

Edelweiss Capital – Investor Presentation

First Quarter Results – FY10

July 2009



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1. Financial Highlights
2. Industry Overview
3. Performance Highlights
4. Key risks and Our Approach
5. Edelweiss Over The Years

1. Financial Highlights



- * Revenues of INR 2,246 mn (INR 1,834 mn in fourth quarter FY09)
 - * Fee & Commission Income of INR 671 mn (INR 401 mn)
 - * Treasury, Arbitrage and Trading Income of INR 790 mn (INR 508 mn)
 - * Interest Income of INR 682 mn (INR 780 mn)

- * Profit After Tax and Minority of INR 583 mn (INR 409 mn) – **Growth of 42.3% QoQ**
 - * PBT Margin up to 38.5% (37.1 %)
 - * PAT Margin up to 25.9% (22.3%)

- * Diluted quarterly EPS of INR 7.58 (INR 5.33) (not annualized)



INR Million	FY10	FY09	FY09	FY09
	Q1	Q4	Q1	Annual
Fee and Commission Income	671	401	887	2,441
Treasury, Arbitrage and Trading Income	790	509	702	2,512
Investment and Dividend Income	83	111	337	697
Interest Income	682	780	763	3,315
Other Operating Income	20	33		40
Total Revenues	2,246	1,834	2,689	9,005
Operating and other expenses	652	581	658	2,542
Employee Cost	391	299	497	1,659
Financial expenses	311	217	439	1,337
Depreciation	28	57	33	177
Total Expenses	1,382	1,154	1,627	5,715
Profit Before Tax	864	680	1,062	3,290
Tax expenses	249	237	361	1,199
Profit After Tax	615	443	701	2,091
Share of minority interests in profits	32	34	63	227
Profit After Tax and Minority Interest	583	409	638	1,864
Diluted EPS (INR – Qtly nos. not annualized)	7.58	5.33	8.08	24.28



Quarter/Financial Year	Q1'10	2009	2008	2007	2006	2005	2004
Net Worth (INR mn)*	21,675	21,154	18,476	5,823	1,784	539	302
Book Value Per Share (FV INR 5) (INR)#	289	282	246	94	39	16	9
Diluted EPS (FV INR 5) (INR)#	7.6	24.3	40.0	20.8	9.3	6.4	2.4
Pre tax Margins	38%	37%	41%	47%	41%	47%	38%
RoE (Annualized)	11%	9%	28%	34%	39%	56%	30%

(*) Excludes minority interest

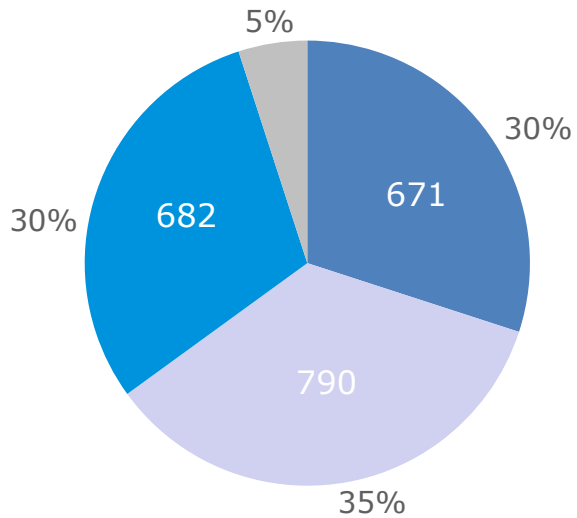
(#) Adjusted for corporate actions; quarterly EPS not annualized

Diversified Revenue Streams

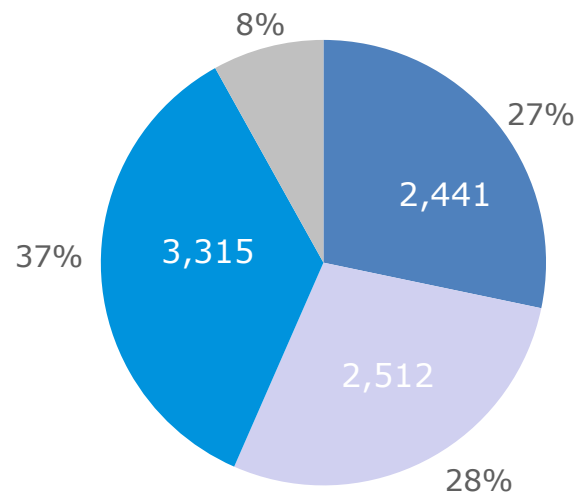


(In INR million)

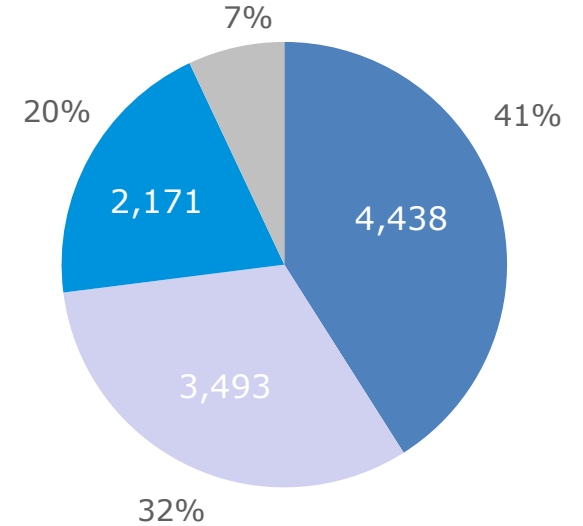
Q1'10



FY09



FY08



Fee & Commission

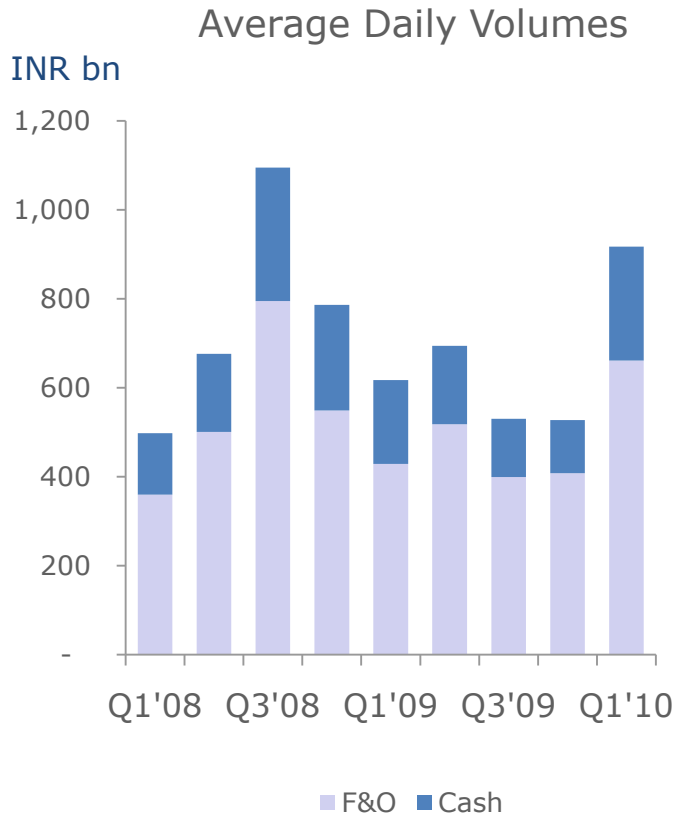
Treasury

Interest

Investment & Others

Achieving Greater Balance Through Diversification of Revenue Streams

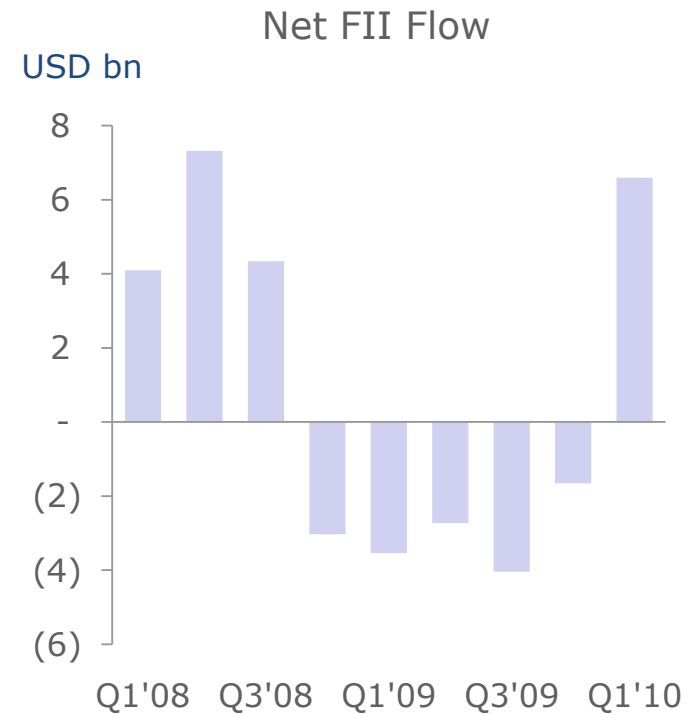
2. Industry Overview



Volumes up ~65% on QoQ basis, ~45% YoY

Includes volumes on BSE and NSE

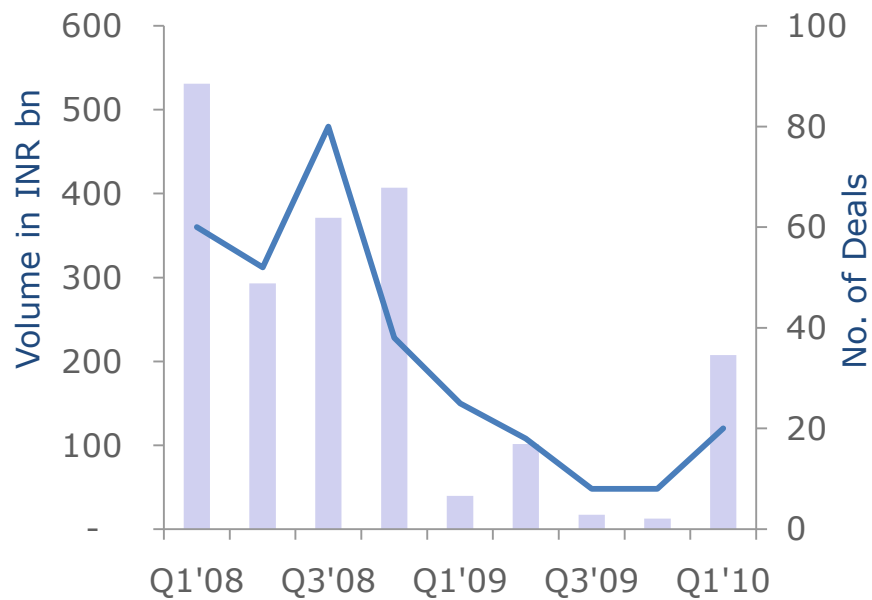
Source: BSE, NSE



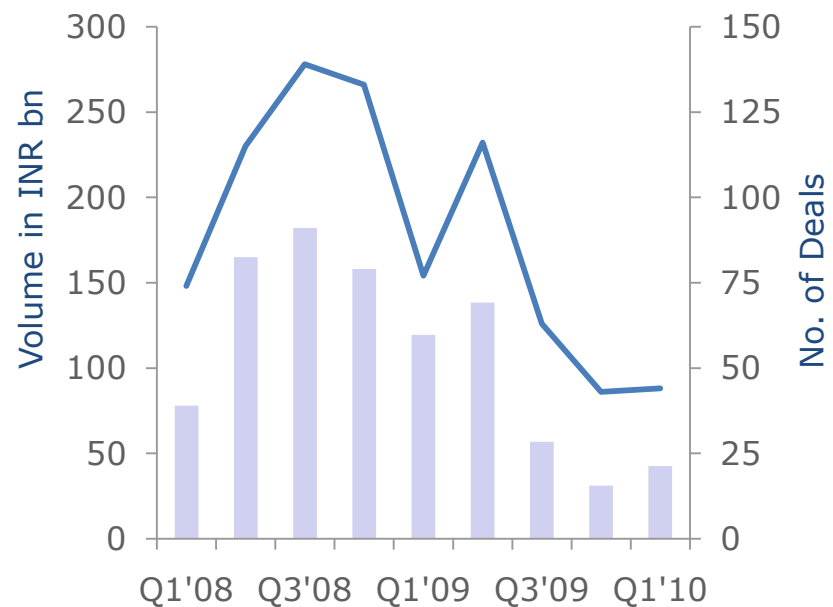
Net inflow ~\$7 bn in Q1'10



Public Equity



Private Equity

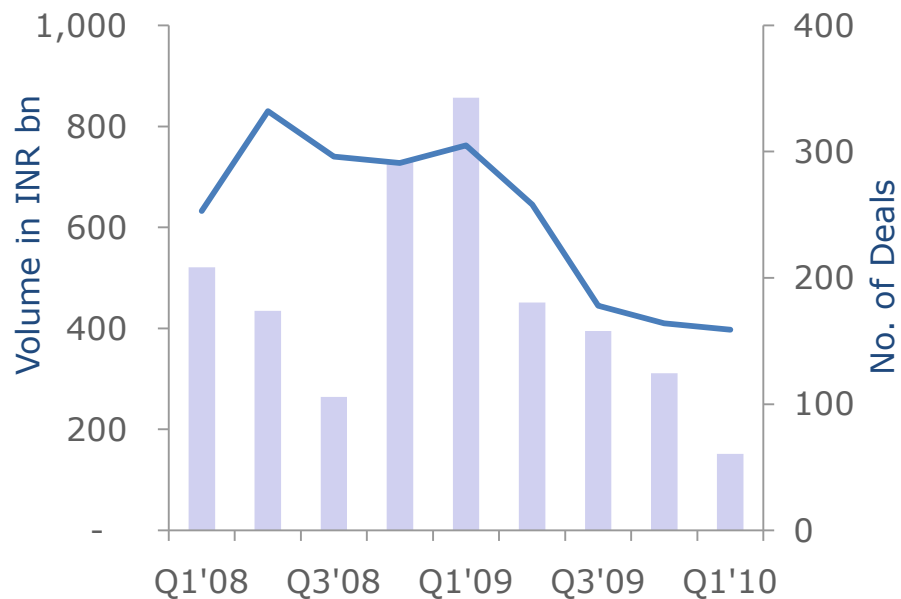


— No. of Deals ■ Volume

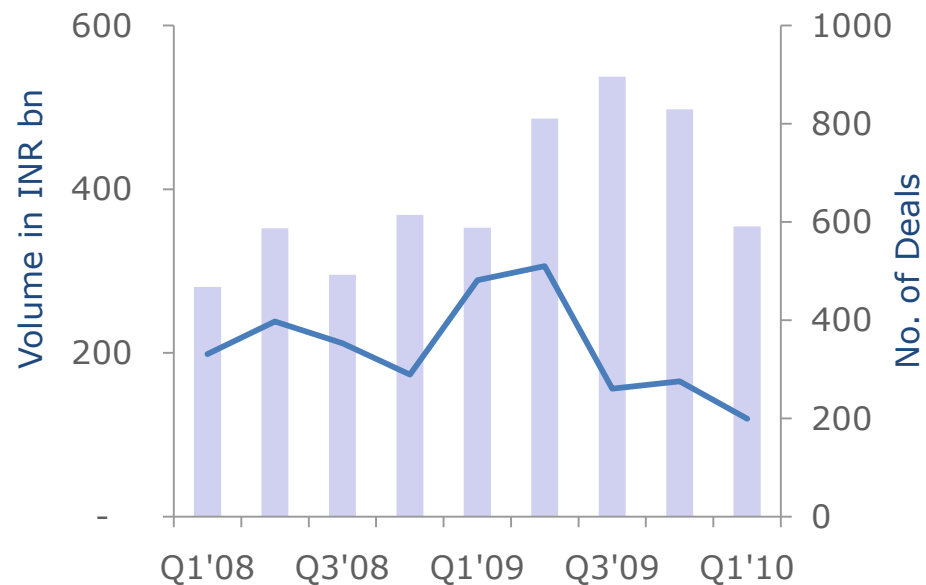
Public Equity Deals include Domestic Equity Offerings, Rights, FCCBs and Depository Receipts
