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MADHUR KNIT CRAFTS LTD.

MANUFACTURERS & EXPORTERS OF ALL KINDS OF MINK BLANKETS, FABRICS

POLICY OF CORPORATE GOVERNANCE

(Approved by Board of Directors at its meeting held on 12th June, 2025)

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

CORPORATE GOVERNANCE

In addition to the applicability of provisions of Companies Act, 2013 with respect to corporate governance, provisions of the SEBI (LODR) Regulations, 2015 have also been complied with, to the extent applicable to our Company.

Our Company stands committed to good Corporate Governance practices based on the principles such as accountability, transparency in dealing with our stakeholders, emphasis on communication and transparent report. We have complied with the requirements of the applicable regulations, including Regulations, in respect of Corporate Governance including constitution of the Board and its Committees. The Corporate Governance framework is based on an effective Independent Board, the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The following committees have been constituted for compliance with Corporate Governance requirements:

- A. Audit Committee;
- B. Nomination and Remuneration Committee;
- C. Stakeholders Relationship Committee;
- D. Corporate Social Responsibility Committee;
- E. Internal Complaints Committee;

A. Audit Committee:

Our Board has constituted the Audit Committee vide Board Resolution dated June 12, 2025 in accordance with the Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013. The audit committee comprises of:

Name of the Director	Status in the Committee	Nature of Directorship
Ms Gurpreet Kaur	Chairman	Independent Director
Mr Avinash Rai	Member	Independent Director
Mr Piyush Gupta	Member	Executive Director

The Company Secretary & Compliance Officer of the Company will act as the Secretary of the Committee.

The scope of Audit Committee shall include but shall not be restricted to the following:

- a. Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report.
- e. Reviewing, with the management, the half yearly financial statements before submission to the board for approval
- f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- g. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h. Approval or any subsequent modification of transactions of the company with related parties;
- i. Scrutiny of inter-corporate loans and investments;
- j. Valuation of undertakings or assets of the company, wherever it is necessary;
- k. Evaluation of internal financial controls and risk management systems;
- l. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n. Discussion with internal auditors any significant findings and follow up there on.
- o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- p. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

- q. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- r. To review the functioning of the Whistle Blower mechanism.
- s. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- t. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee enjoys following powers:

- a. To investigate any activity within its terms of reference
- b. To seek information from any employee
- c. To obtain outside legal or other professional advice
- d. To secure attendance of outsiders with relevant expertise if it considers necessary
- e. The audit committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the Issuer.

The Audit Committee shall mandatorily review the following information:

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- f. Statement of deviations:
 - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

Meeting of Audit Committee

The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present.

B. Nomination & Remuneration Committee:

Our Board has constituted the Nomination and Remuneration Committee vide Board Resolution dated JUNE 12, 2025 pursuant to Regulation 19 of the SEBI Listing Regulations and section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee comprises of:

Name of the Director	Status in the Committee	Nature of Directorship
Mr Sanjay Kapoor	Chairman	Independent Director
Mr Avinash Rai	Member	Independent Director
Ms Gurpreet Kaur	Member	Independent Director

The Nomination and Remuneration Committee has following roles:

1. 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.
(1A). For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
3. Devising a policy on diversity of Board of Directors.
4. 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.
5. 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.
6. recommend to the board, all remuneration, in whatever form, payable to senior management.
7. 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.

C. Stakeholder Relationship Committee:

Our Board has constituted the Stakeholders' Relationship Committee vide Board Resolution dated June 12, 2025 pursuant to Regulation 20 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. The Stakeholder's Relationship Committee comprises of:

Name of the Director	Status in the Committee	Nature of Directorship
Mr Sanjay Kapoor	Chairman	Independent Director
Mr Chirag Gupta	Member	Executive Director
Mr Piyush Gupta	Member	Executive Director

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

This committee will address all grievances of Shareholders/Investors and its terms of reference include the following:

- a. Allotment and listing of our shares in future
- b. Review of measures taken for effective exercise of voting rights by shareholders
- c. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
- d. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
- e. Reference to statutory and regulatory authorities regarding investor grievances;
- f. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- g. And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

D. Corporate Social Responsibility Committee

Our Board has constituted the Corporate Social Responsibility Committee vide Board Resolution dated June 12, 2025 pursuant to Regulation 20 of the SEBI Listing Regulations and Section 135 of the Companies Act, 2013. The Corporate Social Responsibility Committee comprises of:

Name of the Director	Status in the Committee	Nature of Directorship
Mr Arun Gupta	Chairman	Managing Director
Ms Gurpreet Kaur	Member	Independent Director
Mr Piyush Gupta	Member	Executive Director
Mr Chirag Gupta	Member	Executive Director

The terms of reference of the Corporate Social Responsibility Committee shall include the following:

1. formulate and recommend to the Board, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder, as amended, monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board;
2. identify corporate social responsibility implementation partners and corporate social responsibility policy programmes;
3. review and recommend the amount of expenditure to be incurred on the activities referred to in clause (i) and the distribution of the same to various corporate social

- responsibility programs undertaken by the Company;
4. delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
 5. review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
 6. any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board, from time to time; and
 7. exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.

E. Internal Complaints Committee- Redressal of Sexual Harassment

Our Board has constituted the Internal Complaints Committee vide Board Resolution dated June 12, 2025. The Internal Committee is in compliance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Internal Committee/ Complaints Committee currently consists of:

Name of the Member	Status in the Committee	Designation
Ms Neha	Presiding Officer	Manager
Ms Shruti Sethi	External Member	Advocate
Ms Mandeep Rani	Member	Employee
Mr Geres Tapno	Member	Employee
Mr Rajesh Kumar	Member	Employee
Mr Lalit Chauhan	Member	Employee

The terms of reference of the Internal Complaints Committee shall include the following:

1. To draft the Sexual Harassment Policy for our organization.
2. To work towards providing a safe and respectful working environment free from sexual harassment.
3. Organize training and awareness programs (classroom/e-learning) at regular intervals
4. To conduct meetings:
 - When there is a complaint received in writing from any of the women employees,
 - To settle grievances and
 - To make sure there is appropriate compensation for any case of misconduct and sexual harassment.
5. To conduct fair and confidential inquiries into complaints in accordance with the procedure laid down under the POSH Act and Rules.
6. To recommend appropriate action against the respondent in substantiated cases, which may include disciplinary action, corrective measures, or compensation.
7. To ensure that victims and witnesses are not victimised or discriminated against while handling complaints and inquiries
8. To carry out such other functions as may be prescribed under the POSH Act, the Rules, or as may be directed by the Board of Directors of the Company.