

Edelweiss Financial Services Limited

Q1FY13 Earnings Update

July 2012



1. Financial Highlights
2. Balance Sheet and ALM
3. Business Highlights & Enterprise Updates



- * On the path to be a diversified financial services group
 - Calibrated scale up of Credit book with high asset quality
 - Pan India Retail footprint
 - Enhanced Commodities footprint
 - Insurance scale up as per the plan
- * Growth in profitability and business parameters – result of diversification achieved in our businesses
- * Liabilities side strengthened; matched ALM profile
- * Continued to invest in processes that enhance efficiencies, adopt new technologies, improve risk management practices and build leadership



₹ Million	Q1FY13 (unaudited)			
	EFSL ex-Insurance	EFSL ex-Insurance YoY Growth	EFSL Consolidated	EFSL Consolidated YoY Growth
Total Revenue	5,224	45%	5,332	44%
Profit Before Tax	683	32%	568	10%
Profit After Tax and Minority Interest	513	55%	398	20%
Tangible Equity [#]	20,708	-	25,808	-
Return on Tangible Equity (%)	10%	-	6%	-

Improved performance metrics

Consolidated Results



₹ Million	FY13	FY12	FY12	FY12
	Q1	Q1	Q4	Annual
Fee and Commission Income	709	681	923	3,213
Interest and Treasury Income	4,496	2,978	3,695	13,195
Premium from Life Insurance Business	35	0	75	107
Other Operating Income	75	28	41	110
Other Income	17	11	56	82
Total Revenue	5,332	3,698	4,790	16,707
Operating and Other Expenses	941	667	918	3,289
Employee Cost	784	611	781	2,712
Financial Expenses	2,924	1,844	2,346	8,297
Depreciation	115	57	156	422
Total Expenses	4,764	3,180	4,201	14,720
Profit Before Tax	568	518	589	1,987
Tax Expenses	175	162	226	681
Profit After Tax	393	356	363	1,306
Share of Minority Interests in Profits	(5)	24	(25)	29
Profit After Tax and Minority Interest	398	332	388	1,277
Diluted EPS [#] (in ₹) (FV ₹ 1)	0.52	0.43	0.50	1.66

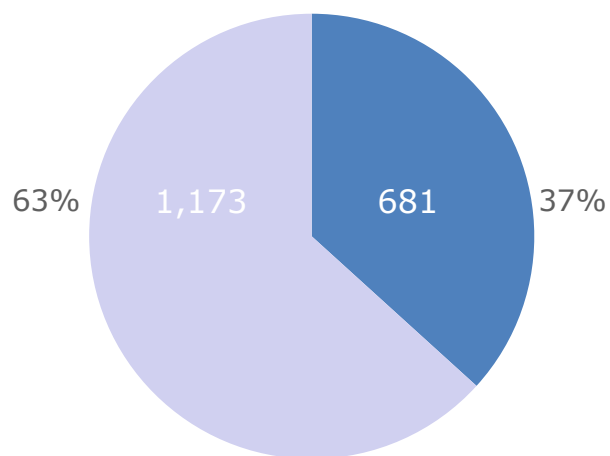
Diversification of revenue streams ensuring growth in profitability

Balanced Growth & Business Mix at Net Revenue Level

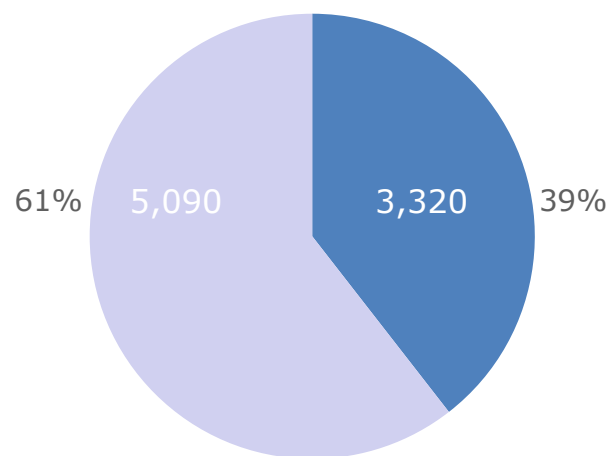


(In ₹ million)

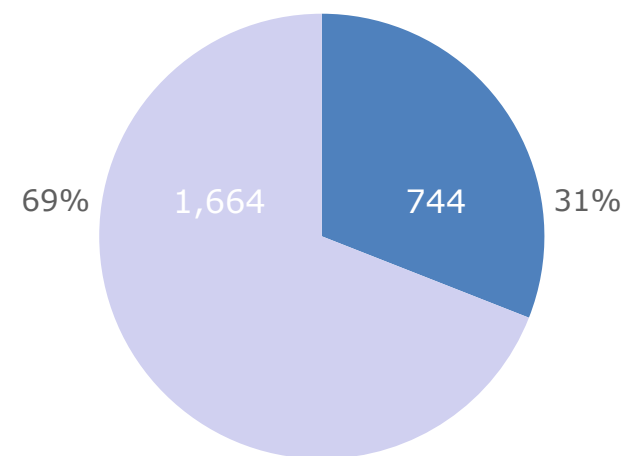
Q1FY12



FY12



Q1FY13



Capital Based Net Revenue

Agency Based Revenue



₹ Million	Q1FY13	FY12
Income from Treasury	818	2,534
Interest Income	3,678	10,661
Interest on Loans	1,549	4,338
Interest on Fixed Deposits	993	3,032
Interest on Debt Instruments	716	2,127
Other Interest Income	420	1,164
Other Operating Revenue	75	110
Other Income	17	82
Total Capital Based Revenue	4,588	13,387
Capital Based Revenue as a % of Total Revenue	86%	80%

