

EW/Sec/2024-25/238

October 29, 2024

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

Sub: Business Update

Please find enclosed herewith the update on Strategic Overview of Businesses (in INR) of the Company.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Edelweiss Financial Services Limited

Tarun Khurana
Company Secretary

Encl.: as above



Edelweiss Financial Services Limited

Strategic Overview on Businesses



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Building Blocks & Future Plans



1

Asset Management

2

Insurance

3

Credit

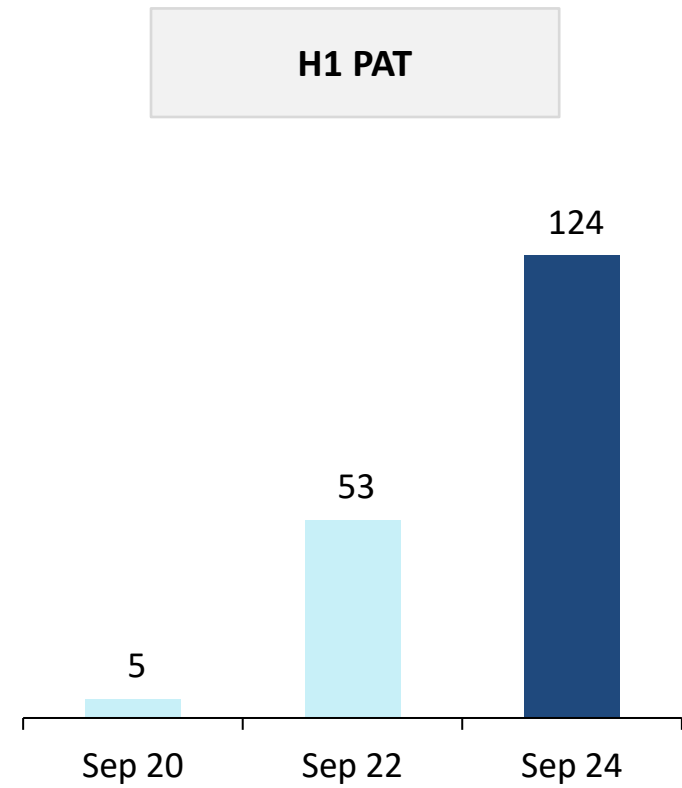
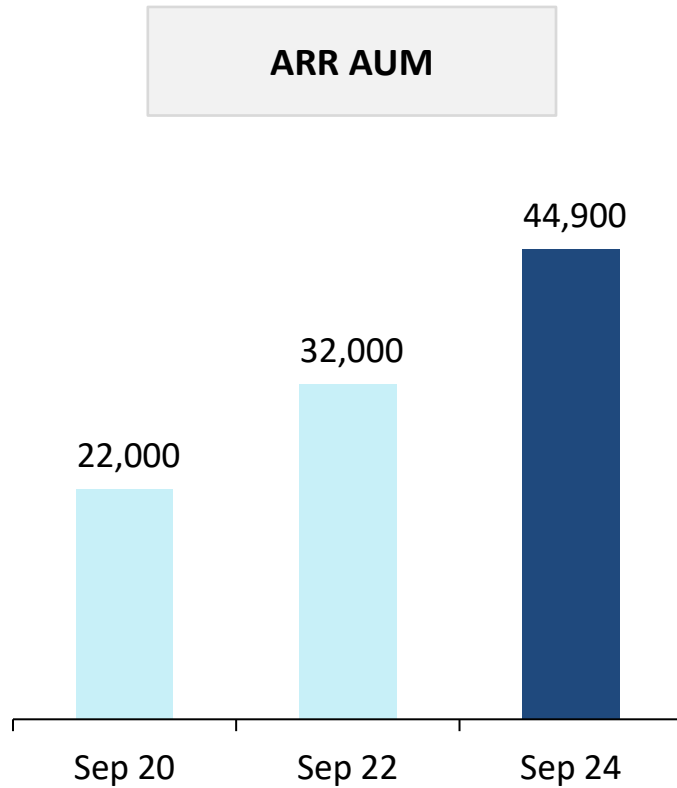
4

