



KMC SPECIALITY HOSPITALS (INDIA) LIMITED

CIN: L85110TN1982PLC009781

NO: 6, ROYAL ROAD, CANTONMENT, TRICHY, TAMIL NADU 620001

POLICY ON RELATED PARTY TRANSACTIONS

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POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

This policy is framed by KMC Speciality Hospitals (India) Limited (“the Company”) upon the approval and recommendation of its Board of Directors and Audit Committee as per requirement of Section 188 of the Companies Act, 2013 (“the Act”) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) read with the Industry Standards (defined below).

The objective of this Policy is to set out (a) the materiality thresholds for related Party transactions; and (b) manner of dealing with the transactions between the Company and its related parties.

2. Definition and Interpretations

- a) “**Arm’s Length Transaction**” shall mean any transaction between two or more Related Parties that is conducted as if they are unrelated so that there is no conflict of interest in the said transaction.
- b) “**Audit Committee**” (“the Committee”) shall mean the Committee of Board of Directors constituted under provisions of SEBI Listing Regulation and the Act.
- c) “**Board**” means the board of directors of the Company.
- d) “**Director**” shall mean the Directors of the Company.
- e) “**Related Party**” shall have the meaning as per the Act & SEBI Listing Regulations, which is reproduced below:

As per Companies Act, 2013: Related party with reference to a company means-

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager.
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act
Provided that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is:
 - (A) a holding, subsidiary or an associate company of such company;
 - (B) a subsidiary of a holding company to which it is also a subsidiary; or
 - (C) an investing company or the venturer of the company

Explanation—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate]

(ix) such other person as may be prescribed.

For this purpose, “A director, other than an Independent Director, or Key Managerial Personnel of the Holding Company or his relative with reference to a company, shall be deemed to be a Related Party”.

As per SEBI Listing Regulations: Reg 2 (1) (zb), “Related Party” means as defined under sub section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

- any person or entity forming a part of promoter or promoter group of the listed entity or
- any person or any entity holding equity shares of 10% or more in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Act at any time during the immediately preceding financial year shall be deemed to be a related party.

f) **“Related Party Transaction”**: shall have the meaning as per the Act & SEBI Listing Regulations which is reproduced below:

As per Companies Act, 2013: As per Section 188 of the Companies Act, 2013, any contract or arrangement with a related party with respect to the following shall be considered as a “Related Party Transaction”

- (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 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; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company

*For the purposes of the aforementioned transaction contemplated by Section 188 of the Companies Act, 2013, the expression “office or place of profit” means any office or place: —

- (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

Any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis is exempted from the approval process laid under section 188 (1) of the Companies Act, 2013.

As per SEBI Listing Regulations: “Related Party Transaction” means transaction involving a transfer of resources, services or obligations between

- 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 or
- 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 w.e.f. April 01, 2023

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

- g) **“Material Modification in Related Party Transaction”** shall mean any modification or adjustment to the terms and conditions to the existing Related Party Transaction approved by the Board / Audit Committee that would result in either of the following:
- a. A change in transaction value or consideration of 10% or more of the amount originally approved by the Audit Committee/ Board;
 - b. A significant change in the nature, scope, purpose or terms of the transaction;
 - c. Any other alteration which, in the judgement of the Audit Committee or the Board, may impact the arm’s length nature or fairness of the transaction to the Company.
- h) **“Material Related Party Transactions”** means a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds prescribed under the SEBI Listing Regulations from time to time.
- i) **“Key Managerial Personnel”** or **“KMP”** shall have the meaning as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Companies Act, 2013, each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP.
- j) **“Industry Standards”** shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” as notified by SEBI vide its circular dated June 26, 2025 (which shall be effective from September 01, 2025) including any amendments thereto, notified from time-to-time.

Capitalized terms used but not defined herein shall have the same meaning assigned to such terms under the Act, the SEBI Listing Regulations, and / or other Applicable Laws.

Transactions not considered as Related Party Transaction:

Notwithstanding the foregoing, the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board;
- (d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time
- (e) retail purchases from any listed entity or its subsidiary by the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a

business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

Any other exception which is consistent with the applicable laws including the Companies Act, 2013 and the SEBI (LODR) regulations, 2015 or any amendments thereof, from time to time.

