

**Edelweiss Financial Services Limited**  
28<sup>th</sup> Annual General Meeting

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# The year gone by; some wins & others in the making



Nuvama demerger complete, 30% shares allotted to shareholders, listing done

Ex-Insurance PAT grew 51% YoY

Customer reach grows 36% YoY; added ~1.5 Mn customers in the year

Wholesale asset reduction of ~40% in the year

Balance sheet remains robust with well capitalised businesses and comfortable liquidity

# Edelweiss at a glance – Year ended Mar 23



## Net Worth

INR 8,502 Cr

## Ex-Insurance PAT

INR 610 Cr

## BVPS

INR 72

(FV ₹1)

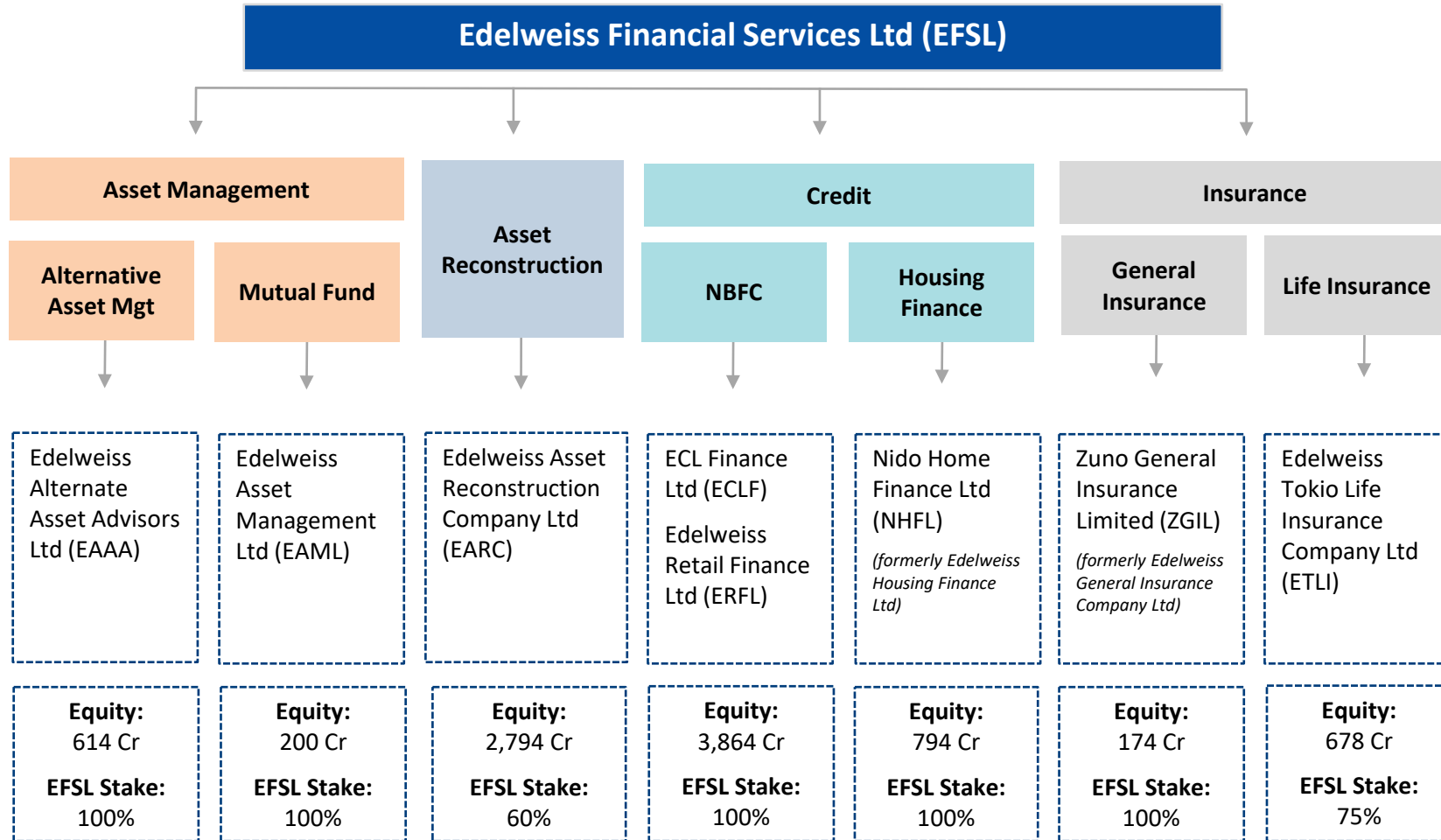
## Net Debt

INR 16,360 Cr

## Liquidity as a % of Debt

15%

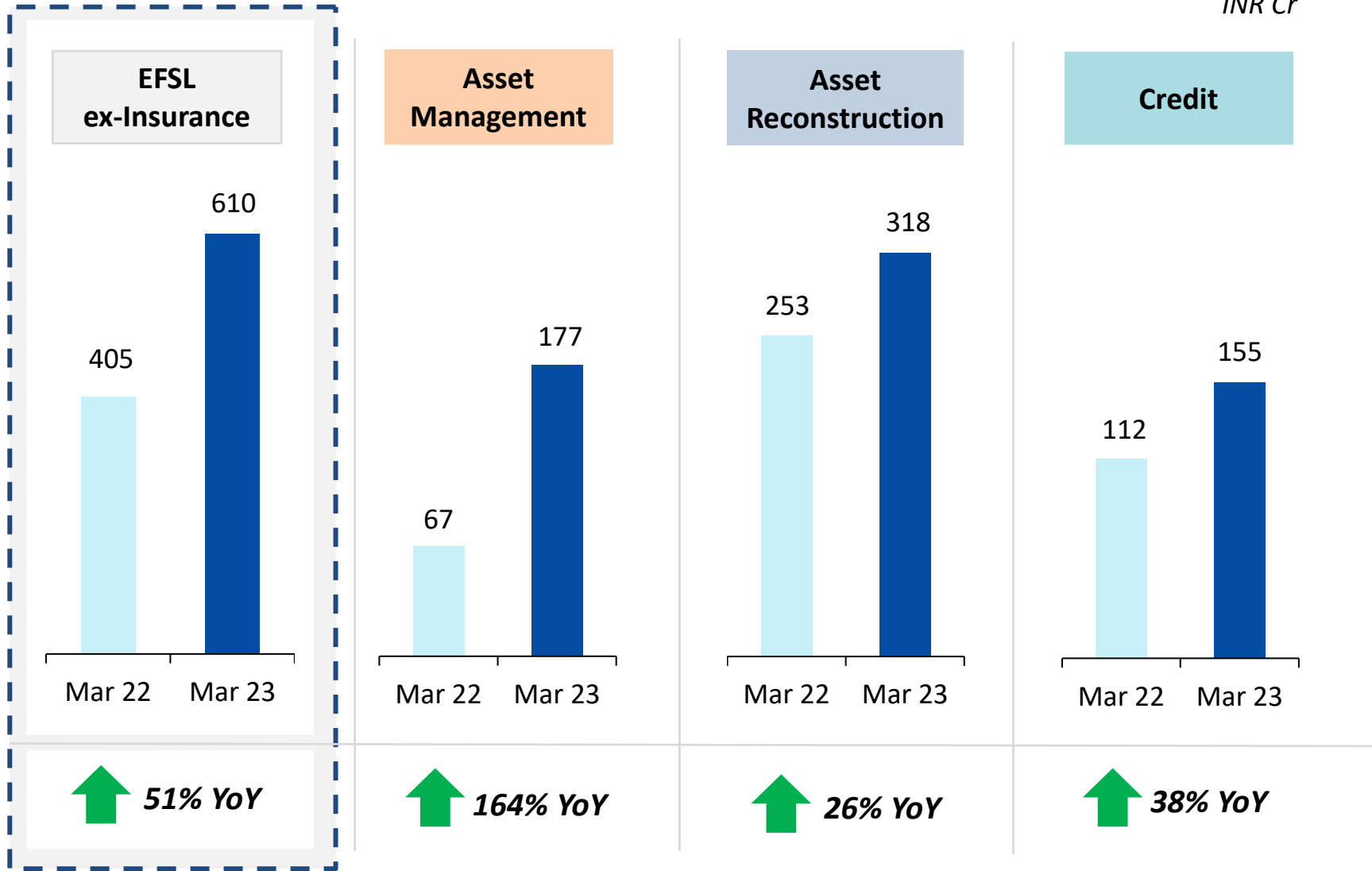
# Diversified with high quality and well capitalised businesses



# Year-on-Year growth in PAT



INR Cr



# Earnings distribution across businesses

INR Cr



Business	Year Ended	
	Mar 23	Mar 22
Alternatives Asset Management	159	47
Mutual Fund	18	20
Asset Reconstruction	318	253
NBFC	139	98
Housing Finance	16	14
General Insurance	(125)	(105)
Life Insurance	(199)	(206)
Wealth Management	132	97
BMU & Corporate	(53)	(6)
<b>EFSL Consolidated PAT (Pre MI)</b>	<b>405</b>	<b>212</b>
<i>(Less) Minority shareholders' PAT</i>	<i>61</i>	<i>23</i>
<b>EFSL Consolidated PAT (Post MI)</b>	<b>344</b>	<b>189</b>
<b>EFSL Ex-Insurance PAT (Post MI)</b>	<b>610</b>	<b>405</b>

# Robust and well capitalised balance sheets



Businesses	Metric	Mar 23
NBFC	Capital Adequacy	34.3%
Housing Finance	Capital Adequacy	32.0%
Asset Reconstruction	Capital Adequacy	47.1%
Life Insurance	Solvency Ratio	220%
General Insurance	Solvency Ratio	180%





