

COMMITTED TO SUSTAINABILITY

Driven by Purpose



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02-31

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Financials statements

Disclaimer: This document contains statements about expected future events and financials of Edelweiss Alternative Asset Advisors, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements.

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COMMITTED TO SUSTAINABILITY Driven by Purpose

At Edelweiss Alternatives, we are a purpose-driven organisation committed to fostering sustainable value creation. We take our responsibility to help build a better tomorrow with a deep sense of dedication, recognising the profound impact our actions can have on shaping a brighter future.

Our journey of growth is deeply intertwined with India's Alternative Asset Management industry, guiding our determination to reach new heights. Our focus continues to remain on identifying long-term secular investment opportunities suitable for long-term patient capital.

We firmly believe that sustainable growth is an integral part of our mission and endeavour that our customer-centric solutions and investments also generate positive impact on both the economy and society. By supporting mid-sized companies, affordable housing, and critical infrastructure, we actively contribute to the advancement of India. Our strategic investments play a pivotal role in job creation, economic development, community upliftment, social welfare promotion, and the establishment of sustainable infrastructure, thereby driving robust and sustainable economic growth.

Responsible and purpose-driven investing is deeply ingrained in our organisational ethos. It permeates every facet of our operations, as we continuously seek innovative approaches to nurture our core values.

We approach potential opportunities with unwavering enthusiasm, ensuring that our steadfast commitment to sustainability and excellence shines through in all our endeavours.



MESSAGE FROM THE LEADERSHIP

Dear Stakeholders,

It gives me great pleasure to present the Annual Report of Edelweiss Alternative Asset Advisors for the financial year ended March 31, 2023.

At Edelweiss Alternatives, enhancing customer trust, providing bespoke solutions to investee companies, attracting and nurturing best-in-class talent, and creating a positive impact on communities are the four key pillars for creating a sustainable business. Our vision is centered around fulfilling these responsibilities while staying true to our values of prudence, responsibility, integrity, dependability, and equity.

In a world trying to cope with still rising inflation and interest rates, the Indian economy has shown remarkable resilience. It continues to be one of the fastest-growing emerging economies globally. The accelerated pace of reforms in the domains of fiscal, digital, physical infrastructure and social inclusion has positioned India for sustainable growth in a highly volatile global environment. While increased infrastructure spending by the Government is an important catalyst, an imminent turnaround in the corporate capex cycle and the structural housing demand will help to sustain the ~6-7% growth rate for the economy.

The alternative asset management industry in India has seen exponential growth. Structural investment opportunities along with attractive risk-adjusted returns have created strong tailwinds. Alternative asset management is becoming mainstream in India. It is estimated that the industry will grow five times to ~US\$ 450 bn over the next 8-10 years as the Indian economy reaches ~US\$ 7.5 tn. Over the last year, we have seen very strong interest from domestic investors in alternative funds, as they look at differentiated products with stable returns and diversify away from equity as an asset class.

Sustainable investing continues to be one of the areas we are focussed on. As an important step along this journey, we became a signatory of UNPRI in early 2023. We believe ESG integration is helping make our approach towards investments and risk monitoring more holistic. Increasing the diversity of our workforce, including our investment teams, is another key initiative that we embarked upon.

We are committed to investing in strategies that create a positive impact. In today's world, where environmental considerations are more critical than ever, we are also



We are committed to investing in strategies that create a positive impact on society. In today's world, where environmental sustainability is more critical than ever before, we are helping create a brighter and more sustainable future.

contributing towards creating a brighter and more sustainable future. Our renewables portfolio would help reduce carbon emissions of 23.1 mn tonnes over the asset life. Over 26 mn litres of water is expected to be saved annually through robotic cleaning of our solar panels. We are planning to launch an Energy Transition Fund for India with some partners as a next step in this journey. Over 14,000 hours of safety, health, and environment training during the year across our infrastructure portfolio shows our commitment to these aspects. The completion/construction finance provided by our Real Estate Credit Strategy is helping build ~26,000 mid-income and affordable homes in India. Our Special Situations Strategy works on revival of companies and has assisted in saving ~25,000 jobs.

In this last year, we raised ₹ 140 bn (~US\$ 1.8 bn) across our funds from both offshore and domestic customers. Our assets under management currently stand at ₹ 465 bn (~US\$ 6 bn). We have now reached an investor base of 2,000+ with 700+ repeat customers. One of the adjacencies that we are excited about this year is the Rental Yield Plus - a fund that would provide rental yields by investing in commercial offices in India. This is another structural opportunity that India offers which can provide regular cash flows and capital gains for long-term patient capital.

In the last year, we closed our maiden diversified energy infrastructure investment trust (InvIT) – AnZen with an initial AUM of ₹ 23 bn (~US\$ 300 mn). This vehicle will help in providing long-term predictable yields to investors through investments in super core infrastructure assets.

Monetisation of infrastructure assets and mainstreaming of private debt continued to play out in FY 2022-23. Our infrastructure platform continues to grow in scale as developers look to recycle capital for growth. Basis signed deals, we will scale up to a portfolio of 27 diversified assets across renewables, highways and transmission lines with a cumulative annual revenue of ~US\$ 350 mn. The dearth of liquidity globally post the tightening of monetary policies by central banks including India has created attractive investment opportunities to deploy capital across our credit strategies. We have already invested over a third of the US\$ 800 mn raised so far in our Special Situations Fund and it is currently tracking higher than originally targeted returns. Our Real Estate Credit Funds that were launched pre-COVID, are tracking meaningful double digit returns currently. The focus of this strategy continues to be on project execution as we see strong end-user interest in projects which are completed or those with visible progress on construction. We are also looking at launching our next generation Real Estate

We believe adding value to our investments through our asset management expertise and the use of technology would continue to be a key differentiator for the business. Through our 100+ member operating and asset management team for real assets and a turnaround team, we have been able to monitor cash flows, enhance operating efficiency, reduce costs and improve sales in our portfolio companies.

Credit Fund in the next financial year.

Cash realisations from our investments and capital preservation remain key for us. In the last five years, we have invested ~US\$ 2.5 bn and realised ~US\$ 3 bn across our strategies. Even in Real Estate Credit, where construction was severely impacted by COVID for almost two years, we have been able to recover our entire invested capital in one of our domestic funds – EROF and ~60% of our capital invested in our offshore fund.

We continue to strengthen our platform, improve processes and enhance the customer experience. Our technology platform is being enhanced to help us monitor our portfolios better. With the use of technology, we have successfully reduced the turnaround time for investor onboarding to just 24 hours. I continue to believe that we are a people's business and we are working towards increasing the 'sustainability quotient' by hiring the right talent and harnessing them through a culture that supports ownership, teamwork and excellence.

Lastly, I would like to take this opportunity to welcome our new customers and thank the existing ones for the trust reposed in our platform and supporting us in our journey so far. And I believe that we will continue to build on this trust through our investment performance which is guided by a strong risk and governance framework.

Yours sincerely,

Venkat Ramaswamy

Chairman, Edelweiss Asset Management

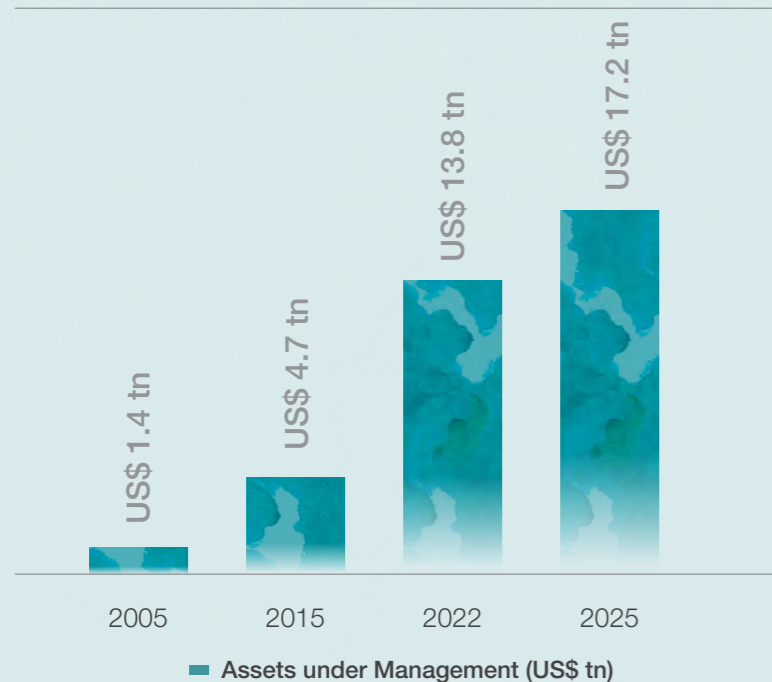
THE MAINSTREAMING OF ALTERNATIVES

Investors today are increasingly drawn to Alternative Investments due to their potential for diversification and reduced interdependence with public markets. These investments extend beyond traditional asset classes like equity, debt, or cash and encompass private equity, private debt, real assets, derivative contracts and more.

A Global Perspective – Rapid Growth

The global alternative asset management industry has witnessed rapid growth over the last decade. **Currently, the alternative industry’s assets under management (AUMs) are ~US\$ 14 tn, having grown over ten-fold since 2005.** According to Preqin, the global alternative asset management industry is projected to reach ~US\$ 17 tn by 2025, demonstrating an annualised growth rate of ~13% since 2005.

Alternative Assets under Management Trends and Forecast, 2005-2025*



Private Equity and Private Debt are among the fastest-growing asset classes globally

Private Equity is expected to grow to US\$ 9.1 tn, while Private Debt is estimated to grow to US\$ 1.5 tn by 2025. With infrastructure spending expected to rise due to attention on SDGs, private infrastructure as an asset class is also witnessing growth.

Source: Preqin, *AUMs for 2022 are upto September 2022. 2025 estimates are as per Preqin – Future of Alternatives report

INDIAN ALTERNATIVE ASSET MANAGEMENT INDUSTRY

Strong Tailwinds

The Alternative Investment Fund (AIF) industry in India is growing at an accelerated pace and gaining prominence as a noteworthy investment option.

Effective Regulation has Provided the Impetus

Alternative investment funds in India are regulated by the securities regulator – Securities and Exchange Board of India.

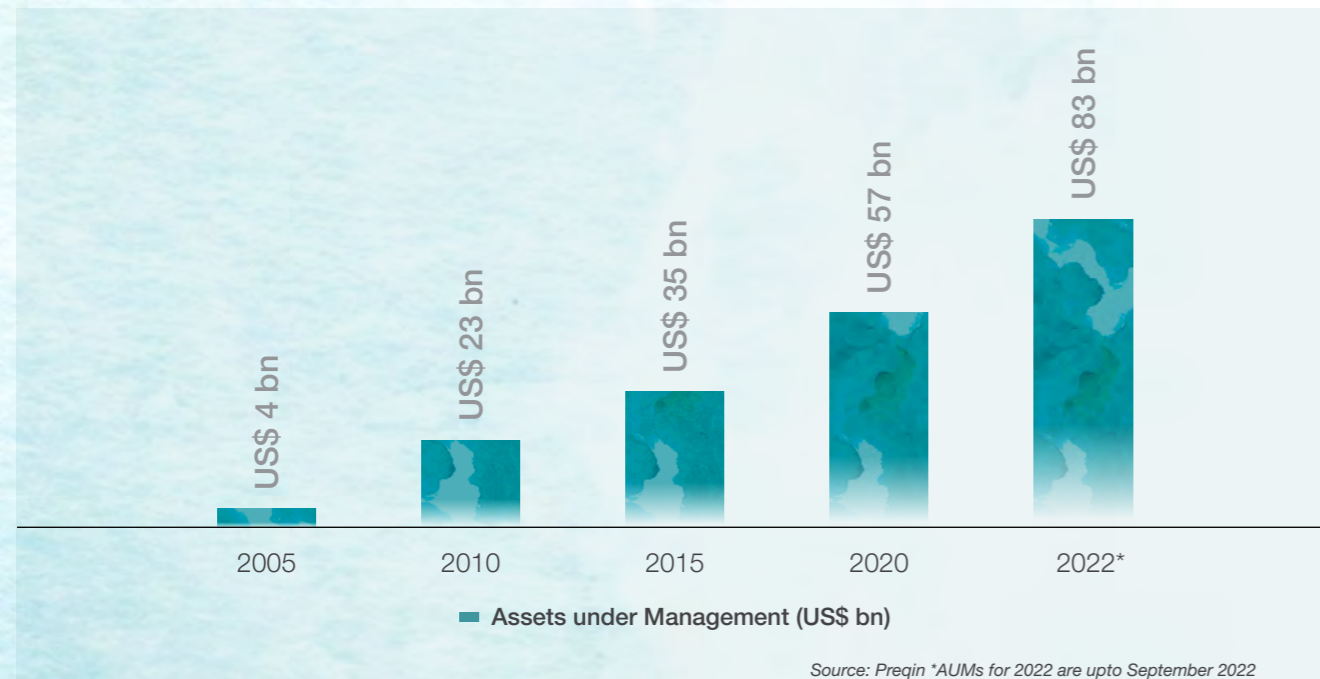
- 1996** Venture Capital Fund (VCF) regulation framed to encourage seed business entrepreneurs to obtain funding
- 2012** Alternative Investment Fund (AIF) regulations to cover other asset classes like private equity, private debt, infrastructure, real estate
- 2014** Real Estate Investment Trusts (REIT) and the Infrastructure Investment Trusts (InvIT) Regulations helped formation of listed alternative vehicles to buy operating infrastructure and real estate assets
- 2021** Framework for accredited investors
- 2022** Guidelines for large value funds for ease of investment by institutional investors



Evolution of Alternatives in India

Growth of Alternative Funds in India

The alternative asset management industry in India has grown by nearly twenty times since 2005 to over US\$ 80 bn in 2022.

