KILBURN ENGINEERING LIMITED

REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

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

REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES ("REMUNERATION POLICY"/ "THIS POLICY")

1. Preamble

The remuneration policy provides a framework for the remuneration of the Directors, Key Managerial Personnel ("**KMP**"), Senior Management Personnel ("**SMP**"), and other employees of Kilburn Engineering Limited ("**Company**").

This Remuneration Policy has been formulated pursuant to the provisions of Section 178 of the Companies Act, 2013 ("**Act**") and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"). In case of any inconsistency between the provisions of law and this Policy, the provisions of the above stated law shall prevail, and the Company shall abide by the applicable law. While formulating this Policy, the Nomination and Remuneration Committee ("**NRC**") has considered the factors laid down under Section 178(4) of the Act, which are as under:

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
c) Remuneration to Directors, KMP and Senior Management Personnel involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

2. Definitions:

1. **"Act"** shall mean the Companies Act 2013 and the rules made thereunder, including any modifications, amendments or re-enactment thereof;

2. **"Applicable Laws"** shall mean the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time;

3. **"Board of Directors" or "Board",** in relation to the Company, means the collective body of the directors of the Company;

4. **"Company"** shall mean Kilburn Engineering Limited;

5. **"Committee"** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the provisions of Section 178 of the Companies Act, 2013 ("Companies Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");

6. **"Chief Executive Officer" or "CEO"** means an officer of the Company, who has been designated as such by the Board;

7. **"Company Secretary" or "Secretary"** means a Company Secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by a Company to perform the functions of a Company Secretary under the Act;

8. **“Chief Financial Officer” or “CFO”** means a person appointed as the Chief Financial Officer of the Company;

9. **“Director”** means a director appointed to the Board of the Company;

10. **“Executive Director”** means a Whole Time Director as defined in clause (94) of Section 2 of the Act”

11. **“Key Managerial Personnel”,** in relation to the Company, means—
    i. the Chief Executive Officer or the Managing Director or the Manager;
    ii. the Company Secretary;
    iii. the Whole-Time Director;
    iv. the Chief Financial Officer;
    v. such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board;

12. **“Manager”** means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not;

13. **“Managing Director”/ “MD”** means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

    Explanation:—For the purposes of this clause, the power to do administrative acts of a routine nature when so authorised by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

14. **“Non-Executive Director”** means and includes the directors other than the Executive Directors and Managing Director of the Company;

15. **‘‘Senior Management Personnel’’** as per Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall mean officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall comprise:
    i. All members of the management one level below the Chief Executive Officer (CEO), Managing Director (MD), Whole-Time Director (WTD) or Manager (including the CEO/Manager in case they are not part of the Board of Directors);
    ii. Functional heads of the Company, by whatever designation called;
    iii. Personnel identified and designated as Key Managerial Personnel (KMP) (other than Board members), in accordance with Section 2(51) of the Companies Act, 2013 and SEBI LODR;
    iv. Such other senior executives who form part of the Company’s core management team as per the Company’s organisational structure and applicable policies.

16. **“Whole-Time Director”** includes a director in the whole-time employment of the Company;

17. **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

3. Aims & Objectives:

The Remuneration Policy of the Company has been formulated in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The objectives of this Policy are as follows:

a. To attract, retain, and motivate qualified, competent, and experienced Directors, Key Managerial Personnel (KMPs), Senior Management Personnel, and other employees who are capable of contributing to the sustainable growth and long-term success of the Company.

b. To establish a fair, transparent, and competitive remuneration framework that is performance-oriented and aligned with the Company's business objectives, shareholders' interests, industry benchmarks, and applicable statutory and regulatory requirements.

c. To ensure that the remuneration of Directors, KMPs, and senior executives is aligned with the Company's strategic goals, risk appetite, values, and long-term interests, while adhering to the principle of "pay for performance."

d. To maintain an appropriate balance between fixed and variable components of remuneration for Directors, KMPs, and Senior Management Personnel, thereby reflecting both short-term and long-term performance objectives of the Company.

e. To structure employee remuneration comprising basic salary, allowances, perquisites, and performance-based incentives, with variations across different grades and roles. Such remuneration shall be determined based on industry practices, qualifications, experience, individual performance, and the responsibilities entrusted to the employee.

f. To provide for remuneration to Non-Executive Directors, including commission, based on the recommendations of the Nomination and Remuneration Committee and approval of the Board of Directors. Such remuneration shall be commensurate with their role, responsibilities, participation, and contribution at Board and Committee meetings, as well as time devoted to Company matters beyond formal meetings.

