Edelweiss
Ideas create, values protect

EW/Sec/2011/92

May 16, 2011

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E)
Mumbai-400051

Dear Sir,

Sub: Press Release - "Audited Financial Results for the Year Ended March 31, 2011"

Enclosed is a press release pertaining to the Audited Financial Results for Year ended March 31, 2011. You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Edelweiss Capital Limited

B. Renganathan
Senior Vice President & Company Secretary

cc.:

The Bombay Stock Exchange Limited
P J Towers, Dalal Street
Fort, Mumbai - 400 001

Edelweiss Capital FY11 Total Income of ₹ 1,491 cr up 53%
Profit after Tax of ₹ 233 cr up 2%

Mumbai, 16th May 2011: Edelweiss Capital Limited declared its audited and consolidated results for the financial year 2010-11 today.

- **Total Revenue for the year ₹ 1491 cr**
  compared to ₹ 978 cr for FY10, significantly ***up 53% YoY***
- **Profit After Tax ₹ 233 cr**
  compared to ₹ 229 cr for FY10, ***up 2% YoY***
- **Group Networth ₹ 2,416 cr**
- **Balance Sheet size ₹ 10,600 cr**
  compared to ₹ 5,200 cr as on March '10, significantly ***up 105% YoY***
- **Life Insurance business receives the R-3 approval from IRDA**

Results are after investments in incubating new businesses – Life Insurance and Retail Businesses, and carrying cost of new office building. Collective impact of these investments at Profit After Tax level is about ₹ 50 cr.

Interest income, which includes income from credit side of the business, at ₹ 754 cr (₹ 339 cr in FY10) accounts for 50% of the total income vis-a-vis 35% last year. Despite a considerable slowdown in the capital markets activity in the country in the latter half of the year, the Agency businesses recorded **Fee & Commission income** of ₹ 500 cr (₹ 350 cr in FY10), which is significantly higher at 43% over FY10. Agency Fee & Commission now accounts for 33% of total income. The revenue mix reflects the diversified nature of Edelweiss' various businesses and revenue streams.

Renaming Edelweiss Capital Limited:

Edelweiss Capital now consists of over forty diverse lines of business, straddling the entire financial services space from capital markets, asset management, credit, advisory services and insurance in the Wholesale and Retail space.

To aptly reflect the diversified nature of its businesses and revenues, the Board of Directors has recommended that the name of the company be changed from Edelweiss Capital Limited to Edelweiss Financial Services Limited.

Dividend:

Board of Directors recommends a final dividend of ₹ 0.35 per share for FY11 (FV ₹ 1 per equity share). Earlier during the year, the company had declared and paid interim dividend of ₹ 0.25 per equity share. The total dividend for FY11, therefore, works out to ₹ 0.60 per equity share (FV ₹ 1).

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

"The year FY11 has been a very eventful one for Edelweiss. With growth returning to the markets in the first half of the year, our Agency and Credit businesses were quick to capture opportunities and scale up. We have welcomed into our fold a new partner in Tokio Marine, acquired and completed integration of Anagram Capital – rechristened it as Edelweiss Financial Advisors, expanded into a large and growing retail capital markets segment, launched our housing finance business and achieved leadership position in mid market ECM and IPO distribution during the year.

Coming to our financial performance, we have achieved significant growth in our top line in FY11. However, the environment in the second half of the year was challenging. In addition, we have continued to invest in new businesses and upgrade the infrastructure. These have led to muted bottom line growth. We expect the headwinds to persist in the first half of FY12 as concerns remain at elevated levels due to high inflation, crude prices and interest rates."

Organizational restructuring

The long term prospects for the financial services sector continue to be robust. A GDP growth rate of 8-9% combined with a high savings rate of 32% and a young upwardly mobile population is expected to generate an enormous amount of financial savings as well as consumption expenditure over the next few years. This is likely to fuel both the investment and credit segments of the business.

To ensure that Edelweiss is ideally positioned to capture this opportunity, the group is being restructured into two main clusters – Wholesale and Retail, each comprising businesses like capital markets, asset management, credit and advisory services. In addition, life insurance business will complete the retail cluster. This reorganisation will help us focus on the different priorities and culture needed to grow both the clusters.

However, on key aspects such as core values, systems & processes, risk management, corporate governance, long term strategy and allocation of resources there will be a commonality of approach and there shall be one Edelweiss.

