

EW/Sec/2022/19

January 31, 2022

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| <b>BSE Limited</b><br>P J Towers,<br>Dalal Street, Fort,<br>Mumbai – 400 001.<br><br><b>Scrip Code: 532922</b> | <b>National Stock Exchange of India Limited</b><br>Exchange Plaza,<br>Bandra Kurla Complex, Bandra (E),<br>Mumbai – 400 051.<br><br><b>Symbol: EDELWEISS</b> |
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Dear Sir/Madam,

**Sub: Update on Alternative Asset Management Business**

Please find attached an update on Alternative Asset Management Business.

Kindly take the same on record.

Thanking you,

Yours faithfully,  
**For Edelweiss Financial Services Limited**

**Tarun Khurana**  
**Company Secretary**

Encl.: as above



# Alternative Asset Management

Business Update



**Edelweiss**  
Ideas create, values protect

# We are the largest player in India Alternatives...



#1 Private Debt player in India



One of the only two Asian players featured in PDI list of the top 100 fund raisers globally for 2021



4th largest by capital raise over 10 years in Asia

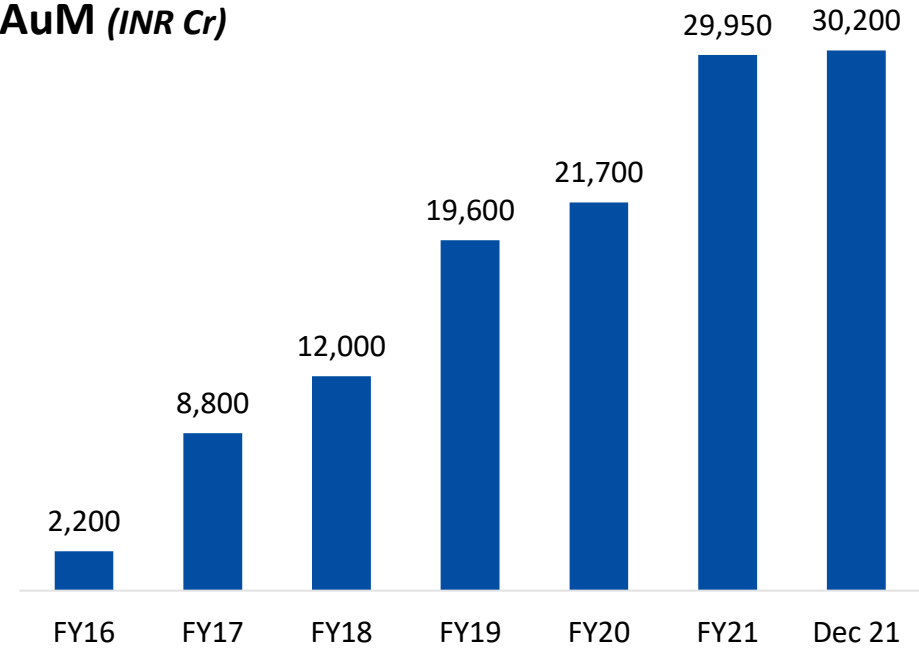


Largest fund raise in India in 2020 – INR 6,700 Cr in the 3rd tranche of flagship performing credit fund



Featured among top three distress investors in Asia by Private Debt Investor (PDI)

**AuM (INR Cr)**



**Our AuM has grown ~15x over the past 7 years to INR 30,200 Cr**



...with a robust, diversified business established over the last decade

**INR 30,200 Cr**

Assets under  
Management

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**700+**

Unique LP Relationships  
across 5 Geographies

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**300+**

Repeat LPs across  
Strategies

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**50+**

Investment Team

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**50+**

Asset Management +  
Legal Team

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**4**

Key Fund Strategies

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# Strong performance over last 5 years...

## Fund Raise

INR 27,000 Cr.

## Deployment

INR 15,000 Cr.

## Exits

INR 6,500 Cr.



# ...enabled by a high-quality business franchise

## 1 Clients

- *Deeply entrenched relationships with marquee clients*
- *Significant pool of repeat clients*

## 2 Investment and asset management expertise

- *Focused credit and yielding solutions across four strategies*
- *Proven expertise across investment value chain*

## 3 Platform

- *Robust governance and risk management framework*
- *Increasing focus on ESG and Sustainability*

