

EW/Sec/2019/156

June 6, 2019

**BSE Limited**  
P J Towers, Dalal Street,  
Fort, Mumbai - 400 001.

Dear Sir/ Madam,

**Ref.:- Scrip Code: 532922**

**Sub: Investor Presentation**

Please find enclosed the Investor Presentation for your information and record.

Thanking you,

**For Edelweiss Financial Services Limited**



**B. Renganathan**  
**Executive Vice President & Company Secretary**

Encl: a/a



# Edelweiss Financial Services Limited

*June 4, 2019*



# Edelweiss – Our Journey

## **We Started Edelweiss in 1996...**

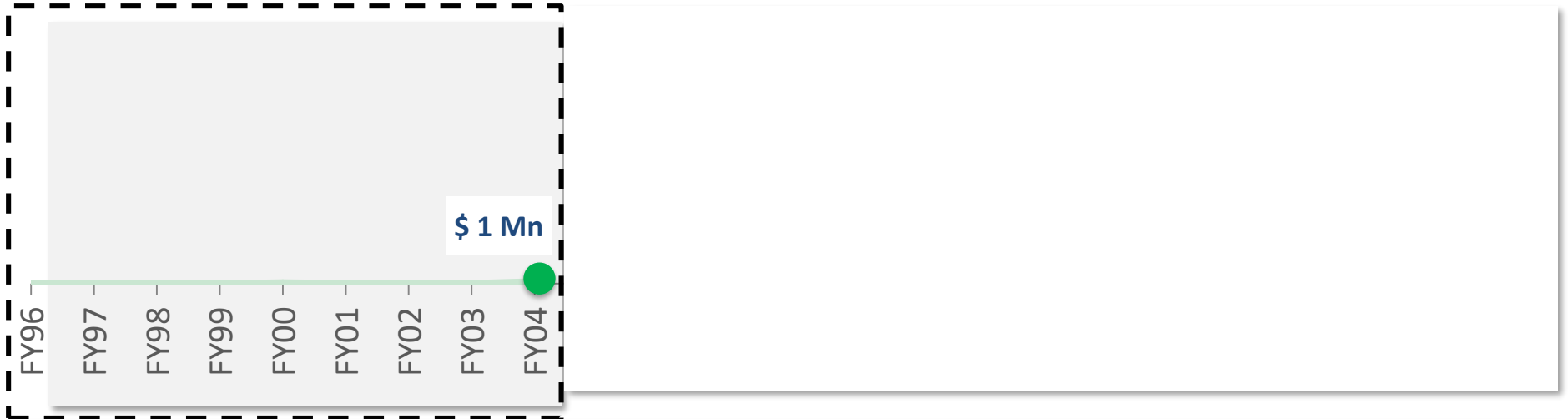
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# Journey So Far: Our First 8 Years



## Profit after Tax

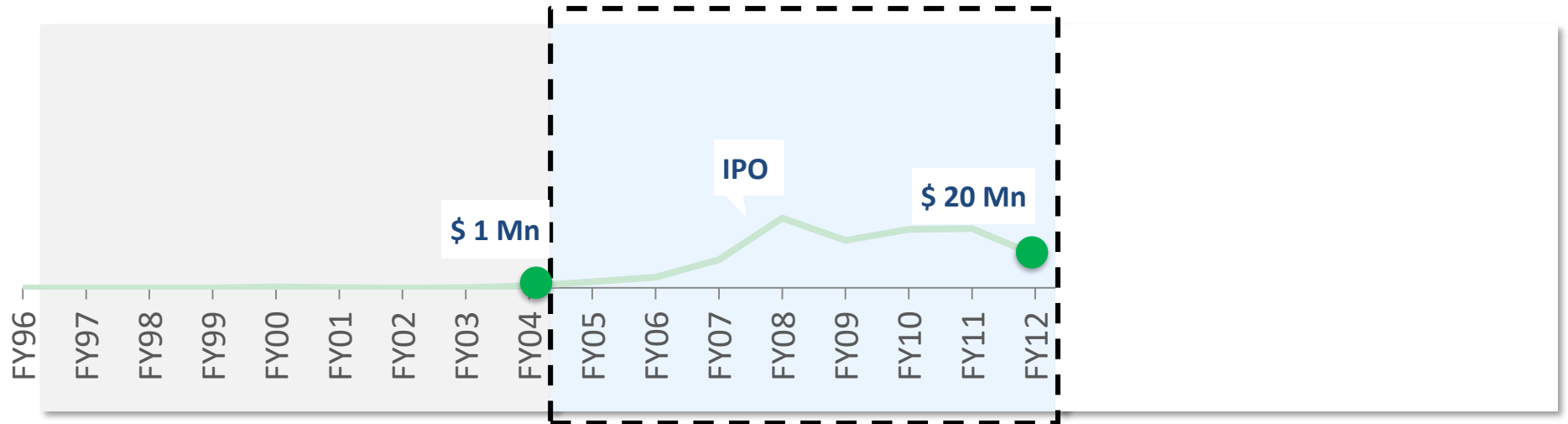


- Foundation of Edelweiss as an Investment bank in 1996 with a capital base of \$ 100,000 & 4 employees
- Expanded into Broking business in 2000
- Grew to a 100-employee company in FY04
- **However it was clear that the significant profit pool in financial services was in credit : strengthening the capital base became key**