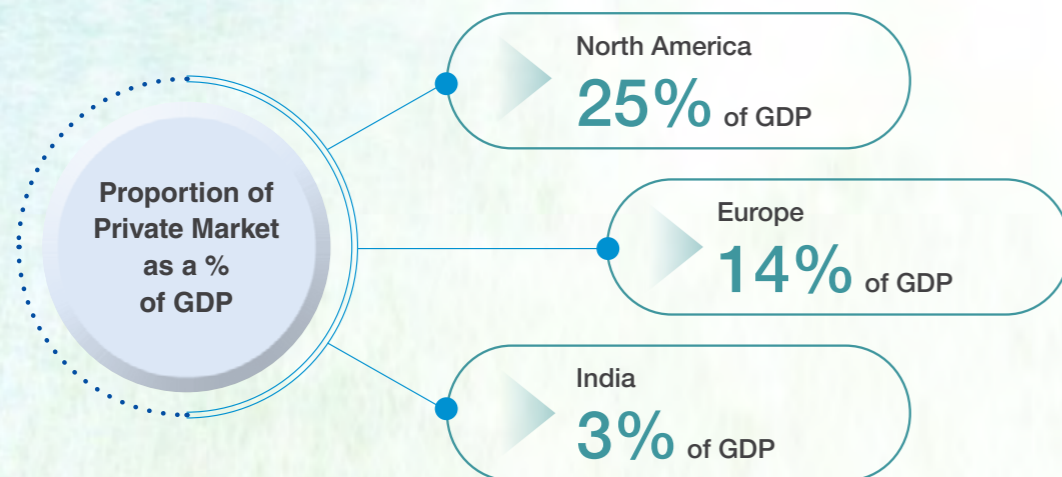


InvITs and REITs are also Finding Flavour

India is currently witnessing a strong growth in Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) which allow investors to invest in operating infrastructure and real estate assets and deliver the cash flows from these underlying investments as yields to investors. As of March 31, 2023, India had 16 InvITs and 3 REITs which are listed, having an Enterprise Value of ~US\$ 55 bn and ~US\$ 11 bn, respectively.

Indian Alternatives – Estimated Growth to US\$ 450 bn Over the Next Decade

Private Market AUMs constitute approximately 25% and 14% of GDP in the US and Europe, respectively. However, in India, they account for only 3% of GDP.



Share of Alternative Funds in Pooled Investments May Increase

In India, the share of alternatives as a percentage of total pooled investments stands at 15% compared to the United States and Europe, where the number is at 33% and 37%, respectively. It is evident from this data, that there is great potential for alternatives to grow in India as an asset class and attract more investor capital as the economy matures. This growth is expected to be precipitated by a confluence of rising income levels, enabling regulation, product-side evolution, and holistic distribution - all factors that are currently aligning well in India.

Source: SEBI, AMFI, EFAMA, SEC, Investment Company Institute; India & Europe data are as of March 2022, US data are as of 3Q2021; INR figures converted at INR/US\$ rate of December 30, 2022

Considering India's projected economic growth from its current level of US\$ 3 tn to US\$ 7.5 tn over the next 8-10 years and alternative assets growing to 6% of GDP, the estimated industry size could potentially exceed US\$ 450 bn, representing over a five-fold increase from current levels.

US\$ 450 bn AUM

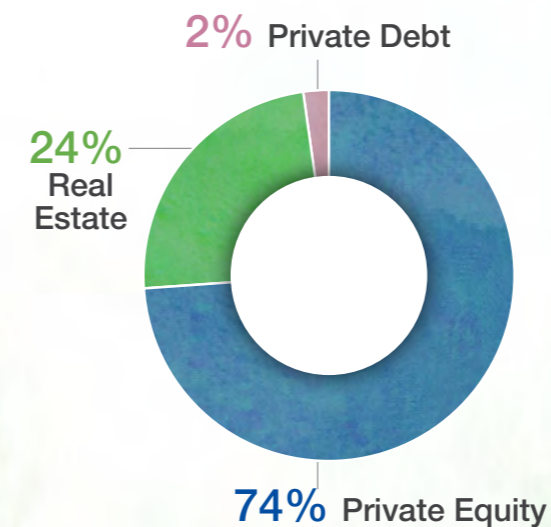
Estimated size of India's alternatives industry over the next 8 to 10 years

Private Debt and Infrastructure have Emerged Over the Past Decade

In 2005, private equity and venture capital funds formed almost three fourths of the alternative AUMs in India and real estate in India was an emerging asset class.

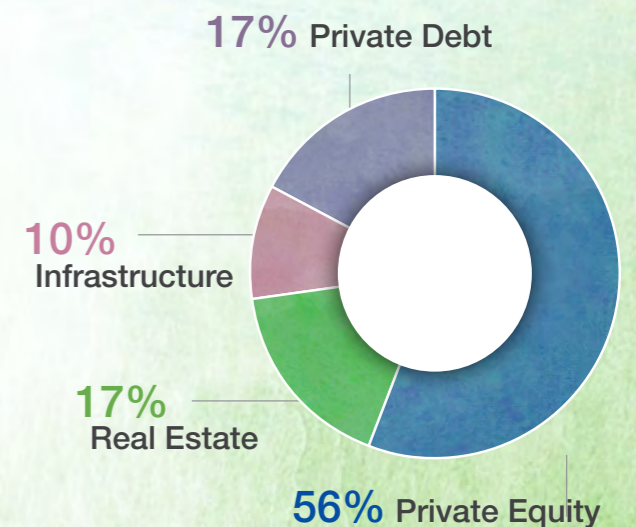
With the advent of the AIF regulations in 2022, private debt, real estate and infrastructure now form ~45% of the alternative AUMs in India.

