

**KRISHNA INSTITUTE OF MEDICAL SCIENCES LIMITED**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **1. PREAMBLE AND OBJECTIVE:**

The Board of Directors of the Krishna Institute of Medical Sciences Limited (“**Company**”) in pursuance of Regulation 16(1) (c) and Regulation 24(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and other applicable provisions (including any statutory enactments / amendments thereof), adopted the policy for determining ‘material’ subsidiaries and is intended to ensure governance of material subsidiary companies (“**Policy**”) vide its Board meeting held on vide its Board meeting held on 22.02.2017 and amended vide its Board meeting held on 25.05.2021

### **2. EFFECTIVE DATE**

The Policy shall be effective from the date of Listing i.e. 28.06.2021.

### **3. DEFINITIONS:**

“**Audit Committee**” means Audit Committee constituted by the Board of Directors of Company, from time to time, under Section 177 of the Companies Act, 2013 and SEBI Listing Regulations.

“**Board**” means the board of directors of Company, as constituted from time to time.

“**Holding company**”, in relation to one or more other companies, means a company of which such companies are subsidiary companies;

“**Insolvency Code**”, means Insolvency and Bankruptcy Code, 2016, as amended;

“**Material Subsidiary**” means a subsidiary of the Company whose income or net worth exceeds 10% of the consolidated income or net worth, respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“**Policy**” means the policy for determining Material Subsidiaries.

“**Significant transaction or arrangement**” shall mean 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 Subsidiary for the immediately preceding accounting year.

“**Subsidiary**” shall mean a subsidiary as defined under the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulations or any other applicable regulation.

### **4. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES:**

A subsidiary of the Company shall be regarded as Material Subsidiary if it falls under the definition provided above.

The Audit Committee shall on annual basis review such details / information as may be required to determine the ‘Material Subsidiaries’.

## **5. GUIDING PRINCIPLES**

Material Subsidiary of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company. The identification should happen soon after preparation of annual accounts and the outcome should be placed before the Audit Committee or Board, as the case may be, in the meeting where the annual audited accounts of the Company are considered.

## **6. INVESTMENTS IN SUBSIDIARIES:**

Approval of the Board is required to invest more than 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year in a subsidiary of the Company.

The Managing Director/Whole-time Director shall provide the following details to the Board to consider the above referred investment:

- a. Name of the Company in which the Company proposes to invest.
- b. Profile of the Company.
- c. Objects of the Investment.
- d. Future prospects of the company in which the Company proposes to invest.
- e. Advantages of such investments.

While considering the proposal to invest as above the Board shall consider the following:

- a. Whether the company/business in which the Company proposes to invest have potential to increase the profitability.
- b. Whether such investment is for profit or strategic advantages.
- c. Whether the objectives set out for such investments can be achieved.
- d. Whether any alternate investment opportunity is available to achieve the objects set out for such investments.

## **7. GOVERNANCE OF MATERIAL SUBSIDIARIES:**

- a) At least one independent director on the Board shall be appointed as a director on the board of directors of Material Subsidiary.
- b) The Audit Committee shall review the financial statements, in particular, the investments made by the Material Subsidiary.
- c) The minutes of the meetings of the board of directors of the Material Subsidiary shall be placed at the meeting of the Board.
- d) The management of the Material Subsidiary shall periodically bring to the attention of the Board, a statement of all significant transactions and arrangements entered into by the Material Subsidiary.
- e) The Company shall not dispose of shares in its Material Subsidiary which would reduce the shareholding of the Company (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the Material 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 a Court/Tribunal, or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- f) The Company shall not sell, dispose and lease of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year without prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- g) The Material Subsidiaries incorporated in India shall undertake secretarial audit; and the Company shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.
- h) The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company as per Regulation 30(9) of the SEBI Listing Regulations.

## **8. DISCLOSURE:**

The Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report of the Company.

## **9. POLICY REVIEW, ETC.:**

The Board may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law dealing with the related party transactions, such applicable law in force from time to time shall prevail over this Policy.

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