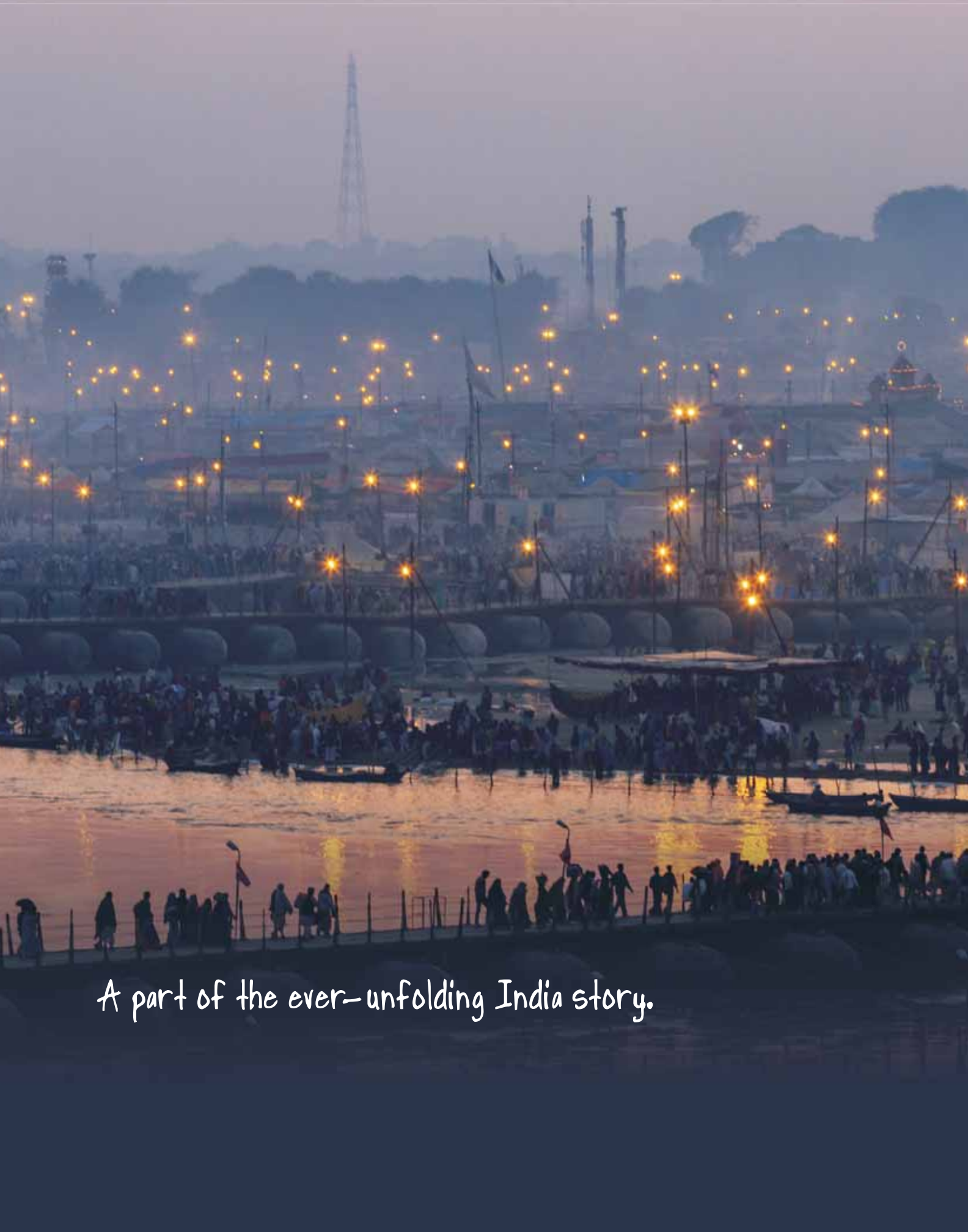




Ideas create, values protect

ANNUAL REPORT 2012-13



A part of the ever-unfolding India story.



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Performance Highlights

Consolidated Financial Performance of Edelweiss Financial Services Limited and its subsidiaries

