Strictly Private and Confidential

Edelweiss Financial Services Limited

Annual Investor Presentation

May 2012

Edelweiss
Ideas create, values protect

FY12 Financial Performance

FY12 - Financial Highlights

(INR crore)	FY11	FY12
Revenue	1,429	1,671
Profit Before Tax	350	199
Profit After Tax	233	128

FY12 Profit after Tax impacted by:

- INR 55-60 cr due to drop in Capital Market activity
- INR 48 cr due to investments in Insurance:
  - INR 30 cr of opportunity loss on equity invested by Edelweiss
  - INR 18 cr of operating loss

Notes: All numbers are Management Estimates; INR 100 crore = INR 1 billion

Edelweiss Operating Structure - 5 Business Groups

CREDIT

Collateral based lending

Housing Finance

Debt Capital Markets

CAPITAL MARKETS AND ASSET MANAGEMENT

Investment Banking

Institutional & Retail Broking

Wealth Management

Alternative Investment Funds

Mutual Funds

TREASURY

Liquidity Management

Balance Sheet Management

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COMMODITIES

Sourcing , distribution and dealing of bullion and agri commodities

INSURANCE

Life Insurance business through a JV with Tokio Marine Holdings

Footprint covering key financial services segments

Business Groups – FY12 Financial Snapshot

(INR cr)	Revenue	Profit before Tax	Tangible Equity[1]	Total Capital Employed[1]	Pre-tax RoE	Pre-tax RoA
Credit	517	131	687	3,573	19%	3.7%
Capital Markets & Asset Management	435	15	410	800	4%	1.9%
Commodities	292	59	300	1,312	20%	4.5%
Treasury	374	54	400	5,700[2]	14%	1.0%
Insurance	53	-18	521	521	N/A	N/A
Corporate & Unallocated[3]	-	-42	224	1,050	N/A	N/A
Total	**1,671**	**199**	**2,542**	**12,956**	**8%**	**1.5%**

Achieving scale and profitability

Notes: All numbers are Management Estimates

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

2 Incl. INR 3,900 cr of Government Securities and Bank Fixed Deposits

3 Investments in office building, Strategic Investments and Advance tax paid

Summary

- Robust topline growth
- Profitability impacted due to
  - Challenging capital market operating environment
  - Investment made in building insurance business
- Business groups continue to scale and are positioned to grow
- Financial services footprint established

Understanding Our Strategy

Our Strategy is:

To be a Diversified Financial Services firm with a portfolio of cutting edge high growth businesses

Diversification to Derisk and Create Growth Opportunities

Derisk and reduce volatility by diversifying across:

1. **Businesses:**
   To counter volatility in capital markets, entered into adjacent financial market segments (Corporate Credit, Commodities, Asset Management, Life Insurance and Mortgages)

2. **Asset Classes:**
   From Equities to Commodities, Corporate Loans, Mortgages and Currencies

3. **Clients:**
   From Wholesale to Retail

Create a portfolio of scalable & high growth businesses by:

1. Expanding addressable **market segments**

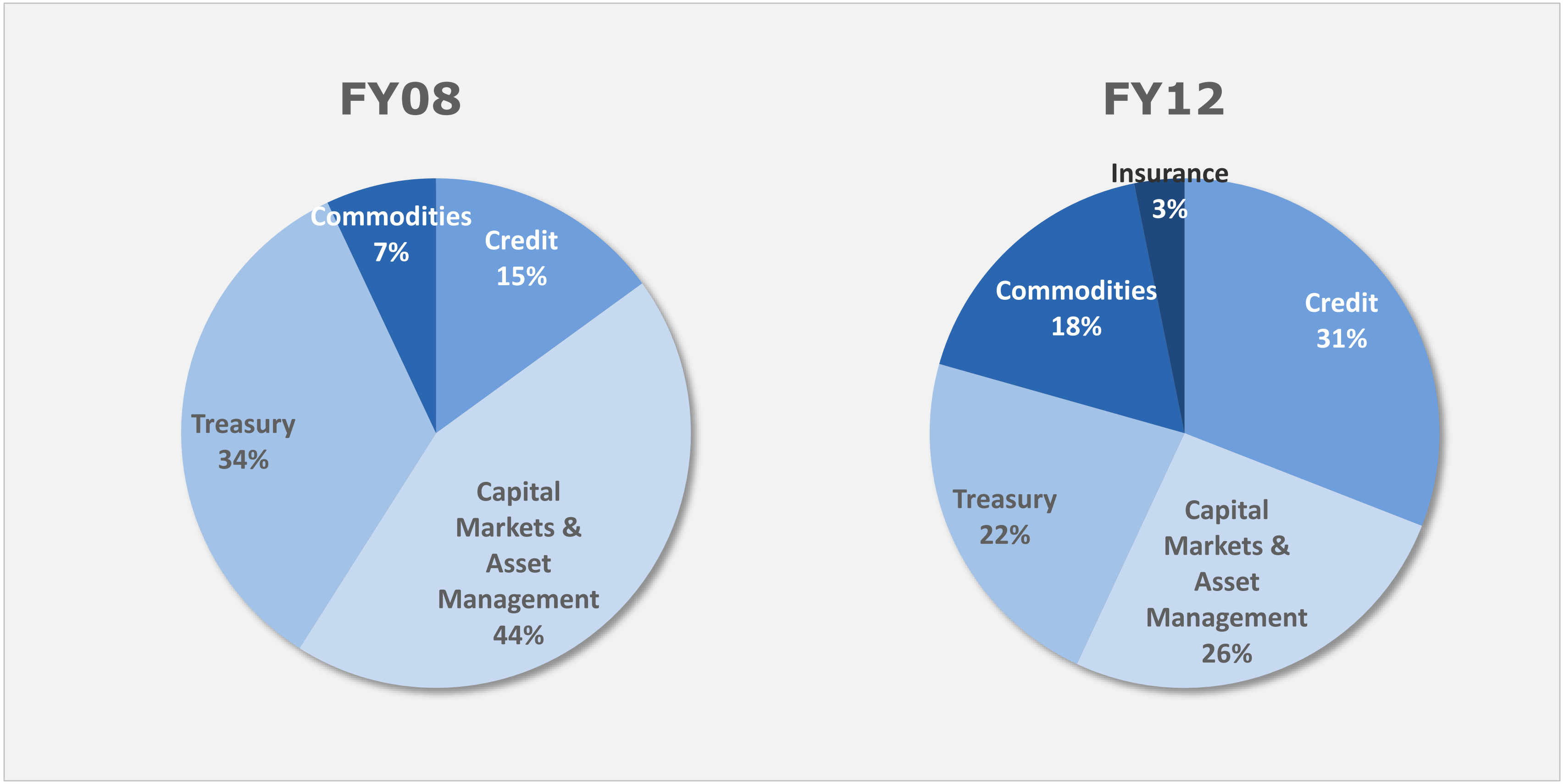
2. Expanding addressable **client segments**

3. Expanding addressable **geographies**

Our Journey To Becoming a Diversified Financial Services Firm…

	1996 - 2000	2000 - 2004	2005 - 2008	2008 - 2012
Insurance				Life Insurance
Commodities			Commodities Bullion	Commodities Agri Commodities Bullion
Credit			Corporate Loans	Debt Capital Markets Housing Finance Corporate Loans
Treasury		Equity Arbitrage	Balance Sheet Mgt Equity Arbitrage	Fixed Income Balance sheet Mgt Equity Arbitrage
Capital Markets & Asset Management	Investment Banking	Institutional Equities Investment Banking	Asset Management Institutional Equities Investment Banking	Retail Capital Mkts Asset Management Institutional Equities Investment Banking

