

**ANSAL PROPERTIES &
INFRASTRUCTURE LIMITED**

**POLICY ON RELATED PARTY
TRANSACTIONS
[AMENDING POLICY DATED 12TH
AUGUST, 2017]**

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.
- 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 (SEBI Listing Regulations)

- 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.

'Related Party Transaction' is defined to cover transfer of resources, services or obligations between a company and a related party, regardless, of whether a price is charged.

- A "transaction" with a related party shall be construed to include 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 transaction/s during a financial year, exceeds ten percent {10%} of the annual consolidated turnover of the company as per the last audited financial statements of the company.
- 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.

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: 12th August, 2021
New Delhi


Sushil Ansal
Chairman & Whole Time Director

