

EW/Sec/2018/34

January 23, 2018

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

Dear Sirs,

Ref.:- Symbol - EDELWEISS

Sub: Investor Presentation

Please find enclosed the Investor presentation in respect of the third Quarter and nine months ended December 31, 2017.

Kindly take the same on record.

Thanking you,

For Edelweiss Financial Services Limited



B. Renganathan
Executive Vice President & Company Secretary



Edelweiss Financial Services Limited

Q3FY18 Earnings Update





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Edelweiss Financial Services Limited Corporate Identity Number: L99999MH1995PLC094641

For more information, please visit www.edelweissfin.com or drop us an e-mail on ir@edelweissfin.com.

NOTES:

Slide 8: Insurance includes General Insurance loss of INR 8 Cr in Q3FY18; BMU, Corp & Others includes profits from discontinued businesses for past periods

Slide 11,19: Balance Sheet numbers are on net basis

Slide 13: Distressed Credit (ARC assets) are net of Edelweiss contribution

Slide 21,22: Capital employed includes Distressed Credit Assets

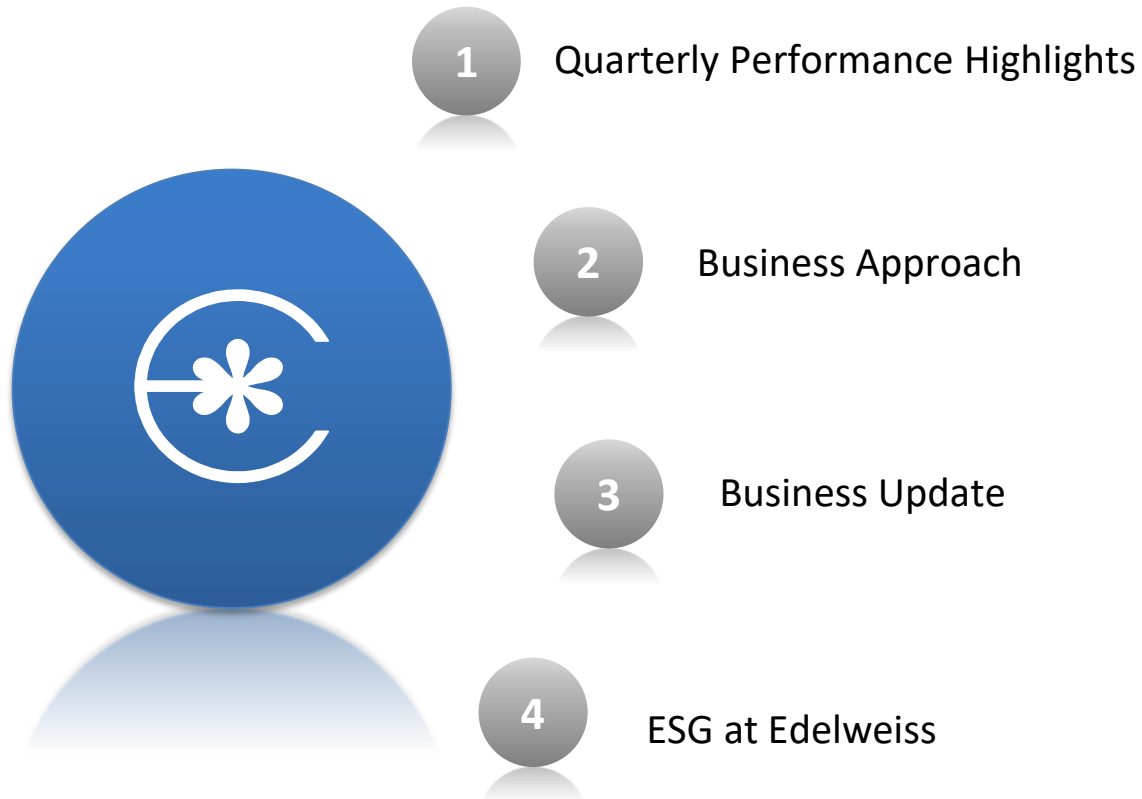
Slide 23: Gross and Net NPAs do not include Distressed Credit and Episodic book

Slide 35: CAGR Growth is calculated on a trailing 12 month basis

Slide 36: Net Worth Includes unrealised gains on equity and mutual fund investments per IRDA norms

Slide 41: Others includes Provident Fund, Insurance & Corporates

Slide 44: Key institutional shareholders: Holding of known affiliates have been clubbed together for the purpose of this information





Quarterly Performance Highlights – Q3FY18



Edelweiss
Ideas create, values protect

Q3FY18 Performance Highlights



1 Consolidated PAT growth 52% YoY

- Balance Sheet growth 31% YoY
- Sustained non-linear growth

2 Q3 Consolidated PAT at INR 236 Cr; 38% CAGR over 27 quarters

3 Profitability across businesses

- Credit business grew 42% YoY
- Franchise & Advisory business grew 55% YoY

4 Continued improvement in key performance ratios

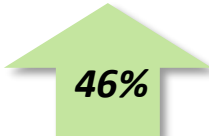
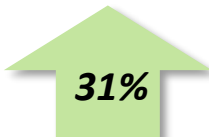
- Consolidated RoE 17.4%; Ex-Insurance RoE 22.5%
- Consolidated RoA 2.0%; Ex-Insurance RoA 2.6%
- Consolidated C/I ratio 59%; Ex-Insurance C/I ratio 46%

5 Proposed acquisition of Religare's Securities business to expand Wealth Management client base, footprint

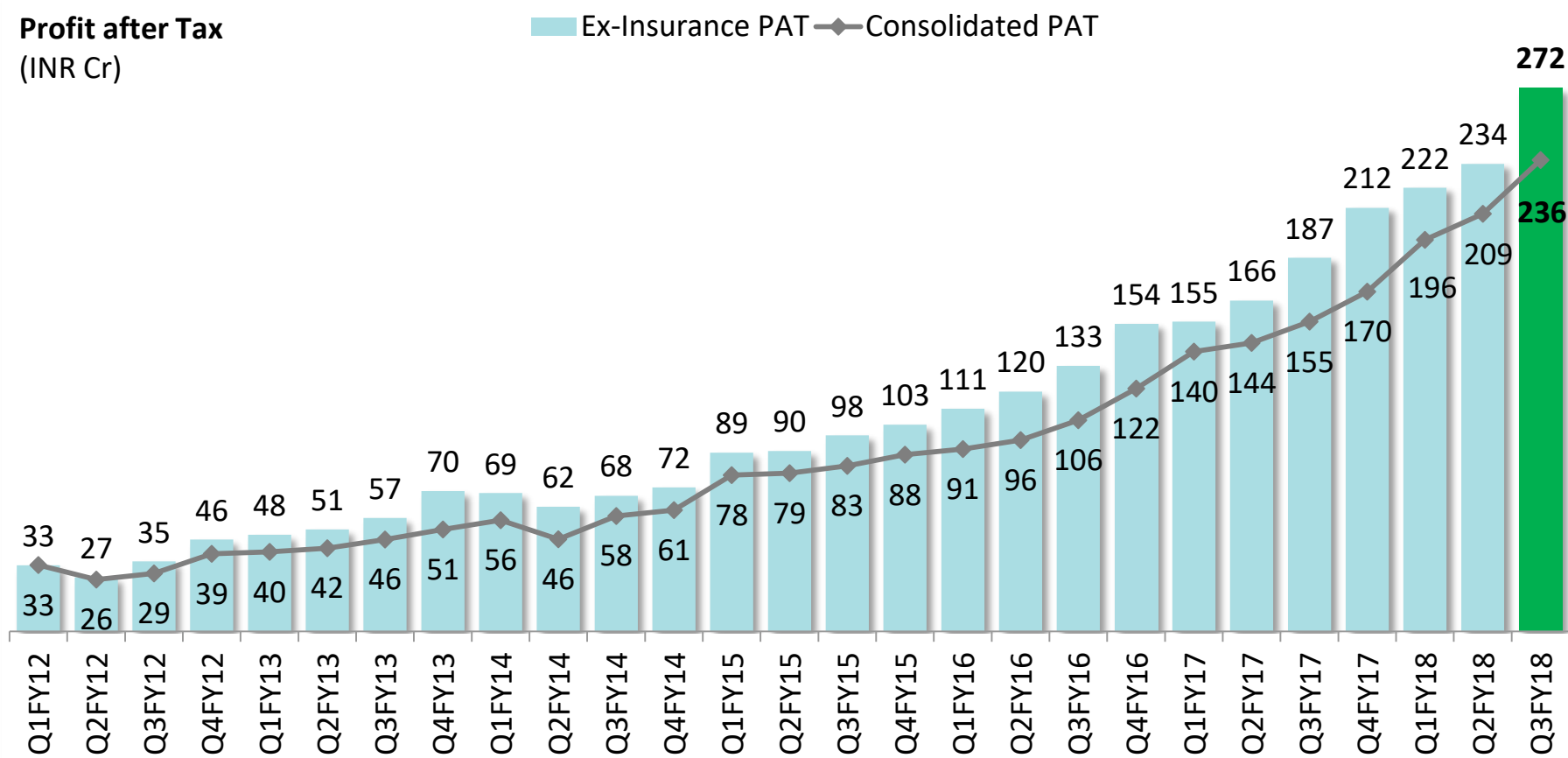
6 Raised INR 1,528 Cr through QIP; participation of new investors - CDPQ, HDFC Mutual Fund and Kotak Funds

