

Edelweiss – Investor Presentation







Q1FY09 Results

July 11, 2008

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Financial Results (Consolidated)

- **Q1FY09 Revenues of INR 2,689 mn** vs INR 1,437 mn for Q1FY08 : **87%** 
 - **Q1FY09 Profit after Tax of INR 638 mn** vs INR 419 mn for Q1FY08 : **52%** 
 - **Q1FY09 Diluted EPS of INR 8.08** vs INR 6.50 for Q1FY08 : **23%** 
-
- **Q1FY09 Fee & Commission Income of INR 886 mn** vs INR 815 mn for Q1FY08 : **9%** 
 - **Q1FY09 Treasury, Arbitrage & Trading Income of INR 702 mn** vs INR 446 mn for Q1FY08 : **57%** 
 - **Q1FY09 Interest Income of INR 763 mn** vs INR 98 mn for Q1FY08 : **679%** 

INR Million	FY09	FY08	<i>Growth YOY</i>
	Q1	Q1	
Fee and Commission Income	886	815	
Treasury, Arbitrage and Trading Income	702	446	
Investment and Dividend Income (#)	337	78	
Interest Income	763	98	
Other Income	-	-	
Total Revenues	2,689	1,437	87%
Operating and other expenses	658	253	
Employee Cost	497	363	
Financial expenses	439	149	
Depreciation	33	9	
Total Expenses	1,627	775	110%
Profit Before Tax	1,062	663	60%
Tax expenses	361	229	
Profit After Tax	701	433	62%
Share of minority interests in profits	63	14	
Profit After Tax and Minority Interest	638	419	52%
Diluted EPS (in Rupees)	8.08	6.50	

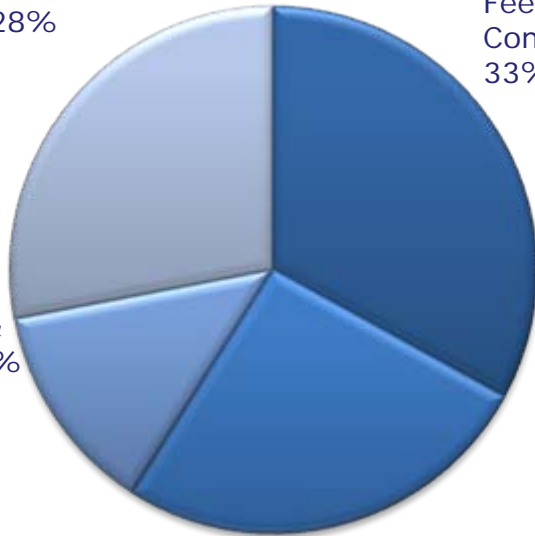
(#) Quarter ended 30th June 2008 includes income of INR 162.6 million earned from liquid mutual funds

