



INSECTICIDES (INDIA) LIMITED

Document Title	Nomination and Remuneration & Board Diversity Policy
Document Number	P9
Approval Authority / Date	Nomination, Remuneration and Ethics Committee and Board of Director

Legal Framework

In an endeavor to make the hiring of directors, KMP & other senior official more transparent, the Companies Act, 2013 ('Act') requires the Company to have the Nomination & Remuneration Policy for inter-alia, setting up the criteria of Nomination of Directors, Key Managerial Personnel & Senior Management and Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees. The constitution of Nomination, Remuneration and Ethics Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the rules there under and Regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Definitions

For the purpose of this Policy:

- **'Act'** shall mean the Companies Act, 2013;
- **'Board'** shall mean the Board of Directors of Insecticides (India) Limited;
- **'Committee'** shall mean the Nomination, Remuneration and Ethics Committee of the Company, constituted and re-constituted by the Board from time to time;
- **'Company'** shall mean Insecticides (India) Limited;
- **'Directors'** shall mean the directors of the Company;
- **'Independent Director'** shall mean a director referred to in Section 149 (6) of the Companies Act, 2013;
- **'Key Managerial Personnel (KMP)'** shall mean the following:
 - (i) Executive Chairman and / or Managing Director (MD) and/or Manager
 - (ii) Whole-time Director (WTD);
 - (iii) Chief Financial Officer (CFO);
 - (iv) Company Secretary (CS);
 - (v) Such other officer as may be prescribed.
- **'Senior Management'**
Shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer, as provided under SEBI (LODR) Regulations, 2015

OBJECTIVE & PURPOSE

The objective and purpose of this Policy are as follows:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine remuneration of Directors, Key Managerial Personnel and Other Employees.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the agro chemicals industry.
- To provide them reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

SCOPE OF THE POLICY

The policy shall be applicable to the following in the Company:

- Directors
- Key Managerial Personnel (KMP)
- Senior Management
- Other employees of the Company

CONSTITUTION

- The Board shall determine the membership of the Committee.
- The Committee will comprise at least three members of non- executive directors, atleast two third of them shall be independent directors.
- One of the independent non-executive directors shall be designated by the Board to serve as the Committee's Chairman.

1. Appointment criteria and qualifications

- 1.1 Letter of appointment shall be issued based on the recommendations of the Committee on the basis of the guidelines for the same under the Companies Act, 2013 or the Company Internal policy.
- 1.2 The Committee shall identify and ascertain the integrity, qualification, expertise and experience for appointment to the position of Directors, KMPs & Senior Management.
- 1.3 A potential candidate should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee shall review qualifications, expertise and experience, as well as the ethical and moral qualities possessed by such person, commensurate to the requirement for the position.
- 1.4 The Committee shall determine the suitability of appointment of a person to the Board of Directors of the Company by ascertaining the 'fit and proper criteria' of the candidate. The candidate shall, at the time of appointment, as well as at the time of renewal of directorship, fill in such form as approved by the Committee to enable the Committee to determine the 'Fit and Proper Criteria'. The indicative form to be filled out is placed as **Annexure 1** to this Policy.
- 1.5 The Company shall not appoint or continue the employment of any person as whole time director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- 1.6 The Committee shall ensure that there is an appropriate induction & training programme in place for new directors, members of senior management, and KMPs;
- 1.7 The Committee shall making recommendations to the Board concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provision of the law and their service contract.

1.8 The Committee shall recommend any necessary changes to the Board.

2. Term / Tenure

2.1 Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Chairman & Managing Director, Executive Chairman, Managing Director or Executive Director for a term as per the provisions of the Act and SEBI Listing Regulations, as amended from time to time.

No re-appointment shall be made earlier than one year before the expiry of term of the Director appointed.

2.2 Independent Director

An Independent Director shall hold office for a term up to five years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for re- appointment in the Company as Independent Director after the expiry of three years from the date of cessation as such in the Company. The Committee shall take into consideration all the applicable provisions of the Companies Act, 2013 and the relevant rules, as existing or as may be amended from time to time.

3. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a director, KMP or senior management personnel or functional heads, subject to the provisions and compliance of the Act, rules and regulations.

4. Retirement

The director, KMP, senior management & functional heads shall retire as per the applicable provisions of the Companies Act, 2013 along with the rules made there under and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMPs & Senior Managements even after attaining the retirement age, for the benefit of the Company.

5. **Diversity on the Board of the Company**

The Company aims to enhance the effectiveness of the Board by diversifying it and obtain the benefit out of it by better and improved decision making. In order to ensure that the Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to skills, industry experience, background, race and gender.

The Policy shall confirm with the following two principles for achieving diversity on its Board:

- ✚ Decisions pertaining to recruitment, promotion and remuneration of the directors will be based on their performance and competence; and
- ✚ For embracing diversity and being inclusive, best practices to ensure fairness and equality shall be adopted and there shall be zero tolerance for unlawful discrimination and harassment of any sort whatsoever.

In order to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination based on the following factors:

- Gender - The Company shall not discriminate on the basis of gender in the matter of appointment of director on the Board. The Company encourages the appointment of women at senior executive levels to achieve a balanced representation on the Board.
- Age - Subject to the applicable provisions of Companies Act, 2013, age shall be no bar for appointment of an individual as director on the Board of the Company.
- Nationality and ethnicity - The Company shall promote having a boardroom comprising of people from different ethnic backgrounds so that the directors may efficiently contribute their thorough knowledge, sources and understanding for the benefit of Company's business;

- Physical disability - The Company shall not discriminate on the basis of any immaterial physical disability of a candidate for appointment on Company's Board, if he/she is able to efficiently discharge the assigned duties.

