Edelweiss Financial Services Limited

Q3FY13 Earnings Update

January 2013

Edelweiss
Ideas create, values protect

Contents

1. Financial Highlights

Environment: Improving Outlook

- Improving macro-economic environment
  - Comfortable liquidity
  - Inflation stable around 7 to 7.5% (possibly a new normal for India)
  - RBI Rate Cut likely in near term on growth concerns
  - Capital Markets activity gradually picking up, but revenue pool static
  - FII inflows robust; short term relief to Rupee
  - Commodities prices consolidating
- Increased Legislative activity in winter session of Parliament brings a renewed sense of optimism
- Capex cycle revival, continuation of reforms and controlling CAD & Fiscal Deficit - key to turn the economic cycle

Q3FY13 Performance: Key Takeaways

* Consistent improvement over financial and business performance QoQ in the last five quarters despite challenging environment
* Focused approach to improving efficiency and productivity leading to improvement in operating metrics and sustainable growth in profitability; 9MFY13 PAT equals FY12 PAT
* Significant uptick in profitability parameters excluding the impact of insurance business; 66% YoY growth in Q3FY13 PAT ex-insurance
* Insurance scale up and burn as per the Plan; burn in other new businesses minimal
* Liabilities side strengthening continues with lower dependence on short term borrowings; matched ALM profile - a key focus area
* Investing in processes that adopt new technologies, enhance risk management practices and build leadership

Consolidated Results – a Snapshot

₹ Million	Q3FY13 (unaudited)			
	EFSL ex-Insurance	EFSL ex-Insurance YoY Growth	EFSL Consolidated	EFSL Consolidated YoY Growth
Total Revenue	5,133	**16%**	5,400	19%
Profit Before Tax	824	**54%**	679	46%
Profit After Tax and Minority Interest	606	**66%**	460	56%
Tangible Equity#	21,883	-	26,707	-
Return on Tangible Equity	11%	-	7%	-

Core Business Operations Robust

#Does not include "Intangibles" consisting of Goodwill, Deferred tax assets and shares owned by employee trust

ROE - Snapshot

ROE % (FY13 Annualized)

₹ Million	**Edelweiss**	**Edelweiss (Ex-Insurance)**	**Edelweiss (Ex-Ins. & Ex-Retail)**
Profit after Tax	1,680	2,190	2,290
Tangible Equity	26,000	21,000	17,000
ROE	6.5%	10.4%	13.5%

Wholesale Businesses continue to deliver robust performance

Note: All numbers are management estimates - FY13(E) numbers are annualized on the basis of 9M results
Tangible Equity is average for FY13

