

Edelweiss Financial Services Limited
Q1FY18 Unaudited, Limited Review Results
24 Quarters of consistent growth in profits
24 Quarters PAT CAGR of 38%
Total Income INR 1,898 cr, up 28% YoY
Profit after Tax INR 196 cr, up 41% YoY

Edelweiss Financial Services Limited, India's leading diversified financial services company, declared its unaudited, limited reviewed results for the quarter ended 30th June 2017 today.

Q1FY18 Highlights:

- **Total Revenue INR 1,898 cr** (INR 1,478 cr for Q1FY17), **up 28%**
- **Profit After Tax INR 196 cr** (INR 140 cr for Q1FY17), **up 41%**
- **Profit After Tax excluding insurance INR 222 cr** (INR 155 cr for Q1FY17), **up 43%**
- **Return on Equity excluding insurance for Q1FY18 is 22.2%** (19.4% for Q1FY17)
- **Asset Base** of the company **~INR 43,600 cr**
- **Group Gross Networth INR 5,513 cr**; Tangible Equity excluding insurance **INR 4,824 cr**

Edelweiss is a large financial services firm with presence in India's most scalable and profitable sectors. Our various businesses address the needs of multiple client segments and demographics. During the last few years, several of Edelweiss' "young" businesses have gained ground while the mature businesses have scaled up into sustainable business models with increased market share in their respective segments.

Edelweiss Financial Services was recognised for its Risk Management practices with Golden Peacock Award for Risk Management (GPARM). Edelweiss also won Best Corporate Governance - India at CFI.co, UK, Corporate Governance Awards 2016.

Speaking on the occasion, Mr. Rashesh Shah, Chairman and CEO, Edelweiss Financial Services Limited said:

"Q1FY18 has been a solid quarter and there was all-round growth for Edelweiss with strong growth in both Consolidated and Ex-Insurance PAT. Our Consolidated PAT was INR 196 crore (INR140 cr in Q1FY17) with a YoY growth of 41%. PAT Excluding Insurance grew 43% to INR 222 cr (INR 155 cr in Q1FY17). Balance Sheet grew by 32% during the same period. Return on Equity Excluding Insurance stands at 22.2% for Q1FY18.

Our total Credit book is about Rs 29,869 crore of which 34% is in retail, 49% in Corporate, and 17% in the Distressed Credit business. On the Retail Credit side, we continue to expand our loan book and our branch presence in the Housing and SME finance business, while the Corporate Credit businesses continue to perform well, backed by a healthy collateral cover. The Distressed Assets Credit business grew steadily on the back of higher loan acquisitions. Retail remains a key focus area for us with the retail book growing at 58% over the past year and we are allocating more capital to this business.

In the Franchise & Advisory businesses, Edelweiss Wealth Management is one of the fastest growing wealth managers in India today and the business saw a significant increase in scale as well as growth in assets under advice this quarter, backed by Edelweiss's comprehensive service platform. The Asset Management business also witnessed significant growth in assets under management, on the back of our leadership position in private debt across special situations, real estate and distressed assets funds. We continue to be amongst the market leaders in debt and equity capital markets.

The quarter saw an acceleration in the reforms process with the GST implementation being relatively smooth, along with a significant jump in the number of new registrations, reflecting a strong increase in India's tax base. This continues to generate confidence around India's continuing growth momentum and the resulting tailwinds, which are also positive for all Edelweiss businesses.

We strongly believe that the democratisation of access to credit and continued financialisation of savings will continue going forward. Due to its significant presence in specialised credit sectors in capital markets, and its growing presence in wealth and asset management as well as insurance, Edelweiss is well positioned to benefit from this shift.

Q1FY18 Financial Highlights:

- **Fund based income** is INR 1,251 cr for Q1FY18 (INR 1,220 cr in Q1FY17), **up 2%**.
- **Fee & Commission income** is INR 532 cr for Q1FY18 (INR 171 cr in Q1FY17), **up 211%**.
- **Gross Premium income** from **Life Insurance business** is INR 68 cr for Q1FY18 compared to INR 57 cr in Q1FY17, **up 20%**.

The **diversified revenue mix** has helped us achieve improvement in our performance on a sustained basis despite volatile environment.

