

**KOVAI MEDICAL CENTER AND HOSPITAL LIMITED**  
**POLICY ON RELATED PARTY TRANSACTIONS**

**1. PREAMBLE**

The Board of Directors (the “Board”) of Kovai Medical Center and Hospital Limited (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 (LODR). Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

In terms of Regulation 23, this Policy will be reviewed once in three years by the Board of Directors and shall be updated accordingly.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance including review, approval and reporting of Related Party Transactions including material transactions.

All Related Party Transactions pursuant to section 188 of the Act which are not in the ordinary course of business and / or not an Arms’ length basis require prior approval of the Board and if such transactions crosses the threshold limits prescribed under the Act, such transactions also require the approval of shareholders of the Company by resolution and the Related Parties with whom transactions are being entered shall not vote to approve the shareholder’s resolution (s).

**2. OBJECTIVE**

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

### **3. DEFINITIONS**

“Audit Committee or Committee” means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of LODR and Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors as defined under the Companies Act, 2013.

“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.

“Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or LODR, whichever is stringent, from time to time.

“Related Party” a means related party as defined under the Companies Act, 2013 read with Regulation 2(zb) of LODR.

“Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –

- a) Sale, purchase or supply of any goods or materials;
- b) Selling or otherwise disposing of, or buying property of any kind;
- c) Leasing of property of any kind;
- d) Availing or rendering of any services;
- e) Appointment of any agent for the purchase or sale of goods, materials, services or property;
- f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;

- g) Underwriting the subscription of any securities or derivatives thereof, of the Company;
- h) Financing (including loans and equity contributions in cash or kind);
- i) Providing or obtaining guarantees and collaterals; and
- j) Deputation of employees.

(The above is an indicative list and not an exhaustive one).

“**Relative**” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

- a) Husband or wife;
- b) Father (including step-father);
- c) Mother (including step-mother);
- d) Son (including step-son);
- e) Son’s wife;
- f) Daughter;
- g) Daughter’s husband;
- h) Brother (including step-brother); or
- i) Sister (including step-sister).

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

The terms Director, Chief Financial Officer, Company Secretary, shall have the same meaning as assigned under the Companies Act, 2013.

#### **4. POLICY**

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre –approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy and further subject to the ratification by the Board.

#### **4.1 IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format containing the following information to the Company Secretary on an annual basis:

- 1) Names of his / her Relatives;
- 2) Partnership firms in which he / she or his / her Relative is a partner;
- 3) Private Companies in which he / she is a member or Director;
- 4) Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- 5) Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
- 6) Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –

1. All Directors and Key Managerial Personnel;
2. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
3. Company's holding company, subsidiary companies and associate companies;
4. Subsidiaries of holding company;

5. Director or Key Managerial Personnel of the holding company or their Relatives;
6. All Kovai Medical Center and Hospital Limited Group entities; and
7. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement or the relevant Accounting Standard.

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Company Secretary and Chief Financial Officer. The functional / business heads / Chief Financial Officer /Company Secretary/ shall have access to the updated database.

Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed transaction are provided in Annexure 2 to this Policy.

The Company Secretary in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

#### **4.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

#### **4.2.1 CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS**

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a) Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b) The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d) Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall demand the tabling all the documents, agreements, proposals, quotations from third parties so as to enable the Committee to take a call as to whether the transaction proposed with the Related Party will be on arm's length basis, apart from reviewing whether the same will also be in the ordinary course of business. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial

decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

#### **4.2.2 APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE**

In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

#### **4.2.3 APPROVAL BY THE BOARD**

All Related Party Transactions shall be approved by the Audit Committee. In respect of those Related Party Transactions which are not at arm's length and / or which are not in the ordinary course of business shall be reviewed by the Audit Committee and shall be recommended to the Board of Directors for their approval, if they deem fit. In such an instance, the Audit Committee shall forward its approval and justification thereof or its recommendation and documents and information considered by it prior to approving a proposed related party transaction to the Board for its scrutiny and approval. A related party transaction can be commenced only upon Audit Committee or Board's approval, as the case may be. If a Related Party Transaction is required to be commenced on an emergent basis and which cannot wait until the next Audit Committee meeting, the Committee may determine the facts and circumstances thereto and shall consider approving the same by means of a circular resolution.

#### **4.2.4 SHAREHOLDERS APPROVAL REQUIREMENTS:**

If the following transactions are likely to exceed the thresholds prescribed under the Act, the same will require prior approval of the Board of Directors and the Shareholders:

- a) Not in the ordinary course of business but at arm's length; or
- b) In the ordinary course of business but not at arm's length; or
- c) Not in the ordinary course of business and not at arm's length basis.

All Material Related Party Transactions whether in the ordinary course of business or at arm's length or not and exceeding the threshold prescribed under Listing Regulations shall require approval of the Board of Directors and the Shareholders by Resolution.

For this purpose, no entity falling under the definition of related parties shall vote to approve the relevant Related Party transactions including Material Related Party Transactions irrespective of whether the entity is a party to the particular transaction or not. Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval of shareholders' under subsection (1) of Section 188 of the Act and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months

from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the 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.

Approval of the shareholders in case of material Related Party Transactions shall not be applicable for 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.

The requirement for seeking Shareholders approval shall not be applicable to transactions between the Company and its wholly-owned subsidiary(ies) whose accounts are consolidated with the Company. However, the requirements specified in this sub-clause shall not apply in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized Stock Exchanges within one day of the resolution plan being approved.

#### **4.2.5 STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE**

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Details of the related parties
- b. Nature and duration of the transaction
- c. Indicative base price or current contracted price and the formula for variation in the price
- d. Maximum value of RPTs [individually or aggregate]
- e. Minimum information or documents or details required from the senior management team or authorized department heads or officials entering into the RPTs on behalf of the Company to review the transaction
- f. Explanation as to why the RPTs are required to be entered into and the need for the transaction to be with a Related Party only
- g. Justification as to why and how the RPT would benefit the company
- h. Reasons as to how the RPT serves the best interest of the company
- i. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on a quarterly basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year. All omnibus approvals are also subject to approval by the Board.

#### **4.2.6 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS**

All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

#### **4.2.7 RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

### **4.3 DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS**

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Company Secretary and the Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013 in respect of those transactions with Related Parties falling under Section 188.

### **5. SCOPE LIMITATION**

In the event of any conflict between the provisions of this Policy and of the LODR / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such LODR / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

### **6. DISSEMINATION OF POLICY**

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

## ANNEXURE 1

### NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,

The Company Secretary/Compliance Officer  
Kovai Medical Center and Hospital Limited  
P B No 3209  
Avanashi Road  
Coimbatore - 641014

Dear Sir,

A. I, ....., son/daughter/spouse of ....., resident of ....., holding ..... Shares (equity or preference) of Rs. 10/- each (..... percent of the paid-up Capital) in the Company in my name, being a ..... in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

<b>Sr. No.</b>	<b>Name of the Companies/Bodies Corporate/Firms/ Association of Individuals</b>	<b>Nature of Interest or concern / Change in Interest or Concern</b>	<b>Shareholding</b>	<b>Date on which Interest or Concern arose/changed</b>

B. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

<b>Sr. No.</b>	<b>Name of the Body Corporate</b>

C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

<b>Sr. No.</b>	<b>Name of the person</b>	<b>Relation</b>

Signature:

Name:

Designation:

Place:

Date:

## ANNEXURE 2

### **INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):**

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.
8. Applicable statutory provisions, if any;
9. Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities;
10. Justification as to the arm's length nature of the proposed transaction together with connected documents, proposals, quotations of third parties for identical or similar transactions;
11. Declaration whether the transaction is in the ordinary course of business;
12. Persons / authority approving the transaction; and
13. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.