

PROCEEDINGS OF THE 18th ANNUAL GENERAL MEETING OF THE MEMBERS OF EDELWEISS FINANCIAL SERVICES LIMITED HELD ON FRIDAY, JULY 26, 2013 AT 3.00 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT EDELWEISS HOUSE, OFF C.S.T. ROAD, KALINA, MUMBAI- 400 098.

Present:

Mr. Rashesh Shah	-	Chairman & CEO & Member
Mr. Narendra J Jhaveri	-	Director & Member
Mr. P. N. Venkatachalam	-	Director & Member
Mr. Navtej S. Nandra	-	Director
Mr. Kunnasagaran Chinniah	-	Director
Mr. Sanjiv Misra	-	Director
Mr. Sunil Mitra	-	Director
Mr. Venkat Ramaswamy	-	Whole Time Director & Member
Mr. Himanshu Kaji	-	Executive Director
Mr. Rujan Panjwani	-	Executive Director

Present by Invitation:

Mr. S. Ranganathan	-	Chief Financial Officer
Mr. B. Renganathan	-	Company Secretary
Mr. N Sampath Ganesh	-	Partner, BSR & Associates, Statutory Auditors

Few other Senior Executives of the Company were also present by invitation.

As the requisite quorum was present, the Chairman called the meeting to order. The Chairman welcomed the members to the 18th Annual General Meeting of the Company.

The Chairman then introduced Mr. Navtej S. Nandra and Mr. Rujan Panjwani, the new Directors who were inducted on the Board.

The Chairman informed that 37 members were present in person and 81 proxies representing 36,03,01,249 shares were received. The Notice convening the Annual General Meeting was taken as read with the approval of the members present at the meeting. At the request of the Chairman, the Company Secretary read out the Auditors' Report. With the consent of the members present, the Annexure to the Auditors' Report was taken as read. The Chairman informed that the Statutory Registers are open for inspection by the members.

The Chairman in his opening remarks apprised the members on the following:

- The consolidated revenue for the financial year ended March 31, 2013 stood at Rs. 2,184 crores and the Profit after Tax at Rs. 178 crores, signifying an increase of revenues by 31% and increase in profits after tax by 40% respectively, over the last financial year.
- The macro economic conditions during the financial year 2012-13 was comfortable due to easy interest rate cycle, softer commodities prices, good FII inflows despite an economic slowdown, rupee depreciation and political uncertainty.



- The Company focuses on improving operating and capital efficiency, making sure that the Company has investment, productivity and infrastructure for future growth, stabilizing the new businesses, enhancing risk management systems, investing in process improvements & technologies, strengthening liability side with lower dependence on short term funds and thus, building on the path to a fully diversified financial group.
- Priorities of the Company:
 - Continue non-linear growth in assets and profitability
 - Rigorous Balance Sheet Management
 - Customer Centricity
 - Leadership
 - strengthening the Organisational structure
 - Institutionalisation of Company's Culture
- The Company was voted "Best Mid Cap Company in India" by magazine Finance Asia.
- The Company also won the "Best Corporate Governance in India, 2013" award from Capital Finance International, London.

After the opening remarks, the Chairman moved the first item of the Notice convening the Annual general Meeting viz., adoption of accounts.

Item No. 1

Adoption of Accounts for the year ended March 31, 2013

"RESOLVED that the audited Balance Sheet as at March 31, 2013 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon be and are hereby approved and adopted."

The above resolution was:

Proposed by: Mr. Tushar Sodha

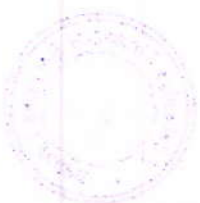
Seconded by: Mrs. Asha Lata Maheshwari

Before putting the resolution to vote, the Chairman invited the observations of the members on the performance of the Company for the financial year ended March 31, 2013.

The observations of the following members were noted:

1. Mrs. Asha Lata Maheshwari

Mrs. Maheshwari congratulated the management on the performance of the Company during FY 2013. She also congratulated the Secretarial team for transparent and detailed information in the Annual Report and complimented the management for giving good dividend to the shareholders.



Wanted to know the:-

- expected growth in revenue and PAT
- break-even for the life insurance business
- status of the application filed with the RBI for Banking License.

She supported all the resolutions.

2. Ms. Lekha Shah

Ms. Shah requested the Company to maintain good dividend payout and supported all resolutions.

3. Mr. Tushar Sodha

Mr. Sodha was happy with the consistent growth in the net profits of the Company.

He wanted to know the reasons for increase in borrowings and current liabilities.

