

EW/Sec/2018/327

September 24, 2018

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

Dear Sirs,

Ref.:- Symbol – EDELWEISS

Sub: Investor Day 2018 - Presentation

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the presentation for the 'Investor Day 2018', scheduled today at Sofitel - Grand Salon, BKC, Mumbai.

Kindly take the same on record.

Thanking you,

For Edelweiss Financial Services Limited



B. Renganathan
Executive Vice President & Company Secretary

Encl: a/a



Edelweiss Investor Day

September 24th, 2018

A vertical silver binder ring graphic with four rings, positioned to the left of the text boxes.

Our Strategy and Approach

Our Businesses

Building a High Quality Organisation

Closing Remarks

Our Strategy and Approach

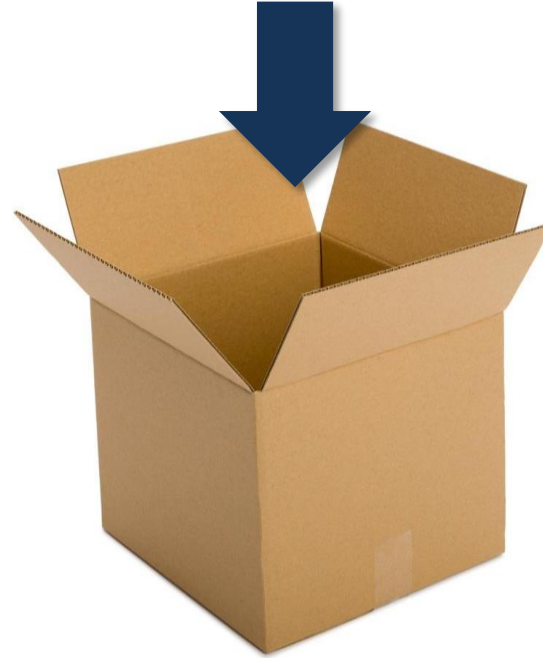




Who?



**Our Business
Model makes it
Hard to
Categorize Us**





...Diversified Bank – Like NBFC

Credit

- Retail Credit
- Corporate Credit
- Distressed Credit

Franchise & Advisory

- Wealth Management
- Asset Management
- Capital Markets

Insurance

- Life Insurance
- General Insurance



Why?

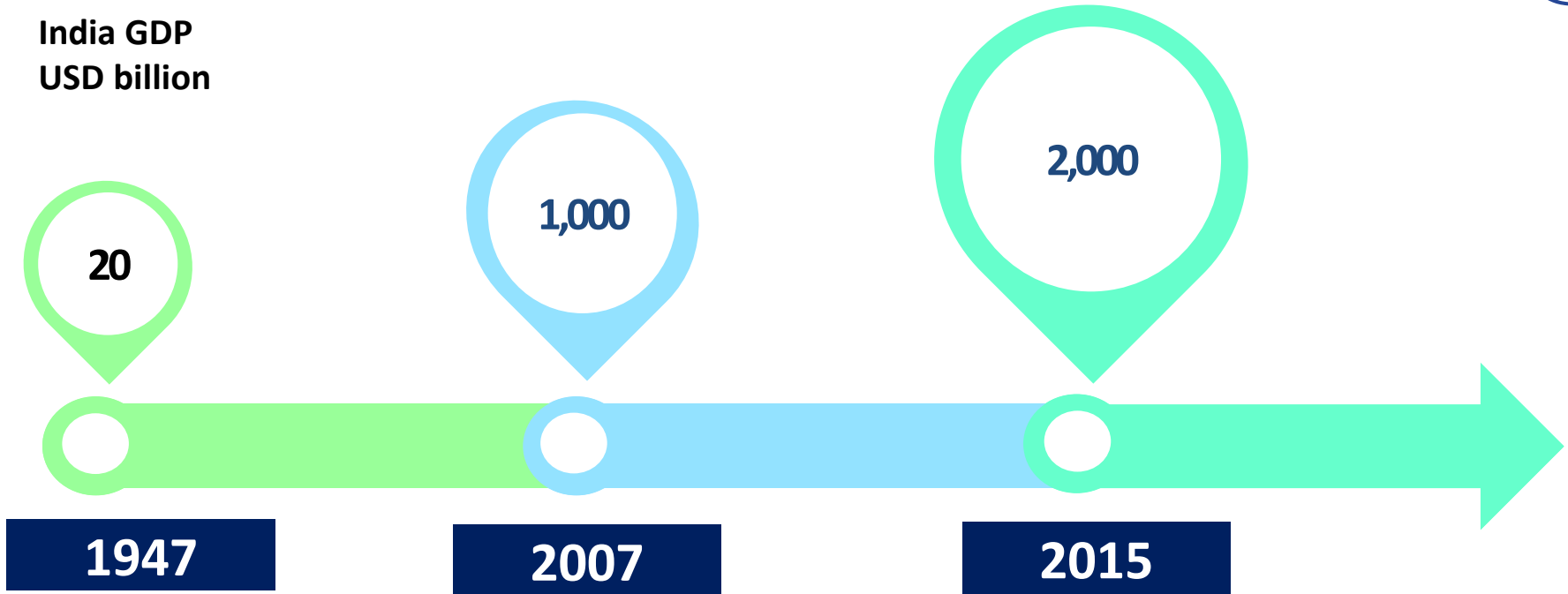
India is a
Capital Surplus
Country



We took ~60 years to reach a GDP of USD 1 trillion



India GDP
USD billion



However, the next trillion came in only 8 years!

Deposits and Credit growth has been strong in last two decades...



INR trillion

2x every ~4.5 years

Deposit



1996

1998

2000

2002

2004

2006

2008

2010

2012

2014

2016

Credit



2x every ~4 years

Household Wealth growth is also one of the fastest globally ...