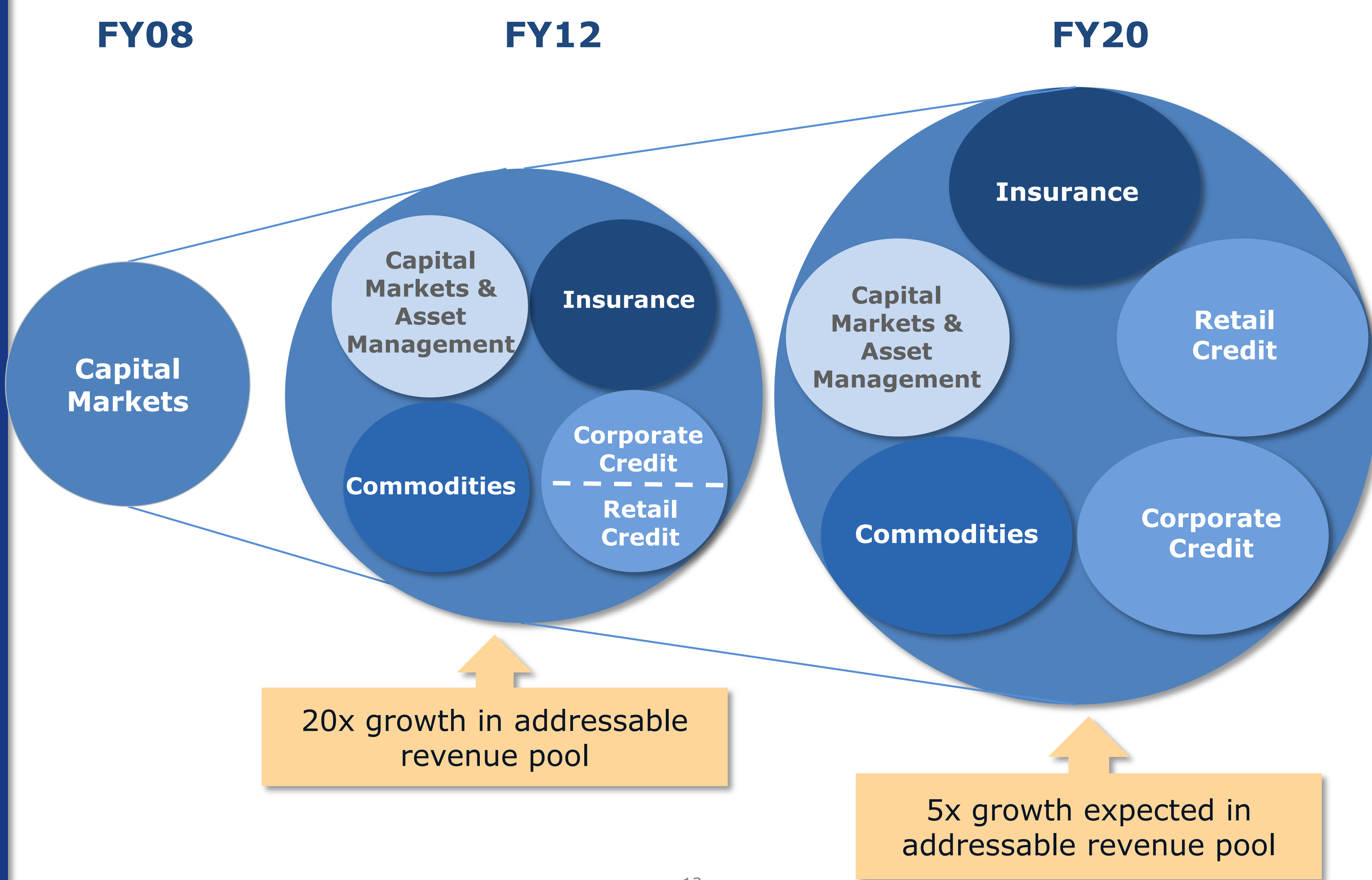
…With Diversified Revenue Streams



Derisking through Diversification

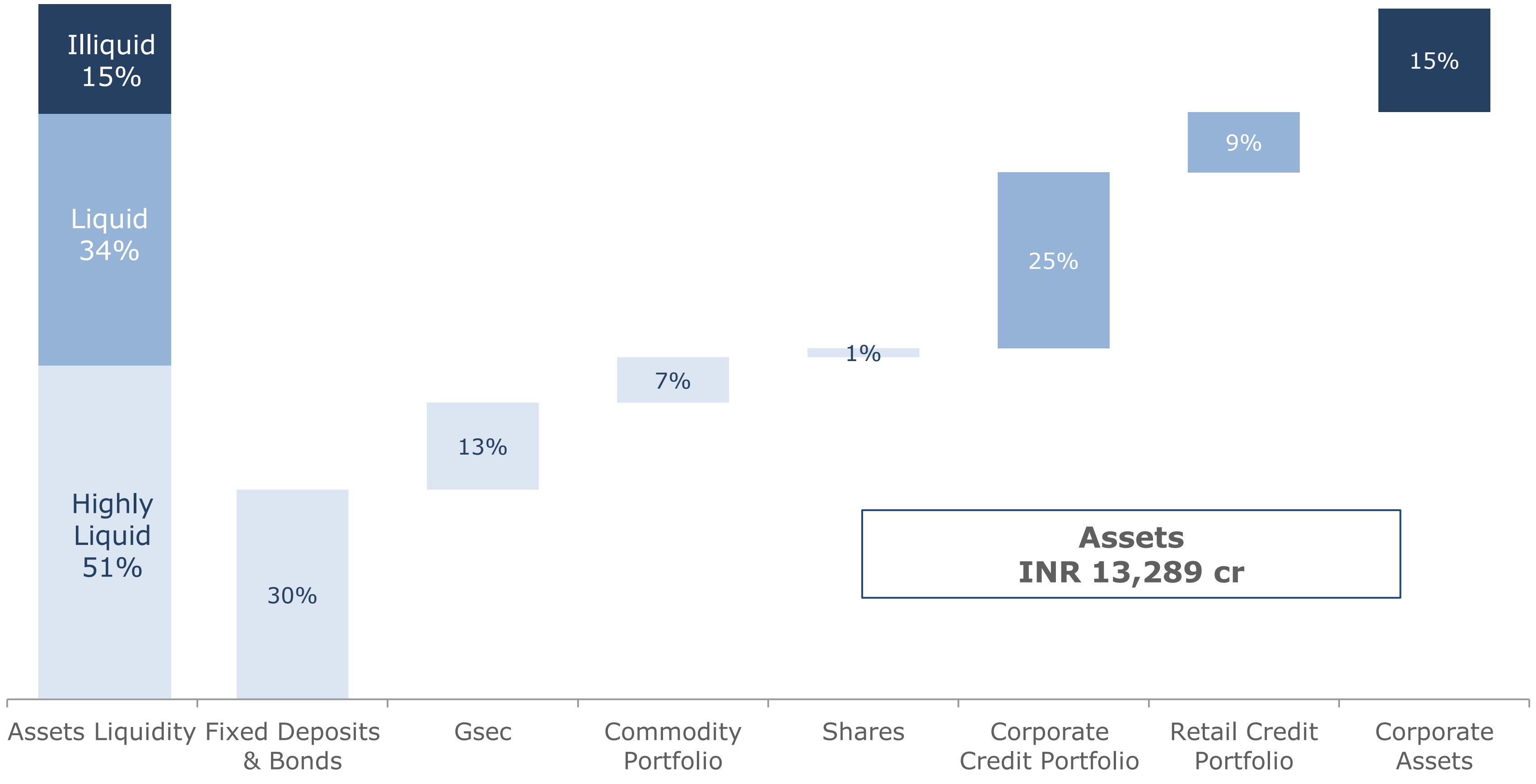
Notes: All numbers are Management Estimates

Creating Scalable Growth Opportunities



Understanding Our Balance Sheet

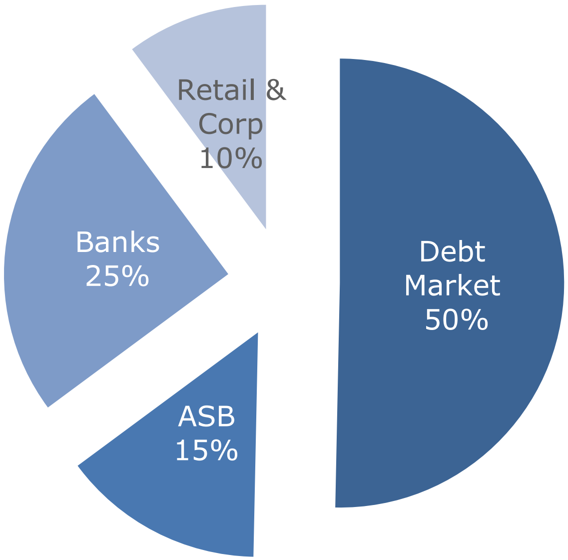
Balance Sheet Strategy: Diversified Asset profile



