Edelweiss
Ideas create, values protect

EW/Sec/2019/155

June 6, 2019

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai - 400 051.

Dear Sir/ Madam,

Ref.:- Symbol: EDELWEISS

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
Ideas create, values protect

Edelweiss – Our Journey

We Started Edelweiss in 1996…

1996

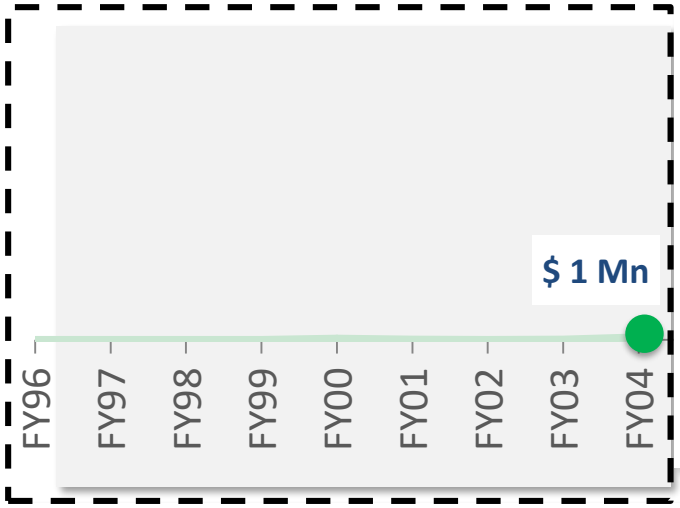
Big Aspirations, Limited Capital!

Only $ 100,000 net-worth

Worked on advisory for high growth companies

Journey So Far: Our First 8 Years

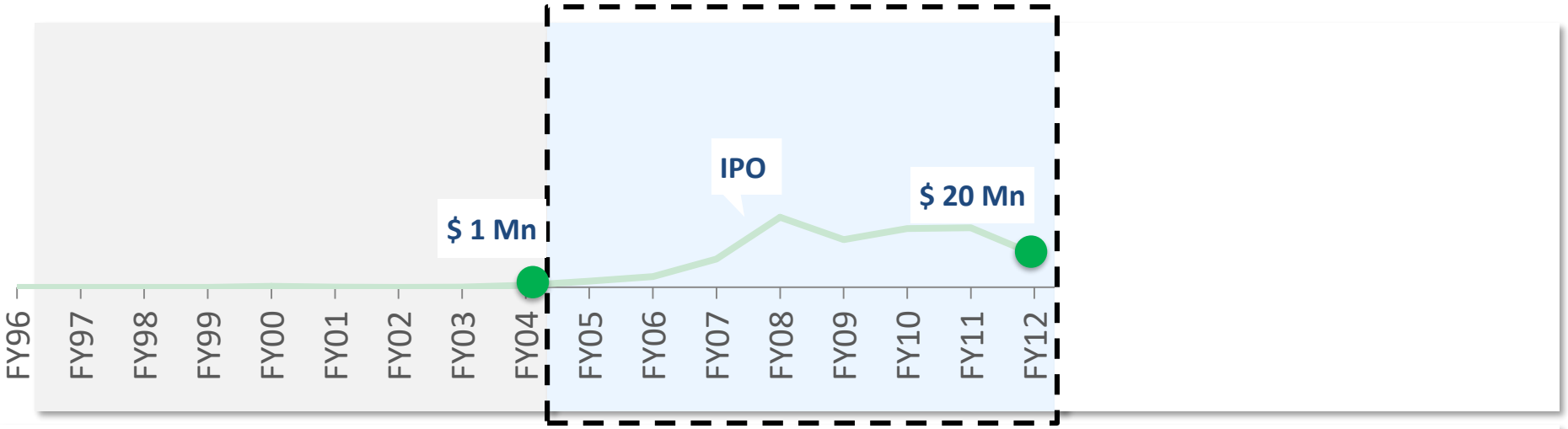
Profit after Tax



- 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

