

# **ANSAL PROPERTIES & INFRASTRUCTURE LIMITED**

## **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS**

**[AMENDING POLICY DATED 05<sup>TH</sup> APRIL,  
2024]**



**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.

**LIMITATION**

In the event of any conflict between any part of this Policy and of the SEBI {Listing Obligations & Disclosure Requirements} Regulations, 2015, as amended {Listing Regulations} or any other statutory enactments, rules, regulations then, the provisions of the Listing Regulations or other statutory enactments, rules, as the case may be, shall prevail over the content of this Policy and shall be adhered to accordingly by all concerned.

**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 and Companies (Meeting of Board and its Power) as amended**

- 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 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 an ordinary resolution of the shareholders is required. Moreover, where a shareholder is a related party to the contract or arrangement for which an ordinary resolution is being passed, he/she/it is not permitted to vote on such resolution except in case ninety per cent or more members, in number, are relatives of promoters or are related parties.
- The requirement of taking approval from board of director and audit committee shall not apply if 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 or, as the case may be, of the shareholders.

- If above mentioned contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.
- The Company shall be required to disclose Related Party Transactions along with the justification for entering into such contract or arrangement in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.
- Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

**SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations)**

- **"relative"** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under:
- **Related Party'** is defined as a person or entity that is related to the company if {i} such entity is a related party under Section 2(76) of the Companies Act, 2013; or (ii) such entity is a related party under the applicable accounting standards.

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
  - (i) of twenty per cent or more; or
  - (ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.
- **Related party transaction"** means a transaction involving a transfer of resources, services or obligations between:
  - (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or



- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

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:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
- i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

- 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a

financial year, exceed **five** percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity:

“Material Modifications” means any modification to the existing Related Party Transaction(s) which has the effect of modification in the value of original contract(s) / transaction(s) / arrangement(s) etc. by 20% or Rs. 10 Lakhs, whichever is higher.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Provided further that:

(a) the audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

(b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

(c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

(d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.]



(3) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

(a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;

(b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;

(c) the omnibus approval shall specify:

(i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,

(ii) the indicative base price / current contracted price and the formula for variation in the price if any; and

(iii) such other conditions as the audit committee may deem fit: Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

(d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

(d) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

(4) All material related party transactions and subsequent material modifications as defined by the audit committee under sub-regulation (2)] shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation

23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice

Provided further that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved;

(5) The provisions of this regulation shall be applicable to all prospective transactions

(6) The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:

Provided that a 'high value debt listed entity' shall submit such disclosures along with its standalone financial results for the half year: Provided further that the listed entity shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:

Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023

- All Related Party Transactions shall require prior approval of the Audit Committee. The said Committee may grant omnibus approval subject to specific conditions.
- The Audit committee shall review, atleast on a quarterly basis, the details of related party transactions entered into by the Company entity pursuant to each of the omnibus approvals given.
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- All material Related Party Transactions shall require approval of the shareholders through an ordinary resolution and all the related parties shall abstain from voting on such resolutions whether party to the particular transaction or not. Exemption is granted to, inter alia, 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.

- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified to the stock exchanges and upload the same on its website.
- 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.

#### **RELATED PARTIES UNDER THE APPLICABLE INDIAN ACCOUNTING STANDARD (IND AS) 24**

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control of the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.



- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

## **RELEVANT CONCEPTS**

### **Identify Related Parties**

- Each director/Key Managerial Personnel is responsible for providing written notice to the Compliance Officer of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Compliance Officer may reasonably request. The Compliance Officer in consultation with other members of management and with the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- Every director/ Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- Where any director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of Board held after he becomes so concerned or interested.



- Senior management shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large.

Explanation- For the purpose of this sub-regulation, conflict of interest relates to dealing in the shares of listed entity, commercial dealings with bodies, which have shareholding of management and their relatives etc.

- The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and to refer it to the appropriate approval authority. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances.

### **Identify & examining Related Party Transactions**

- Identify Related Party Transactions. The earlier related party transactions of the Company 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 Listing Regulation, IND AS 24 & Income Tax Act, as applicable?

### **Ordinary Course of Business**



The phrase "ordinary course of business" is not defined under the Companies Act 2013 or rules made there under or any other provisions. It would be the ordinary course of business that will cover the usual transactions, customs and practices of the business of the Company which is real estate business.

In its guidance to Auditors, the Institute of Chartered Accountants of India {ICAI} has included following few examples of transactions that are considered outside the entity's normal (or ordinary) course of business: -

- Complex equity transactions, such as corporate restructurings or acquisitions.
- Transactions with offshore entities in jurisdictions with weak corporate laws.
- The leasing of premises or the rendering of management services by the entity to another party if no consideration is exchanged.
- Sales transactions with unusually large discounts or returns. Transactions with circular arrangements, for example, sales with a commitment to repurchase.
- Transactions under contracts whose terms are changed before expiry.

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 Listing Regulation, IND AS 24 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 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.



- Interested Director shall not be present/participate in the Board/Audit Committee meeting/s. All the related parties shall abstain from voting on ordinary resolution/s.
- 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 2103 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 would be done by Registered Valuer in terms of the Companies Act, 2013 and in absence of related notification of these provisions, by an independent merchant banker registered with SEBI, or by independent chartered accountant/s in practice with minimum 10 years of 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 proposed transactions would be done will also be obtained indicating the market value of the properties in consideration. 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 not 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 does not exceed the prescribed limits provided in the Companies Act, 2103 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.

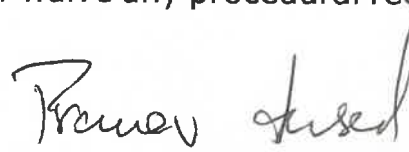
### **RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THE POLICY**

- In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

- The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.
- In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.
- In all the above mentioned cases Audit Committee shall make recommendation to the Board and the final decision shall be taken by the Board only.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

**Date: 12<sup>th</sup> August, 2024**  
**New Delhi**



**Pranav Ansal**  
**Chairman & Whole Time Director**