# 1 Deeply entrenched relationships with marquee clients

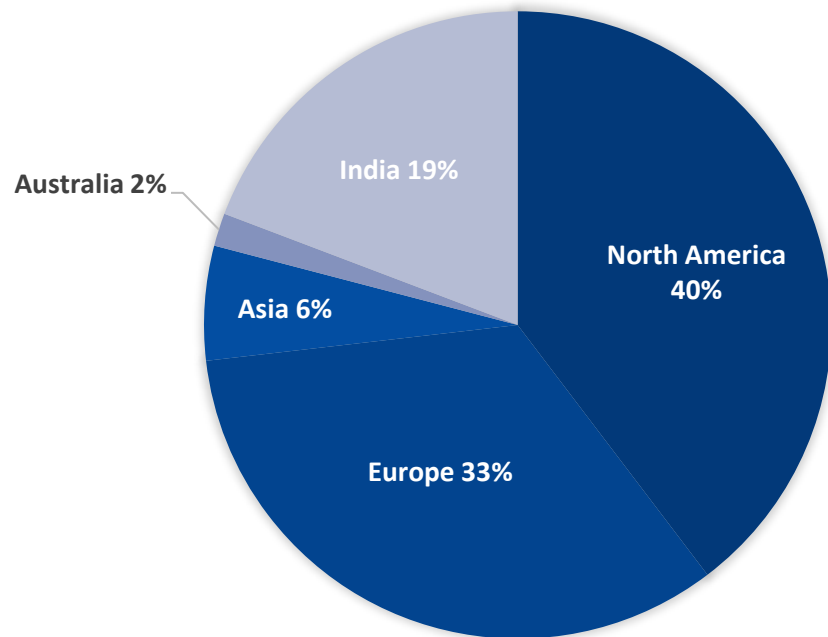
**20+** global LPs across  
**5 geographies**

**9+ LPs** with a  
mandate of over **~INR  
800 Cr**

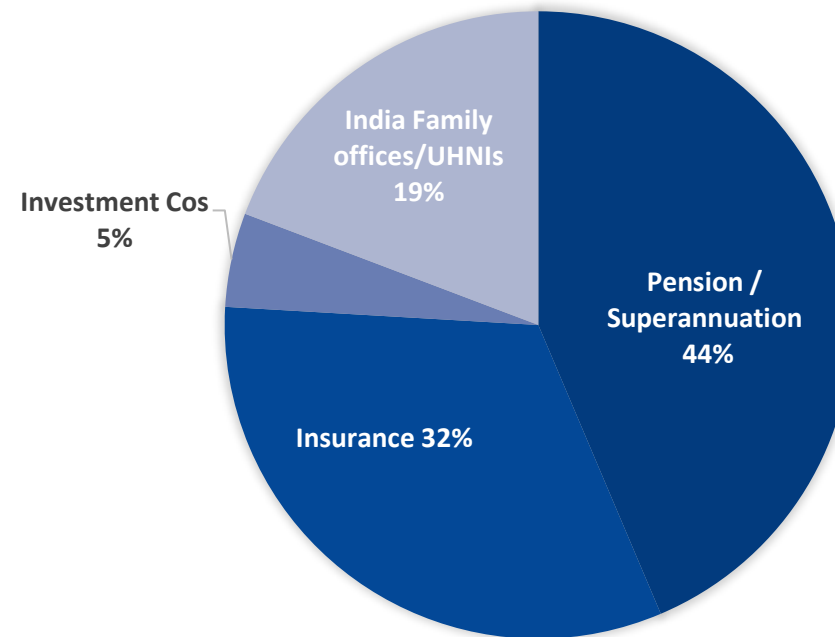
**300+ LPs** subscribing  
to multiple funds

**3<sup>rd</sup>** generation of  
funds in our flagship  
series currently  
underway

**AUM split by Geography**



**AUM split by Investor Type**



## 2 Focused on solutions across four core strategies

1

**Performing  
Corporate  
Credit**

Flexible capital to corporates for growth, M&A and stake enhancement

2

**Residential  
Real Estate  
Credit**

Structured credit to mid-income and affordable real estate projects for construction and completion

3

**Special  
Situations**

Debt buyouts, Primary financing to stressed corporates, High Yield Super senior financing and Buyouts

4

**Infrastructure  
Yield**

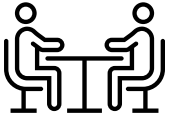
Buying good quality operating infrastructure assets for yields

EAAA pioneered the launch of Private Debt Funds in 2009 and an Infra Yield Product in 2016



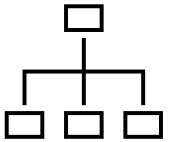


## 2 Strong in-house investment and asset management expertise



### Strong Origination

- 50+ member investment team provides us direct access to promoters, developers and financial institutions



### Unique Structuring Ability

- Deep understanding of legal and regulatory landscape provides an ability to create unique solutions for our portfolio companies and investors



### Robust Underwriting

- Deal approval by an independent risk team and an experienced investment committee



### Proven Asset Management Expertise

- Use of technology and standard operating procedures for due diligence and asset management

### 3 With a high focus on governance and risk management



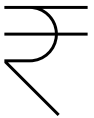
#### **Institutional set-up with key policies and frameworks**

- Dedicated risk management team monitoring 11 risk vectors
- Focus 3C framework (Counterparty, Collateral and Cashflows) for credit risk management



