

Policy for Determining Material Subsidiaries

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Policy for Determining Material Subsidiaries

1. Preamble

In accordance with the provisions of Clause 49 of the Listing Agreement, the Board of Directors of Edelweiss Financial Services Limited ("the Company") has adopted the Policy for determining the Material Subsidiaries ("the Policy").

2. Policy

i) "A subsidiary shall be considered as 'Material Subsidiary' if:-

a. investment of the Company in a subsidiary exceeds 20% of its consolidated net-worth as per the audited Consolidated Balance Sheet of the previous financial year;

or

b. a subsidiary has generated 20% of the Consolidated Income of the Company during the previous financial year.

The aforesaid limits shall be monitored every time, an investment is made by the Company in a subsidiary.

ii) "Material Non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net-worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

3. Approval of the Members of the Company

The approval of the members shall be required in the following circumstances:-

i) selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of the members by way of a special resolution, unless the sale/disposal/lease is made under a Scheme of Arrangement duly approved by a Court/Tribunal.

ii) disposal of the shares of the Material Subsidiary which would reduce the shareholding of the Company in a subsidiary (either on its own or

together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary, without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.