

Edelweiss – Investor Presentation

FY08 Results

May 2008

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Financial Results (Consolidated)

- **FY08 Revenues of INR 10,888 mn** vs INR 3,718 mn for FY07 : **193%** ↑
- **FY08 Profit after Tax of INR 2,732 mn** vs INR 1,099 mn for FY07 : **149%** ↑
- **Q4FY08 Revenues of INR 4,058 mn** vs INR 1,359 mn for Q4FY07 : **199%** ↑
- **Q4FY08 Profit after Tax of INR 826 mn** vs INR 374 mn for Q4FY07 : **121%** ↑
- **FY08 Diluted EPS of INR 39.99** vs INR 20.76 in FY07 : **93%** ↑

Performance Highlights FY08 vs FY07

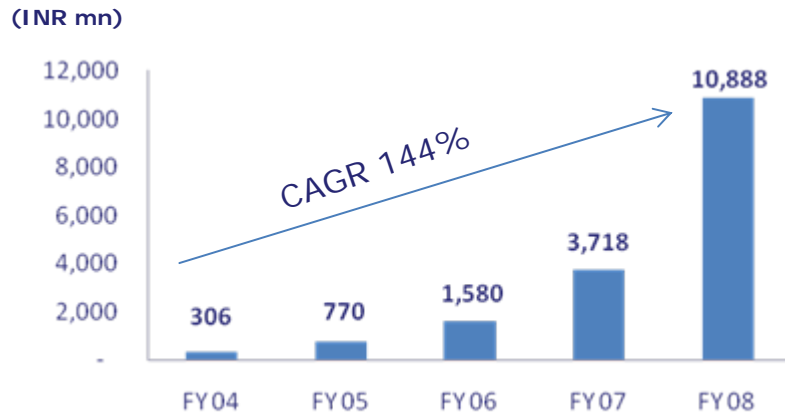
- Fee and Commission Income for FY08 of INR 4,438 mn, up from INR 2,162 mn
- Treasury, Arbitrage and Trading Income for FY08 of INR 3,493 mn, up from INR 1,142 mn
- Interest Income for FY08 of INR 2,171 mn, up from INR 130 mn

Performance Highlights Q4FY08 vs Q4FY07

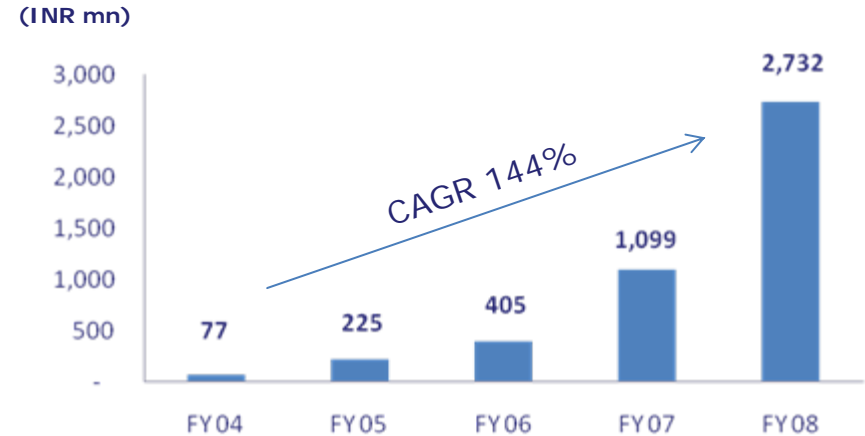
- Fee and Commission Income for Q4FY08 of INR 1,445 mn, up from INR 748 mn
- Treasury, Arbitrage and Trading Income for Q4FY08 of INR 1,343 mn, up from INR 458 mn
- Interest Income for Q4FY08 of INR 1,085 mn, up from INR 57 mn

