

# APOLLO HOSPITALS ENTERPRISE LIMITED

CIN : L85110TN1979PLC008035



## LETTER OF APPOINTMENT AS AN INDEPENDENT DIRECTOR (Pursuant to Schedule IV of the Act)

Dear Mr. MBN Rao,

On behalf of the Company, I am pleased to confirm that, following the recommendation of the Nomination and Remuneration Committee, the Board has appointed you as an Independent Director at their meeting held on 9<sup>th</sup> February 2019.

### **I. TERMS OF APPOINTMENT**

- 1.1 Subject to the approval of shareholders at the general meeting, your appointment will be for an initial term of five years with effect from 9<sup>th</sup> February 2019.
- 1.2. Subject to clause 1.6 below, your term shall end in any event on either at the expiry of five years i.e., on 9<sup>th</sup> February 2024 or the date on which you resign from the office of director, whichever is earlier.
- 1.3. You will be eligible for re-election for another term of five consecutive years after the expiration of the first term mentioned above subject to the approval of the Board and Shareholders.
- 1.4. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. Your re- appointment will be on the basis of the report of performance evaluation.
- 1.5. As an Independent Director, the provisions for retirement by rotation at each Annual General Meeting of the Company shall not apply.
- 1.6. Notwithstanding anything contained herein, your appointment will cease immediately in case you incur any of the disqualifications specified under section 164 of the Companies Act, 2013 or any other provisions contained therein, or by virtue of an order of the Court /Tribunal of competent jurisdiction in any proceeding unless an appeal is preferred by you against the order of the Court / Tribunal.

### **2. EXPECTATIONS**

- 2.1. You will be expected to perform your duties, whether statutory or fiduciary faithfully, efficiently and diligently to a standard commensurate with both the functions of your role as an Independent Director and knowledge, skills and experience.
- 2.2. You are expected to acquaint yourself with the Company's operations and businesses and update yourself regularly.

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**Regd. Office :**  
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Chennai - 600 028.

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- 2.3. You will exercise your powers in your role as an Independent Director having regard to the relevant obligations under prevailing law including the Companies Act, 2013, listing agreement and relevant SEBI Regulations.
- 2.4. You will have particular regard to general duties for the directors laid down under section 166 of the Act. - Annexure A
- 2.5. As an independent director you will have to abide by the Code for Independent Directors under Schedule IV pursuant to section 149 of the Companies Act, 2013. The extract of the Code is enclosed herewith as Annexure- B.

## **2.6. BOARD COMMITTEES**

- (a) In the event that you are also asked to serve on one or more of the Board Committees this will be covered in a separate communication setting out the Committee's terms of reference, any specific responsibilities and any additional fees that may be involved.

## **2.7. LIABILITIES :-**

- (1) Though the Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner, in your capacity as Independent Director you will be held liable in respect of such acts of omission or commission by a Company which had occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you have not acted diligently.
- (2) Any breach of duties specified or expected of you as an Independent Director may expose you to penal consequences as specified under the Companies Act, 2013 or any other applicable law in force.

## **2.8. TIME COMMITMENT**

- (1) You will be expected to devote such time as is necessary for the proper performance of your duties. This would depend on the following factors:
- Preparation for and attendance at Scheduled Board meetings
  - preparation for and attendance at the Annual General Meeting
  - Participation at Meetings of the Independent Directors
  - Training for Board members
  - Meetings, if any, as part of the Board evaluation process.
  - Additional Board, committee or shareholder meetings convened as and when deemed necessary.
- (2) By accepting this appointment you undertake that, taking into account all other commitments you may have, you are able to, and will, devote sufficient time to your duties as an Independent Director.

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- 2.9. As an Independent Director you shall endeavour to have at least one meeting in a financial year with other Independent Directors without the attendance of other non-independent directors and members of the management to review the performance of the non-independent directors and Board as a whole, including the performance of the Chairman of the Board.
- 2.10. You will also from time to time and at the meetings of the Independent Directors assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for efficient performance of duties in your individual capacity as a director and by the Board collectively.
- 2.11. You will not take any step or action that will bring or is likely to bring disrepute to the Company or affect the Company's interest adversely.

