KILBURN ENGINEERING LIMITED

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

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

1. Policy Statement

Kilburn Engineering Limited ("**Company**") believes in conduct of its affairs in a fair, accountable, and transparent manner and is committed to creating a culture of 'Right Doing' that encourages highest standards of professionalism, ethics, integrity, and objectivity in the conduct of its operations and avoid any potential or actual conflicts of interest.

2. Purpose and Scope

The Board of Directors ("**Board**") of the Company has adopted this Related Party Transactions Policy ('**Policy'**) to regulate Related Party Transactions or RPTs (as defined later) in accordance with the provisions of the Companies Act, 2013 ('**Act**'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**LODR**' or '**Listing Regulations**') and other applicable laws.

The Company shall engage with Related Parties (as defined later) in the ordinary course of business and on an arm's length basis to leverage scale, size and drive operational synergies to provide value added, innovative products to its consumers while ensuring that transactions with Related Parties are, fully compliant with applicable law & regulations.

3. Definitions

"**Act**" means Companies Act, 2013, Rules framed thereunder and any amendments thereto.

"Arm's Length Transaction" means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of the Listing Regulations and Section 177 of the Act.

"Board" means Board of Directors of the Company.

"Company" means Kilburn Engineering Limited.

"Key Managerial Personnel or KMP" shall have the meaning as defined under Regulation 2(1)(o) of the Listing Regulations read with Section 2(51) of the Act, each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP.

"**Industry Standards"** shall mean the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)" as notified by SEBI

"Material Related Party Transaction" shall have the same meaning ascribed to such term under Regulation 23 (1) read with 23 (1A) of the Listing Regulations.

"Material Modifications" means modification to a Material Related Party Transaction if there is a major variation in the terms of agreement with existing Related Parties or changes in the regulatory framework affecting the pricing guidelines of Related Party Transactions or change to the extent of 20% higher than the existing limits as approved by the Audit Committee. For avoidance of doubt, the Audit Committee of the Company shall have the final authority in deciding the materiality of the modification to Related Party Transaction.

"Materiality Threshold" means limits for Related Party Transactions beyond which the Shareholders' approval will be required as specified in Act and rules thereof and amendments thereto.

"Net Worth" shall have the meaning ascribed to such term under sub-section (57) of Section 2 of the

Act.

“Office or Place of Profit” shall have the meaning ascribed to such term under section 188 of the Act.

“Ordinary course of business” if transactions satisfy any of the following criteria, such transactions will be generally in the ordinary course of business: I. The memorandum of Association of the Company should cover such transaction; II. There are previous instances of the Company having carried out such transaction; III. These transactions are frequent over a period of time; IV. The transaction should be in furtherance of the business objectives of the Company; V. The transactions, if not frequent, are important to the business objectives of Company; VI. The transactions are part of standard industry practice. This is not exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.

“Related Party” in relation to the Company means a party related with the Company as laid down in section 2(76) of the Act and under Regulation 2(1)(zb) of the Listing Regulations as amended from time to time.

“Related Party Transaction” means shall have the meaning ascribed to such term under Regulation 2(1) (zc) of the LODR and under Section 188 of the Act, as amended from time to time.

“Relative” shall have the meaning ascribed to such term under sub-section (77) of Section 2 of the Act and under Regulation 2(1) (zd) of the Listing Regulations.

“Subsidiary” means a Company as defined under Section 2(87) of the Act.

“Turnover” shall have the same meaning as specified under section 2(91) of the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Act, Listing Regulations or any other applicable law or regulation.

4. Approval of Related Party Transactions (RPTs)

All RPTs and subsequent Material Modifications shall require approval of the Audit Committee, Board or Shareholders as prescribed in law and in accordance with this Policy.

a) Approval of the Audit Committee:

All RPTs and subsequent material modifications shall require prior approval of the Audit Committee.

Members of the Audit Committee, who are independent directors, shall alone approve RPTs. Any member of the Audit Committee, who has a potential interest in any RPT, will recuse himself or herself and abstain from voting on the approval or ratification of such RPT. Such member may, however, participate in discussions with respect to other RPTs placed for approval or ratification of the Audit Committee.

In dealing with RPTs, the Company will follow the above-mentioned approach:

i. Identification of RPTs

All RPTs and subsequent Material Modifications shall be identified and brought to the notice of the Audit Committee of the Company. Any employee of the Company who is aware of any transaction that is or may be perceived to be an RPT is required to bring the same to the attention of the Audit Committee of the Company through the Compliance Officer.