# The Next 8 Years: Counter-Cyclical Diversification



## Profit after Tax

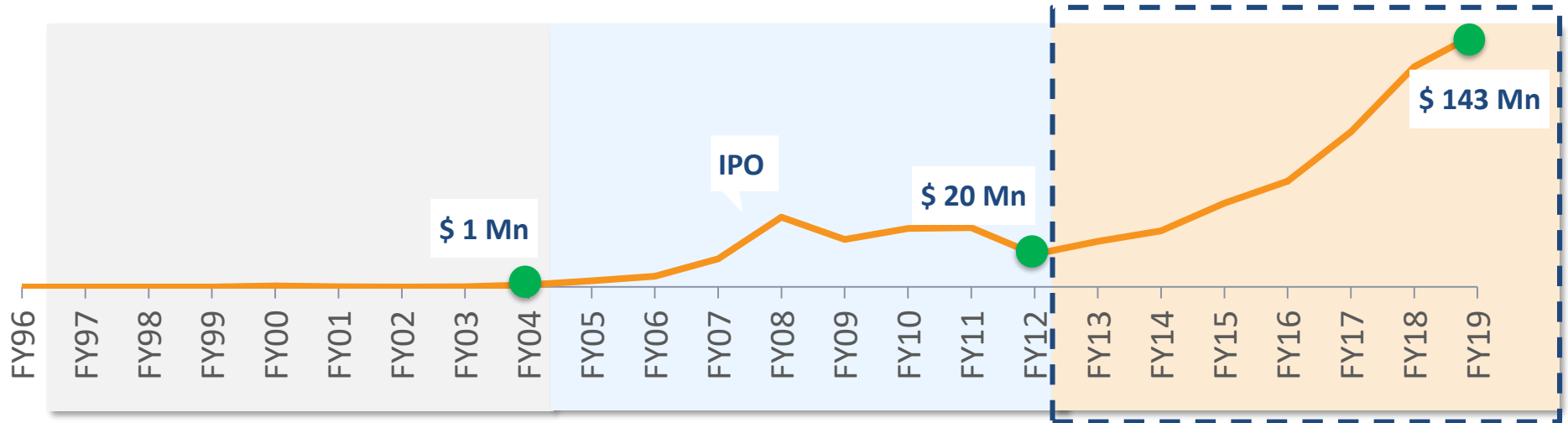


- Continued to build businesses with high quality talent
- Seeded and nurtured diversification through
  - Corporate Loans, Home Loans and SME Loans
  - Distressed Credit
  - Asset & Wealth Management
  - Life Insurance
- Set up our philanthropic foundation – EdelGive

# The Current 8 years: Gaining Scale



## Profit after Tax



- Focus is on scaling up existing businesses to a size so as to be amongst the top 5 players in each business
- Strong governance and risk management structures created to aid expansion
- Capital base of \$ 1.3 Bn and ~11,500 employees as on Mar 31, FY19

# Snapshot of Edelweiss Today



**Balance Sheet**

**\$ 7.8 Bn**

**Customer Assets**

**\$ 28.9 Bn**

**Group Net Worth**

**\$ 1.3 Bn**

**Market Cap**

**\$ 2.7 Bn**

**Profit after Tax**

**\$ 172 Mn**

**RoA**

**2.4%**

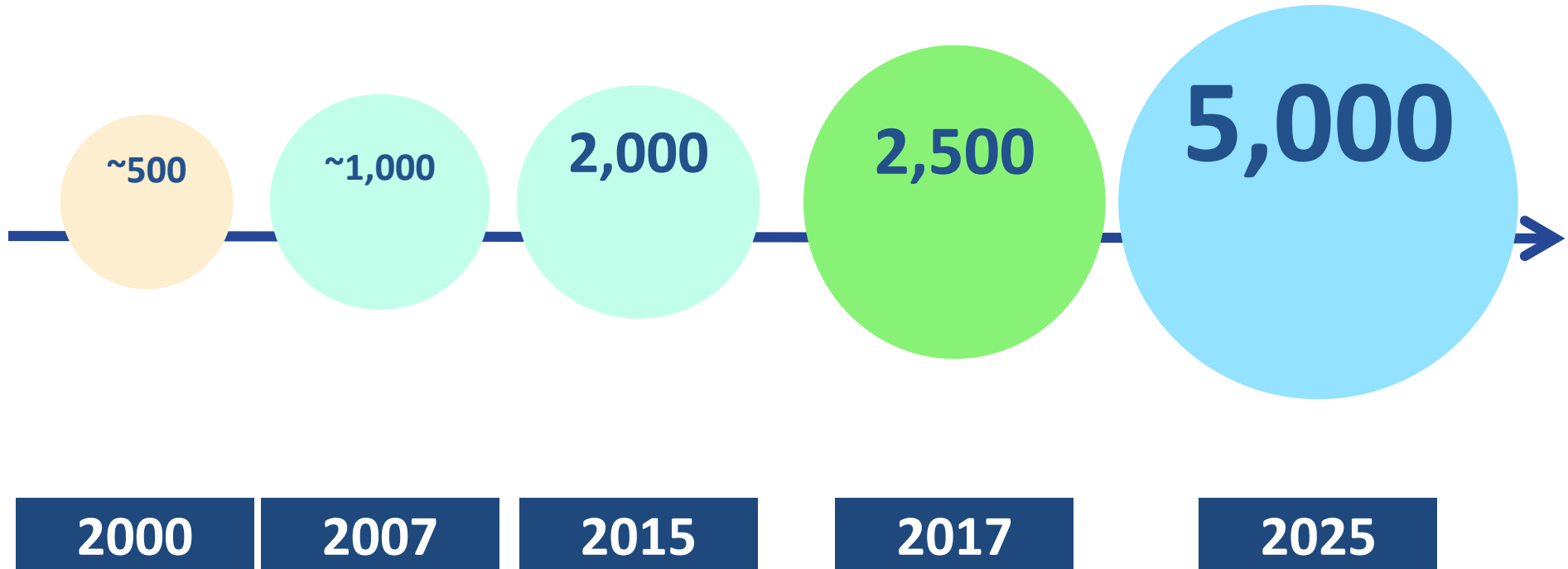


# India Tailwinds

# India's Golden Age of compounding has started



USD Bn



...Will propel India to become the 3rd largest economy by 2025

# It is a Great Time to be in India!



## Very Robust Macro Indicators



Fiscal deficit under control



Steady GDP growth



Inflation at stable levels



Expansionary monetary and credit policy



Structural reforms have set the base for a new era of growth

# 5 Irreversible trends of Financial Services



- 1 Financialization of Savings
- 2 Democratization of Credit
- 3 Privatization of Economy
- 4 Disintermediation of Banking System
- 5 Localization of Financial services

**These trends are not new –  
they have been under way  
for nearly  
**25 years!****

**Our business segments to benefit from these trends and significant under penetration in the financial services segments**