Consolidated Results

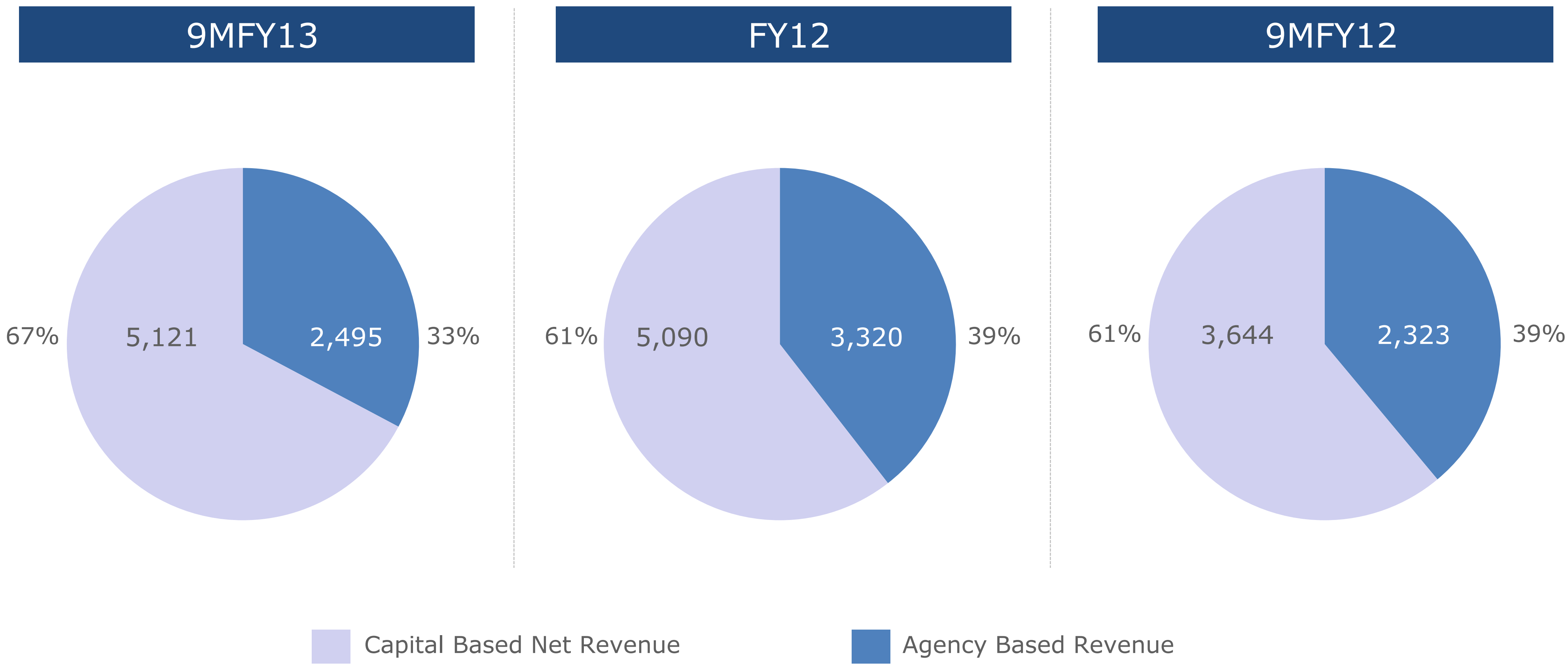
₹ Million	FY13	FY13	FY12	FY13	FY12	FY12
	Q3	Q2	Q3	9M	9M	Annual
Fee and Commission Income	828	796	769	2,293	2,290	3,213
Interest and Treasury Income	4,388	4,179	3,732	13,101	9,500	13,195
Premium from Life Insurance Business	104	63	25	202	32	107
Other Operating Income	55	62	20	192	69	110
Other Income	25	10	(8)	53	26	82
Total Revenue	**5,400**	**5,110**	**4,538**	**15,841**	**11,917**	**16,707**
Operating and Other Expenses	963	919	908	2,801	2,371	3,289
Employee Cost	976	833	697	2,593	1,931	2,712
Financial Expenses	2,649	2,630	2,345	8,225	5,951	8,297
Depreciation	133	123	123	371	266	422
Total Expenses	**4,721**	**4,505**	**4,073**	**13,990**	**10,519**	**14,720**
Profit Before Tax	**679**	**605**	**465**	**1,851**	**1,398**	**1,987**
Tax Expenses	222	197	162	593	454	681
Profit After Tax	**457**	**408**	**303**	**1,258**	**944**	**1,306**
Share of Minority Interests in Profits	(3)	(8)	8	(16)	54	29
Profit After Tax and Minority Interest	**460**	**416**	**294**	**1,274**	**890**	**1,277**
Diluted EPS# (in ₹) (FV ₹ 1)	0.59	0.54	0.38	1.65	1.16	1.66

Sustained Growth in Profitability

#Qtly/9M EPS not annualised
Prior period figures have been regrouped/reclassified wherever necessary

Balanced Revenue Growth & Business Mix at Net Revenue Level

(In ₹ million)



Balanced Mix at Net Revenue Level

Prior period figures have been regrouped/reclassified wherever necessary

Capital Based Revenue

₹ Million	Q3FY13	9MFY13	FY12
Interest Income	**3,871**	**11,135**	**10,661**
Interest on Loans	1,877	5,043	4,338
Interest on Debt Instruments	928	2,377	2,127
Interest on Fixed Deposits & Others	1,066	3,715	4,196
Income from Treasury	**517**	**1,966**	**2,534**
Other Operating Revenue	**55**	**192**	**110**
Other Income	**25**	**53**	**82**
Total Capital Based Revenue	**4,468**	**13,346**	**13,387**
Less: Interest Expense	2,649	8,225	8,297
Net Capital Based Revenue	**1,819**	**5,121**	**5,090**
Net Capital Based Revenue as a % of Net Revenue	66%	67%	61%

Interest Spreads Stable in Q3FY13

Prior period figures have been regrouped/reclassified wherever necessary

Agency Based Revenue

₹ Million	Q3FY13	9MFY13	FY12
Agency Fee & Commission	**828**	**2,293**	**3,213**
Income from Securities Broking	353	980	1,401
IB, Advisory & Other Fees	438	1,190	1,670
Income from Commodities Broking	37	123	142
Premium from Life Insurance	**104**	**202**	**107**
Total Agency Based Revenue	**932**	**2,495**	**3,320**
Agency Based Revenue as a % of Net Revenue	34%	33%	39%

Higher activity levels leading to uptick in Agency Revenue for second successive quarter

Prior period figures have been regrouped/reclassified wherever necessary

2. Balance Sheet and ALM

* Balance Sheet

Balance Sheet and ALM Highlights

* Continue to diversify sources of borrowings
* Net Gearing (excluding asset backed borrowings against FDs and GSecs) of 2.77x
* Significantly improved liability profile as a result of lower dependence on short term borrowing over the last five quarters
* Cost of borrowing for third quarter lower at 9.9% (10.1% in Q2FY13)
* Active asset liability management to ensure matched ALM profile across all tenors by modifying liability profile in sync with changes in asset profile
* The holding company (EFSL) and four subsidiaries enjoy highest short-term rating of CRISIL A1+; long-term rating of CRISIL AA-/ICRA AA- with Stable outlook

