



HIND RECTIFIERS LIMITED

Terms and Conditions for Appointment of Independent Directors

The terms and conditions of appointment of the Independent Directors of the Company in accordance with the requirements of Schedule IV to the Companies Act, 2013 (the "Act") and Clause 49 of the Equity Listing Agreement:

The Broad terms and conditions of appointment of Independent Directors of the Company are reproduced hereunder:

Appointment

In accordance with the provisions of the Company Act, 2013 and Clause 49 of the listing agreement Mr. V.K. Bhartia, Mr. D.R. Mehta, Mr. Pradeep Goyal and Mr. B.K. Patodia will serve as an Independent Director of the Board up to 5 years from the date of appointment i.e. 14th August, 2014 and appointment is subject to the approval of shareholders.

They will be 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 they believe that their independence will be in doubt, they 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 Directors may be required to serve on one or more of the Committees of the Board constituted/reconstituted by the Company.

Their appointment on such Committee(s) will be subject to the applicable regulations. They are expected to attend Board, Board Committees, to which they may be appointed and Shareholders' meetings and to devote such time to their duties as deemed appropriate for discharge of duties effectively.

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

By accepting this appointment, Independent Directors confirm that they are able to allocate sufficient time to meet the expectations from their role to the satisfaction of the Board.

Role Duties and Responsibilities

Independent Directors role and duties will be those normally required of a Non-Executive Independent Director under the Company Act, 2013 and the Listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and the same are



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specified under Section 166 of the Act. In addition to the above requirements, they are also required to discharge the duties, roles and functions as applicable to Independent Directors as stated under Schedule IV to the Act, as in force and as may be amended from time to time.

Code of Conduct

Independent Directors will follow the Code of Conduct of the Company and furnish annual affirmation of the same. They 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 they come into contact by virtue of their position as a Director, except as permitted by law or with prior clearance from the Chairman of the Board.

Company would also like to draw their attention to the applicability of Securities & Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992, which inter-alia prohibits disclosure or use of unpublished price sensitive information. They 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, if required, conduct formal induction/familiarization program for its 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 Directors performance shall be evaluated annually. Evaluation shall be done by all the other Directors. The criteria for evaluation shall be determined by the Nomination & Remuneration Committee and disclosed in the Company's Annual Report. 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 Directors agree to promptly notify the Company of any change in their Directorships and provide such other disclosures and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest



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with their position as Independent Director of the Company, they shall promptly disclose the same to the Company. They have confirmed that as on date of this letter, they have no such conflict of interest issues with their existing Directorships, if any. During their Term, they agree to promptly provide a declaration under Section 149(7) of the Act, upon any change in circumstances which may affect their status as an Independent Director.

Changes of Personal Details

During the Term, they 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 Directors 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 they may also be paid remuneration by way of commission as may be approved by the Board and the Shareholders from time to time.

They 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 them such fair and reasonable expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company.

Insurance

At present company do not have Director's and Officers' liability insurance but we propose to obtain the same and it is further intended that the company will assume and maintain such cover for the full term of their appointment.

Termination

Independent Directors directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Act, their Directorship may be terminated for violation of any provision of the Code of Conduct of the Company. They 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. If, at any stage during the Term, there is a change that may affect their status as an Independent Director as envisaged in Section 149(6) of the Act, or if applicable, they fail to meet the criteria for "independence" under the provisions of Clause



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49 of the Listing Agreement, they agree to promptly submit their 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 their part during their Term, they agree 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 Act and Clause 49 of the Listing Agreement, the letter 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

Authority

The letter of appointment will be issued under the authority of the Board.
For Hind Rectifiers Limited
Chairman and Managing Director