Solid Track Record of Profitable Growth

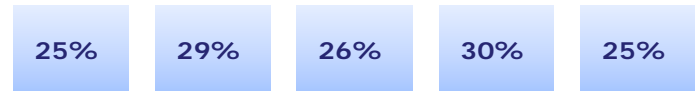
Revenue Growth



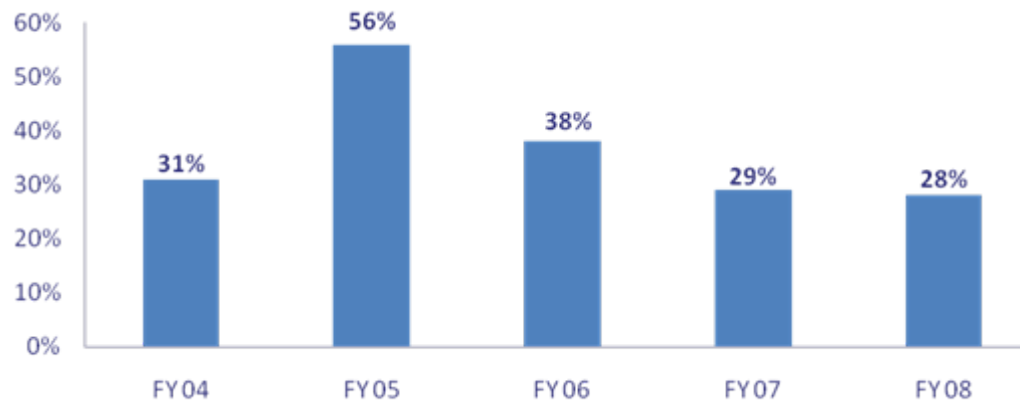
Net Income Growth ⁽¹⁾



Net Income Margin



Return on Equity ⁽²⁾

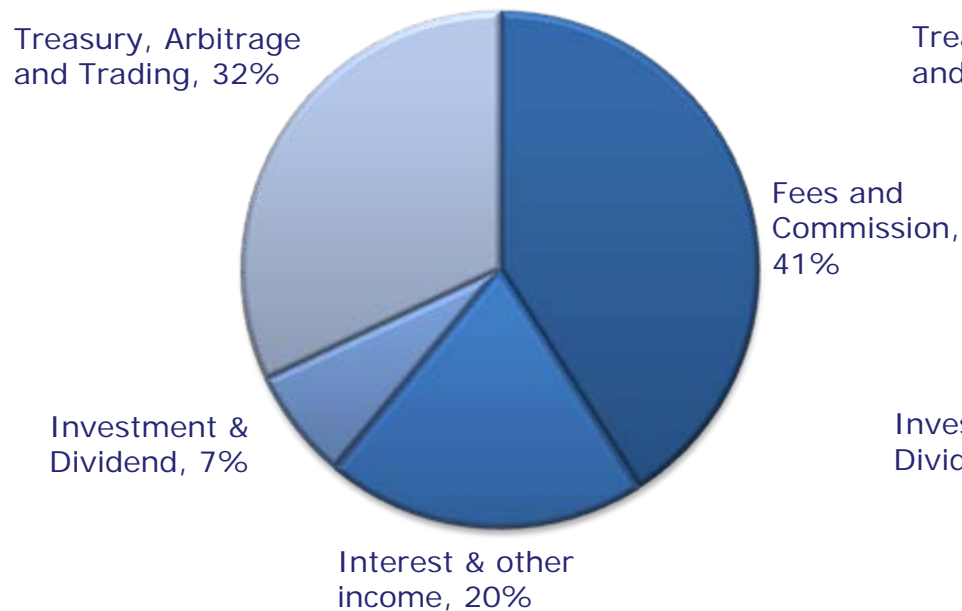


1. Net income after minority interest, 2. Based on average equity for the year

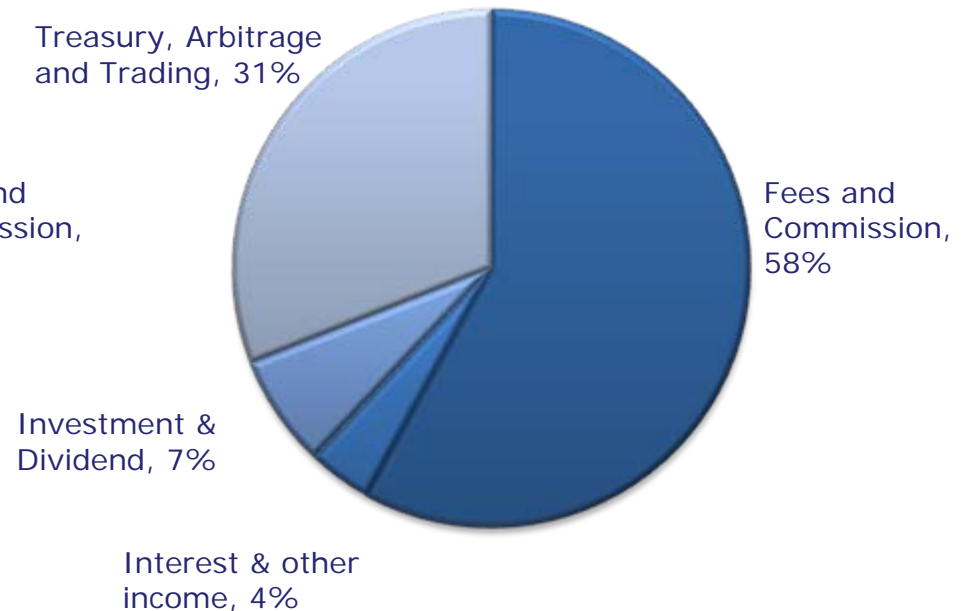
FY08 Financial Overview (consolidated)