## **FY19 to FY23 - Looking back to steer ahead**

# FY19 – FY23, a phase of re-engineering



## *Our key strategic choices*

- 1. Unlock value for shareholders** - *Nuvama Wealth Management*
- 2. Robust growth across businesses** - *Significant scale up in Asset Management and Insurance businesses*
- 3. Building financial resilience** - *Reducing debt & wholesale assets*
- 4. Simplifying our architecture** - *Seven independent businesses and a lean corporate office*

# FY19 – FY23, a phase of re-engineering



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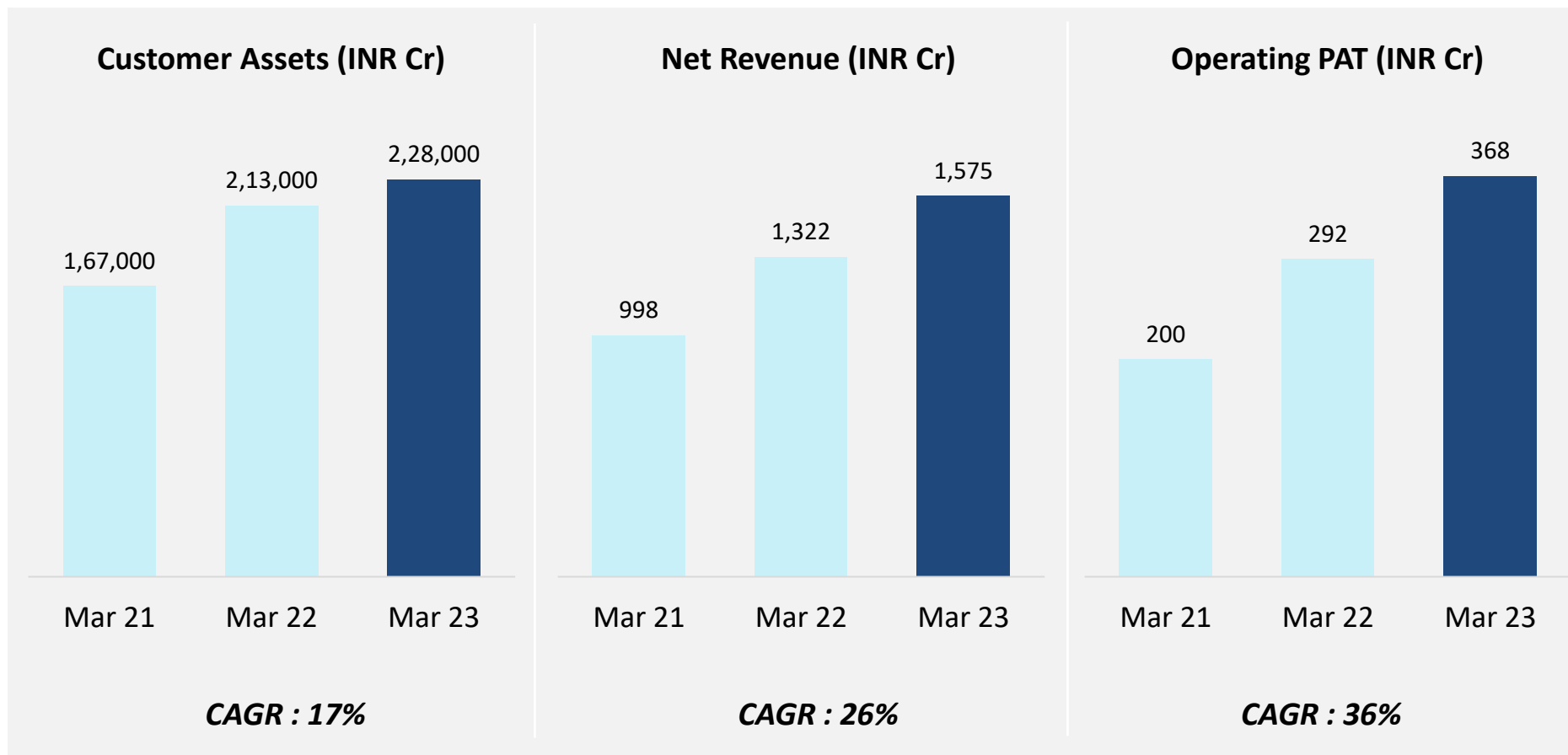
# 1 Value unlock and Nuvama listing completed



