

EW/Sec/2017/515

August 7, 2017

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

Dear Sirs,

Ref.:- Scrip Code:- 532922

Sub: Investor Meet Presentation

Please find enclosed the 'Investor Day 2017' presentation.

Kindly take the same on record.

Thanking you,
For Edelweiss Financial Services Limited


B. Renganathan
Executive Vice President & Company Secretary



Edelweiss Investor Day

August 7, 2017



Edelweiss
Ideas create, values protect

Agenda



- 1 Introduction to Edelweiss Senior Management
- 2 Q1FY18 Results Update
- 3 Overview and Business Approach
- 4 Our Businesses
- 5 Building a High Quality Organisation
- 6 India Tailwinds

Introduction to Edelweiss Senior Management

Senior Management



Rashesh Shah



Rujan Panjwani



Venkat Ramaswamy



Ramya Rajagopalan



Himanshu Kaji



S. Ranganathan

Q1FY18 Results Update

Q1FY18 Results Highlights



1

Sustained growth in profitability

Consolidated PAT growth 41% YoY; Ex-Insurance PAT growth 43% YoY

Balance Sheet growth 32% YoY

2

Profit growth across businesses

Credit business grew 42% YoY

Franchise & Advisory business grew 87% YoY

3

Continued improvement in key performance ratios

Consolidated RoE 17.9%; Ex-Insurance RoE 22.2%

Consolidated RoA 2.0%; Ex-Insurance RoA 2.5%

Consolidated C/I ratio 59%; Ex-Insurance C/I ratio 49%

PAT Growth of 41% YoY in Q1FY18...



| (INR Cr) | Q1FY17 | Q4FY17 | Q1FY18 | YoY Growth |
|---------------------------------|--------|--------|--------|------------|
| PAT Consolidated | 140 | 170 | 196 | 41% |
| <i>Credit</i> | 96 | 128 | 137 | 42% |
| <i>Franchise & Advisory</i> | 34 | 78 | 64 | 87% |
| <i>Insurance</i> | (16) | (42) | (26) | - |
| <i>BMU, Corp & Others</i> | 26 | 6 | 21 | (19%) |
| PAT Ex-Insurance | 155 | 212 | 222 | 43% |

...With Significant Scale and Growth in Assets



As on 30th June'17 (rounded off to nearest 100)

| | INR Cr | YoY Growth |
|--|-----------------|------------|
| On Balance Sheet Assets | 43,600 | 32% |
| Off Balance Sheet Assets | 127,800 | 95% |
| <i>Distressed Credit (ARC Assets)</i> | 36,600 | 33% |
| <i>Assets Under Advice (Wealth Management)</i> | 65,900 | 112% |
| <i>Funds under Management (Asset Management)</i> | 19,700 | 239% |
| <i>Assets under Custody</i> | 5,600 | 300% |
| Total Assets | 1,71,400 | 73% |

