Edelweiss
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EW/Sec/2019/26

January 24, 2019

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051.

Dear Sirs,

Ref.:- Symbol - EDELWEISS

Sub: Press Release – "Unaudited Financial Results of the Company for the quarter and nine months period ended December 31, 2018"

Enclosed is the press release pertaining to the Unaudited Financial Results of the Company for the quarter and nine months period ended December 31, 2018.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Edelweiss Financial Services Limited

B. Renganathan
Executive Vice President & Company Secretary

Encl: a/a

Edelweiss Financial Services Limited

Q3FY19 Unaudited, Limited Reviewed Results

Total Income INR 2,791 cr, up 25% YoY

Profit after Tax INR 226 cr

Edelweiss Financial Services Limited, India's leading diversified financial services company, declared its unaudited, limited reviewed results for the quarter ended 31st December 2018 today. In line with direction from Ministry of Corporate Affairs, Edelweiss Financial Services Limited has adopted Indian Accounting Standards (IndAS) with effect from 1st April 2018. Results of Q3FY19 are prepared and reported in compliance with IndAS requirements. Additionally, for the same quarter of previous year (Q3FY18), figures have been recasted as per IndAS requirements.

Q3FY19 Highlights:

- **Total Revenue** INR **2,791 cr** (INR 2,224 cr for Q3FY18), **up 25%**
- **Profit After Tax** INR **226 cr** (INR 235 cr for Q3FY18), **down 4%**
- **Profit After Tax excluding Insurance** INR **273 cr** (INR 279 cr for Q3FY18), **down 2%**
- **Return on Equity excluding Insurance for Q3FY19 is 15.60%**
- **Asset Base** of the company **~INR 55,800 cr**
- Group Gross Networth INR **8,785** cr

9MFY19 Highlights:

- **Total Revenue INR 7,944 cr** (INR 6,333 cr for 9MFY18), **up 25%**
- **Profit After Tax INR 763 cr** (INR 623 cr for 9MFY18), **up 22%**
- **Profit After Tax excluding insurance INR 906 cr** (INR 712 cr for 9MFY18), **up 27%**

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.

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

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

"The volatility in the last few months tested our models, our systems, our assumptions and our organisation. I am proud to report that we emerged unscathed from this, without having to resort to any heroic measures. Our Liquidity Cushion and Other Liquid Assets (OLA) together helped us manage the liquidity environment while our diversified business model (Wealth & Asset Management, Credit, Insurance & Capital markets) helped us cushion impact on profits.

We have received strong funding support from all quarters with Banks and retail investors now contributing 63% of our liabilities. In continuance of our strategy that started as far back as FY15, on the liability side, we have reduced our dependence on CPs substantially, which is now at just 7%. Liquidity-wise, we currently have Rs 14,000 crores to fund our growth and meet all liabilities over next 3 years. We have always been prudent on the need to keep a liquidity cushion of around 12-13% of the borrowings." he added

"We as an organisation have always followed a strategy of focussing on long term sustainable growth rather than on short-term profitability management. This helped us emerge stronger after 2008 and again in 2013 taper effect and believe this time will be no different. We will in the next six months continue to strengthen focus on asset quality and liquidity, long term business and building customer value while we remain relentless on heightening our risk management and corporate governance practices, technology investments, building fool proof systems and processes across businesses and strengthening our leadership pipeline

"Our key business highlight this quarter included the closure of India's largest distressed fund (EISAF II) at $1.3 billion by our Asset Management business and the marquee resolution of Binani Cement in our distressed credit business.

We remain confident of the India growth story, and the role that Edelweiss Financial Services will play in it."

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 Q3FY19, book size of **Retail Credit** was INR 17,756 cr (INR 14,200 cr at the end of Q3FY18), up 25%.
- The **Corporate Credit** book was INR 17,798 cr (INR 16,148 cr at the end of Q3FY18), up 10%.
- Total Credit Book including Distressed Credit stands at INR 42,380 cr at the end of Q3FY19, up 18%.
- The **asset quality** of the overall credit book continued to remain under control with Gross NPAs at 1.84% and Net NPAs at 0.78%.

