

## Terms and Conditions of appointment of Independent Directors

Date: \_\_\_\_\_

(Name of the independent Director)

Address

Dear Mr/Ms \_\_\_\_\_

Hearty welcome to India Nippon Electricals Limited as Independent Director of the Board of our Company.

We are pleased to inform you that based on your confirmation that you meet the criteria of "Independence" as provided under the Section 149(6) of the Companies Act, 2013 (" the Act") and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations), and upon the recommendation of Nomination & Remuneration Committee and the Board of Directors (" the Board") and the approval of Shareholders of India Nippon Electricals Limited ("the Company"), you are hereby appointed as an " Independent Director" on the Board of the Company.

### 1. Roles & Responsibilities :

The role and responsibilities of the independent director are enshrined in Section 149(8) read with Schedule IV of the Companies Act, 2013. Schedule IV and SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 and impose huge powers and responsibilities in the hands of Independent Directors. Independent directors review the performance of non-independent directors and the Board of directors as a whole, review the performance of a listed entity taking into account the views of executive directors and non-executive directors, and assess the quality, quantity, and timeliness of the flow of information between the management of the listed entity and the board of directors which is necessary for the board to effectively and reasonably perform their duties.

As an independent director we believe that you will contribute to the company performance and follow your roles and responsibilities as detailed below which is not exhaustive.

- 1) Independent judgement to the management on matters such as finances, strategy, performance, risk management, key appointments etc.
- 2) Review of Remuneration to Executive Directors, Key Managerial personnel and senior management.
- 3) Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy, and keep yourself well informed about the company and the external environment in which it operates.
- 4) Ensure Corporate Governance.
- 5) Maintain integrity, transparency and safeguard the interest of stakeholders including minority stakeholders.
- 6) Act in accordance with the Company's Articles of Association and Comply with the Provisions of Companies Act 2013 and SEBI Regulation.

### 2. Board and Committees of the Board

The Board, Audit Committee and Corporate Social Responsibility meets at least four times in a year. The other committees of the Board are Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee. A separate meeting of the Independent Directors will also be held every year. These committees meet to ensure the Good Corporate

Governance. The Board meetings and General meetings are generally held at the Registered Office of the Company, Chennai.

As an Independent Director, we believe that you will bring objectivity and independence of view to the Board's discussions and help the Board with effective leadership in relation to the Company's strategy, performance, Plan, Policy and risk management as well as ensure high standards of financial probity and corporate governance. You will be expected to attend the meetings of the Board & its Committees to which you may be appointed and Shareholders meetings and discharge your duties effectively.

The Board may, based on the requirement, invite you for being appointed on one or more existing Board Committees or any such committee that may be set up in the future. Your appointment on such committee(s) will be subject to the applicable provisions of the Act and SEBI Listing Regulations.

We believe that you will allocate sufficient time as is prudent and necessary to discharge your role, duties and responsibilities as an Independent Director.

### **3. Terms of Appointment**

The Company has adopted a Nomination & Remuneration Policy Guidelines, which allow independent Directors a maximum tenure of 4 years. Accordingly, your appointment shall be from ..... to .....

As an Independent Director, you are eligible to serve for a period of two terms of 4 (Four) years each. The term as Independent Director shall be construed as defined under the Companies Act 2013 and the listing regulations, Articles of Association and Nomination & Remuneration Committee Policy of the Company.

In compliance with provisions of Section 149(13) of the Companies Act, 2013, your directorship is not subject to retirement by rotation.

Your re-appointment at the end of the first term shall be based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the Board and the Shareholders.

Your appointment shall be governed by the provisions of the Companies Act, 2013 and SEBI Regulations.

### **4. Conflict of Interest & Annual Declarations**

- a. It is accepted and acknowledged that you may have business interests other than those of the Company. You shall declare any such directorships, appointments, and interests to the Board in writing in the prescribed form at the time of your appointment and in the first meeting attended by you in every financial year.
- b. If your circumstances seem likely to change and might give rise to a conflict of interest, that shall be disclosed to the Chairman/ Managing Director/ Company Secretary & Compliance Officer.
- c. The Company must include in its Annual Accounts a note of any material and/or non-material interest that a director may have in any transaction or arrangement that the Company has entered. Such interest shall 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.

