Edelweiss
Ideas create, values protect

Chairman's Letter

Mindful Scale Up

Culture First

Customer Focus

10 million, a 36% YoY increase

Chairman's Letter

Rashesh Shah

Chairman & Managing Director

Through the FY25 Lens

The World, India and Us

Global Context

FY25 – a year that truly epitomised the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) nature of the world we live in, reaffirming that resilience often matters more than speed. The year began as the mother of all election years and ended as the year of the challenger. Some eighty countries representing four billion people held either national, state, or local elections. Mantles changed hands in major economies, including the United States and the United Kingdom, marking significant political shifts that will shape global policy in the coming years.

At the same time, wars, trade tensions, and strained diplomatic relations kept markets on edge, leading to volatility and uncertainties. Disruptions in global supply chains, fluctuating energy prices, and cautious investor sentiment contributed to an unpredictable economic environment.

Resilience often matters more than speed.

Despite these headwinds, there were encouraging signs. Global inflation — a persistent concern in recent years — eased by 160 basis points in 2024, thanks to tighter monetary policies. This shift gave central banks the flexibility to begin lowering interest rates in the latter half of the year, gently transitioning the global economic narrative from control to growth. The US Federal Reserve's 100 bps rate cut from September to December helped ease recession fears, improving access to credit for businesses and consumers.

Some challenges, particularly in the form of trade tensions and tariff discussions, reintroduced an element of caution into an already watchful world. In the midst of it all, the global economy continued to move forward, at a modest 3.3% growth in 2024, slightly below last year, but still a testament to the underlying resilience that continues to define our times.

Ironically, as the world continued to accelerate its transition towards sustainability — investments in renewable energy and the widespread adoption of electric vehicles (EVs) gained momentum — the climate continued to heat up. 2024 will go down as the hottest year on record. For the first time, the average global temperature was 1.5°C hotter than during pre-industrial times.

Developments in Artificial Intelligence (AI) continued to astound and concern. AI is being used to analyse genetic conditions, improve healthcare, create manufacturing efficiencies, advise on financial investments, write code, create art, make music, and more. As its capabilities grow, the debate over its ethical implications intensifies. Will humanity harness AI, or be overtaken by it? Only time will tell.

India — The Evolving Narrative of Resilience

At a time when the global economy is facing what the United Nations calls a "precarious moment," India emerged as a rare bright spot. While growth moderated from 9.2% in FY24 to 6.5% in FY25, we remained one of the fastest-growing large economies in the world — driven by resilient domestic consumption and sustained public investment.

India emerged as a rare bright spot.

The inclusion of Indian bonds in key global indices like J.P. Morgan and Bloomberg was a clear vote of confidence, bringing in steady inflows and signaling deeper global integration. And with FTSE Russell set to follow suit this year, we're only getting started. These steps reflect the emerging trends and global recognition of India's fundamentals.

Another interesting highlight was that, foreign investors pulled back ₹1.3 trillion from Indian equities in FY25 after investing a record ₹2.1 trillion in FY24 - weighed down by valuation concerns, global growth fears, and the noise around US tariffs. But once again, what stood out and what gives me confidence, was how Indian investors responded.

Domestic investors stepped in with quiet conviction, following a buy-on-dips approach and putting record amounts into equities. That shift says a lot about where we are headed — towards a market that's deeper, more balanced, and increasingly driven by its own people.

On the macro side, there were more reasons to stay optimistic. The fiscal deficit narrowed to 4.8%, while inflation that had peaked mid-year, cooled to a six-year low of 3.16% by April 2025, and further declined to 1.55% by July 2025. The RBI announced its first rate cut in nearly five years in February 2025, a clear signal that the focus was shifting back to growth. The manufacturing sector, too, showed fresh signs of life, with the PMI hitting an eight-month high in March.

The fiscal deficit narrowed to 4.8%

Each of these data points tells a story, not of overnight success, but of a country steadily laying the groundwork for long-term prosperity. With India having emerged as the world's fourth-largest economy in 2025, the path ahead feels both challenging and full of promise.

Edelweiss in FY25

Sharpening the Narrative, Shaping the Future

Mirroring the India narrative, FY25 was also a year where Edelweiss stayed the course of creating value.

We reported steady profitability in the year with consolidated PBT of ₹802 crore, up 83% YoY and healthy growth in key metrices, driven by robust growth in profits in Asset Management businesses and significant reduction in losses in Insurance businesses.

PBT of
₹ 802 Cr
83% YoY

Customers continue to be at the core of what we do. This year, we welcomed 3 million new customers into the Edelweiss ecosystem, taking our total customer base to over 10 million, a 36% YoY increase. Our customer assets stood at ₹2.2 trillion.

This expanding reach is a reflection of the trust we've built over the years and the relevance of our offerings across a wide and diverse India.

Our balance sheet continues to remain robust with strong capitalisation across businesses, with capital adequacy of over 32% across credit entities. Reducing debt remained one of our key priorities and our consolidated net debt reduced by 27% YoY to ₹11,170 crore, and corporate net debt lowered by 21% YoY to ₹6,325 crore.

We remain committed to further reducing our corporate debt.

Consolidated net debt reduced
27% YoY

Corporate net debt lowered
21% YoY

Business Highlights

Seven Scripts of Steady Ascent

FY25 was a year where our sharpened focus, simplified structure, and steady execution came together meaningfully across all our businesses. While the environment remained dynamic, each of our verticals stayed rooted in discipline and clarity, delivering growth with quality.

EAAA

In EAAA, we continued to build on our leadership with scale and consistency. Our focus on investor alignment and product innovation saw us strengthen our position both domestically and globally.

AUM - ₹59,630 Cr
ARR AUM - ₹45,000 Cr

4,000+ Unique Clients
800+ Repeat Clients

PAT rose 31% YoY
to ₹230 Cr

Deployments grew by 42% YoY and Realisations grew by 19% during the year. The maiden Rental Yield Fund successfully raised ₹3,820 crore till March 2025 marking the largest-ever domestic fundraise by a first-generation fund, a significant milestone for the Alternatives platform.

For the fourth consecutive year, Edelweiss has been featured in the Top Private Debt Fund Raisers list by PDI, making it the only Indian Alternatives player to consistently achieve this global recognition.

Mutual Fund

In the Mutual Fund business, investor engagement deepened, and profitability strengthened.

Equity AUM at ₹62,500 Cr
↑ 43% YoY

Total AUM grew 12% YoY to ₹1,41,800 Cr

PAT ↑ 40% YoY

₹13,000 Cr net inflows into equity schemes - 2.7x YoY growth

We witnessed a strong uptick in our SIP book, which grew by 69% YoY. We launched 10 new funds during the year, continuing on the trajectory of growth. Accelerating AUM expansion through scaling up of existing funds and driving innovative launches remain a key priority for the business.

Asset Reconstruction

The Asset Reconstruction business continued to deliver stable performance while broadening its scope.

PAT ↑ 8% YoY

Our Fee Paying AUM stood at ₹12,163 Cr

₹5,730 Cr recovered during the year

Retail assets accounted for 18% of the total outstanding capital employed as of March 2025. We continue to maintain a sharp focus on platform-driven deals and fee-based income, reinforcing our strategy of building stable, service-led revenue streams.

NBFC

The NBFC business took significant strategic steps towards becoming a focused SME lending platform. We achieved a sharp 40% YoY reduction in our wholesale book, bringing it down to ₹2,500 crore, as part of the strategic shift towards a leaner, more focused retail credit portfolio.

We maintained strong momentum in our co-lending partnerships with banks, reinforcing our commitment to an asset-light, capital-efficient lending model.

Wholesale Book at
2,500 Cr
↓ 40% YoY

Nido Home Finance

Nido Home Finance, the tech-led housing loan platform, continued to grow with strong risk controls.

Notably, 29% of total disbursals were made through the Co-Lending Model, reinforcing our commitment to an asset-light, partnership-led approach. Our long-standing partnership with State Bank of India continues to gain momentum, with sustained disbursal activity and deepening operational alignment.

We've also maintained strong credit performance across the portfolio. Gross NPAs stood at 2.2%, while collection efficiency remained high at 99%. Our focus remains on combining growth with quality and building a model that is both sustainable and scalable.

Zuno General Insurance

Insurance businesses are on track to break-even by FY27

Zuno continues to be one of the fastest growing General Insurers in India.

Gross Written Premium up 19% YoY to ₹1,012 Cr

Motor segment GDPI up 42% YoY, V/S industry growth of 8%

Losses declined 61% YoY

We remain focused on customer-centric growth with equal emphasis on quality and operational efficiency.

Life Insurance

Losses reduced by ~20% YoY

Embedded Value stood at ₹2,186 Cr, ↑12% YoY

Gross Premium rose to ₹2,086 Cr, ↑8% YoY

AUM stood at ₹9,372 Cr, ↑17% YoY

We continue to place strong emphasis on the right product mix, capital efficiency, and balanced distribution, the core levers of sustainable growth.

FY25 in Summary

- Profitability strengthened, with EAAA demonstrating a 31% growth YoY and Mutual Fund achieving a 40% increase YoY
- Losses declined significantly in Insurance businesses; both the businesses are on track to breakeven by FY27
- Consolidated Net Debt reduced by 27% YoY to ₹11,170 crore

A Journey of Simplification and Value Creation

Over the past five years, we consciously simplified and reshaped Edelweiss, moving away from a complex integrated structure towards a segmented architecture of seven independent businesses. FY25 is a reflection of that shift, a year where each character (read business) built its identity and played its part. Whilst it's still early days in the development of each member of the cast, the storyline of the play is beginning to take shape and form.

Over the last 5 years, while we pivoted architecturally and transitioned into a structurally simplified entity, we continued to be focused on:

- *Growth and value creation in underlying businesses*
- *Reduction in net debt*
- *Reduction in the wholesale book*

- Since FY20, EAAA's AUM has grown at a 22% CAGR, while PAT has expanded at an impressive 59% CAGR.
- Our ARC business has recovered ₹57,600 crore since FY16.
- In the Life Insurance segment, gross premium has grown at a 15% CAGR over the last five years, while AUM has increased by 25% CAGR.
- Similarly, our Mutual Fund Equity AUM has increased at a 57% CAGR, with PAT growing at 110% CAGR over the same period.
- Zuno General Insurance stands out as one of the fastest-growing General Insurers in the industry, with GWP increasing by 45% CAGR since FY20. AUM increased by 35% CAGR over the same period.

Strategically, we significantly deleveraged our balance sheet and reduced exposure to wholesale lending. Since FY20, consolidated net debt has reduced by 61%. From a peak of ~₹40,000 crore in FY19, net debt now stands at ₹11,170 crore.

Similarly, our ECLF wholesale book has declined by 81% (₹11,000 crore) since FY20.

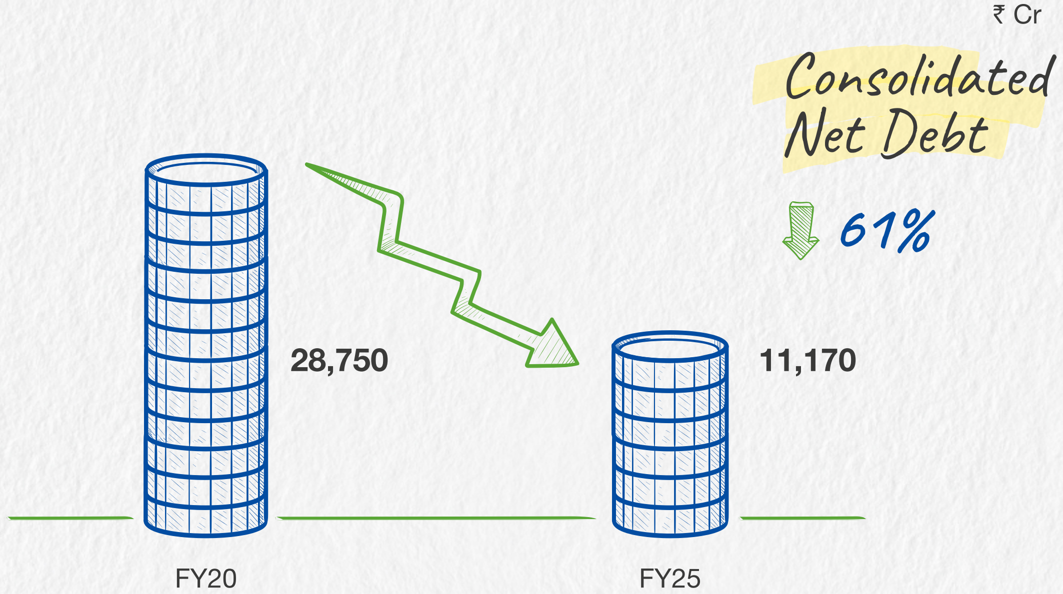
Growth and Value Creation in Underlying Businesses