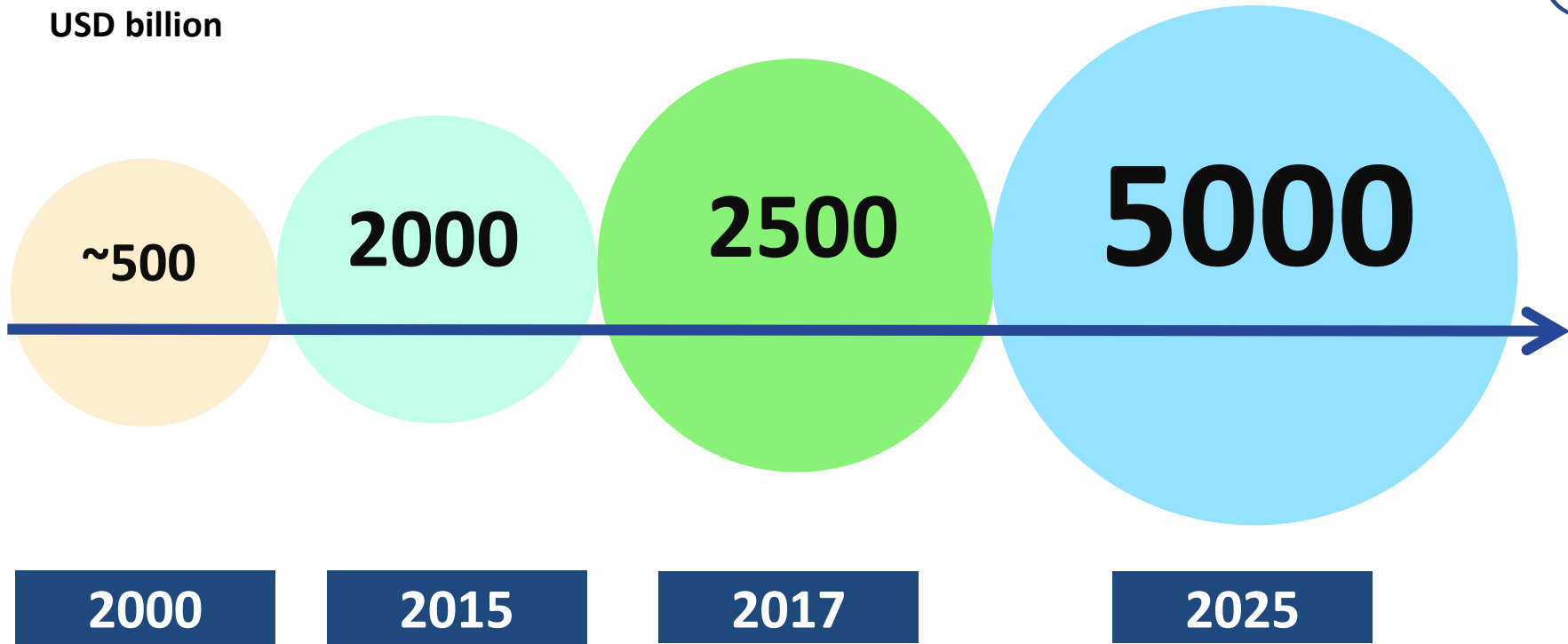


Household Wealth (USD billion)

		2007	2017	CAGR
	U.S.A.	52,000	62,000	20%
	China	8,300	25,000	198%
	Japan	16,000	19,500	22%
	UK	10,000	10,000	0%
	Germany	9,600	9,600	0%
	India	3,000	8,200	160%

India's Golden Age of compounding has started...

USD billion



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

This scale up will be driven by some key trends...



1

Financialization of Assets

2

Democratization of Credit

3

Privatization of Financial Services

...accompanied by a lot of volatility and change



**...Providing ample opportunities
on **both** sides of
Household Balance Sheet**



While **Edelweiss** is gearing
itself to capture this long term
growth opportunity...



**Profits will not come at the
expense of Balance
Sheet...**



How?

Diversification





Long Term Orientation



1 Counter cyclical investments...

... **Asymmetrical
Payoffs**



2 Building Platform...

... Before Scale



3

Organisation

before

Business

**Culture eats strategy
for breakfast.**

- Peter Drucker



Where are we today?

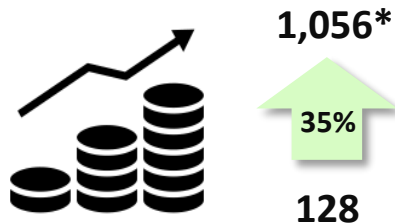


We have grown manifold...

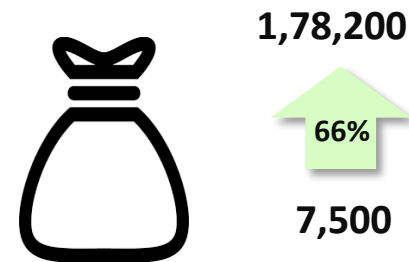
From FY12 to now
INR Cr



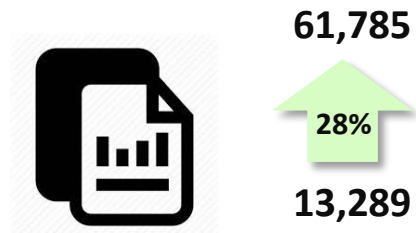
Profit after Tax



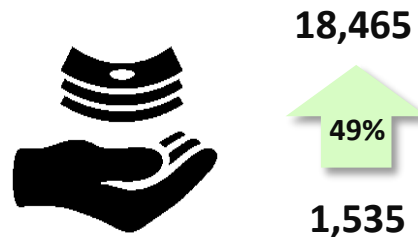
Customer Assets



Balance Sheet



Retail Credit Book



CAGR

*Annualised

...Consistently across business cycles...



PAT CAGR of 38%
over 29 quarters

...Without dependence on any one business...



Our 8 business verticals
contribute between
6%-17% to PAT

...with significant focus on...



***Balance Sheet
risk
management***

- * ALCO
- * Interest rate sensitivity
- * Liquidity cushion
- * ALM



Leadership



Distressed Assets Credit

Wealth Management

Alternatives

Capital Markets

...and expanding footprint...



11,500 employees



11,000,00 clients



450 offices globally



What Next ?



Over the years, we have always had aspirational targets for Edelweiss



2004

10 by 10

2012

Asp 2020

2017

Project Everest

Project Everest is about...



Continuing growth

Building a respected organisation

Exceeding expectations of all stakeholders



Key Aspects

Growth strategy

Simplifying our structure

Leadership alignment and succession planning

Improving customer experience

Continuous focus on risk management and governance



Vision without execution is daydreaming.

