

**NIVA BUPA HEALTH INSURANCE COMPANY LIMITED**

**POLICY FOR DETERMINATION MATERIAL SUBSIDIARY**

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Version: V.01

## 1 BACKGROUND

Regulation 16(1)(c) of LODR requires the Company to formulate a policy for determining “material” subsidiary companies. In accordance with the foregoing, the policy for determination of a material subsidiary is set out below.

## 2 OBJECTIVE

This Policy aims to lay down criteria for identification and dealing with material subsidiary(ies) and to formulate a governance framework for subsidiary(ies) of the Company.

## 3 DEFINITIONS AND INTERPRETATIONS

3.1 In this Policy, the following words and expressions shall have the meanings set forth below:

3.1.1 **Audit Committee** means the committee constituted by the Board in accordance with section 177 of the Companies Act and Regulation 18 of the LODR;

3.1.2 **Board** means the board of directors of the Company;

3.1.3 **Company** means Niva Bupa Health Insurance Company Limited (formerly known as Max Bupa Health Insurance Company Limited);

3.1.4 **Companies Act** means the Companies Act, 2013 and rules made thereunder, as amended from time to time;

3.1.5 **Directors** shall mean the members of the Board including the independent directors;

3.1.6 **Independent Director** means a director of the Company, not being a whole-time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act and the LODR;

3.1.7 **Insolvency Code** means Insolvency and Bankruptcy Code 2016;

3.1.8 **LODR** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

3.1.9 **Master Circular on LODR** means the master circular dated 11 July 2023 issued by SEBI titled ‘Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities’;

3.1.10 **Material Subsidiary** means a Subsidiary of the company that meets the criteria set out in Para 4 below;

3.1.11 **Material Listed Subsidiary** means a Material Subsidiary whose securities are listed on recognised stock exchanges;

3.1.12 **Material Unlisted Subsidiary** means a Material Subsidiary whose securities are not listed on recognised stock exchanges;

3.1.13 **Policy** means this Policy for determination of Material Subsidiary

as amended and approved by the Board from time to time;

- 3.1.14 **SEBI** means the Securities and Exchange Board of India;
- 3.1.15 **Significant Transaction or Arrangement** means any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent.) 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;
- 3.1.16 **Subsidiary** shall be as defined under the Companies act and the rules made thereunder; and
- 3.1.17 **Unlisted Subsidiary** means a Subsidiary whose securities are not listed on recognised stock exchanges.

3.2 Capitalised terms used in this Policy and not defined above shall have the same meaning as assigned to them under the LODR or any other applicable law.

#### **4 IDENTIFICATION OF 'MATERIAL SUBSIDIARY'**

- 4.1 A subsidiary of the Company will be considered to be a Material Subsidiary if a subsidiary company's income or net worth exceeds 10% (ten percent) of the consolidated income or net worth, respectively, as the case may be, of the Company and its subsidiaries in the immediately preceding accounting year as per the audited consolidated financial statements of the company.
- 4.2 In order to have an ongoing supervision on the subsidiaries of the company, the Audit Committee will review the income and net worth of each of its subsidiaries on a quarterly basis to ascertain whether a subsidiary has become a material subsidiary for the purpose of this Policy.

#### **5 GOVERNANCE FRAMEWORK WITH RESPECT TO MATERIAL SUBSIDIARIES**

- 5.1 With respect to the Material Subsidiaries, the Company shall undertake and comply with the corporate governance requirements set out in this paragraph.
- 5.2 **Appointing director on the board of Identified Material Unlisted Subsidiary**

Based on the recommendations of the Nomination and Remuneration Committee of the Company, the Board shall appoint at least one independent director of the Company on the Board of the Material Unlisted Subsidiary.

- 5.3 **Restriction on disposal of shares of the Material Subsidiary held by the Company**

The Company shall not dispose shares in Material Subsidiary, which results in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty percent) or cease the exercise of control over the subsidiary, without passing a special resolution in a 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 1

(one) day of the resolution plan being approved.

#### **5.4 Restriction on disposal of assets of the Material Subsidiary**

The Company shall obtain prior approval of shareholders by means of a special resolution, for selling, disposing, or leasing of assets, amounting to more than 20% (twenty percent) of the assets of such Material Subsidiary on an aggregate basis during a financial year, unless when the sale, disposal or 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 1 (one) day of the resolution plan being approved.

#### **5.5 Secretarial audit and compliance report**

5.5.1 Every Material Unlisted Subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

5.5.2 The Material Unlisted Subsidiary shall provide all documents / information as sought by the practicing company secretary for the purpose of providing a secretarial compliance report in terms of Regulation 24A of the LODR and Section IV-A of the Master Circular on LODR.

### **6 GOVERNANCE FRAMEWORK WITH RESPECT TO UNLISTED SUBSIDIARIES**

6.1 Audit Committee of the Company shall review the financial statements, with particular attention to the investments made by the Unlisted Subsidiary [on a quarterly basis].

6.2 The minutes of the meetings of the board of directors of the Unlisted Subsidiary shall be placed before the meeting of Board [on a quarterly basis].

6.3 The management of the Unlisted Subsidiary shall be required to bring to the notice of the Board, a statement of all its Significant Transactions and Arrangements [on a quarterly basis].

### **7 OBLIGATIONS OF MATERIAL LISTED SUBSIDIARIES**

The provisions contained in Paras 5 of this Policy would not apply to the Material Listed Subsidiary in so far as subsidiaries of such Material Listed Subsidiaries are concerned.

### **8 REVIEW AND APPROVAL OF POLICY**

The Board may review and/or amend the Policy, as and when thought fit and in any event once in three years.

### **9 DISCLOSURE ON THE WEBSITE OF THE COMPANY**

This Policy shall be disclosed on the website of the Company.

## **10 INTERPRETATION**

- 10.1 In all circumstances where the terms of this Policy are inconsistent with any existing or newly enacted law, rule, regulation, or standard governing the Company, the said law, rule, regulation, or standard will take precedence over this Policy.
- 10.2 Any and all terms which been defined under the Companies Act and/or the LODR (including subordinate legislations thereunder) shall be construed as per such definitions in these laws.