# 1 Quality business in a high growth opportunity segment



## Nuvama Wealth Management



*PAT for the quarter ended Jun 23 at INR 123 Cr, nearly tripled YoY*

# FY19 – FY23, a phase of re-engineering



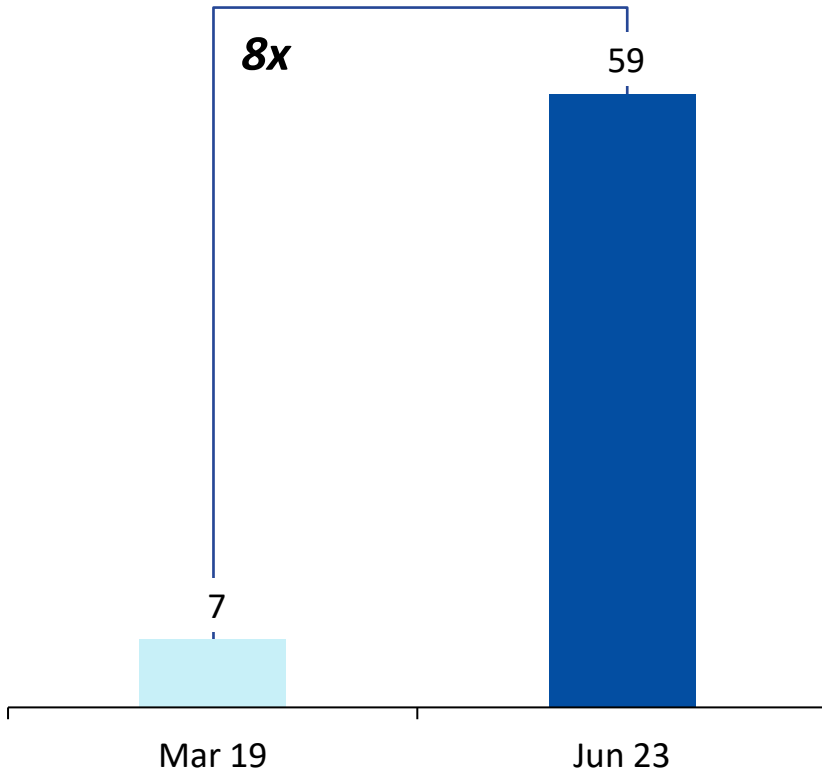
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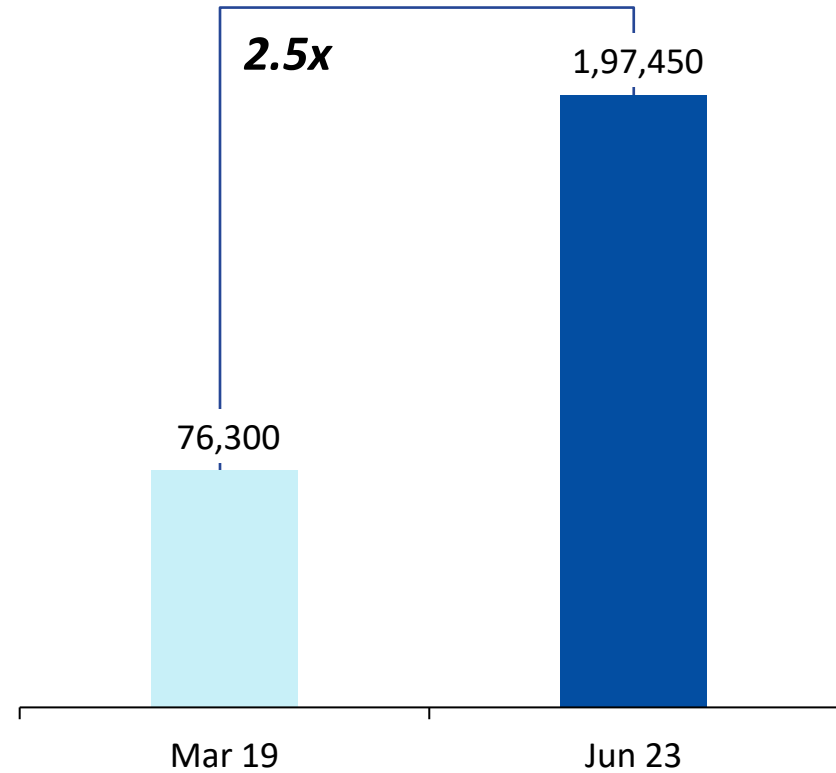
## 2 Customer reach grew 8-fold in the past 4 years



Customer Reach (# in lakhs)



Customer Assets (INR Cr)



