

KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

(REVISED VERSION vide BOARD APPROVAL DATED 11.02.2022)

1. PREAMBLE

The Board of Directors (the “Board”) of Kovai Medical Center and Hospital Limited (the “Company”) had adopted the **POLICY ON RELATED PARTY TRANSACTIONS** on 11.02.2022 to be effective from 11.02.2022 upon the recommendation of the Audit Committee and the said Policy included 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 (the Act) 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

“Arm’s Length Transaction” or “Arm’s Length Basis” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“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 Act.

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

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

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

“Material Related Party Transaction” means a Related Party Transaction 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 or such limits as may be prescribed from time to time either in the Act 2013 or LODR, whichever is stringent.

“Material modifications in a related party transaction” means any modification related to change in price, tenure, terms and conditions or short closure of any contract or arrangement with related party.

“Related Party” means a related party as defined under the Act, read with Regulation 2(1) (zb) of LODR.

“Related Party Transaction” means a transfer of resources, services or obligations between a listed entity and a related party, 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 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.

And further includes transaction by

- (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
- (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 01 2023

“Relative” means a relative as defined under the Act, 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.

Any other term not defined herein shall have the same meaning as defined in the Act, LODR or any other applicable law or regulations.

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.

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 Group entities of the Company; and
7. Any other entity which is a Related Party as defined under Act, read with LODR 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, / 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 require, 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 are provided in Annexure 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 and subsequent material modifications thereto 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 shall 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.

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;

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 be provided with such information as provided hereunder:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the related party transactions.
- g. Justification as to why the Related Party Transaction is in the interest of the Company;

- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed related party transaction, on a voluntary basis;
- j. Any other information that may be relevant

and further take into account such other facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. In addition to the above, 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.

4.2.3 APPROVAL BY THE BOARD

All Related Party Transactions and subsequent material modifications 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.

Any member of the Board who is interested or has potential interest (as mentioned under section 184(2) of the Act), in any related party transaction shall not be present at the meeting during discussions on the subject matter of the resolution relating to such related party transaction.

4.2.4 SHAREHOLDERS APPROVAL REQUIREMENTS FOR MATERIAL RELATED PARTY TRANSACTIONS:

The Board of Directors of the Company shall mandatorily place before the members of the Company, all material Related Party Transaction and obtain their approval prior to undertaking such transactions. A Related Party Transaction is considered material if the the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year with a Related Party, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company or Rs.1,000 Crores, whichever is less.

Except with the prior approval of the Shareholders by a resolution, a company shall not enter into any RPTs as mandated under Section 188 of Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and/or material related party transactions as stipulated in Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

In all cases, where shareholders' approval is necessary for any RPT, the Company Secretary shall ensure that the agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-

- a. All the information provided by the management of the Company to the Audit Committee;
- b. Any other information that may be relevant.

The Company Secretary shall ensure that the explanatory statement to be annexed to the notice of a general meeting convened for obtaining approval of members in relation to the proposed RPTs shall contain the following particulars:

- a. Summary of the information provided by the management of the Company to the Audit Committee;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details placed before the Audit Committee except the information on source of funds and cost of funds.
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

The Board shall be ultimately responsible for seeking approvals from shareholders as per the requirements of Applicable Laws which may vary from time to time.

For this purpose, no entity falling under the definition of related parties shall vote to approve the relevant material Related Party transactions and subsequent material modifications thereto irrespective of whether the entity is a party to the particular transaction or not.

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.

What constitutes Material Modification

Any material modification to the terms approved by the Audit Committee for the Related Party Transactions will require its prior approval. The following terms shall be considered as material terms in respect of every Related Party Transaction, except financial transactions:

- a. Substitution of the name of the Related Party arising due to succession, corporate re-structuring, acquisition etc.
- b. Nature of goods or services
- c. Total value of the Related Party Transaction
- d. Period approved for Related Party Transaction
- e. Miscellaneous terms such as advance payable, warranty terms, credit period, interest payable on default in payment.

In respect of financial transactions like providing of loan, inter-corporate deposit:

- a. Substitution of the name of the Related Party arising due to succession, corporate re-structuring, acquisition etc.
- b. Quantum of loan or inter-corporate deposit.
- c. Interest related terms including interest holiday, if any, security terms, if any
- d. Period
- e. Repayment terms

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 prior approval of the Committee.

Further, where the need for the related party transaction cannot be foreseen and all prescribed details may not be 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.

4.3 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.

The Company shall also provide details of all related party transactions from time to time and publish the same on the website.

The Company shall disclose related party transactions in the prescribed format, every six months within 15 days from the date of publication of its standalone and consolidated financial results to the Stock Exchanges and publish the same on its website from the Financial Year 2022-23. With effect from April 1, 2023 such disclosures will be made every six months on the date of publication of the Company's standalone and consolidated financial results.

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, such statutory provisions 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

NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,

The Company Secretary/Compliance Officer
Kovai Medical Center and Hospital Limited
99 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:

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

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;

Sr. No.	Name of the Body Corporate

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).

Sr. No.	Name of the person	Relation

Signature:

Name:

Designation:

Place:

Date: