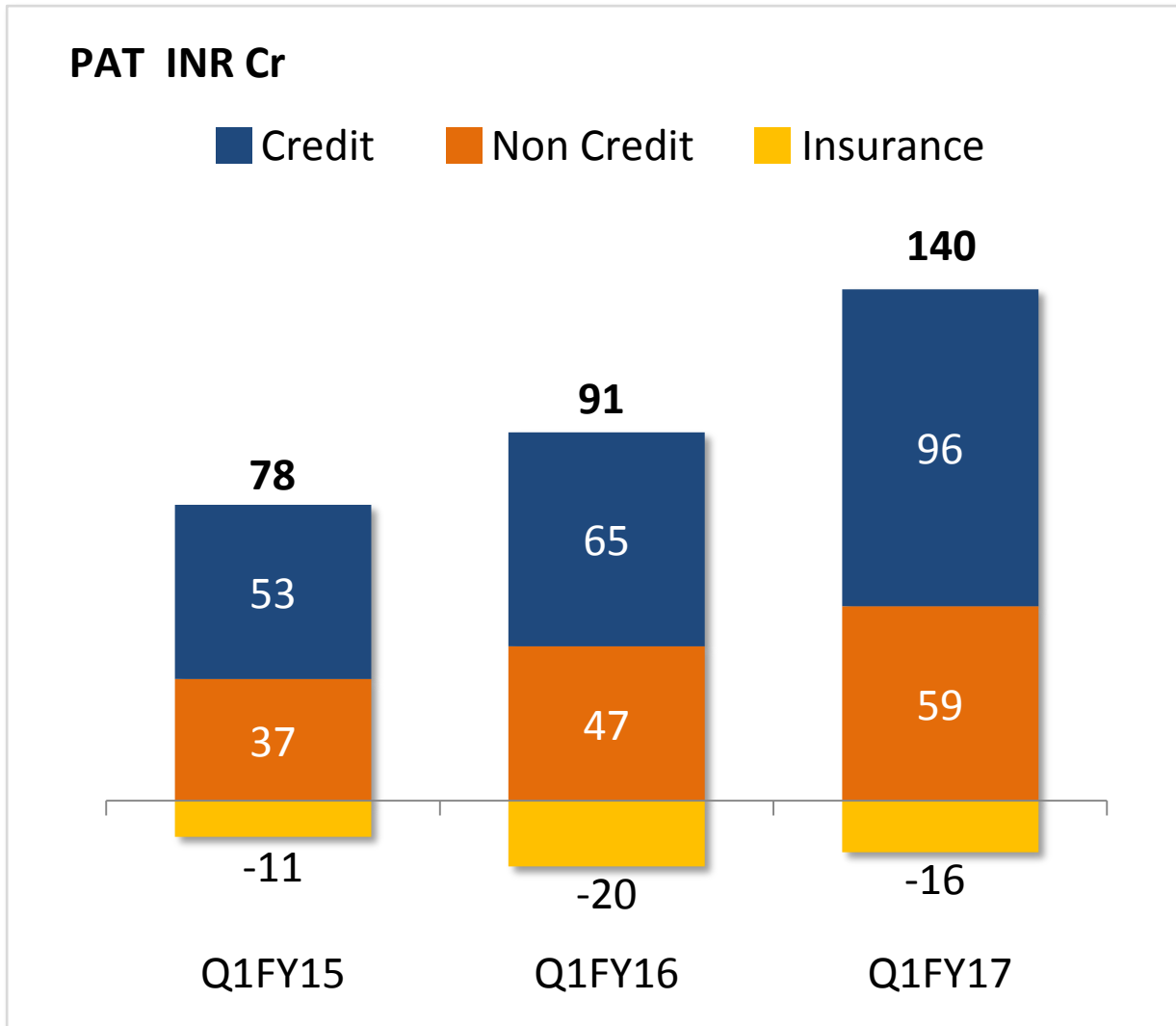
Excluding Insurance ROE %



And RoA improved to 2.0%



Ex Insurance	Q1 FY17	FY16	FY15
NII	6.0%	5.1%	5.5%
Interest	12.8%	12.8%	12.0%
Treasury	2.0%	1.2%	2.2%
Interest Cost	-8.8%	-8.8%	-8.6%
Non-interest income	2.5%	2.7%	2.9%
Fee & commission	2.1%	2.4%	2.7%
Other income	0.4%	0.3%	0.2%
Expenses	-5.5%	-5.2%	-5.7%
Employee cost	-2.6%	-2.5%	-2.9%
Depreciation & amortization	-0.3%	-0.3%	-0.3%
Operating expenses	-1.9%	-1.7%	-1.8%
Provisions	-0.7%	-0.6%	-0.6%
PBT	3.0%	2.6%	2.8%
Tax	-1.0%	-0.8%	-1.0%
PAT	2.0%	1.8%	1.9%



2-year CAGR

35%

26%

Credit – stable financial parameters



INR Cr

	Q1 FY17	FY16
Capital Employed	21,129	20,014
NIM	6.9%	6.8%
NII	355	1,200
Cost to Income	41%	44%
Provisions	52	160
PAT	96	337
Gross NPAs	1.4%	1.4%
Net NPAs	0.5%	0.5%
RoE	18%	17%
RoA	2.0%	2.0%

Credit

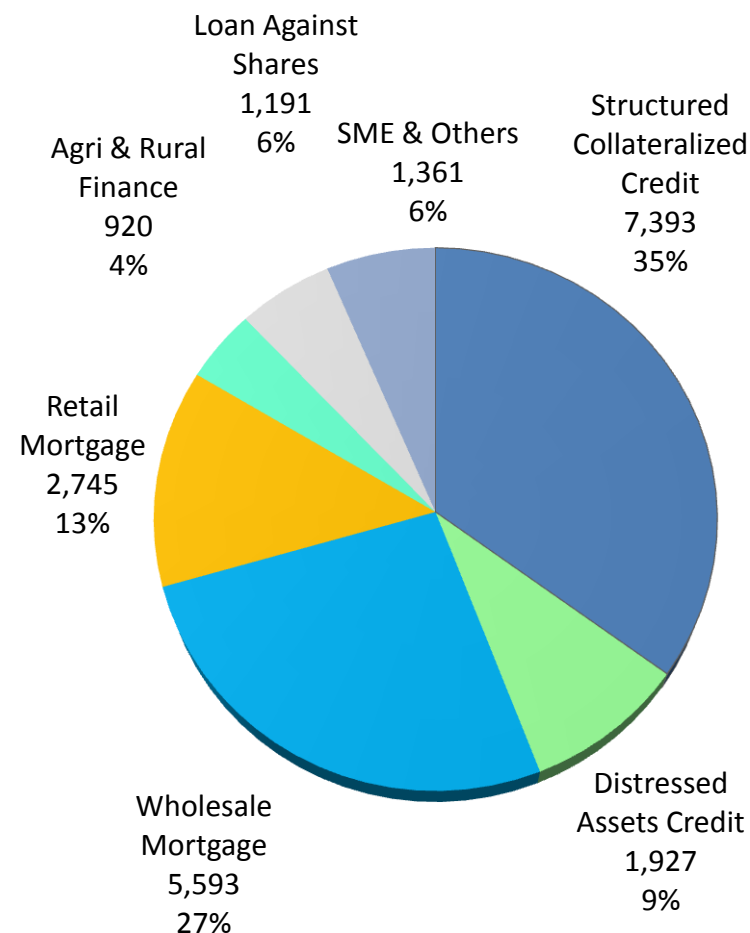
Non Credit

Insurance

Credit Portfolio is a Mix of Differentiated and Scalable Assets



Structured Collateralized Credit	<ul style="list-style-type: none"> Customized credit solutions, with high collateral cover
Distressed Assets Credit	<ul style="list-style-type: none"> Largest Asset Reconstruction Company in India, with more than 7 years of history in distressed assets space
Wholesale Mortgage	<ul style="list-style-type: none"> Caters to wide a range of residential developers
Retail Mortgage	<ul style="list-style-type: none"> Catering to Retail Home buyers and Business Owners
Agri & Rural Financing	<ul style="list-style-type: none"> \$10 bn unorganized market; Highly scalable, unoccupied by institutional players. Includes Micro Finance solutions to clients in Tier III/IV cities and rural areas
Loan Against Shares	<ul style="list-style-type: none"> Caters to Retail customers in Capital Market
SME & Others	<ul style="list-style-type: none"> Highly scalable, focus area for future growth



Present across Retail, SME and Wholesale segments



Wholesale Credit

- Comprises of
 - Collateralized Lending to Corporate
 - Distressed Assets Credit
 - Wholesale Mortgage
- Began credit operations in 2007
- A robust risk management approach tested over 2 downturns
- Wholesale credit around INR 14,900 crores

Retail & SME Credit

- Comprises of
 - Retail Mortgage
 - Agri & Rural Financing
 - Loan Against Shares
 - SME & Others
- Commenced operations in 2011
- Small Ticket Housing Loans launched in FY13; Rural Finance in FY14
- Retail credit around INR 6,200 crores
- Controlled growth, focus on credit quality
- Operations in 45* cities

Profitable, scalable multi-line credit business

Credit

Non Credit

Insurance

Credit: Robust Asset Quality



At the end of (INR Cr)	Q1FY17	FY16
Total Credit Book	21,129	20,014
Gross NPA	300	281
Gross NPA %	1.4%	1.4%
Net NPA %	0.5%	0.5%
Total Provision Held*	268	247
Total Provision Cover*	89%	88%
Average Collateral Cover on Wholesale book	2.2X	2.1x
Average Loan-To-Value on Retail book	~48%	~50%

Risk Management ensuring asset quality remains under control

Credit

Non Credit

Insurance

Non Credit – improvement in profitability



INR Cr

	Q1 FY17	FY16
Capital Employed	11,048	11,192
Net Revenue	332	1,107
Cost to Income	74%	76%
PBT	88	265
PAT	59	182
RoE	22%	22%
RoA	2.1%	1.5%

Credit

Non Credit

Insurance

Non Credit Business Mix



Wealth Management

- Multi asset class platform offering structured customized solutions

Asset Management

- Equity focus: Mutual Fund, Portfolio Management Service and Alternative Investment Fund
- Credit focus: Asset Reconstruction Company, Special Opportunities fund

Capital Markets

- Entire spectrum of corporate advisory services - Fixed Income Advisory, Mergers & Acquisitions , Equity Capital Markets, Private Equity Syndication
- Leader in Debt Capital Markets
- One of the largest domestic institutional broking house with strong focus on research

BMU & Liquidity Management

- Liquidity Management
- Asset Liability Management

Agri Services

- Warehousing, procurement services, and other Agri services

Credit

Non Credit

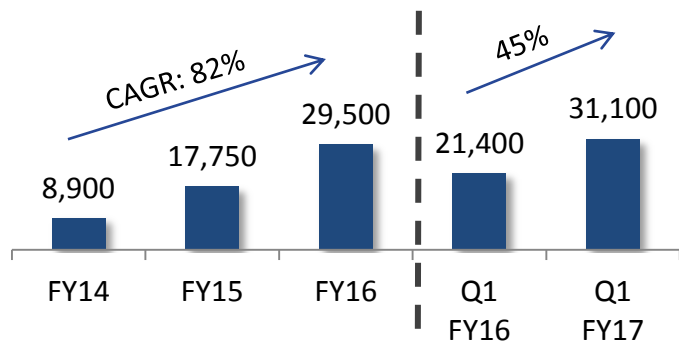
Insurance

Wealth and Asset Management – Rapidly gaining market share



Wealth Management

Assets Under Advice (INR Cr)

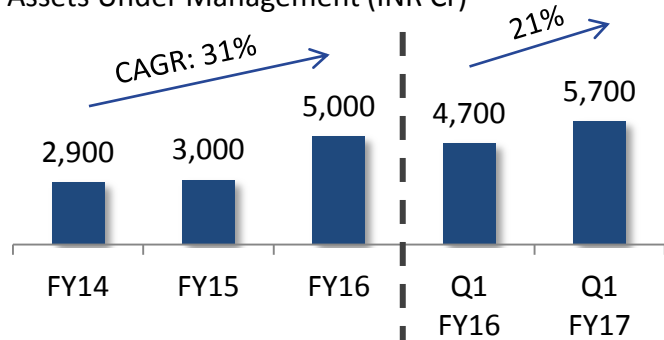


- Servicing ~ 300 Ultra High-Net Worth & more than 1,100 High Net Worth Families
- Good mix of product and advisory solutions for customized needs
- Best Private Banking Solution at Asia-Pacific Structured Products & Derivatives Awards 2015



Asset Management

Assets Under Management (INR Cr)



- Good mix of conventional & alternative assets targeting HNI & Institutional investors
- Equity Alternative Investment Fund continues to be market leader in performance
- Proposed acquisition of JP Morgan schemes approved by Competition Commission of India, awaiting Securities and Exchange Board of India (SEBI) approval
- Edelweiss ETF - Quality Nifty 30, tracking NIFTY quality 30 Index launched during the quarter`

Credit

Non Credit

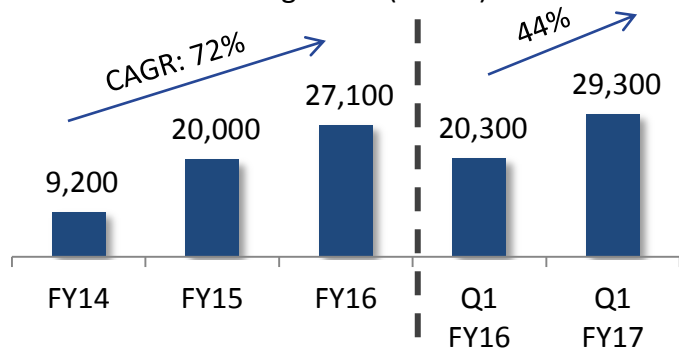
Insurance

Expanding Asset Reconstruction and Agri Services businesses



Asset Reconstruction Company

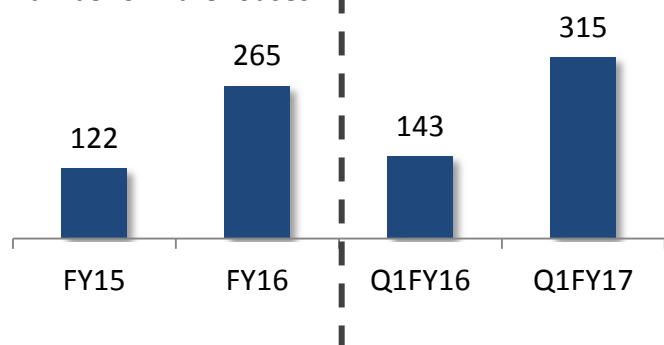
Assets Under Management (INR Cr)



- Opportunity to tap the potential 4 lakh crore of stressed loans and revive them
- Started operations in 2009. Largest Asset Reconstruction Company in India
- In house operations turnaround team
- Specific focus on resolution

Agri Services

Number of warehouses



- One of the few organised players providing end to end business solutions in the entire Agri value chain
- 315 warehouses under management with capacity of over 12.3 lacs MT
- Warehousing Development and Regulatory Authority (WDRA) accreditations received for 3 warehouses - likely to create strong differentiation in market
- Received National Accreditation Board for Testing and Calibration Laboratories (NABL) Accreditation for our state of the art Vashi Laboratory
- ISO 9001-2008 Certified

Credit

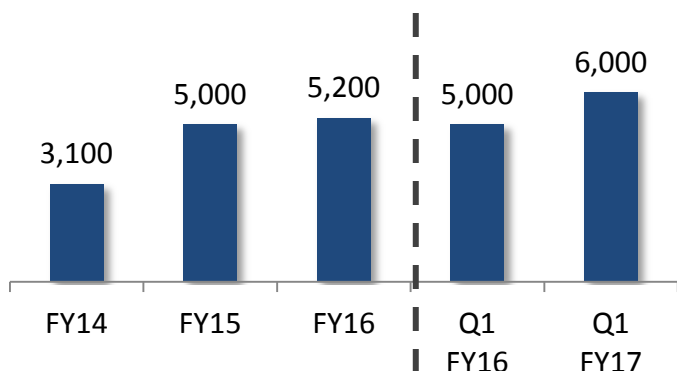
Non Credit

Insurance

Capital Markets: Leadership position in the market



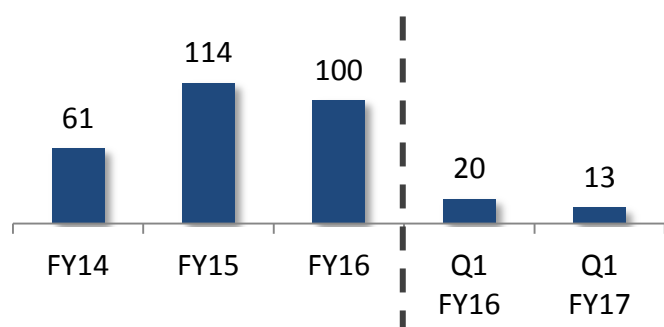
Broking Average Daily Volume (INR Cr)



- One of the largest domestic institutional broking company
- Robust fundamental research covering ~227 stocks among 27 sectors representing ~77% of total market cap
- Rated Best Brokerage in India for Roadshows and company visits
- Bull of the Year Award by Zee Business Market Analyst Awards
- Best Equity Broking House (mid-size) Award



**Investment Banking & Advisory
(Number of deals)**



- Ranked 1st in Initial Public Offering (IPO) distribution and Public issues of Tax free bonds
- Edelweiss ranked third in Equity Capital Markets Underwriting with US\$ 467 mn in related proceeds capturing 12.4% market share for first half of CY2016
- Edelweiss ranked second with a 40% market share managing 4 of 10 IPOs, including debt issues, in Q1 FY 17

Sole financial advisor



Stake sale to Premji Invest
INR 1,990mm



Advisor to the Board of ING Vysya Bank on its merger with



INR 150,331mm

Sole financial advisor



Equitas Holdings

PE Placement
INR 3,250mm

Sharda Cropchem



IPO
BRLM

INR 3,519mm

Credit

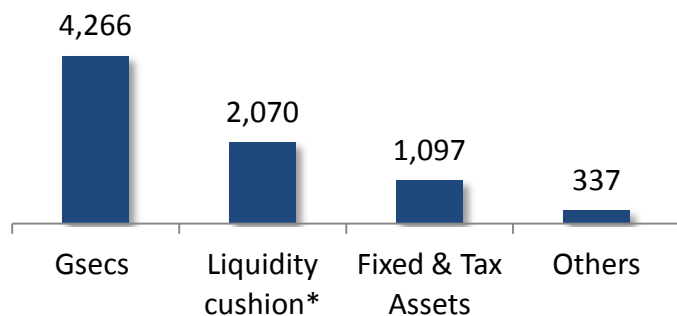
Non Credit

Insurance

Balance Sheet Management Unit



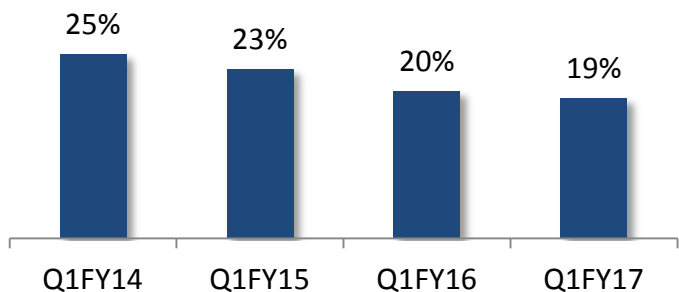
Balance Sheet Management Unit (INR Cr)



KEY OBJECTIVES

- Liquidity management
- Asset Liability Management
- Manage Treasury assets
- Corporate Fixed Assets and Investments

Balance Sheet Management Assets as % of Total Assets



- Balance Sheet Management Assets as a percentage of Total Assets has been decreasing consistently over years
- Focus on increasing Liquidity cushion in line with Balance Sheet growth

Credit

Non Credit

Insurance

Our Insurance Business – Based on pillars of



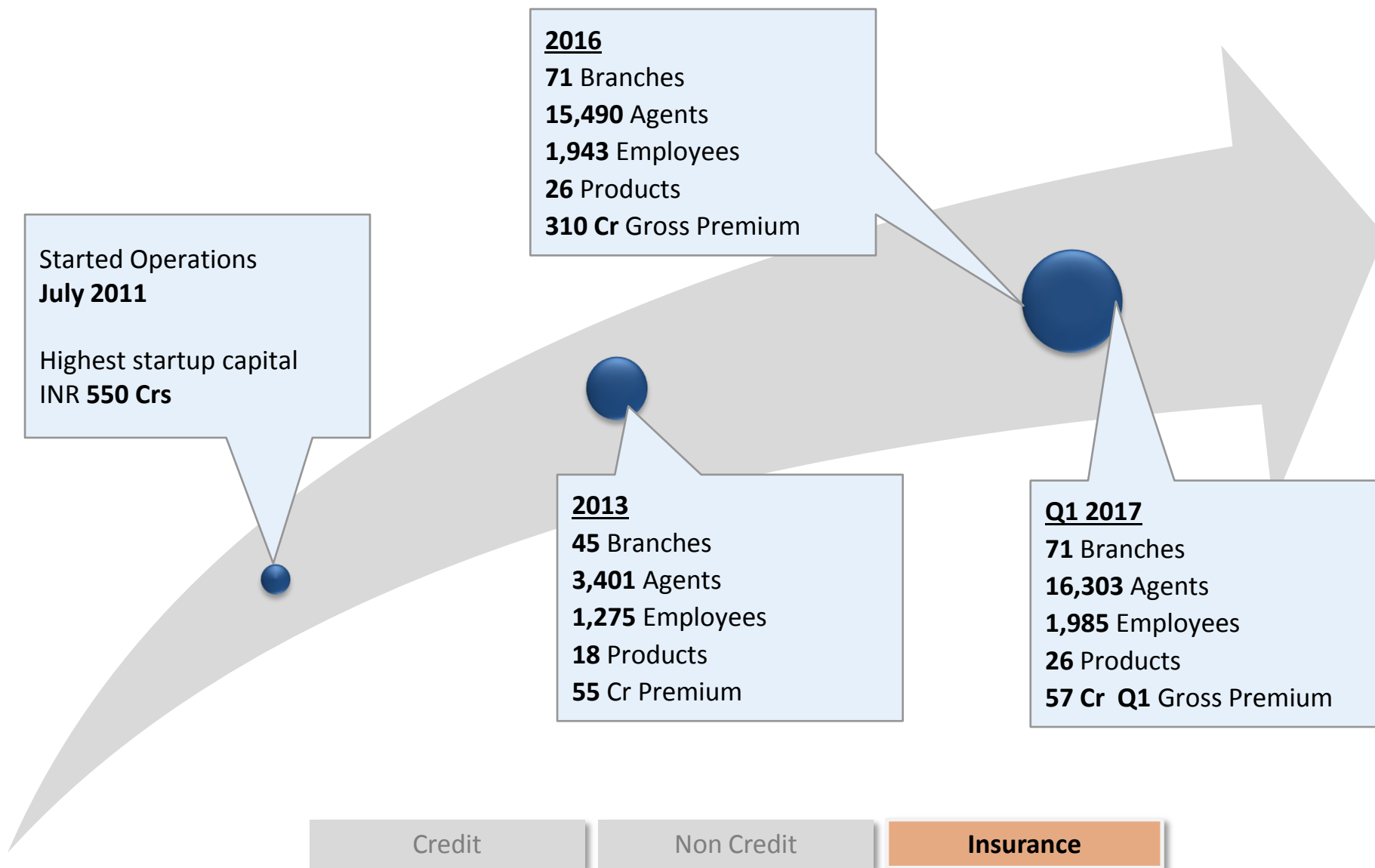
Products	<ul style="list-style-type: none">• Boutique of products meeting variety of customer needs with superior features
Distribution	<ul style="list-style-type: none">• Continued focus on Need Based Selling (Brand: Vijaypath)• Agency-led multi-channel distribution approach with emphasis on productivity• Focus on building direct capability specifically online• Aim to be industry leader on sales productivity
Investments	<ul style="list-style-type: none">• Providing superior returns through top performing funds
Technology	<ul style="list-style-type: none">• Provide unique and enhanced customer experience across all touch points• Generate operating efficiencies across the organization
Efficient	<ul style="list-style-type: none">• Strong focus on being cost-efficient

Credit

Non Credit

Insurance

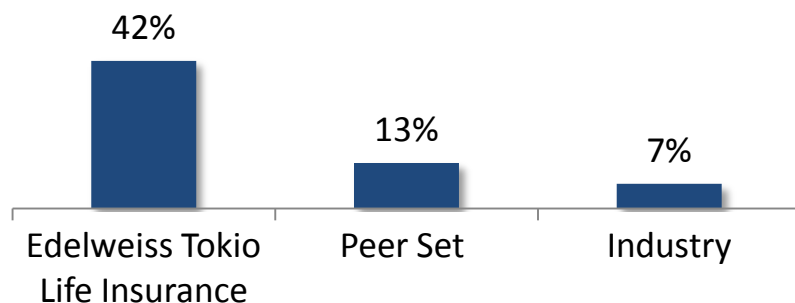
Key Milestones of Insurance Business



Fastest Growing Individual Annual Premium Equivalent

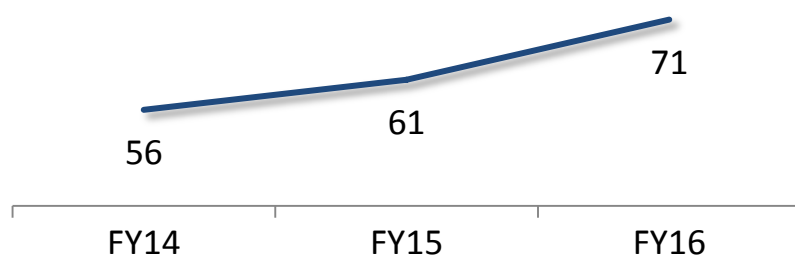


Individual Annual Premium Equivalent CAGR Growth since FY13



- Individual Annual Premium Equivalent - INR 18.9 Crs for Q1 FY17

Persistency (Individual & Group Business combined)



- Best 13th month persistency (71%) in non-bank dominated companies
- 9th Rank amongst all the private insurers in FY16 as against 16th rank in FY15 (*Source: IRDAI public disclosures*)

Credit

Non Credit

Insurance

Key balance sheet highlights

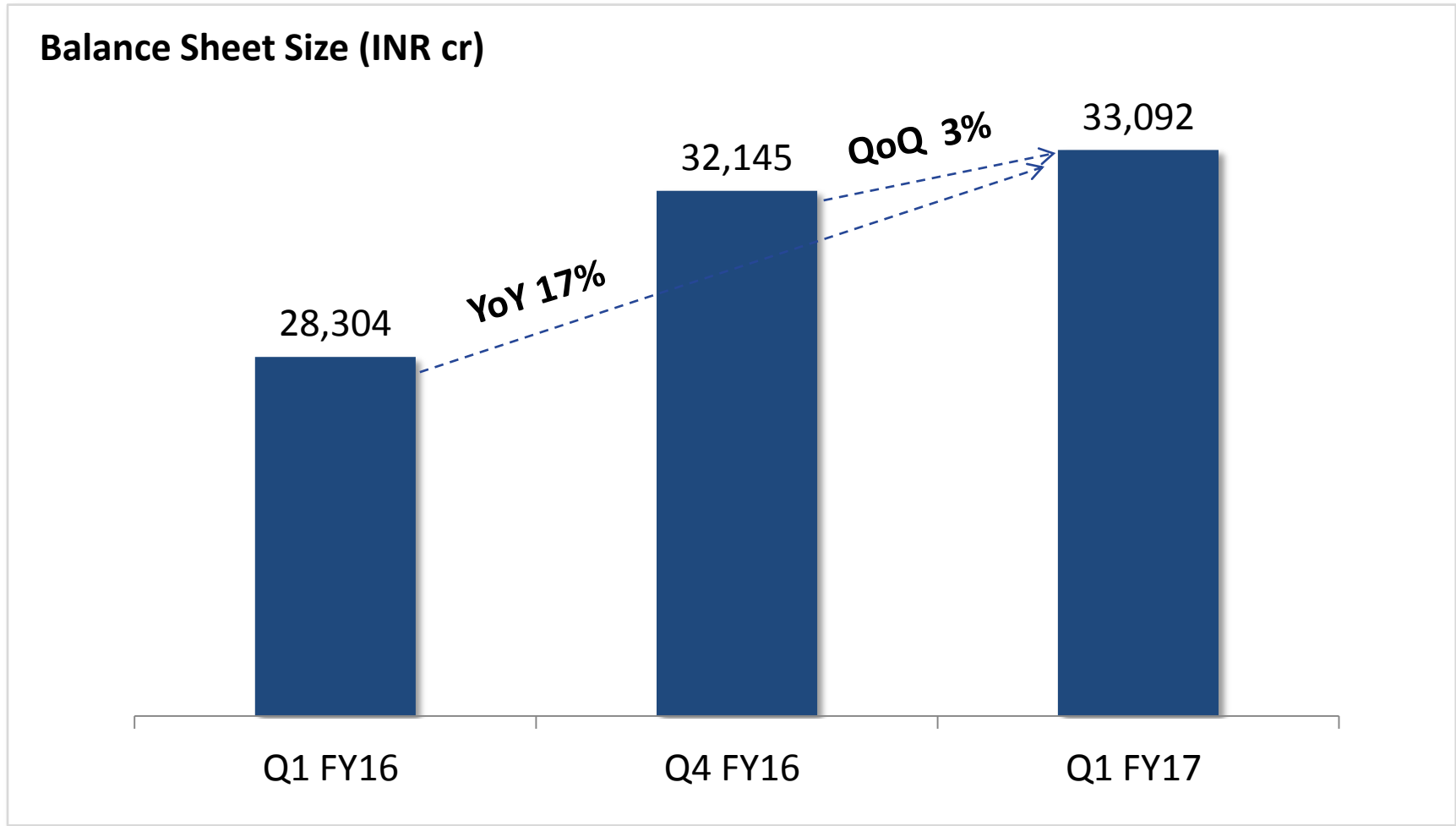


Financial Performance & Overview

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- 2 Consistent growth track record - 38% Ex Insurance CAGR over 4 years
- 3 Consolidated RoE improved to 15.1%; Ex Insurance RoE to 19.4%
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Balance Sheet

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- 7 Long term liabilities increased and ALM maintained
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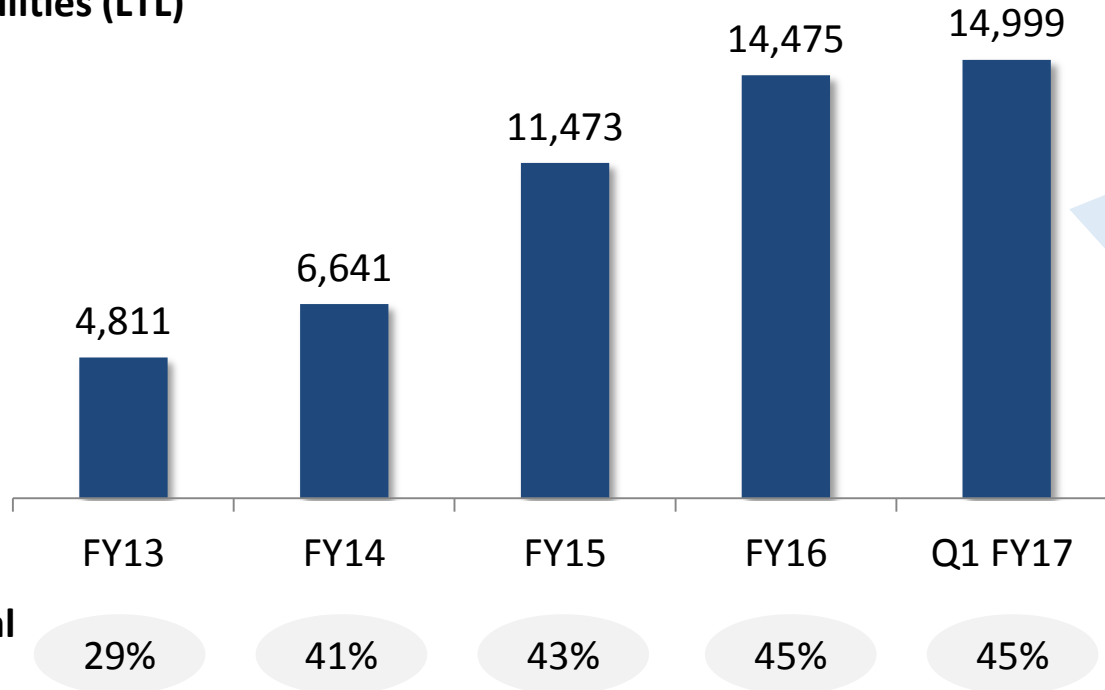




INR cr	Q1 2017	Q1 2016	<u>YoY</u> <u>Growth</u>
Assets on Balance Sheet	33,100	28,300	17%
Assets Under Management (AUM)	35,000	25,100	40%
Assets Under Advice (AUA)	31,100	21,400	45%
Total Assets	99,200	70,700	40%

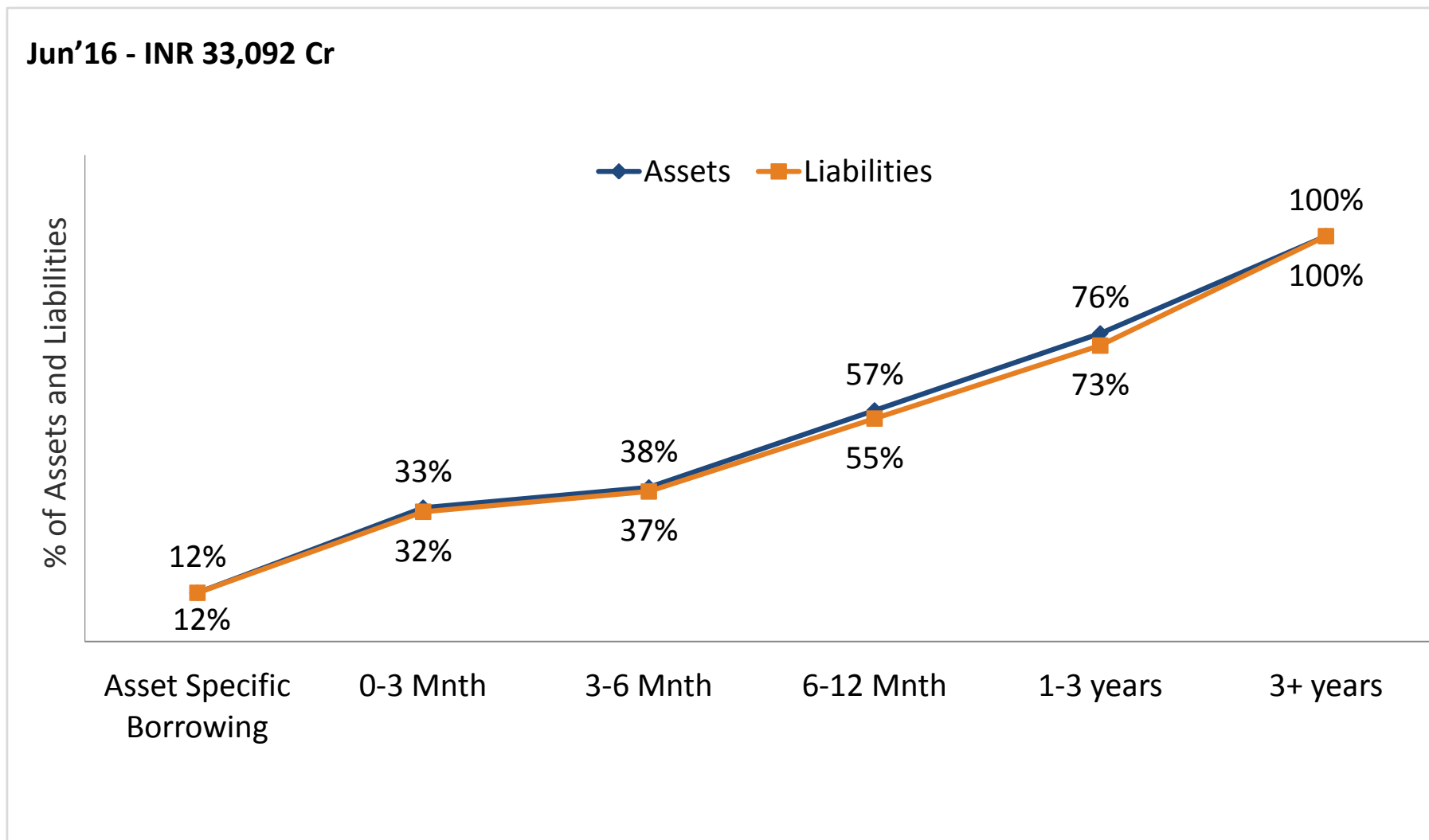
**Long Term Liabilities (LTL)**

INR cr

**LTL as % of Total Liabilities**

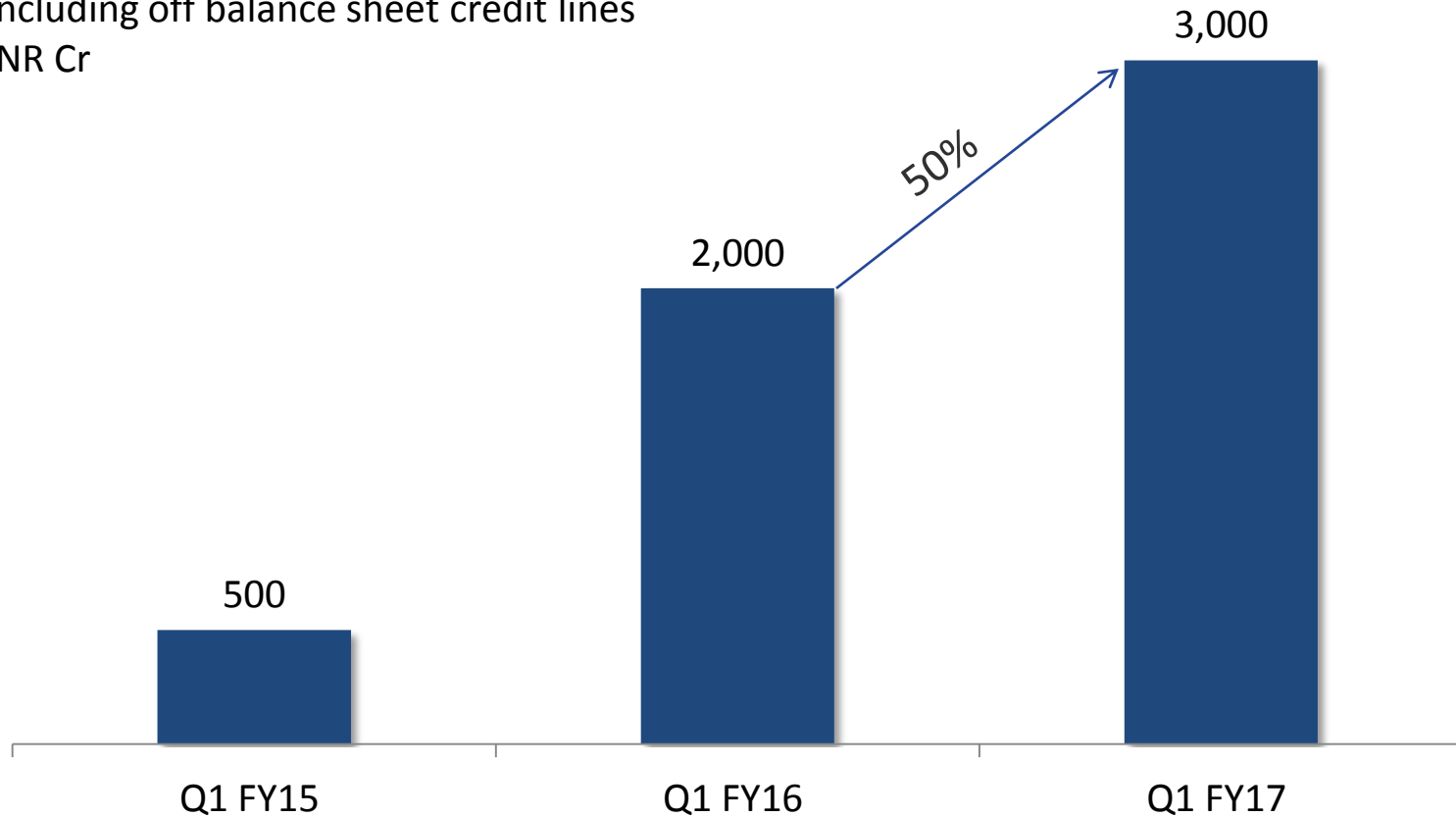
- Maiden public issue of 500 Cr by Edelweiss Housing Finance Limited:
- Oversubscribed to Rs 844 Cr on day one
- Significant portion of the issue collected in 10 year bucket

