

**DR PRATHAP C REDDY**  
Chairman, Apollo Hospitals

27<sup>th</sup> August 2014



Dear Mr. Vinayak Chatterjee

**Sub : APPOINTMENT AS AN INDEPENDENT DIRECTOR OF THE COMPANY  
(Pursuant to Schedule IV of the Companies Act, 2013 ("Act"))**

On behalf of the Company, I am pleased to confirm that, following recommendation by the Nomination and Remuneration Committee of the Board, as approved by the Board of Directors, the Members at the AGM held on 25<sup>th</sup> August 2014 have approved your appointment as an Independent Director.

**I. TERM OF APPOINTMENT**

- 1.1 Your appointment will be for five (5) consecutive years for a term upto 31<sup>st</sup> March 2019.
- 1.2 Subject to clause 1.6 below, your term shall end in any event either at the expiry of five years i.e., on 31<sup>st</sup> March 2019 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 Your performance as an Independent Director will be evaluated by the Board of Directors as per the evaluation criteria laid down by the Nomination and Remuneration Committee of the Company. 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.

**APOLLO HOSPITALS ENTERPRISE LIMITED**

CIN : L85110TN1979PLC008035

<b>Regd. Office :</b>	<b>Hospital Complex :</b>	<b>Corporate Office :</b>	Tel. No : +91 44 28295777, 28293535
No.19 Bishop Gardens Raja Annamalaipuram Chennai - 600 028	No.21, Greams Lane, (Off: Greams Road) Chennai - 600 006	East Block, III Floor, Sunny Side Building No. 8/17, Shafee Mohammed Road Chennai - 600 006	Fax : +91 44 28292104 Email : chairman@apollohospitals.com Website:www.apollohospitals.com

- 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.
- 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. As an independent director you will have to abide by the Code for Independent Directors under Schedule IV pursuant to section 149 of the Act. The extract of the Code is enclosed herewith as Annexure- A.

### 2.5. BOARD COMMITTEES

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.

### 2.6. 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.

**2.7. 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 to 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.
- 2.8. 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.
- 2.9. 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.
- 2.10. 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 of 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 your duties as a director.
- 3.6. On cessation of the appointment you shall only be entitled to such fees and remuneration as may have accrued up to the date of cessation, 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.

### **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 listing agreement with the Stock Exchanges.

- 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 may have business interests other than those of the Company and have no conflict of interest other than that as 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 the tenure of appointment or following cessation of appointment (by whatever means), to third parties without 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, 1992, 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.

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

The Company has laid down a Code of Conduct for Directors which is aligned with the requirements listed out under Schedule VI to the Act and given under Annexure A. You will have to abide with the code of Conduct and affirm compliance with it annually.

## **7. BOARD TRAINING**

On an ongoing basis, the Company will make arrangements for you to develop and refresh your skills and knowledge in areas which are mutually identified as being likely to be required, or of benefit to you, in carrying out your duties effectively. 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 a directors' and officers' liability insurance policy in place for a value of Rs 100 crores and it is intended to maintain such cover for the full term of your appointment. 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**

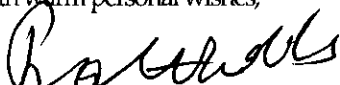
This letter constitutes the entire terms and conditions of your appointment and no waiver or modification thereof shall be valid unless in writing and signed by the parties hereto.

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.

Confirm your agreement to the above terms and conditions by signing and returning the enclosed duplicate of this letter.

With warm personal wishes,

  
Dr. Prathap C Reddy  
Executive Chairman

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

Vinayak Chatterjee

**Power, duties and responsibility 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 interests.

### C. DUTIES

As an Independent director of the Company, you shall :

- a) undertake appropriate induction and regularly update and refresh your 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 your 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 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 obtain assurances 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 ensure that the interests of a person who uses such a 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.