2005 Asset Class Mix



Source: Preqin

2022 Asset Class Mix

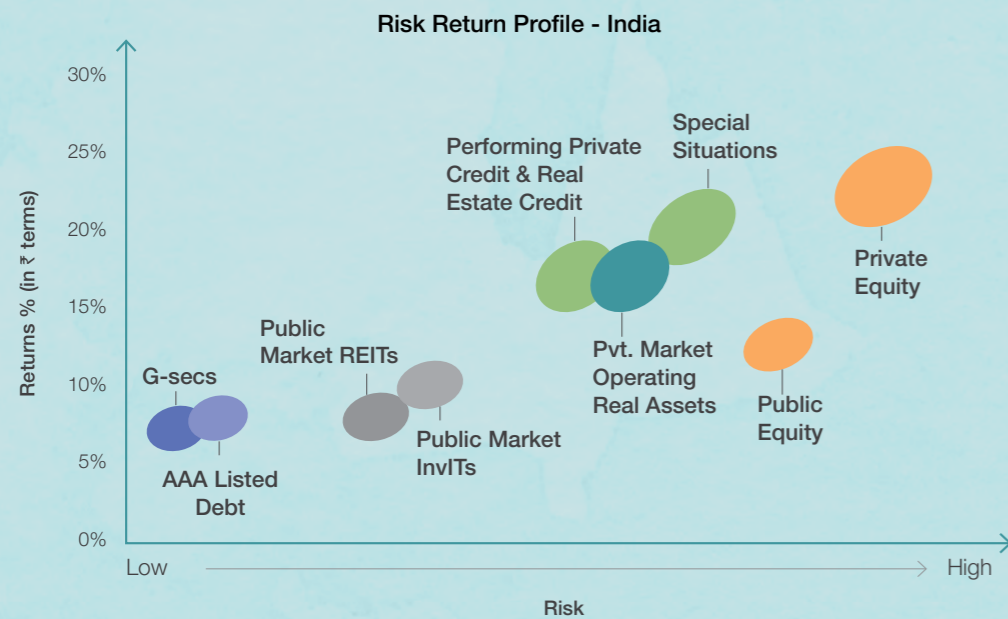


ALTERNATIVES ACCELERATING GROWTH AND DRIVING OPPORTUNITIES IN INDIA

Demand Factors

Attractive Risk Return Profile

In today's investment landscape, where global growth remains tepid, uncertainty is heightened, and interest rates are high, building diversified investment portfolios has become crucial. Alternatives play a significant role in enhancing the risk-adjusted returns of a portfolio, since they typically have a low to zero correlation with traditional asset classes like listed equities and bonds.



As returns from traditional asset classes have declined and equity markets have become more volatile, the allocation to alternatives is increasing.

Increased Financialisation of Assets

Indian households have been increasing their investments in financial assets. According to the RBI, the share of financial savings has increased from 45% of the total in fiscal 2016 to 52% in fiscal 2021. This money is getting increasingly invested in products like mutual funds, insurance and alternative funds.

Growth in Wealth and Wealthy*

India had 12,069 Ultra High Net Worth Individuals (UHNIs) in 2022, and this number is expected to increase to 19,119 by 2027. Similarly, the number of High Net Worth Individuals (HNIs) is anticipated to rise from ~0.8 mn in 2022 to ~1.7 mn in 2027. This shift in wealth distribution will inevitably lead to changes in consumption, spending, saving, and investment patterns. As a result of this evolution, there is a growing need for more sophisticated investment products, such as various alternative products.

Hedge against Inflation

In a high inflation environment, investors often look for avenues to hedge against inflation. Exposure to real assets, such as toll roads and commercial real estate, can provide an effective solution.

*the-wealth-report-wealth-populations-10198.pdf (knightfrank.com)

Supply Factors

Structural opportunity in private credit

India's credit market is estimated to grow to US\$ 7.5 tn over the next decade, with US\$ 4.5-5 tn of additional credit required by 2032. Banks and NBFCs are transitioning to retail lending, and are constrained in providing capital for M&A, real estate, and to companies which are stressed.

Need to monetise real assets

Developers aim to monetise their real assets for growth and deleveraging. The Indian Government plans to finance infrastructure development by monetising its infrastructure assets through the US\$ 80 bn National Monetisation Plan.

Ability to participate in the India growth story

Private equity firms have seized the opportunity to participate in India's growth story and invest in emerging themes such as electric vehicles, media and entertainment, edtech, and clean energy. Private equity investors offer strategic inputs to portfolio companies. The companies are not required to meet regulatory listing norms.

Thriving startup economy

India's startup economy is thriving, with ~73,000 startups in March 2022 that have created over 700,000 jobs. This growth in startups has led to a rise in demand for venture capital in the country.

Source: <https://bwdisrupt.businessworld.in/article/Future-Of-The-Startup-Boom-In-India/06-03-2023-467879/>

PROGRESSING WITH PURPOSE...

Edelweiss Alternatives is one of India's leading alternative asset management platforms and has been featured in the Top 100 Global Fund Raisers by PDI for 2021 and 2022. On a path led by our vision, we stay aligned towards our goal of creating value for all our stakeholders.

Headquartered in Mumbai, India, we focus on structural investment opportunities in India across private debt and real assets that can deliver value for our customers. Our diverse customer base comprises global institutional investors - pension funds, insurance companies in North America, Europe, the Middle-East, and Asia-Pacific as well as large family offices and ultra-high net worth individuals based in India.

Whether by creating jobs, enhancing employment, providing homes to mid-income and affordable segments in India, helping the energy transition process through investment in renewable projects or providing improved connectivity for Indians through better roads while improving access to electricity, we continue to steadily progress towards our sustainability commitments.

Our Vision

Be the trusted and respected India alternative asset advisor, creating value for all stakeholders

DRIVING OUR VISION

Our Leadership - Executive Committee



Venkat Ramaswamy

Venkat Ramaswamy, a seasoned veteran of financial markets, possesses three decades of expertise in the financial sector. With an MBA from Pitts University and a Bachelor's degree in Electronics Engineering, he embodies the perfect blend of technical prowess and business acumen. He drives growth for the Edelweiss Alternatives business through his vision, passion for maintaining high governance standards and strong relationships with global investors.



Amit Agarwal

Amit Agarwal, with over two decades of experience in Corporate Credit, Special situation investing and Investment banking, is a core member of Edelweiss' Alternatives business. Over the last 16 years with Edelweiss, he has played a key leadership role in building the Private Credit Alternatives & Asset Reconstruction businesses. He has originated and invested over \$5 billion in capital across these businesses with several large successful exits.



Harish Agarwal

Harish Agarwal's career spans over two decades in the Banking, Asset Reconstruction, Special Situation & Risk space. He has been with the Edelweiss Group for over 7 years now, and in his current role is responsible for business strategy, risk, legal and compliance, finance, technology, and operations for Edelweiss Alternatives. Harish is a Chartered Accountant, Company Secretary and holds a Bachelor's Degree in Law (LLB) from Mumbai University.



