

EW/Sec/2023-24/55

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
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Dear Sir/Madam,

Sub: Strategic Update on Demerger of Nuvama Wealth Management

Please find attached the strategic update in US Dollars on Demerger of Nuvama Wealth Management.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For Edelweiss Financial Services Limited

Tarun Khurana
Company Secretary

Encl.: as above

US \$ version



Strategic update

Demerger of Nuvama Wealth Management

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- *Why the Demerger?*
- *What were the steps of the demerger?*
- *Where are we now and next steps?*

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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

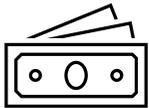
For Edelweiss

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

What were the steps?



Phase I



Capital raise in Nuvama

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**

Allotment



Allot 30% EFSL holdings to Shareholders of Edelweiss

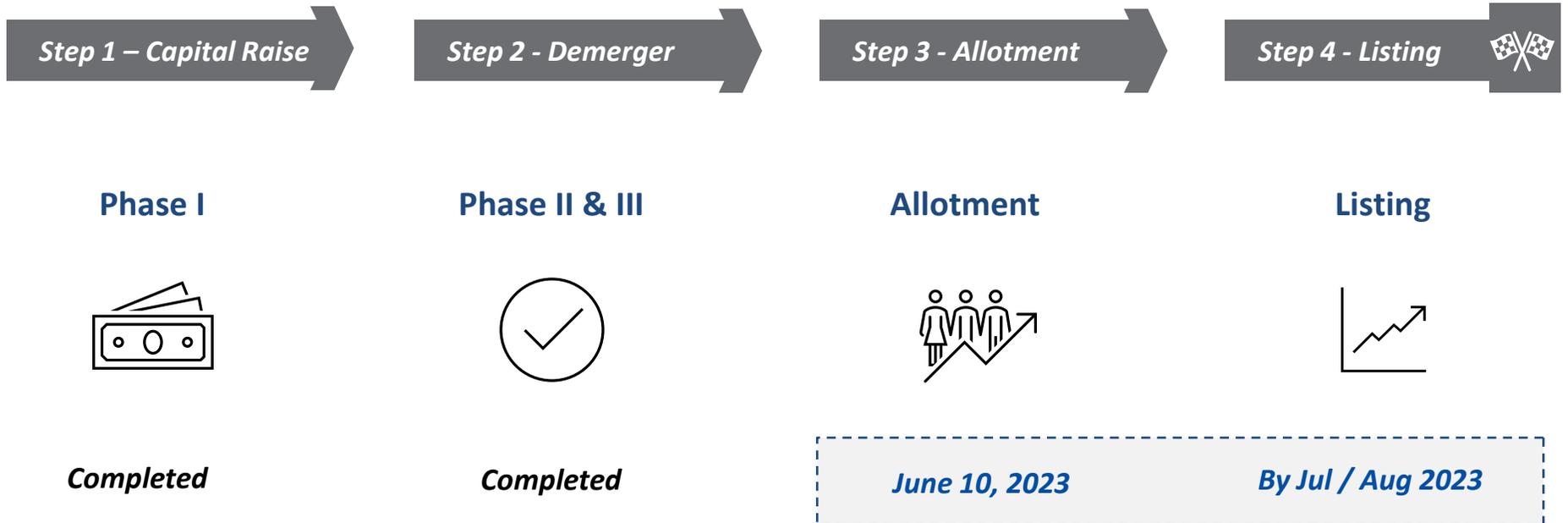
Announced **June 2, 2023**, as the **Record Date** for determining shareholders who will receive equity shares of Nuvama

Listing

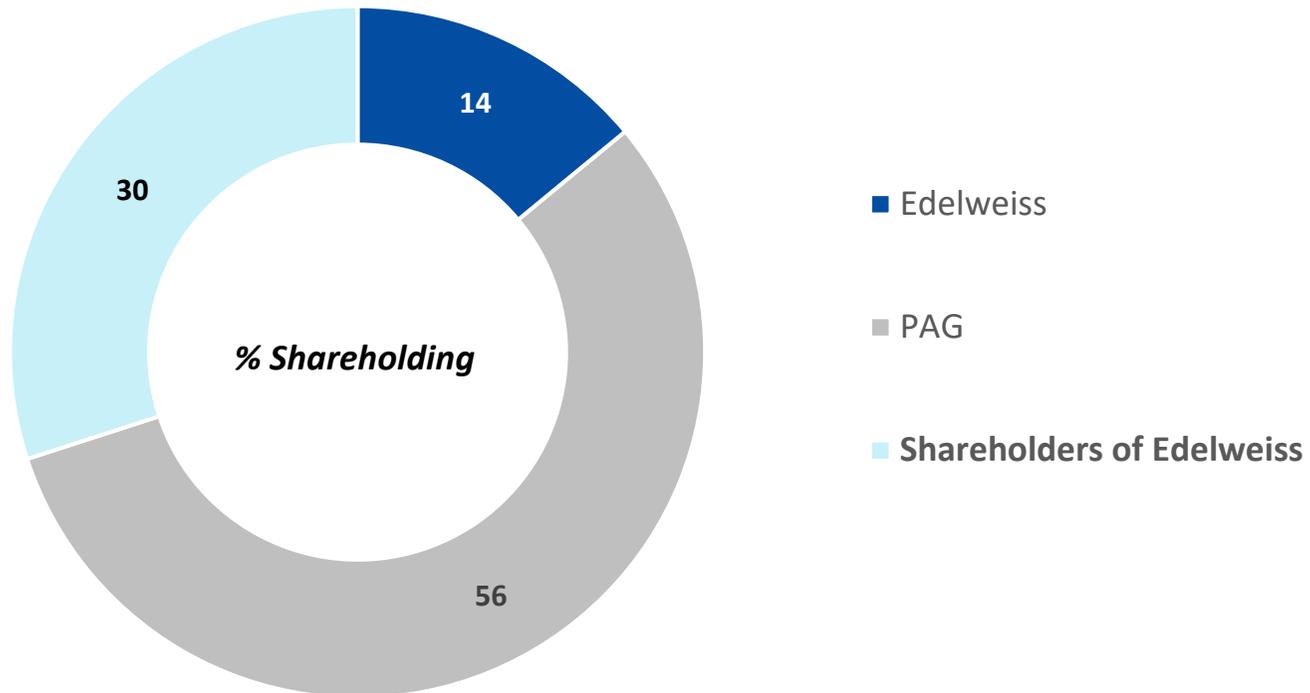


Listing of Nuvama Wealth Management

What is the current status and next steps?



Nuvama's shareholding post demerger



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- *Nuvama: an integrated and differentiated Wealth Management Platform*
- *Well scaled with a history of strong performance*
- *Operating in a high opportunity segment with headway for growth*

3 Edelweiss: Creating and unlocking value

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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

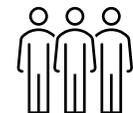


\$27,391 Mn

Client Assets

11 Lakhs

Client Reach



Well scaled with robust performance across key metrics



\$275 Mn

Net Worth

(FV \$0.12)

\$8

**Book Value
per Share**

\$37 Mn

Profit after Tax *

\$1

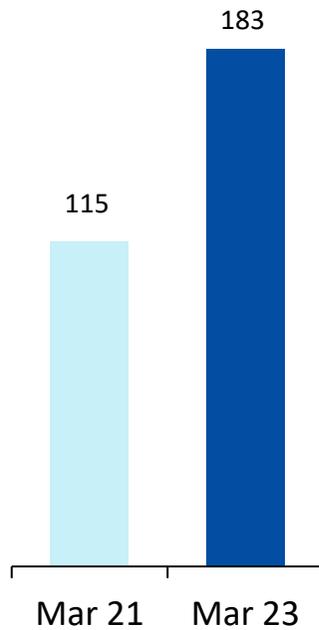
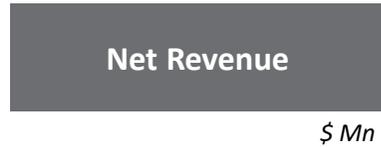
**Diluted Earnings
per Share**

* Operating PAT including demerged businesses and excluding non-recurring demerger expenses is \$45 Mn

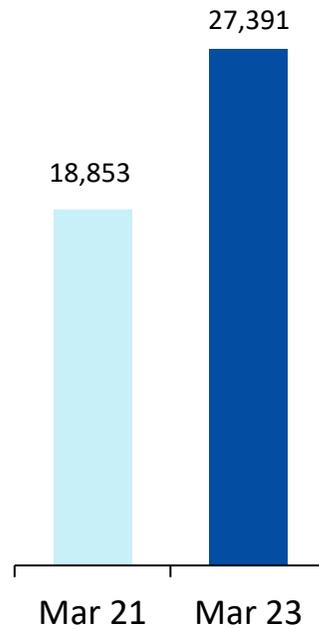
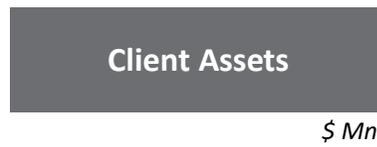
Healthy growth over the last 2 years



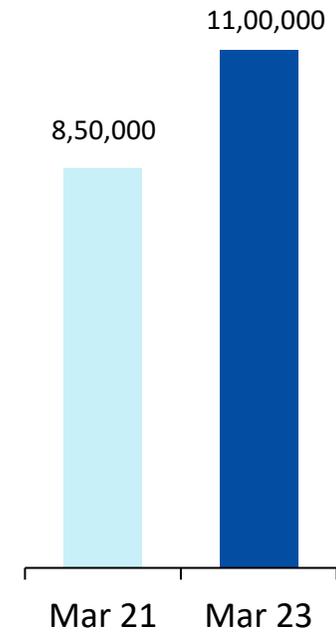
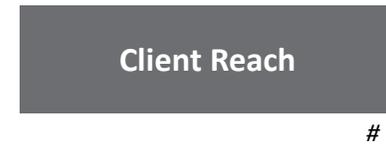
CAGR of 26%



CAGR of 21%



CAGR of 14%



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 **\$9.7 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 **\$183 Mn**
- Client Assets of **\$27,391 Mn**



Large Opportunity

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

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- *Edelweiss post the demerger*
 - *Key financial metrics*
 - *Structure with portfolio of businesses*
- *Growth over the last 4 years*
- *Edelweiss: way forward*

Edelweiss Post Demerger: Changes in key metrics



Metric	Previously	Now	Next quarter
	Pre Demerger	Post Demerger	Post Allotment
Net Worth	\$1,034 Mn	\$1,034 Mn	\$748 Mn
Book Value per Share	\$0.88	\$0.88	\$0.56
Nuvama's contribution in EFSL PAT	22%	-	-

* PAT refers to post MI ex-Insurance PAT

Continues to hold a portfolio of 7 high-quality businesses



Edelweiss Financial Services Ltd

For year ended Mar 23

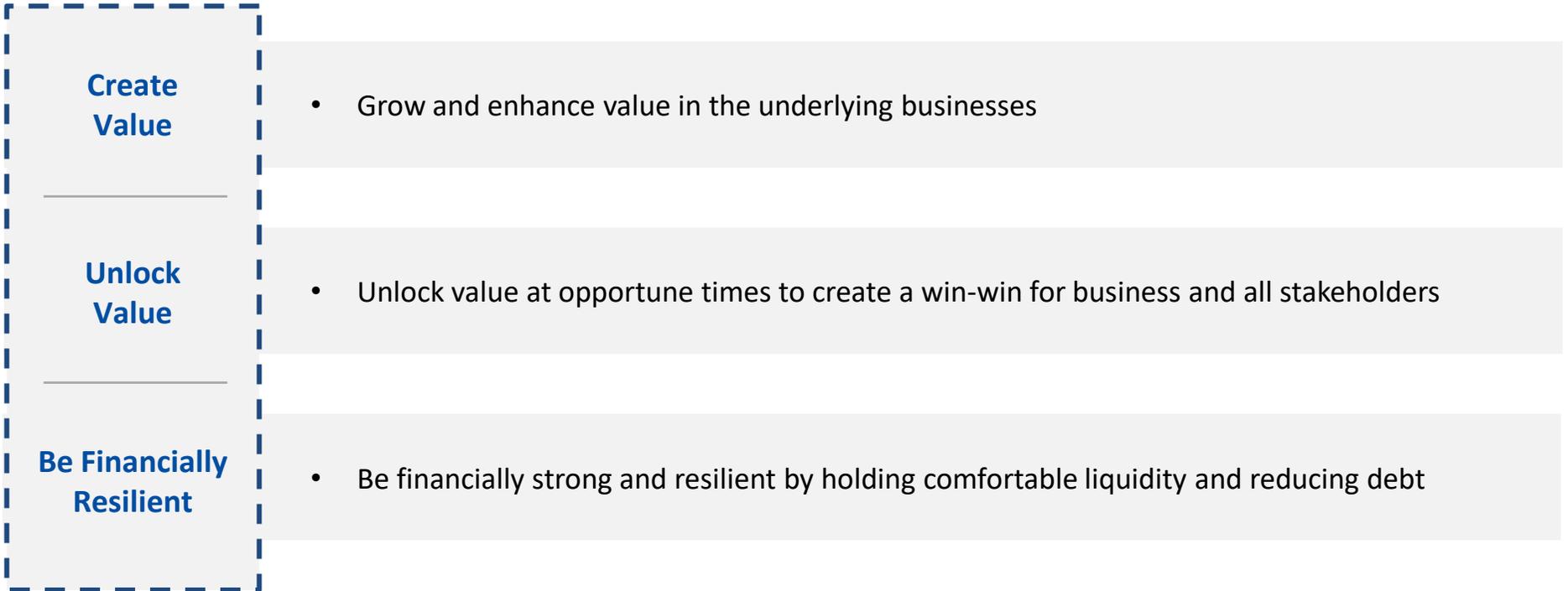
		EFSL Stake	Equity	PAT
Asset Management	Alternative Asset Mgt	100%	\$75 Mn	\$19 Mn
	Mutual Fund	100%	\$24 Mn	\$2 Mn
Asset Reconstruction		60%	\$340 Mn	\$39 Mn
Credit	NBFC	100%	\$470 Mn	\$17 Mn
	Housing Finance	100%	\$97 Mn	\$2 Mn
Insurance	General Insurance	100%	\$21 Mn	\$(15) Mn
	Life Insurance	75%	\$82 Mn	\$(24) Mn

With significant growth over the years



		FY19	FY23
Alternative Asset Mgt	AUM (\$ Mn)	1,460	5,656
Mutual Fund	AUM (\$ Mn)	2,129	12,771
Asset Reconstruction	Recoveries (\$ Mn)	404	916
NBFC	Capital Adequacy (%)	20.3	34.3
HFC	Capital Adequacy (%)	21.4	32.1
General Insurance	Gross Written Premium (\$ Mn)	13	67
Life Insurance	Total Premium (\$ Mn)	108	204

Going ahead, Edelweiss will continue to



Safe Harbour



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- 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