



# ANSAL HOUSING LIMITED (PREVIOUSLY KNOWN AS ANSAL HOUSING AND CONSTRUCTION LIMITED)

## POLICY FOR DETERMINING MATERIAL SUBSIDIARY

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### 1. Preamble:

The Board of Directors of the Company in its meeting held on 9<sup>th</sup> November, 2015 have approved and adopted “the Policy for Determining Material Subsidiary” in terms of Regulation 16 (c) and 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which inter-alia lays down the criteria for determining ‘material’ subsidiary (ies) and governance of subsidiaries.

The Securities Exchange Board of India (SEBI) through the revised Listing Regulations, 2018 effective from 1<sup>st</sup> April 2019 requires all listed companies to amend/modify a policy for determining ‘material subsidiaries’ with the aim to improve standards of corporate governance.

The Board of Directors (the “Board”) of Ansal Housing Limited (the “Company” or “AHL”), has, therefore, adopted the following Policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy. This amended Policy was approved and adopted by the Board at its meeting held on 09<sup>th</sup> August, 2018.

### 2. Objective:

- a. This Policy is framed, in accordance with the requirement of revised Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (“Amendment Regulations, 2018”), effective from 1<sup>st</sup> April 2019 intended to ensure governance of material subsidiary companies.
- b. The Company is required to disclose the policy on the Company’s website and a weblink thereto shall be provided in the Annual Report.

### Definitions:

- c. **"Company"** shall mean Ansal Housing Limited (AHL).
- d. **"Consolidated Income or Net worth"** means the total income or net worth of the Company and its subsidiaries.
- e. **"Independent Director"** shall mean an Independent Director of the Company appointed as per the provisions of the Companies Act, 2013 and Securities and Exchange Board of India Amendment Regulations, 2018.
- f. **"Material non-listed Indian subsidiary"** means a material subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.
- g. **"Material subsidiary"** A subsidiary shall be a Material Subsidiary, whose income or net worth exceeds 10 % of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- h. **"Networth"** means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013;
- i. **"Significant transactions and arrangements"** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

Words and expressions used and not defined in this Policy, but defined in the Companies Act, 2013 or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the Listing Regulations or in the Accounting Standards shall have the meanings assigned to them in those respective Regulations / Standards.

### 3. Guiding Principles

A subsidiary shall be a Material Subsidiary, if its income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

### 4. Governance Requirements

#### For Unlisted Subsidiary (ies):

- a. The Audit Committee of the Company shall review the financial statements of the unlisted subsidiary (ies), in particular, the investments of such subsidiary/ies, periodically.
- b. The minutes of the Board meetings of the unlisted subsidiary (ies) shall be placed at the meeting of the board of directors of the Company.

- c. The management of the unlisted subsidiary (ies) shall periodically bring to the notice of the board of directors of the Company a statement of all significant transactions and arrangements entered into by such subsidiary (ies).

**For Material Subsidiary (ies):**

In addition to the compliance requirements enumerated in Clause 4.1 - 4.3 above, the below mentioned requirements are to be adhered to in respect of material subsidiary (ies):

- a. Appointment of atleast one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation- For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year."

- b. On the recommendation of the Nomination and Remuneration Committee of the Company, the Board may appoint such number of Independent Directors in the subsidiary company as it may deem fit.
- c. The Company, without the prior approval of the members by Special Resolution, shall not:
  - i. dispose the shares held in material subsidiaries which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50%; or
  - ii. ceases the exercise of control over the material subsidiary; or
  - iii. sell, dispose or lease of the assets amounting to more than 20% of the assets of the material subsidiary
- d. If conflict between two regulations viz., the Act 2013 and SEBI regulations are irreconcilably inconsistent, the stricter one shall prevail.

**5. Secretarial Audit**

Every listed entity and its material unlisted subsidiaries 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.

**6. Disclosures**

The Policy for determining material subsidiaries is to be disclosed in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at <http://www.ansals.com/> and a web link thereto shall be provided in the Annual Report of the Company.

The Company shall promptly disclose to the Stock Exchange(s) in terms of Regulation 30 of the SEBI Listing Regulations all events and/or information with respect to its subsidiary(ies) which are material for the Company.

**7. Amendments and Modifications:**

This Policy may be amended by the board at any time and is subject to the (i) amendments to the Companies Act, 2013 (the Act 2013) and (ii) further guidelines and enactments by the SEBI, including Listing Agreement.

**8. Effective Date**

This policy is effective from 01<sup>st</sup> April, 2019.