

**ANSAL PROPERTIES & INFRASTRUCTURE
LIMITED**

**POLICY FOR
MATERIAL SUBSIDIARY COMPANIES**

**[AMENDING POLICY DATED THE 12TH AUGUST,
2021]**



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 disclosures/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}, as amended.

Provisions related to Material Subsidiary:

- **Definition of Material Subsidiary:**

"Material subsidiary" shall mean a subsidiary, whose income or net worth exceeds 10 percent {10%} 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 or equal to 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 or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- **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 or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- **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. For the purpose of this provision, notwithstanding anything to the contrary, the term "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 Company and its subsidiaries in the immediately preceding accounting year.

- **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 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.

- **Secretarial Audit**

The Company and its Material unlisted Subsidiary (ies) incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a Company Secretary in practice, in such form as may be specified, from time to time.

Brief overview of Subsidiary company as per Companies Act, 2013 and its Rules

- 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 controls more than half of the total voting power either at its own or together with one or more of its subsidiary companies. {Section 2 [87]}
- The expression "total voting power" means, in relation to any matter, means the total number of votes which may be cast in regard to that matter on a poll at a meeting of a company if all the members thereof or their proxies having a right to vote on that matter are present at the meeting and cast their votes;



- 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 2014}
- 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.

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 and 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 of 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 Rules, 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 Rules 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 Board meeting 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.

**Date: 12th August, 2024
New Delhi**




**Pranav Ansal
Chairman & Whole Time Director**