Clients
~11,00,000

Employees
7,341

Growth in Franchise & Advisory businesses to provide RoE fillip

...And a Stronger Balance Sheet



Liquidity cushion at INR 4,500 cr is ~10.3% of Balance Sheet

Increased quantum of long term liabilities to ~INR 18,000 cr

Positive asset-liability matching across durations

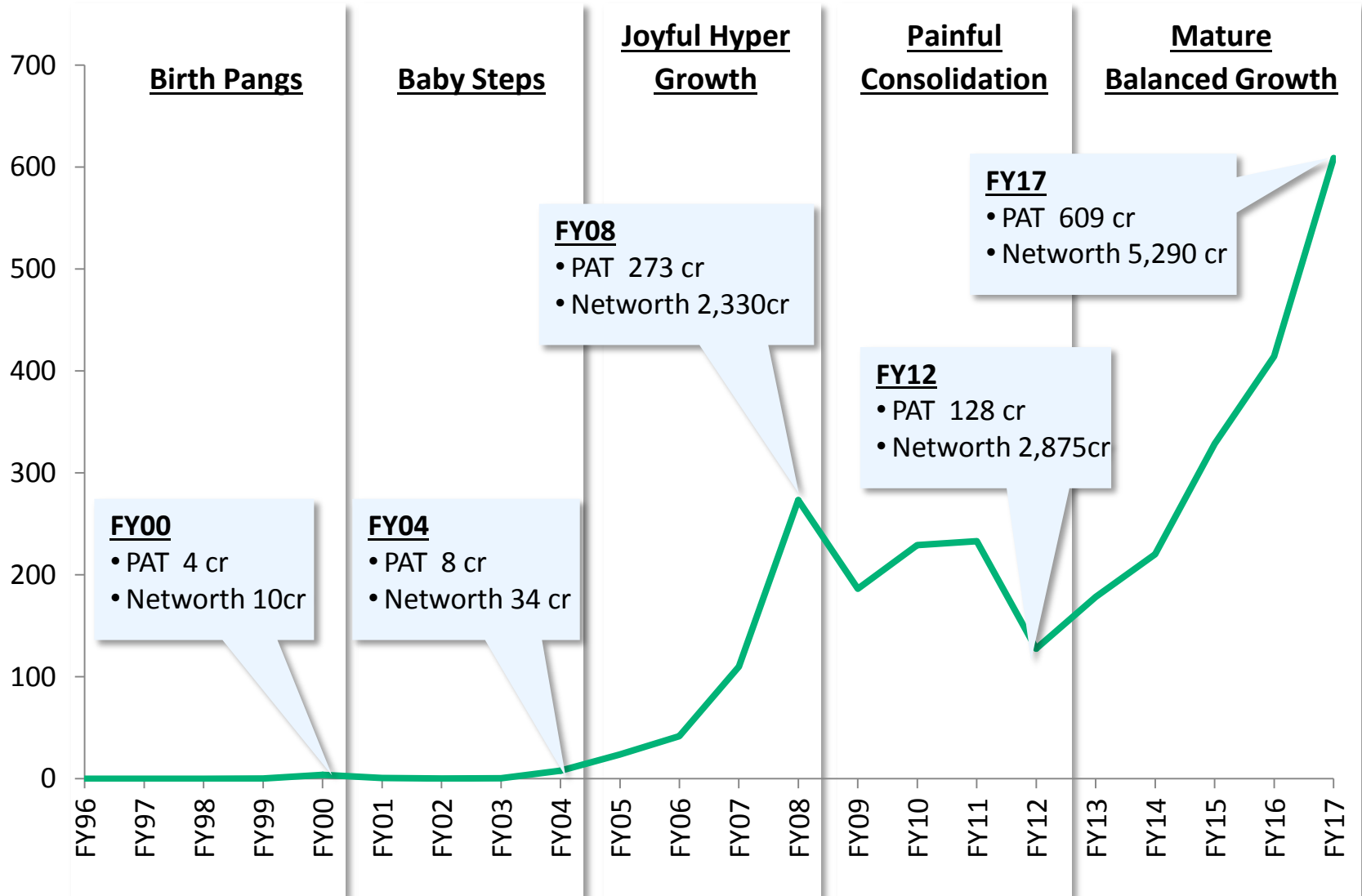
Comfortable capital adequacy ratio - stood at 17.05% as on June'2017

Overview and Business Approach

Our Journey Over the Last 21 Years



Profit after Tax INR cr





**We are now focused
on scaling up
existing businesses**

We are a Diversified Financial Services Company...



