



## **KIRLOSKAR INDUSTRIES LIMITED**

A Kirloskar Group Company

Enriching Lives

### **CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION OF KIRLOSKAR INDUSTRIES LIMITED**

(Pursuant to Sub-Regulation (1) of Regulation 8 of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015)

#### **A. Preface:**

1. This 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' (the 'Code') of Kirloskar Industries Limited (the 'Company') was adopted by the Board of Directors of the Company pursuant to Regulation 8 of Chapter IV Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (SEBI PIT Regulations) which was effective from 15 May 2015.
2. In view of the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 effective from 1 April 2019, the Code has been amended by the Board of Directors of the Company and the revised Code shall be effective from 1 April 2019.
3. The Company endeavors to preserve the confidentiality of Unpublished Price Sensitive Information (UPSI) and to prevent the misuse of such information.
4. To achieve these objectives, the Company adopts the Code in line with the SEBI PIT Regulations.
5. Any subsequent modification and /or amendments brought about by SEBI in the SEBI PIT Regulations shall automatically apply to the Code.
6. Capitalised terms which are not defined herein shall have the meaning assigned to them under the '*Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and Immediate Relatives of Designated Persons of Kirloskar Industries Limited*' / SEBI PIT Regulations.



**B. Principles of Fair Disclosures for purposes of Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information:**

1. There shall be prompt public disclosure of UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. The uniform and universal dissemination of UPSI to avoid selective disclosure, shall be ensured.
3. The Company Secretary or in his / her absence Chief Financial Officer of the Company shall act as a chief investor relations officer to deal with dissemination of information and disclosure of UPSI.
4. The Company shall ensure prompt dissemination of UPSI that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. The Company shall ensure that appropriate and fair response shall be provided to queries on news reports and requests for verification of market rumors by regulatory authorities.
6. The Company shall ensure that information shared with analyst and research personnel is not UPSI.
7. The Company shall develop best practices to make transcripts or records of proceedings of meetings with analyst and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
8. The Company shall ensure the handling of all UPSI on a need-to-know basis.



## KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

Enriching Lives

9. No UPSI shall be passed by Designated Persons by way of making a recommendation for the purchase or sale of securities of the Company.
10. The Company shall ensure that information shared with analyst and research personnel is not UPSI. The following guidelines shall be followed while dealing with analysts, media persons and institutional investors:
  - i. Only public information to be provided.
  - ii. Company representative(s) be present at meetings with analysts, media persons and institutional investors.
  - iii. Unanticipated questions if any may be taken on notice and a considered response given later at discretion of the Company.

### C. Legitimate Purpose

The UPSI can be shared as an exception by an Insider for Legitimate purposes as per its "Policy for determination of Legitimate Purposes" (Annexure A), provided it is not shared to evade or circumvent the prohibition under SEBI PIT Regulations.

### D. Leak or Suspected Leak of Unpublished Price Sensitive Information:

The Board of Directors has formulated a written policy for initiating appropriate inquiries on becoming aware of a leak / suspected leak of UPSI, provided in the "Policy and Procedure for Inquiry in case of Leak or Suspected Leak of Unpublished Price Sensitive Information" (Annexure B).

### E. Code of Conduct:

The Company shall adhere to the standards framed by the Board of Directors, provided in the 'Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and immediate relatives of Designated Persons'.

## **KIRLOSKAR INDUSTRIES LIMITED**

A Kirloskar Group Company



Enriching Lives

### **F. Amendment:**

The Board of Directors reserves its right to amend or modify the Code in whole or in part, at any time, when it deems appropriate in line with the requirements under the applicable SEBI PIT Regulations.

For and on behalf of the Board of Directors  
Kirloskar Industries Limited

Sd/-

Atul Kirloskar  
Chairman

Date: 25 March 2019

Place: Pune



**ANNEXURE A OF CODE OF PRACTICES AND PROCEDURES FOR FAIR  
DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION OF  
KIRLOSKAR INDUSTRIES LIMITED**

**POLICY ON DETERMINATION OF LEGITIMATE PURPOSE**

*[Under Regulation 3(2A) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]*

**1. Background**

The Company shares data or information with various stakeholders like organizations, agencies, institutions, intermediaries, establishments, persons, etc., during the course of its business operations. Such unpublished data or information, if made publicly available may materially impact the market price of the listed securities of the Company. If such persons trade on the basis of unpublished price sensitive information ('UPSI'), it could result in an undue advantage to such persons. The trading in the securities of the Company by an insider is governed by and subject to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended ('SEBI PIT Regulations').

This "Policy on Determination of Legitimate Purpose" ('Policy') is part of the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" ("Code").