Business Highlights:

Operations of Edelweiss are organised around **Credit business, Franchise and Advisory business, Insurance and Balance Sheet Management Unit (BMU)**.

Credit Business:

Credit business of Edelweiss offers the following products:

- **Retail Credit** comprises of **Retail Mortgage, SME and Business Loans, Loan against shares, Agri and Rural Finance**.
- **Corporate Credit** comprises of **Structured Collateralised Credit and Wholesale Mortgages**.
- **Distressed Credit**

Brief highlights of business performance is as under:

- At the end of Q1FY18, book size of Retail Credit was INR 10,245 cr (INR 6,469 cr at the end of Q1FY17), **up 58%**. Its client base is ~ 378,000 (~50,000 at the end of Q1FY17). The Housing finance, SME and Rural finance operates out of 60 cities and ~3,100 villages.
- The Corporate Credit book was INR 14,491 cr (INR 12,733 cr at the end of Q1FY17), **up 14%**.
- Total Credit Book including Distressed Credit stands at INR 29,869 cr at the end of Q1FY18.
- The **asset quality** of the overall credit book continued to remain under control with Gross NPLs at 1.71% and Net NPLs at 0.61%. Provision Cover including provision on Standard Assets stands at 89%.

- **Agri Services** provides end to end business solutions in the entire Agri value chain and is an enabler for our Agri Credit business. We have a network of 476 warehouses across 17 states in India, as on 30th June 2017. Empanelled with 19 banks for Collateral Management Services, we continue to refine the business model with a focus on increasing the credit book.
- **Distressed Credit** business has a capital of INR 5,133 cr and an AuM of ~INR 41,680 cr. **Edelweiss ARC** continues to be the largest Asset Reconstruction Company in the country. We are excited about the ARC opportunity as it helps in releasing productive assets for the nation's economy and reduces burden on commercial banks. **CDPQ**, one of North America's largest pension fund managers will also be **acquiring 20% equity** stake in Edelweiss Asset Reconstruction Company. Second tranche of Equity infusion of INR 64 cr by CDPQ has already happened. Focus of this business continues to be on acquiring large operating and EBITDA earning assets which are financially broken.

Franchise and Advisory Businesses:

Franchise and Advisory businesses include **Wealth Management, Asset Management** and **Capital Markets**.

1. Wealth Management:

- The AuAs of the Global Wealth Management business grew at 112% to ~INR 65,900 cr at the end of Q1FY18 compared to ~INR 31,100 cr at the end of Q1FY17.

2. Asset Management:

- Asset Management business comprises of three verticals –Alternative Assets Management, Multi-Strategy Funds and Retail Asset Management. The total AuMs of Asset Management business grew to ~INR 19,700 cr at the end of Q1FY18 compared to ~INR 5,800 cr at the end of Q1FY17.
- The AuM reflects the successful integration of JP Morgan AMC Schemes & Ambit Alpha Fund acquisitions
- Completed first closure of Edelweiss Credit Opportunities fund (ECOF) of INR 260 cr
- Raised INR 575 cr in Multi Strategy Funds PMS and Alternative Investments Funds
- Widening distribution partnership in newer cities for Mutual Funds and Alternative Investments Funds
- Leading player in the Private Debt space across real estate credit, distressed assets credit and special opportunities

3. Capital Markets:

- **Institutional Broking** business continued to be among the market leaders and performed in line with the industry. Research covers 233 stocks across 28 sectors.
- **Retail Financial Market** business continued to scale up its market share with the total retail client base of over 4,75,000.
- Edelweiss continued to be a major distributor in public issues of equities and debt. We have retained leadership position in **Equity IPO distribution** during Q1FY18 in HNI and Retail categories. Our Investment banking advisory business handled 23 transactions in equity and debt capital markets in Q1FY18.

Life Insurance:

Edelweiss Tokio Life Insurance is one of the fastest growing life insurance companies in India. It continues to scale up its business with the objective of enhancing quality of business and focus on customer.

All Edelweiss Tokio (individual and group) ULIP funds have been providing superior returns. Edelweiss Tokio Life Insurance follows the agency-led multi-channel distribution approach with emphasis on productivity and the focus is on building direct capability specifically online.