Credit

- Retail Credit
- Corporate Credit
- Distressed Credit

Franchise & Advisory

- Wealth Management
- Asset Management
- Capital Markets

Insurance

- Life Insurance



Multiple vectors of growth

Delivers consistent growth and profitability

Helps manage short term volatility in the business cycle

Ability to calibrate growth in line with favourable market conditions

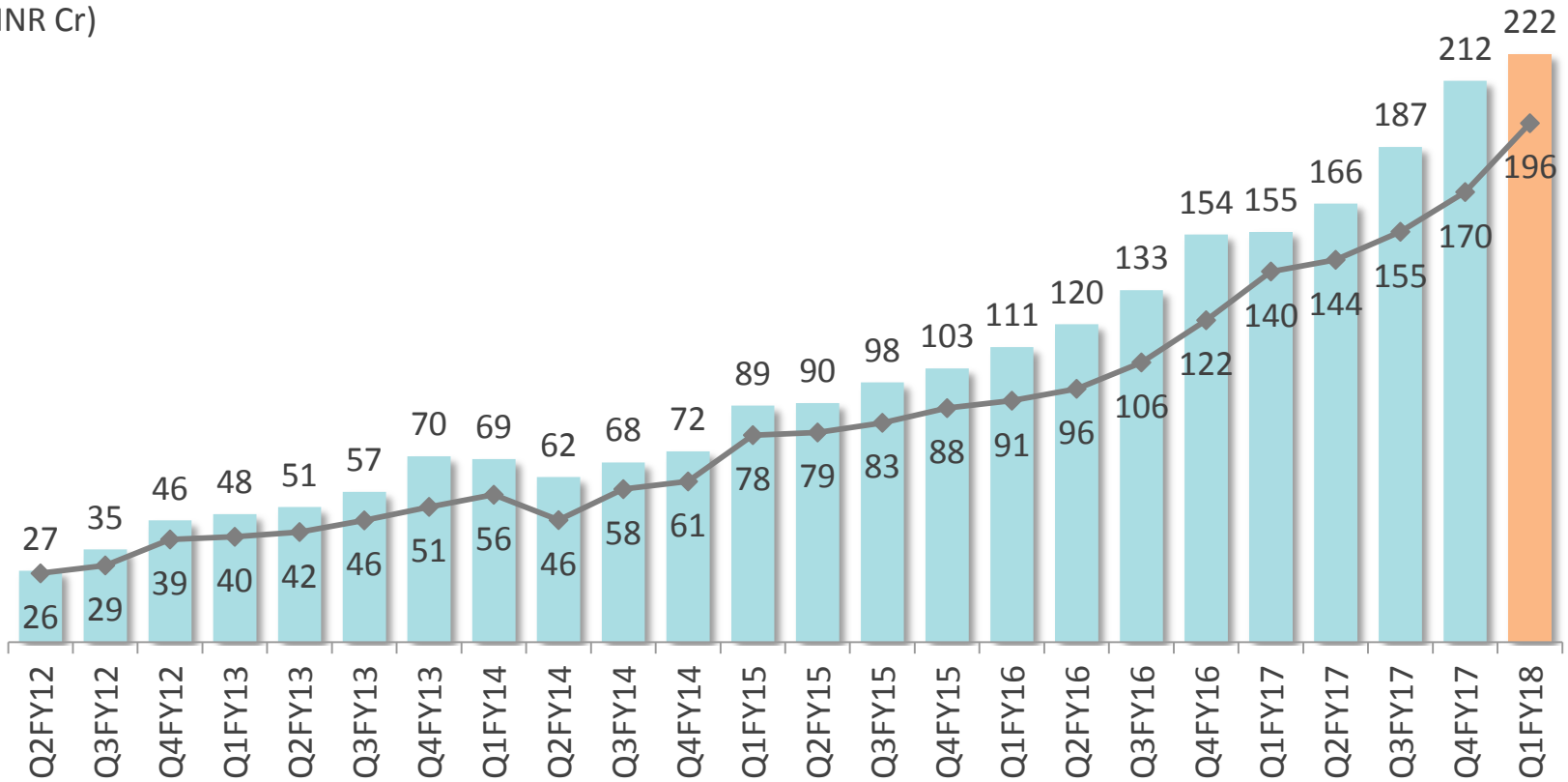
Provides avenues of growth for human capital

...With Consistent Growth Over the Past 5 Years



Profit after Tax
(INR Cr)

Ex-Insurance PAT Consolidated PAT



Consolidated PAT CAGR of 38% over last 24 quarters

Our Aim Over the Next 3 Years is to...



- 1 Consistently grow our PAT at 25% - 35% annually
- 2 Reach a Consolidated RoE of 18%
- 3 Reach an Ex-Insurance RoE of 22%
- 4 Bring down Ex-Insurance Cost to Income Ratio below 50%
- 5 Increase Retail Credit Book to 50% of Total Credit Book
- 6 Maintain our asset quality with GNPA below 2%
- 7 Enhance long term credit rating to AAA

Our Businesses

Credit

Senior Management



Anil Kothuri

*Retail Mortgage
& SME*



R.K Bansal (Advisor)

*Distressed Assets
Resolution*



Ravi Bubna

*Corporate
Credit*



Siby Antony

*Distressed Assets
Resolution*



Randhir Singh

*Structured
Collateralised Credit*



Amit Agarwal

*Distressed Assets
Resolution*



Sanjeev Rastogi

*Wholesale
Mortgage*

Growth Driven by Our Diversified Credit Book...



| As on 30 th June'2017 | Book Size (INR Cr) | % Share | |
|---|--------------------|-------------|---|
| Retail Credit | 10,245 | 34% | |
| <i>Retail Mortgage</i> | <i>4,032</i> | <i>13%</i> | Blend of loans to home owners and home buyers |
| <i>SME & Business Loans</i> | <i>2,327</i> | <i>8%</i> | Highly scalable, focus area for future |
| <i>Loan against shares</i> | <i>3,007</i> | <i>10%</i> | Catering to Retail and Wealth Management customers in Capital Markets |
| <i>Agri and Rural Finance</i> | <i>879</i> | <i>3%</i> | Large scalable opportunity with low competitive intensity |
| Corporate Credit | 14,491 | 49% | |
| <i>Structured Collateralised Credit</i> | <i>6,926</i> | <i>24%</i> | Customized credit solutions with robust risk management systems |
| <i>Wholesale Mortgage</i> | <i>7,565</i> | <i>25%</i> | Developer financing for primarily residential properties |
| Distressed Credit | 5,133 | 17% | Largest Asset Reconstruction Company in India |
| Total Credit Book | 29,869 | 100% | |