Consolidated PAT Growth of 52%



(INR Cr)	Q3FY17	Q2FY18	Q3FY18	Y-o-Y Growth
PAT Consolidated	155	209	236	 52%
PAT Ex-Insurance	187	234	272	 46%
Balance Sheet	37,245	47,819	48,796	 31%

Sustained PAT Growth Trajectory



Consolidated PAT CAGR of 38% over last 27 quarters

3 Profit Growth Across Businesses



(INR Cr)	Q3FY17	Q2FY18	Q3FY18	Y-o-Y Growth	FY17	FY16	3 Year CAGR
PAT	155	209	236	52%	609	414	39%
<i>Credit</i>	<i>117</i>	<i>149</i>	<i>167</i>	<i>42%</i>	<i>447</i>	<i>337</i>	<i>40%</i>
<i>Franchise & Advisory</i>	<i>51</i>	<i>66</i>	<i>79</i>	<i>55%</i>	<i>193</i>	<i>72</i>	<i>81%</i>
<i>Insurance</i>	<i>(31)</i>	<i>(24)</i>	<i>(35)</i>	<i>-</i>	<i>(110)</i>	<i>(104)</i>	<i>-</i>
<i>BMU, Corp & Others</i>	<i>18</i>	<i>18</i>	<i>25</i>	<i>-</i>	<i>79</i>	<i>110</i>	<i>-</i>

Improving Key Performance Parameters



Key Ratios

Consolidated	Q3FY17	Q2FY18	Q3FY18	FY17	FY16
RoE	15.4%	18.3%	17.4%	15.5%	12.9%
RoA	1.7%	2.0%	2.0%	1.7%	1.3%
Cost to Income Ratio	65%	58%	59%	67%	71%

Ex-Insurance	Q3FY17	Q2FY18	Q3FY18	FY17	FY16
RoE	20.9%	22.2%	22.5%	20.7%	18.6%
RoA	2.5%	2.5%	2.6%	2.4%	1.8%
Cost to Income Ratio	53%	47%	46%	54%	60%



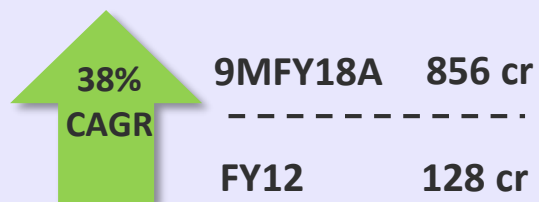
Business Approach

Edelweiss at a Glance

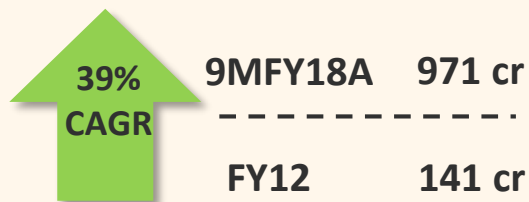


INR cr

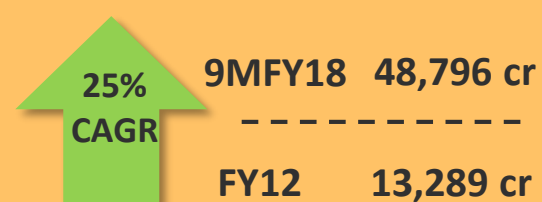
PAT



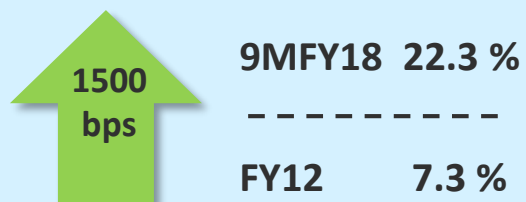
PAT Ex-Insurance



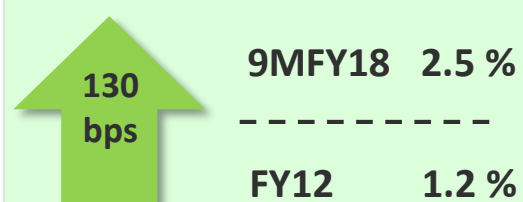
Balance Sheet EOP



RoE Ex-Insurance %



RoA Ex-Insurance %



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
- General Insurance



Bank-like business model

Multiple vectors of growth

Consistent growth and profitability

Reduction in volatility

Growth aligned with market tailwinds

Career opportunities and retention of management

Our Asset Base is a Mix of Own and Customer Related Assets



As on 31st Dec'17 (rounded off to nearest 100)

	INR Cr	YoY Growth
Balance Sheet Assets	48,800	31%
Assets under Management and Advice	1,61,200	61%
<i>Distressed Credit (ARC Assets)</i>	<i>38,600</i>	<i>38%</i>
<i>Assets Under Advice (Wealth Management)</i>	<i>84,700</i>	<i>58%</i>
<i>Funds under Management (Asset Management)</i>	<i>26,000</i>	<i>51%</i>
<i>Assets under Custody & Clearing</i>	<i>11,900</i>	<i>737%</i>
Total Assets	2,10,000	53%

Clients
~11.4 lacs

Offices
433

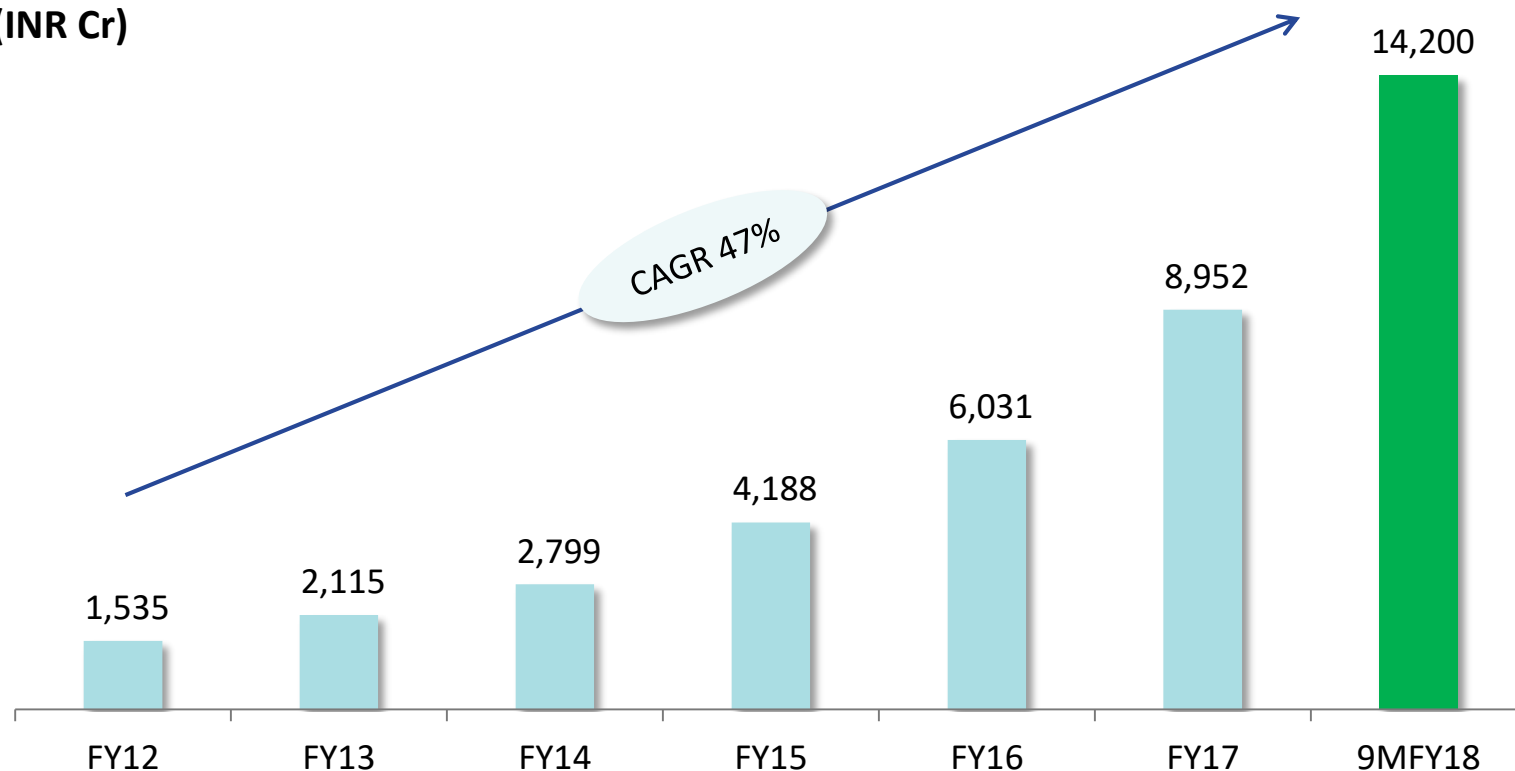
Employees
9,565

Diversified assets generate both spread and fee income

Retail Credit Book is now 39% of Total Credit Book



Retail Credit - Capital Employed
(INR Cr)

