

Edelweiss Financial Services Limited Q1FY16 Unaudited Results**Total Income ₹1,168 cr, up 43% YoY****Profit after Tax ₹91 cr, up 17% YoY**

Edelweiss Financial Services Limited, India's leading diversified financial services company, declared its unaudited, consolidated results for the first quarter of FY16, ended 30 June 2015 today.

Q1FY16 Highlights:

- * **Total Revenue ₹1,168 cr** (₹ 815 cr for Q1FY15), **up 43%**
- * **Profit After Tax ₹91 cr** (₹78 cr for Q1FY15), **up 17%**
- * **Profit After Tax ex-ins ₹111 cr** (₹89 cr for Q1FY15), **up 25%**
- * **Consolidated Asset Base ₹28,000 cr**
- * **Group Gross Networth ₹3,654 cr; Tangible Equity ex-ins ₹2,631 cr**
- * **Return on Tangible Equity ex-ins 17.0%** (15.5% for Q1FY15)

Edelweiss has evolved into a large financial services firm through its strategy of synergistic diversification. It has grown significantly since its inception in 1995 and has increased its presence and influence across all sectors of financial services. The business model is de-risked by adding different businesses, asset classes, client segments, demographics, markets and geographies in adjacent spaces. This has led to the building of a highly diversified financial services company within the non banking financial services sector. Increasingly the profits are being contributed by multiple businesses and this has reduced concentration risk and made profits more sustainable. Our aspiration is to be a large, respected organisation with quality high growth businesses in every material segment of financial services.

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

“Operating environment is gradually improving with comfortable liquidity aided by a rate cut in this quarter. At the same time, credit growth, corporate earnings and investment continue to remain sluggish. Global situation and currencies have been volatile bringing in some uncertainties. Despite these challenges, we believe Indian macro-economic indicators will keep improving gradually and we may see return of growth in the second half of FY16.”

For Q1FY16, our net profit is higher by 17% YoY and return on tangible equity ex-insurance is at 17.0% compared to 15.5% for Q1FY15. We continue to focus on improving capital and operating efficiency, scaling up retail businesses, strengthening balance sheet, risk and compliance, building a customer-centric culture, upgrading technology and nurturing leadership for future growth.

Our long-term strategy of diversifying across businesses, asset classes and client segments continues to bear fruits as demonstrated by consistent improvement in financial and business indicators. With the completion of the diversification phase in FY12, Edelweiss has built an organisation with a strong foundation and is well positioned to leverage the potential.”

Q1FY16 Financial Highlights:

- * **Fund based income** is ₹956 cr for Q1FY16 (₹681 cr in Q1FY15), **up 40%**
- * **Fee and Commission income** is ₹163 cr for Q1FY16 (₹106 cr in Q1FY15), **up 54%**
- * **Gross Premium income** from **Life Insurance business** is ₹32 cr for Q1FY16 compared to ₹23 cr in Q1FY15, **up 44%**.

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 **18.9%** as on 30 June 2015.

Business Highlights:

Operations of Edelweiss are organised around **Credit business** including Retail and Agri Finance, **Agency business** including Financial Markets, Asset Management and Agri and Commodity services, and **Life Insurance**. Brief highlights of business performance are as under:

* **Credit Business:**

Credit business of Edelweiss offers five broad products – **Mortgages** including housing finance, loan against property and real estate finance, **Structured Collateralised Credit** to corporates, **Distressed Assets Credit**, **SME** and **Agri Finance**, and **Loan against Securities** and **Rural Finance**. Total credit book of the group stands at ₹16,431 cr at the end of Q1FY16 compared to ₹9,554 cr at the end of Q1FY15, a growth of **72%**.

Among the above products, **housing mortgages including small-ticket housing loans**, rural finance, loans against property and SME finance are offered under the umbrella of **Retail Finance**. As at the end of Q1FY16, book size of Retail Finance was ₹3,116 cr (₹2,245 cr at the end of Q1FY15), **up 39%**. Its client base was over 50,400 (23,400 at the end of Q1FY15) in 41 cities and ~1,400 villages.

The **asset quality** of the overall credit book continued to remain under control with Gross NPLs at 1.32% and Net NPLs at 0.39%. Provision Cover including provision on Standard Assets stands at 97%.

* **Agency Businesses:**

Agency businesses include **Financial Markets**, **Asset Management** and **Agri and Commodity services businesses**.

