

**Terms of appointment of Independent Directors of
India Nippon Electricals Limited (the Company)**

(The terms are applicable to all the directors of the company)

We are pleased to advise you that at the 29th Annual General meeting (AGM) of the shareholders held on 27th August 2014, the Shareholders appointed you as an Independent Director of India Nippon Electricals Limited with effect from that day until the conclusion of the AGM in 2019 as envisaged under section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013.

1. Appointment

1.1 You are being appointed as a Non-Executive Independent Director on the Board of Directors of INEL with effect from 27th August 2014. Your appointment is subject to approval of the Board of Directors and the Shareholders as per the provisions of the Companies Act, 2013. Your appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 and the listing agreement.

1.2 The term Independent Director should be construed as defined under the Companies Act, 2013 and the listing agreement.

1.3 The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. The Company is at liberty to disengage Non Executive Independent Director earlier subject to compliance of relevant provisions of Companies Act, 2013.

2. Committees

The Board of Directors (the Board) may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee that

is set up in the future. Your appointment on such Committee(s) will be subject to the applicable regulations.

3. Participation

3.1 As a Non-Executive Director, the Act requires you 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. You will be expected to attend Board, Board Committees to which you may be appointed and Shareholders meetings and to devote such time to your duties, as considered appropriate by you to discharge your duties effectively. Ordinarily, all meetings are held in Chennai.

4. Role and Duties

Your role and duties will be those normally required of a Non-Executive Independent Director under the Companies 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 are as under:

- I. You shall act in accordance with the Company's Articles of Association.
- II. You 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 interest of the Company.
- III. You shall discharge your duties with due and reasonable care, skill and diligence.
- IV. You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company. Please refer to clause 7 for full explanation on conflict of interest.
- V. You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
- VI. You shall not assign your office as Director and any assignments so made shall be void.

In addition to the above requirements applicable to all Directors, the Act requires the Non-Executive Directors to play an active role in the following key elements:

Strategy: Non-Executive Directors should constructively challenge and help develop proposals on strategy;

Performance: Non-Executive Directors should scrutinize the performance of management in meeting agreed goals and objectives;

Risk: Non-Executive Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;

Committee Membership: The independent Directors may be requested to take up membership/chairmanship of committees of the Board from time to time. The members of such committees are responsible to discharge the duties as members of such committee as envisaged by the Act and Listing Agreement.

People: Non-Executive Directors, who are appointed as members of the Nomination and Remuneration Committee are responsible for determining and recommending to the Board, appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary, removing Executive Directors and in succession planning;

Reporting: Non-Executive Directors should ensure that the processes are in place for accurately reporting on performance and the financial position of the Company;

Compliance: Non-Executive Directors should keep governance and compliance with the applicable legislation and regulations under review and the conformity of the Company's practices to accepted norms.

5. Status of Appointment

5.1 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 within the limits prescribed under the Act. Further, you will also be paid remuneration by way of commission as may be approved by the Board and the Shareholders from time to time subject to the overall limit stipulated under the Act and approved by the Shareholders.

5.2 The sitting fees presently paid to the Non-Executive Independent Director is Rs.15,000/- per meeting of the Board and Rs.12000 per meeting of the Committee thereof.

6. Reimbursement of Expenses

In addition to the remuneration described in paragraph 5 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.

7. Conflict of Interest

7.1 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 any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment and also in the first meeting attended by you in every financial year

7.2 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 judgement that you are independent, this should be disclosed to both the Chairman and the Company Secretary.

8. Confidentiality

All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or after you cease to be a Director (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

Your attention is also drawn to the requirements under the applicable regulations and the Company's code of conduct, which concern the disclosure of price sensitive information and dealing in the securities of the Company. I am sure that you will avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Secretary.

9. Training

Act also requires the Company to organize appropriate training to its Directors which I hope you will avail as is appropriate to your personal circumstances.

10. Evaluation

The Company is establishing a policy on Board Evaluation. The policy will provide for evaluation of the Board, the Committees of the Board and individual Directors, including the Chairman of the Board. As per the Policy, the Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis.

11. Independent Professional Advice

There may be occasions when you consider that you need professional advice in furtherance of your duties as a Director and it will be appropriate for you to consult independent advisers at the Company's expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy.

12. Disclosure of Interest

The Company must include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

13. Vacating of Office

You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice on the Board.

Continuation of your appointment is contingent on your getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force.
