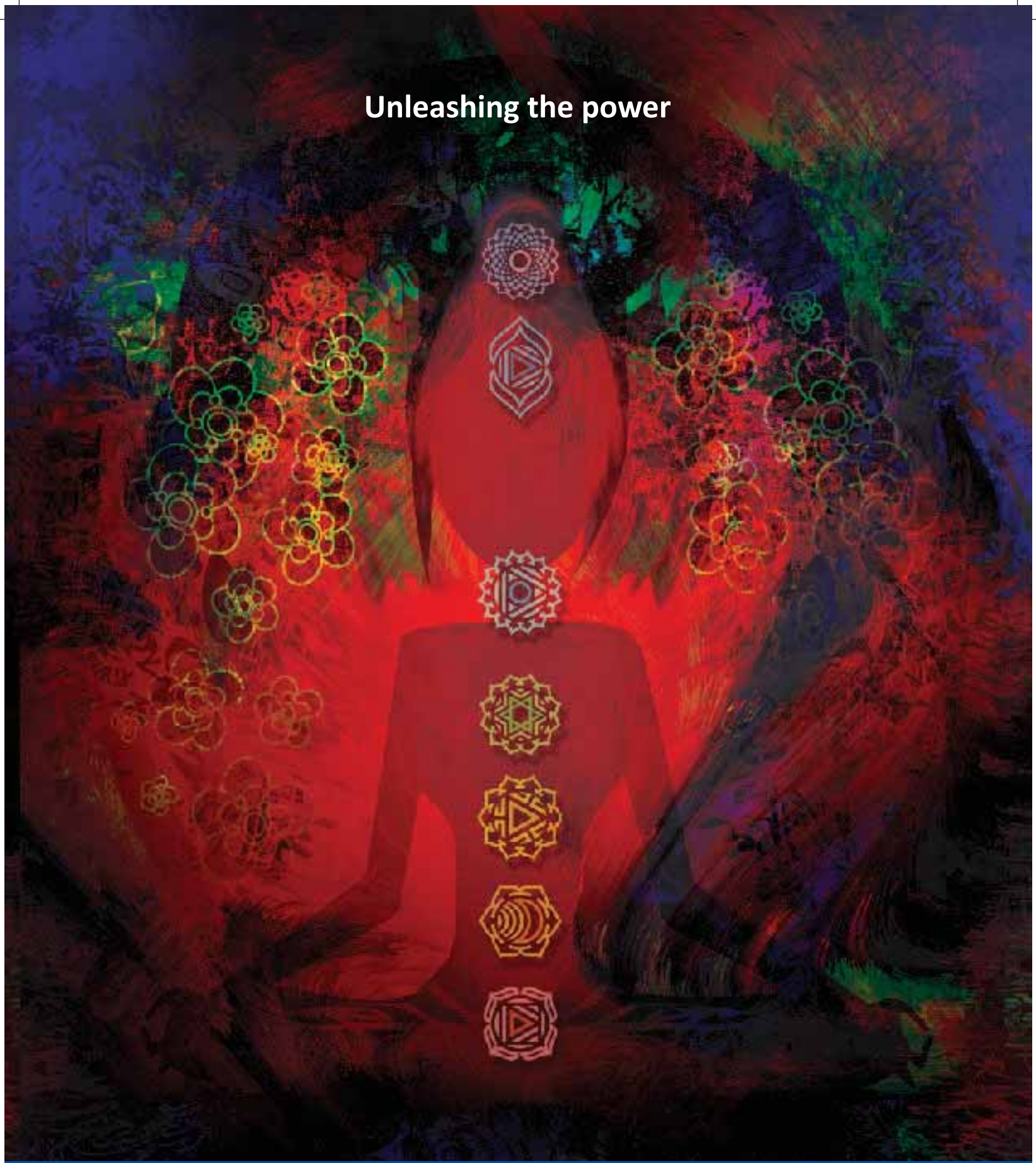
