

**Edelweiss Financial Services Limited**  
**Q1FY19 Unaudited, Limited Reviewed Results**  
**29 Quarters of consistent growth in profits**  
**29 Quarters PAT CAGR of 38%**  
**Total Income INR 2,481 cr, up 19% YoY**  
**Profit after Tax INR 264 cr, up 31% YoY**

Edelweiss Financial Services Limited, India's leading diversified financial services company, declared its unaudited, limited reviewed results for the quarter ended 30<sup>th</sup> June 2018 today. In line with direction from Ministry of Corporate Affairs, Edelweiss Financial Services Limited has adopted Indian Accounting Standards (IndAS) with effect from 1<sup>st</sup> April 2018. Results of Q1FY19 are prepared and reported in compliance with IndAS requirements. Additionally, for the same quarter of previous year (Q1FY18), figures have been recast as per IndAS requirements.

**Q1FY19 Highlights:**

- **Total Revenue INR 2,481 cr** (INR 2,079 cr for Q1FY18), **up 19%**
- **Profit After Tax INR 264 cr** (INR 203 cr for Q1FY18), **up 31%**
- **Profit After Tax excluding Insurance INR 311 cr** (INR 226 cr for Q1FY18), **up 37%**
- **Return on Equity excluding Insurance for Q1FY19 is 19.8%** (20.7% for Q1FY18)
- **Asset Base** of the company ~**INR 61,800 cr**
- **Group Gross Networth INR 8,226 cr**; Networth excluding Insurance **INR 7,038 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.

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

*"Q1FY19 has been good for Edelweiss with strong growth in both Consolidated as well as Ex-Insurance PAT. Our Consolidated PAT stood at INR 264 crore with a YoY growth of 31% (INR 203 cr in Q1FY18). PAT Excluding Insurance grew 37% to INR 311 cr (INR 226 cr in Q1FY18). Balance Sheet grew by 41% during the same period. Return on Equity Excluding Insurance stands at 19.8% for Q1FY19.*

*Edelweiss' PAT has grown consistently at a CAGR of 38 % for over 29 quarters, showcasing a strong vindication of our bank-like diversified model which gives us consistent profitability in a capital-efficient manner.*

*Today, Edelweiss has diversified businesses serving both retail and corporate customers, across **Credit and Wealth to Asset Management, Capital Markets and Insurance**. The initial and very important platform build-out and investment phase is now complete with robust risk management systems and processes as well as a strong leadership pipeline in place. We are now ready to scale up each of our businesses to the next level of growth. Our capital base is ever stronger, with a Capital Adequacy Ratio of 16.6% and Debt to Equity Ratio (ex-treasury assets) of 4.9x allowing us to take full advantage of the asset side opportunities.*

*Our objective is to have Retail Credit account for 50% of our total credit business by 2020 with SME business a key vector of this growth. We are also greatly excited about the successful expansion of our Wealth and Asset Management businesses and the increasing contribution they are making to our profits without any additional capital. Our Life Insurance business continues to post one of the fastest growth rates in the insurance industry and is on track to break even as planned. Our Distressed Asset Resolution Business has witnessed successful resolutions, in many cases with banks fully recovering their initial investment in Security Receipts, and in many instances with additional upside. What is heartening is the transformation of stressed assets into productive assets positively impacting job creation and ancillary industry growth – ultimately a win-win for all stakeholders and the economy at large.”*

#### **Q1FY19 Financial Highlights:**

- **Fund based income** is INR 1,769 cr for Q1FY19 (INR 1,442 cr in Q1FY18), **up 23%**.
- **Fee & Commission income** is INR 521 cr for Q1FY19 (INR 521 cr in Q1FY18).
- **Gross Premium income from Life Insurance business** is INR 125 cr for Q1FY19 compared to INR 68 cr in Q1FY18, **up 84%**.

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 Securities, 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 Q1FY19, book size of **Retail Credit** was INR 18,465 cr (INR 10,245 cr at the end of Q1FY18), up 80%.
- The **Corporate Credit** book was INR 20,201 cr (INR 14,491 cr at the end of Q1FY18), up 39%.
- Total Credit Book including Distressed Credit stands at INR 45,206 cr at the end of Q1FY19, up 50%.
- The **asset quality** of the overall credit book continued to remain under control with Gross NPAs at 1.75% and Net NPAs at 0.74%.

