

Edelweiss Financial Services Limited

Q2FY13 Earnings Update

November 2012



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

1. Financial Highlights



- * Improving macro-economic environment
 - CRR reduction and higher liquidity
 - Bank lending rates declining
 - Commodities prices stable or declining
 - FII inflows robust
- * Managing inflation and fiscal deficit a key challenge
- * Government resumes economic reforms bringing in a renewed sense of optimism; execution of reforms key to growth returning
- * While fundamentals are strengthening, structural improvement still away



- * Consistently improved financial and business performance QoQ in the last four quarters despite challenging environment
- * Stable growth in profitability - result of diversification that we have achieved
- * Slight improvement in margins due to uptick in Agency businesses income, execution efficiencies and better operating cost structure
- * Credit and Treasury book spreads maintained
- * Insurance scale up and burn as per the Plan; burn in other new businesses reducing progressively
- * Liabilities side strengthening continues with lower dependence on short term borrowings; matched ALM profile; a key focus area
- * Continued to invest in processes that enhance efficiencies, adopt new technologies, improve risk management practices and build leadership



₹ Million	Q2FY13 (unaudited)			
	EFSL ex-Insurance	EFSL ex-Insurance YoY Growth	EFSL Consolidated	EFSL Consolidated YoY Growth
Total Revenue	4,921	33%	5,110	39%
Profit Before Tax	732	69%	605	46%
Profit After Tax and Minority Interest	543	93%	416	58%
Tangible Equity [#]	21,180	-	26,190	-
Return on Tangible Equity	10%	-	6%	-

Core Business Operations (excluding insurance) Robust

Consolidated Results



₹ Million	FY13	FY13	FY12	FY13	FY12	FY12
	Q2	Q1	Q2	H1	H1	Annual
Fee and Commission Income	796	670	840	1,466	1,521	3,213
Interest and Treasury Income	4,179	4,535	2,790	8,714	5,768	13,195
Premium from Life Insurance Business	63	35	8	98	8	107
Other Operating Income	62	75	20	137	48	110
Other Income	10	17	23	27	34	82
Total Revenue	5,110	5,332	3,681	10,442	7,379	16,707
Operating and Other Expenses	919	919	797	1,838	1,464	3,289
Employee Cost	833	784	623	1,617	1,234	2,712
Financial Expenses	2,630	2,946	1,761	5,576	3,605	8,297
Depreciation	123	115	85	238	143	422
Total Expenses	4,505	4,764	3,266	9,269	6,446	14,720
Profit Before Tax	605	568	415	1,173	933	1,987
Tax Expenses	197	175	130	372	292	681
Profit After Tax	408	393	285	801	641	1,306
Share of Minority Interests in Profits	(8)	(5)	22	(13)	46	29
Profit After Tax and Minority Interest	416	398	263	814	595	1,277
Diluted EPS [#] (in ₹) (FV ₹ 1)	0.54	0.52	0.34	1.06	0.77	1.66

Diversification of revenue streams ensuring growth in profitability

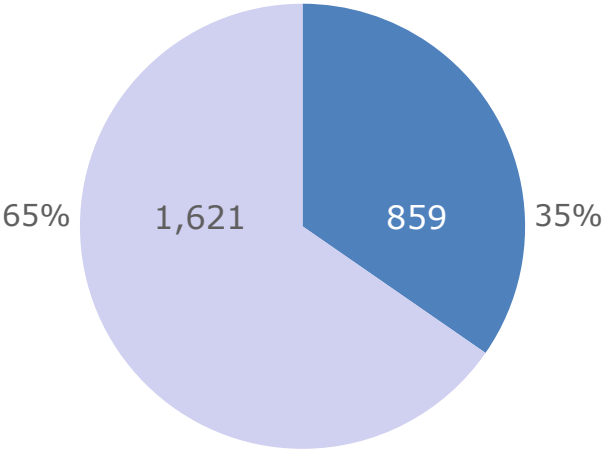
[#]Qtly/HYly EPS not annualised
Prior period figures have been regrouped/reclassified wherever necessary

Balanced Revenue Growth & Business Mix at Net Revenue Level

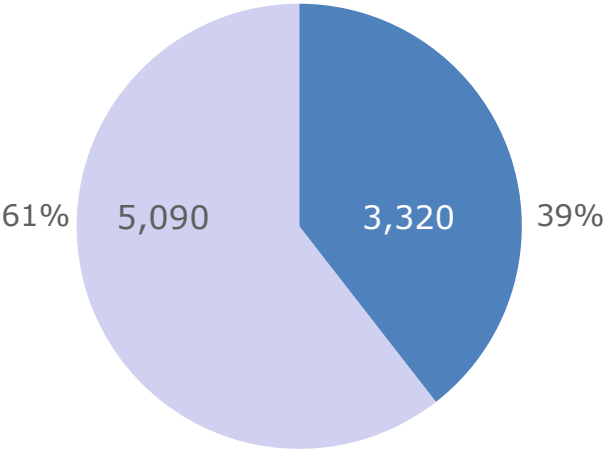


(In ₹ million)