- Educational qualification- The proposed candidate shall possess desired team building traits that effectively contribute to his/ her position in the Company. The Directors of the Company shall have a mix of finance, legal and management background, that taken together, provide the Company with considerable experience in a range of activities including varied industries, education, government, banking, and investment.

6. **Remuneration**

6.1 In discharging its responsibilities, the Committee shall have regard to the following Policy objectives:

- To ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;
- To attract and retain competent executives;
- To plan short and long-term incentives to retain talent;
- To ensure that any severance benefits are justified.

6.2 The remuneration/ compensation/ commission etc. to the whole-time director, KMP and senior management & other employees will be determined by the Committee and recommended to the Board for approval.

6.3 The remuneration to be paid to the MD and/or whole-time director shall be in accordance with the percentage/ slabs/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013 and the rules made there under.

6.4 Increments to the existing remuneration/compensation structure of the Senior Management excluding the Board of Directors comprising of members of Management one level below the Executive Director, including the Functional Heads will be decided by the Chairman & Managing Director.

6.5 Remuneration to Whole-time/ Managing Director, KMP, senior management;

6.5.1 Fixed pay

The MD and/or whole-time director / KMP and senior management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee and the shareholders wherever applicable. The breakup of the pay scale and quantum of perquisites including, employer's contribution towards provident fund, pension scheme, medical expenses, club fees and other perquisites shall be decided and approved by the Board on the recommendation of the Committee.

6.5.2 Minimum Remuneration

If in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its MD and/or Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013.

6.6 Remuneration to Non- Executive / Independent Director:

6.6.1 Remuneration: The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and with the provisions of Companies Act, 2013 along with the rules made there under.

6.6.2 Sitting Fees: The Non- Executive/ Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the limits prescribed under Companies Act 2013.

6.6.3 D & O Insurance Policy: The Company shall undertake Directors and Officers insurance ('D and O insurance') for all their independent directors of such quantum and for such risks as may be determined by the board of directors, in accordance with SEBI (LODR) Regulations, 2014, as amended from time to time.

7. Criteria for evaluation of performance of directors

7.1 The evaluation process for performance of the Board, its Committees and directors shall be carried out as per the provisions of the Act and the SEBI LODR regulations.

7.2 The Committee shall specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by

this Committee or by an Independent external agency and also review its implementation and compliance.

7.3 Each director shall be provided with a questionnaire to be filled up, providing feedback on the overall functioning of the Board and its Committees.

7.4 The questionnaire shall cover various parameters such as composition, meeting and board's communication, discussions and deliberations of different items of agenda, functions of the board, independence of judgements etc.

7.5 The directors shall also be asked to provide their suggestions for areas of improvements to ensure higher degree of engagement with the management.

7.6 The Independent Directors shall have a meeting atleast once in a year to review the performance and evaluation of the non-independent/non-promoter directors and the entire Board as a whole including the Chairman.

7.7 The evaluation of independent directors shall be done by the entire board of directors (excluding the directors being evaluated) with respect to –

7.7.1 Performance of the directors; and

7.7.2 Fulfillment of the independence criteria as per the provisions of the Act and SEBI LODR regulations and their independence from the management.

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be recorded as minutes and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

DISCLOSURE OF THIS POLICY

The policy shall be disclosed in the Annual report of the Company, as required under Companies Act, 2013, Rules made there under and the Listing Agreement, as amended from time to time and as may be required under any other law for the time being in force.

REVIEW

The Committee as and when required shall assess the adequacy of this Policy and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, current law and best practice.

Annexure-1- Criteria for determination of the 'Fit and Proper'.

Name of Company: Insecticides (India) Limited

Declaration and Undertaking

I. Personal details of the Candidate/ Director

a.	Full name	
b.	Date of Birth	
c.	Educational Qualifications	
d.	Relevant Background and Experience	
e.	Permanent Address	
f.	Present Address	
g.	E-mail Address/ Telephone Number	
h.	Permanent Account Number under the Income Tax Act	
i.	Relevant knowledge and experience	
j.	Any other information relevant to Directorship of the Company.	

II. Relevant Relationships of Candidate/ Director

a.	List of Relatives if any who are connected with the Company (w.r.t. the Companies Act, 2013)	
b.	List of entities, if any, in which he/she is considered as being interested [w.r.t. Section 184 of the Companies Act, 2013]	

c.	Names of other Companies in which he/ she is or has been a member of the board during the last 3 years (giving details of period during which such office was held)	

III. Records of professional achievements

a.	Relevant Professional achievements	
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IV. Proceedings, if any, against the Candidate/ Director

a.	If the person is a member of a professional association/ body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry of at any profession/ occupation at any time.	
b.	Whether the person attracts any of the disqualifications envisaged under Section 164 of the Companies Act 2013?	
c.	Whether the person in case of appointment as Executive Chairman, Managing Director, Whole-time Director attracts any of the disqualification envisaged under Schedule V of Companies Act, 2013 ?	
d.	Whether the person at any time come to the adverse notice of a regulator such as	

	SEBI, IRDA, MCA ?	
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V. Any other explanation/ information in regard to items I to III and other information considered relevant for judging fit and proper.

Undertaking

1. I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the Company fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.
2. I also undertake to execute the deed of covenant required to be executed by all directors of the Company.

Place:

Signature

Date:

VI. Remarks of Nomination, Remuneration and Ethics Committee

Place:

Signature

Date: