

# Edelweiss Capital – Investor Presentation

Second Quarter Results – FY10

October 2009



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1. Financial Highlights
2. Industry Overview
3. Performance Highlights
4. Edelweiss Over The Years

# 1. Financial Highlights

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- \* Revenues INR 2,605 mn (INR 2,496 mn in the second quarter FY09)
  - \* Fee & Commission Income INR 802 mn (INR 678 mn)
  - \* Treasury, Arbitrage and Trading Income INR 718 mn (INR 853 mn)
  - \* Interest Income<sup>#</sup> INR 880 mn (INR 844 mn)
- \* Profit After Tax and Minority INR 651 mn (INR 436 mn) – **Growth of 49% YoY**
  - \* PBT Margin up to 37% (33%)
  - \* PAT Margin up to 25% (17%)
- \* Diluted quarterly EPS INR 8.41 (INR 5.56) (not annualized)

(#) comprises interest on loans and Bank FDs



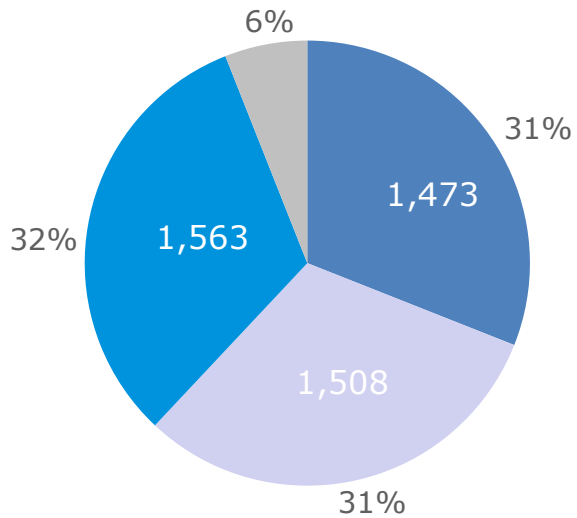
| INR Million                                       | FY10         | FY09         | FY10         | FY09         | FY09         |
|---|--------------|--------------|--------------|--------------|--------------|
|   | Q2           | Q2           | H1           | H1           | Annual       |
| Fee and Commission Income                         | 802          | 678          | 1473         | 1,564        | 2,441        |
| Treasury, Arbitrage and Trading Income            | 718          | 853          | 1508         | 1,556        | 2,512        |
| Investment and Dividend Income                    | 204          | 115          | 288          | 452          | 697          |
| Interest Income                                   | 880          | 844          | 1563         | 1,607        | 3,315        |
| Other Operating Income                            | 1            | 6            | 20           | 6            | 40           |
| <b>Total Revenues</b>                             | <b>2,605</b> | <b>2,496</b> | <b>4,852</b> | <b>5,185</b> | <b>9,005</b> |
| Operating and Other Expenses                      | 623          | 723          | 1274         | 1,381        | 2,542        |
| Employee Cost                                     | 393          | 482          | 785          | 979          | 1,659        |
| Financial Expenses                                | 598          | 423          | 909          | 862          | 1,337        |
| Depreciation                                      | 29           | 44           | 57           | 77           | 177          |
| <b>Total Expenses</b>                             | <b>1,643</b> | <b>1,672</b> | <b>3,025</b> | <b>3,299</b> | <b>5,715</b> |
| <b>Profit Before Tax</b>                          | <b>962</b>   | <b>824</b>   | <b>1,827</b> | <b>1,886</b> | <b>3,290</b> |
| Tax Expenses                                      | 271          | 325          | 521          | 686          | 1,199        |
| <b>Profit After Tax</b>                           | <b>691</b>   | <b>499</b>   | <b>1,306</b> | <b>1,200</b> | <b>2,091</b> |
| Share of Minority Interests in Profits            | 40           | 63           | 73           | 126          | 227          |
| <b>Profit After Tax and Minority Interest</b>     | <b>651</b>   | <b>436</b>   | <b>1,233</b> | <b>1,074</b> | <b>1,864</b> |
| Diluted EPS (INR – Qtly/HYly nos. not annualized) | 8.41         | 5.56         | 15.93        | 13.69        | 24.28        |

# Diversified Revenue Streams

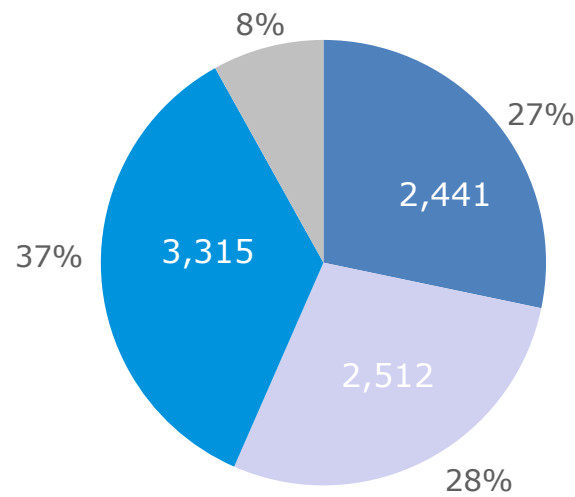


(In INR million)

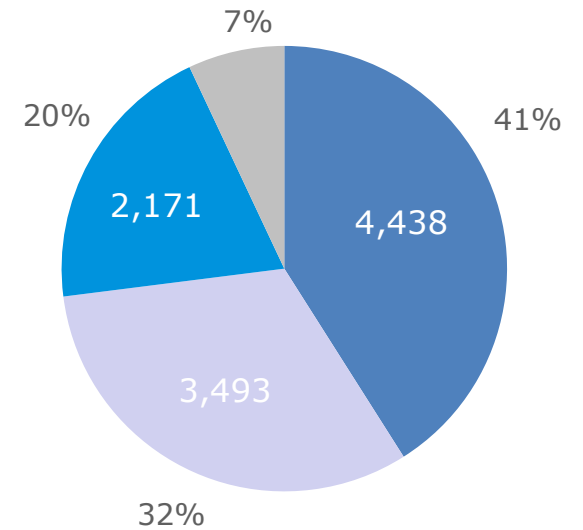
H1'10



FY09



FY08



Fee & Commission

Treasury

Interest

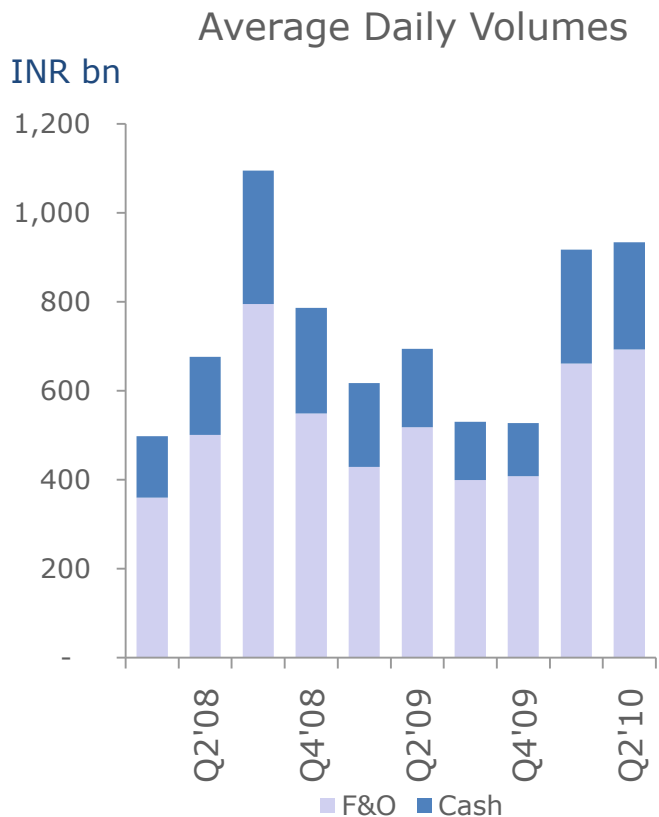
Investment & Others

Balance Through Diversification of Revenue Streams

## 2. Industry Overview

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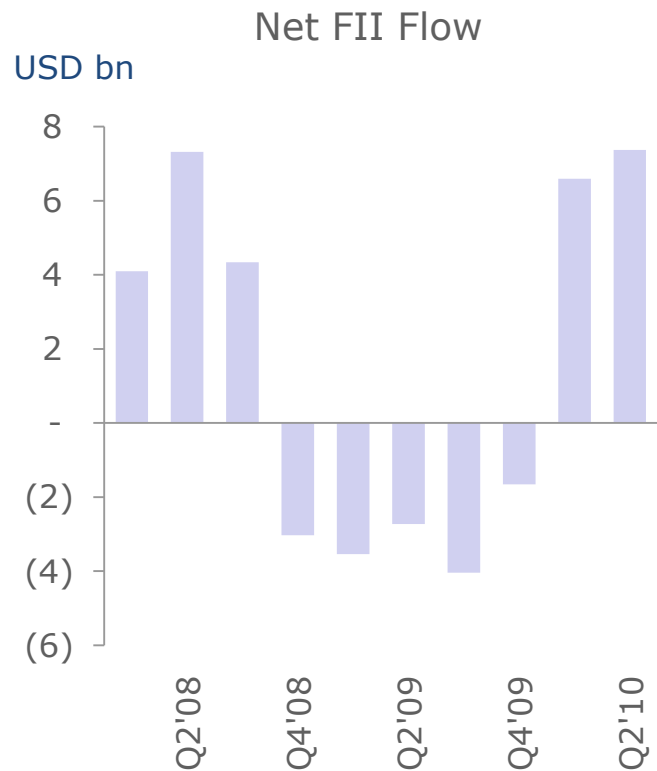




