

EW/Sec/2017/351

April 10, 2017

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

Dear Sirs,

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

**Sub: Investor Presentation**

Please find enclosed the presentation being made to the Analysts.

Kindly take the same on record.

Thanking you,

**For Edelweiss Financial Services Limited**

  
**B. Rehgathan**

**Executive Vice President & Company Secretary**



# Edelweiss Analyst Day

*Friday April 7<sup>th</sup>, 2017*



# Agenda

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1

Our Journey

2

Businesses at Edelweiss

3

Building a High Quality Organization

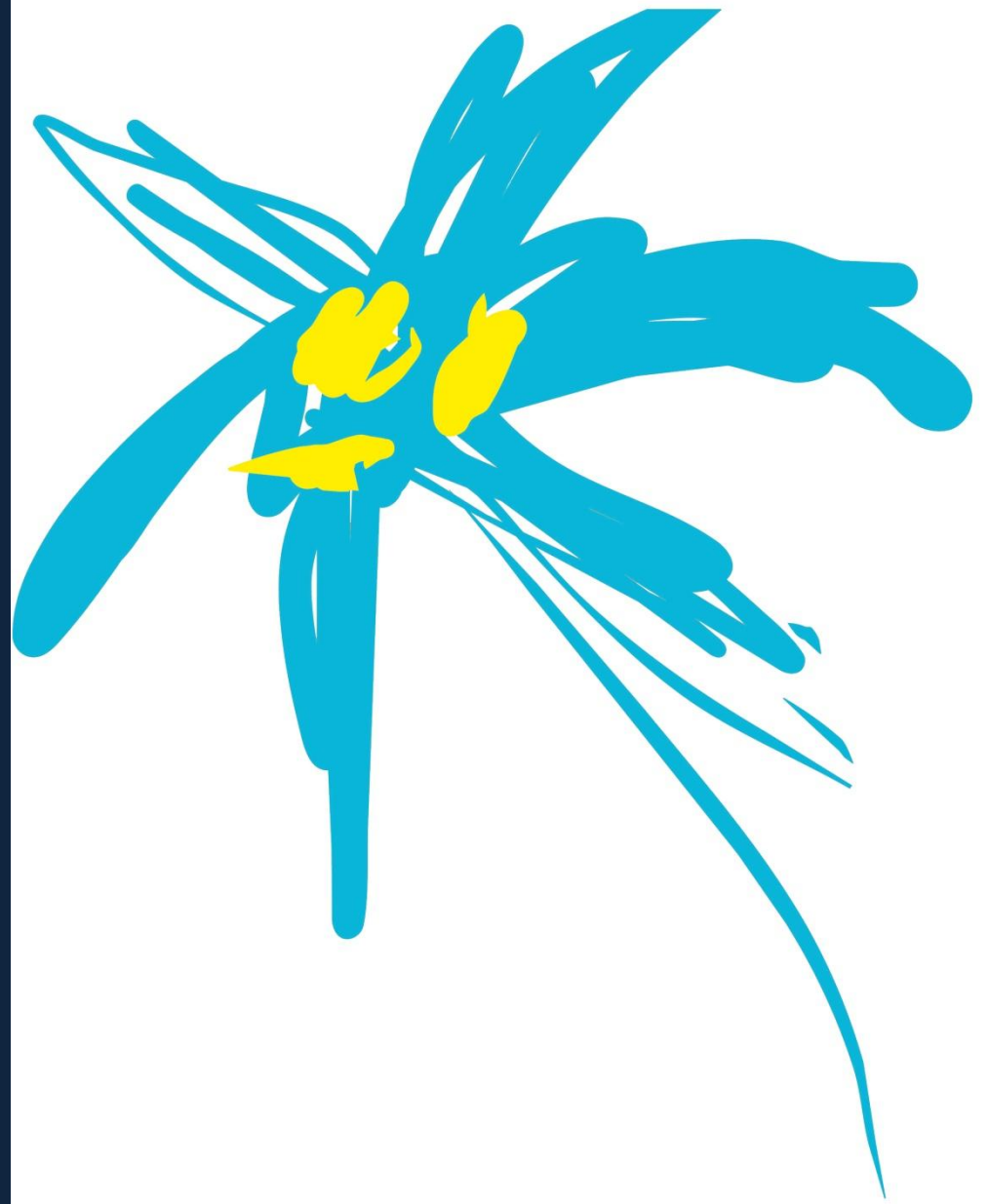
4

India Tailwinds

5

Edelweiss Growth Aspirations

# Our Journey



# Phases of Our Journey

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**Until 2004**

**Capital Markets**

**2005 onwards**

**Start of Credit**

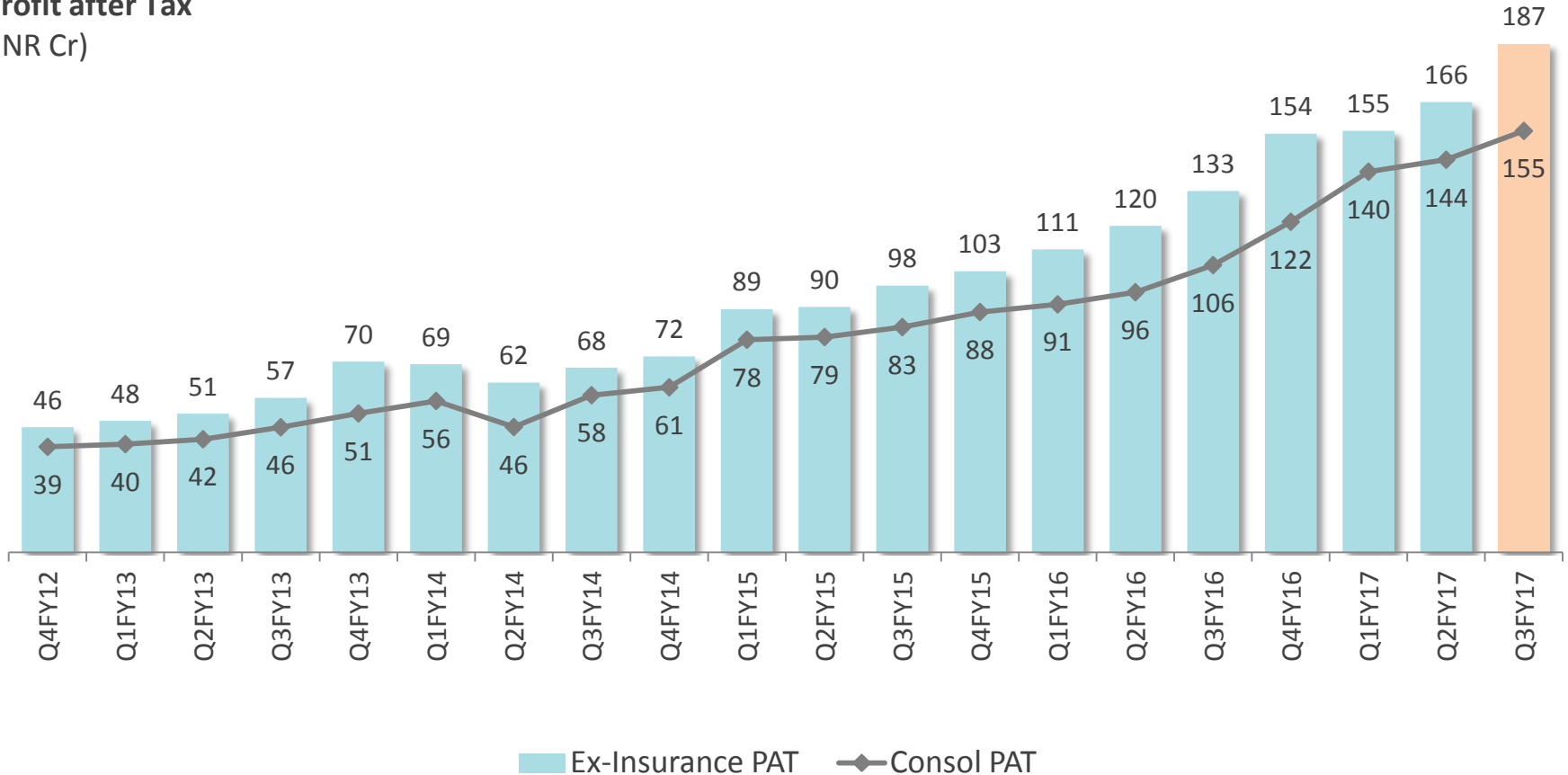
**2012 onwards**

**Asset Management, Wealth  
Management, Insurance**

# Ex-Insurance PAT CAGR of 37% over last 5 years...



Profit after Tax  
(INR Cr)



