

# POLICY ON EVALUATION FRAMEWORK FOR THE BOARD OF DIRECTORS

FOR KAY JAY FORGINGS LIMITED

CIN: U74899DL1983PLC029298

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

# POLICY ON EVALUATION FRAMEWORK FOR THE BOARD OF DIRECTORS

## 1. INTRODUCTION

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- a. The Companies Act, 2013, and the rules formulated thereunder (“**Act**”), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) require a listed company to conduct an evaluation of the Board of Directors (“**Board**”). Additionally, the Securities and Exchange Board of India (“**SEBI**”) has also formulated a guidance note on the Board evaluation, bearing reference no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 5, 2017 (“**SEBI Circular**”).
- b. Pursuant to the above-mentioned legal framework, Kay Jay Forgings Limited (the “**Company**”) has framed this policy (the “**Policy**”) for evaluation of the Board of the Company.
- c. This Policy is intended to be in conformity with the Listing Regulations and the SEBI Circular as on the date of its adoption. However, if due to subsequent modifications in the Listing Regulations, the SEBI Circular or any other applicable law, a provision of this Policy or any part thereof becomes inconsistent with the Listing Regulations, the SEBI Circular or any other applicable law, then the provisions of the Listing Regulations, SEBI Circular or other applicable law, as modified, shall prevail.
- d. As required under Listing Regulations and Companies Act, 2013, the evaluation of the Board involves multiple levels:
  - Board as a whole;
  - Committees of the Board; and
  - Individual Directors (including Managing Director, Independent Directors, Non-Independent Directors, etc.).

With an aim to maintain an energized, proactive and effective Board, the Board is committed to a continuing process of recommending and laying down the criteria to evaluate the performance of the entire Board of the Company.

## 2. OBJECTIVE OF THIS POLICY

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The purpose of this Policy is as follows:

- to ensure corporate governance standards are maintained;
- to facilitate the identification of areas of concern and the areas to be focused upon for enhancing the functioning of the Board
- create awareness about the role of the Directors of the Company individually, and collectively, as a Board; and
- to steer the Board in direction of achieving the Company’s mission and vision.

### 3. SCOPE OF EVALUATION

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**The evaluation of the Board is to be conducted at the following levels:**

- Board, as a whole;
- committees of the Board; and
- individual Directors of the Company (“**Directors**”), including the chairperson, chief executive officer, Directors referred to under section 149(6) of the Act (“**Independent Directors**”), non-Independent Directors, etc.

### 4. PROCESS OF EVALUATION

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**As a pre-evaluation step, identification of the objectives of the evaluation is important for the purpose of taking corrective and appropriate action. These objectives may include:**

- general objectives standard to all Board evaluations; and
- specific objectives particular to the current Board evaluation, based on recent events, new issues of concern etc.

### 5. CRITERIA OF EVALUATION

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The Nomination and Remuneration Committee of the Company (“**NRC**”), constituted as per section 178 (1) of the Act, shall be primarily responsible for framing the criteria of evaluation (including for evaluation of the Board and the Independent Directors). Such criteria shall vary for different categories of individuals/groups depending on the functions, responsibilities, competencies required, nature of business etc. of the concerned individuals/groups. In this regard, the indicative criteria for the evaluations are:

1. Attendance and contribution at Board and Committee meetings.
2. His / her stature, appropriate mix of expertise, skills, behaviour, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company’s value and standards.
3. His / her knowledge of finance, accounts, legal, investment, marketing, foreign exchange / hedging, internal controls, risk management, assessment and mitigation, business operations, processes and corporate governance.
4. His / her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
5. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
6. Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity and probity.

7. Recognize the role which he / she is expected to play, internal board relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board.
8. His / her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
9. Quality of decision making on source of raw material / procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.
10. His / her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
11. His / her contribution to enhance overall brand image of the Company.

## **6. EVALUATION FACTORS**

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The Board shall pay regards to the following parameters for the purpose of evaluating the performance of a particular director:

In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of Board itself, and of its committees and individual directors as such evaluation factors may vary in accordance with their respective functions and duties.

Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

Appraisal of each Directors of the Company shall be based on the criteria as mentioned herein below.