Summary Balance Sheet

₹ Million	As on Dec 31 '12 (Unaudited)	As on Mar 31 '12 (Audited)	As on Dec 31 '11 (Unaudited)
Equity and Liabilities			
Shareholders' Funds	27,650	26,360	26,367
Minority Interest	2,388	2,388	2,413
Borrowings	110,071	104,140	84,091
TOTAL	**140,109**	**132,890**	**112,871**
Assets			
Goodwill	1,399	1,395	1,395
Fixed & Non-Current Assets	46,367	33,426	12,673
Net Current Assets (CA-CL)	92,343	98,069	98,803
TOTAL	**140,109**	**132,890**	**112,871**

Strong and Liquid Balance Sheet with a Comfortable Leverage

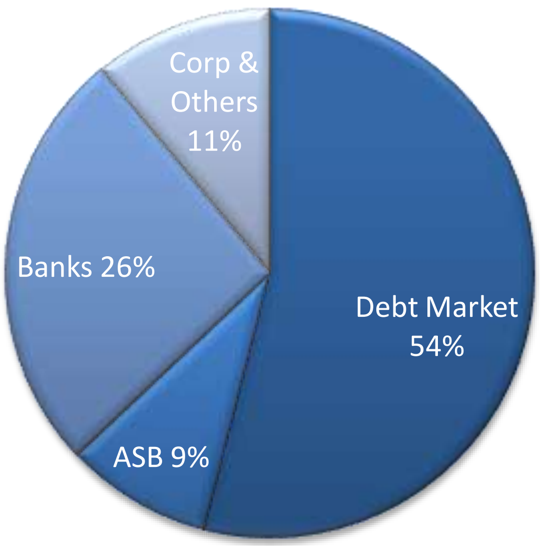
Balance Sheet and ALM

- ALM

Edelweiss
Ideas create, values protect

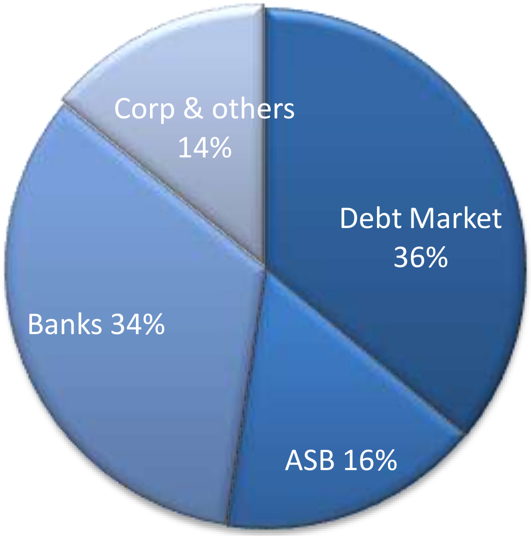
Balance Sheet Strategy: Sources of Borrowings

