

**PRESS RELEASE**

**Q2FY09 - Revenues of INR 249.59 crores and PAT of INR 43.60 crores**

**Mumbai, October 23, 2008:** Edelweiss Capital Limited, one of India's largest integrated Investment Banking companies announced its unaudited financial results for the quarter ended September 30, 2008.

**Consolidated Financial Highlights:**

- **Q2FY09 Revenues of INR 249.59 cr** (INR 215.81 cr for Q2FY08)
- **Q2FY09 Profit After Tax of INR 43.60 cr** (INR 56.33 cr for Q2FY08)
- **H1FY09 Revenues of INR 518.52 cr** (INR 359.55 cr for H1FY08)
- **H1FY09 Profit After Tax of INR 107.38 cr** (INR 98.26 cr for H1FY08)

**Performance Highlights– Q2FY09 over Q2FY08:**

- Fee and Commission Revenues for Q2FY09 of INR 67.76 cr (INR 92.54 cr for Q2FY08)
- Treasury, Arbitrage and Trading Revenues for Q2FY09 of INR 85.31 cr (INR 75.82 cr for Q2FY08)
- Interest Revenues for Q2FY09 of INR 84.43 cr (INR 31.59 cr for Q2FY08)

## Business Overview – Edelweiss Capital Group (“The Group”)

- The **Investment Banking** business has closed 6 transactions in H1FY09. Edelweiss Capital Limited was recently adjudged winner in the Best Merchant Banker category in the Outlook Money NDTV Profit Awards 2008.
- Given the volatility in the market, the **Broking business** continued to be a stable source of revenues with **Research** coverage now including over 210 stocks across 19 sectors accounting for about 70% of the total market capitalization. Our differentiated and thematic research distinguishes Edelweiss from other players and provides unique insights into Indian capital markets to our large institutional client base. Our research quality and caliber is well regarded across the institutional community.
- The **Wholesale Financing** business now has an asset base of around INR 1100 cr with more focus now on risk management. The interest income from financing business is now a distinct contributor to our revenue streams.
- **Alternative Asset Management** business covers alternate asset classes like Real Estate, Private Equity and Multi-strategy funds. It delivers highly valued investment advice, both direct and indirect to few select funds. Despite difficult market conditions the AUMs/AUAs have remained relatively steady and stand around USD 600 million.
- Our **Asset Management Company** launched the initial two Liquid Fund schemes during the quarter and two more Debt Fund schemes have been launched thereafter. We will be looking at launching several products over the next one year across the spectrum of equity, derivatives and debt. We expect to use this growth engine for building up a stable retail customer base for the Group.
- During this quarter, Edelweiss tied up with Union Bank of India to launch **Wealth Management Services** to their High Net Worth Clients. Under the terms of the tie up, Edelweiss will be offering a whole range of wealth management products and alternative investment options such as Structured Products and Real Estate Funds etc. to Union Bank’s HNI clients, besides equity & debt investments.
- Edelweiss plans to set up an **Asset Reconstruction Firm** and apply for regulatory approval in the near future. The Company plans to hold upto 49% stake and is currently in the process of evaluating partners. The business is proposed to be floated with a paid-up capital of about INR 100 crore. The company will look at both large corporates and SMEs as their target group.

## Other Highlights

- Edelweiss has now been certified as **ISO 9001:2000 compliant**. This is an organisation wide certification which covers all Lines of Businesses and Support Functions. It ensures that Quality Management System (QMS) of Edelweiss complies with International Standards.
- The Operating Cost in the consolidated results includes Securities Transaction Tax (STT) cost of INR 24.27 cr and INR 49.58 cr for the quarter and half year ended 30<sup>th</sup> September, 2008 respectively. This is in line with the amendment in the Income Tax Act, 1961, pursuant to which the STT is an item of expenditure w.e.f. the current year.
- Edelweiss plans to roll out its Retail products during the fourth quarter of the current financial year.
- The Group net worth including minority interest now stands above INR 2400 cr. The strong and liquid balance sheet of the company enables the Company to support the diverse business lines and also to maintain sufficient liquidity cushion without depending much on debt funding.
- Edelweiss Capital Limited has a Long Term Debt Rating of 'LAA –' from ICRA and the Group also enjoys the highest Short Term Credit Ratings of P1+ and A1+ from Crisil and ICRA respectively.

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

*"Our performance in the current quarter is representative of the current market conditions, both in India and globally. Our diversified business model has helped us in moderating the impact of volatile market conditions. On the cost side, there is sufficient flexibility to balance negative turnover impact with a proportionate reduction in costs. As the organization continues to grow we are taking steps to diversify the spread of revenues. We expect this challenging environment to continue for the next 3 to 4 quarters. This will be the time to focus on cost, risk and liquidity and episodically look for incremental growth opportunities."*

## About Edelweiss Capital

Edelweiss Capital Limited ([www.edelcap.com](http://www.edelcap.com)) is one of India's largest integrated investment banking companies. The Group's businesses include investment banking, institutional equities, private client broking, asset management, wealth management, mutual funds, wholesale financing and financial products distribution. The Group has built strong corporate, institutional and investor relationships backed by a research-driven approach and a proven ability to capitalize on emerging market trends. The Edelweiss Group employs over 1800 employees including 90 research professionals, leveraging a strong partnership culture and unique model of employee ownership. It now operates from 60 offices in 25 cities.