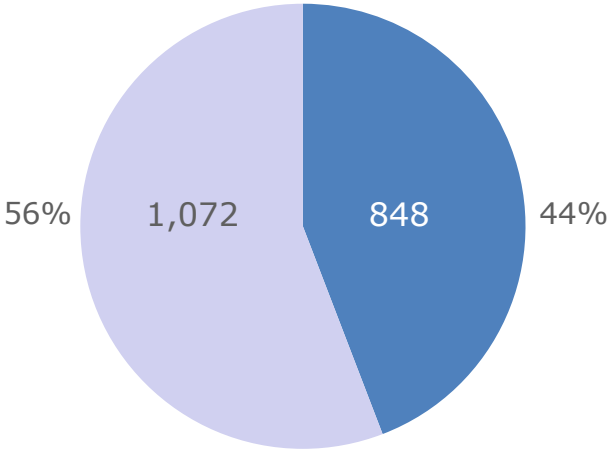
Q2FY13



FY12



Q2FY12



Capital Based Net Revenue



Agency Based Revenue

Balanced Mix at Net Revenue Level



₹ Million	Q2FY13	H1FY13	FY12
Interest Income	3,586	7,264	10,661
Interest on Loans	1,617	3,166	4,338
Interest on Debt Instruments	734	1,450	2,127
Interest on Fixed Deposits & Others	1,235	2,648	4,196
Income from Treasury	593	1,450	2,534
Other Operating Revenue	62	137	110
Other Income	10	27	82
Total Capital Based Revenue	4,251	8,878	13,387
Capital Based Revenue as a % of Total Revenue	83%	85%	80%

Interest Spreads maintained in the second quarter



₹ Million	Q2FY13	H1FY13	FY12
Agency Fee & Commission	796	1,465	3,213
Income from Securities Broking	352	627	1,401
IB, Advisory & Other Fees	401	752	1,670
Income from Commodities Broking	43	86	142
Premium from Life Insurance	63	98	107
Total Agency Based Revenue	859	1,563	3,320
Agency Based Revenue as a % of Total Revenue	17%	15%	20%

Higher activity levels across all Agency Businesses in second quarter leading to uptick in Agency Fee and Commission

2. Balance Sheet and ALM

* Balance Sheet



- * Diversification in sources of borrowings continues
- * Net Gearing (excluding asset backed borrowings against FDs and GSecs) of 2.53x
- * Lower dependence on short term borrowing over the last one year leading to improved liability profile
- * Cost of borrowing for second quarter lower at 10.1% (10.5% in Q1FY13)
- * Continue to modify liability profile in sync with changes in asset profile ensuring matched ALM profile across all tenors
- * 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 Sept 30 '12 (Unaudited)	As on Mar 31 '12 (Audited)
Equity and Liabilities		
Shareholders' Funds	27,123	26,360
Minority Interest	2,392	2,388
Non-Current Liabilities	15,514	11,234
Current Liabilities	99,798	105,475
TOTAL	144,827	145,457
Assets		
Goodwill	1,399	1,395
Fixed & Non-Current Assets	37,301	33,426
Current Assets	106,127	110,636
TOTAL	144,827	145,457

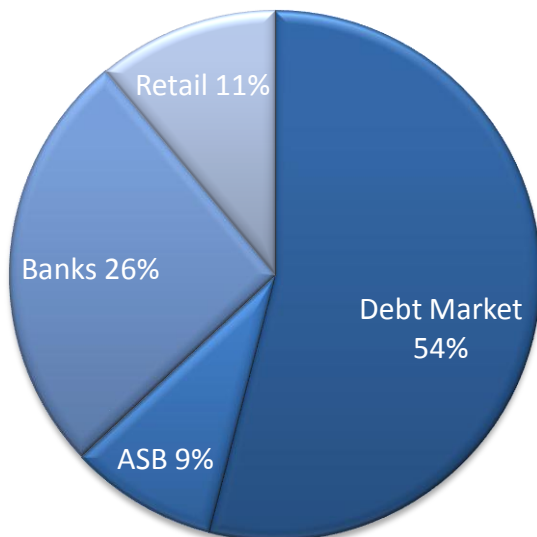
Strong and Liquid Balance Sheet with a Comfortable Leverage

