



## PERFORMANCE EVALUATION POLICY

### Preamble

Kaushalya Logistics Limited (the “Company”) believes in sustaining sound governance by establishing and following best practices. As top management of the Company oversees the performance of every department, the Board of Directors (the “**Board**”) of the Company manages the functioning of top management to meet business, customer and market needs. Practices of Board evaluation on an annual basis is an opportunity to benchmark progress and complies with the provisions of the Companies Act, 2013 (the “**Act**”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulation**”)

The Company’s Board of Directors is dedicated to act in good faith; exercise their judgment on an informed basis and in the best interest of the company and its stakeholders. Accordingly, the present policy for performance evaluation is being put in place in accordance with the requirements of section 178 of the Companies Act, 2013 which provides that a policy is to be formulated and recommended to the Board, setting the criteria, based on which the performance of every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors and will ensure that they exercise their powers in a rational manner.

With an aim to maintain a 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.

As one of the most important functions of the Board of Directors is to oversee the functioning of Company’s top management, this Board Performance Evaluation process aims to ensure that individual directors (“Directors”) and the Board of Directors of the Company (“Board”) as a whole work efficiently and effectively in achieving Company’s objectives. This policy aims at establishing a procedure for the Board to conduct periodic evaluation of its own performance and of its committees and individual directors. Hence it is important that every individual Board Member effectively contributes in the Board deliberations.

EFFECTIVENESS OF THE BOARD
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The overall effectiveness of the Board shall be measured on the basis of the ratings obtained by each Director and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company.

### **Kaushalya Logistics Limited**

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RESPONSIBILITY OF BOARD/INDEPENDENT DIRECTOR

It shall be the duty of the Company to organize the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength hand to tackle their short comings.

The Board of Directors shall undertake the following activities on an annual basis: -

- I. Review the various strategies of the Company and accordingly set the performance objectives for directors, consistent with the vary in nature and requirements of Company's business.
- II. The Board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement there on, pursuant to the performance objectives.

In conformity with the requirement of the Act, the performance evaluation of all the independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

Independent Directors are required to evaluate the performance of non – independent directors and Board as a whole. The independent directors of the Company shall hold at least one meeting in a year to exercise the functions as mentioned in Act and its applicable Schedules.

EVALUATION FACTORS

The Board of Directors shall take into consideration the following parameters for the purpose of evaluating the performance of a particular director:

In respect of each of the evaluation parameters, various descriptors 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. The evaluation scale is a simple three-point scale i.e., Below Expectations (1), Meets Expectations (2) and Surpasses Expectations (3).

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

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### Rating Scale

Scale	Performance
3	Surpasses Expectations
2	Meets Expectations
1	Below Expectations

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

INDEPENDENT DIRECTORS AND NON-INDEPENDENT DIRECTORS (INCLUDING GMD)

Some of the specific issues and questions that should be considered in the performance evaluation of an Independent and non-Independent Directors, (the exercise in which the concerned director being evaluated shall not be included) are set out below: -

S.No.	Assessment Criteria
1	Attendance and participations in the Meetings and timely inputs on the minutes of the meetings.
2	Adherence to ethical standards & code of conduct of Company and disclosure of non-independence, as and when it exists and disclosure of interest.
3	Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings.
4	Interpersonal relations with other directors and management.
5	Objective evaluation of Board's performance, rendering independent, unbiased opinion.
6	Understanding of the Company and the external environment in which it operates and contribution to strategic direction.
7	Safeguarding interest of whistle-blowers under vigil mechanism and Safeguard of confidential information.

Based on the above criteria each of the Independent Directors has to be assessed by the other directors (including other Independent Directors) by giving a rating of Surpasses Expectations (3) or Meets Expectations (2) or Below Expectations (1). The total of the ratings so awarded will be averaged over the number of persons who have awarded the rating.

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This process of evaluation shall be done by Independent Directors only. Assistance in handling the process will be provided by a person so authorized by the Board, and for this purpose, the person will report to the Board.

BOARD OF DIRECTORS
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Some of the specific issues and questions that should be considered in a performance evaluation of the entire Board by the Independent Directors are set out below: -

S.No.	Assessment Criteria
1	Is the composition of the board appropriate with the right mix of knowledge and skills required to drive organizational performance in the light of future strategy?
2	Members of the board meet all applicable independence requirements.
3	The Board of Directors is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations.
4	The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.
5	The Company's systems of control are effective for identifying and mitigating material risks and reporting material violations of policies and law and The Board is provided with sufficient information about material risks and problems that affects the Company's business and prospects.
6	The Board receives regular financial updates and evaluates whether the company's activities are sustainable and takes all necessary steps to ensure the operations of the organization are sound and reviews the organization's performance in carrying out the stated mission on a regular basis.
7	Are sufficient numbers of board meetings, of appropriate length, being held to enable proper consideration of issues?
8	The information provided to directors prior to Board meetings meets expectations in terms of length and level of detail and Board members come prepared to meetings and ask appropriate questions of management and address issues that might present a conflict of interest.
9	Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.
10	The Chairman of the Board effectively and appropriately leads and facilitates the Board's meetings and the policy and governance work of the Board.
11	Nomination and appointment of Board members and their Remuneration follow clearly established procedures using known criteria as laid down by the Nomination and Remuneration Committee.
12	The Board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance (through its Audit Committee).
13	Company has a proper system for Corporate Social Responsibility, Stakeholder Relationships and for prohibition of insider trading.

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14	Company has necessary Committees which are required and these Committees are discharging its functions effectively.
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Based on the above criteria Board has to be assessed by giving a rating of Surpasses Expectations (3) or Meets Expectations (2) or Below Expectations (1). The total number of the ratings awarded will be averaged over the number of persons who have awarded the ratings.

The process of evaluation shall be done by Independent Directors only. Assistance in the process will be provided by a person so authorized by the Board, and for this purpose the person will report to the Board.

The performance of Committees of Board shall also be reviewed from time to time.

REVIEW

The performance evaluation process and related tools will be reviewed by the “Nomination and Remuneration Committee” on need basis.

The committee may amend the Policy, if required, to ascertain its appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

DISCLOSURE

Kaushalya Logistics Limited will disclose details of its Board Performance Evaluation processes in its Board’s Report and the key features of this Policy would also be included in the corporate governance statement contained in the annual report of the Company.

Further, the Board’s report containing such statement will be made available to shareholders at the general meeting of the Company. The Policy shall remain available in the public domain i.e. on the website of the Company.

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