

BAJAJ CORP LIMITED

CODE OF INTERNAL PROCEDURE AND CONDUCT FOR PREVENTION OF INSIDER TRADING, 2010

1. INTRODUCTION:

The Securities & Exchange Board of India (SEBI), which was set up with main objectives *inter alia* of protection of the investors' interest in securities and to promote the development and to regulate the security market, had issued a set of comprehensive regulations for preventing insider trading practices in the year 1992. In a bid to further strengthen the 1992 Regulations, the Securities & Exchange Board of India (Insider Trading) (Amendment) Regulations, 2002, were notified on the 20th day of February 2002. Under the amended regulations known as the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the 'Regulations'), every listed companies and specified entities has to set up an appropriate mechanism and to frame and enforce a **code of internal procedures and conduct** (hereinafter referred to as the Code) for prevention of insider trading by employees of the company, including the Directors, and other connected persons in relation to the securities of the company. 'Securities' for the purpose of this Code shall include shares of the company and related stock market derivatives.

The term "Insider Trading" means dealing in securities of a listed company on the basis of unpublished price sensitive information which if published could materially affect the price of that security. Insider trading fuel speculation in the stock market about the price of the securities and the common investor who does not have access to such insider information is placed at disadvantage.

The prohibitions against insider trading play an essential role in maintaining the fairness, health, and integrity of the capital markets. The menace of insider trading harms not only common investors, but also the very foundations of securities market, by eroding investor confidence in the company and the integrity of the management of the company in particular and the security market in general. This kind of misuse by the insider is highly unethical and now illegal and prohibitive by virtue of the above-referred SEBI Regulations.

2. OBJECTIVE:

The objective of the Regulations is to prevent Insider Trading by prohibiting dealing, communicating or counseling on matter related to Insider Trading.

Accordingly, the objective of this Code is to give basic appreciation on the law relating to Insider Trading and procedures for dealing in the equity shares / other listed securities of Bajaj Corp Limited (hereinafter referred to as BCL) for the benefit of and compliance by all concerned. This Code has been prescribed to primarily ensure that the Designated Employees of BCL are dealing in the equity share of BCL only at a time when any price sensitive information is also made known / is available to the public at large and both are reasonably aware/ have access to such information. The objective is also to prohibit speculative dealings by the Designated Employees.

3. APPLICABILITY:

This Code shall apply to all Directors/ Employees including the Designated Employees (as defined herein below) acting in their individual capacity or otherwise and their dependent family members as defined in the code with immediate effect.

4. IMPORTANT DEFINITIONS/CONCEPTS:

4.1 Connected Persons [refer Regulation 2(c)]

Any person who is –

4.1.1 a director of BCL ; or

4.1.2 an officer or employee of BCL or holds a position involving professional or business relationship between himself and BCL, whether temporary or permanent, and who is reasonably expected to have access to unpublished price sensitive information in relation to BCL .

Connected person shall also include his/ her relative as defined under Section 6 of the Companies Act, 1956 (refer to **Appendix - A** for list of relatives) and any Firm, HUF, Company or any other concern wherein the connected person or his/ her relative has more than 10% of the holding interest. A connected person includes any person who is a connected person six months prior to an act of Insider Trading.

4.2 Dealing in Securities of BCL [refer Regulation 2(d)]

An act of subscribing, buying, selling or agreeing to subscribe, to buy or sell securities of BCL by any person either as principal or agent.

4.3 Designated Employees

The following categories of employees will be considered as 'Designated Employees' for the purpose of this code:

- 4.3.1 Managing Director(s) and Whole-time/ Executive Director(s) of BCL.
- 4.3.2 All Officers comprising of the top three tiers of the Company Management (presently grades M4 & above).
- 4.3.3 All employees of BCL in Finance, Accounts, Costing, Secretarial and Management Performance Review Department.
- 4.3.4 Any other employee/ other connected person of BCL , as may be designated/notified by the Company from time to time for meeting the objectives of the Code.

