

EW/Sec/2022/85

May 13, 2022

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: Intimation of the outcome of the meeting of the Board of Directors of Edelweiss Financial Services Limited (“Company” or “Demerged Company”) held on May 13, 2022, and disclosures under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended (“Listing Regulations”) read with sub para 1.5 of Para A.1. of Annexure I of Circular bearing number CIR/CFD/CMD/4/2015 dated September 9, 2015 issued by Securities and Exchange Board of India.

The Board of Directors of the Company (“**Board**”) at their meeting held today approved the Scheme of Arrangement between the Company and Edelweiss Securities Limited (“**Resulting Company**” or “**ESL**”) and their respective shareholders and creditors under Sections 230 to 232 read with Section 52 and other applicable provisions of the Companies Act, 2013 (“**Act**”) (“**Scheme**”) which *inter alia*, provides for demerger, transfer and vesting of the Demerged Undertaking (*as defined in the Scheme*) from the Company into the Resulting Company on a *going concern* basis and reduction of the capital of the Resulting Company in the manner set out in the Scheme.

Post necessary regulatory and statutory approvals, the equity shares of the Resulting Company shall be listed on BSE Limited and the National Stock Exchange of India Limited.

In terms of the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9 September 2015, we are furnishing herewith the requisite details in **Annexure A** hereto.

The meeting of the Board commenced at 7.40 p.m. and concluded at 8.10 p.m.

Thanking you,

Yours faithfully,
For Edelweiss Financial Services Limited



Tarun Khurana
Company Secretary

Encl.: as above

Annexure A - Demerger

a)	<p><u>Wealth Management Business</u></p> <p>Wealth Management Business means the business of the Company comprising of merchant banking, securities broking, investment advisory and research analysis services provided to clients and investments in any company carrying out such businesses.</p>
b)	<p>Turnover of the Demerged Undertaking for the period ended December 31, 2021 was Rs. 54.37 crores.</p> <p>The turnover of the Demerged Undertaking was 6.86% to the total turnover of the Company during the nine months period ended December 31, 2021.</p>
c)	<p>The rationale of the Scheme which is as follows:</p> <ol style="list-style-type: none"> 1. <i>The Demerged Company and the Resulting Company seek to reorganise their respective businesses, by transfer of the Demerged Undertaking from the Demerged Company to the Resulting Company, so as to consolidate the wealth management business under one single entity (i.e. the Resulting Company).</i> 2. <i>The demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company will result in the equity shares of the Resulting Company becoming listed on the National Stock Exchange Limited and BSE Limited, with the Resulting Company focusing exclusively on wealth management business and capable of independent valuation and participation therein by any suitable investor interested in such businesses, in the future.</i> 3. <i>The proposed restructuring pursuant to the said Scheme is expected, inter alia, to result in following benefits:</i> <ol style="list-style-type: none"> (i) <i>value unlocking of wealth management business with ability to achieve valuation based on respective-risk return profile and cash flows;</i> (ii) <i>attracting business specific investors and strategic partners and providing better flexibility in accessing capital, focused strategy and specialisation for sustained growth and thereby enable de-leveraging of the respective businesses in the longer-term;</i>

- (iii) segregation and unbundling of the wealth management business of the Demerged Company into the Resulting Company, will enable enhanced focus on the Demerged Company and the Resulting Company for exploiting opportunities in their respective business domains; and
- (iv) focused management approach for pursuing the growth in the respective business' verticals and de-risk the businesses from each other.

The Scheme would be in the best interests of the shareholders, employees, creditors and other stakeholders of each of the Parties as it would result in enhancement of shareholder value, operational efficiencies and greater focus and would enable the management of each of the aforesaid companies to vigorously pursue revenue growth and expansion opportunities.

d) Brief details of change in shareholding pattern (if any) of all entities

(i) Edelweiss Financial Services Limited (“Company” or “Demerged Company”)

Particulars	Pre-Scheme		Post-Scheme	
	No. of shares	%	No. of shares	%
Promoters	30,76,84,490	32.62	30,76,84,490	32.62
Public	59,05,16,695	62.61	59,05,16,695	62.61
Shares held by employee trust	4,48,96,780	4.76	4,48,96,780	4.76
Total	94,30,97,965	100%	94,30,97,965	100%

(ii) Edelweiss Securities Limited (“Resulting Company”)

Particulars	Pre-Scheme		Post-Scheme	
	No. of shares	%	No. of shares	%
Promoters	1,97,07,345	56.24	1,97,07,345	56.21
Public	1,53,34,855	43.76	1,53,50,941	43.79
Total	3,50,42,200	100%	3,50,58,286	100%

e)	In case of cash consideration – amount or otherwise share exchange ratio	<p>For the demerger, transfer and vesting of the Demerged Undertaking into the Resulting Company on a going concern basis, following consideration is proposed to be issued by the Resulting Company:</p> <p><i>"Issue and allot 1,05,28,746 (One crore five lakhs twenty eight thousand seven hundred and forty six) fully paid up equity shares of INR 10 (Indian Rupees Ten) each of the Resulting Company, credited as fully paid up, to the equity shareholders of the Demerged Company, whose name is recorded in the register of members/ records of the depository as members of the Demerged Company as on the Record Date, in each case, in proportion to the number of equity shares held by the shareholders in the Demerged Company."</i></p>
f)	Whether listing would be sought for the resulting entity	Yes. Pursuant to the Scheme, the equity shares of the Resulting Company shall be listed on BSE Limited and National Stock Exchange of India Limited.