 Source: Bloomberg, Prime Database, Venture Intelligence



M&A Deals



Domestic Debt Market



— No. of Deals ■ Volume

M&A Deals are all announced deals which may or may not have been completed
 Domestic Debt Markets include Debt Private Placements (Tenor: above one year) and commercial papers
 Source: Bloomberg, Prime Database, Venture Intelligence



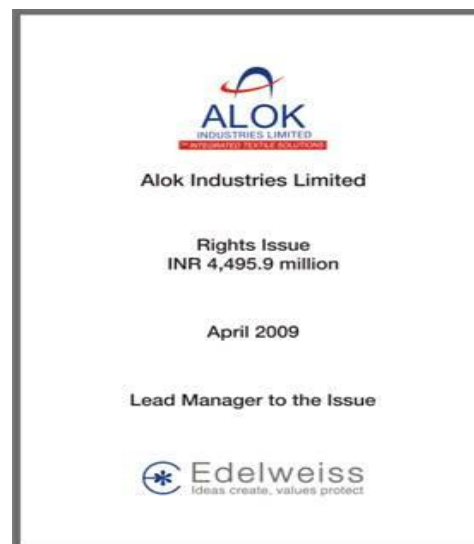
- * Global risk aversion unwinding; liquidity and credit flows improving
- * FII and Domestic Flows resuming, ~USD 7 bn FII inflow in first quarter
- * Secondary markets average daily volumes of over Rs. 90,000 cr in the first quarter vs. ~Rs. 62,000 cr in FY09
- * Leading indicators already point towards economic revival
- * India GDP expected to grow at ~6.5% this year

Confident of getting our share of growth in the markets
Investing in growth opportunities

3. Performance Highlights



- * Key advisory and capital markets transactions closed
 - * Rights Issue by Alok Industries Limited for INR 4,495 mn
 - * Sole Financial Advisor to Q Investments on the sale of XCEL Telecom to American Tower, first strategic sale to a foreign player in the telecom towers industry in India
 - * The Distressed Assets team completed the advisory mandate of a large Indian corporate for restructuring domestic and foreign currency debt of over INR 50 bn under the CDR Scheme





- * Corporate Debt Syndication Desk was ranked #3 in Commercial Papers placement this quarter as per Prime Database

- * Equity and Derivatives
 - * Average daily volumes for this quarter over INR 43 bn (Q4FY09 INR 28 bn)

 - * Research covers over 125 stocks across 16 sectors accounting for nearly 70% of total market capitalization

(*) Market share based on the reported volumes on NSE and BSE



- * Treasury: Focus on capital preservation and risk management while managing surplus funds of the Group in low risk strategies
- * Interest Income
 - * Comprises income on collateralized loans and the interest on working capital in the form of Bank FDs
 - * As at the end of first quarter, loan book stood at over INR 4.50 bn (~INR 5.50 bn at the end of Q4FY09)
 - * Maintained sufficient collateral cover across all loans, average cover ~3x at the end of the quarter



- * Edelweiss model – be able to adjust to downturn in markets with inherent cost flexibility and be able to quickly convert growth opportunities into business when they reappear

- * Investments for long term growth:
 - * Over 20% of our employee strength engaged in Alternate Assets Advisory, Distressed Assets, Retail (Distribution and Broking) and Asset Management businesses; investing for long term growth
 - * Retail Broking Portal www.edelweiss.in operational

- * Business growth perspective aligned to medium term of 3 to 5 years

4. Key Risks and Our Approach



Risks

Our Approach

Business Volatility

- * Diversified Business Model with an eye on future growth
- * Flexible resources: capital and people
- * Flexible cost base: nearly half of our costs are variable in nature

Risk to Capital

- * Strong risk management culture
- * Approach to Capital Preservation
- * Board level oversight

Liquidity Risk

- * Strong and Liquid Balance Sheet
 - * Balance Sheet size of over INR 33 bn, Group net-worth post minority interest in excess of INR 21 bn
 - * Reverse ALM position – duration of assets is much lower than that of liabilities

5. Edelweiss Over The Years



(In INR mn except per share data)

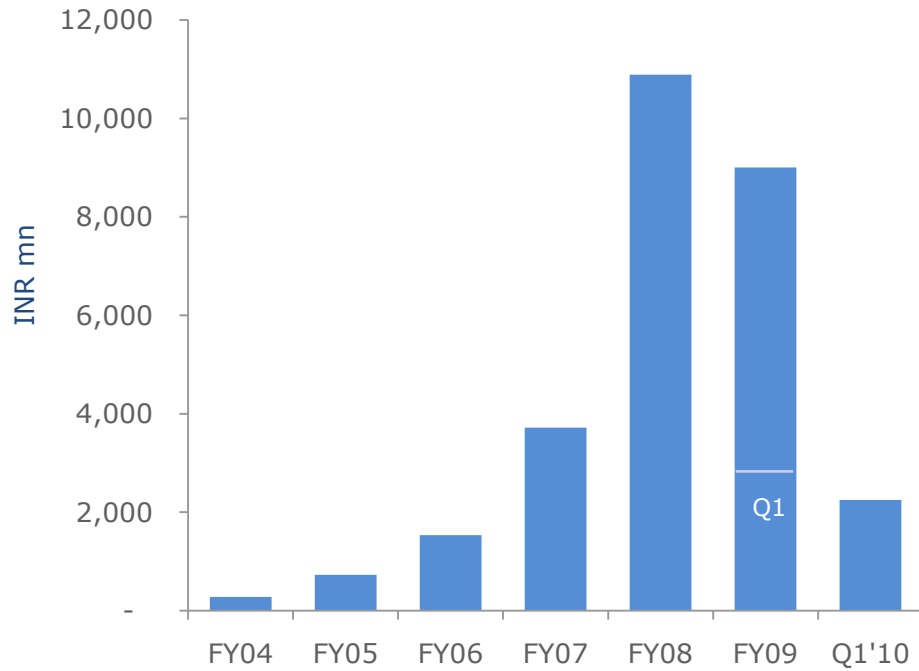
Quarter/Financial Year	Q1'10	2009	2008	2007	2006	2005	2004
Total Income	2,246	9,005	10,889	3,718	1,533	727	281
Total Expenditure	1,382	5,715	6,422	1,971	898	383	175
Profit Before Tax	864	3,290	4,467	1,747	636	345	106
Tax Expenses	249	1,199	1,540	646	218	107	28
Net Profit (after tax and minority interest)	583	1,864	2,732	1,099	417	237	78
Paid up Equity Share Capital	375	375	375	45	38	29	28
Net Worth*	21,675	21,154	18,476	5,823	1,784	539	302
Diluted Earnings Per Share (FV INR 5) (INR)#	7.6	24.3	40.0	20.8	9.3	6.4	2.4
Book Value Per Share (FV INR 5) (INR)#	289	282	246	94	39	16	9