Subahoo Chordia

Mr. Subahoo Chordia is the founding member and has successfully established India's first real assets yield fund around differentiated operating capabilities, international processes and use of appropriate technology. During his total experience of over 22 years, he has executed transactions worth ~USD 7.5 bn and has been part of various leading industry forums/associations.

Guided by **OUR SHARED VALUES**

OUR EMPLOYEES ARE GUIDED BY VALUES THAT DEFINE OUR CULTURE



PRUDENCE

Assess the risks and rewards before taking any action or decision



RESPONSIBILITY

Doing business in a sustainable manner for a better future



INTEGRITY

Conduct our business honestly and with transparency, adhering to the law in both letter and spirit



DEPENDABILITY

Consistent and collective in our efforts and take ownership of everything we do



EQUITY

Fair to all and will respect diversity in thoughts, opinions and expressions

...ACHIEVING OUR VISION



Offering our clients a diverse suite of alternative investment products

We connect our customers with structural and secular investment opportunities in India, suitable for long-term patient capital.

In FY 2022-23, we launched AnZen - our diversified energy InvIT. It provides returns in the form of yields and capital gains through investments in stabilised assets like transmission lines and renewable power plants.

We are looking at raising capital for a rental yield fund - an adjacency to our infra yield strategy. We are also evaluating to launch a climate transition fund - our next step towards making sustainable investments.



Delivering superior risk-adjusted returns while focussing on capital preservation across market cycles

Our in-house team of 60+ investment professionals provides us access to sponsors, developers, companies and financial institutions.

Our ability to craft bespoke solutions helps to create win-win outcomes for our customers and portfolio companies. Capital preservation in our credit strategies is through stringent covenants, exclusive collateral access, and watertight legal documentation.

In our infra yield strategy, we focus on assets with minimal counterparty risk and low operational costs.



Providing customised solutions to investee companies across capital structures

Long term sustainability of our business hinges upon offering win-win solutions for investee companies and customers.

To achieve this, we rely on our in-house investment and legal teams, which possess an in-depth understanding of legal and regulatory landscape. We span the entire credit spectrum and make investments across diverse sectors.

This enables us to effectively address the capital requirements of companies through a wide range of situations.



Leveraging technology to deliver enhanced outcomes for all stakeholders

Leveraging technology to enhance efficiency, effectiveness, and customer experience are critical for business success.

Our domestic investors now benefit from online onboarding and customer reporting. In our infrastructure portfolio we do a remote monitoring of our assets through a central control room and drones.

By embracing technology for predictive and proactive maintenance, we have reduced downtime, contributing to optimised operations.



Attracting, nurturing, and harnessing best-in-class talent

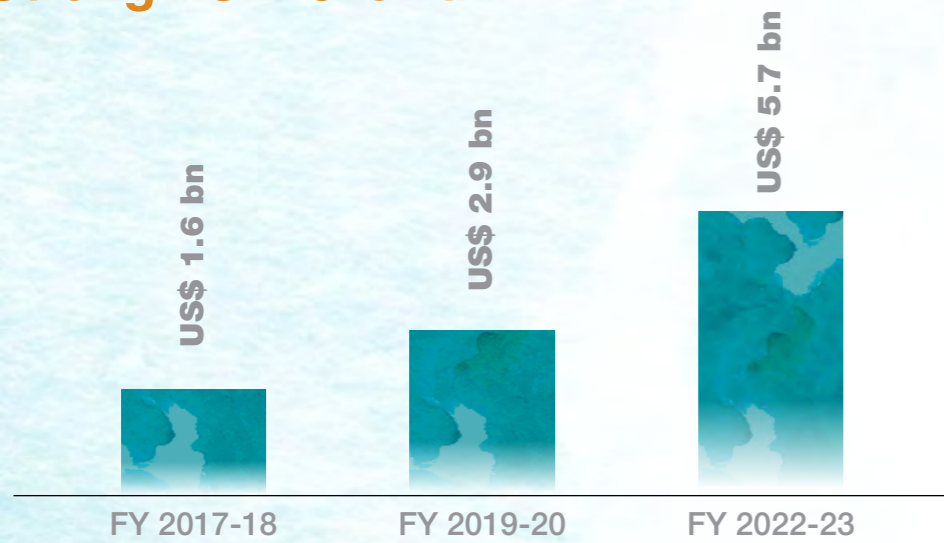
Alternatives is a people's business. We attract top talent through campus hiring at premier management institutes, references and by engaging consultants.

To harness this exceptional talent pool, we have established multi-functional leadership groups to provide solutions on organisation-level issues.

Mentoring and regular learning programmes help to address the development needs of our employees. Various employee engagement activities help to foster a culture that embodies our core values.

