

EW/Sec/2011/148

July 25, 2011

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

Dear Sir,

**Sub: Press Release - "Unaudited Financial Results for the
First Quarter ended June 30, 2011"**

Enclosed is a press release pertaining to the Unaudited Financial Results for the first quarter ended June 30, 2011.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Edelweiss Capital Limited


B. Renganathan
Sr. Vice President & Company Secretary

cc.:

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

Edelweiss Capital Q1FY12 Total Income of ₹ 396 cr
Profit after Tax of ₹ 33 cr

Mumbai, 25th July 2011: Edelweiss Capital Limited, India's leading diversified financial services company, declared its unaudited, consolidated results for the quarter ended 30th June 2011 today.

- * **Total Revenue for the quarter ₹ 396 cr**
compared with ₹ 386 cr for Q4FY11, up 2% QoQ
- * **Profit After Tax ₹ 33 cr**
compared with ₹ 43 cr for Q4FY11, down 23% QoQ
- * **Life Insurance business commences operations**

Edelweiss continues to record growth in total revenues, though the bottomline is affected due to significant slowdown in the capital markets and investments made in incubating new businesses – Life Insurance and Retail Businesses. Collective impact of these at Profit after Tax level is about ₹ 10 cr in the first quarter.

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

"Macro-economic concerns continued to impinge on activity levels in credit and capital markets in the first quarter. However, we at Edelweiss have launched operations in our life insurance business and continue to incubate our new businesses of asset management and housing finance. We have thus achieved the desired product and business diversification which provides us stability. We are now getting scale.

Coming to our financial performance, we continue to achieve topline growth both on YoY and QoQ basis. However, cost pressures persist. In addition, we have continued to invest in new businesses and upgrade the infrastructure. This has affected our bottom line. The investment phase is likely to go on for us during the current financial year as well. On the outlook, we expect the challenging environment to persist in the next two or three quarters and are optimistic that growth will reappear soon. We are also bullish about the outlook for the following year."

Financial Highlights:

Interest income, which includes income from credit businesses, at ₹ 235 cr (₹ 212 cr in Q4FY11), is up 11% QoQ. It now accounts for 59% of the total income vis-a-vis 55% in Q4FY11.

Agency Fee & Commission, which includes income from broking, investment banking, asset management and distribution businesses, at ₹ 97 cr this quarter (₹ 128 cr in Q4FY11), is down 24% QoQ. It now accounts for 25% of the total income vis-a-vis 33% in Q4FY11. The Agency businesses income is lower in view of a considerable slowdown in the capital markets activity in the recent past.

The Treasury operations and Investments income is ₹ 60 cr for the first quarter (₹ 40 cr in Q4FY11).

The revenue mix reflects the diversified nature of Edelweiss' businesses and revenue streams.

Awards and Recognition FY2012:

Edelweiss has been adjudged a **"Business Superbrand 2011"** recently in the third edition of Superbrand India.

Edelweiss has also recently won 2 awards at the **CMO Asia Awards, 2011** at Singapore. The Edelweiss Absolute Return Fund has won awards for Best Marketing Campaign of the Year as well as the Award for Brand Excellence in BFSI sector.

Earlier in the fiscal, Zee TV honoured Rashesh Shah with a Special Award towards **Outstanding contribution in the Capital Markets**. Edelweiss' analyst Abneesh Roy was also awarded Best Analyst award.

Business Highlights:*** Life Insurance:**

Edelweiss Tokio life Insurance is the first of the new generation Insurance companies in India as a joint venture with Tokio Marine, one of the fastest growing life Insurance companies in Japan. Capitalizing on the immense growth potential in the life insurance sectors that the country offers, Edelweiss Tokio life insurance has set up operations in India with a highest startup capital of Rs. 550 crores, dedicated to building a long term sustainable business focused on consumer centricity.

The business commenced operations in July '11 with the launch of five diverse products after receiving final approvals from IRDA. It has initially covered five centers and plans to expand to more centers going forward.

Life Insurance market in India currently ranks 136th in the world in penetration and is expected to emerge as one of the top three markets by 2020. This business, therefore, presents exciting opportunities for long-term growth going forward.

*** Asset Management:**

Alternative Assets Management businesses have AUMs/AUAs of US\$ 370 million equivalent at the end of the first quarter.

The domestic Asset Management business manages 10 Funds across Equity, Debt and Liquid Schemes. During the quarter a new debt fund was launched. The focus of this business continues to be on developing a bouquet of products and building investment track record.

*** Housing Finance:**

Housing Finance business, which we launched in the third quarter of the last year, has built a book of ₹ 185 crores as at 30th June '11. It extended its operations to Bangalore and Pune this quarter and plans to cover more cities going forward.

The current housing finance market in India is characterized by a very low penetration compared with the developed world. However, given the young demographic profile that India enjoys, this market is estimated to grow over four folds by 2020. Entry into this business, therefore, presents large opportunity for growth going forward. It also reinforces our intent to cover a larger retail footprint.

* **Credit Business:**

Credit businesses ended this quarter with a total book size of ₹ 2600 cr with focus on risk management. The wholesale and retail credit books comprise of loans granted against securities and are adequately collateralized with an average collateral cover of nearly 3 times.

* **Capital Markets Businesses:**

- * **Investment Banking** business handled **eight transactions** across Equity Capital Markets, Advisory and Debt Capital Markets in the first quarter. Deal pipeline continues to be strong though the deal closures are extremely slow.
- * **Corporate Bonds Syndication** desk continued to be a leading debt arranger in the country during this quarter. We are **ranked 2nd** in Commercial Papers issuance with a market share of 14% and are ranked overall **6th** taking CPs and Bonds/NCDs placements together in the first quarter (as per Prime Database).
- * The **Institutional Brokerage** business, where we continued to be the largest Indian broking house, performed in line with the markets during this quarter. Edelweiss **Research** covers 203 stocks across 21 sectors.
- * Edelweiss continues to invest in build out of its **Retail businesses**. In **Retail Broking** we now have a total client base of over 339,000 including over 108,000 clients on the online retail portal www.edelweiss.in.
- * **Wealth Management** business expanded its operations to Bangalore this quarter. It has also launched "**Edelweiss Private Banker Programme**" in May '11, a talent development initiative.

Other Updates:

- * The Tangible Networth for the Group including minority interest now stands at ₹ 2,670 cr which is 95% of the Group's Book Networth of ₹ 2,810 cr. The aggregate borrowings as at the end of this quarter were ₹ 8,110 cr, implying a leverage of 3.04x. This leaves us with ample headroom for our future requirements.
- * **EdelGive**, the Group's social responsibility arm, has announced the launch of Edelweiss – Tata Institute of Social Sciences (TISS) fellowship through which financial assistance will be channelised to five fellows to promote innovative projects in chosen area of social work.

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 **Credit, Capital Markets** including Investment Banking and Brokerage Services – Institutional, HNI and Retail, **Asset Management, Housing Finance and Life Insurance**. 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 Life Insurance, Mutual Fund and Retail Broking businesses along with Edelweiss Financial Advisors Limited (formerly Anagram Capital), have paved the way for Edelweiss to cater to the large retail client segment. Edelweiss' presence now covers 296 offices in over 150 cities pan India with 2750 employees.

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.

For more details please contact:**Shailendra Maru**

VP – Investor Relations
Edelweiss Capital Limited
Tel: +91 22 4063 5418
E-mail: shailendra.maru@edelcap.com
ir@edelcap.com

Raju Kane

Head – Corporate Communications
Edelweiss Capital Limited
Tel: +91 22 4088 6340
E-mail: raju.kane@edelcap.com

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 Ended 30th June, 2011**(₹ in Crores)**

	Particulars	Quarter Ended			Year Ended
		June 30, 2011 (Unaudited)	March 31, 2011 (Unaudited)	June 30, 2010 (Unaudited)	March 31, 2011 (Audited)
	Fee and commission income	97.10	127.70	93.41	500.12
	Income from treasury operations and investments	60.06	40.05	60.24	217.52
	Interest income	234.76	212.26	125.66	754.33
1	Income from Operations	391.92	380.01	279.31	1,471.97
2	Other Operating Income	3.91	6.25	4.69	19.17
3	Total Income (1+2)	395.83	386.26	284.00	1,491.14
	Expenditure				
	a. Operating cost	92.74	93.09	63.68	353.12
	b. Employees cost	61.15	64.20	49.84	235.42
	c. Interest and Finance charges	184.39	158.00	77.57	532.18
	d. Depreciation	5.74	6.74	3.67	20.40
4	Total expenditure	344.02	322.03	194.76	1,141.12
5	Profit / (Loss) before tax (3-4)	51.81	64.23	89.24	350.02
6	Tax expenses	16.17	16.25	23.75	103.10
7	Net Profit / (Loss) after tax and before minority interest (5-6)	35.64	47.98	65.49	246.92
8	Share of minority interest in profits	2.43	4.72	4.13	13.90
9	Net Profit / (Loss) after minority interest (7-8)	33.21	43.26	61.36	233.02
10	Paid-up equity share capital (Face Value of ₹ 1/- Per Share) (Refer note 5)	75.23	75.20	37.55	75.20
11	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year				2,362.62
12	Earnings Per Share (EPS) in Rupees (Refer note 5)				
	- Basic (Not annualised)	0.44	0.58	0.82	3.10
	- Diluted (Not annualised)	0.43	0.56	0.79	3.00
13	Public shareholding (Refer note 5)				
	- Number of shares	466,553,590	466,310,590	46,525,149	466,310,590
	- Percentage of shareholding	62.02%	62.01%	61.95%	62.01%
14	Promoters & promoter group shareholding (Refer note 5)				
	a) Pledged/ Encumbered				
	- Number of shares	33,130,000	32,600,000	3,210,000	32,600,000
	- Percentage of shares (as a % of total shareholding of promoter and promoter group)	11.60%	11.41%	11.23%	11.41%
	- Percentage of shares (as a % of total share capital of the company)	4.40%	4.33%	4.27%	4.33%
	b) Non-encumbered				
	- Number of shares	252,585,690	253,115,690	25,361,569	253,115,690
	- Percentage of shares (as a % of total shareholding of promoter and promoter group)	88.40%	88.59%	88.77%	88.59%
	- Percentage of shares (as a % of total share capital of the company)	33.58%	33.66%	33.78%	33.66%

Notes:

- 1 The consolidated and standalone financial results of Edelweiss Capital Limited ("ECL" or "the Company") for the quarter ended 30 June 2011 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 25 July 2011.
- 2 The financial results for the quarter ended 30 June 2011 of ECL, on standalone basis, have been subjected to a 'Limited Review' by the Statutory Auditors of the Company.
- 3 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.
- 4 CRISIL has assigned the rating of 'P1+' (pronounced 'P one Plus') to the Short Term Debt Programmes of ECL for ₹ 4,850 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 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.
- 6 During the quarter, the Company has granted 20,000,000 options under Employee Stock Option Scheme; 4,509,000 stock options have been exercised and 243,000 equity shares have been allotted. 103,307,270 stock options are outstanding as at the end of the quarter.
- 7 There were no investor complaints outstanding at the beginning of the quarter. During the quarter, the Company received 8 investor complaints and has resolved all of these.
- 8 The previous financial year/period figures have been regrouped/reclassified wherever necessary to conform to current quarter's presentation.
- 9 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, 25 July 2011