ANNUAL REPORT 2010-11

Edelweiss
Ideas create, values protect



The Great Indian Opportunity

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Performance at a Glance

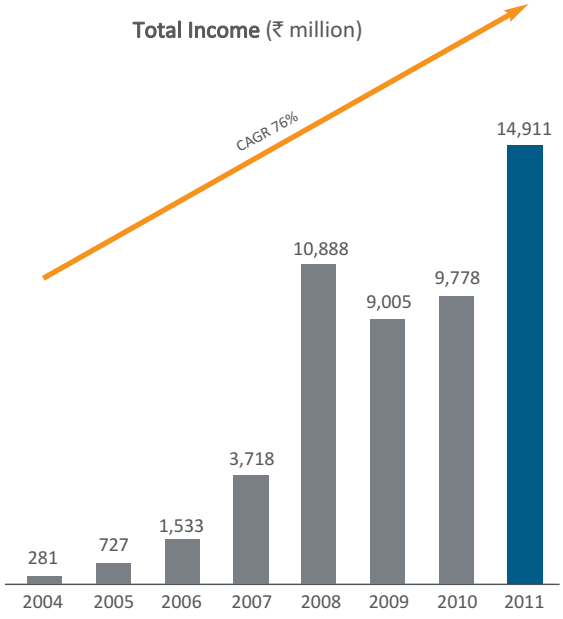
Consolidated Financial Performance of Edelweiss Capital Limited and its subsidiaries (in ₹)

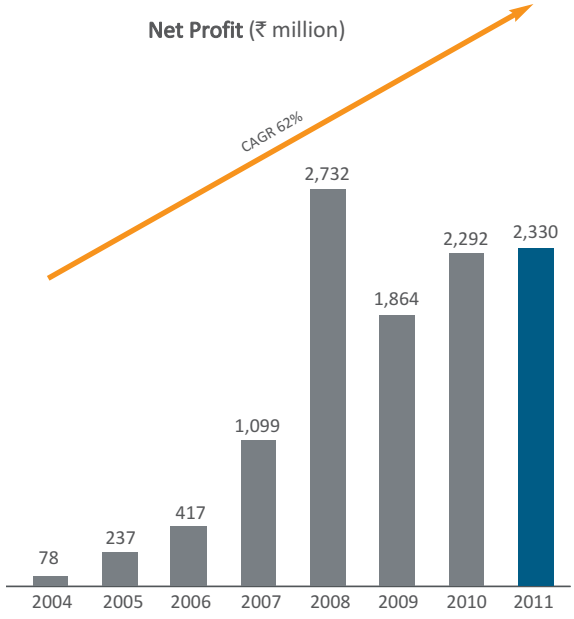
(in ₹ million except per share data)

Year Ended March 31,	2011	2010	2009	2008	2007	2006	2005	2004
Total Income	14,911	9,778	9,005	10,888	3,718	1,533	727	281
Total Expenditure	11,411	6,450	5,715	6,421	1,971	898	383	175
Profit Before Tax	3,500	3,328	3,290	4,467	1,747	636	345	106
Tax Expenses	1,031	879	1,199	1,540	646	218	107	28
Net Profit (after Tax and Minority Interest)	2,330	2,292	1,864	2,732	1,099	417	237	78
Paid Up Equity Share Capital	752	375	375	375	45	38	29	28
Net worth (*)	23,005	22,574	21,154	18,476	5,823	1,784	539	302
Diluted Earning Per Share (FV ₹1) (in ₹) (#)	3.00	2.94	2.43	4.00	2.08	0.93	0.64	0.24
Book Value Per Share (FV ₹1) (in ₹) (#)	30.56	30.04	28.21	24.65	9.36	3.93	1.58	0.92

