



CIN : U17301PB1997PLC020381

Email: [info@mkcpl.in](mailto:info@mkcpl.in)

**MADHUR KNIT CRAFTS LTD.**

MANUFACTURERS & EXPORTERS OF ALL KINDS OF MINK BLANKETS, FABRICS

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## ***NOMINATION AND REMUNERATION POLICY***

*(Approved by Board of Directors at its meeting held on 12<sup>th</sup> June, 2025)*

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Address : Village Seerah, Sattowal Road, Rahon Road, Ludhiana 141007 Punjab

## 1. OBJECTIVE

Nomination and Remuneration Policy herein is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**Listing Regulations**”). The Key Objectives of the Policy is:

- ✚ To assist Nomination and Remuneration Committee (NRC) in identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out by the Board or the Nomination & Remuneration Committee or by an Independent External Agency and review its implementation and compliance;
- ✚ To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- ✚ To ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ✚ Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- ✚ Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals and recommend to the Board, all remuneration, in whatever form, payable to senior management;
- ✚ To provide for Board diversity.

## 2. DEFINITIONS

- “**Act**” means the Companies Act, 2013 or Companies Act, 1956 as may be applicable and Rules framed thereunder, as amended from time to time.
  - “**Board**” means Board of Directors of the Company.
  - “**Company**” means **MADHUR KNIT CRAFTS LIMITED** or ‘**MKCL**’.
  - “**Committee**” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
  - “**Directors**” means Directors of the Company
  - “**Executive Directors**” means Whole-time Directors of the Company.
  - “**Independent Director**” means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.
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- **“Key Managerial Personnel (‘KMP’)** means Chief Executive Officer or the Managing Director or the Manager;
  - Whole-time Director;
  - Chief Financial Officer;
  - Company Secretary;
  - Senior Management Personnel designated as such by the Board; and Such other officer as may be prescribed.
  
- **“Senior Management Personnel”** means officers/personnel of MKCL who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the Chief Executive Officer/Managing Director/Whole time director/Manager (including Chief Executive Officer/Manager, in case they are not part of the board), including functional head and shall specifically include Company Secretary and Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the same meaning assigned to them therein.

### **3. ROLL OF THE COMMITTEE**

The role of the Committee *inter-alia* will be the following:

- ❖ Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, Key Managerial Personnel and other employees.
  - ❖ Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
  - ❖ Devising a policy on diversity of Board of Directors.
  - ❖ Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
  - ❖ Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
  - ❖ Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.
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#### **4. MEMBERSHIP**

- ❖ The Committee shall consist of a minimum three (03) non-executive directors, majority of them being independent.
- ❖ Minimum two (02) members shall constitute a quorum for the Committee meeting.
- ❖ Membership of the Committee shall be disclosed in the Annual Report.
- ❖ Term of the Committee shall be continued unless otherwise terminated by the Board of Directors.

#### **5. CHAIRPERSON**

The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company may be appointed as a member of the Committee but shall not be the Chairperson of the Committee.

In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

The Chairperson of the Committee shall attend the general meetings of the Company or in his/her absence, any other member of the Committee authorised by him/her in this behalf.

#### **6. FREQUENCY OF MEETINGS**

The Meetings of the Committee shall be held at such regular intervals as may be required.

#### **7. COMMITTEE MEMBERS' INTERESTS**

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.

The Committee may invite such executives, officials or such other persons as it considers appropriate to be present at the meetings of the Committee.

#### **8. SECRETARY**

The Company Secretary of the Company shall act as the Secretary of the Committee.

#### **9. VOTING**

Matters arising for determination at the Committee Meetings shall be decided by a majority of votes of the Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

#### **10. NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters include:

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- ✚ to ensure that there is an appropriate induction and training programme in place for new Directors and members of the Senior Management and reviewing its effectiveness;
- ✚ to ensure that on appointment to the Board, Non-Executive Directors and Independent Directors receive a formal letter of appointment in accordance with the guidelines provided under the Companies Act, 2013;
- ✚ to identify and recommend Directors who are to be put forward for retirement by rotation.
- ✚ to determine the appropriate size, diversity and composition of the Board;
- ✚ to set a formal and transparent procedure for selecting new Directors for appointment to the Board;
- ✚ to develop a succession plan for the Board and Senior Management and regularly reviewing the plan;
- ✚ to evaluate the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- ✚ to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- ✚ to delegate any of its powers to one or more of its members or the Secretary of the Committee;
- ✚ to recommend any necessary changes to the Board.
- ✚ to consider any other matters as may be requested by the Board.

