

## Edelweiss Financial Services Limited

### FY18 Audited Results

**28 Quarters PAT CAGR of 38%**

**Profit after Tax INR 890 cr, up 46% YoY**

**Total Income INR 8,623 cr, up 30% YoY**

Edelweiss Financial Services Limited, one of India's leading diversified financial services company, declared its audited results for the year ended 31st March 2018 today.

#### Q4FY18 Highlights:

- **Total Revenue INR 2,623 cr** (INR 1,945 cr for Q4FY17), **up 35%**
- **Profit After Tax INR 248 cr** (INR 170 cr for Q4FY17), **up 46%**
- **Profit After Tax excluding insurance INR 308 cr** (INR 212 cr for Q4FY17), **up 45%**
- **Return on Equity excluding insurance for Q4FY18 is 21.6%** (22.2% for Q4FY17)

#### FY18 Highlights:

- **Total Revenue INR 8,623 cr** (INR 6,634 cr for FY17), **up 30%**
- **Profit After Tax INR 890 cr** (INR 609 cr for FY17), **up 46%**
- **Profit After Tax excluding insurance INR 1,036 cr** (INR 719 cr for FY17), **up 44%**
- **Asset Base** of the company ~ **INR 55,100 cr**
- **Group Gross Networth INR 7,762 cr; Networth excluding insurance INR 6,467 cr**
- **Return on Equity excluding insurance 22.1%**

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 our "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:**

*"FY18 has been a good year for the Edelweiss Group. Our Consolidated PAT for the year was INR 890 cr with a YoY growth of 46% (INR 609 cr in FY17) and PAT Excluding Insurance grew 44% to INR 1,036 cr (INR 719 cr in FY17). Balance Sheet grew by 42% during the same period. Return on Equity Excluding Insurance stands at 22.1% for FY18.*

*With this latest quarter, Edelweiss's PAT has now grown consistently at a CAGR of 38% for over 28 quarters- across business cycles.*

*FY18 also marked the first time in 10 years when Edelweiss raised fresh equity at the Group level via our QIP in Q3, which saw the participation of marquee investors like CDPQ, HDFC Mutual Fund and Kotak Mutual Fund as well as the support of our existing investors.*

*Today, Edelweiss's 'bank-like' breadth of businesses serve both retail and corporate customers, across credit, wealth and asset management, capital markets and insurance. While our performing credit and distressed credit businesses continue to do very well, we are very excited about our retail credit business, and SME lending and small ticket home loans in particular. We are also happy to report that as our wealth and asset management businesses are gaining scale, their contribution to our profits has been steadily increasing. Since these businesses do not require additional capital, this gives us enhanced profitability and a bankable source of additional internal accruals which will power our continued growth.*

*We believe that the long term trends in the democratisation of access to credit and continued financialisation of savings in India are irreversible, and the next decade will present a tremendous growth opportunity for financial services. With our range of offerings and stronger capital base, we are uniquely positioned amongst NBFCs to benefit sustainably from these two trends"*

#### **FY18 Financial Highlights:**

- **Fund based income is INR 5,656 cr (INR 4,806 cr in FY17), up 18%.**
- **Fee & Commission income is INR 2,134 cr (INR 1,248 cr in FY17), up 71%.**
- **Gross Premium income from Life Insurance business is INR 638 cr compared to INR 441 cr in FY17, up 45%.**

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

#### **Business Highlights:**

Business operations of Edelweiss are organised around **Credit, Franchise & Advisory, and Insurance.**

#### **Credit Business:**

Credit business of Edelweiss offers the following products:

- **Retail Credit** comprises of **Home loans, 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 are as under:

- At the end of FY18, book size of **Retail Credit** was INR 16,188 cr (INR 8,952 cr at the end of FY17), up 81%.
- The **Corporate Credit** book was INR 19,525 cr (~INR 13,875 cr at the end of FY17), up 41%.
- Total Credit Book including Distressed Credit stands at INR 42,010 cr at the end of FY18.
- The **asset quality** of the overall credit book continued to remain under control with Gross NPAs at 1.75% and Net NPAs at 0.7%. Provision Cover including provision on Standard Assets stands at 81%.
- **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 523 warehouses across 17 states in India, as on 31st March 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 6,297 cr and an AuM of ~INR 44,100 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 & Advisory Businesses:

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

### 1. Wealth Management:

- The AuAs of the Wealth Management business grew at 49% to ~INR 90,100 cr at the end of FY18 compared to ~INR 60,300 cr at the end of FY17.
- Wealth Management business continued to scale up its market share and the AUA has grown at CAGR of 63% in last 6 years.

