



****Nomination and Remuneration Policy****

Preamble:

As per Section 178 of the Companies Act, 2013, read along with applicable rules, and Regulation 19 read with Part D of Schedule II of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015 as amended (“Listing Regulations”).

As per the provisions of the Act and the Listing Regulations, the nomination and remuneration committee of the Board shall lay appropriate criteria for selection of Directors, Key Managerial personal and Senior Management and formulate appropriate policy for payment of equitable remuneration to them.

Accordingly, the Board of Directors of the Company on 20th September, 2023 has adopted the policy for nomination and remuneration (the “Policy”).

****Objectives of the Committee:****

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- ii. Formulation of criteria for evaluation of Independent Director and to carry out evaluation of every Director’s performance and to provide necessary report to the Board for further evaluation.
- iii. Advise the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- iv. Devising a policy on Board diversity.
- v. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial Personnel (KMP) and Senior Management positions in accordance with the criteria laid down in this policy.
- vi. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- vii. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

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viii. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

ix. To carry out other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

x. To perform such other functions as may be necessary or appropriate for the performance of its duties.

xi. To develop a succession plan for the Board and to regularly review the plan.

****Definitions:****

- “Board”: - Board means Board of Directors of the Company.
- “Director”: - Directors means Directors of the Company.
- “Committee”: - Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- “Company”: - Company means Kaushalya Logistics Limited.
- “Independent Director”: - As provided under clause 49 of the Listing Agreement and/or under the Companies Act, 2013, ‘Independent director’ shall mean a non-executive director of the company: Following are the criterions for appointment of independent Directors as per Clause 49 of the listing agreement: -

a. Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and Experience;

b. (i) Who is or was not a promoter of the company or its holding, subsidiary or associate company; (ii) Who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

c. Apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

d. None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

e. Who, neither himself nor any of his relatives —

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i. Holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three Financial years immediately preceding the financial year in which he is proposed to be appointed; ii. Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or (B) Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm; iii. Holds together with his relatives two per cent or more of the total voting power of the Company; or iv. Is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company; f. Who is not less than 21 years of age.

• “Key Managerial Personnel”: - Key Managerial Personnel (KMP) means-

(i) The Chief Executive Officer or the managing director or the manager; (ii) The Company Secretary; (iii) The Whole-Time Director; (iv) The Chief Financial Officer; and (v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

• “Senior Management”: - The expression “senior management” means DGM & Above 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. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

****Applicability:****

The Policy is applicable to

• Directors (Executive and Non-Executive) • Key Managerial Personnel • Senior Management Personnel (DGM & above)

****Constitution of the Nomination and Remuneration Committee:****

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company’s policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises of following Directors:

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i. Mr. Narendra Kumar Sumani (Independent Director, Chairperson) ii. Mrs. Uma Verma (Independent Director, Member) iii. Mr. Ram Gopal Choudhary (Non-Independent Director, Member)

****General Appointment Criteria:****

i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.

ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.

iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement, or any other enactment for the time being in force.

****Additional Criteria for Appointment of Independent Directors:****

The Committee shall consider qualifications for Independent Directors as mentioned earlier under the head 'Definitions,' and their appointment shall be governed as per the provisions of clause 49 of the Listing Agreement (as amended from time to time) and the Companies Act, 2013.

****Term / Tenure:****

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013, and rules made thereunder as amended from time to time.

****Removal:****

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder, or under any other applicable Act, rules, and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP, or Senior Management Personnel subject to the provisions and compliance with the said Act, rules, and regulations.

****Criteria for Evaluation of Independent Director and the Board:****

Following are the Criteria for the evaluation of the performance of Independent Directors and the Board:

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1. **Executive Directors:**

The Executive Directors shall be evaluated on the basis of targets/criteria given to executive Directors by the board from time to time.

2. **Non-Executive Director:**

The Non-Executive Directors shall be evaluated on the basis of the following criteria, i.e. whether they:

- (a) Act objectively and constructively while exercising their duties;
- (b) Exercise their responsibilities in a bona fide manner in the interest of the company;
- (c) Devote sufficient time and attention to their professional obligations for informed and balanced decision-making;
- (d) Do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) Refrain from any action that would lead to the loss of their independence;
- (f) Inform the Board immediately when they lose their independence;
- (g) Assist the company in implementing the best corporate governance practices.
- (h) Strive to attend all meetings of the Board of Directors and the Committees;
- (i) Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) Strive to attend the general meetings of the company;
- (k) Keep themselves well informed about the company and the industry in which the company operates in the external environment;
- (l) Do not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (m) Moderate and arbitrate in an unbiased manner in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- (n) Abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines pursuant to Insider Trading Regulation.

****Policy on Board diversity:****

The Board of Directors shall have the optimum combination of Directors from different areas/fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development, Human Resources, etc., or as may be considered appropriate.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least some members who are financially literate.

****Committee Members' Interests****

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a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated. b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

****Remuneration:****

The Committee will recommend the remuneration to be paid to the Managing Director, KMP, and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel, and Senior Management of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also 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:

1. **Director/ Managing Director**

Besides the above Criteria, the Remuneration/ compensation/ commission, etc., to be paid to the Director/ Managing Director, etc., shall be governed as per provisions of the Companies Act, 2013, and rules made thereunder or any other enactment for the time being in force.

2. **Non-executive Independent Directors**

The Non-Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of the Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013, and rules made thereunder or any other enactment for the time being in force.

3. **KMPs / Senior Management Personnel, etc.**

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification, and expertise and time devoted to the related personnel and governed by the limits, if any, prescribed under the Companies Act, 2013, and rules made thereunder or any other enactment for the time being in force.

4. **Directors' and Officers' Insurance**

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel, etc., for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

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