

SHUBHAM GUPTA

Advocate

B.Com LL.B. (Hons.), ACS,
LL.M. (Corporate & Financial Laws)

Date: October 23, 2025

To

The Board of Directors

MADHUR KNIT CRAFTS LIMITED

CIN: U17301PB1997PLC020381

Registered Office: Village - Seera, Sattowal Road, Rahon Road,
Eros Bajra Road, Ludhiana, Punjab, India, 141007

CC:

SKI Capital Services Limited

718, Dr. Joshi Road, Karol Bagh, New Delhi – 110005

Email: contact@skicapital.net

**Re: Proposed Initial Public Offer (IPO) of Equity
Shares of Madhur Knit Crafts Limited**

**Subject: Legal Due Diligence Report of Madhur Knit Crafts
Limited**

Dear Sir(s),

I have carried out Legal Due Diligence of the records and documents of Madhur Knit Crafts Limited (MKCL), a Company within the meaning of the Companies Act, 1956/2013 having its Registered Office situated at Village - Seera, Sattowal Road, Rahon Road, Eros Bajra Road, Ludhiana, Punjab - 141007, in connection with its proposed fresh issue/Initial Public Offer (IPO) in the EMERGE platform of the National Stock Exchange of India Limited or 'NSE EMERGE' in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI-ICDR), and other applicable legal and regulatory requirements.

Based on the records and information—digital or otherwise, made available to me for this purpose, *inter alia*, by way of sworn affidavits by the Directors and/or Promoters and/or KMPs of Madhur Knit Crafts Limited (MKCL), which I, *bona fide*, believe to be true and correct, I report as under:

Madhur Knit Crafts Limited (MKCL) was originally incorporated on 21st August, 1997 as a Private Limited Company under the name and style of '*Madhur Knit Crafts Private Limited*' or MKCPL under the provisions of Companies Act, 1956 with the Registrar of Companies, Punjab, H.P. and Chandigarh vide CIN: U17301PB1997PTC020381. Later, vide fresh certificate of incorporation dated 28th January, 2025, MKCPL was converted from Private Limited Company into a Public Limited Company and the name of the Company was changed to '*Madhur Knit Crafts Limited*' (MKCL).

As on the date of this Report, the CIN of MKCL is U17301PB1997PLC020381.

A. INCORPORATION DETAILS:

The following table summarizes the details of incorporation of MKCL and subsequent changes in the details of incorporation documents:

ORIGINALLY	
Nature of Registration	Original Certificate of Incorporation issued to Madhur Knit Crafts Limited (MKCL).
Registration Number (CIN)	U17301PB1997PTC020381
Governing Law	Companies Act, 1956
Issuer	Registrar of Companies, Chandigarh
Date of Issue	21.08.1997
Expiry	Replaced by fresh Certificate of Incorporation issued consequent upon the conversion of Company into a Public Limited Company.
NOW	
Nature of Registration	Fresh Certificate of Incorporation issued to Madhur Knit crafts upon its conversion from a Private Limited Company to a Public Limited Company.
Registration Number (CIN)	U17301PB1997PLC020381
Governing Law	Companies Act, 2013
Issuer	Registrar of Companies, Chandigarh
Date of Issue	28.01.2025
Expiry	N.A.

B. MAIN OBJECTS OF THE COMPANY

The main objects of MKCL as per its Memorandum of Association are as under:

- To carry on the business of spinners, weavers, knitters, combers, manufacturers, producers processors importers, exporters, buyers, sellers of and dealers in all kinds to yarns and fibers, whether synthetic artificial or natural, doublers, nylon acrylic, polyester rayon, silk, artificial silk, linen, cotton, wool jute and any other fiber or*

fibrous material, whether synthetic artificial or natural, textile substance, allied product by-products and substitutes for all or any of them and to treat and utilize any waste arising from any such manufacture production or process whether carried on by the Company or otherwise.

2. *To carry on the business of machine combers and recompress of all types offers and materials whether artificial or synthetic and to sort blend prepare scour scribble, comb dye, carbonize, spin, twist, double, wind, wrap, weave mind, finish, make up, buy, sell, import, export and deal in fibers, whether natural artificial or synthetic tops, yarn, woven, fabrics arid textile fabrics and to carry on the trade or business of combers, recompress, top makers, spinners/weavers- doublers, manufacturers, printers dyers and finishers, bleachers, carbonizes, water roofers of textile materials and fabrics of all kinds, merchants, agents importers exporters factor sell out of and dealers in wool, worsted shoddy woolen, silk, hair, alpaca, mohair, cotton, flax, jute hemp, artificial and synthetic fibers and all or any fibrous substances tops, wasters arid by-products or any textile products.*
3. *To undertake ginning, spinning weaving, knitting, bleaching, dyeing, combing and pressing of all varieties of fibers and yarns, natural, artificial or synthetic, such as Cotton, Rayon, Nylon, polyester, acrylic, their products and waste of every description whether on the company's own account or for any person firm or company.*
4. *To carry on the business of manufacturers importers and exporters, agents, wholesale and retail dealers of and in Jeans, Pants, Textile Goods Hosiery Goods, Cloth, Cotton Goods and Readymade Goods of every kind, nature and description for men, women, and children including Blankets, Shawls, Saris, Lois, Mufflers, Scarves, Shirts, Trousers, Vests, underwear's, socks, panties, nighties, stockings. sweaters, brasseries coats, costumes, gloves laces and all other hosiery and textile goods.*
5. *To carry on the business of manufacturers, producers processors importers exporters buyers, sellers of and dealers in all kinds of fabrics and textiles prepared or manufactured from nylon, polyester acrylic rayon silk linen, cotton wool, Jute or any other synthetic artificial or natural yarn and fibers and converters of synthetic artificial and natural fibers including fiber glass into materials like cloth lapse ropes, yams twins hosiers dress makers furriers clothiers and otters, and such other articles as may be conveniently produced or manufactured.*
6. *To buy, sell, import, export or deal in any kind of goods or services either as manufacturer, trader, agents, consultants, service providers or otherwise in India or abroad.*
7. *To carry on the business of manufacturing machinery or providing consultancy or to render designing and engineering services and provide technical know-how to run and maintain plants and machinery for manufacture of all or any of the above types of goods materials, raw materials thereof.*

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C. FORMATION OF THE BOARD OF DIRECTORS/ KMP

The Company has the following individuals on its Board of Directors and as Key Managerial Personnels (KMPs):

Sr. No.	Name	DIN/ PAN	Category	Designation	Original Date of Appointment
1.	Arun Gupta	00585772	Promoter	Managing Director	21/08/1997
2.	Piyush Gupta	05141402	Promoter	Whole-Time Director	08/12/2011
3.	Piyush Gupta	AKJPG0952E	KMP	Chief Financial Officer (CFO)	01/01/2025
4.	Chirag Gupta	08330420	Promoter	Whole-Time Director	15/01/2019
5.	Gurpreet Kaur	09356854	Independent	Director	11/06/2025
6.	Avinash Rai	02028350	Independent	Director	31/01/2025
7.	Sanjay Kapoor	10957615	Independent	Director	31/01/2025
8.	Nikita Tayal	AVKPT4771E	KMP	Company Secretary (CS)	01/01/2025

D. PLACES OF BUSINESS

The Company carries on its business, operations and administrative functions from the following places/Locations:

Description	Occupation Type	State/ Location	Validity
Registered Office & Corporate Office	Owned by Company	Punjab – Village - Seera, Sattowal Road, Rahon Road, Eros Bajra Road, Ludhiana, Punjab - 141007	N.A.

E. PROMOTER AND PROMOTER GROUP

MKCL has 3 (Three) Individual Promoters namely:

- (1) Arun Gupta,
- (2) Piyush Gupta, and
- (3) Chirag Gupta.

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The following are the Individuals forming a part of 'Promoter Group' as per Regulation 2(1)(pp)(ii) of SEBI-ICDR:

S. No.	Relationship	Arun Gupta	Piyush Gupta	Chirag Gupta
1.	Father	Kastoor Chand Gupta	Arun Gupta	Arun Gupta
2.	Mother	Sulochna Gupta	Sangeeta Gupta	Sangeeta Gupta
3.	Spouse	Sangeeta Gupta	Nitasha Gupta	Vani Gupta
4.	Brother	Rajesh Gupta, Vishnu Gupta, Ravi Gupta	Chirag Gupta	Piyush Gupta
5.	Sister	-	-	-
6.	Son	Piyush Gupta & Chirag Gupta	Prashast Gupta (Minor)	Yashasva Gupta (Minor)
7.	Son's spouse	Nitasha Gupta, Vani Gupta	-	-
8.	Daughter	-	Sarvada Gupta (Minor)	-
9.	Daughter's Spouse	-	-	-
10.	Spouse's Father	Om Prakash Chaudhary	Pardeep Mittal	Ajay Gupta
11.	Spouse's Mother	Late Smt. Revati Devi	Anita Mittal	Monika Gupta
12.	Spouse's Brother	Murli Dhar Chaudhary, Ghanshyam Chaudhary	Pankush Mittal	Keshav Gupta
13.	Spouse's Sister	Santosh Devi Jallan	-	-

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The following are the Non-Individuals forming a part of 'Promoter Group' as per Regulation 2(1)(pp)(iv) of SEBI-ICDR:

Particulars	Name of the Entity
Any Body Corporate in which 20% or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of their relative is a member <u>Regulation 2(1)(pp)(iv)(A)</u>	1. Trimurti Hosiery Mills Private Limited 2. Vidya Udyog Private Limited 3. Trimurti Textile Park Association 4. Star Vista Developers Private Limited 5. Star Cottex Limited 6. Sarvatra Jeweller Pvt Ltd. 7. K.C. Fabrics 8. Trimurti Apparels 9. Arun Gupta HUF 10. Piyush Gupta HUF 11. Chirag Gupta HUF 12. Kastoor Chand Gupta HUF 13. Ravi Gupta HUF 14. Vishnu Gupta HUF 15. Rajesh Gupta HUF 16. Starlight Hosiery Mills 17. Palace Jewellers 18. RPA Developers 19. Pardeep Kumar & Sons HUF 20. Pankush Mittal HUF 21. Samridhi Steels
Any Body Corporate in which a body corporate as provided in (A) above holds 20% or more, of the equity share capital <u>Regulation 2(1)(pp)(iv)(B)</u>	1. Star Vista Welfare Foundation
Any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than 20% of the total capital <u>Regulation 2(1)(pp)(iv)(C)</u>	

F. GROUP COMPANIES UNDER REGULATION 2(1)(t) of SEBI-ICDR

The following are the Group Companies of MKCL as per Regulation 2(1)(t) of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018:

Sr. No.	Name of the Group Company	Common Promoter	Shareholding/ Partnership in Group Co.
1.	Star Cottex Limited	None	None

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Details of the Group Companies are as follows:

Star Cottex Limited Corporate Information

CIN	U17309PB2019PLC050164
ROC Name	ROC Chandigarh
Registration Number	050164
Date of Incorporation	25/10/2019
Registered Address	P. No. BXXXI 372/215, Beant Pura, Chandigarh Road, Samrala Road, Ludhiana, Ludhiana, Punjab, India, 141008
Category of Company	Company limited by shares
Sub-category of the Company	Non-government company
Class of Company	Public
Listed in Stock Exchange	No
Authorized Capital (Rs.)	10,00,000
Paid up Capital (Rs.)	1,00,000

G. DETAILS OF MATERIAL AGREEMENTS ENTERED INTO BY THE COMPANY

The following table summarizes the material agreements entered into by the company with other entities:

Nature of Agreement	Parties to the Agreement	Date of Agreement	Validity of Agreement
N.A.			

H. DETAILS OF PROPERTIES

The Company has the following Properties under possession and holds rights of ownership/lease/tenancy, as may be applicable:

Sr. No.	Details of the Property	Location	Status of Possession/Ownership	Details of Rights under Tenancy/ Lease/ Leave or License of any other Contractual Rights
1.	Khasra No 26//6/2 (2-14) 7/2 (2-14) 8/2 (2-11), Village Seerah	Punjab	Owned by Madhur Knit Crafts Limited	Not Applicable
2.	Khasra No 26//3, Village Seerah	Punjab	Owned by Madhur Knit Crafts Limited	Not Applicable

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3.	Khasra No 25//10/2, Village Seerah	Punjab	Owned by Madhur Knit Crafts Limited	Not Applicable
4.	Khasra No 26//4, Village Seerah	Punjab	Owned by Madhur Knit Crafts Limited	Not Applicable
5.	Khasra No. 18/23- 18/24, Khatta No. 130/135, Village Seerah, Sattowal Road, Rahon Road, Ludhiana-141007.	Punjab	Rented/Leased by Sangeeta Gupta	Lease Tenure: 11 Months Lease Rent: Rs. 26,250/- Whether Lessor is a Related Party: Yes Status of Stamping/ Registration: Not required Validity: 24-02-2026
6.	Khasra No. 18/23- 18/24, Khatta No. 110/114, Village Seerah, Sattowal Road, Rahon Road, Ludhiana-141007.	Punjab	Rented by National Yarn Agency	Lease Tenure: 11 Months Lease Rent: Rs. 26,250/- Whether Lessor is a Related Party: Yes Status of Stamping/ Registration: Not required Validity: 26-02-2026

I. TAX RELATED AUTHORIZATIONS

The following are the registrations held by the Company with Tax and other Fiscal-Regulatory Authorities:

Nature of Registration or License	Registration Number	Issuer	Date of Issue	Validity
Permanent Account Number (PAN)	AABCM1402E	Income Tax Department, Government of India	Date of Incorporation	Till Canceled
Tax Deduction and Collection Account Number (TAN)	JLDM04371D	Income Tax Department, Government of India	Date of Incorporation	Till Canceled

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Importer Exporter Code (IEC)	AABCM1402E	DGFT, Ministry of Commerce	Jan 20, 2012 (modified ay 16, 2024)	Till Canceled
Professional Tax Certificate	E30AABCM1402E	Department of Excise and Taxation, Punjab State Development Tax	-	Till Canceled
Goods and Services Tax (GST) Registrations Certificates issued in respect of different States in India:				
Goods and Services Tax Registration Number (GSTIN/UIN)	03AABCM1402E1ZF [Punjab]	Excise Taxation Department, Punjab	01.07.2017 (Migrated)	Till Cancelled

J. LABOUR LAW RELATED CERTIFICATIONS

The following table summarized the registrations held by the Company under the labour welfare laws:

Sr. No.	Nature of Registration/ License	Registration/ License Number	Issuer	Date of Issue	Validity
1.	Employees' Provident Fund Registration	LDLDH0041832000	EPFO, Ludhiana	02/02/2013	Till Cancelled
2.	Employees' State Insurance Registration	26000477940000100	ESIC, Ludhiana	01/02/2013	Till Cancelled

K. MATERIAL APPROVALS (APPLIED FOR BUT NOT RECEIVED)

The following table summarized the approvals sought by the Company from regulatory authorities but are pending processing/approval:

Sr. No.	Nature of Registration/ License	Application Number	Issuing Authority	Date of Application
1.	Groundwater Extraction Permission	Unavailable	Department of Water Resources, Government of Punjab	28.06.2025

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2.	Hazardous Waste Management Authorization	12009271	Punjab Pollution Control Board (PPCB)	27.09.2025
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L. REGISTRATION/ LICENCES/CERTIFICATIONS UNDER OTHER LAWS

The following table summarized the registrations held by the Company under various other statutes/legislations/policies, as may be applicable:

Sr. No.	Nature of Registration or License	Registration Number	Issuer	Date of Issue	Validity
1.	Udyam Registration Certificate	UDYAM-PB-12-0012200	Ministry of MSME, Govt. of India	21.12.2020	Till Canceled
2.	LEI Certificate	03AABCM1402E1ZF	Clearing Corporation of India	12.07.2021	12.07.2026
3.	Change of Land Use (CLU) – 6 Kanal 8 Marla (3,872 sq. yds.), Village Seera	Memo No. [2011]	Department of Town & Country Planning, Punjab	2011	Till Canceled
4.	Change of Land Use (CLU) – 21 Kanal 15 Marla (2.718 acres), Village Seera	Memo No. 568 srp(L)kfar/12ft	Department of Town & Country Planning, Punjab	2012	Till Canceled
5.	Consent to Operate (Air)	CTO/Renewal/LD H3/2025/28683738	Punjab Pollution Control Board	28.05.2025	28.05.2027
6.	Amendment of Factory Licence to Work as Factory Under the Factories Act, 1948	LDHOF5547	Directorate of Factories, Punjab (Department of Labour, Govt. of Punjab)	03.03.2025	31.12.2029

