

HIND RECTIFIERS LIMITED
DRAFT TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS OF THE COMPANY IN ACCORDANCE WITH THE REQUIREMENTS OF SCHEDULE IV TO THE COMPANIES ACT, 2013 AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

Sh. Vijay Kumar Bhartia, Sh. Binod Kumar Patodia, Sh. Pradeep Goyal and Sh. Parimal Merchant are proposed to be appointed as Independent Directors of the Company for a second term of 5 (five) consecutive years by the members at the 60th Annual General Meeting of the members of the Company.

Draft terms and conditions of appointment of Independent Directors:

Terms

A. Sh. Vijay Kumar Bhartia

The Appointment is for a term commencing from August 14, 2019 up to August 13, 2024 (the "Cessation Date"). He will cease to hold office as a Director of the Company immediately after the Cessation Date.

B. Sh. Binod Kumar Patodia

The Appointment is for a term commencing from August 14, 2019 up to August 13, 2024 (the "Cessation Date"). He will cease to hold office as a director of the Company immediately after the Cessation Date.

C. Sh. Pradeep Goyal

The Appointment is for a term commencing from August 14, 2019 up to August 13, 2024 (the "Cessation Date"). He will cease to hold office as a Director of the Company immediately after the Cessation Date.

D. Sh. Parimal Merchant

The Appointment is for a term commencing from August 12, 2018 up to August 11, 2023 (the "Cessation Date"). He will cease to hold office as a Director of the Company immediately after the Cessation Date.

Other Terms and Conditions

In accordance with the provisions of the Company Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, he is appointed as an Independent Non-Executive Director and will be identified as such in the annual report and other documentation of the Company.

If circumstances change, and he believes that his independence will be in doubt, he should discuss the same with the Chairman of the Company as soon as practicable.

Committees:

As advised by the Board, during the tenure of office, Independent Director may be required to serve on one or more of the Committees of the Board constituted/reconstituted by the Company.

His appointment on such Committee(s) will be subject to the applicable regulations. He is expected to attend Board, Board Committees, to which he may be appointed and Shareholders' meetings and to devote such time to his duties as deemed appropriate for discharge of his duties effectively.

Ordinarily all meetings are held in Mumbai, unless determined otherwise.

By accepting the appointment, Independent Director confirms that he is able to allocate sufficient time to meet the expectations from his role to the satisfaction of the Board.

Role, Duties and Responsibilities:

Independent Director's role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and the same are specified under Section 166 of Companies Act, 2013. In addition to the above requirements, he is also required to discharge the duties, roles and functions as applicable to Independent Directors as stated under Schedule IV to the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as in force and as may be amended from time to time. He should act in accordance with the Articles of Association of the Company

He will be held liable only in respect of such acts of omission or commission by the Company which has occurred with his knowledge, attributable through Board processes, and with his consent or where he has not acted diligently.

Code of Conduct:

He will follow the Code of Conduct of the Company and furnish annual affirmation of the same. He will apply the highest standards of confidentiality and not disclose to any person or Company (whether during the course of the tenure as Independent Director or at any time after its cessation) any confidential information concerning the Company with which he come into contact by virtue of his position as a Director, except as permitted by law or with prior clearance from the Chairman of the Board.

During the term of appointment, Independent Director is expected to comply with Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, which inter-alia prohibits disclosure or use of unpublished price sensitive information. He should not make any statement(s) that might risk a breach of the requirements specified under the said statute unless the same is required under any law or the same is required for the purpose of compliance of any direction, order, etc. issued/given by any judicial authority.

Induction and Development:

The Company shall, conduct formal induction/familiarization program for Independent Directors. The Company shall, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business. The Company will fund/arrange for training on all matters which are common to the whole Board.

Evaluation Process:

As a member of the Board, Independent Director's performance shall be evaluated annually. Evaluation shall be done by all the other Directors. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board/Committee.

Disclosures, other Directorships and Business Interests:

During the term, Independent Director agrees to promptly notify the Company of any change in his directorships and provide such other disclosures and information as may be required under the applicable laws. He also agrees that upon becoming aware of any potential conflict of interest with his position as Independent Director of the Company, he shall promptly disclose the same to the Company. During the term, he agrees to promptly provide a declaration under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 upon any change in circumstances which may affect his status as an Independent Director.

During the term of Appointment, he shall not serve as (a) an Independent Director in more than the prescribed number of listed companies and (b) a committee member of more than the prescribed number of committees (i.e. the Audit Committee and the Stakeholders' Relationship Committee) including chairmanship of such committees.

During the term of Appointment, (a) he will neither enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the shares of the Company; and (b) he will not enter into any such agreement referred to in (a) above without obtaining the prior approval from the Board of Directors as well as public shareholders of the Company by way of an ordinary resolution.

Changes of Personal Details:

During the term, he shall promptly intimate the Company and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

Fees /Remuneration:

Independent Director will be paid such remuneration by way of sitting fees for attending the meetings of the Board and the Committees as may be decided by the Board from time to time.

Further he may also be paid remuneration by way of commission as may be approved by the Board and the Shareholders from time to time.

He will have no entitlement to any bonus during the appointment and no entitlement to participate in any employee stock option scheme by the Company.

The Company may pay or reimburse to him such fair and reasonable expenditure, as may have been incurred by him while performing his role as an Independent Director of the Company.

Insurance:

At present Company does not have Director's and Officers' liability insurance but it proposes to obtain the same and it is further intended that the Company will assume and maintain such cover for the full term of Independent Director's appointment.

Termination:

Independent Director shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, his directorship may be terminated for violation of any provision of the Code of Conduct of the Company. He 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 him in the notice, whichever is later. If, at any stage during the term, there is a change that may affect his status as an Independent Director as envisaged in Section 149(6) of the Companies Act, 2013 or if applicable, he fail to meet the criteria for "independence" under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, he agrees to promptly submit your resignation to the Company with effect from the date of such change.

Cooperation:

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on his part during his term, he agrees to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.

Governing Law:

The appointment and the terms are governed by the laws of India.

Publication of Letter:

In line with the provisions of Schedule IV to the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the terms and conditions of appointment will be open for inspection by any member and the Company will also post the terms and conditions of the appointment on the Company's website www.hirect.com

Relationship:

His appointment constitutes neither a contract for services nor a service contract. There will be no relationship of employer and employee as a consequence of appointment as a Director of the Company.

Authority:

The letter of appointment will be issued under the authority of the Board.

For **Hind Rectifiers Limited**

S.K. Nevatia
Chairman and Managing Director