Calibrated Loan book growth leading to increased Capital Based Revenue



₹ Million	Q1FY13	FY12
Agency Fee & Commission	709	3,213
Income from Securities Broking	275	1,401
IB, Advisory & other fees	391	1,670
Income from Commodities Broking	43	142
Premium from Life Insurance	35	107
Total Agency Based Revenue	744	3,320
Agency Based Revenue as a % of Total Revenue	14%	20%

Lower market activity in Q1FY13 impacted Fee & Commission;
Life Insurance and Commodities broking to diversify agency revenue

Balance Sheet and ALM

* Balance Sheet



- * Diversification in sources of borrowings continues
- * Net Gearing (excluding asset backed borrowings against FDs and GSecs) of 2.70x
- * Lower dependence on short term borrowing over the last one year leading to improved liability profile
- * Continue to modify 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



₹ Million	As on June 30 '12 (Unaudited)	As on Mar 31 '12 (Audited)
Equity and Liabilities		
Shareholders' Funds	26,756	26,360
Minority Interest	2,383	2,388
Non-Current Liabilities	11,860	11,234
Current Liabilities	112,439	105,468
TOTAL	153,438	145,450
Assets		
Goodwill	1,395	1,395
Fixed & Non-Current Assets	35,295	33,417
Current Assets	116,748	110,638
TOTAL	153,438	145,450