Bill Gates



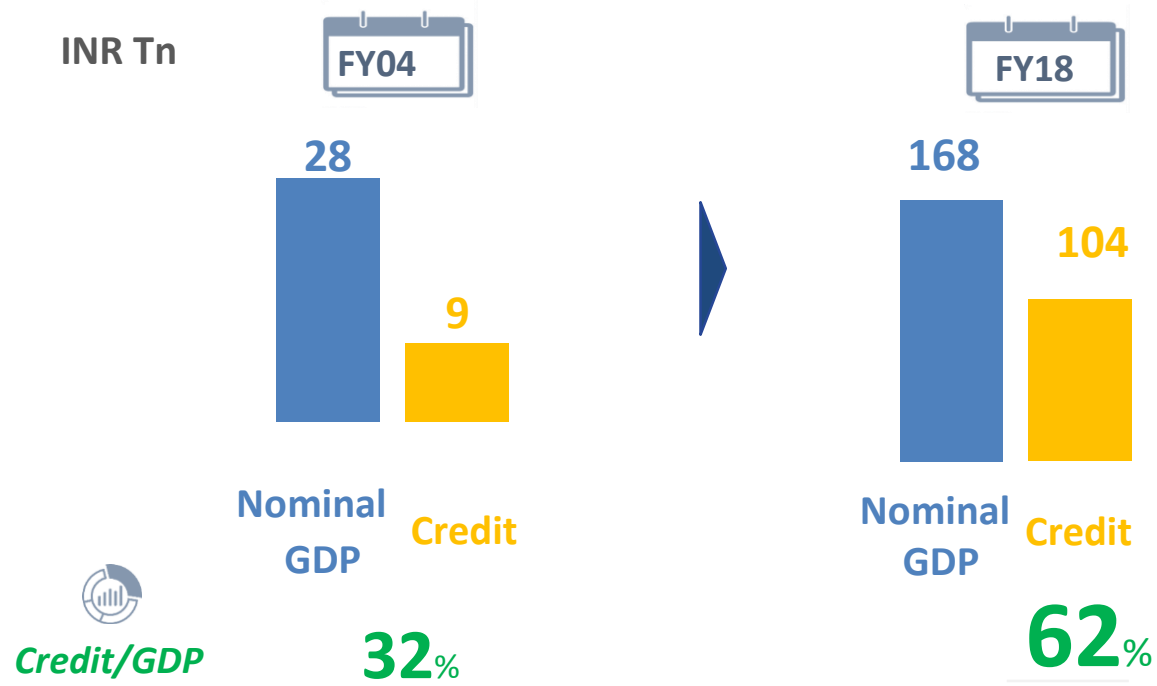
Our Businesses



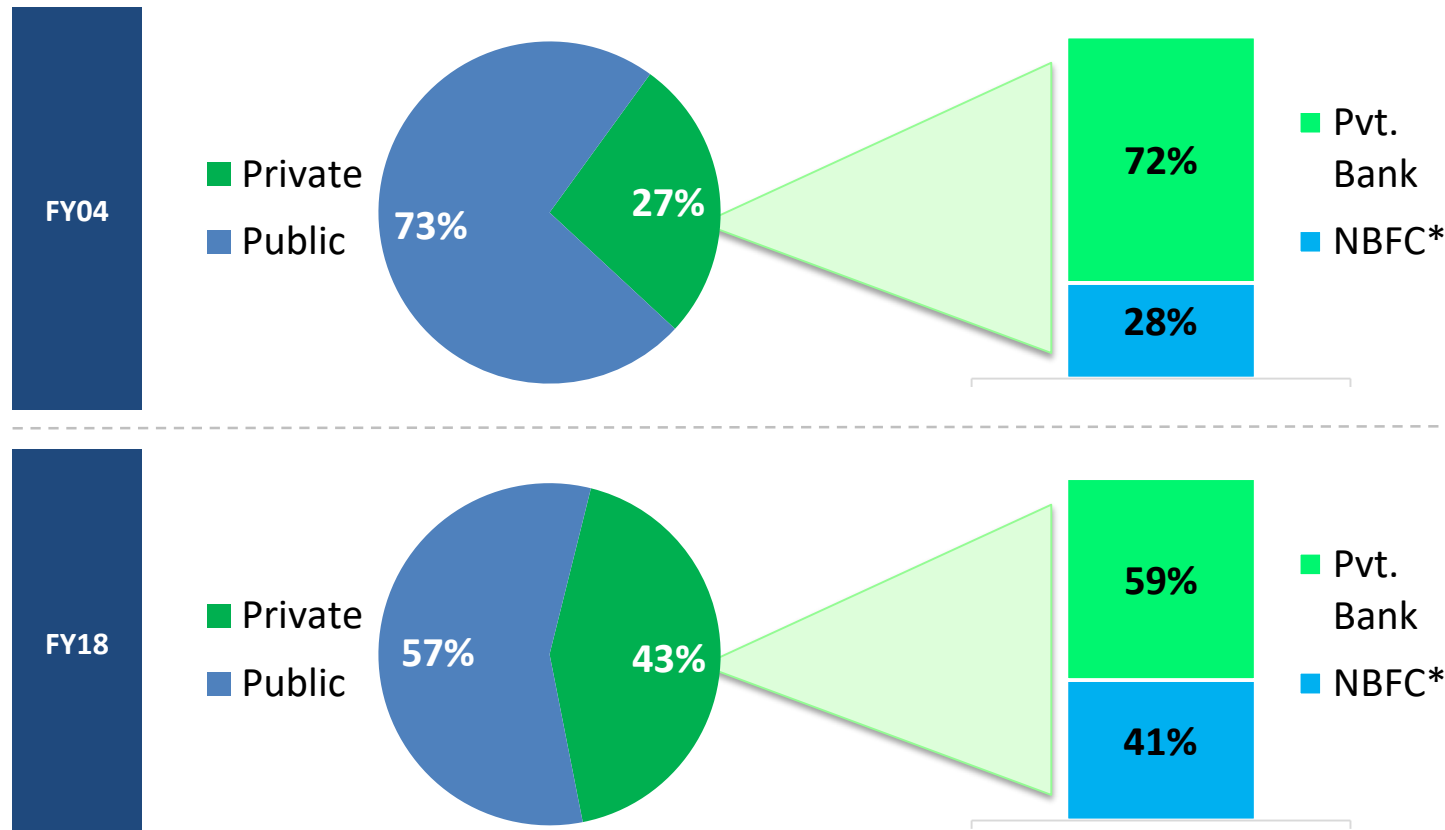


Credit

Industry Landscape | Market Sizing



Credit Supply

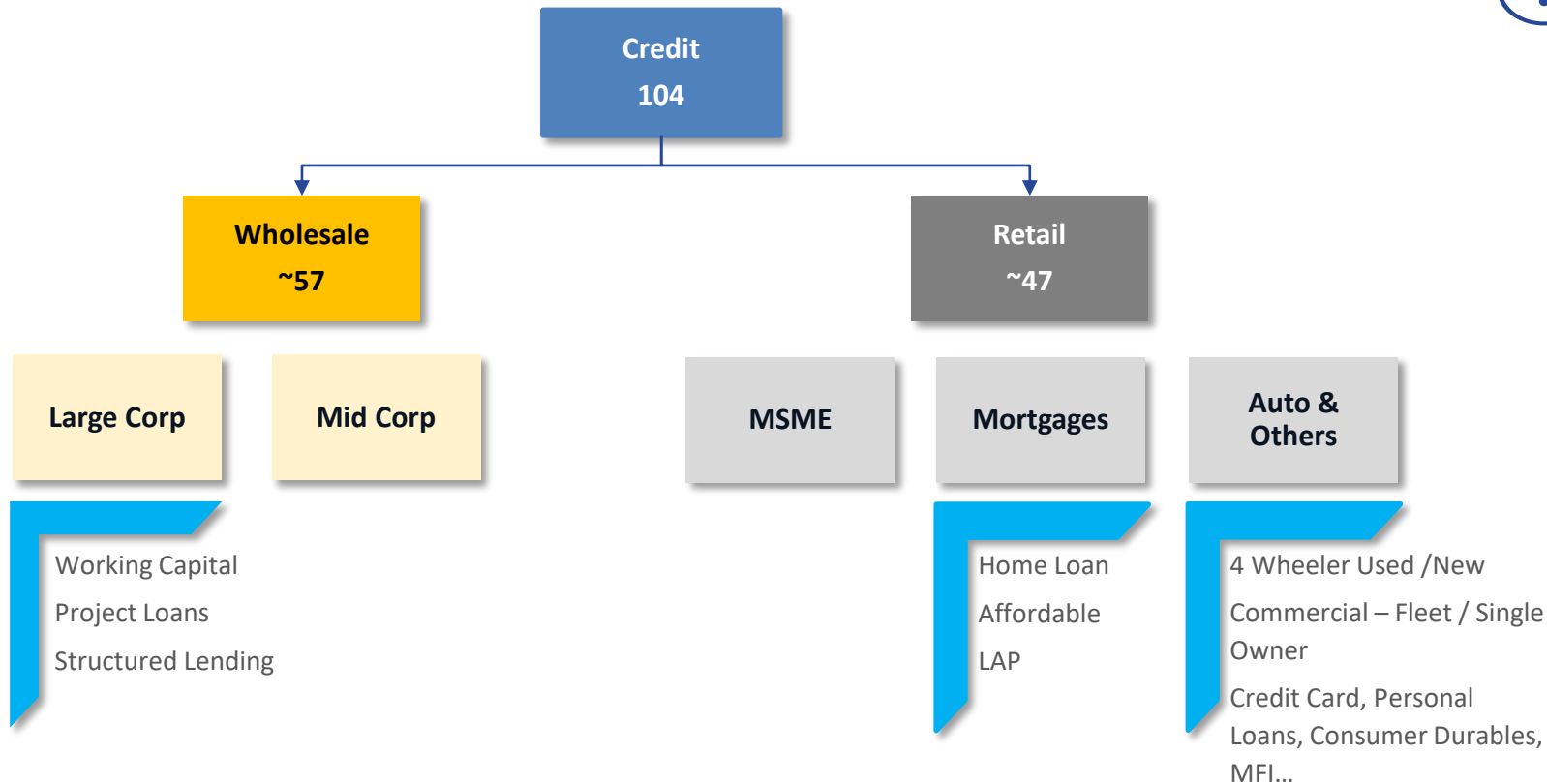


Source: RBI, CRISIL, Edelweiss Internal Estimates, market share excluding foreign bank