Business Highlights:

* **In Investment Banking,** we have handled seven transactions across Equity Capital Markets, Advisory and Debt Capital Markets in the fourth quarter. These deals include:
    * Private Equity placement of ₹ 580 crore in Moser Baer Projects
    * Structured finance transaction of ₹ 120 cr for Coastal Projects, and
    * Fund raising of ₹ 260 cr for UFO Moviez
    * On the **Debt Syndication** side, we were the arrangers for issuance of NCDs/Bonds for IFCI, Marico, REC and PTC India Financial Services during the quarter.

  With this, we have executed **record 47 deals in FY11** across ECM, Advisory & DCM compared to 33 deals in FY10. Deal pipeline continues to be strong though the deal closures have been slow.

  Edelweiss is **ranked 2nd** in Equity Capital Markets (IPOs, FPOs, Rights and QIPs taken together) in the country by number of issues below ₹ 400 cr during FY11. Overall, we are ranked 8th by number of issues managed in all issues in Equity Capital Markets during the year (as per Prime Database).

The Company's client segments span from Private to Public Sector, Mid caps to Large caps across industries and we offer a broad spectrum of products from ECM to Advisory to DCM to our clients.

* **Corporate Bonds Syndication** desk continues to be among the overall top 10 debt arrangers (taking Commercial Papers issuance and Long and Short Term Debt placements together) in the country for FY11. We are **ranked 3rd** in Short Term Bonds placement and **ranked 4th** in Commercial Papers issuance with a market share of 8% and 9% respectively by amounts mobilized in the year (as per Prime Database).

* **Institutional Brokerage** business performance for the quarter has been in line with the markets. Edelweiss **Research** covers 188 stocks across 21 sectors, accounting for over 70% of the total market capitalization. During the quarter, we held our **flagship India Conference** in Mumbai which showcased Africa as an investment destination for Indian corporates and investors. The conference met with excellent response with participation by over 130 investors and 70 Indian corporates besides a number of global thought leaders who focus on Africa. The annual conference facilitated over 1800 meetings among them.

* Edelweiss continues to build its **Retail businesses,** both in retail broking and financial products distribution. In **Retail Broking** we now have a total client base of over 325,000. We have completed the integration of Anagram Capital Limited and it has now been renamed as Edelweiss Financial Advisors Limited.

* In **IPO Distribution**, Edelweiss has emerged as the **second largest mobilizer** of subscriptions in IPOs in the non-ASBA categories this year. For FY11 we are ranked 1st in HNI category with a 16% market share and are ranked 3rd in Retail category with an 8% market share in total amount mobilized in IPOs as a broker (as per Prime Database). The total amount mobilized by Edelweiss in the IPOs during FY11 crossed ₹ 30,000 cr.

* Our **Alternative Assets Management** business has AUMs/AUAs of US$ 360 million equivalent at the end of this quarter. Our domestic **Asset Management** business continues to manage 9 Funds across Equity, Debt and Liquid Schemes with focus on developing a bouquet of products and building investment track record.

* The total book size as at the end of this quarter in the **Credit** business was ₹ 2,644 cr. The wholesale and retail credit books comprise of loans granted against securities and are adequately collateralized.

* Edelweiss **Housing Finance** subsidiary, which launched its operations in Mumbai in the previous quarter, has now extended its operations to NCR.

Other Updates:

* Our JV with Tokio Marine for life insurance business has received the **R-3 approval** from IRDA and we will launch this business shortly.

* The Group net worth including minority interest now stands at ₹ 2416 cr. The aggregate borrowings as at the end of this quarter were ₹ 8207 cr, implying a leverage of 3.4x. This provides enough head room to invest in growing all the new businesses.

* During the recently announced Zee Business Awards, one of our research analysts has been adjudged the Best Fundamental Market Analyst in Equities.

* EdelGive, the Group's social responsibility wing, completed the selection process for the annual EdelGive Social Innovation Honours 2011 and announced the winners in the women empowerment space in five categories in this quarter. EdelGive's current core portfolio consists of 14 investees in the Education and Sustainable Livelihood space.

About Edelweiss Capital

Edelweiss has emerged as India's leading diversified financial services Group. Edelweiss offers a large range of products and services spanning across asset classes and consumer segments. Its businesses are broadly divided into Investment Banking, Brokerage Services, Asset Management and Financing. The group's research driven approach and proven history of innovation has enabled it to foster strong relationships across corporate, institutional and individual clients. The Mutual Fund and Retail Broking businesses along with the acquisition of Anagram Capital, now renamed as Edelweiss Financial Advisors Limited, have paved the way for Edelweiss to cater to the large retail client segment. Edelweiss' presence in India now covers 374 offices in about 170 cities pan India.

Edelweiss Capital trades under the symbols NSE: EDELWEISS, BSE: 532922, Bloomberg: EDEL.IN, Reuters: EDEL.BO. To learn more about the Edelweiss Group, please visit www.edelcap.com.