Balance Sheet and ALM

* ALM

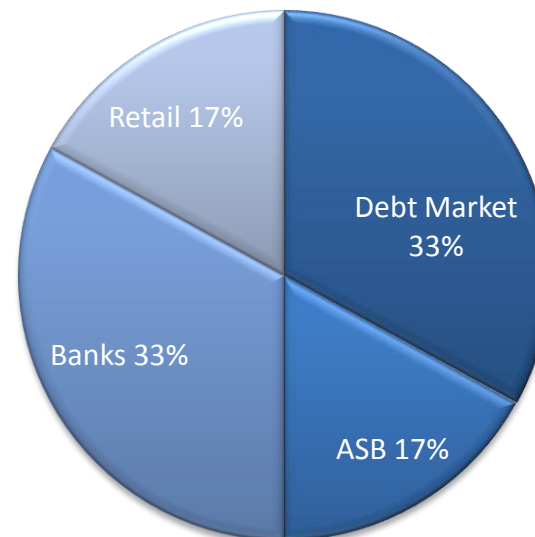


September 2011



₹ 80.39 bn

September 2012



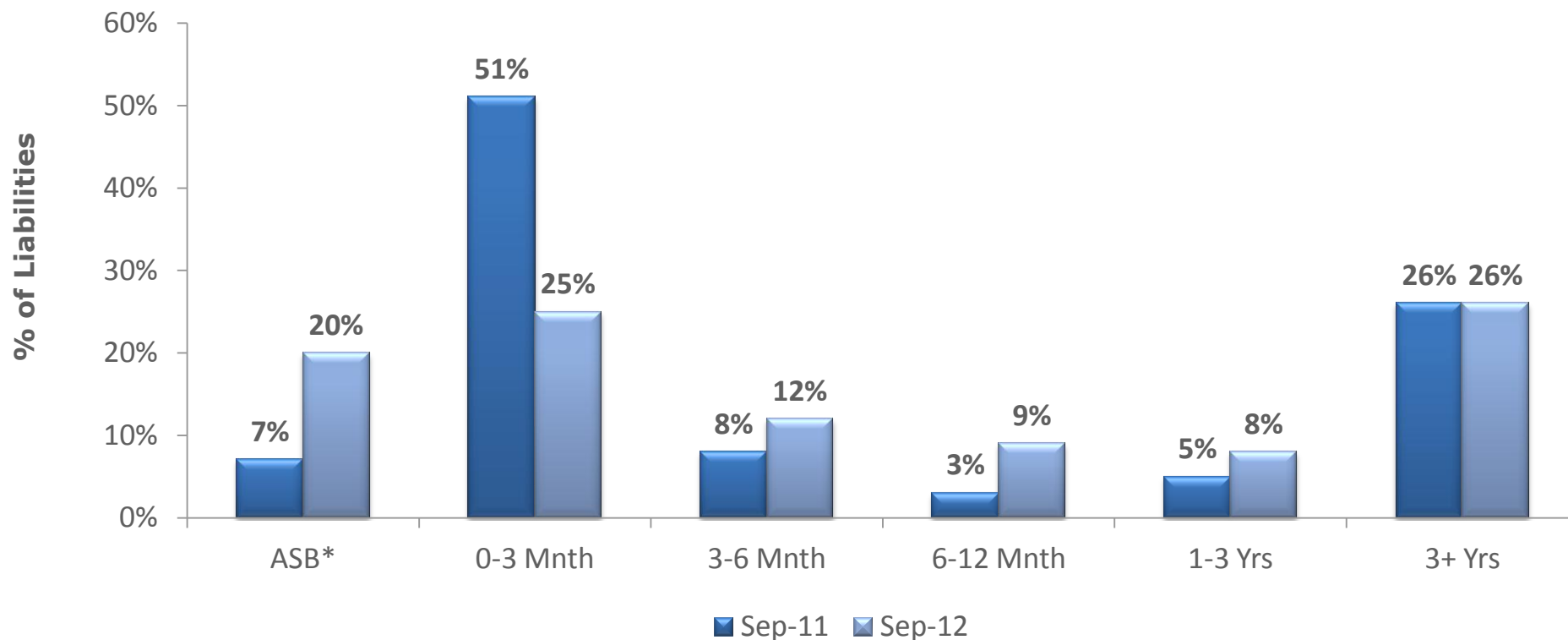
₹ 101.55 bn

Diversified Sources of Funding with lower dependence on Debt Markets