Q2'10 Volumes up ~2% QoQ, ~35% YoY

Includes volumes on BSE and NSE

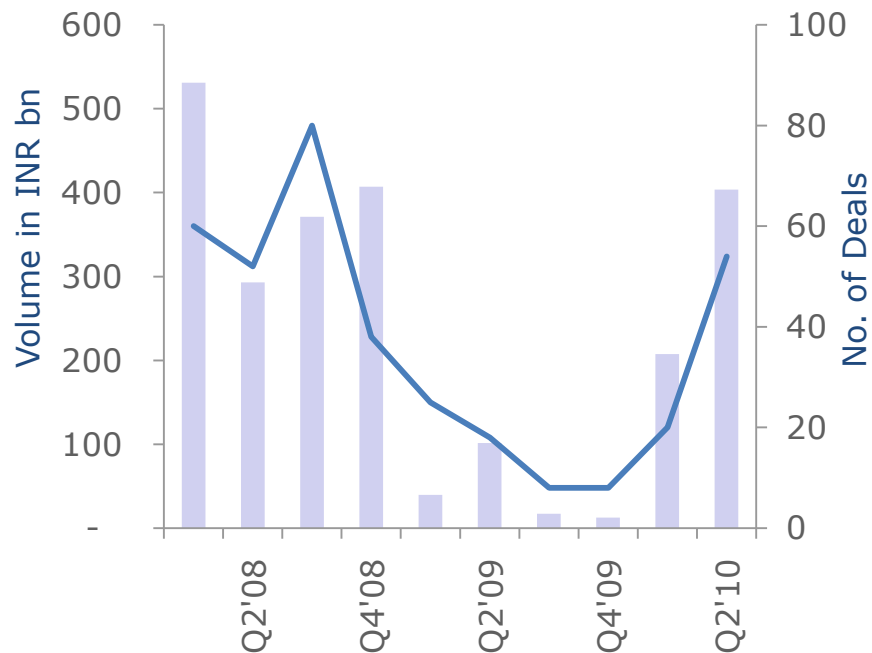
Source: BSE, NSE, SEBI



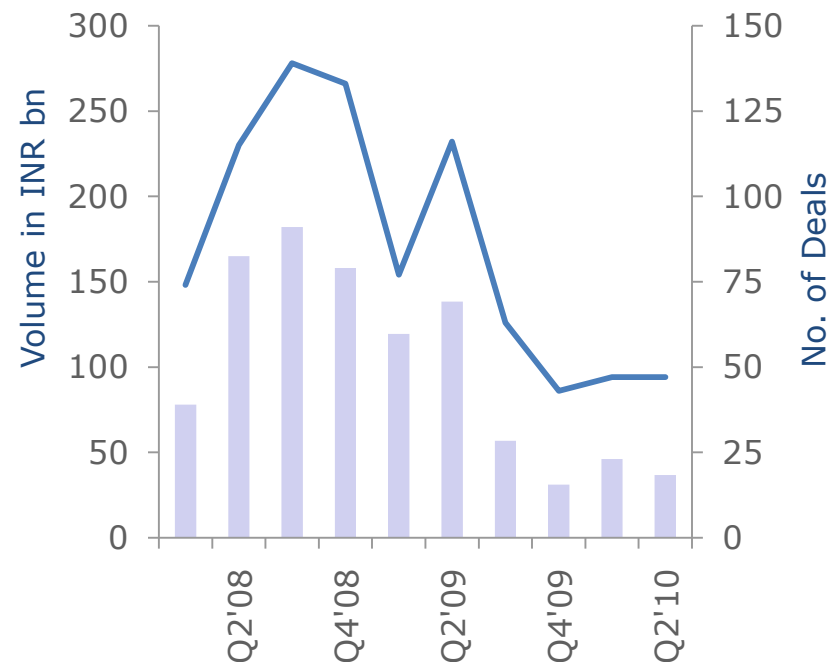
Net inflow ~\$14 bn in H1'10



## Public Equity



## Private Equity

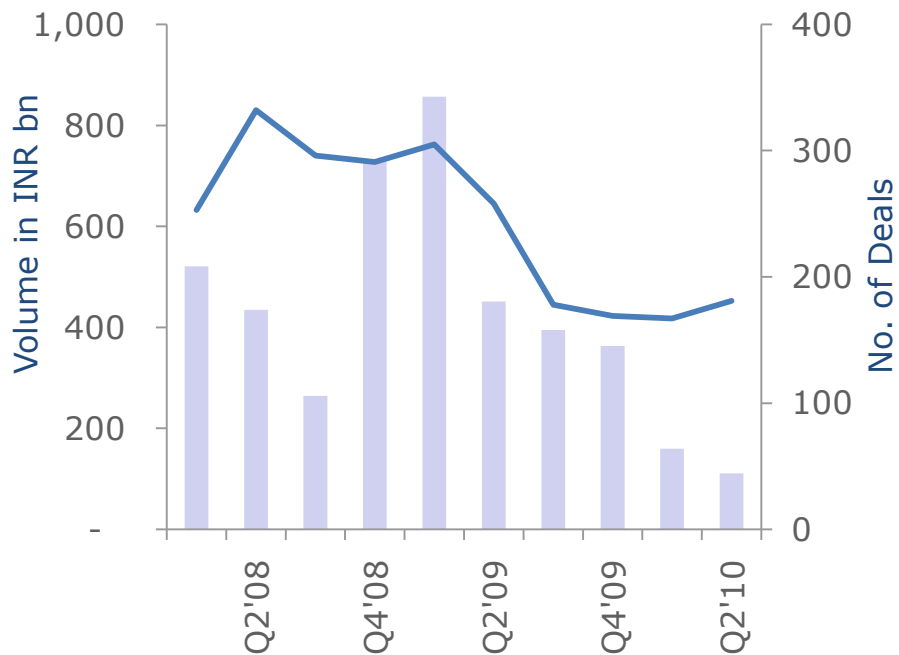


— No. of Deals    ■ Volume

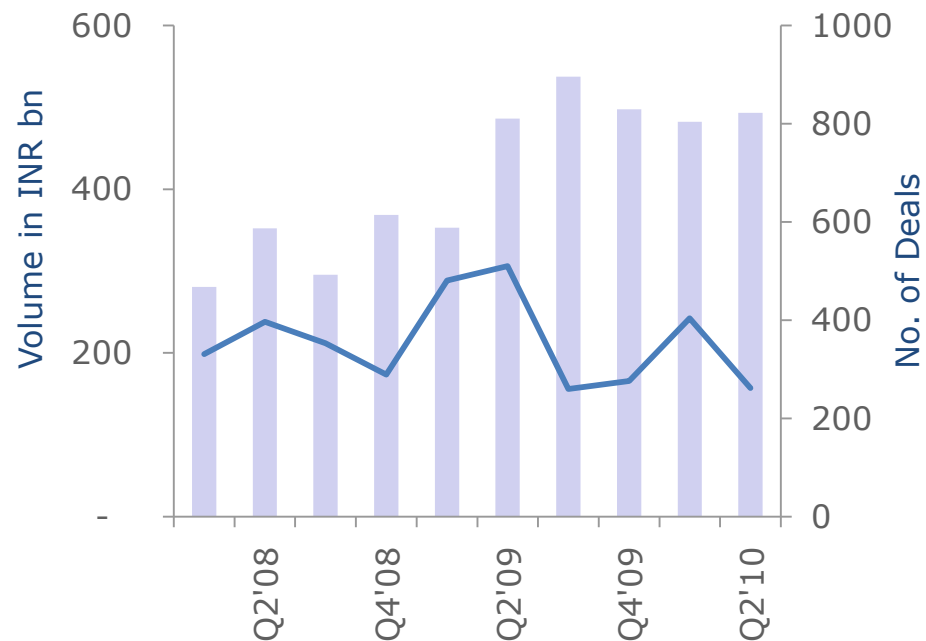
Public Equity Deals include Domestic Equity Offerings, Rights, FCCBs and Depository Receipts  
 Source: Bloomberg, Prime Database, Venture Intelligence



## 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



- \* Strong FII and Domestic Flows, ~USD 14 bn FII inflow in first half
- \* FDI flows at ~USD 14 bn in Apr-Aug '09
- \* Industrial production data encouraging
- \* Secondary markets average daily volumes of ~INR 920 bn in the first half vs. ~INR 620 bn in FY09
- \* QIPs have picked up and Advisory transactions also gaining traction
- \* Monsoon impact manageable, positive outlook to get strengthened
- \* India GDP expected to grow at ~6.5% this year


Edelweiss confident of getting its share of growth in the markets  
Investing in long term growth opportunities in financial services

## 3. Performance Highlights

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- \* Investment Banking witnessed pick up in QIPs which compensated for slow closures in Advisory – reflecting the strength of diversification
- \* Mandated pipeline continues to be strong
- \* Key transactions closed this quarter include:




**ORBIT**  
Orbit Corporation Limited


INR 1450 million  
Qualified Institutional Placement

August 2009

Global Co-ordinator and  
Book Running Lead Manager



Edelweiss  
Ideas create, values protect




**PSL**  
PSL Limited

INR 1,493 million  
Qualified Institutional Placement

September 2009

Sole  
Book Running Lead Manager



Edelweiss  
Ideas create, values protect



- \* Equity and Derivatives

- \* Average daily volumes for this quarter ~INR 40 bn (Q1FY10 ~INR 43 bn) including clients and Treasury operations
- \* Research covers 145 stocks across 16 sectors accounting for nearly 70% of total market capitalization

- \* Retail agency business build up continuing

- \* Emerged as a major player in Retail IPO Syndication. Ranked #2 in Non-Institutional Bidder category and #4 in Retail category by number of applications in IPOs upto September '09 this year
- \* Ranked #1 in NIB by number of applications in NHPC and OIL India IPOs

Agency Fee & Commission Growth 18% YoY



- \* Treasury business
  - \* Focus on liquidity management and capital preservation
  - \* Arbitrage yields continue to be low
- \* Scale up of Financing business has commenced this quarter
  - \* As at the end of second quarter, loan book at ~INR 6.90 bn (~INR 4.50 bn at the end of Q1FY10)
  - \* Maintained sufficient collateral cover, average cover over 3.1x at the end of the quarter
  - \* We continue to focus on growth of the financing book across its existing product offerings





- \* Edelweiss continues to look to invest in long term business opportunities in financial services
- \* Recently Edelweiss Asset Reconstruction Company has received approval for commencing business
- \* Business growth perspective aligned to medium term of 3 to 5 years
  - \* Over 20% of our employee strength is engaged in new initiatives like Alternate Assets Advisory, Distressed Assets, Asset Management and Retail (Distribution and Broking)