Credit

Franchise & Advisory

Life Insurance

...With Improving NIMs and Robust Asset Quality

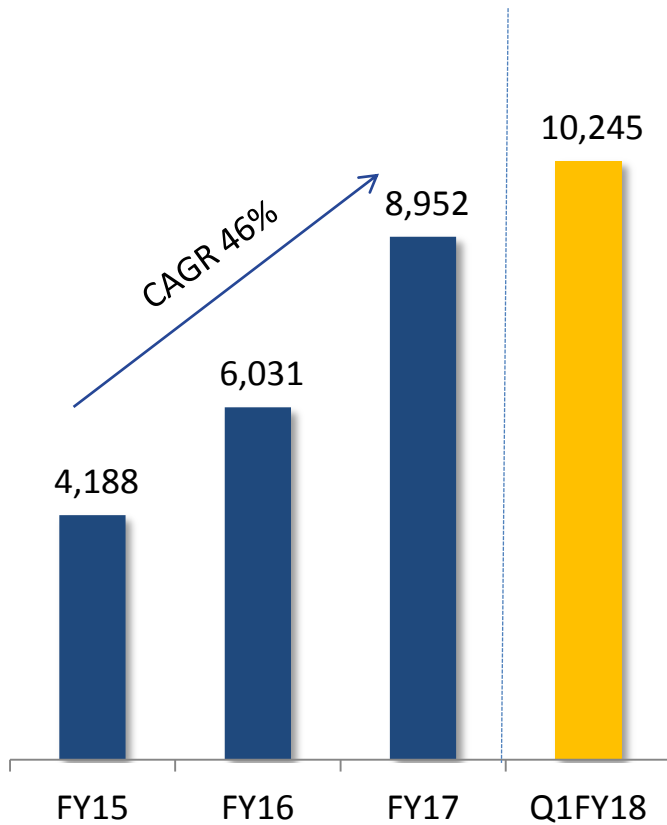


| At the end of | FY15 | FY16 | FY17 | Q1FY18 |
|-----------------------|---------|---------|--------|--------|
| Credit Book | 15,036 | 20,014 | 27,608 | 28,869 |
| Days Past Due | 180 dpd | 150 dpd | 120dpd | 90 dpd |
| Net Interest Margin | 6.7% | 6.8% | 7.2% | 7.6% |
| Gross NPA % | 1.31% | 1.40% | 1.59% | 1.71% |
| Net NPA % | 0.38% | 0.47% | 0.60% | 0.61% |
| Total Provision Cover | 94% | 88% | 87% | 89% |

Retail Credit is Expanding Footprint



Capital Employed
(INR Cr)



Products tailored for target segments that are large, growing, underpenetrated and profitable

Established and optimized business infrastructure and platform

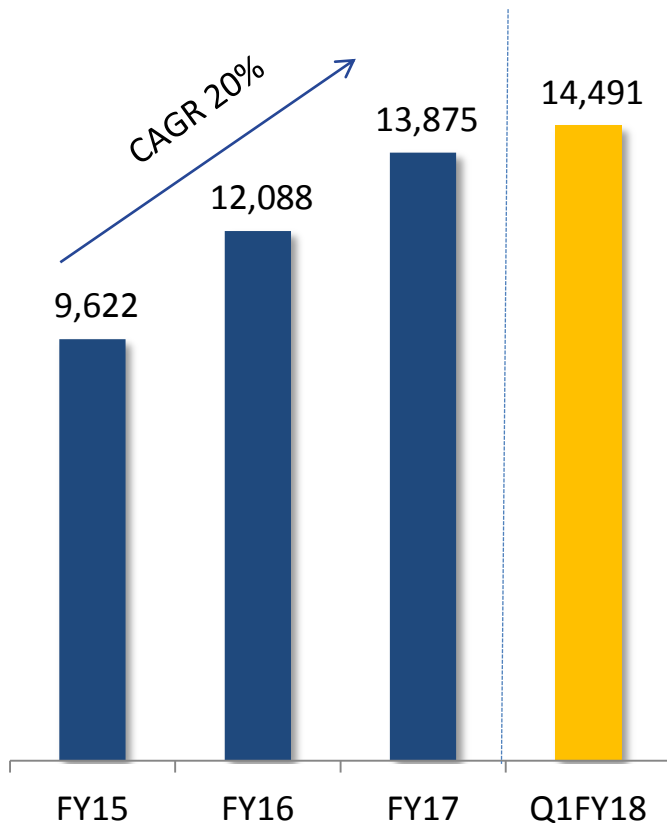
Digital initiatives to drive operational efficiency underway

Increasing location footprint and building SME distribution capabilities

Steady Growth in Corporate Credit



Capital Employed
(INR Cr)



Amongst the top 5 players in the Structured Collateralised Credit space in India

In house team of experts carrying out detailed evaluations -Counterparty, Collateral and Cash flows