4.4 Dependent Family Members

This will include children and siblings of Designated Employees and all other family members who meet the following two criteria:

- 4.4.1 staying with the Designated Employees, and
- 4.4.2 financially dependent on such employees.

4.5 Insider [refer Regulation 2(e)]

Any person (e.g. Individual, Company, Association or Body of Individuals, whether incorporated or not)

- 4.5.1 who is connected with the Company e.g. Directors, Employees, whether temporary or permanent, Auditors, Tax and Management Consultants, Whole-time Legal Advisors etc. or was connected in any of such capacities at any time during the past six months or,
- 4.5.2 is deemed to have been connected with the Company (e.g. family members and relatives (list of prescribed relatives is given in Appendix - I), Group or interconnected Companies, Stockbrokers, other market intermediaries etc.) and,

who is reasonably expected to have access or who has received/ has access to unpublished price sensitive information in respect of the Company's securities.

4.6 Price Sensitive Information [refer Regulation 2(ha)]

Any information, which relates directly or indirectly to the Company and, which, if published, is likely to materially affect the prices of the shares of the Company.

The following has been deemed to be Price Sensitive Information as per the Explanation provided in the Regulation:

- 4.6.1 Periodical financial results
- 4.6.2 Intended declaration of interim or final dividend
- 4.6.3 Issue of securities or buy back of securities
- 4.6.4 Any major expansion plans or execution of new products
- 4.6.5 Amalgamations, mergers or takeovers
- 4.6.6 Disposal of undertakings
- 4.6.7 Any significant changes in policies, plans or operations of the Company.

4.7 Restricted Period (Closure of Trading Window)

The Company from time to time shall specify a trading period and restricted period i.e. opening & closing of "Trading Window" for dealing in Securities of BCL. Designated Employees including their family dependents shall not trade in the BCL securities when the Trading Window is closed.

The Trading Window shall be closed during the following periods:

- 4.7.1 From 1st April up to twenty-four hours after the announcement of the annual financial results (and dividend, if any) to the Stock Exchanges.
- 4.7.2 From 1st July up to twenty-four hours after the announcement of the first quarter financial results to the Stock Exchanges.
- 4.7.3 From 1st October up to twenty-four hours after the announcement of the second quarter and half-yearly financial results to the Stock Exchanges.
- 4.7.4 From 1st January up to twenty-four hours after the announcement of the third quarter financial results to the Stock Exchanges.
- 4.7.5 From the date the company gives notice to the stock exchanges for the meeting of the Board of Directors or any of its Committee, in which any matter referred in clause 4.6 above, is proposed to be discussed. The closure of Trading Window for these events will be advised by the Compliance Officer appointed by the Board of Directors for the purpose of this Code.

The Trading Window shall open 24 hours after close of the Board/ Committee meeting at which decisions in respect of the above referred matters are taken and information in respect thereto is made public.

4.8 Working Day

Working day means the working day when the regular trading is permitted on the concerned stock exchange where the securities of the Company are listed.

5. COMPLIANCE OFFICER:

- 5.1 The Company Secretary shall act as the **Compliance Officer (CO)** and report to the Vice-Chairman (VC).
- 5.2 **Responsibilities of the CO: -**
 - 5.2.1 To implement this Code of Conduct and monitor the trades under the overall supervision of the VC.
 - 5.2.2 To set forth policies and procedures and monitor adherence to the rules for the preservation of **Price Sensitive Information**.
 - 5.2.3 To maintain a record of the Designated Employees and changes therein from time to time. This record shall cover:
 - 5.2.3.1 Officers in the top management grades and above;
 - 5.2.3.2 Employees in the Finance, Accounts, Costing, Secretarial and Management Performance Review Departments;
 - 5.2.3.3 Employees designated by the Company, to whom the trading restrictions under the Code would be applicable, keeping in mind the objectives of this Code.
 - 5.2.4 To maintain records of all the declarations in the appropriate form, given by the Directors/ Employees including Designated Employees for a minimum period of three years.
 - 5.2.5 To assist all the employees in addressing any clarifications regarding the Regulations and this Code.
 - 5.2.6 To pre-clear directly or through respective Departmental Heads, as decided by the Company, trades of Designated Employees and their family members.
 - 5.2.7 To place before the VC on a monthly basis, all the details of the dealing in the securities by the Designated Employees and the accompanying documents that such persons had executed under the pre-dealing procedure specified by the Company.
 - 5.2.8 To design the format/s of the application and the undertaking to be furnished by the Designated Employee, when he intends to deal in the securities of the Company.
 - 5.2.9 To disclose to all Stock Exchanges, the information of disclosures received from Designated Employees from time to time.
 - 5.2.10 To inform SEBI of any contravention by the all Directors/ Employees including Designated Employee of the provisions of the Regulations and this Code.

