



Policy on Appointment and Removal of Directors and Key Managerial Personnel

(Approved at the 10th Nomination and Remuneration Committee meeting and 110th Board meeting of
the Company held on 8 August 2018)

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1. Introduction

- 1.1. The true character of any organization is revealed in the values that it professes. IDMC Limited considers human resources as its most invaluable assets. This policy on appointment and removal of Directors and Key Managerial Personnel (KMPs) has been formulated in terms of the provisions of the Companies Act, 2013 to harmonise the aspirations of human resources consistent with the goals of the Company.

This policy shall act as a guideline for determining qualifications, positive attributes, independence of a Director and matters relating to the appointment and removal of Directors and KMPs.

2. Requirement for policy under the Companies Act, 2013:

- 2.1. Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, mandates every listed company and every other public limited company having paid up capital of Rs. 10 crore or more or having turnover of Rs. 100 crore or more or having an aggregate outstanding loans or debentures and deposits exceeding Rs. 50 crore or more to constitute a Nomination and Remuneration Committee of the Company which inter alia 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.
- 2.2. As per sub section 3 of section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee (NRC) 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.
- 2.3. As per the above provisions, the Committee has formulated this policy on appointment and removal of Directors and KMPs. The policy has been adopted by the 10th Nomination and Remuneration Committee (NRC) vide its resolution 024/10NRC/080818 dated 8 August 2018 and approved by the Board vide resolution 935/110/2018-19 at its 110th meeting held on 8 August 2018.

3. Objective of the policy:

- 3.1. To lay down the criteria and terms and conditions with regard to the identification of persons who are qualified to become Directors (Executive, Non-Executive and Independent) including their qualifications, competencies, positive attributes and independence and who may be appointed in the senior management of the Company i.e. Key

Management Personnel e.g. Chief Financial Officer (CFO) and the Company Secretary (CS);

- 3.2. To formulate the criteria for evaluation of performance of all the Directors on the Board of IDMC;
- 3.3. To devise a policy on Board diversity
- 3.4. To lay out remuneration policy for Directors and KMPs linked to their effort and performance / achievements linked to the goals of the Company.

4. Applicability:

- 4.1. This policy shall be applicable to all Directors (including Whole-time Directors and Independent Directors) and Key Managerial Personnel (KMPs) appointed from time to time in the Company;

5. Definitions

- 5.1. "Company" means IDMC Limited;
- 5.2. "Board" means Board of Directors of the Company;
- 5.3. "Nomination and Remuneration Committee" (NRC) means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013;
- 5.4. "Directors" means Directors of the Company;
- 5.5. "Key Managerial Personnel" means –
 - (a) The Managing Director or the Chief Executive Officer or the Manager and in their absence, a Whole-time Director;
 - (b) The Company Secretary (CS);
 - (c) The Chief Financial Officer (CFO); &
 - (d) Any other employee by whatever title called and appointed by NRC as KMP of the Company.
- 5.6. "Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined under the Companies Act, 2013 and as may be amended from time to time, shall have the meaning respectively assigned to them therein.
- 5.7. "Relative" implies anyone who is related to another if they are members of HUF; if they are husband and wife; or if one person is related to the other in such manner as may be prescribed under the Act. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely – Father (including step-father), Mother (including step-mother), Son (including step-son), Son's wife, Daughter,

Daughter's husband, Brother (including step-brother), Sister (includes step-sister)

6. Criteria for appointment of Directors and Key Managerial Personnel:

The NRC shall consider the following criteria for appointment of Directors and KMPs:

- 6.1. As per Article 9 (1) of the Articles of Association of the Company, subject to the provisions of the Companies Act, 2013 (including any amendments thereon), all Directors shall be appointed by the National Dairy Development Board (NDDDB);
- 6.2. The NRC shall identify and ascertain the qualification, expertise, experience and integrity of the person for appointment as Director or Key Managerial Personnel (KMPs) and recommend to the Board his/ her appointment;
- 6.3. The person should possess adequate qualification, experience and expertise in his/ her respective field for the position he/ she is being considered for appointment by the Company. The Company has sole discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position;
- 6.4. A person to be appointed as Director should possess impeccable reputation for integrity, insight in sectors/ areas of his or her expertise that can contribute to Company's growth, complementary skills in relation to other Board members;
- 6.5. An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, engineering, sales, marketing, education, administration, research, corporate governance, technical operations or other such disciplines of business importance;
- 6.6. All Independent Directors shall meet all criteria specified under section 149(6) of the Companies Act, 2013 and rules made thereunder. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for another five consecutive years on passing of a special resolution by the Company. Such Independent Director shall be eligible for appointment after expiry of three years of ceasing to be an Independent Director, after expiry of his/ her two consecutive terms;
- 6.7. The NRC shall ensure that the person so appointed as Director/ Whole-time Director/ Independent Director/ KMPs, shall not be disqualified under

the Companies Act, 2013 (including any amendments therein), rules made thereunder or any other enactment for the time being in force;