- **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 497 warehouses across 17 states in India as on 31st December 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 6,826 cr and an AuM of ~INR 45,100 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 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 to ~INR 100,300 cr at the end of Q3FY19.

2. **Asset Management:**

- Asset Management business comprises of Alternative Asset Management and Mutual Fund. The total AuMs of Asset Management business grew to ~INR 36,400 cr at the end of Q3Y19.
- Leading player in the Private Debt space across real estate credit, distressed assets credit and special opportunities. Closed EISAF II fund at $1.3 bn – Largest distressed fund raised in India

3. **Capital Markets:**

- **Institutional Broking** business continued to be among the market leaders and performed in line with the industry. Research covers 264 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** and ranked 1st as QIP Banker with 7 issuances and ranked 1st as arrangers of public issue of bonds. The Debt Capital markets team ranked 1st as arrangers of public issue of bonds in Q3FY19.

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 locations and the agency channel force of ~40,100 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 **17.8%** as on 31st December 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 180 cr in the social sector.

Updates and Awards:

- **Edelweiss Group signed on sprinter Hima Das to its roster of women athletes, committing itself to the financial well-being of six of India's iconic women sports champions including Rani Rampal (women's hockey captain), Heena Sidhu (shooter), Manika Batra (paddler), Mirabai Chanu (weightlifter) and Dipa Karmakar (gymnast).**

Awards

- **Best Private Bank (India - Domestic)**
  Global Finance World's Best Private Banks Award 2018
- **Best Performing Institutional Member**
  NSE Market Achievers Award 2018
- **Affordable Housing Finance Company of the Year**
  ABP News BFSI Awards 2018
- **Golden Peacock Award for Risk Management**
  Golden Peacock Awards 2018

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 for the entire group. Edelweiss has an asset base of ~INR 55,800 cr, as of 31st December, 2018. The Group had a revenue of INR 8,623 cr and PAT of INR 890 cr for FY18.

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 Networth Stockbroking, First Call and Aditya Birla Money.

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, 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 nine months ended 31 December 2018

(INR in Crores)

	Particulars	Quarter Ended			Nine Months Ended	
		December 31, 2018 (Unaudited)	September 30, 2018 (Unaudited)	December 31, 2017 (Unaudited)	December 31, 2018 (Unaudited)	December 31, 2017 (Unaudited)
1	**Revenue from operations**					
	(a) Fee and commission	618.82	515.04	565.40	1,654.53	1,541.00
	(b) Fund based activities	1,942.88	1,915.10	1,468.04	5,622.33	4,320.73
	(c) Premium from insurance business	190.02	184.17	127.26	492.56	304.02
	(d) Other operating income	23.96	35.72	44.76	91.76	125.94
	Total revenue from operations	**2,775.68**	**2,650.03**	**2,205.46**	**7,861.18**	**6,291.69**
2	**Other income**	15.01	22.56	18.77	78.24	42.60
3	**Total Income (1+2)**	**2,790.69**	**2,672.59**	**2,224.23**	**7,939.42**	**6,334.29**
4	**Expenses**					
	(a) Employee benefits expense	436.67	390.87	317.83	1,214.05	966.26
	(b) Finance costs	1,212.81	1,178.54	992.00	3,501.19	2,861.78
	(c) Depreciation and amortisation expense	32.83	31.32	23.00	91.03	68.31
	(d) Change in insurance policy liability – actuarial	180.31	129.66	100.54	401.90	250.74
	(e) Policy Benefits paid	17.27	13.78	15.55	44.28	48.86
	(f) Other expenses	452.99	470.01	426.61	1,353.09	1,085.91
	Total expenses	**2,332.88**	**2,214.18**	**1,875.53**	**6,605.54**	**5,281.86**
5	**Profit / (Loss) before share in profit / (loss) of associates and tax (3-4)**	**457.81**	**458.41**	**348.70**	**1,333.88**	**1,052.43**
6	**Share in profit / (loss) of associates**	**0.19**	**(0.49)**	**-**	**4.20**	**(1.21)**
7	**Profit / (Loss) before tax (5+6) (Refer note 6)**	**458.00**	**457.92**	**348.70**	**1,338.08**	**1,051.22**
8	**Tax expense**					
	Current tax	192.56	252.98	136.86	674.05	404.31
	Deferred tax and MAT	7.09	(71.44)	(6.80)	(134.02)	23.01
9	**Net Profit / (Loss) for the period (7-8)**	**258.35**	**276.38**	**218.64**	**798.05**	**623.90**
10	Other Comprehensive Income	75.30	6.62	(21.13)	50.08	(22.35)
11	**Total Comprehensive Income (9+10)**	**333.65**	**283.00**	**197.51**	**848.13**	**601.55**
12	**Net Profit for the period attributable to:**					
	Owners of the company	**226.11**	**272.27**	**235.02**	**762.78**	**622.77**
	Non-controlling interests	32.24	4.11	(16.38)	35.27	1.13
13	**Other Comprehensive Income for the period attributable to:**					
	Owners of the company	44.10	7.34	(14.38)	36.84	(13.50)
	Non-controlling interests	31.20	(0.72)	(6.75)	13.24	(8.85)
14	**Total Comprehensive Income for the period attributable to:**					
	Owners of the company	270.21	279.61	220.64	799.62	609.27
	Non-controlling interests	63.44	3.39	(23.13)	48.51	(7.72)
15	**Earnings Per Share (INR) (Face Value of INR 1/- each)**					
	- Basic (Not Annualised)	2.55	3.08	2.82	8.66	7.67
	- Diluted (Not Annualised)	2.50	3.01	2.72	8.50	7.40