## **5. Remuneration**

- a. You will be paid sitting fees for participating in 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.
- b. The present sitting fees for participating a meeting of the Board or of its committee(s) as determined by the Board is as follows:
  - i. Board, Audit Committee, and Independent Directors Meeting: Rs.35,000/-
  - ii. Other Committee Meetings: Rs.30,000/-
- c. In addition to the remuneration, for the period of your appointment, the Company will reimburse you for travel, hotel and other incidental expenses incurred by you for attending Board/ Committee meetings, Annual General Meetings, Extra-ordinary General meetings, Court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction, and training.
- d. The Directors are also paid a commission on an annual basis as may be determined by the Board, on the recommendation of NRC for your overall engagement and contribution for the Company's business.

## **6. Confidentiality**

All information acquired during your term of appointment is confidential to the Company and shall not be disclosed, either during your appointment or after you cease to be a Director 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.

## **7. Training / Familiarization Programs**

The Directors are provided with relevant documents such as Annual Reports, Policies and Code of Conduct, etc. at the time of appointment to familiarize them with the Company.

Presentations are made at the Board and Committee meetings on Strategies, Long term & Short-term Business plan, Safety, CSR, Risk & Mitigation, Compliance, Major Litigation etc. to give prospective and get direction from Independent Director.

The Directors will be invited to attend ongoing training, Director's forum and familiarization sessions including site visits and marketplace.

The Directors are provided with regular update on relevant regulatory changes and important legal cases. In addition, you shall be required to keep yourself updated of all developments relevant to your field of expertise and those affecting the business of the Company.

## **8. Performance Appraisal / Evaluation Process:**

The Company has laid down criteria for Board Evaluation, as required by the Companies Act. Evaluation of the Board, the Committees of the Board, and individual Directors, including the Chairman of the Board shall be carried out in reference to the criteria laid down. The Company will carry out the evaluation on an annual basis and outcome of such evaluation shall be considered for the purpose of re-appointment and remuneration related decisions.

The criteria for evaluation, inter-alia, shall include:

- a. Knowledge and Competency - of the company/industry etc.
- b. Fulfilment of functions - as assigned by the Board/Law
- c. Ability to function as a team
- d. Initiative
- e. Availability and Attendance
- f. Commitment
- g. Contribution in the Board meetings
- h. Integrity - in terms of interest disclosures, maintenance of confidentiality etc.
- i. Independence from the Company & Other Directors
- j. Independent view and free expression of opinion.

## **9. Code of Business Conduct & Ethics**

Your attention is drawn to the requirements under the applicable regulations and the Company's code of conduct for regulating Insider Trading, which concern the disclosure of price sensitive information and dealing in the securities of the Company. Your attention is also drawn to the Companies Policies relating to fair disclosure, Code of Conduct and Business Ethics that are available at the Company's website. You agree to abide by all of them wherever applicable and certify annually your continued adherence.

## **10. Provision of Directors' & Officers' Insurance**

The Company will take an appropriate Directors' and Officers' Liability Insurance Policy and pay the premiums for the same. It is intended to maintain such insurance cover for the term of your appointment, subject to the terms of such policy in force from time to time. A copy of the policy document will be supplied to you on request.

## **11. Enrollment to MCA database**

As per Companies Act, 2013 kindly register and enroll yourself with relevant database of Independent Directors notified under the Companies Act and ensure to keep the registration active throughout your tenure. Where applicable, you may have to undergo assessments from time to time as required under the provisions of Companies Act/ Listing Regulations and share the result of those assessments with the Company for ensuring requisite Compliances.

## **12. Changes of personal details**

During your term, you shall promptly intimate the Company Secretary & Compliance Officer and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the company. Further, you shall ensure continued Compliance with the Director KYC requirements and submit proof of such Compliance with the Company. You agree and

permit the Company to provide certain credentials pertaining to you to Statutory Authorities connected to obtaining licenses, registrations etc.

### 13. Vacation 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. In addition, you are required to ensure proper and adequate documentation in relation to the resignation as required by the Companies Act/ Listing Regulations.

As per the Companies Act, 2013, upon the completion of the two terms as Independent Director, continuation of your directorship is contingent, after the cooling off period as per law and 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, subject to fulfilling all the statutory criteria.

### 14. Acceptance of Appointment

We are confident that the Board and the Company will benefit immensely from your rich experience, and we are eager to have you as an integral part of the growth of our company. You are requested to please confirm your acceptance by signing and returning the enclosed copy of this letter.

We thank you for your support and commitment to the company.

We Welcome You,

**By the Order of Board of Directors  
For India Nippon Electricals Limited**

**Name:** .....

**Designation:** .....

**DIN:** .....

**Agree and Accept:**

**I have read and understood the terms of my appointment as an Independent Director of the company and I hereby affirm my acceptance to the same.**

**Place: Chennai**

**Signature:  
(Name/ Designation/ DIN)**