## 2 Led by scale up in Asset Management & Insurance businesses



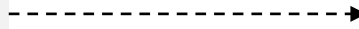
Mar 19



Mar 23



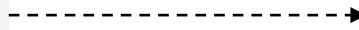
2.3 Lakhs



11.7 Lakhs



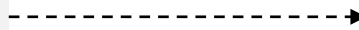
750



2,000



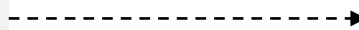
0.4 Lakhs



37.0 Lakhs



4.7 Lakhs



10.1 Lakhs

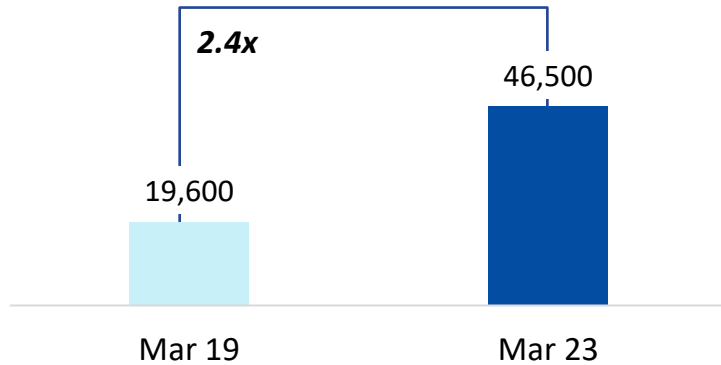


## 2 Asset Management – AUM quadrupled in 4 years

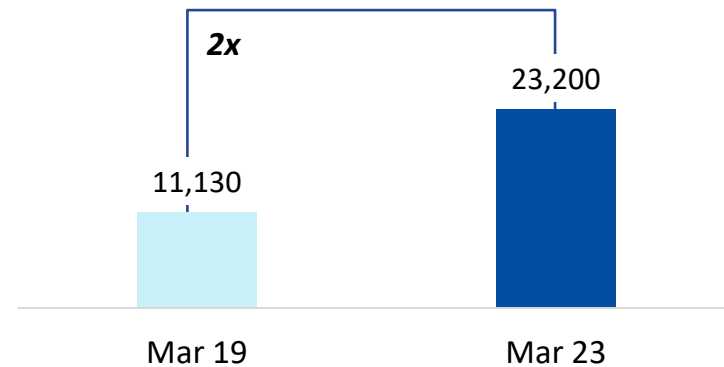


### Alternative Asset Management

Asset Under Management (INR Cr)

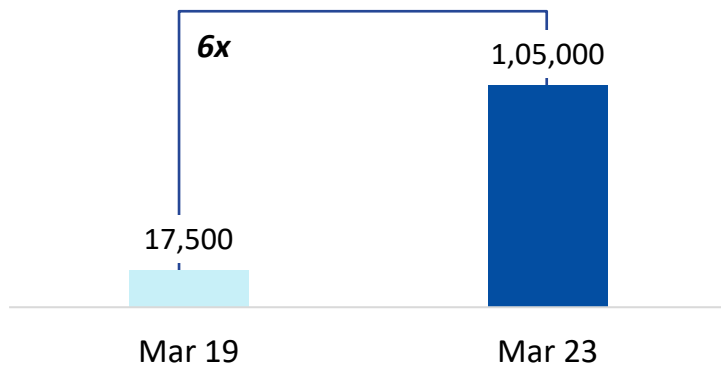


Fee Paying AUM (INR Cr)

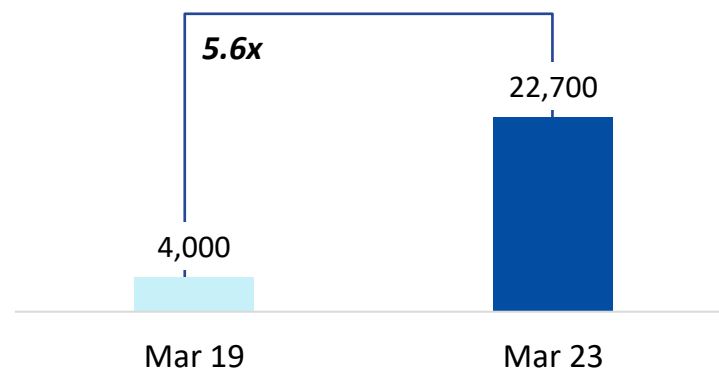


### Mutual Fund

Asset Under Management (INR Cr)



Equity AUM (INR Cr)



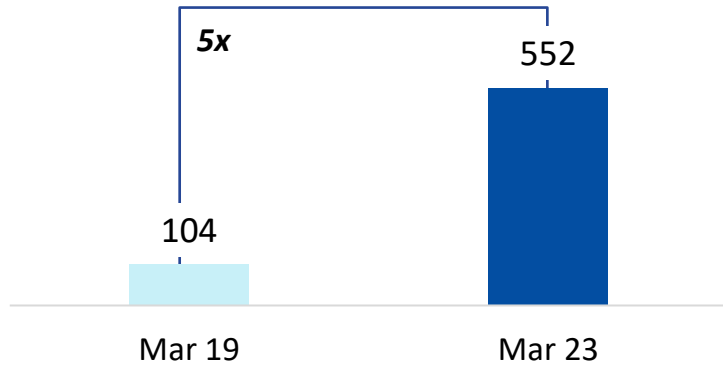
2

# Insurance – consistently outpacing industry growth

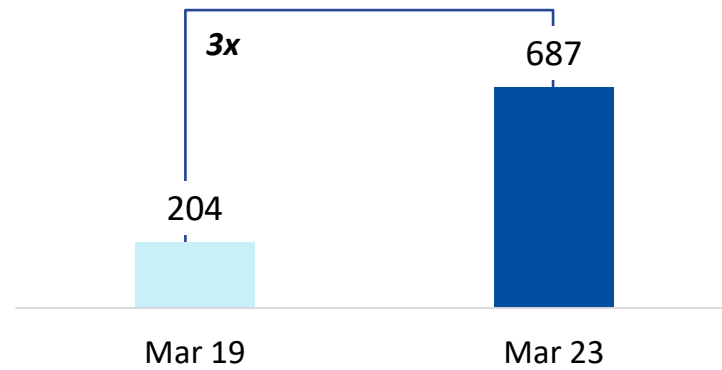


## General Insurance

Gross Written Premium (INR Cr)

