

***POLICY ON RELATED PARTY
TRANSACTIONS
[AMENDING POLICY DATED THE 12TH
AUGUST, 2014]***

BACKGROUND

Ansal Properties & Infrastructure Limited {including its subsidiaries, affiliates, associate(s), joint venture(s), group company (ies)} (hereinafter referred as the 'Company' or 'APIL') 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 complete compliance of laws, as amended from time to time.

Genesis of Related Party Transactions

The established legal position is that the directors of a company hold the position of trust and are its agents and, as such, transactions of the Company with them need to be regulated. The requirement arises from the fact that company's transactions with the parties related to it, notably those with its directors, their relatives and entities or persons related to them, should be at an arm's length to be in the best interest of a company. This will ensure proper commercial dealings and no conflict of interest.

Code of Conduct

As per the Code of Conduct for Directors {Including Independent Directors} and Senior Management, they are mandated to be scrupulous in avoiding 'conflicts of interest' with the Company. The guiding norm is that any activity or situation involving conflict or potential conflict of interest must be disclosed to the Audit Committee and the Board for appropriate action.

OBJECTIVE

This Policy is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties along with materiality of such transactions. Such Related Party transactions {RPT} are appropriate only if they are in the best interest of the Company and its shareholders and in terms of the applicable legal provisions.

The Board of Directors (the "Board") of the Company acting upon the recommendation of its Audit Committee (the "Committee"), has adopted the following Policy and procedures with regard to Related Party

transactions. The Committee may review and amend this Policy from time to time subject to the approval of the Board.

BRIEF OVERVIEW OF THE LEGAL PROVISIONS

Companies Act 2013

- The terms Related Party Transactions and arm's length transactions {section, 188}, Related Party {section 2 (76)} and Relative {section 2 (77)} have been defined under Companies Act 2013. The relevant Rule is - The Companies {Meetings of Board and its Powers} Rules 2014.
- Consents of Board of Directors and the Audit Committee are required before entering into specified Related Party Transactions with related parties / relatives.
- Interested Director shall not be present/participate in the Board meeting.
- Where a company having paid up share capital of not less than specified amount or where transactions exceeding specified sum are to be entered into, prior approval by way of ordinary resolution of the shareholders is required. Moreover, where a shareholder is a related party to the contract or arrangement for which ordinary resolution is being passed, he/she/it is not permitted to vote on such resolution, whether or not he/she/it is a party to the contract or arrangement.
- Exception is where the transaction is in the ordinary course of business and at an arm's length basis {which has been defined}.
- Such transactions can also be ratified by the Board and shareholders where applicable, within three months from the date of entering into the transactions if prior consent/ approval is not obtained.
- In case such ratification is not obtained, such transactions will be voidable at the option of the Board.
- There is also provision for indemnification by the concerned director and recovery of loss by a company.
- Disclosures shall have to be made in Board's Report.

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

"Related party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

"Related party transaction" means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

- A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent {10%} of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.
- (2) All related party transactions shall require prior approval of the audit committee which may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the stipulated conditions pursuant to the provisions of Companies Act, 2013 and rules made thereunder and SEBI Regulations.
- All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.
- The provisions shall not be applicable, inter alia, in the transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- All entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance

- The company shall disclose the Policy on dealing with Related Party Transactions on its website and also in the Annual Report with a web link provided therein.

RELEVANT CONCEPTS

Identify Related Parties

- Identifying Related Parties keeping in view the relevant provisions Companies Act 2013, its Rules, SEBI {Listing Obligations & Disclosure Requirements} Regulations 2015 {in short, "SEBI Regulations"} Indian Accounting Standards and other applicable provisions. The Related parties with which/ whom earlier transactions of the Company have been consummated shall also be considered in this respect.

Identify & examining Related Party Transactions

- Identify Related Party Transactions. The earlier related party transactions of the Company, if any, shall also be considered in this respect.
- Whether the terms of the Related Party Transactions are fair to the Company and would apply on the same basis if the transactions did not involve a Related Party?
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transactions and the nature of alternative transactions, if any?
- Whether the Related Party Transactions would impair the independence of an otherwise independent director?
- Whether the Related Party Transaction would present an improper conflict of interest for any director or other related party, taking into account the size of the transaction, the overall financial position of the Company, and any other factor/s?
- Whether the Related Party Transactions are material in terms of applicable provisions of law, more particularly the applicable

provisions of the Companies Act 2013, SEBI Regulations, relevant Accounting Standards & Income Tax Act, as applicable?

Ordinary Course of Business

The phrase "ordinary course of business" appearing in section 188 of the Companies Act, 2013 is not defined therein or in the rules made there under or any other provisions. In commercial parlance it will cover the usual transactions, customs and practices of the business of the Company which is real estate business.