₹ Cr

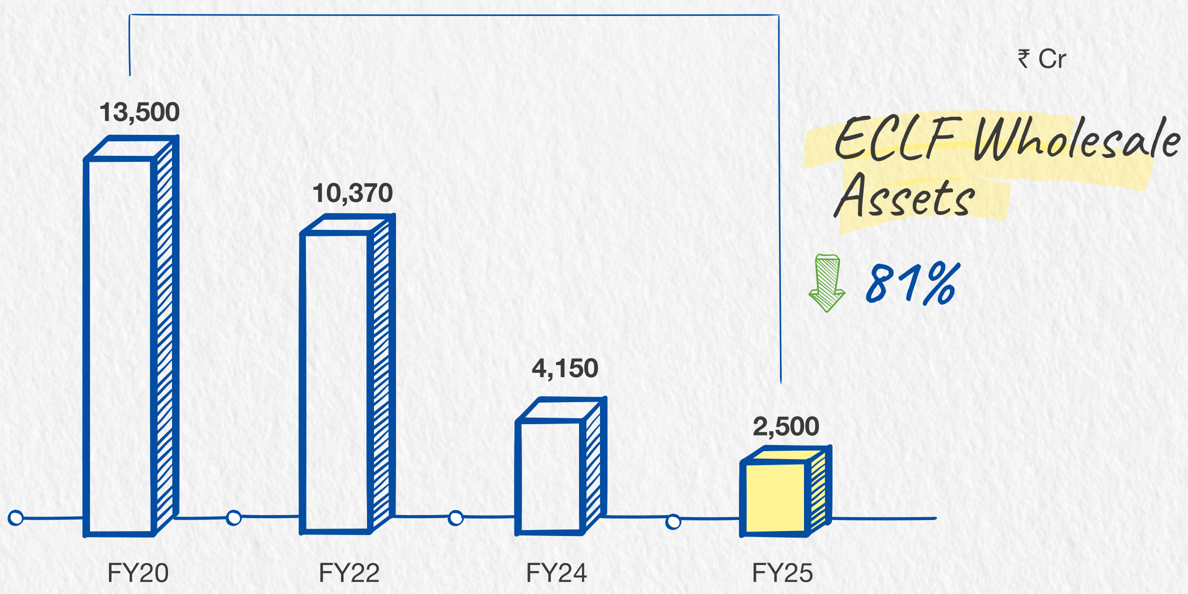
Businesses	Metrics	FY20	FY25	CAGR
EAAA	AUM	21,700	59,630	22%
	PAT	23	230	59%
Mutual Fund	Equity AUM	6,500	62,500	57%
	PAT	1	53	110%
Asset Reconstruction	Cum. Recoveries*	22,600	57,600	-
	PAT	302	385	5%
Zuno General Insurance	GWP	159	1,012	45%
	AUM	303	1,377	35%
Life Insurance	Gross Premium	1,030	2,086	15%
	AUM	3,082	9,372	25%

*Cumulative recoveries since FY16

Reduction in Net Debt



Reduction in Wholesale Book



As we move forward, our priority remains clear: to continue to further reduce corporate debt aided by stake sales in our underlying businesses. A significant milestone in this direction is EAAA's plan to go public, marking a natural next step in its growth story.

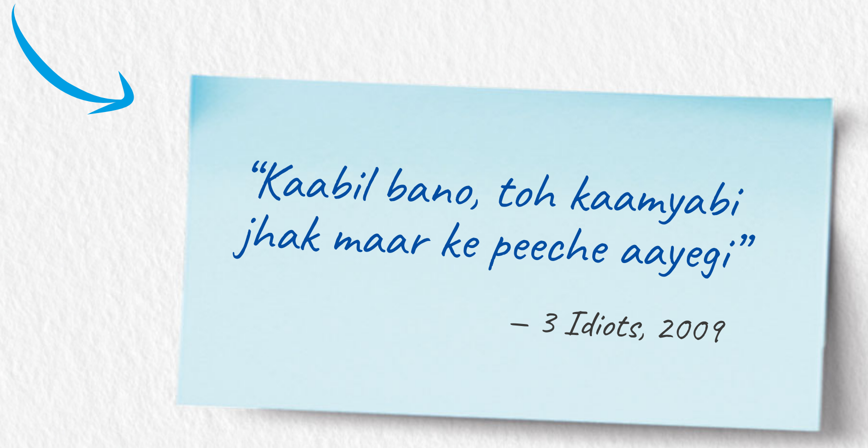
We're also actively building readiness across other businesses to ensure that when the time is right, we're not just prepared, we're primed. It's all part of our larger effort to unlock value at the right moments, guided by discipline, timing and long-term intent.

"You cannot write a new chapter unless you read the old one with honesty."

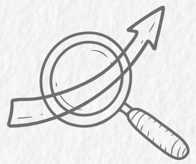
– Mahesh Elkunchwar, noted Indian playwright and thinker

Building with Purpose, Scaling with Patience

Building a business is much like scripting a timeless story: a thoughtful idea, a strong narrative (strategy), a fit-for-purpose cast (team), and then relentless execution. The process requires innovation, thinking, sweat and tears but above all, takes conviction and time. Many business plans and strategies may seem obvious in hindsight, but the actual journey is rarely straightforward — often shaped by uncertainty, tough decisions, and the need to adapt along the way.



Some of the key pillars that have aided us in building businesses of good value in the last 30 years are:



The Idea and Timing

Start early and sometimes be countercyclical …

"Timing, perseverance, and ten years of trying will eventually make you look like an overnight success."

– Biz Stone, co-founder of Twitter

Be ahead of the curve, identify emerging trends, and make affordable investments to capitalise on them.

With one ear firmly to the ground, we listen closely, gather insights, and study evolving patterns, all while striving to innovate and stand apart. Once the idea aligns with the moment, we move forward with smart, affordable investments, always balancing profitability with cost efficiency.

Wealth Management

In 2000s, we perceived a big structural opportunity in wealth management. India had become a trillion-dollar economy in 2008 with rising household financial savings and increasing formal wealth penetration. The financial wealth of households was projected to grow to ₹260+ trillion by FY20 and ₹800+ trillion by FY25 — signaling a rapidly expanding market. The gross household financial savings ratio was expected to rise to 70% by FY21 underscoring significant opportunity. At that time, in the Indian private banking industry, the prevalence was for a distribution model rather than an advisory model, thus we felt a need to build up an advisory-based wealth management business. We acquired Anagram in 2008 and scaled into the affordable wealth management segment. That early bet has evolved into what is today Nuvama.

EAAA

In the 2000s, the alternatives industry in India was still nascent. The Private Credit and Real Assets segment size was $2 billion in 2010, but held immense potential — projected to grow 14x to $28 billion by 2023 and over 100x to reach $225 billion by 2035. At that time deals were often structured through international banks' offshore branches and foreign portfolio investors (FPIs). Sensing this opportunity, in 2008, we became pioneers in the Alternative Asset Management industry by launching our first fund in the Performing Credit Category.