## 4. Edelweiss Over The Years

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# Consolidated Financials

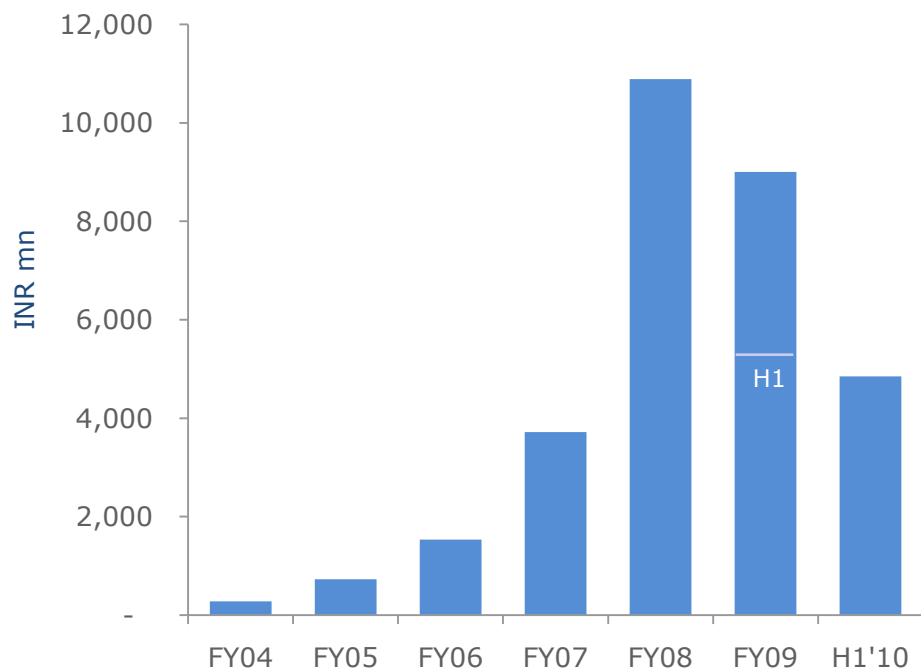


| Half Year/Financial Year<br>(In INR mn except as indicated) | H1'10  | 2009   | 2008   | 2007  | 2006  | 2005 | 2004 |
|---|--------|--------|--------|-------|-------|------|------|
| Total Income  | 4,852  | 9,005  | 10,889 | 3,718 | 1,533 | 727  | 281  |
| Total Expenditure   | 3,025  | 5,715  | 6,422  | 1,971 | 898   | 383  | 175  |
| Profit Before Tax   | 1,827  | 3,290  | 4,467  | 1,747 | 636   | 345  | 106  |
| Tax Expenses  | 521    | 1,199  | 1,540  | 646   | 218   | 107  | 28   |
| Net Profit (after minority)                                 | 1,233  | 1,864  | 2,732  | 1,099 | 417   | 237  | 78   |
| Pre tax Margins (%)   | 38     | 37     | 41     | 47    | 41    | 47   | 38   |
| Paid up Equity Share Capital                                | 375    | 375    | 375    | 45    | 38    | 29   | 28   |
| Net Worth (excluding minority)                              | 22,337 | 21,154 | 18,476 | 5,823 | 1,784 | 539  | 302  |
| BVPS (FV INR 5) (INR)#                                      | 298    | 282    | 246    | 94    | 39    | 16   | 9    |
| Diluted EPS (FV INR 5) (INR)#                               | 15.9   | 24.3   | 40.0   | 20.8  | 9.3   | 6.4  | 2.4  |
| RoE (Annualized) (%)  | 12     | 9      | 28     | 34    | 39    | 56   | 30   |

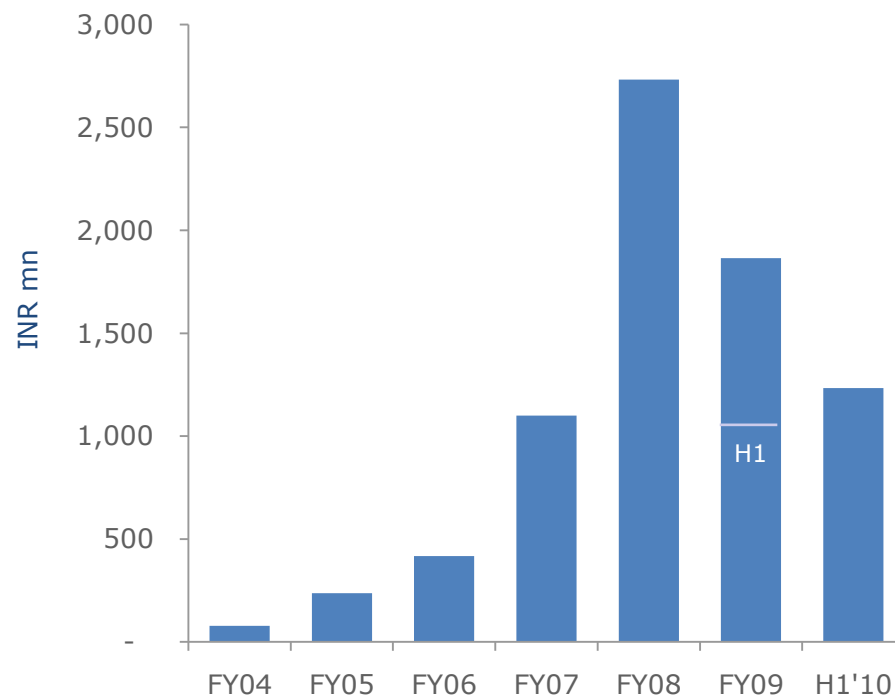
(#) Adjusted for corporate actions; HYly EPS not annualized



## Revenues



## Profit After Tax\*

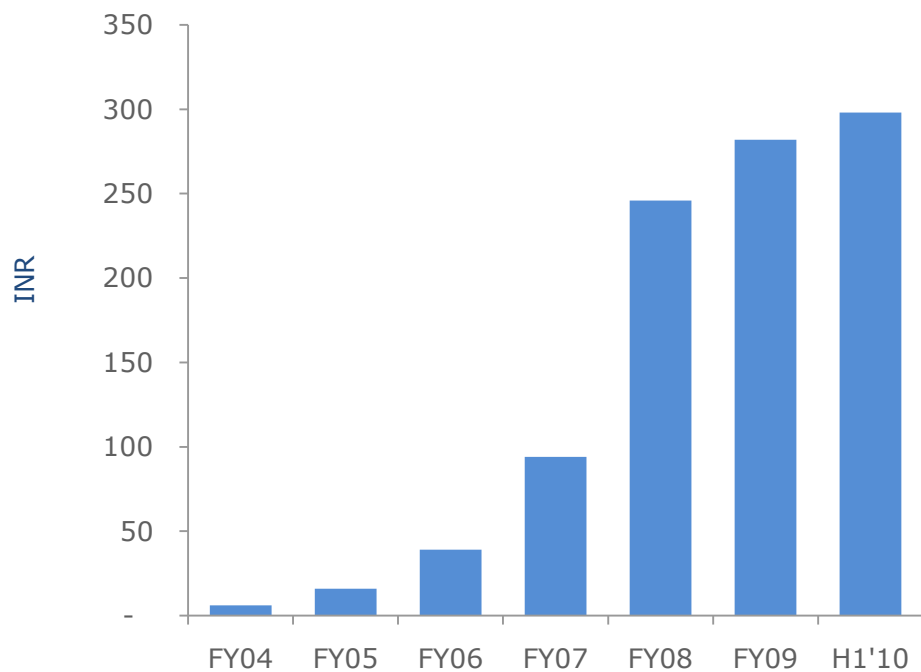


| Period | PAT margins |
|--------|-------------|
| FY04   | 28%         |
| FY05   | 33%         |
| FY06   | 27%         |
| FY07   | 30%         |
| FY08   | 25%         |
| FY09   | 21%         |
| H1'10  | 25%         |

