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BAJAJ AUTO LIMITED

CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS

Introduction

Pursuant to Regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "SEBI PIT Regulations") as amended, the Company has put in place a Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons (hereinafter referred to as the "Code"), by adopting the minimum standards as set out in the said Regulations and the last revision was adopted by the Board of Directors of the Company at its meeting held on 20 October 2020.

As a part of annual review of the Code and to make relevant changes to the said Code in line with the amendments to SEBI PIT Regulations, to the extent applicable, a revised Code has been framed for adoption by the Board of Directors of the Company thereby incorporating the necessary changes. The said Code shall supersede the earlier Code(s) and shall come into immediate effect after the approval of the Board.

I. Definitions

- (a) "**Compliance Officer**" to administer the code of conduct and other requirements under the said Regulations means the Company Secretary of the Company and in his absence, any senior officer, who is financially literate and is designated as such by the board of directors or the Chairman of the Company.
- (b) "**Designated Person**" - The Board of Directors / Chairman / Managing Director / CEO shall in consultation with the Chief Financial Officer and compliance officer specify the designated persons to be covered by the code of conduct on the basis of their role and function in the organization and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation and shall include:-
- (i) Employees of the Company designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors;
 - (ii) Employees of material subsidiaries of the Company designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors;
 - (iii) All promoters of the Company;
 - (iv) Chief Executive Officer and employees up to two levels below Chief Executive Officer of the Company and its material subsidiaries irrespective of their functional role in the company or ability to have access to unpublished price sensitive information;

- (v) Any support staff of the Company such as IT staff or secretarial staff who have access to unpublished price sensitive information.
- (c) **"Fiduciaries"**: Professional firms, such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks, etc. assisting or advising the company shall be collectively referred to as fiduciaries under the said regulations:
- (d) **"Immediate relative"** means 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;
- (e) **"Informant"** means an individual(s), who voluntarily submits to SEBI a Voluntary Information Disclosure form relating to an alleged violation of Insider Trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, in a manner provided under these regulations, regardless of whether such individual(s) satisfies the requirements, procedures and conditions to qualify for a reward;
- (f) **"Insider"** means any person who is:
- i) a connected person; or
 - ii) in possession of or having access to unpublished price sensitive information;
- (g) **"Legitimate purpose"** shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.
- (h) **"Original information"** means any relevant information submitted in accordance with the regulations pertaining to violation of Insider Trading laws, that is inter alia:
- i) derived from independent knowledge and analysis of the Informant;
 - ii) not known to SEBI from any other source, except where the Informant is the original source of the information;
 - iii) is sufficiently specific, credible and timely to - (1) commence an examination or inquiry or audit, (2) assist in an ongoing examination or investigation or inquiry or audit, (3) open or re-open an investigation or inquiry, or (4) inquire into a different conduct as part of an ongoing examination or investigation or inquiry or audit directed by SEBI;
 - iv) not exclusively derived from an allegation made in a judicial or administrative hearing, in a Governmental report, hearing, audit, or investigation, or from the news media, except where the Informant is the original source of the information; and;
 - v) Not irrelevant, frivolous or vexatious.

Explanation. –Information which does not in the opinion of SEBI add to the information already possessed by SEBI is not original information.

- (i) **"Securities"** as per SEBI PIT Regulations shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) (SCRA) or any modification thereof, except units of a mutual fund, as may be amended from time to time:

Securities under SCRA means –

- i. shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
- ii. derivative;
- iii. units or any other instrument issued by any collective investment scheme to the investors in such schemes;
- iv. security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- v. units or any other such instrument issued to the investors under any mutual fund scheme;

Explanation.—For the removal of doubts, it is hereby declared that "securities" shall not include any unit linked insurance policy or scrips or any such instrument or unit, by whatever name called, which provides a combined benefit risk on the life of the persons and investment by such persons and issued by an insurer referred to in clause (9) of section 2 of the Insurance Act, 1938 (4 of 1938);

- vi. units or any other instrument issued by any pooled investment vehicle;
 - vii. any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be;
 - viii. Government securities;
 - ix. such other instruments as may be declared by the Central Government to be securities; and
 - x. rights or interest in securities;
- (j) **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;
- (k) **"Trading day"** means a day on which the recognised stock exchanges are open for trading;
- (l) **"Unpublished price sensitive information"** 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 include but shall not be restricted to, information relating to the following: –
- i. financial results;
 - ii. dividends;
 - iii. change in capital structure;

- iv. mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;
- v. changes in key managerial personnel.