In 2018, we extended our leadership by entering the Real Assets category — launching our Infrastructure Yield Strategy Fund to tap into the growing financialisation of real assets in India.

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Mutual Fund

In the late 2000s, as India's mutual fund industry was still taking shape, we identified a significant opportunity in the underpenetrated retail investment space. With mutual fund industry AUM projected to grow to ₹22 trillion by FY20 and ₹148 trillion by FY30, and the number of unique investors expected to rise to 2.1 crore by FY20, the potential for long-term growth was clear. We launched our first fund in 2008. Over the years we acquired Forefront Capital and JP Morgan's India operations, which gave a meaningful boost to our AUM growth. After establishing a strong foundation, we identified a significant opportunity in the space of debt passives as a lever for rapid scale-up. This strategic foresight led to a landmark moment in 2019, when we were awarded the mandate for India's first Corporate Bond ETF — Bharat Bond. Since then, we have continued to innovate, strengthen our platform, and expand our equity and hybrid offerings to capture India's accelerating financialisation journey.

Asset Reconstruction

The introduction of SARFAESI Act in 2002 enabled the formation of ARCs in India. We incorporated this business in 2009, with a firm belief that not all Non-Performing Assets (NPAs) are bad assets. Since then, we have worked towards their revival and turnaround to the greatest extent possible.

Zuno General Insurance

We marked our strategic foray into India's fast-evolving general insurance sector in 2018 with the launch of Edelweiss General Insurance. In 2023, the company rebranded as Zuno General Insurance to reflect our transformation into a new-age InsurTech focused on redefining customer experience and driving industry innovation.

In every case, we balanced boldness with a "margin of safety," ensuring we fully understood the risks involved.

Warren Buffet puts it aptly – "Predicting rain doesn't count, building arks does" – foresight is useless without execution.

People and Culture

....make all the difference

"Business number nahi, business log hai... sirf log."

– Rocket Singh: Salesman of the Year, 2009

Leadership: The People on the Bus

At Edelweiss, our biggest lever for success has always been our people. As Jim Collins writes in *Good to Great,* the best companies focus not only on where the bus is headed — but on getting the right people on the bus, in the right seats. We've followed that philosophy for over two decades.

Our approach to people is simple, yet deeply intentional: a culture that is clean, apolitical, collaborative, and built on trust and accountability.

We invest in leaders early. We back them with clarity and conviction. Over time, we've built a system where personal empowerment and decentralised decision-making are not ideals — they are operating principles. Each Edelweiss business runs independently, guided by its own management team and executive committee. But they are united in philosophy — we call it "The Edelweiss Way" — a style of working that emphasises agility, transparency, and ownership.

- Our Group Operating Council (GOC), comprises CEOs and key leaders of our businesses. The GOC plays a pivotal role in fostering collaboration across businesses, identifying new opportunities, and sharing best practices. Notably, 31% of our GOC comprises women, a reflection of our commitment to diversity in leadership.
- Our ManCo forum nurtures leadership collaboration, shared learning, and trust across the firm, creating a culture where leaders engage beyond their immediate roles and businesses.
- Leadership is not appointed — it is grown, mentored, and earned. Many of our senior leaders have spent more than a decade with us. The average tenure across senior leadership exceeds 11 years — a testament to continuity, alignment, and belief.

We also know that long-term thinking requires long-term alignment. That's why our compensation philosophy is designed to reward sustainable performance. We ensure our leaders are incentivised like owners — not just for outcomes, but for how those outcomes are delivered.

Culture is the Way We Do Things Here

While the right people are important, one of our biggest insights has been that this is not enough – the same people behave differently depending on the culture. A simple analogy illustrates it best: in our cities, while driving we may switch lanes or skip signals. But land in Europe, and the same person follows every rule. The environment hasn't changed — the culture has. The same applies to organisations. Culture governs how talent shows up — and whether it thrives.

In the past three decades, we have worked consciously to build a culture that fosters candour, clarity, and healthy competition. It's not just strategy that builds institutions. We have wanted to prioritise building a strong culture – we believe that it's about both, the walk and the talk, so that when we hire leaders, they come in and adopt the way we work here. After all, culture is a strong competitive advantage and difficult to replicate.

Now that each business is independently managed, distinct micro-cultures are emerging. But there is a common thread — a shared rhythm, mindset, and set of values that connects them all. That's what we call "The Edelweiss Way" — a quiet but consistent culture that enables us to grow talent, build businesses, and make decisions that endure.

Because in the end, as we have learned time and again:

It's not just strategy that builds institutions.
It's the people. And the culture that shapes them.

Strategic Clarity

and keeping the customer at the centre.

"Strategy is as much about choosing what not to do as it is about what to do."

– Michael Porter

With the right people and culture in place, we have always focused on – shaping the core of our business strategy. This is where strategic clarity becomes critical: understanding and identifying the key differentiators that give a distinct identity to each of our businesses. We are cognisant that sometimes, building a good, resilient strategy may involve making tough choices, like focusing on certain customer segments or products and deliberately sacrificing others.

At **EAAA,** we have achieved this strategic clarity by choosing to focus our efforts within the Private Markets space — specifically in the Private Credit and Real Assets categories. Similarly, at **Zuno General Insurance,** we have made a conscious choice to concentrate on select segments. We are prioritising the Private Car segment within motor insurance and investing in the development of innovative Usage-Based Insurance (UBI) products. Our strategy is defined not just by what we choose to pursue — but equally by the clarity with which we decide what not to pursue.

We have always believed in keeping product innovation and customer focus at the centre of our strategy — it influences every decision, every product, every interaction. By continuously differentiating ourselves, we deliver unique solutions that set us apart.

EAAA

We are a pioneer in the Indian Private Market Alternatives space known for creating first-of-their-kind investment solutions. In 2013, we launched the industry's first Special Situations Fund, which now contributes around 40% of our AUM. Building on this momentum, we made inroads into the Real Assets space in 2018 by launching the Infra Yield Fund.

Mutual Fund

Our mutual fund business has built a distinctive investment platform with a "cycle-tested" investment team. We are the only fund house with a dedicated team exclusively focused on Factor Investing, boasting a track record spanning more than 15 years. In 2019, we launched India's 1st Corporate Bond ETF in association with the Government of India (Bharat Bond ETFs and FOFs). The product structure was designed by Edelweiss Mutual Fund. We have launched many "industry first" products including India's first set of target maturity funds investing in public/government sector bonds, first passive fund in the healthcare sector, first Gold & Silver ETF FOF, etc.