(*) Excludes minority interest

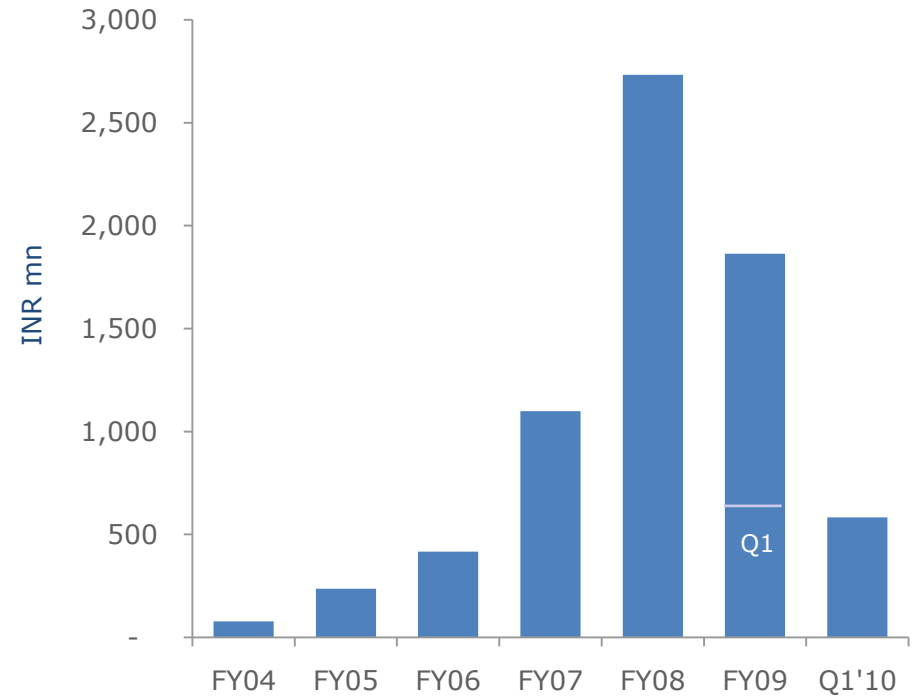
(#) Adjusted for corporate actions; Qtly EPS not annualized



Revenues



Profit After Tax*

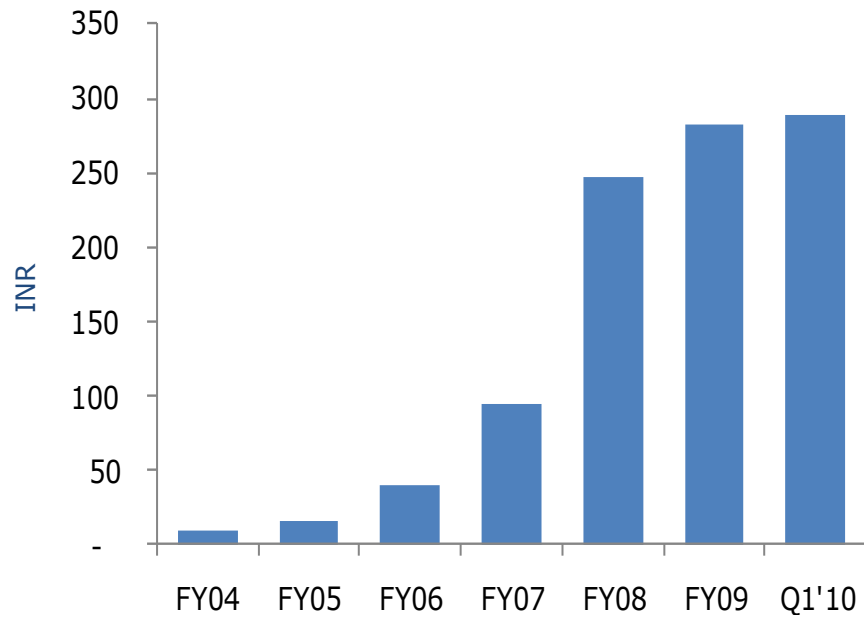


Period	PAT margins
FY04	28%
FY05	33%
FY06	27%
FY07	30%
FY08	25%
FY09	21%
Q1'10	26%

