HARYANA CAPFIN LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

[Pursuant to Clause 49(V) (D) of the Listing Agreement]

I. Purpose and Scope:

The Policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of clause 49(V)(D) of the Listing Agreement.

The Policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

II. Material Subsidiary

A subsidiary shall be considered as material if –

- the investment of the Company in the subsidiary exceeds 20 per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or,

- the subsidiary has generated 20 per cent of the consolidated income of the Company during the previous financial year.

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 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

III. Governance framework:

- The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.

- The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.

- The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

- One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

IV. Disposal of Material Subsidiary:

The Company shall not:

- dispose of shares in its material subsidiary which would reduce its shareholding (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.

- sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

V. Policy Review:

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.