INR Million	FY08		Growth YOY	FY07		Growth YOY
	Q4	Q4		Annual	Annual	
Fee and Commission Income	1,445	748		4,438	2,162	
Treasury, Arbitrage and Trading Income	1,343	458		3,493	1,142	
Investment and Dividend Income	168	64		766	250	
Interest Income	1,085	57		2,171	130	
Other Income	17	32		20	34	
Total Revenues	4,058	1,359	199%	10,888	3,718	193%
Operating and other expenses	906	363		2,280	941	
Employee Cost	824	319		2,057	805	
Financial expenses	829	74		2,011	187	
Depreciation	33	10		73	38	
Total Expenses	2,592	766	238%	6,421	1,971	226%
Profit Before Tax	1,466	593	147%	4,467	1,747	156%
Tax expenses	526	219		1,540	646	
Profit After Tax	940	373	152%	2,927	1,101	166%
Share of minority interests in profits	114	(1)		194	2	
Profit After Tax and Minority Interest	826	374	121%	2,732	1,099	149%
Diluted EPS (in Rupees)	10.50	6.91		39.99	20.76	

FY 08



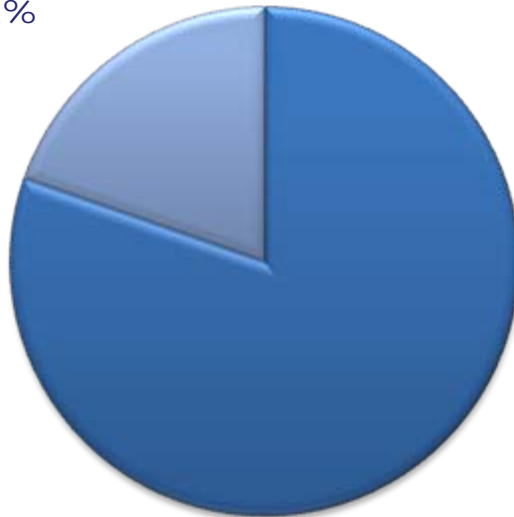
FY 07



Achieving greater balance between Agency, Treasury and Financing revenue streams

FY 08

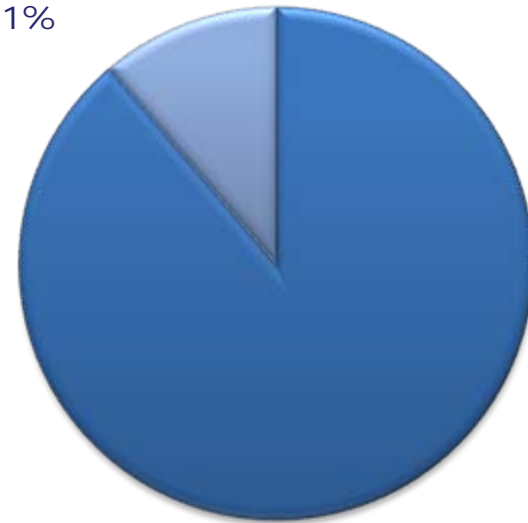
Individual
Clients, 22%



Institutional/
Corporate
Clients, 78%

FY 07

Individual
Clients, 11%



Institutional/
Corporate
Clients, 89%

Traction in individual client segment

[#] For Agency and Financing businesses

Edelweiss Overview



Structure

Truly integrated investment banking company



People

Over 1600 strong team with highly experienced and stable senior management team



Brand

Well respected brand with strong position in relevant market segments



Performance

4 year revenues CAGR of 144%, PAT CAGR of 144%



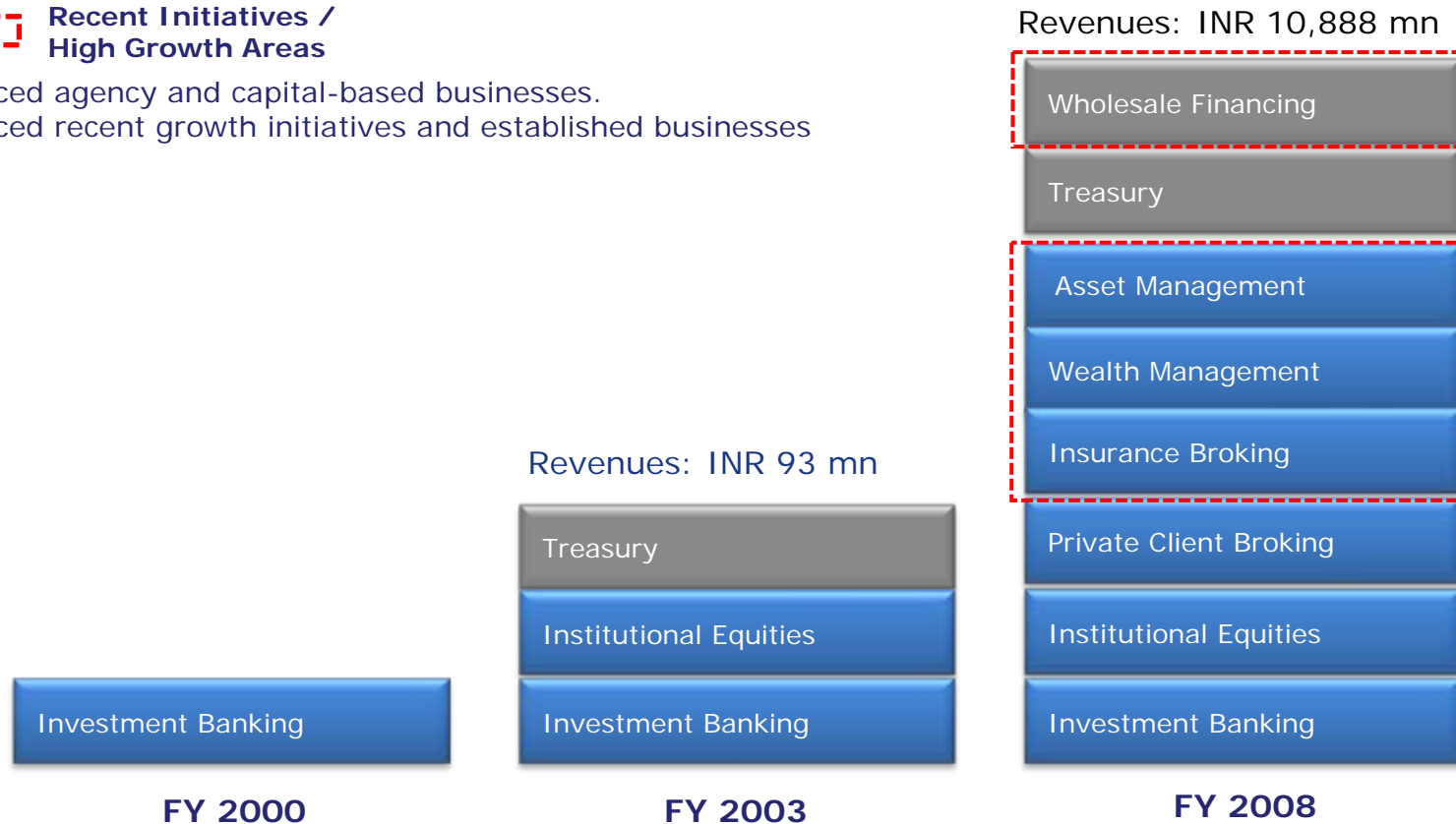
Financials

Strong and liquid balance sheet, Group net worth in excess of INR 23 bn[#]

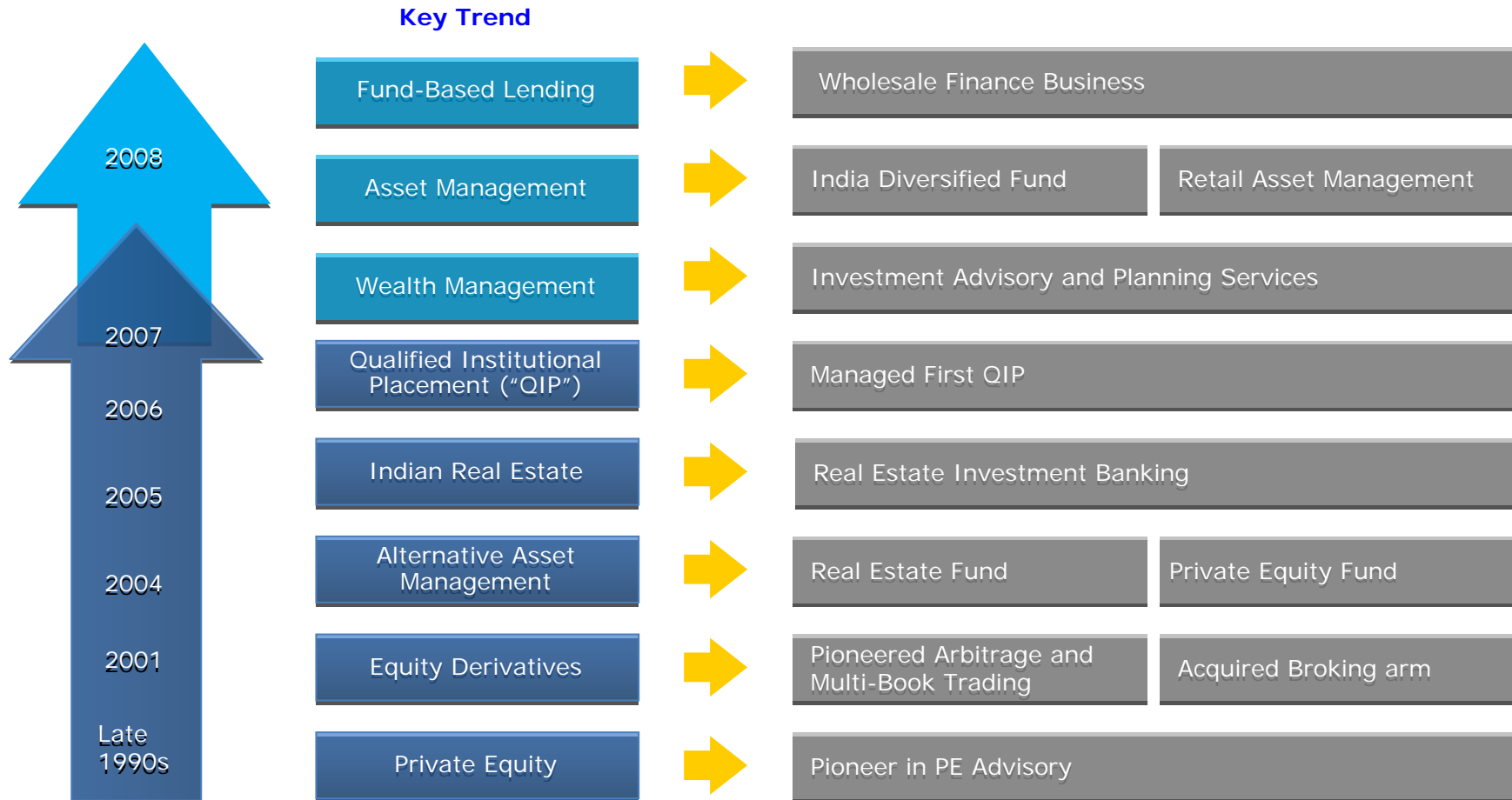
- Agency-based
- Capital-based

 Recent Initiatives / High Growth Areas

Balanced agency and capital-based businesses.
Balanced recent growth initiatives and established businesses



Strategy of selectively building new businesses adjacent to our current offerings



Ongoing identification of key trends
Creating service offerings and businesses around them

Experienced and Capable Management

- ▶ Strong track record of identifying business opportunities and executing on strategy

Depth in Management Team

- ▶ Experienced business heads supported by a deep layer of skilled middle managers

Continuity Track Record

- ▶ Most members of the management team have been with the company for over five years

Employee Ownership

- ▶ Management and employees together hold approximately 55% of the Company (20% owned by non-promoter employees)

Senior Management Team

Rashesh Shah
Chairman & CEO

Venkat Ramaswamy
Executive Director
Investment Banking

Rujan Panjwani
Asset Management
Global Risk
Member of CEO Office

Naresh Kothari
Broking
Wealth Management
Member of CEO office

Deepak Mittal
CFO

Anurag Madan
COO

Shriram Iyer
Research

Vikas Khemani
Institutional Equities

Rajeev Mehrotra
Investment Banking

Peeyoosh Chadda
Asset Management

Mohan Natarajan
Private Client Group

Ravi Bubna
Wholesale Financing

45 Member Senior Leadership Team (SLG)

80 Member Leadership Team (LG)

Board of Directors

Name	Key Affiliation(s)	Key Skill-Set	Board Member Since
Rashesh Shah <i>Management Representative</i>	Chairman and CEO	* 18 years experience in public and private markets in India	1996
Venkatchalam Ramaswamy <i>Management Representative</i>	Executive Director	* Diverse experience in financial sector	1996
Sanjay Santhanam <i>Non-Executive Nominee</i>	MD & Head of Risk Galleon Group	* Expertise in risk management	2006
Kunnasagaran Chinniah <i>Non-Executive Nominee</i>	Executive Vice President GIC, Singapore	* Highly experienced in global private equity	2007
Ramanan Raghavendran <i>Independent</i>	Managing Partner Kubera Partners	* Diverse experience in global financial services	2000
Sunil Wadhwani <i>Independent</i>	Co-Founder & CEO iGATE Corporation	* Strong background in entrepreneurship across geographies	2000
P.N. Venkatachalam <i>Independent</i>	Former MD State Bank of India	* Considerable experience in Indian credit markets	2007
Narendra Jhaveri <i>Independent</i>	Former Joint MD ICICI Former Chairman ICICI Securities	* Extensive experience in Indian capital markets	2007

Business Overview

Investment Banking

Institutional Equities

Treasury Operations

Asset Management

Wholesale Financing

Private Client Broking












Wealth Management

- * One of the widest product offerings in India, catering to different market and client segments
 - * Private Equity Syndication
 - * Structured Finance Advisory
 - * Mergers & Acquisitions Advisory
 - * Equity Capital Markets
 - * Real Estate Advisory
 - * Infrastructure Advisory

- * Culture of Innovation
 - * Private Equity syndication, Real Estate Advisory
 - * Structured Finance – One of the few investment banks in India with a focused practice
 - * QIP – First issue in India

✓Ranked #1 in Bloomberg League Tables for Mid-Cap Private Equity Transactions¹ – CY 2007
✓Ranked #1 in Prime Database League Tables for Mid –Market IPOs² – FY 2008

