

Equirus Capital Private Limited

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May 13, 2022

The Board of Directors**Edelweiss Financial Services Limited**

Edelweiss House,
Off C.S.T. Road,
Kalina,
Mumbai 400 098

Dear Sirs,

We refer to the engagement letter dated May 4, 2022 ("**Engagement Letter**") whereby Edelweiss Financial Services Limited ("**EFSL**" or "**Demerged Company**") have appointed Equirus Capital Private Limited ("**Equirus**"), a SEBI registered merchant banker, to provide a fairness opinion ("**Opinion**") on the Share Entitlement Ratio (as defined below) in relation to the proposed demerger of Wealth Management Business ("**Demerged Undertaking**") from EFSL into Edelweiss Securities Limited ("**ESL**" or "**Resulting Company**") ("**Demerger**" or "**the Scheme**").

Background of the Companies

EFSL is a public limited company incorporated under the Companies Act, 1956 and having its registered office at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai 400 098. EFSL is principally engaged in providing investment advisory services, merchant banking services (registered with SEBI), investment banking services and holding company activities comprising of development, managerial and financial support to the business of its subsidiaries. The equity shares of EFSL are listed on BSE Limited and the National Stock Exchange of India Limited (referred to as "**BSE**" and "**NSE**", respectively, and the together as "**Stock Exchanges**"). ESL is a public limited company incorporated under the provisions of the Companies Act, 1956. ESL is principally engaged in the business of providing stock broking services and is registered with SEBI as a stock broker and also providing the research analysis services to its clients.

Proposed Transaction

The Demerger of the Demerged Undertaking is proposed, pursuant to a Scheme of Arrangement under the provisions of Section 230 to 232 read with Section 52 and other applicable provisions of the Companies Act, 2013 ("**the Proposed Scheme**"). Demerger is being planned as an all-share transaction, which would involve issue of equity shares of ESL to the shareholders of EFSL. Further, equity share capital of the Resulting Company to the extent held by Demerged Company, shall stand cancelled.

Our scope is restricted to providing an Opinion on the share entitlement ratio for the Demerger ("**Share Entitlement Ratio**"), based on the respective share entitlement ratio reports for the Proposed Scheme prescribed by Price Waterhouse & Co LLP, Chartered Accountants ("**PwC**") and Suman Kumar Verma, Registered Valuer (IBBI Regn. No. IBBI/RV/05/2019/12376) in their share entitlement ratio reports dated May 13, 2022.



Source of Information

For the said examination and for arriving at the opinion set forth below, we have received:

1. Historical financial statements of ESL, carved out balance sheet of Demerged Undertaking and summary financial projections;
2. Valuation Reports issued by both the valuers;
3. Draft of the Proposed Scheme of Arrangement; and
4. Various other documents provided by EFSL and ESL including those available in public domain;

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the representatives of the Company.

Scope Limitations

- We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us for the purposes of this Fairness Opinion.
- We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of EFSL or ESL or Demerged Undertaking and neither express any opinion with respect thereto nor accept any responsibility, therefore.
- We have not made any independent valuation or appraisal of the assets or liabilities of EFSL or ESL or Demerged Undertaking.
- Other than the Source of Information as laid out in the previous section, we have not reviewed any other non-public reports for the purposes of this Fairness Opinion.
- We have assumed that the Proposed Scheme will be approved by regulatory authorities and that the Proposed Scheme will be consummated substantially in accordance with the terms set forth in the Proposed Scheme.
- We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects, other than those disclosed in the information provided or considered in the Proposed Scheme.
- We understand that the management of EFSL, during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion.
- We have assumed that in the course of obtaining necessary regulatory or other consents or approval for the Proposed Scheme, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the benefits of the Proposed Scheme that may have been contemplated.



- Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and, on the information, made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion, In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving EFSL and ESL or any of its assets, nor did we negotiate with any other party in this regard.
- In the ordinary course of business, Equirus is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services, by itself or through its affiliates. In the ordinary course of its trading, brokerage and financing activities, any member of the Equirus group may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or loans of any company that may be involved in the Proposed Scheme
- We express no opinion whatsoever and make no recommendation at all as to EFSL's or ESL's underlying decision to effect the Proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of Company should vote at their respective meetings held in connection with the Proposed Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Proposed Scheme. We also express no opinion and accordingly accept no responsibility for or as to the price at which the equity shares of EFSL will trade following the announcement of the Proposed Scheme or as to the financial performance of EFSL and ESL following the consummation of the Proposed Scheme.
- This Fairness Opinion is addressed to the Board of Directors of EFSL solely for the purpose of providing them with an independent opinion on the fairness of the share entitlement ratio as determined by the valuer(s). The Fairness Opinion shall not be disclosed or referred to publicly or to any other third party, other than as required by Indian law without our prior written consent. The Fairness Opinion should be read in totality and not in parts. Further this Fairness Opinion should not be used or quoted for any purpose. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then we will not be liable for any consequences thereof. Neither this Fairness Opinion nor its contents may be referred to or quoted to/by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties.



Conclusion

Based on the facts, information and explanations relevant in the present case, our examination of the share entitlement ratio reports and our independent analysis and evaluation of such information and subject to the scope limitations as mentioned herein below and to the best of our knowledge and belief, we are of the opinion that the share entitlement ratio of equity shares of ESL to be issued to the shareholders of EFSL on account of the Demerger pursuant to the Proposed Scheme, is fair.

Yours faithfully,

For **Equirus Capital Private Limited**



Donald D'Souza

Managing Director and Co-Head, Investment Banking