

Profit after Tax up 47% YoY at INR 155 cr

PAT CAGR of 37% for 5 years (ex-Insurance)

Total Income up 18% YoY at INR 1,609 cr

Edelweiss Financial Services Limited, India's leading diversified financial services company, declared its unaudited, limited reviewed results for the quarter ended 31st December 2016 today.

Q3FY17 Highlights:

- **Total Revenue INR 1,609 cr** (INR 1,361 cr for Q3FY16), **up 18%**
- **Profit After Tax INR 155 cr** (INR 106 cr for Q3FY16), **up 47%**
- **Profit After Tax excluding insurance INR 187 cr** (INR 133 cr for Q3FY16), **up 40%**
- **Return on Equity excluding insurance for Q3 FY17 is 20.9%** (18.5% for Q3FY16)
- **Asset Base** of the company **~INR 37,200 cr**
- Group Equity INR 5,189 cr; Equity excluding insurance INR 4,379 cr

9MFY17 Highlights:

- **Total Revenue ₹ 4,689 cr** (₹ 3,777 cr for 9MFY16), **up 24%**
- **Profit After Tax ₹ 439 cr** (₹ 293 cr for 9MFY16), **up 50%**
- **Profit After Tax excluding insurance ₹508 cr** (₹364 cr for 9MFY16), **up 39%**

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:

“The FY18 Union Budget signalled the Government’s commitment to fiscal prudence. This has several positives for many of Edelweiss’s businesses. Giving infrastructure status for the construction of affordable homes, interest subsidies to first time buyers and tax cuts for SMEs and smaller income groups will build momentum for our housing and SME finance business. Our wealth business will benefit from the tax rebates for retail investors and the unchanged capital gains regimes. Our global asset management business will also benefit from the simplification of procedures and guidelines for international investors.

One positive outcome of demonetisation was benign inflation, making the transmission of interest rates easier and favouring our credit businesses. The shift to a cashless economy is a welcome tailwind that will propel domestic household savings into financial assets like equities, mutual funds and insurance. Edelweiss is uniquely positioned to benefit from this shift because of its significant presence in each of these sectors.

Our focus remains on improving capital and operating efficiency, achieving scale in retail businesses, ensuring sustainability in our performance, strengthening balance sheet, risk and compliance, nurturing leadership, building a customer-centric culture and leverage technology for future growth.”

Q3FY17 Financial Highlights:

- **Fund based income** is INR 1,130 cr for Q3FY17 (INR 1,094 cr in Q3FY16), **up 3%**.
- **Fee & Commission income** is INR 356 cr for Q3FY17 (INR 181 cr in Q3FY16), **up 97%**.
- **Gross Premium income from Life Insurance business** is INR 92 cr for Q3FY17 compared to INR 66 cr in Q3FY16, **up 38%**.

9MFY17 Financial Highlights:

- **Fund based income** is ₹3,583 cr (₹3,076 cr in 9MFY16), **up 16%**
- **Fee and Commission income** is ₹767 cr (₹492 cr in 9MFY16), **up 56%**
- **Gross Premium income from Life Insurance business** is ₹236 cr (₹159 cr in 9MFY16), **up 49%**.

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

Balance Sheet, ALM and Liquidity Management:

Our Balance Sheet Management Unit (BMU) actively manages the Balance Sheet, Asset Liability position and liquidity in a way similar to that of the treasury of a commercial bank. 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 **17.85%** as on 31st December 2016.

Business Highlights:

Operations of Edelweiss are organised around **Credit business, Non-Credit business** and **Life Insurance**.

Credit Business:

- Credit business of Edelweiss offers the following products –
 1. **Retail Credit** comprises of **housing finance, LAP, SME** and **Agri Finance, LAS** and **Rural Finance**.
 2. **Wholesale Credit** comprises of **Structured Collateralised Credit** and **Wholesale Mortgages**.
 3. **Distressed Assets**

Brief highlights of business performance is as under:

- At the end of Q3FY17, book size of Retail Credit was INR 7,823 cr (INR 5,884 cr at the end of Q3FY16), **up 33%**. Its client base is ~ 389,300 (154,300 at the end of Q3FY16). The Housing finance, SME and Rural finance operates out of 52 cities and over 3,100 villages.
- The Wholesale credit book was INR 13,606 cr (INR 12,148 cr at the end of Q3FY17), **up 12%**.
- Total Credit Book excluding Distressed Assets stands at 21,429 cr at the end of Q3 FY17.
- The **asset quality** of the overall credit book continued to remain under control with Gross NPLs at 1.53% and Net NPLs at 0.55%. Provision Cover including provision on Standard Assets stands at 89%.
- Distressed Assets business has a capital of INR 3,543 crs and an AUM of INR 31,600 crs. **Edelweiss ARC** continues to be the leading 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. First tranche of Equity infusion by CDPQ has already happened.

