



**INDIA PESTICIDES LIMITED**

# Nomination and Remuneration

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## Policy

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## Document Control Log

<b>Title</b>	<b>Nomination and Remuneration Policy</b>		
Location	IPL Corporate Office	Department	Management Board
Document No:	IPL_MGT_C_NR_230121-01	Revision No:	01
Effective Date	23/01/2021	Next Review Date	23/01/2023

<b>Standards</b>	<b>SEBI Regulations, 2015</b>	<b>Company Act, 2013</b>
Clause No.	19(4) and 20(4)	178

Action	Name	Designation & Department	Date
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Approved by	Board	Board	23/01/2021

Series No:	Version Number	Description Change	Version Change Date	Version Revised By (Name & Designation)	Version Approved By (Name & Designation)
01	01	Document Creation	Na	NA	Board

## **1. INTRODUCTION**

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 read with Part D of Schedule II of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**SEBI Listing Regulations**”).

## **2. OBJECTIVES**

- a)** to formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive)
- b)** to advise the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- c)** to formulate criteria for evaluation of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- d)** to recommend to the Board on remuneration (payable in whatever form) of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees.
- e)** to devise a Policy on Board Diversity.
- f)** to determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.

### 3. DEFINITIONS

(a)	Act	The Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
(b)	Board	Board of Directors of the Company.
(c)	Key Managerial Personnel (KMP)	In relation to a Company as defined under Section 2(51) of the Companies Act, 2013 and would include— (i) Chief Executive Officer or the Managing Director or the Manager; (ii) Company Secretary; (iii) Whole-time Director; (iv) Chief Financial Officer; and (v) Other officer as may be prescribed.
(d)	Senior Management	Personnel of the Company who are members of its core management team excluding the Board. This would also include all members of management one level below the executive directors including all functional heads.
(e)	Independent Director	A director referred to in Section 149(6) of the Act.

### 4. ROLE OF COMMITTEE

The role of the Committee inter-alia will be the following:

- 4.1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
- 4.2. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration (payable in whatever form) of the Directors, Key Managerial Personnel and other employees.
- 4.3. To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.
- 4.4. The Committee shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and relationship of remuneration to performance is clear and meets appropriate performance benchmarks.



- 4.5.** The Committee shall ensure that the remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- 4.6.** Regularly review the Human Resource functions of the Company and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.
- 4.7.** To devise a policy on Board Diversity
- 4.8.** Discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time and make reports to the Board as appropriate.
- 4.9.** Such other work and policy related and incidental to the objectives of the committee as per provisions of the Companies Act 2013 and rules made there under.

## **5. MEMBERSHIP**

- a)** The Committee shall consist of a minimum 3 non-executive directors, out of which not less than one-half shall be independent directors.
- b)** Chairperson of the Committee shall be an Independent Director. However, the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.
- c)** Minimum two (2) members shall constitute a quorum for the Committee meeting.
- d)** Membership of the Committee shall be disclosed in the Annual Report.
- e)** Term of the Committee shall be continued unless terminated by the Board of Directors.

**6. CHAIRMAN**

- a) Chairman of the Committee shall be an Independent Director.
- b) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- c) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member or any other Director to answer the shareholders' queries.

**7. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required but shall meet at least once a year.

**8. COMMITTEE MEMBERS' INTERESTS**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**9. SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

**10. VOTING**

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

**11. POLICY ON BOARD DIVERSITY**

The Nomination and Remuneration Committee shall ensure that Board of Directors have the combination of Directors from different areas / fields or as may be considered appropriate in the best interest of the Company. The Board shall have at least one Board member who has accounting / financial management expertise.

## **12. Remuneration Policy**

### **❖ Remuneration to Executive Directors:**

The remuneration paid to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by Board in Board meeting, subject to the subsequent approval of the shareholders at the General Meeting and such other authorities, as may be required. The remuneration is decided after considering various factors such as qualification, experience, performance, responsibilities shouldered, industry standards as well as financial position of the Company.

### **❖ Remuneration to Non-Executive Directors:**

The Non-Executive Directors are paid remuneration by way of Sitting Fees and Commission. The Non-Executive Directors are paid sitting fees for each meeting of the Board and Committee of Directors attended by them.

## **13. EVALUATION / ASSESSMENT OF DIRECTORS OF THE COMPANY**

The evaluation/assessment of the Directors, of the Company is to be conducted on an annual basis on basis of “Board and Independent Director Evaluation Policy”. Forms for evaluation are available along with the same policy document.

The following criteria may assist in determining how effective the performances of the Directors have been:

- ✓ Contributing to clearly defined corporate objectives & plans
- ✓ Obtain adequate, relevant & timely information from external source
- ✓ Review of strategic and operational plans, objectives and budgets
- ✓ Regular monitoring of corporate results against projections
- ✓ Identify, monitor & take steps for mitigation of significant corporate risks
- ✓ Assess policies, structures & procedures
- ✓ Review management’s succession plan
- ✓ Effective meetings
- ✓ Assuring appropriate board size, composition, independence, structure
- ✓ Clearly defining roles & monitoring activities of committees



Additionally, for the evaluation/assessment of the performances of Managing Director(s)/Whole Time Director(s) of the Company, following criteria may also be considered:

- ✓ Leadership abilities
- ✓ Communication of expectations & concerns clearly with subordinates
- ✓ Direct, monitor & evaluate KMPs, senior officials

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director /Non-Independent Directors along with the Independent Directors will evaluate /assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

#### **14. DISCLOSURE**

The Remuneration policy and the evaluation criteria shall be disclosed in the Board's Report.

#### **15. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be documented 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.

#### **16. DEVIATIONS FROM THIS POLICY**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case. However, this shall be subject to the approval of Board of Directors on the recommendation of Nomination and Remuneration Committee of the Company.

#### **17. REFERENCE DOCUMENT**

IPL's Board and Independent Director Evaluation Policy

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