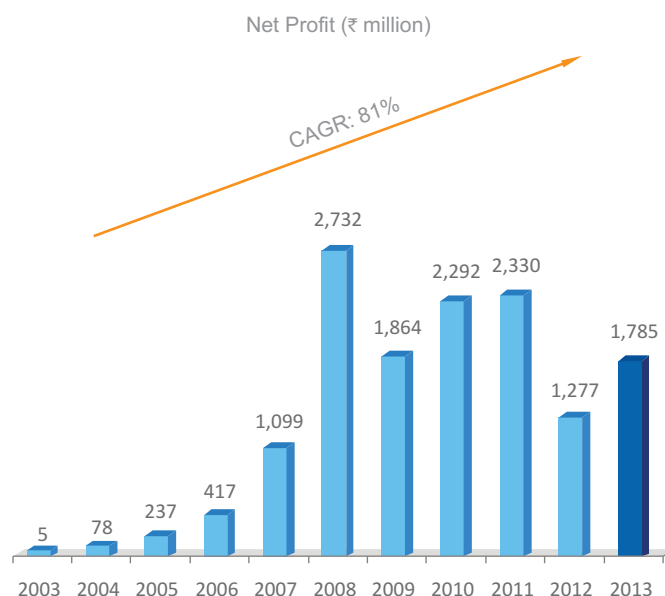
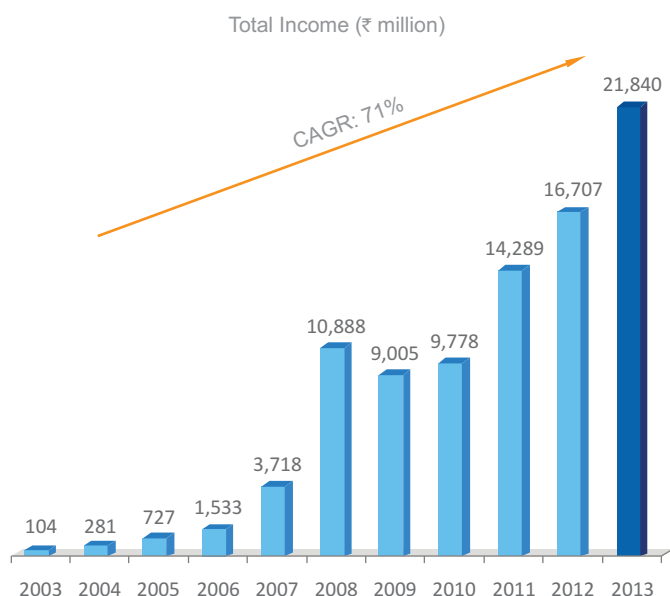
(in ₹ million except per share data)

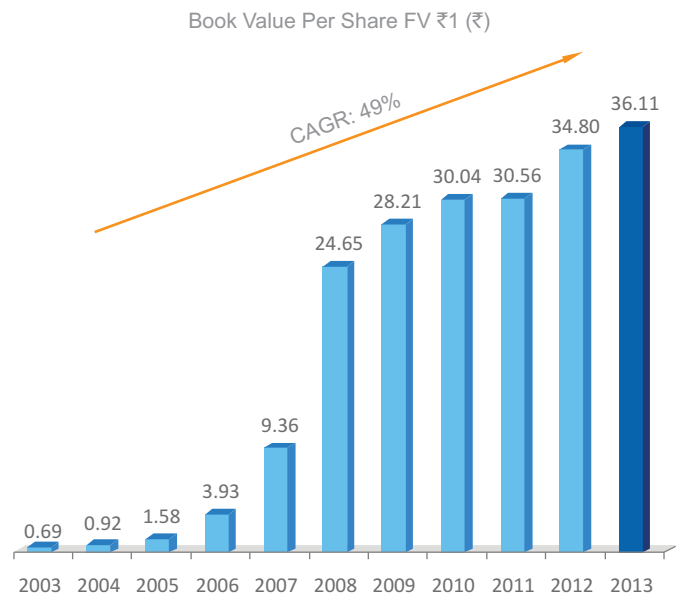
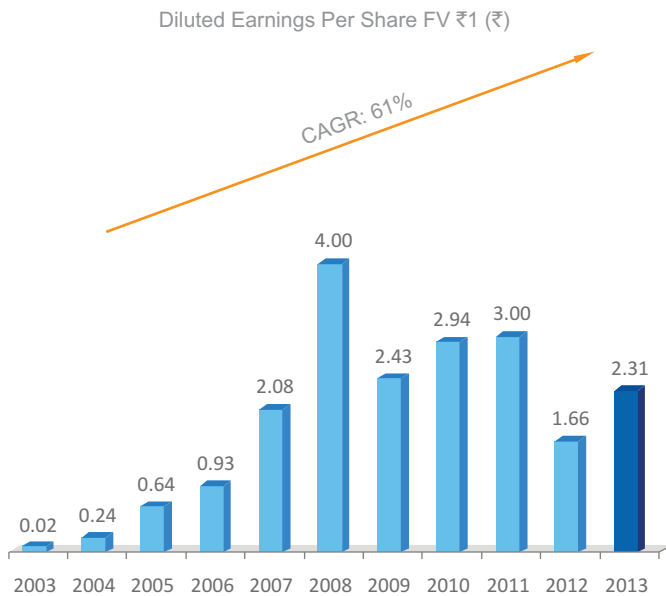
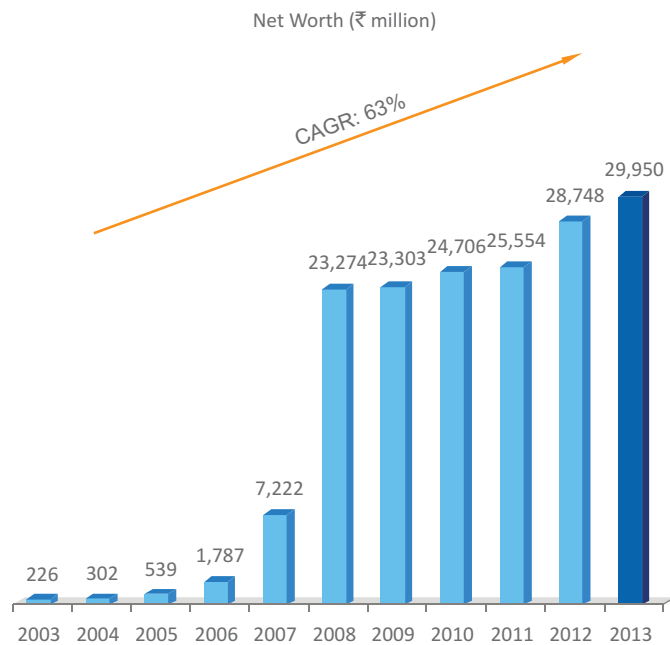
Year Ended March 31,	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total Income	21,840	16,707	14,289	9,778	9,005	10,888	3,718	1,533	727	281	104
Total Expenditure	19,247	14,720	10,789	6,450	5,715	6,421	1,971	898	383	175	95
Profit before tax	2,593	1,987	3,500	3,328	3,290	4,467	1,747	636	345	106	9
Tax Expenses	881	681	1,031	879	1,199	1,540	646	218	107	28	4
Net Profit (after Tax and Minority Interest)	1,785	1,277	2,330	2,292	1,864	2,732	1,099	417	237	78	5
Paid Up Equity Share Capital	764	757	752	375	375	375	45	38	29	28	27
Networth (*)	29,950	28,748	25,554	24,706	23,303	23,274	7,222	1,787	539	302	226
Diluted earning per share (FV ₹1) (in ₹) (#)	2.31	1.66	3.00	2.94	2.43	4.00	2.08	0.93	0.64	0.24	0.02
Book Value per share (FV ₹1) (in ₹) (#)	36.11	34.80	30.56	30.04	28.21	24.65	9.36	3.93	1.58	0.92	0.69