....Without any capital raise since IPO

# We have Now Evolved into a Diversified Business Model



## CREDIT



**Present across:**

**Retail**

**Corporate**

**Distressed Assets**

## NON CREDIT



**Strong product franchise  
serving diverse client needs:**

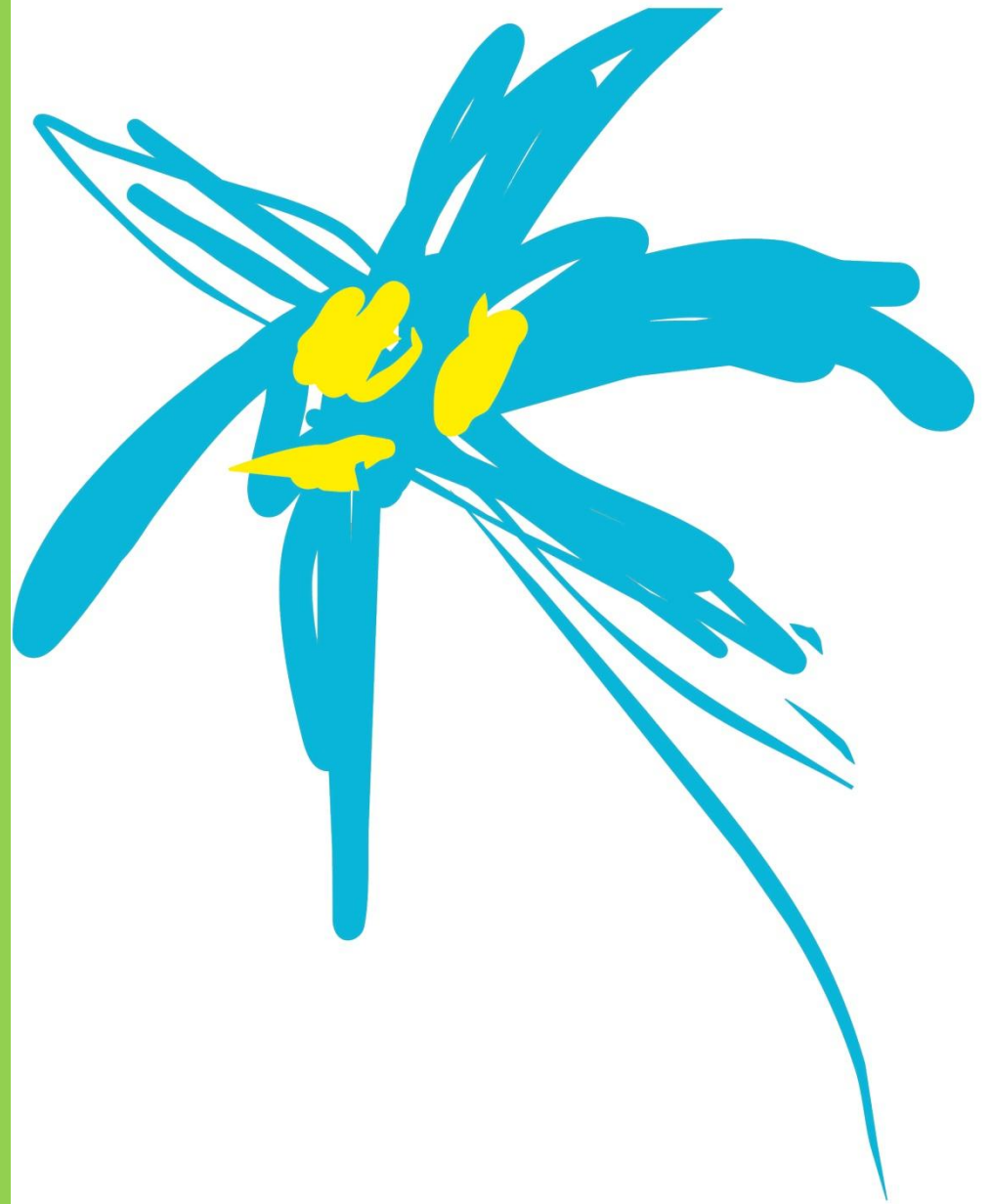
- Wealth Management
- Asset Management
- Capital Markets
- Agri Services & Others
- Balance sheet  
Management Unit &  
Liquidity Management

