Edelweiss
Ideas create, values protect

EW/Sec/2023-24/54

May 26, 2023

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**

Dear Sir/Madam,

Sub: Strategic Update on Demerger of Nuvama Wealth Management

Please find attached the strategic update in Indian Rupees on Demerger of Nuvama Wealth Management.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Edelweiss Financial Services Limited

TARUN KHURANA Digitally signed by TARUN KHURANA Date: 2023.05.26 18:46:21 +05'30'

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Encl.: as above

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Strategic update

Demerger of Nuvama Wealth Management

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Why the Demerger? A win-win-win for all stakeholders

For Nuvama

- Deal led to primary infusion of capital into the business
- Nuvama is now an independent business with a focused strategy and the flexibility to attract business-specific partners and investors
- Paved the way for listing of Nuvama

For Shareholders of Edelweiss

- Opportunity for direct participation in Nuvama's growth journey in addition to EFSL's journey

For Edelweiss

- Enables strategic alignment towards creating and unlocking value
- Provides capital to EFSL for future investments

What were the steps?

Step 1 – Capital Raise

Phase I

Capital raise in Nuvama

Step 2 - Demerger

Phase II & III

NCLT order received and made effective for Phase II demerger scheme

NCLT order received, and scheme made effective from **May 18, 2023**

Step 3 - Allotment

Allotment

Allot 30% EFSL holdings to Shareholders of Edelweiss

Announced **June 2, 2023**, as the **Record Date** for determining shareholders who will receive equity shares of Nuvama

Step 4 - Listing

Listing

Listing of Nuvama Wealth Management

What is the current status and next steps?

Step 1 – Capital Raise	Step 2 - Demerger	Step 3 - Allotment	Step 4 - Listing
Phase I	**Phase II & III**	**Allotment**	**Listing**
Completed	***Completed***	***June 10, 2023***	***By Jul / Aug 2023***

Nuvama’s shareholding post demerger

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Nuvama Wealth Management *(Formerly Edelweiss Wealth Management)*

An integrated and differentiated Wealth Management Platform

- Only established player straddling across Affluent to UHNI client segments, constituting 80% of market wealth
- A high growth company with diversified and superior quality of earnings
- Solution oriented approach with the exhaustive suite of offerings

INR 225,200 Cr

Client Assets

11 Lakhs

Client Reach

Well scaled with robust performance across key metrics

INR 2,259 Cr

Net Worth

INR 305 Cr

Profit after Tax *

(FV ₹10)

INR 643

Book Value per Share

INR 92

Diluted Earnings per Share

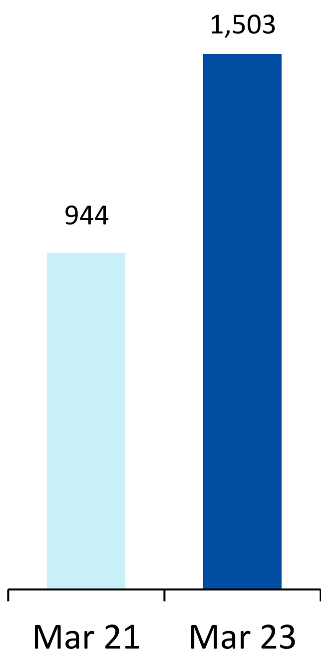
** Operating PAT including demerged businesses and excluding non-recurring demerger expenses is INR 370 Cr*

Healthy growth over the last 2 years

CAGR of 26%

Net Revenue

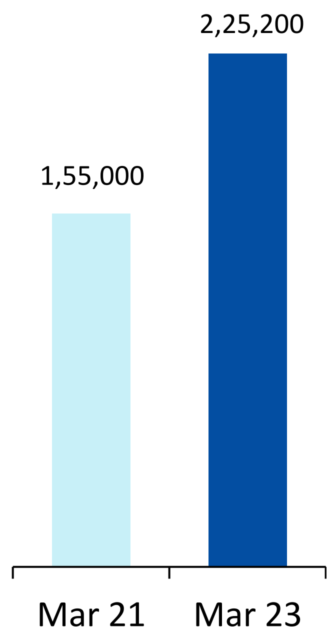
INR Cr



CAGR of 21%

Client Assets

INR Cr



CAGR of 14%

Client Reach

#

Operating in a high growth opportunity segment

India’s Wealth Management opportunity

- **Financial wealth would continue to grow rapidly**
  - *Bank deposits have doubled every ~4.5 years over last 2 decades*
- **Investment asset class will grow even faster driven by value migration**
  - *Estimated 10-year CAGR (FY15 - FY25) for Bank Deposits is 10% vs Investment asset class (Equity, MF, AIF, etc.) is 15%*
- **Rising formal penetration will multiply the opportunity** *(Present: India-14%, US-75%)*
  - *AUM of Top 3 players as % of GDP: USA-40% vs India-5%*