# Key Tenets of Our Business Model

**Strong. Steady. Sustainable.**

# Build a Strong, Steady and Sustainable Business



1

Fortress Balance Sheet

2

Steady Earnings Through Diversification

3

Internal Ownership and Good Governance

4

Strong Global Partnerships

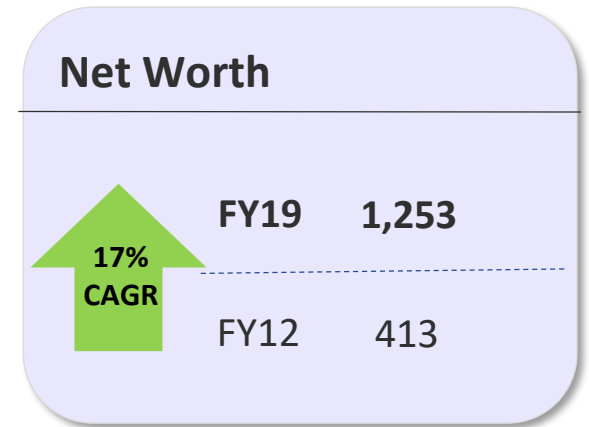
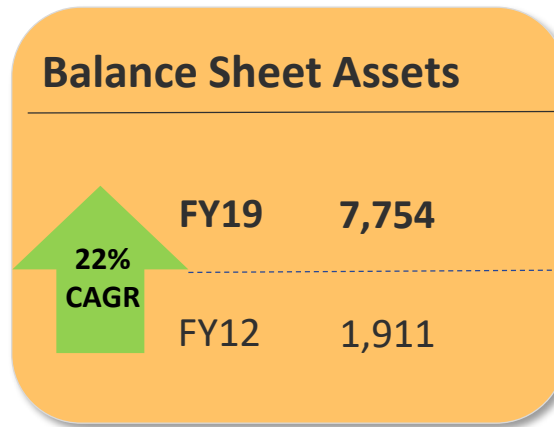
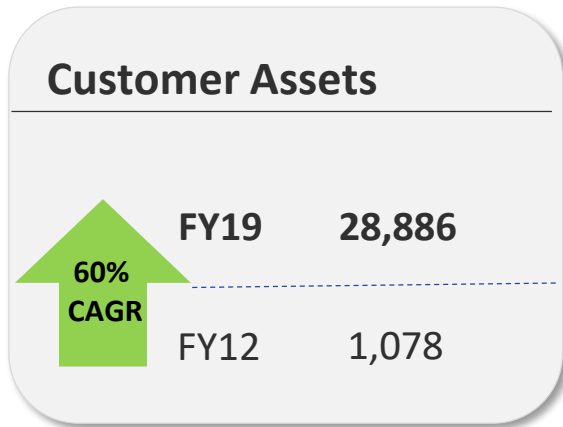
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EdelGive Foundation

# 1 Fortress Balance Sheet



\$ Mn

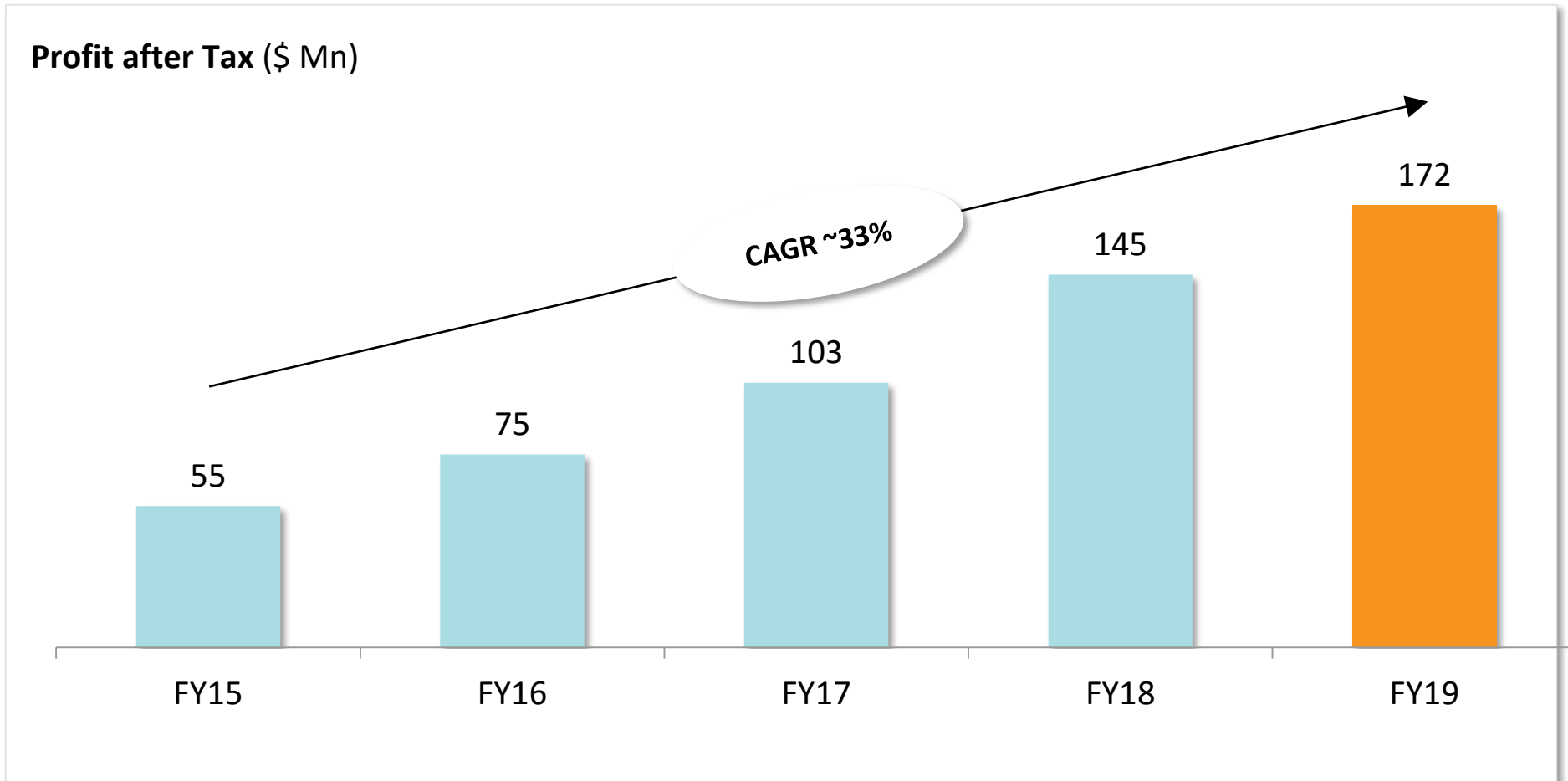


Diversified Liability profile; Long Term Borrowings at 61% of total

D/E (Ex Treasury Assets ) maintained conservatively at 4.4x

Voluntary Liquidity Cushion at 12% of our Borrowings

## 2 Steady profit growth trend ...



**Our balance sheet only grew 19% in this period**

\* Profit after Tax is Ex- Insurance



## 2 ... sustained through diversification



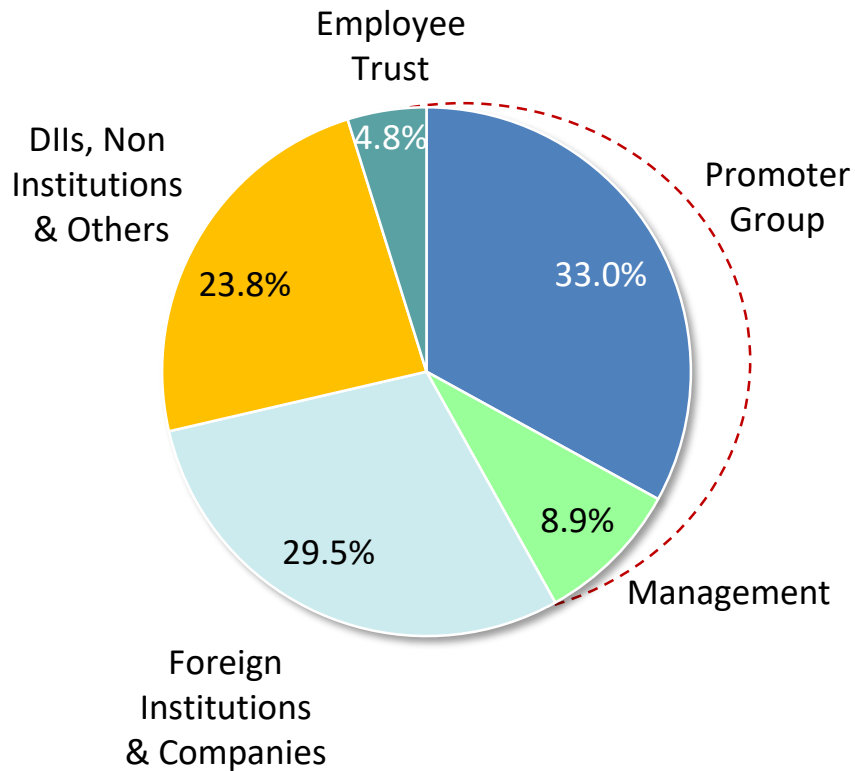
Business Segments (\$ Mn)	% Contribution to FY19 PAT
Retail Mortgage	7%
SME, ESOP and Other Business Loans	9%
Structured Collateralised Credit	16%
Wholesale Mortgage	23%
Distressed Credit Business	30%
Wealth Management and Asset Management	16%
Capital Markets	5%
BMU, Corporate and Others	(6%)
<b>Total Ex- Insurance Pre MI PAT</b>	<b>100%</b>

**Our fee based businesses now account for 50% of our profits**



### 3 Culture of internal ownership and good governance

**~47% owned by Edelweiss Management**



**High Corporate Governance Standards**

13 member Board

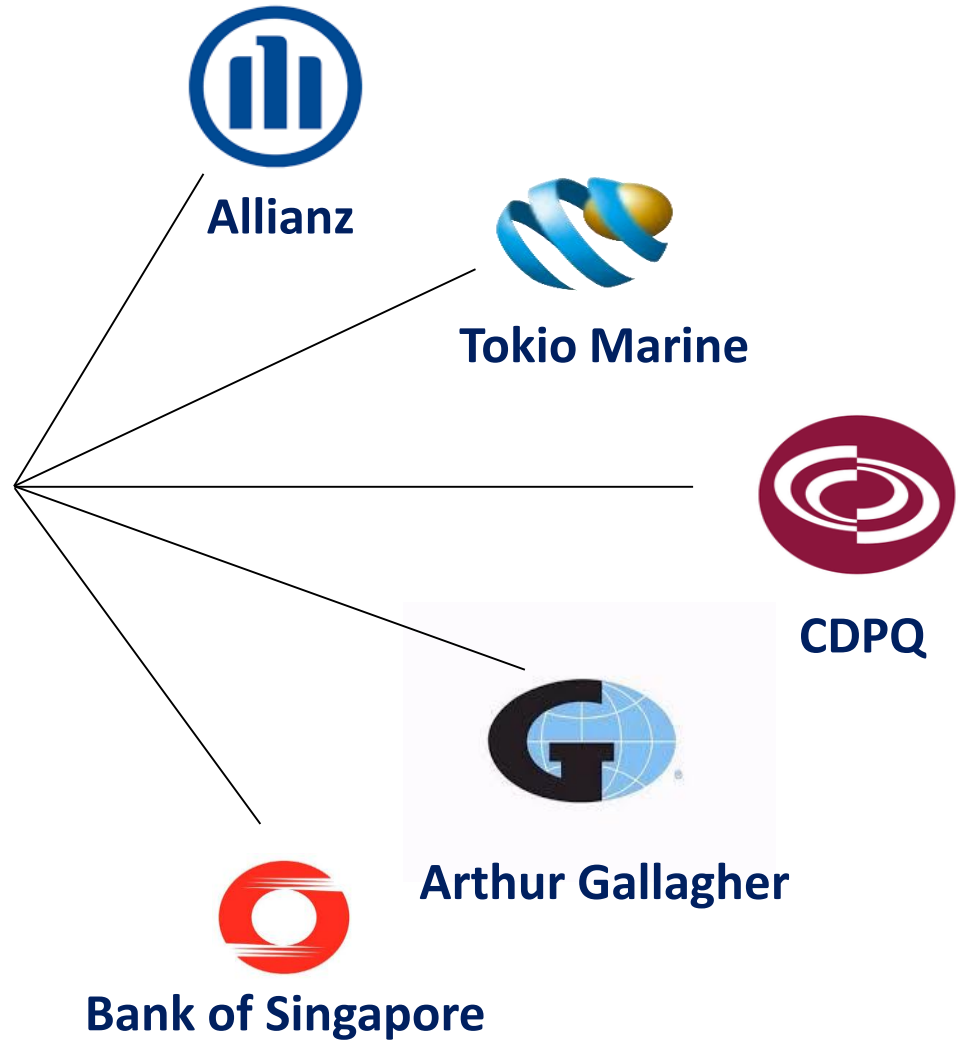
Majority Independent Director's

Key board committees like audit and remuneration consist almost entirely of Independent Directors

