



Policy on Material Subsidiary

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FORTIS HEALTHCARE LIMITED

Policy for Determining Material Subsidiary(ies)

1. OBJECTIVE/ LEGAL FRAMEWORK

- 1.1 The Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations¹, 2015 extends certain principle of corporate governance to Material Subsidiary(ies) of listed companies.
- 1.2 The Board of Directors of Fortis Healthcare Limited (**the “Company”**) is obliged to formulate a policy² for determining “Material Subsidiary(ies)” to comply with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for such Material Subsidiary(ies).

2. DEFINITIONS

- 2.1 **“Act”**: Act means Companies Act, 2013 & rules and any amendment(s) or modification(s) or circular(s) or notification(s) thereof made thereunder.
- 2.2 **“Regulations”**: Regulations mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendment(s) or modification(s) or circular(s) or notification(s) made thereunder.
- 2.3 **“Holding Company”**: Pursuant to Section 2(46) of the Act, Holding Company, in relation to one or more other companies, means a company of which such companies are Subsidiaries Companies.

Explanation: For the purposes of this clause, the expression "company" includes any body corporate.

- 2.4 **“Subsidiary Company or Subsidiary”**: Pursuant to Section 2(87) of the Act: Subsidiary or Subsidiaries in relation to any other company (that is to say the Holding Company), mean a company in which the Holding Company-

i. Controls the composition of the Board of Directors

The term **“control”**³ shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner

Or

¹ Notification No: SEBI/LAD-NRO/GN/2015-16/01, dated September 2, 2015.

² Obligation under Regulation 16(c) of the Regulations.

³ Defined under Section 2(27) of the Companies Act, 2013

ii. Exercise or controls more than one half of the total voting power either at its own or together with one or more of its Subsidiary Companies:

Provided that such class or classes of Holding Companies as may be prescribed shall not have layers of Subsidiaries beyond such numbers as may be prescribed.

Explanation: For the purpose of this definition:

- a. A company shall be deemed to be a Subsidiary Company of the Holding Company even if the control referred to in clause (i) or (ii) above is of another Subsidiary Company of the Holding Company;
 - b. The composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
 - c. The expression "company" includes body corporate;
 - d. "Layer" in relation to a Holding Company means its Subsidiary or Subsidiaries.
- 2.5. **"Material Subsidiary"**⁴ shall mean a Subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of listed entity and its Subsidiaries in the immediately preceding accounting years.
- 2.6. **"Audit Committee"** means the committee formed under Section 177 of the Companies Act, 2013 and/or under Regulation 18 of the Regulations.

3. APPLICABILITY

- 3.1 The Policy is applicable on Fortis Healthcare Limited and its Material Subsidiary(ies).

4. GUIDING PRINCIPLES

- 4.1 "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 shall be exercised soon after preparation of annual accounts and the outcome shall 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.

⁴ Defined under Regulation 16(c) of the Regulations.

5. PROVISIONS⁵ WITH REGARD TO MATERIAL SUBSIDIARY

- 5.1 At least one independent director on the Board of Directors of the Holding Company shall be a director on the Board of Directors of a unlisted **Material Subsidiary**, incorporated in India or not.

Explanation- For the purposes of this clause, notwithstanding anything to the contrary contained in Regulations or in this policy, the term “Material Subsidiary” shall mean a Subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its Subsidiaries in the immediately preceding accounting year.

The nomination, by Holding Company of its independent director(s), shall be done promptly but not later than a period of 3 months from the date of conclusion of any financial year or upon any vacancy due to resignation, removal or otherwise in any existing Material Subsidiary. The director so nominated should vacate the office in Subsidiary in case the Subsidiary ceased to be a Material Subsidiary.

Provided that where the Material Subsidiary fulfils the requirement of independent director of Holding Company on its board of directors without filling the vacancy created by resignation, removal or otherwise, the requirement of replacement by a new independent director of Holding Company shall not apply.

- 5.2 The audit committee of the listed entity shall also review the financial statements, in particular, the investment made by the unlisted Subsidiary.
- 5.3 The minutes of the meetings of the board of directors of the unlisted Subsidiary shall be placed at the meeting of the board of directors of the Holding Company.
- 5.4 The Company shall not dispose of shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other Subsidiaries) to less than or equal to fifty percent 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 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.
- 5.5 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 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.

The Subsidiary Company shall give reasonable notice about the intention of such sale, disposal and lease to the Holding Company before entering into such transaction. The Holding

⁵ Defined under Regulation 24 of the Regulations.

Company shall provide the necessary approval of the shareholders within 3 months from the date of receipt of the said notice. If for any reason, it not feasible to for the Holding Company to get the shareholders' approval within three months than within such time acceptable to the Subsidiary Company.

5.6 The Board of Directors of the listed Holding Company should quarterly review the statement of all significant transactions and arrangements entered into by the **unlisted Subsidiary Company**. The term "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 unlisted Subsidiary for the immediately preceding accounting year.

5.7 Every material unlisted Subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified from time to time.

6. COMPLIANCE BY STEP DOWN SUBSIDIARIES

6.1 Where a company has a listed Subsidiary which is itself a Holding Company, this policy shall apply to the listed Subsidiary insofar as its Subsidiaries are concerned.

7. DISCLOSURES

7.1 The Material Subsidiaries Policy shall be disclosed on the Company's website & a web link thereto shall be provided in the Annual Report.

8. AMENDMENT

8.1 The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time.

9. DISCLAIMER

9.1 By reason of any change in the Act and/or Regulations which leads to any inconsistency or ambiguity or incongruity between the policy and the Act/Regulations, the amended Act/Regulations as issued by respective authorities shall prevail in this regard.