## INSURANCE



**One of the fastest growing  
life insurance companies**

# **Businesses at Edelweiss**





## Our Businesses – 9MFY17

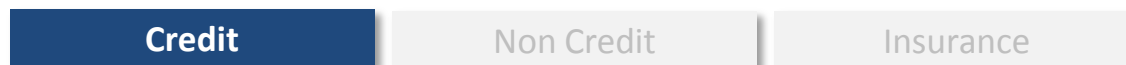


(INR Cr)	EoP Equity	Profit After Tax	RoE	RoA
Credit Business	3,430	321	18.2%	2.1%
Non Credit	949	187	24.4%	2.5%
<b>Total (Ex-Insurance)</b>	<b>4,379</b>	<b>508</b>	<b>20.9%</b>	<b>2.3%</b>
Insurance	810	-68	-	-
<b>Consolidated</b>	<b>5,189</b>	<b>439</b>	<b>15.4%</b>	<b>1.7%</b>

# Growth Driven by Our Diversified Credit Book...



As on Dec'2016	Book Size	% Share	
<b>Corporate Book</b>	<b>13,606</b>	<b>54%</b>	
Structured Collateralised Credit	7,260	29%	Customized credit solutions with adequate collateral cover
Wholesale Mortgage	6,346	25%	Caters to residential developers
<b>Retail Book</b>	<b>7,823</b>	<b>32%</b>	
Retail Mortgage	2,997	12%	Catering to home buyers & business owners
SME & Others	2,138	9%	Highly scalable, focus area for future
Loan against shares	1,725	7%	Retail customers in Capital Market
Agri and Rural Finance	963	4%	Includes Micro Finance solutions to clients in Tier III/IV cities
Distressed Assets Resolution	3,543	14%	Largest Asset Reconstruction Company in India, over 7 years old
<b>Total Credit Book</b>	<b>24,972</b>		



# Improving NIMs and Robust Asset Quality



At the end of	9MFY17	9MFY16	FY16	FY15
Net Interest Margin	7.0%	6.7%	6.8%	6.7%
Gross NPA %	1.53%	1.44%	1.40%	1.31%
Net NPA %	0.55%	0.50%	0.47%	0.38%
Total Provision Cover	89%	86%	88%	94%
Average Collateral cover on Wholesale book	2.2x	2.1x	2.1x	2.3x
Average Loan-To-Value on Retail book	~47%	~50%	~50%	~52%

**Credit**

Non Credit

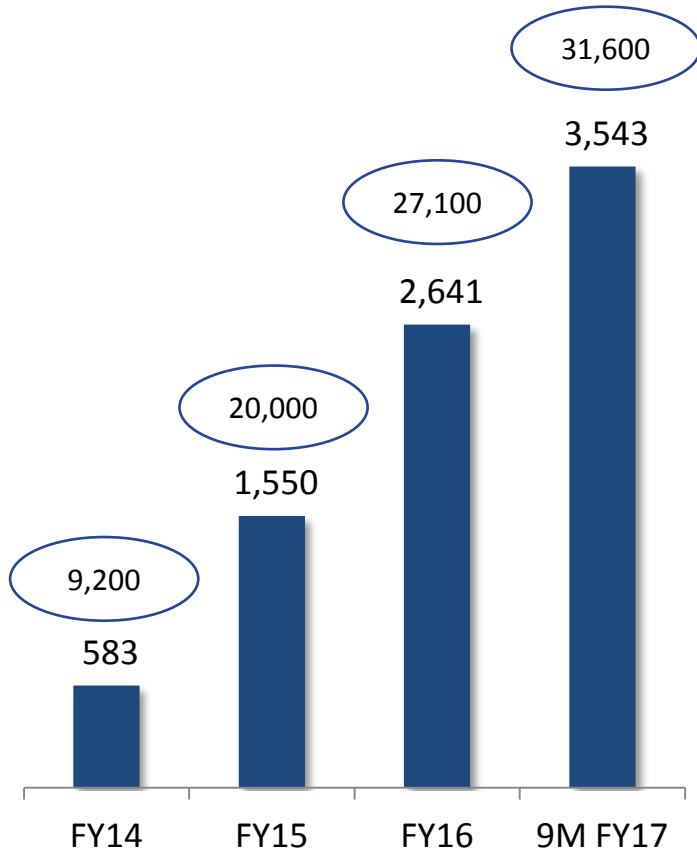
Insurance

# EARC is the Largest Asset Reconstruction Company in India



**Capital Employed**  
(INR Cr)

AUM



Large opportunity : NPA of ~7Lakh 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

Credit

Non Credit

Insurance



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

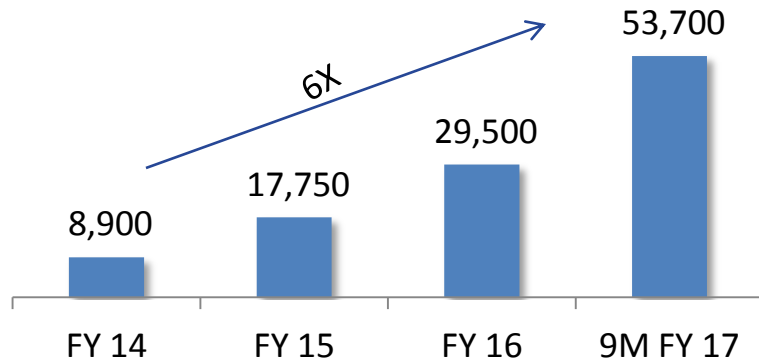
**Non Credit Businesses give  
us a truly Diversified Model**

# Wealth Management AUA increased 6X in 3 Years



## Wealth Management scaling up rapidly

Assets Under Advice (INR Cr)



- Present in Ultra High Net worth/ High Net worth/ Mass Affluent segment
- Focus on offering differentiated strategy across client segments
- Rapid growth in AUA continues - INR 9,500 Cr added Q3FY17
- Yield of 80 - 90 bps on AUA

As on Dec '16	No. of clients	No of RMs	AUA (INR Cr)
UHNI	350+	53	37,300
HNI's	5,500+	98	5,700
Mass Affluent	370,000	650	10,700

Credit

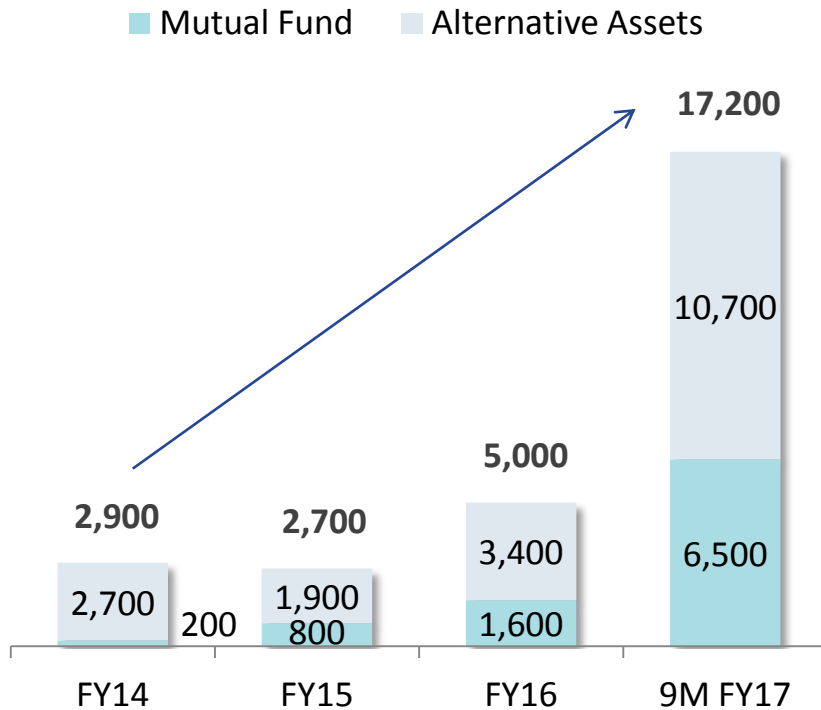
**Non Credit**

Insurance

# Asset Management - Fund Closures Leading Growth in AUM



Assets Under Management (INR Cr)



- Largest Private debt player with Institutional clients
- Established track record in Private Debt
- Largest Credit SMA in India
- Largest player in Alternative Equity (HF) space

# Capital Markets : Pioneer and Market Leaders



## Institutional Equities

- Largest domestic institutional brokerage house in India
- Market leadership driven by : Strong Fundamental as well as Alternative Derivatives Desk.
- Multi-asset Classes

## Investment Banking

- One of the most active ECM and DCM banker
- Robust M&A & PE practice as well
- Multi product, multi sector player with 4% market share and a strong 50 people team.