(#) Adjusted for Corporate Actions

(*) Networth including minority

Previous years' figures have been regrouped wherever necessary





Edelweiss Guiding Principles – Our anchor

The sum total of our values.

Each of the values that define us find their rightful place in our charter – the Edelweiss Guiding Principles. Together, these 10 principles celebrate our Indian ethos, global outlook and business ethics while bringing to life our credo of 'Ideas create, values protect'.

We will be a Thinking Organisation. We will constantly bring 'thought' to everything we do. Our clients' and our own success depends on our ability to use greater ideation and more imagination in our approach.

We will be Fair to our Clients, our employees and all stake holders. We want our clients, our employees and all the stake holders to be 'richer' for their relationship with us.

We will take care of our People seriously. Our policies – in spirit and in letter – will ensure transparency and equal opportunity for all. We will go beyond the normal goals of attracting, recruiting, retaining and rewarding fine talent. We will ensure that every individual in Edelweiss has an opportunity to achieve his/her fullest potential.

We will operate as a Partnership, internally and externally. Though individuals are very often brilliant, we believe teamwork and collaboration will always ensure a better and more balanced organisation. We will also treat our clients as partners and show them the same respect and consideration that we would our internal team members.

We will focus on Growth for our clients, employees and shareholders.

We will focus on the Long term. Though the world will change a lot in the coming years and our assumptions for the future may not hold up, we will reflect on the long-term implications of our actions. Even when making short-term decisions we will be aware of the long-term implications.

Our Reputation and Image is more important than any financial reward. Reputation is hard to build and even harder to rebuild. Our reputation will be impacted by our ability to think for our clients, maintain confidentiality and adherence to our value system.

We will Obey and Comply with the rules of the land. We will maintain the highest standard of integrity and honesty. When we are unclear we will seek clarifications.

We will respect Risk. Our business is going to be a constant challenge of balancing risk and reward. Our ability to constantly keep one eye on risk will guide us through this fine balance.

Our Financial Capital is a critical resource for growth. We will endeavor to grow, protect, and use our financial capital wisely.



