



KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

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Policy for determination of "Legitimate Purposes" as a part of fair disclosure and conduct under Insider Trading Regulations:

PREFACE:

Pursuant to the Securities and Exchange Board of India (Insider Trading) Regulations, 2015, read with Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, which comes into force on April 1, 2019, the Securities and Exchange Board of India (SEBI) has directed listed companies to formulate, a Policy for determination of "Legitimate Purposes" as a part of fair disclosure and conduct under Insider Regulation Code for practice and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to these regulations, without diluting the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The Board of Directors of the Company had approved the "Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to Regulate, Monitor and Report Trading by Insider", which came into force with effect from May 15, 2015 (the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 present policy to be read with the Code.

No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to the Company or about its securities listed or proposed to be listed, to any person including other insiders except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No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of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.

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.

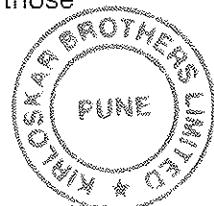
DEFINITIONS:

The definitions of some of the terms used in the policy 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 and in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.



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"Insider" means any person who is:

- i) a connected person; or
- ii) in possession of or having access to unpublished price sensitive information;

"Unpublished Price Sensitive Information" (UPSI) means any information, relating to the Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel.

"Material Financial Relationship" means a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payers annual income but shall exclude relationships in which the payment is based on arm's length transactions.

"Intermediaries" shall mean and include any entity or individual who is in association of the Company for performing his legitimate duties under any contractual or statutory obligation and includes; partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, etc., who can have access to UPSI.

"Fiduciaries" means the designated persons including professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc. assisting or advising listed companies. Even entities that normally operate outside the capital market may handle unpublished price sensitive information. They shall be collectively referred to as fiduciaries for the purpose of these regulations.

Communication and handling of UPSI for legitimate purpose under this policy:

1. The UPSI will be shared with various business partners and associates generally known as stakeholders / intermediaries for the purpose of compliance with certain covenants or statutory requirements, such as with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, etc. as the case may be.
2. Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.





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3. 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 legitimate purposes, performance of duties or discharge of legal obligations. The code of conduct shall contain norms for appropriate Chinese Wall procedures, and processes for permitting any designated person to "cross the wall".
4. The intermediaries, with whom the UPSI will be shared as above, will be required to apply and confirm the minimum standards set out in Schedule C to the regulations, without diluting the provisions of these regulations in any manner.
5. The intermediaries, with whom the UPSI will be shared as above, shall ensure that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.
6. A declaration to this effect will be submitted to the Company as and when required by it.
7. The board of directors or head(s) of the organisation, of every other person / intermediaries who is / are required to handle UPSI in the course of business operations shall formulate a code of conduct to regulate, monitor and report trading by their designated persons and immediate relative of designated persons towards achieving compliance with the regulations by adopting the minimum standards set out in Schedule C to these regulations, without diluting the provisions of these regulations in any manner.

Dealing in Securities of the Company by Intermediaries:

1. Designated persons and immediate relatives of designated persons of the Intermediaries shall be governed by an internal code of conduct governing dealing in securities.
2. Such persons may execute trades subject to compliance with these regulations. Trading by such persons shall be subject to pre- clearance by the Compliance officer.
3. All the procedures as mentioned under the Code shall be applicable mutatis – mutandis.

Duties of Compliance Officer:

1. The Compliance officer shall confidentially maintain a list of such Intermediaries which shall be used while approving or rejecting applications for pre-clearance of trades.
2. Prior to approving any trades, the Compliance officer shall seek declarations to the effect that the applicant for pre-clearance is not in possession of any UPSI. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.





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Penalty for Contravention:

1. 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 policy shall be penalized and appropriate action as may be necessary in consultation with the Managing Director of the Company, shall be taken.
2. The Compliance Officer under the authority of the Board shall inform such violations to SEBI.
3. This is subject to further action as may be initiated pursuant to the Code of the Company.

The above actions by the Company shall not preclude SEBI from taking any action in case of violation of SEBI regulations.

Amendment:

The Company reserves its right to amend or modify this policy in whole or in part, at any time, when the Board of Directors of the Company deems appropriate, to suit the requirements under the applicable SEBI Regulations or other laws from time to time.

This policy is subject to review by the Audit and Finance Committee of the Board of Directors of the Company at least once in a year.

For Kirloskar Brothers Limited

Sanjay C. Kirloskar
Chairman and Managing Director

Pune: March 22, 2019