All Directors, Members of the Management and KMPs are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms, or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors, Members of the Management and KMPs are responsible for providing notice to the Compliance Officer of any potential RPT involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest, and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Such notice of any potential RPT should be given well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

ii. **Identification of Potential RPTs**

Each director and KMP are responsible for providing a Notice to the Board or Audit Committee of any potential RPT involving him or her or his or her Relative, including any additional information about the transaction that the Audit Committee/ Board may reasonably request. The Audit Committee/ Board will determine whether the transaction does, in fact, constitute an RPT requiring compliance with this policy.

The Company prefers to receive such Notice of any potential RPT well in advance so that the Audit Committee/ Board has adequate time to obtain and review information about the proposed transaction.

iii. **Factors while deciding on undertaking RPTs**

The Company shall be guided by the following factors/parameters to decide whether a particular RPT shall be undertaken –

- Whether the RPT is in ordinary course of business. In deciding the same, the following factors would be relevant:
  - Whether the transaction is in line with the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities;
  - Whether it is permitted by the Memorandum and Articles of Association of the Company; and
  - Whether the transaction is such that it is required to be undertaken in order to conduct the routine or usual transactions of a Company;
  - The transaction is not
    - an exceptional or extraordinary activity as per applicable accounting standards or financial reporting requirements;
    - any sale or disposal of any undertaking of the Corporation, as defined in explanation to clause (a) of sub-section (1) of section 180 of the Act;

- Whether the RPT is on arms' length basis, that is, transaction between two Related Parties is conducted as if they were unrelated, so that there is no question of conflict of interest. The following may be relevant factors:
  - The contracts/ arrangements are entered into with Related Parties, are at such prices/ discounts/ premiums and on such terms which are offered to unrelated parties of similar category/ profile;
  - The contracts/ arrangements have been commercially negotiated;

- The pricing is arrived at as per the rule/ guidelines that may be issued by or acceptable for the purpose of Ministry of Corporate Affairs, Income Tax Act, 1961, Securities and Exchange Board of India and/or such other statutory or regulatory bodies as applicable to any of the contract/ arrangements contemplated under the Act, Rules framed thereunder or Listing Regulations;
- The terms of contract/ arrangement other than pricing are generally on a basis similar to those as may be applicable for similar category of goods and services or similar category/ profile of counterparties;
- Such other criteria as may be issued under Applicable Law Arms' length nature of the transaction would depend not only on the price or value involved, but also on other terms and conditions of the transaction, for example, credit period allowed for payment against products/services, etc.

- Whether there are any compelling reasons for the Company to enter into the proposed Transaction;
- Whether the proposed Transaction would compromise the independence of an independent director or the auditors of the Company;
- Whether the proposed Transaction includes any potential reputational risk that may arise as a result of or in connection with the proposed Transaction;
- Whether the Company was notified about the proposed Transaction in advance and if not, why preapproval was not sought and whether subsequent ratification, if allowed, would be detrimental to 6 the Company; and
- Whether the proposed Transaction would present an improper conflict of interest for any Director or KMP of the Company, taking into account the size of the Transaction, the overall financial position of the Director/KMP or other Related Party, nature of the Director's/KMP's/other Related Party's interest in the transaction, the nature of ongoing relationship and any other factors the Audit Committee deems relevant.

iv. **Omnibus Approval for RPTs up to ₹ One (1) Crore**

All RPTs shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company or its subsidiary subject to the following conditions:

- Omnibus approval shall specify:
  - the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into
  - the indicative base price /current contracted price and the formula for variation in the price, if any; and
  - such other information relevant or important for the Audit Committee to take a decision on the proposed transaction

- Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, the Audit Committee may make omnibus approval for such transactions subject to their value not exceeding Rupees One Crore per transaction.

- The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.

- Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of the financial year.

- All material RPTs and subsequent material modifications shall require prior approval of the shareholders through Resolution.

- Related party shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

Criteria for consideration of Omnibus Approval

- **Maximum value of transactions in aggregate allowed for the year:**
  The Company shall at the beginning of each year (in the first Board Audit Committee meeting of the financial year where the full years financials are being tabled for approval) share the maximum limit for each category of transaction with each of the related parties based on the plan for the year. Any deviation from the same will be ratified in the subsequent quarters Board/ Audit Committee meeting along with the rationale for such deviation.

