

FY17 Audited Results

Profit after Tax up 47% YoY at INR 609 cr

Consolidated PAT CAGR of 36% over 20 quarters

Total Income up 25% YoY at INR 6,634 cr

Edelweiss Financial Services Limited, India's leading diversified financial services company, declared its audited results for the year ended 31st March 2017 today.

Q4FY17 Highlights:

- **Total Revenue INR 1,945 cr** (INR 1,538 cr for Q4FY16), **up 26%**
- **Profit After Tax INR 170 cr** (INR 122 cr for Q4FY16), **up 40%**
- **Profit After Tax excluding insurance INR 212 cr** (INR 154 cr for Q4FY16), **up 37%**
- **Return on Equity excluding insurance for Q4 FY17 is 22.2%**

FY17 Highlights:

- **Total Revenue INR 6,634 cr** (INR 5,316 cr for FY16), **up 25%**
- **Profit After Tax INR 609 cr** (INR 414 cr for FY16), **up 47%**
- **Profit After Tax excluding insurance INR 719 cr** (INR 519 cr for FY16), **up 39%**
- **Asset Base of the company ~ INR 38,700 cr**
- **Group Gross Network INR 5,288 cr**; Tangible Equity excluding insurance **INR 4,469 cr**
- **Return on Equity excluding insurance 20.7%**

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:

“FY17 has been a good year for Edelweiss with strong non linear growth in both Consolidated and Ex-Insurance PAT. Our Consolidated PAT was INR 609 crore with a YoY growth of 47%. PAT Excluding Insurance grew 39% to INR 719 cr (INR 519 cr in FY16). Balance Sheet grew by 20% during the same period. Return on Equity Excluding Insurance stands at 20.7% for FY17.

The year saw an acceleration in the reforms process on many fronts which has generated a lot of confidence in India’s growth potential. The resultant tailwinds have been positive for all our businesses across our loan books, distressed credit business and our franchise business. On the Retail Credit side, we successfully expanded our loan book in the Housing and SME finance business while the Corporate Credit businesses continued to perform very well, driven by a diversified credit book, including the Distressed Assets Credit business which grew steadily on the back of greater loan acquisitions. In our Franchise businesses, the Wealth Management business saw a significant increase in scale as well as growth in assets under advice, backed by Edelweiss’s comprehensive service platform, and 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 on both debt and equity raising in Capital Markets.

We strongly believe that the shift to a cashless economy along with the democratisation of access to credit will propel domestic household savings into financial assets like equities, mutual funds and insurance. Edelweiss is well 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 to leverage technology for future growth”.

FY17 Financial Highlights:

- **Fund based income** is INR 4,806 cr for FY17 (INR 4,218 cr in FY16), **up 14%**.
- **Fee & Commission income** is INR 1,248 cr for FY17 (INR 697 cr in FY16), **up 79%**.
- **Gross Premium income** from **Life Insurance business** is INR 441 cr for FY17 compared to INR 310 cr in FY16, **up 42%**.

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 business, Life Insurance** and **Balance Sheet Management Unit (BMU)**.

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. **Corporate Credit** comprises of **Structured Collateralised Credit and Wholesale Mortgages.**
 3. **Distressed Credit**

Brief highlights of business performance is as under:

- At the end of FY17, book size of Retail Credit was INR 8,952 cr (INR 6,031 cr at the end of FY16), **up 48%**. Its client base is ~ 3,90,000 (304,000 at the end of FY16). The Housing finance, SME and Rural finance operates out of 55 cities and ~3100 villages.
- The Corporate Credit book was INR 13,875 cr (INR 12,088 cr at the end of FY16), **up 15%**.
- Total Credit Book including Distressed Credit stands at INR 27,608 cr at the end of FY17.
- The **asset quality** of the overall credit book continued to remain under control with Gross NPLs at 1.59% and Net NPLs at 0.60%. Provision Cover including provision on Standard Assets stands at 87%.
- **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 435 warehouses across 17 states in India, as on 31st March 2017. Empanelled with 23 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 4,781 cr and an AuM of ~INR 39,500 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. First tranche of Equity infusion by CDPQ has already happened.

Franchise Businesses:

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

1. Wealth Management:

- The AuAs of the Global Wealth Management business grew at 104% to ~INR 60,300 cr at the end of FY17 compared to ~INR 29,500 cr at the end of FY16.