Collective work experience across multiple fields of more than ~350 years

Promoting corporate fairness, transparency, accountability and management

# 4 Backed by Strong Global Partnerships



# 5 Edelgive Foundation – Investing Back in our Community



## Education

*Empowering children through holistic learning approach, life skill & research and advocacy*



*Quality education for under-privileged children*



## Livelihood

*Water and soil conservation, skill development, financial inclusion, livelihood generation for communities*



*Financial inclusion for women*



## Women Empowerment

*Promoting safety, gender justice, and economic empowerment of women and girls*



*Protection of Women from Domestic Violence*



**60% of our workforce have volunteered 32,500 man hours for Foundation projects**

# Our Businesses

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# We serve both borrowers and investors



We provide Borrowers with  
loans and access to capital markets

We provide Investors with advice  
to Deploy & Grow capital

Balance Sheet of a Institution/Individual

LIABILITIES	ASSETS
<ul style="list-style-type: none"><li>• Retail Credit</li><li>• Corporate Credit</li><li>• Capital Markets</li></ul>	<ul style="list-style-type: none"><li>• Wealth Management</li><li>• Asset Management</li><li>• Distressed Credit</li><li>• Insurance</li></ul>

# Our Business Segments

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**1**  
Credit

**2**  
Advisory

**3**  
Insurance

# **1. Credit Business**

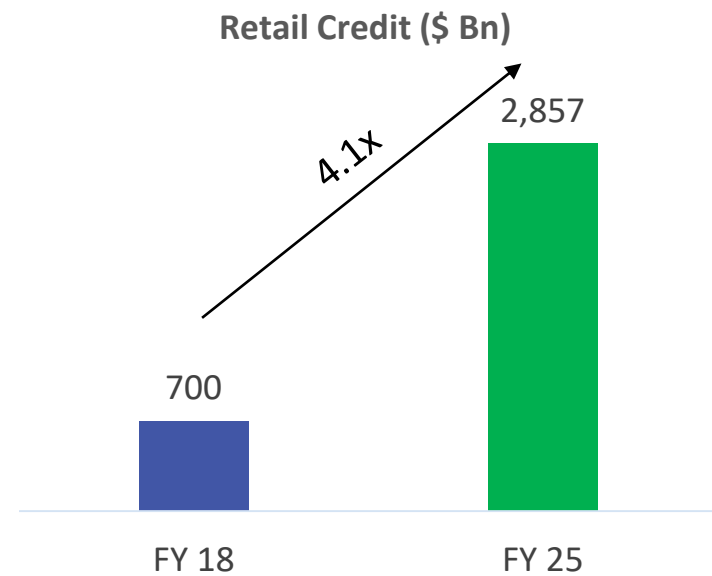
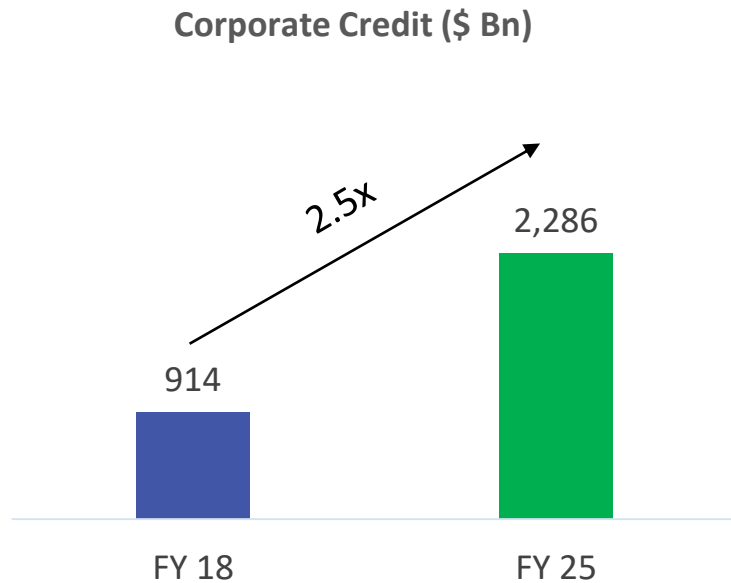


# India Credit growth helped by expanding GDP & Increasing Credit Penetration...



	2018	2025E
<b>GDP</b>	~\$ 2,500 Bn	~2.0x (multiple of 2018)
<b>Credit</b>	~\$ 1,750 Bn	~2.6-3.0x (multiple of 2018)
<b>Credit penetration</b>	~68%	~85%