Notes:

1 The consolidated financial results of Edelweiss Financial Services Limited ('EFSL' or 'the Company') for the quarter and nine months ended 31 December 2018 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 24 January 2019.

2 The financial results for the quarter and nine months ended 31 December 2018 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. Financial results for the quarter and nine months ended 31 December 2017 have been restated as per Ind AS and the results for the nine months ended 31 December 2017 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 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.

4 Reconciliation of Net Profit for the quarter and nine months ended 31 December 2017 as reported under erstwhile Indian GAAP and Ind AS is summarised as below:

(INR in Crores)

Particulars	**Quarter Ended**	**Nine Months Ended**
	December 31, 2017 (Unaudited)	**December 31, 2017 (Unaudited)**
Net profit after tax as reported under Indian GAAP	**224.99**	**640.92**
Ind AS adjustments increasing / (decreasing) net profit as reported under Indian GAAP:		
Effective interest rate on financial assets	22.64	(17.19)
Effective interest rate on financial liabilities	(20.50)	(27.92)
Fair valuation of financial instruments and fees in ARC business	21.42	29.91
Consolidation of trusts and associates	(5.79)	56.02
Dividend on redeemable preference shares	(2.54)	(7.62)
ESOP fair value charge	(3.94)	(10.73)
Expected credit loss	(36.25)	(34.80)
Others	9.58	7.27
Tax effect on Ind AS adjustments	9.03	(11.96)
Net profit as per Ind AS	**218.64**	**623.90**
Other Comprehensive Income after tax as per Ind AS	(21.13)	(22.35)
Total Comprehensive Income as per Ind AS	**197.51**	**601.55**

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.

5 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			Nine Months Ended	
	December 31, 2018 (Unaudited)	**September 30, 2018 (Unaudited)**	**December 31, 2017 (Unaudited)**	**December 31, 2018 (Unaudited)**	**December 31, 2017 (Unaudited)**
Profit before Tax	14.60	25.11	33.46	80.75	97.78
Net Profit after Tax	22.53	25.25	23.98	80.56	78.33
Other Comprehensive Income after tax	0.10	0.10	0.04	0.30	0.11
Total Comprehensive Income after tax	**22.63**	**25.35**	**24.02**	**80.86**	**78.44**

6 The attribution of profit before tax between owners of the company and non-controlling interests is as per below table:

(INR in Crores)