Credit

**Non Credit**

Insurance

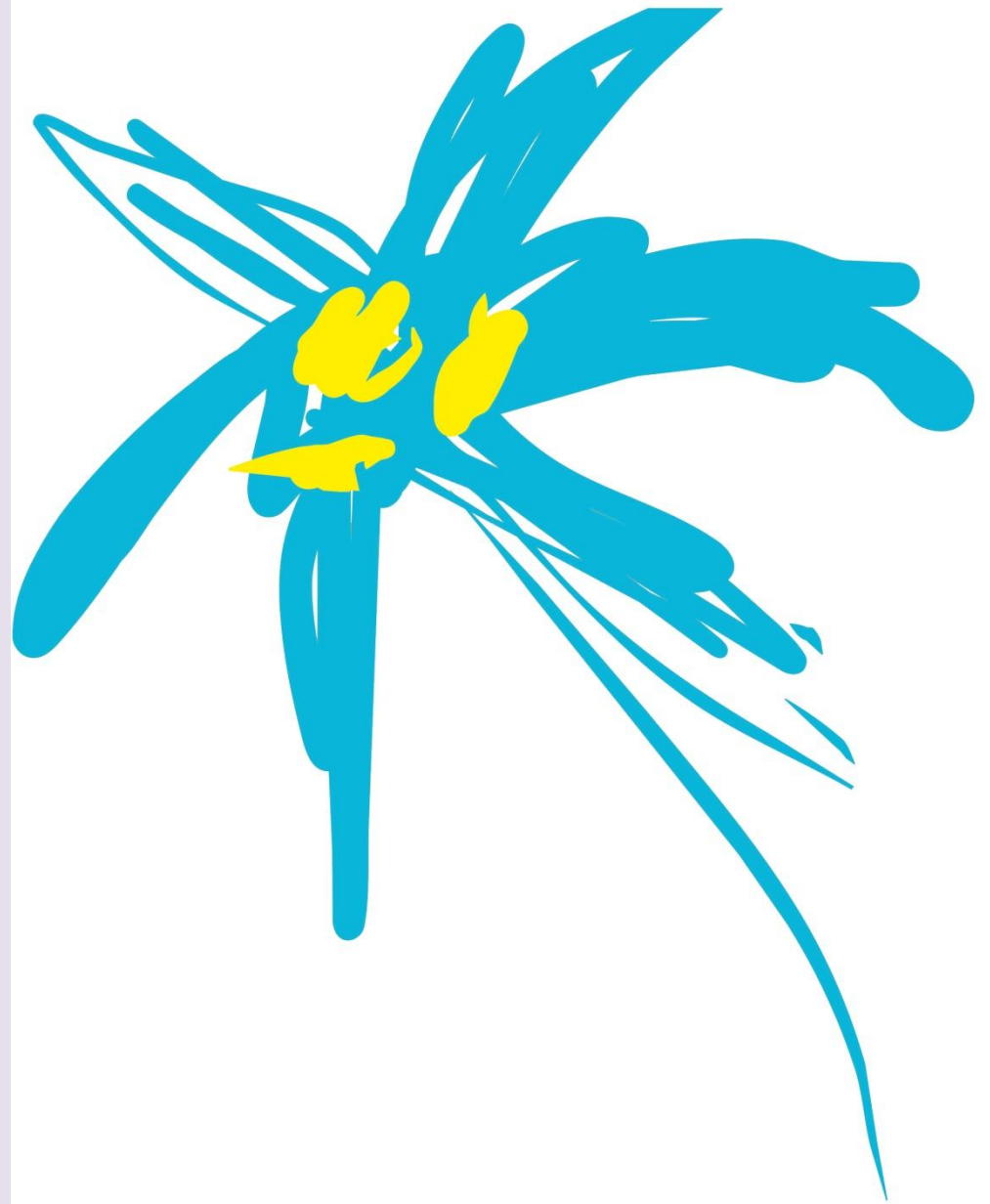


# Life Insurance Expected to Break Even by 2022



- Great partnership with Tokio Marine
- Premium growth has been at 60% CAGR for 3 years ending FY16
- Focus on Agency and Non Par Business Model
- Maintained high persistency levels – 70% for 9MFY17

# Building a High Quality Organization



# Building a High Quality Organisation



**1** Focus on Risk

**2** Human Resources & Leadership

**3** Diversified Business Model

**4** Strong Balance Sheet

**5** Culture of Ownership

# 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



# 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



# Diversified Business Model


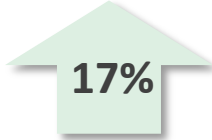


**Scalable, Stable and Profitable**



# Consolidated 9MFY17 PAT growth of 50%



(INR Cr)	9MFY17	9MFY16	YoY Growth
<b>PAT Consolidated</b>	439	293	 50%
..... With 17% growth in Assets			
<b>Balance Sheet</b>	37,245	31,900	 17%