Zuno General Insurance

In just seven years since its launch, Zuno has carved a niche for itself by leveraging product innovation and superior customer experience as key differentiators. We are a pioneer in Usage-Based Insurance (UBI) in India. We have led with several industry firsts — becoming the first insurer in India to introduce mobile telematics-based motor insurance, encouraging safer driving behaviour. We launched Zuno SmartDrive in FY25 by integrating our cutting-edge Pay-How-You-Drive (PHYD) feature with our core motor insurance product.

Life Insurance

Edelweiss Life Insurance is a leader in traditional life insurance products, with approximately 78% of traditional policies in product mix. We have launched multiple industry-first innovative products and features. In 2018 we launched Edelweiss Life Zindagi Plus — a first-of-its-kind product offering life cover for spouses, marking a significant innovation in the life insurance sector. We have also introduced Edelweiss Life Wealth Ultima — a new-age, low-cost ULIP designed to suit the evolving needs of our customers.

Our strategic approach is built on a bifocal lens: ensuring long-term stability while staying agile enough to navigate short-term market volatility. We plan with conviction but execute with flexibility — remaining grounded in our core while adapting to an ever-changing environment. This balance is exemplified by Zuno General Insurance. While we are methodically building Zuno into a customer-first, operationally efficient insurer, we have also remained nimble — consistently investing in cutting-edge technology and product innovation to anticipate and respond to evolving customer needs.

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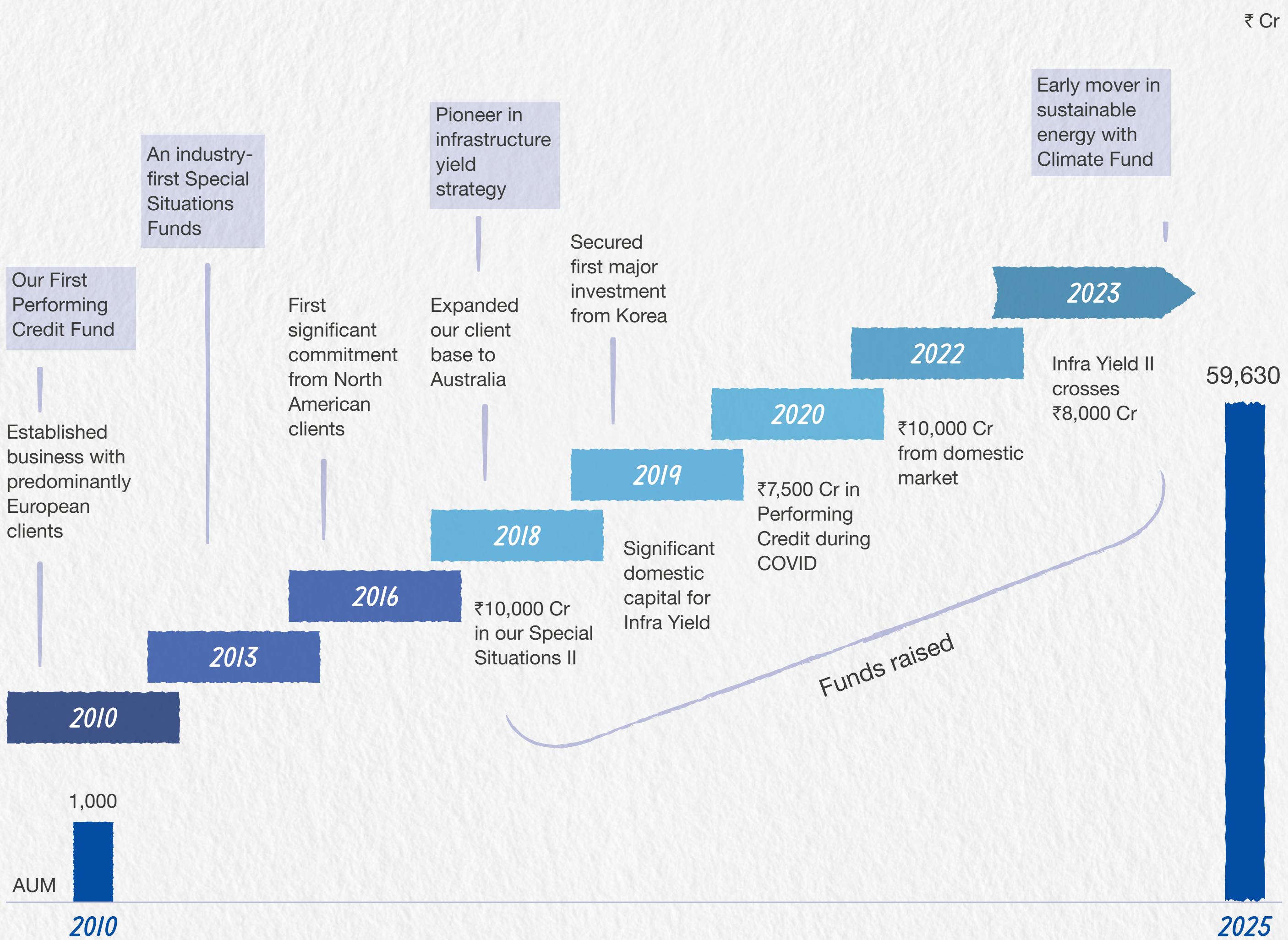
Scaling Up Mindfully

With the early building blocks in place, our focus is to always scale with intention.