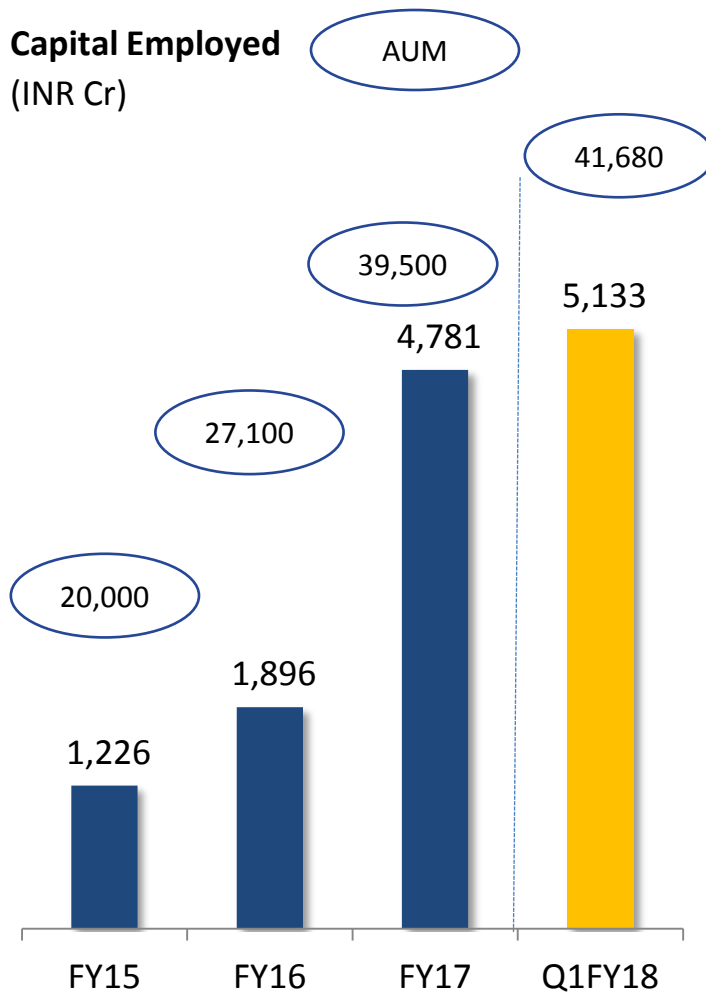
Ring fenced structures and hybrid collateral pool ensures negligible loss given defaults

Incremental growth in Corporate Credit will largely come through the fund structure going forward

EARC is the Largest Asset Reconstruction Company in India



Capital Employed
(INR Cr)



Large opportunity : NPA of ~8Lakh Cr. and Stressed assets of ~10Lakh Cr.

Focus on large operational assets but financially broken

Focused on delivering long term risk adjusted returns of 18-20% akin to LP GP model (Limited Partner & General Partner)

CDPQ has acquired 20% equity stake in EARC

Building capability on operational turnaround with a strong advisory board / network of industry experts



**While Credit remains the
core...**

**Franchise & Advisory
businesses give us a truly
Diversified Model**

Franchise & Advisory

Senior Management



Nitin Jain

*Global Asset &
Wealth Management*



Hemant Daga

*Asset
Management*



Ashish Kehair

*Wealth
Management*



Vikas Khemani

*Capital
Markets*



Deepak Mittal

*Life
Insurance*



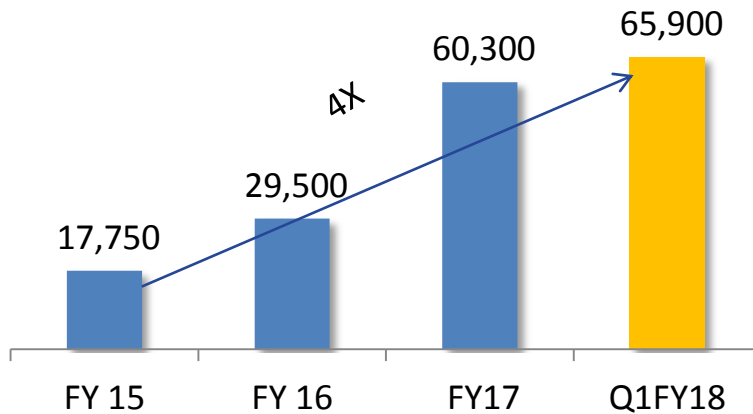
Vidya Shah

*EdelGive
Foundation*

Wealth Management Scaling Up Rapidly



Assets Under Advice (INR Cr)