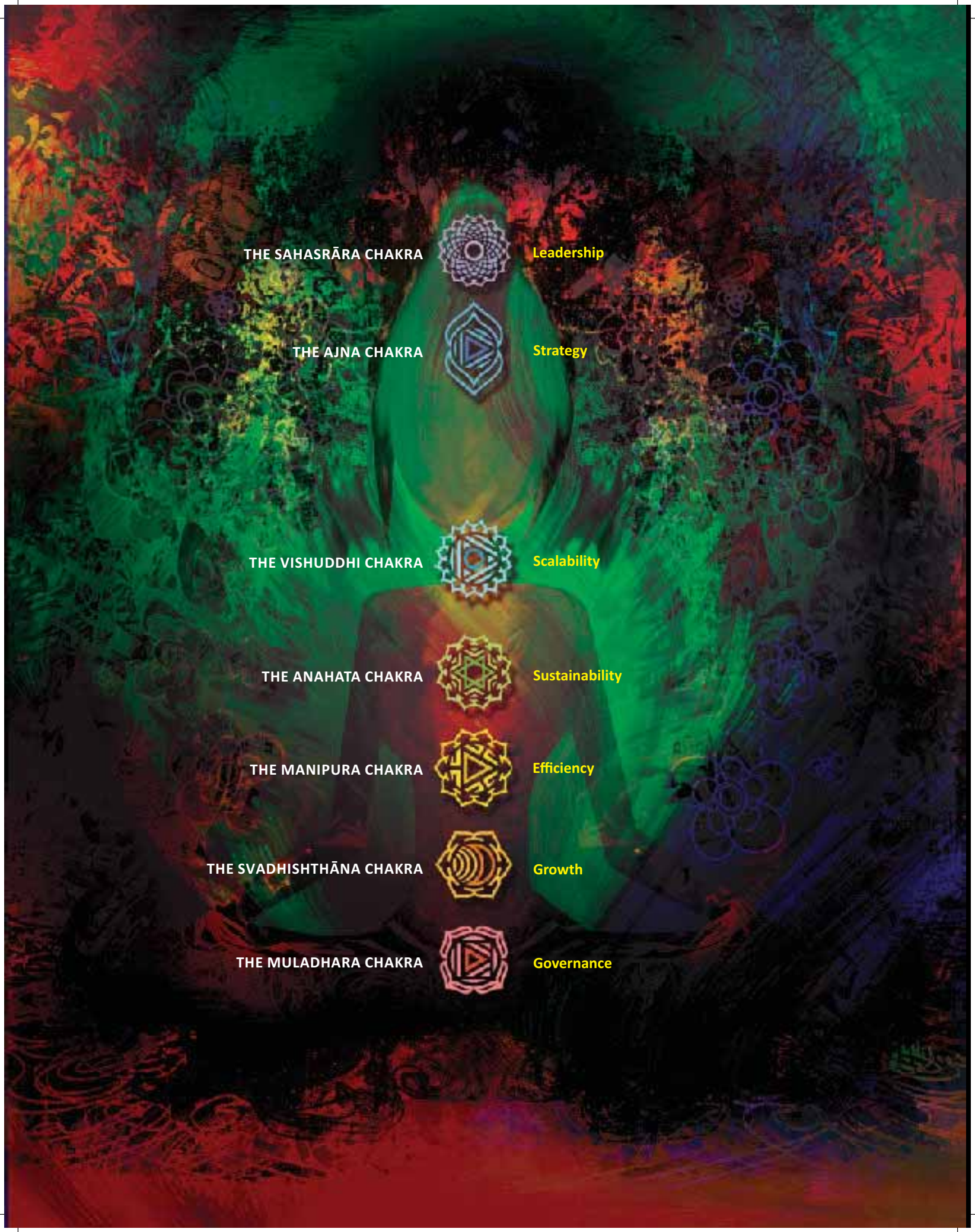
Unleashing the power



