KILBURN ENGINEERING LIMITED

POLICY ON DETERMINING MATERIAL SUBSIDIARIES

The revised policy has been approved by the Board of Directors at their meeting held on 26th May, 2026

1. PURPOSE OF THE POLICY

The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR').

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to determine

a) meaning of Material Subsidiary
b) requirement of appointing an Independent Director of the Company on the Board of Unlisted Material Subsidiaries
c) Restriction on disposal of shares of Material Subsidiaries
d) Restriction on Selling, Disposing and Leasing of assets of Material Subsidiary
e) Secretarial Audit of Material Unlisted Subsidiaries incorporated in India and
f) Disclosure requirements prescribed under SEBI LODR.

3. DEFINITIONS

a) **"Audit Committee"** implies the audit committee constituted by the Board of Directors of the Company from time to time under provisions of the Companies Act, 2013 and Listing Regulations.
b) **"Board"** implies Board of Directors of the Company.
c) "**Company**" means 'Kilburn Engineering Limited'
d) **"Companies Act ("Act")"** means the Companies Act, 2013 and the rules made there under.
e) **"Control"** shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
f) **"Directors"** implies all the Directors on the Board.
g) **"ED"** implies Executive Director of the Company.
h) **"Independent Director" or "ID"** means a director who satisfies the criteria of independence as prescribed under the Act, the rules made thereunder and the Listing Regulations.
i) **"Material Subsidiary"** shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
j) **"Significant Transaction or Arrangement"** for the purpose of this policy shall imply any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.
k) **"Subsidiary"** shall have the same meaning as defined under the Act.
l) **"Unlisted Material Subsidiary"** means a Material Subsidiary, incorporated in India, whose shares are not listed on any stock exchange.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation and the rules, notifications and circulars made/issued thereunder, as amended, from time to time.

4. IDENTIFICATION OF MATERIAL SUBSIDIARY

The Audit Committee shall, on an annual basis, review such details/information as may be required to determine the 'Material Subsidiaries'.

5. GUIDING PRINCIPLES

"Material Subsidiary" and "Unlisted Material Subsidiary" of the Company would be identified, if any, as a one-time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company. The identification should happen soon after preparation of annual accounts and the outcome should be placed before the Audit Committee or Board, as the case may be, in the meeting where the annual audited accounts of the Company are considered.

6. GOVERNANCE FRAMEWORK

a) The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary companies.

b) The minutes of the Board Meetings of the unlisted Subsidiary companies shall be placed before the meeting of the Board of the Company.

c) The management shall annually bring to the attention of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary companies.

d) One ID of the Company shall be a director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

   For the purpose of this clause and notwithstanding anything to the contrary to this Policy and to the Listing Regulations, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

e) The material unlisted subsidiaries incorporated in India, shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice which is peer reviewed, in such form as specified, with the annual report of the Company.

7. INDEPENDENT DIRECTOR OF THE COMPANY ON THE BOARD OF UNLISTED MATERIAL SUBSIDIARY

At least one Independent Director on the Board of the Company shall be a director on the board of the Unlisted Material Subsidiary, whether incorporated in India or not. For the purpose of compliance with the above, the term “Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

8. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

The Company shall not dispose off shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in such cases where divestment is under a scheme of arrangement duly approved by a court/tribunal, or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016 (‘Insolvency Code’) and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

9. RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY

Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

10. SECRETARIAL AUDIT

The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report, given by a company secretary in practice which is peer reviewed, in such form as may be specified under the Companies Act, 2013 with the annual report of the listed entity.

11. OTHER COMPLIANCES IN RESPECT OF UNLISTED SUBSIDIARIES WHETHER MATERIAL OR NOT

a) SIGNIFICANT TRANSACTIONS / ARRANGEMENTS

The management should periodically bring to the attention of the Board a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

b) FINANCIAL STATEMENTS

The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Companies of the Company.

c) MINUTES OF UNLISTED SUBSIDIARIES

The minutes of the Meetings of the Board of Directors of the Unlisted Subsidiary Companies of the Company shall be placed at the Meeting of the Board of Directors the Company.

12. REPORTING AND DISCLOSURE

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

13. REVIEW OF THE POLICY

The Board of Directors of the Company subject to applicable laws, may amend, suspend, or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors. The Board of Directors or such committee may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law such applicable law in force from time to time shall prevail over this Policy.

Any amendments to the Listing Regulations shall mutatis mutandis be deemed to have been incorporated in this Policy.

14. COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Board of Directors of the Company.

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