He supported all the resolutions.

4. Mr. Satish Shah

Mr. Shah welcomed the two new Directors inducted on the Board. He also complimented the Company on receiving Best Corporate Governance in India, 2013 award.

He wanted to know:

- the names of the Internal Auditors of the Company
- details about the mobile trading application introduced by the Company.

5. Mr. Hari Ram Choudhary

He wanted to know:

- the plan for life insurance business
- if there is any plan to list the shares of the Company on MCX-SX
- if the Company wishes to list shares of any of the subsidiaries
- amount spent by the Company on the CSR activities.

6. Mr. Tirath Muchhala

Mr. Muchhala wanted to know the status of the shares of the Company held by the Employee Welfare Trusts.



7. Mr. P. K. Agnihotri

Mr. Agnihotri wanted to know focus areas of the Company and stated that the dividend is higher than the Standalone EPS of the Company.

8. Ms. H. S. Patel

Ms. Patel suggested that the Company should consider issue of bonus share/rights issue. She wanted more information on Mobile trading application and the life insurance policies of ET Life.

9. Mr. Aloysius Mascarenhas

Mr. Mascarenhas expressed reservation on the Insurance Business of the Company as it has a long gestation period.

He wanted to know the:

- impact of Dollar appreciation on the financials of the Company
- Company's Employee strength and attrition rate
- break-even period of the life insurance business.

10. Mr. Anil Parekh

He wanted to know:

- the plans of the Company for tapping the retail finance markets including housing finance
- how the risk assessment survey conducted by Tower Watson helped the Company.

He supported all resolutions.

11. Mr. Vinod Agarwal

Mr. Agarwal suggested that the Company should circulate the quarter results to the members present at the meeting.

He wanted to know:

- reasons for decrease in investments of the Company
- if the debt-equity ratio is in line with the industry level of debt-equity ratio.

12. Mr. Ashok Shah

He wanted to know when will the Company again achieve profits earned in FY 2008.



13. Mr. Vimal Modi

Mr. Modi congratulated the Company for the all round growth.

He wanted to know:

- top 5 cities for retail equity broking operations
- if the Company is planning to selloff the insurance business despite good growth for insurance business in India.

The Chairman acknowledged the valuable suggestions and the support extended by the members. He apprised the members that:

- the Insurance business will take around 7 years to breakeven.
- the Company through EdelGive Foundation spends 1-2% of the profits in CSR activities.
- Edelweiss Employee Welfare Trust holds about 6%.
- the Company does not have direct exposure to US Dollar and hence so it would not affect the Company as such.
- the attrition rate at the senior management level of the Company is around 13%.
- the Company has a conservative approach in terms of debt-equity ratio which is less than the industry standard of 8:10.
- the Company has applied for a banking license.

The Chairman then put the first resolution to vote and on a show of hands, the same was passed with the requisite majority.

Item No. 2

Declaration of Dividend on the equity shares of the Company

Mr. Satish Shah proposed and Mr. Aloysius Mascarenhas seconded the following resolution:

“RESOLVED that a dividend at the rate of Re. 0.10/- per share be declared and paid on 76,81,02,330 equity shares of the Company, aggregating to Rs. 7,68,10,233 for the financial year ended on March 31, 2013, to those members whose names appeared in the Register of Members as on the book closure date.”

The above resolution was put to vote and on a show of hands, the Chairman declared the resolution carried with requisite majority.



Item No. 3

Re-appointment of Mr. Narendra Jhaveri as a Director

Mrs. Asha Lata Maheshwari proposed and Mr. B. G. Parekh seconded the following resolution:

“RESOLVED that Mr. Narendra Jhaveri, who retires by rotation be and is hereby re-appointed as a Director of the Company.”

The above resolution was put to vote and on a show of hands, the Chairman declared the resolution carried with requisite majority.

Item No. 4

Re-appointment of Mr. P. N. Venkatachalam as a Director

Mr. Suresh Shenoy proposed and Mr. Anil Parekh seconded the following resolution:

“RESOLVED that Mr. P. N. Venkatachalam, who retires by rotation be and is hereby re- appointed as a Director of the Company.”

The above resolution was put to vote and on a show of hands, the Chairman declared the resolution carried with requisite majority.

Item No. 5

Re-appointment of B S R & Associates, Chartered Accountants

Mr. Tushar Sodha proposed and Mr. Aloysius Mascarenhas seconded the following resolution:

“RESOLVED that B S R & Associates, Chartered Accountants, (Firm’s Registration No. 116231W), be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, at a remuneration to be mutually agreed upon between the Board of Directors and the Auditors.”