- Wealth will grow to reach **INR 800+ tn** by 2025 *(11% CAGR - 10 years)*
- # HNIs/UHNI estimated to **grow 1.7x** in 5 years (2020-25)
- India to be the **4th largest** private wealth market globally by 2028

Making India’s wealth industry a structural and scalable opportunity

Poised for the growth ahead

Demonstrated Performance

- Net Revenue grew **1.6x** over the past 2 years
- Client Assets grew **1.5x** over the past 2 years

Well Scaled

- Net Revenue of **INR 1,503 Cr**
- Client Assets of **INR 225,200 Cr**

Large Opportunity

- India to be the **4th largest** private wealth market globally by 2028

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Continues to hold a portfolio of 7 high-quality businesses

Edelweiss Financial Services Ltd

For year ended Mar 23

		EFSL Stake	Equity	PAT
Asset Management	Alternative Asset Mgt	100%	INR 614 Cr	INR 159 Cr
	Mutual Fund	100%	INR 200 Cr	INR 18 Cr
Asset Reconstruction		60%	INR 2,794 Cr	INR 318 Cr
Credit	NBFC	100%	INR 3,864 Cr	INR 139 Cr
	Housing Finance	100%	INR 794 Cr	INR 16 Cr
Insurance	General Insurance	100%	INR 174 Cr	INR (125) Cr
	Life Insurance	75%	INR 678 Cr	INR (199) Cr

With significant growth over the years

		FY19	FY23
Alternative Asset Mgt	AUM *(INR Cr)*	12,000	**46,500**
Mutual Fund	AUM *(INR Cr)*	17,500	**105,000**
Asset Reconstruction	Recoveries *(INR Cr)*	3,320	**7,530**
NBFC	Capital Adequacy *(%)*	20.3	**34.3**
HFC	Capital Adequacy *(%)*	21.4	**32.1**
General Insurance	Gross Written Premium *(INR Cr)*	104	**554**
Life Insurance	Total Premium *(INR Cr)*	885	**1676**

Going ahead, Edelweiss will continue to

Create Value	• Grow and enhance value in the underlying businesses
Unlock Value	• Unlock value at opportune times to create a win-win for business and all stakeholders
Be Financially Resilient	• Be financially strong and resilient by holding comfortable liquidity and reducing debt

Safe Harbour

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Edelweiss Financial Services Limited Corporate Identity Number: L99999MH1995PLC094641
For more information, please visit www.edelweissfin.com

Slide 1:	Nuvama formerly know as Edelweiss Wealth Management
Slide 9,11:	Client Assets and Clients are rounded off to nearest 100
Slide 9:	Kotak Wealth Report, Karvy Wealth Report, Mckinsey Wealth Reports | 2017-2019 and company estimates
Slide 11:	Net Revenue is calculated by reducing finance cost and variable business expenses from gross revenue
Slide 12:	Source: Karvy Wealth Reports, Knight Frank Wealth Report 2021, India Brand Equity Foundation September 2021
Slide 12:	Source: RBI and SEBI and Karvy Wealth Reports, Investment assets includes Insurance, Direct Equity, Mutual Fund, Unlisted Equity, Alternative Investments and International Asset
Slide 12,13:	Source: World bank, Asian Private banker, Kotak Wealth Report, Karvy Wealth Report, McKinsey Wealth Reports, Investor Presentation of WM players and Internal estimates
Slide 15:	Post Allotment numbers are illustrative for representation only and is based on reported numbers as on Mar 23
Slide 17:	FY19 ARC Recoveries exclude one-off recoveries for effective comparability
Slide 17:	NBFC capital adequacy is calculated by combining Tier I & II capital and RWA of ECLF and ERFL entities