Strong and Liquid Balance Sheet with a Comfortable Leverage

Balance Sheet and ALM

* ALM

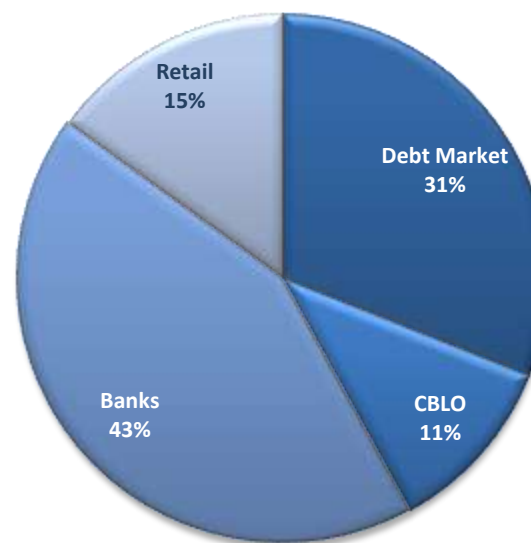


June 2011



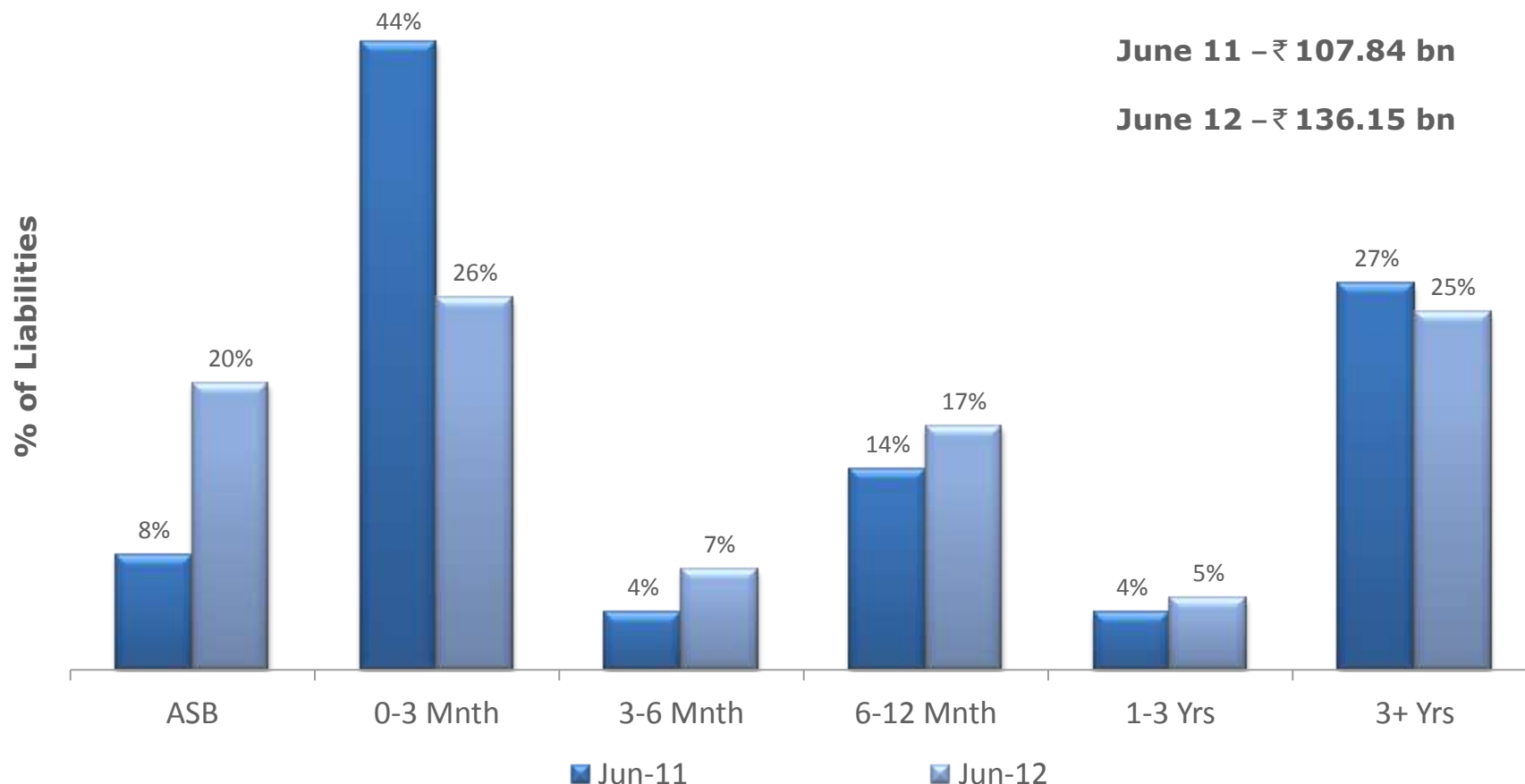
₹ 81.16 bn

June 2012

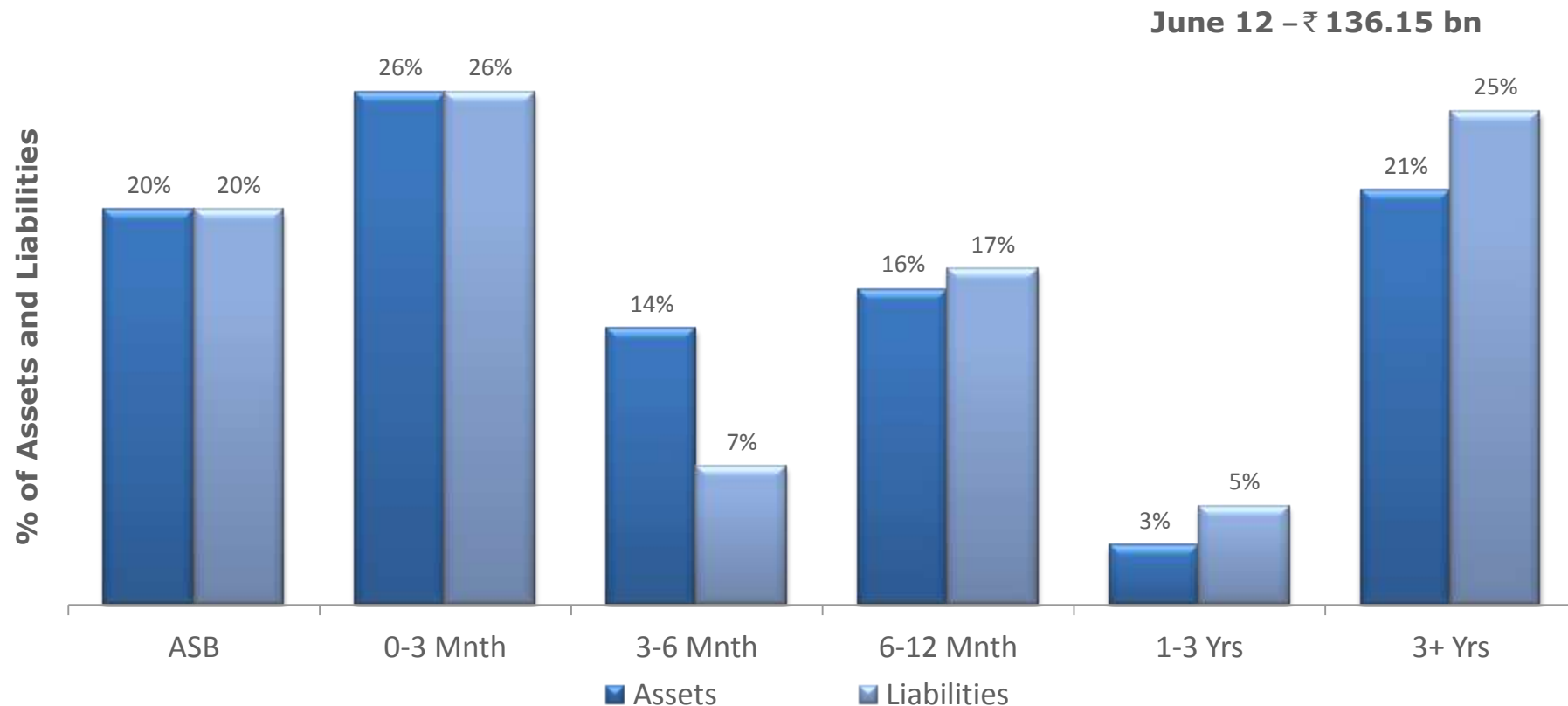


₹ 107.00 bn

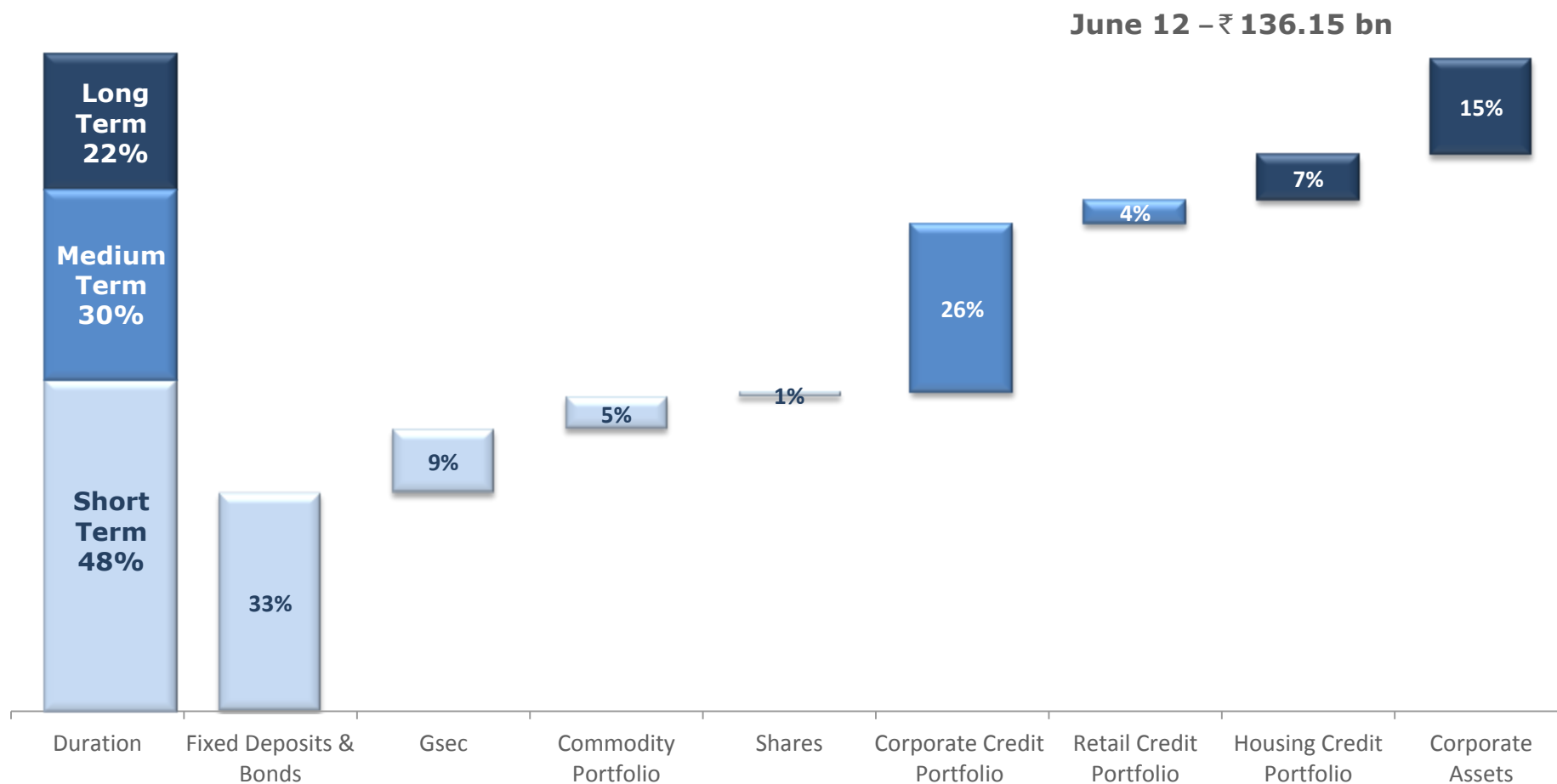
Diversified Sources of Funding



Increase in duration of liabilities – shift from 3 months bucket to 1 yr

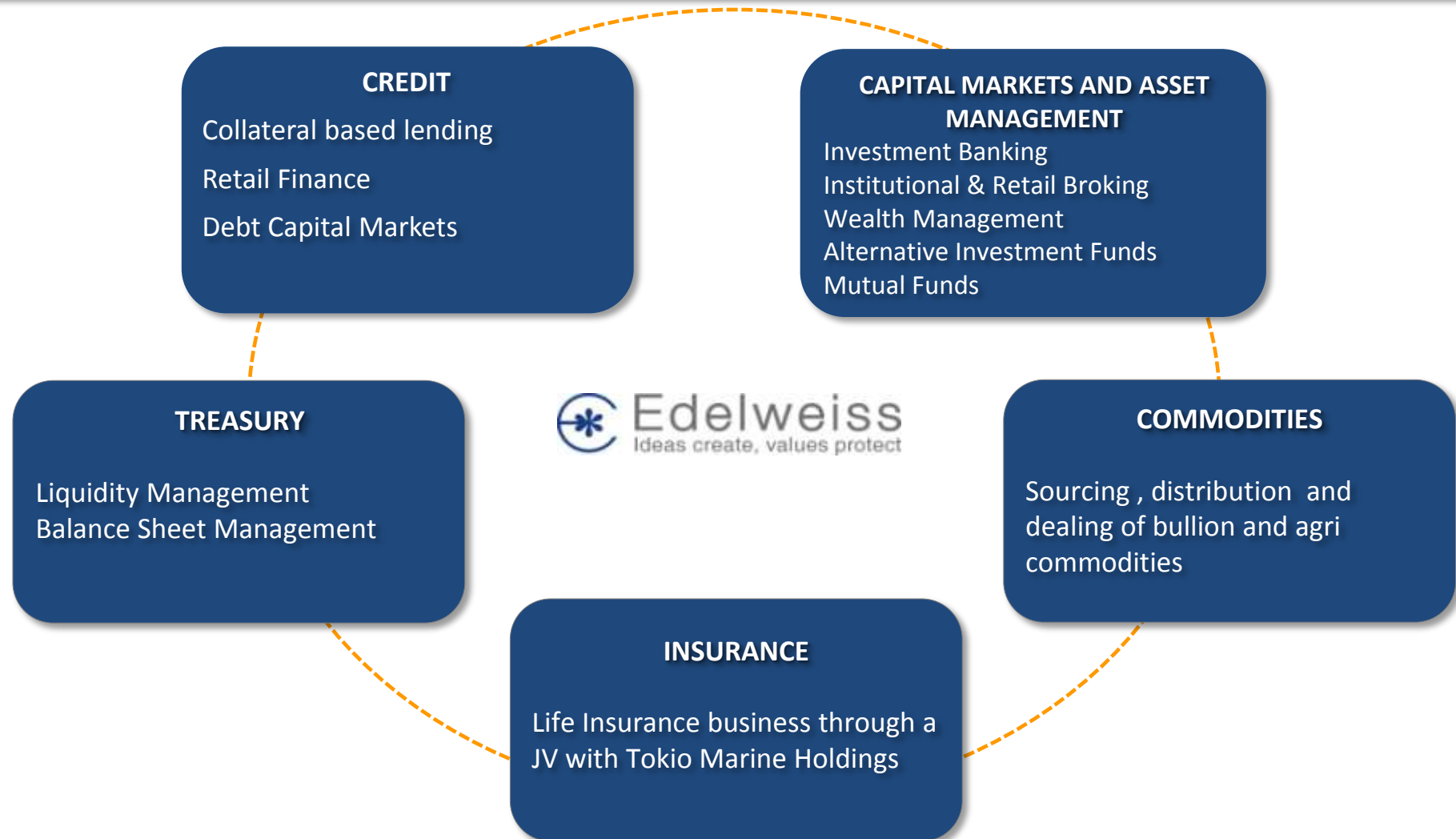


Balanced Asset and Liability profile up to 12 months duration
ALCO manages, monitors and controls Interest Rate Risk and Liquidity

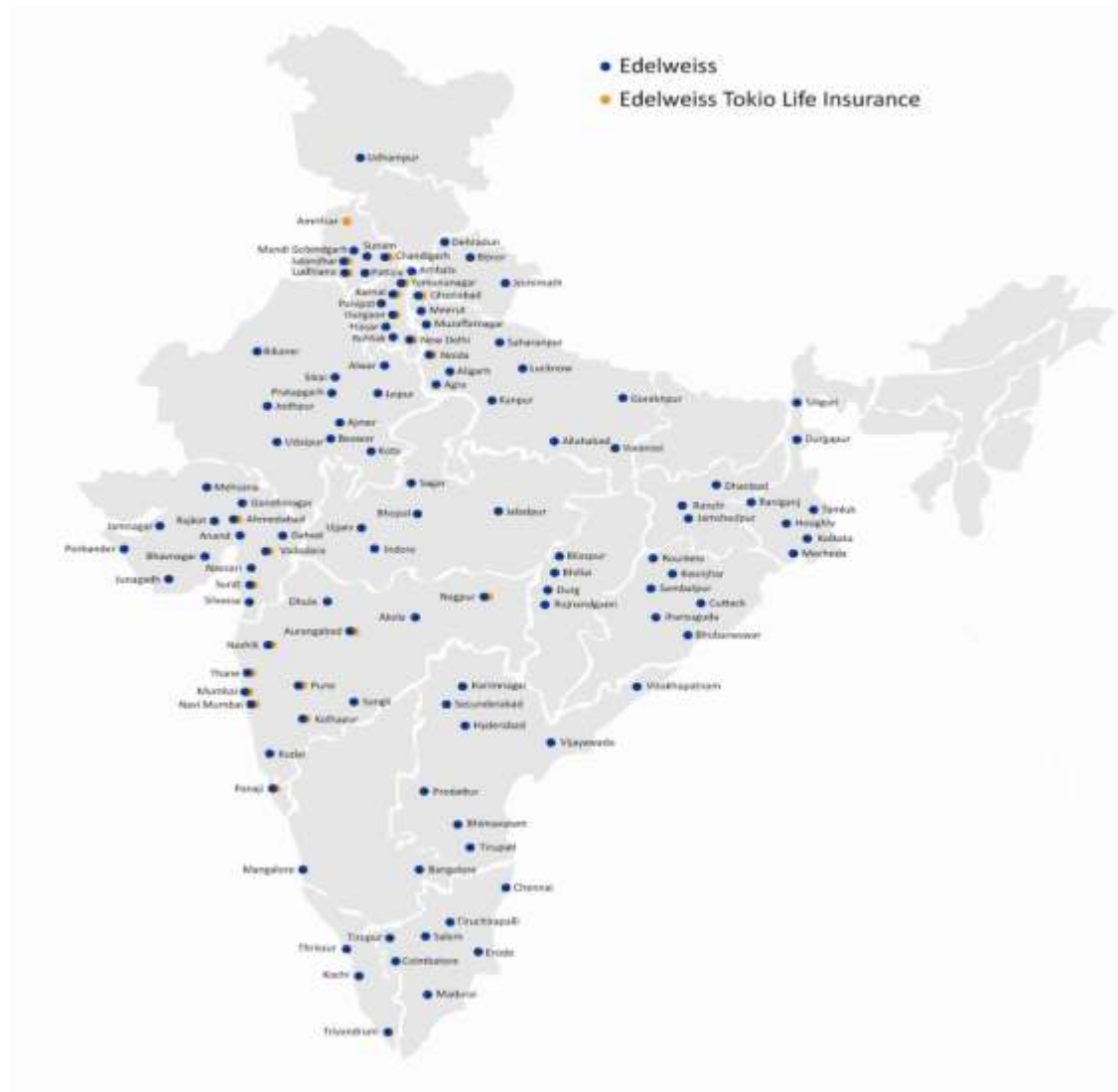


Diversified Asset profile : Spread across FDs, Credit, FI, Commodities & Shares

Business Highlights



Footprint covering key financial services segments



- Reaching out to 381,700 consumers
- 229 Offices in 115 cities pan India
- ~3,500 Sub-brokers & Authorised Persons in 625 cities



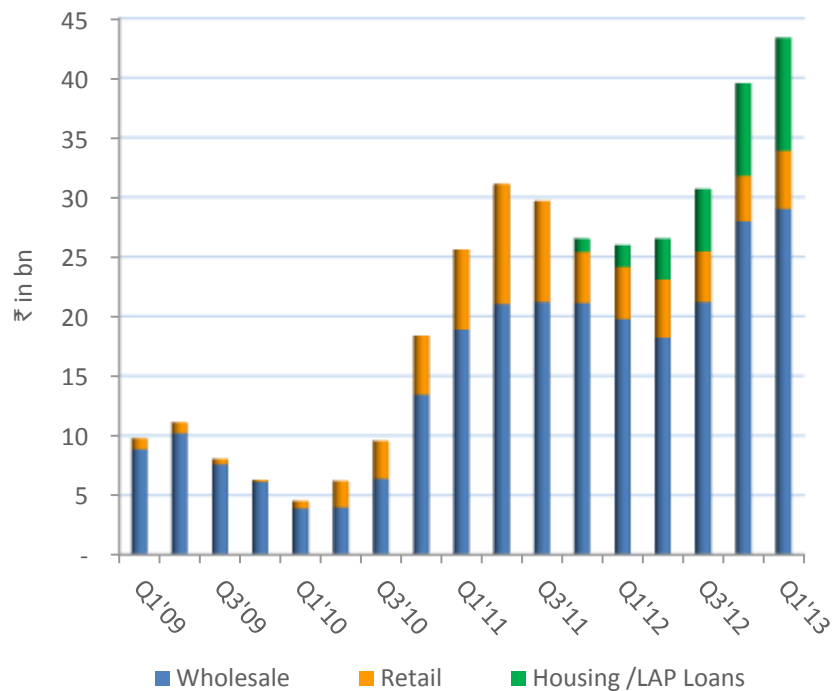
* **Credit** business scale up continues with high asset quality

- **Credit book** at ₹ 43.36 bn at the end of Q1FY13 (₹ 39.56 bn at the end of FY12)
- Average **yield** on credit book at 17.0% during Q1FY13
- **Wholesale finance**
 - Book size ₹ 28.99 bn (₹ 27.97 bn at the end of FY12)
 - Average collateral cover at 2.74x
- **Retail finance** book comprising housing finance, LAP and SME finance
 - Book size ₹ 9.46 bn (₹ 7.76 bn at the end of FY12)
 - Average LTV on the mortgage finance book ~55%
 - Over 1,400 clients

Retail Finance across 9 metros; SME Finance launched in Q1FY13

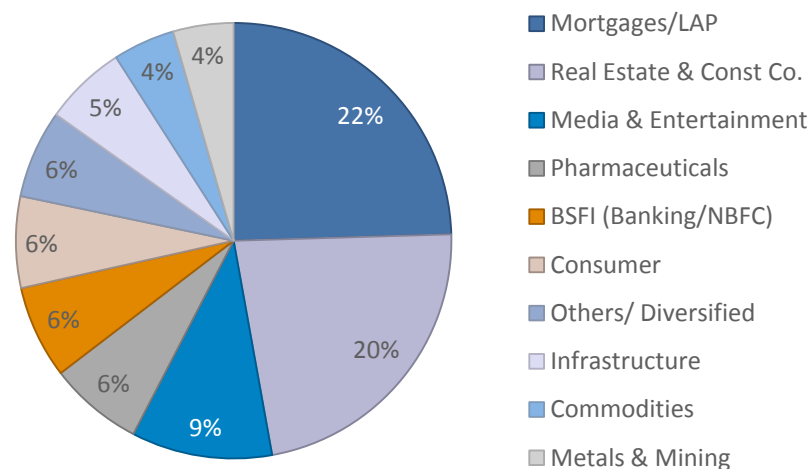


Credit Book Growth & Composition



Retail loans constitute 33% of the total book

Top Sector Exposures as on 30th June '12



A well diversified credit book with a robust risk management approach



₹ Million	As on Jun 30 '12	As on Mar 31 '12
Total Loans	43,355	39,560
Gross NPLs	230	226
Gross NPL %	0.53%	0.57%
Net NPLs %	0.15%	0.17%
Total Provision Held [#]	282	263
Total Provision Cover [#]	122%	116%