The Guidance to Auditors, of the Institute of Chartered Accountants of India {ICAI}, wherever available, may be referred to.

The assessment of whether transaction is in the ordinary course of business being subjective, judgemental and liable to vary on case-to-case basis giving consideration to nature of business and objects of the Company. The purpose of making such assessment is to determine whether the transaction is usual or customary to the company and/ or its line of business. Variety of factors like size and volume of transactions, arms-length, frequency, purpose etc. should be considered to make this assessment.

Arms' Length Transactions

Arm's length transaction as defined in section 188 of the Companies Act 2013 means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. The Company has to consider various qualitative and quantitative assessments to determine arms-length transactions.

Materiality of Related Party Transactions

The concept of materiality would be considered in terms of Companies Act 2013, SEBI Regulations, relevant Accounting Standards and Income Tax Act 1961, as applicable. The same shall apply in terms of this Policy.

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.
- Related Parties would be identified as one time exercise which data would be updated regularly.

- Related Party Transactions would be identified and also their materiality and reviewed regularly.
- Materiality would be based on definitions provided in law and understood commercially in respect of business of the Company.
- The particulars would be circulated to all concerned from time to time.
- Integrate identification with the ERP system of the Company to enable identification and tracking of transactions with related parties.
- Related Party Transactions are to be formalized through contractual arrangements and to be properly documented which will be preserved for a period of eight calendar years from the end of the financial year to which they relate and kept in the custody of the Company Secretary.
- Functional Heads would submit to the Company Secretary the details of the proposed related party transactions on quarterly basis within 07 days from the end of the quarter.
- The prior approvals of the Audit Committee, Board / shareholders {Ordinary resolution} where ever applicable would be taken, before entering into Related Party Transactions. The Statutory Auditors to also scrutinize the Transactions prior to the approvals.
- The Audit Committee may grant omnibus approval if required as per Companies Act, 2013 and rules made there under and SEBI Regulations.
- Interested Director shall not be present/ participate in the Board/ Audit Committee meeting/s. All the related parties shall abstain from voting on Ordinary resolutions.
- It would be the endeavour that transactions proposed to be entered by the Company with the related parties would be in the ordinary course of business of the Company, on arm's length basis, which are not material in nature and not exceed the prescribed limits provided in the Companies Act, 2013 and its Rules. However, the prior approvals of the Audit Committee and the Board would be taken.
- To ensure that there is no conflict of interest; valuation would be done in respect of the properties involved in the transactions so that proper transaction prices would be arrived at. Appropriate valuation would also be done where other than properties are involved.
- Such valuation shall be done by Registered Valuer in terms of the Companies Act 2013 and its relevant Rules or if legally permissible, by independent merchant banker registered with SEBI, or

by independent chartered accountant/s in practice with minimum 10 {ten} year's experience or by any independent registered valuer, all dealing with valuation of properties or by such valuer as may be permitted by the Central Government. Two such valuations will be obtained. Quotes from the property brokers who deal with the properties in the areas {where the property is located and proposed transactions would be done} will also be obtained indicating the market value of the properties being considered. The transaction price would be based on such valuations and should not be to the detriment of the interest of the Company.

- Regular Internal audit would be conducted for all routine and non-routine Related Party Transactions.
- Required disclosures with justification would be made as stipulated in the applicable law/s.
- Necessary entries would be made in the statutory registers maintained by the Company pursuant to the Companies Act 2013 and rules made there under.
- This Policy would be disclosed in the Annual Report through a link and the web site of the Company.

OVERVIEW OF APPROVALS REQUIRED

- The prior approvals of the Audit Committee and the Board are required as a part of good corporate governance though not statutorily required where Related Party Transaction is:-
 - at arm's length,
 - in the ordinary course of business,
 - the transaction is not material;
 - the amount of the transaction may or may not exceed the prescribed limits provided in the Companies Act 2013 and its Rules.

- The prior approvals of the Audit Committee and the Board are required where Related Party Transaction is:-
 - not at arm's length,
 - not in the ordinary course of business,
 - the transaction is not material,
 - the amount of the transaction does not exceed the prescribed limits provided in the Companies Act 2103 and its Rules.

- The prior approvals of the Audit Committee, the Board and the shareholders {Ordinary resolution} are required where Related Party Transaction is:
 - not at arm's length,
 - not in the ordinary course of business;
 - the transaction is material;
 - the amount of the transaction exceeds the prescribed limits provided in the Companies Act 2103 and its Rules.

- No shareholder of the Company is permitted to vote on the Ordinary resolution to approve such related party transaction if he/she/it is a related party whether party to the particular transaction or not.



Sushil Ansal
Chairman & Whole Time Director

12th August, 2017

