

To

Independent Directors

Dear Sir/Madam,

Sub: Appointment as Independent Director

We are pleased to inform you that at the Annual General Meeting held on, shareholders have approved your appointment as an Independent Director of Kovai Medical Center and Hospital Limited ('Company') with effect from

This letter is being issued to comply with the requirements of Schedule IV to the 2013 Companies Act 2013 ('Act'), pertaining to the Code of Independent Directors and SEBI (LODR) Regulations, 2015.

This letter sets out the broad terms of your appointment as an Independent Director, on the Board of the Company.

1. Appointment

Your appointment will be for a period of 5 years and shall take effect from

As an Independent Director you will not be liable to retire by rotation.

Reappointment (if eligible) 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.

You may be requested to be a member / Chairman of any one or more Committees of the Board which may be constituted from time to time.

2. Professional Conduct

As an Independent director, you shall:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising your duties;
- exercise your responsibilities in a bona fide manner in the interest of the Company;
- devote sufficient time and attention to your professional obligations for informed and balanced decision-making;

- not allow any extraneous considerations that may vitiate your exercise of objective independent judgement in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgement of the Board in its decision-making
- 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.
- refrain from any action that could lead to a loss of your independence;
- ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly, and
- assist the Company in implementing the best corporate governance practices.

3. Functions, responsibilities and Duties

3.1. Functions

- To review the Company's strategy, the annual financial plan and monitor the Company's performance.
- To review management performance and compensation.
- To review and decide on succession planning of executive officers of the Company.
- To advice and counsel the Management.
- To monitor and manage potential conflicts of interests of the Management.
- To oversee and ensure the integrity of financial information and legal compliance:

3.2. Responsibilities

Independent directors have the same general legal responsibilities to the Company as that of any other director. The Board, as a whole, is collectively responsible for ensuring the success of the Company by directing and supervising the Company's affairs.

The Board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensures that the necessary financial and human resource requirements are in place for the Company to meet its objectives, and reviews management performance;
- sets the Company's values and standards, ensures that its obligations to its shareholders and others are understood and met by the Company.

In addition to the criteria mentioned in the previous sections for the induction of directors, the role of independent directors also includes tracking, reviewing and providing feedback on:

- Strategy: Independent directors to constructively contribute to the development of the Company strategy;
- Performance: Independent directors to oversee the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance;
- Risk: Independent directors to evaluate and ensure that financial information is accurate, and that financial controls and systems of risk management are robust and defensible;
- Stakeholders: Independent directors to balance the conflicting interest of the stakeholders, including minority shareholders. In the event of any conflict, they shall moderate and arbitrate in the interest of the Company as a whole.

3.3 Duties

As an Independent Director, you shall:

- undertake the appropriate induction into the Board and regularly update and refresh your skills, knowledge and familiarity with the Company;
- seek appropriate clarification and, where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company;
- strive to attend every meeting of the Board and of the Board committees of which you are a member;
- actively and constructively participate in the Board committees of the Board in which you may be a member or the Chairperson;
- strive to attend the general meetings of the Company;
- ensure that any concerns that you may have about the running of the Company are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- keep yourself well informed about the Company and the external environment in which it operates;
- not unfairly obstruct the functioning of an otherwise proper Board or committee;
- ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;
- ensure that the whistleblower function of the Company is functioning adequately;
- report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees, and

- not disclose any confidential information unless such disclosure is expressly approved by the Board or required by law.

As member of the Board you along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:

- Requirements under the Companies Act, 2013,
- Responsibilities of the Board of directors as outlined in the SEBI LODR, Regulations, 2015 and,
- Accountability under the Director's Responsibility Statement.

For your ready reference, the relevant provisions have been extracted and attached to this letter as Annexure A.

4. Time Commitment

Considering the nature of the role of a director, it is difficult for a company to lay down specific parameters on time commitment. You agree to devote such time as is prudent and necessary for the proper performance of your role, duties and responsibilities as an Independent Director.

5. Remuneration

As an Independent Director you shall be paid sitting fees for attending the meetings of the Board and the Committees of which you are a member. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.

Further, the Company may pay or reimburse to you such expenditure, as may have been incurred by you while performing your role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by you for in obtaining professional advice from independent advisors in the furtherance of your duties as an Independent Director, subject to the expense being reasonable.

6. Insurance

The Company will take an appropriate Directors' and Officers' Liability Insurance policy and pay the premiums for the same. It is intended to maintain such insurance cover for the Term of your appointment, subject to the terms of such policy in force from time to time. A copy of the policy document will be supplied to you on request.

7. Code of Conduct

As an Independent Director of the Company, you agree to comply with the KMCH Code of Conduct for Non-Executive Directors and Independent Directors. For your reference, the Code of Conduct for Non-Executive Directors as adopted by the Board is provided in Annexure B.

Unless specifically authorised by the Board, you shall not disclose information regarding company and its business to constituencies including the media, the financial community, employees and shareholders.

Your obligation of confidentiality shall survive cessation of your directorship with the Company.

8. Dealings in shares

You are required to comply with the Company's Insider Trading Code of Conduct for designated persons. This code inter alia prohibits the designated persons from dealing in the Company's shares during the period when the trading window is closed. Trading window will be closed as per SEBI LODR regulations, 2015 and which will be intimated to all the designated persons. Further, directors, being designated officers of the Company for the purpose of insider trading guidelines, are to pre-clear all trades (buy/sell) from the Chairman / Compliance Officer of the Company.

You are also required to comply with the applicable SEBI insider trading laws and regulations.

9. Training and Development / Familiarization Programs

The Company, shall, if required, conduct training programs, from time to time, as deemed fit for its Independent Directors which may include any or all of the following:

- Board roles and responsibilities, whilst seeking to build working relationship among the Board members,
- Company's vision, strategic direction, core values, ethics and corporate governance practices,
- Familiarization with financial matters, management team and business operations,
- Meetings with stakeholders, visits to business locations and meetings with senior and middle management.

The Company, as may be required, may support Directors to continually update their skills and knowledge and improve their familiarity with the company and its business. The Company will arrange for training on all matters which are common to the whole Board.

10. Evaluation Process

As a member of the Board, your performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each director shall be done by all the other directors. Performance is assessed based on clearly defined objective criteria.

Each Board member makes a presentation to the Board highlighting his or her contributions and thought leadership initiatives pursued during the year. The evaluation is done on a three-point scale. Independent directors have three key roles — Governance, Control and Guidance. Some of the performance indicators based on which the independent directors are evaluated are:

- Ability to contribute to and monitor our corporate governance practices;
- Ability to contribute by introducing international best practices to address top-management issues;
- Active participation in long-term strategic planning;
- Commitment to the fulfillment of a director's obligations; and
- Fiduciary responsibilities.

11. Disclosures, other directorships and business interests

During the Term, you agree to promptly notify the Company of any change in your directorships, and provide such other disclosures and information as may be required under the applicable laws. 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. By signing this letter, you hereby confirm that as on date of this letter, you have no such conflict of interest issues with your existing directorships.

During your Term, you agree to promptly provide a declaration under Section 149(7) of the Act and Regulation 25(8) of SEBI LODR Regulations, 2015 confirming that you meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI LODR Regulations, 2015. This declaration shall be submitted at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect your status as an Independent Director.

12. Disengagement

You may resign from the directorship of the Company by giving 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 you in the notice, whichever is later.

Your directorship on the Board of the Company shall cease in accordance with prevailing law. The Company may disengage Independent Directors prior to completion of term upon violation of KMCH Code of Conduct as applicable to Non-Executive Directors.

If at any stage during the Term, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the Act read with the rules framed thereunder or Regulation 16(1)(b) of SEBI LODR Regulations, 2015 you agree to promptly submit your resignation to the Company with effect from the date of such change.

13. Miscellaneous

The terms of this letter shall be disclosed on the website of the Company.

14. Acceptance of Appointment

Please confirm your acceptance of the above terms by signing and returning the enclosed duplicate copy of this letter.

We thank you for your continued support and commitment to the Company.

