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CIN : L65991DL1996PLC083909



[Date]

[Name of Director]

[Designation]

[Address]

Dear [.] ,

**Sub: Appointment as an Independent Director of Insecticides (India) Limited (“The Company”)**

We are pleased to inform you that the subject to the approval of the shareholders in the ensuing Annual General Meeting of Insecticides (India) Limited the Board of Directors at their Board Meeting held on ..... has approved your appointment as an Independent director of the Company as per the provisions of the Section 149, 150 and 152 read with schedule IV of the Companies Act, 2013 (“Act”) for a term of five consecutive years commencing from .....

In term of the requirement of section 149 read with Schedule IV to the Act, your Appointment is being formalized through this letter of Appointment.

This letter sets the terms and conditions of your appointment as an Independent Directors. Your relationship with the Company will be that of an office holder and not one of contract for employment in the Company.

At any time during your tenure, your performance as an Independent Director will be reviewed in accordance with processes agreed by the Board from time to time. You agree to participate in such reviews.

### **1) Appointment**

Subject to the detailed term of this letter, you will hold office for ..... consecutive years upto .....

Your appointment as a Non-Executive Independent Director on the Board of Directors of the Company is subject to the approval of the Shareholders of the Company in the ensuing Annual General Meeting of the Company and provisions of the Companies Act, 2013 and as per the Article of Association of the Company.

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

## 2) **Time Commitment**

As a Non-Executive Independent Director you are expected to bring objectivity and independence of view to the Board's discussions and to provide help to 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.

The Board and the Audit Committee generally meets four times in a year and other Board Committee like nomination and Remuneration Committee and Sub-Committee of Directors meetings are ordinarily convened as per requirements. You will be expected to attend Board and Board Committee to which you may be appointed and shareholders meetings and to devote such time to your duties, as appropriate for you to discharge your duties effectively. Ordinarily, meetings held in Delhi.

As an independent director you should strive to hold and present in at least one meeting in a year without the presence of non-independent directors and members of management with the sole objective of:

- review the performance of non-independent directors and the Board as a whole;
- review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- 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.

By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.

## 3) **Rules, Functions & Duties**

Directors are in essence trustee and have fiduciary duties towards the shareholders. The general obligations and liabilities of a Director are based on common law principles.

Your role and duties will be those normally required of a Non-Executive Independent Director under the Act and the SEBI (LODR) Regulations, 2015. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are more particularly specified under section 166 of the Act as under:

- a) You shall act in accordance with the Companies Article of Association.
- b) You shall act in good faith in order to promote the objects of the Company for the benefits of its members as a whole, and in the best interest of the Company, its employees, the shareholders, the community and for the protection if environment.
- c) You shall discharge your duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- d) You shall not involve 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.

- e) You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
- a) You shall not assign your office as a director and any assignment so made shall be void.

In addition to the above, there are certain roles, functions & duties prescribed for Independence Directors, which are fiduciary in nature and are attached as **Annexure – I**.

#### **4) Board Committees**

As advised by the board, during the tenure of office, you may be required to serve on one or more committees of the Board established by the Company or any such committee that is set up in the future. Currently the Board has ... committees viz, Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Finance Committee. As a non-executive director you are expected to bring objectivity and independence of view to the Board's Discussion and help provide the Board with effective leadership in relation to the Company's Strategy performance and risk management

The Term of reference of Committees includes the term as provided in the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

#### **5) Status of Appointment**

You will not be employee of the Company and this letter shall not constitute a contract of employment. You will be paid such remuneration by way of sitting fees for meeting of the Board and its Committees as may be decided by the Board from time to time.

You shall be paid a sitting fee as may be decided by the Board for attending the every Board and Committee Meeting(s), as per the provision of Section 197 of the Companies Act, 2013 and as mandated by the Articles of Association of the Company.

You shall also be paid a sitting fee as may be decided by the Board for attending the Committee Meeting(s), when is not held the Board of Directors Meeting.

#### **6) Reimbursement of expenses**

In addition to the remuneration above, 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) Performance Appraisal/ Evaluation process**

As a member of the Board your performance shall be evaluated annually. Evaluation shall be done by all the other Directors. The criteria for evaluation shall be determined by the Nomination & Remuneration Committee and disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board /Committee.

## **8) Training**

You will be entitled to benefit of a training program to formalize yourself with the business and affairs of the Company, growth plans, the peculiarities of the industry in which the Company operates, to goals and long term plans and objectives.

## **9) Disclosure of Interest**

Any material interest that a Director may have in any transaction or arrangement that the Company has entered into should be disclosed no later than when the transaction or arrangements comes up at a Board Meeting so that the minutes may record your interest appropriately and our record are updated. A general notice that you are interested in any contract with a particular person, form or company is accepted.

## **10) Code of Conduct**

During the appointment you are required to comply with regulations as contained in schedule IV under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 including the following codes of conduct of the Company:

- i) Code of Conduct for the Board of Directors and Senior Management of the Company; and
- ii) Code for prevention of Insider Trading and Such other requirement as the Board of Directors may specify from time to time.

## **11) Publication of the Letter of Appointment**

In the Line with the provision of Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the terms and conditions of your appointment and will be displayed on the Company's website and will also be informed to Stock Exchanges.

## **12) Re-appointment & Termination**

- a) This is your second term of appointment based on recommendation of the Nomination and Remuneration Committee and Board of Directors subject to the approval of the Shareholders in the ensuing Annual General Meeting. As per Section 149 (11) you may be re-appointment as an independent Director after the expiration of cool down period of 3 years from the date of end of this term and the same be considered by the Board, based on the outcome of the performance evaluation process and your continuance to meet independence criteria.
- b) You may resign from your position at any time should wish to do so, you are requested to serve a reasonable written notice to the Board. In term of provisions of the Companies Act, 2013 you may required to file a copy of your resignation letter with the Registrar of Companies
- c) Notwithstanding other provisions of this letter, the appointment may be terminated in accordance with the provisions of the Article of Association of the Company or on

failure to meet the parameters of independence as defined in Section 149(6) or on the occurrence of any event as defined in section 167 of the Companies Act, 2013

### **13) General**

This letter and any non-contractual obligation arising out of or in connection with the letter are governed by, and shall be construed in accordance with the laws of India, and the parties agree to submit to the exclusive jurisdiction of the courts of Delhi.

Please confirm your agreement to the above by signing and returning the enclosed duplicate copy of this letter.

We are confident that the Board and the Company will benefit immensely from your rich experience. We are sure that with your continued guidance and support, the Company will be able to accomplish its goals and objectives. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter.

**Yours sincerely**

**[Designation]**

**[DIN]**

**I have read and agree to the above terms regarding my appointment as an Independent Director of Insecticides (India) Limited.**

**[Name of Director]**

**[Designation]**

**[DIN]**

**CODE FOR INDEPENDENT DIRECTORS AS PER SCHEDULE IV OF THE  
COMPANIES ACT, 2013**

**Guidelines of Professional Conduct:**

An Independent Director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices

**Role and functions:**

The independent directors shall:

- 1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 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;
- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

## **Duties:**

The independent directors shall-

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) act within their authorities, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

## **Manner of appointment:**

- 1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- 2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

- 4) The appointment of independent directors shall be formalized through a letter of appointment, which shall set out :
  - (a) the term of appointment;
  - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (d) provision for Directors and Officers (D and O) insurance, if any;
  - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - (f) the list of actions that a director should not do while functioning as such in the company; and
  - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- 5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- 6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

**Re-appointment:**

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

**Resignation or removal:**

- 1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- 2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- 3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

**Separate meetings:**

- 1) The independent directors of the company shall hold at least one meeting in a financial 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.

**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.