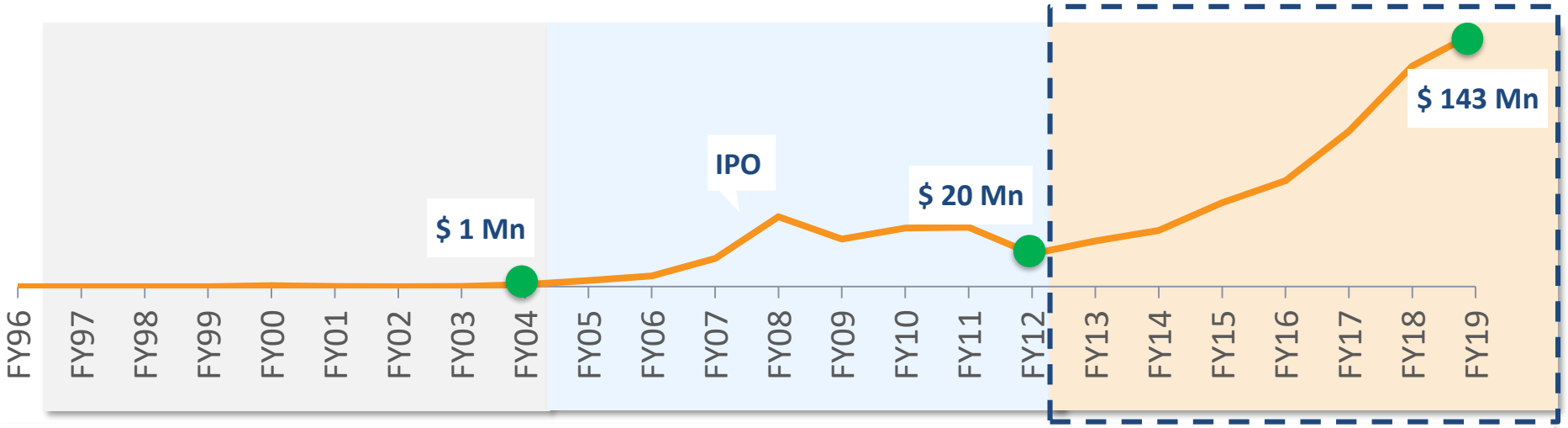
Profit after Tax



- 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

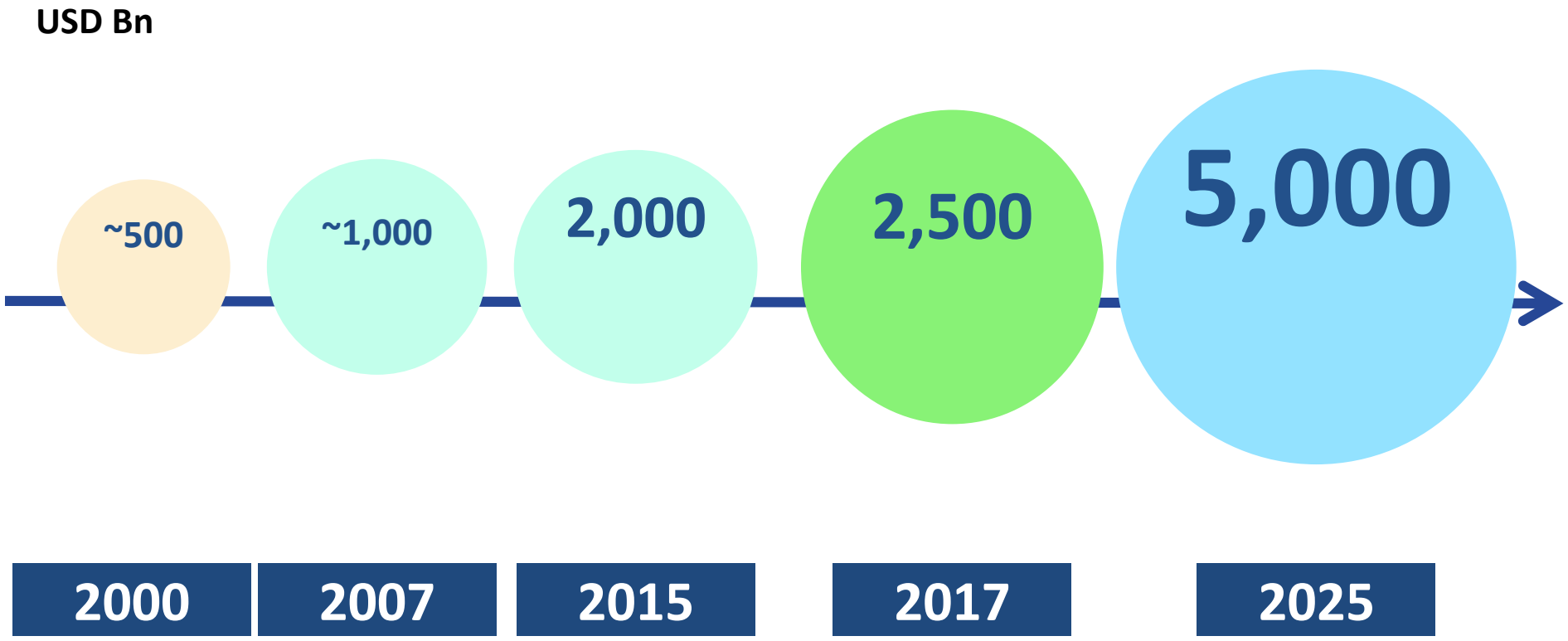
Balance Sheet	Customer Assets	Group Net Worth
$ 7.8 Bn	$ 28.9 Bn	$ 1.3 Bn