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7.	Consent to Operate (Water)	CTO/Renewal/LD H3/2025/28683740	Punjab Pollution Control Board	28.05.2025	28.05.2027
8.	Fire Safety Certificate (NOC)	1211-105731-Fire/80669	Punjab Fire Services (MC Ludhiana)	03.01.2025	Till Canceled
9.	DGFT Notification support	Notification No. 05/2025-26	DGFT, Gol	23.04.2025	Minimum Import Price (MIP) mandated by DGFT up to 31.03.2026.
10.	Boiler Inspection Renewal Certificate	PI-4742	Central Boilers Board, India (through Jasbir Singh)	24.08.2025	23.08.2026
11.	ISO 9001:2015	060606AR05MA	Global Standards	18.06.2025	17.06.2028
12.	ISO 14001:2015	060606AR06MA	Global Standards	18.06.2025	17.06.2028

M. INTELLECTUAL PROPERTIES








The Company owns the following Trade Marks as Intellectual Property:

Sr. No.	Trade Mark/ Device Mark	TM Regn. No.	Class	Trademark Type	Date of Registration	Valid Up To
1.	La' Peneli Gracia	3572232	24	Wordmark	16-06-2017	16-06-2027
2.	La' Peneli Tulip	3572231	24	Wordmark	16-06-2017	16-06-2027
3.	La' Peneli Amour	3572230	24	Wordmark	16-06-2017	16-06-2027
4.	La' Peneli Amaze	3572229	24	Wordmark	16-06-2017	16-06-2027
5.	La' Peneli Solitaire	3572246	24	Wordmark	16-06-2017	16-06-2027
6.	La' Peneli ORO	3572241	24	Wordmark	16-06-2017	16-06-2027
7.	La' Peneli Penguino	3572240	24	Wordmark	16-06-2017	16-06-2027
8.	La' Peneli Perla	3572242	24	Wordmark	16-06-2017	16-06-2027
9.	La' Peneli Bonito	3572244	24	Wordmark	16-06-2017	16-06-2027
10.	La' Peneli Diamante	3572245	24	Wordmark	16-06-2017	16-06-2027

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11.	La' Peneli Platino	3572243	24	Wordmark	16-06-2017	16-06-2027
12.	Embrace	2384750	24	Wordmark	24-08-2012	24-08-2022
13.	Penguin Kasturi	2384755	24	Wordmark	24-08-2012	24-08-2032
14.	Antarctica	2384757	24	Wordmark	24-08-2012	24-08-2022
15.		3321673	24	Device	28-07-2016	28-07-2026
16.	Beamer	3487918	24	Wordmark	21-02-2017	21-02-2027
17.	Penguin Aanchal	2503892	24	Wordmark	28-03-2013	28-03-2033
18.		3321671	24	Device	28-07-2016	28-07-2026
19.	Penguin Raga	3572236	24	Wordmark	16-06-2017	16-06-2027
20.	Penguin	3741198	24	Wordmark	31-01-2018	31-01-2028
21.	Madhur	3741197	24	Wordmark	31-01-2018	31-01-2028
22.	Penguin Rock	3572237	24	Wordmark	16-06-2017	16-06-2027
23.	Penguin Rosas	3572238	24	Wordmark	16-06-2017	16-06-2027
24.	Penguin Roos	3572239	24	Wordmark	16-06-2017	16-06-2027
25.	Penguin Nice	3741201	24	Wordmark	31-01-2018	31-01-2028
26.	Penguin Success	3741199	24	Wordmark	31-01-2018	31-01-2028
27.	Highway Tiffin	3003125	43	Wordmark	08-07-2015	08-07-2025
28.		2155802	25	Device	06-06-2011	06-06-2031
29.	Dickie Bird	2153337	25	Wordmark	01-06-2011	01-06-2031
30.		3572234	24	Device	16-06-2017	16-06-2027
31.		3321674	24	Device	28-07-2016	28-07-2026
32.		3321670	24	Device	28-07-2016	28-07-2026
33.		3321672	24	Device	28-07-2016	28-07-2026
34.		3321669	24	Device	28-07-2016	28-07-2026

N. DOMAIN

The Company owns and operates the following web-domains:

Sr. No.	Domain Name	Registry Domain ID	Creation Date	Expiry Date
1.	www.mkcpl.in	Squarespace	27.04.2023	27.04.2026

O. INSURANCE POLICIES

The Company has obtained the following Insurance Policies in furtherance of its business activities:

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Provider	Policy Number	Coverage Amount (In Rs.)	Premium (In Rs.)	Policy Period
The Oriental Insurance Company Limited-Basic Cover- Burglary Standard	234000/48/2025 /2547	32,00,00,000	18,880	24/12/2024- 23/12/2025
Go Digit General Insurance Limited	D183256022/19 042025	11,93,920	27,497.55	20/04/2025- 19/04/2026
Go Digit General Insurance Limited	D166147735/19 092024	8,80,650	23,023.35	15/11/2024- 14/11/2025
Royal Sundaram General Insurance Co. Limited-Group Personal Accident – Endorsements	AG0006599600 0100	Temporary Total Disablement: Weekly compensation of 1% of Sum Insured, subject to a maximum of ₹10,000 per week for up to 104 weeks. Limited to 25% of gross monthly earnings. Medical Expenses Extension: Reimbursement of medical expenses up to 40% of admissible claim or 20% of Sum Insured, whichever is lower. Covers ambulance/ medical evacuation expenses up to ₹1,500 per claim on submission of proof. Child Education: ₹10,000 per child, subject to a maximum of two children, payable in case of death of the insured under Benefit-1.		06/06/2025- 05/06/2026

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Royal Sundaram General Insurance Co. Limited-Employees Compensation Insurance Policy	LEI0008067000 100	Maximum of 100 times the monthly wages of the employee at the time of accident subject to the Condition of Average as per the Employees Compensation Insurance Policy Wording	69000.00	05/06/2025- 04/06/2026
The Oriental Insurance Company Limited- Oriental Insurance - Flexi Bharat Laghu Udyam Suraksha Policy	234000/11/2025 /790	49,50,00,000	2,71,836	24/12/2024- 23/12/2025
The Oriental Insurance Company- Electronic Equipment Insurance Policy	234000/44/2025 /185	3,06,00,000	90,270	29/12/2024- 28/12/2025
The Oriental Insurance Company- Machinery Breakdown Insurance Policy	234000/44/2025 /186	10,83,95,000	3,72,954	29/12/2024- 28/12/2025

P. APPLICABLE LAWS AND REGULATIONS

The Company is subject to the following legislations and Rules/Regulations made thereunder:

INDUSTRY RELATED LAW

1. National Textile Policy, 2000

The National Textile Policy, 2000 (“NTP 2000”) aims at facilitating the growth of the textile industry in order to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. It also aims at equipping the textile industry with the ability to withstand pressure of import penetration and maintain dominant presence in the domestic market. The industry aims at developing a strong and vibrant textile industry that can produce quality products at acceptable prices. This objective is sought to be achieved by liberalizing controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive

environment. Major thrust areas of NTP 2000 include technology upgradation, enhancement of productivity, increase in exports and innovating marketing strategies, product diversification along with quality consciousness, among others. Additionally, certain sector specific initiatives envisaged under the NTP 2000 include raw materials, clothing, export and knitting.

2. Textiles Committee Act, 1963

The Textiles Committee Act, 1963 was enacted to promote quality control, standardization, and research in the textile sector. The Act empowers the Textiles Committee, under the Ministry of Textiles, to carry out inspections, certification, and testing of textile products, including fabrics, garments, and technical textiles. It also undertakes research initiatives to improve production processes, enhance efficiency, and support innovation in textiles, thereby facilitating competitiveness in domestic and international markets.

3. National Technical Textiles Policy, 2020

The National Technical Textiles Policy, 2020, introduced by the Government of India, aims to promote the growth of technical textiles through research, innovation, and investment incentives. The policy covers specialized fabrics designed for industrial applications, including agrotech, meditech, protech, and buildtech segments. It encourages domestic production, technological advancement, and export of high-value-added technical textiles.