(m) **“Voluntarily providing information”** means providing SEBI with information before receiving any request, inquiry, or demand from SEBI, any other Central or State authorities or other statutory authority about a matter, to which the information is relevant .

(n) Other terms not specifically defined here shall have the same meaning as assigned under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and amendments thereto.

II. Code

1. Reporting by Compliance Officer

The compliance officer shall report to the Board of Directors and in particular, shall provide reports to the Chairman of the board of directors, on a monthly basis or at such frequency as may be stipulated by the board of directors, but not less than once in a year.

2. Information on a need to know basis & Chinese wall procedures

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 legitimate purposes, performance of duties or discharge of legal obligations.

To prevent the misuse of confidential information, the Company shall ensure the following :

- i) The employees who are privy/access to the UPSI shall at all times ensure confidentiality of the same and shall refrain from communicating the same with any persons except in furtherance of the legitimate purposes, performance of duties or discharge of legal obligations;
- ii) Information containing UPSI may be shared through secured means;
- iii) To the extent possible, print outs of documents containing UPSI should be avoided;
- iv) Such other methods as may be adopted by the Company to prevent leak of UPSI

3. Designated Persons

Designated persons and immediate relatives of designated persons in the organisation shall be governed by this code of conduct governing dealing in securities.

4. Trade Restriction periods

Designated persons may execute trades subject to compliance with these Regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.

Trading restriction period will be made applicable from the end of every quarter till 48 hours after the declaration of financial results. The gap between clearance of accounts by audit committee and board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.

The trading window restrictions shall not apply in respect of –

- (a) transactions specified in clauses (i) to (iv) and (vi) of the proviso to sub-regulation (1) of regulation 4 and in respect of a pledge of shares for a bonafide purpose such as raising of funds, subject to pre-clearance by the compliance officer (Form G) and compliance with the respective regulations made by SEBI;
- (b) transactions which are undertaken in accordance with respective regulations made by SEBI such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer or transactions which are undertaken through such other mechanism as may be specified by SEBI from time to time.

Note: Transactions referred to in clause (i) to (iv) and (vi) of the proviso to sub-regulation (1) of regulation 4 refer broadly to the following:

- a) Off-market inter-se transfer between insiders who were in possession of UPSI;
- b) Transaction carried out through block deal window mechanism between persons who were in possession of UPSI;
- c) Transaction carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction;
- d) Transaction undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations;
- e) Trades carried pursuant to a trading plan in accordance with Regulation 5;

5. Trading Window

The timing for re-opening of the trading window shall be determined by the compliance officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available.

6. Pre-clearance & trades

When the trading window is open, trading by designated persons shall be subject to pre-clearance by the compliance officer, if the value of the proposed trades is above a threshold limit of Rs.10,00,000/- in value over any calendar quarter, or such other limits as the board of directors may stipulate.

7. Declaration before pre-clearance

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.

8. Execution after pre-clearance

Order in respect of securities shall be executed within seven trading days after approval is granted by the Compliance Officer, failing which fresh pre-clearance would be needed for the trades to be executed.

9. Contra trades

A designated person and their immediate relatives, who are permitted to trade shall not execute a contra trade within a period of six months following the prior transaction. Relaxation may be given from strict application of such restriction for reasons to be recorded in writing, provided that such relaxation does not violate these Regulations. In the event, any such contra trade is executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged by the Company for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the SEBI Act. Steps will also be taken to recover the amount of profit earned by the concerned designated person by all available means.

However, contra trade restrictions shall not be applicable for trades pursuant to exercise of stock options.

10. Transmission of shares

Provisions of trading window closure, pre-clearance and contra trade are not applicable in case of transmission of securities in favour of Designated Persons. However, the norms relating to disclosure requirements shall be applicable.

11. Disclosure Responsibilities & formats

The code of conduct shall stipulate such formats as the board of directors deems necessary for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with the said regulations.

Disclosure requirements shall be as under:

A. Initial Disclosures of holdings

Every promoter, member of promoter group, key managerial personnel and director of the company shall disclose (as per **Form A**) his holding of securities of the company as on the date of the said Regulations taking effect, to the company within thirty days of the Regulations taking effect;

Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter or member of the promoter group shall disclose (as per **Form B**) his holding of securities of the company as on the date of appointment or becoming a promoter or member of the promoter group, to the company within seven days of such appointment or becoming a promoter or member of the promoter group.