3. Identification of Related Party and Related Party Transaction

- (i) Each Director and KMP of the Company shall at the time of their appointment, periodically as required under Applicable Laws and whenever there is a change in the information already submitted provide the information of their Related Parties in the form and manner required by the Company under applicable laws.
- (ii) The information shall be placed before the Committee and the Board of Directors as per regulatory requirements.
- (iii) Such Director and KMP shall also provide any additional information that the Committee or the Board may require from time to time.
- (iv) Notice of any Related Party Transaction/s, referred above shall be given well in advance so that the Audit Committee / the Board have adequate time to review the proposed Related Party Transactions.
- (v) Once the Related Party Transactions are identified, the Management shall categorize the transactions as per the applicable regulatory requirements including Industry Standards and place applicable disclosures before the Committee/ Shareholders, as may be applicable for seeking prior approval.

4. Review and Approval of Related Party Transactions;

- (i) All Related Party Transactions and subsequent material modification of transactions of the Company with related parties shall require approval of the Committee in the manner specified under SEBI Listing Regulations.
- (ii) Only those members of the Committee, who are Independent Directors, shall approve Related Party Transactions.
- (iii) Any member of the Audit Committee who has an interest in any Related Party Transactions shall not vote to approve such Related Party Transaction.
- (iv) The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Financial Officer and Chief Executive Director/Managing Director/ Whole-time Director confirming that the RPT(s) proposed to be entered into are in the interest of the Company

This certificate shall be placed before the Committee in terms of the Industry Standards as amended from time to time.

- (v) In case the members of the Committee with no interest in the proposed Related Party Transaction do not constitute the quorum, such Related Party Transaction shall be referred to the Board of Directors for necessary approvals.
- (vi) All material Related Party Transactions including subsequent material modifications shall require the prior approval of shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- (vii) Shareholders' Approval is required to be obtained for the Related Party Transactions as per the requirements under the Act and SEBI Listing Regulations.

- (viii) Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material.
- (ix) To review a Related Party Transaction, the Committee will be provided with all relevant material information relating to the Related Party Transaction, 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 as may be specified under the Act, SEBI Listing Regulations and Industry standards as amended from time to time.

5. Approval and Threshold Limits for Related Party Transactions:

- (i) The Committee shall review and approve all Related Party Transactions except those which has been specifically exempted by the Act and the SEBI Listing Regulations.
- (ii) The Shareholders of the Company shall review and approve such Related Party Transactions including Material Related Party Transactions, material modifications to the material Related Party Transactions as prescribed under SEBI Listing Regulations.
- (iii) The disclosures as stated in the SEBI Listing Regulations read with Industry Standards shall be placed before the Committee/Shareholders as may be applicable at the time of seeking prior approval for the Related Party Transactions.

6. Determination of Ordinary Course of Business and Arm's length basis:

Ordinary Course of Business:

An RPT is said to be in the Ordinary course of business when its undertaken during the normal course of business or incidental to the business. Following factors can be considered for determining the same:

- (i) Whether the activity is covered in the objects clause of the Memorandum of Association
- (ii) Whether the activity is in furtherance of the business
- (iii) Whether the activity is normal or routine for the business (i.e. such as advertising, staff training, etc.)
- (iv) Whether the activity is repetitive/frequent
- (v) Whether the income earned from such activity/transaction is treated as business income in the company's books of account
- (vi) Whether the transactions are common in the particular industry
- (vii) Whether there is any historical practice to conduct such activities
- (viii) The financial scale of the activity with regard to the operations of the business
- (ix) Revenue generated by the activity
- (x) Resources committed to the activity

Arm's length basis:

Following factors can be considered to determine whether an RPT is at Arm's length basis or not:

- (i) whether the terms of the transaction are fair and would apply on the same basis if the transaction did not involve a Related Party;
- (ii) whether there are any compelling business reasons to enter into the transaction and the nature of alternative transactions, if any;
- (iii) whether the transaction would affect the independence of an Independent Director;
- (iv) whether the transaction poses any consequential potential reputational risk issues;
- (v) whether the transaction would present an improper conflict of interest for any Director or KMP, taking into account the size of the transaction, the overall financial position of the Director/KMP or other Related Party, the

direct or indirect nature of the Directors', KMPs', or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship.

For determining the arm's length pricing, the Transfer Pricing guidelines issued by the relevant authorities under the provisions of Income-Tax Act 1961 may be applied to determine these criteria on a case-to-case basis.