### **3. REMUNERATION AND EXPENSES :**

- 3.1. As an Independent Director your remuneration will comprise of a sitting fee for Board / Committee Meetings and a commission based on the profits of the Company.
- 3.2. The sitting fees at present is Rs..50,000/- for attending the Meetings of the Board and Rs.50,000 /-for attending the Meetings of the Committee(s) of the Board of Directors.
- 3.3. The total amount of commission payable to all non-executive directors including independent directors is limited to an amount not exceeding an overall limit of 1% of the net profits of the Company in any financial year.
- 3.4. The Commission subject to the approval by the Board will be remitted in the month in which the AGM is held in each year.
- 3.5. The Company will reimburse you for all the expenses incurred by you for participation in the Board and other meetings and expenses incurred in connection with performing the duties as a director.
- 3.6. On termination of the appointment you shall only be entitled to such fees and remuneration as may have accrued up to the date of termination, together with reimbursement in the normal way of any expenses properly incurred prior to that date.
- 3.7. You are not entitled for any compensation for loss of office as an Independent Director, or as consideration for retirement /resignation from such office or in connection thereto.
- 3.8. The remuneration payable will be subject to tax and statutory deductions or levies.
- 3.9. The remuneration payable to non-executive directors including Independent Directors will be reviewed periodically by the Board.

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## **4. INDEPENDENCE AND OUTSIDE INTERESTS**

- 4.1. Based on your representation and declaration, the Board of the Company has determined you to be independent as per the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.
- 4.2. At the first board meeting in which you participate as a director and thereafter at the first meeting of the Board in every financial year, you will have to give a declaration that you meet the criteria for independence as specified in section 149 of the Act. The format for such declaration will be made available to you.
- 4.3. It is accepted and acknowledged that you have business interests other than those of the Company and have no conflict of interest other than that which is disclosed to the Board. In the event that you become aware of any further potential or actual conflicts of interest, these should be disclosed to the Company as soon as they become apparent.

## **5. CONFIDENTIALITY:-**

- 5.1. You acknowledge that all information acquired during your appointment is confidential to the Company and should not be released, communicated, nor disclosed either during your appointment or following termination (by whatever means), to third parties without our prior clearance.
- 5.2. This restriction shall cease to apply to any confidential information which may (other than by reason of your breach) become available to the public generally.
- 5.3. You acknowledge the need to hold and retain company information (in whatever format you may receive it) under appropriately secure conditions.
- 5.4. Your attention is drawn to the requirements under both law and regulation regarding the disclosure of price sensitive information and in particular to the SEBI (Prohibition of Insider Trading) Regulations, 2015, on insider dealing. You should avoid making any Statements that might risk a breach of these requirements. If in doubt please contact the Company Secretary.
- 5.5. During your period of appointment you are required to comply with the provisions of the Code of Conduct framed under SEBI (Prohibition of Insider Trading) Regulations, 2015. A copy of the code on Insider Trading adopted by the Company is enclosed as Annexure - C.

## **6. CODE OF BUSINESS ETHICS**

The Company has framed a Code of Conduct for Directors. You will have to abide with the code of Conduct and affirm compliance with it annually. A Copy of the Code is enclosed as Annexure - D.

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## **7. BOARD TRAINING**

You should endeavour to make yourself available for any relevant training sessions which may be organised for the Board.

## **8. DIRECTORS AND OFFICERS LIABILITY INSURANCE.**

The Company has directors' and officers' liability insurance in place and it is intended to maintain such cover for the full term of your appointment. You have been informed of the current indemnity limit. Other details of the cover will be available from the Company Secretary.

## **9. JURISDICTION**

Your engagement with the Company is governed by and shall be construed in accordance with the laws of India and your engagement shall be subject to the jurisdiction of the National Company Law Tribunal / Courts in India.

## **10. AMENDMENTS AND MODIFICATIONS**

This letter constitutes the entire terms and conditions of your appointment and no waiver or modification thereof shall be valid unless in writing and signed by the parties hereto.