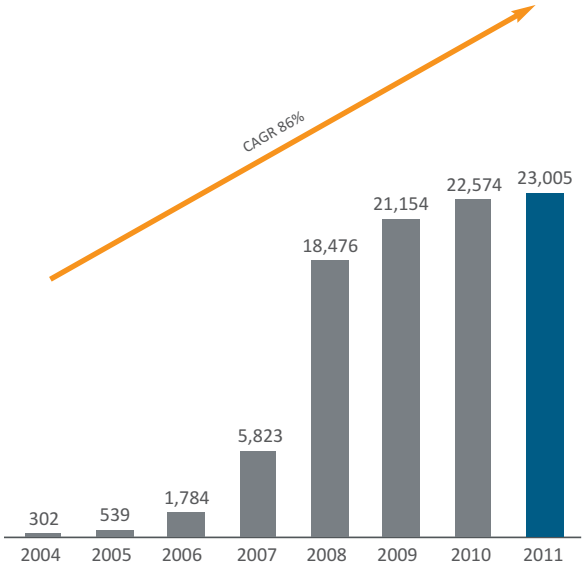
(*) Excluding Minority Interest.

(#) Adjusted for corporate actions.

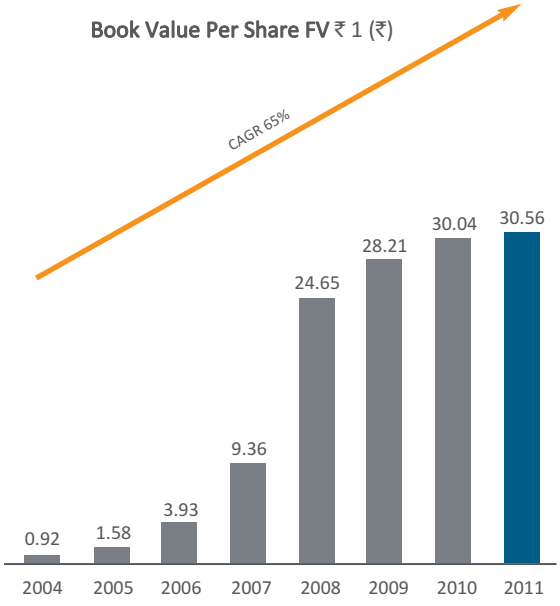




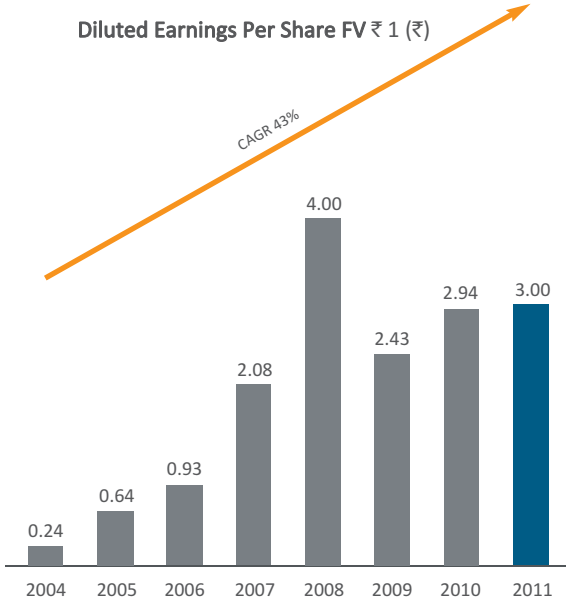
Net Worth (₹ million)



Book Value Per Share FV ₹ 1 (₹)



Diluted Earnings Per Share FV ₹ 1 (₹)







The Great Indian Opportunity.

India is a land of contradictions.

On the one hand, India has one of the largest populations in the world.
On the other, it has one of the most heterogenous preference groups.

India has one of the youngest working age populations in the world.
It has one of the most demanding consumer segments in the world.

India's growth in per capita income is among the fastest in the world.
It has among one of the most price-sensitive consumers.

India is among the largest savers in the world.
It has one of the lowest financial services penetration rates.

It would be easy to be intimidated by these contrasting realities.
At Edelweiss, we are excited instead by the Great Indian Opportunity.

To Edelweiss, the Great Indian Opportunity means two things: protecting interests in the present; preparing prudently for the future.

This is something that the Company has consistently practiced, resulting in a 76% CAGR in revenue and 62% CAGR in profit over seven years.