B. Continual Disclosures of trades

Every promoter, member of promoter group, designated person, immediate relative of the designated person and director of the company shall disclose to the company (as per **Form C**) 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 such other value as may be specified;

The Company shall within a period of two working days from the date of receipt of such disclosures, inform the Stock Exchanges particulars of such trading, to the extent applicable.

C. Every Insider shall disclose the off-market trades between Insiders (irrespective of any value) executed pursuant to Regulation 4(1)(i) of the Insider Trading Regulations within two working days (as per Form C).

The Company shall within a period of two working days from the date of receipt of such disclosures, inform the Stock Exchanges particulars of such trading.

D. Other formats / disclosures, to monitor compliance with these Regulations would be as under –

- Application-cum-undertaking for pre-clearance (as per **Form E**)
- Reporting of holdings in securities by Designated Persons as on 31 March, on an annual basis by 10 April (as per **Form F**)

12. Particulars to be disclosed by Designated Persons

Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the Company on an annual basis and as and when the information changes:

- (a) immediate relatives
- (b) persons with whom such designated person(s) shares a material financial relationship
- (c) Phone, mobile and cell numbers which are used by them

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis to the extent possible.

Explanation: The term "material financial relationship" shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a Designated Person during the immediately preceding twelve months, equivalent to at least 25% of annual income of such Designated Person but shall exclude relationships in which the payment is based on arm's length transactions.

13. Process for bringing people 'inside' on sensitive transactions

The Chairman of the Company shall decide in consultation with the Compliance Officer a process for how and when people are brought 'inside' on sensitive transactions. Individuals should be made aware of the duties and responsibilities attached to the receipt of Inside Information, and the liability that attaches to misuse or unwarranted use of such information.

14. Penalty for contravention of Code of Conduct

Without prejudice to the power of SEBI under the Act, the Chairman or any director authorised by the Board shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, recovery, claw-back etc. for the contravention of the code of conduct. Any amount collected under this clause shall be remitted to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

15. Information to Stock Exchanges

In case it is observed that there has been a violation of these regulations, the Compliance Officer shall inform SEBI promptly.

16. Applicability of Regulations to certain persons

The Regulations apply to certain persons who by being in any contractual, fiduciary or employment relationship or holding any position including a professional or business relationship with the company whether temporary or permanent have access, directly or indirectly, to unpublished price sensitive information or are reasonably expected to allow such access. They are advised to adhere to the Regulations strictly. In case it is observed by such persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, that there has been a violation of these Regulations, they shall inform SEBI promptly, with a copy to the company.

17. Protection to Employees who are Informants

1. An employee of Company who has filed a Voluntary Information Disclosure form to SEBI shall be suitably protected against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination, irrespective of whether the information is considered or rejected by SEBI or he is eligible for a Reward under the regulations, by reason of:
 - i) filing a Voluntary Information Disclosure Form under the regulations;
 - ii) testifying in, participating in or otherwise assisting or aiding SEBI in any investigation, inquiry, audit, examination or proceeding instituted or about to be instituted for an alleged violation of Insider Trading laws or any manner aiding the enforcement action taken by SEBI or
 - iii) breaching any confidentiality agreement or provisions of any terms and conditions of employment or engagement solely to prevent any employee from co-operating with SEBI in any manner.
2. An employee will not be required to establish that:
 - i) SEBI has taken up any enforcement action in furtherance of information provided by such person; or
 - ii) The information provided fulfils the criteria of being considered as an Original Information under the regulations.
3. Employee/Informant will not be prohibited from approaching the competent court or tribunal for appropriate relief if he/she believes that he or she has been subjected to retaliation or victimization by the Company.
4. The Company will not require an employee to notify it of any voluntary information disclosure form filed with SEBI or to seek its prior permission or consent or guidance of any person engaged by the company before or after such filing by way of an agreement or otherwise.
5. The Company in violation of the provisions may be liable for penalty, debarment, suspension and/or criminal prosecution by SEBI. SEBI, however, cannot direct reinstatement or compensation by the Company to the employee.

For the purposes of this clause, Employee means any individual who during employment may become privy to information relating to violation of insider trading laws and files a Voluntary Information Disclosure Form under these regulations and is a director, partner, regular or contractual employee, but does not include an advocate.

The above Code is to be read together with SEBI (PIT) Regulations and changes arising out of any SEBI directive or circular including amendment to the said regulations shall be deemed to be part of this Code, to the extent applicable.

This code is subject to review from time to time.

Date: 25 April 2023
Place: Pune


Niraj Bajaj
Chairman