Edelweiss
Ideas create, values protect

ANNUAL REPORT 2014-15


THE SAHASRĀRA CHAKRA
Leadership
THE AJNA CHAKRA
Strategy
THE VISHUDDHI CHAKRA
Scalability
THE ANAHATA CHAKRA
Sustainability
THE MANIPURA CHAKRA
Efficiency
THE SVADHISHTHĀNA CHAKRA
Growth
THE MULADHARA CHAKRA
Governance

Unleashing the power

It takes just a spark of an idea to create something new and strong values to guard what is created. For us, it starts with our name – Edelweiss – derived from the German 'edel' (noble) and 'weiss' (pure white), a name we share with a rare alpine flower that has long been associated with purity, nobility and valour. That this little white flower originally came from the Himalayas is a lesser known fact.

The Edelweiss flower best represents our beliefs. Just as the flower's deep fibrous roots and thick felt cover protects it from the harsh winters and chilly winds of its habitat, so does our symbol both create and protect. Our logo graphically depicts the flower as the Creator of Ideas, encircled by the protective letter 'e' symbolising the Values and ideals that govern our actions. We believe that ideas create wealth, but values protect it.

Inspired by this beautiful symbol of purity and steadfastness, it is our aim to be a respected diversified financial services firm with high quality, growth businesses created to fulfil our clients' needs.

Today, like the lofty heights at which the Edelweiss flower thrives best, we look to our organisation as akin to the human body in its most sublime state of existence – as much in touch with the earth as with the universe. It is said that there are 108 chakras (seats of energy) in the human body. While all of these play a role in balancing the body's well being, there are seven prime chakras that are the fundamental source of energy and power within all of us.

In our 2015 Annual Report, we have used the simple metaphor of these seven chakras to best illustrate the key features of our company. These features have strengthened us at the micro level, built our capabilities at the macro level and helped us understand the needs of our stakeholders.

Contents

Performance Highlights	02
The Edelweiss Story	04
Letter from the Chairman	18
EdelGive Foundation	22
Board of Directors	26
Company Details	28
Board's Report	29
Management Discussion and Analysis	35
Corporate Governance Report	98
Consolidated Financial Statement	111
Standalone Financial Statements	163

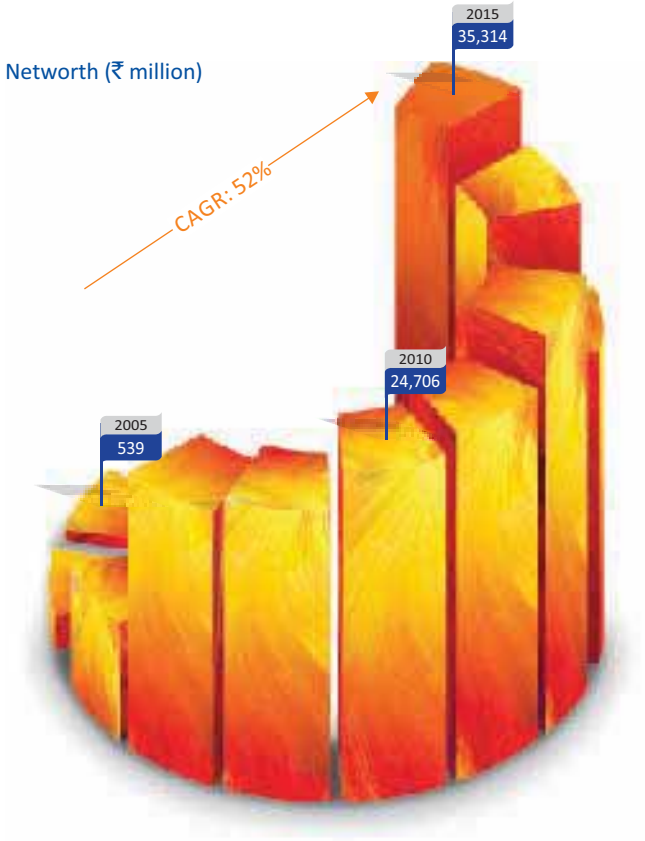
Performance Highlights

Consolidated Financial Performance of Edelweiss Financial Services Limited and its subsidiaries.

