

**FORMAL APPOINTMENT AND EVALUATION POLICY
OF THE BOARD AND SENIOR MANAGEMENT**

Composition of the Board

The size of the Board shall not be less than three and not more than fifteen members. The Board shall have a "balanced" membership, with representation of relevant areas of experience, types of expertise, and backgrounds.

One half of the Board members shall be independent members. Board shall observe criteria for independence prescribed under Companies Act and Listing Agreement.

Qualifications of Board Members and Senior Management

A candidate should meet the following criteria who is proposed to be appointed as a member on the Board or in the Senior Management:

- (a) He/she has proven integrity with a record of substantial achievement in an area of relevance to the Company.
- (b) He/she has demonstrated ability and sound judgment that usually will be based on broad experience.
- (c) He/she must be able and willing to devote the required amount of time to the Company's affairs and in case of Directors, to attend Board meetings, Board committee meetings.
- (d) He/she must possess a judicious and critical temperament that will enable objective appraisal of management's plans and programs.
- (e) He/she must be committed to building sound, long-term Company's growth.

Function of the Board and Senior Management:

The mission of the Board, its committees and Senior Management is to protect the interests of the Company's shareholders. (Senior Management includes the persons who are in scale of Vice President and above.) The Board is responsible for affairs of the Company. Following duties of the Board are prescribed under the Companies Act.

(1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.

(2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.

(3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

(4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.

(5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall compensate the Company by any amount equivalent to gain made by him.

These duties should be discharged by the Board, committees, or the independent members of the Board, senior management as appropriate in the circumstance.

Remuneration and Compensation of Board member and Senior Management

While deciding the candidature of the Board Member and Senior Management of the Company, the Nomination and Remuneration Committee will 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.

Appointment and Remuneration of other employees

Human Resources Department will make appointment and determine remuneration considering the qualifications, experience, and positive attribute of the candidate.

Loan to Directors and employees

Human Resources Department will formulate the policy of Loan to Directors and employees of the Company.

Assessment of the Board and Committees

The Board will assess its effectiveness as a body and take necessary steps to improve its collective capability to represent the shareholders and guide the Company.

The performance evaluation of individual directors (including Independent Directors), shall be done by the Board of Directors, excluding the director being evaluated. While making assessment, Board will consider the active participation and the guidance and direction given in the subject matter of the Agenda on the basis of his experience and expert knowledge.

Further Board will assess annually, the performance of the Committees against the role assigned to such Committee. In case it is required, Board will decide to reconstitute the Committee.