



**TERMS OF REFERENCE OF BOARD LEVEL COMMITTEES  
OF  
STOVE KRAFT LIMITED**



## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

**A. The terms of reference of the Audit Committee are in line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations, which are as under:**

- (1) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommend the appointment, remuneration and terms of appointment of auditors;
- (3) approve payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) review, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) 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;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- (5) review, with the management, the quarterly financial statements before submission to the board for approval;
- (6) review, 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 utilisation of proceeds of a public issue or rights issue or



preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;

- (7) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the Company with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the Company, if necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) review 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;
- (14) discuss with internal auditors of any significant findings and follow up there on;
- (15) review 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;
- (16) 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;
- (17) 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;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) To review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015.
- (21) Carrying out any other function as is mentioned in the terms of reference of the audit committee.



(22) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.]

(23) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

**B. Audit Committee shall mandatorily review the following information:**

- (1) management discussion and analysis of financial condition and results of operations;
- (2) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (3) internal audit reports relating to internal control weaknesses; and
- (4) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (5) statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).



## **TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE**

**The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations, which are as under:**

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. At the time of appointment of an independent director, 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.
3. formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. Devising a policy on diversity of board of directors;
5. 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.
6. 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.
7. Recommend to the board, all remuneration, in whatever form, payable to senior management.
8. Review of succession planning done by the management.
9. Administration and superintendence of Stove Kraft Employee Stock Option Plan 2018 in accordance with provisions of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.



## **TERMS OF REFERENCE OF STAKEHOLDERS RELATIONSHIP COMMITTEE**

**The terms of reference of the Stakeholders' Relationship Committee are in line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations, which are as under:**

- (1) Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, no receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.



## **TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE**

**The terms of reference of the Risk Management Committee are in line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations, which are as under:**

(1) To formulate a detailed risk management policy which shall include:

(a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

(b) Measures for risk mitigation including systems and processes for internal control of identified risks.

(c) Business continuity plan.

(2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.



## TERMS OF REFERENCE OF CSR COMMITTEE

**The terms of reference of the Corporate Social Responsibility (CSR) Committee which are in accordance with the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, are under:-**

- (a) To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- (b) To recommend to the Board the amount of expenditure to be incurred on CSR activities.
- (c) To institute a transparent monitoring mechanism for implementation of CSR projects or activities.
- (d) To monitor the CSR activities being undertaken by the Company.