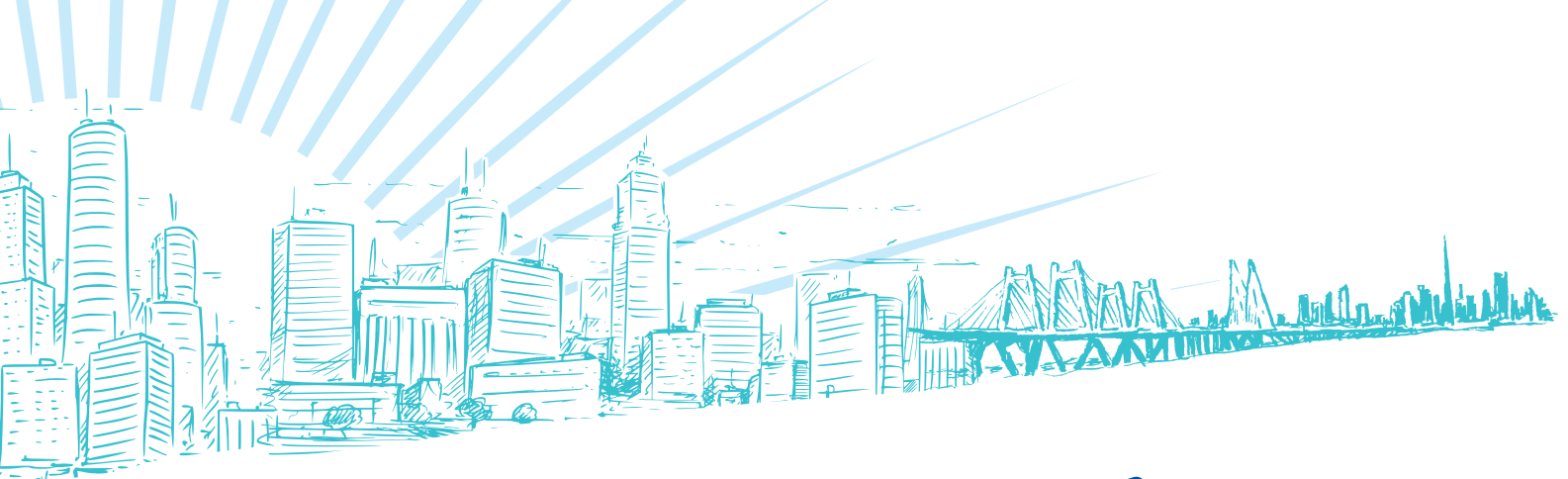




*Saluting the Indian
Entrepreneurial Spirit*



Edelweiss Salutes the Indian Entrepreneurial Spirit

India today, is a land of multitude opportunities, one where millions of gutsy entrepreneurs, daring to dream, are bringing ideas to life with their grit and tenacity. They form the core of modern India. With their bold aspirations, they are transforming businesses, powering economic growth, creating jobs and improving the quality of life all around. With a potent combination of aptitude, entrepreneurial energy, favourable demographics and a vibrant business environment fueled by economic reforms, ordinary Indians are now doing extraordinary things. Unshackled, this entrepreneurial spirit is unmatched in India's history.

It is this spirit that resonates strongly with the Edelweiss story, envisioned in much the same way, born out of the determination to mould an idea into a new age business. Today, Edelweiss Group is one of India's leading financial services conglomerates, helping its multiple consumer segments create, grow and protect their wealth. Remaining true to our credo - Ideas create, values protect - we draw on the strength of our values, striving to remove limitations, while helping our customers achieve their aspirations and BeUnlimited.

Through the pages of our 23rd Annual Report, we salute the steadfast BeUnlimited spirit of ten entrepreneurs from different walks of life, who despite their diverse cultures, upbringing, educational backgrounds and varied lifestyles, share a strong conviction in their beliefs. Their passion, perseverance and determination are the key ingredients to their success, enabling them to aim high, exceed their goals and power growth, despite limitations.

Breathing life into each of these 10 powerful and inspiring entrepreneurs, are 10 digital artists, who have interpreted and visualised their lives, using this special edition of the Annual Report as a canvas of creative expression.

Here's to celebrating the BeUnlimited spirit of entrepreneurship!



Anirudh Sharma

Prem Ganpathy

Arunachalam Muruganatham

PC Musthafa

Chetna Gala Sinha

Kalpana Saroj

Dr. Venkataswamy

Mansukhbhai Prajapati

Chhavi Rajawat

Chandubhai Virani

#BeUnlimited like Dr. Venkataswamy

His simple philosophy of 'right to sight for all' became a beacon of inspiration for his team, to build an empowering institution, that has lit up millions of lives.

Born to a farming family in a small village in South India, Dr. Venkataswamy strived to provide quality affordable eye care for all. After retiring from government service, he started Aravind Eye Hospital. Driven by a vision to eradicate blindness, he built a bold sustainable business, despite inadequate funds. Inspired by him, physicians joined hands, pitching funds by mortgaging their homes. With a philosophy of inclusiveness, the hospital follows a no-appointment system and encourages patients to pay what they can afford.