## Retail Credit expected to grow faster than Corporate Credit



# ...Democratization of Credit is driven by several factors



Enabling Reforms like Jan Dhan and Mudra and GST



Creation of relevant infrastructure like Aadhaar, RuPay and BHIM



Improved Credit Underwriting mechanisms

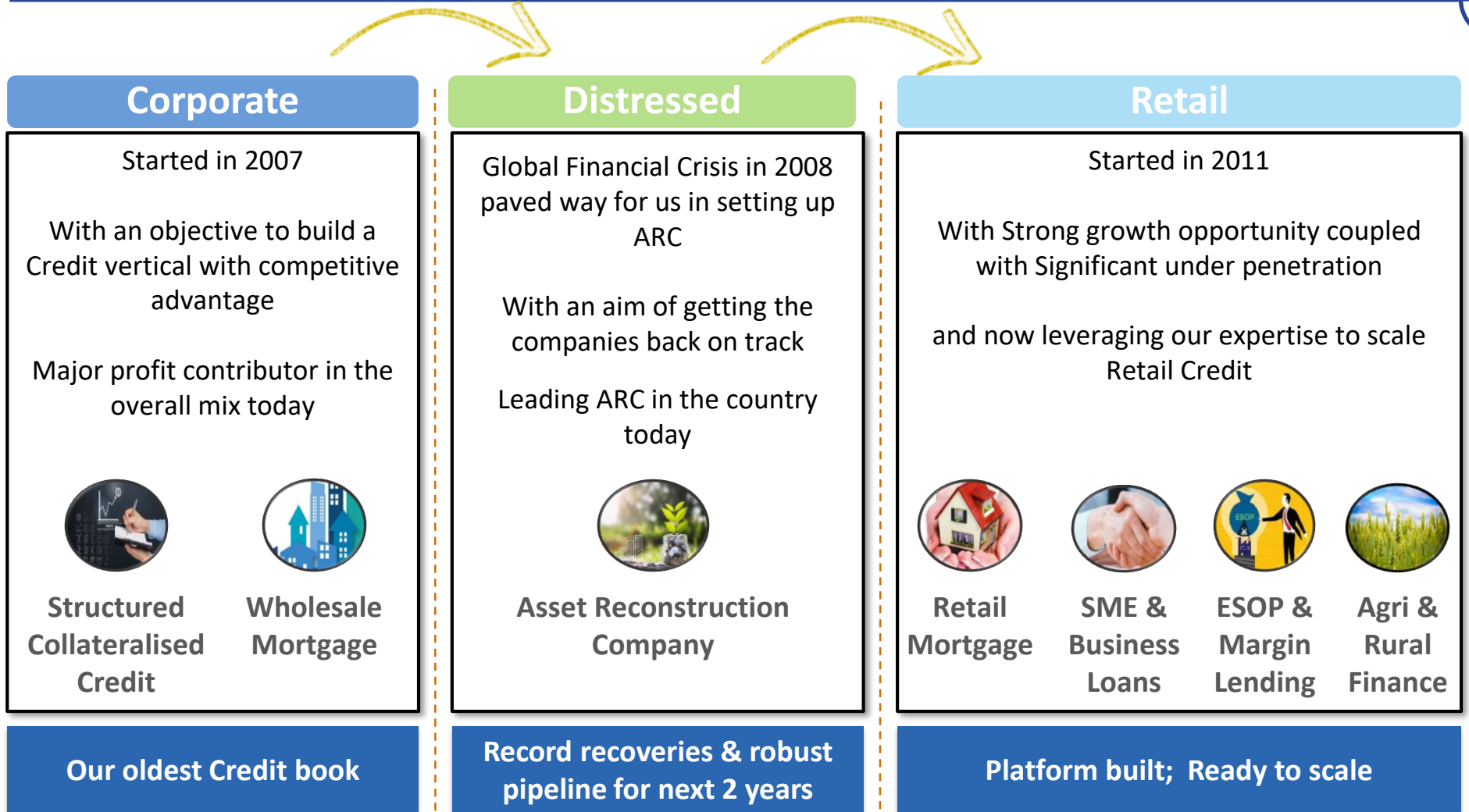


Better borrower data access through agencies like CIBIL



Digitisation of collateral

# Our Journey in Credit so far..



The future of our credit business is in retail credit

## **2. Advisory Business**

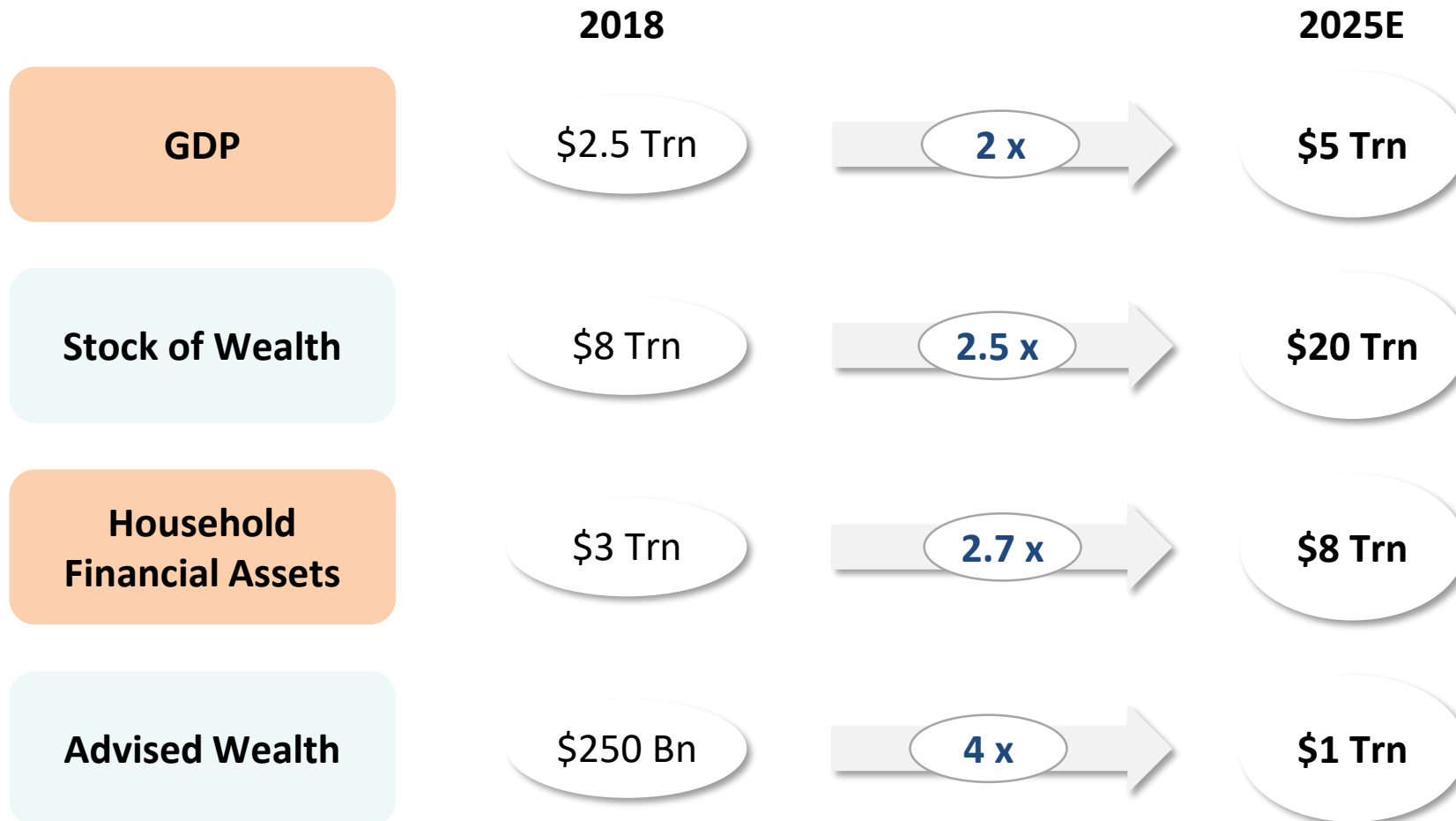
## Indian savings shifting to financial assets...



