



INDIA PESTICIDES LIMITED

IPL Board and Independent Director Evaluation

Policy

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1. INTRODUCTION

India Pesticides Limited (“IPL” / “**the Company**”) believes in sustaining sound governance by establishing and following best practices. As top management of the Company oversee the performance of every department, the Board of Directors (“**Board**”) of the Company manages the functioning of top management to meet business, customers and market needs. Practice of Board evaluation on annual basis is an opportunity to benchmark & progress and complies with the provisions of the Companies Act, 2013 (“**Companies Act**”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”).

2. PURPOSE

The Board Evaluation Policy aims to:

- bring closer working relationship among Board members
- endorse that individual directors and the Board as a whole:
 - ✓ work efficiently in using the Board’s time constructively to maximize the strength
 - ✓ work effectively as a governing body in achieving Company’s objectives and tackle any shortcomings
- Facilitate the decision on levelling the composition of remuneration, for making it reasonable and sufficient, to attract, retain and motivate directors, with aim to sustain the required quality to run the company successfully.

3. RESPONSIBILITY ON EVALUATION

RESPONSIBLE	RESPONSIBILITY
Chairman of the Board	Initiating Annual Evaluation Process
Nomination and Remuneration Committee (“NRC”)	Organizing the Board evaluation process and accordingly conclude the steps required to be taken.
Board	Reviewing various strategies of the Company and accordingly set the performance objectives for directors, consistent with the varying nature and requirements of Company’s business.
	Discussing and analyzing the Board’s and own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.
	The performance evaluation of all the independent directors.
Independent Directors	Performance evaluation of non - independent directors and Board as a whole
	Reviewing performance of the chairperson, taking into account the views of executive directors and non-executive directors

4. ELEMENTS OF EVALUATION

4.1. Annually, the Chairperson shall initiate the process of evaluation.

4.2. At the Board’s discretion the evaluation shall be coordinated by:

4.2.1. a person designated by the Board alone; or

4.2.2. a person designated by the Board with staff assistance; or

4.2.3. an appointed external consultant

4.3. The evaluation shall consist of four (4) parts:

4.3.1. Overall Board Evaluation

4.3.2. Committee Evaluation

4.3.3. Directors’ Evaluation by the NRC

4.3.4. Independent Director Evaluation

4.4. Specific Forms shall be used for the evaluation as given below:

4.4.1. Overall Board Evaluation – **Annexure – 1**

4.4.2. Committee Evaluation – **Annexure – 2**

4.4.3. Directors' Evaluation by the NRC – **Annexure – 3**

4.4.4. Independent Director Evaluation – **Annexure – 4**

4.5. The Board evaluation forms attached as Annexure 1, 2, 3 and 4 shall be distributed to each Board Member approximately 15 (fifteen) days before, from the date of scheduled Board meeting for the purpose of evaluation.

4.6. Board members shall be asked to provide written inputs, complete the forms and return them to the Chairman or Board designee or the consultant within 7 (seven) days of receipt of the forms.

4.7. Evaluation rating criteria that shall be followed by each member while completing the form is, as mentioned herein below.

Rating Scale	Performance
3	Surpasses Expectations
2	Meets Expectations
1	Below Expectations

4.8. Results will be analysed, tabulated and presented in a summary report with composite scoring, prior to the scheduled meeting by the identified evaluation coordinator.

4.9. The individually completed forms will also be preserved and presented to the Board and NRC for evaluation.

4.10. The Board will discuss areas that are working well, and those that need attention.

4.11. The Board will decide on requirement of changes if any for improvement of governance practice, strategic initiatives and policies be taken.

4.12. Personnel and/or the governance consultant along with the Board or Board designee shall facilitate the implementation of identified changes.



5. REVIEW & MODIFICATION OF EVALUATION

- 5.1.** The evaluation process, criteria and tools used shall be reviewed by the NRC on need basis.
- 5.2.** The Committee may periodically seek independent external advice in relation to the process.
- 5.3.** The Committee may amend the Policy, if required, by passing a resolution at an NRC meeting, after ascertaining its relevance on the basis of the Company's needs.
- 5.4.** If/when changes are brought into, it is the Committee's responsibility to assure that this policy document is updated.

6. DISCLOSURE

- 5.1.** The Company shall disclose details of its Board Evaluation process in its Board's Report.
- 5.2.** The key features of this Policy would be included in the corporate governance statement contained in the Annual Report of the Company.
- 5.3.** The Board's report containing such statement shall be made available to shareholders at the general meeting of the Company.
- 5.4.** The Policy shall be available in the public domain i.e. on the website of the Company.