Select Transaction Closures

<p><i>Initial Public Offering</i></p>  <p>GSS America A CMMI Level 3 Company</p> <p>GSS America</p> <p>March 2008</p>	<p>SCOD 18 Networking Private Limited</p> <p><i>has been acquired by</i></p> <p>YOU Telecom India</p> <p>March 2008</p>	<p><i>Open Offer</i></p>  <p>PIRAMYD RETAIL STORES</p> <p>Piramyd Retail</p> <p>March 2008</p>	<p><i>Capital Raising & Structured Finance</i></p>  <p>Synergies Castings</p> <p>February 2008</p>	<p><i>QIP Issuance</i></p>  <p>बैंक ऑफ़ इंडिया Bank of India</p> <p>Bank of India</p> <p>February 2008</p>	<p><i>Capital Raising</i></p>  <p>ECI</p> <p>ECI Engineering and Construction Company</p> <p>February 2008</p>
<p><i>Rights Issuance</i></p>  <p>The Federal Bank</p> <p>January 2008</p>	<p><i>Delisting</i></p>  <p>ESSAR</p> <p>A positive attitude</p> <p>Essar Steel</p> <p>December 2007</p>	<p><i>Initial Public Offering</i></p>  <p>eClerx precise processes passionate people</p> <p>eClerx Services</p> <p>December 2007</p>	<p><i>Capital Raising</i></p>  <p>Shriramepc</p> <p>Shriram EPC</p> <p>November 2007</p>	<p><i>Initial Public Offering</i></p>  <p>कोल्ते पाटील डेव्हलपर्स KOLTE • PATIL</p> <p>Kolte Patil Developers</p> <p>November 2007</p>	<p><i>Initial Public Offering</i></p>  <p>Renaissance Jewellery</p> <p>November 2007</p>
<p><i>Preferential Issue</i></p>  <p>TRANSPORT CORPORATION OF INDIA LTD</p> <p>Transport Corporation of India</p> <p>September 2007</p>	<p><i>Qualified Institutional Placement</i></p>  <p>SOUTH INDIAN Bank</p> <p>South Indian Bank</p> <p>September 2007</p>	<p><i>Capital Raising</i></p>  <p>FLORIANA GROUP</p> <p>SVIL Mines</p> <p>September 2007</p>	<p><i>Qualified Institutional Placement</i></p>  <p>THE PHOENIX MILLS LIMITED</p> <p>Phoenix Mills</p> <p>August 2007</p>	<p><i>Initial Public Offering</i></p>  <p>take solutions Enabling Business Efficiencies</p> <p>Take Solutions</p> <p>August 2007</p>	 <p>Deccan Aviation raised capital by preferential issue of shares to</p>  <p>THE UB GROUP</p> <p>June 2007</p>

32 successful transactions in FY 08

Investment Banking

Institutional Equities

Treasury Operations

Asset Management

Wholesale Financing

Private Client Broking

Wealth Management

- * One of the leading Institutional Equities business in India
- * Strong Research Platform
 - * One of the largest Institutional Research Teams of 90 research professionals covering 215 companies across 19 sectors
 - * Strongly identified with innovative thematic research
 - * One of a kind alternative and quantitative research team
- * Large diversified client base
 - * Fundamental long only clients
 - * Active Funds
 - * Large international banks/investment banks

Research Coverage – Sample Reports



TATA STEEL | Buy | 1,900

Key to invest: Buy

Company Update: 15th Feb 2017

Edelweiss | Research Analyst: Anand Kumar

Key Points:

- After the decline in steel prices, Tata Steel is the only global steel producer with strong operations in both Asia and Europe. The robust position gives it the benefits of a stable and consistent performance due to its European operations and still strong margins and volume-based growth due to its Asian operations.
- Value is being trading the top 10 global players in both Asia and Europe, while only after trading steps back in FY16. US Steel and ThyssenKrupp are also present in the top 10 of the key segments. This increased presence denotes Tata Steel's business significance and denotes its growth from the general market growth and an underlying recovery.
- Key risks include India's 15% capex cycle, the possible shift in the following sub-optimal strategy that Tata Steel is adopting in India to the Eurozone in a sustainable manner.
- Approximate value equity in India, the growth engine for global steel. Current steel making capacity of 10.5 mtpa in India is expected to reach 12.5 mtpa by FY18.
- Market Cap (incl. cash) is ₹1,900 crore as on 15th Feb 2017.
- Revenue: 1,90,000
- EPS: 100
- Dividend: 100

Outlook and valuation: Strong value, strong growth, maintain 'BUY'

Global (EMEA) region: 1,500-1,600

Asia (incl. India) region: 1,600-1,700

Key Metrics:

Year	Revenue (₹ Cr)	EPS (₹)	Dividend (₹)
2015	1,50,000	100	100
2016	1,60,000	110	110
2017 (est)	1,70,000	120	120

Shareholding Pattern (%)

Category	Shareholding (%)
Public	75.0
Government	25.0

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Government	25.0

TECHNO ELECTRO AND ENGINEERING | Buy | 1,900

Key to invest: Buy

Company Update: 15th Feb 2017

Edelweiss | Research Analyst: Anand Kumar

Key Points:

- Power generation (PG) continues to be a growth to accommodate market needs. India is expected to add 40,000 MW of generation capacity in the coming 5 years, which is a significant increase over the last 5 years. The Techno Electro & Engineering (TEE) has acquired a capacity of 10,000 MW, which is a significant increase over the last 5 years. This acquisition is expected to add 10% to the company's revenue in the coming 5 years.
- Power transmission and distribution (PTD) continues to be a growth to accommodate market needs. India is expected to add 40,000 MW of generation capacity in the coming 5 years, which is a significant increase over the last 5 years. The Techno Electro & Engineering (TEE) has acquired a capacity of 10,000 MW, which is a significant increase over the last 5 years. This acquisition is expected to add 10% to the company's revenue in the coming 5 years.
- Low capital intensity business. PTD and PWB are high growth sectors of the country. TEE has been one of the key players in this sector. The company has a strong track record in this sector. The company has a strong track record in this sector. The company has a strong track record in this sector.
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RELIANCE INDUSTRIES | Buy | 1,900

Key to invest: Buy

Company Update: 15th Feb 2017

Edelweiss | Research Analyst: Anand Kumar

Key Points:

- RELI's share of O&C and retail continues to grow. The company has a strong track record in this sector. The company has a strong track record in this sector. The company has a strong track record in this sector.
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BL KASHYAP & SONS | Buy | 1,900

Key to invest: Buy

Company Update: 15th Feb 2017

Edelweiss | Research Analyst: Anand Kumar

Key Points:

- BLK's share of O&C and retail continues to grow. The company has a strong track record in this sector. The company has a strong track record in this sector. The company has a strong track record in this sector.
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Investment Banking

- * Akin to a treasury in a commercial bank; focus on liquidity management and yield optimization

Institutional Equities

- * Multi strategy, multi-book approach
 - * Focused on superior risk-adjusted returns
 - * Capital preservation approach
 - * Large part of capital deployed in low risk strategies

Treasury Operations

Asset Management

- * Strong focus on risk management

Wholesale Financing

Private Client Broking

Wealth Management

Investment Banking

Institutional Equities

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Wholesale Financing

Private Client Broking

Wealth Management

- * Focus on growth in alternative asset management
- * Leveraged existing Edelweiss expertise for setting up/advising investment funds
 - * Private Equity Fund
 - * India Focused Multi-strategy Fund
 - * Real Estate Fund
- * Domestic Asset Management – Received final regulatory approval in May to launch the Mutual Fund operations

Investment Banking

Institutional Equities

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Private Client Broking

Wealth Management

- * Focus on capital markets led loan products
 - * Sponsor funding
 - * Loan against shares
 - * Loan against ESOPs
 - * IPO financing
- * Was among the front-runners among IPO Financers for majority of the recently closed IPOs (Reliance Power, Mundra, Power Grid etc)
- * In Jan 08, diluted 23.4% stake, valuing the business in excess of INR 15 bn
- * Leveraging the Edelweiss platform for client acquisition and understanding the underlying equity asset class

Investment Banking

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Wealth Management

- * Strong focus on research based brokerage and advisory services, targeted at HNI customers
- * Product offering also includes specialized trading execution for active trading clients, structured product offerings like equity linked capital protection products
- * Has witnessed strong growth in client base in FY08
- * Team strength of 300 in 30 offices across 18 cities

Investment Banking

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Wealth Management

- * Wealth management offering targeted at Ultra HNI /HNI and Corporates
- * Fast growing under-penetrated market segment – current HNI base with investible assets > USD 0.5 mn (INR 2 cr) estimated to be 500,000 individuals¹
- * One of the widest product offerings ranging from asset allocation advisory and other product offerings - Structured Products, Portfolio Management, Mutual Funds, Derivatives Strategies, Direct Equity, Private Equity, Real Estate Funds, Art and Funding Products.
- * Team presence of 112 employees across four metros: Mumbai, Delhi, Kolkata, Bangalore

Growth through adjacent markets across products, asset classes and client segments



1. Final regulatory approval received in May 2008

- * Continue investing for growth
- * Scale up new businesses
- * Gain market share in established businesses
- * Cross sell products across clients and business segments

Key Challenges

Business Volatility

- Truly diversified integrated investment bank
- Flexible resources: capital and people
- Flexible cost base – more than 50% of the costs are variable

Competition

- Unique Business Model
- Execution culture
- Focus on innovation

People

- High and well distributed employee ownership
- Focus on training and “building our own”
- Unique partnership culture

Risk Management

- Board level oversight – Audit and Risk Committees
- Strong focus on Risk Measurement and Monitoring

Regulatory & Compliance

- Strong Corporate Governance
- Compliance Culture

Thank You

For more information, please visit www.edelcap.com
or e-mail: ir@edelcap.com