December 2011



₹ 84.09 bn

December 2012



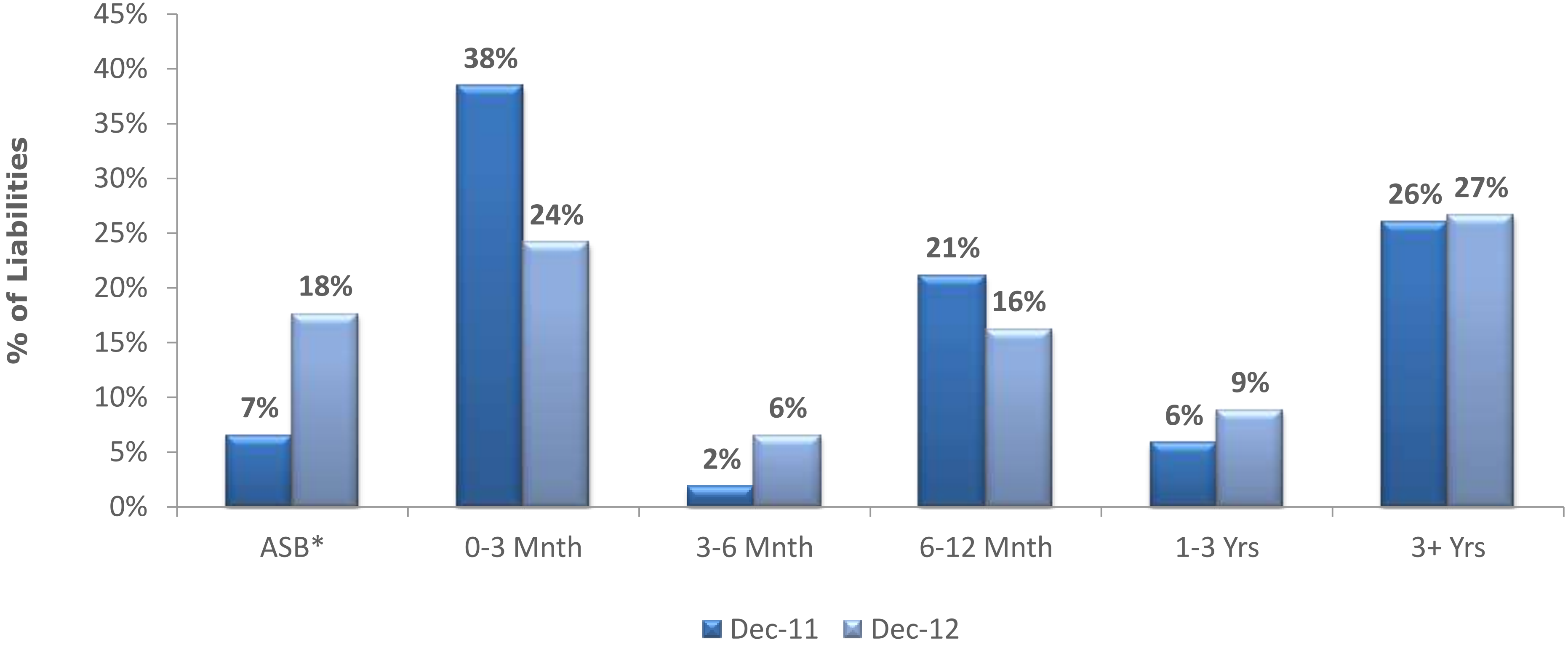
₹ 110.07 bn

Diversified Sources of Funding with lower dependence on Debt Markets

*Notes: *ASB – Asset Specific Borrowing*

Balanced Asset Strategy: Liability Maturity Profile

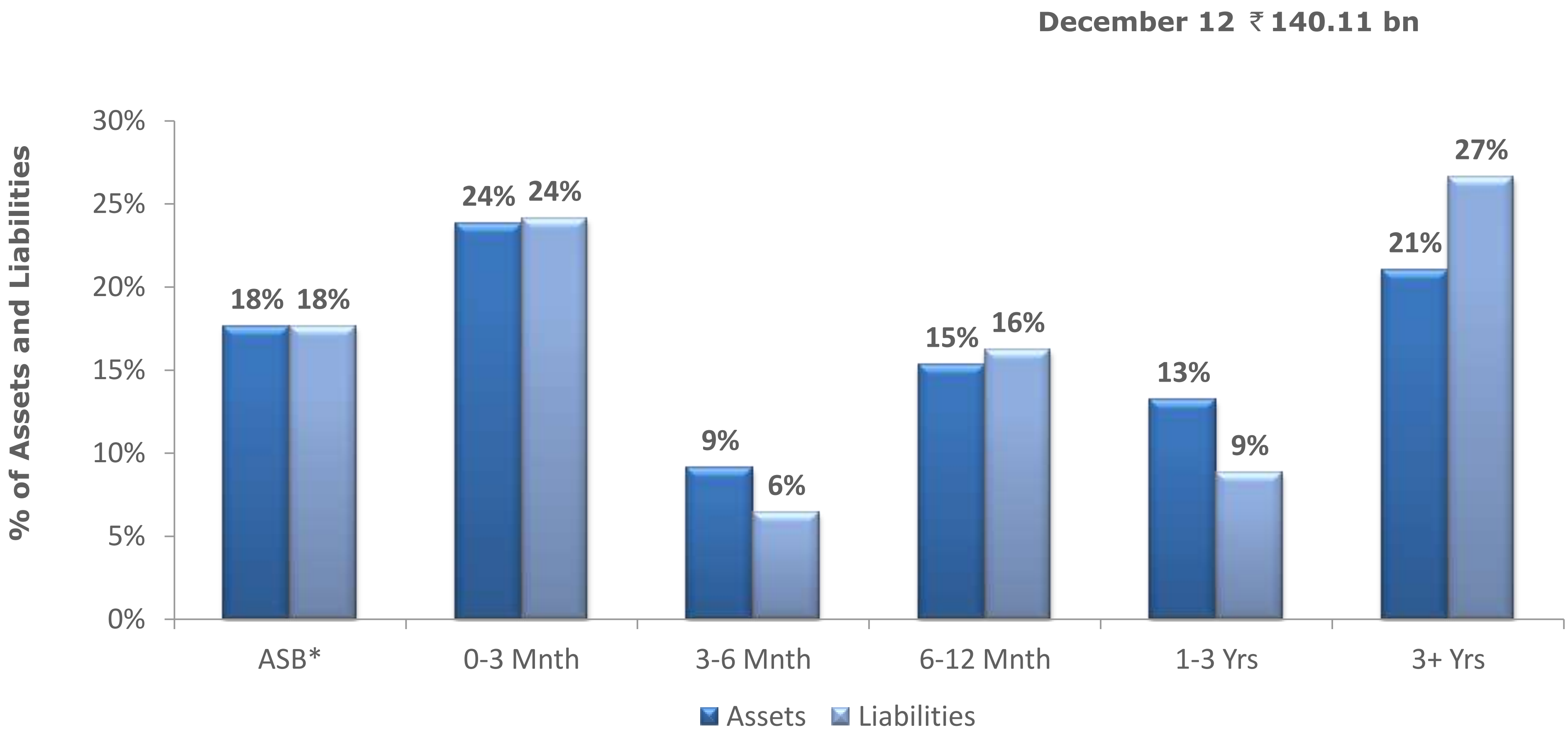
December 11 ₹ 112.87 bn
December 12 ₹ 140.11 bn