## **11. REMUNERATION DUTIES**

The duties of the Committee in relation to remuneration matters include:

- to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- to delegate any of its powers to one or more of its Members or the Secretary of the Committee to consider any other matters as may be requested by the Board.

## **12. MINUTES OF COMMITTEE MEETING**

The proceedings of all meetings must be written in the form of Minutes and these Minutes must be signed by the Chairperson of the Committee at the subsequent

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Meeting or within one month from the date of the Meeting, whichever is earlier. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meetings.

**13 NOTIFICATION**

This Policy, including amendments thereof, shall be made available on the Company's website and in the Boards' Report of the Company.

**14. AMENDMENT**

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Committee has the right to change/amend the policy as may be expedient taking into account the law for the time being in force. In case of any subsequent changes in the provisions of the Companies Act, 2013 or Listing regulations or other applicable regulations which makes any of the provisions in the policy inconsistent with the Act or Listing regulations or other applicable regulations, then the provisions of the Act or such regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.



**CRITERIA LAID DOWN BY THE NOMINATION AND REMUNERATION COMMITTEE FOR DETERMINING THE FOLLOWING:-**

**I. Qualifications for appointment of Directors (including Independent Directors):**

The incumbent Directors shall be persons of eminence, standing and knowledge with significant achievements and experience in business, professions and / or public service. Broadly, the following points need to be considered by the Committee:

- Their financial or business literacy, skills, etc.
- Their technical and industry experience.
- Other appropriate qualification / experience to meet the objectives of the Company.
- As per the applicable provisions of Companies Act 2013, Rules made thereunder and SEBI(LODR), 2015, as amended from time to time.

The Nomination and Remuneration Committee shall have discretion to evaluate, consider and fix any other criteria or norms, from time to time, for selection of the most suitable candidate/s.

**II. Positive attributes of Directors (including Independent Directors):**

The following are some of the positive attributes of Directors (including Independent Directors) to be considered by the Committee -

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
  - Actively update their knowledge and skills with the latest developments in the heavy engineering / infrastructure industry, market conditions and applicable legal provisions.
  - Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
  - To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
  - Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
  - To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
  - Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made thereunder and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, as amended from time to time.
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### **III. Criteria for appointment of KMP & Senior Management:**

The following criteria needs to be considered by the Committee for appointment of any Key Managerial Personnel & Senior Management of the Company –

- To possess the necessary qualifications, experience, skills and expertise to effectively discharge their duties and responsibilities.
- To practice and encourage professionalism and transparent working environment.
- To build teams and carry the team members along for achieving the goals/objectives and corporate mission.
- To adhere strictly to the Company's Code of Conduct for the time being in force and as amended from time to time.
- Any other responsibility that may be given in the course of their association with the Company.

### **IV Policy Relating to Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel:**

- To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.
- To ensure that no director / KMP/ other employee is involved in deciding his or her own remuneration.
- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weight age to arrive at a competitive quantum of remuneration.
- To ensure that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated.
- Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.
- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.

Following criteria are also to be considered:-

- Responsibilities and duties ;
  - Time and efforts devoted;
  - Value addition;
  - Profitability of the Company and growth of its business;
  - Analysing each and every position and skills for fixing the remuneration yardstick;
  - Standards for certain functions where there is a scarcity of qualified resources.
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- Ensuring tax efficient remuneration structures.
- Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home remuneration is not low.
- Other criteria as may be applicable.
- Consistent application of remuneration parameters across the organisation.
- Provisions of law with regard making payment of remuneration, as may be applicable, are to be complied with.
- Whenever there is any deviation from the Policy, the justification / reasons thereof should also be indicated / disclosed adequately.