Market Cap	Profit after Tax	RoA
$ 2.7 Bn	$ 172 Mn	2.4%

Profit after Tax and RoA is Ex-Insurance. Figures are as on March 31, 2019

India Tailwinds

India's Golden Age of compounding has started



…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
5. EdelGive Foundation

1 Fortress Balance Sheet

$ Mn

Customer Assets

60% CAGR

FY19	28,886
FY12	1,078

Balance Sheet Assets

22% CAGR

FY19	7,754
FY12	1,911

Net Worth

17% CAGR

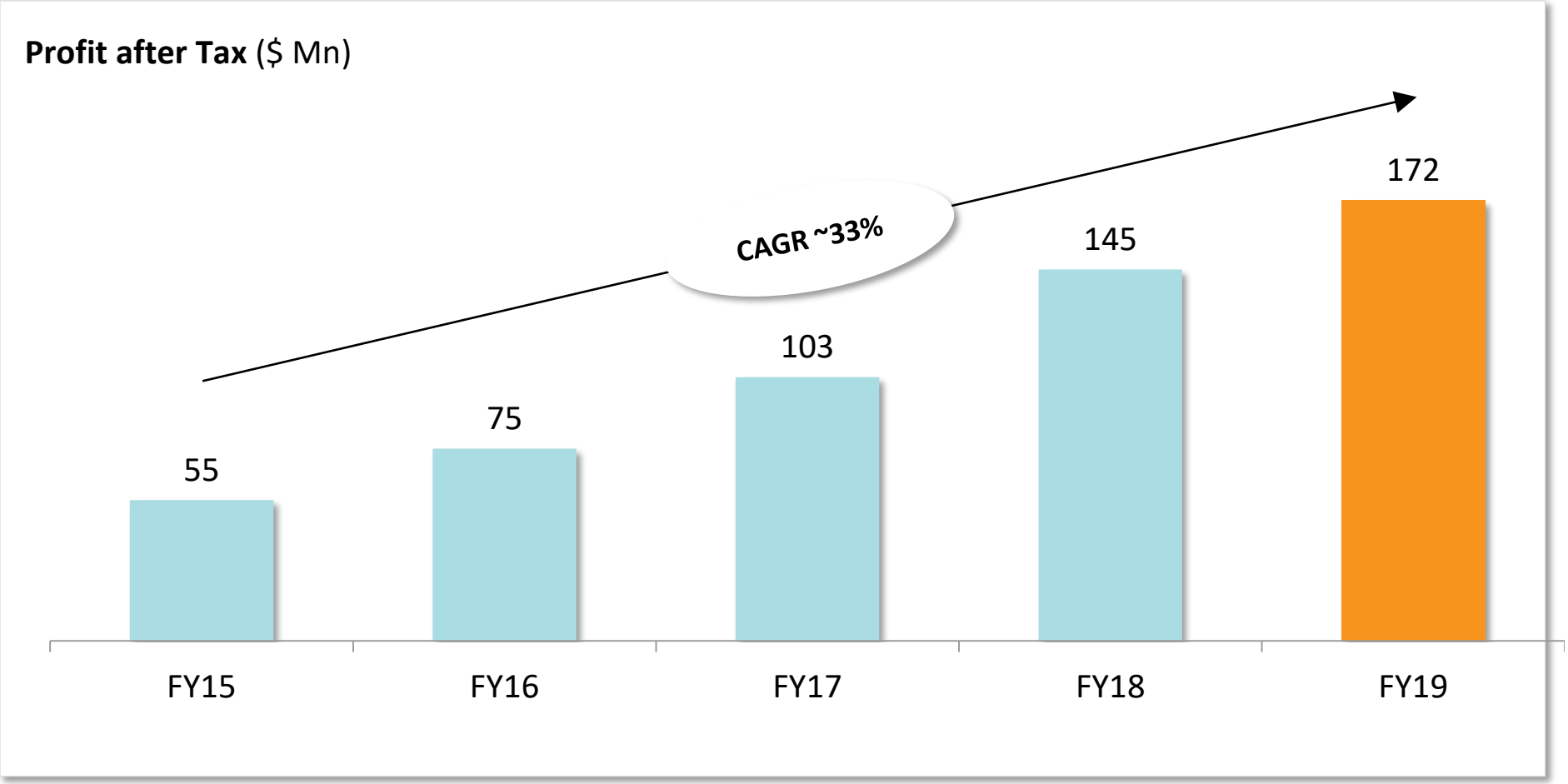
FY19	1,253
FY12	413

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

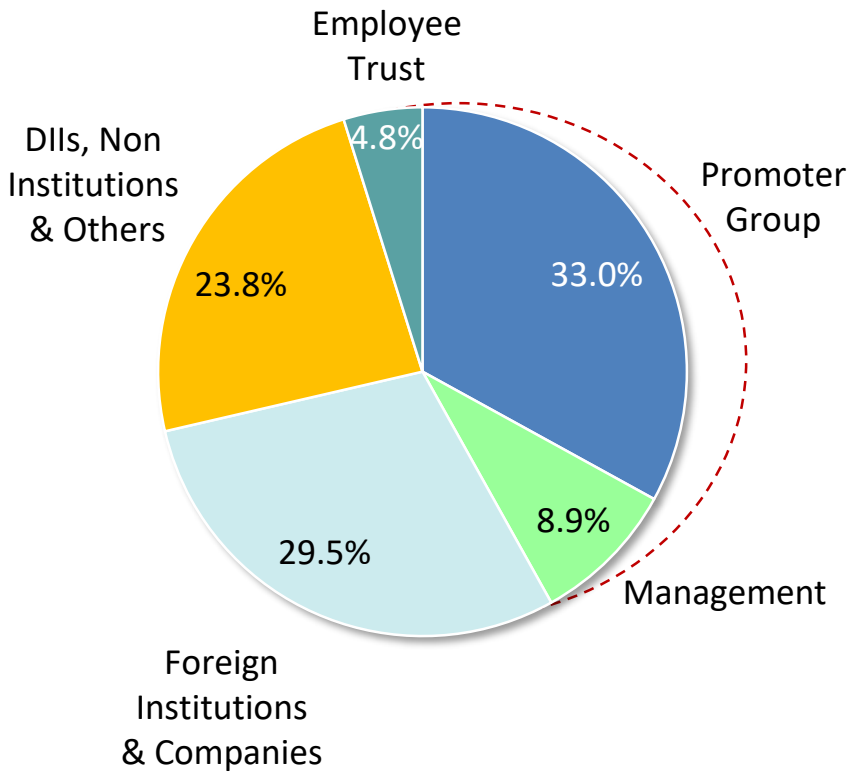
2 … sustained through diversification

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%)
Total Ex- Insurance Pre MI PAT	**100%**

