



KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

Enriching Lives

SEC/ F:17

June 12, 2015

(BSE Scrip Code – 500241)

Kind Attn : Mr. Sanjeev Kapoor

BSE Limited

Corporate Relationship Department,

2nd Floor, New Trading Ring,

Phiroze Jeejeebhoy Towers,

Dalal Street,

Mumbai - 400 001

Dear Sir,

Sub.: Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to Regulate, Monitor and Report Trading by Insider

In terms of the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015 dated January 15, 2015, the Board of Directors of Kirloskar Brothers Limited have approved, a "Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to Regulate, Monitor and Report Trading by Insider of Kirloskar Brothers Limited".

Further, as required by the said regulations, a copy of the same is enclosed for your information and records. The same is being uploaded on the Company's website.

This is for your information and records please.

Thanking you,

Yours faithfully,

For **KIRLOSKAR BROTHERS LIMITED**

Sandeep Phadnis
Company Secretary

Encl : As above



KIRLOSKAR BROTHERS LIMITED

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CODE OF PRACTICE AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION AND CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDER OF KIRLOSKAR BROTHERS LIMITED

Preface:

Pursuant to the Securities and Exchange Board of India (Insider Trading) Regulations, 2015, which comes into force on May 15, 2015, the Securities and Exchange Board of India (SEBI) has directed listed companies to formulate and publish on its official website, a Code for practice and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to these regulations, without diluting the provisions of these regulations in any manner. The Board of Directors of the Company had approved the "Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to Regulate, Monitor and Report Trading by Insider" which came into force with effect from May 15, 2015 (the 'Code') and the same may be amended from time to time, as may be required.

The term Insider-trading is associated with dealing in securities of the Company by certain category of persons such as Directors, Key Managerial Personnel, Designated Employees and Auditors in the Company and other persons associated with the Company and deemed to have access to unpublished price sensitive information. The term 'Insider and Trading' has been defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Regulations state that an insider shall deal in the securities of the listed company only in accordance with the provisions as mentioned under the Code.

The Companies Act, 2013, has also defined the term 'Insider Trading'. In addition, it has also defined the term 'Price Sensitive Information'.

No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to the Company or about its securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligation.

Notwithstanding anything contained in hereinabove, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:-

- (i) entail an obligation to make an open offer under the takeover regulations where the board of directors of the Company is of informed opinion that the proposed transaction is in the best interests of the company;

- (ii) no obligation to make an open offer under takeover Code but the directors of the Company are of informed opinion that the proposed transaction is in the best interest of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two days prior to the proposed transaction.

However, it need not be concluded that the persons connected to the Company are barred from possessing, buying and selling its shares. They are permitted to deal in the securities of the Company under the permitted conditions, provided they make adequate disclosures about the transaction to the regulatory and the exchanges on which the shares of the Company are listed.

It is the responsibility of each of the Directors, Key Managerial Personnel, Designated Employees, Auditors and other connected persons to ensure compliance with this Code by themselves and their immediate relatives.

Accordingly, this Code has been framed with a view to achieve:

- Prompt public disclosure of unpublished price sensitive information (UPSI);
- Uniform and universal dissemination of UPSI;
- Handling of UPSI on a need-to-know basis;
- Reporting of trading by an insider;
- Prohibition of unlawful acts of Insider Trading as contemplated under the Regulations.
- Adoption appropriate mechanism and procedures to enforce the Code;
- To abide by the Code and disclosure / reporting procedures as specified herein.
- To initiate appropriate actions against persons involved in Insider Trading in contravention of this Code.
- To appropriately communicate the existence of this Code across the organization.

DEFINITIONS:

The definitions of some of the terms used in the Code are given below. Other terms not defined herein shall have the meaning assigned to them under the Regulations and other related rules and guidelines, as amended from time to time.