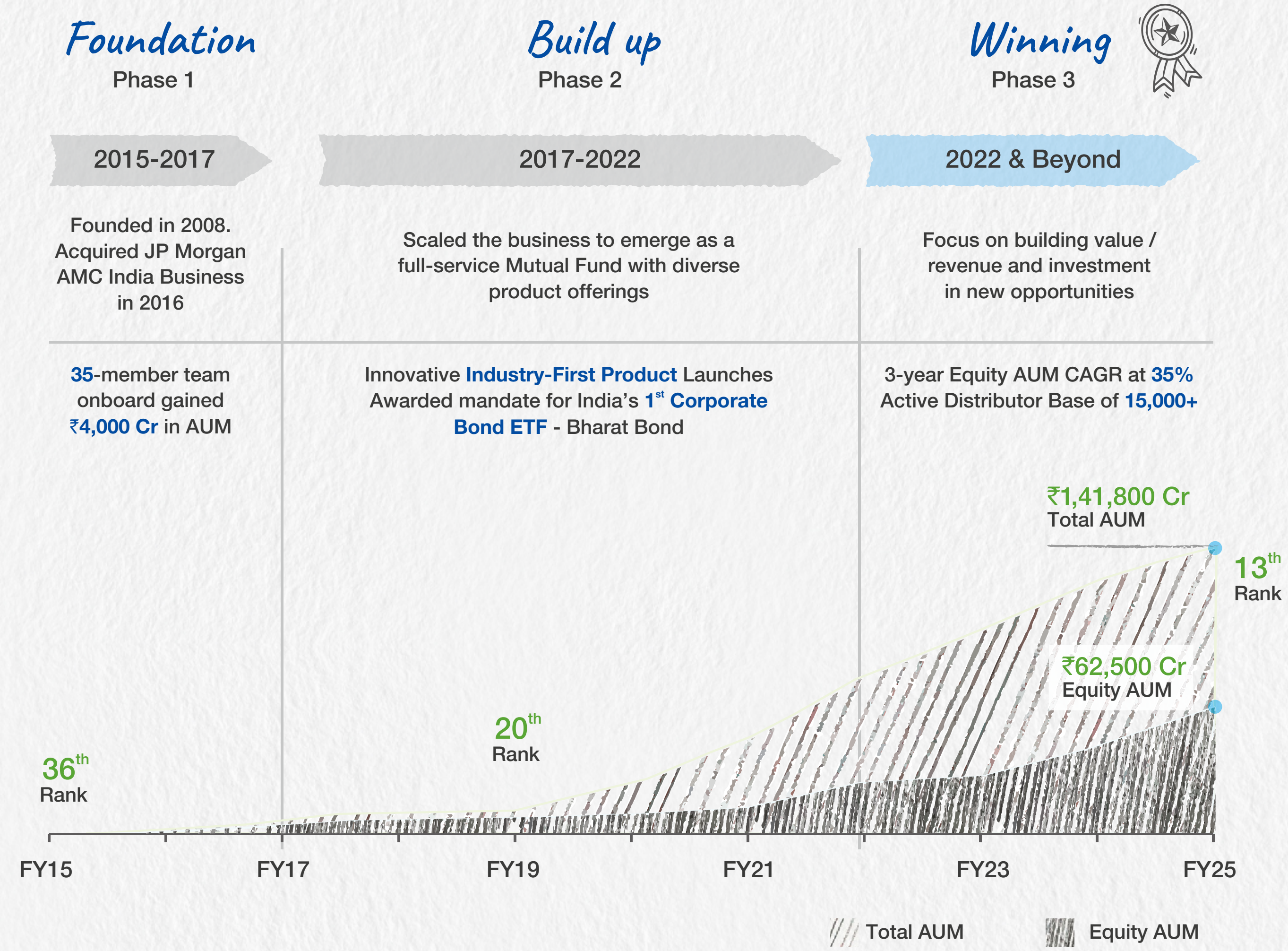
We don't chase growth for its own sake – we believe in building right before building big. That means putting the right foundations in place: investing in fit-for-purpose organisational design, embedding robust governance frameworks, and creating operating rhythms that are strong enough to support scale without compromising the soul of the business. For us, growth isn't just about getting bigger, it's about getting better. And doing it in a way that's sustainable, strategic, and true to who we are.

- **EAAA**: Our journey began nearly a decade and a half ago, and today, we stand as one of India's leading Alternative Asset Managers with an AUM of ~₹60,000 crore - a remarkable 60-fold growth since inception.
- **Mutual Fund**: In 2017, our AUM stood at ₹7,000 crore, ranking us 26th in the industry. Today, we stand as the 13th largest asset management company in India, with an AUM of approximately ₹1.5 lakh crore, a testament to the strength of our strategy and execution.

EAAA



Mutual Fund



Zuno General Insurance

Growth	FY20		FY25
GWP (₹Cr)	159	6.4x	1,012
Customers (Mn)	0.8	8.7x	7+
Market Share (%)	0.09	3.5x	0.32
AUM (₹Cr)	303	4.5x	1,377

Life Insurance

₹ Cr

	FY12	FY17	FY25
Individual Annualised Premium Equivalent	9	165	575
Gross Premium	11	441	2,086
Assets Under Management	495	1,487	9,372

Playing the Long Game

"Genius woh nahi hota jiske paas har sawaal ka jawab ho, genius woh hota hai jiske paas har jawaab tak pahunchne ka patience ho"

– Dear Zindagi, 2016

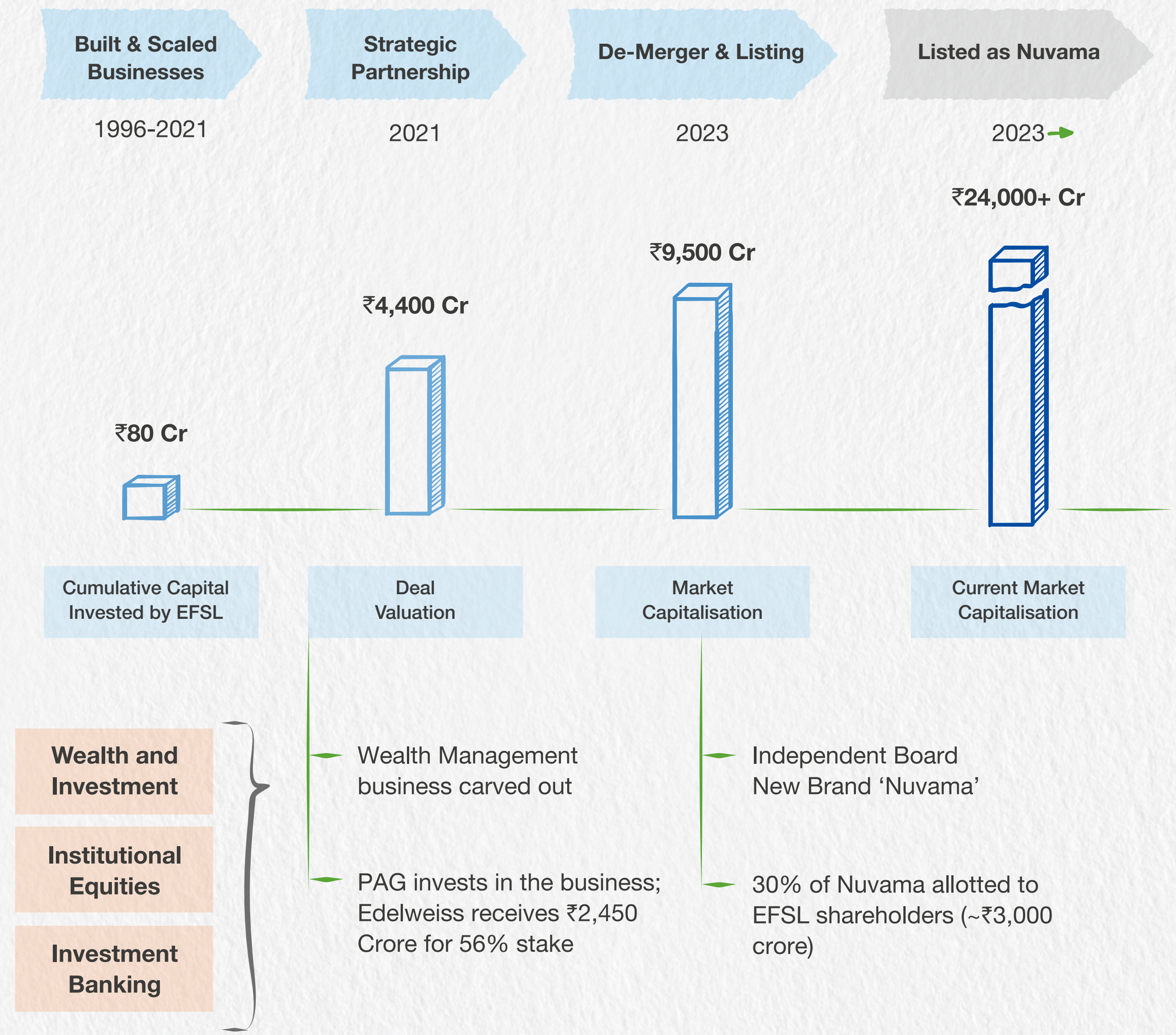
In a world that moves fast, we have always chosen to think long.