Sept '11 ₹ 108.85 bn

Sept '12 ₹ 131.06 bn



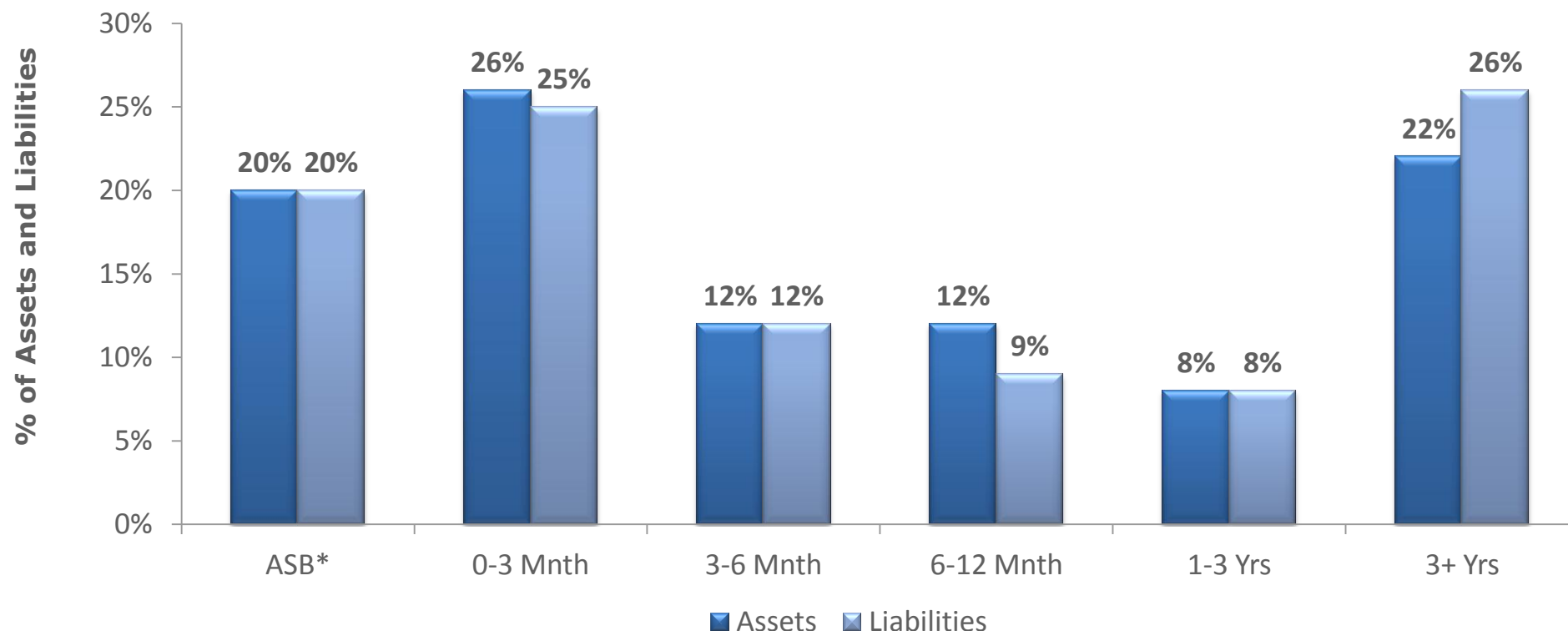
Increase in duration of liabilities

Significantly lower dependence on short term liabilities in 0-3 months bucket

Note: ASB – Asset Specific Borrowing;
