

Appointment letter of Independent Director

Name of the Director _____

Address _____

Dear Sir,

Sub: Your appointment as Independent Director of the company

I am pleased to inform you that upon recommendation of the Nomination and Remuneration Committee of the Board of Directors of the company, the Board of Directors of the company has approved your appointment as an Independent Director of the company with the following terms of appointment:

1. Appointment

Pursuant to the provisions of the Companies Act, 2013 and the Clause 49 of the Listing Agreement, your appointment is subject to the approval of the members of the company at their meeting scheduled to be held on September 26, 2014.

You shall play the role of 'Lead Independent Director' and provide direction to the Board and the Management (**only for Lead Independent Director**).

2. Term

Your term of appointment shall be from September 26, 2014 upto the conclusion of the 9th Annual General Meeting or September 25, 2019, whichever is later, not liable to retire by rotation.

Your re-appointment thereafter for another term shall be on the basis of report of performance evaluation by the Board and subject to the approval of the members by passing a Special Resolution.

3. Board Committees

You have been as on date nominated to serve on the following Committees of the Board of Directors which nomination can undergo change based on the decision of the Board of Directors from time to time:

- a) _____
- b) _____
- c) _____
- d) _____
- e) _____
- f) _____

The terms of reference of the above mentioned Committees is enclosed as Annexure 1.

4. Professional Conduct:

As an Independent Director you shall:

- (a) uphold ethical standards of integrity and probity;
- (b) act objectively and constructively while exercising your duties;
- (c) exercise your responsibilities in a bona fide manner in the interest of the company;
- (d) devote sufficient time and attention to professional obligations for informed and balanced decision making;
- (e) not allow any extraneous considerations that will vitiate your 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;
- (f) not to 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;
- (g) refrain from any action that would lead to loss of your independence;
- (h) where circumstances arise which make you lose your independence, you must immediately inform the Board accordingly;
- (i) assist the company in implementing the best corporate governance practices.

5. Role and functions:

As an Independent Director you shall:

- (a) 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;
- (b) bring an objective view in the evaluation of the performance of board and management;
- (c) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

- (d) satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (e) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (f) balance the conflicting interest of the stakeholders;
- (g) 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;
- (h) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

6. Duties:

As an Independent Director you shall:

- (a) undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the company;
- (b) 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;
- (c) strive to attend all meetings of the Board of Directors and of the Board committees of which you are a member;
- (d) participate constructively and actively in the committees of the Board in which you are chairpersons or members;
- (e) strive to attend the general meetings of the company;
- (f) where you have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that your concerns are recorded in the minutes of the Board meeting;
- (g) keep yourself well informed about the company and the external environment in which it operates;
- (h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the company;

- (j) 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;
- (k) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (l) acting within your authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (m) 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.

7. Code of Conduct

The Code of Conduct to be complied by the Directors and Senior Management is enclosed as Annexure 2.

8. Remuneration

You will be paid sitting fee as determined by the Board from time to time (at present the sitting fee is Rs.5,000/- for attending meeting of the Board).

In addition to the above the Independent Directors are entitled for reimbursement of following expenditure

- a) Air travel by business class
- b) Accommodation at the company's guest house or any hotel as per Company's policy
- c) out-of-pocket expenses incurred, if any for attending the Board/ Committee meetings

Independent Directors are not paid any other fee or remuneration apart from the above as per the present policy of the company.

9. Insider Trading policy

As Directors of the company, you are required to comply with the Insider Trading policy of the company. A copy of the policy is enclosed as Annexure 3.

It gives me great pleasure to welcome you to be part of the Board of Directors of Nagarjuna Oil Refinery Limited and I am confident that your experience and advise will immensely benefit the Board and the Company.

Thanking you,

For Nagarjuna Oil Refinery Limited

Chairman