### **Rating Scale**

<b>Performance</b>	<b>Rating</b>
Satisfactory	1
Not Satisfactory	0

The Company has chosen to adopt the following Board Performance Evaluation Process:

## BOARD OF DIRECTORS

Some of the specific issue and questions that should be considered in a performance evaluation of the entire Board by Independent Directors, are set out below:

Sr. no.	Particulars	Ratings	Remarks
<b>A.</b>	<b>Structure of the Board:</b>		
1.	Competency of directors: Whether Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively.		
2.	Experience of directors: Whether Board as a whole has directors with enough experience to conduct its affairs effectively.		
3.	Mix of qualifications: Whether Board as a whole has directors with a proper mix of qualifications to conduct its affairs effectively.		
4.	Diversity in Board under various parameters: Gender/background/ competence/experience, etc. Whether there is sufficient diversity in the Board on the aforesaid parameters.		
5.	Whether the process of appointment to the Board is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge, perspective and gender in the Board.		
<b>B.</b>	<b>Meetings of the Board</b>		
1.	Regularity of meetings: Whether meetings are being held on a regular basis		
2.	Frequency <ul style="list-style-type: none"> <li>a. Whether the Board meets frequently</li> <li>b. Whether the frequency of such meetings is enough for the Board to undertake its duties properly</li> </ul>		
3.	Logistics <ul style="list-style-type: none"> <li>Whether the logistics for the meeting is being handled properly- venue, format, timing, etc.</li> </ul>		
4.	Agenda <ul style="list-style-type: none"> <li>a. Whether the agenda is circulated well before the meeting</li> <li>b. Whether the agenda has all relevant information to take decision on the matter</li> <li>c. Whether the agenda is up to date, regularly reviewed and involves major substantial decisions</li> <li>d. Whether the quality of agenda and Board papers is up to the mark (explains issues properly, not overly lengthy, etc.)</li> <li>e. Whether outstanding items of previous meetings are followed-up and taken up in subsequent</li> </ul>		

	<p>agenda</p> <p>f. Whether the time allotted for the every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject</p> <p>g. Whether the Board is able to finish discussion and decision on all agenda items in the meeting</p> <p>h. Whether adequate and timely inputs are taken from the Board members prior to setting of the Agenda for the meeting</p> <p>i. Whether the agenda includes adequate information on Committee's Activities</p>		
5.	<p>Discussions and dissent:</p> <p>a. Whether the Board discusses every issue comprehensively and depending on the importance of the subject</p> <p>b. Whether the environment of the meeting induces free-flowing discussions, healthy debate and contribution by everyone without any fear or fervour</p> <p>c. Whether the discussions generally add value to the decision making</p> <p>d. Whether the Board tends towards group think and whether critical and dissenting suggestions are welcomed</p> <p>e. Whether all members actively participate in the discussions</p> <p>f. Whether overall, the Board functions constructively as a team</p>		
6.	<p>Recording of minutes:</p> <p>a. Whether the minutes are being recorded properly clearly, completely, accurately and consistently.</p> <p>b. Whether the minutes are approved properly in accordance with set procedures.</p> <p>c. Whether the minutes are timely circulated to all the Board members</p> <p>d. Whether dissenting views are recorded in the minutes.</p>		
7.	<p>Dissemination of information:</p> <p>a. Whether all the information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly</p> <p>b. Whether Board is adequately informed of material matters in between meetings</p>		
<b>C.</b>	<b>Functions of the Board</b>		
1.	Role and responsibilities of the Board: Whether the same are clearly documented		
2.	<p>Strategy and performance evaluation:</p> <p>a. Whether significant time of the Board is being devoted to management of current and potential</p>		

	<p>strategic issues</p> <p>b. Whether various scenario planning is used to evaluate strategic risks</p> <p>c. Whether the Board overall reviews and guides corporate strategy, major plans of action, risk policy, annual budgets and business plans, sets performance objectives, monitored implementation and corporate performance, and oversees major capital expenditures, acquisitions and divestments.</p>		
3.	<p>Governance and compliance</p> <p>a. Whether adequate time of the Board is being devoted to analyse and examine governance and compliance issues</p> <p>b. Whether the Board monitors the effectiveness of its governance practices and makes changes as needed</p> <p>c. Whether the Board ensures the integrity of the entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards</p> <p>d. Whether the Board oversees the process of disclosure and communications.</p> <p>e. Whether the Board evaluates and analyses the compliance certificate from the auditors/ practicing company secretaries regarding compliance of conditions of corporate governance</p>		
4.	<p>Evaluation of Risks:</p> <p>a. Whether Board undertakes a review of the high risk issues impacting the organization regularly In assessment of risks, whether it is ensured that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the entity to excessive risk.</p>		
5.	<p>Grievance redressal for Investors:</p> <p>Whether the Board regularly reviews the grievance redressal mechanism of investors, details of grievances received, disposed of and those remaining unresolved.</p>		
6.	<p>Conflict of interest:</p> <p>a. Whether the Board monitors and manages potential conflicts of interest of management, members of the Board and shareholders, including misuse of corporate assets and abuse in related party transactions</p> <p>b. Whether a sufficient number of non-executive</p>		