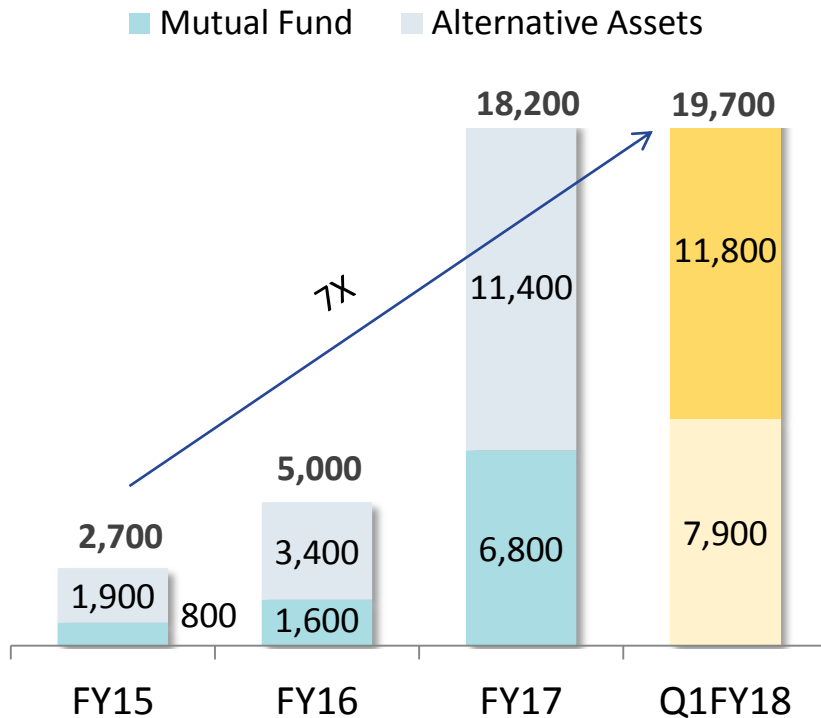
| As on June '17 | No. of clients | AUA (INR Cr) |
|----------------|----------------|--------------|
| UHNI | ~1,000 | 51,100 |
| Affluent | ~4,04,000 | 14,800 |

- Amongst the top 3 Wealth Management players in India
- Large market opportunity
 - UHNI segment: INR 35 lac Cr AUM
 - HNI & Mass Affluent: INR 30 lac Cr AUM
- Focus on offering differentiated strategy across client segments
- Cost to income ratios have improved to 73% for the quarter
- Yield of 80 - 90 bps on AUA

Asset Management – Building a Sustainable Franchise



Assets Under Management (INR Cr)



- Leading player in the Private Debt space across real estate credit, distressed assets credit and special opportunities
- Established track record in Private Debt
- Focus on risk and capital preservation
- Largest Credit SMA in India
- Largest player in Alternative Equity (HF) space

Capital Markets – Pioneer and Market Leaders



Present across the spectrum of Capital Markets

Team strength of 500+ across businesses

Institutional Equities

- Largest domestic institutional brokerage house in India
- Multi-asset Classes
- Research desk covering ~230 stocks spanning ~77% mcap

Debt Capital Markets

- Leadership position in Public Issuances & CPs
- Ranked number one Merchant Banker for Public Issuances of Debt since FY15
- An integrated solution provider in stressed resolution for corporates

Investment Banking

- Multi product, multi sector player with 4% market share
- Strong 50 people team
- Robust M&A & PE practice

Credit

Franchise & Advisory

Insurance

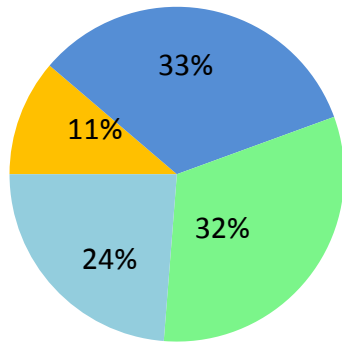
Life Insurance

Life Insurance Expected to Break Even by 2022



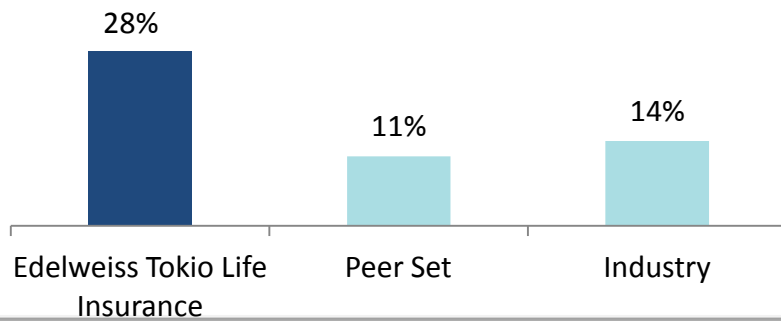
Products

Traditional Par Traditional Non Par
ULIP Group



Individual Annual Premium Equivalent

CAGR growth since FY15



- Great partnership with Tokio Marine
- Focus on Agency and Non Par Business Model
- Indian Embedded Value (IEV) at INR 1,034 cr as on Q1FY18
- Pan India presence with 91 branches in 66 cities

Building a High Quality Organisation

Building a High Quality Organisation



1 Human Resources & Leadership

2 Culture of Ownership

3 Focus on Risk

4 EdelGive Foundation

Human Resources & Leadership



1

Focus on attracting and retaining talent

2

Balanced mix of organic as well as inorganic talent

3

Committed towards creating a continuous talent and leadership pipeline

4

Fostering culture and promoting an all encompassing diverse culture

Our Risk Governance Structure



Oversight by Board Risk Committee

Global Risk Committee

Business

Business Risk

- Implementation of risk framework
- Continuous monitoring of risks
- First line of defense