The above resolution was put to vote and on a show of hands, the Chairman declared the resolution carried with requisite majority.

SPECIAL BUSINESS

Item No. 6

Appointment of Mr. Navtej Nandra as a Director

Ms. Lekha Shah proposed and Mr. B. G. Parekh seconded the following resolution:

“RESOLVED that Mr. Navtej S. Nandra, who was appointed by the Board of Directors of the Company as an Additional Director and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a Notice in writing from a member under Section 257 of the Act, proposing the candidature of Mr. Navtej S. Nandra for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”



The above resolution was put to vote and on a show of hands, the Chairman declared the resolution carried with requisite majority.

Item No. 7

Appointment of Mr. Rujan Panjwani as a Director

Mr. Suresh Shenoy proposed and Mr. Tushar Sodha seconded the following resolution:

“RESOLVED that Mr. Rujan Panjwani, who was appointed by the Board of Directors of the Company as an Additional Director and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a Notice in writing from a member under Section 257 of the Act, proposing the candidature of Mr. Rujan Panjwani for the office of Director of the Company, be and is hereby appointed as a Director of the Company.”

The above resolution was put to vote and on a show of hands, the Chairman declared the resolution carried with requisite majority.

Item No. 8

Appointment of Mr. Rujan Panjwani as an Executive Director

Mr. Vinod Agarwal proposed the following Special Resolution, which was seconded by Ms. Lekha Shah:

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (“the Act”) the Rules, Regulations, Guidelines and Circulars issued in this regard and subject to necessary approvals, if any, approval of the members of the Company be and is hereby accorded for the appointment of Mr. Rujan Panjwani as an Executive Director of the Company for a period of 3 years with effect from June 24, 2013 on the terms and conditions set out below:

- (a) Salary Limit: Not to exceed Rs. 1,50,00,000/- per annum.
- (b) Performance Bonus: In addition to salary, performance based bonus, up to 200% of the Salary Limit, may also be paid and at such intervals as may be decided by the Board of Directors of the Company.
- (c) Perquisites: In addition to salary and the performance bonus, Mr. Rujan Panjwani shall also be entitled to the perquisites. The expenditure incurred by the Company on perquisites and contribution to Provident Fund, Superannuation, Annuity Fund, etc., shall be restricted to the Salary Limit as in (a) above.

FURTHER RESOLVED that the consent of the members of the Company be and is hereby accorded to the Board (hereinafter referred to as the ‘Board’ which expression shall also include the Remuneration Committee of the Board) to vary the terms and conditions of the appointment of Mr. Rujan Panjwani from time to time as may be required.



FURTHER RESOLVED that where in any financial year during the tenure of Mr. Rujan Panjwani as an Executive Director, the Company has no profits or the profits are inadequate, the Board be authorised to determine the minimum remuneration to be paid to Mr. Rujan Panjwani, subject to requisite approval, if any.

FURTHER RESOLVED that the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with powers to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to seek any further approval of the members of the Company.”

The above resolution was put to vote and on a show of hands, the Chairman declared the resolution carried with requisite majority.

Item No. 9

Re-appointment of Mr. Rashesh Shah as the Managing Director

The Chairman stated that this item relates to his re-appointment as the Managing Director. Hence Mr. Narendra Jhaveri chaired the meeting, for this item.

Mr. Anil Parekh proposed the following Special Resolution, which was seconded by Mr. Satish Shah:

“**RESOLVED** that pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (“the Act”) the Rules, Regulations, Guidelines and Circulars issued in this regard and subject to necessary approvals, if any, approval of the members of the Company be and is hereby accorded for re-appointment of Mr. Rashesh Shah as the Managing Director of the Company for a period of 3 years with effect from April 1, 2014 on the terms and conditions set out below:

- (a) Salary Limit: Not to exceed Rs. 1,50,00,000/- per annum.
- (b) Performance Bonus: In addition to salary, performance based bonus up to 200% of salary limit, may also be paid, and at such intervals as may be decided by the Board of Directors of the Company.
- (c) Perquisites: In addition to salary and the performance bonus, Mr. Rashesh Shah shall also be entitled to the perquisites. The expenditure incurred by the Company on perquisites and contribution to Provident Fund, Superannuation, Annuity Fund, etc., shall be restricted to the Salary Limit as in (a) above.

FURTHER RESOLVED that the consent of the Company be and is hereby accorded to the Board (hereinafter referred to as the ‘Board’ which expression shall also include the Remuneration Committee of the Board) to vary the terms and conditions of the re-appointment of Mr. Rashesh Shah from time to time as may be required.