Credit

Capital Markets & AM

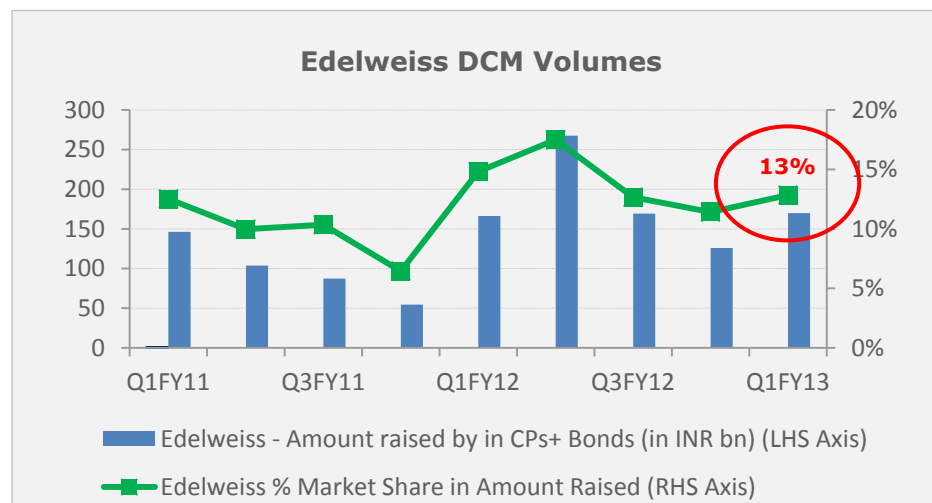
Commodities

Treasury

Life Insurance



- * Over 400 active clients among Banks, MFs, Ins. Cos., PDs and PFs
- * **9 transactions** across DCM in Q1FY13 with 13% market share (30 in FY12)





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

- Continuing to build relationship with financial sponsors and large to mid-cap clients
- Closed innovative Structured Finance transaction for Coastal Projects Ltd. in Q1FY13



₹ billion	Q1FY13	Q4FY12
Average Daily Volumes (ADV)	65.40	59.80
Clients ADV	23.10	28.60
Market Share [#]	4.1%	3.9%
Average Broking Yield	3.3 bps	3.7 bps
Stocks under Research Coverage	185	183
Number of Retail Broking Clients	381,700	372,000
Wealth Management - AUAs	30	30

Maintaining market share in Institutional Broking and building market share in retail broking

Credit

Capital Markets & AM

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Life Insurance



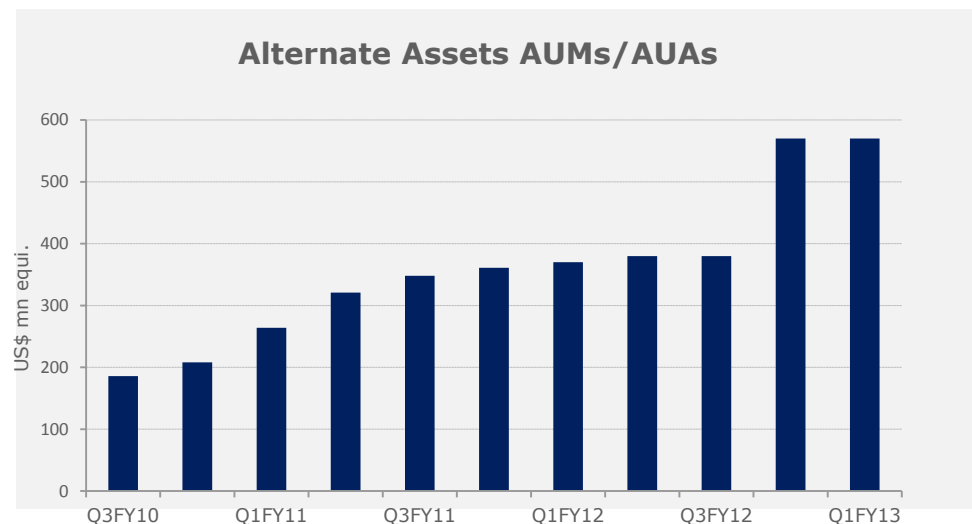
- * **Alternative Assets Management**
AUMs/AUAs US\$ 570 mn equivalent through 5 funds & Structured Products

- * EW SBIH Crossover Fund with SBI Holdings of Japan and Edelweiss committing US\$100 mn

- * **Mutual Fund** average AUMs of ₹ 3.80 bn across 6,200 active investors

- * Focus on building investment track record and developing product portfolio

- * Part of our long-term retail strategy



Credit

Capital Markets & AM

Commodities

Treasury

Life Insurance



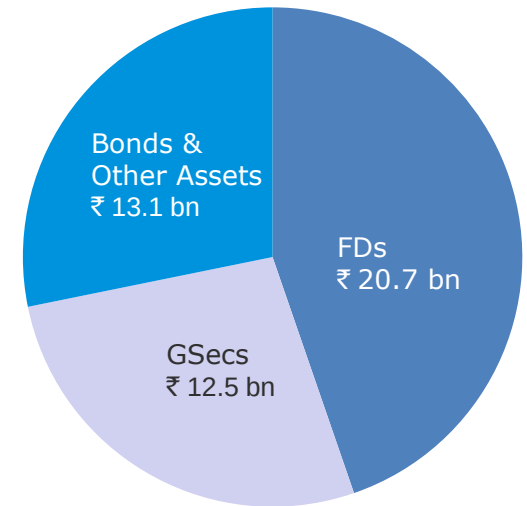
- * Started Commodities business in 2007 as part of the strategy to diversify across asset classes; now a strategically important business group
- * Engaged in sourcing, distribution and dealing in precious metals and agri commodities
- * Distribution of bullion at 11 centers; over 400 active customers
- * Access to most large mandis for procurement of agri commodities
- * Assets ₹ 23.5 bn including FDs and stocks at the end of the quarter
- * Robust risk management practices and dedicated operations infrastructure
- * State-of-the-art online transaction portal www.edelbullion.com