7. Factors to be considered by the Audit Committee / Board while considering the proposal to approve a Related Party Transactions:

- (i) Whether the terms of the Related Party Transactions are fair and on "arm's length basis" to the Company and would apply on the same basis if the transaction did not involve a Related Party
- (ii) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any
- (iii) Whether the Related Party Transaction would affect the independence of an independent Director
- (iv) Whether the Related Party Transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the director's, 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 Audit Committee / Board deems relevant.
- (v) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction.
- (vi) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- (vii) If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
- (viii) Such other factors specified under the Act, SEBI Listing Regulations & Industry Standards, as applicable from time to time.

Upon completion of its review of the transaction, the Committee may approve or not approve Related Party Transaction. The Audit Committee shall provide rationale for not approving the Related Party Transaction and the same shall be recorded in the minutes of the meeting.

In case there is any conflict between this policy and the applicable laws including clarifications etc. the matter shall be considered in view of the applicable laws including clarifications etc.

8. Granting of Omnibus Approval:

(i) Granting of Omnibus approval by Committee:

In the case of Related Party Transactions which are frequent and regular in nature and are in the normal course of business of the Company, the Committee may grant omnibus approval for such transactions, provided that the Committee shall lay down criteria for granting such approval.

The Committee shall consider inter-alia the following factors while granting omnibus approval:

- (a) Repetitive and routine nature of the transaction
- (b) Such transactions are in the best interest of the Company
- (c) The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into.
- (d) The indicative base price / current contracted price and the formula for variation in the price if any
- (e) minimum information about the RPTs as per the provisions of the Industry Standards, as applicable and
- (f) Such other conditions as the Committee may deem fit

In cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. However, the Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

(ii) Granting of Omnibus approval by Shareholders:

The Company may obtain approval from the shareholders for the material related party transactions which are frequent and regular in nature and are in the normal course of business of the Company.

The omnibus approval granted by the shareholders for material related party transactions in an Annual General Meeting shall be valid till the date of the next Annual General Meeting held within the timelines prescribed under the Companies Act, 2013.

The omnibus approval granted by the shareholders for material related party transactions in a general meeting other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

The omnibus approvals granted by the shareholders shall require fresh approvals after the aforesaid validity period.

9. Approval by Circular Resolution of the Audit Committee

In the event the management determines that it is impractical or undesirable to wait until a next meeting of the Audit Committee to enter into a Related Party Transaction, such transaction may be approved by the Audit 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 placed before the next Audit committee meeting for noting.

10. Ratification of Related Party Transactions

The members of the Audit Committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material

- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions
- (v) any other condition as specified by the Audit Committee:

Failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

11. Disclosure

The Company shall disclose particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties in the Directors' Report as part of Company's Annual Report. This Policy will also be disseminated on the website of the Company.

The Company shall disclose transactions with Related Parties specifying amount at the end of the year and the maximum amount of loans/ advances/ Investments outstanding during the year, advanced by the Company to its subsidiaries and associates or vice versa in the Annual Report.

The Company shall also include disclosure with respect to transaction with any person or entity belonging to the promoter/promoter group, which hold(s) 10% or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual result.

The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Securities and Exchange Board of India from time to time, and publish the same on its website. The listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.

The Company shall place all the information, as specified in Industry Standards (as may be applicable) read with the provisions of SEBI Listing Regulations, the Act as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs.

The Company shall also place all the necessary information, as specified in Industry Standards (as may be applicable) read with the provisions of SEBI Listing Regulations, the Act as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed Material RPTs.

12. Related Party transactions not approved under this Policy

Any RPT that is identified to have been undertaken without necessary prior approvals of the Audit Committee, Board of Directors or the Shareholders, as applicable and that is not ratified as per the provisions of this Policy, then the Audit Committee may evaluate the options available considering the best interest of the Company, such as review and ratification, revision, termination, Disgorgement/ reversal, disciplinary action or such other action as the Audit Committee of the Company may deem fit.

13. Records to be maintained

The details of contract / arrangement / transaction made under this policy shall be entered in the register as per the prescribed format and the same shall be maintained as per the provisions of the Companies Act, 2013.

14. Amendments to the policy

This Policy may be amended by the Board from time to time.

Any changes or modification in the Policy as recommended by the Audit Committee would be placed before the Board for approval. If any Act/ Rules/ Regulations which makes any of the provisions of this Policy inconsistent with the Act/ Rules/ Regulations, the provisions of the Act/ Rules/ Regulations would prevail over this Policy.

This Policy shall be reviewed once every three years in line with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Policy shall be posted on the website of the Company.
