

MAX HEALTHCARE INSTITUTE LIMITED

CIN U72200DL2001PLC111313

Terms and conditions for appointment of Independent Directors

The appointment as an Independent Director (ID) on the Board of the Company is subject to the applicable provisions of the Companies Act, 2013 ('the Act'), other applicable laws, as amended from time to time and the Articles of Association of the Company ('AOA').

1. **The terms of the appointment:**

The appointment will be for a term up to be decided by the Board unless terminated earlier or extended, as per the provisions of this letter or applicable laws ('Term'). The Independent Director will not be liable to retire by rotation. The reappointment as an ID at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the Shareholders of the Company. The re-appointment will be considered by the Board based on the outcome of the performance evaluation process and subject to meeting the criteria for independence applicable for an ID.

Considering the nature of the role of a non executive independent director, no specific parameters on time commitment can be laid down by the Company. In this regard, IDs are requested to devote such time as is prudent and necessary for the proper performance of the role, duties and responsibilities as an ID.

The Board of Directors, based on the review of experience, co-opt IDs on the committees of the Board, from time to time.

2. **The fiduciary duties and responsibilities of the Director:**

(i) The fiduciary duties and responsibilities as a director of the Board and collectively with the members of the Board will be to meet the objectives of the Board and include the following:

- Adhering to Company's Code of Conduct;
- Accountability under the Directors' Responsibility Statement and meet the requirements under the Act; and
- Protecting the Max Healthcare Brand.

- (ii) The ID shall abide by the duties of directors as provided in the Act, code for Independent Directors' as stipulated under Schedule IV to Section 149(8) of the Act. The relevant extracts are attached as Annexure-A.
- (iii) The ID will also be responsible for providing guidance to the Management in the area of expertise.

3. Remuneration:

The ID shall be paid following sitting fees for attending the meetings of the Board and the Committees of which the ID is a member:

- Board – Rs. 1,00,000 per meeting; and
- Committees – Rs. 1,00,000 per meeting

Further, the Company may bear or reimburse such fair and reasonable expenses, as may have been incurred while performing the role as an Independent Director of the Company, including reimbursement of expenses incurred for attending to board/committee meetings.

4. Insurance:

The Company has taken an appropriate Directors' and Officers' Liability Insurance policy, which has adequate insurance cover for its members of the Board and senior management. This Policy will be renewed on a yearly basis. In the event of any claim or litigation against the Company, on any alleged misconduct, act or omission on your part during your Term, you are requested to render all reasonable assistance and cooperation to the Company and provide relevant information and documents as are reasonably requested by the Company.

5. Induction and Development:

The Company, if required, may conduct formal induction program for its Independent Directors with respect to any or all of the following:

- Company's vision, strategic direction, core values, corporate governance practices and business ethics,
- Roles and responsibilities as a director of the Board,
- Familiarization with management team, business operations, financial matters and visits to business locations,
- Meetings with stakeholders of the Company.

Further, the Company may, if required, conduct/arrange for training programmes common for the members of the Board to hone their skills and knowledge further in the best interests of the Company.

6. Performance Appraisal / Evaluation Process:

In terms of the provisions of the Act, the Board of Directors shall evaluate the performance of the directors annually. Such evaluation of each director shall be made by other directors on the criteria for evaluation to be determined by the Nomination and Remuneration committee.

7. Disclosures under the Act:

During the Term, IDs are requested to promptly notify the Company of any change in directorships, and provide such other disclosures and information as may be required under the applicable laws. IDs are requested to promptly provide a declaration under Section 149(7) of the Act with respect to any change in circumstances which may affect your status as an Independent Director.

8. Other terms:

The directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of cessation of directorship as specified in the Act, the directorship may be terminated for violation of any provision of the Company' Code of Conduct as applicable to Independent Directors.

In the case of resignation from the Board, IDs are requested to give a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the IDs in the notice, whichever is later.

Annexure - A

I. Duties of Directors

A. **General Duties-** The duties prescribed under the Companies Act, 2013 are following:

- A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- A director of a Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- A director of a Company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, possibly may conflict, with the interest of the Company.
- A director of a Company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners or associates.
- A director of a Company shall not assign his office and any assignments so made shall be void.

B. **Fiduciary Duties** - Duties based on good faith, honesty and loyalty owned by a fiduciary or a trustee who must not abuse his position for personal gain.

In addition to the above duties, directors have the following duties:

- Duty to act bona fide in the best interest of the Company
- Duty not to make secret profits.
- Duty to exercise powers for a proper purpose
- Duty not to fetter his discretion
- Duty not to exceed powers
- Duty of confidentiality
- Duty not to compete with the Company
- Duty to make Disclosure of interest in the Company
- Director's Duty to attend meetings

II. Relevant Extract of Schedule IV to the Companies Act, 2013

A) Guidelines of Professional Conduct

- To uphold ethical standards of integrity and probity;
- To act objectively and constructively while exercising your duties;

- To exercise their responsibilities in a bona fide manner in the interest of the Company;
- To devote sufficient time and attention towards your professional obligations for informed and balanced decision making;
- To not allow any extraneous considerations that will vitiate their 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;
- To not abuse their 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;
- To refrain from any action that would lead to loss of their independence;
- Where circumstances arise which make an independent Director lose his independence, the independent Director must immediately inform the Board accordingly;
- To assist the Company in implementing the best corporate governance practices.

B) Role and functions

- Assist 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.
- Bring an objective view in the evaluation of the performance of Board and management.
- Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- Satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
- Safeguard the interests of all stakeholders, particularly the minority shareholders.
- Balance the conflicting interest of the stakeholders.
- 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.

C) Duties:

- Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
- Undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company.
- 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.
- Strive to attend all meetings of the Board including a Separate meeting of the independent director and of the Board committees of which you are a member.
- Participate constructively and actively in the committees of the Board in which you are chairperson or member.
- Strive to attend the general meetings of the Company.
- Where you 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 your concerns are recorded in the minutes of the Board meeting.
- Keep yourself well informed about the Company and the external environment in which it operates.
- Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
- Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the Company.
- 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.
- Report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
- Acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.
- 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.