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Safe Harbor

This document may contain certain forward - looking statements based on current expectations of the management of Edelweiss Capital Limited 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 regularly posts all important information at its website www.edelcap.com

Consolidated Financial Results for the Quarter and Year Ended 31st March, 2011

(₹ in Crores)

	Particulars	Quarter Ended		Year Ended	
		March 31, 2011 (Unaudited)	March 31, 2010 (Unaudited)	March 31, 2011 (Audited)	March 31, 2010 (Audited)
	Fee and commission income	127.70	117.20	500.12	350.40
	Income from treasury operations and investments	40.05	34.04	217.52	279.72
	Interest income	212.26	108.25	754.33	338.91
1	**Income from Operations**	**380.01**	**259.49**	**1,471.97**	**969.03**
2	Other Operating Income	6.25	2.93	19.17	8.77
3	**Total Income (1+2)**	**386.26**	**262.42**	**1,491.14**	**977.80**
	Expenditure				
	a. Operating cost	93.09	80.35	353.12	276.30
	b. Employees cost	64.20	46.47	235.42	162.17
	c. Interest and Finance charges	158.00	56.94	532.18	194.28
	d. Depreciation	6.74	3.93	20.40	12.25
4	**Total expenditure**	**322.03**	**187.69**	**1,141.12**	**645.00**
5	**Profit / (Loss) before tax (3-4)**	**64.23**	**74.73**	**350.02**	**332.80**
6	Tax expenses	16.25	18.40	103.10	87.92
7	**Net Profit / (Loss) after tax and before minority interest (5-6)**	**47.98**	**56.33**	**246.92**	**244.88**
8	Share of minority interest in profits	4.72	4.07	13.90	15.72
9	**Net Profit / (Loss) after minority interest (7-8)**	**43.26**	**52.26**	**233.02**	**229.16**
10	Paid-up equity share capital (Face Value of ₹ 1/- Per Share) (Refer note 6)	75.20	37.54	75.20	37.54
11	Reserves excluding Revaluation Reserves			2,223.16	2,217.94
12	Earnings Per Share (EPS) in Rupees (Refer note 6)				
	- Basic (Not annualised)	0.58	0.70	3.10	3.06
	- Diluted (Not annualised)	0.56	0.67	3.00	2.94
13	Public shareholding (Refer note 6)				
	- Number of shares	466,310,590	46,500,324	466,310,590	46,500,324
	- Percentage of shareholding	62.01%	61.94%	62.01%	61.94%
14	Promoters & promoter group shareholding (Refer note 6)				
	a) Pledged/ Encumbered				
	- Number of shares	32,600,000	2,760,000	32,600,000	2,760,000
	- Percentage of shares (as a % of total shareholding of promoter and promoter group)	11.41%	9.66%	11.41%	9.66%
	- Percentage of shares (as a % of total share capital of the company)	4.33%	3.68%	4.33%	3.68%

	b) Non-encumbered				
	- Number of shares	253,115,690	25,811,569	253,115,690	25,811,569
	- Percentage of shares (as a % of total shareholding of promoter and promoter group)	88.59%	90.34%	88.59%	90.34%
	- Percentage of shares (as a % of total share capital of the company)	33.66%	34.38%	33.66%	34.38%

Notes:

1. The consolidated and standalone financial results of Edelweiss Capital Limited ("ECL" or "the Company") for the quarter and year ended 31 March 2011 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 16 May 2011.

2. The Company 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. The investment in associates is accounted on "Equity Method". The consolidated financial statements are prepared by applying uniform accounting policies.

3. With effect from 16 July 2010, Edelweiss Financial Advisors Limited (formerly Anagram Capital Limited) (EFAL) and its subsidiaries became the subsidiaries of the Company. The consolidated financial results include the financial results of EFAL and its subsidiaries from the said date.

4. CRISIL has assigned the rating of 'P1+' (pronounced 'P one Plus') to the Short Term Debt Programmes of ECL for ₹.4,250 crores. ICRA has assigned the rating 'LAA-' (pronounced 'L double A minus') to the Long Term Debt Programme of ECL for ₹ 450 crores, the rating 'LAA- pp' (pronounced 'L double A Minus Principal Protected') to the Long Term Equity Linked Debenture Programme of ECL for ₹ 25 crores and the rating 'LAA- pn' (pronounced 'L double A Minus Principal Not Protected') to the Long Term Equity Linked Debenture Programme of ECL for ₹ 80 crores. The ratings as mentioned for these Programmes / Issues continue to remain in force.

5. During the current year, the Company has changed its policy on accounting for benchmark linked non-convertible debentures and exchange traded derivatives by applying fair valuation as against the earlier policy of not recognizing unrealized gains. Had the Company continued to follow its earlier policy, “Net current assets” and the profit for the year, both appearing in the consolidated financial statements would have been lower by ₹ 2.46 crores.

6. With effect from the Record Date of 11 August 2010, equity shares of the face value of ₹ 5 each of the Company had been sub-divided into equity shares of face value of ₹1 each. Also, 1 bonus share of face value of ₹1 each had been issued for every equity share of face value of ₹ 1 each held in the Company as on the Record Date. The previous period / year earnings per share numbers have been adjusted to take the effect of corporate actions.

7. During the quarter, the Company has granted 980,000 options under Employee Stock Option Scheme; 286,600 stock options have been exercised and 301,600 equity shares have been allotted. 89,606,320 stock options are outstanding as at the end of the quarter.

8. During the year, the Company had declared and paid interim dividend of ₹ 0.25 per share (on a face value of ₹ 1 per equity share).

9. The Board of Directors has recommended final dividend of ₹ 0.35 per share (on face value of ₹ 1) for the financial year 2010-11.The payment of final dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

10 **Consolidated Segment Results**

(₹ in Crores)

	Particulars	Quarter Ended		Year Ended	
		March 31, 2011 (Unaudited)	**March 31, 2010 (Unaudited)**	**March 31, 2011 (Audited)**	**March 31, 2010 (Audited)**
1 Segment revenue [Total income]					
	Agency	103.73	120.89	511.39	438.68
	Capital Based	278.07	143.67	972.74	534.36
	Unallocated	4.46	(2.14)	7.01	4.76
	Total income	**386.26**	**262.42**	**1,491.14**	**977.80**
2 Segment results [Profit / (Loss) before tax]					
	Agency	28.97	87.15	147.69	216.44
	Capital Based	69.42	37.39	371.70	245.18
	Unallocated	(34.16)	(49.81)	(169.37)	(128.82)
	Profit / (Loss) before tax	**64.23**	**74.73**	**350.02**	**332.80**
3 Capital employed [Segment assets - Segment liabilities]					
	Agency	783.18	1,057.26	783.18	1,057.26
	Capital Based	1,640.00	1,325.73	1,640.00	1,325.73
	Unallocated	(122.68)	(125.62)	(122.68)	(125.62)
	Total capital employed	**2,300.50**	**2,257.37**	**2,300.50**	**2,257.37**

The Company has made its consolidated segment reporting to meaningfully represent its business lines. Agency includes broking, advisory, product distribution and other fee based businesses; Capital includes income from treasury operations, investment income and wholesale financing. Segment data for previous financial year/period has been reclassified to conform to current financial year/period presentation.

11 **Consolidated statement of assets and liabilities as at 31 March 2011**

(₹ in Crores)

		As at	
		March 31, 2011 (Audited)	**March 31, 2010 (Audited)**
SOURCES OF FUND			
	Shareholders' funds		
	(a) Share capital	75.20	37.54
	(b) Stock options outstanding	2.06	1.89
	(c) Share application money	0.08	-
	(d) Reserves and surplus *	2,223.16	2,217.94
	Loan funds	8,206.57	2,713.82
	Minority Interest	115.50	213.20
	TOTAL	**10,622.57**	**5,184.39**
APPLICATION OF FUNDS			
	Fixed assets	478.05	58.88
	Investments	388.72	156.03
	Deferred tax asset (net)	52.75	60.28
	Current assets, loans and advances		
	(a) Stock in trade	1,417.17	1,150.58
	(b) Sundry debtors	3,586.96	84.83
	(c) Cash and bank balances	3,662.49	1,699.89
	(d) Other Current Assets	347.72	48.34
	(e) Loans and advances	5,061.15	2,636.94
	Less: Current liabilities and provisions		
	(a) Current liabilities	(4,290.05)	(571.84)
	(b) Provisions	(82.39)	(139.54)
	Net current assets	**9,703.05**	**4,909.20**
	TOTAL	**10,622.57**	**5,184.39**

* Capital reserve arising on consolidation has been adjusted with goodwill arising on consolidation of ₹ 139.47 crores for the year ended 31 March 2011.

12 There were no investor complaints outstanding at the beginning of the quarter. During the quarter, the Company received 11 investor complaints and has resolved all of these, with no complaint pending as at the end of the quarter.

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

14 The standalone and consolidated results will be available on the Company's website - www.edelcap.com

On behalf of the Board
of Directors

Rashesh Shah
Chairman

Mumbai, 16 May 2011.