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

3 Culture of internal ownership and good governance

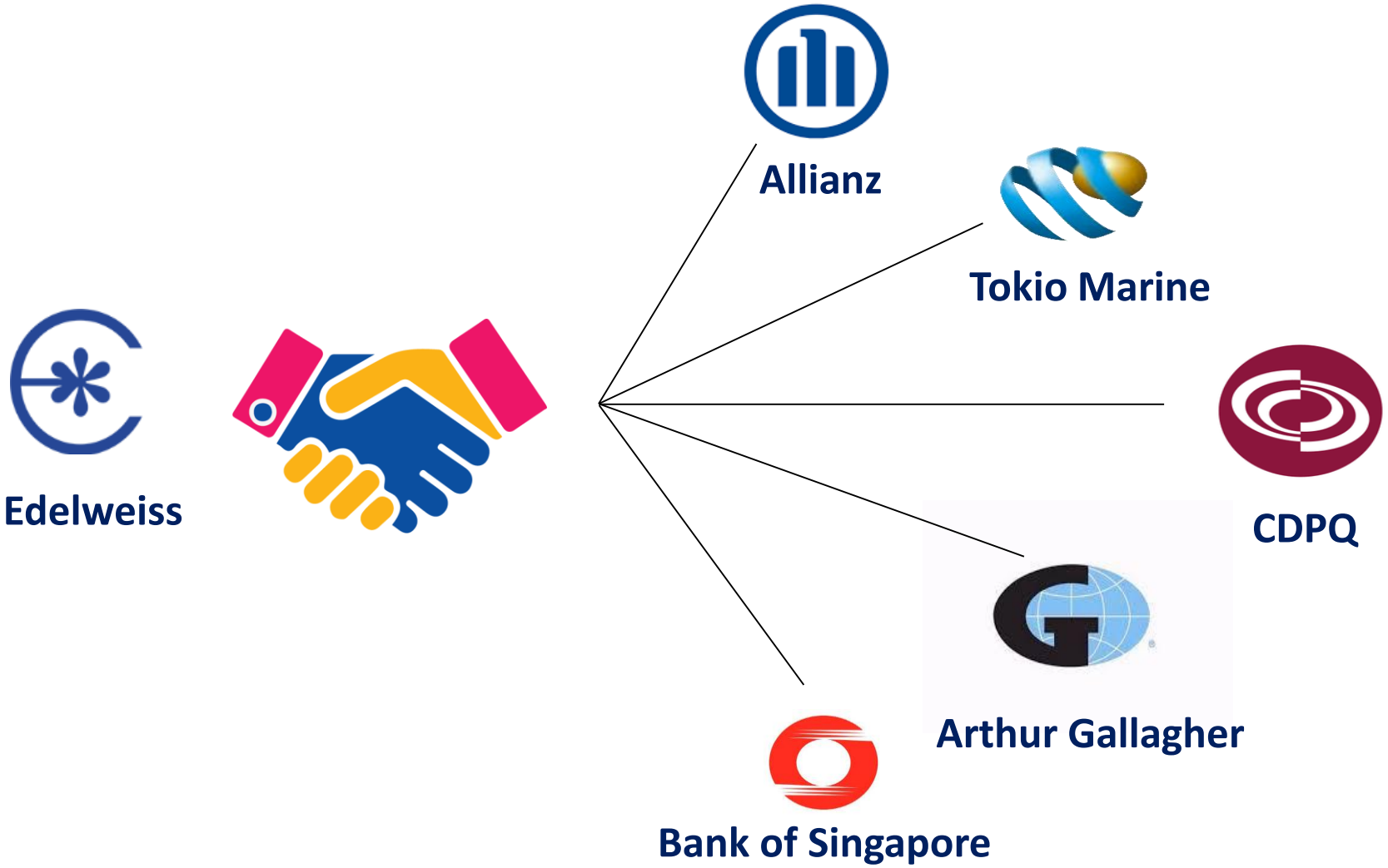
~47% owned by Edelweiss Management



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

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
• Retail Credit • Corporate Credit • Capital Markets	• Wealth Management • Asset Management • Distressed Credit • Insurance

Our Business Segments

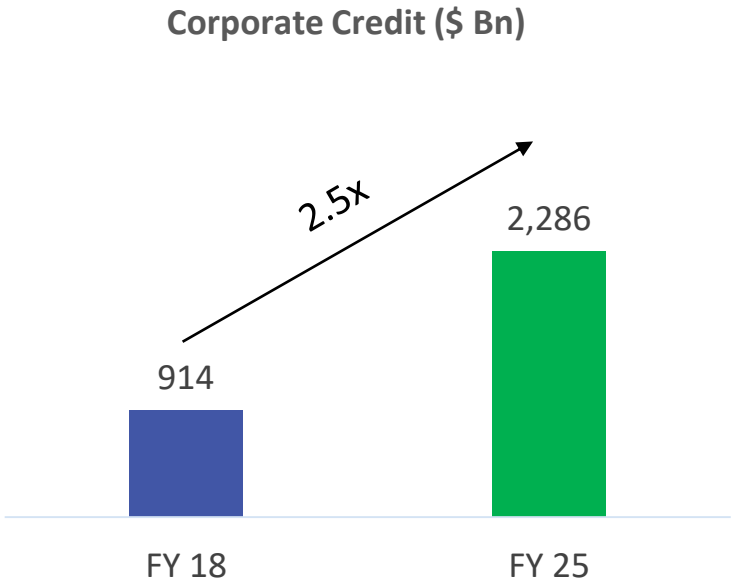
1. Credit
2. Advisory
3. Insurance

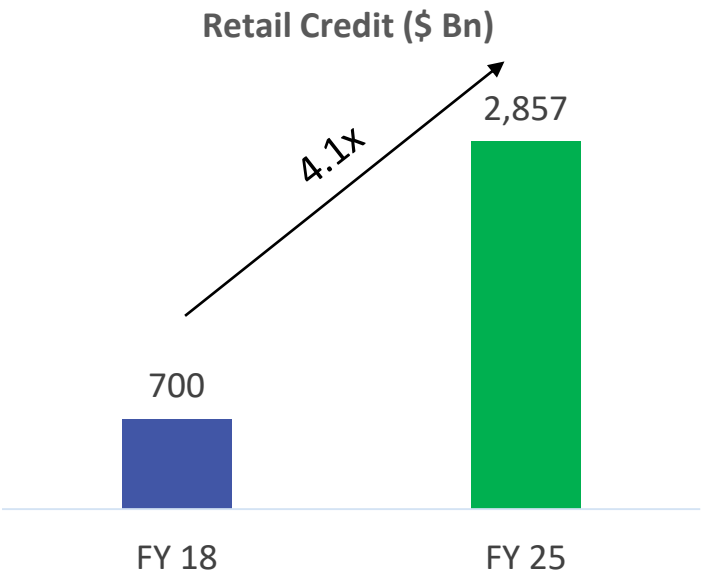
1. Credit Business

India Credit growth helped by expanding GDP & Increasing Credit Penetration…

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

Retail Credit expected to grow faster than Corporate Credit





Source : Research Reports, Edelweiss internal estimates

…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..