	members of the Board capable of exercising independent judgement are assigned to tasks where there is a potential for conflict of interest		
7.	<p>Stakeholder value and responsibility:</p> <ul style="list-style-type: none"> <li>a. Whether the decision making process of the Board is adequate to assess creation of stakeholder value</li> <li>b. Whether the Board has mechanisms in place to communicate and engage with various stakeholders</li> <li>c. Whether the Board acts on a fully informed basis, in good faith, with due diligence and care, with high ethical standards and in the best interest of the entity and the stakeholders.</li> <li>d. Whether the Board treats shareholders and stakeholders fairly where decisions of the Board may affect different shareholder/ stakeholder groups differently.</li> <li>e. Whether the Board regularly reviews the Business Responsibility Reporting / related corporate social responsibility initiatives of the entity and contribution to society, environment etc.</li> </ul>		
8.	Corporate culture and values: Whether the Board sets a corporate culture and the values by which executives throughout a group shall behave		
9.	Review of Board evaluation: Whether the Board monitors and reviews the Board evaluation framework		
10.	<p>Facilitation of Independent Directors:</p> <p>Whether the Board facilitates the Independent Directors to perform their role effectively as a member of the Board and also a member of a committee of Board and any criticism by such directors is taken constructively.</p>		
<b>D.</b>	<b>Board and management</b>		
1.	<p>Evaluation of performance of the management and feedback:</p> <ul style="list-style-type: none"> <li>a. Whether the Board evaluates and monitors management, especially the CEO regularly and fairly and provides constructive feedback and strategic guidance</li> <li>b. Whether the measures used are broad enough to monitor performance of the management</li> <li>c. Whether the management performance is benchmarked against industry peers</li> <li>d. Whether remuneration of the management is in line with its performance and with industry peers</li> <li>e. Whether remuneration of the Board and the management is aligned with the longer term interests of the entity and its shareholders</li> </ul>		



	<p>f. Whether the Board selects, compensates, monitors and, when necessary, replaces key managerial personnel based on such evaluation</p> <p>g. Whether the Board ‘steps back’ to assist executive management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and key areas of the Company’s focus</p>		
2.	Independence of the management from the Board: Whether the level of independence of the management from the Board is adequate		
3.	Access of the management to the Board and Board access to the management: Whether the Board and the management are able to actively access each other and exchange information		
4.	Secretarial support: Whether adequate secretarial and logistical support is available for conducting Board meetings etc.		
5.	Fund availability: Whether sufficient funds are made available to the Board for conducting its meeting effectively, seeking expert advice E.g. Legal, accounting,		
6.	Succession plan: Whether an appropriate and adequate succession plan is in place and is being reviewed and overseen regularly by the Board		
<b>E.</b>	<b>Professional development</b>		
1.	Whether adequate induction and professional development programmes are made available to new and old directors		
2.	Whether continuing directors training is provided to ensure that the members of Board are kept up to date		

## COMMITTEES OF THE BOARD

The Board has constituted the following committees:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee;
4. Corporate Social Responsibility Committee;; and
5. **IPO Committee.**

For evaluating the performance of each committee, the Board shall pay regards to the following aspects as set out below:

Sr. No.	Particulars	Rating	Remarks
1.	Mandate and composition: Whether the mandate, composition and working procedures of committees of the Board is clearly defined and disclosed.		
2.	Effectiveness of the Committee: Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable		
3.	Structure of the Committee and meetings: a. Whether the Committees have been structure properly and regular meetings are being held b. In terms of discussions, agenda, etc. of the meetings, similar criteria may be laid down as specified above for the entire Board		
4.	Independence of the Committee from the Board: Whether adequate independence of the Committee is ensured from the Board		
5.	Contribution to decisions of the Board: Whether the Committee's recommendations contribute effectively to decisions of the Board.		

#### **INDIVIDUAL DIRECTORS (INCLUDING MANAGING DIRECTOR, INDEPENDENT DIRECTORS, NON-INDEPENDENT DIRECTORS, ETC.)**

Some of the specific issues and questions that should be considered in a performance evaluation of Independent Director, in which the concerned director being evaluated shall not be included, are set out below:

*Name of Director being assessed:*

Sr. No.	Assessment Criteria	Rating	Remarks/Comments
1.	<b>General</b>		
	a. Fulfillment of functions: Whether the person understands and fulfills the functions to him/her as assigned by the Board and the law (E.g. Law imposes certain obligations on Independent Directors) b. Ability to function as a team: Whether the person is able to function as an effective team- member c. Initiative: Whether the person actively takes initiative with respect to various areas d. Availability and attendance: Whether the person is available for meetings of the Board and attends the meeting regularly and timely, without delay.		

	e. Commitment: Whether the person is adequately committed to the Board and the entity f. Contribution: Whether the person contributed effectively to the entity and in the Board meeting g. Integrity: Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)		
2.	<b>Additional criteria for Independent director</b>		
	a. Independence: Whether person is independent from the entity and the other directors and there if no conflict of interest b. Independent views and judgement: Whether the person exercises his/ her own judgement and voices opinion freely		
3.	<b>Additional criteria for Managing Director</b>		
	a. Effectiveness of leadership and ability to steer the meetings: Whether the Managing Director displays efficient leadership, is openminded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively b. Impartiality: Whether the Managing Director is impartial in conducting discussions, seeking views and dealing with dissent, etc. c. Commitment: Whether the Managing Director is sufficiently committed to the Board and its meetings. d. Ability to keep shareholder's interest in mind: Whether the Managing Director is able to keep shareholder's interest in mind discussions and decisions		

These criteria may be assigned different weights depending on the Company's requirements, circumstances, outcome of previous assessments, stage of the Board 's maturity, etc.