- **Agri Services** which provides end to end business solutions in the entire Agri value chain is an enabler for our Agri Credit business. We have a network of 557 warehouses across 17 states in India as on 30<sup>th</sup> June 2018. Empanelled with 19 banks for Collateral Management Services, we continue to refine the business model with a focus on increasing the Agri credit book.
- **Distressed Credit** business has a capital of INR 6,540 cr and an AuM of ~INR 43,700 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, has taken stake in **Edelweiss Asset Reconstruction Company** which on fully diluted basis will be **20%**. Focus of this business continues to be on acquiring large viable operating and EBITDA earning assets that 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 46% to ~INR 96,300 cr at the end of Q1FY19 compared to ~INR 65,900 cr at the end of Q1FY18.

#### 2. Asset Management:

- Asset Management business comprises of Alternative Asset Management and Mutual Fund. The total AuMs of Asset Management business grew to ~INR 31,500 cr at the end of Q1FY19 compared to ~INR 19,700 cr at the end of Q1FY18, a growth of 60%.
- Added ~11,000 SIPs during the quarter, compared to 4,000 in FY18.
- 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 258 stocks across 33 sectors.
- Edelweiss continued to be a major distributor in public issues of equities and debt. We have retained leadership position in **Equity IPO distribution** during Q1FY19 in HNI and Retail categories and ranked 1<sup>st</sup> as arrangers of public issue of bonds. The Equity Capital Markets team closed 4 capital market transactions in Q1FY19.

## 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. The company follows the agency-led multi-channel distribution approach with emphasis on productivity with a focus on building direct capability specifically online.

It continues to expand its distribution footprint across agency and alternate channels with presence across 121 branches in 93 major cities and the agency channel force of ~33,300 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 **16.63%** as on 30<sup>th</sup> June 2018.

**EdelGive Foundation** with the mission to empower non-profit organizations towards achieving sustainable social change, has so far financially supported over 95 NGOs with financial commitments of over INR 160 cr in the social sector.

## Updates and Awards:

- **Edelweiss Group and Indian Olympic Association extended best wishes to Team India for the Asian Games 2018 in a special get-together in Mumbai.**
- **Recognising the power of sports as an enabler for women empowerment, Edelweiss signed up rising women athletes, Manika Batra, the gold medalist paddler at the 2018 Commonwealth Games, weightlifter Mirabai Chanu and shooter Heena Sidhu, adding to its roster which includes gymnast Dipa Karmakar and captain of the Indian women's hockey team, Rani Rampal.**

## Awards

- **Among India's Top 50 Brands**  
Pitch Top 50 Brands 2018
- **Best Employer Brand**  
Maharashtra Best Employer Brand Awards 2018
- **Fastest Growing Housing Finance Company**  
Golden Globe Tiger Awards, Kuala Lumpur 2018
- **Best Product Innovation - Edelweiss Tokio Life Wealth Plus**  
Golden Globe Tiger Awards, Kuala Lumpur 2018
- **4 wins across categories at the Times National Awards for Marketing Excellence 2018**
  - Best Use of Video - #BeUnlimited campaign
  - Fund Innovation of the year - Edelweiss Maiden Opportunities Fund
  - Ad Campaign of the year - True To Label
  - Best Product Innovation - Wealth Plus

## 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 Securities, Agri and Rural Finance, Corporate Credit** comprises of **Structured Collateralised Credit** to Corporates and **Wholesale Mortgages, and Distressed Credit**), **Franchise & Advisory Business** (Wealth Management, Asset Management and Capital Markets) and **Insurance(life and general insurance)**. The **Balance Sheet Management Unit** operations manage the liquidity and Balance Sheet. Edelweiss has an asset base of ~INR 61,800 cr, as of 30<sup>th</sup> June, 2018. The Group had a revenue of INR 8,623 cr and PAT of INR 890 cr for FY18. Its consistent performance is evidenced by a consolidated PAT CAGR of 38% over last 29 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. 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, Reuters: EDEL.NS and EDEL.BO and Bloomberg: EDEL IS and EDEL IB. Edelweiss stock is covered by sell side research analysts of Morgan Stanley, ICICI Securities, SBI Cap Securities, Maybank Kim Eng Securities, Credit Suisse Securities, Haitong International, Citi Research, Emkay Global Financial Services, Ventura Securities, Monarch Network Stockbroking, First Call and Aditya Birla Money.

