

NOMINATION AND REMUNERATION POLICY FOR KAY JAY FORGINGS LIMITED

CIN: U74899DL1983PLC029298

Registered Office: A-8, Maya Puri Industrial Area Phase-1, New Delhi- 110 064 Delhi, India 017

NOMINATION AND REMUNERATION POLICY (REMUNERATION POLICY)
(Section 178(3) of Companies Act, 2013 and Regulation 19(4) read with Schedule II- Part D- A of SEBI LODR Regulations, 2015)

1. PREAMBLE

This Nomination and Remuneration Policy (“Policy”) is being formulated in compliance with Section 178 of the Companies Act, 2013 (the “Act”) read along with the applicable rules thereto and SEBI (Listing Obligations & Disclosure Requirements) 2015 as amended from time to time (the “**Listing Regulations**”). This Policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (“NRC” or the “Committee”) and has been approved by the Board of Directors in the Board meeting held on August 18, 2025.

2. OBJECTIVE

The objective of the Policy is to ensure that:

- a. To lay down the criteria for identifying the persons who are qualified to become directors and also stipulate the criteria for selecting individuals who will form a part of the Key Managerial Personnel and Senior Management in the company;
- b. 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;
- c. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- d. 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.

This Policy is divided in to two parts:

Part A	Policy for Appointment and Removal of Directors, Key Managerial Personnel and Senior Management;
Part B	Policy for Remuneration of Directors, Key Managerial Personnel and Senior Management

PART A

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

A. TITLE

This policy shall be called the “policy for appointment and removal of directors, key managerial personnel and senior management”.

B. PREAMBLE

Section 178(2) of the Companies Act, requires the Committee to identify persons who are qualified to become directors and who may be appointed as individuals forming a part of the senior management in accordance with the criteria laid down, and additionally recommend to the Board on their appointment and removal.

3. DEFINITIONS

For the purpose of this Policy the following terms shall have the meanings assigned to them hereunder:

- a) **"Act"** or **"Companies Act"** means the Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder;
- b) **"Board"** or **"Board of Directors"** means the board of directors of the Kay Jay Forgings Limited;
- c) **"Committee"** means the nomination and remuneration committee of the Board;
- d) **"Company"** means Kay Jay Forgings Limited;
- e) **"Director"** means a member of the Board;
- f) **"Policy for appointment and removal of director, key managerial personnel and senior management"** or **"Policy"** means this policy, as amended from time to time;
- g) **"Key Managerial Personnel"** means
 - the Managing Director/Chief Executive Officer;
 - the Whole Time Director;
 - the Chief Financial Officer; and
 - the Company Secretary.
- h) **"Senior Management"** means officers/personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management

one level below the executive directors, including the functional heads and shall specifically include company secretary and chief financial officer.

Words and expressions used and not defined in this Policy shall have the meaning ascribed to them in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, as amended, the Securities Contracts (Regulation) Act, 1956, as amended, the Depositories Act, 1996, as amended, or the Companies Act and rules and regulations made thereunder.

4. APPOINTMENT

- a. The Committee shall identify and ascertain the person being appointed as a Director, Key Managerial Personnel and Senior Management based on the following parameters:
 - i. Integrity;
 - ii. Qualification;
 - iii. Knowledge and Competency; and
 - iv. Experience.
- b. The Committee shall ascertain the suitability of an individual for the concerned position basis the qualification, expertise and experience that they possess.
- c. The Committee shall recommend the appointment of an individual to the Board of Directors of the Company.
- d. The Independent Directors shall abide by the “Code for Independent Directors” as specified in schedule IV to the Act.
- e. The proposed appointee shall also fulfill the following requirements:
 - (i) Shall possess a Director Identification Number;
 - (ii) shall not be disqualified under the Act, SEBI Listing Regulations and any other relevant law;
 - (iii) shall give his written consent to act as a Director;
 - (iv) shall endeavor to attend all board meetings and wherever he is appointed as a committee member, the committee meetings;
 - (v) shall abide by the Code of Conduct established by the Company for Directors and SMP;
 - (vi) shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made; and

(vii) such other requirements as may be prescribed, from time to time, under the Act, the SEBI Listing Regulations and other relevant laws.