**For more details please contact:-**

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**Safe Harbor**

This document may contain certain forward - looking statements based on current expectations of the management of Edelweiss Capital Ltd. or any of its subsidiaries and associate companies (“Edelweiss”). The results in future may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include, inter alia, the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the businesses of Edelweiss as well as its ability to implement the strategy. Edelweiss does not undertake any obligation to update these statements.

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 routinely posts all important information at its website [www.edelcap.com](http://www.edelcap.com).

**Consolidated Unaudited Financial Results**  
**for the quarter and half year ended 30<sup>th</sup> September 2008**  
**(INR Crores)**

	Particulars	Quarter Ended		Half Year Ended		Year Ended
		30.09.2008 (Unaudited)	30.09.2007 (Unaudited)	30.09.2008 (Unaudited)	30.09.2007 (Unaudited)	31.03.2008 (Audited)
	Fee and commission income	67.76	92.54	156.41	174.09	443.80
	Income from treasury, arbitrage and trading	85.31	75.82	155.56	120.42	349.26
	Income from investments and dividend (#)	11.45	15.80	45.17	23.59	76.63
	Interest income	84.43	31.59	160.74	41.39	217.09
<b>1</b>	<b>Income from Operations</b>	<b>248.95</b>	<b>215.75</b>	<b>517.88</b>	<b>359.49</b>	<b>1,086.78</b>
2	Other Operating Income	0.64	0.06	0.64	0.06	2.08
<b>3</b>	<b>Total Income (1+2)</b>	<b>249.59</b>	<b>215.81</b>	<b>518.52</b>	<b>359.55</b>	<b>1,088.86</b>
	Expenditure					
	a. Operating cost (Refer Note : 4)	72.29	49.22	138.08	74.54	227.98
	b. Employees cost	48.20	39.08	97.90	75.38	205.72
	c. Interest and Finance charges	42.32	35.98	86.20	50.88	201.15
	d. Depreciation	4.43	1.39	7.77	2.34	7.31
<b>4</b>	<b>Total expenditure</b>	<b>167.24</b>	<b>125.67</b>	<b>329.95</b>	<b>203.14</b>	<b>642.16</b>
<b>5</b>	<b>Profit / (Loss) before tax (3-4)</b>	<b>82.35</b>	<b>90.14</b>	<b>188.57</b>	<b>156.41</b>	<b>446.70</b>
6	Tax expenses (including Deferred and Fringe Benefit Tax)	32.48	31.15	68.60	54.05	154.02
<b>7</b>	<b>Net Profit / (Loss) after tax before minority interests (5-6)</b>	<b>49.87</b>	<b>58.99</b>	<b>119.97</b>	<b>102.36</b>	<b>292.68</b>
8	Share of minority interests in profits	6.27	2.66	12.59	4.10	19.44
<b>9</b>	<b>Net Profit / (Loss) after minority interests (7-8)</b>	<b>43.60</b>	<b>56.33</b>	<b>107.38</b>	<b>98.26</b>	<b>273.24</b>
10	Paid-up equity share capital (Face Value of Rs 5/- Per Share)	37.47	33.27	37.47	33.27	37.47
11	Reserves excluding Revaluation Reserves					1,809.27
12	Earnings Per Share (EPS) in Rupees					
	- Basic (Not annualised)	5.82	9.31	14.33	17.17	42.29
	- Diluted (Not annualised)	5.56	9.07	13.69	16.70	39.99
13	Public shareholding					
	- Number of shares	46,361,586	38,016,728	46,361,586	38,016,728	46,361,586
	- Percentage of shareholding	61.87%	57.14%	61.87%	57.14%	61.87%

(#) Quarter ended and half year ended 30th September 2008 includes income of Rs. 5.85 crores and Rs. 22.11 crores respectively earned from liquid mutual funds.

**Notes:**

1 The consolidated and standalone financial results of Edelweiss Capital Limited ("ECL" or "the Company") for the quarter and half year ended 30th September, 2008 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on 23rd October, 2008

2 The Company has fully utilised, as per the Objects of the issue, the net issue proceeds of Rs. 671.49 crores raised by the Initial Public Offering in the financial year 2007-08.

3 Edelweiss Capital Limited 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 The Operating Cost in the consolidated results includes Securities Transaction Tax (STT) cost of Rs 24.27 crores and Rs 49.58 crores for the quarter and half year ended 30th September, 2008 respectively. This is in line with the amendment in the Income Tax Act, 1961, pursuant to which the STT is an item of expenditure w.e.f. the current year.

5 CRISIL has assigned the rating of 'P1+' (pronounced 'P one Plus') to the Short Term Debt Programmes of ECL for Rs. 1,500 crores and ICRA has assigned the rating 'LAA-' (pronounced 'L double A minus') to the Long Term Debt Programme of ECL for Rs 200 crores. The ratings as mentioned for these Programmes / Issues continue to remain in force as at 30th September, 2008.

6 During the quarter, the Company has granted 920,000 options under Employee Stock Option Scheme and the stock options outstanding with employees of the Company and its subsidiaries as at 30th September, 2008 are 6,787,406.

7 The previous financial year/period figures have been regrouped/reclassified wherever necessary to conform to current quarter's presentation.

8 The standalone and consolidated results will be available on the Company's website – [www.edelcap.com](http://www.edelcap.com)