



KILBURN ENGINEERING LIMITED

RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

Clause 49 of the Listing Agreement between Listed Companies and the Stock Exchanges, inter alia, provides for adoption of a Policy by the Board of Directors of a Listed Company ('The Board') on Related Party Transactions, its materiality and on dealing with Related Party Transactions. In view of this requirement and the applicable provisions of the Companies Act, 2013 the Board of Kilburn Engineering Limited; ('The Company') has adopted the following Policy and procedures in regard to Related Party Transactions. The Audit Committee of the Board will review the Policy and if it is felt necessary, may amend it from time to time. This Policy has been framed to regulate transactions between the Company and its Related Parties based on the applicable laws and the provisions contained in the Listing Agreement. The objective of the Policy is to ensure proper approval and reporting of the Related Party Transactions.

2. DEFINITIONS

"Audit Committee" means the Committee of the Board of Directors of the Company, constituted in terms of requirements of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

"Key Managerial Person" means Key Managerial Personnel as defined in Section 2 (51) of the Companies Act, 2013.

"Material Related Party Transactions" means a transaction with a related Party, if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual "consolidated turnover" of the Company as per the last audited Financial Statements of the Company.

"Related Party" means Related Party as defined in Section 2 (76) of the Companies Act, 2013 or such entity which is considered to be a Related Party in terms of the applicable Accounting Standards.

"Related Party Transaction" A related party transaction means a transaction, contract or arrangement which may be considered to be a Related Party Transaction in terms of clause 49 of the Listing Agreement read with section 188 of the Companies Act, 2013.

"Relative" means Relative as defined in section 2 (77) of the Companies Act, 2013.

3. APPROVAL OF RELATED PARTY TRANSACTIONS

All transactions identified as Related Party Transactions are to be reported to the Audit Committee. If the Audit Committee approves any transaction it shall forward the same to the Board for its approval, if necessary in terms of the provisions in the Companies Act, 2013. The Board shall consider the transaction in terms of this policy and grant approval if the same is in the best interest of the Company.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director and Key Managerial Personnel is responsible for providing Notice to the Board and the Audit Committee of any potential Related Party Transaction involving him or her or his/her relative, with additional information about the transaction that the Board/Audit Committee may require. The Board/Audit Committee will determine whether the transaction as reported constitute a Related Party Transaction requiring compliance with this Policy.

It is desirable, that the Notice of any potential Related Party Transaction be given well in advance to enable the Audit Committee/Board to have adequate time to obtain and review details in respect of the proposed transaction.

5. **AUTHORITY TO APPROVE RELATED PARTY TRANSACTIONS**

All Related Party Transactions will require prior approval of the Audit Committee and the Board in terms of the requirements of the Listing Agreement and Section 188 of the Companies Act, 2013 as applicable. All Material Related Party Transactions and the transactions, the value of which exceeds the limit prescribes in Rule 15 (as amended) of the Companies (Meetings of Board and its Powers) Rules, 2014 shall require prior approval of the Shareholders by way of a Special Resolution where the concerned Related Party/Parties shall abstain from voting.

6. **REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

To review a Related Party Transaction, the Audit Committee and the Board will be provided with all relevant material information in respect of the transaction. The Committee and the Board will also be provided with the objective of the transaction and the benefits that the Company may derive out of the transaction.

In determining whether a Related Party Transaction is ought to be approved, the Audit Committee and Board will consider inter alia the following factors:

- I. Whether there are any compelling business reasons for the Company to enter into the transaction.
- II. Whether the terms of the Related Party transaction are fair and on arm's length basis to the Company
- III. Whether the Company was notified about the transaction before its commencement and if not, why prior approval was not sought and whether ratification would be detrimental to the Company.
- IV. Whether the Related Party Transaction would affect Independence of an Independent Director.
- V. Whether the Related Party Transaction would invoke conflict of interest for any Director or Key Managerial Personnel.

7. RELATED PARTY TRANSACTIONS NOT REQUIRING ANY APPROVAL

The following Related Party Transactions shall not require approval of Audit Committee or Shareholders.

- I. Transactions involving payment of compensation/remuneration to a Director for the duties performed by him or her in terms of his/her terms of appointment including reimbursement of reasonable business and travel expenses incurred in the ordinary course of business if the same is already approved by the Board.
- II. Any transaction in which the Related Party's interest arises solely from ownership of Securities issued by the Company and all holders of such securities received the same benefits pro rata as the Related Party.

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY.

The Audit Committee and the Board will not approve a proposed Related Party Transaction if it considers that the transaction is not in the best interest of the Company:

Where in terms of Section 188(3) of the Companies Act, 2013, the Board decides not to ratify a related Party Transaction which has already commenced without prior approval, the Committee and the Board may direct immediate discontinuation or rescission of the transaction. The Committee may also ask for modification of the Terms in the best interest of the Company.

In addition to the Directors and Key Managerial personnel, this Policy will be communicated to all Operational Heads and the Senior Executives of the Company for overall awareness to facilitate statutory compliances.