FURTHER RESOLVED that where in any financial year during the tenure of Mr. Rashesh Shah as the Managing Director, the Company has no profits or the profits are inadequate, the Board be authorised to determine the minimum remuneration to be paid to Mr. Rashesh Shah subject to requisite approval, if any.



FURTHER RESOLVED that the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with powers to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further approval of the members of the Company.”

The above resolution was put to vote and on a show of hands, the Chairman declared the resolution carried with requisite majority.

Item No. 10

Re-appointment of Mr. Venkat Ramaswamy as an Executive Director

Mr. Narendra Jhaveri handed over the chair back to Mr. Rashesh Shah and Mr. Rashesh Shah chaired the rest of the meeting.

Mrs. Asha Lata Maheshwari proposed the following Special Resolution, which was seconded by Ms. B. G. Parekh:

“**RESOLVED** that pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (“the Act”) the Rules, Regulations, Guidelines and Circulars issued in this regard and subject to necessary approvals, if any, approval of the members of the Company be and is hereby accorded for re-appointment of Mr. Venkat Ramaswamy as an Executive Director of the Company for a period of 3 years with effect from April 1, 2014 on the terms and conditions set out below:

- (a) Salary Limit: Not to exceed Rs. 1,50,00,000/- per annum.
- (b) Performance Bonus: In addition to salary, performance based bonus, up to 200% of Salary Limit, may also be paid, and at such intervals as may be decided by the Board of Directors of the Company.
- (c) Perquisites: In addition to salary and the performance bonus, Mr. Venkat Ramaswamy shall also be entitled to the perquisites. The expenditure incurred by the Company on perquisites and contribution to Provident Fund, Superannuation, Annuity Fund, etc., shall be restricted to the Salary Limit as in (a) above.

FURTHER RESOLVED that the consent of the Company be and is hereby accorded to the Board (hereinafter referred to as the ‘Board’ which expression shall also include the Remuneration Committee of the Board) to vary the terms and conditions of the re-appointment of Mr. Venkat Ramaswamy from time to time as may be required.

FURTHER RESOLVED that where in any financial year during the tenure of Mr. Venkat Ramaswamy as an Executive Director, the Company has no profits or the profits are inadequate, the Board be authorised to determine the minimum remuneration to be paid to Mr. Venkat Ramaswamy subject to requisite approval, if any.

FURTHER RESOLVED that the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further approval of the members of the Company.”



The above resolution was put to vote and on a show of hands, the Chairman declared the resolution carried with requisite majority.

Item No. 11

Amendment to the Edelweiss Employees Stock Incentive Plan 2008

Ms. B. G. Parekh proposed the following Special Resolution, which was seconded by Mr. Anil Parekh:

“RESOLVED that in accordance with the provisions of the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) and all other applicable provisions, if any, and subject to such other approvals as may be required, approval of the members be and is hereby accorded for amendment of the Edelweiss Employees Stock Incentive Plan 2008 (Plan 2008) by substituting the existing Clause 12.8 with the following:-

‘12.8 Notwithstanding anything contained under this Plan and, if the Participant/ Nominee does not Exercise the Vested Options within the time specified in Clause 12.2 and Clause 13, then unless the Committee determines otherwise, the Options shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 9 shall stand automatically terminated without any liability to the Company/Trust.’

FURTHER RESOLVED that the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further approval of the members of the Company.”

The above resolution was put to vote and on a show of hands, the Chairman declared the resolution carried with requisite majority.

Item No. 12

Amendment to the Edelweiss Employees Stock Incentive Plan 2009

Mrs. Asha Lata Maheshwari proposed the following Special Resolution, which was seconded by Mr. Tushar Soda:

“RESOLVED that in accordance with the provisions of the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) and all other applicable provisions, if any, and subject to such other approvals as may be required, approval of the members be and is hereby accorded for amendment of the Edelweiss Employees Stock Incentive Plan 2009 (Plan 2009) by substituting the existing Clause 11.7 with the following:-

‘11.7 Notwithstanding anything contained under this Plan and, if the Participant/ Nominee does not Exercise the Vested Options within the time specified in Clause 11.1 and Clause 12, then unless the Committee determines otherwise, the Options shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 8 shall stand automatically terminated without any liability to the Company/Trust.’



FURTHER RESOLVED that the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further approval of the members of the Company.”

The above resolution was put to vote and on a show of hands, the Chairman declared the resolution carried with requisite majority.

There being no other business, the meeting concluded with a vote of thanks to the Chair.