f. The appointment of Managing Director and Independent Director of the Company shall be strictly in accordance with the applicable provisions of the Act and any other applicable law for the time being in force.

g. The removal of Directors may be warranted due to reasons such as disqualification prescribed under the applicable laws and / or disciplinary reasons. In such situation, the NRC shall in consultation with the Board, review the performance and/or other factors and subject to the provisions of the applicable laws and the Articles of Association of the Company, recommend to the Board its course of action.

h. The Committee to impart training to the person appointed as Director of the Company, on matters related to the Company vis-a-vis its profile, the core business, its area of operations and work mechanism etc.

i. The resultant vacancy caused by removal of Directors may be filled by the NRC in accordance with this policy and the applicable laws.

5. TERM/TENURE

a) The tenure for the Executive Directors, Non-Executive Directors and Independent Directors shall be governed by the terms defined in the Act and the Listing Regulations.

b) The tenure of the Key Managerial Personnel (except Managing Director and Executive Directors) and Senior Management will be governed by the general rules and regulations governing human resources /employees of the company.

6. REMOVAL

a) Subject to the applicable provisions of the Act and SEBI (LODR), the Committee may recommend the removal of any of the Board of Directors of the Company if he has incurred disqualification under Section 164 of the Act or under Section 167 or Section 169 of the Act. The reason for removal needs to be recorded in writing, subject to the provisions and compliance of the said Act, rules and regulations and the same should be forwarded it to the Board of Directors for their consideration.

b) The removal of the Key Managerial Personnel (except Managing Director/ executive director) shall be as per provisions of Companies Act, 2013 and Senior Management will be governed by general rules and regulations/ Policy governing Human resources /employees of the company.

7. RETIREMENT

The Managing Director/ Whole-time Directors (WTD), Key Managerial Personnel and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013/ prevailing policy of the Company. The Board will have the discretion to retain the WTD, Key

Managerial Personnel and the Senior Management Personnel for the same position/ remuneration or otherwise, even after attaining the retirement age for the benefit of the Company.

8. REVIEW OF THE POLICY

The Committee will review the Policy as and when required, which will include an assessment of the effectiveness of the Policy.

9. EFFECTIVE DATE

The Nomination and Remuneration Policy shall come into effect on August 18, 2025.

PART B

POLICY FOR REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(Under section 178(3) of the Companies Act, 2013)

1. TITLE

This policy shall be called the “Policy for remuneration of directors, Key Managerial Personnel and other employees”.

2. PREAMBLE

Section 178(3) of the companies Act, requires the Committee to recommend to the Board a policy relating to the remuneration to be paid to the directors, key managerial personnel and other employees.

3. DEFINITIONS

For the purpose of this Policy for performance evaluation of board of Directors, the following terms shall have the meanings assigned to them hereunder:

- (a) "Act" means the Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder;
- (b) "Board" means the board of directors of the Kay Jay Forgings Limited;
- (c) "Committee" means the nomination and remuneration committee of the Board;
- (d) "Company" means Kay Jay Forgings Limited;
- (e) "Director" means a member of the Board;
- (f) "Policy for remuneration of directors, Key Managerial Personnel and other employees" or "Policy" means this policy, as amended from time to time;
- (g) "Key Managerial Personnel" in terms of sub-section (51) of section 2 of the Act means-
 - the Chief Executive Officer or the Managing Director or the Manager;
 - the Whole Time Director;
 - the Chief Financial Officer and
 - the Company Secretary;
- (h) "Senior Management" means officers/personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one

level below the executive directors, including the functional heads and shall specifically include company secretary and chief financial officer; and

(i) **“Remuneration”** means any money or its equivalent given or passed to any person for position occupied in the Company and responsibility being vested on him and includes perquisites as defined under the Income Tax Act, 1961.

Words and expressions used and not defined in this Policy shall have the meaning ascribed to them in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, as amended, the Securities Contracts (Regulation) Act, 1956, as amended, the Depositories Act, 1996, as amended, or the Companies Act and rules and regulations made thereunder

4. REMUNERATION TO MANAGING DIRECTOR/ WHOLE TIME DIRECTOR

The Remuneration to Managing Director of the Company shall be governed by Section 197, and Schedule V of the Companies Act, 2013/ any other enactment for the time being in force.