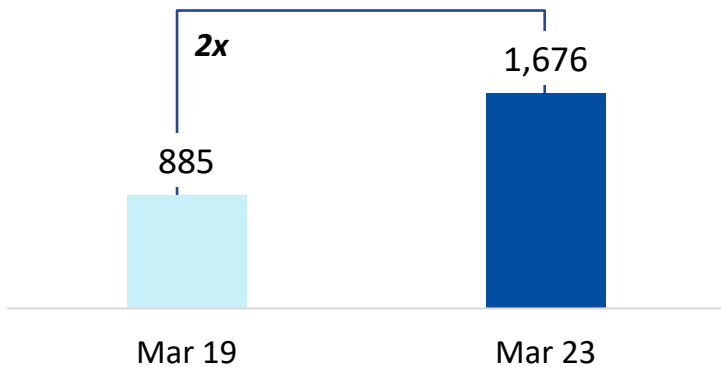


AUM (INR Cr)

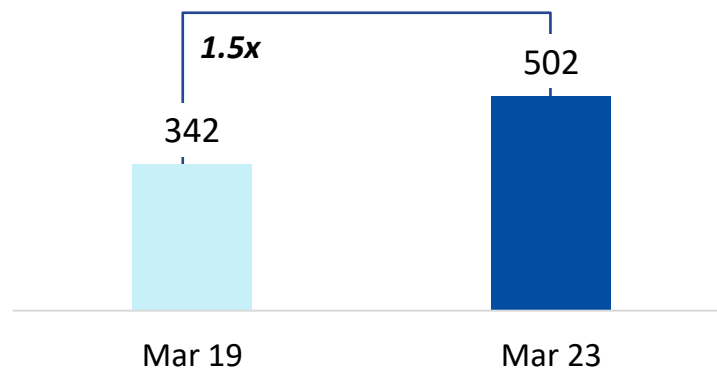


## Life Insurance

Gross Premium (INR Cr)



Individual Annualized Premium Equivalent (INR Cr)



# FY19 – FY23, a phase of re-engineering



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4. **Simplifying our architecture** - *Seven independent businesses and a lean corporate office*