Increase in duration of Liabilities
Significantly lower dependence on short term liabilities in 0-3 months bucket

Note: ASB – Asset Specific Borrowing; Liabilities include Networth

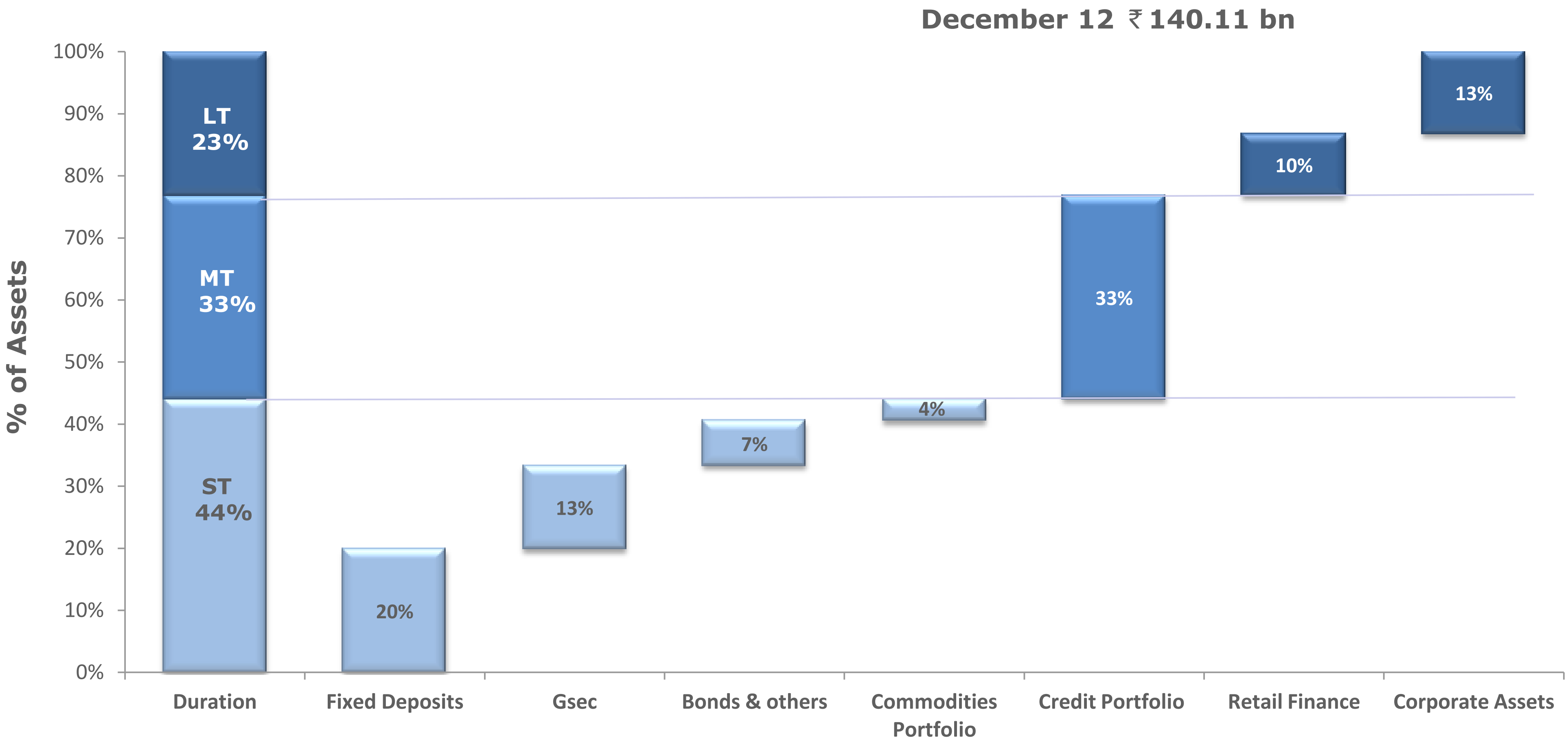
Balanced Asset Strategy: ALM Profile



Balanced Asset & Liability Profile upto 12 months duration
ALCO manages, monitors and controls Interest Rate Risk & Liquidity

*Notes: *ASB – Asset Specific Borrowing*

Balance Sheet Strategy: Diversified Asset Profile



Diversified Asset Profile: Spread across FDs, Fixed Income, Credit and Commodities

Business Highlights

Edelweiss
Ideas create, values protect

Edelweiss Operating Structure

CREDIT

Collateral based lending

Retail Finance

Debt Capital Markets

CAPITAL MARKETS & ASSET MANAGEMENT

Investment Banking
Institutional & Retail Broking
Wealth Management
Alternative Investment Funds
Mutual Funds