Non Credit Businesses:

Non-Credit businesses include **Wealth Management, Asset Management, Capital Markets, Agri Services** and **Balance Sheet Management Unit**.

1. Wealth Management:

- The AuAs of the Global Wealth Management business grew at 129% to ~INR 53,700 cr at the end of Q3FY17 compared to INR 23,400 cr at the end of Q3FY16.

2. Asset Management:

- Global Asset Management business comprises of three verticals –Alternative Assets Management, Multi-Strategy Funds and Retail Asset Management. The total AuMs of Global Asset Management business grew to ~INR 17,200 cr at the end of Q3FY17 compared to ~INR 4,900 cr at the end of Q3FY16.

- The AUM reflects the completion of acquisition of onshore fund schemes managed by JP Morgan Asset Management India and Ambit Alpha scheme.

3. Capital Markets:

- **Institutional Broking** business continued to be among the market leaders and performed in line with the industry.
- **Retail Financial Market** business continued to scale up its market share with the total retail client base over 5,00,000.
- Edelweiss continued to be a major distributor in public issues of equities and debt. We have retained leadership position in **IPO distribution** during Q3FY17 in HNI and Retail categories (source: Prime Database). We are ranked 1 in Equity IPO in Retail & HNI Category with 31.52% market share.
- We are also ranked 1 in public Debt Issues on the basis of number of applications with 22.83% market share.

4. **Agri Services** provides end to end business solutions in the entire agri value chain. It provides a gamut of services viz, from crop procurement to warehousing and trade finance services acting as an enabler for all agri value chain market participants. We have 365 warehouses under management with storage capacity of over 14 lacs MT as on 31st December 2016. We see this business as a large, scalable and untapped opportunity in India.

5. 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.

Life Insurance:

Edelweiss Tokio Life Insurance is one of the fastest growing life insurance companies in India. Winner of, "**Best Life Insurer**" Award in Outlook Money Awards 2016 and "**Agency Efficiency Award**" at India Insurance Awards, 2016, 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 rated in top decile by Morningstar as on 31st December 2016. Its focus on consistent top performance positions it well to leverage the renewed customer interest in ULIP offerings.

It continues to expand its distribution footprint across agency and alternate channels with presence across 81 branches in 64 major cities and the agency channel force of over 19,100 Personal Financial Advisors.

EdelGive Foundation with the mission to empower non-profit organizations towards achieving sustainable social change, has so far financially supported around 85 organisations impacting over 300,000 lives influencing financial commitments of around INR 68 cr in the social sector.

Updates and Awards:

- The client base of Edelweiss group across its diversified businesses is ~ 11,00,000 at the end of Q3FY17. In addition, our Depository Participants maintain over 329,000 Demat accounts.
- **Recognised for Marketing Excellence in the BFSI sector** at the World Marketing Congress, Mumbai 2016
Edelweiss Structured Products awarded the India House of the Year Award at the Asia Risk Awards 2016, Singapore
- **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 Hattrick with three GOLDS at ASIA PACIFIC Customer Engagement Forum & Awards

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** (**Wholesale Credit** comprises of **Structured Collateralised Credit** to Corporates, **Wholesale Mortgage** and **Distressed Assets Credit**. **Retail Credit** comprises of housing finance, loan against property, **LAS, SME** and **Agri Finance**, and **Rural Finance**), **Non-Credit Business** (Wealth Management, Asset Management, Capital Markets, and Agri Services) and **Life Insurance**. The **Balance Sheet Management Unit** operations manage the liquidity and Balance Sheet. Edelweiss has an asset base of over INR 37,200 crore with revenue of INR 4,689 crore and net profit of INR 439 crore for 9MFY17. Its consistent performance is evidenced by a PAT (excluding insurance) CAGR of 37% for the last five years.

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 ~11,00,000 strong client base through 6,902 employees based out of 249 offices (including international offices) in 123 cities. 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 Ventura Securities, Monarch Network Stockbroking, First Call and Maybank Kim Eng Securities.

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

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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 and nine months ended 31 December 2016

(Rs. in Crores)

	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		December 31, 2016 (Unaudited)	September 30, 2016 (Unaudited)	December 31, 2015 (Unaudited)	December 31, 2016 (Unaudited)	December 31, 2015 (Unaudited)	March 31, 2016 (Audited)
1	Income from operations						
	(a) Fee and commission	355.62	240.54	180.70	766.90	491.58	696.61
	(b) Fund based activities	1,133.86	1,227.73	1,076.16	3,575.64	3,041.01	4,170.36
	(c) Premium from life insurance business	87.68	84.61	63.74	225.54	151.47	300.18
	(d) Other operating income	28.04	39.30	20.37	94.70	50.83	86.79
	Total income from operations	1,605.20	1,592.18	1,340.97	4,662.78	3,734.89	5,253.94
2	Expenses						
	(a) Employee benefits expense	277.34	276.52	216.21	801.44	640.96	882.13
	(b) Depreciation and amortisation expense	24.95	22.84	22.49	71.25	63.22	90.23
	(c) Change in life insurance policy liability - actuarial	92.50	86.80	47.73	234.41	119.36	255.49
	(d) Other expenses	292.69	268.95	244.42	801.33	603.92	848.98
	Total expenses	687.48	655.11	530.85	1,908.43	1,427.46	2,076.83
3	Profit / (Loss) from operations before other income and finance costs (1-2)	917.72	937.07	810.12	2,754.35	2,307.43	3,177.11
4	Other income	7.27	4.42	2.29	18.47	7.49	14.15
5	Profit / (Loss) from ordinary activities before finance costs (3+4)	924.99	941.49	812.41	2,772.82	2,314.92	3,191.26
6	Finance costs	676.67	708.88	680.85	2,084.24	1,924.12	2,620.09
7	Profit / (Loss) before tax (5-6)	248.32	232.61	131.56	688.58	390.80	571.17
8	Tax expense	104.19	96.85	48.87	283.93	144.24	235.38
9	Net Profit / (Loss) after tax (7-8)	144.13	135.76	82.69	404.65	246.56	335.79
10	Share of profit / (loss) of associates	(3.60)	4.93	17.87	7.44	35.08	47.65
11	Minority interest	(14.65)	(3.73)	(5.10)	(27.19)	(10.99)	(30.94)
12	Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (9+10-11)	155.18	144.42	105.66	439.28	292.63	414.38
13	Paid-up equity share capital (Face Value of Rs. 1/- Per Share)	83.12	82.84	81.29	83.12	81.29	81.40
14	Reserves excluding Revaluation Reserves						3,591.40
15	Earnings Per Share (EPS) in Rupees (Face Value of Rs. 1/- Per Share)						
	- Basic (Not annualised)	1.84	1.72	1.27	5.21	3.54	5.01
	- Diluted (Not annualised)	1.76	1.65	1.22	4.98	3.41	4.85

Notes:

1. The consolidated financial results of Edelweiss Financial Services Limited ('EFSL' or 'the Company') for the quarter and nine months ended 31 December 2016 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 09 February 2017.
2. The financial results for the quarter and nine months ended 31 December 2016 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 31 December 2016, the Company has issued 2,862,062 equity shares of face value of Rs. 1 each to the employees on exercise of employee stock options.
5. The Board of Directors at its meeting dated 9 February 2017, has declared an interim dividend of Rs. 1 per equity share (on face value of Rs. 1 per equity share) for the financial year 2016-17.
6. Edel Commodities Limited (ECL), a subsidiary of the Company, has entered into a Share Sale & Purchase Agreement for sale of its wholly owned agricultural commodities trading business subsidiary viz. Edel Commodities Trading Limited (ECTL) for a deal size of minimum of Rs.13 crores receivable in cash and shares. Consequent to the above, ECTL, Edelweiss Commodities CHAD SARL and Edelweiss Commodities Nigeria Limited, the subsidiaries of ECTL, ceased to be the subsidiaries of ECL and, in turn of the Company during the quarter.
7. The previous period/year figures have been regrouped/reclassified wherever necessary to conform to current period's presentation.
8. 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, 09 February 2017.