

# KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

## POLICY ON SUBSIDIARIES

### 1. Introduction

In terms of Clause 49 of the Listing Agreement, the Board of Directors (the “board”) of Kovai Medical Center and Hospital Limited (the “company”), has adopted the following policy and procedures with regard to non-listed Indian subsidiaries of the company as defined below. The board will review and may amend this policy from time to time.

This policy is intended to ensure that the board of directors have overall supervision on the functioning of subsidiaries of the company and regulate investments.

### 2. Definitions

**“Board”** means board of directors of Kovai Medical Center and Hospital Limited

**“Committee”** means audit committee of the board as constituted or reconstituted under provisions of Listing agreement and Companies Act, 2013

**“Material Non-Listed Indian Subsidiary”** means an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year

**“Non-Listed Indian Subsidiary”** means subsidiary whose equity shares are not listed on any recognized stock exchange

**“Policy”** means policy on subsidiaries

**“Significant Transaction or Arrangement”** means any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year

**“Subsidiary(ies)”** means subsidiary of the company as defined in the Companies Act, 2013.

### **3. Policy & Procedure**

- a. At least one independent director on the board of the company shall be a director on the board of a material non-listed Indian subsidiary.
- b. The committee shall also review the financial statements of subsidiaries and in particular, the investments made by the non-listed subsidiary of the company.
- c. The minutes of the board meetings of the non-listed subsidiary company shall be placed at the board meeting of the company at regular intervals.
- d. The management of the company shall bring to the attention of the board, a statement of all significant transactions and arrangements entered into by the material non-listed subsidiary of the company on quarterly basis.
- e. The 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 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by court/ tribunal.
- f. Selling, disposing and leasing of assets amounting to more than twenty percent 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 sale/disposal/lease is made under a scheme of arrangement duly approved by a court/ tribunal.
- g. The policy on subsidiaries shall be disclosed on the website of the company.

### **4. Amendment to the Policy**

The board on its own and/or as per the recommendations of the committee can amend this policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.