

PRESS RELEASE**Edelweiss records Q2FY11 Total Income of ₹ 376 crore
Profit After Tax ₹ 66 crore**

Mumbai, 23rd October 2010: Edelweiss Capital Limited, India's leading diversified financial services company, announced its unaudited consolidated financial results for the quarter and half year ended 30th September 2010.

Q2FY11 Consolidated Financial Highlights:

- * **Total Revenues of ₹ 376 cr**
(₹ 261 cr for Q2FY10 and ₹ 284 cr for Q1FY11) (up 44% YoY and up 32% QoQ)
- * **Profit After Tax of ₹ 66 cr**
(₹ 65 cr for Q2FY10 and ₹ 61 cr in Q1FY11) (up 2% YoY and up 8% QoQ)
- * **Diluted EPS of ₹ 0.85**
(₹ 0.84 in Q2FY10 and ₹ 0.79 in Q1FY11) (not annualised, adjusted for corporate actions, FV ₹ 1)

Q2FY11 Performance Highlights:

- * Fee and Commission Revenues ₹ 144 cr
(₹ 80 cr in Q2FY10 and ₹ 93 cr in Q1FY11)
- * Treasury Operations Revenues ₹ 48 cr
(₹ 72 cr in Q2FY10 and ₹ 56 cr in Q1FY11)
- * Interest Revenues ₹ 179 cr
(₹ 88 cr in Q2FY10 and ₹ 126 cr in Q1FY11)

Business Highlights:

- * **Investment Banking** handled 16 transactions this quarter (10 in the previous quarter) across Equity Capital Markets, Advisory and Debt Capital Markets. Some of the notable deals of this quarter include:
 - * One of the most significant PE transaction of the year - ₹ 1350 cr raised by Moser Baer Projects from The Blackstone Group, and PE placement in Thriveni Earthmovers
 - * Open Offer by Essar Capital Finance for AGC Networks
 - * QIP for S. Kumars Nationwide
 - * IPO of Hindustan Media Ventures
 - * Rights Issue of Gulf Oil Corporation, and
 - * On the Debt Syndication side we were the Arranger for Bond issues of PFC, Bank of India, Canara Bank, State Bank of Hyderabad, SBI Global Factors, Sundaram Finance and Infotel Broadband

Our client segments span from Private to Public Sector, Mid caps to Large caps across industries and we offer a broad spectrum of products from ECM to Advisory to DCM to them. The deal pipeline continues to be strong.

- * **Corporate Bonds Syndication** desk continues to be a leading player in debt markets and is ranked 2nd in Commercial Papers issuance with an 11% market share and 3rd in Short Term Bonds placement with a 10% market share by amount mobilized in H1FY11 (as per Prime Database).

- * **Institutional Brokerage** business performance for the quarter has been in line with the markets. Our **Research** now covers 179 stocks across 18 sectors, accounting for over 70% of the total market capitalization.
- * Edelweiss continues to build its **Retail businesses**, both in retail broking and IPO distribution. In Retail Broking we now have a total client base of over 2,85,000 including those of Anagram Capital and through our portal www.edelweiss.in. Our internet portal now also offers the facility of investment in Mutual Fund units online. We have also launched mobile trading on BSE in September '10 and hope to launch the same for NSE soon.
- * **Wealth Advisory & Investment Services (WAIS)** business build up is continuing. Under this strategic initiative, Edelweiss offers a truly multi-asset class bouquet of innovative, customised and structured solutions to corporate and HNI clientele.
- * In **IPO Distribution**, Edelweiss continues to be a major player and for the half year ended 30th September 2010 it is ranked 3rd in HNI category with a 17% market share and is ranked 5th in Retail category with a 6% market share in total amount mobilized in IPOs (as per Prime Database).
- * Our **Alternative Assets Management** business has AUMs/AUAs of US\$ 321 million equivalent at the end of this quarter. Our **Asset Management Company** continues to manage 10 Funds across Equity, Debt and Liquid Schemes.
- * The scale-up of **Financing** business continued this quarter with the total loan book size as at the end of the second quarter being ₹ 4,031 cr. The wholesale and retail loans books comprise of loans granted against securities and are adequately collateralized. Our Home Finance business has been launched in September '10.
- * The **Treasury** operations deploy surplus funds of the Group in low risk strategies. The focus in the business continues to be liquidity management and capital preservation.

Other Updates:

- * The acquisition of Anagram Capital Limited has been completed in July 2010 and our second quarter consolidated results include its financials with effect from 16th July '10.
- * During this quarter we held our sector specific EdelPulse Conference on Capex to get a bottom-up perspective on where does India Inc. stand in reference to the capex cycle and to gauge the extent of capex that we might see going forward. The conference drew tremendous response with participation of over 50 investors facilitating over 500 meetings in the day long event.
- * We have also hosted the prestigious 7th India Investment Forum at New York this month in association with Institutional Investor followed by our annual UK/Europe Conference. It drew participation from a large number of institutional and direct investors from across the world, Government representatives, including the Hon. Finance Minister Mr. Pranab Mukherjee, and senior executives from global and Indian corporates.
- * The Group net worth excluding minority interest now stands at ₹ 2236 cr. The aggregate debt component as at the end of this quarter was ₹ 6,106 cr, implying a leverage of 2.17x including minority interest.
- * EdelGive, our social responsibility wing, focuses on creating educational, employment and sustainable livelihood opportunities for the underprivileged. It has recently launched the selection process for the annual EdelGive Social Innovation Honours 2011 for various categories.