Yours Sincerely

For **KOVAI MEDICAL CENTER AND HOSPITAL LIMITED**

DR.NALLA G PALANISWAMI
MANAGING DIRECTOR

AGREE AND ACCEPT

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

Signature :

Name :

Place:

Date:

Relevant extracts of the provisions under the Companies Act, 2013

Section 2 (60) – Definition

“officer who is in default”, for the purpose of any provision of 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’s 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, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed, 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—

(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

(ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

(iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

(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; Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

(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 firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
- 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 organization 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.
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Rule (5) of the Companies (Appointment and Qualification of Directors) Rules, 2014 - Qualifications of Independent Director

- 1) An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.
- 2) None of the relatives of an independent director, for the purposes of sub-clauses (ii) and (iii) of clause (d) of sub-section (6) of section 149,-
 - (i) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors; or
 - (ii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for an amount of fifty lakhs rupees, at any time during the two immediately preceding financial years or during the current financial year.

Section 149(7) - Company to have Board of Directors

Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence as provided in sub-section (6).

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.
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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 184 – Disclosure of Interest by Director

- 1) Every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in such manner as may be prescribed.
- 2) Every director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—
- a) with a body corporate in which such director or such director in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
- b) with a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:
- Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

Section 188(5) - Related party transactions

- 1) 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.

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 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) act within their 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 three months 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 financial 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.

Relevant extracts of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Regulation 4(2)(f): Responsibilities of the board of directors

The board of directors of the listed entity shall have the following responsibilities:

(i) Disclosure of information:

- a. Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.
- b. The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the board of directors-

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
- c. Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- d. Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.
- e. Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.

Annexure A

- f. Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- g. Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- h. Overseeing the process of disclosure and communications.
- i. Monitoring and reviewing board of director's evaluation framework.

(iii) Other responsibilities:

- a. The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.
- b. The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- c. Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
- d. The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
- e. Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.
- f. The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- g. The board of directors shall exercise objective independent judgement on corporate affairs.

- h. The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- i. The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognized or exposes the listed entity to excessive risk.
- j. The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity's focus.
- k. When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
- l. Members of the board of directors shall be able to commit themselves effectively to their responsibilities.
- m. In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.
- n. The board of directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.

Regulation 16(1)(b) - Definitions

"Independent director" means a non-executive director, other than a nominee director of the listed entity:

- (i) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- (ii) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity;
- (iii) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;

- (iv) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (v) none of whose relatives has or had pecuniary relationship or transaction with the listed entity, 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 from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (vi) who, neither himself, nor whose relative(s) :
- A. holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity 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;
- B. 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 firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
 - any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- C. holds together with his relatives two per cent or more of the total voting power of the listed entity; or
- D. is a chief executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts or corpus from the listed entity, 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 listed entity;
- E. is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

(vi) who is not less than 21 years of age.

(vii) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director.

Regulation 25(8), (9) and (10) - Obligations with respect to independent directors

- 1) Every independent director shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as provided in clause (b) of sub-regulation (1) of regulation 16 and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.
 - 2) The board of directors of the listed entity shall take on record the declaration and confirmation submitted by the independent director under sub-regulation (8) after undertaking due assessment of the veracity of the same.
 - 3) With effect from October 1, 2018, the top 500 listed entities by market capitalization calculated as on March 31 of the preceding financial year, shall undertake Directors and Officers insurance ('D and O insurance') for all their independent directors of such quantum and for such risks as may be determined by its board of directors.
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(Addendum to KMCH Code of Conduct)

**Code of Conduct for Non-Executive Directors and Independent Directors
[Pursuant to Regulation 17 of the Securities and Exchange Board of India (Listing Obligation
sand Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013]**

Code of Conduct for Directors (Section 166 of the Companies Act, 2013):

All Directors of the Company shall -

- i. act in accordance with the Articles of the Company.
- ii. 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.
- iii. exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- iv. 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.
- v. 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.
- vi. not assign his office and any assignment so made shall be void.

Code of Conduct for Non-Executive Directors:

Non-Executive Directors of the Company shall:

- a. always act in the interest of the Company and ensure that any other business or personal association, which they may have, does not involve any conflict of interest with the operations of the Company and their role therein.
- b. comply with all applicable laws and regulations of all the relevant regulatory and other authorities as may be applicable to them in their individual capacities.
- c. safeguard the confidentiality of all information received by them by virtue of their position.

Code for Independent Directors (As per the Companies Act, 2013)

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;

Annexure B

- 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) act within their 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.