EDELWEISS ALTERNATIVES BUSINESS SNAPSHOT

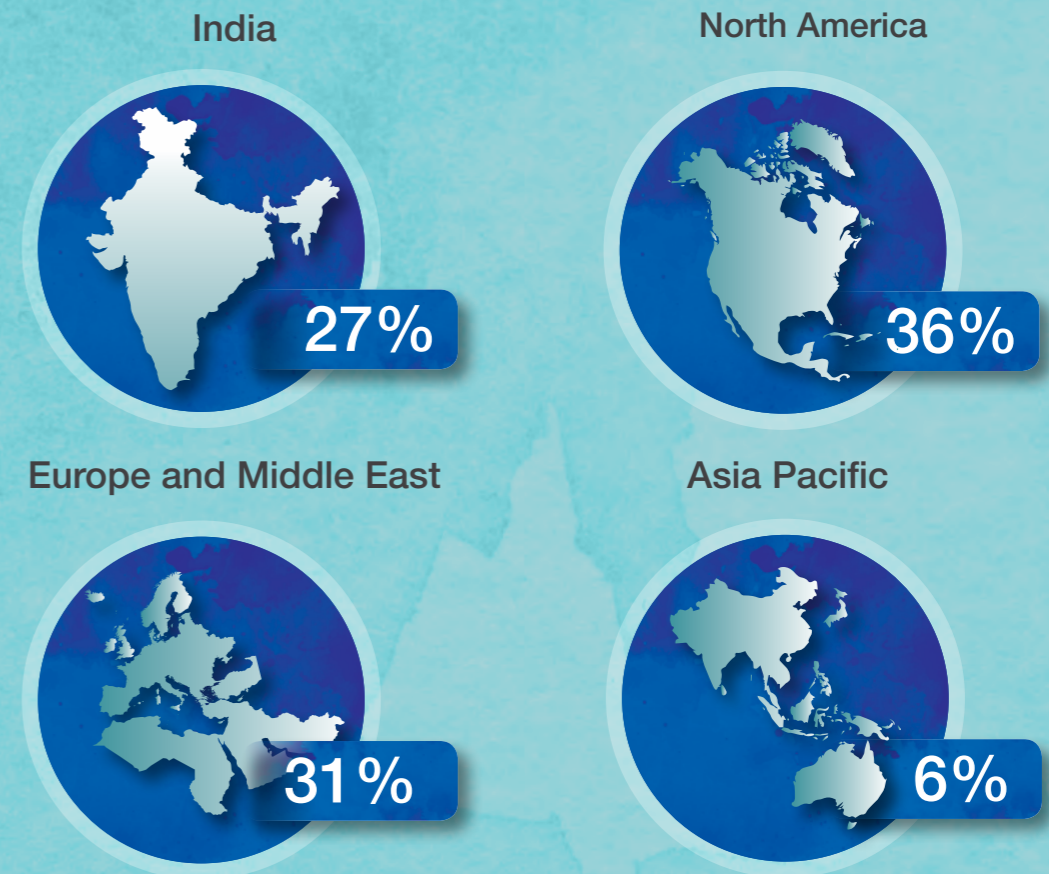
Strong AUM Growth



3.6x
AUM growth in the last five years

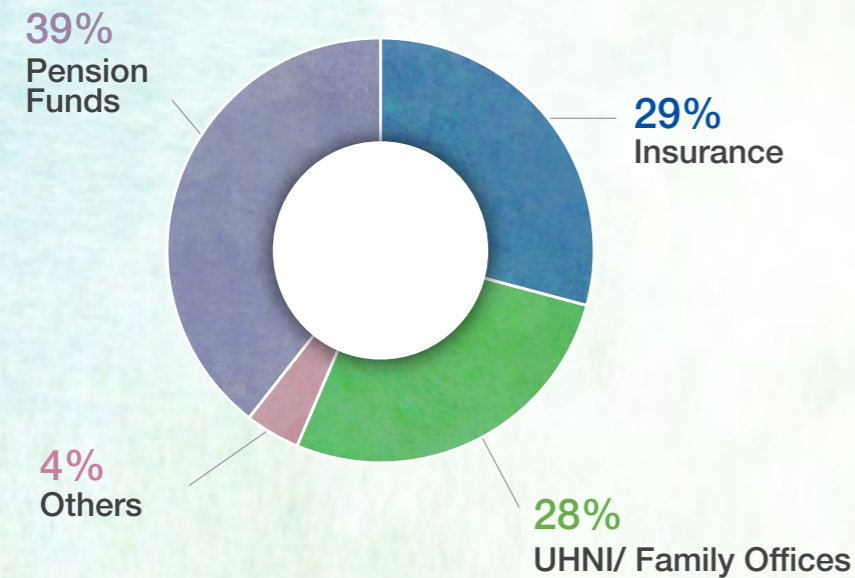
29%
CAGR since FY 2017-18

AUM Share Geography-wise



This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features / states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection to its accuracy or completeness.

AUM Share by Investor Type



Earning Investor Trust

Only Indian Alternative Manager in **Top 100 Global Fund Raisers PDI**

Pension Funds and Insurance Companies
Contribute ~70% of AUM

Investors across **10+ Countries**

2,000+ Unique LPs

700+ Repeat LPs across Strategies

OUR STRATEGIES POWERING OUR SUCCESS

At Edelweiss Alternatives, each of our strategies focus on large structural investment opportunities in India that are suitable for long-term patient capital.

PRIVATE DEBT

Through our private debt platform we offer structured credit solutions to corporates, projects or sponsors, that are relatively underserved by traditional credit providers, for their growth, completion and revival.



Special Situations



Performing Credit



Real Estate Credit

REAL ASSETS

Through our real assets platform we invest in, operate and manage quality infrastructure assets with low counterparty risk, long residual tenures and low operating costs.



Infrastructure Yield



Special Situations

- Primary or priority financing to companies for special situations or
- buying out stressed debt of banks and non-banks in India.

Opportunity

Traditional lenders face constraints in providing capital to certain sectors like real estate, special situations like M&A or for revival of stressed companies due to sector and end-use restrictions. Banks and non-banks are also looking to resolve their stressed assets, enhance capital, and manage their asset-liability mismatches. We estimate an addressable opportunity of ~US\$ 25-30 bn over the next five years.

Performance data



₹ 138 bn
Amount Invested



₹ 127 bn
Amount Realised



61
Investments



28
Exits

*as on March 31, 2023

Impact

The strategy is focussed on revival and turnaround of companies, thereby helping in saving and creating jobs.



Case Studies

The fund bought out debt of an annuity road asset with an operating history of 8-10 years which had become stressed due to the IL&FS crisis and non-payments from the State Government. We have driven resolution by strategising with other lenders and the overdue debt has been cleared.

The fund provided primary financing for one-time settlement with its lenders for a pharma company manufacturing key APIs. Our asset management expertise helped in the turnaround of the company through an improvement in utilisation levels and financial performance of the company.



Performing Credit

Bespoke solutions to investee companies / promoters for growth, mergers & acquisitions or stake enhancement.

Opportunity

Indian companies and promoters have diverse credit requirements that conventional lenders like banks and NBFCs are unable to meet. This creates an opportunity for private debt providers like us to provide non-dilutive capital at lower costs compared to private equity. As per our estimates, an addressable opportunity of US\$ 20-25 bn exists over the next five years for such bespoke financing solutions.

Impact

The strategy focuses on providing growth capital to companies, thus helping to create jobs.



Case Studies

The fund invested in the debentures of an iron and steel company for carrying out capital expenditure and to meet working capital needs. We also financed the acquisition of a company in a related space through an additional investment.

The Fund invested in the holding company of the group that owns a majority stake in a leading airport operator in the country, which was looking to refinance a portion of its debt.

Performance data



₹ 65 bn
Amount Invested



₹ 61 bn
Amount Realised



43
Investments



30
Exits



Real Estate Credit

Provide structured credit to real estate developers for construction and completion of their residential real estate projects

Opportunity

The Indian real estate market presents a compelling investment opportunity owing to rising urbanisation, a growing middle class, increasing incomes, and a shortage of around 19 mn urban houses. The sector is in the midst of a recovery post COVID, with declining inventory levels and affordability near decadal highs. Institutionalisation of the sector through initiatives like Goods and Services Tax, Real Estate Regulatory Authority (RERA), and National Company Law Tribunal (NCLT) has also helped boost investor confidence. Top 5 cities in India witness an absorption of 250-300 mn sq ft of residential real estate annually creating an estimated opportunity of US\$ 25-30 bn over the next five years.