Corporate Debt

1 Significant intrinsic value creation in EAAA



INR Cr



20% CAGR

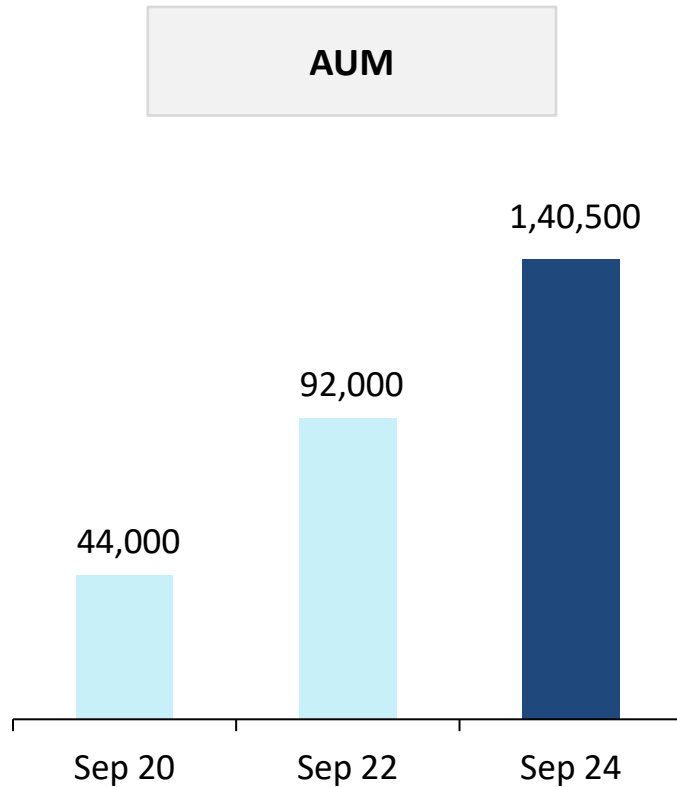
123% CAGR

Intrinsic value grew 3x in 5 years; value unlock process in pipeline

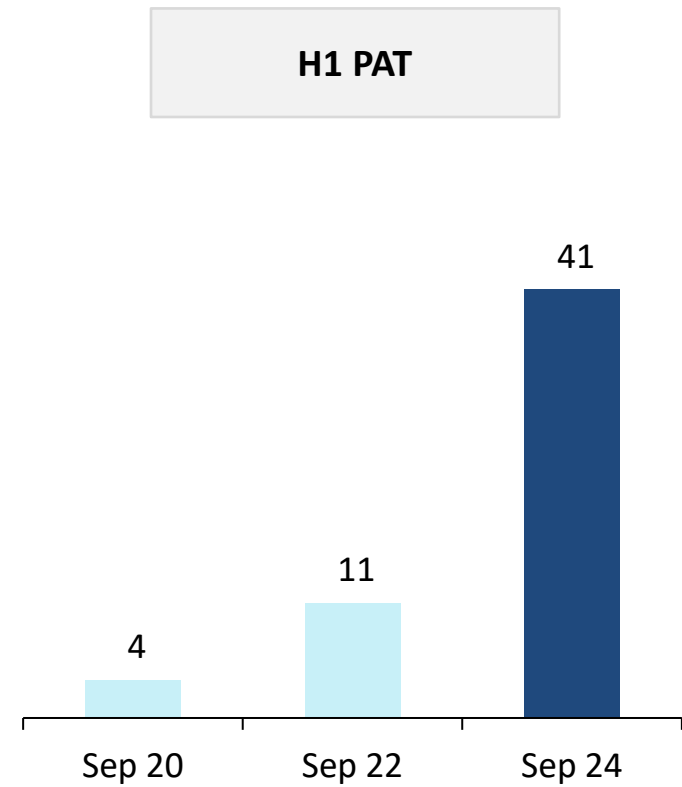
1 Mutual Fund – scale up in profitability driven by rising equity AUM