It continues to expand its distribution footprint across agency and alternate channels with presence across 91 branches in 66 major cities and the agency channel force of ~23,000 Personal Financial Advisors.

Balance Sheet Management Unit (BMU)

BMU manages the Group's liquidity like a commercial bank, while simultaneously managing the balance sheet and ensuring that maturing liabilities are repaid smoothly. It also manages key components of the balance sheet, monitors interest rate sensitivity in the portfolio and takes pre-emptive steps to mitigate any potential liquidity risks. Its focus continues to be on strengthening the balance sheet by reducing dependence on short-term market borrowings, diversifying sources of borrowings, maintaining a matched ALM profile and maintaining adequate liquidity. The consolidated **Capital Adequacy Ratio** for Edelweiss Group is **17.05%** as on 30th June 2017.

EdelGive Foundation with the mission to empower non-profit organizations towards achieving sustainable social change, has so far financially supported around 130 organisations impacting over 4,55,000 lives influencing financial commitments of around INR 94 cr in the social sector.

Updates and Awards:

- Around 11,00,000 Clients as on 30th June, 2017 across Edelweiss group's diversified businesses
- **Best Life Insurer 2016 – Edelweiss Tokio Life Insurance** at the Outlook Money Awards in the life insurance category
- **EdelGive recognised for its efforts towards Women Empowerment** at the FICCI CSR Awards 2016
- **Silver for the best integrated campaign** at the India PR and Corporate Communications Awards 2016 for the Edelweiss Olympic campaign
- **Edelgive Foundation was awarded best Financial Inclusion Awards for Institutions & Philanthropic Trusts for Advancing Financial Inclusion By Channelizing CSR Budgets into Financial Aids by CNBC – TV 18**
- **Edelweiss named Best Leading Diversified Financial Services 2016 – India by Wealth & Finance International**
- Edelweiss won 5 awards at Indian Brand Convention & BAM Awards
- Scores a Hatrick with three GOLDS at ASIA PACIFIC Customer Engagement Forum & Awards
- **Awarded Gold for Best Social Media BFSI Brand**
- SRP Asia Pacific Awards 2017 - **Best Distributor - South and Southeast Asia; Best Performance - Asia-Pacific; Best Distributor - India; Best Performance – India**
- **Best Broker Award** by FinanceAsia Country Awards 2017
- **Awarded Silver for Best Integrated Media Campaign – Corporate**

About Edelweiss Financial Services

The Edelweiss Group is one of India's leading diversified financial services company providing a broad range of financial products and services to a substantial and diversified client base that includes corporations, institutions and individuals. Edelweiss's products and services span multiple asset classes and consumer segments across domestic and global geographies. Its businesses are broadly divided into **Credit Business (Retail Credit** comprises of **Retail Mortgage, SME and Business Loans, Loan against shares, Agri and Rural Finance**). **Corporate Credit** comprises of **Structured Collateralised Credit** to Corporates, **Wholesale Mortgage** and **Distressed Credit, Franchise and Advisory Business** (Wealth Management, Asset Management and Capital Markets,) and **Insurance**. The **Balance Sheet Management Unit** operations manage the liquidity and Balance Sheet. Edelweiss has an asset base of ~INR 38,700 cr with revenue of INR 6,634 cr and net profit of INR 609 cr for FY17. Its consistent performance is evidenced by a consolidated PAT CAGR of 38% over last 24 quarters.

The group's research driven approach and proven history of innovation has enabled it to foster strong relationships across all client segments. The group has sizeable presence in large retail segment through its businesses such as Life Insurance, Housing Finance, Mutual Fund and Retail Financial Markets. It serves around 11 lac strong client base through 7,341 employees based out of 282 offices (including international offices). Together with strong network of Sub-Brokers and Authorized Persons, Edelweiss group has presence across all major cities in India.

Edelweiss Financial Services trades under the symbols NSE: EDELWEISS, BSE: 532922, Bloomberg: EDEL.IN, Reuters: EDEL.BO. Edelweiss stock is covered by sell side research analysts of Maybank Kim Eng Securities, Credit Suisse Securities, Haitong International, Citi Research, Ventura Securities, Monarch Network Stockbroking, First Call and Aditya Birla Money.