Q1 FY09

Interest & other
income, 28%

Fees and
Commission,
33%

Investment &
Dividend, 13%



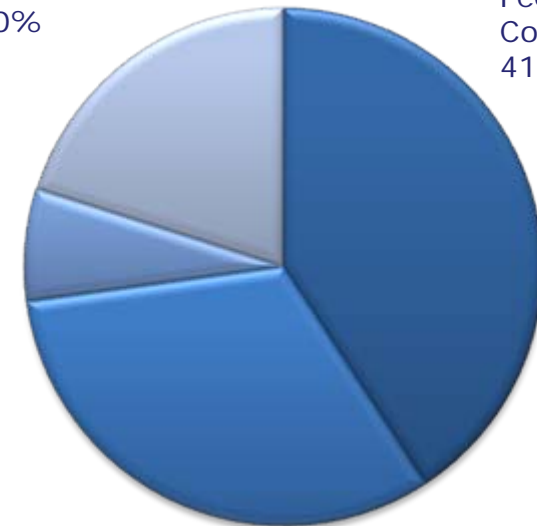
Treasury, Arbitrage
and Trading, 26%

FY08

Interest & other
income, 20%

Fees and
Commission,
41%

Investment &
Dividend, 7%



Treasury, Arbitrage
and Trading, 32%

Achieving greater balance between Agency, Treasury and Financing revenue streams

Edelweiss Overview



Structure

Truly integrated investment banking company



People

Over 1700 strong team with highly experienced and stable senior management team




Brand

Well respected brand with strong position in relevant market segments

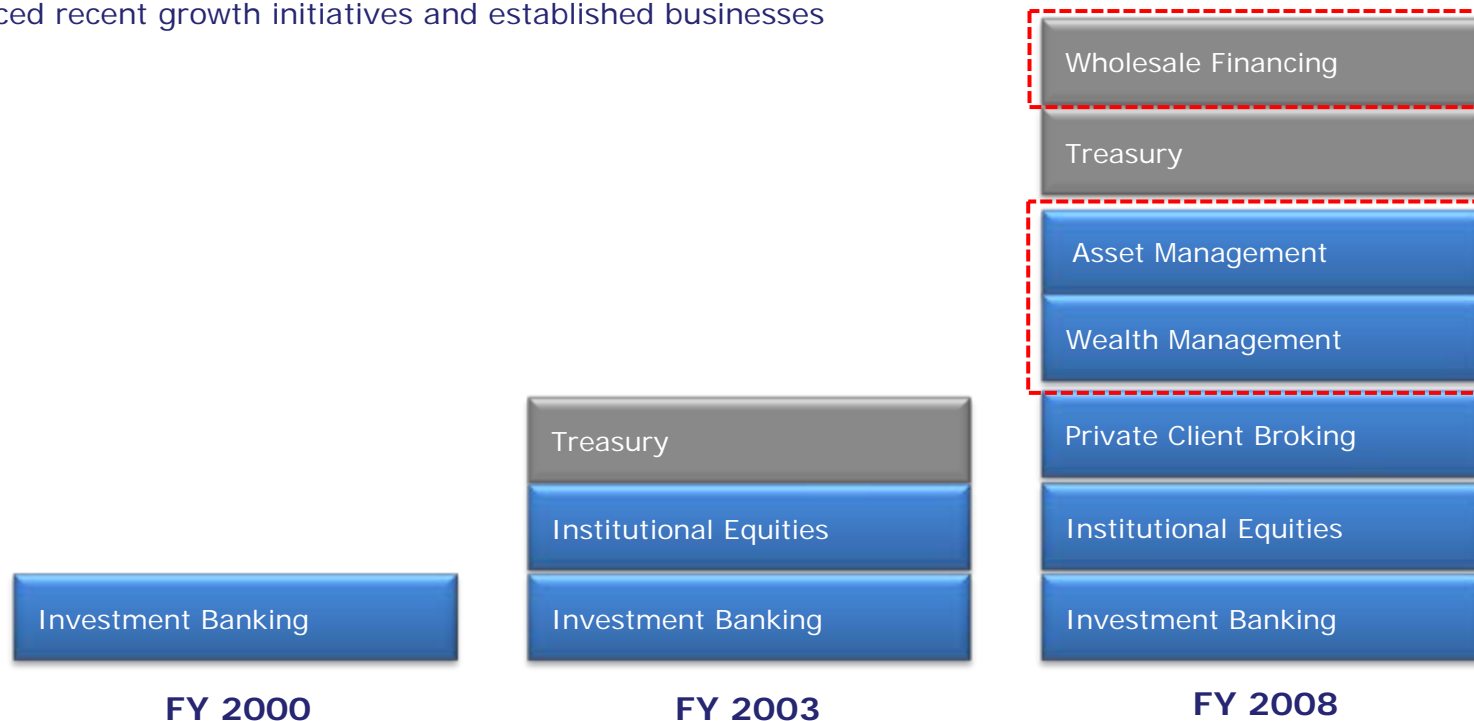


Financials

Strong and liquid balance sheet, Group net worth in excess of INR 24 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 Real Estate Investments	Peeyoosh Chadda Asset Management	Mohan Natarajan Private Client Group	Ravi Bubna Wholesale Financing

45 Member Senior Leadership Team (SLG)

80 Member Leadership Team (LG)

Active Board of Directors with complementary skills

- ▶ Experienced Board of Directors with diverse areas of expertise
- ▶ Six independent /non-executive directors out of eight

Rashesh Shah Management Representative	Venkatchalam Ramaswamy Management Representative	Sanjay Santhanam Non-Executive	Kunnasagaran Chinniah Non-Executive	Ramanan Raghavendran Independent	Sunil Wadhvani Independent	P.N. Venkatachalam Independent	Narendra Javeri Independent
Chairman & CEO	Executive Director	MD & Head of Risk Galleon Group	Executive V.P. GIC, Singapore	Managing Partner Kubera Partners	Co-Founder & CEO iGATE Corporation	Former MD State Bank of India	Former Jt. MD ICICI Former Chairman ICICI Securities
18 yrs experience in public and private markets in India	Diverse experience in financial sector	Strong expertise in risk management and alternate asset management	Experienced in global private equity	Diverse Experience in global financial services	Strong background in entrepreneurship across geographies	Considerable experience in Indian credit markets	Extensive experience in Indian capital markets

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

Investment Banking

Institutional Equities

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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

Edelweiss

BUY

Key findings:

- As per our analysis, Tata Steel is the only global steel producer with strong operations in both Asia and Europe. The robust market share in the benefits of its scale and cost-effective operations in its European operations will bring margins and shareholder growth back to its former levels.
- Year-over-year strong top 10 global plants in both Asia and Europe, while costs after scaling up in both Asia and Europe, will continue to be a source of competitive advantage for Tata Steel.
- Significant order backlog in Asia, the Asian region is global steel market leading capacity of 10.5 million tons is expected to reach 12.5 million tons by 2015.
- Market China's robust steel expansion is a key concern.
- Robust new capacity growth, the most significant investments in Malaysia, India and Asia Steel region will be a key driver.
- Outlook and valuation: Strong value-at-risk, market cap, market cap.