If at any time you have any comments or questions relating to your position as an Independent Director you are welcome to contact the Company Secretary

On behalf of the Company and the Board, we look forward to your joining the Board and to your valued participation in the Board deliberations and successful direction of the Company's activities.

Please confirm your acceptance of the above terms by signing and returning to the undersigned a copy of this a letter.

Yours sincerely,

S.M. KRISHNAN

Vice President – Finance and Company Secretary

I confirm and agree to the terms of my appointment as an Independent Director as set out in this letter.

MBN RAO

[Independent Director]

- Annexure – A) Duties for the directors laid down under section 166 of the Act
- Annexure – B) Extract of Code for Independent Directors under Schedule IV
- Annexure – C) Policy for prevention of Insider Trading
- Annexure – D) Code of Conduct of Board of Directors.

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**Power, duties and responsibilities of an Independent Director**

**A. PROFESSIONAL CONDUCT**

As an Independent director of the Company, you shall :

- a) uphold ethical standards of integrity and probity;
- b) act objectively and constructively while exercising your duties;
- c) exercise your responsibilities in a bona fide manner in the interest of the Company;
- d) devote sufficient time and attention to your professional obligations for informed and balanced decision making;
- e) not allow any extraneous considerations that will vitiate exercise of objective Independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- f) not abuse your position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- g) refrain from any action that would lead to loss of your independence;
- h) where circumstances arise which make you as an Independent Director lose your independence, you must immediately inform the Board accordingly;
- i) assist the Company in implementing the best corporate governance practices

**B. ROLE AND FUNCTIONS**

As an Independent director of the Company, you shall :

- a) help in bringing an Independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- b) bring an objective view in the evaluation of the performance of the board and management;
- c) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d) satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e) safeguard the interests of all stakeholders, particularly the minority shareholders;
- f) balance the conflicting interest of the stakeholders;

- g) determine appropriate levels of remuneration of executive Directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive Directors, key managerial personnel and senior management;
- h) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

### **C. DUTIES**

As an Independent director of the Company, you shall :

- a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- b) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- c) strive to attend all meetings of the Board of Directors and of the Board committees of which you are a member;
- d) participate constructively and actively in the committees of the Board in which you are a chairperson or a member;
- e) strive to attend the general meetings of the Company;
- f) ensure that your concerns about the running of the Company or a proposed action are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- g) keep yourself well informed about the Company and the external environment in which it operates;
- h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
- j) ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- k) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- l) acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- m) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.



**SCHEDULE – IV**  
**[Section 149 (8)]**

**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**I. GUIDELINES OF PROFESSIONAL CONDUCT :-**

An independent director shall:

- (1) Uphold ethical standards of integrity and probity;
- (2) Act objectively and constructively while exercising his duties;
- (3) Exercise his/her responsibilities in a *bona fide* manner in the interest of the company;
- (4) Devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;
- (5) Not allow any extraneous considerations that will vitiate his/her exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) Not abuse his/her position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) Refrain from any action that would lead to loss of his/her independence;
- (8) where circumstances arise which make an independent director lose his/her independence, the independent director must immediately inform the Board accordingly;
- (9) Assist the company in implementing the best corporate governance practices

**II. ROLE AND FUNCTIONS:**

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resource, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of the board and management;
- (3) Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;



- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) Safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interests.

### **III. DUTIES :-**

The independent directors shall

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

- (12) acting within his/her authority, assist in protecting the legitimate interests of the company, share holders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **IV. MANNER OF APPOINTMENT:**

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is an appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of an independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:
  - (a) the term of appointment;
  - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - (c) The fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (d) provision for Directors and Officers (D and O) insurance, if any;
  - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - (f) the list of actions that a director should not do while functioning as such in the company; and
  - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.



#### **V. RE-APPOINTMENT :-**

The re-appointment of an independent director shall be on the basis of report of performance evaluation.

#### **VI. RESIGNATION OR REMOVAL :-**

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

#### **VII. SEPARATE MEETINGS :-**

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
  - (a) Review the performance of non-independent directors and the Board as a whole;
  - (b) Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - (c) Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### **VIII. EVALUATION MECHANISM :-**

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.