* including Housing Finance companies

Credit Market Segmentation

FY18
INR Tn



RoA Range



> 3%



Consumer Durables
Microfinance, Personal Loans,
Real Estate Loans

2% - 3%



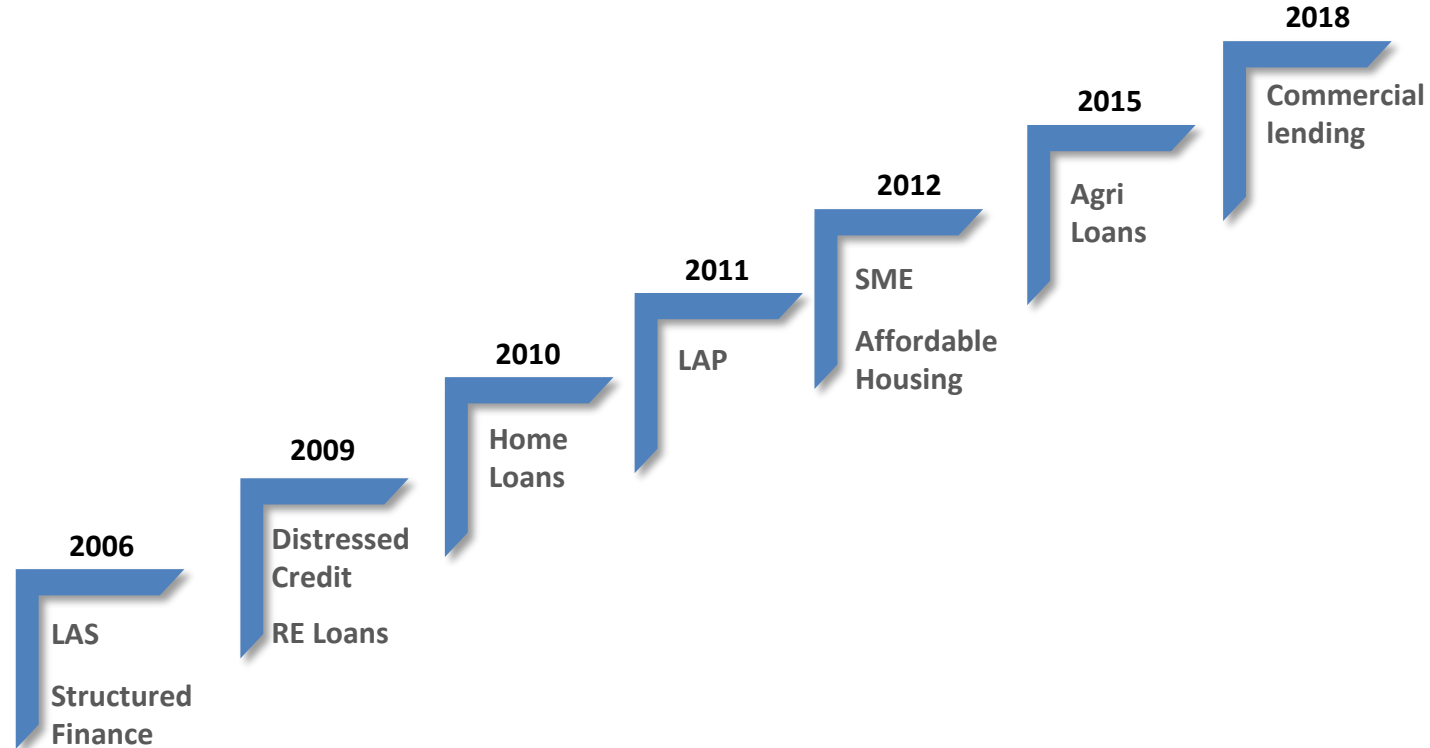
Affordable Housing
Mid Market
Commercial Vehicle Loans

< 2%



Home Loans
Loan Against Property

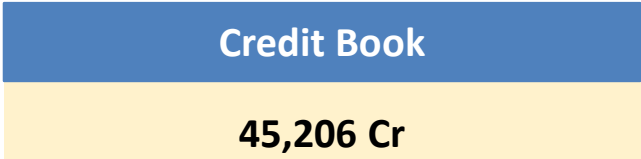
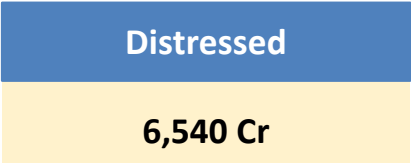
Journey so far



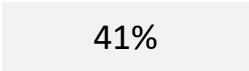
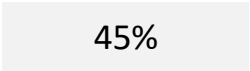
Credit Book



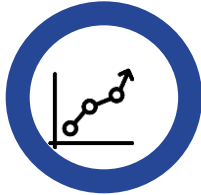
Q1FY19
INR Cr



*% share of
total book*



Key Differentiators



Growth with Right Diversification



Risk Pricing and Monitoring



Streamlining Processes



Customer Understanding and Experience

**Leverage Analytics
& Technology**

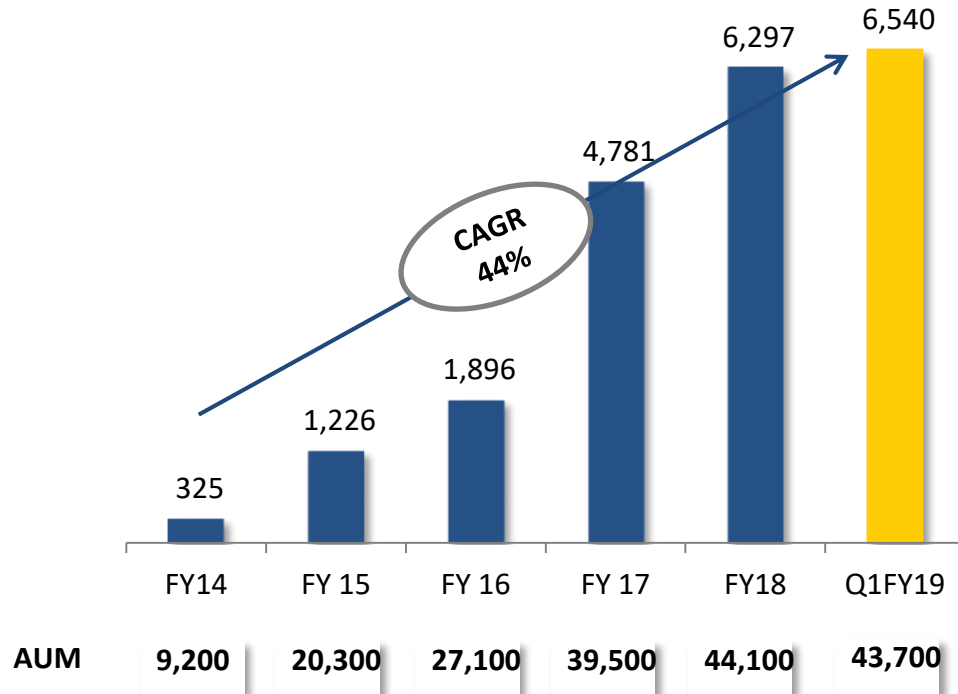


We are **leaders in a specialized
opportunity space
Distressed Assets**

Steady growth in Distressed Assets business



Capital Employed (INR Cr)



Well diversified portfolio of mostly operating assets

Domain expertise and asset turnaround capabilities

Our Distressed Assets business model



FY18 (INR Cr)

Nominal value of debt acquired

93,700

Price paid @ avg. 50% discount

46,200

Capital Employed

6,300

Total Income

833

Yield of ~16% on
average capital
employed

PAT

192

RoA 3.6% and RoE Of
20% for FY18

Avg. expected higher recovery @ 10%

4,600

Carry on the higher recovery @ 20%

920

Additional PAT due to higher recovery over 4 years

620

~150 cr p.a

What makes Edelweiss distressed assets business successful

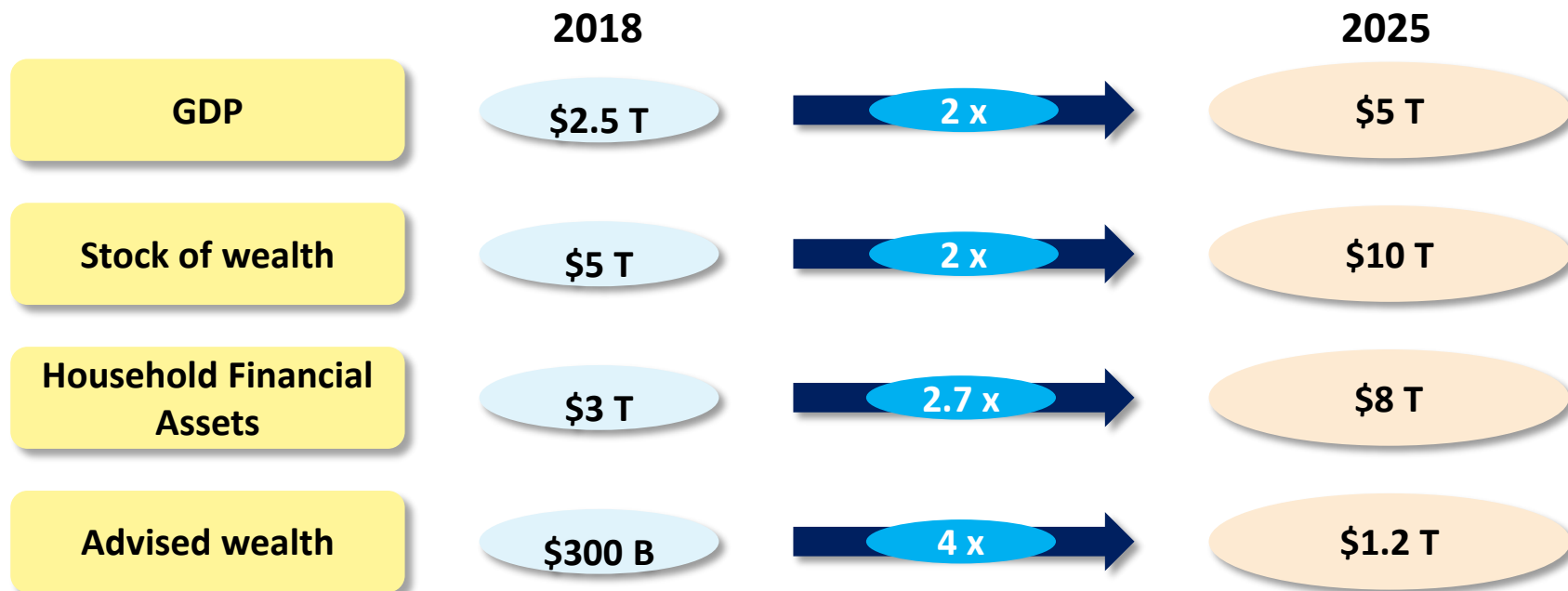


- 1 Focus on good operating assets with weak promoters
- 2 Access to capital – strong parent & strong relationships with funds and institutions
- 3 Deep relationships – ARC has acquired assets from 51 banks
- 4 Industry relationships & domain knowledge; Advisory Board of leaders across sectors
- 5 Investing experience across enforcement, settlement & revival based deals



Franchise & Advisory

Wealth Management: Large and growing Opportunity

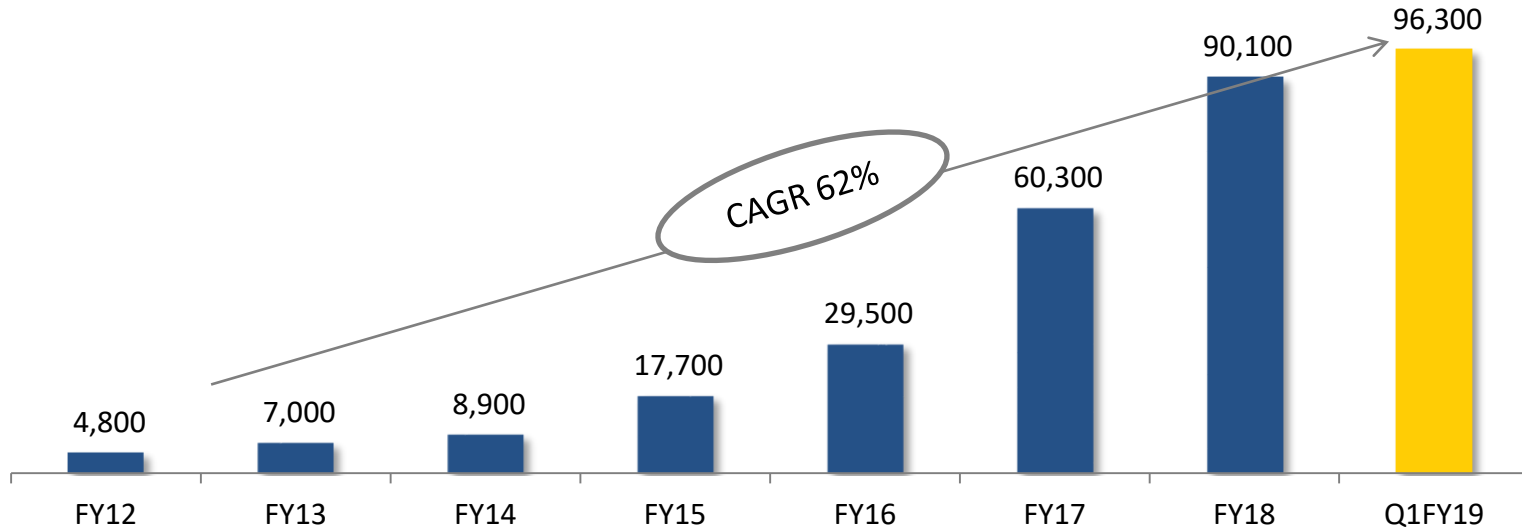


Demand is NOT a constraint !

We are amongst the top players in the country



Industry leading AuM growth
(INR Cr)



Operating leverage has started to kick in ...



INR Cr	FY15	Q1FY19	Steady State
AUM	18 K	96K	200K
Cost to Income	90%	66%	55%-60%
PAT Yield (bps)	<8	~15	~25

Our differentiators..



Platform led

- More like Charles Schwab than Merrill Lynch
- Deep specialization: Segmentation, Productization, Organization alignment

Diversified client segments

- Targeted the entire client continuum: Affluent, HNI and UHNIs
- Diversified model delivers consistency in growth & granularity
- Client & talent longevity as they migrate upwards

Business model

- Diversified revenue profile to reduce volatility
 - Broking, Distribution, Advisory & Credit

Technology

- Built specialized client segment platforms
 - EMT, ESOP Desk, Edelweiss.in
 - Wealth Reporting

Well recognized by clients and stakeholders



Best Private Bank

Asiamoney Best Bank Awards 2018

Best Wealth Manager – Rising Star, India

The Asset, Hong Kong, 2017

Excellence in Wealth Management India

Asian Private Banker, Hong Kong, 2017

Best Consumer Mobile Service Award

CMO Asia- BBC Knowledge's, Regional Digital Marketing Awards, 2017

Best Use of Mobile Technology in Financial Sector – Edelweiss Global Wealth Management