4. Appointment and Removal of Director, Key Managerial Personnel and Senior Management Personnel

a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend his / her appointment, as per Company's Policy. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's operations.

b. A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient /satisfactory for the position.

c. Committee shall verify whether the candidate being assessed for holding the position of a Director has been allotted a Director Identification Number (DIN) and whether the candidate has submitted e-form DIR-3-KYC to the Central Government within stipulated timelines.

d. Committee shall review whether that the candidate possesses more than one DIN and in such cases, require the candidate to surrender the additional DIN.

e. The Committee shall verify the maximum number of directorships, including any alternate directorships held by the candidate as per the provisions of Companies Act, 2013 and continue to verify this even after appointment as a Director. Further a person shall not serve as an independent director in more than 7 (seven) listed entities. Further, any person who is serving as a whole time director / managing director in any listed entity shall serve as an independent director in not more than 3 (three) listed entities. For determining the number of listed entities on which a person is a director / independent director, the Committee shall consider only those whose equity shares are listed on a stock exchange.

f. No person shall be appointed or continue as an alternate director for an independent director of a Company.

g. The Company shall not appoint or continue the employment of any person as Managing Director, Whole- time Director or Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

h. While filling up the positions for Managing Director, Whole Time Directors or Independent Directors, the specific qualifications as prescribed under Companies Act, 2013 along with Listing Regulations shall be taken into account.

i. The Committee shall not appoint any person or continue the directorship of any person as a non-executive director who has attained the age of 75 (seventy-five) years unless a special resolution of Members is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

j. Appointment of Independent Directors is also subject to compliance of provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules thereunder or any other applicable provisions of the Companies Act, 2013 and the Listing Regulations.

k. The Committee shall lay down a chart / matrix listing the core skills / expertise/ competencies of Board Members as required in the context of the Company's business (es) and sector(s) for the Board to function effectively and those actually available with the Board and where there are gaps to ensure these are filled in the next round of appointments. Further, the Committee shall identify and maintain the names of Directors who possess the prescribed skills/expertise/competence.

5. Term /Tenure

a. **Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b. **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven Listed Companies as an Independent Director and three Listed Companies as an Independent Director in case such person is serving as a Whole-time Director of a Listed Company or such other number as may be prescribed under the Act.

The maximum tenure of Independent Directors shall also be in accordance with the Companies Act, 2013 & Listing Regulations and clarifications/ circulars issued by the Ministry of Corporate Affairs/ SEBI, in this regard, from time to time.

The Committee shall review whether to extend or continue the term of appointment of the Independent Directors (IDs), on the basis of the report of performance evaluation of IDs.

c. **Evaluation**

The Committee shall carry out evaluation of performance of Director and Key Managerial Personnel yearly or at such intervals as may be considered necessary. The Committee shall identify evaluation criteria based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence.

d. **Removal**

The Committee may recommend with reasons recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

e. **Retirement**

The Director, Key Managerial Personnel and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, Key Managerial Personnel, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

6. Principles:

Key principles governing this Remuneration Policy are as follows:

A. Remuneration of Independent Directors and Non-Independent Non-Executive Directors

a) The overall remuneration payable to Independent Directors ("IDs") and Non-Independent Non-Executive Directors ("NEDs") shall be commensurate with the size of the Company, the complexity and nature of its business and industry, the scope of operations, and the Company's financial position and capacity to pay.

b) IDs and NEDs shall be entitled to receive remuneration by way of sitting fees for attending meetings of the Board of Directors and/or Committees thereof, and/or commission, within the limits prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The quantum of sitting fees shall be subject to periodic review, based on the recommendations of the Nomination and Remuneration Committee ("NRC") and approval of the Board of Directors.

c) The commission payable to IDs and NEDs, if any, shall be recommended by the NRC and approved by the Board, taking into consideration the overall performance of the Company, profitability, returns to shareholders, value creation, results of the Board and Director Evaluation process, and such other qualitative and quantitative parameters as may be deemed appropriate by the Board.

d) The NRC shall recommend the quantum of commission payable to each ID and NED based on the outcome of the evaluation process, which shall include, inter alia, attendance and effective participation at Board and Committee meetings, time devoted to Company matters, individual contributions at meetings, and contributions made outside formal meetings.

e) In addition to sitting fees and commission, the Company may reimburse to Directors all reasonable and actual expenses incurred in the discharge of their duties as Directors. Such expenses may include costs incurred for attending Board, Committee and general meetings, court-convened meetings, meetings with shareholders, creditors or management, site visits, induction and training programmes organized by the Company, and fees for obtaining professional advice from independent advisors in furtherance of their duties.

f) Considering evolving industry practices and the varying level of time commitment and responsibilities undertaken by individual NEDs, the Board may, based on NRC recommendations, consider payment of differential commission to such Directors.