Edelweiss
Ideas create, values protect

INSURANCE

Life Insurance business through a JV with Tokio Marine Holdings

COMMODITIES

Sourcing , distribution and dealing of bullion and agri commodities

Footprint covering key financial services segments

Business Presence

- Strong 397,800 client base
- 224 offices in 106 cities pan India
- ~4,300 Sub-brokers & Authorised Persons in over 625 cities

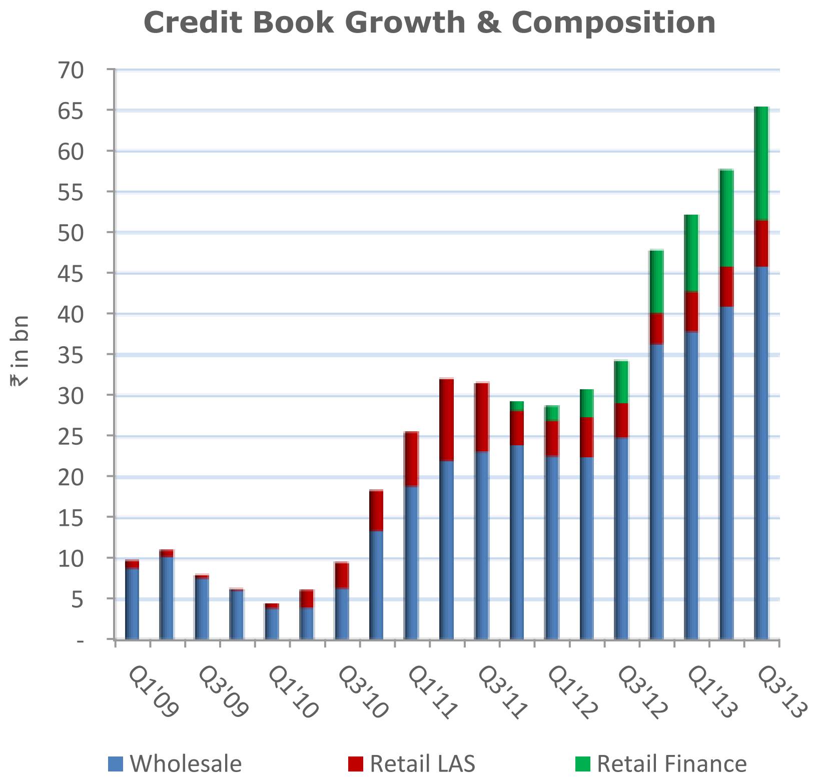
Credit

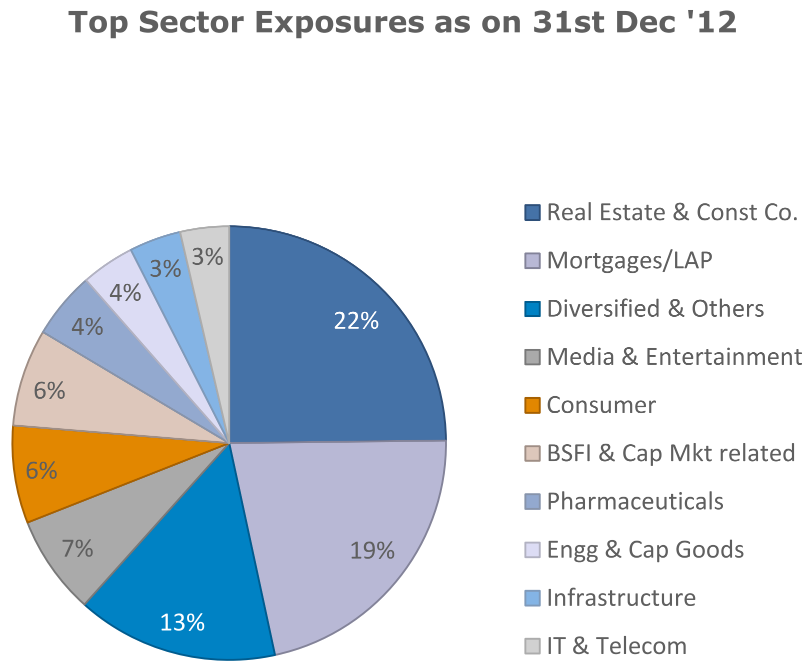
₹ Billion	Dec 31, '12	Sept 30, '12	Mar 31, '12
Total Credit Book	**65.49**	**57.73**	**47.85**
Wholesale finance	45.81	40.86	36.26
Retail finance & LAS	19.68	16.87	11.59
Yield on Credit book	16.2%	16.4%	16.7%
Average collateral cover on Wholesale finance book	2.74x	2.72x	2.64x
Number of Retail finance clients	2,000	1,700	1,200
Housing finance & LAP portfolio LTV	56%	57%	55%

Credit book spreads maintained
Retail finance now spread across 13 major cities; added 4 cities in Q3FY13

Prior period figures have been regrouped/reclassified wherever necessary

Credit Book Growth and Exposures





Retail loans constitute 30% of the total book

A well diversified credit book with robust risk management approach

Credit Book: Good Asset Quality

₹ Million	Dec 31 '12	Sept 30 '12	Mar 31 '12
Total Credit Book	65,489	57,730	47,847
Gross NPLs	268	240	226
Gross NPL %	0.41%	0.42%	0.47%
Net NPLs %	0.10%	0.12%	0.14%
Total Provision Held#	355	304	263
Total Provision Cover#	132%	126%	116%

Credit | Capital Markets & AM | Commodities | Life Insurance

Total Provision includes General Loan Loss Provision on Standard Assets

Debt Capital Markets – Leading Player in the Country

- Over 400 active clients among Banks, MFs, Ins. Cos., PDs and PFs
- **10 transactions** across DCM in Q3FY13 with 9.5% market share#
  (19 transactions in H1FY13)
    - Includes Retail Bonds Public Issue for Muthoot Finance

#Source: Prime Database

* **Investment Banking** – environment continues to be challenging

- Continuing to build relationship with financial sponsors and mid-cap to large clients
- Closed IPO of CARE Ratings in Q3FY13 (3 transactions in H1FY13)
- **MCX IPO**, executed in March 2012, received the **"Best Mid-Cap Equity Deal of 2012"** Award from Finance Asia Magazine, Hong Kong

Broking and Wealth Management

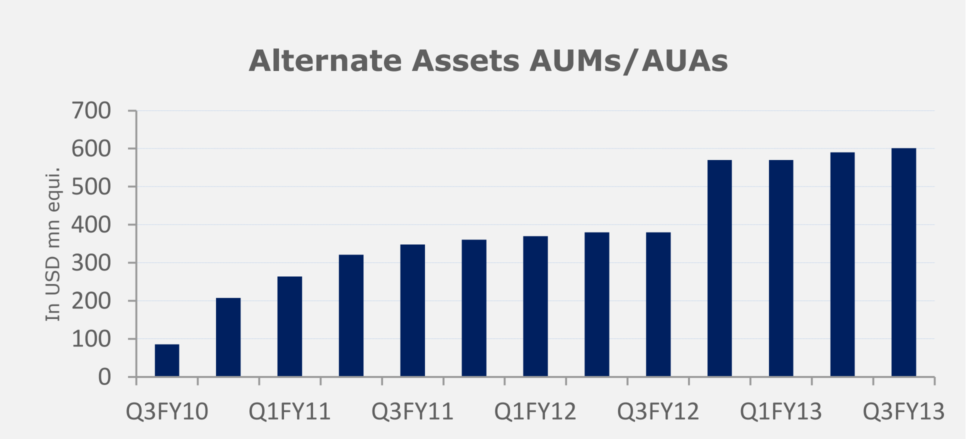
₹ billion	Q3FY13/ Dec 31 '12	Q2FY13/ Sept 30 '12	FY12 / Mar 31 '12
Average Daily Volumes (ADV)#	55.98	61.75	53.31
Market Share#	3.2%	3.7%	3.7%
Clients ADV	31.20	27.70	25.90
Average Broking Yield (Gross)	3.0 bps	3.1 bps	3.8 bps
Stocks under Research Coverage	181	189	183
Number of Retail Broking Clients	397,800	389,300	372,100
Wealth Management - AUAs	30	30	30

Continue to scale up Retail Broking

On BSE and NSE, including Clients and Treasury operations; excludes our turnover under BSE Incentive Scheme

Asset Management

- **Alternative Assets Management** AUMs/AUAs US$ 601 mn equivalent through 6 funds & Structured Products
- Product portfolio includes E Special Opportunities Fund, EW SBIH Crossover Fund, EI Special Assets Fund, Real Estate Fund, EARF, E-STAR Fund and Structured products



- **Mutual Fund** average AUMs of ₹ 2.42 bn in Q3FY13
- 8,070 active investors; added over 900 clients this quarter
- Focus on building investment track record and developing product portfolio
- Part of our long-term retail strategy

Credit | **Capital Markets & AM** | Commodities | Life Insurance

Commodities – Strategically Important Business

- Increased financialization of Commodities in India to be a growth driver
- Sources, distributes and deals in precious metals (bullion and silver) and agri commodities
- Distribution of bullion at 12 centers; over 400 active wholesale clients
- Created agri commodities business infrastructure in past 18 months - member of most large agri mandis to facilitate procurement
- Assets ₹ 20.8 bn including FDs and stocks at the end of the quarter
- Focus on risk management with dedicated operations infrastructure