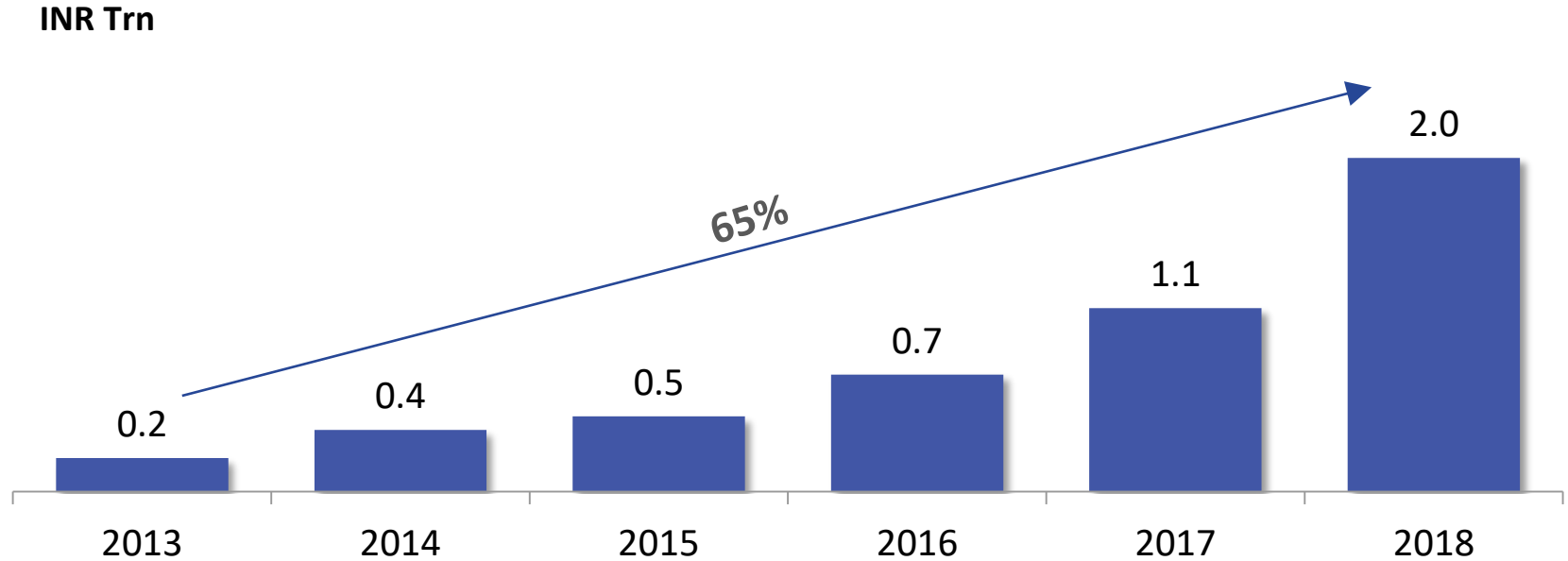
ET Now BFSI Awards, 2017

Best Mobile App Content in Business (Mobile Trading)

Mobbys, 2017



Asset Management: Alternatives is becoming mainstream in India...



Offshore India focused funds add another 2 Trn making it a large opportunity

....And is large and profitable ...



- * Globally Alternatives account for **15% of the AuM.....but 40% of profit pool**
- * In India, Alternatives accounts for **~10%** of the total AuM and expected to grow to **25%** of the market (**INR ~20 Trn**) over the next 7-8 years
- * Profit pool share of Alternatives likely to grow to **~40%-50%** by 2025

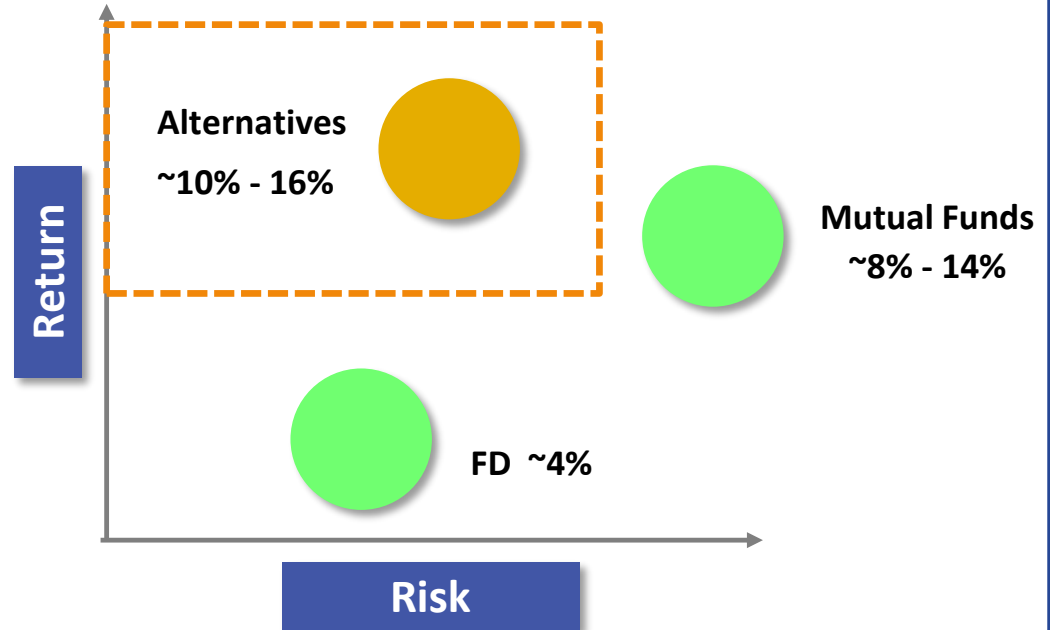
Fulfilling client's need for Yield....

Global demand

- Globally yields have come down
- India offers superior yields

Domestic demand

- There is an increased appetite for yield amongst domestic investors

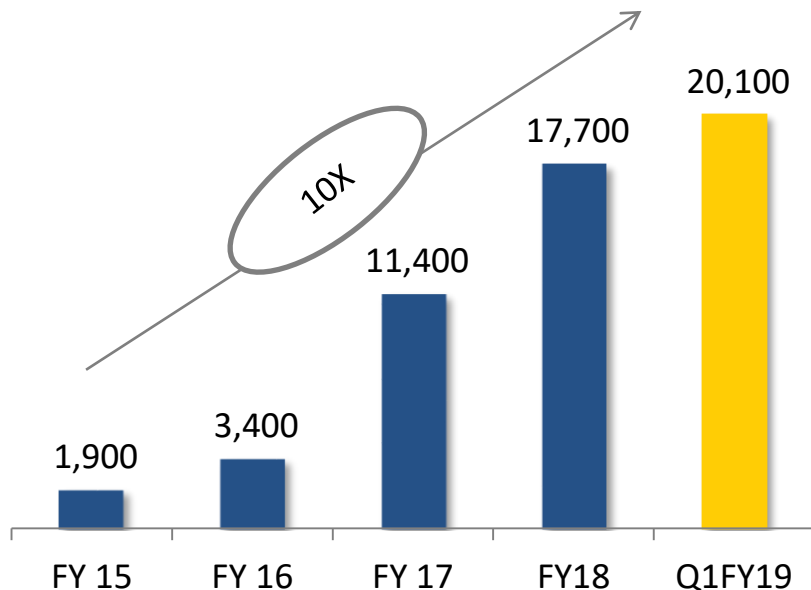


Double digit return with low volatility

We have established leadership in Alternatives



Alternative Assets - AuM (INR Cr)



- Offer full range of alternative solutions
- One of the top 5 Asia-based fund manager by aggregate capital raised in the last 10 years
- Raised ~3,500 Cr onshore over the last 6 months
- Ability to extend Edelweiss group capabilities to fund platform

Capital Markets: Present across the spectrum



PRODUCT	SUB-PRODUCT	OVERVIEW
Institutional Security Services	Institutional Equites	<ul style="list-style-type: none">• <u>Largest</u> domestic institutional brokerage house in India• Serviced <u>650</u> FIIs and DIIs till date.• Market <u>leader</u> in the derivatives space.• Research covering <u>~255</u> stocks spanning <u>~85% Mcap</u>
Investment Banking & Advisory	M&A and Advisory	<ul style="list-style-type: none">• <u>Full Service</u> Investment Bank with <u>extensive</u> global reach• <u>Strengthened advisory</u> capability; sole advisor to few marquee and 1st ever deals in India• Indoors to Large Business Groups
	Equity & Debt Capital Markets	<ul style="list-style-type: none">• <u>Dominance</u> maintained in ECM with 50% market share in top 20 issues• Leadership position in Public Issuances & CPs• Ranked no 1 Merchant Banker for Public Issuances of Debt since FY15
Prime Services	Prime Broking	<ul style="list-style-type: none">• <u>Full service</u> custody, clearing, funding, distribution, research and support services

Awards & Recognition



Edelweiss Franchise & Advisory Differentiators



1

Platform Led rather than person led

2

Dominant in our chosen segments

3

Client Centricity – enabled with Technology



Life

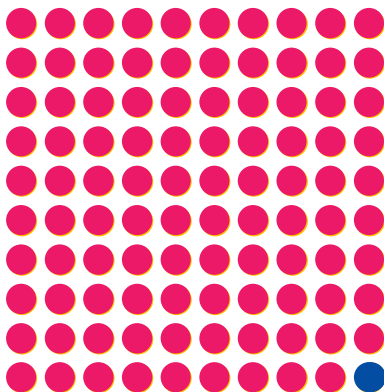
Insurance

Insurance opportunity space



INR 4.6 Tn

Annual life insurance collected premium



< 5%

Premium towards protection



> 95%

Investment driven products

Primary household savings flows into insurance



**Household
Financial
Assets**

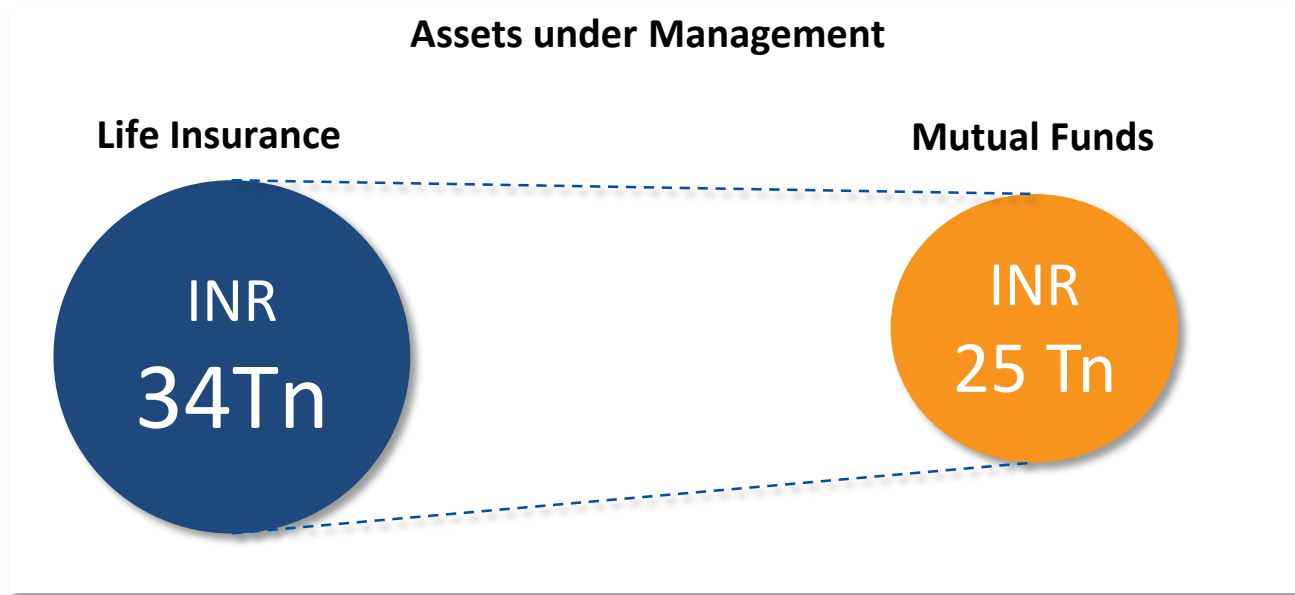
18-20%



**Life
Insurance**

Largest chunk of household financial assets after banks

Life Insurance is another form of asset management business



Our structure



India understanding



Investment
management
expertise



Distribution
capabilities



Edelweiss
51%



Tokio
Marine
49%



Capital



Global presence

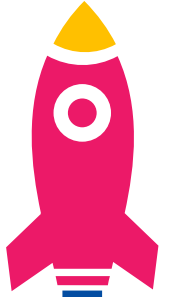


140 years insurance
experience

Business economics : long term value creation



16-18% *Steady state industry IRR**



3-4% *IRR kicker for Edelweiss*





Commenced operations - **February 2018**



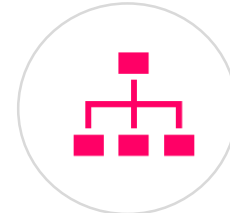
Customer centric
new age player



Technology
at the core



