

\_\_\_\_\_  
To  
**Shri / Smt.** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear Sir,

**Sub: Your Appointment as Director (Independent) of Vadodara Gas Limited**

On behalf of Vadodara Gas Limited (the Company), I am pleased to inform you that upon the recommendation of the Audit Committee and the Board of Directors of the Company (the Board), the shareholders of the Company have approved your appointment at the \_\_\_\_\_ Annual General Meeting of the Company held on \_\_\_\_\_ as a Director (Independent) on the Board of the Company with effect from \_\_\_\_\_. This letter sets out the terms of your appointment.

**Appointment**

In accordance with the provisions of the Companies Act, 2013 and other applicable laws, you will serve as a Director (Independent) on the Board for a period of (\_\_\_\_) \_\_\_\_\_ years commencing from \_\_\_\_\_.

In compliance with the provisions of Section 140(13) of the Companies Act, 2013 and the relevant rules framed thereunder, your directorship is not subject to retirement by rotation.

**Status of Appointment**

You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board from time to time.

You will have no entitlement to any bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the Company or of any Group Company.

**Reimbursement of Expenses**

In addition to the remuneration described above, the Company will, for the period of your appointment, reimburse you for travel, hotel and other incidental expenses incurred by you in the performance of your role and duties as a Director (Independent) of the Company.

### **Time Commitment**

As a Director (Independent), you are expected to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance and risk management as well as ensuring high standards of financial probity and corporate governance.

The Board generally meets at least four times in a year. Besides, there are other Committees, the Meetings of which are ordinarily convened as per requirements under the law for the time being in force. You are expected to attend the meetings of the Board and the Committee to which you are or may be appointed, and also shareholders' meetings and to devote appropriate time to discharge your duties effectively.

By accepting to this appointment, you confirm that you will be able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.

### **Role and Duties**

Your role and duties will be those normally required of an Independent Director under the Companies Act, 2013 and the relevant rules framed thereunder. There are certain duties prescribed for all Directors, which are fiduciary in nature and are as under:-

- (1) A director of a company shall act in accordance with the articles of the company, subject to the provisions of the Companies Act, 2013.
- (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.

Other provisions specific to Independent Directors are mentioned in the "Code for Independent Directors" which is clearly laid out at Schedule IV of the Companies Act, 2013, which is enclosed at **Annexure-A** of this letter.

### **Independent Professional Advice**

Where necessary, you may take and follow appropriate professional advice and opinion of outside experts at the expense of the Company.

### **Disclosure of Interest**

It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your appointment, you are required to declare / disclose any such directorships, appointments and interests to the Board in writing in the prescribed Form.

If you have any material interest in the transaction or arrangement that the Company has entered into, it should be disclosed no later than when the transaction or arrangement comes up at the Board Meeting, in order to comply with the various provisions of the Companies Act, 2013 and the relevant rules made thereunder.

In the event that your circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgment that you are independent, the same should be disclosed immediately to the Management and the Company Secretary.

### **Evaluation**

The Board of Directors will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis. Your continuation and re-appointment on the Board shall be subject to the outcome of the yearly evaluation process.

### **Confidentiality**

All information acquired by you during your term as Director of the Company is to be treated as confidential and should not be released, either during your tenure or following termination (by whatever means) to third parties without prior clearance from the Company's management unless such disclosure be required by any such governmental, statutory and regulatory authority established under the laws for the time being in force. On reasonable request, you are required to surrender documents and other materials made available to you by the Company.

### **Publication of the letter of appointment**

In line with provisions of Schedule IV of the Companies Act, 2013, the Company will make public the terms and conditions of your appointment and will also arrange for it to be displayed on the Company's website.

### **Membership of Committees**

As advised by the Board, during the tenure of office, you may be required to serve on one or more of the Committees of the Board as a Member or as the Chairperson. Upon such appointment, you will be provided copy of the terms of reference which sets out the functions of the respective Committee.

## **Termination**

You may resign from your position at any time and if you wish to do so, you are requested to serve a reasonable written notice to the Board. In terms of provisions of the Companies Act, 2013, you are required to file a copy of your resignation letter with the Registrar of Companies, Gujarat in the prescribed Form.

The continuation of your appointment is contingent on your getting re-elected by the shareholders in accordance with the provisions of the Companies act, 2013 and the Articles of Association of the Company. You will not be entitled to compensation if the shareholders do not re-elect you at any time.

## **General**

This Letter and any non-contractual obligations arising out of or in connection with this Letter are governed by, and shall be construed in accordance with the laws of India and the parties agree to submit to the exclusive jurisdiction of the Courts at Vadodara.

Please confirm your acceptance to the above by signing and returning the enclosed duplicate of this Letter.

Thanking you,

Yours faithfully,

**For Vadodara Gas Limited**

\_\_\_\_\_  
(Name)  
(Designation)

Encl: Annexure-A

I have read, agreed and accepted the above terms and conditions regarding my appointment as Director (Independent) of Vadodara Gas Limited.

\_\_\_\_\_  
Name:  
DIN:

Date:  
Place:

## **THE COMPANIES ACT, 2013 (SCHEDULE IV)**

### **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 there under 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.