4. Production-Linked Incentive Scheme in Textiles Products

In November 2020, the Union Cabinet approved the Production-Linked Incentive (PLI) Scheme for Textiles with the objective of boosting domestic manufacturing capabilities and promoting exports of textile products. The scheme has an approved outlay of ₹10,683 crore over a period of five years and is implemented by the Ministry of Textiles. It aims to incentivize production across forty product categories under man-made fibres (MMF), including fabrics, garments, and technical textiles. The scheme provides financial incentives linked to incremental sales of eligible products, thereby encouraging investment in technology, capacity expansion, and value-added textile manufacturing.

5. Bureau of Indian Standards Act, 2016

The Bureau of Indian Standards (BIS) Act, 2016 establishes the Bureau of Indian Standards as the National Standards Body of India, responsible for formulating and enforcing quality and safety standards across a wide range of goods, services, systems, and processes. The Act provides for both voluntary and mandatory certification schemes, including the BIS hallmark for precious metals and the ISI mark for industrial and consumer products. It empowers the Bureau to issue quality control orders, conduct inspections, and take enforcement actions against non-compliance.

The Act aims to ensure consumer safety, improve product quality, support industrial growth, and enhance the competitiveness of Indian goods in domestic and international markets. It applies to manufacturers, importers, and service providers whose products fall under BIS standards or mandatory certification schemes.

6. Consumer Protection Act, 2019

The Consumer Protection Act, 2019 strengthens consumer rights and remedies by replacing the earlier 1986 Act and expanding its scope. It safeguards consumers against defective goods, deficient services, unfair trade practices, false or misleading advertisements, and online frauds. The Act introduces a Central Consumer Protection Authority (CCPA) with powers to investigate complaints, order recalls, impose penalties, and regulate misleading advertisements. It also provides for e-filing of complaints, mediation cells, and product liability provisions, holding manufacturers, service providers, and sellers accountable for harm caused by their products or services. The Act applies to all businesses—offline and online—that sell goods or services directly or indirectly to consumers, ensuring transparency, accountability, and quick redressal of grievances.

7. Legal Metrology Act, 2009

The Legal Metrology Act, 2009 came into effect on January 14, 2010 and has repealed and replaced the Standard of Weights and Measures Act, 1976 and the Standards of weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters incidental thereto. The Legal Metrology Act, inter alia, provides for:

- (a) approval of model of weight or measure;
- (b) verification of prescribed weight or measure by Government approved Test Centre;
- (c) exempting regulation of weight or measure or other goods meant for export;
- (d) nomination of a Director by a company who will be responsible for complying with the provisions of the enactment;
- (e) empowering the Central Government to make rules for enforcing the provisions of the enactment; and
- (f) penalty for offences and compounding of offences.

8. Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

The Micro, Small and Medium Enterprises Development Act, 2006 was enacted to promote, facilitate, and develop the competitiveness of micro, small, and medium enterprises (MSMEs) in India. It provides a legal framework for classification of enterprises based on investment in plant, machinery, or equipment and turnover,

helping determine eligibility for government benefits, subsidies, and support programs.

The Act mandates that buyers of goods or services from MSMEs make payments within 45 days from the date of acceptance or deemed acceptance. In case of delayed payments, the buyer is liable to pay compound interest at three times the RBI bank rate, providing strong protection to MSMEs against delayed receivables.

The Act also provides for the establishment of the Micro and Small Enterprises Facilitation Council (MSEFC) in each state to resolve disputes relating to delayed payments through conciliation and arbitration. Awards passed by the MSEFC are enforceable as decrees of a civil court.

Additionally, the Act enables the Government to announce schemes for the promotion, development, and competitiveness of MSMEs, including credit facilities, technology upgradation, infrastructure support, skill development, and cluster-based development programs. It also empowers the Government to periodically review and revise the criteria for MSME classification to reflect economic conditions.

Overall, the MSME Act, 2006 enhances the ease of doing business for small enterprises, protects them from unfair payment practices, and facilitates their participation in government procurement and incentive schemes.

9. The Boilers Act, 1923

The Boilers Act, 1923 is an Act to consolidate and amend the law relating to steam boilers. The Act regulates the use of boilers in order to ensure the safety of human life and property. It provides for the registration of boilers, inspection by authorized inspectors, issuance of certificates for use, and stipulates penalties for operation of unregistered or unsafe boilers. (Section 2(b) of Boilers Act, 1923 defines a "boiler" as a closed vessel in which water is heated, steam is generated or super-heated under pressure). The Boilers Act, 1923 repealed and replaced the Indian Boilers Act, 1868.

ENVIRONMENT PROTECTION LAWS

10. The Environment (Protection) Act, 1986 and Environment (Protection) Rules, 1986

The Environment (Protection) Act, 1986 is an umbrella legislation enacted to provide a framework for protecting and improving the environment in India. It empowers the central government to set environmental quality standards, regulate industrial emissions and discharges, and impose restrictions on activities that may harm the environment. The accompanying Environment (Protection) Rules, 1986 prescribe detailed standards for air, water, and soil quality, waste disposal methods, and permissible emission or discharge levels for various industries. This Act grants authorities the power to issue directions, close polluting units, and impose penalties

for non-compliance. It applies broadly to all industries and operations with potential environmental impact.

11. National Environmental Policy, 2006

The National Environmental Policy (NEP), 2006 is a strategic policy document aimed at guiding sustainable development in India. It emphasizes the integration of environmental protection into economic and social policies, conservation of natural resources, pollution control, and promotion of environmental awareness. While it is not a law in itself, NEP 2006 serves as a framework for the formulation of environmental regulations and sectoral action plans, encouraging businesses and government agencies to adopt cleaner technologies, minimize resource use, and ensure inter-generational equity.

12. Air (Prevention and Control of Pollution) Act, 1981

The Air Act, 1981 regulates and controls air pollution in India by establishing standards for emissions from industrial plants, vehicles, and other sources. It led to the creation of Central and State Pollution Control Boards (CPCB and SPCBs) responsible for monitoring air quality and issuing consent to establish and operate industrial units. The Act empowers authorities to take preventive and corrective measures, including the suspension of operations in case of violations. Industries emitting pollutants are required to install pollution control equipment and comply with emission norms to protect public health and the environment.

13. Water (Prevention and Control of Pollution) Act, 1974

The Water Act, 1974 aims to prevent and control water pollution while maintaining or restoring the wholesomeness of water bodies. It also established CPCB and SPCBs to set standards for wastewater discharge, monitor effluents, and grant consent for industrial and municipal operations. Industries are required to treat wastewater before discharging it into rivers, lakes, or sewers, and failure to comply may result in penalties or closure. The Act ensures that industrial and domestic activities do not compromise the quality of India's surface and groundwater resources.

14. Noise Pollution (Regulation and Control) Rules, 2000

These Rules, framed under the Environment (Protection) Act, 1986, aim to regulate and control noise levels to protect public health and the environment. They prescribe ambient noise standards for industrial, commercial, residential, and silence zones, defining silence zones as 100-meter areas around schools, hospitals, courts, and religious places with stricter limits. The Rules restrict the use of loudspeakers, public address systems, and firecrackers between 10 PM and 6 AM except with special permissions. State governments and pollution control boards are empowered to monitor compliance, enforce standards, and seize equipment causing excessive noise. Non-compliance attracts penalties under the Environment (Protection) Act, 1986.

These provisions apply to individuals, institutions, industries, and event organizers responsible for noise sources.

15. Hazardous and Other Wastes (Management and Trans-boundary Movement) Rules, 2016

These Rules, notified under the Environment Protection Act, regulate the generation, storage, transport, treatment, and disposal of hazardous and other wastes, including waste imported into or exported out of India. They define hazardous waste categories, establish guidelines for safe handling, and mandate authorization from SPCBs for facilities handling such waste. The Rules encourage reuse, recycling, and recovery while ensuring that hazardous waste is managed in an environmentally sound manner to avoid soil, air, or water contamination. They also govern the trans-boundary movement of hazardous waste in compliance with the Basel Convention to prevent illegal dumping of toxic substances.

16. Plastic Waste Management Rules, 2016

The Plastic Waste Management Rules, 2016, notified under the Environment (Protection) Act, 1986, were introduced to regulate the manufacture, sale, usage, and disposal of plastic to reduce environmental pollution. These rules apply to plastic manufacturers, producers, brand owners, retailers, street vendors, and consumers.