Savings Distribution (\$ Bn)	FY 12	FY 18	CAGR
Currency	15.2	67.6	28%
Deposits	77.8	71.9	(1%)
Claims on government	(3.2)	11.8	NA
Insurance funds	28.2	47.0	9%
Shares and debentures	2.4	21.7	44%
Provident and pension funds	13.8	50.3	24%
<b>Total</b>	<b>134.2</b>	<b>270.3</b>	<b>12%</b>

**Driven by demographics and increasing sophistication in investment choices**

## ... Creating a sizable business opportunity



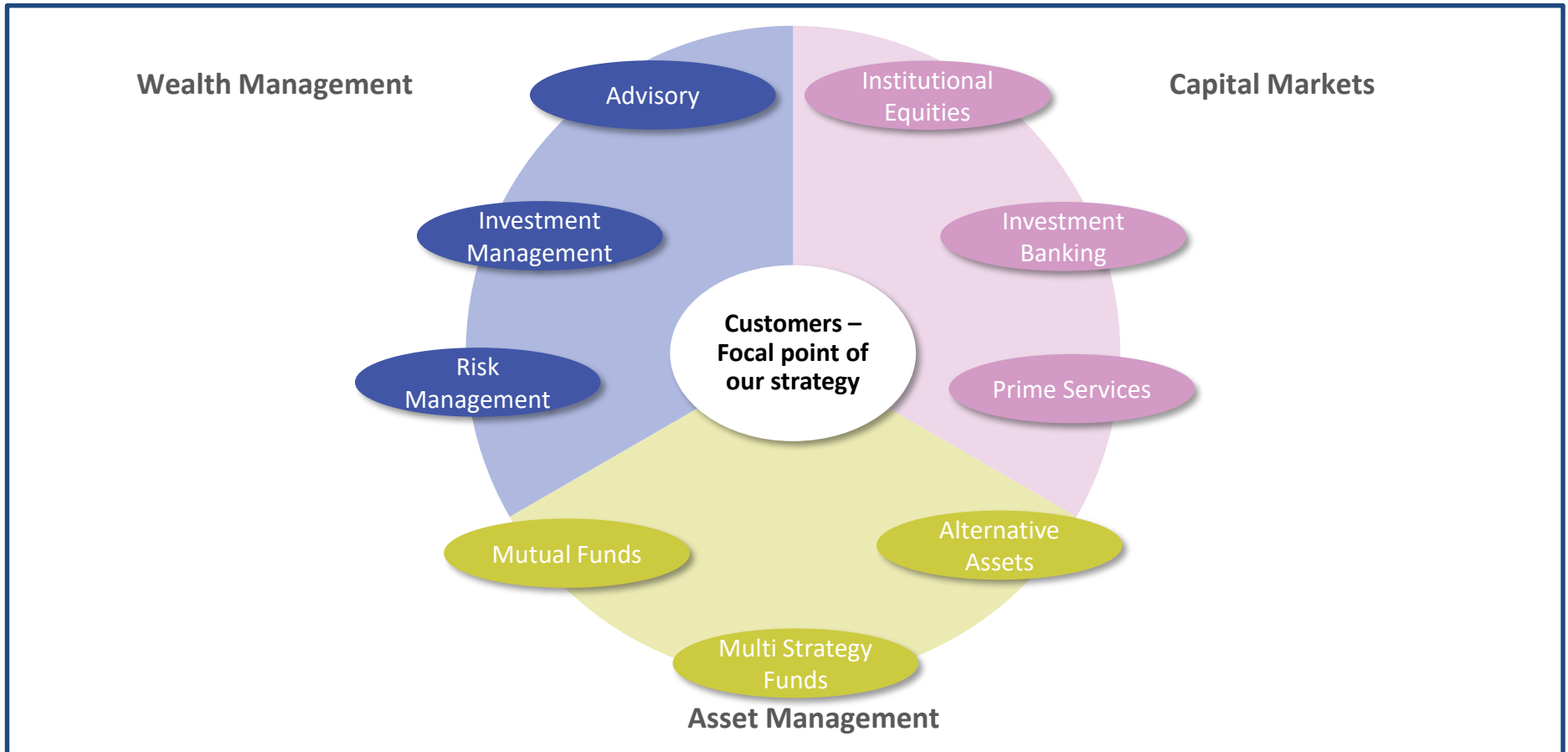
**Demand is NOT a constraint!**

# Our Advisory Business today



Private Clients

Institutional Clients



While we started with Capital Markets, current focus is on Asset & Wealth Management