### 3 Debt reduced from INR 45,000 Cr to INR 17,000 Cr in 4 years



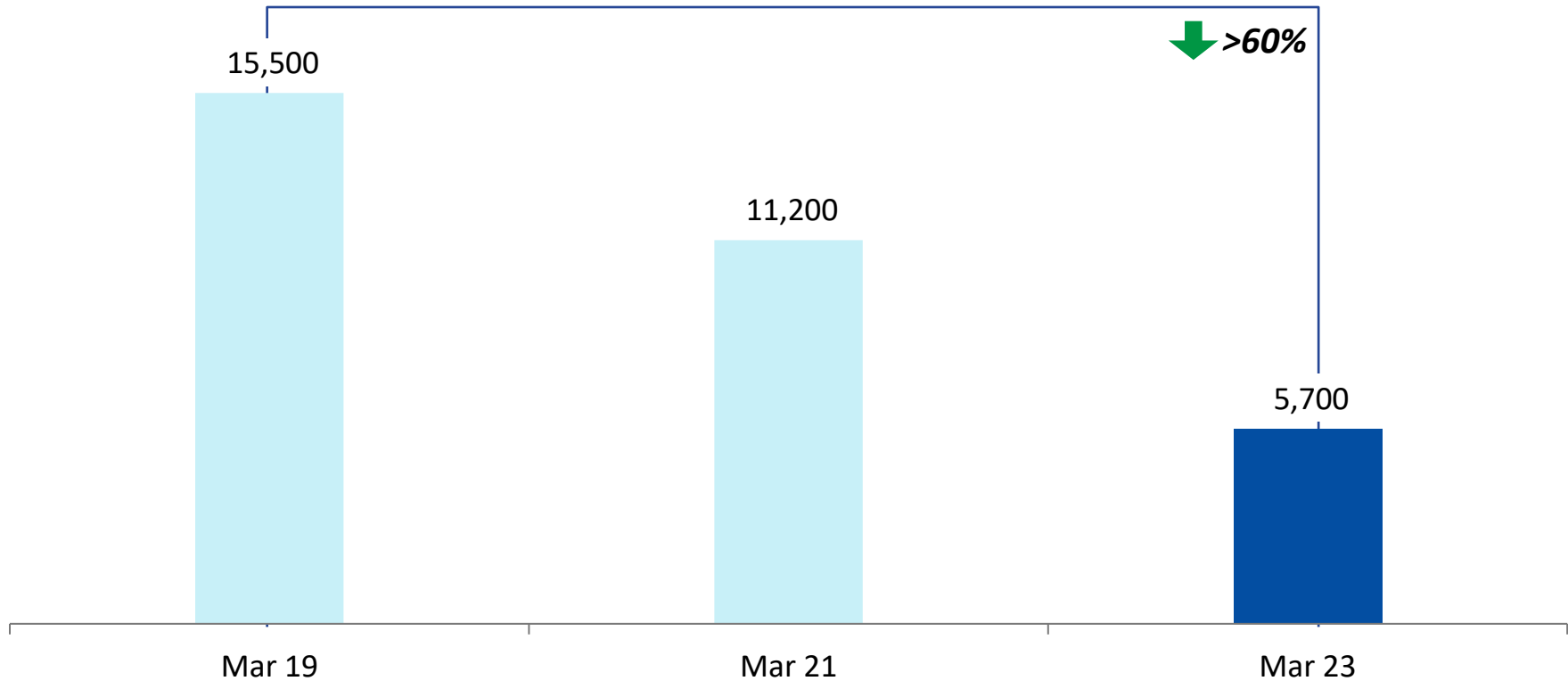
INR Cr

Debt	Mar 19	Mar 20	Mar 21	Mar 22	Mar 23	Jun 23
NBFC	24,800	19,900	15,000	10,200	7,910	6,640
Housing Finance	4,470	3,860	3,000	2,300	1,850	1,655
Alternatives	135	-	-	-	245	260
Asset Reconstruction	4,830	4,375	3,200	3,100	2,915	2,330
BMU & Corporate	11,000	5,665	4,600	5,100	6,340	6,595
<b>Total Debt</b>	<b>45,235</b>	<b>33,800</b>	<b>25,800</b>	<b>20,700</b>	<b>19,260</b>	<b>17,480</b>
<i>(less) Liquidity</i>	<i>5,300</i>	<i>5,050</i>	<i>6,800</i>	<i>2,300</i>	<i>2,900</i>	<i>2,100</i>
<b>Net Debt</b>	<b>39,935</b>	<b>28,750</b>	<b>19,000</b>	<b>18,400</b>	<b>16,360</b>	<b>15,380</b>

### 3 Wholesale assets reduced by more than 60%



ECLF wholesale assets (INR Cr)



*Expect momentum to continue*

# FY19 – FY23, a phase of re-engineering



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# 4 Seven High-Quality Independent Businesses



Edelweiss Financial Services Ltd		AUM	PAT
Asset Management	Alternative Asset Mgt	INR 46,500 Cr	INR 159 Cr
	Mutual Fund	INR 1,05,000 Cr	INR 18 Cr
Asset Reconstruction		INR 37,100 Cr	INR 318 Cr
Credit	NBFC	INR 7,847 Cr	INR 139 Cr
	Housing Finance	INR 4,115 Cr	INR 16 Cr
Insurance	General Insurance	INR 687 Cr	INR (125) Cr
	Life Insurance	INR 6,637 Cr	INR (199) Cr



## 4 Corporate Office - Lean & Agile

### *Role of the Corporate Office*

- Capital allocation
- Equity and liquidity management
- Governance and oversight
- Leadership development & evaluation

### *Corporate Office – from FY20 till now*

- Lean corporate office; employee headcount moved from 600 to 70 post unbundling
- Employee fixed cost reduced by 63%



## 4 Corporate Office – Balance sheet snapshot



*Corporate Debt of INR 6,600 Cr is backed by two categories of assets:*

### 1 *Liquidable Assets*

*Assets which can be liquidated in the near future*

*INR Cr*

<i>Treasury Assets</i>	<i>1,000</i>
<i>Liquid Investments</i>	<i>1,500</i>
<i>Credit Assets</i>	<i>1,400</i>
<i>GP Investment in EAAA Funds</i>	<i>1,300</i>
<i>Property</i>	<i>900</i>
<b><i>Total</i></b>	<b><i>6,100</i></b>

### 2 *Equity stake sale in businesses*

*Potential to dilute for capital raising and strengthening business*

*INR Cr*

<i>EFSL's share in Business Intrinsic Value</i>	<i>23,900</i>
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[Refer slide 30 for a detailed view](#)



# Intrinsic Value – Our Compass

*"Intrinsic value is an all-important concept that offers the only logical approach to evaluating the relative attractiveness of investments and businesses"*

- Warren Buffett

# Our north star in the voyage - Intrinsic Value (IV)



## Why Intrinsic Value?

- Markets in the mid-term may over or undervalue businesses, align over the long-term
- We are focused on creating the value and believe over time markets will align
- Measuring IV keeps us focused and informs our capital allocation decisions