Performance data



~₹ 52 bn
Amount Invested



₹ 29 bn
Amount Realised



41
Investments



14
Exits

Impact

The strategy focuses on providing capital for construction and completion of mid-income and affordable homes.



Case Studies

We invested in a mid-sized Mumbai-based developer with a good track record of executing real estate projects for construction of residential development project under the Slum Rehabilitation Authority (SRA) scheme. The project consists of 650+ mid-income houses across two phases.

The Fund invested for providing completion finance to a Mumbai-based project. Approvals for the project are in place and it is well on track. The project comprises 300+ mid-income houses in the first phase.



Infrastructure Yield

Invest in quality infrastructure assets with strong counterparties, long residual life and low operating costs for consistent yields and capital gains.

Ability to add value to the assets through the use of technology and an in-house asset management team.

Opportunity

India's core infrastructure presents a substantial opportunity, with infrastructure assets set to reach ~US\$ 2.5 tn in the next 3-4 years from ~US\$ 1 tn currently. Ownership is fragmented, with over 80 contractors owning 67% of roads and 120 sub-scale players holding 45% of renewable projects. Developers are adopting a build and sell model to recycle capital for growth. India's US\$ 80 bn National Monetisation Plan adds to the potential opportunity. We estimate a potential addressable market opportunity of US\$ 75-100 bn for equity investment in core infrastructure.

Impact

Improved road and electricity connectivity and helping in India's energy transition goals.



Case Studies

The fund acquired inter-state transmission lines from an Indian group looking to reduce debt. Post-acquisition, the fund improved cashflows, and reduced the downtime. The fund also achieved an exit in this investment thus helping to realise value.

We have signed a deal to acquire the portfolio assets of an engineering and construction major in the country. The portfolio comprises eight roads spanning 4,900 lane kms and one 960 ckm power transmission asset.

Performance data



*Includes invested and signed deals as of March 31, 2023



GENERATING VALUE THROUGH OUR INVESTMENTS

Value Creation

At Edelweiss Alternatives, we specialise in identifying unique investment opportunities and create value for our customers. Our 60+ member on the ground investment teams help to generate proprietary deal flow across our strategies.



~70%

Of invested deals are sourced directly by investment teams*

Identification of unique investment opportunities and bespoke solutions for our portfolio companies helps us to create value for our customers.

Value Enhancement

At Edelweiss Alternatives, our asset management and operating team of over 100 members, combined with our utilisation of technology, plays a crucial role in enhancing the value of our investment portfolios.



*Data from 2015 - till date

Completion of a real estate project in Mumbai through priority funding

We provided priority financing to a prominent mixed-use real estate project located in the heart of Mumbai. The project faced delays due to frequent changes in project configuration, construction setbacks caused by legal issues with Municipal authorities, and non-disbursement of balance commitments from banks. Our investment enabled the project's completion. Sales have picked up in the project since the last two quarters and debt servicing for our priority funding is on track.



Turnaround of a leading paper manufacturer in India

We invested in one of India's largest writing and printing paper manufacturers facing financial distress due to poor investment decisions, an over-leveraged balance sheet, and under-utilisation of capacity. We undertook a debt restructuring initiative and granted a moratorium to facilitate the normalisation of working capital. With our asset management team, we could help in the turnaround of the company with EBITDA growing from ₹ 47 mn in FY 2016-17 to ~₹ 16,350 mn in FY 2022-23.

Efficiency improvement in our solar assets through use of technology

Our energy asset operations are remotely monitored from our Central Control & Analytics Centre in Mumbai. This regular monitoring along with our asset management and operations team helps us in proactive and predictive maintenance of these assets. This improves overall productivity & helps create positive outcomes for our portfolio.



EMBRACING RESPONSIBILITY ALIGNING PRACTICES WITH PRINCIPLES

At Edelweiss Alternatives, we thrive on blending sustainability into every stage of our investment journey. Our strategic framework incorporates both risks and rewards, enabling us to make conscientious and prudent decisions. We demonstrate our unwavering commitment to responsible investments as signatories to the United Nations Principles for Responsible Investment ('PRI').



In January 2023, we became a signatory of the UNPRI

At Edelweiss Alternatives, our commitment to responsible investing goes beyond mere rhetoric. We have established a strong framework consisting of four operational pillars that infuse ESG principles into all our activities.

<p>Human Rights</p>	<p>Planet and People</p>	<p>Zero Tolerance for Corruption</p>	<p>Labour Laws Adherence</p>
<p>We firmly prioritise investing in enterprises that uphold human rights and refrain from supporting companies involved in the exploitation of child or forced labour.</p>	<p>We address environmental concerns, public health and safety, and social issues related to our investee companies. Our investment approach is centered around sustainability and the well-being of communities, reflecting our commitment to long-term value creation.</p>	<p>We actively promote policies within our portfolio companies that discourage corruption and bribery, fostering a culture of integrity and transparency.</p>	<p>We ensure adherence to relevant national, state, and local labour laws in India, while also prioritising a safe work environment. Our dedication to the well-being of our workers remains steadfast and resolute.</p>

Our ESG Policy: Our Commitment

At the core of our operations is a seamless synergy between our business strategy, investment practices, and transparent disclosures. This is made possible by our ESG policy framework, which acts as our guiding compass. It not only steers us towards integrating ESG factors into our investment philosophy, but also reflects our unwavering commitment to the principles upheld by the UN Global Compact (UNGC) and UNPRI.

Our ESG policy framework stands as a powerful testament to our resolute dedication to a diverse range of stakeholders, reaffirming our commitment to local, national, and international norms and frameworks. By adhering to these principles, we ensure that our business resonates with the expectations and aspirations of the global community, forging a sustainable and all-inclusive path forward.

We identify, monitor, and assess any ESG-related risks associated with our investment through our investment stages.



Governance

The longevity of our business model rests on the integration of impactful ESG practices. To achieve this goal, we embrace a robust ESG governance framework, which is at the heart of our decision-making processes and policy formulation. Our dedication to this endeavour is evident through the creation of a resilient governance structure that oversees all ESG-driven initiatives and enhances our monitoring and reporting mechanisms, benefitting our relevant stakeholders.

Leading our ESG initiatives is our ESG Governing Council, which provides strategic guidance and conducts assessments of our impacts, risks, opportunities, and performance. This council ensures that our activities remain in line with our sustainability objectives, reinforcing our pledge to responsible practices and cultivating a mutually beneficial relationship with all stakeholders.

ESG Governing Council

- ▶ **Composition:** Our Governing Council consists of senior management of the Edelweiss Group and key managerial personnel of Edelweiss Alternatives.
- ▶ **Evaluating different practices:** Sharing best practices of national as well as international peers to guide and influence our ESG practices.
- ▶ **Planning for future:** Planning our ESG activities.
- ▶ **Periodic review:** Conducting a periodic review to enhance our ESG practices.