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

"After almost a year of sideways movement, the markets have rallied recently on the back of reallocation of FII flows to emerging markets including India. Given the liquidity flows and the sustained earnings growth of Indian corporates, a sense of optimism would, therefore, be in order. However, the euphoria that sets in with the retail participation is still elusive and investors need to be cautious. Small corrections in the markets cannot be ruled out, though they are hard to anticipate. Taking a 3 to 5 year view, the underlying optimism in the India story is well placed and will stand in good stead for the long term investors.

For us, the second quarter has seen strong activity in investment banking, broking, corporate debt syndication and financing while the other businesses have performed in line with the markets. With the acquisition of Anagram, our retail broking business has now achieved a sizeable scale. We continue to invest in building our new businesses following our strategy of synergistic diversification while constantly looking to invest in long term business opportunities in financial services."

About Edelweiss Capital

Edelweiss, with a group net worth of over ₹ 2400 crores and a pre-tax profit of ₹ 333 crores for FY10, has emerged as India's leading diversified financial services company. Edelweiss offers a large range of products and services spanning across asset classes and consumer segments. Its businesses are broadly divided into Investment Banking, Brokerage Services, Asset Management and Financing. The company's research driven approach and proven history of innovation has enabled it to foster strong relationships across corporate, institutional and individual clients. The Mutual fund and Retail Broking businesses along with the acquisition of Anagram Capital have paved the way for Edelweiss to cater to the large retail client segment. Edelweiss' presence in India along with Anagram now covers 350 offices pan India.

Edelweiss Capital trades under the symbols NSE: EDELWEISS, BSE: 532922, Bloomberg: EDEL.IN. To learn more about the Edelweiss Group, please visit www.edelcap.com.

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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.edelcap.com.

Consolidated Financial Results for the Quarter and Half Year Ended 30th September, 2010
 (₹ in Crores)

	Particulars	Quarter Ended		Half Year Ended		Year Ended
		September 30, 2010 (Unaudited)	September 30, 2009 (Unaudited)	September 30, 2010 (Unaudited)	September 30, 2009 (Unaudited)	March 31, 2010 (Audited)
	Fee and commission income	143.70	80.23	237.11	147.28	350.40
	Income from treasury operations	48.21	71.77	104.43	150.79	245.46
	Income from investments and dividend	4.52	20.46	8.54	28.78	34.26
	Interest income	178.56	88.03	304.22	156.28	338.91
1	Income from Operations	374.99	260.49	654.30	483.13	969.03
2	Other Operating Income	1.15	0.08	5.84	2.04	8.77
3	Total Income (1+2)	376.14	260.57	660.14	485.17	977.80
	Expenditure					
	a. Operating cost	91.86	62.27	155.54	127.42	276.30
	b. Employees cost	60.62	39.32	110.46	78.47	162.17
	c. Interest and Finance charges	121.50	59.83	199.07	90.93	194.28
	d. Depreciation	3.65	2.91	7.32	5.67	12.25
4	Total expenditure	277.63	164.33	472.39	302.49	645.00
5	Profit / (Loss) before tax (3-4)	98.51	96.24	187.75	182.68	332.80
6	Tax expenses	29.66	27.13	53.41	52.06	87.92
7	Net Profit / (Loss) after tax and before minority interest (5-6)	68.85	69.11	134.34	130.62	244.88
8	Share of minority interest in profits	2.75	4.04	6.88	7.30	15.72
9	Net Profit / (Loss) after minority interest (7-8)	66.10	65.07	127.46	123.32	229.16
10	Paid-up equity share capital (Face Value of Re. 1/- Per Share) (Refer note 6)	75.10	37.50	75.10	37.50	37.54
11	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year					2,217.94
12	Earnings Per Share (EPS) in Rupees (Refer note 6 and 7)					
	- Basic (Not annualised)	0.88	0.87	1.70	1.65	3.06
	- Diluted (Not annualised)	0.85	0.84	1.64	1.59	2.94
13	Public shareholding (Refer note 6)					
	- Number of shares	465,311,990	46,432,672	465,311,990	46,432,672	46,500,324
	- Percentage of shareholding	61.96%	61.91%	61.96%	61.91%	61.94%
14	Promoters & promoter group shareholding (Refer note 6)					
	a) Pledged/ Encumbered					
	- Number of shares	32,100,000	Nil	32,100,000	Nil	2,760,000
	- Percentage of shares (as a % of total shareholding of promoter & promoter group)	11.23%	Nil	11.23%	Nil	9.66%