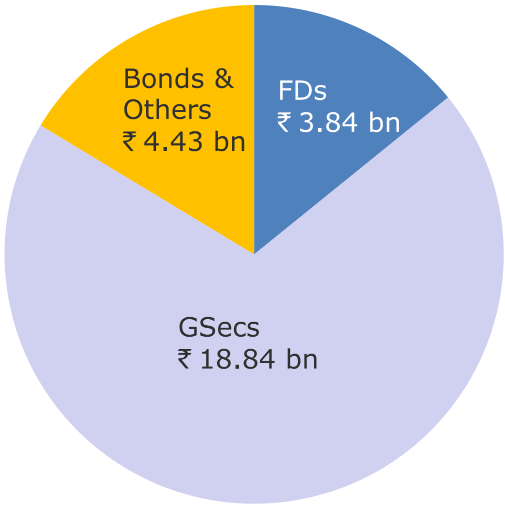
* **Life Insurance** business with JV partner Tokio Marine Holdings, Inc.
  - Business completes 18 months of operations
  - To enlarge Edelweiss' retail footprint and expand beyond capital markets
  - ₹ 5.5 bn start-up equity infusion in the company by the JV partners
  - New Business Premium of ₹ 104 mn through 4,388 policies during Q3FY13 (₹ 63 mn through 3,600 policies during Q2FY13)

As on	Dec 31 '12	Sept 30 '12	Mar 31 '12
Solvency Ratio	214%	215%	241%
No. of Personal Financial Advisors	2,478	1,845	825
No. of Offices	45 in 35 cities	39 in 29 cities	31 in 22 cities

Strong uptick in operating footprint; Burn as per the Plan

Treasury

* Focus on:
  * Balance sheet management
  * Liquidity management
  * Capital preservation with optimum returns
* Treasury allocation continues to be a function of:
  * Capital requirement of businesses
  * Opportunities in the markets
  * Liquidity management needs
* Treasury assets 19% of effective Balance Sheet size



Treasury Assets ₹ 27.11 bn

Multi-asset class Treasury operation

4. Enterprise Updates

Key HR Metrics

		Q3FY13
End of Period Head Count		3,661
Senior Attrition (annualized)		16%
Learning & Development	Training man days	1,785
	Employees Covered	1,350

Training initiatives aimed towards expanding Leadership Capability

Corporate Social Responsibility - EdelGive Foundation

Philanthropic initiative to drive sustainable social change

Impacted over 75,000 lives

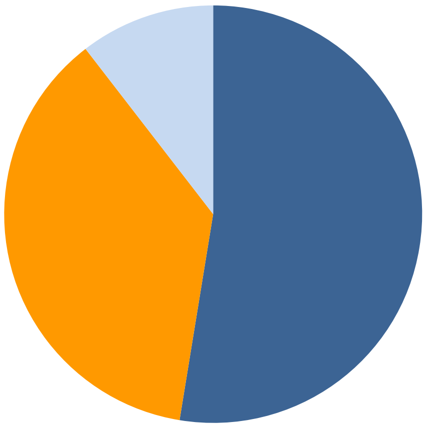
Current portfolio of 18 non- profit organisations

Committed ₹ 220 mn till date

Over 6000 hours of pro-bono support

Focus on Education, Livelihoods and Womens' Rights

Shareholding Pattern



Top Institutional Shareholders above 1%#
As on 31st Dec, 2012

	Name	Percent	First Invested
1	Govt. of Singapore	8.2%	Pre-IPO
2	Carlyle	7.5%	Q3FY12
3	BIH SA	5.8%	Pre-IPO
4	Greater Pacific Capital	5.1%	Pre-IPO
5	Fidelity	3.2%	Q3FY08
6	Amansa Investments	1.6%	Q2FY10
7	Argonaut Ventures	1.5%	Q3FY08
8	SAIF Advisors	1.4%	Q3FY12
9	Sequoia Capital	1.0%	Pre-IPO

Stable Institutional Ownership

(#) Holding of known affiliates have been clubbed together for the purpose of this information
IPO in December 2007

Safe Harbor

This presentation and the discussion that follows may contain certain words or phrases that are forward - looking statements, based on current expectations of the management of Edelweiss Financial Services Ltd. or any of its subsidiaries and associate companies ("Edelweiss"). Actual results may vary significantly from the forward-looking statements contained in this presentations due to various risks and uncertainties. These risks and uncertainties include 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 the ability to implement its strategy. The information contained herein is as of the date referenced and Edelweiss does not undertake any obligation to update these statements. Edelweiss has obtained all market data and other information from sources believed to be reliable or are its internal estimates, although its accuracy or completeness cannot be guaranteed. The presentation relating to financial performance of various businesses of Edelweiss herein is based on Management estimates.

This presentation is for information purposes only and does not constitute an offer or recommendation to buy or sell any securities of Edelweiss. This presentation also does not constitute an offer or recommendation to buy or sell any financial products offered by Edelweiss. Any action taken by you on the basis of the information contained herein is your responsibility alone and Edelweiss or its directors or employees will not be liable in any manner for the consequences of such action taken by you. Edelweiss and/or its directors and/or its employees may have interests or positions, financial or otherwise, in the securities mentioned in this presentation.

For more information, please visit www.edelweissfin.com or drop us an e-mail on ir@edelweissfin.com.