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 18,200 cr at the end of FY17 compared to ~INR 5,000 cr at the end of FY16.
- The AuM reflects the successful integration of JP Morgan AMC Schemes & Ambit Alpha Fund acquisitions
- Completed first closure for three funds (EISAF II, EREF, EROF) garnering AuM of ~INR 4,500 cr

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 4,60,000.
- Edelweiss continued to be a major distributor in public issues of equities and debt. We have retained leadership position in **Equity IPO distribution** during FY17 in HNI and Retail categories with 27% market share (source: Prime Database).
- Edelweiss Fixed Income Advisory retained leadership position in public debt issues and commercial paper issuances through FY17. Edelweiss was lead arranger to 97% of the mobilization via public issue of bonds in FY17 and was ranked #1 in distribution of public debt issues with a market share of 21% in FY17.

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 providing superior returns. Edelweiss Tokio Life Insurance follows the agency-led multi-channel distribution approach with emphasis on productivity and the focus 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 over 21,400 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 **17.01%** as on 31st March 2017.

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 4,55,000 lives influencing financial commitments of around INR 70 cr in the social sector.

Updates and Awards:

- 11,00,000 Clients as on 31st March , 2017 across Edelweiss group' diversified businesses
- **Ranked amongst India's Best Corporate Brands 2016** in The Economic Times Consumer Survey
- **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

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** (**Corporate Credit** comprises of **Structured Collateralised Credit** to Corporates, **Wholesale Mortgage** and **Distressed Credit**. **Retail Credit** comprises of **housing finance, loan against property, LAS, SME and Agri Finance, and Rural Finance**), **Franchise Business** (Wealth Management, Asset Management and Capital Markets,) and **Life Insurance**. The **Balance Sheet Management Unit** operations manage the liquidity and Balance Sheet. Edelweiss has an asset base of ~INR 38,700 crore with revenue of INR 6,634 crore and net profit of INR 609 crore for FY17. Its consistent performance is evidenced by a consolidated PAT CAGR of 36% over last 20 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 over 1Mn strong client base through 6,972 employees based out of 277 offices (including international offices) in 127 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, Aditya Birla Money and Maybank Kim Eng Securities.

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

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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 and year ended 31 March 2017

(INR Crores)

| | | Quarter Ended | | | Year Ended | |
|-----------|--|----------------------------------|-------------------------------------|----------------------------------|--------------------------------|--------------------------------|
| | | March 31, 2017 (Unaudited) | December 31, 2016 (Unaudited) | March 31, 2016 (Unaudited) | March 31, 2017 (Audited) | March 31, 2016 (Audited) |
| 1 | Revenue from operations | | | | | |
| | (a) Fee and commission | 481.18 | 355.62 | 205.03 | 1,248.08 | 696.61 |
| | (b) Fund based activities | 1,215.27 | 1,133.86 | 1,129.35 | 4,790.91 | 4,170.36 |
| | (c) Premium from life insurance business | 200.35 | 87.68 | 148.71 | 425.89 | 300.18 |
| | (d) Other operating income | 32.50 | 28.04 | 35.96 | 127.20 | 86.79 |
| | Total revenue from operations | 1,929.30 | 1,605.20 | 1,519.05 | 6,592.08 | 5,253.94 |
| 2 | Other income | 8.28 | 7.27 | 6.66 | 26.75 | 14.15 |
| 3 | Total Revenue (1+2) | 1,937.58 | 1,612.47 | 1,525.71 | 6,618.83 | 5,268.09 |
| | | | | | | |
| 4 | Expenses | | | | | |
| | (a) Employee benefits expense | 300.71 | 277.34 | 241.17 | 1,102.15 | 882.13 |
| | (b) Finance costs | 725.45 | 676.67 | 695.97 | 2,809.69 | 2,620.09 |
| | (c) Depreciation and amortisation expense | 35.18 | 24.95 | 27.01 | 106.43 | 90.23 |
| | (d) Change in life insurance policy liability - actuarial | 191.92 | 92.50 | 136.13 | 426.33 | 255.49 |
| | (e) Other expenses | 429.69 | 292.69 | 245.06 | 1,231.02 | 848.98 |
| | Total expenses | 1,682.95 | 1,364.15 | 1,345.34 | 5,675.62 | 4,696.92 |
| 5 | Profit / (Loss) before tax (3-4) | 254.63 | 248.32 | 180.37 | 943.21 | 571.17 |
| 6 | Tax expense | | | | | |
| | (a) Current Tax | 131.97 | 116.55 | 108.91 | 456.56 | 344.04 |
| | (b) Minimum alternate tax | (8.26) | (3.88) | (8.66) | (14.38) | (27.01) |
| | (c) Deferred Tax | (12.91) | (8.48) | (9.11) | (47.45) | (81.65) |
| 7 | Net Profit / (Loss) after tax (5-6) | 143.83 | 144.13 | 89.23 | 548.48 | 335.79 |
| 8 | Share of profit / (loss) of associates | 7.32 | (3.60) | 12.57 | 14.76 | 47.65 |
| 9 | Minority interest | (18.88) | (14.65) | (19.95) | (46.07) | (30.94) |
| 10 | Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (7+8-9) | 170.03 | 155.18 | 121.75 | 609.31 | 414.38 |
| 11 | Earnings Per Share (EPS) in Rupees (Face Value of ` 1/- Per Share) | | | | | |
| | - Basic (Refer Note 5) | 2.01 | 1.84 | 1.47 | 7.26 | 5.01 |
| | - Diluted (Refer Note 5) | 1.92 | 1.76 | 1.42 | 6.92 | 4.85 |