The Rules mandate segregation, collection, and proper disposal of plastic waste through extended producer responsibility (EPR), which requires producers, importers, and brand owners to take back the plastic waste generated from their products and ensure its recycling or safe disposal. They ban the use of plastic carry bags below 50 microns in thickness, as thinner bags are difficult to collect and recycle.

Local bodies and Gram Panchayats are required to set up collection, segregation, and waste processing systems, while waste generators must ensure segregation of plastic at source. Retailers and street vendors are prohibited from providing plastic carry bags free of cost, encouraging the shift to reusable alternatives.

The Rules were later amended in 2018, 2021, and 2022 to introduce phased bans on single-use plastic items, mandatory EPR registration through a centralized portal, and stricter compliance monitoring to promote a circular economy.

In essence, these rules seek to minimize plastic pollution, encourage recycling, and promote environmentally sustainable alternatives while holding producers and users accountable for plastic waste management.

EMPLOYMENT & LABOUR LAWS

17. Factories Act, 1948

The Factories Act regulates the working conditions in factories to ensure the health, safety, welfare, and productivity of workers. It lays down requirements for proper ventilation, lighting, sanitation, and drinking water, and mandates safety measures such as protective equipment, fencing of machinery, and periodic maintenance. It prescribes working hours, limits on overtime, and provisions for leave, especially for women and young workers. The Act requires the appointment of welfare officers and safety committees in large factories and obliges factory owners to report accidents and occupational diseases to relevant authorities.

18. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Act protects women from sexual harassment at the workplace and ensures safe working environments. It mandates every employer to establish an Internal Complaints Committee (ICC), conduct awareness programs, and implement strict policies to prevent harassment. It defines sexual harassment broadly, covering physical, verbal, and non-verbal conduct of a sexual nature. Non-compliance can lead to penalties, license cancellation, or reputational damage to the employer.

19. Child Labour (Prohibition and Regulation) Act, 1986

The Act prohibits the employment of children below 14 years in hazardous industries and regulates working conditions in non-hazardous occupations, including limits on working hours, provisions for rest, and basic amenities. Amendments have aligned this Act with the Right to Education Act, making all forms of child labour in formal employment illegal while allowing children to assist in family enterprises under strict conditions.

20. Payment of Wages Act, 1936

This Act ensures that employees receive timely payment of wages without unauthorized deductions. It sets a wage disbursement period and restricts deductions except those permitted by law, such as for provident fund contributions, fines, or taxes.

21. Minimum Wages Act, 1948

The Act empowers central and state governments to fix and revise minimum wage rates for various industries and scheduled employments, protecting workers from exploitation and ensuring a basic standard of living. Employers must pay wages not less than the minimum rates, regardless of financial condition.

22. Payment of Bonus Act, 1965

This Act requires certain establishments to pay annual bonuses to eligible employees based on profits or productivity. It specifies minimum and maximum bonus

percentages and establishes mechanisms for dispute resolution related to bonus claims.

23. Equal Remuneration Act, 1976

This law prohibits discrimination in wage payments on the basis of gender and mandates equal pay for equal work for men and women. It also prevents discrimination in recruitment, promotions, and training opportunities.

24. Industrial Disputes Act, 1947

This Act provides a legal framework for the investigation and settlement of disputes between employers and workers through conciliation, arbitration, and adjudication. It regulates strikes, lockouts, layoffs, and retrenchment, ensuring industrial harmony and fair treatment of workers.

25. Industrial Employment (Standing Orders) Act, 1946

This Act requires industrial establishments to formally define employment conditions such as classification of workers, hours of work, leave policies, termination procedures, and misconduct rules, ensuring transparency and fairness for both employers and employees.

26. Employee's Compensation Act, 1923

This law provides for financial compensation to employees or their families for death, permanent disability, or injuries sustained in the course of employment. Compensation is based on the worker's wages and the nature of the injury.

27. Employee's State Insurance Act, 1948

The Act establishes a comprehensive social insurance scheme for workers, offering medical care, sickness benefits, maternity leave, and compensation for work-related injuries through contributions from employers and employees.

28. Employee's Provident Fund and Miscellaneous Provisions Act, 1952

This Act mandates employers to contribute to provident funds, pensions, and insurance schemes, providing long-term savings and retirement benefits to employees. Enforcement is through the Employees' Provident Fund Organization (EPFO).

29. Maternity Benefit Act, 1961

This Act provides for paid maternity leave to female employees, along with medical bonuses and protection against dismissal during maternity leave. Amendments have increased leave entitlements and extended coverage to adoptive and commissioning mothers.

30. Payment of Gratuity Act, 1972

This Act requires employers to pay a lump-sum gratuity to employees as a retirement benefit or upon termination after completing at least five years of continuous service. Gratuity is calculated based on last drawn salary and tenure.

31. Public Liability Insurance Act, 1991 and Rules, 1991

This law mandates industries handling hazardous substances to maintain insurance policies to provide immediate relief to individuals affected by accidents involving hazardous materials, ensuring quick compensation without lengthy litigation.

32. Employees' Deposit Linked Insurance Scheme, 1976

This scheme, under the EPF framework, provides life insurance coverage to employees, with benefits linked to their provident fund contributions and payable to their nominees in case of death.

33. Employees' Pension Scheme, 1995

This scheme offers pension benefits to employees upon retirement, permanent disability, or to dependents in the event of death, providing a steady post-employment income.

STATE-SPECIFIC LAWS

34. Stamp Acts (Indian Stamp Act, 1899 and State Stamp Laws)

The Indian Stamp Act, 1899, along with corresponding state-specific Stamp Acts, regulates the imposition of stamp duty on legal, commercial, and financial documents to make them valid and legally enforceable. Stamp duty is payable on instruments such as agreements, deeds of transfer, conveyances, leases, share certificates, debentures, and loan instruments. The duty rate varies depending on the nature of the document and the state in which it is executed, since states have the power to amend or supplement the central law. Proper stamping is critical because unstamped or insufficiently stamped documents are inadmissible as evidence in court unless the deficiency is rectified with penalty. The law also empowers authorities to inspect documents, levy penalties for evasion, and prescribe procedures for adjudication of stamp duty disputes.

35. Professions, Trade, Callings and Employments Act (Professional Tax)

The Professions, Trades, Callings, and Employments Acts, enacted by individual states, provide for the levy and collection of professional tax on individuals engaged in any profession, trade, calling, or employment. This tax is applicable to salaried employees, self-employed individuals, professionals (such as doctors, lawyers, chartered accountants), and business owners. Employers are required to deduct professional tax from salaries and remit it to the state government, while self-employed persons must pay directly. The maximum tax amount is capped at ₹2,500

per annum as per Article 276 of the Constitution of India, though the slab rates vary by state. Failure to register, deduct, or pay professional tax attracts interest, penalties, and prosecution under the respective state law.

36. Electricity Act, 2003

The Electricity Act, 2003 consolidates and modernizes laws relating to the generation, transmission, distribution, trading, and use of electricity in India. The Act aims to promote competition in the power sector, protect consumer interests, and ensure the supply of electricity to all areas, including rural regions. It provides for the licensing of electricity businesses, the establishment of regulatory commissions at both central and state levels, and the introduction of open access for bulk consumers. The Act also lays down provisions for renewable energy promotion, measures to curb power theft, and mechanisms for tariff determination to balance economic viability with affordability.

37. Municipality Laws

Municipality laws are state-specific legislations that govern the establishment, powers, and functioning of urban local bodies such as municipal corporations, councils, and nagar panchayats. These laws regulate urban planning, construction approvals, sanitation, public health, water supply, waste management, property tax, and maintenance of civic infrastructure. They also ensure compliance with building codes, zoning regulations, and environmental norms to promote organized urban development. Non-compliance with municipality laws can result in penalties, demolition of unauthorized structures, or cancellation of business licenses.

38. Fire Prevention Laws

Fire prevention laws include national and state-level regulations designed to ensure fire safety in industrial, commercial, and residential establishments. These laws mandate compliance with building codes, installation of fire detection and suppression systems (such as sprinklers and extinguishers), provision of emergency exits, and regular safety audits. Typically, businesses must obtain a Fire NOC (No Objection Certificate) from the local fire department certifying that premises meet the prescribed safety norms. Such laws are critical to protect life, property, and business continuity by preventing fire-related hazards and ensuring emergency preparedness.

GENERAL CORPORATE LAWS

39. The Companies Act, 2013

The Companies Act, 2013 governs the incorporation, management, and operation of companies in India. It consolidates and modernizes company law to ensure better corporate governance, accountability, and transparency. The Act prescribes requirements for formation of companies, maintenance of statutory records, filing of returns, appointment and duties of directors, shareholder rights, issue of securities,

and auditing standards. It also provides for corporate social responsibility (CSR), class action suits, fraud prevention, and penalties for non-compliance. Regulatory oversight is exercised by the Ministry of Corporate Affairs (MCA) and the Registrar of Companies (RoC).

40. Sale of Goods Act, 1930

The Sale of Goods Act, 1930 governs contracts for the sale and purchase of goods. It defines terms such as seller, buyer, delivery, price, and goods, and sets out conditions and warranties to ensure fairness in trade. The Act covers transfer of ownership, performance of the contract, remedies for breach, and rights of unpaid sellers. It protects buyers from defective goods and ensures that trade transactions follow consistent legal principles.

41. Registration Act, 1908

The Registration Act, 1908 provides for the registration of documents to ensure public notice and protect legal rights relating to immovable property, contracts, wills, and other legal instruments. Registration makes documents legally valid, admissible as evidence in court, and enforceable against third parties. The Act prescribes compulsory registration for deeds of sale, mortgages, leases exceeding a year, and property transfers. Sub-Registrars, under state governments, are authorized to register documents, collect stamp duty, and maintain public records.

42. Indian Contract Act, 1872

The Indian Contract Act, 1872 governs all contracts and agreements in India. It lays down the essentials of a valid contract such as free consent, lawful consideration, competence of parties, and enforceability by law. The Act defines different types of contracts (void, voidable, contingent) and specifies performance obligations, breach consequences, and remedies including damages and compensation. It forms the legal backbone of commercial and personal agreements.

43. Specific Relief Act, 1963

The Specific Relief Act, 1963 provides for specific performance of contracts, injunctions, and other equitable remedies. Instead of just monetary compensation, courts can direct a party to perform its contractual obligations, return property, or restrain wrongful acts. The Act is especially significant for contracts relating to immovable property, intellectual property, and unique goods, where monetary damages are inadequate. Amendments in 2018 made specific performance of contracts a rule rather than an exception.

44. Negotiable Instruments Act, 1881

The Negotiable Instruments Act, 1881 regulates promissory notes, bills of exchange, and cheques, which are widely used for commercial transactions. It defines their

characteristics, transferability, and legal protections for holders in due course. The Act also lays down provisions for dishonour of cheques, penalties, and criminal liability for cheque bounce under Section 138. This law ensures trust and smooth functioning of financial instruments in commerce.

TAXATION RELATED LAWS

45. Income Tax Act, 1961

The Income Tax Act, 1961 is India's primary legislation governing the levy, computation, collection, and recovery of income tax on income earned by individuals, companies, firms, and other entities. It defines the scope of total income, various heads of income (such as salaries, business profits, capital gains, and income from other sources), and allowable deductions, exemptions, and rebates. The Act also specifies tax rates, advance tax provisions, Tax Deducted at Source (TDS), assessment procedures, penalties for non-compliance, and the powers of income tax authorities. The Act is updated annually through the Union Budget via the Finance Act to reflect changes in tax policy.

46. Central Goods and Services Tax (CGST) Act, 2017

The Central Goods and Services Tax (CGST) Act, 2017 forms the backbone of India's Goods and Services Tax (GST) regime. It provides for the levy and collection of GST on intra-state supplies of goods and services by the Central Government. The Act establishes a comprehensive framework for registration, classification, valuation, invoicing, input tax credit, filing of returns, audits, assessments, and enforcement actions. It also specifies penalties for non-compliance and mechanisms for dispute resolution. The CGST Act works alongside the State GST Acts and the Integrated GST (IGST) Act to ensure a unified indirect tax structure across India, replacing multiple cascading taxes like VAT, excise, and service tax.

47. Customs Act, 1962

The Customs Act, 1962 governs the import and export of goods in India and ensures proper levy and collection of customs duties. It lays down procedures for the clearance of goods through customs, including filing of bills of entry, shipping bills, and payment of duties. The Act provides for prohibitions and restrictions on import/export of specified goods, anti-smuggling measures, valuation of goods, warehousing provisions, and adjudication of disputes. It also empowers customs officers to conduct inspections, seizures, and arrests in cases of violations. The Customs Act plays a critical role in safeguarding India's economic interests, regulating foreign trade, and ensuring compliance with international trade obligations.

LABOUR CODES (APPLICABLE BUT NOT YET NOTIFIED)

48. Code on Wages, 2019

The Code on Wages, 2019 consolidates and simplifies India's wage and remuneration laws by subsuming the Payment of Wages Act, 1936; the Minimum Wages Act, 1948; the Payment of Bonus Act, 1965; and the Equal Remuneration Act, 1976. The Code establishes a uniform definition of wages and provides a single framework for regulating minimum wages, payment of wages, timely payment of salaries, and bonus entitlements for employees across both organized and unorganized sectors. It empowers the central and state governments to fix floor wages, mandates equal pay for equal work irrespective of gender, and prescribes penalties for delayed or unlawful deductions from wages.

49. Occupational Safety, Health and Working Conditions Code, 2019

The Occupational Safety, Health and Working Conditions (OSHC) Code, 2019 consolidates and rationalizes 13 existing laws relating to workplace safety, health standards, and working conditions. It seeks to ensure safe, healthy, and humane working environments for employees in factories, mines, docks, plantations, and other establishments. The Code specifies employer obligations regarding health checkups, working hours, leave policies, and safety equipment. It also provides for licensing of contractors, mandatory registration of establishments, and better protection for interstate migrant workers. By streamlining regulatory compliance, the Code aims to improve employee welfare and productivity while reducing overlapping provisions.

50. Industrial Relations Code, 2020

The Industrial Relations Code, 2020 integrates and replaces three key laws — the Trade Unions Act, 1926; the Industrial Employment (Standing Orders) Act, 1946; and the Industrial Disputes Act, 1947. The Code seeks to promote harmony between employers and workers by providing a clear legal framework for collective bargaining, resolution of industrial disputes, and conditions for strikes and lockouts. It introduces provisions for fixed-term employment, reduces the threshold for standing orders, and requires industrial establishments above a specified size to seek government approval before lay-offs, retrenchments, or closures. The Code also encourages dispute resolution through conciliation and arbitration to maintain industrial peace.

51. Code on Social Security, 2020

The Code on Social Security, 2020 consolidates nine central labour laws relating to social security, such as the Employees' Provident Fund Act, Employees' State Insurance Act, and the Payment of Gratuity Act. It aims to extend social security benefits, including provident fund, insurance, maternity benefits, gratuity, and pension, to all employees and workers, including those in the unorganized and gig economy sectors. The Code mandates the creation of social security funds and allows

aggregation of contributions from multiple sources. It also streamlines registration processes and compliance for employers while safeguarding employee welfare through broader coverage and digitized systems.

FOREIGN INVESTMENT LAWS

52. Foreign Trade (Development and Regulation) Act, 1992

The Foreign Trade (Development and Regulation) Act, 1992 (FTDR Act) provides the legal framework for regulating and promoting foreign trade in India. It empowers the Central Government to make policies for facilitating imports and increasing exports to ensure balanced trade and economic growth. The Act authorizes the government to issue or regulate Importer-Exporter Codes (IECs), impose restrictions or prohibitions on trade of certain goods, and enforce compliance with trade regulations. It also enables the government to take corrective action against unfair trade practices, protect domestic industries, and maintain foreign exchange reserves.

53. Foreign Exchange Management Act, 1999 (FEMA) and Rules

The Foreign Exchange Management Act, 1999 (FEMA) replaces the earlier Foreign Exchange Regulation Act (FERA) to provide a liberalized and transparent framework for managing foreign exchange in India. FEMA facilitates external trade, cross-border payments, and orderly development of the foreign exchange market. It regulates current account and capital account transactions, overseas investments, foreign borrowings, and remittances by individuals and corporates. The Act empowers the Reserve Bank of India (RBI) to issue rules, directions, and approvals, while violations are treated as civil offenses rather than criminal acts, fostering a more business-friendly environment.

54. Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (COFEPOSA)

The COFEPOSA Act, 1974 is aimed at conserving foreign exchange and preventing smuggling activities that adversely affect India's economy. The Act authorizes preventive detention of individuals suspected of engaging in smuggling or activities that could deplete foreign exchange reserves. While FEMA handles foreign exchange regulation through civil mechanisms, COFEPOSA provides a deterrent for serious economic offenses by allowing the government to detain offenders without trial for a limited period to safeguard national economic interests.

55. Foreign Direct Investment (FDI) Policies

India's Foreign Direct Investment (FDI) policies are framed by the Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry of Commerce and Industry, in consultation with the Reserve Bank of India (RBI). These policies determine the sectors in which foreign investment is permitted, under either the automatic route (no prior government approval required) or the government route

(approval required). FDI policies also prescribe sectoral caps, entry conditions, and compliance requirements to ensure that foreign investments align with India's economic and security interests while promoting technology transfer, employment generation, and overall economic growth.

INTELLECTUAL PROPERTY LAWS

56. Information Technology Act, 2000 (IT Act)

The Information Technology Act, 2000 provides a legal framework for electronic governance, digital signatures, and online transactions in India. It recognizes electronic records and digital signatures as legally valid, facilitating paperless communication and e-commerce. The Act prescribes penalties for unauthorized access, hacking, data theft, identity theft, and cyber fraud. It also empowers the government to regulate intermediaries, issue directions for blocking websites, and ensure cybersecurity. Amendments, including the IT (Amendment) Act, 2008, further strengthened provisions against cybercrime and introduced liability for intermediaries to maintain due diligence in preventing illegal content dissemination.

57. Indian Patents Act, 1970

The Patents Act, 1970 governs the granting of patents for inventions in India. It protects new and useful inventions by giving inventors exclusive rights to make, use, and sell their inventions for a specific period (currently 20 years from the filing date). The Act specifies criteria for patentability — novelty, inventive step, and industrial applicability — and excludes certain inventions (like atomic energy, traditional knowledge, or methods of agriculture). The Act also balances patent protection with public interest by incorporating provisions for compulsory licensing to ensure access to essential goods such as medicines during public health crises. Amendments aligned the Act with TRIPS (Trade-Related Aspects of Intellectual Property Rights) standards, making India's patent regime globally compliant.

58. Trademarks Act, 1999

The Trade Marks Act, 1999 regulates the registration, protection, and enforcement of trademarks in India. A trademark is any sign, logo, brand name, word, phrase, or symbol that distinguishes goods or services of one entity from others. The Act provides exclusive rights to trademark owners to use and license their marks, preventing misuse or infringement by unauthorized parties. It also recognizes service marks, collective marks, and certification marks, expanding the scope beyond traditional goods. The Act established the Trademark Registry and provides remedies for infringement through civil and criminal actions, including injunctions, damages, and penalties. Amendments have introduced online filing and simplified procedures to encourage IP protection.

Q. MATERIAL LITIGATIONS AND MATERIAL CREDITORS

Except as stated in this report, there are no:

- (i) Criminal Proceedings;
- (ii) Actions by Statutory or Regulatory Authorities;
- (iii) Claims relating to Direct and Indirect Taxes; or
- (iv) Material Litigation (as defined below) involving the Company, its Subsidiary, Directors or Promoters;
- (v) Outstanding dues to MSMEs and other Creditors;
- (vi) Material Dues (as defined below) to Creditors;

In relation to (iv) above, our Board, in its Meeting held on 12th June, 2025 has determined **Material Creditors** and **Material Litigation** as follows:

a) Material Creditors

A Creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents, if amounts due to such creditor exceed 10% of the total consolidated trade payables of the Company as per the latest audited financial statements of the Company, as disclosed in the Offer Documents.

b) Material Litigation

Any other pending litigation involving the Company, its directors and joint venture(s) shall be considered “material” for the purpose of disclosure in the Offer Documents if:-

(a) the monetary amount of the claim made by or against the Company, its joint venture(s) and directors in any such pending Litigation where the value or expected impact in terms of value, exceeds the lower of the following:

- two percent of turnover, as per the latest annual restated consolidated financial statements of the issuer; or
- two percent of net worth, as per the latest annual restated consolidated financial statements of the issuer, except in case the arithmetic value of the net worth is negative; or
- five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial statements of the issuer.

(b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation does not exceed the amount determined as per clause (a) above, and the amount involved in all of such cases taken together exceeds the amount determined as per clause (a) above; and

(c) any such litigation which does not meet the criteria set out in (a) above and an adverse outcome in which would materially and adversely affect the operations or financial position of the Company.

SHUBHAM GUPTA

Advocate

B.Com LL.B. (Hons.), ACS,
LL.M. (Corporate & Financial Laws)

Based on this policy, the Company had outstanding dues to Creditors as follows:

Nature of Creditors	No. of Creditors	Amount (Rs. Lacs)
Material Creditors	2	752.65
Dues to Micro, Small and Medium Enterprises	5	4.59
Dues to Others	172	2404.15
Total	177	2408.75

Details of Material Dues to Creditors as required under the SEBI (ICDR) Regulations have been disclosed on the company's website at www.mkcpl.com.

It is further clarified that for the purposes of the above, pre-litigation Notices received by the Company, Subsidiaries, Directors or Promoter shall, unless otherwise decided by the Board, not be considered as litigation until such time that our Company or any of its Subsidiaries, Directors or Promoters, as the case may be, is impleaded as a defendant in litigation before any judicial forum.

Except as disclosed herein, the Company, its Directors and Promoters are not *Willful Defaulters* and there have been no violations of securities laws in the past or pending against them.

There are no litigations including criminal proceedings, civil proceedings, actions taken by regulatory or statutory authorities or legal proceedings, including those for economic offenses, tax liabilities, show cause notice or any Legal Notice pending against the Company, Directors, Promoter and Promoter Group and, Group Companies or against any other company or person/s whose outcomes could have a material adverse effect on the business, operations or financial position of the Company.

There are no proceedings initiated for economic, civil, or any other offences including past cases where penalties may or may not have been awarded and whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013 other than unclaimed liabilities of the Company, and no disciplinary action has been taken by Securities and Exchange Board of India ('SEBI') or any stock exchange against the Company, Directors, Promoter Group Companies.

There are No:

- (a) Litigations or legal actions, pending or taken, by any Ministry or department of the Government or a Statutory Authority against the Promoter of the Company during the last five year;

SHUBHAM GUPTA

Advocate

B.Com LL.B. (Hons.), ACS,
LL.M. (Corporate & Financial Laws)

- (b) Directions issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;
- (c) Pending proceedings initiated against the Company for economic offences;
- (d) Default and non-payment of statutory dues by the Company
- (e) Inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous Act in the last five years against the Company and Subsidiaries including fines imposed or compounding of offenses done in those five years;
- (f) Material frauds committed against the Company in the last five years;
- (g) Cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
- (h) Pending litigation against the Promoter/ Directors in their capacities and also involving the violation of statutory regulations or criminal offenses.
- (i) Pending proceedings initiated for economic offenses against the Directors, Promoter, Companies, and firms promoted by the Promoter.
- (j) Outstanding litigation, defaults, etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.

Accordingly, I have disclosed all information about outstanding litigations involving the Company, Promoter, Directors, and Group Entities/Companies irrespective of whether they are considered to be material or not or materiality thereof could not be ascertained.

In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered material only in the event that the outcome of such litigation has an adverse effect on the operations or performance of the Company or when materiality thereof could not be ascertained due to lack of information with or confirmation from the Company.

Unless otherwise stated to the contrary, the information provided is as of the date of this Report.

Summary of Outstanding Litigations and Material Developments

Parties (By or Against the Company/ Promoters)	No. of Matters	Nature of Proceedings	Amount Involved (₹ in Lakhs)
By the Company	2	Criminal (Cheque Dishonour)	32.84
	1	Civil	79.42
Against the Company	4	Tax	4.73
Group Companies/ Entities	NIL	NIL	NIL

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Directors other than promoters	1	Tax	0.30
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1. OUTSTANDING LITIGATIONS AGAINST THE COMPANY

A. Criminal Proceedings : NIL

B. Actions by Tax/Statutory/Regulatory Authorities:

Sr. No.	Assessment Year	Type of Demand/ Adjustment	Amount (Rs. Lakhs)	Status
1.	2023-24	TDS Default	0.04	Pending/ Disputed
2.	2024-25	Adjustment under Section 143(1)(a)	0.57	Pending
3.	2024-25	TDS Default	0.92	Pending/ Disputed
4.	2025-26	TDS Default	3.20	Pending/ Disputed

Assessment Year 2023–24 – TDS Default: For AY 2023–24, the Income Tax Department has recorded a TDS default of ₹0.04 lakhs against Madhur Knit Crafts Pvt. Ltd. The company disputes the liability and the matter is currently pending review. No litigation has been initiated in this regard.