This policy is effective from April 1, 2019.

**2. Applicability**

This policy is applicable to all Insiders.

**3. Definitions**

(a) "Company" shall mean Kirloskar Industries Limited.

(b) "Compliance Officer" means the person appointed by the board of directors of the Company as a compliance officer pursuant to Securities and Exchange Board India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendments thereunder.



- (c) “**Connected Person**” shall have the meaning as defined in SEBI PIT Regulations.
- (d) “**Insider**” shall have the meaning as prescribed to it in the SEBI PIT Regulations.
- (e) “**Unpublished Price Sensitive Information**” (**UPSI**) means any information, relating to a 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, delistings, disposals and expansion of business and such other transactions;
  - (v) changes in key managerial personnel;
  - (vi) such other information as determined by the board of directors / Managing Director / chief executive officer / chief operating officer / chief financial officer of the Company from time to time.

#### 4. Legitimate Purpose

- 4.1 “Legitimate Purpose” shall mean communicating, providing, sharing or allowing access to UPSI in the ordinary course of business or on a need-to-

know basis, provided that such sharing has not been carried out to evade or circumvent the prohibitions of SEBI PIT Regulations.

- 4.2 Legitimate Purpose shall include sharing of UPSI by an Insider with:

- (i) Auditors (Statutory, Internal, Branch, Cost, Secretarial, GST and any other Auditor as applicable)
- (ii) Staff Members of the Audit firm/team conducting the Audit
- (iii) Collaborators
- (iv) Lenders
- (v) Customers
- (vi) Suppliers

## KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company



Enriching Lives

- (vii) Bankers / Merchant Bankers
- (viii) Legal Advisors
- (ix) Insolvency Professionals
- (x) Any other advisors/consultants / partners

for or in connection with the above-mentioned purposes.

### 4.3 Illustrative list of Legitimate Purposes:

In following cases, the sharing of UPSI would be considered as having been shared for a Legitimate Purpose:

- (a) Under any proceedings or pursuant to any order of courts or tribunals;

Example: National Company Law Tribunal, National Company Law Appellate Tribunal, Quasi-judicial authority, Other Appellate Tribunals, Arbitration Proceedings, etc.

- (b) For investigation, inquiry or request for information by statutory or governmental authorities or any other administrative body recognized by law;

Example: Any call for information or query received from Ministry of Corporate Affairs, Income Tax Authority, Securities and Exchange Board of India ("SEBI"), Stock Exchanges, Reserve Bank of India, Sectoral Regulatory Body, etc.

- (c) In compliance with applicable laws, regulations, rules and requirements;

Example: company law, securities law, income tax law, banking law, etc.

- (d) Arising out of any contractual obligations entered by the Company set forth in any contract, agreement, arrangement, settlement, understanding or undertaking;

- (e) Sharing the information with intermediaries and fiduciaries such as Auditors, Merchant bankers, management consultants, partners, collaborators or other advisors or consultants;

- (f) For the purpose of legal, financial or any other professional advice to be obtained or for accounting or audit or for preparing / defending court cases;



## KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

Enriching Lives

- (g) For transactions that would entail an obligation to make an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 where the board of directors of the company is of opinion that sharing of such information is in the best interests of the company.
- (h) For a transaction that does not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the company is of opinion that sharing of such information is in the best interests of the company.

The transaction referred to above may include acquisitions, merger, amalgamations or any other corporate restructuring, seeking advice in relation to legal aspects involved in such transactions including carrying due diligence of target/ merging companies or seeking advice on commercial aspects including structuring or valuation of such transactions;

- (i) Sharing financial information for preparation of consolidated financial statements of holding company;
- (j) Sharing information with statutory auditors, secretarial auditors, internal auditors or cost auditors while obtaining any certificate required for placing any transaction for approval before the Board;
- (k) For all those activities done by the company in furtherance of its objects as listed in its memorandum of association.

Sharing of UPSI with a mala fide intention, for personal gain, quid pro quo transactions or unauthorized disclosure, etc. would not be considered as Legitimate Purpose.

Any person in receipt of UPSI pursuant to a 'Legitimate Purpose' shall be considered an "Insider" for purposes of the Regulations and shall comply with the Code.

### 5. Process for sharing UPSI:

The Insider shall conduct the following steps while sharing UPSI:

- i) Satisfy that information is UPSI and sharing is for Legitimate Purpose.
- ii) Identify the persons with whom the UPSI is to be shared.





## KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

Enriching Lives

- iii) Notify the recipient that UPSI is being shared and enter into a confidentiality / non-disclosure agreement and make him / her aware of the provisions of the '*Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and Immediate Relatives of the Designated Persons*' and '*Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information*' to include '*Policy on determination of Legitimate Purpose*' and '*Policy and Procedure for Inquiry in case of Leak or Suspected Leak of Unpublished Price Sensitive Information*' (Code of Fair Disclosure) of the Company.
- iv) Mode of sharing UPSI shall be either by an email or hard copy or any other electronic mode or device.
- v) Intimate to Compliance Officer, names of the persons along with PAN (or any other identifier where PAN is not available) with whom UPSI is shared.

### 6. Digital Database

The Compliance Officer shall be responsible to maintain a structured digital database of such persons or entities as the case may be with whom information is shared under this regulation, which shall contain the following information;

- i) Name of such recipient of UPSI;
- ii) Date of the notice / non-disclosure agreement;
- iii) Name of the Organisation or entity to which the recipient represents;
- iv) Postal Address and E-mail ID of such recipient;
- v) Permanent Account Number (PAN) or any other identifier authorized by law, if PAN is not available.

The Compliance Officer shall also be responsible to ensure that such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of such database. This database shall be kept confidential.



## **KIRLOSKAR INDUSTRIES LIMITED**

A Kirloskar Group Company

Enriching Lives

### **7. Restrictions on Communication and Trading by Insiders**

The Board of Directors of the Company shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential and shall not otherwise trade in securities of the Company when in possession of UPSI.

For and on behalf of the Board of Directors

**Kirloskar Industries Limited**

Sd/-

Atul Kirloskar

Chairman

Date: 25 March 2019

Place: Pune



# KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

Enriching Lives

## ANNEXURE B OF CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION OF KIRLOSKAR INDUSTRIES LIMITED

### POLICY AND PROCEDURE FOR INQUIRY IN CASE OF LEAK OR SUSPECTED LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION (UPSI)

*[Under Regulation 9A of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]*

#### 1. Background

Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time (“SEBI PIT Regulations”), mandates every listed company to formulate a written policy and procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and inform SEBI promptly of such leaks, inquiries and results of such inquiries.

#### 2. Applicability

This Policy is applicable to any person who is in possession of or having access to Unpublished Price Sensitive Information (UPSI) of the Company.

This Policy is effective from 1 April 2019.

#### 3. Scope

This Policy deals with-

- a) Formulating procedures for inquiry such as initiating inquiry, reporting, etc. in case of leak or suspected leak of unpublished price sensitive information.
- b) Strengthening the internal control system to prevent leak of unpublished price sensitive information.
- c) Penalizing any person who have been found guilty of violating this policy.

#### 4. Definitions

The definitions of some of the key terms used in the Policy are given below.

Capitalised terms which are not defined herein shall have the meaning assigned to them under the Code / SEBI PIT Regulations.



## KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

Enriching Lives

- i. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Companies in accordance with Section 177 of the Companies Act, 2013, read with Regulation 18 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, (**“SEBI Listing Regulations”**).
- ii. **“Code”** means the Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and Immediate Relatives of Designated Persons.
- iii. **“Company”** means Kirloskar Industries Limited.
- iv. **“Compliance Officer”** means the person appointed by the Board of Directors of the Company as a Compliance Officer under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- v. **“Insider”** shall have the meaning ascribed to it in the SEBI PIT Regulations.
- vi. **“Leak of Unpublished Price Sensitive Information (UPSI)”** means communication of information which is/deemed to be UPSI, by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI PIT Regulations or the Code of Conduct formulated by the Company.
- vii. **“Subject”** means the person or persons against or in relation to whom an inquiry is initiated in case of leak or suspected leak of UPSI.
- viii. **“Unpublished price sensitive information”** or **“UPSI”** means any information, relating to a 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, delistings, disposals and expansion of business and such other transactions;
  - (v) changes in key managerial personnel;
  - (vi) such other information as determined by the Board of Directors / Managing Director / Chief Executive Officer / Chief Operating Officer / Chief Financial Officer from time to time
- ix. **“Working days”** means working days of the Company.

**5. Procedure for inquiry in case of Leak or suspected Leak of UPSI****a) Duties of the Compliance Officer**

The Compliance Officer shall be responsible to:

- (i) Oversee the compliance of this Policy;
- (ii) Report the incident of actual or suspected Leak of UPSI to SEBI;
- (iii) Intimate the incident of actual or suspected leak of UPSI to the Stock Exchanges; and
- (iv) Co-ordinate with and disclose the relevant facts of the incident of actual or suspected leak of UPSI to the Audit Committee.

