

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;

A. Audit Committee:

Our Board has constituted the Audit Committee vide Board Resolution dated June 17, 2026 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
Vikas Arora	Chairperson	Non-Executive Independent Director
Amandeep Arora	Member	Non-Executive Independent Director
Baljeet Kaur	Member	Non-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.

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 17, 2026 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
Amandeep Arora	Chairperson	Non-Executive Independent Director
Vikas Arora	Member	Non-Executive Independent Director
Baljeet Kaur	Member	Non-Executive 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.
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. 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.

**For and on behalf of the Board
Bhagya Machine Tools Limited**

**Jagdev Singh
(Managing Director)
DIN- 09428375**