* **Financial Markets:**

- * **Institutional Broking** business continued to be among the market leaders and perform in line with the industry. **Research** covers 206 stocks across 24 sectors representing over 75% of market capitalization.
- * **Retail Financial Market** business continued to scale up its market share with the total retail client base over 4,55,000. The AuAs of the Wealth Management business were over ₹10,200 cr at the end of Q1FY16.
- * Edelweiss continued to be a major distributor in public issues of equities and debt. We were **ranked 1st in IPO distribution** during Q1FY16 in HNI (NIB) categories with around 40% market share of the amount procured (source: Prime Database).
- * Fixed Income Advisory business continued to be **ranked 1st** in placement of Commercial Papers and public issue of NCDs by amount mobilised during Q1FY16.

* **Asset Management:**

Global Asset Management business comprises of four verticals – Illiquid Alternatives, Liquid Alternatives, Retail Asset Management and Asset Reconstruction.

* AuMs/AuAs under **Illiquid Alternatives** business were over ₹2,600 cr at the end of Q1FY16 spread over five funds. During the quarter, we announced the first close of a new Singapore-based fund named EW Special Opportunities Fund II (ESOF-II) at US\$205 mn.

* **Retail Asset Management** business managed 12 funds across Equity, Debt and Liquid schemes, with average AuMs of over ₹1,140 cr during Q1FY16. It had an active base of over 21,600 investors and a distributor base of over 3,300.

* **Edelweiss ARC** scaled up its portfolio to over ₹20,700 cr at the end of Q1FY16 and is now the leading ARC 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.

* **Agri and Commodity Services:**

Edelweiss' approach to Agri and Commodity business is comprehensive including diversifying across commodity buckets while also intensifying our presence throughout the value chain covering procurement, warehousing, collateral management, financing and distribution. We had over 140 warehouses under management with capacity of around 5.9 lacs MT as on 30 June 2015. We see this business as a large, scalable and untapped opportunity in India.

* **Life Insurance:**

ETLI is one of the fastest growing life insurance companies in India. Winner of Rising Star Insurer Award in 2013, it continues to scale up its business with a focus on enhancing quality of business and customer acquisition & servicing.

It continues to expand its distribution footprint across agency and alternate channels with presence across 59 branches in 49 major cities and the agency channel force of over 11,000 Personal Financial Advisors.

ETLI funds have been rated top performers by Morningstar. Five of six individual ULIP funds have been rated 5 Star as on 30 June 2015.

* **Other Updates:**

* The client base of Edelweiss group across its diversified businesses is over 5,86,000 at the end of Q1FY16. Our Depository Participants maintain over 2,88,000 Demat accounts.

* **EdelGive Foundation** with the mission to empower social entrepreneurs and organisations towards achieving sustainable social change, has so far financially supported over 60 organisations impacting over 2,60,000 lives with a financial commitment of around ₹33 cr.

About Edelweiss Financial Services

The Edelweiss Group is one of India's leading diversified financial services conglomerates 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** (Mortgages including Housing Finance, Structured Collateralised Credit, Distressed Assets Credit, SME and Agri Finance, Rural Finance and other loans), **Agency Business** (Financial Markets, Asset Management and Agri and Commodity Services) and **Life Insurance**. The **Balance Sheet Management Unit** operations manage the liquidity and Balance Sheet. Edelweiss has an asset base of ₹27,000 crore with revenue of ₹3,912 crore and net profit of ₹329 crore for FY15. Its consistent performance is evidenced by a PAT CAGR of 37% over the last three years and 30% over the last ten 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 its 5,86,000 strong client base through 5,760 employees based out of 247 offices (including eight international offices) in 129 cities. Together with over 4,800 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. 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 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 2015

(₹ in crore)