- **Maximum value per transaction allowed during the year:**
  At the beginning of the year, the maximum amount per transaction with related parties to be entered during the year may be indicated. If there is a revised forecast during the year, the same may be updated to the Audit Committee. Any deviation from the same will be ratified in the subsequent quarters Audit Committee meeting along with the rationale for such deviation.

- **Disclosures to be made to the Audit Committee for seeking omnibus approval:**
  Name of the related party, brief description of the transactions, nature and duration of product / service taken / given, 7 value of transaction, the basis for considering the transaction as being at arms' length and in the ordinary course of business along with such other information as the Audit Committee may seek from time to time.

- **Intervals at which the Audit Committee would review the transactions entered with related parties:**
  The same should be reviewed on quarterly basis.

- **Transactions which cannot be subjected to omnibus approval:**
  Only the transactions which are repetitive in nature and covered above shall be subject to omnibus approval.

The Audit Committee shall consider the repetitiveness of transactions with the related parties in the past and in future and the justification of the need forsuch omnibus approval and that there is need to approve repetitive transactions in the interest of the Company. While approving the RPTs, for maximum of 1 year at a time, the Audit Committee shall indicate the following in the omnibus approval:

- Name of the related parties,
- Nature and duration of the transaction,
- Maximum amount of transaction that can be entered into
- Indicative base price or contracted price and formula for variation
- Any other relevant information

v. **Applicability of disclosures for RPT of ₹ 1 (One) Crore and above upto ₹ 10 Crore [i.e. 1% of the annual consolidated turnover or ₹ 10 Crore, whichever lower]:**

SEBI vide its Circular dated October 13, 2025 came out with relaxation from minimum information to be provided to the Audit Committee for the approval for RPTs.

The information to be placed before the Audit Committee should be as prescribed under Annexure-13A of the SEBI Circular dated October 13, 2025, or as amended from time to time.

The Management while placing such information to the Audit Committee shall also provide Certificate from the Chief Executive Officer (CEO)/Managing Director and Whole-Time Director/ Chief Financial Officer (CFO) of the Company confirming that the terms of RPTs proposed to be entered into are in the interest of the Company.

Further, the Audit Committee may, at its discretion comment on information provided by the Management. Such comments and the rationale for not approving an RPT shall be recorded in the minutes of the meeting of the Audit Committee.

vi. **Applicability of Industry Standards: Approval of RPTs – For RPT above ₹ 10 (Ten) Crore:**

The Industry Standards shall be applicable for all RPTs placed for review and approval by the Audit Committee of the Company wherein transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) exceeds ₹ Ten (10) Crore.

For each RPT, the Company shall place the minimum information, as specified under Part A of the Industry Standards, and additional information in case a specific type of RPT is undertaken, as specified under Part B of the said standards, while seeking prior approval from the Audit Committee.

The Management while placing such information to the Audit Committee shall also provide Certificate from the Chief Executive Officer (CEO)/Managing Director and Whole-Time Director/ Chief Financial Officer (CFO) of the Company confirming that the terms of RPTs proposed to be entered into are in the interest of the Company.

Further, the Audit Committee may, at its discretion comment on information provided by the Management. Such comments and the rationale for not approving an RPT shall be recorded in the minutes of the meeting of the Audit Committee.

Non-applicability of Industry Standards:

Industry Standards shall not be applicable to:
- Transactions exempted under Regulation 23(5) of the Listing Regulations
- Quarterly review of RPTs by the Audit Committee in terms of Regulation 23(3)(d) of the Listing Regulations
- Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) do not exceed ₹ One (1) Crore

b) Approval of the Board of Directors

- In case any RPT is referred to the Board for its approval due to the transaction being:
  - ➢ not in the ordinary course of business; or

- not at an arm's length price; or
- elected, suo-moto, by the Board for review; or
- mandated under any law to be approved by the Board, then, the considerations set forth above, in case of Audit Committee, shall apply mutatis mutandis to the Board with respect to the proposed RPT.