To learn more about the Edelweiss Group, please visit www.edelweissfin.com.

Edelweiss Financial Services Limited **Corporate Identity Number:** L99999MH1995PLC094641

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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 significantly 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.

This document is for information purposes only and any action taken by any person on the basis of the information contained herein is that person's responsibility alone and Edelweiss or its directors or employees will not be liable in any manner for the consequences of such actions. The company regularly posts all important information at its website www.edelweissfin.com.

Consolidated Financial Results for the Quarter Ended 30 June 2017

(INR in Crores)

	Particulars	Quarter Ended			Year Ended
		June 30, 2017 (Unaudited)	March 31, 2017 (Unaudited)	June 30, 2016 (Unaudited)	March 31, 2017 (Audited)
1	Revenue from operations				
	(a) Fee and commission	531.58	481.18	170.74	1,248.08
	(b) Fund based activities	1,250.98	1,215.27	1,214.05	4,790.91
	(c) Premium from life insurance business	64.21	200.35	53.25	425.89
	(d) Other operating income	41.10	32.50	27.36	127.20
	Total revenue from operations	1,887.87	1,929.30	1,465.40	6,592.08
2	Other income	10.17	8.28	6.78	26.75
3	Total Revenue (1+2)	1,898.04	1,937.58	1,472.18	6,618.83
4	Expenses				
	(a) Employee benefits expense	317.76	300.71	247.58	1,102.15
	(b) Finance costs	810.85	725.45	698.69	2,809.69
	(c) Depreciation and amortisation expense	24.79	35.18	23.46	106.43
	(d) Change in life insurance policy liability - actuarial	56.90	191.92	55.11	426.33
	(e) Other expenses	351.98	429.69	239.69	1,231.02
	Total expenses	1,562.28	1,682.95	1,264.53	5,675.62
5	Profit / (Loss) before tax (3-4)	335.76	254.63	207.65	943.21
6	Tax expense				
	(a) Current Tax	139.42	131.97	89.86	456.56
	(b) Minimum alternate tax	(15.06)	(8.26)	(1.80)	(14.38)
	(c) Deferred Tax	10.76	(12.91)	(5.17)	(47.45)
7	Net Profit / (Loss) after tax (5-6)	200.64	143.83	124.76	548.48
8	Share of profit / (loss) of associates	(0.44)	7.32	6.11	14.76
9	Minority interest	3.88	(18.88)	(8.81)	(46.07)
10	Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (7+8-9)	196.32	170.03	139.68	609.31
11	Earnings Per Share (`) (Face Value of ` 1/- each)				
	- Basic (Refer Note 5)	2.32	2.01	1.68	7.26
	- Diluted (Refer Note 5)	2.24	1.92	1.63	6.92

Notes:

1. The consolidated financial results of Edelweiss Financial Services Limited ('EFSL' or 'the Company') for the quarter ended 30 June 2017 have been reviewed and recommended by the Audit Committee at its meeting held on 1 August 2017 and approved by the Board of Directors at their meeting held on 2 August 2017.
2. The financial results for the quarter ended 30 June 2017 of EFSL, on consolidated basis, have been subjected to a 'Limited Review' by the Statutory Auditors of the Company and the auditors have issued an unqualified review report.
3. The Company conducts its operations along with its subsidiaries and associates. The consolidated financial results are prepared in accordance with Accounting Standard - 21 (AS-21) "Consolidated Financial Statements" and Accounting Standard - 23 (AS-23) "Accounting for investment in associates in Consolidated Financial Statements" specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
4. During the quarter ended 30 June 2017, the Company has issued 18,820,674 equity shares of face value of INR 1 each to the employees on exercise of employee stock options.
5. Earnings per share for the quarters ended 30 June 2017, 31 March 2017 and 30 June 2016, have been calculated for three months and are not annualised.
6. The previous year/period figures have been regrouped/reclassified wherever necessary to conform to current financial period's presentation.
7. The consolidated results will be available on the Company's website - www.edelweissfin.com

On behalf of the Board of Director

Rashesh Shah

Chairman

Mumbai, 2 Aug 2017