**Non-Linear growth in Profitability**



# ~ \$21.0 billion of Assets – On and Off Balance Sheet



As on 31 Dec 2016	INR Cr	USD bn
Assets on Balance Sheet	37,200	5.5
Distressed Assets (ARC Assets)	31,600	4.6
Assets Under Advice (Wealth Management)	53,700	7.9
Funds under Management (Asset Management)	17,200	2.5
<b>Total Assets</b>	<b>139,700</b>	<b>20.5</b>





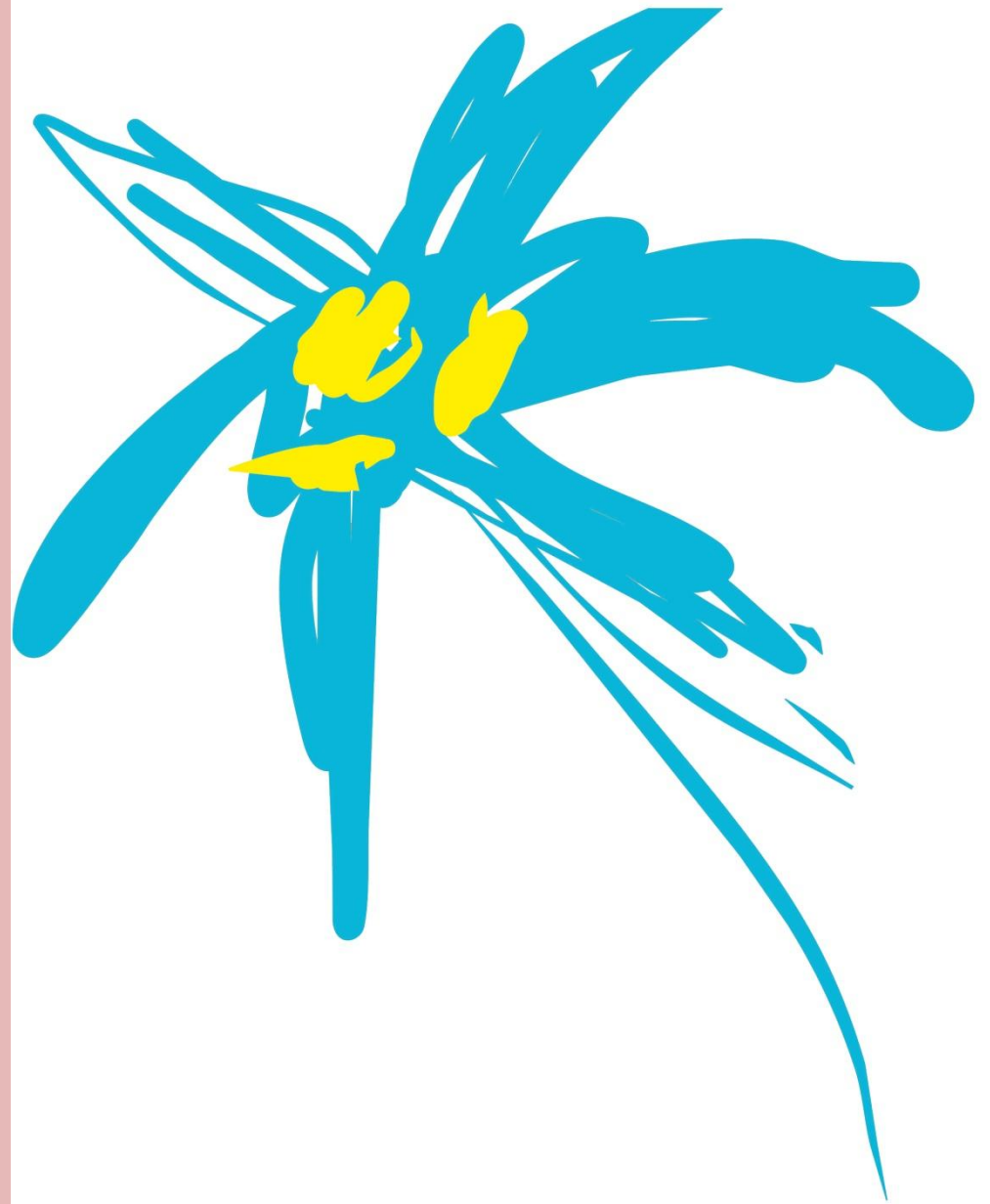
# Strong Balance Sheet



- Liquidity cushion at ~INR 3,500 cr is 9.4% of Balance Sheet
- Diversified liability mix with 43% long term liabilities
- Positive asset-liability matching across durations
- Comfortable capital adequacy ratio - stood at 17.85% as on Dec 2016



