

Pacific Alliance Buys 51% Stake in Edelweiss Wealth

Investment of about ₹2,400 cr one of the major FDIs in space

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Mumbai: Pacific Alliance Group (PAG), one of the world's largest Asia-focused investment groups, has completed an investment of about ₹2,400 crore for a 51% stake in Edelweiss Wealth Management. This is among the major FDI plays in the growing Indian wealth management industry.

"With all regulatory approvals the investment has come into the Edelweiss Group," said a senior executive familiar with the matter. This investment will help in scaling up the wealth business and will also aid in funding other growing businesses including alternatives, asset reconstruction, life and general insurance, mutual funds and retail lending.

In response to an email, an Edelweiss spokesperson said, "We had announced the partnership with PAG in August 2020 and the process is underway. We expect a closure of all the formalities soon."

Last August, the Edelweiss group signed an agreement with PAG, which was supposed to buy

a controlling stake in the group. It is PAG's first large inorganic deal in India and they plan to invest \$1 billion in India in 2-3 years.

ET was the first to report about the deal. It was also announced that Edelweiss plans to demerge and list the wealth business, unlocking value for shareholders.

PAG will now own a 51% stake in Edelweiss Wealth Management.



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Edelweiss group will end up owning about a 40% stake. Operationally, no change is expected and the current management team will continue to lead the business.

As per the reported numbers in the December quarter,

Edelweiss Wealth has seen a strong growth in customer base with over 2,400 ultra HNIs and around 6.7 lakh affluent clients, which is almost double over FY16.

Its assets under administration has grown five-fold from ₹29,500 crore in FY16 to ₹1,45,100 crore in the December quarter. The reported net profit was ₹180 crore for the nine months ended December. It has also seen considerable growth in fee income, which is now around 90% of total revenue.