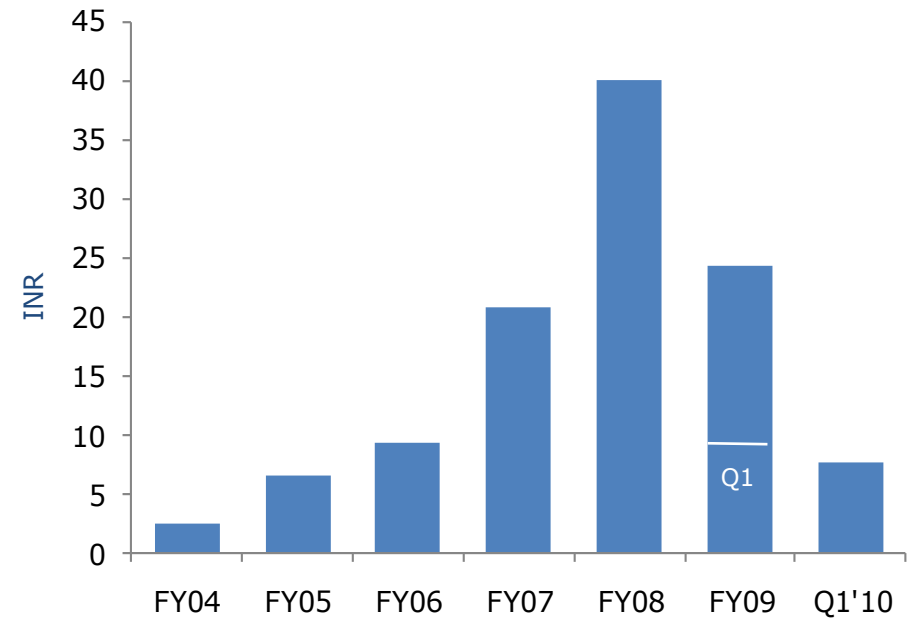
(*) after minority interest



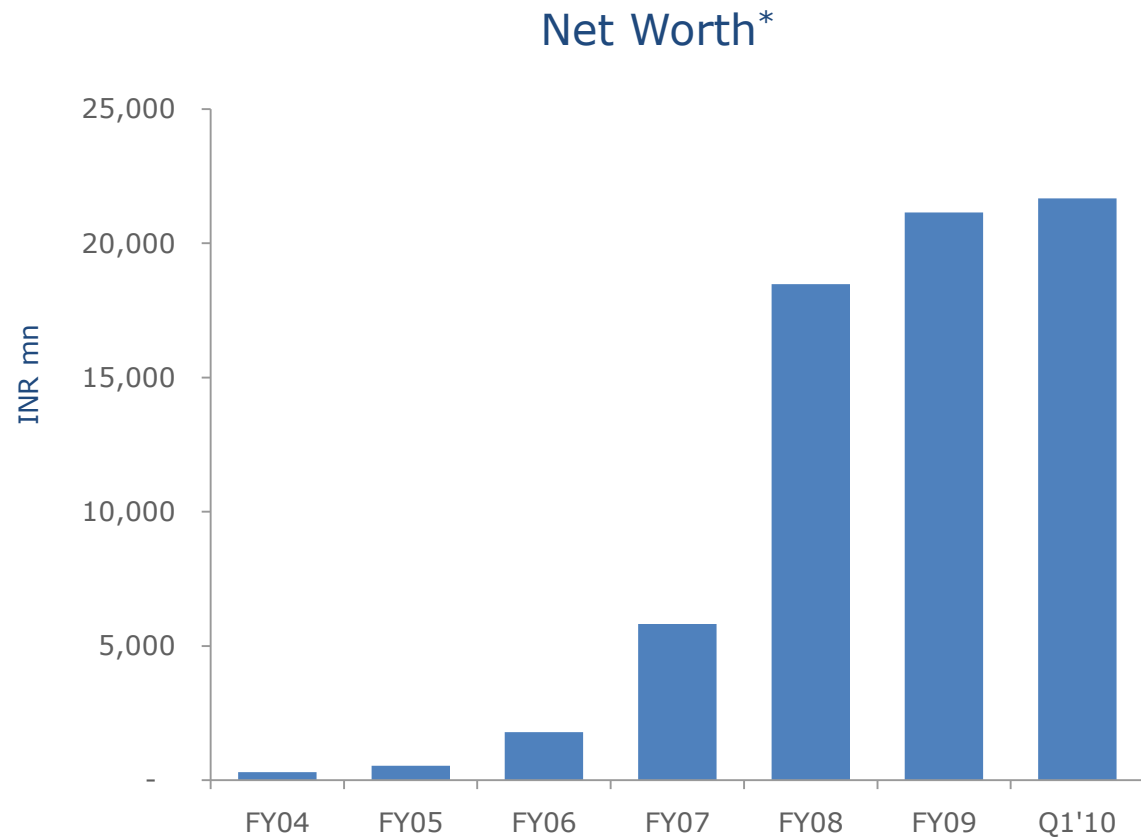
Book Value Per Share*



Diluted EPS*



(*) Adjusted for corporate actions; Q1ly EPS not annualized



(*) Excluding minority interest

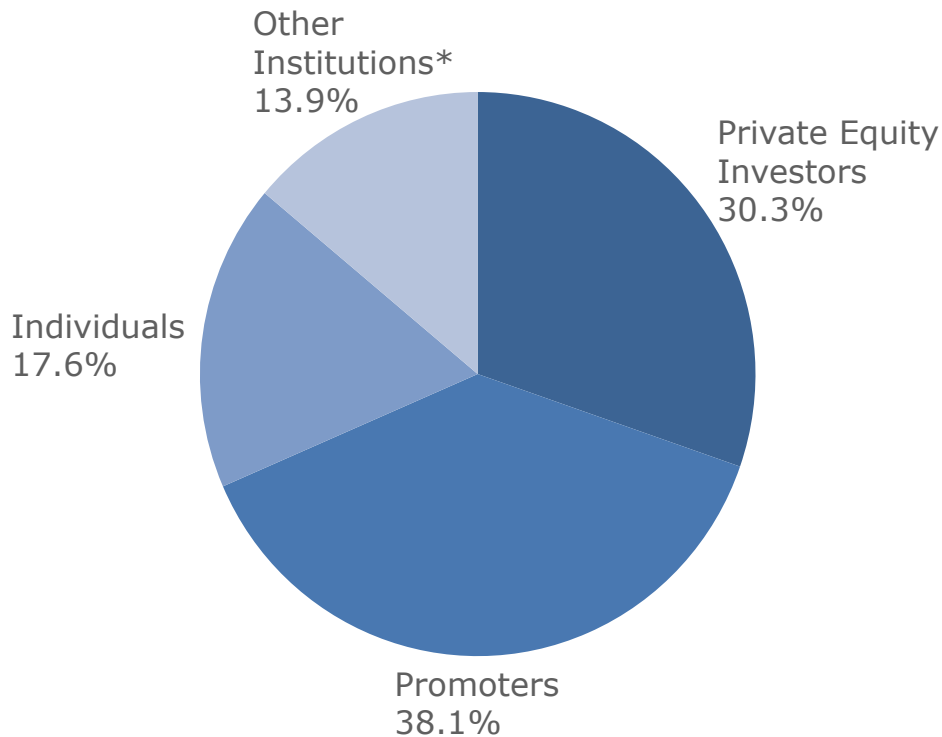
Well Diversified Integrated Financial Services Model



-  Agency based
-  Capital based
-  New Initiative



Strategy of selectively building new businesses adjacent to our current offerings



Top 5 External Shareholders[#]

As on 30th June 2009

	Name	Percent
1	Govt. of Singapore	8.3%
2	Galleon	7.4%
3	Greater Pacific Capital	6.4%
4	Fidelity	3.6%
5	Americorp Ventures Ltd.	2.8%

Quality institutional investors from different geographies

(*) includes FIIs, DIIs, Insurance companies, Banks, MFs, Trusts etc.

(#) Holding of known affiliates have been clubbed together for the purpose of this information

Active Board of Directors with complementary skills



- ▶ Experienced Board of Directors with diverse areas of expertise
- ▶ Five independent and two non-executive directors out of total nine directors
- ▶ Risk Committee of the Board chaired by a non-executive director
- ▶ Strong corporate governance

Rashesh Shah Executive Director	Venkatchalam Ramaswamy Executive Director	Ramanan Raghavendran Independent	Sunil Wadhvani Independent	Sanjay Santhanam Non-Executive	Kunnasagar Chinniah Non-Executive	Narendra Jhaveri Independent	P.N. Venkatachalam Independent	Navtej S. Nandra Independent
Chairman & CEO	Head of Alt. Asset Management	Managing Partner Kubera Partners	Co-Founder & CEO iGATE Corporation	MD & Head of Asia operations of Galleon Group	Executive V.P. GIC, Singapore	Former Jt. MD ICICI Former Chairman ICICI Securities [Chairman of Audit Committee]	Former MD State Bank of India	Former COO and Head of Diversified Financial Services, Global Wealth Mgmt Merrill Lynch
19 yrs experience in public and private markets in India	Diverse experience in financial sector	Extensive experience in managing Investments globally	Strong background in entrepreneurship across geographies	Strong expertise in risk management and alternate asset management	Experienced in global private equity	Extensive experience in Indian capital markets	Extensive experience in Indian credit markets	Broad experience across Financial Services Strategy and Execution



Thank you

For more information, please visit www.edelcap.com

Or email ir@edelcap.com