- 6.8. The NRC shall ensure that any Director/ Independent Director/ Whole-time Director or KMPs shall be appointed as per the procedure laid down in the Companies Act, 2013 (including any amendments thereof), rules made thereunder or any other enactment for the time being in force;
- 6.9. The Company may appoint and continue the employment of any person as whole-time director beyond age of 58 years' (retirement age) subject to approval of members by passing a special resolution. The justification for such appointment shall be mentioned in the explanatory statement to the notice of such general meeting;
- 6.10. A whole-time KMPs of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMPs can be appointed as a director in any company, with the permission of the Board of Directors of the Company;
- 6.11. The Company shall appoint or re-appoint any person as its Managing Director/ Whole-time Director or CEO for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before expiry of term;
- 6.12. NRC to recommend the appointment of shortlisted candidate to the Board for its consideration;
- 6.13. Emergency succession: If position of a Director/ KMPs suddenly becomes vacant by reason of death or other unanticipated occurrence, the NRC shall hold special meeting for recommendation to the Board to fill such vacancy;
- 6.14. The Directors and KMPs cannot be a relative of any existing Employee or Director working in the company.

7. Criteria for determining positive attributes & independence of Directors

The Committee shall consider the following factors for determining the positive attributes of directors (including independent directors):

- 7.1. The person aspiring to be the Director of the Company, is expected to have integrity, high personal and professional ethics, sound business judgement, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner;
- 7.2. Directors to demonstrate integrity, honesty, credibility, trustworthiness;

- 7.3. Directors to exhibit ability to handle conflicts during discussions at the meetings, constructively and with the willingness to address issues proactively;
- 7.4. To maintain an independent familiarity with the external environment in which the Company operates and especially in the Director's particular field of expertise;
- 7.5. Actively update their knowledge and skills with the latest developments in the respective business areas of the Company, market conditions and applicable legal provisions;
- 7.6. Willingness to attend all the Board/ Committee and General meetings of the Company and discharge their responsibilities;
- 7.7. Assist the Board in bringing independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and policies related issues;
- 7.8. Ability to develop a good professional relationship with other Board members and contribute to the Board's working and performance and in turn relationship with the senior management;
- 7.9. To act within their authority, assist in protecting the legitimate interest of the Company, its stakeholders, members and employees.

8. Removal/ Retirement of Directors/ KMPs

- 8.1. As per Article 9 (7) of the Articles of Association of the Company, subject to the provisions of the Companies Act, 2013 (including any amendments thereon), the National Dairy Development Board (NDDB) may at any time remove any director from the office before he or she completes his/ her term.
- 8.2. Due to reasons for any disqualifications mentioned in the Companies Act, 2013 (including any amendments therein), rules made thereunder or under any other applicable Act, Rules and Regulations, the Committee shall recommend to the Board with the reasons recorded in writing, removal of any Director or KMPs subject to provisions and compliance of the said Act, Rules and Regulations;
- 8.3. The Whole-time Directors and KMPs shall retire as per the applicable provisions of the Companies Act, 2013 (including any amendments thereon) and the prevailing HR policy of the Company. The Board of Directors shall have the discretion to retain the Whole-time Directors and KMPs in the same position/ remuneration or otherwise, even after attaining the retirement age, in the interest of the Company (subject to clause 6.9 of this policy in case of the Whole-time Directors);

9. Re-appointment criteria:

- 9.1. In determining whether to recommend a Director for re-election or re-appointment, the Committee can consider Director's attendance at the meetings, participation and contributions in the meetings of the Company;
- 9.2. It can also consider the result of the most recent performance evaluation of the Director proposed for re-appointment

10. Sitting Fee & Commission for Independent Directors

- 10.1. Sitting fee for the Independent Directors shall be as per the fee approved by the Board of Directors of IDMC Limited from time to time and within the limits prescribed under the provisions of the Companies Act, 2013 or rules made there under (including any amendments therein)

11. Board diversity:

- 11.1. The Committee shall assist the Board in ensuring Board nomination process with the diversity of gender, experience, knowledge and perspective in the Board;
- 11.2. The Company recognizes the importance of diversity in its success. The NRC, while recommending the appointment of directors, shall also take in to consideration the diversity in the Board through preference of different skill sets, industry experience, varied culture and geographical background and gender diversity.

12. Remuneration of Whole-time Directors and KMPs:

- 12.1. The remuneration of Whole-time Directors and KMPs shall be governed as per the approved "policy on the remuneration of KMPs" by the Board of Directors of the Company at its 95th meeting held on 5 May 2015 (or any amendment thereof by the Board of Directors by passing a Board Resolution upon recommendation of the NRC).

The remuneration of Whole-time Directors (which includes the Managing Director and Executive Directors) shall be more than any other employee of the Company.

13. Performance evaluation of Directors

The Performance evaluation of each Director shall be done as per the relevant provisions of the Companies Act, 2013 and guidelines issued by the Institute of Company Secretaries of India from time to time.

14. Policy implementation:

- 14.1. The NRC shall be responsible to recommend this policy to the Board and its implementation;
- 14.2. The Board shall be responsible to approve and overview the implementation of this policy (with the support of NRC);

15. Review of the policy:

- 15.1. This policy shall be reviewed and reassessed by the NRC as and when required, based on the regulatory amendments or otherwise and appropriate recommendations shall be made to the Board to update this policy based on the changes that may be required.