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

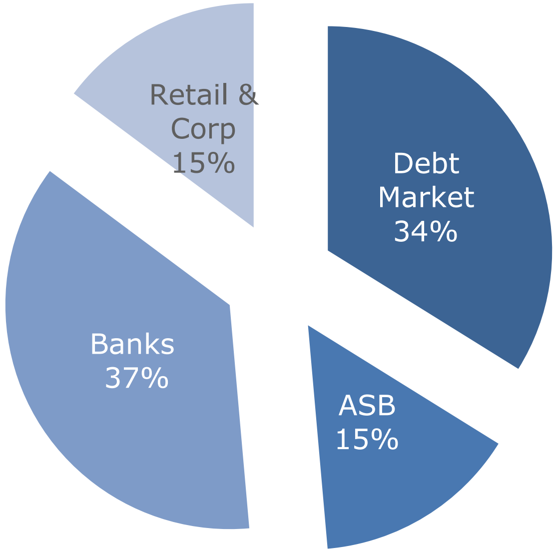
Balance Sheet Strategy: Sources of Borrowings

March 2011



INR 7,858 cr

March 2012



INR 10,414 cr

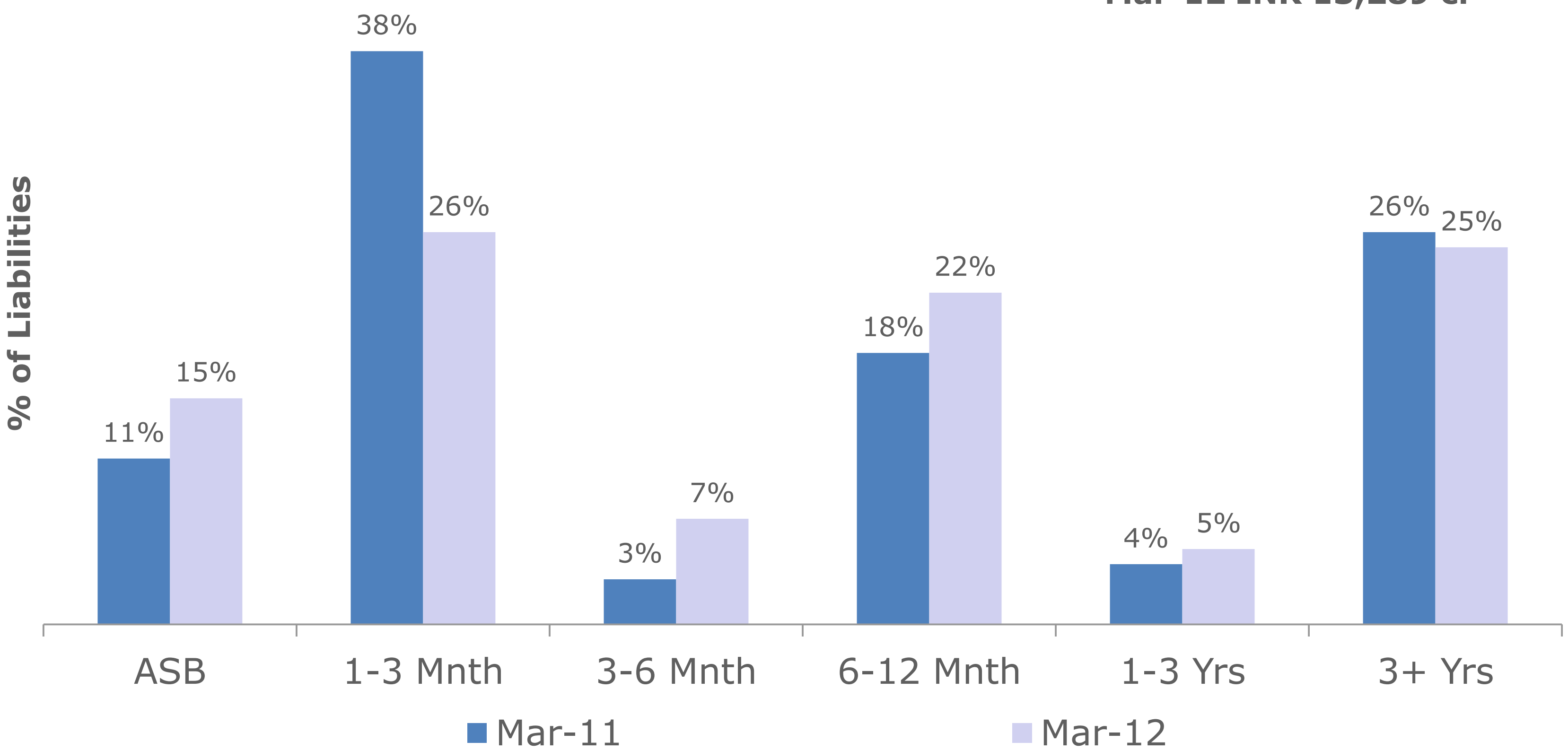
Diversified Sources of Funding

*Notes: *ASB – Asset Specific Borrowing*

Balance Sheet Strategy: Liability Maturity Profile

Mar-11 INR 10,413 cr

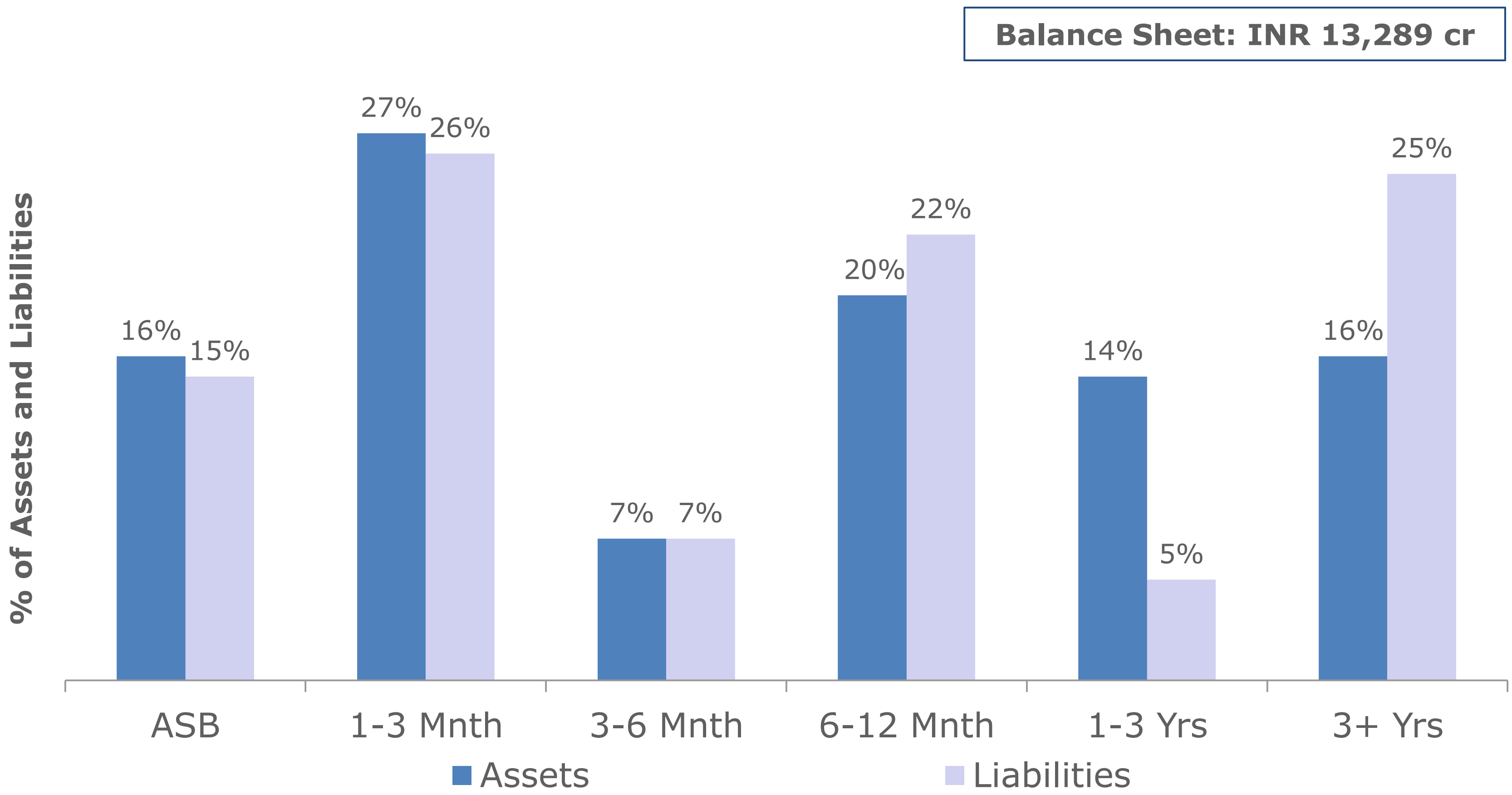
Mar-12 INR 13,289 cr



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

*Notes: *ASB – Asset Specific Borrowing*

Balanced Asset Strategy: ALM profile March 2012



Balanced Asset and Liability profile up to 12 months duration

ALCO manages, monitors and controls Interest Rate Risk and Liquidity

*Notes: *ASB – Asset Specific Borrowing*

Business Groups

Edelweiss
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Business Groups

* Credit
* Capital Markets and Asset Management
* Commodities
* Treasury
* Insurance

Edelweiss Credit – Business Description

Corporate Credit

* Began credit operations in 2007
* Comprises of
  * Collateralized Lending to Corporates
  * Debt Capital Markets
* Ranked overall 6th in the League Tables for Debt Arrangers (Private Placement) with a market share of 14.3%
* A robust risk management approach tested over 2 downturns

Highly profitable with limited scalability

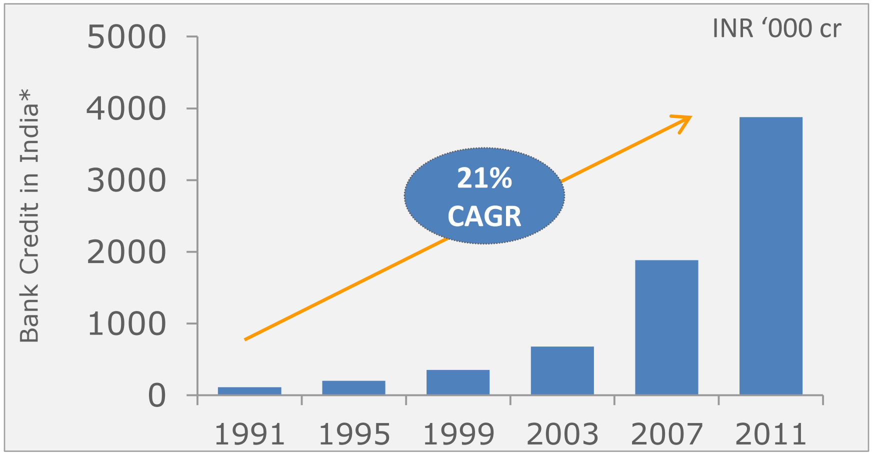
Retail Credit

* Began in 2011
* Comprises of
  * Housing Finance
  * SME Financing
* Controlled growth, focus on credit quality
* Currently in 8 cities, planned to be in 15-18 cities by FY13 end

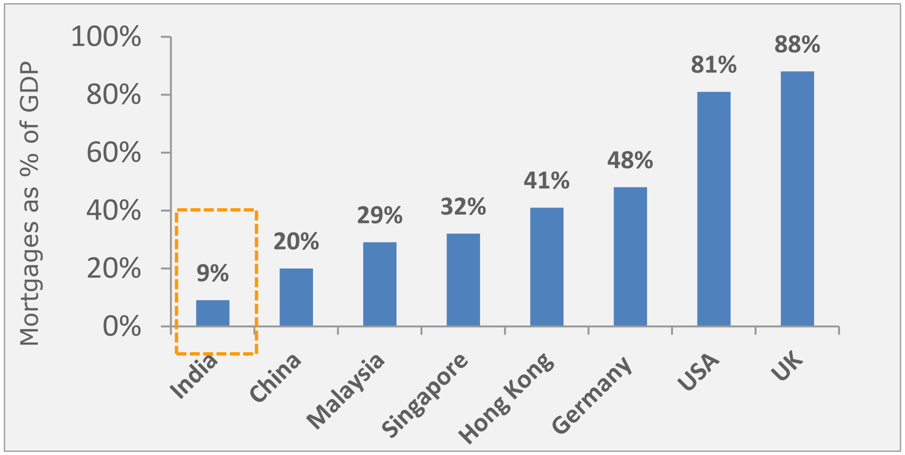
Highly scalable with lower profitability

Credit Opportunity in India

Large Growing Market



Low Penetration

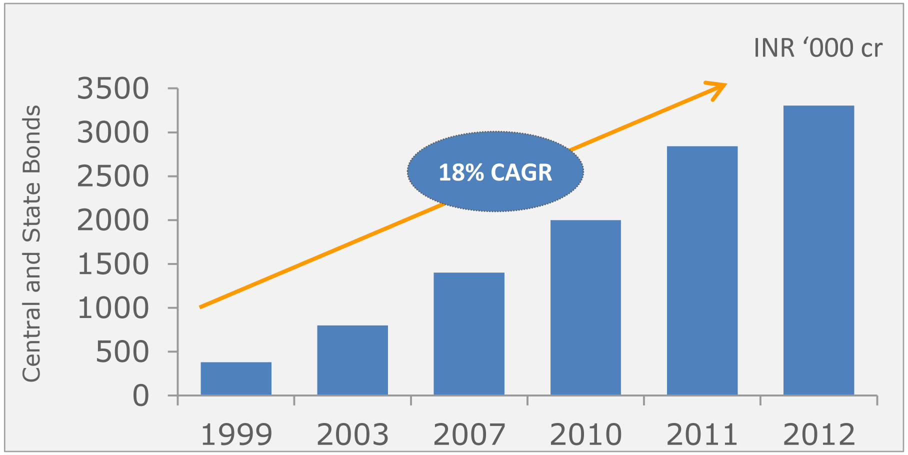


Large and growing opportunity

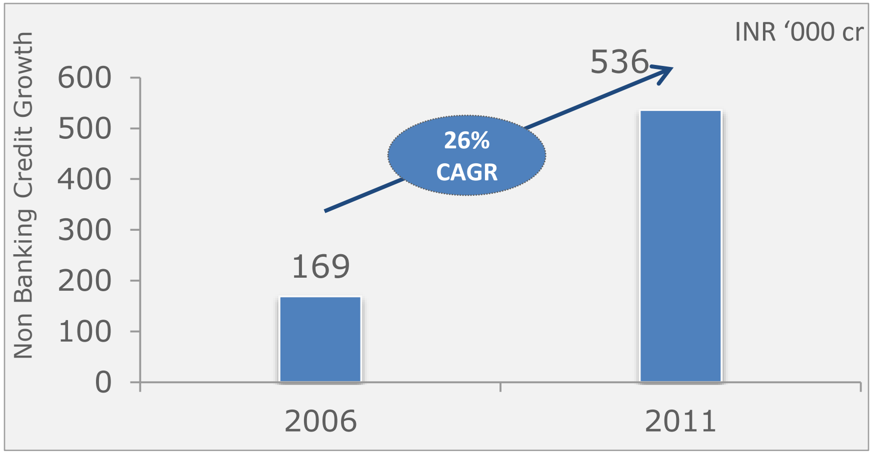
*Notes: *SCBs Non food Credit*
Source: RBI, ICRA

Key Themes For Edelweiss Credit

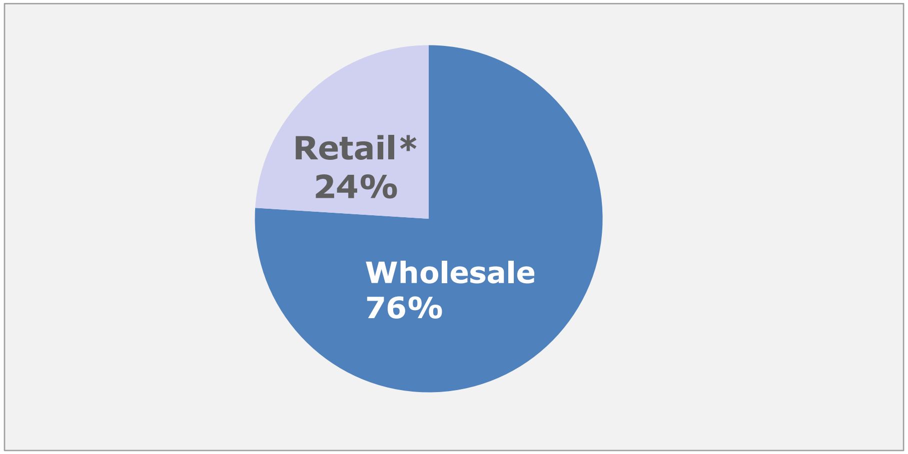
Rapid Growth in Bond Markets



Greater Credit Growth outside Banking



Retail Credit will grow



Present in Bond markets and Non-Banking credit (Corporate and Retail)

*Notes: * Including Housing Finance*
Source: RBI, ICRA

Edelweiss Credit - Financial Performance

(INR cr)	FY10	FY11	FY 12
Revenue	143	391	517
Profit before Tax	95	126	131
Equity	411	522	687
Capital Employed	1,343	2,219	3,573
Pre-tax ROE	23%	24%	19%
Pre-tax ROA	7%	6%	4%

Book Size– Collateralized Corporate Loans	1,343	2,103	2,797
Book Size– Housing Finance	-	116	776
Average Blended Yield of Credit Book	15.7%	16.1%	16.8%

Profitability impacted due to investments in Retail financing

Notes: All numbers are Management Estimates

Edelweiss Credit – Credit Metrics

(INR cr)	FY10	FY11	FY12
Asset Quality			
Total Loans[1]	1,837	2,644	3,956
Gross NPLs	23	12	23
Net NPLs	20	2	7
Total Provision Held (incl. Std Assets Prov.)[2]	12	17	26
Total Provision Cover (incl. Std Assets Prov.)	51%	144%	116%
Collateral Cover			
Corporate Loans – Book Size	1,343	2,103	2,797
Collateral Cover in Corporate Loans	3.1x	2.8x	2.6x
Retail Financing[1] – Book Size	494	541	1,159
LTV% in Retail Financing[1]	35%	~45%	~60%

Notes: All numbers are Management Estimates
1 Includes retail margin funding book
2 Total Provision includes General Loan Loss Provision on Standard Assets

Business Groups

- Credit
- Capital Markets and Asset Management
- Commodities
- Treasury
- Insurance

Edelweiss Capital Markets & Asset Mgt. – Business Description

Capital Markets

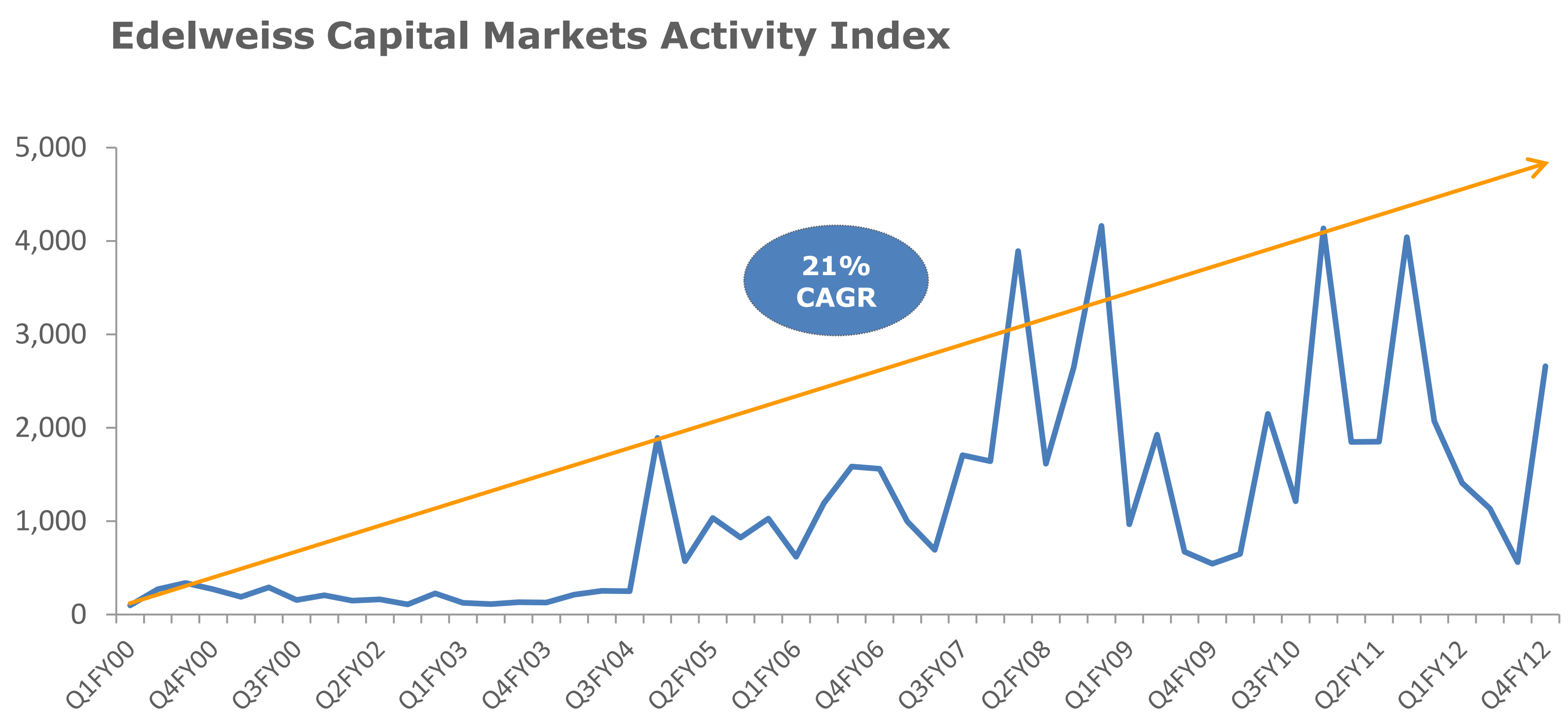
* **Investment Banking and Institutional Equities**
  * Consistently in top 10 in League Tables in Investment Banking
  * Amongst the top 2 Indian brokerage houses
* **Retail Broking**
  * Rapid scale up to 3,72,000 clients
  * Significant online presence: 44 lac unique visitors and 6.95 cr page views on http://www.edelweiss.in
* **Wealth Management**
  * Scale up continues with AUAs of ~INR 3,000 cr

Asset Management

* **Alternative Asset Management**
  * One of the fastest growing Indian Alternative Asset Management players
  * 5 operational funds, each with differentiated strategies and dedicated teams
* **Mutual funds**
  * Range of mutual fund schemes across the risk return spectrum
  * Focusing on building up track record of performance and client base
  * Distribution network comprises of a force of 3000 distributors