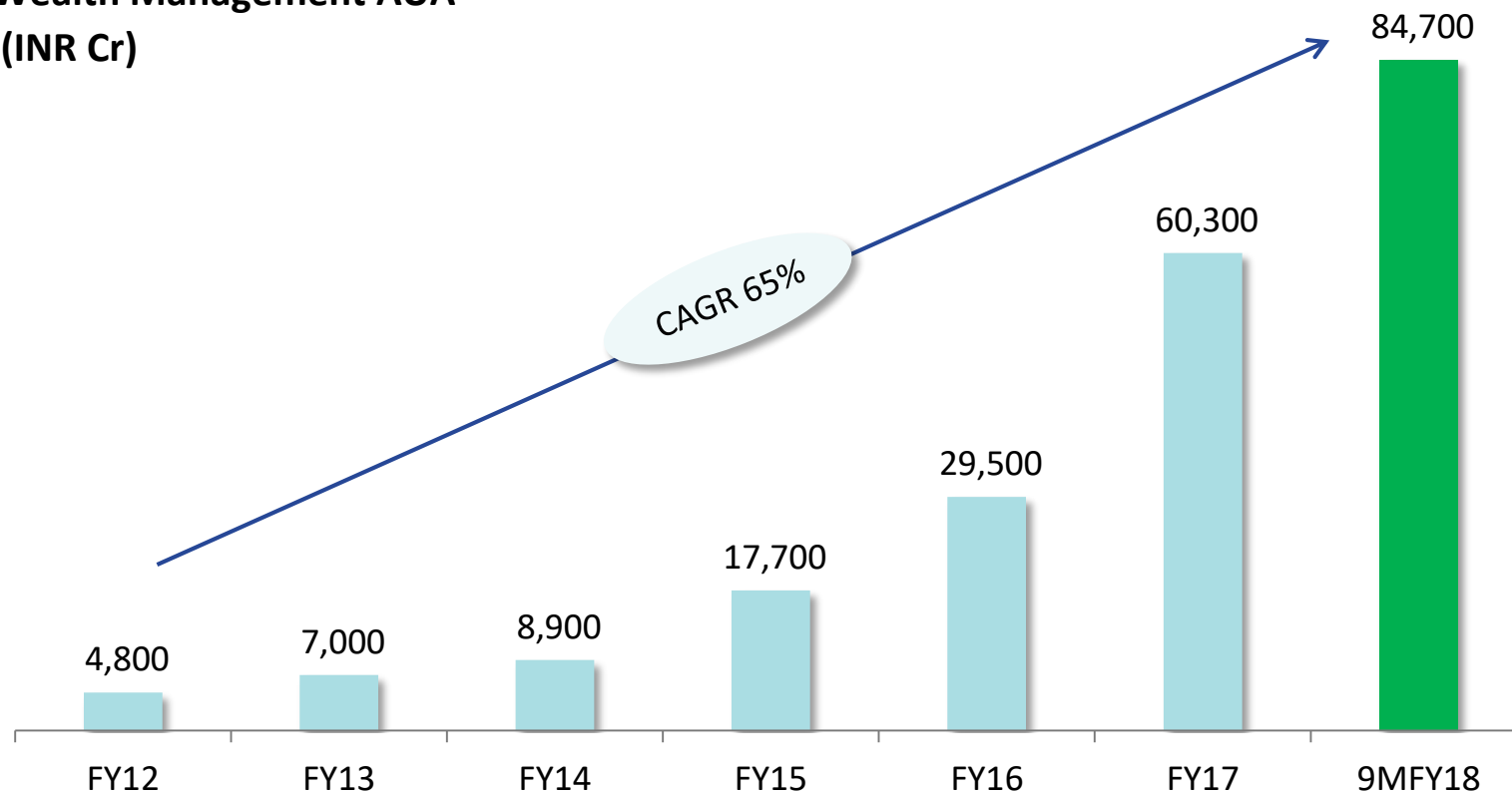


Key vectors for our growth will be SME Loans and Retail Mortgages

AUAs Continue to Scale Up - ~INR 85,000 Crores



Wealth Management AUA
(INR Cr)

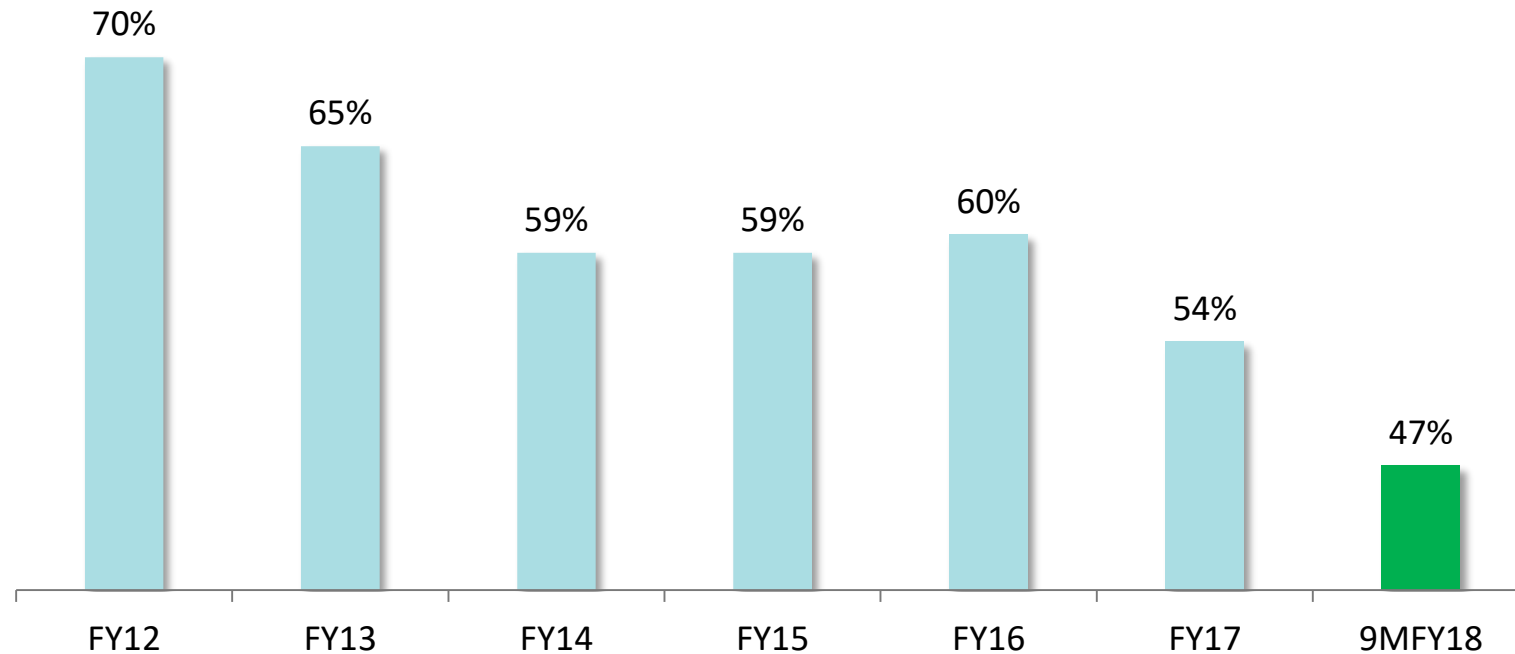


We cater to UHNI as well as the fast-growing Affluent segments

Scale Benefits Leading to Operating Efficiencies...



Cost to income ratio (Ex- Insurance)



...Aided by Technology Initiatives across Businesses



Retail Credit

- Scorecard based objective underwriting
- Cognitive Tools to further enhance customer service levels
- Automation & Process simplification

Wealth Management

- Digital client on-boarding
- Client centricity management
- Digital Advice Delivery - Robo Advisory
- Advanced Analytics & Insights
- Phase 1 of business transformation project with IBM now live

Life Insurance

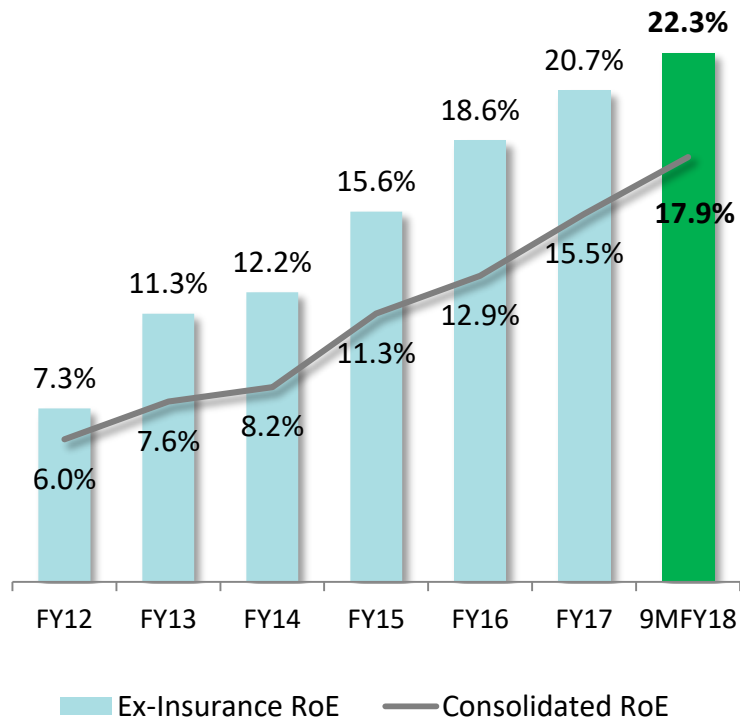
- Leveraging analytics and machine learning for customer acquisition and underwriting
- Focusing on tablet assisted sales
- Phase 1 of business transformation project with IBM now live