Group Risk

- Define Organisation risk framework
- Risk aggregation and monitoring
- Risk culture
- Second line of defense

Risk Council

- Identify key current and potential risks
- Develop mitigation plan
- Precursor to ERM

Corporate Controller & audit

EdelGive Foundation - Our Philanthropic Focal Areas



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



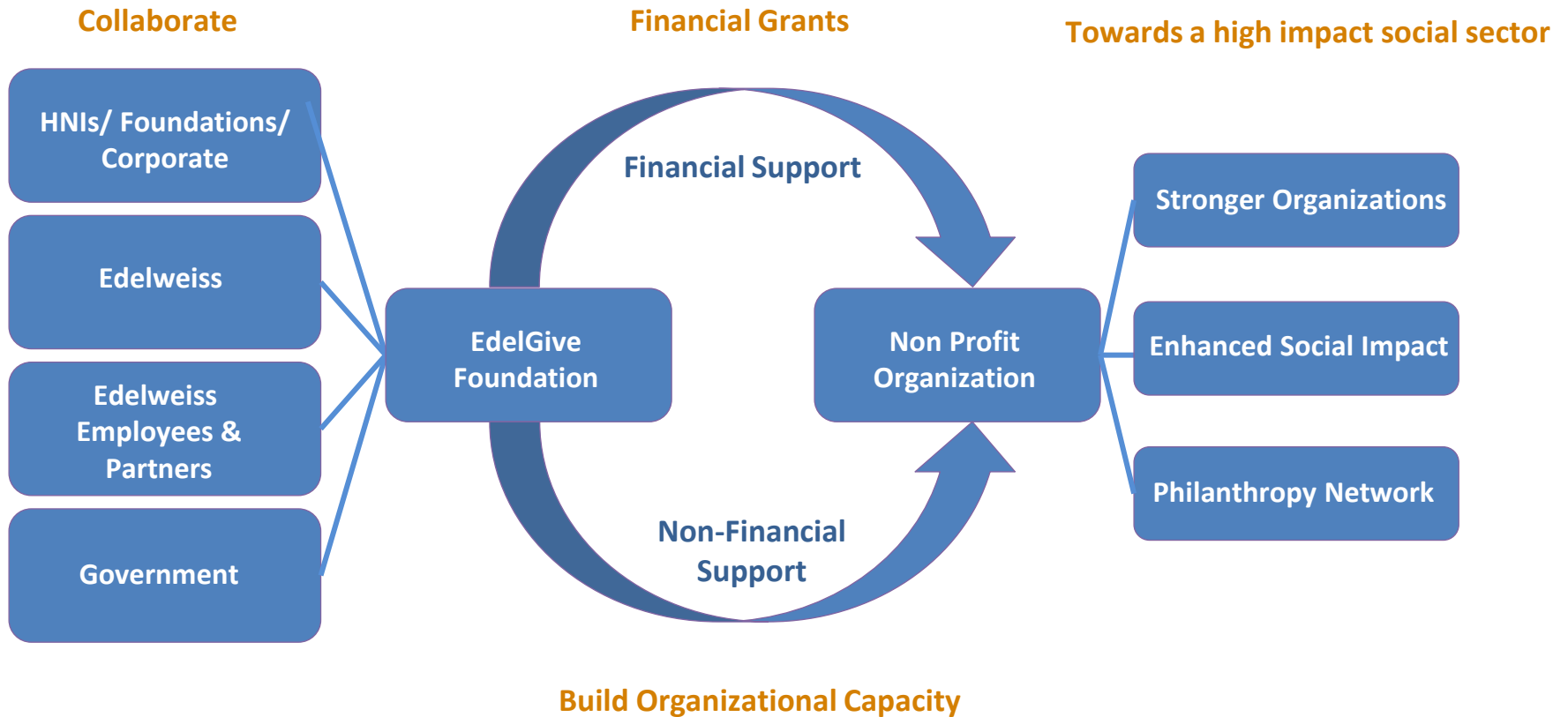
Philanthropic Ecosystem of Giving



Impacted more than **455,000 lives**
Supported over **100 NGOs** in nine years

EW Employees contributed over **22,000 hours of pro bono support**

Influenced over **94 crores** in philanthropy
Presence in **14 states**



India Tailwinds

Global Investors see India as the Next China...