Assessment Year 2024–25 – Adjustment under Section 143(1)(a): For AY 2024–25, a demand of ₹0.57 lakhs has arisen due to an adjustment under Section 143(1)(a) of the Income Tax Act during the processing of the return. The company has neither disputed nor resolved the adjustment, and the matter remains pending.

Assessment Year 2024–25 – TDS Default: In addition to the above, for AY 2024–25, TDS defaults amounting to ₹0.92 lakhs have been recorded. Madhur Knit Crafts Pvt. Ltd. has disputed this amount, and the matter is under review with no litigation initiated.

Assessment Year 2025–26 – TDS Default: For AY 2025–26, a TDS default of ₹3.20 lakhs has been reported. The company disputes this liability and the case is currently under review. No legal proceedings have been initiated.

C. Other Material pending Proceedings: NIL

2. OUTSTANDING LITIGATIONS BY THE COMPANY

A. Criminal Proceedings

Madhur Knit Craft Pvt. Ltd. vs. Vasu Knitwears (Proprietor: Rahul Arora) - Criminal case under Section 138 of the Negotiable Instruments Act, 1881 read

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with Section 420 IPC (COMA-COMPLAINT ACT/7079/2024): On 01-03-2024, Madhur Knit Craft Pvt. Ltd., Ludhiana, issued a legal notice to Vasu Knitwears (Proprietor: Rahul Arora) regarding the dishonour of nine cheques totaling ₹12,84,649/-, issued towards settlement of outstanding dues for supply of Pile Fabrics Supersoft. The cheques were dishonored on presentation by Union Bank of India (remarks: "Payment Stopped by Drawer" and "Funds Insufficient") as per bank memos dated 15-02-2024. The notice alleged offences under Section 138 of the Negotiable Instruments Act and Section 420 IPC, calling for payment within 15 days, failing which legal proceedings could be initiated. The accused has appeared in the matter, and pursuant to the order dated 04-09-2025, has been directed to file a reply to the application under Section 143-A of the NI Act for depositing 20% of the cheque amount. The matter has been re-notified for hearing on 21-11-2025.

M/s Madhur Knit Crafts Pvt. Ltd. vs. 3V International - Criminal case under Section 138 of the Negotiable Instruments Act, 1881 (Case No. COMA-COMPLAINT ACT/51030/2023): M/s Madhur Knit Crafts Pvt. Ltd. filed a case on 08-12-2023 against 3V International Pioneer in Textile Solutions under Section 138 of the Negotiable Instruments Act for dishonour of cheques totaling ₹20,00,000/-. The cheques were issued by the accused towards repayment of an advance payment made by Madhur Knit Crafts for the purchase of machines, but were dishonoured. The Hon'ble Court, vide order dated 06-04-2024, issued summons to the accused, and the matter is now listed for hearing on 03-11-2025.

B. Civil Proceedings

M/s Madhur Knit Crafts Pvt. Ltd. vs. M/s Pooja Wollen Industries (Application No. PB12B0005296/S/00001): M/s Madhur Knit Crafts Pvt. Ltd. filed a claim for recovery of ₹79,42,498/- (comprising ₹46,58,831/- as principal and ₹32,83,667/- as interest) against M/s Pooja Wollen Industries under Section 18 of the Micro, Small and Medium Enterprises Development Act, 2006 before MSME Samadhan on 22-01-2020. The matter was last listed on 13-08-2025 and is currently pending adjudication.

C. Other material pending proceedings

3. **Litigations Involving the Subsidiary: N.A. (The Company has no Subsidiary)**

4. **Litigations involving the Promoters of the Company: NIL**

5. **Litigations involving Directors (Other than Promoters): 1**

A. Criminal Proceedings: NIL

B. Actions by Statutory/ Regulatory Authorities:

Incorrect Claim and Inconsistent Income Entries

For Gurpreet Kaur (Assessment Year 2019-20), the Income Tax Department, CPC Bengaluru, issued a communication dated 16-10-2019 under Section 143(1)(a) noting inconsistencies and errors in the filed return (Acknowledgement No. 737287990300719, dated 30-07-2019), including incorrect set-off of current year losses (₹28,647) and mismatches in Schedule SI (₹1,520). The taxpayer, Ms. Gurpreet Kaur, was given 30 days from 16-10-2019 to respond or file a revised return, failing which the return may be processed with the proposed adjustments.

C. Other material pending proceedings: NIL

6. Litigations Relating to the Group Entities: NIL

A. Criminal Proceedings

Criminal case under Sections 138, 139, 141 and 142 of the Negotiable Instruments Act, 1881: A complaint bearing Case No. 2024/COMA – COMPLAINT ACT/4879/2024 has been filed by Star Cottex Private Limited. against B.B. Fabrics and Mr. Rajinder Prasad Sharma (Proprietor) before the Court of the Chief Judicial Magistrate, Ludhiana, Punjab, under Sections 138, 139, 141 and 142 of the Negotiable Instruments Act, 1881. The complaint pertains to the dishonour of a cheque amounting to ₹49.80 lakhs issued by the accused towards partial discharge of liability arising from the purchase of garments from the complainant. The said cheque was returned unpaid with the remarks “Exceeds Arrangement.” Despite issuance of a legal notice dated February 5, 2024, the accused failed to make payment within the stipulated time. The matter is currently pending adjudication before the Hon’ble Court and is next listed for hearing on November 7, 2025.

B. Actions by Statutory/ Regulatory Authorities: NIL

C. Other material pending proceedings: NIL

7. Details of the Past Penalties imposed on the Company/Directors: Not Applicable

I FURTHER CONFIRM THAT EXCEPT AS STATED HEREINABOVE:

- a) Madhur/ the Company, its Promoter, and other Companies with which Promoter are associated have neither been suspended by SEBI nor has any disciplinary action been taken against them or either of them by SEBI.
- b) There is no material regulatory or disciplinary action by a Stock Exchange or Regulatory Authority in the past years in respect of the Promoter of the Company, group company's entities, entities promoted by the Promoter of the Company.
- c) Further, none of the Directors of the Company has been charge-sheeted with serious crimes like murder, rape, forgery, economic offenses, etc.
- d) There are no defaults in respect of payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, FIs by the Company, Promoter, group entities, companies promoted by the Promoter during the past three years except as under:
- e) There are no cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
- f) There is no pending litigation against the Promoter/ Directors in their capacities and also involving the violation of statutory regulations or criminal offenses.
- g) There are no pending proceedings initiated for economic offenses against the Directors, Promoter, Companies, and firms promoted by the Promoter.
- h) There is no outstanding litigation, defaults, etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.
- i) There are no litigations against the Promoter / Directors in their capacity.
- j) There are no criminal cases filed or any investigation being undertaken concerning the alleged commission of any offense by any of the Directors. Further, none of the Directors has been charge-sheeted with serious crimes like murder, rape, forgery, economic offenses, etc.

I have carried out my legal due diligence by investigating and studying the data and information provided by the company and their agent authorized by the Company and the digital data available in the public domain like all the litigation information available on the websites of Supreme Court of India, jurisdictional High Courts including at Chandigarh and at Chandigarh, e-Court Services, etc. and further declarations by the concerned persons and the entities.

To the best I could reasonably ascertain there is no contingent legal liability exists which adversely affects the business of the company or the operation of the Company.

I confirm that the Book Running Lead Manager to the IPO can rely on this Legal Due Diligence Report of Madhur Knit Crafts Limited for the disclosure purposes in the Offer Documents.

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In case of any changes in the contents of this Report which may come to my attention or as informed to me by the Company, the same shall be intimated to the Book Running Lead Manager on priority.

Thank you.

SHUBHAM GUPTA

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Enrolment No. PH/3982/2021 (Punjab & Haryana)

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