We use technology to drive costs down and also to enhance customer experience

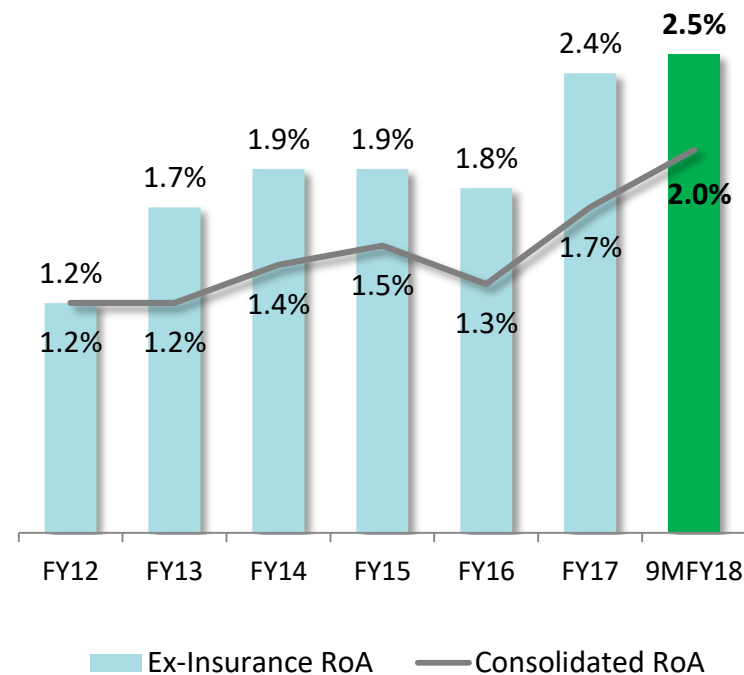
We have Significantly Improved Balance Sheet Efficiency...



RoE



RoA

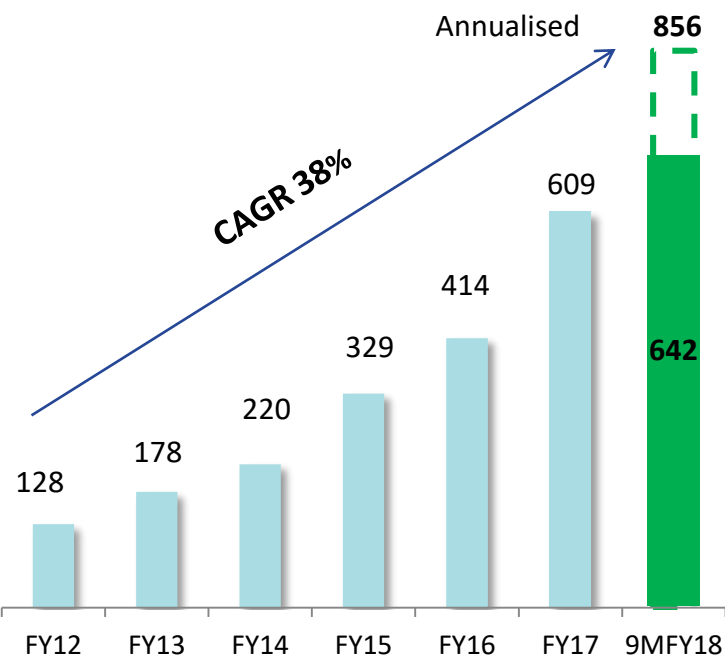


Continued improvement in profitability ratios across business cycles

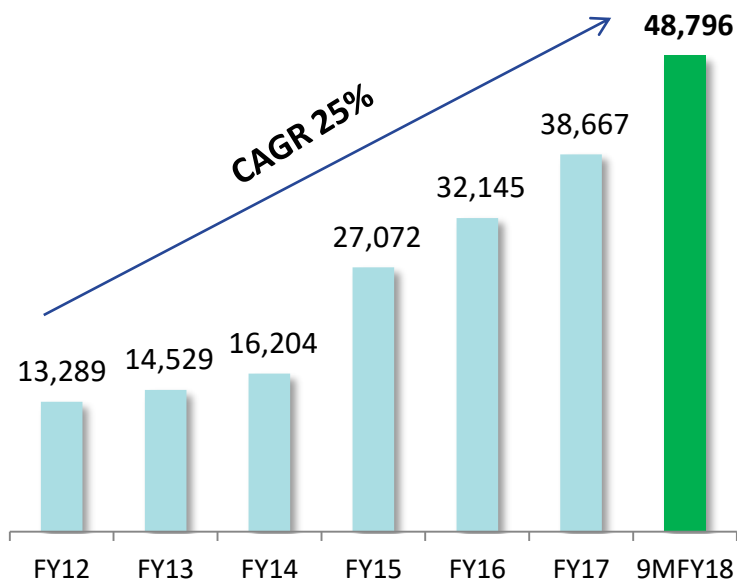
...Ensuring Our Diversified Model Delivers Consistent Growth



PAT (INR Cr)



Balance Sheet (INR Cr)



25% growth in balance sheet assets supported a 38% growth in profits



Business Update

CREDIT

Retail Credit – Corporate Credit – Distressed Credit



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Credit Business is a Mix of Diversified and Scalable Assets



As on 31 st Dec'17	Capital Employed (INR Cr)	% Share	
Retail Credit	14,200	39%	
Retail Mortgage	5,532	15%	Blend of loans to home owners and home buyers
SME & Business Loans	3,189	9%	Underserved and highly scalable, focus area for future
Loan against Securities	4,262	12%	Catering to Retail & Wealth Mgmt customers in Capital Markets
Agri and Rural Finance	1,217	3%	Large scalable opportunity with low competitive intensity
Corporate Credit	16,372	46%	
Structured Collateralised Credit	8,518	24%	Customized credit solutions with robust risk management systems
Wholesale Mortgage	7,854	22%	Developer financing for primarily residential properties
Distressed Credit	5,543	15%	Leading Asset Reconstruction Company in India
Total Credit Book	36,115	100%	

Credit

Franchise & Advisory

Life Insurance

Credit Business at a Glance



Credit Business (INR Cr)	9MFY18	FY17
Capital Employed	36,115	27,608
Average Interest Yield	16.1%	16.2%
Average Cost of Borrowing	9.9%	10.3%
Net Interest Margin	7.5%	7.2%
Net Revenue	1,786	1,695
Cost to Income	35%	36%
Provisions & Write Offs	351	319
PAT (post MI)	453	447
RoE (post MI)	18.4%	18.2%
RoA	2.2%	2.1%

Credit

Franchise & Advisory

Life Insurance

Asset Quality at a Glance



At the end of	9MFY18	FY17
Gross NPA (INR Cr)	533	362
Gross NPA %	1.74%	1.59%
Net NPA %	0.68%	0.60%
Outstanding Provision Held	439	314
Total Provision Cover	82%	87%
Average Collateral cover on Corporate book	2.2X	2.3X
Average Loan-To-Value on Retail book	~45%	~45%

Credit

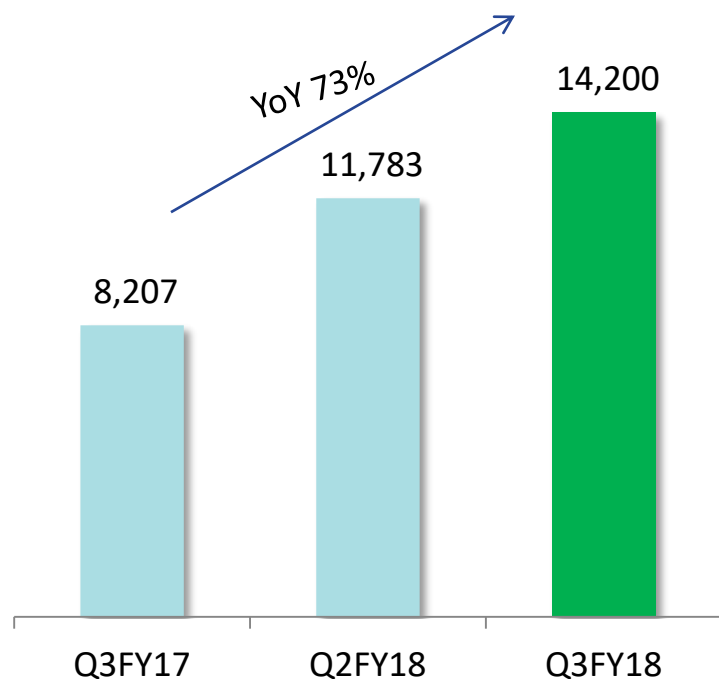
Franchise & Advisory

Life Insurance

Retail Credit Expanding Footprint



Capital Employed (INR Cr)



Business Highlights

SME

- Originations up 156% on Y-o-Y basis in Q3FY18
- Expanding SME credit distribution capabilities; now present in 69 locations from 44 locations in Q2FY18
- Launched new product “Salary Advance” for salaried employees of SMEs to capture opportunities in Personal Credit

Retail Mortgage

- Strong Q3FY18 with originations up 247% on Y-o-Y basis
- Under-construction financing product in association with select developers has gained traction

