

[On the Letter Head of Company]

Date: [●]

To
[●]

Dear [●],

Re: **Appointment as Non-Executive Independent Director**

Greetings from Aster DM Quality Care Limited.....

Following our discussions, I am pleased to inform you that the Board of Directors of the Company, on the recommendation of its nomination and remuneration committee, has appointed you as a non-executive independent director on the Board of Directors. Your appointment as non-executive independent director is subject to approval of the shareholders at the ensuing general meeting of the Company. I am writing to set out the terms of the appointment. Please note that this is a contract for services and is not a contract of employment.

We have noted and taken on record the confirmation received from your end that you meet the “independence” criteria as provided under Section 149 (6) of the Companies Act, 2013 (“Act”), and your consent to hold office as a director of the Company under the provisions of the Act.

1. APPOINTMENT

Your appointment shall be effective from [●]. As an Independent Director you will not be subject to retirement by rotation at the annual general meetings during your tenure as a member of the Board.

At the end of your tenure as an Independent Director in the Board of Directors of the Company, you shall be eligible to get reappointed based on the recommendation of the nomination committee and approval of the Board of Directors and shareholders of the Company. Moreover, your reappointment will be considered based on your performance which will be evaluated based on your overall contribution to the Company, its shareholders and your independence criteria which will be evaluated at the time of reappointment.

As per the decision of the Board of Directors, you shall be the Chairperson / Member of the following committees of the Board as well:

- [●] - Chairman
- [●] - Member

2. Role, Duties and Responsibilities

2.1 The board's role is to effectively represent, and promote the interests of various stake holders including its shareholders, clients, customers, vendors, suppliers and society & economy at large. You along with other directors shall be collectively responsible for:

- reviewing executive board's performance and decision making;
- setting and upholding the company's values and standards;
- ensuring independence in review & decision making
- ensuring that obligations to shareholders and other stakeholders are understood and met.

2.2 As member of the Board, you shall be responsible meeting the objectives of the Board which include:

- 2.2.1 Requirements and duties under the Companies Act, 2013 as a Non-Executive Independent Director;
- 2.2.2 Accountability for the Directors Responsibility Statement under Section 134 of the Companies Act, 2013, as amended;
- 2.2.3 Guarding the brand value of the Company and ensuring transparency in all dealings with the Company, its associates or subsidiaries, if any.

2.3 As an Independent Director you shall abide by the Code of Conduct for Independent Directors as provided in Schedule IV to the Companies Act, 2013 and duties of Directors as provided in Section 166 of the Companies Act, 2013. For your reference, the relevant extract of the provisions are provided as an Annexure to this letter.

3. Timing and Location of Board Meetings, and Time Commitment

Considering the nature and role of directors, it is difficult for the Company to lay down specific parameters for time commitment for directors and their meetings. However, as a general customary practise, Board of Directors of the Company normally meets within 45 days of the end of the quarter with sufficient advance notice and circulation of proper agenda along with notes thereon. Meetings usually take place at [●]. The duration of each meeting typically runs to half a day during the second half of the day.

In addition to routine board meetings you should allow time for committee meetings, preparatory work and travel, and ensure that you are in a position to make the necessary overall time commitment.

4. Remuneration

The Board determines the level of remuneration paid to its non-executive members within the limits imposed by the shareholders and various provisions under the Companies Act, 2013, as amended.

Currently, as an Independent Director, you shall be paid sitting fees as may be approved by the Board of Directors from time to time for attending the meetings of Board and Committees of which you are a member.

Presently, the sitting fees payable to you are as follows:

- For attending meetings of Board of Directors - INR [●]/ meeting
- For attending meetings of Committees - INR [●]/ meeting

In addition to the sitting fees, profit related commission may also be payable to you. In determining the amount of this commission, the Nomination and Remuneration Committee may consider various factors as disclosed in the remuneration policy forming part of Board's Report. An indicative list of the factors that may be considered are as follows:

- Board Meeting participation and Committee meeting participation
- Chairmanship of the Board or Committee thereof
- Guidance and Support provided to the management outside the Board Meetings
- Industry practices and standards
- Performance of the Company at group level

Moreover, Company will reimburse you the expenses incurred in connection with performing your role as Independent Director of the Company from time to time including for attending the meetings of the Board of Directors and Committees thereof.

5. Availability of Liability Insurance

The Company provides all its directors with, and pays the premiums for, Directors & Officers Liability policy cover while acting in their capacities as directors. You are strongly urged to obtain a copy of the relevant policy from the Company Secretary and satisfy yourself as to the suitability and extent of the cover.

6. Induction and Development Processes

As soon as practicable the Company will provide a comprehensive induction programme aimed at broadening your understanding of the Company, its business, and the environment and markets in which it operates. As part of the programme you will meet key management and receive a folder of essential board and company information.

All directors are expected to remain current on how to best discharge their responsibilities as directors of the Company including keeping abreast of changes and trends in economic, political, social, financial and legal climates and governance practices.

7. Board and Individual Director Evaluation Processes

The performances of the board as a whole, its committees and individual directors are evaluated annually. If, in the meantime, there are any matters which cause you concern about your role you should discuss them with the Chairman of the board as soon as appropriate.

Evaluation of each director shall be done by all other directors. The criteria for evaluation shall be determined by the Nomination and Remuneration Committee and disclosed in the Annual Report. However, the actual evaluation process shall remain confidential and shall be constructive.

8. Outside Interests Including Directorships

You shall promptly notify the Company your concern or interest in any company, bodies corporate, firms or other association of individuals as required under Section 184 of the Companies Act, 2013. Please ensure that the Company is kept informed of any changes to your interests so that the interests register can be maintained up to date. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Chairman and the Company Secretary. During the term, you agree to promptly provide a declaration under Section 149 (7) of the Companies Act, 2013.

9. Access to Independent Professional Advice

All directors are entitled to obtain independent professional advice relating to the affairs of the Company or to their responsibilities as directors. If, in your own case, you consider such advice is necessary.

10. Confidentiality

All information acquired during your appointment is confidential to the Company and should not be disclosed either during your appointment or following termination (by whatever means) to third parties except as permitted by law and with prior clearance from the Chairman.

11. Termination

Your directorship on the Board of Director shall terminate or cease in accordance with the provisions of the Companies Act, 2013. You may also resign from the directorship of the Company after giving notice in writing to the Company stating the reasons thereof.

If at any stage during the term, there is a change that may affect your status as an independent director under the Companies Act or listing agreement, you agree to promptly submit your resignation to the Company with effect from the date of such change.

This letter represents the entire understanding and constitutes the whole agreement, in relation to your appointment and excludes any warranty, condition or other undertakings implied at law or by custom.

We look forward to your association with us and thank you for the support extended to us in this journey.

Yours sincerely

For Aster DM Quality Care Limited

Dr. Azad Moopen
Chairman

.....

AGREE AND ACCEPT

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm by acceptance to the same.

Name: [●]

Place: [●]

Date: [●]

Relevant Extract from Companies Act, 2013**Section 2 (60) – Definition**

Officer in Default, for the purpose of any provision in this Act which enacts that an officer of the company who is in default shall be liable to any penalty or punishment by way of imprisonment, fine or otherwise, means any of the following officers of a company, namely:—

- (i) whole-time director;
- (ii) key managerial personnel;
- (iii) where there is no key managerial personnel, such director or directors as specified by the Board in this behalf and who has or have given his or their consent in writing to the Board to such specification, or all the directors, if no director is so specified;
- (iv) any person who, under the immediate authority of the Board or any key managerial personnel, is charged with any responsibility including maintenance, filing or distribution of accounts or records, authorises, actively participates in, knowingly permits, or knowingly fails to take active steps to prevent, any default;
- (v) any person in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act, other than a person who gives advice to the Board in a professional capacity;
- (vi) every director, in respect of a contravention of any of the provisions of this Act, who is aware of such contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings without objecting to the same, or where such contravention had taken place with his consent or connivance;
- (vii) in respect of the issue or transfer of any shares of a company, the share transfer agents, registrars and merchant bankers to the issue or transfer;

=====

Section 134 (5) – Financial Statement, Board’ Report etc..

The Directors’ Responsibility Statement referred to in clause (c) of sub-section (3) shall state that—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for

- safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
 - (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

Explanation.—For the purposes of this clause, the term “internal financial controls” means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;

- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

=====

Section 149 (6) – Company to have Board of Directors

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director:-

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who, neither himself nor any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent. or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- (f) who possesses such other qualifications as may be prescribed.

=====

Section 149 (8) – Company to have Board of Directors

The company and independent directors shall abide by the provisions specified in Schedule IV.

=====

Section 149 (12) – Company to have Board of Directors

Notwithstanding anything contained in this Act,—

- (i) an independent director;
- (ii) a non-executive director not being promoter or key managerial personnel, shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

=====

Section 166 – Duties of Directors

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) 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.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

- (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) 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 and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

=====

Section 188 (5) – Related Party Transactions

Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall,—

- (i) in case of listed company, be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both; and
- (ii) in case of any other company, be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees.

=====

Section 197 (13) – Overall managerial remuneration and managerial remuneration in case of absence of or inadequacy of profits

Where any insurance is taken by a company on behalf of its managing director, whole-time director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel:

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

=====

SCHEDULE IV
[See 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 fulfilment 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 responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his 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 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 independence;
- (8) where circumstances arise which make an independent director lose his 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, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise 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 interest.

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 behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders 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 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 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 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.

Terms of Reference – [●] Committee

1. [●]
2. [●]