"extreme patience with extreme decisiveness"

At Edelweiss, creating enduring value isn't about chasing momentum — it's about anchoring to purpose, even as the environment shifts. We follow what Charlie Munger called "extreme patience with extreme decisiveness." That means waiting with intent, acting only when it truly matters — Out-Behave, rather than Out-Execute only. Our planning horizon has steadily expanded — from 3-5 years to 15-20 — because we believe true value is built with clarity, care, and conviction. Not rushed. Not reactive. Just thoughtfully and deliberately, over time.

We entered the wealth management business in 2005, taking a long-term, strategic approach to build it steadily over 18 years. By 2020, we had emerged as one of the top two independent wealth management players in India, and the market leader in the affluent segment, with AUM of ₹1 lakh crore. Ahead of its spin-off, Edelweiss Wealth

Management was rebranded as Nuvama, and later demerged from EFSL in 2023, thereby unlocking significant value for our shareholders. Edelweiss' cumulative investment of ₹80 crore has grown into a business with a market capitalisation of over ₹24,000 crore today. This journey is a clear reflection of the power of patience, focus, and long-term value creation, values that continue to guide us forward.



This structured approach has been consistently demonstrated in the businesses we have built over the years, each at different stages of this journey — yet all anchored in the same enduring principles.

Reimagining Tomorrow, Today

India in the next decade: 2025-2035

"Umeed se zyada zaroori hai koshish."

– Rocketry: The Nambi Effect, 2022

India today stands at the cusp of a truly transformative growth phase, one that is not just anticipated, but already unfolding around us. Over the next decade, we are projected to remain the fastest growing major economy in the world. This momentum is backed by a combination of strong macroeconomic fundamentals and a shifting consumption landscape, fuelled by a young population, rising incomes, and increasing formalisation of the economy. Looking ahead, India's GDP is expected to touch $10 trillion by 2035, with GDP per capita rising from $2,500 to over $6,500 within the same period. In global rankings, we are poised to become the third-largest economy by as early as mid-2027. Such milestones, while ambitious, no longer seem distant, they are becoming increasingly realistic as India gains steady ground across sectors and scales new benchmarks.

By 2030, India is projected to contribute 10% of the global GDP (in PPP terms), up from 8.5% today. Moreover, between 2035 and 2040, we are expected to account for 30% of global GDP growth. These numbers point to more than just economic expansion; they signify India's emerging role as a key pillar in the world's growth story!

Looking ahead, India's GDP is expected to touch $10 trillion by 2035, with GDP per capita rising from $2,500 to over $6,500 within the same period. In global rankings, we are poised to become the third-largest economy by as early as mid-2027.

Liquidity as a Tool for Growth

In recent years, we have seen how globally, liquidity has become a central lever for growth – a tool that governments and central banks reach for, not just in times of crises, but to shape recovery and fuel momentum in the periods that follow.

Period	Trigger	Key Policy Responses by Goverments and Central Banks
1997-1998	Asian Financial Crisis	• Japan introduced zero interest rate policy in 1999 • U.S. Federal Reserve cut interest rates thrice in 1998
2000-2002	Dot-com bubble burst and 9/11	• U.S. Federal Reserve cut interest rates from 6.5% in 2000 to 1% by mid-2003
2008-2009	Global Financial Crisis	• U.S. Federal Reserve, Bank of England deployed Quantitative Easing • Interest rates slashed to zero or near-zero in many economies
2010-2015	Euro Zone Debt Crisis	• European Central Bank (ECB) announced Long-Term Refinancing Operations in 2011 • Quantitative Easing by ECB officially launched in 2015
2020-2021	COVID-19	• U.S. Fed, ECB, Bank of Japan expanded Quantitative Easing and Lending • M2 money supply in U.S. surged 25% YoY in 2020

In India too, both the government and the RBI have responded thoughtfully to periods of economic volatility, using liquidity expansion as a key lever to steady the ship and support the broader economy.

Period	Trigger	Key Policy Responses by Indian Government and Central Bank
2008-2009	Global Financial Crisis	• Government announced fiscal stimulus packages • RBI slashed repo rates and cut CRR to allow banks more room to lend • RBI used Open Market Operations (OMOs) to inject liquidity
2020-2021	COVID-19	• Government announced ₹ 29+ lakh crore Atmanirbhar Bharat stimulus packages • RBI cut repo rate to a record low • RBI conducted OMOs and Operation Twist (buying long-term bonds/selling short-term to manage yield curve) to inject liquidity

Liquidity plays a crucial role in keeping the economic engine running. When liquidity increases, it enables businesses, consumers, and financial institutions to access credit more easily. Lower borrowing costs encourage investment, fuel consumption, and ultimately support job creation, creating a ripple effect that strengthens the broader economy.

In India, the steady growth in money supply over the years is a clear sign of consistent and calibrated liquidity support. The RBI's proactive monetary policy has focused not just on managing inflation, but also on expanding access to credit and sustaining growth momentum. These measures have helped maintain financial stability, support consumption, and unlock investment, especially during periods of stress like the COVID-19 pandemic. Today, India is well-poised for sustained growth, with liquidity serving as one of the key enablers on that path.