#### **Independent name clearance, investment committee and resolution committee**

- LP Advisory Boards for funds with representation from key institutional LPs



#### **Annual asset-level valuations performed by independent valuation agencies**



#### **Independent review of key processes by internal auditors**

- Regular reviews and risk-based classification of portfolio assets for early identification and risk monitoring
- Operational risk management and controls to ensure alignment with fund documents and processes

### 3 ESG and Sustainability is a key part of our offering



**ESG Policy** guided by UNPRI and UN Global Compact



**ESG Integration:** Exclusionary sector-list, pre-investment ESG assessment and ESG risk map



**Transparency & Reporting:** Annual sustainability report based on GRI standards



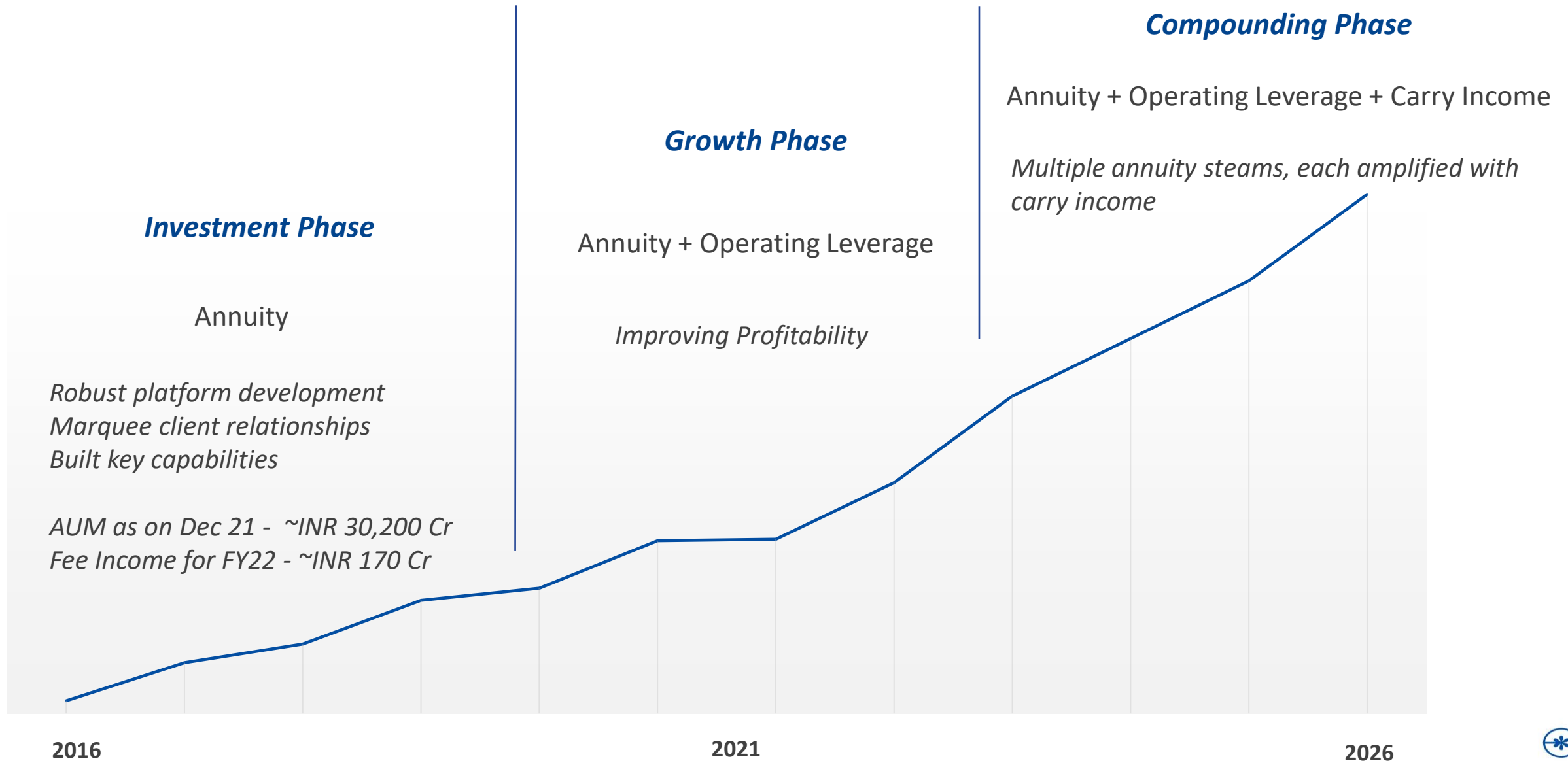
**Governance Structure:** ESG Governing Council and ESG Task Force