INR Cr



34% CAGR



84% CAGR

Intrinsic value grew 5x in 5 years; building preparedness for value unlock and listing

2 Insurance businesses on track to breakeven by FY27



INR Cr

Capital Infused since inception

Intrinsic Value created

Zuno General Insurance

~950 Cr

| | Sep 20 | Sep 22 | Sep 24 |
|-----------------|--------|--------|--------|
| GWP* | 100 | 280 | 480 |
| Intrinsic Value | 650 | 2,250 | 4,000 |

**For half year*

Life Insurance

~2,750 Cr

| | Sep 20 | Sep 22 | Sep 24 |
|-----------------|--------|--------|--------|
| EV | 1,255 | 1,775 | 2,000 |
| Intrinsic Value | 2,500 | 4,750 | 5,500 |

Breakeven – an important step in value recognition

3 Credit businesses – to focus on double digit ROE



INR Cr

Well-capitalized businesses
having strong equity...

...but low ROEs

Target double digit
ROE

ARC

3,326

11%

NBFC

3,319

2%

Nido

813

1%

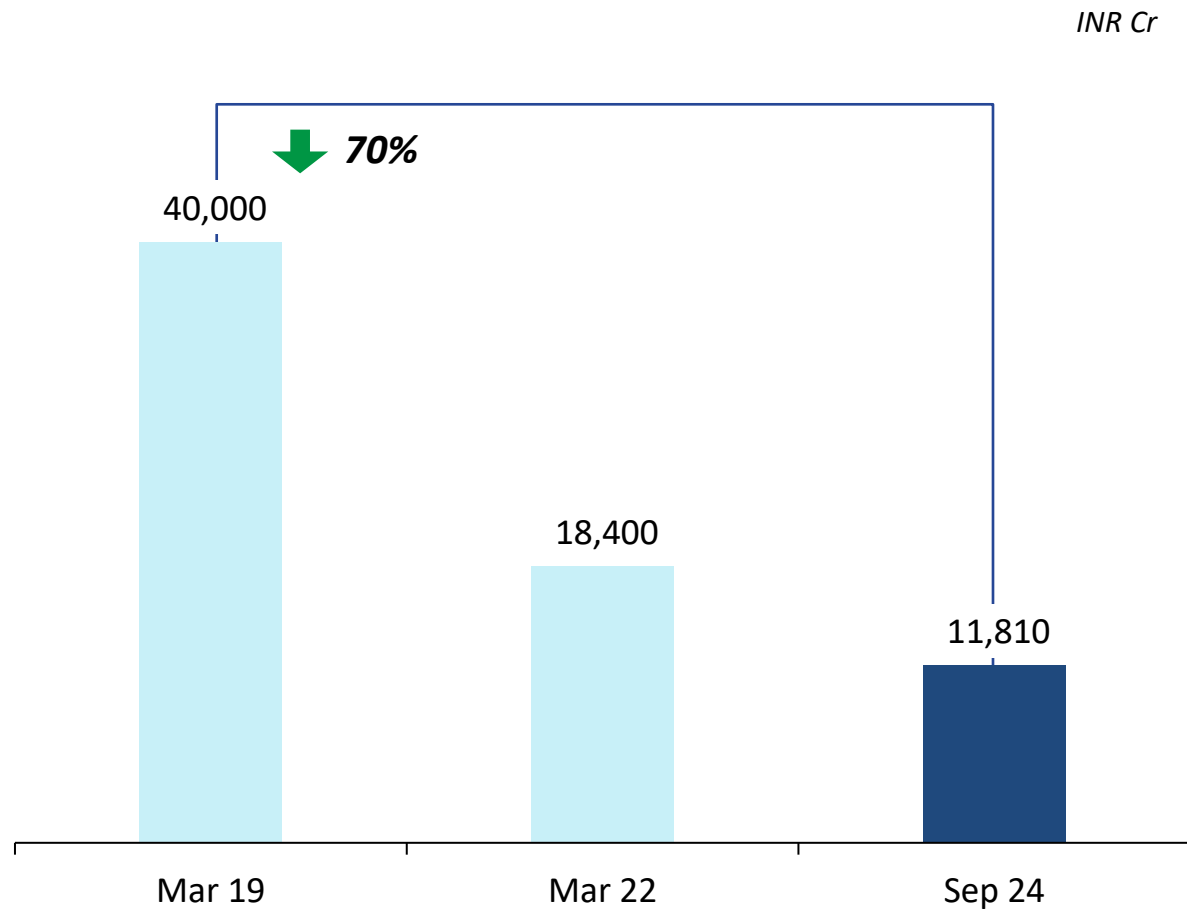
Total

7,458

6%

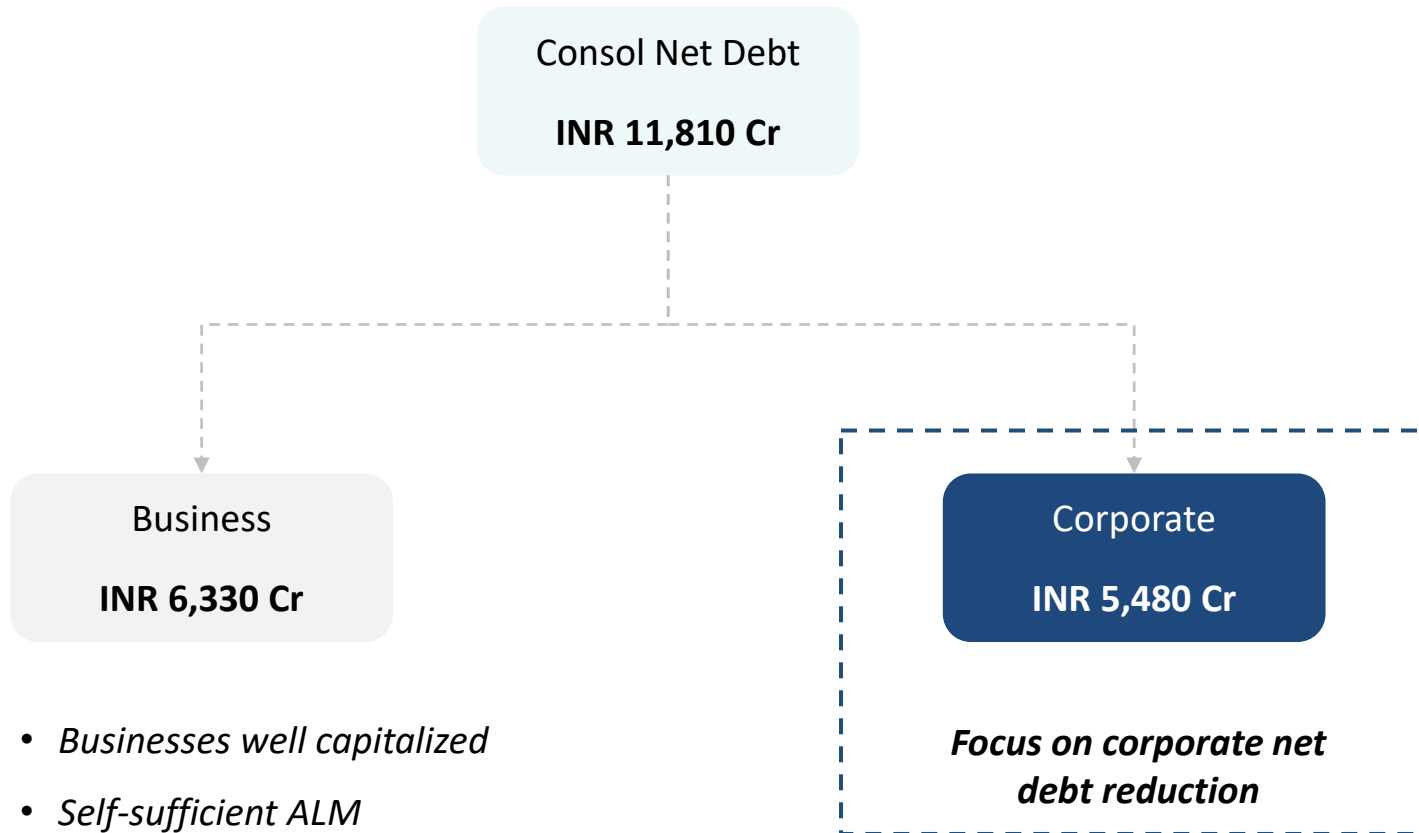
- Build an asset-light growth platform
- Scale with tech-driven co-lending
- Enhance productivity and efficiency