# India Tailwinds

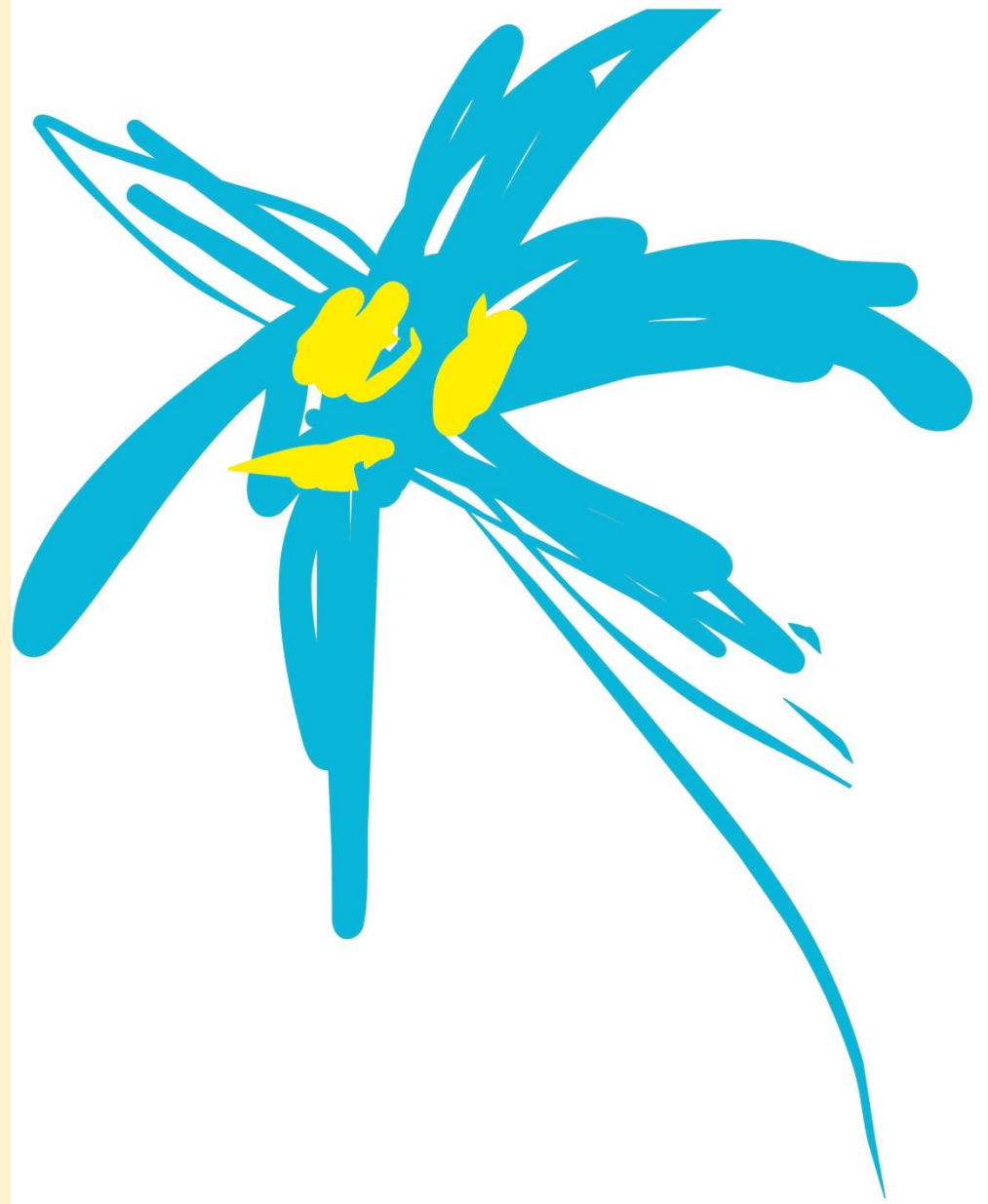


# Key Trends Driving Financial Services



- 1 India's age of compounding
- 2 Privatization of Indian Economy
- 3 Democratization of Credit
- 4 Increasing proportion of financial assets

**Edelweiss Growth  
Aspirations**



# Our Aim is To...



Grow our PAT at 25% - 35% over the next 8 years

Reach an RoE % of 22% -24%

Maintain our asset quality

Grow Retail Credit faster than Wholesale