Expanding into retail: Growing wallet share

Capital Markets & Asset Management Opportunity in India

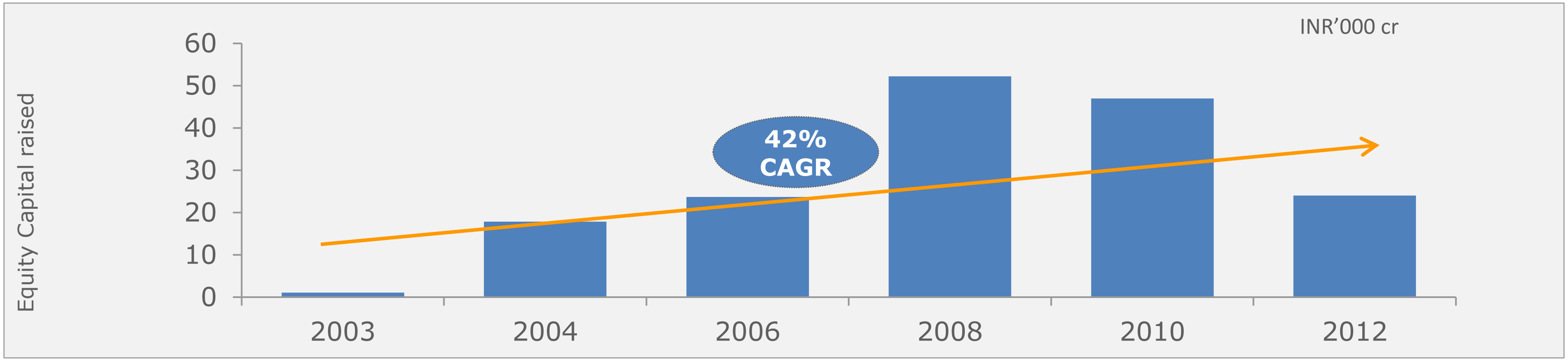


High growth market segments, but volatile

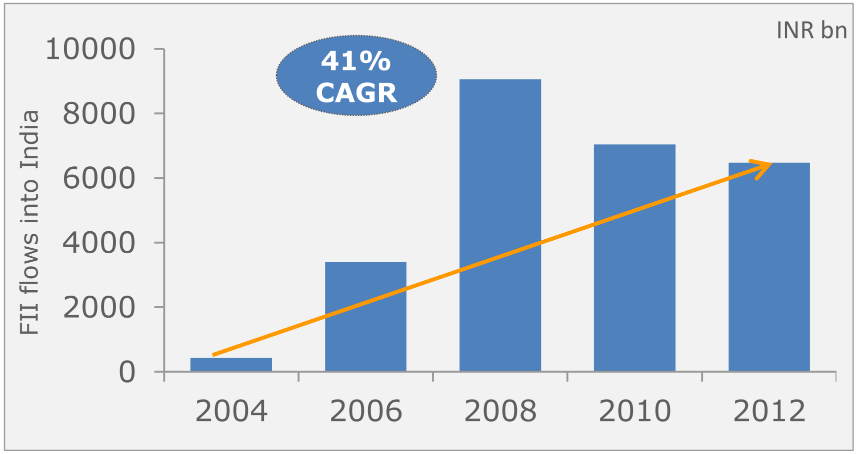
Source: Edelweiss Research, RBI

Key Themes For Edelweiss Capital Markets & Asset Mgmt.

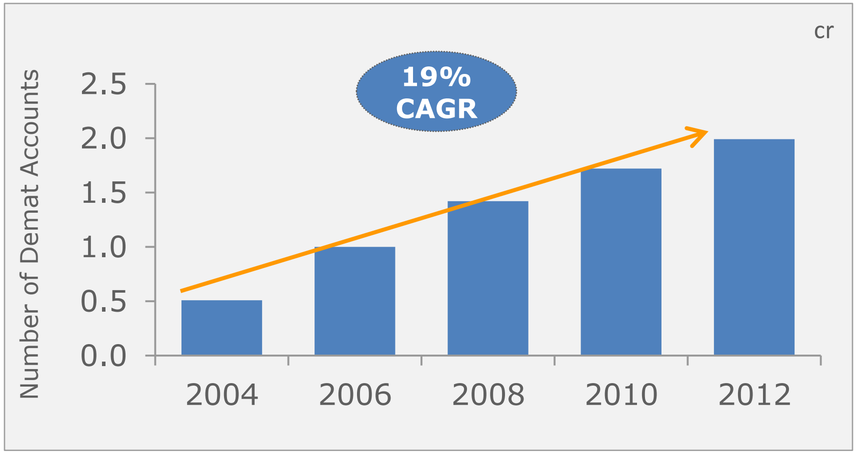
Increasing Role of Capital Markets



Significant Interest from International Investors



Retail Participation to Drive Growth



Opportunity for significant future growth

Source: Edelweiss Research, RBI, UN Statistics Division, Prime database

Edelweiss Capital Markets and Asset Mgt.- Financial Performance

(INR cr)	FY10	FY11	FY12
Revenue	271	535	435
Profit before Tax	75	100	15
Equity	300	339	410
Capital Employed	600	998	800
Pre-tax ROE	25%	29%	4%
Trading Volumes Market Share	4.6%	3.9%	4.0%
Mutual Funds AUM	157	155	370
Alternative Investment Funds AUM (USD mn)	208	361	570
No. of IB deals*	33	47	40
No. of Retail Broking clients	40,000	3,25,000	3,72,000

Continue to maintain stable operating performance

Notes: All numbers are Management Estimates
**Includes ECM Advisory and Debt Syndication*

Business Groups

- Credit
- Capital Markets and Asset Management
- Commodities
- Treasury
- Insurance

Edelweiss Commodities – Business Description

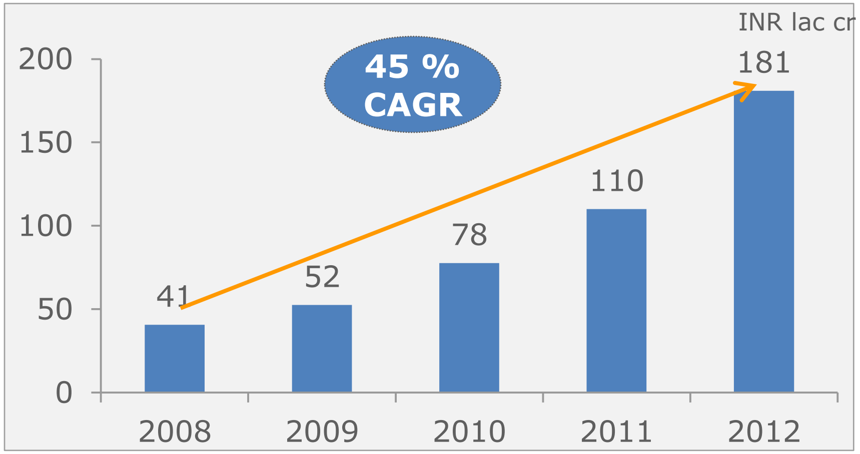
* Started Commodities business in 2007 as part of the strategy to diversify across asset classes; now a strategically important business group

* Edelweiss is now a leading player in precious metals and agriculture commodities

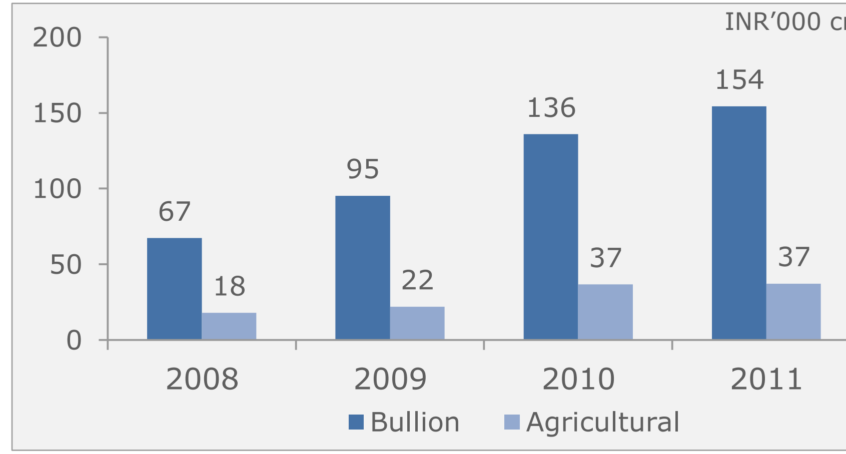
Precious Metals	Agriculture Commodities
* Precious metals distribution business set up in FY08 * Import/procure locally to distribute to end-users (jewelers, manufactures and traders) * One of the largest non-bank importers of precious metals in India * Presence in 11 cities in India; and an office in Dubai * Network of ~450 clients, & empanelled with majority of the international banks for bullion supplies	* Business set up in FY10 * Import/procure locally and to sell to users/other traders * Financing traders/users commodities procurement through collateral based credit * Network of ~500 clients & all key warehousing services providers