ANNEXURES

Annexure – 1 Annexure – 2



Overall Board Evaluation Form.docx



Committee Evaluation Form.docx

IPL_MGT_C_OBE_150119-01 Overall Board Evaluation Form

OVERALL BOARD EVALUATION FORM

(Annexure -1 of Board Evaluation policy)

Please mark only TICK (✓) against each given criteria

EVALUATION PARAMETERS	EXPECTATIONS			NO OPINION / NO SCORING
	SURPASSES	MEETS	BELOW	
The Board knows and understands the Company's mission and engages in strategic thinking and planning.	3	2	1	
The Board ensures that new Board members receive a prompt, thorough orientation to educate them on the organization, their responsibilities, and the organization's activities.				
Board meetings are conducted with open				

IPL_MGT_C_CE_150119-01 Committee Evaluation Form

COMMITTEE EVALUATION FORM

(Annexure -2 of Board Evaluation policy)

Please mark only TICK (✓) against each given criteria

EVALUATION PARAMETERS	EXPECTATIONS			NO OPINION / NO SCORING
	SURPASSES	MEETS	BELOW	
The NRC (Nomination and Remuneration Committee) is effective comprising the RIGHT NUMBER of members				
The Committee is effective comprising the RIGHT TYPE of members				
Committee's structure, terms of reference, roles and responsibilities of the committees are in line				

Annexure – 3 Annexure – 4



Form for Directors' Independent Director Evaluation by the NREvaluation Form.docx



IPL_MGT_C_DENRC_150119-01 Form for Directors' Evaluation by the NRC

FORM FOR DIRECTORS' EVALUATION BY THE NRC

(Annexure -3 of Board Evaluation policy)

Please mark only TICK (✓) against each given criteria

EVALUATION PARAMETERS	EXPECTATIONS			NO OPINION / NA / NO SCORING
	SURPASSES	MEETS	BELOW	
The Director attends the Board and Committee meetings without failure.	3	2	1	
The Director contributes to the discussion in a meaningful and helpful way.				
The Director listens to others and makes his / her				

IPL_MGT_C_INDDIRE_150119-01 Independent Director Evaluation Form

INDEPENDENT DIRECTOR EVALUATION FORM

(Annexure -4 of Board Evaluation policy)

Please mark only TICK (✓) against each given criteria

EVALUATION PARAMETERS	EXPECTATIONS			NO OPINION / NO SCORING
	SURPASSES	MEETS	BELOW	
Attend all meetings of the Board of Directors / Committees / General meetings of which he/she is a member.				
Sounds prepared for the Board meeting by reading the materials distributed before the Board meeting.				
Helps in bringing an independent judgment to bear on the Board's deliberations.				
Pays sufficient attention and ensure that adequate deliberations are held before approving related				

REFERENCE STANDARDS FROM THE COMPANIES ACT, 2013

(Legal Framework)

Mechanism for Performance Evaluation of Directors

In an endeavor to safeguard the interest of public at large, the Companies Act, 2013 (“**Companies Act**”) provides that the performance of the board of directors of listed companies and prescribed class of companies must be reviewed regularly against appropriate measures. For this purpose, the Nomination and Remuneration Committee of a company has been obligated under Section 178 of the Act to formulate a policy for recommending to the Board of directors of the company, setting the criteria based on which the performance of every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company. Based on such performance evaluation, remuneration of directors, key managerial personnel and employees shall be determined. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors and will ensure that they exercise their powers in a rational manner. Relevant extracts of Section 178 of the Companies Act read as follows:

Section 178 of Companies Act

“Section 178- Nomination and Remuneration Committee and Stakeholders Relationship Committee

(2) The Nomination and Remuneration Committee shall 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.

(3) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

(4) The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) ensure that-

(a) 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;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) 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: Provided that such policy shall be disclosed in the Board's report.....”

Every listed company and specified class of companies are obliged to constitute Nomination and Remuneration Committee; consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. As per Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, the board of directors of the following classes of companies shall constitute a Nomination & Remuneration committee of the board:

- (a) every listed company;
- (b) every other public company:
 - i. having paid up capital of ten crore rupees or more; or
 - ii. having turnover of one hundred crore rupees or more; or
 - iii. which have, in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees.

The Act, under clause VIII of Schedule IV, casts an obligation on part of the board of directors for evaluating the performance of independent directors. All the directors on the board of a company, except the independent director whose performance is being evaluated, will assess the performance of the independent director. Accordingly, a report of performance evaluation of each independent director of the company would be prepared, which would determine whether to extend or continue the term of appointment of the concerned independent director or not.

Schedule IV to Companies Act

“Schedule IV- CODE FOR INDEPENDENT DIRECTORS

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.”

The Act, under Schedule IV, prescribes a code of conduct, functions and duties of independent directors, which strives to raise the bar for standards of performances of independent directors. The spirit of the code of conduct for independent directors and their performance evaluation is that they are expected to adhere to professional conduct and to use their skills and independence for implementing the best corporate governance practices in the interest of shareholders, particularly minority shareholders.

Independent Directors are also duty bound to evaluate the performance of non - independent directors, chairperson of the company and the board. The Act empowers the independent directors to hold separate meeting without the presence of other directors to assess the performance of Board. In fact, the Act provides under Schedule IV of the Act, that the independent directors of the company shall hold at least one meeting in a year, without the presence of non-independent directors and members of management.

Schedule IV to Companies Act

“Schedule IV- CODE FOR INDEPENDENT DIRECTORS

II. Role and functions:

The independent directors shall:

- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VII. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - (a) review the performance of non-independent directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition, as per the requirement of Section 134 of the Act, disclosures are required to be made in the board’s report, which shall contain a statement indicative of the manner in which directors’ performance, performance of various committees and performance of the Board as a whole have been assessed by the Board. Such Board’s report will be laid before the shareholders in the general meeting of the Company. The relevant abstract of Section 134 of the Act have been provided below:

Section 134 of Companies Act

“Section 134 - Financial statement, Board’s report, etc.

- (3) There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include-
 - (p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors...”

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