### 2. Asset Management:

- Asset Management business comprises of Alternative Asset Management and Mutual Fund. The total AuMs of Asset Management business grew to ~INR 29,200 cr at the end of FY18 compared to ~INR 18,200 cr at the end of FY17, a growth of 60%.
- Prioritizing and widening distribution partnership with large organized distributors at new locations remains our focus area for this business.
- 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 252 stocks across 30 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 FY18 in HNI and Retail categories. The Equity Capital Markets team closed 5 capital market transactions in Q4FY18. We were ranked amongst top 10 arrangers for the private placement of debt including rank #1 in Commercial Papers issuances in Q4FY18.

### 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 over 121 branches in 93 locations and the agency channel force of ~31,000 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 **17.04%** as on 31st March 2018.

**EdelGive Foundation** with the mission to empower non-profit organizations towards achieving sustainable social change, has so far financially supported more than 95 NGOs influencing financial commitments of over INR 125 cr in the social sector.

## Updates and Awards:

**Signed a long-term partnership with Indian Olympic Association to sponsor the Indian contingent for 2018 Gold Coast Commonwealth, Asian Games 2018, Tokyo Olympics 2020 and two National Games.**

**Have also signed up 3 world renowned Indian sportspersons – Dipa Karmakar, first ever Indian female gymnast to compete in the Olympics and attempt the Produnova and Rani Rampal, Captain of Indian women Hockey Team, Sukant Kadam, World #2 Para Badminton.**

**Based on the recommendation of the Kotak Committee on the Corporate Governance, the Company has constituted an Information Technology Committee to focus on digital and other technology aspects for the Company.**

## Awards

- Wealth Creators Super 50 - Dalal Street Journal 2018
- Best private Bank India - Asiamoney Best Bank Awards 2018
- Best Product Innovation - ET Now BFSI Awards 2017
- Fastest Growing Housing Finance Company-Golden Globe Tiger Awards, Kuala Lumpur 2018
- Best Housing Company (Mid & Small) – ET Now BFSI Awards 2017
- Featured among India's Super 50 Companies – Forbes India 2017

## 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 55,100 cr with 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 28 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 12 lac strong client base through 10,052 employees based out of 448 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, 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

### For more details please contact:

#### **Salil Bawa**

Stakeholder Relations  
Edelweiss Financial Services Limited  
Tel: +91 22 6623 3390  
E-mail: [ir@edelweissfin.com](mailto:ir@edelweissfin.com)

#### **Mona Kwatra**

Head – Corporate Communications  
Edelweiss Financial Services Limited  
Tel: +91 22 4040 7545  
E-mail: [mona.kwatra@edelweissfin.com](mailto:mona.kwatra@edelweissfin.com)

### 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 and year ended 31 March 2018

(₹ in Crores)