Liabilities include Networth

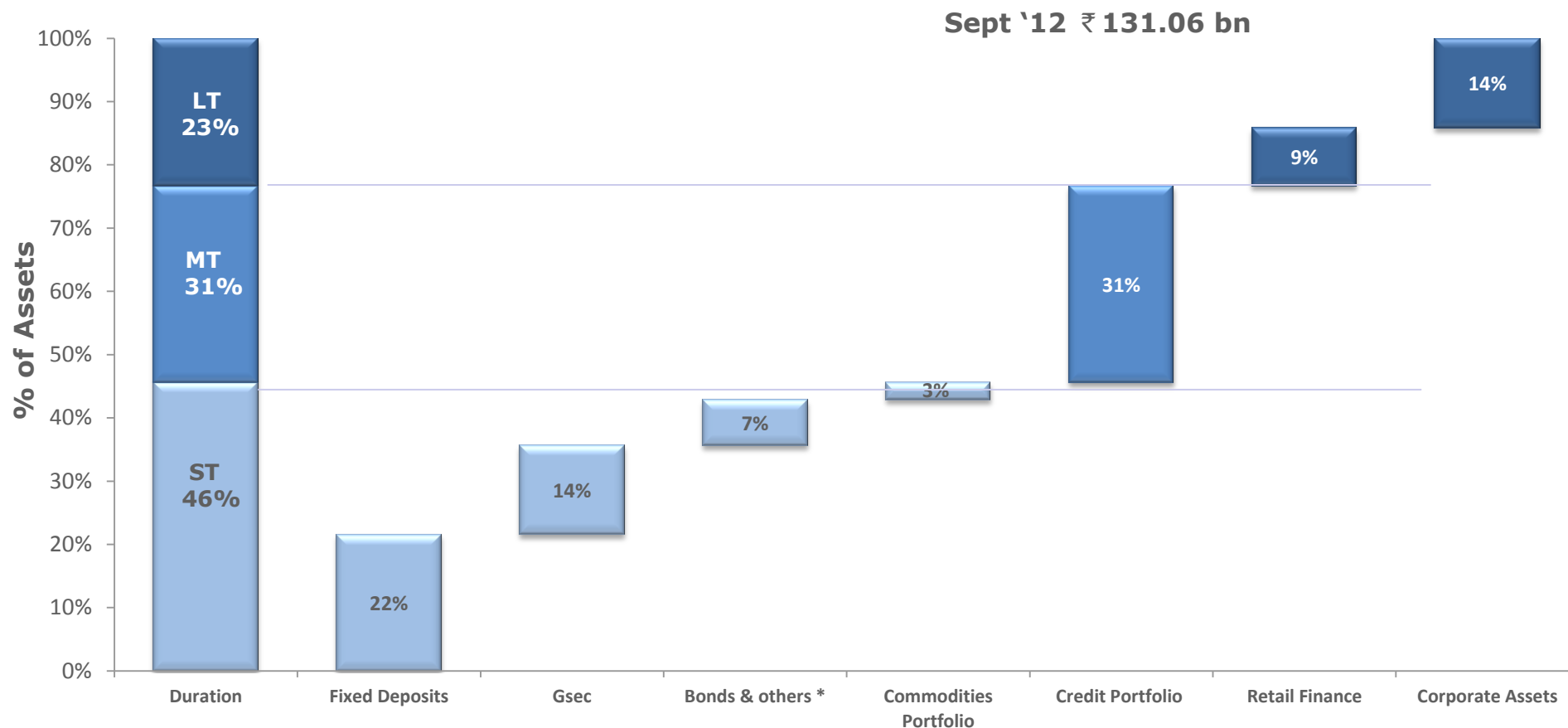


Sept '12 ₹ 131.06 bn



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

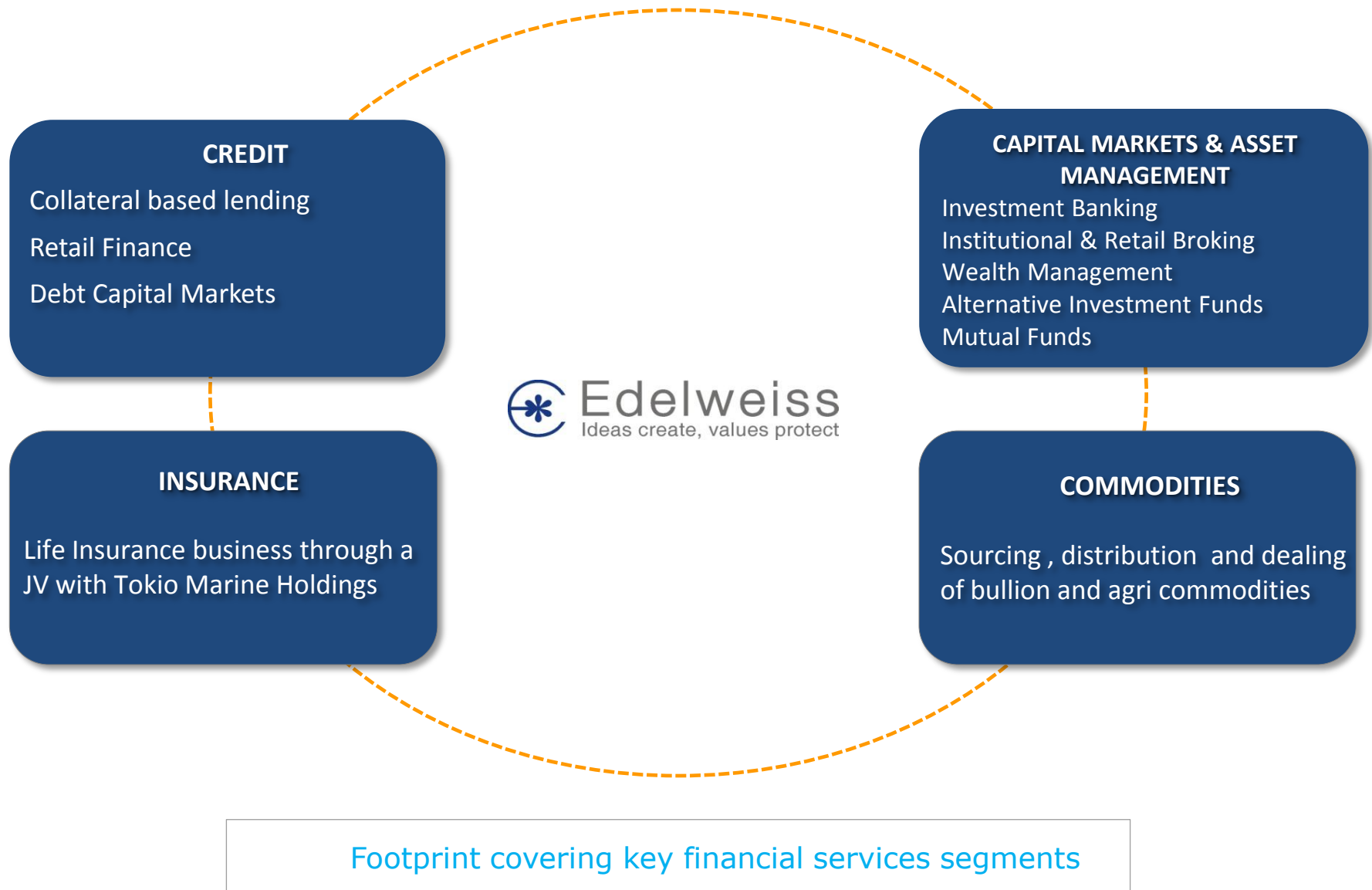
Balance Sheet Strategy: Diversified Asset profile

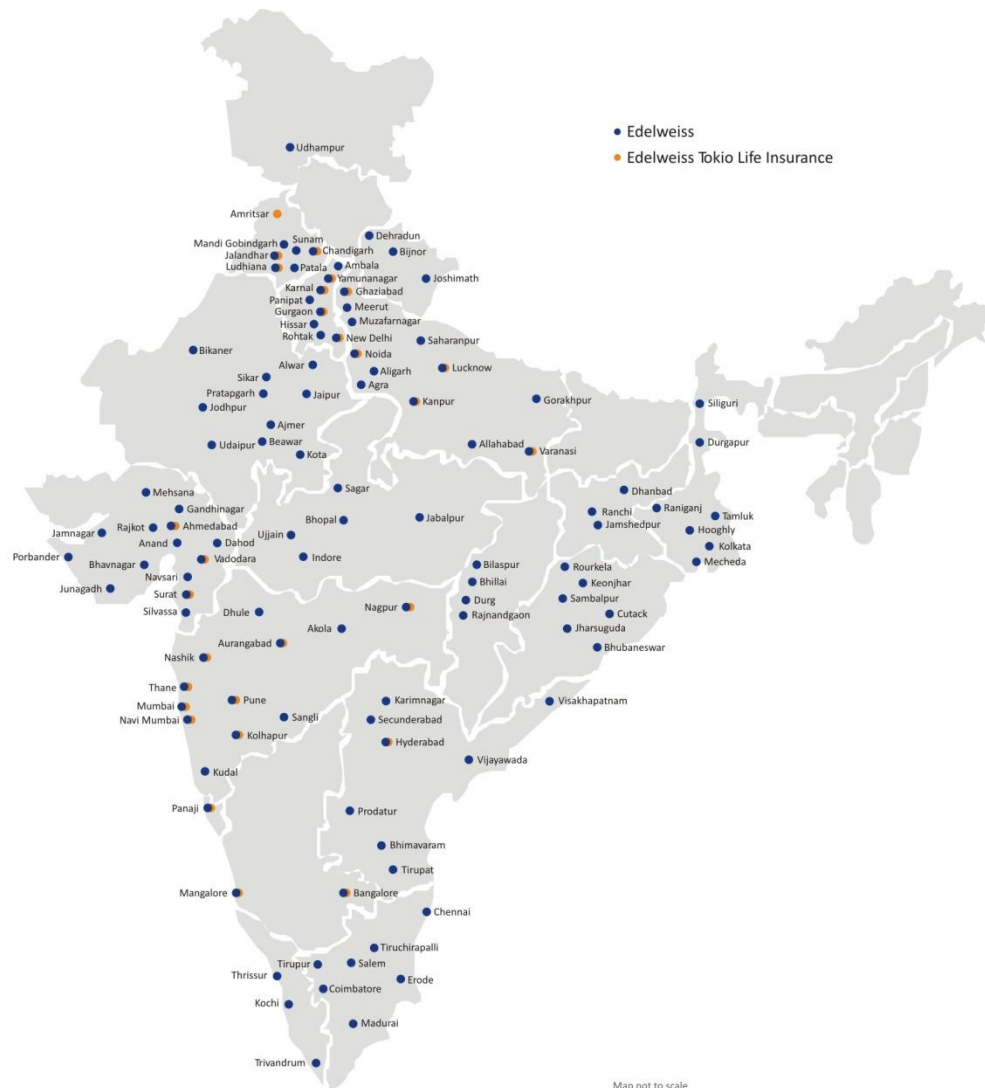


Diversified Asset profile : Spread across FDs, FI, Credit and Commodities

* Includes scheduled repayments in credit portfolio

Business Highlights





- Strong 389,300 client base
- 220 offices in 111 cities pan India
- ~3,900 Sub-brokers & Authorised Persons in 625 cities



₹ Billion	Sept 30, '12	June 30, '12	Mar 31, '12
Total Credit Book	57.73	52.19	47.85
Wholesale finance	40.86	37.82	36.26
Retail finance	11.95	9.46	7.76
Retail LAS	4.92	4.91	3.83
Yield on Credit book	16.4%	16.8%	16.7%
Average collateral cover on Wholesale finance book	2.72x	2.74x	2.64x
Number of Retail finance clients	1,700	1,400	1,200
Housing finance & LAP portfolio LTV	57%	55%	55%

Credit book spreads maintained with corresponding fall in cost of borrowing;
Retail finance now spread across 9 metro cities

Credit

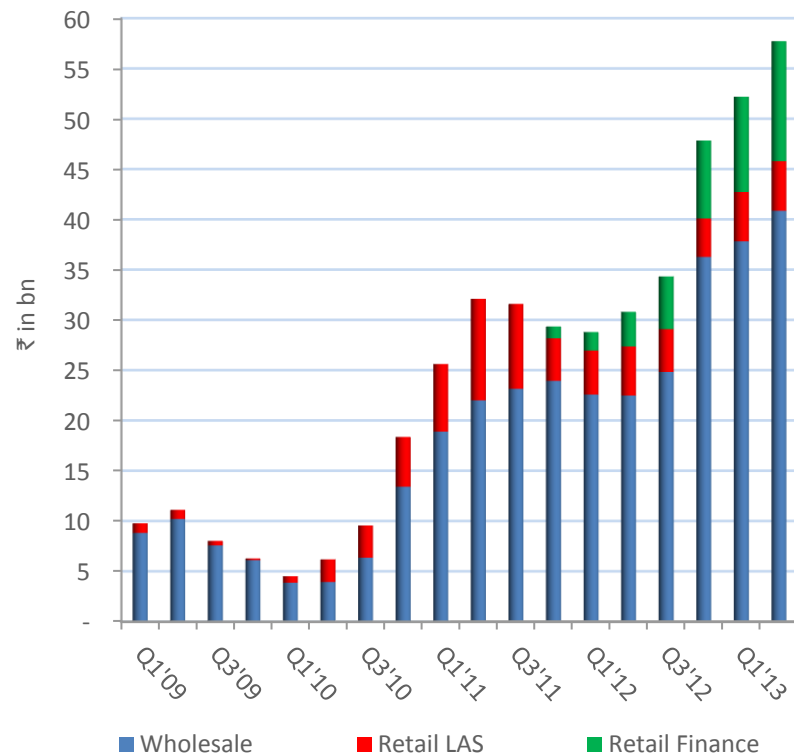
Capital Markets & AM

Commodities

Life Insurance

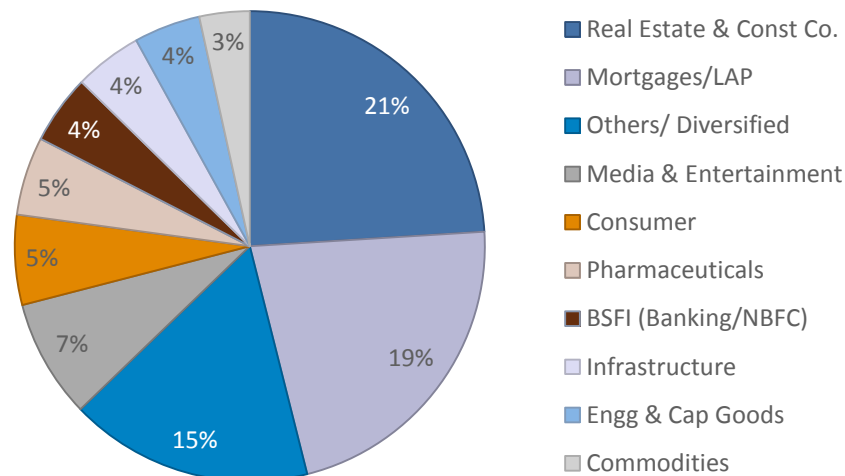


Credit Book Growth & Composition



Retail loans constitute 29% of the total book

Top Sector Exposures as on 30th Sept '12



A well diversified credit book with robust risk management approach

Credit

Capital Markets & AM

Commodities

Life Insurance



₹ Million	Sept 30 '12	June 30 '12	Mar 31 '12
Total Credit Book	57,730	52,185	47,847
Gross NPLs	240	230	226
Gross NPL %	0.42%	0.44%	0.47%
Net NPLs %	0.12%	0.12%	0.14%
Total Provision Held [#]	304	282	263
Total Provision Cover [#]	126%	122%	116%