- a. "Auditors" means Statutory Auditors, Cost Auditors, Secretarial Auditors of the Company and any other audit or consulting firm appointed to report the Board about any process or compliance by the Company.
- b. "Board / Directors" means the Board of Directors of Kirloskar Brothers Limited (KBL) and shall include any Committee of the Board.
- c. "Chief Investor Relation Officer" means Company Secretary or an officer appointed by the Board to deal with dissemination of information and disclosure of unpublished price sensitive information.
- d. "Company / KBL" means Kirloskar Brothers Limited and includes its successors, assigns.
- e. "Compliance Officer" means Company Secretary or any employee designated as such by the Board.
- f. "Connected person" means, "connected person" means,-
 - (i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or

holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

(ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -

- (a). an immediate relative of connected persons specified in clause (i); or
- (b). a holding company or associate company or subsidiary company; or
- (c). an intermediary as specified in section 12 of the Act or an employee or director thereof; or
- (d). an investment company, trustee company, asset management company or an employee or director thereof; or
- (e). an official of a stock exchange or of clearing house or corporation; or
- (f). a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
- (g). a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
- (h). an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- (i). a banker of the company; or
- (j). a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;

g. "Dependent" shall include:

- i. Father
- ii. Mother
- iii. Spouse
- iv. Son / daughter declared as dependent by the Director / Key Managerial Personnel / Designated Employee or other connected person from time to time

h. "Immediate Relative" shall include:

A spouse of a person and includes parent, sibling and child of such person or of the spouse, any of whom is either dependent financially on such person or consults such person in taking decisions relating to trading in securities.

This shall also mean "Relative" as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of definitions details) Rules, 2014, as may be amended from time to time and shall include the following:.

- i. They are members of a Hindu undivided family; or
 - ii. They are husband and wife; or
 - iii. The one is related to the other as;
 - a. Father (including step-father);
 - b. Mother (including step-mother);
 - c. Son (including step-son);
 - d. Son's Wife;
 - e. Daughter (including step-daughter);
 - f. Daughter' husband
 - g. Brother (including step-brother);
- Sister (including step-sister);

- i. "Key Managerial Personnel" shall include:
 - i. Managing Director / The Chief Executive Officer or Whole Time Director;
 - ii. Manager;
 - iii. Company Secretary;
 - iv. The Chief Financial Officer;
 - v. Officer/s as may be designated as such;
 - vi. Such other officers as may be prescribed.

- j. "Designated Employees" shall include:
 - i. Directors, Key Managerial Personnel, and
 - ii. All the function heads and every employee in the finance, accounts, secretarial and legal department as may be determined and informed by the Compliance Officer; and any other employee as may be determined and informed by the Compliance Officer from time to time considering his role and function in the Company to whom these restrictions shall be applicable, keeping in mind the objective of the Code.

- k. "Insider" means any person who,
 - i. is a connected person: or
 - ii. in possession of or having access to unpublished price sensitive information.

- l. "Investigating Person" means a Compliance Officer or any other any other person, not being a firm, body corporate or an association of persons, having experience in dealing with the problems relating to the securities market.

- m. "Open Offer" means an offer made by the acquirer to the shareholders of the Company inviting them to tender their shares in the Company at a particular price.

- n. "Promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.

- o. "Regulation" means SEBI (Prohibition of Insider Trading) Regulations, 2015 and any amendment made thereto.

- p. "Securities" means any of the following instruments issued or to be issued or created or to be created, for the benefit of the Company:
 - a. shares, scripts, stocks, bonds, debentures, debenture stock, derivatives or other marketable securities of like nature of KBL;
 - b. Such other instruments as may be declared by the Central Government to be securities;
 - c. Rights or interests in the above.

- q. "Trading" shall mean and include subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell or deal in any securities, and trade shall be construed accordingly.

- r. "Trading Window" shall mean a trading period for trading in the Company's securities by the designated persons and their relatives.

- s. "Unpublished price sensitive information (UPSI) / Price Sensitive Information (PSI)" means any information which relates to the following matters or is of concern, directly or indirectly, to the Company, and is not generally known to public or published by the Company, but which if published or known, is likely to materially affect the price of Securities of the Company. The following shall be deemed to be PSI:
- i. Periodical financial results of the Company (quarterly, half-yearly and annually).
 - ii. Intended declarations of dividend (interim and final)
 - iii. Change in capital structure
 - iv. Issue of securities or buy-back of securities.
 - v. Any major expansion plans or execution of new projects.
 - vi. Amalgamation, mergers or takeovers.
 - vii. Change in Key Managerial Personnel
 - viii. Disposal of the whole or substantial part of the Company's business.
 - ix. Any significant changes in policies, plans or operations of the Company.
 - x. Material events in accordance with the listing agreement.
- t. "Trading Day" shall mean the working day when the regular trading is permitted on the concerned stock exchange where securities of the Company are listed.

Compliance Officer and his/her Responsibilities:

1. The Compliance Officer of the Company with regard to the Code shall report to the Chairman and Managing Director / Executive Director. The Compliance Officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules, pre-clearing the transactions, monitoring the trades and ensure implementation of the Code and compliance, under the overall supervision of the Board.
2. The Compliance Officer shall maintain the list of securities issued or that may be issued as a "restricted list" which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.
3. Prior to approving any trades, the compliance officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
4. The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.
5. Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.
6. The Compliance Officer shall oversee price sensitive information / corporate disclosure as and when required to the stock exchanges, analysts, shareholders and media and shall educate the staff on the disclosure policy and procedure.
7. The Compliance Officer shall maintain a record of the Designated Employees from time to time in consultation with the Chairman and Managing Director.
8. The Compliance officer shall ensure that all the disclosures under this Code shall be maintained for a minimum period of 5 years.

9. The Compliance Officer shall assist all the employees in addressing any clarifications regarding this Code.

Price Sensitive Information:

10. All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations.
11. No insider shall communicate, provide or allow access to any unpublished price sensitive information, relating to a Company or securities listed on the stock exchange to any person including other insider except where such communication is in furtherance of legitimate purpose, performance of duties or discharge of legal obligations.
12. No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a Company, securities listed, except in furtherance of legitimate purpose, performance of duties or discharge of legal obligations.
13. Price sensitive information shall be handled on a "need to know" basis i.e. shall be disclosed within the Company for discharging the duties.
14. Notwithstanding anything contained in this Code, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:-
 - (i) entail an obligation to make an open offer under SEBI's takeover regulations where the board of directors of the Company is of informed opinion that the proposed transaction is in the best interests of the company;
 - (ii) not attract the obligation to make an open offer under SEBI's takeover regulations but where the board of directors of the Company is of informed opinion that the proposed transaction is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine.
15. All the concerned intermediaries and parties who are in association with the Company due to commercial or statutory obligations, such as agents, vendors, customers, auditors, legal consultants or consultants, etc., and are expected to have access to unpublished price sensitive information, shall execute an agreement to contract confidentiality and non-disclosure obligation on the part of such parties and such parties shall keep information so received confidential, except as allowed under the regulation and the provisions of the Code and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

Insider Trading:

16. No insider shall trade in securities of the Company when in possession of unpublished price sensitive information except as provided under this Code or Regulation.
17. All security procedures for handling the files containing confidential information shall be followed for prevention of misuse of price sensitive information.

Trading Window:

18. The Compliance Officer shall announce the closure of Trading Window from time to time and communicate the same to the concerned. The trading window shall be closed when the compliance officer determines that an insider / designated employee can reasonably be expected to have access or possession of unpublished price sensitive information. The dealing in securities of the Company by the Insiders and Designated Employees and their relatives are prohibited during such period.
19. The Trading Window shall be closed for the period of maximum 10 days during the time when the price sensitive information is unpublished and shall be opened 48 hours after the said information is made public.
20. When the Trading Window is closed, Insiders and the Designated Employees and their relatives and also the Auditors, consultants and other advisors shall not deal in any transactions involving the purchase or sales of the Company's securities in such period.
21. In case of ESOP, the exercise of options shall be allowed in the period when the Trading Window is closed. However, sale of shares allotted on exercise shall not be allowed, when Trading Window is closed.

Pre-Clearance of Trade:

22. All Insiders and Designated Employees, Auditors, consultants and other advisors who intent to deal in the securities should obtain a pre-clearance of such transactions.
23. An application may be made in the prescribed form in **Annexure I** to the Compliance Officer indicating the estimated numbers of securities to be dealt in. All other details as prescribed in the form shall also be provided with an undertaking as prescribed in **Annexure II**.
24. All Insiders / Designated Employees, and connected persons or their dependent shall execute their order in respect of the securities of the Company within 7 (seven) days after the approval of pre-clearance is given; else make a fresh application for pre-clearance.
25. All Insiders / Designated employees and other connected persons who buy or sale any securities of the Company shall not execute a contra trade / transaction in securities, including derivate transactions in the shares of the Company, during next 6 (six) months following the prior transaction.
26. In case the sale of securities is necessitated by personal emergency, the holding period as aforesaid, may be waived by the Compliance Officer, in consultation with the Chairman and Managing Director, after recording in writing his/her reasons in this regard and ensuring that such relaxation does not violate the requirements under the Code or regulation.
27. Should a contra trade / transaction be executed, inadvertently or otherwise, in violation of the above restrictions, the profits from such trade shall be liable to be disgorged for the remittance to SEBI for credit to investor Protection and Education Fund administered by it.

Trading Plan:

28. An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.
29. Such trading plan shall not allow the commencement of trading on behalf of an insider earlier than 6 months from the public disclosure of the trading plan.
30. Such trading plan shall not allow the trading for a period between the 20th trading day prior to the last day of any financial period for which results are required to be announced by the Company and 2nd trading day after the disclosure of such financial year.
31. Trading plan should be for a minimum of 12 months.
32. No 2 trading plans shall overlap each other.
33. The trading plan shall disclose the value of the trades or the number of securities intended to be traded along with the nature of trade and the intervals at or the dates on which such trades shall be effected. The trading plan shall not be used for market abuse.
34. The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.
35. No information shall be passed by Insider / Designated Persons by way of making a recommendation for the purchase or sale of securities of the Company.

Disclosure/dissemination of Price Sensitive Information with special reference to analysts, media persons and institutional investors:

The following guidelines shall be followed while dealing with analysts, media persons and institutional investors –

- Only public information to be provided.
- At least two Company representatives must be present at meetings with analysts, media persons and institutional investors.
- Unanticipated questions may be taken on notice and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.
- Simultaneous release of information after every such meet.

Reporting of Transactions:

36. Every promoter, key managerial personnel, designated employee and director of the Company shall disclose his holding of securities of the Company as on May 15, 2015 within 30 days, in **Annexure III**.
37. Every person on appointment as a key managerial personnel or designated employee or a director of the company or upon becoming a promoter shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter in **Annexure III**.

38. Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or 25000 securities in nos. or 1% of the paid up capital whichever is low, in **Annexure IV**
39. Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

Investigation:

40. The Compliance Officer shall have power to investigate suspected contravention of this Code and submit his report on findings to Chairman and Managing Director / Executive Director within 7 days of commencement of investigation or such extended time period as the Chairman and/or Managing Director may approve.
41. Based on the report of the Compliance Officer, the Chairman and Managing Director / Executive Director shall be entitled to appoint any person to further investigate a suspected contravention of this Code.
42. The Chairman and Managing Director / Executive Director shall have the power to delegate to the person so appointed all the powers including powers to call for information, examination, interrogation, recording evidence, etc.
43. In any investigation of suspected contravention of this Code the onus to prove that there is no violation of this Code shall be on the concerned Insiders.
44. The Company's investigating officer shall, within 7 working days from the conclusion of the investigation, submit a report to the Chairman and/or Managing / Executive Director.
45. The Chairman and Managing Director / Executive Director after consideration of the investigation report shall communicate the findings to the insider or any other person, being investigated and shall take any action as contemplated in this Code.

Penalty for Contravention:

46. Any insider or designated employee or connected person found guilty in investigation, who traded in securities or communicated / counsel any information for trading in contravention of this Code shall be penalized and appropriate action such as salary freeze, suspension, etc., shall be taken by the Chairman and Managing Director/ Executive Director of the Company.
47. Any insider, designated employee or other connected person found guilty in investigation, who violated the Code, shall also be subject to further disciplinary action.
48. The Compliance Officer under the authority of the Board shall inform such violations to SEBI.

49. The above actions by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) regulations.


Principles and Practices of Fair Disclosure:

50. A Code of practices and procedures for fair disclosure of unpublished price sensitive information for adhering each of the principles is set out below:
- Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
 - Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
 - Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
 - Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
 - Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
 - Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
 - Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
 - Handling of all unpublished price sensitive information on a need-to-know basis.

Amendment:

The Company reserves its right to amend or modify the Code in whole or in part, at any time, when it deems appropriate, to suit the requirements under the applicable SEBI Regulations or other laws.

For Kirloskar Brothers Limited


Sanjay C. Kirloskar
Chairman and Managing Director
Pune:
