

Edelweiss Capital

Third Quarter Results FY10

January 2010



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

1. Financial Highlights



- * Revenues INR 2,302 mn (INR 1,986 mn for Q3FY09)
 - * Fee & Commission Income INR 859 mn (INR 476 mn)
 - * Treasury, Arbitrage and Trading Income INR 607 mn (INR 448 mn)
 - * Interest Income[#] INR 744 mn (INR 927 mn)
- * Profit After Tax and Minority INR 536 mn (INR 381 mn)
 - * PBT Margin 33% (36%)
 - * PAT Margin 23% (19%)
- * Diluted quarterly EPS INR 6.90 (INR 4.93) (not annualized)

(#) comprises interest on Loans and Bank Deposits



- * Revenues INR 7,154 mn (INR 7,171 mn for 9MFY09)
 - * Fee & Commission Income INR 2,332 mn (INR 2,041 mn)
 - * Treasury, Arbitrage and Trading Income INR 2,115 mn (INR 2,003 mn)
 - * Interest Income[#] INR 2,307 mn (INR 2,534 mn)
- * Profit After Tax and Minority INR 1,769 mn (INR 1,455 mn)
 - * PBT Margin 36% (36%)
 - * PAT Margin 25% (20%)
- * Diluted EPS INR 22.80 (INR 18.81) (not annualized)

(#) comprises interest on Loans and Bank Deposits



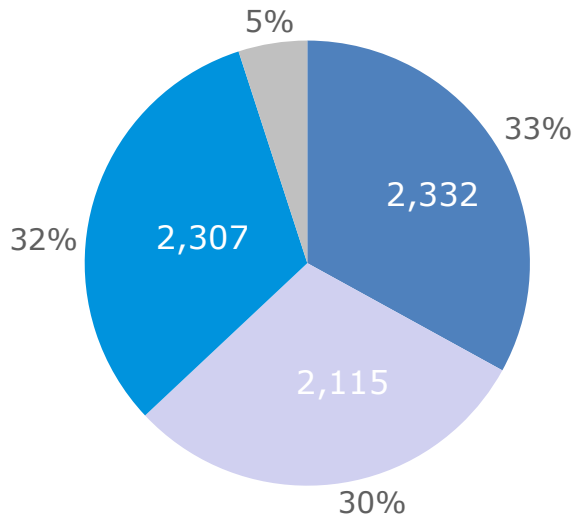
INR Million	FY10	FY09	FY10	FY09	FY09
	Q3	Q3	9M	9M	Annual
Fee and Commission Income	859	476	2,332	2,041	2,441
Treasury, Arbitrage and Trading Income	607	448	2,115	2,003	2,512
Investment and Dividend Income	54	134	342	586	697
Interest Income	744	927	2,307	2,534	3,315
Other Operating Income	38	1	58	7	40
Total Revenues	2302	1986	7,154	7,171	9,005
Operating and Other Expenses	685	579	1,960	1,960	2,542
Employee Cost	372	382	1,157	1,361	1,659
Financial Expenses	464	258	1,373	1,120	1,337
Depreciation	27	42	83	120	177
Total Expenses	1548	1261	4,573	4,561	5,715
Profit Before Tax	754	725	2,581	2,610	3,290
Tax Expenses	175	277	695	962	1,199
Profit After Tax	579	448	1,886	1,648	2,091
Share of Minority Interests in Profits	43	67	117	193	227
Profit After Tax and Minority Interest	536	381	1,769	1,455	1,864
Diluted EPS (INR – Qtly/9Mly not annualized)	6.90	4.93	22.80	18.81	24.28

Diversified Revenue Streams

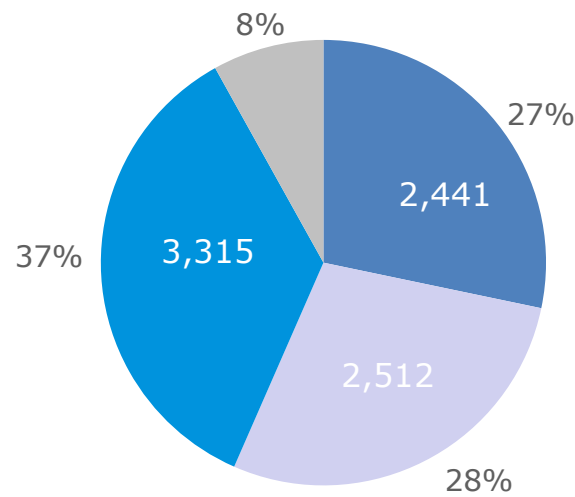


(In INR million)

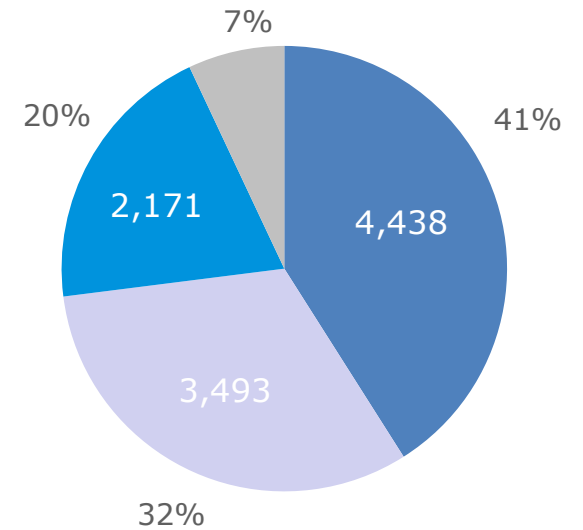
9M'10



FY09



FY08



Fee & Commission

Treasury

Interest

Investment & Others

Balanced Revenue Streams



2. Business Highlights




- * **Investment Banking** - ECM transactions gained traction, especially QIPs
- * Closed 16 deals in 9M'10 in ECM & DCM (10 in third quarter); mandated pipeline continues to be strong
- * Strong franchise with emerging and mid market companies, gaining traction with large corporates

