



**THE KOLHAPUR STEEL LIMITED**  
A Kirloskar Group Company

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## BOARD EVALUATION POLICY

### **Introduction**

The Board of Directors of The Kolhapur Steel Limited (Board) believes in conducting its affairs in a fair and transparent manner by adopting high standards of professionalism, integrity and ethical behavior. Sound judgment and performance of its directors and senior management is the key criteria for the success of the Company. The Companies Act, 2013 ('the Act') not only mandates board, its committees and director evaluation, but also requires the evaluation to be formal, regular and transparent.

The Company has made this policy to comply with the formal annual evaluation made by the Board of its own performance and that of its committees and individual directors in accordance with Section 134 of the Companies Act, 2013. As per Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee shall carry out evaluation of every director's performance and set the criteria based on which the performance of each and every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company.

Further, Schedule IV of the Companies Act, 2013, casts an obligation on part of the Board of Directors for evaluating the performance of independent directors excluding the director being evaluated. Accordingly, a report of performance evaluation of each independent director of the company would be prepared, which would determine whether to extend or continue the term of appointment of the independent director.

This evaluation is particularly helpful when the Board is functioning as per the expectations as a way forward to ensure continuous improvement in the manner in which the Board conducts its business. Also self evaluation will give the members of Board and the committees to evaluate and discuss the Board's and committees' performance with openness and from multiple perspectives.

### **Process**

The process will be initiated each year by the Chairman and will normally be scheduled to take place during the last quarter of the year. At the Board's discretion, a board may designate Company Secretary to coordinate the Board / Committees' self-evaluation or a consultant may be appointed to assist with this process. Copies of the evaluation form will be distributed to each member approximately two weeks before the scheduled self-evaluation meeting. The members shall complete the forms and return them to the Chairman within one week of scheduled meeting date.

Results will be tabulated and analysed prior to the meeting and presented in a summary form to include composite scoring. The individually completed surveys will also be preserved and presented to the Board. Written comments will be attributed to individual members to facilitate discussion on areas that are working well and those that need attention.

Subsidiary company of Kirloskar Brothers Limited

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**Evaluation Criteria**

The evaluation form consists of two parts:

A: Director Evaluation and

B: an Overall Board / Committee Evaluation.

In the Director Evaluation, each Director is encouraged to evaluate the performance of the fellow directors. This evaluation shall be done by the entire Board excluding the director being evaluated.

In the Overall Board / Committee Evaluation, each Board / Committee member is asked to provide his / her input; based on their inputs an overall evaluation of the Board / Committee shall be completed.

All the information gathered under this policy shall always be kept confidential and shall be circulated / disclosed only to the concerned Board members only, unless it is required to be disclosed in compliance with any statutory or contractual obligation.

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## Annexure to the Board Evaluation Policy

### A: Director Evaluation

#### The Kolhapur Steel Limited

#### Individual Director's assessment

Name of the Director	Mr. /Ms. ....
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*This questionnaire has been designed to enable performance evaluation of individual directors. Every question would need to be evaluated on a 5 point scale as given below.*

Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
1	2	3	4	5

Individual Director Effectiveness –Assessment	
<b>I. Qualifications, Knowledge and Expertise</b>	
1. Have required professional qualifications and experience relevant to the Company	
2. Have the required competencies for effective functioning of the Company and the Board	
3. Acquired understanding and knowledge of the Company and sector in which it operates	
<b>II. Attendance (captured from records of meetings)</b>	
4. Was available for the meetings of the Board and attended the meetings regularly and timely without any delay	
<b>II. Evaluation based on guidelines of professional conduct</b>	
5. Upheld ethical standards of integrity and probity	
6. Acted objectively and constructively while exercising duties in a bona fide manner and contributed effectively to the Company	
7. Exercised responsibilities in a bona fide manner in the interest of the Company and is adequately committed to the Board and the Company	
8. Refrained from any action that would lead to loss of independence	
<b>III. Evaluation based on Role and Functions</b>	
9. Helped in bringing independent judgment on issues of strategy, performance, risk management, resources, key appointments and standards of conduct	
10. Scrutinized the performance of the management in achieving agreed goals and objectives	

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11. Safeguarded the interests of all stakeholders, particularly the minority shareholders and balanced the conflicting interest of the stakeholders	
12. Helped in determining appropriate levels of remuneration of executive directors, key managerial personnel and senior management and recommend removal/appointment of key managerial personnel and senior management	
13. Actively took initiatives in various areas and functioned as an effective team-member	
<b>IV. Evaluation based on duties</b>	
14. Regularly updated on skills, knowledge, familiarity with the Company and the external environment in which the Company operates	
15. Sought appropriate clarification or amplification of information where necessary	
16. Strived to attend all meetings of the Board of Directors and of the Board Committees of which am a member	
17. Participated constructively and actively and in the committees of the board in which I'am chairperson or member	
18. Strived to attend the General meetings of the company	
19. Wherever had concerns about the running of the company or of a proposed action, ensured that these were addressed by the Board and to the extent that they were not resolved, insisted that the concern be recorded in the minutes of the Board/Committee meeting if applicable	
20. Paid sufficient attention and ensured that adequate deliberations were held before approving related party transactions and assured that the same were in the interest of the company	
21. Reported concerns of unethical behavior, actual or suspected fraud or violation of Company's code of conduct or ethics policy	
22. Not disclosed confidential information, including commercial secrets, technologies advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure was expressly approved by the Board or required by law yet maintaining the operational transparency in the Board process	