In 2010-11, Edelweiss showcased the effectiveness of its investment discipline during a challenging year: even as the year was one of contradictions – an optimistic start followed by headwinds – Edelweiss posted a 53% growth in Revenues and 2% increase in Profit after Tax.

Seldom was the Company's commitment as tested as during 2010-11: even as India's financial services industry slowed down, Edelweiss continued to invest in people, processes and most importantly, in emerging business spaces while reinforcing its business model around five business groups - Credit, Capital Markets, Asset Management, Housing Finance and Insurance.

The complement of these imperatives will enable the Company to capitalise more effectively on the Great Indian Opportunity.



A vibrant marketplace provides the convenience of wider choice and quicker product access. All in one place.

As India retains its position as one of the fastest-growing economies, corporate India will increasingly seek quality capital to fund this robust growth.

Edelweiss recognises that medium and small enterprises are likely to account for 22% of India's GDP by 2012. The timely availability of credit to these businesses will represent an integral driver of their respective growth. Edelweiss provides growth capital to companies and their promoters to help them tide over temporary liquidity requirements or to expand their businesses through Promoter Funding, Loans Against Shares, Infrastructure Finance and Trade Finance. Edelweiss also provides IPO Funding and Loans against ESOPs to individual clients.

Edelweiss' Credit business accounted for more than a third of Group revenues in 2010-11; loans as at 31st March 2011 were ₹26.4 billion.

The size of the Company's balance sheet at the end of 2010-11 was over ₹100 billion, more than a 100% jump over 2009-10.

With IPO sentiment improving, the Company financed a number of IPOs in addition to disbursing related short-term loans in 2010-11.

ECL Finance Limited (NBFC subsidiary) enjoyed a Capital Adequacy Ratio of 35% as at 31st March 2011 and a net worth of ₹12.2 billion in line with its conviction that a well-capitalised NBFC represents the foundation of long-term growth.









• India is expected to emerge among the world's top two economies by 2040 *(Source: PWC report)* • From current credit to GDP ratio of 50%, by 2020 it is expected to increase to 103% *(Source: Edelweiss India 2020 Report)* • A preliminary assessment suggests that investment in infrastructure during the Twelfth Five Year Plan (2012-17) would need to be of the order of about US$ 1,025 billion to achieve a share of 9.95% as a proportion of GDP *(Source: Planning Commission)*

A good bazaar is all about inclusion and reach...something for everyone, everywhere.

The penetration of financial services in India is one of the lowest in the world. However, household savings is one of the highest. An attractive opportunity.





Edelweiss is proactively prepared to address India's significant capital market growth through end-to-end capital market solutions spanning Investment Banking, Broking (institutional and retail) and Wealth Management Advisory Services.

Edelweiss emerged as the largest Indian institutional brokerage house with over 300 foreign and domestic institutional investors as its large broking clients.

The Company was ranked second in Equity Capital Markets (IPO, FPO, Rights and QIPs) in 2010-11 based on the number of deals below ₹4 billion.

The Company was the second-largest IPO mobiliser as a broker in 2010-11 (non-ASBA). It was ranked first in the individual HNI category (16% market share) and third in the individual retail category (8% market share).

The Company successfully handled about ₹50 billion in private equity placements and strategic exits since May 2009. A private equity placement of ₹9.6 billion for Coffee Day Resorts advised by the Company was adjudged the Best Deal of the Year by Asian Venture Capital Journal for 2010.

The Company acquired and merged Anagram Capital (re-branded as Edelweiss Financial Advisors), adding an immediate presence in 120 additional Indian cities and towns and 225,000 clients across India.

The retail broking portal – www.edelweiss.in – offers a unique, intuitive, information-rich and hassle-free online investment and trading experience to over 100,000 users.





• India's gross domestic savings is around 35% of its GDP, one of the highest household savings rates in the world • India's market capitalisation as a proportion of the world market capitalisation touched a record 3.34 % (September 2010) with a corresponding market capitalisation of US$ 1.55 trillion • Retail participation in India's capital markets is expected to double from a meagre 8% over the next few years *(Source: India Brand Equity Foundation).*