To learn more about the Edelweiss Group, please visit [www.edelweissfin.com](http://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](http://www.edelweissfin.com).

## Consolidated Financial Results for the Quarter Ended 30 June 2018

(INR in Crores)

	Particulars	Quarter Ended	
		June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
<b>1</b>	<b>Revenue from operations</b>		
	(a) Fee and commission	520.67	520.72
	(b) Fund based activities	1764.35	1443.00
	(c) Premium from life insurance business	118.37	63.93
	(d) Other operating income	32.08	41.34
	<b>Total revenue from operations</b>	<b>2435.47</b>	<b>2068.99</b>
<b>2</b>	<b>Other income</b>	40.67	10.84
<b>3</b>	<b>Total Revenue (1+2)</b>	<b>2476.14</b>	<b>2079.83</b>
<b>4</b>	<b>Expenses</b>		
	(a) Employee benefits expense	386.51	322.61
	(b) Finance costs	1109.84	919.74
	(c) Depreciation and amortisation expense	26.88	22.24
	(d) Change in life insurance policy liability - actuarial	91.93	63.01
	(e) Other expenses	443.32	363.57
	<b>Total expenses</b>	<b>2058.48</b>	<b>1691.17</b>
<b>5</b>	<b>Profit / (Loss) before tax (3-4)</b>	<b>417.66</b>	<b>388.66</b>
<b>6</b>	<b>Tax expense</b>	158.84	163.07
<b>7</b>	<b>Net Profit / (Loss) after tax (5-6)</b>	<b>258.82</b>	<b>225.59</b>
<b>8</b>	<b>Share of profit / (loss) of associates</b>	4.50	(1.21)
<b>9</b>	<b>Net Profit / (Loss) after taxes and share of profit / (loss) of associates (7+8)</b>	<b>263.32</b>	<b>224.38</b>
<b>10</b>	<b>Other Comprehensive Income after tax</b>	(31.84)	14.60
<b>11</b>	<b>Total Comprehensive income(9+10)</b>	231.48	238.98
<b>12</b>	<b>Net Profit for the period attributable to:</b>		
	<b>Owners of the Company</b>	<b>264.40</b>	202.59
	Non Controlling interests	(1.08)	21.79
<b>13</b>	<b>Other Comprehensive Income for the period attributable to</b>		
	Owners of the Company	(14.60)	7.45
	Non Controlling Interests	(17.24)	7.15
<b>14</b>	<b>Total Comprehensive Income for the period attributable to</b>		
	Owners of the Company	249.80	210.04
	Non Controlling Interests	(18.32)	28.94
<b>15</b>	<b>Earnings Per Share (INR) (Face Value of INR 1/- each)</b>		
	- Basic (Not Annualised)	3.03	2.41
	- Diluted (Not Annualised)	2.94	2.31

## Notes:

- The consolidated financial results of Edelweiss Financial Services Limited ('EFSL' or 'the Company') for the quarter ended 30 June 2018 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 7 August 2018.
- The Company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, from 1 April 2018 and the effective date of such transition is 1 April 2017. Such transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ('RBI') (collectively referred to as 'the Previous GAAP'). Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2017 and the corresponding figures, presented in these results, have been restated/ reclassified.  
 There is a possibility that these financial results for the current and previous periods may require adjustments due to changes in financial reporting requirements arising from new standards, modifications to the existing standards, guidelines issued by the Ministry of Corporate Affairs and RBI or changes in the use of one or more optional exemptions from full retrospective application of certain Ind AS permitted under Ind AS 101 which may arise upon finalisation of the financial statements as at and for the year ending 31 March 2019 prepared under Ind AS.
- Reconciliation of Net Profit for the quarter ended 30 June 2017 as reported under erstwhile Indian GAAP and Ind AS are summarised as below:

(INR in Crores)

Particulars	Quarter Ended June 30, 2017 (Unaudited)
<b>Net profit after tax as reported under Indian GAAP</b>	<b>196.32</b>
Ind AS adjustments increasing / (decreasing) net profit as reported under Indian GAAP:	
Effective interest rate on financial assets and liabilities (net)	7.02
Expected credit loss provision	(6.87)
Fair valuation of assets and liabilities	55.05
Consolidation of trusts and associates	(0.37)
Dividend on redeemable preference shares	(2.49)
ESOP fair value charge	(3.75)
Others	3.19
Tax effect on above adjustments	(23.72)
<b>Net profit as per Ind AS</b>	<b>224.38</b>
Other Comprehensive Income after tax as per Ind AS	14.60
<b>Total Comprehensive Income as per Ind AS</b>	<b>238.98</b>

Other Comprehensive Income primarily includes impact of fair valuation of quoted non-current investments not held for trade (other than subsidiaries, joint ventures and associates), effect of foreign currency translation on consolidation and re-measurement gains/losses on actuarial valuation of post employment defined benefits.