- Percentage of shares (as a % of total share capital of the company)	4.27%	Nil	4.27%	Nil	3.68%
b) Non-encumbered					
- Number of shares	253,615,690	28,571,569	253,615,690	28,571,569	25,811,569
- Percentage of shares (as a % of total shareholding of promoter and promoter group)	88.77%	100.00%	88.77%	100.00%	90.34%
- Percentage of shares (as a % of total share capital of the company)	33.77%	38.09%	33.77%	38.09%	34.38%

Notes:

- 1 The consolidated and standalone financial results of Edelweiss Capital Limited ("ECL" or "the Company") for the quarter and half year ended 30 September 2010 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 23 October 2010.
- 2 The financial results for the quarter and half year ended 30 September 2010 of ECL, on standalone basis, have been subjected to a 'Limited Review' by the Statutory Auditors of the Company.
- 3 The Company conducts its operations along with its subsidiaries and associates. The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated accounts as set out in the Accounting Standards (AS 21 and AS 23) prescribed by Companies (Accounting Standards) Rules, 2006. The financial statements of the holding company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances, transactions and resulting unrealised gains / losses. The investment in associates is accounted on "Equity Method". The consolidated financial statements are prepared by applying uniform accounting policies.
- 4 With effect from 16 July 2010, Anagram Capital Limited (ACL) and its subsidiaries became the subsidiaries of the Company. The consolidated financial results include the financial results of ACL and its subsidiaries from the said date.
- 5 CRISIL has assigned the rating of 'P1+' (pronounced 'P one Plus') to the Short Term Debt Programmes of ECL for Rs.3,000 crores. ICRA has assigned the rating 'LAA-' (pronounced 'L double A minus') to the Long Term Debt Programme of ECL for Rs.450 crores, the rating 'LAA- pp' (pronounced 'L double A Minus Principal Protected') to the Long Term Equity Linked Debenture Programme of ECL for Rs.25 crores and the rating 'LAA- pn' (pronounced 'L double A Minus Principal Not Protected') to the Long Term Equity Linked Debenture Programme of ECL for Rs.80 crores. The ratings as mentioned for these Programmes / Issues continue to remain in force.
- 6 With effect from the Record Date of 11 August 2010, equity shares of the face value of Rs. 5 each of the Company have been sub-divided into equity shares of face value of Re. 1 each. Also, 1 bonus share of face value of Re. 1 each has been issued for every equity share of face value of Re. 1 each held in the Company as on the Record Date.
- 7 The previous period / year earnings per share numbers have been adjusted to take the effect of corporate actions.
- 8 During the quarter, the Company has granted 2,075,000 options under Employee Stock Option Scheme. Prior to the sub-division of the equity shares and issue of bonus share, 3,050 stock options were exercised and 2,400 equity shares allotted. Further, 9,000 stock options adjusted for corporate actions were exercised and 36,500 equity shares allotted consequent to the sub-division and bonus shares. As at the end of the quarter, 92,533,420 stock options are outstanding.

9 **Consolidated statement of assets and liabilities as at 30 September 2010**

(₹ in Crores)

Particulars	As at		
	September 30, 2010 (Unaudited)	March 31, 2010 (Audited)	September 30, 2009 (Unaudited)
SOURCES OF FUNDS		-	-
Shareholders' funds		-	-
(a) Share capital	75.10	37.54	37.50
(b) Stock options outstanding	1.95	1.89	1.53
(c) Reserves and surplus	2,158.79	2,217.94	2,194.68
Loan funds	6,106.04	2,713.82	1,624.57
Minority Interest	573.64	213.20	222.19
TOTAL	8,915.52	5,184.39	4,080.47
APPLICATION OF FUNDS			
Fixed assets	436.04	58.88	53.67
Investments	507.33	156.03	195.50
Deferred tax asset (net)	64.42	60.28	55.16
Current assets, loans and advances			
(a) Stock in trade	1,862.24	1,150.58	1,403.42
(b) Sundry debtors	297.20	84.83	51.01
(c) Cash and bank balances	1,505.99	1,699.89	1,615.79
(d) Other Current Assets	101.07	48.34	72.60
(e) Loans and advances	7,250.41	2,636.94	1,218.57
Less: Current liabilities and provisions			
(a) Current liabilities	(3,038.81)	(571.84)	(507.00)
(b) Provisions	(70.37)	(139.54)	(78.25)
Net current assets	7,907.73	4,909.20	3,776.14
TOTAL	8,915.52	5,184.39	4,080.47

Capital reserve arising on consolidation has been adjusted with goodwill arising on consolidation of Rs. 146.56 crores for the half year ended 30 September 2010.

- 10 There were no investor complaints outstanding at the beginning of the quarter. During the quarter, the Company received 18 investor complaints and has resolved all of these, with no complaint pending as at the end of the quarter.
- 11 The previous financial year/period figures have been regrouped/reclassified wherever necessary to conform to current quarter's presentation.
- 12 The standalone and consolidated results will be available on the Company's website - www.edelcap.com

On behalf of the Board of Directors

Rashesh Shah
Chairman

Mumbai, 23 October 2010