India's Consumption Boom

Powered by strategy, driven by scale

India's consumption story is unfolding at an unprecedented pace, and with a depth that reflects the country's evolving economic and social fabric. Over the next decade, India's total consumption is expected to double, driven by a broad-based rise in household incomes. The middle and upper-middle-income segments are expanding rapidly, bringing with them greater purchasing power, and with that, a shift towards more discretionary and lifestyle spending. This consumption momentum is further supported by urbanisation, rising aspirations, and a digital-first mindset that's reshaping how and where people spend.

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What makes this journey especially compelling is the changing nature of India's consumer base. Urbanisation, digital access, and rising aspirations are rapidly reshaping how and what Indians consume. The traditional gap between urban and rural markets is narrowing, with improved access to products and services, now enabling aspirations in smaller towns to convert into real and consistent demand. This levelling of access is helping unlock spending power across regions and income brackets.

Our demographics continue to be a key strength. With a median age of just 28.4 years, India enjoys one of the youngest consumer bases globally. Gen Z (aged 12-27) is poised to be the primary growth driver, contributing an estimated $1.8 trillion in direct consumption by 2035, nearly half of the total domestic consumption. Supporting this is India's dominant share of the global working-age population, which is projected to reach 1 billion by 2035. Complementing this demographic strength is the sharp rise in women's workforce participation, which has grown from 23% in 2018 to 42% in 2024, boosting dual-income households and premium spending.

Even the luxury market is undergoing a shift, with brands reporting a growing share of their revenues coming from non-metro cities. The luxury segment is projected to triple by 2030, driven by affluent consumers from smaller towns who are now more connected, aspirational, and brand-conscious. Together, these forces are shaping a consumption narrative that is large in scale, broad in reach, and lasting in its impact.

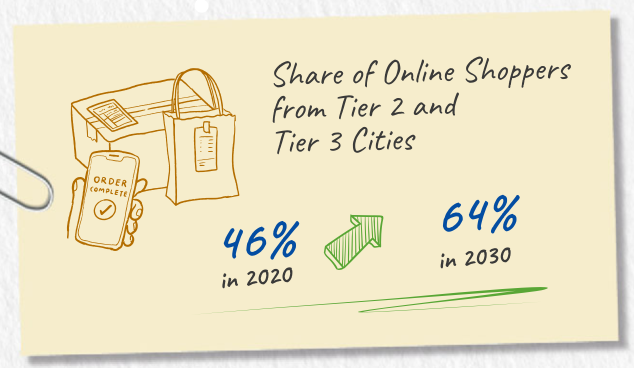
The Digital Economy

Fuelling India's Next Wave of Consumption

The digital economy is not just growing, it's transforming how India consumes. With improved accessibility, convenience, and trust in digital platforms, technology is becoming a powerful catalyst for consumption across the country.

India's e-commerce market is projected to grow more than 4x, from around $125 billion in 2024 to $550 billion by 2035. This rapid expansion is being driven by a growing internet user base, improved digital infrastructure, and increasing comfort with online transactions.

What's especially encouraging is the rise of Tier 2 and Tier 3 cities as the new frontiers of digital consumption. The share of online shoppers from these cities has grown from 46% in 2020 to 56% in 2024, and is projected to reach 64% by 2030.



Digital payments, mobile-first commerce, and content-led discovery are reshaping retail behaviour — allowing consumers in smaller towns to access products, brands, and services once limited to metros.

These cities, once seen as peripheral, are now becoming epicentres of India's consumption boom, driven by aspiration, affordability, and the digital rails that connect them to the mainstream economy.

India today is not just witnessing a surge in demand; it is increasingly well-positioned to meet it with scale and speed. Backed by massive infrastructure investment, expanding urban centres, and more efficient supply chains, the reach and delivery of products and services is becoming broader, faster, and more reliable. Government spending continues to prioritise logistics, rural connectivity, and digital infrastructure, laying the foundation for a truly integrated economy that can support high levels of consumption and commerce across geographies.

On the policy front, structural reforms like GST, the Insolvency and Bankruptcy Code (IBC), and digitised compliance systems have played a key role in making India a more investor-friendly destination. The Ease of Doing Business ranking improved dramatically from 142 in 2014 to 63 in 2020, underscoring the pace of reform.

As global supply chains seek diversification, India is emerging as a preferred alternative to China, a shift further supported by the PLI scheme across 14 sectors. This not only strengthens India's domestic manufacturing capacity, but also marks its steady rise as a potential export hub for the world.

The Edelweiss of Tomorrow

Aligned. Embedded. Ready.

As India steps confidently into a new decade of growth, Edelweiss too is evolving — not just in structure, but in purpose and positioning. While India remains largely resilient and unfazed by the macro headwinds, we are structurally aligned and strategically placed to contribute to and benefit from the country's unfolding growth narrative.

Each of our businesses reflects the emerging pillars of India's next chapter. As financialisation deepens, our EAAA and Mutual Fund businesses are seeing strong traction from both retail and institutional investors. Our General and Life Insurance platforms are tapping into underpenetrated markets with digitally enabled, semi-urban-first models. In Credit, we're shifting focus towards MSME lending and affordable housing, supporting India's entrepreneurial and homeownership aspirations. Our Asset Reconstruction business continues to play a critical role in returning capital to the system and strengthening the financial ecosystem. Across the board, we are pursuing an asset-light, capital-efficient, and differentiated approach. We believe our strength lies in our people and our culture — one that is clean, apolitical, collaborative, and built around personal empowerment, delegation, and decentralisation. This is a culture that encourages decision-making at the edges, and helps each business find its own rhythm while staying true to our collective values.

What gives us further confidence is the strength of our balance sheet, significant debt reduction and healthy capital adequacy — that now offer us the headroom to pursue new growth opportunities with clarity and conviction. Our focus remains unwavering: drive growth with quality and long-term value, reduce corporate net debt, and unlock meaningful outcomes for our shareholders. With governance at the core, and purpose as our compass, we aren't just aligned to India's growth, we are embedded in it.

Looking ahead to FY26 and FY27, our focus is clear:

- Grow efficiently by using tech and AI to improve productivity.
- Incubate new tech-led ideas that can shape the future.
- Unlock value from our existing businesses.
- Reduce corporate debt through stake sales and a balanced dividend strategy.
- Continue investing in our people - our strongest lever for long-term success.

Our approach is simple — stay active, stay intentional. We believe in building with purpose, scaling thoughtfully, and always staying one step ahead.

"Hamari filmo ki tarah, hamari zindagi mein bhi end tak sab kuch theek ho jata hai. Aur agar theek na ho, toh woh the end nahi hai. Picture abhi baaki hai mere dost......"

Yours sincerely,

CHAIRMAN & MD

Edelweiss
Ideas create, values protect

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