Experienced team
in place



Product roll out
in next 6 months



But all this requires



...Building a High Quality Organization

4 Pillars of a Quality Organisation





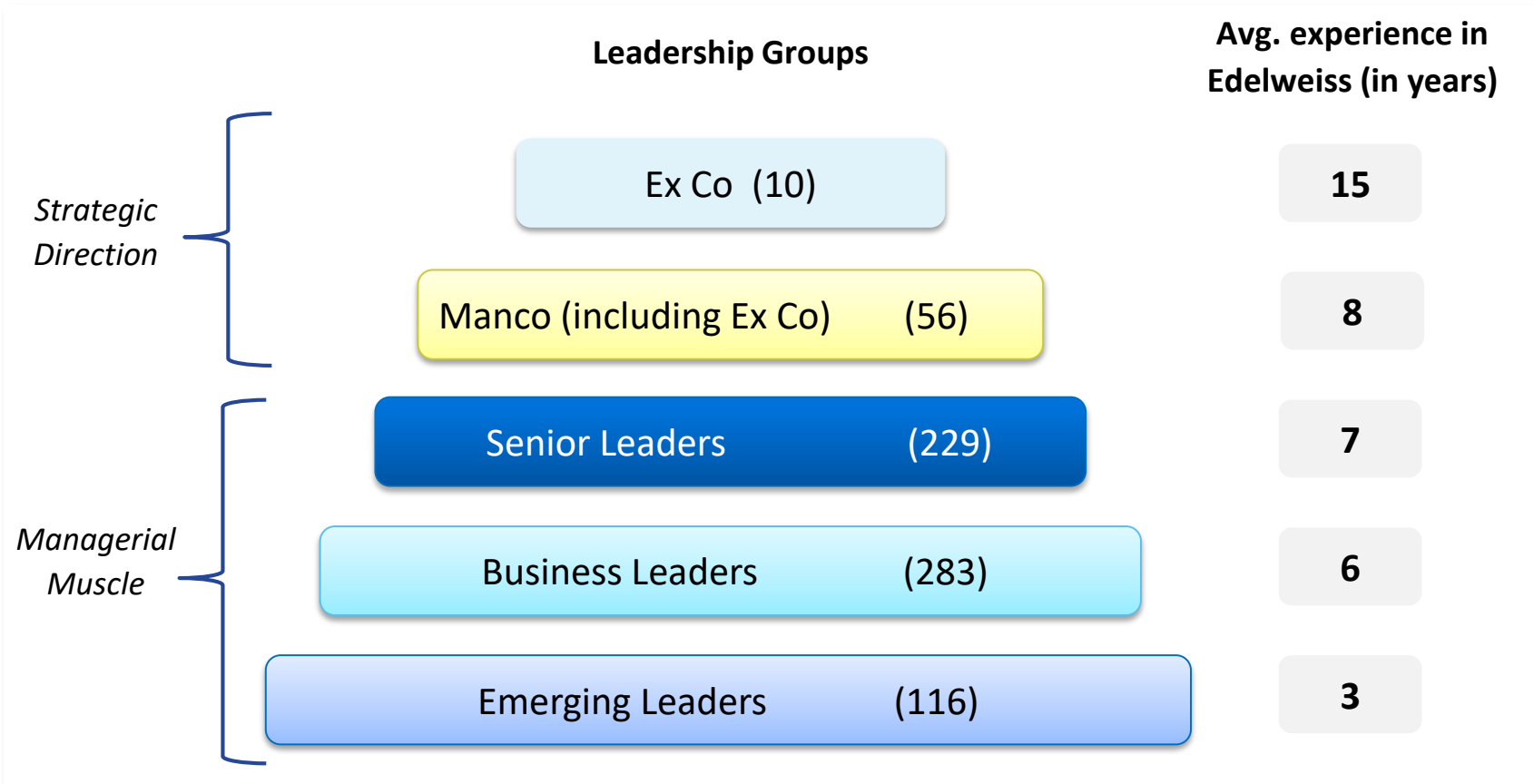
Common Ethos

Empowerment & shared ownership

Develop & Attract Talent

Home grown & lateral

Leadership: Deep and Growing Talent Pool





**We are a risk
conscious
company**

is it **worth** it?

can we **afford** it?

Enterprise risk management approach



Evaluate unknown risks as well

Our Risk and Governance Structure



Oversight by Board Risk Committee

Global Risk Committee

**Business Risk
Group**

Global Risk Group

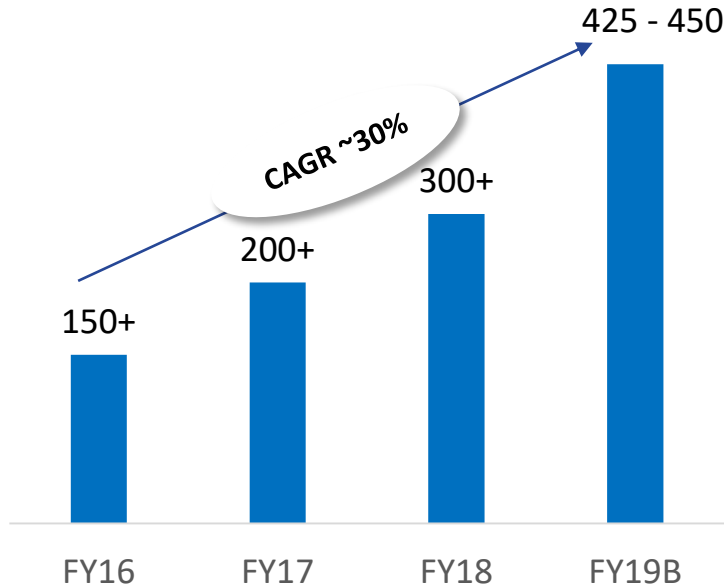
**Enterprise Risk
Management
Committee**

**Corporate
Controller & Audit**

Technology as a strategic differentiator



Technology spends (INR Cr)



Customer Acquisition

Scale & Efficiency

Customer Experience

Risk Management



Quality is not an
act, it is a habit.

Aristotle



Closing Remarks

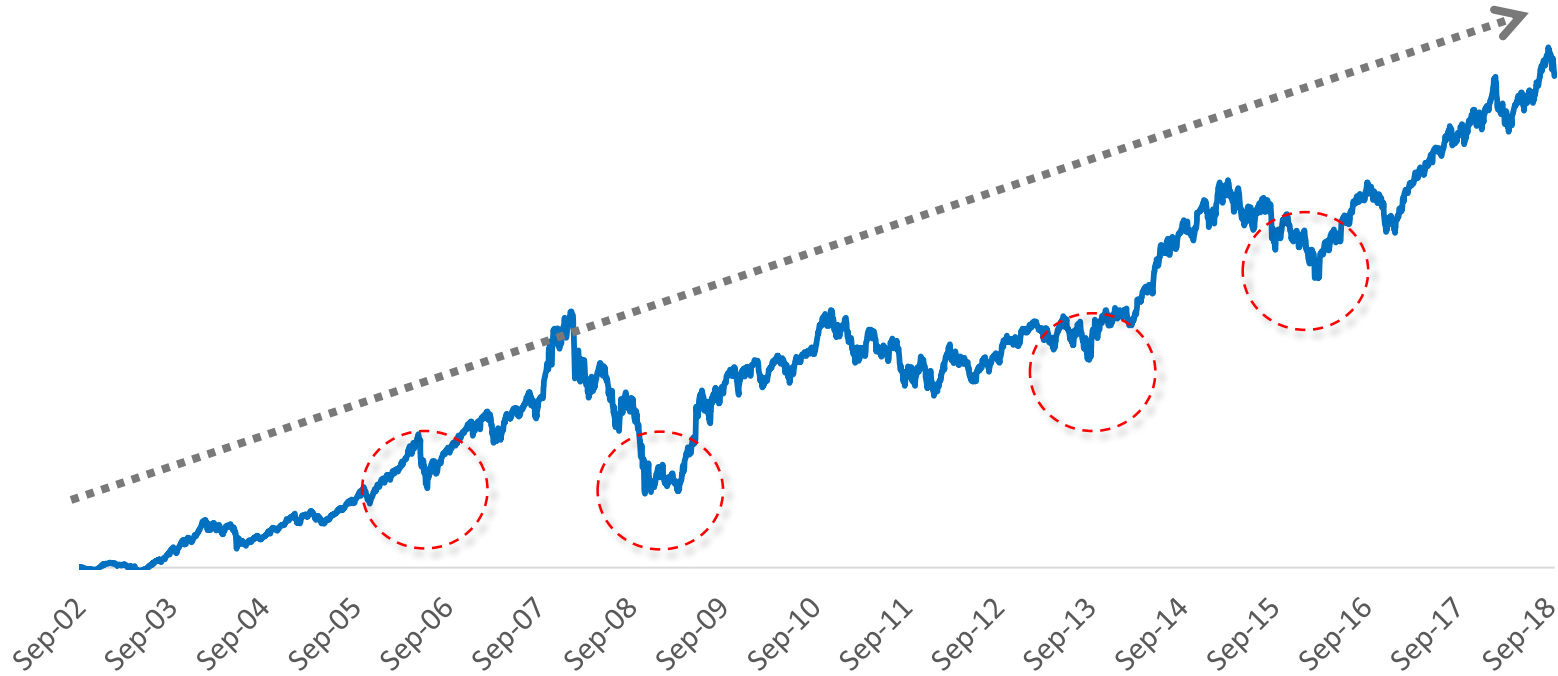
There has been a great transformation in Indian Equity Markets...



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India



It is easy to forget this amidst the volatility...



Long-term trend continues to be upwards!



Credit is the new Equity !

- * Households looking for yields
- * Corporates short of equity
- * Retail borrowers are not afraid to borrow

...And our diversified platform is poised to benefit from these changes...



Mature

- * Corporate Credit
- * Distressed Credit
- * Capital Markets

Scaling Up

- * Retail Credit
- * Wealth Management
- * Asset Management
- * Life Insurance

Nascent

- * Agri Credit
- * General Insurance

...As our Businesses are at different inflection points

Amundsen Vs Scott - Race to the South Pole



Amundsen's philosophy:

“You prepare with intensity, all the time, so that when conditions turn against you, you can draw from a deep reservoir of strength”

“And equally, you prepare so that when conditions turn in your favor, you can strike hard”



...We are preparing
through Project
Everest

2025



2017





Right kind of growth hunger

- ▶ **Simplicity**
- ▶ **Transparency**
- ▶ **Governance**
- ▶ **Exceptional People**





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