

EW/Sec/2019/65

March 5, 2019

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

Dear Sirs,

Ref.:- Scrip Code: 532922

Sub: Presentation

Please find enclosed the Presentation with regard to CDPQ Investment in ECL Finance Limited, a subsidiary of the Company, for your information and record.

Thanking you,
For Edelweiss Financial Services Limited


B. Renganathan
Executive Vice President & Company Secretary

Encl: a/a



CDPQ Investment in ECL Finance

March 2019



CDPQ to invest ~INR 1,800 Cr in ECL Finance



- Edelweiss has entered into an agreement with CDPQ Private Equity Asia Pte. Ltd. (CDPQ), a wholly-owned subsidiary of Caisse de dépôt et placement du Québec, to invest ~INR 1,800 Cr (USD 250 mn) in our NBFC arm, ECL Finance
- This will be an investment in our Credit Business vertical
- Edelweiss Credit Business has built a robust and scalable credit platform across both wholesale and retail credit of ~INR 30,000 Cr
- India tailwinds like democratization of credit, rising household incomes and increased consumption provide significant growth opportunities for our NBFC businesses
- The CDPQ partnership will help us further build a large and diversified credit platform driven by SME and Affordable Housing sectors
- With this infusion we expect to have sufficient capital in the Credit business for the next 3-4 years

Transaction Details



- Investment of ~INR 1,800 Cr (USD 250 mn) in ECL Finance in 3 tranches: USD 150 million on closing; USD 50 million each at the end of year 1 and 2
- Compulsory conversion to equity any time between 24 and 60 months
- Based on projected performance of ECL Finance and its subsidiaries, CDPQ is likely to own an equity stake in the teens on conversion
- This will be an investment in our credit business vertical (via ECL Finance) which includes our wholesale and retail credit books (The Distressed Credit and Wealth Management related credit books like ESOP funding and Margin financing will be excluded from this transaction)
- CDPQ will have standard governance rights and 2 board seats in ECL Finance
- Transaction is subject to regulatory approvals

Credit Business Snapshot



- This business vertical currently has a loan book of ~INR 30,000 Cr, of which Retail credit composition is 44%
- Current Net worth of this business is ~INR 5,000 Cr
- The business has a current DE ratio of ~ 5:1. This investment of ~INR 1,800 Cr will add to the net worth and improve the DE ratio further
- As part of this transaction Edelweiss Housing Finance will become a subsidiary of ECL Finance and Edelweiss Retail Finance will merge with ECL Finance
- We will continue with our stated strategy of growing our Retail credit business on book - while expanding the Wholesale credit business through the Asset Management platform

Benefits of the Transaction



- ECL Finance will use this growth capital to provide thrust to the business for technology and digital investments and widen distribution to Tier 2 and Tier 3 cities, expanding our customer footprint
- In addition, ECL Finance will have adequate capital to take advantage of expected industry consolidation opportunities
- The increased capitalisation for this business will allow for growth investments – to expand the credit reach and take advantage of the trends of democratisation of credit in India
- This investment in the Credit business vertical will increase focus and oversight for this business

About ECL Finance



- ECL Finance, with its subsidiaries, will be the flagship NBFC of the Edelweiss Group
- Significant growth engine providing collateral based lending products to corporates, individuals and SMEs
- Track record of profitable growth and consistently high asset quality
- Robust risk management systems and independent processes
- Long-term rating : AA from CRISIL, ICRA and CARE, AA+ from Brickwork and SMERA

About CDPQ



- Created in 1965, Caisse de dépôt et placement du Québec is one of North America's largest institutional investor
- It is a long-term institutional investor that manages funds primarily for public and parapublic pension and insurance plans
- It has invested globally in major financial markets, private equity, infrastructure and real estate
- It has a subsidiary, CDPQ India, located in New Delhi
- As on Dec' 2018 it held ~USD 226.6 billion in net assets

Safe Harbor



This document may contain certain forward - looking statements, which are tentative, based on current expectations of the management of Edelweiss Financial Services Limited or any of its subsidiaries and associate companies (“Edelweiss”). The results in future may vary from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include, inter alia, the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the businesses of Edelweiss as well as its ability to implement the strategy. Edelweiss does not undertake any obligation to update these statements. The presentation relating to financial performance of various businesses of Edelweiss herein is based on Management estimates. Certain numbers and figures may have been rounded off, re-casted, regrouped/reclassified in the interest of easier understanding, wherever required.

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All numbers have been rounded of for approximation and figures in USD are converted into INR as applicable.

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