

***POLICY  
FOR  
MATERIAL SUBSIDIARY COMPANIES  
[AMENDING POLICY DATED THE 12<sup>TH</sup> AUGUST, 2014]***

## **BACKGROUND**

Ansal Properties & Infrastructure Limited {including its subsidiaries, affiliates, associate(s), joint venture(s), group company (ies)} (hereinafter referred as the 'Company' ) believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour and in complete compliance of laws, as amended from time to time.

## **OBJECTIVE**

Determination of material listed or Unlisted Indian or foreign subsidiaries of the Company, where applicable, and complying with disclosure/other requirements regarding such subsidiaries and disinvestment of their shares held by the Company and selling/ disposing/ leasing of assets of such subsidiaries by them.

## **BRIEF OVERVIEW OF THE LAWS**

### **Securities Exchange Board of India { Listing Obligations and Disclosure Requirements } Regulations 2015 { SEBI Regulations }**

#### **Provisions related to Material Subsidiary:**

- **Definition of Material Subsidiary:**

"Material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent {20%} of the consolidated income or net worth respectively, of the listed company and its subsidiaries in the immediately preceding accounting year.

- **Restriction on disposal of shares of Material Subsidiary by the Company:**

The listed 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. The exception has been granted for divestment under a scheme of arrangement duly approved by a court/ tribunal.

- **Restriction on disposal of its assets by Material Subsidiary:**

Selling, disposing and leasing of assets amounting to more than twenty percent {20%} of the assets of the material subsidiary on an aggregate basis during a financial year shall require 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

- **Requirement regarding Material Unlisted Indian subsidiary:**

At least one independent director on the board of directors of the listed company shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.

- **Provisions related to Unlisted subsidiary company:**

1. The audit committee of the listed company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
2. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed company.
3. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent {10%} of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

- **Compliance by Step down subsidiaries**

Where a listed company has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

**Brief overview of Subsidiary company as per Companies Act 2013 and Rule/s**

- Subsidiary in relation to holding company means a company in which the holding company -
  - (i) controls the composition of the Board, or
  - (ii) exercises or control more than half of the total share capital either at its own or together with one or more of its subsidiary companies.{Section 2 [87]}

- The expression "total share capital" means, the aggregate of the:-
  - (a) paid-up equity share capital; and
  - (b) convertible preference share capital
- The term "control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner {Companies [ Specifications of definitions details] Rules 2104}
- There is a restriction on the layers of subsidiaries as would be prescribed.{ Section 2 [87]}
- The terms "Material subsidiary" or "Material Unlisted Indian subsidiary company" have not been defined in Companies Act 2013 or its Rules.

### **GUIDING PRINCIPLES**

- All the applicable provisions of laws, as amended from time to time, are to be complied in letter and spirit in implementing this Policy.
- "**Material Subsidiary**" of the Company would be identified, which would include, if any:
  - ✓ Material listed Indian subsidiary/ies,
  - ✓ Material listed foreign subsidiary/ies,
  - ✓ Material Unlisted Indian subsidiary/ies,
  - ✓ Material Unlisted foreign subsidiary/ies.

as onetime exercise and such exercise shall be done for each financial year hereafter and the conclusion placed before the Audit Committee and the Board of the Company

"**Unlisted Subsidiary Company**" of the Company would be identified, which would include, if any:-

- ✓ Material /Non material Unlisted Indian subsidiary/ies,
- ✓ Material /Non material Unlisted foreign subsidiary/ies.

as one- time exercise and such exercise shall be done for each financial year hereafter and the conclusion placed before the Audit Committee and the Board of the Company.

- **Step Down Subsidiary, listed or unlisted, Indian or foreign,** would be identified, if any, as one time exercise and such exercise shall be done

for each financial year hereafter and the conclusion placed before the Audit Committee and the Board of the Company

- Where ever applicable, due compliance shall be done.

**In case of Material Subsidiary**

- {1} Restriction on disposal of shares held by the Company, whether Equity or preference, of the Material Subsidiary and {2} restriction on selling/ disposing/ leasing of assets of the Material Subsidiary by it, would be considered and complied keeping in view the following:-
  - Valuation of the shares / assets of Material Subsidiary would be done by Registered Valuer in terms of the Companies Act 2013/its Rules and if legally permissible, by an independent merchant banker registered with SEBI, or by an independent chartered accountant in practice with minimum 10 years experience or by such valuer as may be permitted by the Central Government.
  - The proposal shall be considered by the Audit Committee and the Board of Directors of the Company and the relevant subsidiary and decision shall be taken in terms of the provisions of the SEBI Regulations and Companies Act 2013 and its Rule/s, as applicable.
  - Where the disposal of the shares or selling/ disposing/ leasing of assets of Material Subsidiary are triggering the limits laid down, the proposal after being approved by the Audit Committee and the Board shall be placed before the shareholders of the Company and the relevant subsidiary, as applicable, in a general meeting or through postal ballot in terms of SEBI Regulations and/or Companies Act 2013 and its Rule/s seeking approval/s of such shareholders by way of passing special resolution/s, as applicable.
  - Only on receipt of the necessary approvals, herein, that the disposal of the shares or selling/ disposing/ leasing of assets of the Material Subsidiary would be done.
  - Necessary reporting would be done in Audit Committee and Board meetings of all the concerned companies.
  - Stock Exchanges would be duly intimated.

**In case of Material Unlisted Indian subsidiary**

- Atleast one independent director of the Company shall be a director on the Board of Directors of such subsidiary.

### **In case of Unlisted Subsidiary Company**

- The Audit Committee of the Company shall review the financial statements, in particular, the investments made by such subsidiary, at least once every financial year.
- The minutes of the Board meetings of such subsidiary shall be placed before the Audit Committee and Board meetings of the Company at least once every financial year.
- The Audit Committee and the Board of the Company shall consider a statement of all significant transactions and arrangements {as defined} entered into by such subsidiary, if any, at least once every financial year.

**Compliance in respect of Step down subsidiaries, if any, would be done.**

### **Disclosure**

This Policy shall be disclosed in the Company's web site and a web link shall be provided in the Annual Report.



**12<sup>th</sup> August, 2017**

**Sushil Ansal  
Chairman & Whole Time Director**