EW/SEC/2020/173

August 27, 2020

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East),
Mumbai 400 051.

Symbol: **EDELWEISS**

Dear Sirs,

SUB: Disclosures under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended ("Listing Regulations")

We wish to inform you that the Board of Directors of the Company ("**Board**") at its meeting held today, accorded their consent to divest majority stake in wealth management business of the Group **("EWM")** to PAGAC Ecstasy Pte Ltd and its Affiliates ("**Investor**") by issuing securities of its identified subsidiary(ies), subject to receipt of regulatory and other appropriate approvals. The Company, Investor and the identified subsidiaries have entered into requisite agreements in this regard, as per the details provided in the Annexure.

In addition to the above, the Board has also accorded its in-principle approval to explore various alternatives to transfer, hive off, demerge, sell etc., whole or part of the asset management business of the Group **("EAM")** comprising of asset reconstruction, PMS, AIF and mutual fund businesses, carried on by various subsidiaries, to a strategic investor at an appropriate time, including evaluating the option to list the equity shares of EAM holding company or one or more of its identified subsidiaries on the stock exchanges. Such transaction(s) shall be subject to receipt of appropriate regulatory and other customary approvals.

In addition to the above, the Board has also accorded its in-principle approval to explore and evaluate various fund raising opportunities, including the option to raise capital from the strategic investor(s) for the General Insurance business of the Group carried on by its subsidiary, subject to receipt of appropriate regulatory and other customary approvals.

Further details in this regard are given in **Annexure** hereto.

Yours faithfully,
For Edelweiss Financial Services Limited
Renganathan Bashyam
Digitally signed by Renganathan Bashyam
Date: 2020.08.27 20:19:09 +05'30'
B. Renganathan
Executive Vice President & Company Secretary

Enclosure as above.

Annexure

<table>
<tr>
<td>a)</td>
<td>The amount of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year</td>
<td>
<table>
<tr><td>EWM Business</td><td>(in INR crores for FY2019-20</td></tr>
<tr><td>Revenue</td><td>1128</td></tr>
<tr><td>Profit After Tax</td><td>280</td></tr>
<tr><td>Net Worth</td><td>1275</td></tr>
</table>
</td>
</tr>
<tr>
<td>b)</td>
<td>Date on which the agreement for sale has been entered into
.</td>
<td>The Company, the Investor and subsidiaries of the Company, as the case may be, have inter alia entered into binding transaction documents dated August 27, 2020 including the Implementation Agreement (“IA”), Investment Agreement and the Shareholders' Agreement.</td>
</tr>
<tr>
<td>c)</td>
<td>The expected date of completion of sale/disposal and consideration received from such sale/disposal</td>
<td>The salient terms of the transaction documents entered into inter alia subject to the regulatory and customary approvals, provide for phased wise implementation of the transaction as stated herein below:

i. Edelweiss Global Wealth Management Limited (“EGWML”) to issue Compulsorily Convertible Debentures (“CCDs”) to the Investor for a consideration of approx INR 2204 crore (Indian Rupees two thousand two hundred and four crore).

ii. Before the said investment by the Investors in EGWML, EGWML to acquire equity shares of Edelweiss Securities Limited (“ESL”), from the Company and its subsidiary.

iii. Simultaneously, there shall be a primary issuance of securities by ESL of approx. INR 140 crore (Indian Rupees one hundred and forty crore) to EGWML, Investor and/or other shareholders in ESL.

iv. Investor shall hold 51% economic interest in ESL equity on a fully diluted basis as a result of the above

After completion of the aforesaid steps, in a phased manner and in compliance with applicable laws, following reorganization is envisaged:</td>
</tr>
</table>

		a) Segregation of legal structure of the Edelweiss group relating to wealth management and asset management businesses into two separate business verticals namely Edelweiss Wealth Management ("**EWM**") business and Edelweiss Asset Management ("**EAM**") business respectively. b) Demerger of EAM business (along with investments in subsidiaries carrying on EAM business) of ESL into a separate company, such that ESL only retains EWM business. c) Demerger of the EWM business of EGWML (including CCDs issued by EGWML) to ESL such that, subsequent to conversion of the CCDs, the Investor shall hold 51% equity stake on a fully diluted basis in ESL. d) Post completion of the aforementioned transaction steps, the Company to demerge its merchant banking business along with the investments in the subsidiaries carrying on the business of wealth management into ESL and subsequent listing of the equity shares of ESL, subject to necessary approvals, at an appropriate time. The first phase i.e. the steps (i) to (iii) is expected to close in about 4-6 months and the other phases including the segregation of the EAM business and demerger of the EWM business, will be implemented thereafter.
d)	Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof;	Investor / PAG, with USD $40 billion in assets under management, is one of the world's largest Asia-focused private investment firms, with a best-in-class platform and a network of seasoned investment professionals. PAG delivers value to investors by investing in market leaders and by helping them maximize their potential and value. The firm invests globally with a primary focus on Asia. It is supported by a team of more than 200 investment professionals in 11 offices in Asia and around the world. PAG manages its capital on behalf of more than 150 leading institutional investors from Europe, North America, Asia and the Middle East. For more information, visit www.pag.com The Investor and promoters /promoter group/group companies are not related parties

e)	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";	Investor and EGWML are not related parties, thus, the aforesaid transaction of issue of CCDs by EGWML to Investor does not fall within the ambit of related party transactions.
f)	In case of a slump sale, indicative disclosures provided for Amalgamation / merger, shall be disclosed by the listed entity with respect to such slump sale.	The Transaction may involve slump sale of one or more business units as part of the overall Transaction

PAG Partners with Edelweiss Group, makes ~ INR 2200 crores investment in Edelweiss Wealth Management

- **Edelweiss Wealth Management is one of the largest wealth management businesses in India**
- **Partnership unlocks value for shareholders and paves way for future growth**

Mumbai, August 27, 2020 – PAG, one of the world's largest Asia-focused investment groups, and Edelweiss Group, India's leading diversified financial services conglomerate, today announced PAG's strategic investment of approximately USD 300 million (~ INR 2200 crores) for a 51% stake in Edelweiss Wealth Management (EWM), the second largest non-bank wealth management business in India. This partnership will result in unlocking value for shareholders and accelerating business growth, powered by PAG's capital, business expertise and global experience. The investment will close after customary regulatory approvals.