## Our Methodology

- Evaluate businesses using financial, operating metrics and qualitative parameters - hence is subjective
- Analyze how public and private markets assign value to a business
- Multiples derived from our insights and engagement with market participants (investors, analysts etc.)
- Annual refresh


# Performance across key business metrics



Business	Metric	INR Cr		
		FY23	FY22	Growth
<b>Alternative Asset Mgt</b>	• Assets under Management (AUM)	46,500	30,500	52%
	• Fee Paying AUM	23,200	17,600	32%
<b>Mutual Fund</b>	• Assets under Management (AUM)	1,05,000	85,000	24%
	• Equity AUM	22,740	19,600	16%
<b>General Insurance</b>	• Gross Written Premium (GWP)	552	360	53%
	• Assets under Management (AUM)	687	457	50%
<b>Life Insurance</b>	• Embedded Value (EV)	1,844	1,575	17%
	• Value of New Business (VNB)	203	189	7%
<b>Asset Reconstruction</b>	• Equity	2,794	2,476	13%
	• Recoveries	7,530	6,900	9%

# Our estimation of IV and its movement YoY



<i>INR Cr</i>	FY23 Business Intrinsic Value	FY22 Business Intrinsic Value	 Growth
<b>Alternative Asset Mgt</b>	5,575	4,150	34%
<b>Mutual Fund</b>	4,200	3,500	20%
<b>General Insurance</b>	3,200	2,250	42%
<b>Life Insurance</b>	5,150	4,750	8%
<b>Asset Reconstruction</b>	3,450	3,100	11%
<b>NBFC</b>	4,400	4,400	-
<b>Housing Finance</b>	1,500	1,500	-

# Edelweiss' share in IV and its movement YoY

INR Cr

Business	Edelweiss' Stake	FY23 – Edelweiss' Share	FY22 – Edelweiss' Share	YoY Change
Alternative Asset Mgt	100%	5,575	4,150	34%
Mutual Fund	100%	4,200	3,500	20%
General Insurance	100%	3,200	2,250	42%
Life Insurance	75%	3,875	3,150	23%
Asset Reconstruction	60%	2,050	1,900	8%
NBFC	80%	3,500	3,500	-
Housing Finance	100%	1,500	1,500	-
<b>Total</b>		<b>23,900</b>	<b>19,950</b>	<b>20%</b>
Corporate Assets		3,900	4,200	(7%)
(Less) Net Corporate Debt		4,400	4,700	(6%)
<b>Total</b>		<b>23,400</b>	<b>19,450</b>	<b>20%</b>

# Safe Harbour



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Slide 3,4	EFSL ex-insurance PAT is post-MI, PATs for businesses are pre-MI
Slide 3,15,16:	Customer reach includes individuals covered under Group Insurance policies for LI and customer serviced since inception for GI
Slide 3,21:	ECLF Wholesale Assets includes gross loan book and SR Investments, numbers rounded to nearest 100
Slide 3,4:	Available Liquidity is calculated as on balance sheet date and includes high quality liquid assets and LAS book; Excludes Nuvama
Slide 4:	Net worth includes MI, investment in CCD by CDPQ of INR 656 Cr and excludes Nuvama
Slide 4:	Debt includes accrued interest, liabilities on market linked debentures and excludes CBLO, CDPQ CCD and securitisation liabilities; Excludes Nuvama. Numbers rounded off to nearest multiple of 5.
Slide 4,20:	Net Debt is calculated by reducing liquid assets from Gross Debt
Slide 5:	NBFC equity includes investment in CCD by CDPQ of INR 656 Cr, All stakes have been rounded off to the nearest integer
Slide 5,6,7,16,17,20,23,28:	EAAA numbers represent business performance numbers of Edelweiss Alternative Asset Advisors Ltd, Edelweiss Alternative Asset Advisors Pte. Ltd, Sekura India Management Ltd and Edelweiss Real Assets Managers Ltd
Slide 6:	Credit numbers are for ECLF, ERFL and EHFL entities
Slide 7,13:	Nuvama numbers represent consolidated numbers of 4 key entities – Nuvama Wealth Management Ltd, Nuvama Wealth and Investment Limited, Edelweiss Custodial Services Ltd, Nuvama Wealth Finance Ltd and 7 other entities
Slide 8:	NBFC capital adequacy is calculated by combining Tier I & II capital and RWA of ECLF and ERFL entities
Slide 15,16:	Customer Assets and Customer Reach are rounded off to nearest 100
Slide 15,17,23,28:	AUM, FPAUM, Equity AUM are rounded off to nearest 100
Slide 17, 23,28:	MF AUM includes strategies under Alternatives categories
Slide 18:	Source for industry data - GI Council and LI Council
Slide 25,29,30:	Numbers are indicative and based on management estimates
Slide 29,30:	All numbers are rounded to nearest multiple of 25.
Slide 25:	EFSL has increased its stake in the Life Insurance business to ~75% from quarter ended Sep 22