Corporate

Started in 2007

With an objective to build a Credit vertical with competitive advantage

Major profit contributor in the overall mix today

Structured Collateralised Credit

Wholesale Mortgage

Our oldest Credit book

Distressed

Global Financial Crisis in 2008 paved way for us in setting up ARC

With an aim of getting the companies back on track

Leading ARC in the country today

Asset Reconstruction Company

Record recoveries & robust pipeline for next 2 years

Retail

Started in 2011

With Strong growth opportunity coupled with Significant under penetration

and now leveraging our expertise to scale Retail Credit

Retail Mortgage

SME & Business Loans

ESOP & Margin Lending

Agri & Rural Finance

Platform built; Ready to scale

The future of our credit business is in retail credit

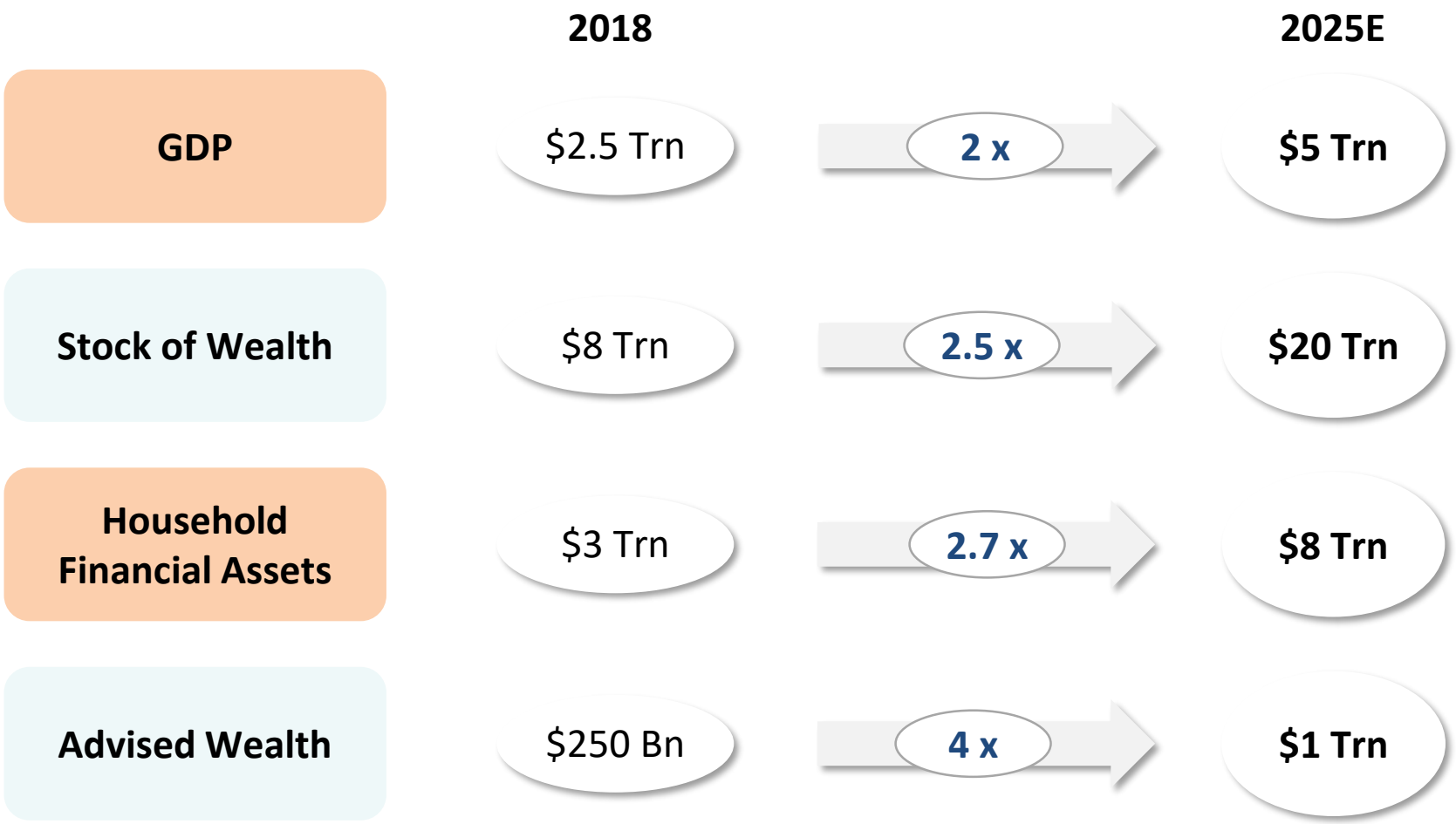
2. Advisory Business

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%
Total	**134.2**	**270.3**	**12%**