4. The Company has opted to publish Extracts of the Unaudited Consolidated Financial Results, pursuant to option made available as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Standalone financial results are available on the Company's website viz. www.edelweissfin.com and on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com). Key standalone financial information is given below:

(INR in Crores)

Particulars	Quarter Ended	
	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
Revenue from operations and other income	101.48	105.36
Profit before Tax	41.04	33.66
Net Profit after Tax	32.78	28.28
Other Comprehensive Income after tax	0.10	0.04
Total Comprehensive Income after tax	32.88	28.32

5. The Company has accounted management fees from the trusts managed by its subsidiary company Edelweiss Asset Reconstruction Company Limited in accordance with the extant Reserve Bank of India (RBI) regulations. Accordingly, management fees outstanding beyond 180 days have not been recognised as income. The Company has not accounted for such income as per RBI regulations (which is differing from requirements of Ind AS), for the quarters ended June 30, 2018 and June 30, 2017 amounting to INR 4.73 Crores and INR 16.53 Crores respectively.
6. During the quarter ended 30 June 2018, the Company has issued 8,113,275 equity shares of face value of INR 1 each to its employees on exercise of employee stock options.
7. Results for the quarter ended 30 June 2017 have been restated as per Ind AS and have not been subjected to limited review or audit. However, the management has exercised due diligence to ensure that the financial results provide a true and fair view of the Company's affairs.



## 8. Consolidated Segment Results

Particulars	Quarter Ended	
	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
<b>1 Segment revenue [Total income]</b>		
Agency	355.55	316.82
Capital Based	1,968.37	1,644.84
Insurance business	154.44	115.93
Unallocated	2.28	1.03
<b>Total income</b>	<b>2,480.64</b>	<b>2,078.62</b>
<b>2 Segment results [Profit / (Loss) before tax]</b>		
Agency	116.03	88.94
Capital Based	386.98	344.23
Insurance business	(79.80)	(43.21)
Unallocated	-	-
<b>Profit / (Loss) before tax</b>	<b>423.21</b>	<b>389.96</b>
<b>Less:</b>		
(a) Interest	-	-
(b) Unallocated net expenditure	(1.05)	(2.51)
<b>Total Profit before tax</b>	<b>422.16</b>	<b>387.45</b>
<b>3 Segment Assets</b>		
Agency	5,358.95	3,983.33
Capital Based	62,814.45	44,350.36
Insurance business	3,137.59	2,058.53
Unallocated	825.98	819.69
<b>Total assets</b>	<b>72,136.97</b>	<b>51,211.91</b>
<b>4 Segment Liabilities</b>		
Agency	4,682.26	3,747.78
Capital Based	57,034.23	40,020.16
Insurance business	1,949.11	1,324.33
Unallocated	244.94	229.32
<b>Total liabilities</b>	<b>63,910.54</b>	<b>45,321.59</b>
<b>5 Capital employed [Segment assets - Segment liabilities]</b>		
Agency	676.69	235.55
Capital Based	5,780.22	4,330.20
Insurance business	1,188.48	734.20
Unallocated	581.04	590.37
<b>Total capital employed</b>	<b>8,226.43</b>	<b>5,890.32</b>

The Company has made its consolidated segment reporting to meaningfully represent its business lines. Agency includes broking, advisory, product distribution and other fee based businesses; Capital Based includes income from treasury operations, investment income and financing; Insurance business represents life insurance business and general insurance business. Segment data for previous financial period has been reclassified to conform to current financial period's presentation.

9. The previous period figures have been regrouped/reclassified wherever necessary to conform to current period's presentation.

10. The consolidated results will be available on the Company's website - [www.edelweissfin.com](http://www.edelweissfin.com)

**On behalf of the Board of Director**

**Rashesh Shah**

**Chairman**

**Mumbai, 07 August 2018**