4 Reduction in consol net debt

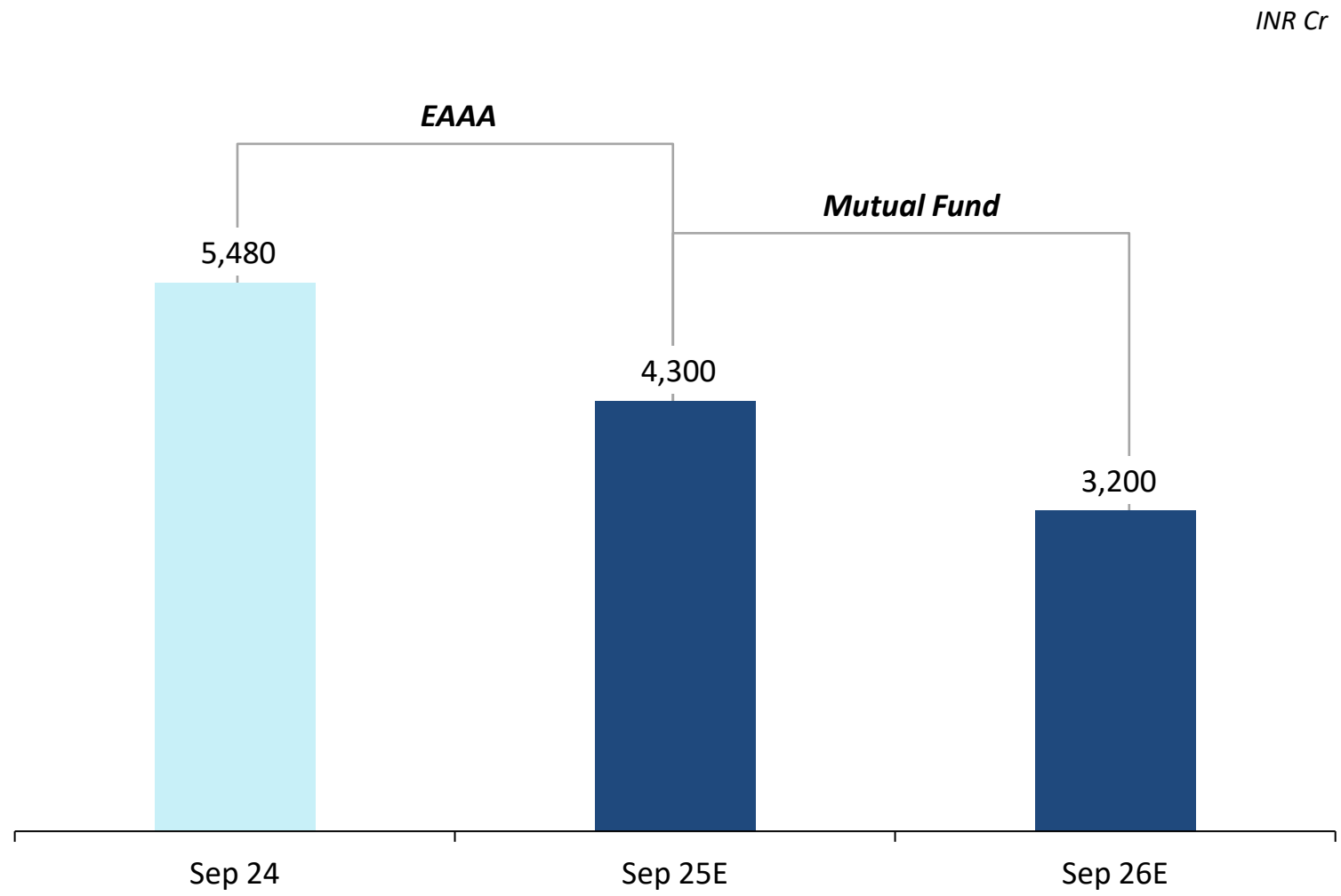


Reduced by ~INR 28,000 Cr in last 5 years

4 Next steps on debt reduction



4 Corporate net debt to be reduced through stake sales





Strategic Overview on Businesses

Diversified with seven high-quality businesses



INR Cr

| Edelweiss Financial Services Ltd | <u>Equity</u> | <u>EFSL Stake</u> | <u>H1 PAT</u> |
|----------------------------------|---------------|-------------------|---------------|
| EAAA | 869 | 100% | 124 |
| Mutual Fund | 243 | 100% | 41 |
| Asset Reconstruction | 3,326 | 60% | 176 |
| NBFC | 3,319 | 100% | 37 |
| Nido Home Finance | 813 | 100% | 3 |
| Zuno General Insurance | 304 | 100% | (21) |
| Life Insurance | 825 | 78% | (103) |

EAAA



Pioneered into alternatives with the first private credit fund in 2010

One of the leading Private Credit and Real Assets managers in India

3,500+ Unique LPs across India, North America & EMEA, with ~750 repeat clients; ~50% of AUM from offshore clients

Only Indian Alternatives player to consistently feature in "Top PDI Fund Raisers" for 3 consecutive years



AUM
INR 57,250 Cr



24%
CAGR



PAT
INR 243 Cr[^]



69%
CAGR

Way Ahead



Stake sale of 10-20%, expect to raise INR 1,500-2,000 Cr and exploring subsequent listing



Significant operating cash flows & profitability over the next five years, 20%+ CAGR

Mutual Fund






Amongst the fastest growing AMCs, 13th largest in the country


Market leader in debt passives and amongst the top 10 AMCs in fixed income segment