(in ₹ million except per share data)

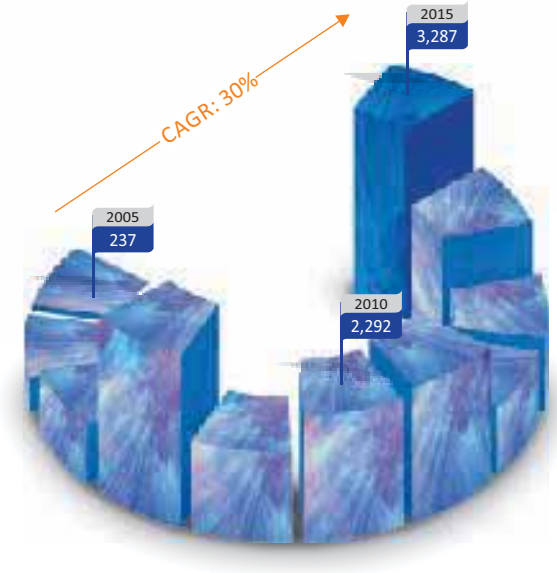
Year Ended March 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Income	39,119	25,555	21,840	16,707	14,289	9,778	9,005	10,888	3,718	1,533	727
Total Expenditure	33,839	22,040	19,247	14,720	10,789	6,450	5,715	6,421	1,971	898	383
Profit Before Tax	5,280	3,515	2,593	1,987	3,500	3,328	3,290	4,467	1,747	636	345
Tax Expenses	2,017	1,346	881	681	1,031	879	1,199	1,540	646	218	107
Net Profit (after minority)	3,287	2,202	1,785	1,277	2,330	2,292	1,864	2,732	1,099	417	237
Paid up Equity Capital	792	769	719	757	752	375	375	375	45	38	29
Networth*	35,314	32,558	26,909	28,748	25,554	24,706	23,303	23,274	7,222	1,787	539
Diluted EPS (FV ₹1) (in ₹)#	3.88	2.85	2.31	1.66	3.00	2.94	2.43	4.00	2.08	0.93	0.64
BVPS (FV ₹1) (in ₹)#	39.92	37.57	32.13	34.80	30.56	30.04	28.21	24.65	9.36	3.93	1.58

#Adjusted for Corporate Actions *Networth including minority Previous years' figures have been regrouped wherever necessary

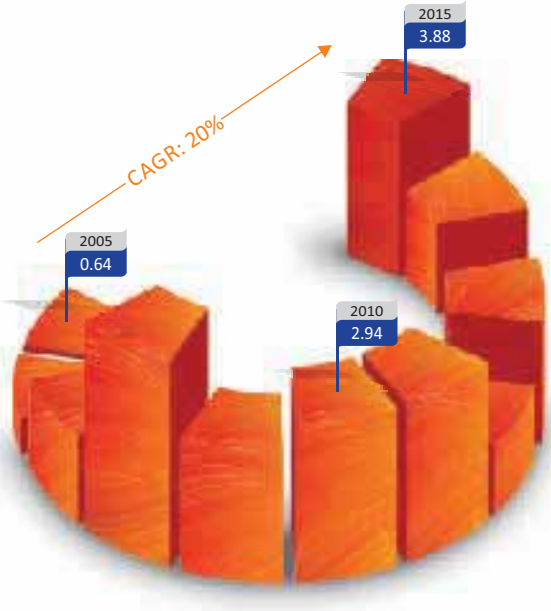


Total Income (₹ million)

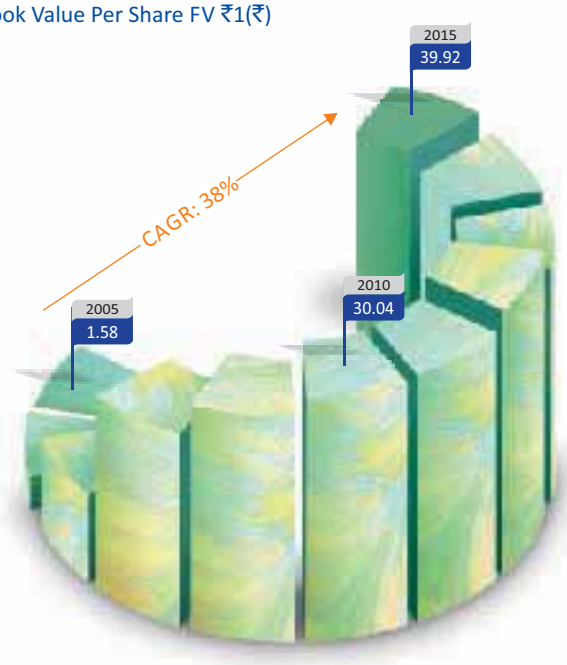
Net Profit (₹ million)



Diluted Earnings Per Share FV ₹1(₹)



Book Value Per Share FV ₹1(₹)



THE MULADHARA CHAKRA Governance

As the very basis of our energy, Muladhara is the foundation that keeps us grounded and balanced. It guides our thoughts and actions, providing direction and purpose in life.

Governance

At Edelweiss, our Guiding Principles form our foundation, governing and driving us in the direction of creating value for all our stakeholders.

The Principles, a blend of our ideals, culture and business ethics have clarified and eased decision-making, however challenging the circumstances. These principles ensure that the Company does the right things for the right reasons without compromising on the long-term vision. Our ten Guiding Principles are:

We will be a **Thinking** organisation

We will be **Fair** to our clients, our employees and all stakeholders

We will take care of our **People** in the true sense of the word

We will operate as a **Partnership**, internally and externally

We will focus on the **Long-term**

We will focus on **Growth**

We will **Obey and Comply** with the rules of the land

We will respect **Risk**

Our **Financial Capital** will continue to be a critical resource for growth

Our **Reputation and Image** is more important than any financial reward

THE SVADHISHTHĀNA CHAKRA Growth and Profitability

The chakra of pleasure, creativity, attention and knowledge, Svadhishthāna draws from the inner source of inspiration and ideas to propel growth.

Growth and Profitability

Edelweiss, with a ₹270 billion asset base and amongst India's top 200 companies[1], is one of India's leading diversified financial services conglomerates. With the dual stimulus of stable growth and consistent profitability, the Group has grown from being an advisory house into an efficient, productive and profitable credit and financial services institution.

Some Group Facts – FY15

- Edelweiss Group has been profitable for every single quarter since inception, posting a compounded annual growth rate (CAGR) in PAT of 30% over last ten years
- 53% growth in revenue at ₹39.12 billion (₹25.56 billion FY14)
- 49% growth in PAT at ₹3.29 billion (₹2.20 billion FY14)
- 40% growth in PAT ex-insurance at ₹3.81 billion (₹2.72 billion FY14)
- Return on Equity (RoE) ex-insurance is 15.6% (12.3% FY14)

Some Business Facts – FY15

- 68% growth in Credit book to ₹150 billion with a six year CAGR of 69%
- 39% growth in Retail Finance book with an addition of 25,000 customers
- Our Insurance business is the fastest growing life insurance business in India[2]
  - 74% rise in gross premium with the agency channel growing 44% to 10,400 personal financial advisors
- 90% growth in Asset Management business with a total of ₹230 billion under management/advice
  - 110% growth to ₹203 billion in our leading Asset Reconstruction business

THE MANIPURA CHAKRA Productivity and Efficiency

The centre of dynamism, will power, executional prowess and achievement, Manipura radiates unlimited energy throughout the entire human body.