## 7. METHOD OF EVALUATION

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- a. The method of evaluation must be undertaken either through an internal assessment and an external assessment or a mix of both.
- b. The internal assessment should generally include the following components:
  - **written assessment:** by way of detailed questionnaires circulated to the relevant stakeholders, i.e., the Directors, committees, Board etc. If deemed fit, such written answers may be submitted on a confidential basis. If due to various reasons, any stakeholders are not

- willing to provide written inputs, the Chairperson or any other person may take initiative and obtain views of such stakeholders on a confidential basis.
- **oral assessment:** by way of interviews with the concerned persons.
- c. The external assessment should be undertaken by an appropriate external reviewing entity, who is not a related party or conflicted due to closeness to the Board , to ensure impartiality. Such external assessment may be conducted on a regular basis, based on questionnaires/interviews or a combination of the two.
  - d. Effective use of information technology (such as use of Board evaluation software, other applications etc.) may play a role in facilitating the method of evaluation.
  - e. Evaluation of Independent Directors shall be done by the Board, which shall include: (i) performance of the Independent Directors; and (ii) fulfillment of the independence criteria as specified in the Listing Regulations, and their independence from the management. Further, the Independent Directors who are subject to evaluation shall not participate in this process.

## 8. FEEDBACK

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- a. On collation of all the required responses subsequent to the assessments, feedback may be provided in any of the following ways:
  - orally given by the chairman, external assessor or any other suitable person to: (i) each individual Director separately; (ii) the entire Board ; and (iii) the committees; or
  - written assessment to every individual Director, Board and committees.
- b. Wherever necessary, and to the extent possible, there must be a provision to safeguard the confidentiality of the feedback given. Further, the feedback must also be given honestly and without bias.

## 9. ACTION PLAN

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- a. Based on the analysis of the responses, the Board may prepare a comprehensive action plan for the following areas:
  - areas of improvement (including training, skill building etc.) as may be required for the Directors;
  - list of actions required, detailing inter alia: (i) nature of actions; (ii) timeline; (iii) person responsible for implementation; (iv) resources required; and
  - review of actions within a specified time period.
- b. While drafting this action plan, suggestions under the external assessment, individual member feedback etc. may be taken into account.

## **10. DISCLOSURE REQUIREMENTS**

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- a. 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 Directors shall be included in the report by the Board placed in the general meeting of the Company.
- b. The performance evaluation criteria for Independent Directors shall be disclosed in the section on corporate governance of the annual report.

## **11. FREQUENCY OF BOARD EVALUATION**

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- a. The evaluation is required to be conducted at least once a year. The Company may also conduct such evaluation more frequently.

## **12. RESPONSIBILITY**

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- a. The responsibility of evaluation lies on various persons depending on the subject of evaluation as per the Act and the Listing Regulations.
- b. Generally, the primary role of steering the whole process of Board evaluation and of ensuring its effectiveness in improving the efficiency of the Board lies on the chairperson. Therefore, the process, role, and function of the chairperson should be clearly laid out in advance.
- c. The role of the NRC and the Independent Directors shall be in accordance with paragraph A(1) and A(2) of the SEBI Circular, respectively.

## **13. REVIEW**

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- a. The responsibility of monitoring and reviewing the evaluation process lies with the Board. This review may involve the factors specified in paragraph I of the SEBI Circular.
- b. Such a review may be done based on feedback from management, the Directors, chairperson, external assessors and other relevant stakeholders.

Such review may involve the following:

- whether objectives and criteria for evaluation are adequate or need to be changed/ updated;
- whether the process/method of evaluation is appropriate for Directors, Committees and the Board ;
- whether the actions based on the Board evaluation is being followed up on a timely basis;
- whether the Board evaluation has enhanced effectiveness of the Board ;
- whether the review of the process is being done on a regular basis; and

- whether feedback of the Directors to improve the process is being taken into account.

#### **14. EFFECTIVE DATE**

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This Policy is effective from August 18, 2025, the date of adoption by the Board.

**Version approved by:** The Board of Directors

**Effective Date:** August 18, 2025

Place: Ludhiana

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

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