| | Particulars | Quarter Ended | | | Year Ended |
|---------------|--|-----------------|-----------------|---------------|-----------------|
| | | June | March | June | March |
| | | 30, 2015 | 31, 2015 | 30, 2014 | 31, 2015 |
| | | (Unaud.) | (Unaud.) | (Unaud.) | (Aud.) |
| Part I | | | | | |
| 1 | Income from operations | | | | |
| | (a) Fee and commission | 162.84 | 179.77 | 105.78 | 572.71 |
| | (b) Fund based activities | 947.07 | 924.00 | 674.85 | 3,082.00 |
| | (c) Premium from life insurance business | 30.20 | 84.52 | 21.30 | 186.57 |
| | (d) Other operating income | 14.04 | 20.96 | 4.88 | 38.51 |
| | Total income from operations | 1,154.15 | 1,209.25 | 806.81 | 3,879.79 |
| 2 | Expenses | | | | |
| | (a) Employee benefits expense | 211.34 | 223.92 | 143.87 | 708.63 |
| | (b) Depreciation and amortisation expense | 20.05 | 19.77 | 15.06 | 71.64 |
| | (c) Change in life insurance policy liability – actuarial | 22.06 | 69.06 | 13.86 | 139.49 |
| | (d) Other expenses | 171.31 | 180.50 | 134.84 | 632.61 |
| | Total expenses | 424.76 | 493.25 | 307.63 | 1,552.37 |
| 3 | Profit / (Loss) from operations before other income and finance costs (1-2) | 729.39 | 716.00 | 499.18 | 2,327.42 |
| 4 | Other income | 4.63 | 5.76 | 2.09 | 14.01 |
| 5 | Profit / (Loss) from ordinary activities before finance costs (3+4) | 734.02 | 721.76 | 501.27 | 2,341.43 |
| 6 | Finance costs | 605.59 | 577.73 | 385.74 | 1,831.54 |
| 7 | Profit / (Loss) before tax (5-6) | 128.43 | 144.03 | 115.53 | 509.89 |
| 8 | Tax expense | 47.16 | 55.65 | 43.69 | 201.70 |
| 9 | Net Profit / (Loss) after tax (7-8) | 81.27 | 88.38 | 71.84 | 308.19 |
| 10 | Share of profit / (Loss) of associates | 9.01 | 0.05 | 6.38 | 18.14 |
| 11 | Minority interest | (1.00) | 0.06 | -0.03 | -2.37 |
| 12 | Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (9+10-11) | 91.28 | 88.37 | 78.25 | 328.70 |
| 13 | Paid-up equity share capital (Face Value of ₹1/- Per Share) | 80.26 | 79.18 | 77.76 | 79.18 |
| 14 | Reserves excluding Revaluation Reserves | | | | 3,077.15 |
| 15 | Earnings Per Share (EPS) in Rupees (Face Value of ₹1/- Per Share) | | | | |
| | - Basic (Refer Note 5) | 1.12 | 1.05 | 0.98 | 4.09 |
| | - Diluted (Refer Note 5) | 1.06 | 1.00 | 0.97 | 3.88 |

Part II - Select Information for the quarter ended 30 June 2015

(₹ in crore)

| | | | | | |
|----------|--|--------------|--------------|--------------|-----------------------------------|
| A | PARTICULARS OF SHAREHOLDING | | | | |
| 1 | Public shareholding | | | | |
| | - Number of shares | 50,38,93,066 | 49,30,36,929 | 49,19,04,798 | 49,30,36,929 |
| | - Percentage of shareholding | 62.78% | 62.27% | 63.26% | 62.27% |
| 2 | Promoters and promoter group shareholding | | | | |
| | a) Pledged/ Encumbered | | | | |
| | - Number of shares | 16,01,83,000 | 14,91,83,000 | 2,76,83,000 | 14,91,83,000 |
| | - Percentage of shares (as a % of total shareholding of promoter and promoter group) | 53.62% | 49.94% | 9.69% | 49.94% |
| | - Percentage of shares (as a % of total share capital of the company) | 19.96% | 18.84% | 3.56% | 18.84% |
| | b) Non-encumbered | | | | |
| | - Number of shares | 13,85,32,690 | 14,95,32,690 | 25,80,32,690 | 14,95,32,690 |
| | - Percentage of shares (as a % of total shareholding of promoter and promoter group) | 46.38% | 50.06% | 90.31% | 50.06% |
| | - Percentage of shares (as a % of total share capital of the company) | 17.26% | 18.89% | 33.18% | 18.89% |
| B | INVESTOR COMPLAINTS | | | | Quarter ended 30 June 2015 |
| | Pending at the beginning of the quarter | | | | Nil |
| | Received during the quarter | | | | 7 |
| | Disposed off during the quarter | | | | 7 |
| | Remaining unresolved at the end of the quarter | | | | Nil |

Notes:

- 1 The consolidated and standalone financial results of Edelweiss Financial Services Limited ('EFSL' or 'the Company') for the quarter ended 30 June 2015 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 21 July 2015.
- 2 The financial results for the quarter ended 30 June 2015 of EFSL, on standalone 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 statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated accounts as set out in the Accounting Standards (AS 21 and AS 23) prescribed by Companies (Accounting Standards) Rules, 2015.
- 4 During the quarter ended 30 June 2015, the Company has issued 1,08,56,137 equity shares of face value of ₹ 1 each to the employees on exercise of employee stock options.
- 5 Earnings per share for the quarters ended 30 June 2015, 31 March 2015 and 30 June 2014 have been calculated for three months and not annualised.
- 6 The previous year/period figures have been regrouped/reclassified wherever necessary to conform to current financial period's presentation.
- 7 The standalone and consolidated results will be available on the Company's website - www.edelweissfin.com.

On behalf of the Board of Directors

Rashesh Shah

Chairman

Mumbai, July 21, 2015