ESG Task Force

- ▶ Identifying, monitoring, and resolving key ESG issues.
- ▶ Developing and implementing internal tools and resources to promote awareness and understanding of ESG in the organisation.
- ▶ Guiding and institutionalising the integration of ESG considerations in the investment process and across the organisation.

Creating Sustainable Impact

~23.1 mn tonnes of estimated carbon emissions saved over the life of our solar assets portfolio

Helped in construction of ~26,000 mid-income and affordable houses

~25,000 jobs saved through investment in stressed companies

Over 26 mn litres of water saving estimated annually through robotic cleaning of solar panels

Safety Awards for our Infrastructure Assets

Assets from our infrastructure portfolio have earned national and international awards in recognition for their steadfast commitment to safety. These accolades serve as a testament to our unwavering commitment to fostering a secure and healthy workplace for both, employees and visitors. We have implemented a robust Safety, Health and Environment Policy across assets which encompasses all aspects.

To reinforce safety measures, we have implemented life-saving safety protocols, reinforced by a state-of-the-art digital application. This innovative tool enables seamless incident reporting, diligent monitoring, and prompt resolution, ensuring that safety remains paramount across our operations.



Case Studies

Water conservation through robotic cleaning



In our endeavour to optimise resources without compromising asset viability, our asset management team undertook a pilot exercise to explore the feasibility of replacing water cleaning with dry cleaning in our 140 MW solar asset in Rajasthan.

Our engineers performed an assessment of the module structures for the 18 MW portion. They identified and implemented a new and simplified dry cleaning solution developed in India. This innovative approach has led to an annual saving of over 26 mn litres of water (~92% reduction in consumption), freeing up water resources for other applications in the arid desert. Additionally, this has resulted in a slight enhancement of power generation.

Inspired by these positive outcomes, our teams are now working towards gradually implementing similar solutions across our portfolio. This progressive approach is expected to yield significant water savings while actively contributing to the cause of water conservation, ensuring sustainable operations for our investments.

Our innovative dry cleaning solution resulted in annual water savings of over 26 mn litres for an asset in the arid desert of Rajasthan.

Reduction in Carbon Emissions through our Solar Assets

We have acquired a portfolio of 12 solar assets in the year 2021 with a capacity of 813.45 MWp. The solar assets are spread across the five states - Punjab, Rajasthan, Telangana, UP and Andhra Pradesh. The assets had a residual life of ~22 years at the time of acquisition. We have estimated a carbon displacement of ~23.1mn tonnes

During the asset acquisition process of our portfolio company, we have also identified an opportunity to obtain and monetise Certified Emission Reductions (CERs). One of the assets was registered under the United Nations Framework Convention on Climate Change (UNFCCC)'s Clean Development Mechanism (CDM) in 2013. After acquiring the asset, we diligently fulfilled all requirements and documentation required for CER issuance. This included addressing legacy data gaps, demonstrating additions to the baseline, conducting site visits, and verifying data through Independent Auditors. Our efforts resulted in the issuance of 58,253 CERs under the CDM programme 'National Solar Power Development Programme, India' (6328) by the UNFCCC. As part of our ongoing efforts, we are currently in the process of completing formalities and seeking credits issuance under the GCC programme for other assets within our solar energy portfolio.



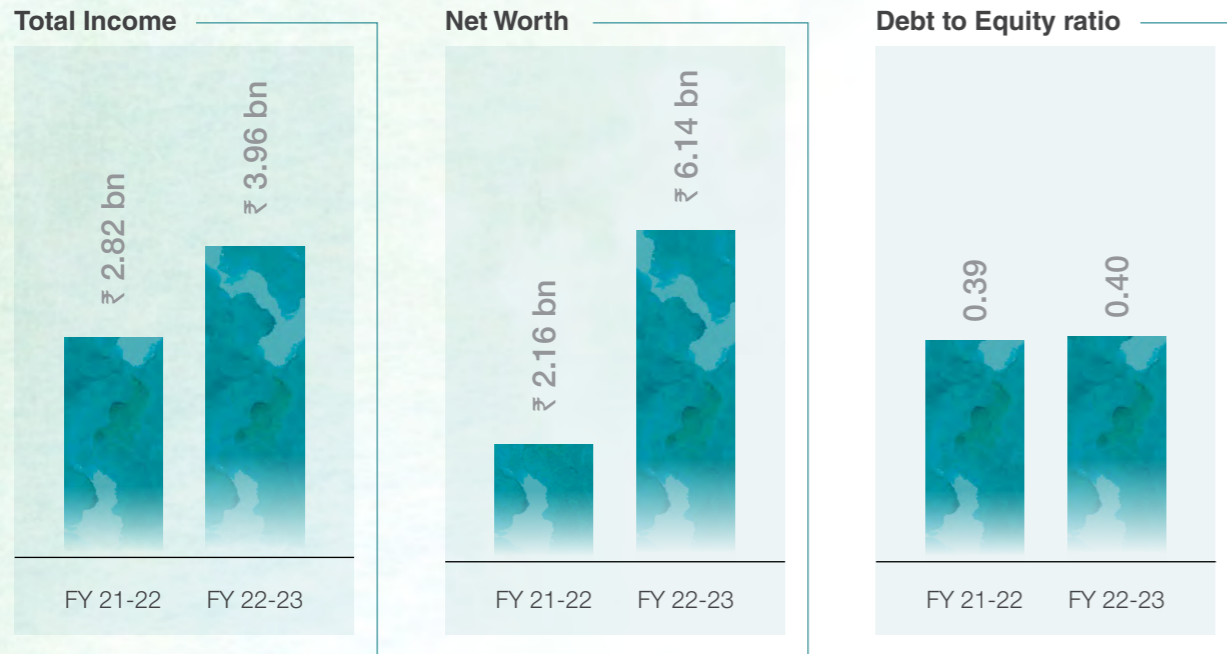
23.1 mn tonnes

Reduction in Carbon Emissions over the life of our solar assets



CONSISTENT PERFORMANCE TRANSLATING INTO INVESTOR TRUST

Business Snapshot



FY 2022-23 Performance

~₹ 140 bn
Commitments Raised

~₹ 86 bn
Total Realisations

~₹ 70 bn
Total Deployment

Consistent performance showcased during the last 5 years

₹ 314 bn
Funds Raised over 5 Years

₹ 235 bn
Realisation over 5 Years

₹ 218 bn
Deployment over 5 Years

*All the updates are as on March 31st, 2023

₹ 465 bn
Assets under management

60+
No. of investment professionals

4
No. of investment strategies

100+
Asset management & operating team

~200
Employees





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