* Focus on:

- Liquidity management
- Capital preservation with optimum returns
- Balance sheet management

* Treasury allocation continues to be a function of:

- Capital requirement of businesses
- Opportunities in the markets
- Liquidity management needs



Treasury Assets ₹ 46.3 bn

Multi-asset class Treasury operation

Credit

Capital Markets & AM

Commodities

Treasury

Life Insurance



*** Life Insurance** business with JV partner Tokio Marine Holdings, Inc.

- Operations commenced in Q2FY12
- ₹ 5.5 bn equity infusion in the company by partners
- Strong uptick in operating footprint as per the plan
- New Business Premium of ₹ 35 mn through 2,002 policies during Q1FY13

	As on Jun 30 '12	As on Mar 31 '12
Solvency Ratio	241%	241%
No. of Personal Fin Advisors (Cum.)	1,268	825
No. of Offices	32 in 23 cities	31 in 22 cities

4. Enterprise Updates



		Q1FY13
End of Period Head Count		3,202
Senior Attrition (annualized)		16%
Learning & Development	Training man days	2,705
	Employees Covered	1,217

Training initiatives aimed towards expanding Leadership Capability

HR

EdelGIVE

Shareholding

Board of Directors



Philanthropic initiative to drive sustainable social change

Impacted over 75,000 lives

Current portfolio of 20 non- profit organisations

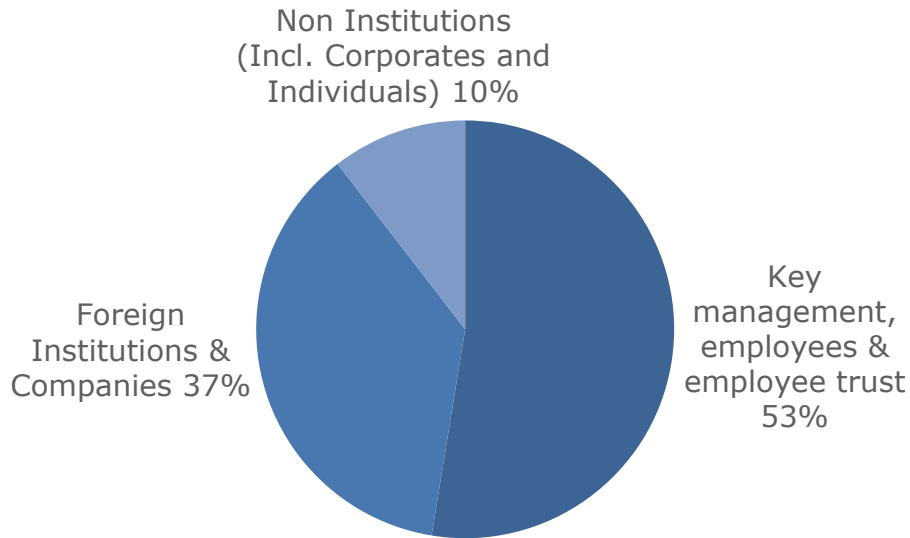
Committed ₹ 185 mn till date

Over 4000 hours of pro-bono support

Focus on Education, Livelihoods and Womens' Rights



Top Institutional Shareholders above 1%# As on 30th June, 2012



	Name	Percent	First Invested
1	Govt. of Singapore	8.2%	Pre-IPO
2	BIH SA	5.8%	Pre-IPO
3	Carlyle	5.6%	Q3FY12
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	Americorp Ventures	1.3%	Pre-IPO
9	SAIF Advisors	1.3%	Q3FY12
10	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

Active Board of Directors with complementary skills



CHAIRMAN AND CEO



Mr. Rashesh Shah
Chairman & CEO

Co founder of Edelweiss;
Over 20 years of experience in financial services & serves on the Boards of various companies & public institutions

EXECUTIVE DIRECTORS



Mr. Venkat Ramaswamy
Executive Director

Co-founder of Edelweiss;
Widely recognized as one of India's finest deal makers;
Spearheads Capital Markets and Asset Management



Mr. Himanshu Kaji,
Executive Director

Diverse experience of over two decades in financial services;
Responsible for all *enterprise functions* at Edelweiss

INDEPENDENT / NON-EXECUTIVE DIRECTORS



Mr. Narendra Jhaveri
Independent Director

Has occupied important positions in National Council of Applied Economic Research (NCAER), RBI & ICICI Ltd



Mr. K Chinniah
Non Executive Director

Global Head - Portfolio, Strategy & Risk Group with GIC Special Invst. (Pvt. Equity arm of the Govt. of Singapore Invst Corp ("GIC"))



Mr. Sanjiv Misra,
Independent Director

Worked with Goldman Sachs, Citigroup. Is the President of Phoenix Advisers Pte. Ltd, a boutique advisory firm



Mr. P N Venkatachalam,
Independent Director

35 years of experience in the banking sector in India. Member of the Interim Pension Fund Regulatory Authority of India, Former MD, State Bank of India



Mr. Berjis Desai,
Independent Director

Practicing for more than 30 years in the legal field. Managing Partner J. Sagar & Associates



Mr. Sunil Mitra
Independent Director

Broad experience in economic policy making. Former Finance Secretary Govt' of India

HR

Edelgive

Shareholding

Board of Directors



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