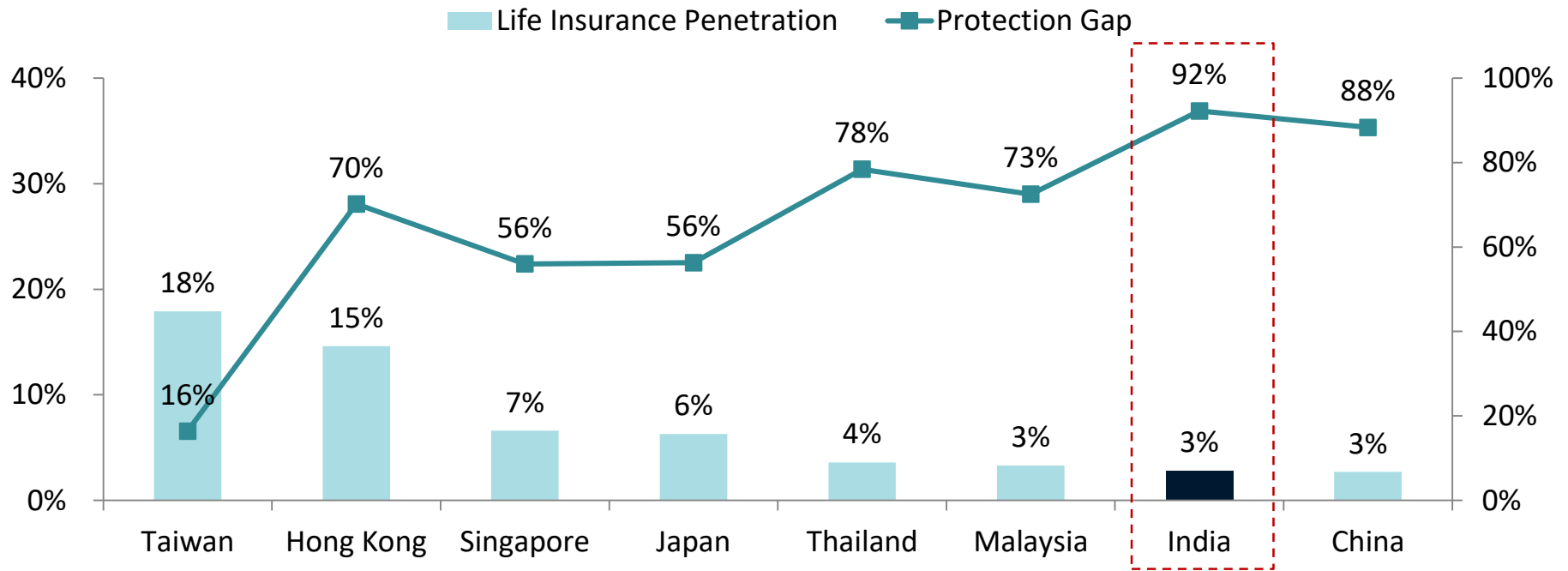
### **3. Insurance Business**



# India Insurance Opportunity



## Significant under penetration and protection gap in Indian Life Insurance Segment



- Key Demographic drivers: Increasing Life expectancy and higher proportion of young population
- Policy support: Tax incentives and regulatory policy framework
- Increasing affluence and burgeoning middle class

Note: Life insurance Penetration = Premiums as % of GDP. Penetration data is for 2017 and protection gap data points as of 2014

Source: Swiss Re and MOSPI

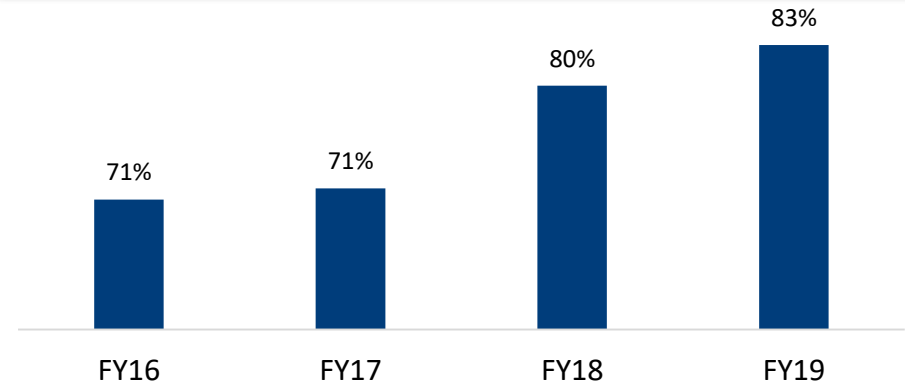
# We have protected over 300,000 lives



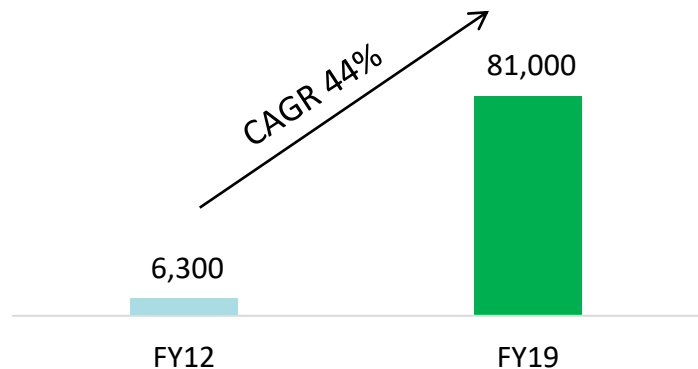
## Business Overview

- Fastest growing life insurance company in India - Long Term Value Creator
- Expanded the reach to 90+ locations in India
- Our 51% JV with Tokio Marine ensures both growth capital and specialist knowledge

## 13<sup>th</sup> Month Overall Renewal Rate Persistency

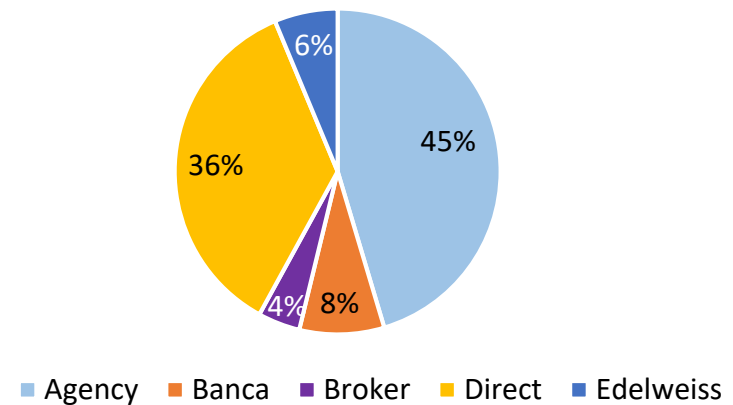


## No of Policies in force



## Channel Mix

Individual New Business Premium FY19



# Way Forward

# Our Key Growth Vectors Will be...

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Retail Credit

Wealth  
Management

Asset Management

Insurance

## Our AIM is to...

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Consistently grow our Consolidated PAT by 20% - 25% annually

Increase the share of retail credit assets to 2/3<sup>rd</sup> on our balance sheet

Maintain leadership in all our Advisory businesses

Achieve break-even in Life Insurance business by 2022

Become an exemplar for corporate governance in India