	Particulars	Quarter Ended			Year Ended	
		March 31, 2018 (Unaudited)	December 31, 2017 (Unaudited)	March 31, 2017 (Unaudited)	March 31, 2018 (Audited)	March 31, 2017 (Audited)
<b>1</b>	<b>Revenue from operations</b>					
	(a) Fee and commission	615.89	513.66	481.18	2,134.06	1,248.08
	(b) Fund based activities	1,636.66	1,383.06	1,215.27	5,652.12	4,790.91
	(c) Premium from insurance business	305.16	128.53	200.35	618.89	425.89
	(d) Other operating income	51.02	44.20	32.50	175.93	127.20
	<b>Total revenue from operations</b>	<b>2,608.73</b>	<b>2,069.45</b>	<b>1,929.30</b>	<b>8,581.00</b>	<b>6,592.08</b>
<b>2</b>	<b>Other income</b>	<b>12.54</b>	<b>11.88</b>	<b>8.28</b>	<b>37.62</b>	<b>26.75</b>
<b>3</b>	<b>Total Revenue (1+2)</b>	<b>2,621.27</b>	<b>2,081.33</b>	<b>1,937.58</b>	<b>8,618.62</b>	<b>6,618.83</b>
<b>4</b>	<b>Expenses</b>					
	(a) Employee benefits expense	402.12	314.71	300.71	1,354.91	1,102.15
	(b) Finance costs	951.21	883.32	725.45	3,529.53	2,809.69
	(c) Depreciation and amortisation expense	33.43	26.93	35.18	111.68	106.43
	(d) Change in insurance policy liability - actuarial	232.24	106.14	191.92	497.57	426.33
	(e) Other expenses	638.55	389.46	429.69	1,706.71	1,231.02
	<b>Total expenses</b>	<b>2,257.55</b>	<b>1,720.56</b>	<b>1,682.95</b>	<b>7,200.40</b>	<b>5,675.62</b>
<b>5</b>	<b>Profit / (Loss) before tax (3-4)</b>	<b>363.72</b>	<b>360.77</b>	<b>254.63</b>	<b>1,418.22</b>	<b>943.21</b>
<b>6</b>	<b>Tax expense</b>					
	(a) Current Tax	160.08	130.53	131.97	558.35	456.56
	(b) Minimum alternate tax	(1.19)	(11.05)	(8.26)	(31.63)	(14.38)
	(c) Deferred Tax	(14.40)	19.61	(12.91)	33.13	(47.45)
<b>7</b>	<b>Net Profit / (Loss) after tax (5-6)</b>	<b>219.23</b>	<b>221.68</b>	<b>143.83</b>	<b>858.37</b>	<b>548.48</b>
<b>8</b>	<b>Share of profit / (loss) of associates</b>	<b>2.16</b>	<b>3.31</b>	<b>7.32</b>	<b>3.94</b>	<b>14.76</b>
<b>9</b>	<b>Minority interest</b>	<b>(26.83)</b>	<b>(11.40)</b>	<b>(18.88)</b>	<b>(27.82)</b>	<b>(46.07)</b>
<b>10</b>	<b>Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (7+8-9)</b>	<b>248.22</b>	<b>236.39</b>	<b>170.03</b>	<b>890.13</b>	<b>609.31</b>
<b>11</b>	<b>Earnings Per Share (EPS) in Rupees (Face Value of ₹ 1/- Per Share)</b>					
	- Basic (Refer Note 6)	2.69	2.66	2.01	10.11	7.26
	- Diluted (Refer Note 6)	2.61	2.57	1.92	9.80	6.92

## Notes :

1. The consolidated financial results of Edelweiss Financial Services Limited ('EFSL' or 'the Company') for the quarter and year ended 31 March 2018 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 3 May 2018.
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 2018, the Company has issued 4,079,225 equity shares of face value of ₹ 1 each to its employees on exercise of employee stock options.
4. The Board of Directors at their meeting held on 3 May 2018, have recommended a final dividend of ₹ 0.30 per equity share (on face value of ₹ 1 per equity share), subject to the approval of the members at the ensuing Annual General Meeting.
5. The figures for last quarter of the current year are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the nine months ended December 31, 2017. The figures up to the end of the nine months period ended December 31, 2017 were subjected to a limited review by the Statutory Auditors of the Company.
6. Earnings per share for the quarters ended 31 March 2018, 31 December 2017 and 31 March 2017, have been calculated for three months and are not annualised.



## 7. Consolidated Segment Results

(₹ in Crores)

Particulars	Quarter Ended			Year Ended	
	March 31, 2018 (Unaudited)	December 31, 2017 (Unaudited)	March 31, 2017 (Unaudited)	March 31, 2018 (Audited)	March 31, 2017 (Audited)
<b>1 Segment revenue [Total income]</b>					
Agency	416.79	337.02	293.87	1,410.11	1,021.03
Capital Based	1,875.27	1,565.63	1,409.20	6,422.87	5,031.69
Insurance business	329.45	181.13	240.30	785.85	576.84
Unallocated	1.92	0.86	1.53	3.73	4.03
<b>Total income</b>	<b>2,623.43</b>	<b>2,084.64</b>	<b>1,944.90</b>	<b>8,622.56</b>	<b>6,633.59</b>
<b>2 Segment results [Profit / (Loss) before tax]</b>					
Agency	144.91	117.94	62.77	462.33	183.42
Capital Based	341.73	314.46	288.64	1,246.04	1,010.36
Insurance business	(107.36)	(61.58)	(81.99)	(259.99)	(215.83)
Unallocated	-	-	-	-	-
<b>Profit / (Loss) before tax</b>	<b>379.28</b>	<b>370.82</b>	<b>269.42</b>	<b>1,448.38</b>	<b>977.95</b>
Less:					
(a) Interest	-	-	-	-	-
(b) Unallocated net expenditure	(13.40)	(6.74)	(7.47)	(26.22)	(19.98)
<b>Total Profit before tax</b>	<b>365.88</b>	<b>364.08</b>	<b>261.95</b>	<b>1,422.16</b>	<b>957.97</b>
<b>3 Segment Assets</b>					
Agency	4,475.88	3,268.10	3,407.26	4,475.88	3,407.26
Capital Based	55,429.19	49,803.09	39,044.35	55,429.19	39,044.35
Insurance business	2,950.85	2,783.51	1,791.28	2,950.85	1,791.28
Unallocated	657.62	620.03	580.50	657.62	580.50
<b>Total assets</b>	<b>63,513.54</b>	<b>56,474.73</b>	<b>44,823.39</b>	<b>63,513.54</b>	<b>44,823.39</b>
<b>4 Segment Liabilities</b>					
Agency	4,120.16	3,019.29	3,177.96	4,120.16	3,177.96
Capital Based	49,830.52	44,240.82	35,142.94	49,830.52	35,142.94
Insurance business	1,655.06	1,374.66	1,057.87	1,655.06	1,057.87
Unallocated	145.36	159.73	156.71	145.36	156.71
<b>Total liabilities</b>	<b>55,751.10</b>	<b>48,794.50</b>	<b>39,535.48</b>	<b>55,751.10</b>	<b>39,535.48</b>
<b>5 Capital employed [Segment assets - Segment liabilities]</b>					
Agency	355.72	248.81	229.30	355.72	229.30
Capital Based	5,598.67	5,562.27	3,901.41	5,598.67	3,901.41
Insurance business	1,295.79	1,408.85	733.41	1,295.79	733.41
Unallocated	512.26	460.30	423.79	512.26	423.79
<b>6 Total capital employed</b>	<b>7,762.44</b>	<b>7,680.23</b>	<b>5,287.91</b>	<b>7,762.44</b>	<b>5,287.91</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 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/ year has been reclassified to conform to current financial period's presentation.