**Increased ESG Focus:** Future funds (starting ISAF III) to be classified under SFDR Article 8

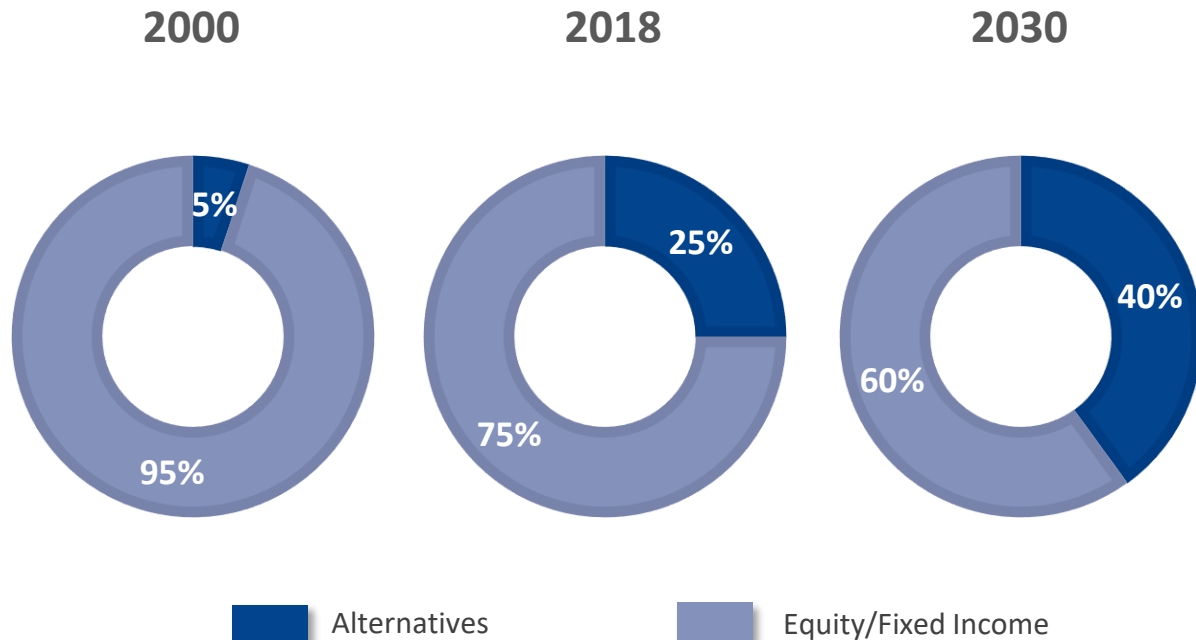


# Business in growth phase, poised to enter compounding phase



# Well-placed to leverage the significant opportunity ahead

*Allocation to Alternatives is on a rise globally*



*Major themes driving allocation to Alternatives*

- 1 Low or negative interest rates in major geographies across the world
- 2 Credit flow from traditional players is constrained
- 3 Significant pool of stressed assets in India
- 4 Large scale monetization of Real Assets in India

**~\$25 Tn is expected to flow to alternatives over the next 10 years**



# What will the future look like



- 1 Preferred port of call for **India Credit and Yield focused Alternatives**
- 2 Annuity business to expand, AuM to grow by **~3X** over the next 5 years
- 3 **Operating leverage and carry income will drive profitability** over the next 5 years
- 4 Franchise of **20+** large global institutional investors, **1,000+** India UHNIs and family office
- 5 Platform with world class **operating** and **asset management** capabilities

# Our Long-Term Vision and Purpose is..



“To be India’s **best governed** and **preferred** alternatives asset manager”

1

Provide top quartile risk-adjusted returns to the investors

2

Drive positive impact for our investee companies

3

Positive contribution to community at large



# Safe Harbour

This document may contain certain forward - looking statements, which are tentative, based on current expectations of the management of Edelweiss Alternate Asset Advisors Ltd or any of its subsidiaries and associate companies (“EAAA”). The results in future may vary from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include, inter alia, the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the businesses of EAAA as well as its ability to implement the strategy. EAAA does not undertake any obligation to update these statements. The presentation relating to financial performance of EAAA herein is based on Management estimates. Certain numbers and figures may have been rounded off, re-casted, regrouped/reclassified in the interest of easier understanding, wherever required.

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## NOTES:

- Slide 2,3,11,12: Assets under Management (“AUM”) rounded off to nearest 100
- Slide 2: Source: Edelweiss Estimate, Prequin Report, Private Debt Investor Report
- Slide 4,11: All numbers rounded off to nearest 100
- Slide 10: UN – United Nations, UNPRI – UN Principles for Responsible Investment, SFDR – Sustainable Financial Disclosure Regulation
- Slide 11: Fee income annualized based on YTD Dec 21 numbers
- Slide 13: Source: Willis Towers Watson Global Pension Assets Study, 2019.
- Slide 14: Based on management estimates