Dedicated senior team exclusively focused on Factor Investing, with a track record of 15+ years

Diversified product offerings across equity, debt, hybrid and passive fund categories

| | | | |
|---|-------------------------------|---|--------------|
|  | AUM INR 1,40,500 Cr | ↑ | 43% CAGR |
|  | Equity AUM INR 59,200 Cr | ↑ | 63% CAGR |
|  | PAT INR 56 Cr [^] | ↑ | 135% CAGR |

Way Ahead

 Double AUM in the next 5 years to INR 3 Lakh Cr; 2/3rd share from Equity

 Onboard a strategic Investor and subsequently list the business

CAGR from FY20; [^]Trailing twelve months



Asset Reconstruction




Dominant player with ~25% market share, primarily focused on 'Revival'/'Reconstruction' of assets


Deeply cyclical business, with double-digit ROE during cycles of high stressed assets and the next 4-5 years of single-digit ROE when there is limited availability of stressed assets

Currently business focused on recoveries while pivoting to an asset light model

| | | |
|---|--|-----------------|
|  | Cumulative Recoveries of INR 55,000 Cr over last 8 years | |
|  | CAPAD 70% | Net D/E 0.2x |

Way Ahead

 Focus on asset light deals; resume focus once capex cycle revives

 Utilize surplus cashflow for buyback and dividend



Historically focused on wholesale lending, pivot to asset-light SME lending

Building an asset-light, retail credit portfolio through partnerships with financial institutions

~75% of retail disbursements over the last two years were via co-lending model (CLM)