Driven by demographics and increasing sophistication in investment choices

… Creating a sizable business opportunity

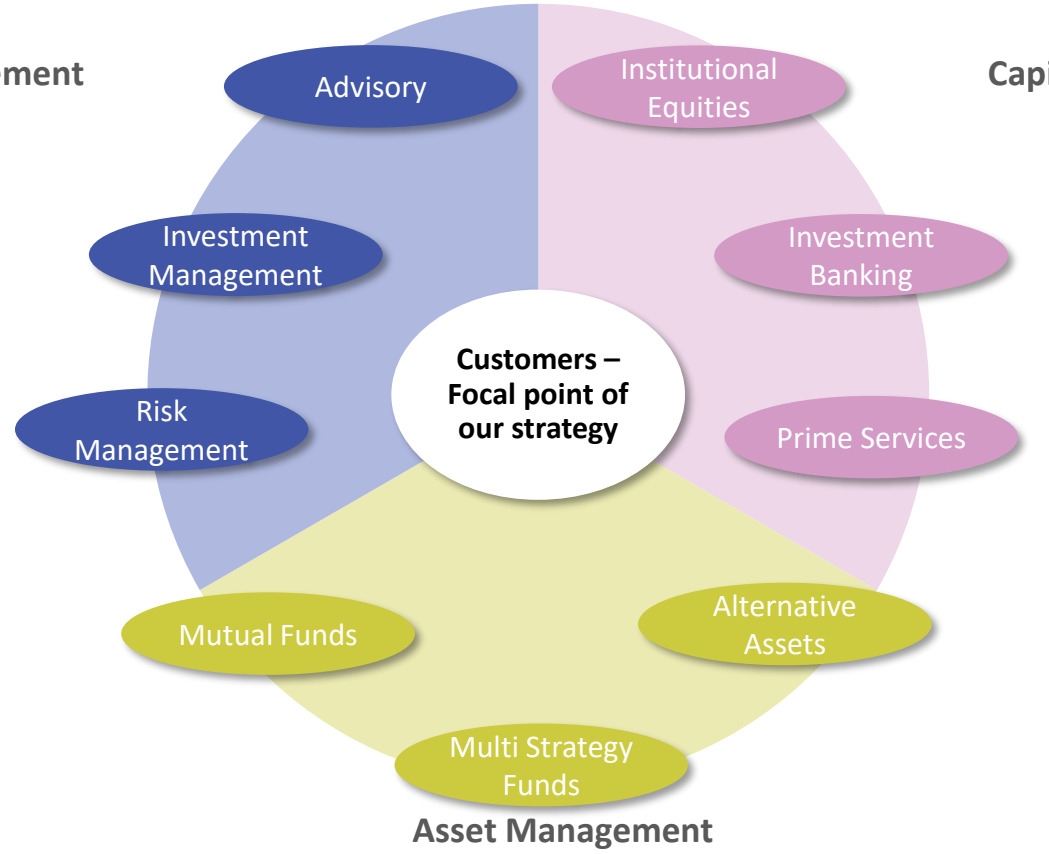


Demand is NOT a constraint!

Source: Edelweiss estimates

Our Advisory Business today

Private Clients | **Institutional Clients**

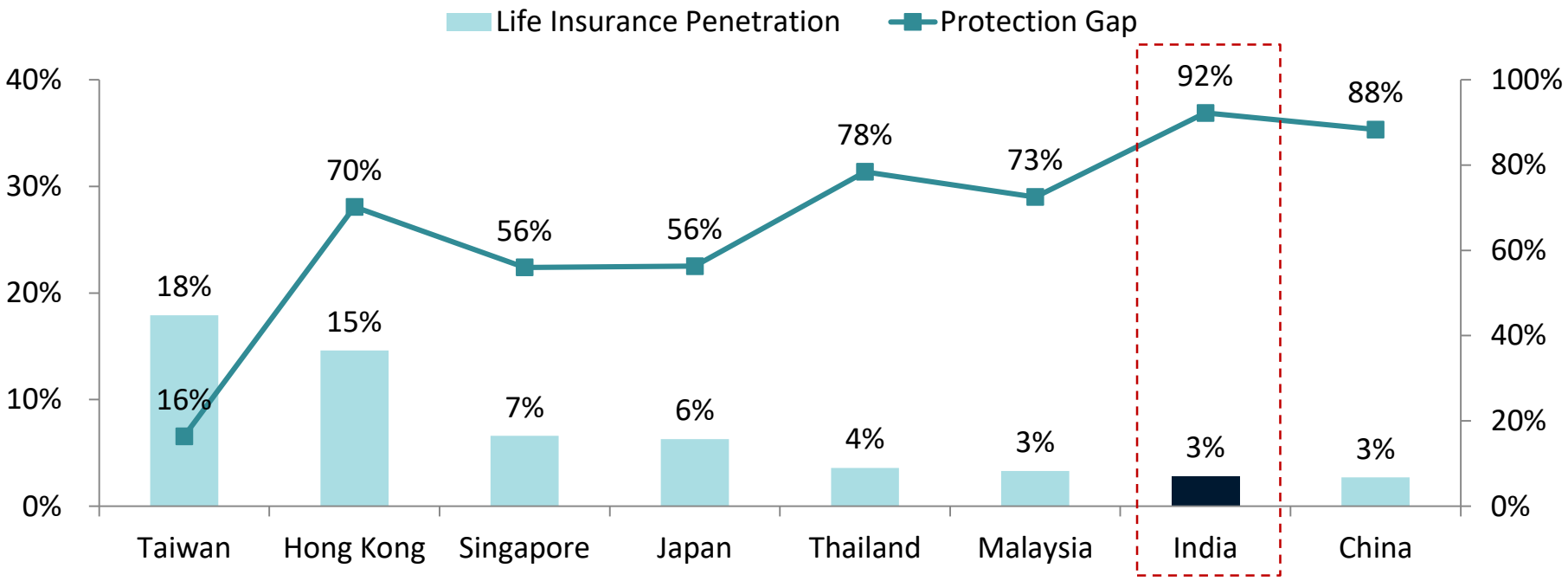


While we started with Capital Markets, current focus is on Asset & Wealth Management

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

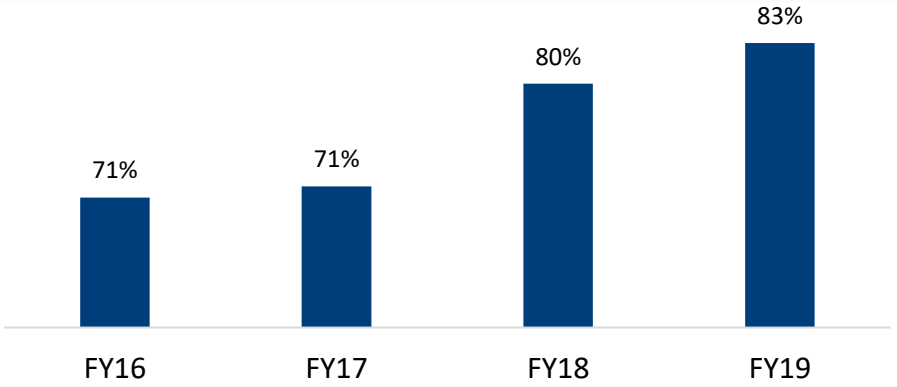
Source: Swiss Re and MOSPI

We have protected over 300,000 lives

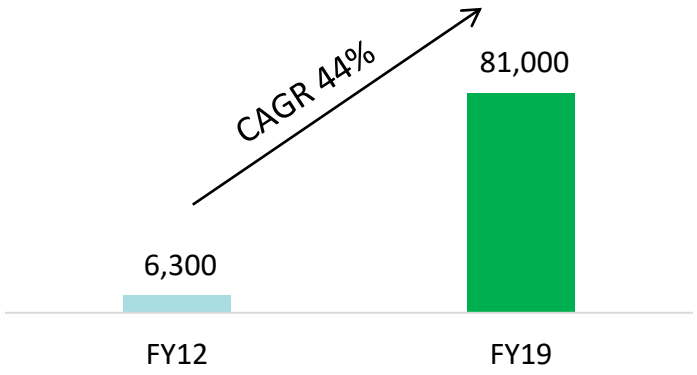
Business Overview

- 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

13th Month Overall Renewal Rate Persistency

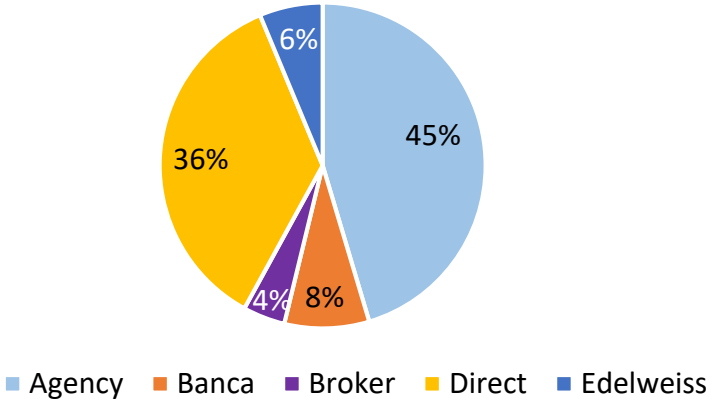


No of Policies in force



Channel Mix

Individual New Business Premium FY19



Way Forward

Our Key Growth Vectors Will be…

Retail Credit

Wealth Management

Asset Management

Insurance

Our AIM is to…

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

Increase the share of retail credit assets to 2/3rd 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

Q
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