

Code of Conduct

1. TERM

This Code of Conduct (the "Code") shall be effective from **1 April 2005**.

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 Kirloskar group 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.

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 statues.
- 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.

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 or companies in the Kirloskar Group, if disclosed.
- ii) Not to use of confidential information 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.

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, 1956, and the details of related parties from time to time.

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 6 May 2002 and made effective on 1 July 2002.

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 participate in any discussion or vote on any matter in which he 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. 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 2006 onwards, confirming his / her compliance with the provisions of this Code.

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

Sanjay C. Kirloskar
Chairman & Managing Director

April 15, 2005