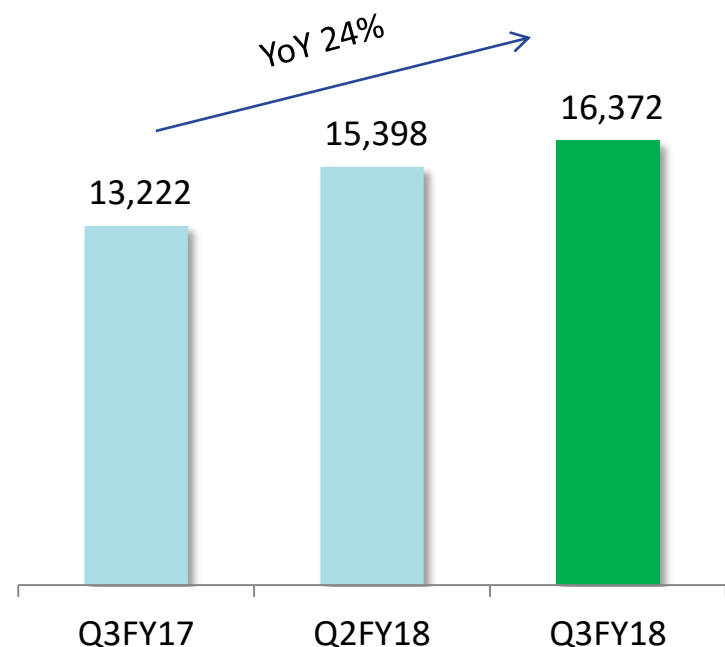
Loan Against Securities

- Proposed acquisition of Religare’s business will further strengthen our portfolio finance offering for wealth clients

Calibrated Growth in Corporate Credit



Capital Employed (INR Cr)



Business Highlights

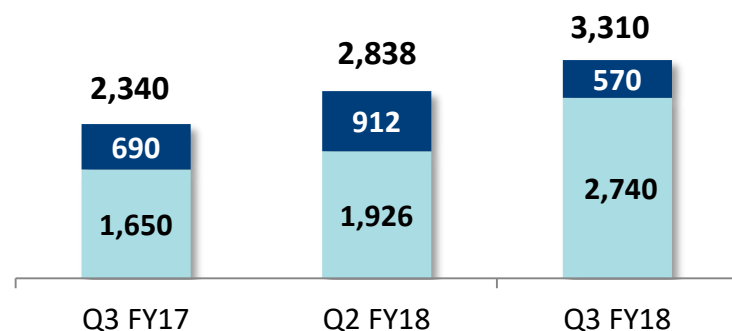
- Risk-management centered approach to collateralized lending
- In house team of experts for carrying out detailed evaluations
 - Counterparty, Collateral and Cash flows
- Ring fenced structures and hybrid collateral pool ensures lower loss given defaults
- Exploring opportunities in mid market space for Structured Collateralised Credit
- Incremental growth to largely come through the fund structure going forward

Agri Credit Expected to Scale Up

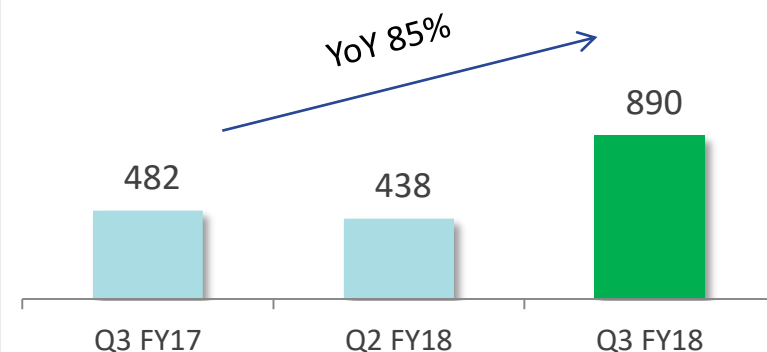


Collateral Value (INR Cr)

■ Collateral Manager Stock ■ Storage Stock



Agri Credit Book Size (INR Cr)



Business Highlights

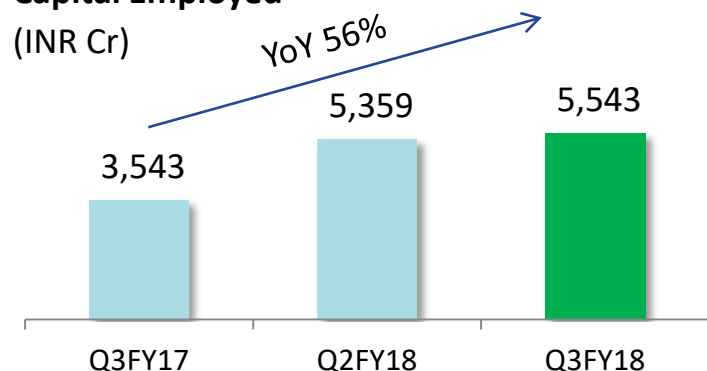
- One of the few organized players providing end to end business solutions in the Agri value chain
- Leveraging the large opportunity size of the Agri financing industry
- Continued focus on increasing the credit book; disbursements grew by 82% on a YoY basis
- Network of 506 warehouses across 17 states in India; investments in risk management capabilities
- Empanelled with 22 banks for Collateral Management Services

Distressed Credit Performance on Track



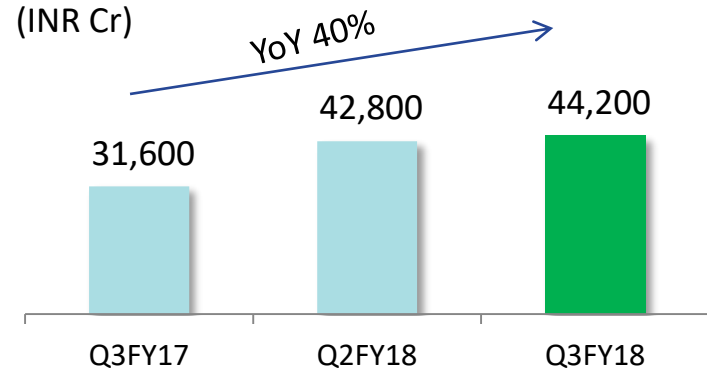
Capital Employed

(INR Cr)



AUM

(INR Cr)



Business Highlights

- Focus on large operating and EBITDA earning assets that need financial restructuring
- Strong focus on resolutions aided by changes in Insolvency and Bankruptcy Code norms
- Actively targeting opportunities in the second round of NCLT cases
- Developing new long-term partnerships and co-investor network as industry moves towards large deal sizes



FRANCHISE & ADVISORY



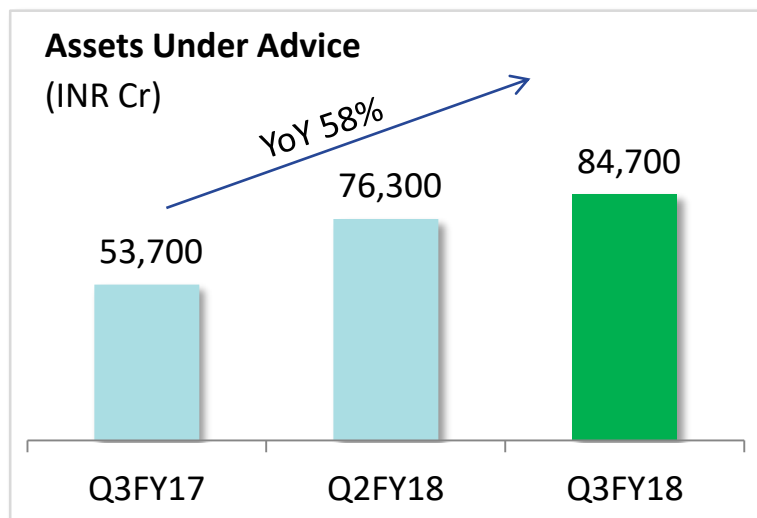
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Franchise & Advisory Business at a Glance



Franchise & Advisory (INR Cr)	9MFY18	FY17
Net Revenue	932	1,060
Cost to Income	66%	73%
PAT	209	193

Wealth Management AUA Continues to Scale Up



As on 31 st Dec'17	No. of Clients	AUA (INR Cr)
Ultra High Net Worth Individuals	~1,200	64,300
Affluent	~ 4,31,000	20,400

Business Highlights

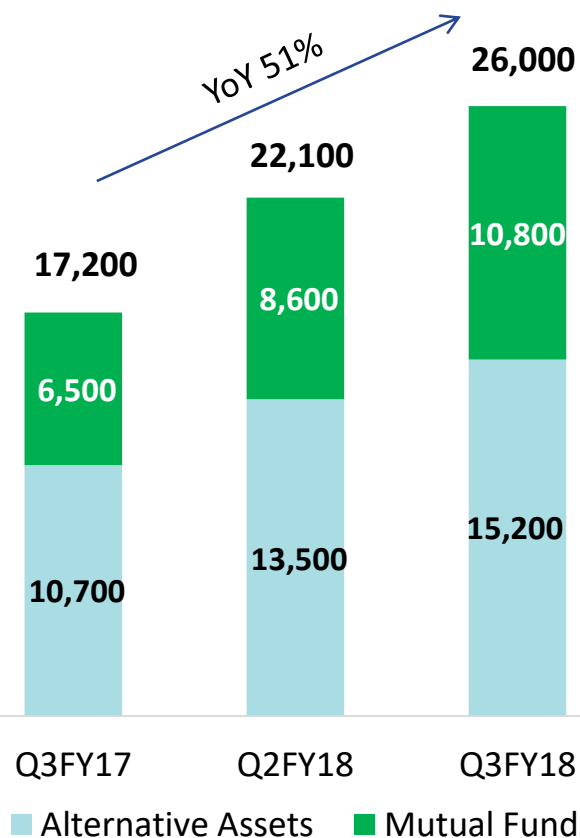
- Proposed acquisition of Religare's Securities broking business to add significant distribution reach
 - Will increase client base by 3X
 - Increase our distribution reach, adding ~1,250 points of presence including 90 branches
- Capacity ramp-up in UHNI on track –144 RMs as on December 2017 with 35 hires during the year
- Yield of 70-80 bps on AUA
- Scale and aggressive use of technology has helped further drive down cost to income ratio to 66% for the quarter
- For more information on the Religare's Securities business acquisition visit our website – www.edelweissfin.com