**b) Source of information relating to leak of UPSI**

The Compliance Officer / Chairperson of the Audit Committee may on becoming aware *suo-moto* or on receipt of a written intimation/complaint of leak or suspected leak of UPSI from:

- any employees or departments of the Company;
  - Regulators; or
  - any department of the Central or State Government,
- shall follow the below mentioned procedure in order to inquire and/or investigate the matter.

The Compliance Officer shall intimate to SEBI about suspected leak which is subject to inquiry.

**c) Preliminary Inquiry:**

The object of preliminary inquiry is to ascertain the truth or otherwise of the allegations contained in the information or complaint, if any, and to collect necessary available material in support of the allegations, and thereafter to decide whether there is justification to initiate further investigation/inquiry.

1. The Compliance Officer / Chairperson of the Audit Committee shall forthwith forward such intimation to the Managing Director / Chief Executive Officer to conduct a preliminary inquiry.
2. In the event that the Compliance Officer / Chairperson of the Audit Committee / Managing Director / Chief Executive Officer has a conflict of interest in any given case, then he/she should recuse himself / herself and the Chairperson of the Board shall undertake the preliminary inquiry.



## KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

Enriching Lives

3. The said inquiry shall be completed by the Managing Director / Chief Executive Officer within 7 working days from the date of receipt of such intimation and report thereof shall be informed to the Chairperson of Audit Committee as well as to SEBI.

### d) Investigation by the Audit Committee:

Upon receipt of the report of the preliminary inquiry and all other supporting documents, the Audit Committee is required to initiate the investigation. The said investigation shall be completed within 10 working days from the date of receipt of report of the preliminary inquiry and unless there is a compelling reason not to do so, the Subject shall be given due opportunity to be heard.

The Audit Committee's investigation report shall be submitted to the Board of Directors immediately, and such report shall also be submitted to SEBI simultaneously.

## 6. Powers of the Audit Committee

For purpose of conducting inquiry, the Audit Committee may:

### (a) call upon

- any employees / individuals to seek clarification or information pertaining to the leak.
- the relevant intermediaries or fiduciaries of the Company.
- persons / members of committees involved in generation of the original data for purpose of determination of key figures pertaining to financial figures.
- persons involved in the consolidation of the figures for the financial results.
- persons involved in the preparation of board notes and presentations.
- persons involved in dissemination of information relating to financial results in the public domain.
- any other persons who had access to the information.
- any market intermediaries and other person/ entities who have access to UPSI for inquiry conducted for leak of such UPSI.

### (b) at its discretion, invite external investigators / experts.

### (c) take necessary actions including sending the Subject on leave, restrict physical access to the office premise, freeze access to systems, electronic devices, emails, etc., during the pendency of the investigations for fair conduct of the proceedings.

### (d) keep the identity of the Subject confidential till the completion of inquiry unless it is essentially required for the purpose of investigation.

### (e) notify the Subject of the allegations at the outset of internal investigation and provide him / her opportunity to represent his / her case and submit evidence.



- (f) do all such acts, deeds, matters and things as are necessary for the purpose of conduct of internal investigation.

## 7. Rights and Obligations of the Subject

- (a) The Subject shall-
- co-operate with the Audit Committee during the investigation process.
  - provide all information, as may be required by the Audit Committee.
  - have a right to consult with a person or persons of their choice, other than members of the Audit Committee.
  - have a right to be informed of the outcome of the investigation.
- (b) The Subject(s) has the responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- (c) Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in investigation report. No allegation of wrong doing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

## 8. Consequences of non-compliance

- (a) The Subject, who acts in contravention of this Policy, shall be subject to disciplinary action by the Company, which may include wage freeze, suspension, recovery, clawback, ineligibility for future participation in the Company's stock option plans or termination, as may be decided by the Board of Directors or Audit Committee or any other person authorised by the Board.
- (b) Notwithstanding the aforesaid, SEBI or any other appropriate regulatory authority shall also be informed of such violation and may take appropriate action against the Subject in accordance with law.

## 9. Guidelines for preventing the Leak of UPSI:

- (a) Separate secure work space for teams working on financial related information or any other UPSI.
- (b) Sharing of information only on a 'need to know basis'.
- (c) Maintaining a database of persons to whom UPSI is provided.
- (d) Entering into confidentiality agreement or notice with all persons to whom UPSI is provided.



## **KIRLOSKAR INDUSTRIES LIMITED**

A Kirloskar Group Company

Enriching Lives

- (e) The Company shall make employees aware of the existing Whistle Blower Policy / Vigil Mechanism to enable employees to report instances of Leak of UPSI.

For and on behalf of the Board of Directors  
**Kirloskar Industries Limited**

Sd/-

Atul Kirloskar  
Chairman  
Date: 25 March 2019  
Place: Pune