Agency Business Transactions 9M'10




Alok Industries Limited
 Rights Issue
 INR 4,495.9 million
 April 2009
 Lead Manager to the Issue





 Sale of XCEL Telecom
 by Horse-Shoe Capital
 (an affiliate of
 Q Investments)
 Sole Financial Advisor
 May 2009




 Orbit Corporation Limited
 Qualified Institutional Placement
 Global Co-ordinator and
 Book Running Lead Manager
 INR 1,450 mn
 August 2009




 PSL Limited
 Qualified Institutional Placement
 Book Running Lead Manager
 INR 1,493 mn
 September 2009



ANNOUNCEMENT



**Proposed Sale of DBS Chola mandalam
 Asset Management Company by
 Chola mandalam DBS Finance Limited**
 September 2009
 Sole Financial Advisor





Parsnath Developers Limited
 INR 1,680.07 million
 Qualified Institutional Placement
 October 2009
 Joint Global Coordinator





Allied Digital Services Limited
 INR 2,314.22 million
 Qualified Institutions Placement
 October 2009
 Joint Global Co-ordinator and
 Book Running Lead Manager




Development Credit Bank Limited
 Qualified Institutions Placement
 INR 810 million
 November 2009
 Global Coordinator and Sole Bookrunner





Adhunik Metaliks Limited
 Qualified Institutions Placement
 INR 1,371.33 mn
 November 2009
 Joint Global Coordinator


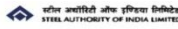


Alembic Limited
 Buy-Back of Equity Shares
 November 2009
 Sole Manager to the Buy-Back





Wire and Wireless (India) Limited
 INR 4,498.5 million
 Rights Issue
 November 2009
 Lead Manager



Bhoruka Power Corporation Limited
 ₹15.3 million and INR 294.5 million
 Syndicated Term Loan
 December 2009
 Financial Advisor & Sole Arranger



Bajaj Electricals Ltd.
 Bajaj Electricals Limited
 INR 1,607.95 million
 Qualified Institutions Placement
 December 2009
 Sole Global Co-ordinator and
 Book Running Lead Manager



Wockhardt Limited
 INR 5000 Crores
 Debt Restructuring Advisory
 August 2009
 Sole Advisors for
 Corporate Debt Restructuring



Steel Authority of India Limited
 INR 450 Crores
 Secured Redeemable
 Non-Convertible Taxable Bonds
 December 2009
 Joint Arranger



Andhra Pradesh State Financial Corporation
 INR 121 Crores
 Unsecured Redeemable
 Non-Convertible Non-SLR Bonds
 December 2009
 Joint Arranger




* **Equity Broking**

- * Average daily volumes for this quarter ~INR 47 bn (Q2FY10 ~INR 40 bn)#
- * Research covers nearly 160 stocks across 18 sectors accounting for over 70% of total market capitalization
- * Annual Investors Conference in Singapore and Hong Kong got excellent response from Corporates and Investors

- * **Alternative Assets Management** achieved first close of US\$105 mn in Edelweiss Special Opportunities Fund in this quarter

On BSE and NSE, including clients and Treasury operations



- * **Retail** agency business build up continuing
 - * Emerged as a major player in Retail IPO Syndication. Ranked #2 in HNI category by amount mobilized and #5 in Retail category by number of applications procured in IPOs upto December '09 this year@
- * Announced acquisition of Anagram Capital#
 - * Acquisition in line with our plans to expand Retail broking business
 - * Minimal overlap with our existing retail businesses
 - * To add nationwide network of 137 branches, over 1300 sub-brokers and more than 180,000 Retail clients



- * **Treasury** business

- * Focus on liquidity management and capital preservation
- * Arbitrage yields continue to be low
- * Low short term interest rates leading to repricing of yields on Bank Deposits

- * Scale up of **Financing** business continues

- * As at the end of third quarter, loan book at over INR 10 bn (~INR 6.9 bn at the end of Q2FY10)
- * Maintained sufficient collateral cover, average cover over 3x at the end of the quarter
- * We continue to focus on growth of the financing book across its existing product offerings