PAG is a leading investor in the region's fast-growing economies and is especially keen on the Indian market, where it expects to invest USD 1 billion in the next two to three years.

PAG will become a majority owner of the Edelweiss Wealth Management platform (EWM) of Edelweiss Global Investment Advisors (which also houses Edelweiss Asset Management, India's largest alternatives and asset reconstruction platform, which is not part of the investment). The Wealth Management business, including capital markets, provides wealth management services to over 2,400 of India's wealthiest families as well as ~610,000 high net-worth individuals and other affluent clients. EWM has grown its customer assets under advice with a ~44% cumulative annualized growth rate from INR 185 billion in fiscal year 2015 to INR 1.27 trillion in the first quarter of fiscal year 2021, consistently outpacing the market and making rapid strides in industry rankings.

The INR 300 trillion Indian wealth management industry has been expanding rapidly at a five-year cumulative annualized growth rate of 11.3 %. With a strong growth trajectory of 12.5 % per year, it is expected to reach INR 540 trillion in the next five years, presenting a significantly large opportunity for Edelweiss Wealth Management.

Speaking on the partnership, Rashesh Shah, Chairman & CEO, Edelweiss Group said, "In PAG we have found a great partner with global experience and strong capabilities. This investment endorses our core strategy of incubating businesses, building value and growing them into market leaders as they gradually move from inter-dependence to independence. We remain committed to unlocking value for businesses and shareholders alike and remain future-ready to ride the economic trajectory post Covid."

Weijian Shan, Chairman and CEO, PAG said**,** "PAG is committed to India's market as we strongly believe in the long-term growth of the Indian economy. The investment in Edelweiss Wealth marks a milestone in PAG's investments in the India market."

Added **Nikhil Srivastava, Managing Director and Head of India Private Equity, PAG**: "We are excited to partner with Edelweiss Wealth Management as we are impressed with the company's depth of knowledge and experience, and strong management team. We are eager to leverage PAG's global experience investing in and working alongside financial services companies to support Edelweiss Wealth achieve the next level of client centric growth."

Nitin Jain, CEO, Edelweiss Wealth Management Business said, "Building strong capabilities and scale has enabled us to enjoy market dominance in our wealth franchise. The big transformation for EWM is going to be the use of assistive technology that will help serve our clients reliably, responsibly and cost effectively. With a significant growth runway visible I look forward to PAG helping us in this exciting journey."

PAG's investment in EWM is part of Edelweiss Group's stated strategy to build independently capitalised and self-sufficient businesses. Staying true to its 'do what is best for the business' principle, the Group has onboarded global partners with impeccable credentials and domain expertise that are strategically best suited to take each of the identified businesses to the next trajectory of growth and scale. This has been demonstrated in the partnerships the Group has forged over the years in the Credit, Life Insurance, Asset Reconstruction and Alternative Asset businesses among others.

Venkat Ramaswamy, Executive Vice Chairman Edelweiss Group concluded by saying, "The well-established diversified financial services platform of the Group has been consistently attracting investments from some of the largest global institutional investors and each has brought their expertise, interest and commitment to grow in the Indian market."

About **Edelweiss Group**

The Edelweiss Group is one of India's leading diversified financial services companies, providing a broad range of financial products and services to a substantial and diversified client base that includes corporations, institutions and individuals. Edelweiss' products and services span multiple asset classes and consumer segments across domestic and global geographies. The group's research driven approach and proven history of innovation has enabled it to foster strong relationships across all client segments. Its businesses include Corporate Credit, Retail Credit, Wealth Management, Asset Management, Life Insurance and General Insurance.

Over the years, the group has forged partnerships with some of the largest global institutional investors including Tokio Marine which holds 49% in the Life Insurance business, CDPQ's investment in the Credit business as well as a strategic partnership in its market leading Asset Reconstruction business.
To learn more about the Edelweiss Group, please visit www.edelweissfin.com.

Edelweiss Social media handles:
@EdelweissFin | Linkedin.com/company/edelweissfin | @edelweissfinancialservicesltd

About PAG

PAG, with USD $40 billion in assets under management, is one of the world's largest Asia-focused private investment firms, with a best-in-class platform and a network of seasoned investment professionals. PAG delivers value to investors by investing in market leaders and by helping them maximize their potential and value. The firm invests globally with a primary focus on Asia. It is supported by a team of more than 200 investment professionals in 11 offices in Asia and around the world. PAG manages its capital on behalf of more than 150 leading institutional investors from Europe, North America, Asia and the Middle East. For more information, visit www.pag.com.

For more information, please contact:

Edelweiss Group

Shabnam Panjwani Mob: 9821432857 Email: Shabnam.panjwani@edelweissfin.com	Shalaka Kagathra Mob: 9820572798 Email: Shalaka.Kagathra@edelweissfin.com	Revathi Pandit Mob: 9820237909 Email: revathi.pandit@edelweissfin.com

PAG

Tim Morrison Mob: +852 9630 2383 Email: tmorrison@pag.com	Apurv Gupta Mob: 98926 60381 Email: apurv.gupta@adfactorspr.com