

**Draft Appointment letter for Independent Directors**

To,

\_\_\_\_\_

Dear Sir/ Madam,

We are pleased to inform that the Board of Directors/ Shareholders of Petronet MHB Ltd. (PMHBL) has approved your appointment as Director (Non-Executive, Independent) on the Board of PMHBL effective from \_\_\_\_\_ for a period of \_\_\_\_\_ years subject to following terms and conditions:

1. Your appointment is subject to the extant provisions of the Companies Act, 2013, as amended from time to time.
2. The Board expects active and constructive participation in Board meeting as well as Committee meetings in which you are appointed as a Member.
3. You will comply with the Guidelines for Professional Conduct, Roles and Functions, fiduciary duties and liabilities as specified in Code of Conduct for Independent Directors i.e. **Schedule IV of the Companies Act, 2013 (Annexure I)** as well as Code of Conduct for Board members and Senior Management official of PMHBL, if any.
4. The Company provides Directors Liability Insurance.
5. You will be paid sitting fee for attending Board as well as Committee meetings, as decided by the Board of Directors from time to time. Further, the Company shall reimburse the expenses incurred in connection with attending the Board as well as Committee meeting.
6. You are requested to send us General Notice of Interest in the prescribed format i.e. Form **MBP – 1 (Annexure II)** as required under Section 184 (1) of the Companies Act, 2013. The general notice of interest is to be given every year. However, if there is any change during the year, the same be also informed to us for information of the Board of Directors in its next meeting.
7. You are also requested to provide the details of Membership/ Chairmanship held by you in Committees of the Board of other Companies in which you are Director.
8. You are also requested to fill and sign Form **DIR 8 (Annexure III)** pursuant to Section 164 (2) of Companies Act, 2013.

We heartily welcome you on the Board of PMHBL. We shall be obliged if you kindly return the **Annexure I, II & III** duly filled and signed, at the earliest.

We are also enclosing herewith the **Memorandum and Articles of Association** of the Company for your information and records.

Yours faithfully

(Company Secretary)

Encl: As above

**Schedule IV of Companies Act, 2013**

[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) scrutinize 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 fulfills 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 formalized 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.

**I hereby acknowledge receipt of and accept the terms set out in this letter.**

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**Name and Signature of ID**

**FORM MBP – I**  
**Notice of interest by Director**  
**[Pursuant to Section 184 (1) and Rule 9(1)]**

To,

**The Board of Directors**  
**Petronet MHB Limited**  
**# 332, Darus Salam Building**  
**1<sup>st</sup> Floor, Queens Road**  
**Bangalore – 560 052.**

Dear Sir(s),

I, ....., Son/ daughter of ..... resident of ..... being a director in the Company hereby give notice of my interest or concern in the following company or companies, bodies corporate, firms or other association of individuals.

<b>Sl. No .</b>	<b>Name of the Companies / bodies / corporate / firms / association of individuals</b>	<b>Nature of interest or concern / Change in interest or concern</b>	<b>Share holding</b>	<b>Date on which interest or concern arose / changed</b>
1				
2				
3				
4				
5				

**Signature**  
**Name of Director**

**Place:**

**Date:**

**FORM 'DIR-8'**  
Intimation by Director

*[Pursuant to Section 164(2) and rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014]*

Registration No. of Company: U85110KA1998PLC024020  
 Nominal Capital Rs.: Rs. 600,00,00,000  
 Paid-up Capital Rs. : Rs. 548,70,72,640  
 Name of Company: Petronet MHB Ltd.  
 Address of its Registered Office: 332, Darus Salam Building, 1<sup>st</sup> Floor, Queens Road, Bangalore - 560052

To  
 The Board of Directors of :  
**Petronet MHB Limited**  
**Bangalore**

I ..... son/daughter/wife of ..... resident of ....., director/managing director/manager in the company hereby give notice that I am/was director in the following companies during the last three years:-

Name of the Company	Date of Appointment	Date of Cessation

I further confirm that I have not incurred disqualification under section 164(2) of the Companies Act, 2013 in any of the above companies, in the previous financial year, and that I, at present, stand free from any disqualification from being a director.

OR

I further confirm that I have incurred disqualifications under section 164(2) of the Companies Act, 2013 in the following company(s) in the previous financial year, and that I, at present stand disqualified from being a director.

Name of the Company	Date of Appointment	Date of Cessation

Signature  
(Name)

Dated this \_\_\_\_\_ day of \_\_\_\_\_