

Code of Conduct for Board of Directors and Senior Management of Kirloskar Brothers Limited

1. TERM

This Code of Conduct (the “Code”) is effective October 1, 2014.

2. APPLICABILITY

This Code shall be applicable to each member of the Board of Directors of Kirloskar Brothers Ltd. (the “Company”), hereinafter referred to as “a Director”, as well as employees in the grade of Vice President and Business Heads of the Company, being members of the “Senior Management” of the Company, or such other employee of the Company (hereinafter referred to as “Members of Senior Management”) as may be designated for the purpose of this Code by the Chairman & Managing Director of the Company from time to time.

3. OBJECTIVE

- a. To enhance the standards of ethical conduct, which are based on core company values.
- b. To evolve as good corporate citizens by implementing highest degree of transparency, integrity, accountability and corporate social responsibility.
- c. To further achieve good corporate governance by complying with all laws, rules, and regulations applicable to the Company and fulfilling responsibilities towards stakeholders.
- d. To set standards of professional conduct for independent directors on the Board of the Company, with the aim of promoting confidence of the investment community, minority shareholders, regulators and other stakeholders in the conduct of the independent directors of the Company.

4. THE CODE

Every person to whom this Code applies will be bound by the following to the extent applicable.

A. Regulatory Compliances

- i) To comply with all applicable laws, rules, regulations and regulatory orders.
- ii) To acquire appropriate up to date knowledge of requirements of compliances under various applicable statutes.
- iii) To ensure that proper legal compliance management system is in place for reviewing and reporting the status of compliances under various laws.

B. Honest and Ethical Conduct

To act in utmost good faith and in accordance with highest standards of personal and professional integrity, honesty and ethical conduct in respect of all transactions.

C. Conflict of Interest

To avoid scrupulously 'conflicts of interest' with the Company. A conflict of interest exists where the interest or benefits of a Director or Member of Senior Management conflict with those of the Company.

D. Corporate Opportunities

- i) Not to exploit for their own personal gain, opportunities that are discovered through the use of the Company's property (including intellectual property), information or position.

- ii) Not to divert to his/her own advantage any business opportunity that the Company is pursuing.

E. Fair Dealing

To deal fairly with the stakeholders and employees of the Company.

To conduct himself/herself so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision-making.

F. Protecting Company's Confidential Information

- i) To maintain the confidentiality of sensitive information of the Company or that of any stakeholder to which the Company has a duty of confidentiality to maintain, except when disclosure is authorised or legally mandated. The confidential information includes all information not in the public domain that might be of use to competitors or harmful to the Company, if disclosed.
- ii) Not to use of confidential information directly or indirectly for own advantage or profit.

G. Use and Protection of Company's Assets

- i) To protect Company's assets and properties, including intellectual property and ensure its efficient use.
- ii) To ensure the use of Company's property for legitimate business purposes of the Company.

H. Responsibilities towards Stakeholders

To ensure to have a proper system of safeguarding the interest of all stakeholders.

I. Disclosure of Interest

To disclose necessary information to the Company, at regular intervals in respect of various declarations under the various acts, rules and regulations, including the Companies Act, 2013, and the details of related parties from time to time.

To disclose to the Board and Company Secretary whether he/she has, directly or indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Company.

J. Compliance of “Insider Trading Code”

To comply with the provisions of the Code of Conduct, for Prohibition of Insider Trading, approved by the Board of Directors at its meeting held on April 22, 2014.

K. Contribution in Strategic planning

- i) To exercise independent judgment and if required, oppose, in case the vital interest of the Company is affected.
- ii) To promote ethical and responsible decision making.
- iii) To contribute in the most effective manner to achieve the Vision and Mission of the Company.

L. Meetings

- i) To endeavour to attend and actively participate in all the meetings of the Board of Directors and its Committees, where he is a member, as well as general meetings of the Company.
- ii) Not to remain present when any discussion on any matter is in progress in which he/she is interested as a director and he/she shall not participate or vote on any discussion on any matter in which he/she is interested as a director.

M. To act as Trustee

- i) At all times, to exercise powers for the purposes they were conferred, for the benefit and prosperity of the Company.
- ii) To discharge the fiduciary duty as a Trustee in a fair impartial manner.

5. CODE FOR INDEPENDENT DIRECTORS

In addition to compliance with the provisions of serial numbers 1 to 4 of this Code, the independent directors shall also be bound by the following duties as independent directors on the Board of the Company.

The independent directors shall—

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. strive to attend the general meetings of the Company;
6. strive to attend meetings of the independent directors whenever held;
7. where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
8. keep themselves well informed about the company and the external environment in which it operates;
9. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
10. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;

11. ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
12. report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
13. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
14. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

6. CERTIFICATION

Each of the Directors and the Member of Senior Management of the Company to whom this Code is made applicable, shall file with the Company Secretary a certificate addressed to the Chairman & Managing Director of the Company, by the 10th of April every year, starting from April 2015 onwards, confirming his / her compliance with the provisions of this Code for the year ending on 31 March in the format as annexed herewith.

7. AMENDMENT

The provisions of this Code can be amended and modified by the Board of directors of the Company from time to time as may be required and all such amendments and modifications shall take effect from the date stated therein.

For and on behalf of the Board of Directors of
Kirloskar Brothers Ltd.

Sanjay C. Kirloskar
Chairman & Managing Director

January 30, 2015

Date :

The Chairman and Managing Director,
Kirloskar Brothers Limited
Udyog Bhavan,
Tilak Road,
Pune - 411 002

Dear Sir,

Subject: Compliance with Code of Conduct

I hereby confirm that I am well aware of the provisions of the Code of Conduct laid down by the Board and made effective from October 1, 2014.

I hereby further affirm having complied with the said Code of Conduct, for the financial year _____.

Thanking you,

Yours faithfully,

Signature :
Name :
Designation :
Address