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:

- a. Market competitive;
- b. Driven by the role played by the individual;
- c. Reflective of size of the Company, complexity of the sector/industry/Company’s operations and the Company’s capacity to pay;
- d. Consistent with recognized best practices;
- e. Aligned to any regulatory requirements;

f. In terms of remuneration mix or composition:

- i. The compensation paid to the executive directors (including managing director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act.
- ii. Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
- iii. In addition to the basic/ fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through reimbursements or insurance cover and accidental death and dismemberment through personal accident insurance.
- iv. The Company provides retirement benefits as applicable.
- v. In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD/EDs such remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.
- vi. In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act.
- vii. In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD/EDs such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
 - A. Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time, Industry benchmarks of remuneration; and
 - B. Performance of the individual.
- viii. The Company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the Company;

- ix. The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC; and
- x. The Committee may make such recommendations as it may consider appropriate in connection with the Remuneration to be paid to the Managing Director/ Whole- time Director and the other Directors of the Company.

5. REMUNERATION TO NON-EXECUTIVE DIRECTORS /INDEPENDENT DIRECTORS

The Remuneration (including revisions thereof) payable to the Non-Executive / Independent Director shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the applicable laws; the Articles of Association of the Company and the approval of the shareholders of the Company.

The NRC shall determine the Remuneration to the Non-Executive /Independent Director including the mode, quantum, recipients of the remuneration and the frequency of payment of such Remuneration and recommend the same to the Board for approval.

The Remuneration of the Non-Executive /Independent Director shall comprise the following:

- Remuneration/Commission; and
- Sitting fees for attending each meeting of the Board and its Committees.

The Remuneration of Non-Executive / Independent Director (including revisions thereof) shall be based once certain financial parameters like the performance of the Company, its market capitalization, industry benchmarks, role of the Director and such other relevant factors.

Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).

Overall remuneration should be reflective of size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay the remuneration.

Quantum of sitting fees may be subject to review on a periodic basis, as required.

The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.

In addition to the sitting fees and commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board / Board committee meetings, general meetings, court convened meetings, meetings with shareholders / creditors / management, site visits, induction and training (organized by the

Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director

The Non-Executive / Independent Directors shall not be entitled to any stock option or stock appreciation rights of the Company. In case of inadequate profit, the Remuneration payable to the Non-Executive / Independent Directors shall be payable as per the provision of the Companies Act 2013 and SEBI Listing Regulations.

6. REMUNERATION TO KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES

- a. The Remuneration of Key Managerial Personnel and Senior Management shall involve a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the company and its goals.
- b. In addition, select senior executives will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by the NRC.
- c. The fixed compensation of all employees including Key Managerial Personnel and Senior Management will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, housing allowance, travel allowance and such other allowance
- d. The annual incentive (variable pay) of all employees, if any will be linked directly to the performance of the Company.
- e. Based on the grade and seniority of employees, benefits for employees include:
 - (i) Health-Related
 - (ii) Health (hospitalization) insurance
 - (iii) Accident and life insurance
 - (iv) Retirement-related
 - (v) Contribution to a superannuation fund (in addition to statutory benefits such as provident fund account, gratuity, etc.)
- f. Employees will also be eligible for work-related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.
- g. The annual increment of all of all employees, including Key Managerial Personnel and Senior Management will be on the basis of formal annual performance evaluation. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employees.

7. REMUNERATION PAYABLE TO DIRECTOR FOR SERVICES RENDERED IN OTHER CAPACITY

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity, unless:

- (i) The services rendered are of a professional nature; and
- (ii) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.

The NRC shall review and evaluate Board composition to ensure that the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness.

8. REVIEW OF THE POLICY

The Committee will review the Policy as and when required, which will include an assessment of the effectiveness of the Policy.

9. EFFECTIVE DATE

The Nomination and Remuneration Policy shall come into effect on August 18, 2025.

Date: August 18, 2025

Place: Ludhiana

Note: Approved in the meeting dated August 18, 2025.