Asset Management has Healthy Growth in AUM



Asset Management AUM

(INR Cr)



Business Highlights

Alternative Assets

- Leading player in the Private Debt space across special opportunities, real estate credit and distressed assets credit
- Raised INR 1,750 Cr in a new CAT II Fund – Edelweiss Crossover Opportunities Fund (Pre IPO fund)
- Deployed ~ INR 950 Cr across Alternative funds in Q3 FY18
- Received regulatory approval for Edelweiss Infrastructure Yield Fund – targeting first close in March 2018

Mutual Funds

- Mutual Fund AUM hits new high – crossed INR 10,000 Cr
- Prioritizing and widening distribution partnership with large organized distributors at new locations

Capital Markets Strong Performance Continues



Key Equity Capital Market Transactions



IPO INR 8,695 Cr
BRLM



QIP INR 2,000 Cr
BRLM



IPO of INR 1,542 Cr
BRLM

Key Debt Capital Market Transactions



**Rural
Electrification
Corporation**
INR 3,533 Cr
Arranger



Andhra Bank
INR 1,000 Cr
Arranger



**Corporation
Bank**
INR 500 Cr
Arranger

Business Highlights

Equity Capital Markets

- Closed eight capital market transactions and one advisory transaction during the quarter
- Continue to build market share in blocks with share of over 5% in Q3FY18
- Won the Best Research Analyst (Organization) - ASSOCHAM Capital Markets Intermediaries Excellence Awards 2017

Debt Capital Markets

- Ranked 1st in placements of commercial paper with 23% share in Q3 FY18
- Market share of 12% in private placement of debt

Credit

Franchise & Advisory

Life Insurance



Business Update

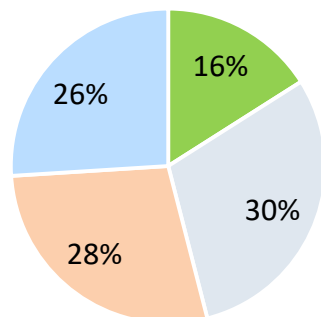
Life Insurance

Life Insurance – Long Term Value Creation



Products Mix

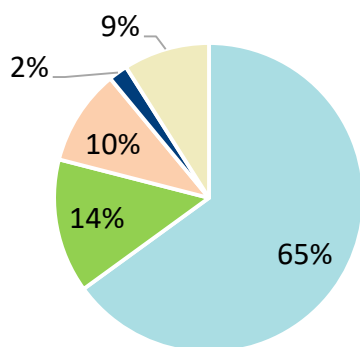
New Business Premium 9MFY18



■ Traditional Par ■ Traditional Non Par ■ ULIP ■ Group

Channel Mix

Individual New Business Premium 9MFY18



■ Agents ■ Banca ■ Edelweiss ■ Brokers ■ Direct Business

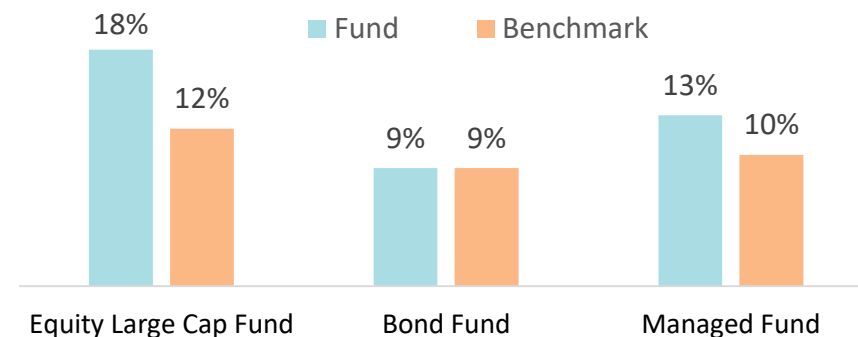
Distribution

- Agency-led multi-channel distribution approach with emphasis on productivity
- 121 branches and 27,485 PFAs across 94 cities in India

Investments Capability

Morningstar has rated all our ULIP funds 4 or 5 star on overall basis

5 Year CAGR%



Credit

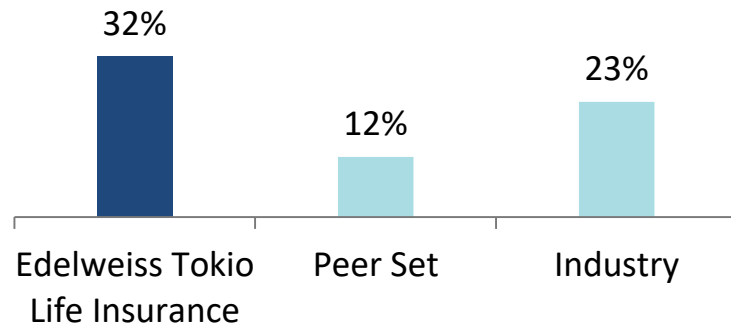
Franchise & Advisory

Life Insurance

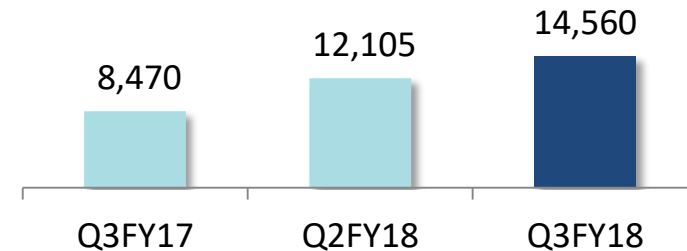
One of the Fastest Growing in Individual Annual Premium Equivalent



Individual Annual Premium Equivalent
CAGR growth since 9MFY15



Number of Policies Issued
(Individual Business)



Business Highlights

- Capital Infusion of INR 670 Cr between Edelweiss and Tokio Marine to aid growth
- Indian Embedded Value (IEV) at INR 1,669 Cr as on 31st Dec'17
- Individual Annual Premium Equivalent (APE) - INR 54 Cr for the quarter, growth of 68% YoY
- Leveraging technology
 - Agency Sales via digital medium rose to ~55% in Dec'17
 - ~83% of sales through direct front line sales channel contributed via digital medium during the year
- Launched new products, "Wealth Plus" (Online ULIP) and "Wealth Builder" (Non-Par) in Dec'17

Credit

Franchise & Advisory

Life Insurance

Life Insurance – Key Financials



Edelweiss Tokio Life Insurance Company Limited (ETLI)

(INR Cr)	9MFY18	FY17
Net Premium Income	121	165
Group Premium	52	60
Total Business	167	210
Profit After Tax	(136)	(216)
Minority	(67)	(106)
Edelweiss' Share in PAT	(69)	(110)
Net Worth	1,258	732



Balance Sheet



Edelweiss
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Key Highlights – Balance Sheet

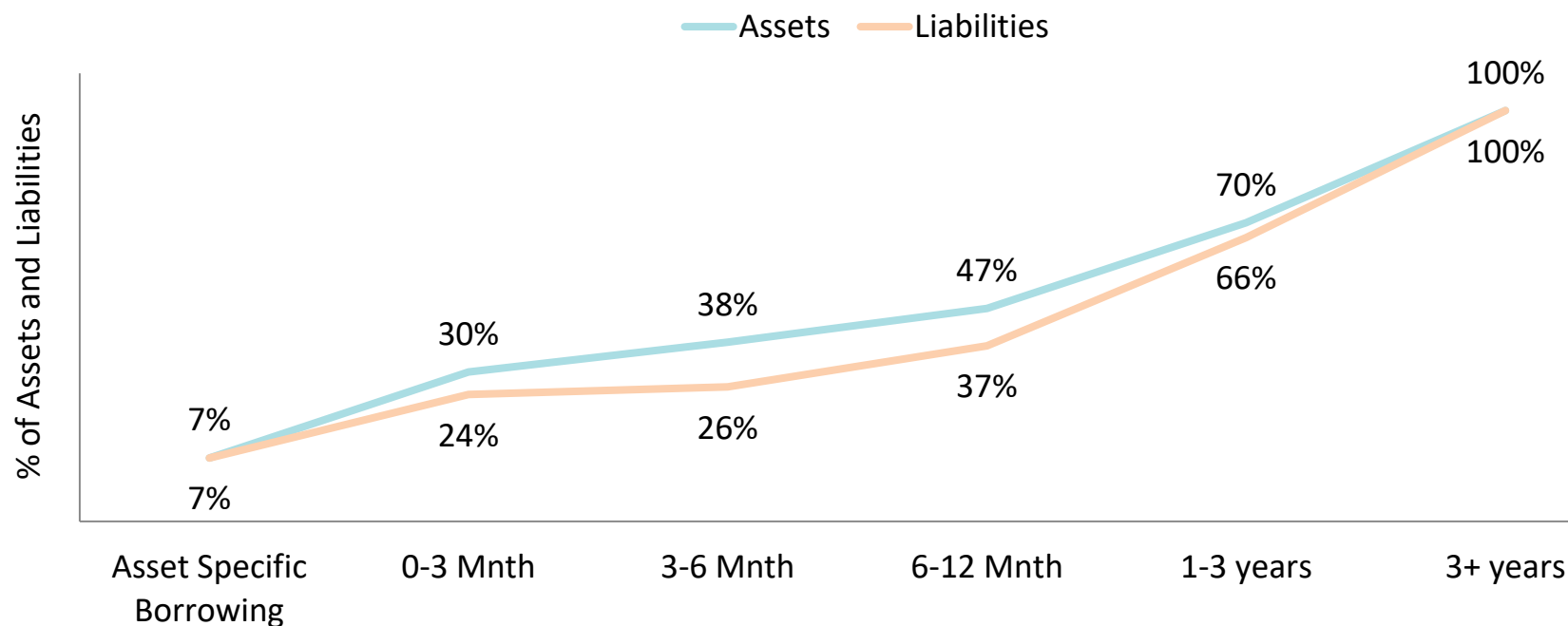


- 1 Matched Asset-Liability profile
- 2 Improved capital adequacy ratio at 19.2%
- 3 Diversified borrowings mix
- 4 Liquidity cushion at 10% of Balance Sheet
- 5 Stable business model reflected in credit ratings

Matched Asset - Liability Profile



As on 31st Dec'17: INR 48,796 Cr



- Positive asset-liability matching across durations
- BMU manages ALM under the aegis of Asset Liability Committee



Capital Structure as on 31st Dec'17 (INR Cr)

Tier I	7,840
Tier II	1,559
Total Capital	9,399
Risk Weighted Assets	49,038

87% of gross assets

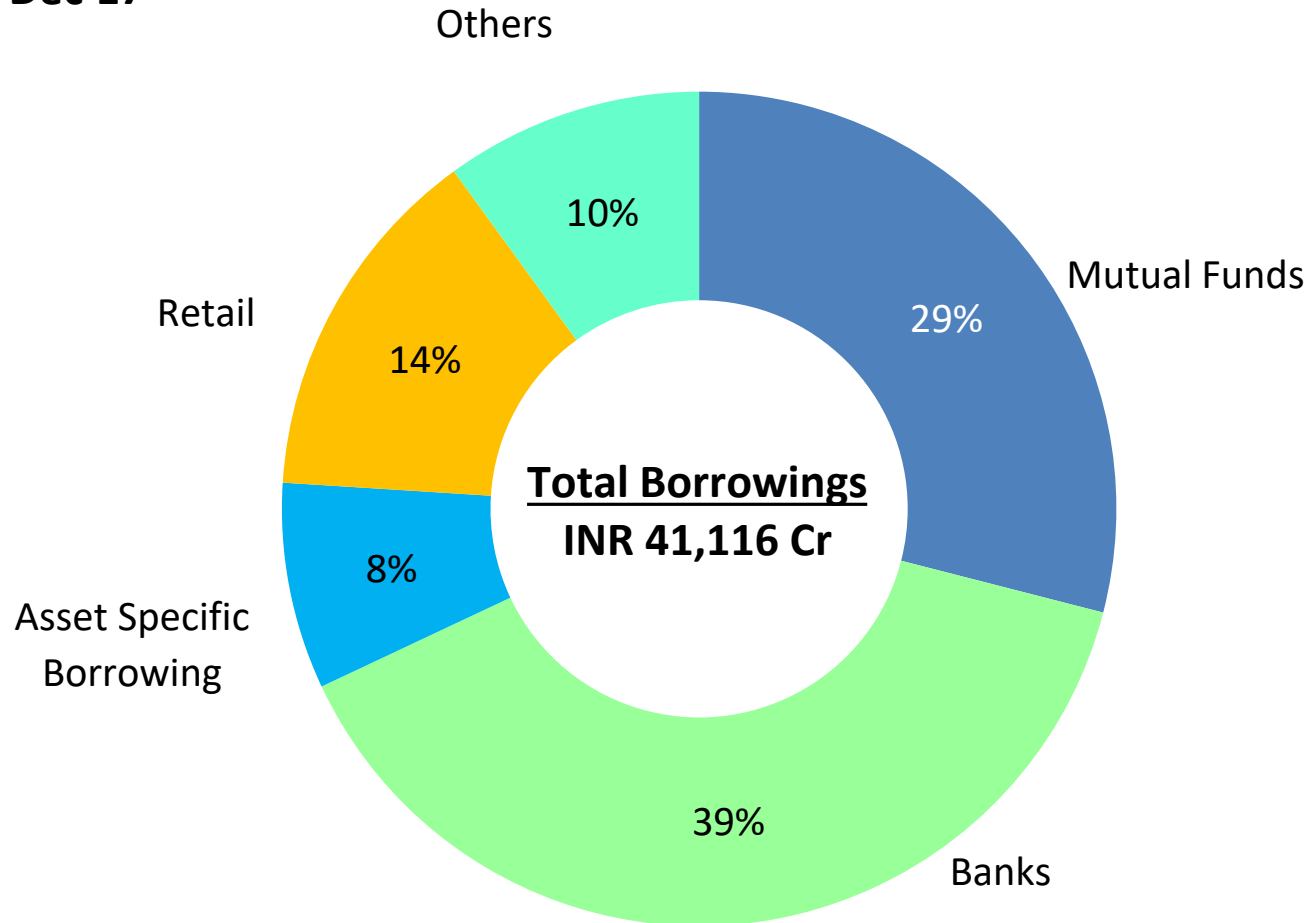
Capital Adequacy Ratio

19.2%

Debt/Equity : 4.3
(excluding Treasury assets)



As on 31st Dec'17

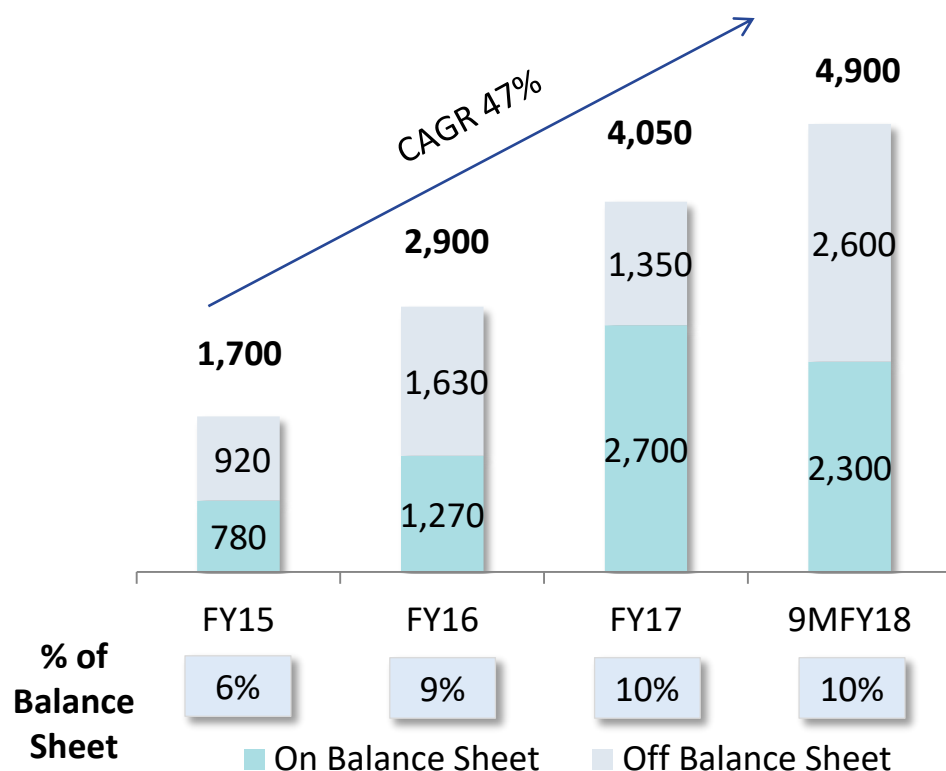


Liquidity Cushion at 10% of Balance Sheet



Liquidity Cushion (rounded off to nearest 50)

INR Cr



- A well diversified liquidity cushion comprising:
 - Banking Lines
 - Fixed Deposits
 - Government Securities, Mutual Funds etc
- Steady growth in liquidity cushion to provide for any liquidity event
- Continually evaluate the composition through various instruments to ensure immediacy, relevance and cost efficiency