To sail a million miles, you need a good anchor

Our growth is based on a bedrock of values. At the very inception, we articulated a set of Guiding Principles. These have governed how we do business and our relationship with our clients, partners and employees. At every inflection point, we have gone back to these Guiding Principles and drawn inspiration from them.

Our credo – Ideas create, values protect – further summarises these Guiding Principles. It has helped us

retain our focus as we have expanded our operations across asset classes, client segments and geographies.

It is with this anchor that we began our journey in the nineties, concurrent with India's liberalisation. Today, the Edelweiss group is a large, diversified organisation spanning almost the entire spectrum of financial services and products, with a Net Worth of ₹30 billion and a client base of 450,000 being serviced across over 500 touch points all-India.



An opportunity called India

As the youngest population in the world acquires skills to chase its aspirations, it opens up a growth opportunity of staggering proportions. India's changing landscape has helped Edelweiss grow responsibly and efficiently. We have achieved calibrated growth by diversifying into adjacent spaces and across consumer segments while deepening geographical reach pan-India. This diversification has ensured that our addressable revenue pie today is 20 times bigger than five years ago and will likely grow another five times by 2020.

The growth story continues

For the year ended March 31, 2013, Edelweiss revenues grew by 31% and Profit After Tax grew by 40% over the last year.

- Edelweiss Tokio Life Insurance registered a healthy growth in just 21 months - 29,000 policies, 3,400 Personal Financial Advisors and 45 branches in 38 cities. Its premium income in FY13 was ₹538 million.
- Edelweiss Retail Finance total asset size grew by 110% to ₹16.27 billion; it has disbursed Housing Loans and Loan Against Properties to the tune of ₹8.8 billion and SME loans of ₹1.9 billion.
- The Edelweiss employee base has recorded an almost 30% growth to 4,000 in FY13. This workforce caters to 450,000 clients from 211 offices in 103 cities in India and three cities overseas.



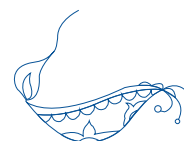
Start something new

Working towards a prosperous future is embedded in the Indian value system. The blessings of well-wishers, the *Shubh Muhurats* and the ground-breaking ceremonies are an integral part of our culture.

At Edelweiss, when we have launched new businesses, it has always been in mature markets. However, we have managed to attain leadership positions in these businesses through a combination of knowledge, innovation, technology and customer focus.

Breaking new ground in FY13

- Retail Finance business launched small ticket Housing Loans in Q3FY13; presence in five cities in Tamil Nadu with a plan to gradually launch in other states.
- Recognising the sizeable contribution of SMEs to the Indian economy, Edelweiss launched SME financing business at the end of FY12; disbursed around ₹2 billion across 400 SME clients in FY13; the business currently operates in three cities - NCR, Mumbai and Pune with more locations on the anvil.
- The focus on innovative research continues with the launch of the Brave Heart series of research, designed to select compelling bottom-up ideas to help investors navigate the arduous investment climate.
- Technology investments
 - Upgraded IT infrastructure with multi business BCP (Business Continuity Plan).
 - Leveraged virtualisation and cloud technology, an ITIL framework based centralised enterprise service desk.
 - Launched multi broker multi-asset class Retail Broking ASP (Application Service Provider) that can support 4,000 concurrent users with multiple levels of redundancies.
 - Launched Edelweiss ASP multiple channels for client transactions such as Web, Exe based, Mobile- WAP, Mobile Application for Windows, iPhones and Android phones.
 - Launched P!NG, the Edelweiss Social Intranet, enabling a collaborative work environment across geographies and verticals.



Take care of every rupee

In India, money means more than just a printed denomination. It is a deity, a *shagun* and an offering too. At Edelweiss, we respect money by maintaining a healthy and liquid balance sheet that protects our capital and yet provides resources to grow our businesses.

A value-added FY13

- Balance Sheet Management
 - The total net worth of Edelweiss stands at nearly ₹30 billion with the amount of debt at ₹115 billion.
 - Low leverage of 3.8 times gives headroom to invest in businesses.
 - A close watch over liquidity position on a daily basis also ensures adequate liquidity with very little ALM mismatch.
- A balance sheet strategy of diversified asset profile spread across Government Securities, FDs, Credit, and Commodities with a distinct shift from short term borrowings to medium and long term in FY13.
- Rated 'CRISIL A1+' for Short Term Debt Programmes and 'CRISIL AA-/stable' for Long Term Debt Programmes; also rated '[ICRA]AA-stable' for Long Term Debt Programme.
- Leveraging technology to improve productivity, performance and cost efficiencies. The entire Edelweiss customer life cycle process starting from CRM and client on-boarding to transactions, risk management and servicing is fully automated and adheres strictly to the highest governance and compliance standards.