Key Metrics:

Indicator	2008	2009	2010	2011	2012	2013	2014	2015
Revenue (Rs. Crores)	10,100	10,100	10,100	10,100	10,100	10,100	10,100	10,100
EBITDA (Rs. Crores)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
EBIT (Rs. Crores)	800	800	800	800	800	800	800	800
Net Profit (Rs. Crores)	600	600	600	600	600	600	600	600
EPS (Rs. Crores)	100	100	100	100	100	100	100	100

Shareholding Pattern (%)

Category	2008	2009	2010	2011	2012	2013	2014	2015
Government	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Private	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0

TECHNO ELECTRO AND ENGINEERING | Buy

Edelweiss

BUY

Key findings:

- Strong growth in EPC business, 14% growth in construction market.
- India is expected to add \$100 billion of construction capacity in the next 5 years, which is a significant opportunity for Techno Electro and Engineering.
- Price realisation and distribution (EPC) business, market and construction.
- Low capital intensity business, risk and return to benefit of growth.

Key Metrics:

Indicator	2008	2009	2010	2011	2012	2013	2014	2015
Revenue (Rs. Crores)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
EBITDA (Rs. Crores)	100	100	100	100	100	100	100	100
EBIT (Rs. Crores)	80	80	80	80	80	80	80	80
Net Profit (Rs. Crores)	60	60	60	60	60	60	60	60
EPS (Rs. Crores)	10	10	10	10	10	10	10	10

Shareholding Pattern (%)

Category	2008	2009	2010	2011	2012	2013	2014	2015
Government	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Private	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0

RELIANCE INDUSTRIES | Buy

Edelweiss

BUY

Key findings:

- RELI's share of KPI-COR has increased significantly over the last 5 years.
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Key Metrics:

Indicator	2008	2009	2010	2011	2012	2013	2014	2015
Revenue (Rs. Crores)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
EBITDA (Rs. Crores)	100	100	100	100	100	100	100	100
EBIT (Rs. Crores)	80	80	80	80	80	80	80	80
Net Profit (Rs. Crores)	60	60	60	60	60	60	60	60
EPS (Rs. Crores)	10	10	10	10	10	10	10	10

Shareholding Pattern (%)

Category	2008	2009	2010	2011	2012	2013	2014	2015
Government	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Private	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0

BL KASHYAP & SONS | Buy

Edelweiss

BUY

Key findings:

- BLK's management has a strong track record of successful acquisitions.
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Key Metrics:

Indicator	2008	2009	2010	2011	2012	2013	2014	2015
Revenue (Rs. Crores)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
EBITDA (Rs. Crores)	100	100	100	100	100	100	100	100
EBIT (Rs. Crores)	80	80	80	80	80	80	80	80
Net Profit (Rs. Crores)	60	60	60	60	60	60	60	60
EPS (Rs. Crores)	10	10	10	10	10	10	10	10

Shareholding Pattern (%)

Category	2008	2009	2010	2011	2012	2013	2014	2015
Government	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Private	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0

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

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Wealth Management

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

Investment Banking

Institutional Equities

Treasury Operations

Asset Management

Wholesale Financing

Private Client Broking

Wealth Management

- * Focus on capital markets led loan products
 - * Sponsor funding
 - * Loan against shares
 - * Loan against ESOPs
 - * IPO financing
- * Leveraging the Edelweiss platform for client acquisition and understanding the underlying equity asset class

Investment Banking

- * Strong focus on research based brokerage and advisory services, targeted at HNI customers

Institutional Equities

- * Product offering includes specialized trading execution for active trading clients, structured product offerings like equity linked capital protection products

Treasury Operations

Asset Management

- * Has witnessed strong growth in client base in FY08

Wholesale Financing

Private Client Broking

- * Team strength of over 300 in 30 branches across 19 cities

Wealth Management

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 over 100 employees across four metros: Mumbai, Delhi, Kolkata, Bangalore

¹ Edelweiss estimates

Business Volatility

- Diversified Business Model
- Flexible resources: capital and people
- Flexible cost base

Regulatory & Compliance

- Strong Corporate Governance
- Compliance Culture

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

Thank You

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