Bringing expertise and quality within the reach of all is the cornerstone of this social enterprise, which manufactures its own lenses and medications to bring down costs. With almost 60% of the 5.6 million eye surgeries either free or subsidised, Aravind Eye Hospital is a medical success story, built around one man's vision.



GUIDING PRINCIPLES

VALUES THAT LEAVE AN IMPRINT

At Edelweiss, our Guiding Principles serve as an anchor, aligning us to a common vision. They reflect our aspirations and beliefs, influence the way we operate our businesses, steer decision making and help us create value for all our stakeholders, year after year.

Group Guiding Principles

- We will be a Thinking Organisation. We will constantly bring thought to everything we do. Our clients' and our own success depend on our ability to use greater ideation and more imagination in our approach
- We will be Fair to our clients, our employees and all stakeholders
- We will take care of our People. 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 their 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 towards our internal team members
- 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
- We will focus on Growth for our clients, employees and shareholders
- Our Reputation and Image is more important than any financial reward. Reputation is hard to build and even harder to rebuild. Reputation will be impacted by our ability to think for our clients, maintain confidentiality and by 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
- We will endeavour to grow, protect and wisely use our Financial Capital which is a critical resource for growth
- We are defined by the Experience our customers have with us. We will strive to make it outstanding at all times
- We will Listen to our customers. Listening is the start of the relationship wherein we understand their needs and fulfil these with the most appropriate products and solutions
- We recognise that we need to satisfy the Needs, sometimes conflicting, of all stakeholders; shareholders who entrust us with their capital, employees who create the organisation, customers who are the reason we exist and society which has given us the resources and opportunity to create value



#BeUnlimited like Kalpana Saroj

Rising after every fall, converting setbacks into successes, she turned every opportunity into a thriving robust enterprise.

From earning two rupees a day to resurrecting a debt ridden Kamani Tubes, Kalpana Saroj's grit and determination is awe-inspiring. A child bride, walking out of marital abuse, she was determined to write her own destiny. After training as a tailor, she took a government loan and started her own venture. Whether it was starting a furniture business or diversifying into construction, she capitalised on every opportunity that came her way.

Not one to turn down a challenge, she took on the sick and defunct Kamani Tubes and nursed it back to health in a daring revival scheme. From battling union troubles and negotiating with creditors, to relocating manufacturing and restructuring systems, she turned the company's fortunes around. With seven successful companies under her name and an estimated net worth of more than \$100 million, Kalpana has scripted history.



GROWTH & PROFITABILITY CONSISTENTLY BEATING THE ODDS

At Edelweiss, our ability to reinvent ourselves at the turn of every economic and business cycle, has ensured profitability since inception, with a PAT CAGR of 38% over the last seven years. This robust growth and profitability has come on the back of our sustained efforts towards building a bank-like diversified financial services model.

With the older businesses continuing to grow and newer businesses rapidly scaling up, consistent profitability is a sweet reward. Our key business lines help our customers create, grow and protect their wealth.

Credit - Retail Credit, Corporate Credit, Distressed Credit

Franchise & Advisory - Wealth Management, Asset Management, Capital Markets

Insurance - Life Insurance, General Insurance

Group Snapshot: FY18

- 30% growth in revenue at ₹86,225 million (₹66,336 million FY17)
- 46% growth in Profit After Tax (PAT) at ₹8,901 million (₹6,093 million FY17)
- 44% growth in PAT ex-insurance at ₹10,361 million (₹7,194 million FY17)
- 47% increase in Group Gross Net Worth at ₹77.62 billion (₹52.88 billion FY17)
- 43% jump in Total Assets managed at ₹2.24 trillion (₹1.56 trillion FY17)
- 17.1% Consolidated Return on Equity (RoE) (15.5% FY17)
- 22.1% RoE ex-insurance (20.7% FY17)
- 2.0% Consolidated Return on Assets (RoA) (1.7% FY17)
- 2.6% RoA ex-insurance (2.4% FY17)
- 7.7% Net Interest Margin (NIM) for credit book (7.2% FY17)
- 71% increase in Fee & Commission income at ₹21,341 million (₹12,481 million FY17)
- 81% growth in Retail Credit book, which now constitutes 39% of total credit book

Wealth Management

- 49% growth in Assets under Advice (AuA) to ₹901 billion in Wealth Management (₹603 billion FY17)

Asset Management

- 60% growth in Assets under Management (AuM) in the Asset Management business at ₹292 billion (₹182 billion FY17)
- 121% growth AuM in Multi Strategy at ₹57 billion (₹26 billion FY17)

Life Insurance

- 45% growth in Gross Premium Income at ₹6,383 million (₹4,413 million FY17) recorded by Edelweiss Tokio Life, one of the fastest growing Insurance companies in India
- 52% growth in Collected Individual Annual Premium Equivalent at ₹2,510 million (₹1,650 million in FY17)

Business Snapshot: FY18

Credit

- 52% growth in Total Credit Book at ₹420 billion (₹276 billion FY17) across corporate, retail and distressed credit
- 40% growth in Corporate Credit book at ₹195 billion (₹139 billion FY17)

#BeUnlimited like Chandubhai Virani

Constantly pushing the bar, embracing technology to drive efficiencies, he earned the respect of peers.