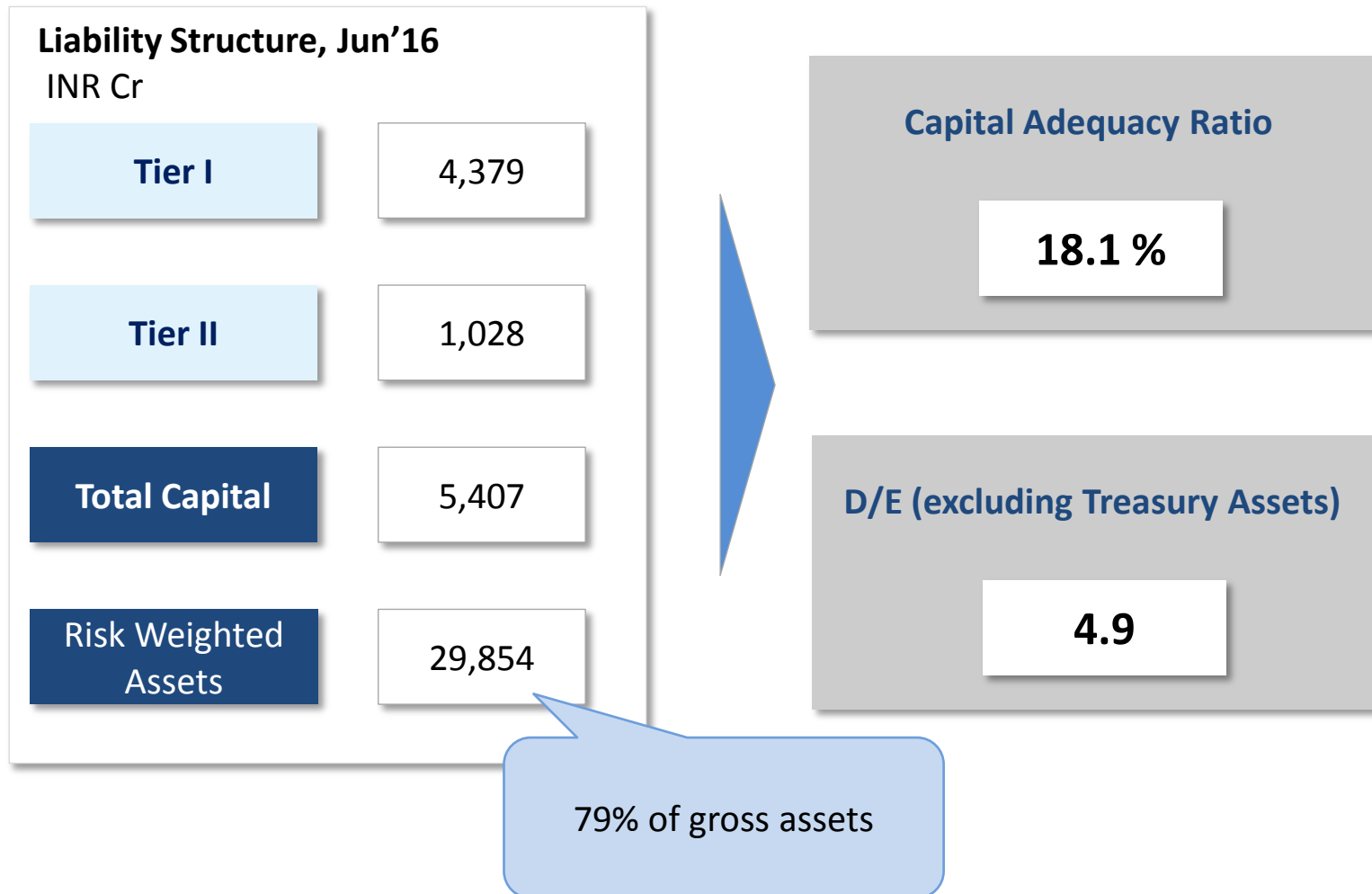
ALM maintained



**Liquidity cushion**

Including off balance sheet credit lines
INR Cr

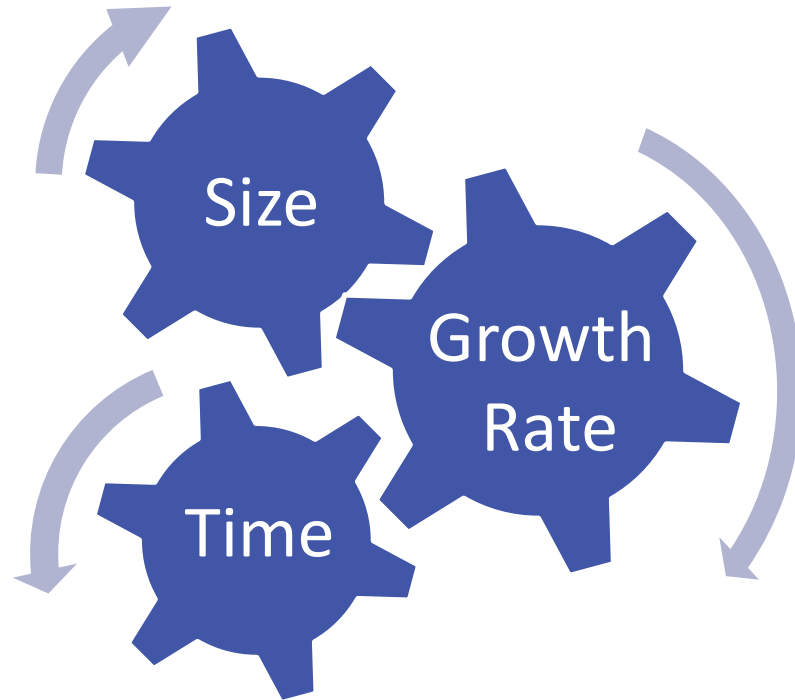




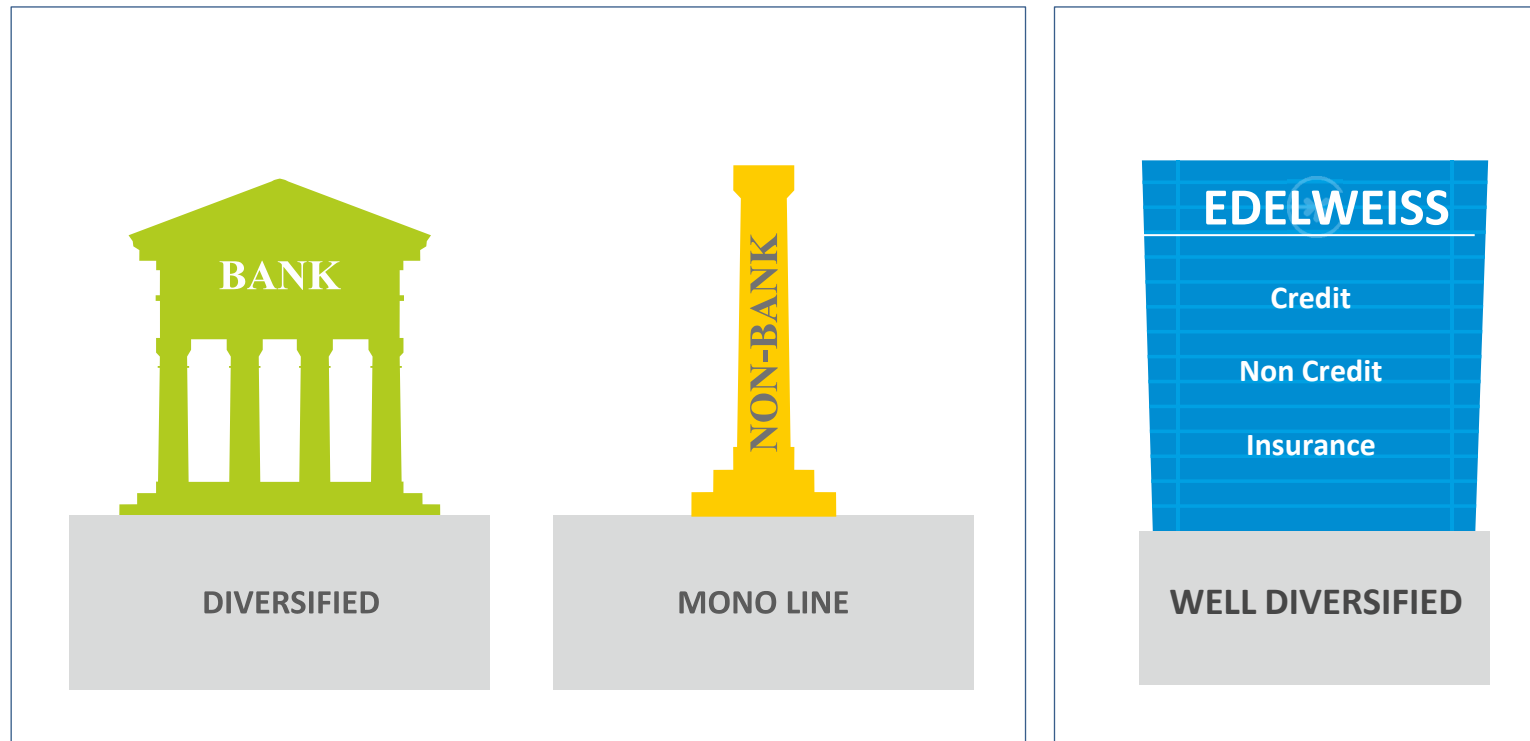


In Conclusion..

India's Compounding Growth Story..




...In conjunction with our Diversification Strategy...




Unique Model that is “Scalable, Stable and Profitable”

...Will help us achieve our targets as articulated in our FY16 presentation



- 
- A blue pushpin is pinned to the top right corner of the light blue sticky note.
- Grow PAT consistently at 25%
 - Consolidated RoE to 16-18%
 - Ex Insurance RoE to 19-20%
 - Ex Insurance RoA to 2.3-2.5%
 - Ex Insurance Cost to Income ratio to 50%

- 
- A red pushpin is pinned to the top right corner of the light orange sticky note.
- NPA below 2%
 - Capital Adequacy Ratio >16%
 - Enhance long term credit rating to AAA