Name:

Signature:

Date:

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**B: Board / Committee Overall Evaluation**

**The Kolhapur Steel Limited**

**Board/Board Committee Overall Evaluation**

<b>Name of the Director</b>	<b>Mr. / Ms. ....</b>
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*This questionnaire has been designed to evaluate the Board and the Board Committee/s. Every question would need to be evaluated on a 5 point scale as given below.*

<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither agree nor disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

*The questionnaire also provides for space for qualitative comments.*

<b>I. Composition and Quality</b>	
1. Members have the appropriate qualifications to meet the objectives of the board's charter, including appropriate financial literacy and diversity of experience	
2. The Board/Committee demonstrate integrity, credibility, trustworthiness, active participation, an ability to handle conflict constructively, strong interpersonal skills, the willingness to address the issues proactively and appropriate industry knowledge	
3. Members meet all applicable independence requirements wherever applicable	
4. The Board/Board Committee participate in a continuing familiarization programme to enhance its members' understanding of relevant risk, reporting regulatory and industry issues	
5. The Board/Board Committee Chairman is an effective leader	
6. The composition of the Board and its Committees is appropriate with the right mix of knowledge and skills to maximize performance	
<b>II. Understanding the Business including the Risks</b>	
7. The Board/Board Committee take into account significant risks that may directly or indirectly affect the organization	
8. The Board/Board Committee considers, understands and approves the process implemented by management to effectively identify, assess, and respond to the organization's key risks	



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9. The Board/Board Committee considers the organization's performance. These may include benchmarking information, comparing the organization's performance and ratios with industry and peers, industry trends, and budget analysis with explanations for areas where significant difference are apparent	
10. Board/Board Committee feels it is sufficiently able to lead, direct and safeguard the organization, and ensure the achievement of its mission statement	
11. The Board overall reviews and guides corporate strategy, major plans of action, annual budgets and business plans, sets performance objectives, monitored implementation and corporate performance and overseas major capital expenditure, acquisitions and divestments	
12. Board/Board Committee provide helpful feedback to management on its requirements and focus sufficiently on matters relating to strategy and ensure overall organizational impact	
<b>III. Process and Procedures</b>	
13. Process of Appointment and working procedures to the Board/Board Committees is clear and transparent	
14. Board/Board Committee meetings are conducted effectively in a healthy environment with adequate secretarial and logistical support, with sufficient time spent on significant or emerging issues, with healthy debate and contribution by the Board members without any fear or fervor	
15. Board/Board Committee is adequately informed of material matters in between the meetings	
16. The level of communication between the Board/Board Committees and relevant parties is appropriate	
17. Meetings are held with enough frequency to fulfill the Board's/Board Committee's duties and at least quarterly, which should include periodic visits to organization's locations with key members of the management	
18. Agenda is circulated well before the meeting and has all relevant information, is reviewed regularly, is of adequate quality and contains adequate inputs taken from the Board members prior to the setting of the Agenda,	
19. Board/Board Committee members come to meetings well prepared, actively participate in the discussions and functions constructively as a team.	
20. Minutes are recorded properly with dissenting views, timely circulated to all the Board/ Board Committee members and approved in accordance with set procedures	
21. Board/Board Committee 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	
22. The Board has adequate decision making process to assess creation of	

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stakeholder value, has mechanisms in place to communicate and engage with various stakeholders and acts in the best interest of the stakeholders and the Company	
<b>IV. Oversight of the Financial Reporting Process, including Internal Controls</b>	
23. The Board/Audit Committee (AC) consider the quality and appropriateness of financial accounting and reporting, including the transparency of disclosures	
24. The Board/AC review the organization's significant accounting policies	
25. The Board/AC make inquiries of the independent auditor, internal auditors, and management on the depth of experience and sufficiency of the organization's accounting and finance staff	
26. The Board/AC review the management replies to the observations of Internal Auditors and monitor the process to determine that all significant matters are addressed	
27. Adjustments to the financial statements that result from the audit are reviewed by the AC regardless of whether they were recorded by the management	
28. The Board/AC understand the coordination of work between the independent and internal auditors and clearly articulate its expectations of each	
29. The Board/AC oversee the role of the independent auditor from selection to termination and have an effective process to evaluate the independent auditor's qualifications and performance and the compliance certificate issued by them regarding compliances	
30. The Board/AC consider the independent audit plan and provide recommendations	
<b>V. Ethics and Compliance</b>	
31. Board/Board Committee members oversee the process of disclosure and communication and are notified of communications received from governmental or regulatory agencies related to alleged violations or areas of non-compliance	
32. The Board/Board Committee oversee management's procedures for enforcing the organization's code of conduct and monitor's effectiveness of its governance practices	
33. The Board/Board Committee ensures that the controls are in place towards compliance with law/s and relevant standards	
34. The Board/Board Committee regularly reviews the grievance redressal mechanism of investors, details of grievances received, disposed of and those remaining unresolved	

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Comments:	
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Name:

Signature:

Date:

### Review of the Policy

The Board will review the Policy annually, which will include an assessment of the effectiveness of the Policy and in particular the questionnaire. The Board will discuss and approve any revisions that may be required based on statutory and other requirements from time to time.

For The Kolhapur Steel Limited

**Chittaranjan Mate**  
**Chairman**

**Pune**

**Date: 24/02/2017**

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