**8. Consolidated statement of assets and liabilities as at 31 March 2018**

(₹ in Crores)

		As at	
		March 31, 2018 (Audited)	March 31, 2017 (Audited)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Shareholders' funds</b>		
	(a) Share capital	91.55	83.26
	(b) Reserves and surplus	6,579.10	4,242.10
	<b>Sub-total - Shareholders' funds</b>	<b>6,670.65</b>	<b>4,325.36</b>
<b>2</b>	<b>Share application money pending allotment</b>	2.51	4.09
<b>3</b>	<b>Minority interest</b>	1,089.28	958.46
<b>4</b>	<b>Non-current liabilities</b>		
	(a) Long-term borrowings	27,306.05	16,987.41
	(b) Other long-term liabilities	820.03	306.14
	(c) Long-term provisions	1,576.09	1,041.75
	<b>Sub-total - Non-current liabilities</b>	<b>29,702.17</b>	<b>18,335.30</b>
<b>5</b>	<b>Current liabilities</b>		
	(a) Short-term borrowings	14,924.86	11,839.41
	(b) Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	1.50
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,187.98	2,083.86
	(c) Other current liabilities	8,357.49	6,816.71
	(d) Short-term provisions	578.60	458.70
	<b>Sub-total - Current liabilities</b>	<b>26,048.93</b>	<b>21,200.18</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>63,513.54</b>	<b>44,823.39</b>

**8. Consolidated statement of assets and liabilities as at 31 March 2018 (Continued)**

		As at	
		March 31, 2018 (Audited)	March 31, 2017 (Audited)
<b>B</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-current assets</b>		
	(a) Fixed assets		
	(i) Property, Plant and Equipment	573.18	525.84
	(ii) Intangible assets	138.46	110.95
	(iii) Capital work-in-progress	1.08	95.12
	(iv) Intangible assets under development	41.08	5.84
	(b) Non-current investments	6,699.12	6,041.39
	(c) Deferred tax assets (net)	174.04	210.91
	(d) Long-term loans and advances	16,495.31	10,612.76
	(e) Other non-current assets	791.39	836.56
	<b>Sub-total - Non-current assets</b>	<b>24,913.66</b>	<b>18,439.37</b>
<b>2</b>	<b>Current assets</b>		
	(a) Current investments	2,376.31	836.29
	(b) Stock-in-trade	16,191.97	10,652.40
	(c) Trade receivables	2,625.24	1,098.24
	(d) Cash and bank balances	3,925.88	2,618.19
	(e) Short-term loans and advances	10,855.51	9,486.78
	(f) Other current assets	2,624.97	1,692.12
	<b>Sub-total - Current assets</b>	<b>38,599.88</b>	<b>26,384.02</b>
	<b>TOTAL - ASSETS</b>	<b>63,513.54</b>	<b>44,823.39</b>

9. The previous period/year 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, 03 May 2018.