Commodities Opportunity in India

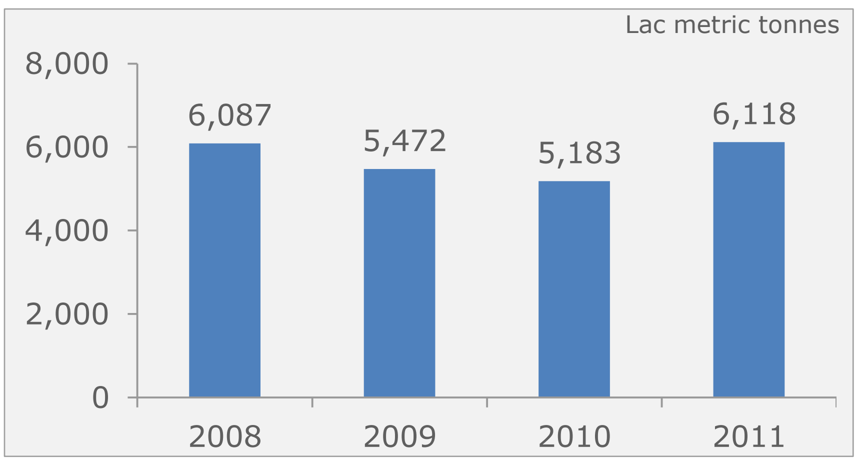
Commodities Turnover On Exchanges



Commodities Imports – Bullion & Agri[1]



Agricultural[2] Production in India



Financialization will reduce cost and improve supply demand linkages

Note: 1. Agri commodities includes edible oil, pulses and cereals and cereal preparations
2. Agricultural production includes Food grains, Oilseeds and Sugarcane
Source: Edelweiss Research, RBI, FMC, World Gold Council

Edelweiss Commodities - Financial Performance

(INR cr)	FY10	FY11	FY 12
Revenue	62	181	292
Profit before Tax	28	57	59
Equity	200	304	300
Capital Employed	600	2,731	1,312
Pre-tax ROE	14%	19%	20%
Pre-tax ROA	5%	2%	5%

Achieving scale and profitability

Notes: All numbers are Management Estimates

Business Groups

* Credit
* Capital Markets and Asset Management
* Commodities
* Treasury
* Insurance

Edelweiss Treasury – Business Description

* Key functions
  * Absorb and release liquidity as required by business groups
  * Enhance yield on capital
  * Enhance capital efficiency of assets as well as liabilities
  * Maintain liquidity buffer

* ~70% of total treasury assets (INR 3,900 cr) are Government securities & Bank Fixed Deposits
  * These are key components of our liquidity management strategy

Edelweiss Treasury – Financial Performance

(INR cr)	FY10	FY11	FY 12
Revenue	502	319	374
Profit before Tax	155	101	54
Equity	1,000	590	400
Capital Employed*	1,991	3,339	5,700
Pre-tax ROE	16%	17%	14%

Treasury has released equity to other business groups over the years
FY12 impacted due to need to maintain large liquidity buffer

Notes: All numbers are Management Estimates
* **Includes G-Secs & Bank FDs of INR 3,900 cr in FY12 (INR 2,000 cr in FY11)**

Business Groups

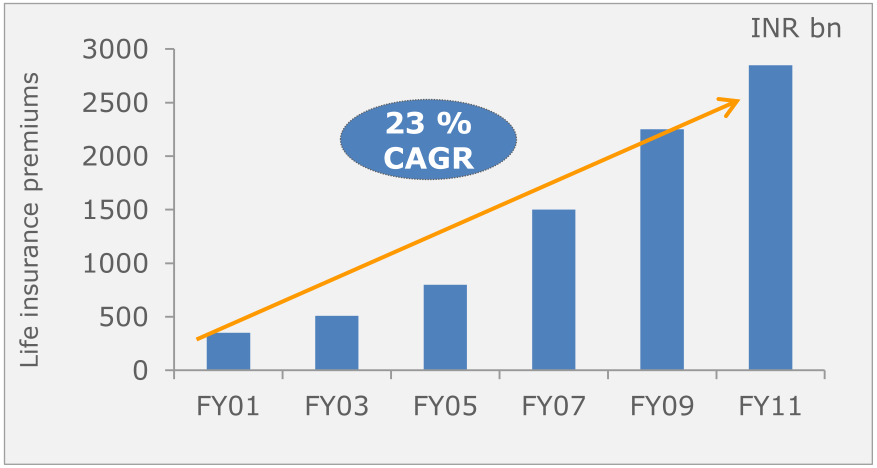
* Credit
* Capital Markets and Asset Management
* Commodities
* Treasury
* Insurance

Edelweiss Tokio Life Insurance – Business Description

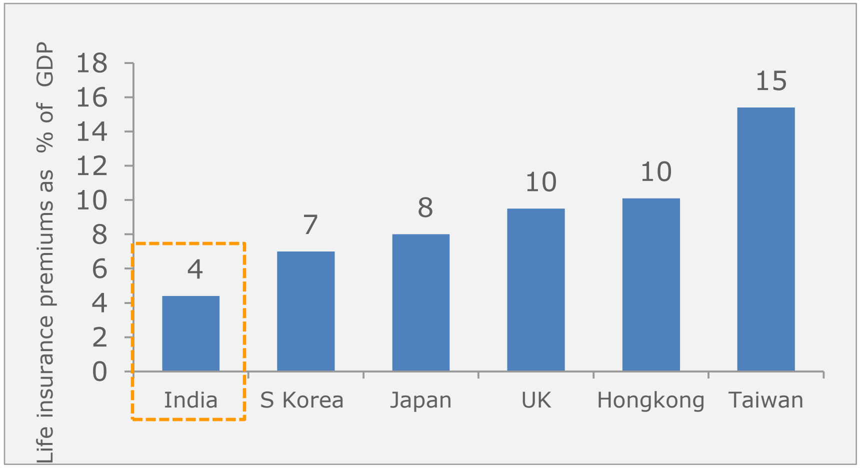
- Life Insurance in India is a sizable opportunity space in financial services
  - ~25% of household savings flow into life insurance, second only to banking
  - Low insurance density ($48 per capita , >$1000 for developed countries)
  - Improving dependency ratios (lower % of dependents / total population)
  - Effective in channelizing savings to long term investments
- Edelweiss entered the Life insurance space in 2011 through a JV with Tokio Marine Holdings Inc.
- The Tokio Marine Group:
  - Founded in 1879 as the first general insurance company in Japan
  - Strong track record in Life Insurance across developed and emerging countries
- Key focus areas:
  - Build a high quality and productive agency force
  - Reach out to existing Edelweiss clients

Life Insurance Opportunity in India

Rapid Premium Growth



Low Penetration*



India likely to be the 3rd largest market in Asia by 2014

*Notes: *Insurance penetration is measured as ratio of premium (USD) to GDP (USD)*
Source: Edelweiss Research, Swiss Re

Edelweiss Tokio Life Insurance – Financial Performance

(INR cr)	FY 12
Premium Income	11
Investment Income	42
Total Income	**53**
Profit before Tax	-18
Net worth	521

No. of offices	31
No. of cities	22
No. of agents (PFAs)	825

Notes: All numbers are Management Estimates

Corporate

Enterprise Resources

- **Human Resources**
  - Building a strong leadership pipeline
- **Brand Building**
  - Building a financial services brand with a clear proposition – "Financial Empowerment"
- **Risk**
  - Managing financial, liquidity and operational risk; identifying and mitigating regulatory & reputational risk
- **Technology**
  - Providing cutting edge technology solutions and infrastructure
- **Operations**
  - Ensuring adoption of customer centricity as an integral operating philosophy across business groups

Key HR Metrics

		FY 11	FY 12
End of Period Head Count		2,647	3,108
New Senior Hires (VP and above)		54	28
Senior Attrition		18%	14%
Learning & Development	Training man days	2,250 man days	2,441 man days
	Employees Covered	1,700	2,114