g) The remuneration payable to the Managing Director and/or Executive Director shall be governed separately and shall be subject to the relevant provisions of the Companies Act, 2013, rules made thereunder, and approvals, if any, required from shareholders or regulatory authorities.

h) Non-Executive Directors may be eligible for grant of stock options under the Company's Employee Stock Option Scheme(s) or Plan(s), subject to compliance with applicable laws, regulations, and approvals, as may be required from time to time.

i) The approval of shareholders by special resolution shall be obtained every financial year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

Familiarization program for Independent Directors:

a) The Company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the company, etc., through various programs.

b) The details of such familiarization programs shall be disclosed on the Company's website and a web link thereto shall also be given in the Annual Report.

B. Remuneration of Managing Director/ Executive Directors.

a) The remuneration payable to the Managing Director ("MD") and Executive Director(s) ("EDs") shall be recommended by the Nomination and Remuneration Committee ("NRC") and shall be subject to the approval of the Board of Directors and the shareholders of the Company, wherever required, in accordance with the provisions of the Companies Act, 2013 and applicable regulations.

b) The overall remuneration structure shall be designed to attract, retain, and motivate competent and experienced professionals capable of leading the Company effectively and addressing the challenges faced by the Company in its business and operating environment.

c) The remuneration of the MD and EDs shall be determined based on the following guiding principles:

   i. It shall be competitive with market practices, considering comparable companies from which the Company attracts or to which it may lose executive talent;
   ii. It shall be commensurate with the role, responsibilities, and leadership functions performed by the individual, including management of operations, strategy, and business risks;
   iii. It shall be reflective of the size of the Company, the complexity of its operations, the industry and sector in which it operates, and the Company's financial position and capacity to pay;
   iv. It shall be consistent with recognised best practices in corporate governance;
   v. It shall comply with applicable statutory and regulatory requirements.

d) The remuneration structure of the MD and EDs shall comprise an appropriate mix of fixed and variable components, within the limits approved by the NRC, the Board of Directors, and the shareholders, as applicable, and shall include the following:

1. **Fixed Remuneration**:
   The MD and EDs shall be paid a basic salary and/or fixed remuneration that provides a stable and predictable income, commensurate with their skills, experience, and responsibilities.

2. **Perquisites, Allowances, and Benefits**:
   In addition to fixed remuneration, the Company may provide perquisites, allowances, and benefits to support a reasonable standard of living and facilitate tax-efficient compensation, where permissible. Such benefits may include, inter

alia, medical reimbursement or insurance coverage, hospitalization benefits, and personal accident insurance, subject to applicable limits and Company policies.

3. **Retirement and Social Security Benefits**:
The Company may provide retirement benefits and social security benefits, such as provident fund, gratuity, superannuation, or other similar benefits, in accordance with applicable laws and Company policies.

4. **Variable Pay / Performance-Linked Incentives**:
In addition to fixed remuneration and benefits, the MD and EDs may be eligible for variable remuneration in the form of performance-linked incentives, bonus, and/or commission, as may be determined by the Board on the recommendation of the NRC, subject to compliance with the provisions of the Companies Act, 2013. The quantum of such variable remuneration shall be linked to individual performance, Company performance, and achievement of strategic and financial objectives, as evaluated by the NRC and/or the Board.

5. The remuneration payable to the MD and EDs shall at all times be subject to the applicable provisions of the Companies Act, 2013, rules made thereunder, and such approvals as may be required from shareholders or regulatory authorities.

6. The MD and EDs may be eligible for grant of stock options under the Company's Employee Stock Option Scheme(s) or Plan(s), subject to the recommendations of the NRC and approvals of the Board and shareholders, as applicable, and in compliance with applicable laws and regulations.

e) If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013.

f) Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.

g) The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

i. the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the Company, whichever is higher; or

ii. where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the Company:

Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director.

C. Remuneration to Senior Management Personnel ("SMPs") & Key Managerial Personnel ("KMPs") (other than Managing Director/Wholetime Director):

a) The remuneration of Senior Management Personnel ("SMPs") and Key Managerial Personnel ("KMPs"), other than the Managing Director and Whole-time Director(s), shall be structured to support the Company's business strategy, performance objectives, and long-term sustainability.

b) The remuneration package of SMPs and KMPs shall comprise a combination of fixed salary, variable pay in the form of performance-linked incentives or bonus, perquisites, allowances, retiral benefits, and other benefits, as may be determined by the Company from time to time. SMPs and KMPs may also be eligible for grant of stock options under the Company's Employee Stock Option Scheme(s) or Plan(s), subject to applicable laws and approvals.

c) The terms and conditions of remuneration of the Chief Financial Officer, Company Secretary, SMPs, and such other officers as may be designated by the Board as KMPs shall be determined by the Nomination and Remuneration Committee ("NRC") and, where applicable, recommended to the Board of Directors for approval.

d) The remuneration, performance appraisal, and reward framework for SMPs and KMPs shall be aligned with the objectives of this Policy and shall be designed to:

  i. motivate achievement of key business strategies and objectives, foster a strong performance-oriented culture, and reward performance over both short-term and long-term horizons; and
  ii. attract and retain high-calibre executives in a competitive market, while ensuring fairness, responsibility, and alignment with the Company's values.

e) The remuneration structure shall be competitive and shall include fixed and variable components, performance incentives, and benefits such as retiral benefits, medical and health insurance, hospitalization benefits, and such other benefits and facilities as may be applicable under Company policies.

f) The remuneration of SMPs and KMPs shall be reviewed annually. Any revision or increment shall be based on individual performance, Company performance, and prevailing industry practices and trends.

g) The remuneration may be revised or reset at any time, where considered necessary, based on benchmarking with comparable domestic or global companies operating in similar industries and of similar size and complexity.

h) In addition to fixed remuneration, the Company may provide SMPs and KMPs with perquisites, allowances, and benefits to support a reasonable standard of living and enable tax-efficient compensation, where permissible. Such benefits may include, inter alia, reimbursement or insurance coverage for medical and hospitalization expenses and personal accident insurance, subject to applicable limits and Company policies.

i) The NRC may recommend the grant of stock options to eligible SMPs and KMPs pursuant to the Employee Stock Option Scheme(s) or Plan(s) adopted by the Company, in accordance with applicable laws and approvals.

j) Performance-linked incentives or bonus payable to SMPs and KMPs shall be determined based on the outcome of the performance appraisal process and achievement of pre-defined performance criteria.

k) SMPs and KMPs shall be required to adhere strictly to the Company's Code of Conduct and all applicable Company policies. Any breach thereof shall have a direct bearing on performance evaluation and remuneration and may also result in appropriate disciplinary action, in accordance with Company policies.

D. Remuneration for Other Employees (other than as mentioned herein above):

a) Employees of the Company shall be assigned appropriate grades based on their qualifications, skills, competencies, work experience, and the roles and responsibilities entrusted to them. Individual remuneration shall be determined within the applicable grade and shall be based on factors including, inter alia, job profile, skill sets, seniority, experience, performance, and prevailing market remuneration levels for comparable positions.

b) The remuneration structure for employees shall primarily comprise a basic or fixed salary and may also include variable pay, perquisites, allowances, and other benefits, as may be applicable under Company policies from time to time.

c) In addition to fixed remuneration, the Company may provide employees with perquisites, allowances, and benefits to support a reasonable standard of living and to enable tax-efficient compensation, where permissible. Such benefits may include, inter alia, reimbursement or insurance coverage for medical and hospitalization expenses, personal accident insurance, and other employee welfare benefits, subject to applicable limits and Company policies.

d) The Company may also provide retirement and social security benefits to employees, such as provident fund, gratuity, superannuation, or other similar benefits, in accordance with applicable laws and Company policies.

e) Remuneration of employees may be reviewed periodically, and revisions or increments shall be based on individual performance, Company performance, and prevailing industry practices.

f) Employees shall be required to comply with the Company's Code of Conduct and all applicable policies. Any breach thereof shall have a direct bearing on performance appraisal, remuneration, and rewards, and may also result in appropriate disciplinary action in accordance with Company policies.

7. Remuneration payable to Director for services rendered in other capacity

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless:

a) The services rendered are of a professional nature; and
b) The NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession.

8. Committee members interest

A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

The NRC may invite such personnel, as it considers appropriate, to be present at the meetings of the NRC.

9. Premium on Director & Officer insurance policy

The Company shall provide an insurance cover to all Directors, KMPs and SMPs for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust.

Where the insurance is taken by the Company on behalf of its NEDs, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration.

Where the insurance is taken by the Company on behalf of its MD/ EDs, KMPs and SMPs for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

10. Remuneration Policy implementation

The NRC is responsible for recommending the Remuneration Policy to the Board. The Board is responsible for approving and overseeing implementation of the Remuneration Policy.

11. Review of the Remuneration Policy

This Remuneration Policy will be reviewed and reassessed by the NRC as and when required and appropriate recommendations shall be made to the Board to update this Remuneration Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

12. Disclosures

Such disclosure of this Policy as may be as required under the relevant provisions of the Act, the rules made thereunder and the Listing Regulations shall be made.

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