Consolidated statement of assets and liabilities as at 31 March 2017

| | | (INR Crores) | |
|----------|---|----------------------------------|--------------------------------|
| | | As at | |
| | | March 31, 2017 (Unaudited) | March 31, 2016 (Audited) |
| A | EQUITY AND LIABILITIES | | |
| 1 | Shareholders' funds | | |
| | (a) Share capital | 83.26 | 81.40 |
| | (b) Reserves and surplus | 4,242.10 | 3,591.40 |
| | Sub-total - Shareholders' funds | 4,325.36 | 3,672.80 |
| 2 | Share application money pending allotment | 4.09 | 2.06 |
| 3 | Minority interest | 958.46 | 696.87 |
| 4 | Non-current liabilities | | |
| | (a) Long-term borrowings | 16,987.41 | 10,103.64 |
| | (b) Other long-term liabilities | 306.14 | 221.78 |
| | (c) Long-term provisions | 1,041.75 | 575.94 |
| | Sub-total - Non-current liabilities | 18,335.30 | 10,901.36 |
| 5 | Current liabilities | | |
| | (a) Short-term borrowings | 11,839.41 | 13,861.22 |
| | (b) Trade payables | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | 1.50 | 0.56 |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 2,083.86 | 1,650.17 |
| | (c) Other current liabilities | 6,816.71 | 5,832.54 |
| | (d) Short-term provisions | 458.70 | 366.99 |
| | Sub-total - Current liabilities | 21,200.18 | 21,711.48 |
| | TOTAL - EQUITY AND LIABILITIES | 44,823.39 | 36,984.57 |
| B | ASSETS | | |
| 1 | Non-current assets | | |
| | (a) Fixed assets | | |
| | (i) Tangible assets | 525.84 | 628.87 |
| | (ii) Intangible assets | 110.95 | 35.29 |
| | (iii) Capital work-in-progress | 95.12 | 22.93 |
| | (iv) Intangible assets under development | 5.84 | 7.36 |
| | (b) Non-current investments | 6,041.39 | 2,000.91 |
| | (c) Deferred tax assets (net) | 210.91 | 179.59 |
| | (d) Long-term loans and advances | 10,612.76 | 7,720.06 |
| | (e) Other non-current assets | 836.56 | 1,313.78 |
| | Sub-total - Non-current assets | 18,439.37 | 11,908.79 |
| 2 | Current assets | | |
| | (a) Current investments | 836.29 | 695.52 |
| | (b) Inventories | 10,652.40 | 11,511.91 |
| | (c) Trade receivables | 1,098.24 | 518.60 |
| | (d) Cash and bank balances | 2,618.19 | 1,934.01 |
| | (e) Short-term loans and advances | 9,486.78 | 9,060.19 |
| | (f) Other current assets | 1,692.12 | 1,355.55 |
| | Sub-total - Current assets | 26,384.02 | 25,075.78 |
| | TOTAL - ASSETS | 44,823.39 | 36,984.57 |

Notes:

1. The consolidated financial results of Edelweiss Financial Services Limited ('EFSL' or 'the Company') for the quarter and year ended 31 March 2017 have been reviewed and recommended by the Audit Committee at its meeting held on 16 May 2017 and approved by the Board of Directors at their meeting held on 17 May 2017.
2. 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.
3. During the quarter ended 31 March 2017, the Company has issued 1,349,825 equity shares of face value of ₹ 1 each to the employees on exercise of employee stock options.
4. The Board of Directors at their meeting held on 17 May 2017, have recommended a final dividend of INR 0.30 per equity share (on face value of INR 1 per equity share), subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, the Company has not appropriated for the recommended final dividend (including tax) from the Statement of Profit and Loss for the year ended 31 March, 2017.
5. Earnings per share for the quarters ended 31 March 2017, 31 December 2016 and 31 March 2016, have been calculated for three months and are not annualised.

On behalf of the Board of Director

Rashesh Shah

Chairman

Mumbai, 17 May 2017.