Building a Financial Services Brand

FY07 FY08 FY09 FY10 FY11 FY12

Why

Introduction of the brand: *who we are*

Communicate brand proposition *what can we do for you*

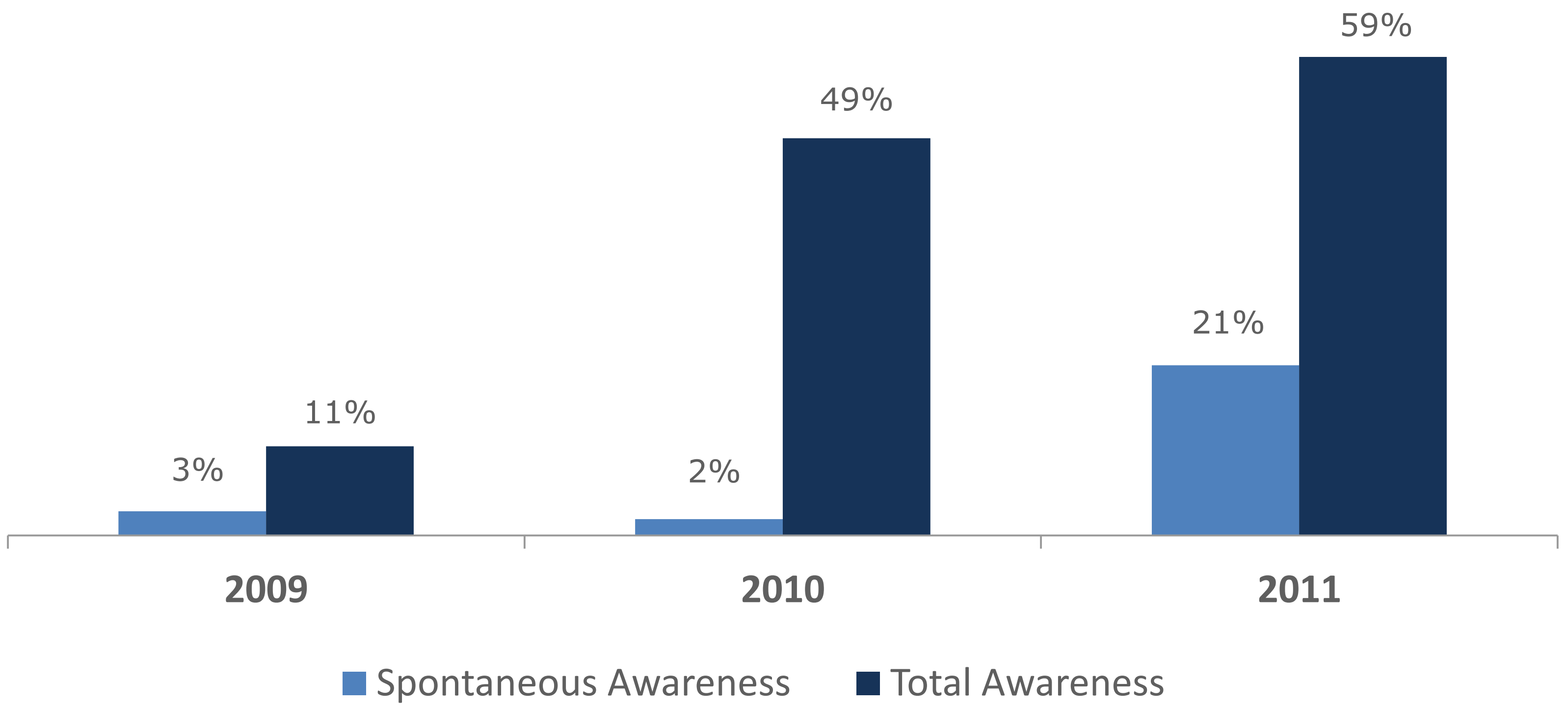
Manifestation of the proposition: *how can we do it for you*

Reach

FY09	FY10	FY11	FY12
1.3 mn people	1.7 mn people	3.2 mn people	4 mn people

Clear Proposition – Financial Empowerment

Building Brand Recognition



2009: Two Brand Tracks: Mumbai & Delhi *532 respondents*
2010: Mumbai, Delhi, Bangalore & Kochi *1829 respondents*
2011: Mumbai, Delhi, Bangalore & Ahmedabad *1502 respondents*

Risk Framework

Business Risk
The Primary Risk Team

- ∗ Defined risk metrics
- ∗ Day to Day Risk Monitoring
- ∗ Policy Enforcement

Group Risk
Second Line of Defense

Global Risk Group

- ∗ Consolidated Risk Overview
- ∗ Adequate Risk Controls
- ∗ Policy Formation
- ∗ Risk directory

Investment Committees & **Credit Committees** to approve exposure levels

Global Risk Committee
Apex Risk Body

- ∗ Consists of senior management personnel including **CEO** and **COO**
- ∗ Risk Strategy
- ∗ Periodic risk review

Oversight by Board Risk Committee

Corporate Social Responsibility - EdelGive Foundation

Philanthropic initiative to drive sustainable social change

Impacted over 75,000 lives

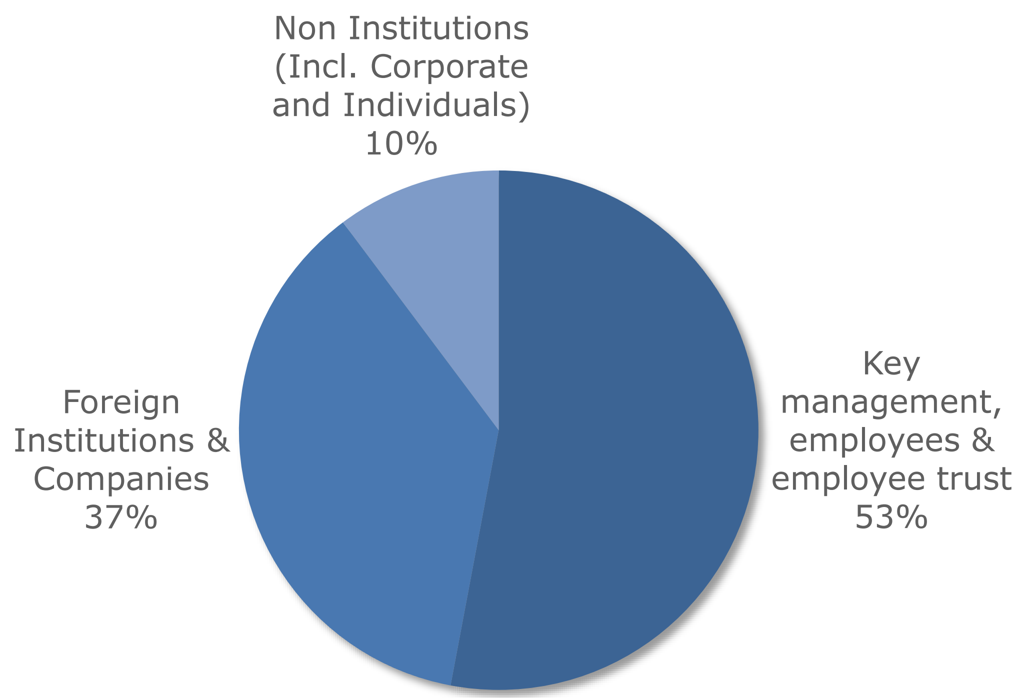
Current portfolio of 20 non- profit organisations

Committed INR 17 Crore till date

Over 4000 hours of pro-bono support

Focus on Education, Livelihoods and Womens' Rights

Shareholding Pattern



Top Institutional Shareholders above 1%*

As on 31st March, 2012

	Name	Percent
1	Govt. of Singapore	8.2%
2	BIH SA	5.8%
3	Carlyle	5.6%
4	Greater Pacific Capital	5.1%
5	Fidelity	3.2%
6	Americorp Ventures	2.0%
7	Amansa Investments	1.6%
8	Argonaut Ventures	1.5%
9	Sequoia Capital	1.0%

Quality institutional investors from different geographies

*Notes: *Holdings of known affiliates have been clubbed together for the purpose of this information*

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

Safe Harbor

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