Credit

Capital Markets & AM

Commodities

Life Insurance



* Over 400 active clients among Banks, MFs, Ins. Cos., PDs and PFs

* **10 transactions** across DCM in Q2FY13 with 8% market share# (9 in Q1FY13)

- Includes Retail Bonds Public Issue for Shriram City Union Finance and IIFL

SHRIRAM City
SHRIRAM City Union Finance Limited

₹ 436 Crores
‘AA-/Stable’ by CRISIL and ‘AA’ by CARE
Public Issue Secured Non-Convertible,
Redeemable, Taxable Bond in the
nature of Debentures

September 2012

Lead Manager

Edelweiss
Edelweiss Credit Solutions Private Limited

IIFL
India Infoline Finance Limited

₹ 5,000 million
Unsecured Non Convertible Debentures

September 2012

Lead Manager

Edelweiss
Edelweiss Credit Solutions Private Limited

SUNDARAM FINANCE
Sundaram Finance Limited

₹ 50.00 Crores
‘AA+’ by ICRA

Private Placement of Secured
Non-Convertible, Redeemable,
Taxable Bond in the Nature of Debentures.

July 2012

Sole Arranger

Edelweiss
Edelweiss Credit Solutions Private Limited

REC
Rural Electrification Corporation Ltd. (REC)

₹ 960.00 Crores
‘AAA’ by CRISIL, ‘AAA’ by ICRA,
‘AAA’ by FITCH and ‘AAA’ by CARE
Private Placement of Unsecured Non-Convertible,
Non-Cumulative, Redeemable,
Taxable Bond in the nature of Debentures.

July 2012

Arranger

Edelweiss
Edelweiss Credit Solutions Private Limited

REC
Rural Electrification Corporation Ltd. (REC)

₹ 2125.00 Crores
‘AAA’ by CRISIL, ‘AAA’ by ICRA,
‘AAA’ by FITCH and ‘AAA’ by CARE
Private Placement of Unsecured Non-Convertible,
Non-Cumulative, Redeemable,
Taxable Bond in the nature of Debentures.

July 2012

Arranger

Edelweiss
Edelweiss Credit Solutions Private Limited

TATA
Tata Capital Housing Finance Ltd.

₹ 20.00 Crores
‘AA+’ by CRISIL

Private Placement of Secured,
Non-Convertible, Redeemable,
Taxable Bond in the nature of Debentures.

July 2012

Sole Arranger

Edelweiss
Edelweiss Credit Solutions Private Limited

DhanlaxmiBank
Dhanlaxmi Bank Limited

₹ 33.00 Crores
CARE BBB+ by CARE and
‘BWR BBB+’ by BRICKWORK
Private Placement of Unsecured
Redeemable, Non-Convertible,
Taxable Bond in the Nature of Debentures.

July 2012

Sole Arranger

Edelweiss
Edelweiss Credit Solutions Private Limited

REC
Rural Electrification Corporation Ltd. (REC)

₹ 1734.70 Crores
‘AAA’ by CRISIL, ‘AAA’ by ICRA,
‘AAA’ by FITCH and ‘AAA’ by CARE
Private Placement of Unsecured Non-Convertible,
Non-Cumulative, Redeemable,
Taxable Bond in the nature of Debentures.

August 2012

Arranger

Edelweiss
Edelweiss Credit Solutions Private Limited

HDFC
HDFC Limited

₹ 175 Crores
Rating ‘AAA/Stable’ by CRISIL and ‘LAAA’ by ICRA
Private Placement of Secured
Non-Convertible, Redeemable,
Taxable Bond in the nature of Debentures.

September 2012

Sole Arranger

Edelweiss
Edelweiss Credit Solutions Private Limited

PIX
Pix Transmissions Limited

Recapitalization
(Stress M&A)

July 2012

Sole Advisor

Edelweiss
Edelweiss Credit Solutions Private Limited

Credit

Capital Markets & AM

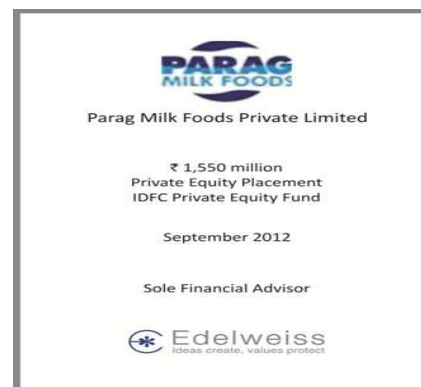
Commodities

Life Insurance



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

- Continuing to build relationship with financial sponsors and mid-cap to large clients
- Closed two transactions in Q2FY13 (1 in Q1FY13)





₹ billion	Q2FY13	Q1FY13	FY12 / Mar 31 '12
Average Daily Volumes (ADV)	61.75	65.40	53.31
Market Share [#]	3.7%	4.1%	3.7%
Clients ADV	27.70	23.10	25.90
Average Broking Yield (Gross)	3.1 bps	3.3 bps	3.8 bps
Stocks under Research Coverage	189	185	183
Number of Retail Broking Clients	389,300	381,700	372,100
Wealth Management - AUAs	30	30	30

Able to capture opportunities when markets turned with uptick in broking income

Credit

Capital Markets & AM

Commodities

Life Insurance



* **Alternative Assets Management**

AUMs/AUAs US\$ 590 mn equivalent through 5 funds & Structured Products

- * Product portfolio includes E Special Opportunities Fund, EW SBIH Crossover Fund, EI Special Assets Fund, Real Estate Fund, E Asset Reconst. Fund and Structured products