Stable Business Model Reflected in Credit Ratings

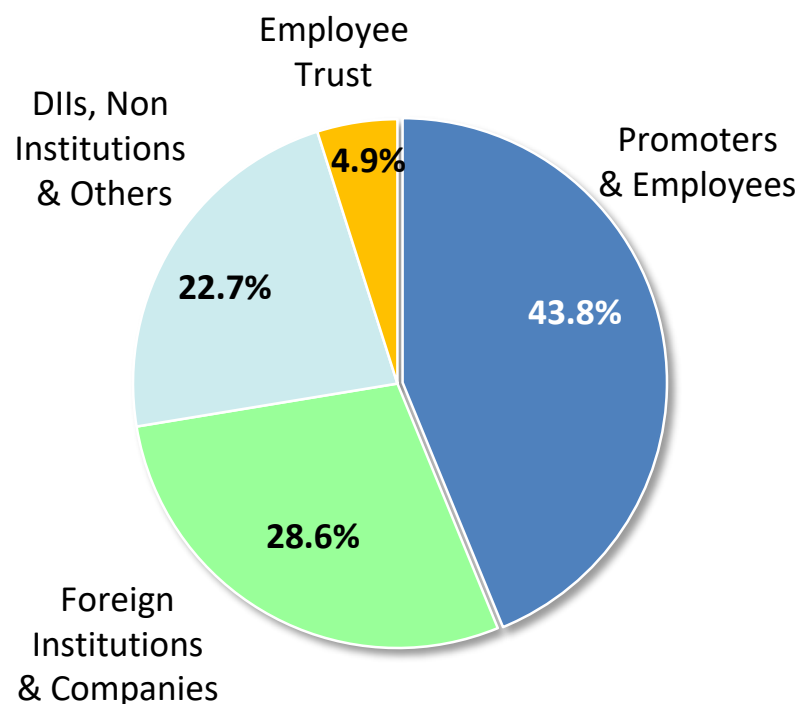


Purpose (Debt Programme)	Rating agency	Rating
Short term	 A STANDARD & POOR'S COMPANY	CRISIL A1+
Short term	 Professional Risk Opinion	CARE A1+
Short term	 ICRA	ICRA A1+
Long term		BWR AA+
Long term	 Professional Risk Opinion	CARE AA
Long term	 A STANDARD & POOR'S COMPANY	CRISIL AA
Long term	 ICRA	ICRA AA
Long term	 SMERA RATINGS LIMITED	SMERA AA+

Significant Institutional Ownership



Shareholding Pattern



Key Shareholders above 1% (As on 31st Dec'17)

	Name	Percent
1	BIH SA	4.22%
2	HDFC Mutual Fund	2.30%
3	Goldman Sachs Funds	1.85%
4	Caisse de dépôt et placement du Québec (CDPQ)	1.54%
5	Vanguard	1.33%
6	Grantham Mayo Van Otterloo	1.27%
7	Baron Funds	1.25%
8	DSP Blackrock	1.24%
9	Amansa Capital	1.21%
10	Government Pension Fund Global	1.20%
11	Steadview Capital Management	1.16%
12	Blackrock Fund Advisors	1.14%
13	Rakesh Jhunjunwala	1.10%
14	Fidelity International	1.03%



ESG at Edelweiss

Creating Continuous Talent and Leadership Pipeline



- Our leadership programmes are focused towards identifying and grooming leaders at every level
- Leadership development is an integral part of our business and growth strategy
- Development endeavors at Edelweiss are structured, framework driven and continuous
- Our top management is a healthy mix of home grown leaders and lateral hires
- Institutionalized the ethos that leaders are created at the workplace – leaders create leaders

Board Comprises Majority of Independent Directors



6 out of 11 directors are independent



Mr. K Chinniah

- Served as Managing Director & Global Head Infrastructure, Portfolio, Strategy & Risk Group with GIC Special Investments



Mr. P N Venkatachalam

- Banking sector expert and former member of the Interim Pension Fund Regulatory Authority of India
- Former MD, State Bank of India



Mr. Sanjiv Misra

- President of Phoenix Advisers Pte. Ltd, a boutique advisory firm.
- Worked with Goldman Sachs, Citigroup



Mr. Berjis Desai

- An independent legal counsel engaged in private client practice.
- Retired as Managing Partner at J. Sagar & Associates



Mr. Navtej S. Nandra

- Served as President of E*TRADE Financial Corporation.
- Prior to this he served as CEO for Morgan Stanley Investment Mgmt Inc. and
- COO for Wealth Management at Merrill Lynch

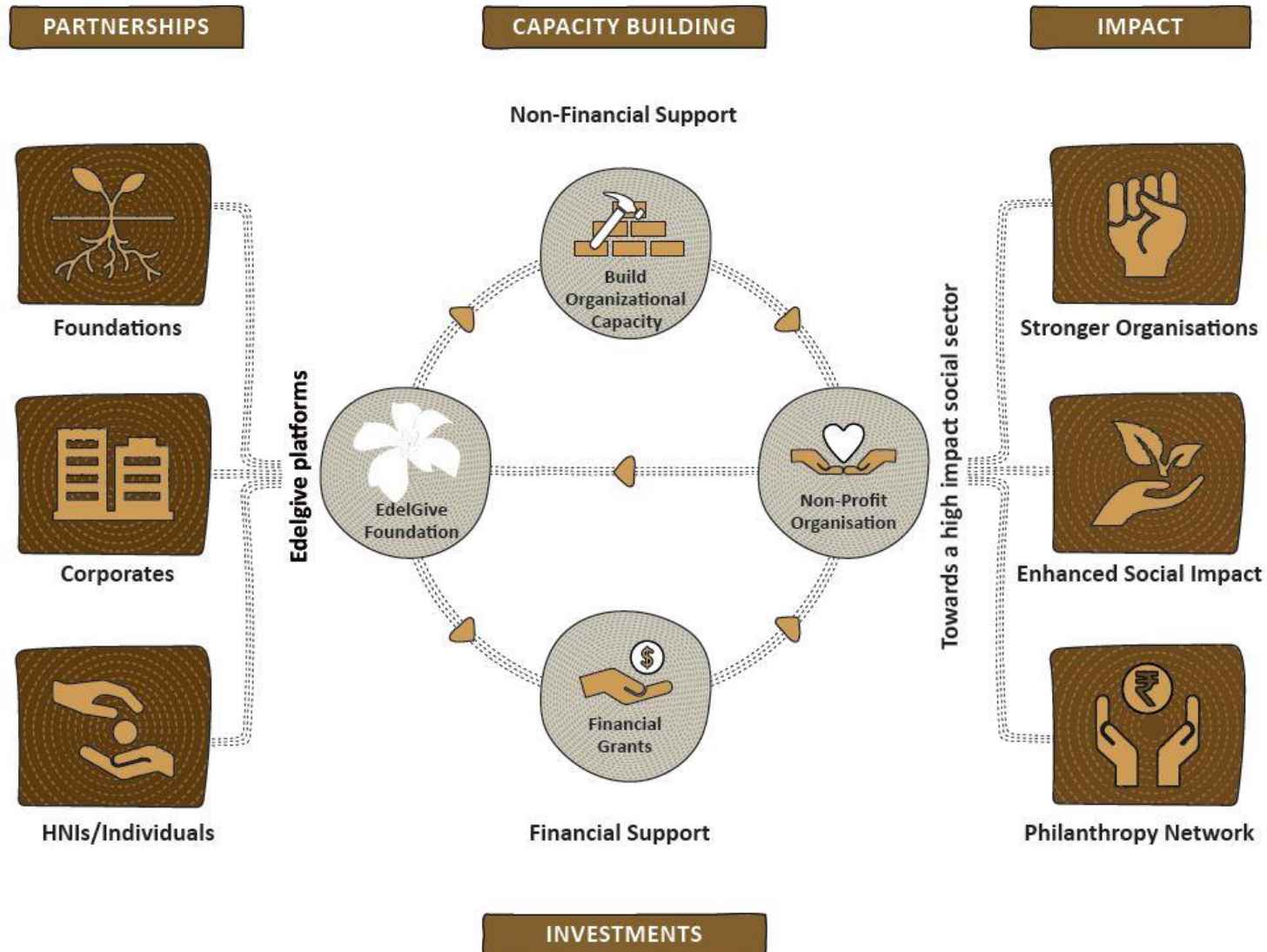


Mr. Biswamohan Mahapatra

- Former RBI Executive Director, chaired various committees of RBI
- Handled varied areas of banking regulations, policy and supervision

- A diverse board with rich experience: 300 + years of collective work experience across multiple fields
- Key board committees like audit and remuneration consist almost entirely of Independent Directors
- Recipient of “Best Corporate Governance India” award 2016 from London based Capital Finance International Jury

EdelGive Foundation - Unique Philanthropic Platform



Focuses on Education, Livelihood and Women's Empowerment

EdelGive Foundation - Key Metrics



Employee Engagement

Employee Engagement %	More than 70% engaged in financial and non financial giving
Man Hours spent till date	25,000 hrs
Field Visits till date	78

Capacity Building – Non financial support

Employees provided skills and time pro bono in over 60 projects till date

- Strategy and leadership
- Systems, processes and technology
- Financial planning
- Human resources

Grants and Funding

Cumulative till date

Grantees	More than 83 NGOs
Funds Committed	> INR 108 Cr
Presence in Indian States	14 States
Funding Partners	108

Awards and Recognition



Best Research Analyst (organization) Award
ASSOCHAM Capital Markets Intermediaries Excellence
Awards 2017

Best Performing Institutional Member
NSE Market Achievers Award 2017

**Ranked as one of the leading custodians in
India**
Global Custodian Indian Domestic Survey 2017

**Best Product Innovation –
Edelweiss Tokio Life Insurance**
Fintelekt Insurance Awards 2017

Leader in Employee Volunteering
iVolunteer Awards 2017

Best Wealth Manager - Rising Star, India
The Asset, Hong Kong

