Edelweiss
Ideas create, values protect

EW/Sec/2013/18

January 25, 2013

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai - 400 051.

BSE Limited
P J Towers, Dalal Street,
Fort, Mumbai - 400 001.

Dear Sir,

Sub: Press Release - "Unaudited Financial Results for the Third Quarter and Nine months ended December 31, 2012"

Enclosed is the press release pertaining to the Unaudited Financial Results of the Company for the third quarter and nine months ended December 31, 2012.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Edelweiss Financial Services Limited

B. Renganathan
Sr. Vice President & Company Secretary

Encl.: as above.

Edelweiss Financial Services Q3FY13 Results

Total Income ₹ 540 cr & Profit after Tax ₹ 46 cr

Edelweiss Financial Services Limited, India's leading diversified financial services company, declared its unaudited, consolidated results for the quarter and nine months ended December 31, 2012 today.

Q3FY13 Highlights:

- **Total Revenue ₹ 540 cr**
  compared to ₹ 454 cr for Q3FY12, **up 19%**
- **Profit After Tax ₹ 46 cr**
  compared to ₹ 29 cr for Q3FY12, **up 56%**
- **Profit After Tax excluding the loss in life insurance business ₹ 61 cr**
  compared to ₹ 37 cr for Q3FY12, **up 66%**
- **Group Networth ₹ 3,004 cr; Tangible Equity ₹ 2,671 cr**
- **Interim dividend of ₹ 0.55 per equity share** (on a face value of ₹ 1 per share)
  declared for the financial year 2012-13

Edelweiss continues to record consistently improved financial and business performance quarter on quarter in each of the last five quarters despite challenging environment for most of this period. This is a result of the conscious strategy to de-risk our business model by constantly diversifying across businesses, asset classes, client segments and markets to reduce volatility in performance. These results are after the impact of investments made in incubating our new businesses aimed at securing future growth - Life Insurance and Retail Financial Services.

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

"After nearly four quarters of tough operating conditions, third quarter environment showed early signs of improvement as the government moved on the path to economic reforms. The sentiment improved gradually with adequate liquidity, easing inflation, higher FII inflows, commodities prices consolidating and the hopes of a rate cut by RBI. However, reversal of capex investment cycle, controlling inflation, managing current account and fiscal deficit, and continuation of reforms process hold the key to return of sustainable growth.

Speaking for Edelweiss, sequential improvement recorded in financial and business performance in each of the previous four quarters continued in this quarter as well. In fact, while the insurance burn is as per the plan, our profitability parameters ex-insurance have recorded a significant growth. This is a result of constant investment made by us to diversify our businesses to reduce volatility in performance. With the business diversification phase nearly over, we are now focusing on improving efficiency and productivity while building scale in Retail businesses. Given the strengths of Edelweiss, we are confident that when growth returns soon, we will be able to fully translate the upside into solid business performance."

Financial Highlights:

- **Interest and Capital based income** is ₹ 439 cr for the quarter (₹ 373 cr in Q3FY12), up 18%. This income stream includes income from Credit and Commodities businesses and Treasury operations.
- **Fee & Commission income** from agency businesses is ₹ 83 cr for the quarter (₹ 77 cr in Q3FY12), up 8% only reflecting challenging operating conditions in the capital markets in the past four quarters. Agency Fee & Commission income includes income from broking, investment banking, asset management and wealth advisory businesses.
- Our **Life Insurance business**, which is in a nascent stage, recorded **Premium income** of ₹ 10.4 cr for the quarter (₹ 2.5 cr in Q3FY12).

The revenue mix reflects income from Edelweiss' diversified businesses which successfully reduces volatility in performance.

Business Highlights:

Operations of Edelweiss are organised around **four broad business groups** – Credit including Retail Finance and Debt Capital Markets, Capital Markets including Asset Management, Commodities and Life Insurance.

- **Credit Business:**

  Edelweiss offers **Wholesale Corporate & collateralized loans and Retail loans**. The total credit book of the group including both these segments stands at ₹ 6,549 cr at the end of this quarter compared to ₹ 5,773 cr as at the end of Q2FY13, a growth of 13% QoQ.

  Retail Finance business, which includes housing mortgage, loan against property and SME finance, has now built a book of ₹ 1,395 cr by the end of this quarter compared to ₹ 1,195 cr at the end of Q2FY13. This business expanded operations across 4 more cities during this quarter – Coimbatore, Erode, Madurai and Trichy – taking the total number of major cities it currently operates in to 13. This business presents exciting opportunities to Edelweiss for long-term growth together with designed diversification in the revenue streams.

  The wholesale collateralized loan book is adequately secured with an average **collateral cover** of 2.74 times at the end of this quarter.

  Robust risk management kept the **asset quality** of the overall credit book under control inspite of challenging environment with Gross NPLs at 0.41% and Net NPLs at 0.10%.

- **Debt Capital Markets** business continued to be a leading debt arranger in the country with a market share of 9% during Q3FY13 (source: Prime Database).

  - DCM business continued its foray in public issuance of retail bonds by being a Lead Arranger in the NCD issues of ₹ 275 cr for Muthoot Finance in Q3FY13, having handled two similar issues in the previous quarter. Other transactions this quarter included Long-term Bonds placements for large clients like REC (two issues), PFC, HUDCO, Tata Capital Housing Finance, Tata Capital Financial Services, Bajaj Finance and Syndicate Bank across eight deals.

  - In addition, the Fixed Income Advisory business handled one advisory transaction.

  The business, in all, handled 10 transactions in Q3FY13.

* **Capital Markets & Asset Management Business:**

While Capital Markets and Asset Management industry continues to face challenging environment, activity levels in the third quarter were marginally higher. Despite this, the industry revenue pool continues to remain static.

* **Investment Banking** business continues to witness extremely slow deal closures on the back of declining capex investment even though the deal pipeline continues to be strong. The business handled a major IPO transaction of ₹ 540 cr for **CARE Ratings** in Q3FY13.

  The IPO for **Multi Commodity Exchange** (MCX) for ₹ 663 cr executed by us in March 2012 recently won the **"Best Mid-Cap Equity Deal of 2012" Award** from Finance Asia Magazine, Hong Kong.

  During the quarter, Edelweiss arranged the second **Convergence Conference** presenting an ideal opportunity to over 40 unlisted companies to present their vision and growth outlook to more than 100 private and public investors from across the world. This, we believe, was India's largest unlisted company conference.

* **Institutional Broking** business continued to be among the market leaders during the quarter. Edelweiss **Research** covers 181 stocks across 20 sectors representing over 70% of market capitalization.

* **Retail Capital Market** businesses scale up continued this quarter taking the client base to 3,97,800 including over 1,16,000 online broking clients. The online portal www.edelweiss.in continues to be one of the most popular sites with the cumulative number of unique visitors reaching 58 lac with 8.8 cr page views till December 31, 2012.

* **Wealth Management** business continued to have AUAs of over ₹ 3,000 cr by the end of Q3FY13. The Structured Products portfolio scaled up to over ₹ 880 cr as at the end of this quarter. The focus of this business includes cross-selling Edelweiss products to its clients.

* **Asset Management:**

  * AUMs/AUAs under **Alternative Asset Management** were US$ 601 million equivalent at the end of Q3FY13 including the Structured Products portfolio.

  * **Retail Asset Management** business manages 10 funds across Equity, Debt and Liquid Schemes, with average AUMs of ₹ 242 cr during this quarter. This business now has an active base of around 8,070 investors compared to 7,100 at the start of the quarter.

* **Commodities:**

Commodities business has now emerged as an independent business for Edelweiss. It is engaged in sourcing and distribution of precious metals, currently bullion and silver. It operates in 12 centres and has over 400 active clients.

It diversified into dealing in agri commodities over a year ago and is building scale. We believe that with increasing financialization of commodities in India, this business presents large business opportunities going forward.

* **Life Insurance:**

  Edelweiss launched the life insurance joint venture with Tokio Marine, one of the oldest and biggest global life Insurance companies from Japan, in the second quarter of FY12 to participate in the exciting growth opportunities that this industry presents. This business also significantly enlarges the addressable retail markets for Edelweiss.

  The business continued to scale up as per the Plan with Premium income of ₹ 10.4 cr in the quarter compared to ₹ 6 cr in Q2FY13. It expanded its operations to 6 major cities – Agra, Allahabad, Bhubaneswar, Kolkata, Patna and Vijaywada during the quarter. It now operates from 45 offices across 35 cities in Andhra Pradesh, Bihar, Chandigarh, Gujarat, Goa, Haryana, Karnataka, Maharashtra, New Delhi, Odisha, Punjab, Uttar Pradesh and West Bengal. The agency channel has been significantly scaled up with the number of Personal Financial Advisors (PFAs) reaching 2,478 by the end of this quarter compared to 1,845 at the beginning of the quarter.

  The business offers diverse products to meet the basic needs of customers on education funding, wealth accumulation & enhancement, living with impaired health, income replacement and retirement funding. It also offers group products for credit and life protection.

* **Balance Sheet, ALM and Liquidity Management:**

  * Edelweiss believes in maintaining a strong and liquid Balance Sheet with a reasonable gearing and which can provide funds to any of its diversified businesses at a short notice. The functions of managing the Balance Sheet, Asset Liability position and the liquidity position are actively performed by the Treasury Department.

  * We continued to reduce our dependence on short-term borrowings, diversify our sources of borrowings and modify our liabilities profile in sync with our assets profile. Strengthening liabilities profile and having a matched ALM are our key focus areas.

  * The total **Networth** of the Group now stands at ₹ 3,004 cr while the Tangible Equity is ₹ 2,671 cr.

  * The aggregate borrowings as at the end of this quarter are higher at ₹ 11,007 cr compared to ₹ 10,155 cr as on September 30, 2012 on the back of growth in the Credit book. Excluding the Bank Fixed Deposits and Government Securities portfolio and the back to back borrowings there against, the **Net Gearing is 2.77x**.

  * We continued to maintain an adequate liquidity cushion. Fixed Deposits aggregating ₹ 384 cr forming a part of our Treasury assets as on December 31, 2012 together with unutilized bank lines impart adequate overnight liquidity cushion for our diversified operations.

* **Other Updates:**

  * We continue to invest in processes that enhance efficiencies, adopt new technologies, improve risk management and make significant investment in people to build leadership.

  * **EdelGive**, the Group's social responsibility arm, focuses on creating educational, employment and sustainable livelihood opportunities for the underprivileged and supports other social causes. It has recently launched the Mumbai Marathon campaign to motivate Edelite runners and to raise funds for supporting a number of good causes.

  * Edelweiss' presence covers 224 offices in 109 cities with 3,361 employees.

About Edelweiss Financial Services

Edelweiss is one of 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 including Retail Finance and Debt Capital Markets, Capital Markets including Asset Management, Commodities 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, Housing Finance (part of Retail Finance), Mutual Fund and Retail Broking businesses – both online and offline formats, have paved the way for Edelweiss to cater to the large retail client segment. Edelweiss' presence covers 224 offices in 109 cities with 3,661 employees. Together with the strong network of over 4,300 Sub-Brokers and Authorized Persons, Edelweiss group has presence across over 625 cities in India.

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

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Safe Harbor

This document may contain certain forward - looking statements based on current expectations of the management of Edelweiss Financial Services 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.edelweissfin.com.

Consolidated Unaudited Financial Results for the Quarter and Nine Months Ended December 31, 2012

(₹ in crore)

	PART I	Quarter Ended			Nine Months Ended		Year Ended
	Particulars	**December**	**September**	**December**	**December**	**December**	**March**
		31, 2012	**30, 2012**	**31, 2011**	**31, 2012**	**31, 2011**	**31, 2012**
		(Unaud.)	**(Unaud.)**	**(Unaud.)**	**(Unaud.)**	**(Unaud.)**	**(Audited)**
1	**Income from operations**						
	(a) Fee and commission income	82.80	79.58	76.93	229.34	229.04	321.31
	(b) Interest and treasury income	438.00	416.97	369.69	1,304.54	944.47	1,309.95
	(c) Premium from Life Insurance business	10.38	6.31	2.46	20.15	3.23	10.72
	(d) Other operating income	5.50	6.21	2.03	19.22	6.86	10.98
	Total income from operations	**536.68**	**509.07**	**451.11**	**1,573.25**	**1,183.60**	**1,652.96**
2	**Expenses**						
	(a) Employee benefits expense	97.63	83.26	69.72	259.26	193.14	271.21
	(b) Depreciation and amortisation expense	13.28	12.30	12.31	37.12	26.55	42.19
	(c) Other expenses	96.27	91.88	90.77	280.07	237.14	328.94
	Total expenses	**207.18**	**187.44**	**172.80**	**576.45**	**456.83**	**642.34**
3	**Profit / (Loss) from operations before other income and finance costs (1-2)**	**329.50**	**321.63**	**278.31**	**996.80**	**726.77**	**1,010.62**
4	Other income	2.54	1.03	(0.80)	5.25	2.56	8.19
5	**Profit / (Loss) from ordinary activities before finance costs (3+4)**	**332.04**	**322.66**	**277.51**	**1,002.05**	**729.33**	**1,018.81**
6	**Finance costs**	264.93	263.02	234.52	822.53	595.05	829.65
7	**Profit / (Loss) before tax (5-6)**	**67.11**	**59.64**	**42.99**	**179.52**	**134.28**	**189.16**
8	Tax expense	22.16	19.69	16.23	59.33	45.45	68.09
9	**Net Profit / (Loss) after tax (7-8)**	**44.95**	**39.95**	**26.76**	**120.19**	**88.83**	**121.07**
10	Share of profit / (loss) of associates	0.74	0.87	3.49	5.58	5.53	9.54
11	Minority interest	(0.35)	(0.76)	0.81	(1.62)	5.38	2.87
12	**Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (9+10-11)**	**46.04**	**41.58**	**29.44**	**127.39**	**88.98**	**127.74**
13	Paid-up equity share capital (Face Value of ₹ 1/- Per Share)	76.17	75.92	75.66	76.17	75.66	75.68
14	Reserves excluding Revaluation Reserves						2,559.17
15	Earnings Per Share (EPS) in Rupees (Face Value of ₹ 1/- Per Share)						
	- Basic (Not annualised)	0.60	0.55	0.39	1.68	1.18	1.69
	- Diluted (Not annualised)	0.59	0.54	0.38	1.65	1.16	1.66

	Part II - Select Information for the quarter and nine months ended 31 December 2012						
A	**PARTICULARS OF SHAREHOLDING**						
1	**Public shareholding**						
	- Number of shares	47,60,24,590	47,35,13,590	47,09,30,590	47,60,24,590	47,09,30,590	47,10,83,590
	- Percentage of shareholding	62.49%	62.37%	62.24%	62.49%	62.24%	62.25%
2	**Promoters & promoter group shareholding**						
	a) Pledged/ Encumbered						
	- Number of shares	3,23,00,000	3,52,16,667	3,52,16,667	3,23,00,000	3,52,16,667	3,52,16,667
	- Percentage of shares (as a % of total shareholding of promoter and promoter group)	11.30%	12.33%	12.33%	11.30%	12.33%	12.33%
	- Percentage of shares (as a % of total share capital of the company)	4.24%	4.64%	4.65%	4.24%	4.65%	4.65%
	b) Non-encumbered						
	- Number of shares	25,34,15,690	25,04,99,023	25,04,99,023	25,34,15,690	25,04,99,023	25,04,99,023
	- Percentage of shares (as a % of total shareholding of promoter and promoter group)	88.70%	87.67%	87.67%	88.70%	87.67%	87.67%
	- Percentage of shares (as a % of total share capital of the company)	33.27%	32.99%	33.11%	33.27%	33.11%	33.10%
B	**INVESTOR COMPLAINTS**	**Quarter ended Dec 31, 2012**					
	Pending at the beginning of the quarter	Nil					
	Received during the quarter	5					
	Disposed off during the quarter	5					
	Remaining unresolved at the end of the quarter	Nil					

Notes:

1 The consolidated and standalone financial results of Edelweiss Financial Services Limited ('EFSL' or 'the Company') for the quarter and Nine months ended 31 December 2012 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 25 January 2013.

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.

3 CRISIL has assigned the rating of 'CRISIL A1+' (pronounced 'CRISIL A one Plus') to the Short Term Debt Programmes of EFSL for ₹ 4,850 Crores and the rating of 'CRISIL AA-/stable(reaffirmed)' (pronounced 'CRISIL double A minus rating with Stable Outlook) to the long term debt programme of EFSL for ₹ 22 Crores. ICRA has assigned the rating '[ICRA]AA-stable reaffirmed' (pronounced 'ICRA double A minus with Stable Outlook') to the Long Term Debt Programme of EFSL for ₹ 450 Crores, the rating 'PP-MLD [ICRA] AA- stable reaffirmed' (pronounced 'PP-MLD-ICRA double A minus with Stable Outlook') to the Long Term Equity Linked Debenture Programme of EFSL for ₹ 25 Crores and the rating 'LAA- pn stable reaffirmed' (pronounced 'L double A Minus Principal Not Protected) to the Long Term Equity Linked Debenture Programme of EFSL for ₹ 80 Crores. The ratings as mentioned for these Programmes / Issues continue to remain in force. Besides above, EFSL availed episodic rating of ₹ 1,750 Crores for IPO financing, which was rated at CRISIL A1+ (pronounced "CRISIL A one Plus"). The request for withdrawal for the same has been communicated to CRISIL on 31 December 2012. The instruments raised under the supra ratings have been duly redeemed.

4 During the quarter, 2,511,000 equity shares have been allotted on exercise of employee stock options.

5 The Board of Directors at its meeting dated 25 January 2013, has declared an interim dividend of ₹ 0.55 per equity share (on a face value of ₹ 1 per share) for the financial year 2012-13.

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

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

On behalf of the Board of Directors

Rashesh Shah

Chairman

Mumbai, 25 January 2013.