From just supplying wafers to a Rajkot cinema canteen to taking over 70% of the Gujarat snack market, Chandubhai Virani's Balaji Wafers has stumped MNC food giants with its efficient operations. What started as one-on-one selling, today, boasts of a robust distribution network of 750+ dealers that reach out to over 10 lakh retail outlets.

Recognising the importance of labour efficiency, Chandubhai invested in the latest machinery and was one of the first to fully automate his plants. The benefits were many; economies of scale,

standardised products, speedy production among others, making Balaji Wafers, one of the largest snack manufacturing companies in the country. Using image processing technology to minimise human intervention, as well as improve quality checks, Balaji today, has a total daily processing capacity exceeding 7.5 lakh kgs of potatoes. What's more, by producing bio fuel from the organic waste generated at his plant and setting up windmills, he has helped reduce carbon footprint as well.



PRODUCTIVITY & EFFICIENCY DELIVERING CONSTANT VALUE

An unwavering focus on improving efficiency and productivity at Edelweiss, has helped us script a consistent performance. This balanced approach enables us to not only improve operations but also enhance our responsiveness to market needs and be future ready.

Through adoption of technology for rapid automation, building efficiencies via systems and processes and judicious use of resources, we continue to leverage our balance sheet effectively. The diversified nature of our business ensures capital-efficient profitability.

Group Snapshot: 6 year perspective

- Highest Short-Term Debt Rating of A1+ by Crisil, CARE and ICRA and Long-Term Debt Rating at AA by Crisil, CARE and ICR A and AA+ by Brickwork and SMERA
- RoE ex-insurance increased to 22.1% (7.3% FY12)
- RoA ex-insurance increased to 2.6% (1.2% FY12)
- Cost to Income ratio (C/I) ex-insurance improved to 47% (70% FY12)
- Fully automated processes across the customer lifecycle – CRM, client on-boarding, transactions, risk management, servicing and reporting
- Use of chatbots for handling customer queries on the website as well as customer support using Natural Language Processing and Artificial Intelligence

Business Snapshot: FY18

- Credit business improved its NIM (including fees) to 7.7% (7.2% FY17)
- C/I ratio for Credit business improved to 34% (36% FY17)
- 138% increase in Asset Reconstruction Company recoveries to ₹25.74 billion (₹10.82 billion FY17)
- C/I ratio for Franchise & Advisory businesses improved to 65% (73% FY17)
- C/I ratio for Wealth Management business improved to 67% (76% FY17)

Life Insurance

- Claim settlement ratio improved to 95% (93% FY17)
- ~1,67,800 policies in force, 73% CAGR over FY12
- 13th month overall persistency for FY18 at 80%



#BeUnlimited like Prem Ganpathy

He developed strong insights into customer needs, making them central to business, creating wow moments.

Working as a dishwasher, Prem Ganpathy had a burning desire to succeed. When he got a chance to be a tea boy, he seized it, craving to interact with customers and understand their needs. In time, he was earning 3x more than the other tea boys. His secret sauce to success? Well, he learnt his customer's preferences for their daily cuppa and offered them just that before they could even ask for it.

When he started his own venture, Dosa Plaza, this understanding held him in good stead. He adapted the humble dosa to meet varied consumer tastes, fine tuning the recipes based on feedback from his patrons. Delighted customers and soaring business due to word-of-mouth publicity, soon saw a chain of Dosa Plaza restaurants across the country, further expanding to international shores too.



CUSTOMER EXPERIENCE

LITTLE DELIGHTS GO A LONG WAY

At Edelweiss, customers are at the heart of everything we do. We believe Customer Experience is not restricted to service delivery, but extends to all moments of truth, including product design, pricing and processes.

Led by consumer insights, our goal is not just to deliver innovative products and services, but create value for our customers. Ultimately, it's about anticipating and meeting our 1.2 million customers' ever-changing needs, striving to remove limitations, and helping them achieve their aspirations and **#BeUnlimited**

Group Snapshot

- Group wide culture of customer-centric thinking, driven by Customer Experience Officers and supported by top management across businesses
- Monthly feedback mechanism, based on NPS® methodology, reaching out to ~2000 customers every month, helping identify possible process/service gaps
- Insights from consumer panels and focus groups help create products that suitably meet customer needs
- Mapping customer journeys to ensure consistency and seamless experience across all touchpoints and channels
- Single point access for customers, using smart technologies like voice recognition to improve customer satisfaction
- Seamless, paperless, single window on-boarding for retail customers, utilising digital platforms, leveraging India Stack and e-KYCs
- Increased use of Data Analytics in decision making, from customer on-boarding and credit appraisal to insurance underwriting
- Use of Artificial Intelligence in credit evaluation process, helping in speedy loan disbursals
- Instant decision making and simplified application process for online sales channel for Life Insurance
- Multiple initiatives deployed in Artificial Intelligence, Machine Learning and Robotics Process Automation – all aimed at improving the overall customer experience
- Edelweiss Global Wealth & Asset Management recognised for the Best Customer-Centric Culture at the Customer Experience Awards 2017