- Any member of the Board who has any interest in any RPT will recuse himself and abstain from participation, discussion and voting on the approval of the RPT.
- Where the Board has not accepted the recommendations of Audit Committee, the same shall be disclosed in the Board Report and corporate governance report along with the reasons thereof.
- In all cases where shareholder approval for RPT is required, the same should be placed before the Board for its recommendation to the shareholders.

c) Approval of shareholders of the Company

All Material RPTs and subsequent Material Modification shall be placed before the shareholders for seeking their prior approval through a resolution. The following materiality threshold shall apply for the Material RPTs and subsequent Material Modification for the purposes of the Act and Listing Regulations:

- Transactions with a Related Party covered under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, shall be governed by the respective limits provided under the said rules.

- Transactions with a Related Party as defined under the Listing Regulations, materiality threshold shall be as per limits specified under the Listing Regulations as amended from time to time.

- For payment to a Related Party with respect to brand usage or royalty, materiality threshold shall be as per limits specified under the Listing Regulations as amended from time to time.

- Modification to a Material RPT shall be considered as 'Material Modification' if there is a major variation in the terms of agreement with existing Related Parties or changes in the regulatory framework affecting the pricing guidelines of RPTs or change to the extent of 20% higher than the existing limits as approved by the Audit Committee. The Audit Committee of the Company shall have the final authority in deciding the materiality of the modification to RPTs.

The Company shall place all the information, as specified under Part C of the Industry Standards, in addition to Part A and B of the said Standards, in the Statement to the notice being sent to shareholders seeking their approval for proposed Material RPTs, as applicable. However, in case Material RPT does not exceed 1% of annual consolidated turnover of the Company as per the last audited financial statements of the listed entity or Rupees Ten (10) Crore, whichever is lower, the Company shall provide 'Minimum information to the Shareholders for approval of Related Party Transactions' specified in Annexure-13A of SEBI Circular dated October 13, 2025.

5. RPTs that shall not require Approval

Following transactions shall not require approval:

- Issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- Following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - payment of dividend;
  - subdivision or consolidation of securities;
  - issuance of securities by way of a rights issue or a bonus issue; and
  - buy-back of securities.

- Retail purchases from any Company or its subsidiary by the directors or key managerial personnel of the Company or its subsidiary(ies), and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/ offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

- Remuneration and sitting fees paid by the listed entity or its subsidiary to any director, key managerial personnel or senior management personnel, other than those forming part of the promoter or promoter group, shall not require prior approval of the Audit Committee, provided that such payments are not material in accordance with the applicable materiality thresholds prescribed under this regulation.

Such other exclusions and exemptions as may be provided under the Act/Listing Regulations, or other applicable laws from time to time.

6. Related Party Transactions involving Subsidiaries of the Company

- A Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds Ten per cent of the annual standalone turnover or the threshold for material related party transactions of Company as specified in Listing Regulations, as per the last audited financial statements of such subsidiary.

- Prior approval of the Audit Committee of the Company shall not be required for a Related Party Transaction to which the listed subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended are applicable to such listed subsidiary of the Company.

- For Related party transactions of unlisted subsidiaries of a listed subsidiary of the Company as referred above, the prior approval of the Audit Committee of the listed subsidiary of the Company shall suffice.

7. RPTs not approved under this Policy

In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a RPT that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of an RPT, the Committee has authority to modify or waive any procedural requirements of this Policy.

The Members of the Audit Committee, who are Independent Directors, may ratify Related Party Transactions within three months from the date of the transaction or in the immediate next Meeting of the Audit Committee, whichever is earlier, subject to such conditions specified in the Act and the Listing Regulations.

8. Reporting of RPTs:

Reporting of RPTs shall be done as required and in accordance with the provisions of the Act and the Listing Regulations, including the following –

Board's Report: Every contract or arrangement which is required to be approved by the Audit Committee / Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

Stock exchanges: The Company shall disclose all RPTs transactions with Related Parties to the stock exchanges or any other authority under Listing Regulations or any other law for the time being in force. Such disclosure shall also be placed before Audit Committee at periodic intervals.

9. Miscellaneous

- The Audit Committee is authorized to amend or modify any part of the Policy. Any such amendment shall be placed before the Board in its next meeting for confirmation.

- This Policy shall also be reviewed by the Board –
    - at least once in every three years, and
    - as and when required by the Board, and
    - as and when circumstances arise.

- This Policy shall be disclosed on the website of the Company and such web link shall also be provided in the Annual Report.

- If the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy until this Policy is changed to conform to the law, rule, regulation or standard.

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