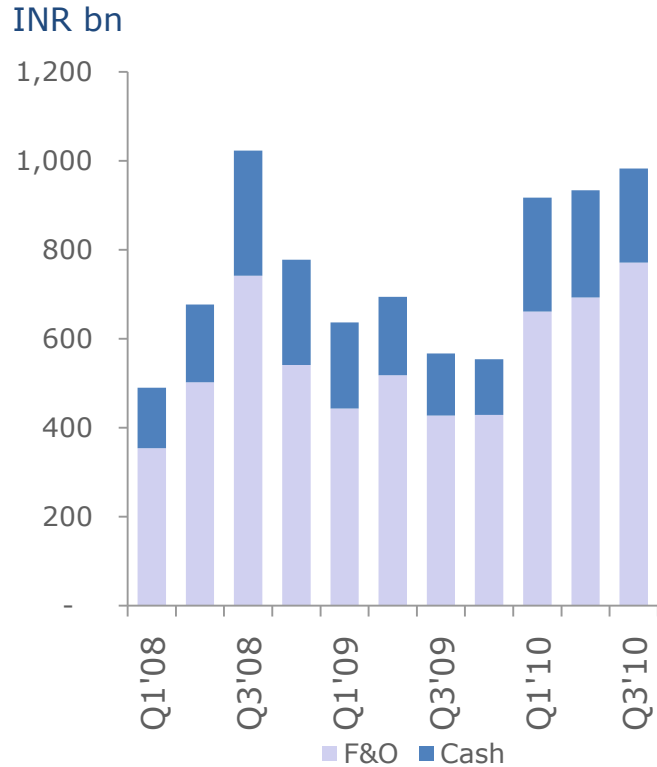
- * Entering **Life Insurance** business with JV partner Tokio Marine Holdings, Inc. #
 - * To enlarge Edelweiss' retail footprint together with recently launched Retail and domestic Asset Management businesses
- * Acquisition of **Anagram Capital** – a growth initiative to expand our Retail Broking & Distribution Businesses
- * Edelweiss continues to look to invest in long term business opportunities in adjacent markets in financial services
- * Business growth perspective aligned to medium term of 3 to 5 years

subject to regulatory approvals

3. Industry Overview



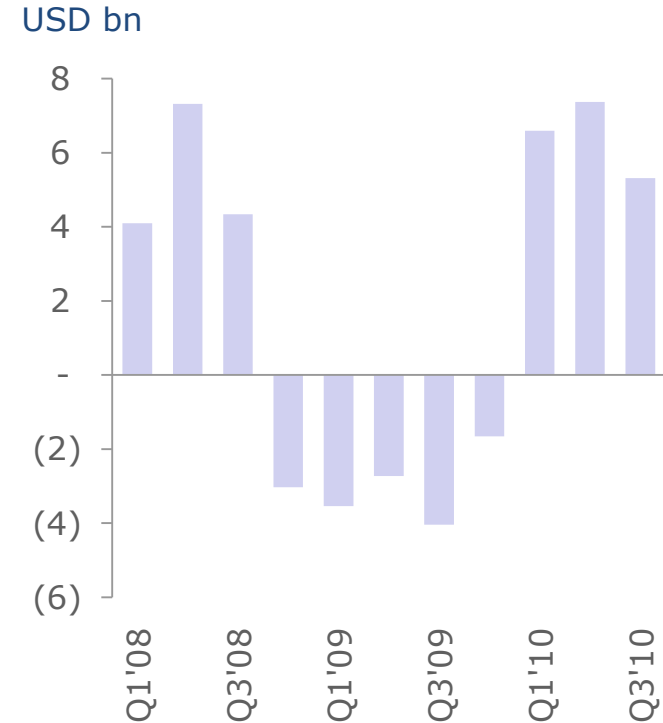
Average Daily Volumes



Q3'10 Volumes up ~5% QoQ, ~75% YoY

Includes volumes on BSE and NSE
Source: BSE, NSE, SEBI

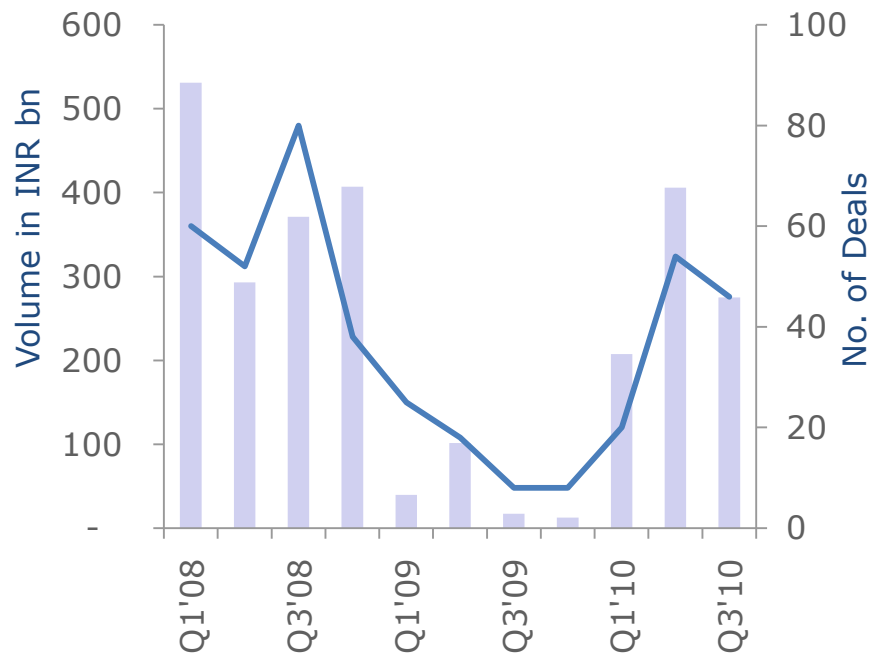
Net FII Flow



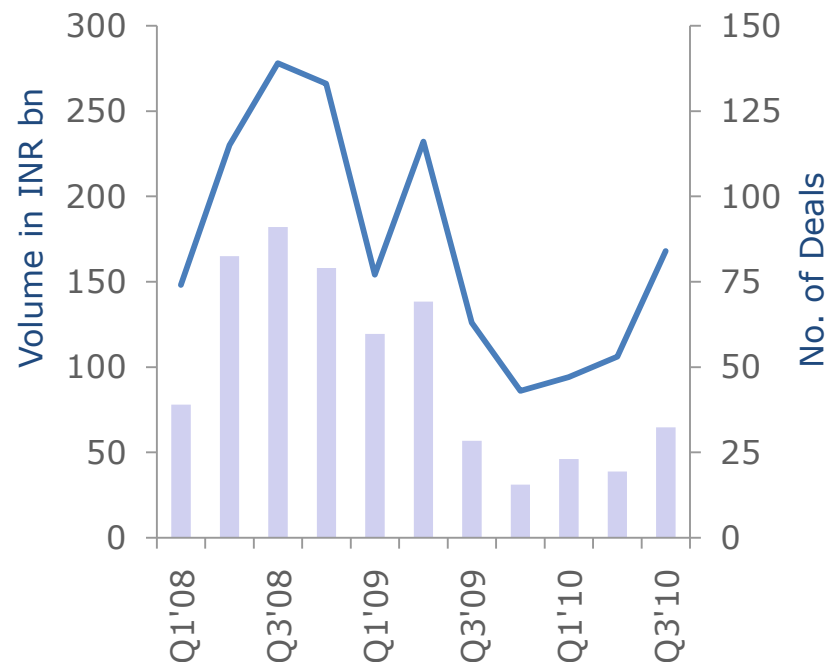
Net Inflow ~\$19 bn in 9M'10



Public Equity



Private Equity

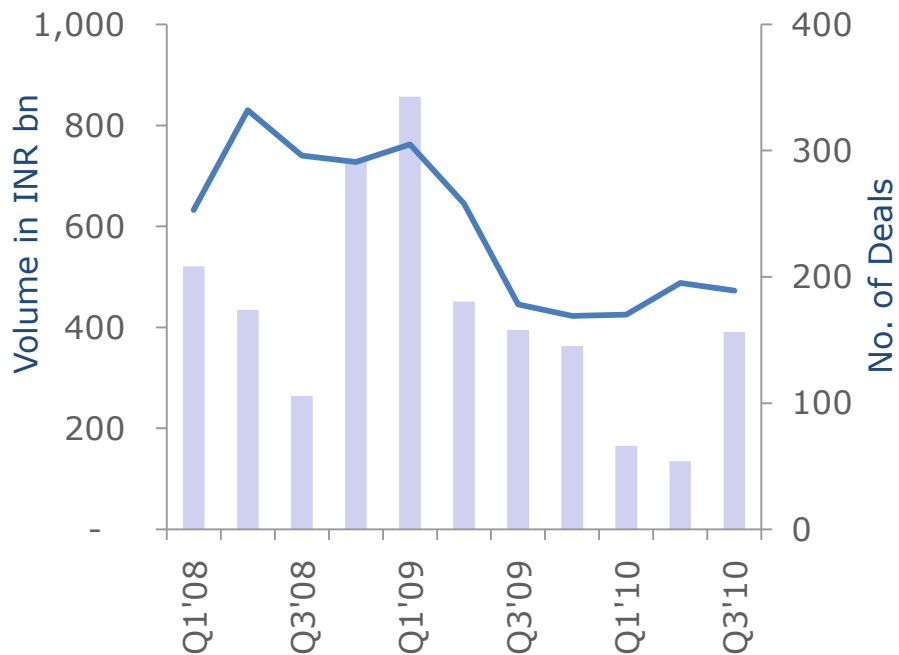


— No. of Deals ■ Volume

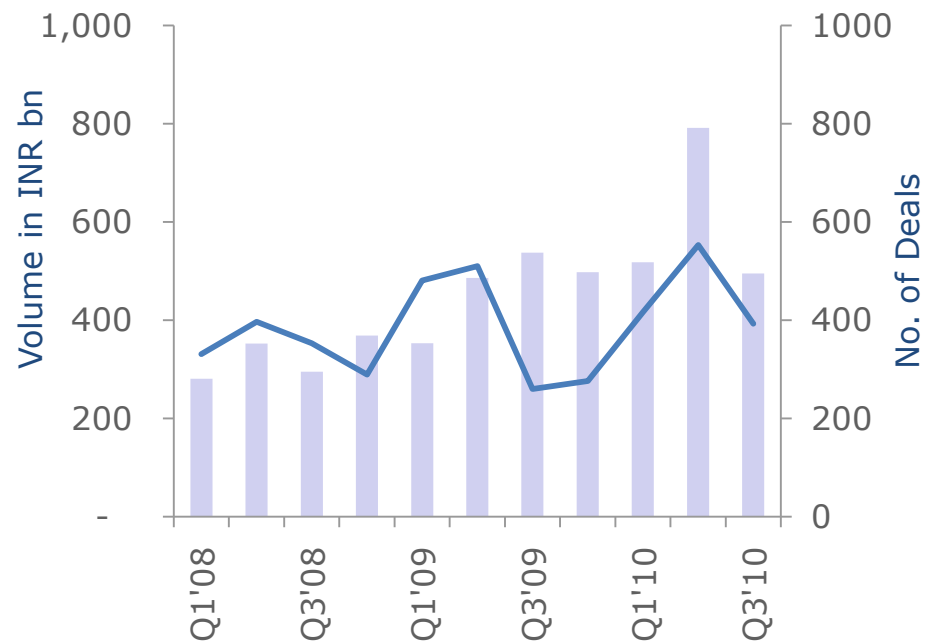
Public Equity Deals include Domestic Equity Offerings, Rights, FCCBs and Depository Receipts
 Source: Bloomberg, Prime Database, Venture Intelligence