Particulars	Quarter Ended			Nine Months Ended	
	December 31, 2018 (Unaudited)	**September 30, 2018 (Unaudited)**	**December 31, 2017 (Unaudited)**	**December 31, 2018 (Unaudited)**	**December 31, 2017 (Unaudited)**
Profit / (Loss) before tax attributable to:					
Owners of the company	393.63	433.61	350.91	1,232.50	1,023.98
Non-controlling interests	64.37	24.31	(2.21)	105.58	27.24
Profit / (Loss) before tax	**458.00**	**457.92**	**348.70**	**1,338.08**	**1,051.22**

7 During the quarter ended 31 December 2018, the Company has issued 1,333,067 equity shares of face value of INR 1 each to its employees on exercise of employee stock options.

8 The Board of Directors at its meeting dated 24 January 2019, has declared an interim dividend of INR 1.10 per equity share (on face value of INR 1 per equity share) for the financial year 2018-19.

9 **Consolidated Segment Results for the quarter and nine months ended 31 December 2018.**

(INR in Crores)

	Particulars	Quarter Ended			Nine Months Ended	
		December 31, 2018 (Unaudited)	**September 30, 2018 (Unaudited)**	**December 31, 2017 (Unaudited)**	**December 31, 2018 (Unaudited)**	**December 31, 2017 (Unaudited)**
1 Segment revenue [Total income]						
	Agency	366.53	340.64	337.02	1,062.72	993.32
	Capital Based	2,140.01	2,111.71	1,730.35	6,220.09	4,905.98
	Insurance business	280.71	206.42	156.52	641.57	431.47
	Unallocated	3.63	13.33	0.34	19.24	2.31
	Total income	**2,790.88**	**2,672.10**	**2,224.23**	**7,943.62**	**6,333.08**
2 Segment results [Profit / (Loss) before tax]						
	Agency	124.64	111.67	126.94	352.34	326.42
	Capital Based	410.57	434.04	306.51	1,231.59	896.37
	Insurance business	(75.25)	(86.53)	(77.97)	(241.58)	(158.75)
	Unallocated	-	-	-	-	-
	Profit / (Loss) before tax	**459.96**	**459.18**	**355.48**	**1,342.35**	**1,064.04**
	Less:					
	(a) Interest	-	-	-	-	-
	(b) Unallocated net expenditure	(1.96)	(1.26)	(6.78)	(4.27)	(12.82)
	Total Profit before tax	**458.00**	**457.92**	**348.70**	**1,338.08**	**1,051.22**
3 Segment Assets						
	Agency	3,845.04	4,382.70	3,268.10	3,845.04	3,268.10
	Capital Based	58,107.04	59,352.30	50,788.07	58,107.04	50,788.07
	Insurance business	3,432.44	3,250.47	3,015.29	3,432.44	3,015.29
	Unallocated	922.78	836.49	620.03	922.78	620.03
	Total assets	**66,307.30**	**67,821.96**	**57,691.49**	**66,307.30**	**57,691.49**
4 Segment Liabilities						
	Agency	3,288.02	3,711.07	3,019.29	3,288.02	3,019.29
	Capital Based	51,521.52	53,233.94	45,051.97	51,521.52	45,051.97
	Insurance business	2,343.86	2,150.39	1,593.53	2,343.86	1,593.53
	Unallocated	368.87	256.56	159.73	368.87	159.73
	Total liabilities	**57,522.27**	**59,351.96**	**49,824.52**	**57,522.27**	**49,824.52**
5 Capital employed [Segment assets - Segment liabilities]						
	Agency	557.02	671.63	248.81	557.02	248.81
	Capital Based	6,585.52	6,118.36	5,736.10	6,585.52	5,736.10
	Insurance business	1,088.58	1,100.08	1,421.76	1,088.58	1,421.76
	Unallocated	553.91	579.93	460.30	553.91	460.30
	Total capital employed	**8,785.03**	**8,470.00**	**7,866.97**	**8,785.03**	**7,866.97**

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.

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

11 The consolidated results will be available on the Company's website - www.edelweissfin.com

On behalf of the Board of Directors

Rashesh Shah
Chairman

Mumbai, 24 January 2019.