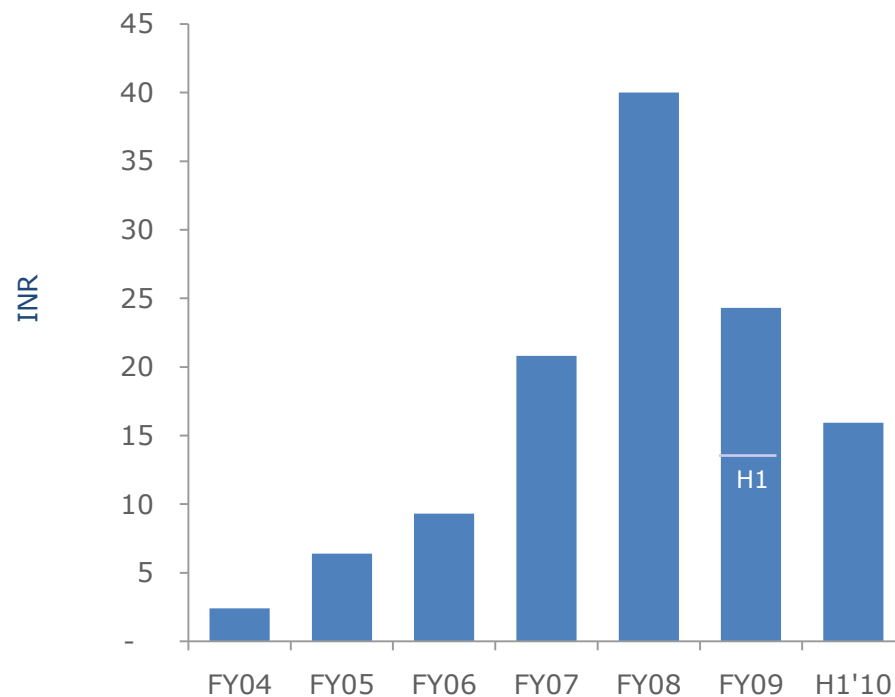
(\* ) after minority interest



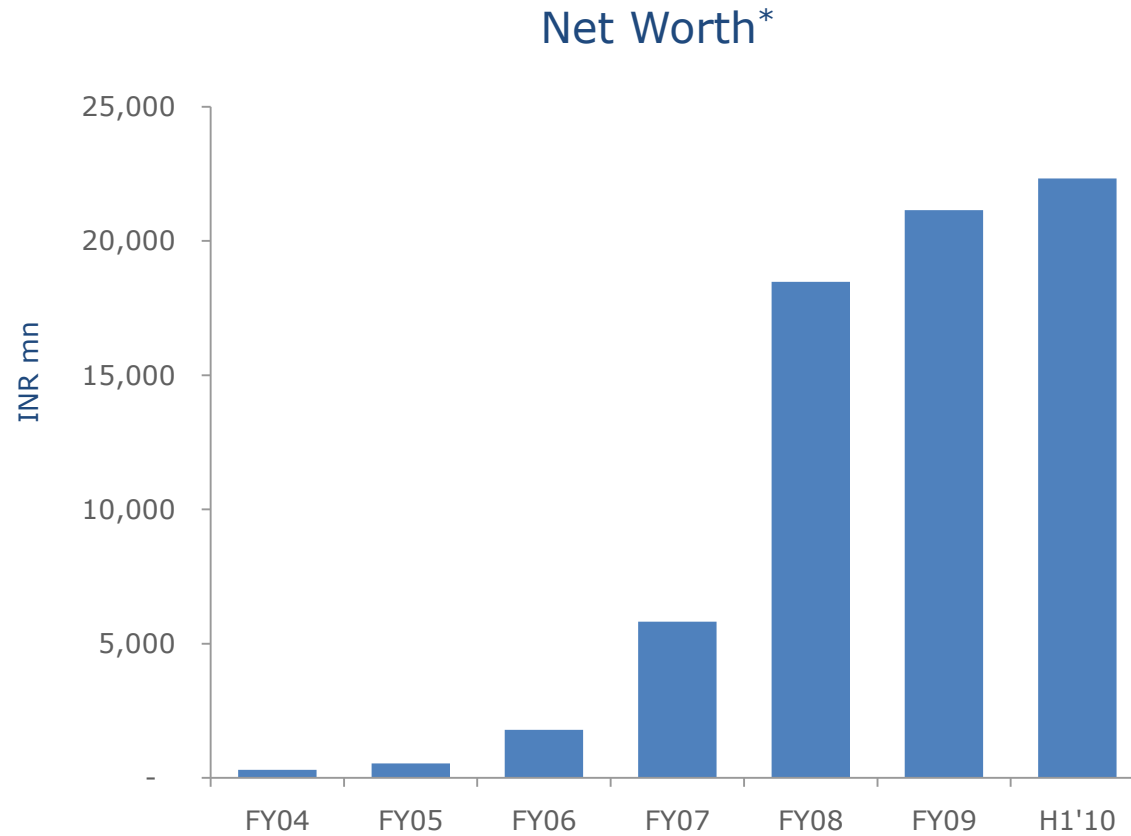
## Book Value Per Share\*



## Diluted EPS\*



(\* ) Adjusted for corporate actions; HYly EPS not annualized



(\* ) Excluding minority interest

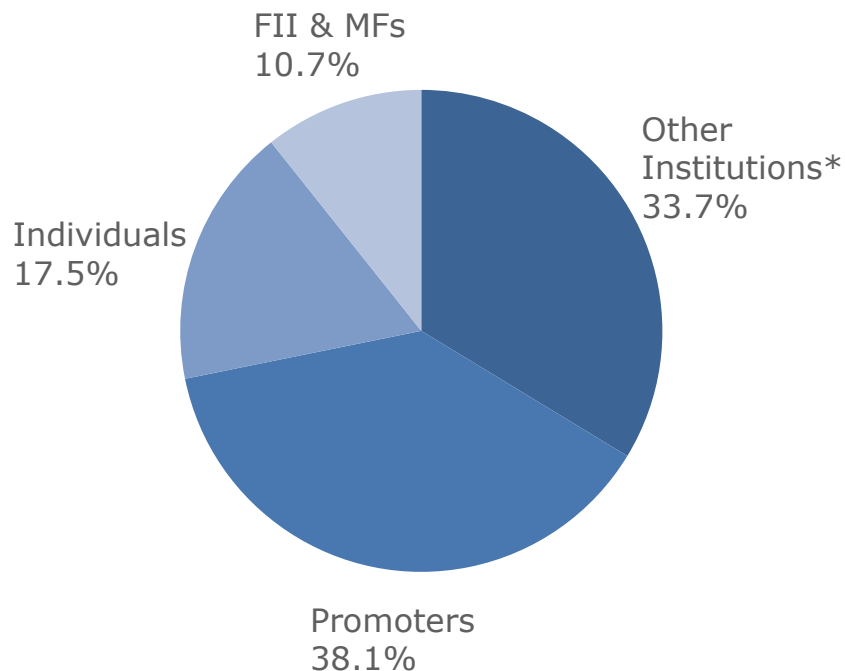
# Well Diversified Integrated Financial Services Model



-  Agency based
-  Capital based
-  New Initiative



Emphasis on synergistic diversification and investing in long term business opportunities in financial services



## Top 5 Institutional Shareholders<sup>#</sup>

As on 30<sup>th</sup> September 2009

|   | Name                    | Percent |
|---|-------------------------|---------|
| 1 | Govt. of Singapore      | 8.3%    |
| 2 | Galleon                 | 7.3%    |
| 3 | Greater Pacific Capital | 6.4%    |
| 4 | Fidelity                | 3.5%    |
| 5 | Americorp Ventures Ltd. | 2.7%    |

Quality institutional investors from different geographies

(\*) includes DIIs, Insurance companies, Banks, Trusts & other Institutional investors 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 one non-executive director out of total eight directors
- ▶ Strong corporate governance

| <b>Rashesh Shah</b><br>Executive Director                | <b>Venkatchalam Ramaswamy</b><br>Executive Director | <b>Ramanan Raghavendran</b><br>Independent            | <b>Sunil Wadhvani</b><br>Independent                     | <b>Kunnasagar Chinniah</b><br>Non-Executive | <b>Narendra Jhaveri</b><br>Independent  | <b>P.N. Venkatachalam</b><br>Independent      | <b>Navtej S. Nandra</b><br>Independent  |
|--|---|---|--|---|---|---|---|
| Chairman & CEO   | Head of Alt. Asset Management                       | Managing Partner Kubera Partners                      | Co-Founder & CEO iGATE Corporation                       | Executive V.P. GIC, Singapore               | Former Jt. MD ICICI<br>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 | 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

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For more information, please visit [www.edelcap.com](http://www.edelcap.com)

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