M&A Deals



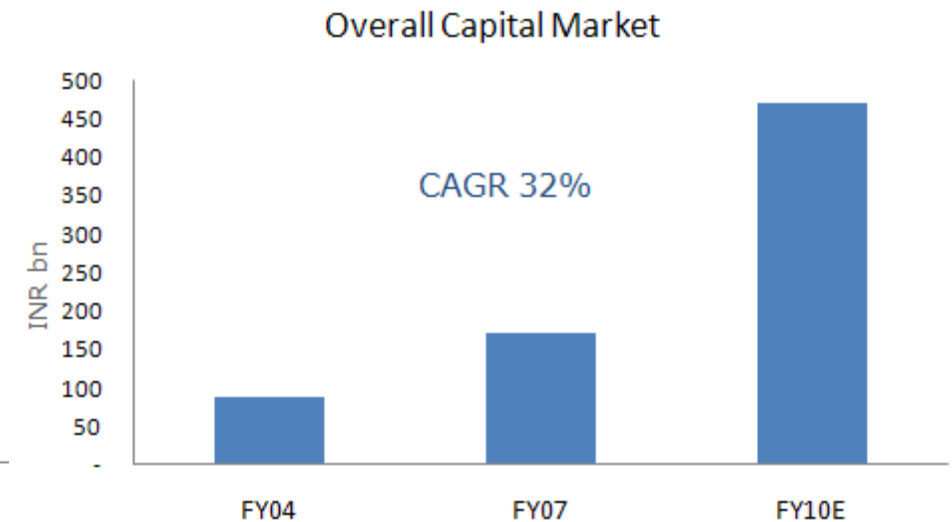
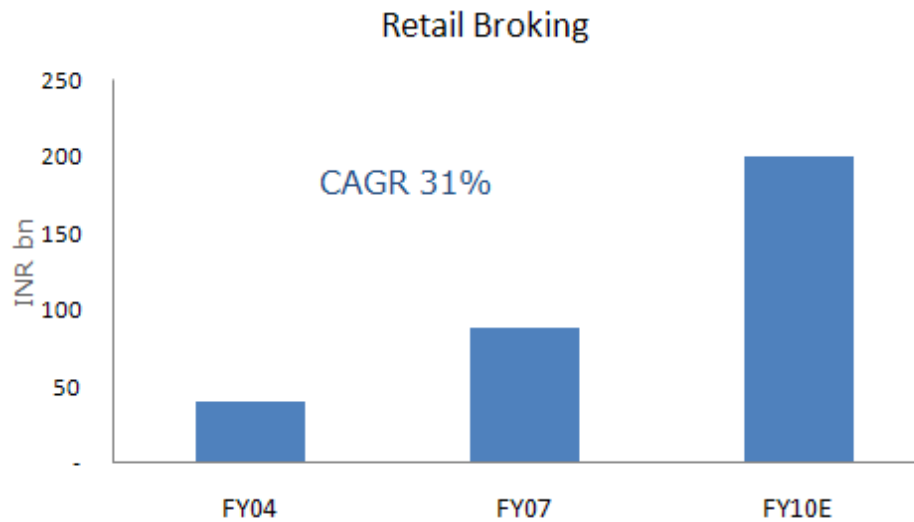
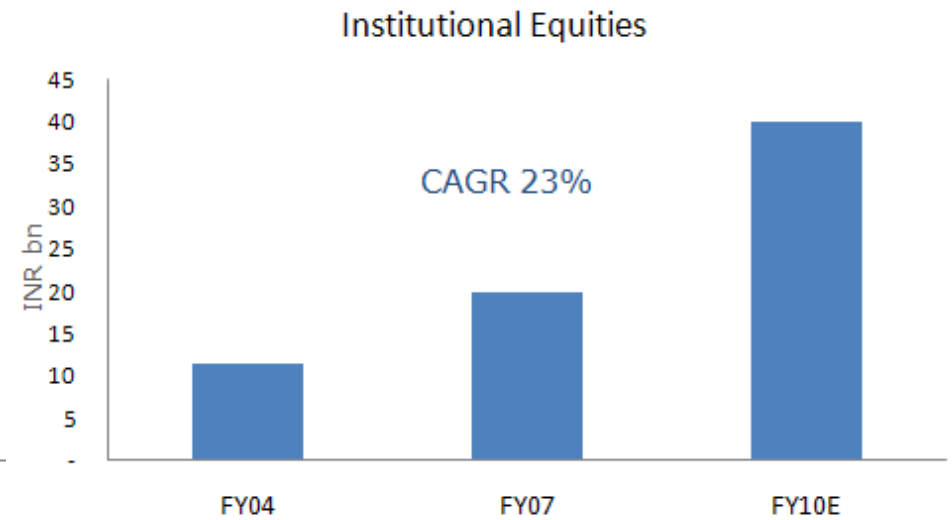
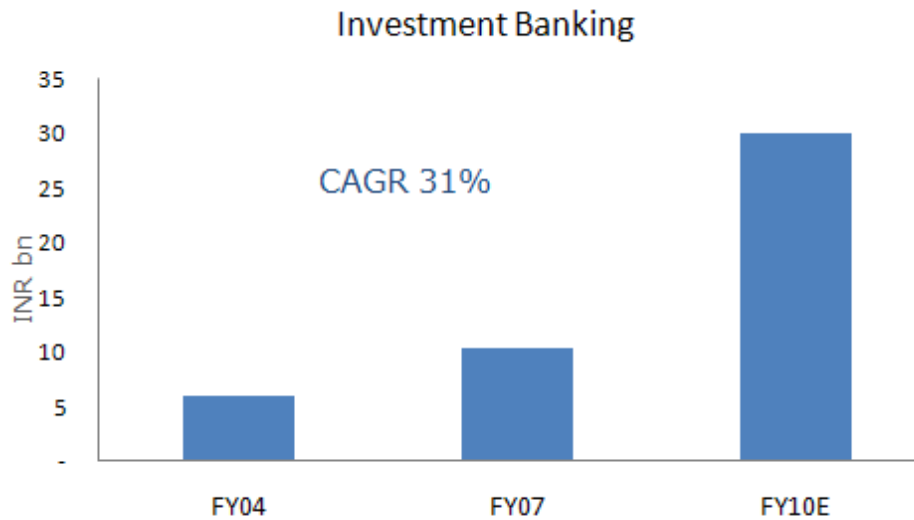
Domestic Debt Market



— 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

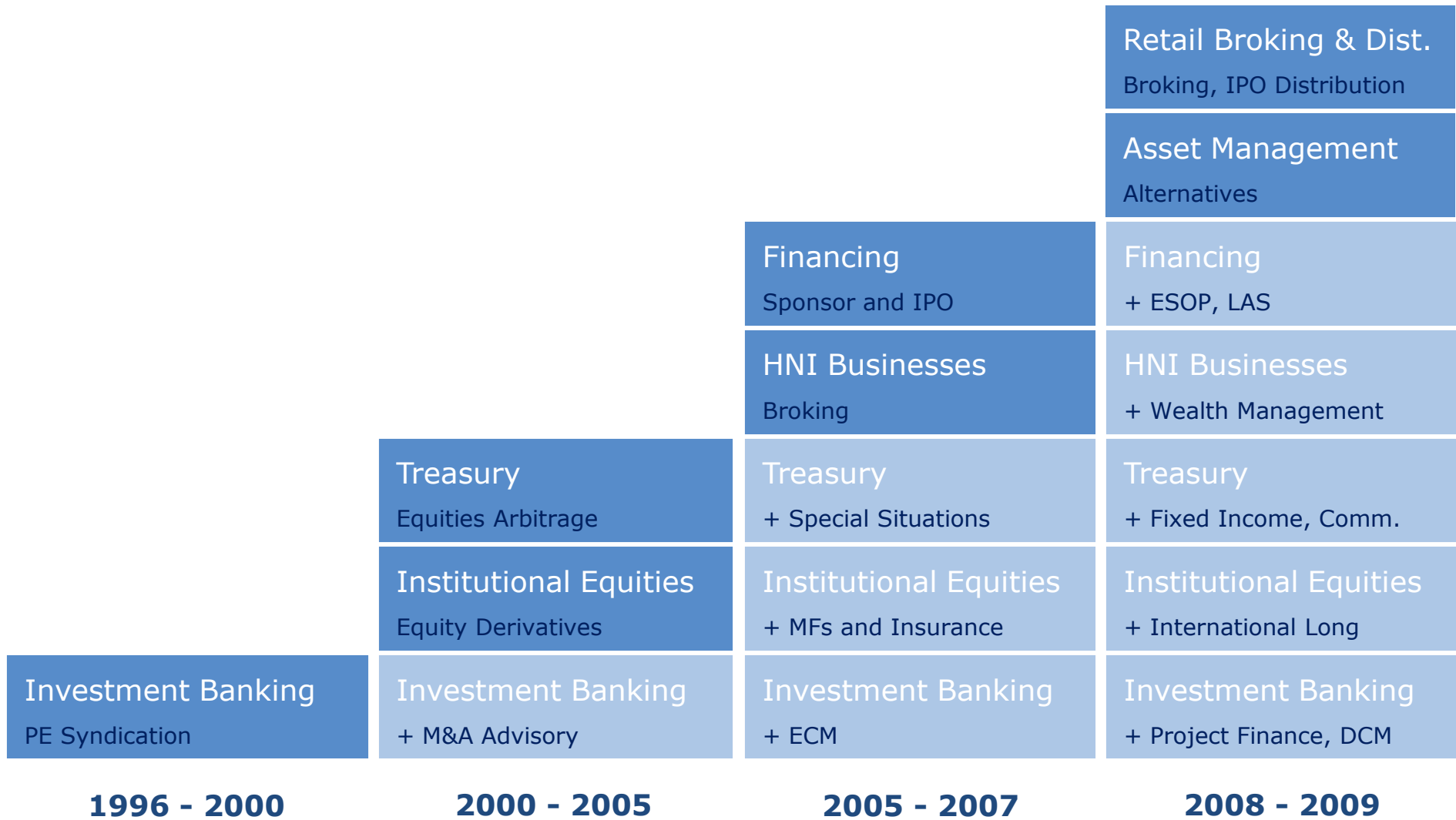
Capital Market - Growth across segments



Figures represent revenue size in INR bn

Source: Internal estimates

4. Edelweiss Over The Years



* From an Investment Banking firm to a Diversified Financial Services Organization

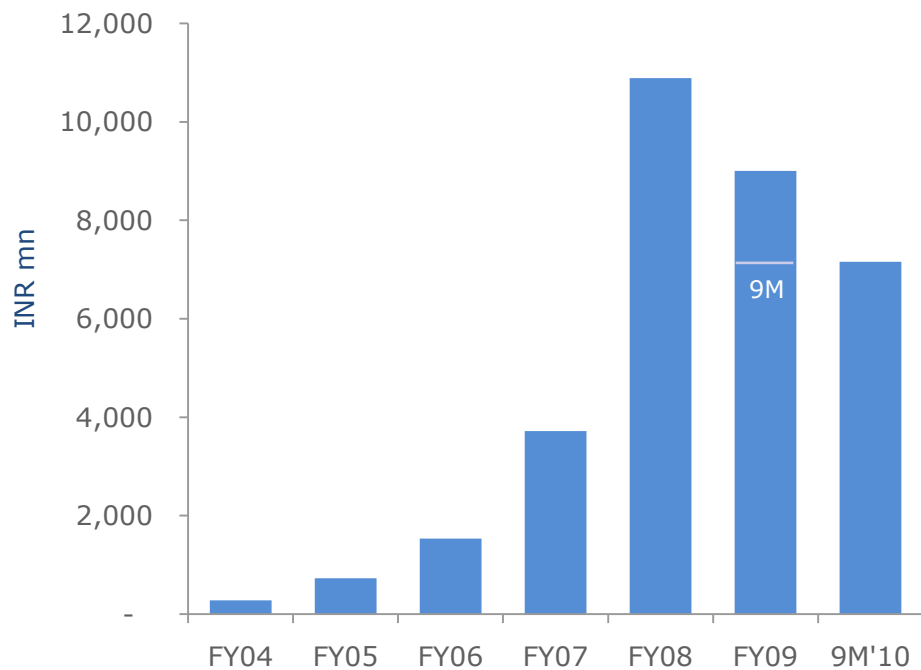


9 Months/Financial Year (In INR mn except as indicated)	9M'10	2009	2008	2007	2006	2005	2004
Total Income	7,154	9,005	10,889	3,718	1,533	727	281
Total Expenditure	4,573	5,715	6,422	1,971	898	383	175
Profit Before Tax	2,581	3,290	4,467	1,747	636	345	106
Tax Expenses	695	1,199	1,540	646	218	107	28
Net Profit (after minority)	1,769	1,864	2,732	1,099	417	237	78
Pre tax Margins (%)	36	37	41	47	41	47	38
Paid up Equity Share Capital	375	375	375	45	38	29	28
Net Worth (excluding minority)	22,657	21,154	18,476	5,823	1,784	539	302
BVPS (FV INR 5) (INR)#	302	282	246	94	39	16	9
Diluted EPS (FV INR 5) (INR)#	22.8	24.3	40.0	20.8	9.3	6.4	2.4
RoE (Annualized) (%)	11	9	28	34	39	56	30

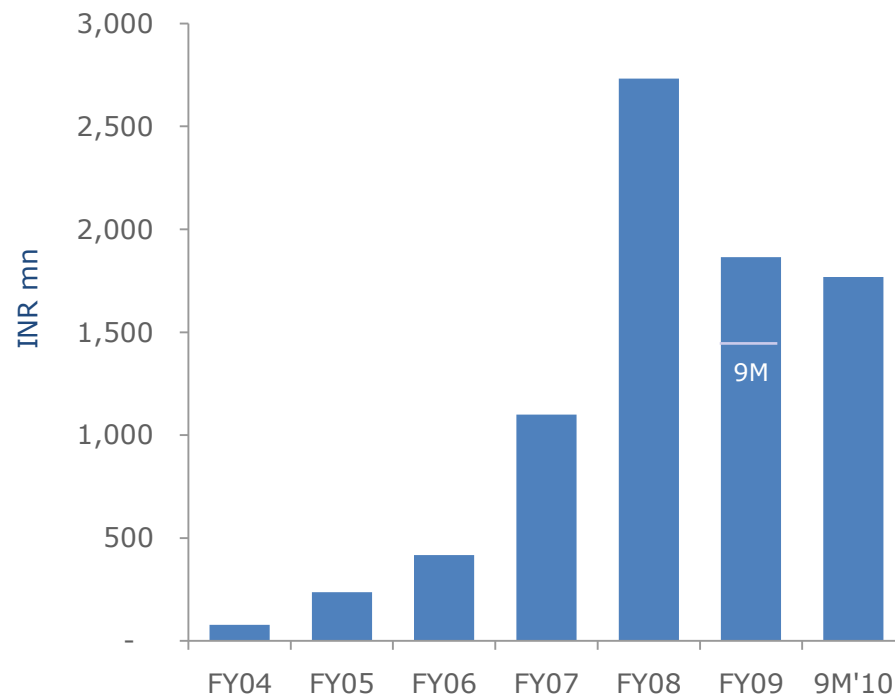
(#) Adjusted for corporate actions; 9M EPS not annualized