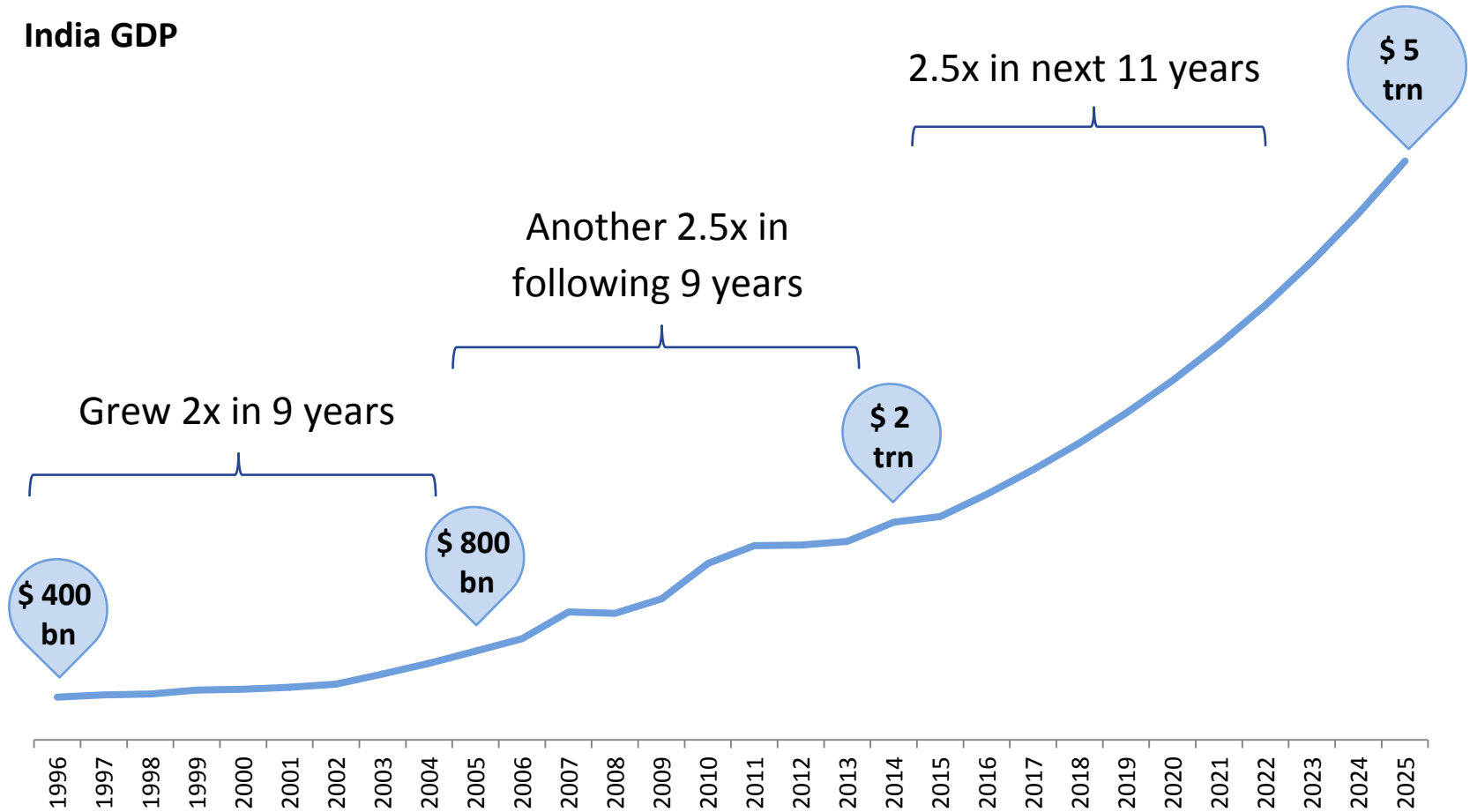
- 1 Macroeconomic Environment - Best it has ever been
- 2 Stable Government has taken several big ticket reforms
- 3 India's age of compounding has started

Wide spread conviction on India's growth and potential transformation

India is Expected to be a \$5 Trillion Economy by 2025 ...



India GDP



Currently only 3 countries have crossed USD 5 trillion

**Within India Financial Services is Growing
even faster**





Key Trends Driving Growth in Financial Services



- 1 Privatization of Credit
- 2 Democratization of Credit
- 3 Shift towards Financial Assets
- 4 Increasing Affluence
- 5 Rising Insurance Penetration
- 6 Increasing Capital Markets Participation

These Trends will Transform Financial Services Landscape in India..



| USD billion | <u>2017</u> | <u>2025</u> | |
|--|-------------|-------------|-----------|
|  Revenue | 250 | 1,250 | 5x |
|  PAT | 25 | 150 | 6x |
|  Market cap | 300 | 1,500 | 5x |
|  Number of Ultra HNIs | 1,50,000 | 8,00,000 | 5x |

What Will it Take to be a Part of the India Growth Story?



4 Key Aspects..

Capital
allocation
efficiency

Volatility
Management

Opportunism

Bifocal vision



?