Ongoing CLM partnership with Central Bank of India, IDFC First and Standard Chartered



Wholesale Book
INR 3,750 Cr  70%
from FY20

Way Ahead



Strengthen asset-light model with focus on higher retail disbursements via CLM



Continue to wind down wholesale book through recoveries, sell-downs and settlements

Nido Home Finance




Affordable housing finance player with a granular portfolio predominantly consisting of retail home loans


Targeting low-income, new to credit and informal-income customer segments

Focus on capital efficient, asset-light model by partnering with multiple banks to maximize ROE and optimize leverage

Tech led scalability for co-lending – built a dedicated automated platform for steady-state sell down




Ongoing CLM partnership with BOB, SBI, Standard Chartered and UCO Bank




Cumulative disbursement of >INR 5,000 Cr over last 5 years

Way Ahead



Ramp up retail disbursements via CLM; achieve double digit ROE in next 18 months



Onboard a strategic Investor and subsequently list the business

Zuno General Insurance



One of the fastest growing InsurTech in the industry, with robust tech architecture built for agility, scalability and efficiency, focusing on Motor and Health segments

Differentiated approach with focus on Innovation, Efficient Operating Model & Customer Experience

Strategy anchored around product innovation in Usage Based Insurance– 1st to launch Driving Behavior based Motor Insurance

~INR 950 Cr of capital infused since inception



GWP
INR 988 Cr[^]



50%
CAGR



Digital
Issuance
99.7%*

Digital
Payments
95.6%*

Way Ahead



Continue robust growth trajectory (2x+ of industry) with equal focus on quality & efficiency



Achieve breakeven by FY27 and subsequently build readiness for listing

Life Insurance



One of the youngest life insurers with strategic focus on 3 pillars - Quality, Efficiency and Customer Centricity

Built scale over the years through a well-balanced, multi-channel distribution approach

Transformed tech ecosystem with cloud and analytics, focused on enhancing end-to-end digital experiences

~INR 2,750 Cr of capital infused since inception; achieved Embedded Value (EV) breakeven in FY23

| | | | |
|--|--|--|----------------------------|
| | Gross Premium INR 1,983 Cr [^] | | 15% CAGR |
| | Claim Settlement 99%* | | 13M Persistency 78%* |

Way Ahead

Focus on growth with an optimal product mix and balanced distribution while being capital efficient

Achieve breakeven by FY27 and subsequently build readiness for listing

CAGR from FY20; [^]Trailing twelve months; *For Q2FY25

Safe Harbour



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For more information, please visit www.edelweissfin.com



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|---------------|--|
| Slide 4,5,6: | Intrinsic Value Numbers are indicative and based on management estimates |
| Slide 4: | ARR AUM is the sum of NAV of the live funds and balance Callable Capital from the live funds. Prior period numbers are indicative and based on management estimates |
| Slide 5,14: | AUM, MF Equity AUM are rounded off to nearest 100; Prior period AUM numbers included strategies under Alternative categories. MF Equity AUM includes strategies under Hybrid categories. |
| Slide 7,12: | Net worth includes MI |
| Slide 8,9,10: | Debt includes accrued interest and excludes CBLO and securitisation liabilities |
| Slide 12: | Business PATs are pre-MI. Equity stakes are rounded off to nearest integer |
| Slide 15: | Net D/E is calculated as Net Debt (excluding Available Bank Lines) / Equity. Numbers rounded off to nearest 10 |
| Slide 15: | Cumulative recoveries since FY16 |
| Slide 16: | Pursuant to the RBI circular on "Investments in AIF", prior period Wholesale Loan Assets figures have been revised to include AIF Investments in addition to gross loan book and SR |
| Slide 16: | Total retail disbursements via CLM in FY23, FY24 and H1FY25 |
| Slide 17: | Cumulative disbursements since FY20 |
| Slide 19: | 13th Month Persistency is on premium basis for Individual (Regular Premium+ Limited Payment Premium). Persistency figures corresponds to policies issued in Sep to Aug period. |