Revenues



Profit After Tax*

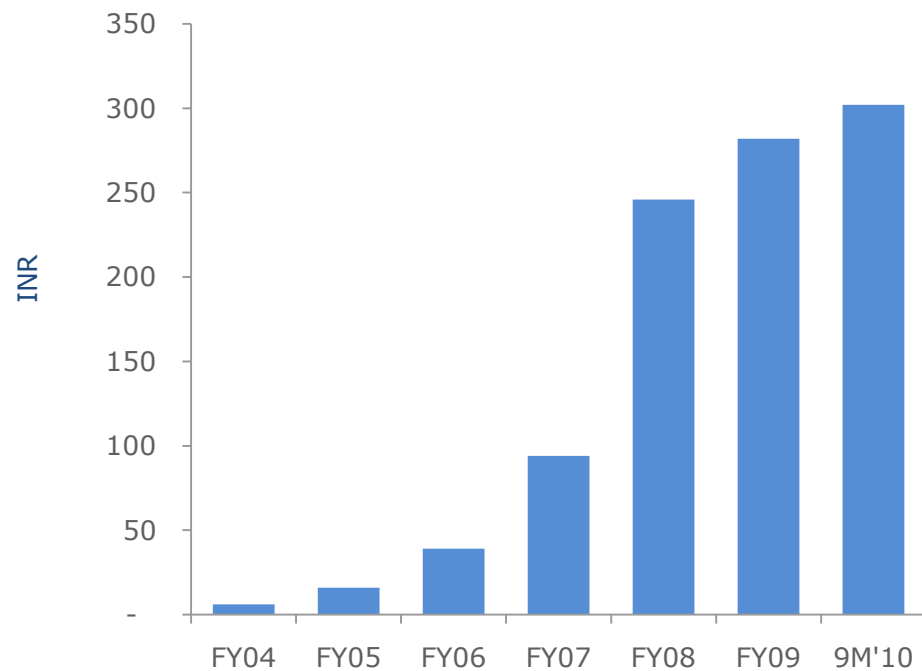


Period	PAT margins
FY04	28%
FY05	33%
FY06	27%
FY07	30%
FY08	25%
FY09	21%
9M'10	23%

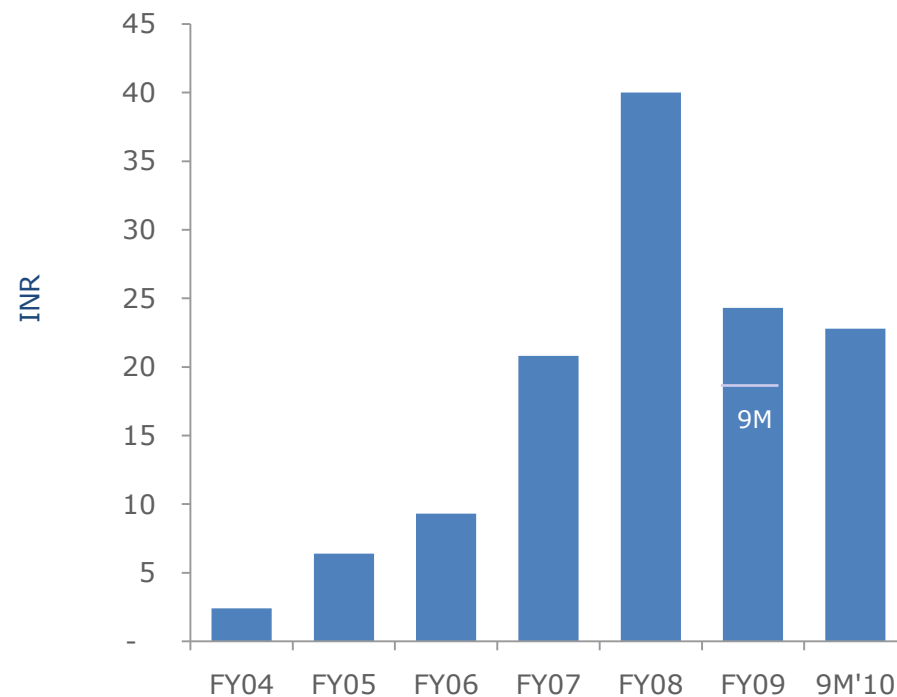
(*) after minority interest



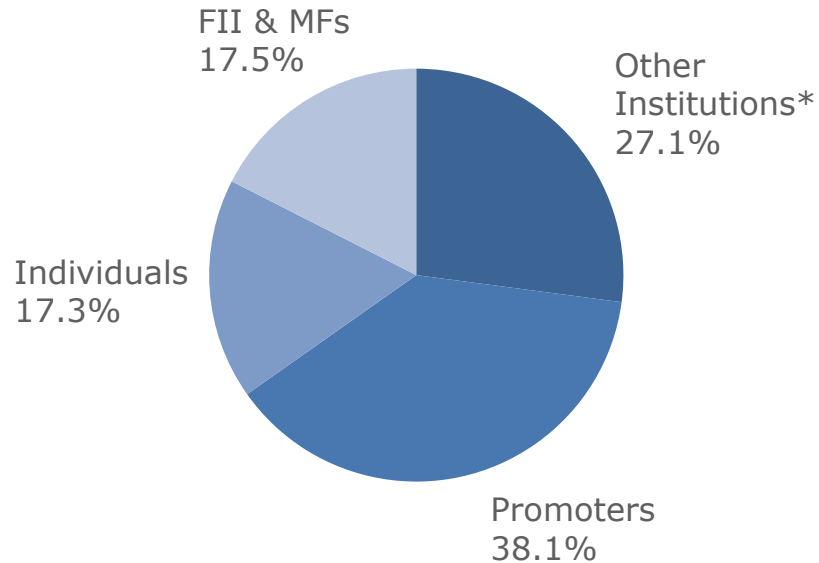
Book Value Per Share*



Diluted EPS*



(*) Adjusted for corporate actions; 9M EPS not annualized



Top 5 Institutional Shareholders[#]

As on 31st December 2009

	Name	Percent
1	Govt. of Singapore	8.3%
2	Greater Pacific Capital	6.4%
3	BIH SA	5.9%
4	Fidelity	3.5%
5	Reliance Mutual Fund	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
- ▶ Six independent and one non-independent non-executive director out of nine directors

Rashesh Shah Executive Director	Venkatchalam Ramaswamy Executive Director	Ramanan Raghavendran Independent	Sunil Wadhvani Independent	Kunnasagaran Chinniah Non-Executive	Narendra Jhaveri Independent	P.N. Venkatachalam Independent	Navtej S. Nandra Independent	Berjis Desai 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 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	Managing Partner J. Sagar & Associates, a leading law firm
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	Broad experience In Legal Services