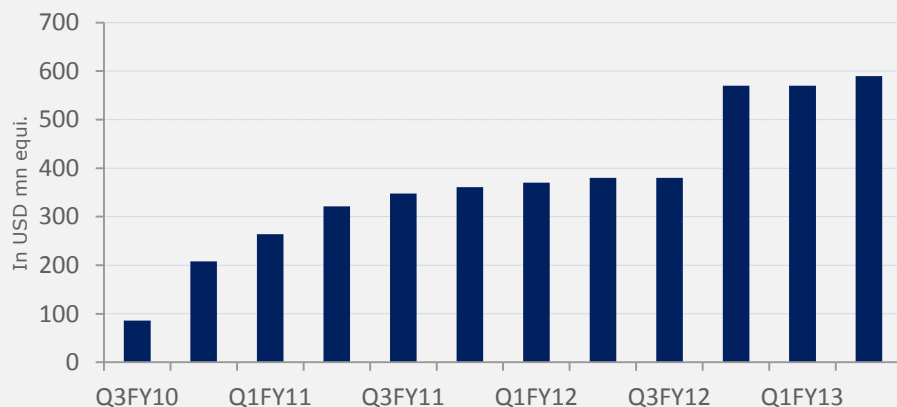
- * **Mutual Fund** average AUMs of ₹ 3.06 bn in Q2FY13

- * 7,100 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

Alternate Assets AUMs/AUAs



Credit

Capital Markets & AM

Commodities

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
- * Operate in most large mandis for procurement of agri commodities
- * Assets ₹ 18.5 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



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

- Operations complete one year in Q2FY13
- ₹ 5.5 bn start-up equity infusion in the company by partners
- Strong uptick in operating footprint as per the plan
- New Business Premium of ₹ 63 mn through 3,600 policies during Q2FY13

	Sept 30 '12	Mar 31 '12
Solvency Ratio	215%	241%
No. of Personal Fin Advisors (Cum.)	1,845	825
No. of Offices	39 in 29 cities	31 in 22 cities

Insurance Scale-up and Burn as per the Plan

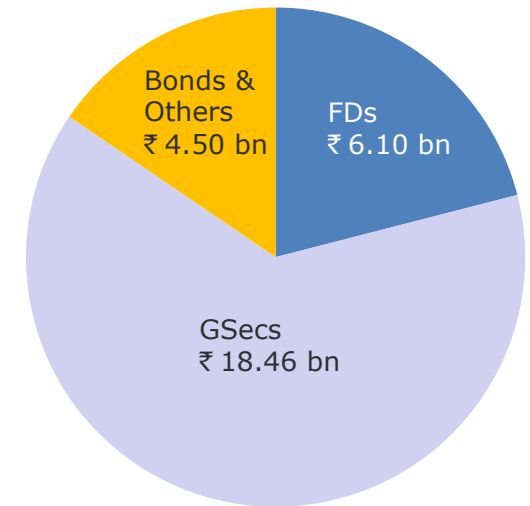
Credit	Capital Markets & AM	Commodities	Life Insurance
--------	----------------------	-------------	----------------

* 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 ₹ 29.06 bn

Multi-asset class Treasury operation

4. Enterprise Updates



		Q2FY13
End of Period Head Count		3,362
Senior Attrition (annualized)		16%
Learning & Development	Training man days	2,152
	Employees Covered	1,230

Training initiatives aimed towards expanding Leadership Capability

HR

EdelGive

Shareholding



Philanthropic initiative to drive sustainable social change

Impacted over 75,000 lives

Current portfolio of 20 non- profit organisations

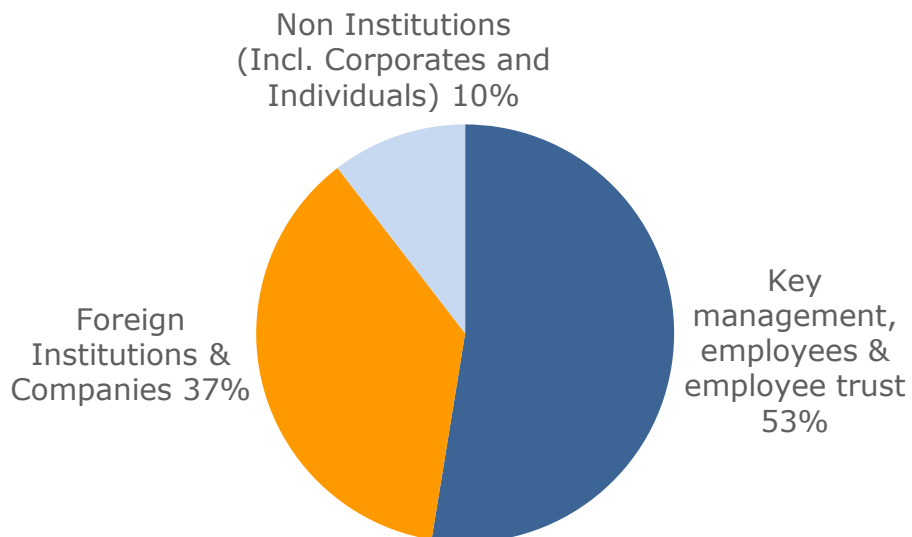
Committed ₹ 195 mn till date

Over 4000 hours of pro-bono support

Focus on Education, Livelihoods and Womens' Rights



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



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.