6. CONFIDENTIALITY:

- 6.1 Directors/ Employees including Designated Employees shall maintain confidentiality of all Price Sensitive Information and shall not pass on such information directly or indirectly by way of making a recommendation for purchase or sale of securities of BCL .
- 6.2 Unpublished Price Sensitive Information is to be handled on need to know basis i.e., Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of information will not give rise to a conflict of interest and appearance of misuse of information.
- 6.3 Directors/ Employees including Designated Employees shall not communicate or counsel or procure, directly or indirectly, any unpublished price sensitive information to any other person with or without his request for such information, except as required in the ordinary course of business or under any law.
- 6.4 All Unpublished Price Sensitive Information directly received by any Employee should immediately be reported to the Head of the Department.
- 6.5 File containing confidential information shall be kept secure. Computer files must have adequate security of log in and password.

7. RESTRICTION/ PROHIBITION TO BUY/ SELL SECURITIES OF BCL :

- 7.1 No Director/ Employee including Designated Employees shall deal or speculate in securities of BCL listed on any stock exchange either on his own behalf or on behalf of any other person:
 - 7.1.1 on the basis of unpublished price sensitive information;
 - 7.1.2 during the closure of the trading window i.e. restricted period;
 - 7.1.3 on the basis of any information if published is likely to materially affect the price of securities.
- 7.2 All Directors/ Employees including the Designated Employees shall conduct all their dealings/ trading in the securities of BCL only in a valid Trading Window and shall not deal in such securities when the Trading Window is closed, as referred in para 4.7 above.
- 7.3 In case of any Employee Stock Option Plans (ESOPs) of BCL , all the Directors/ Employees including Designated Employees shall be free to exercise his/her Stock Option even when the Trading Window is closed i.e., during the restricted period. However, sale of the shares allotted on exercise of the Stock Options is not permitted during such closure of the Trading Window.

8. PRE-CLEARANCE OF TRADES:

- 8.1 Trading/ dealing in securities of BCL (during the period other than the restricted period), by all Directors/ Employees including the Designated Employees and their dependent family members, in excess of the minimum threshold limit of market value exceeding Rs.5,00,000/- or 5,000 shares or shares exceeding 2% of the total Paid-up Share Capital of the Company in a calendar month (either in one transaction or in a series of transactions), whichever is the least, shall require prior clearance from the CO as under: -
 - 8.1.1 An application in the prescribed format (refer **Form – I** in Appendix 'B') shall be made to the CO indicating the estimated number of securities that he intends to deal in, the details of the demat account and such other details as may be prescribed by the Company.
 - 8.1.2 An undertaking shall be executed in favour of the Company stating that:
 - 8.1.2.1 he does not have any access or has not received any unpublished Price Sensitive Information upto the date of signing of undertaking.
 - 8.1.2.2 in case, he receives any unpublished Price Sensitive Information after the signing of the undertaking but before the execution of the transaction, he shall inform the CO of the changed position and that he would completely refrain from dealing in the securities till the time such information becomes public.
 - 8.1.2.3 he has not contravened the Code of Conduct for prevention of Insider Trading as notified by the Company from time to time; and
 - 8.1.2.4 he has made a full and true disclosure in the matter.

- 8.2 Order in respect of securities shall be executed within one week (7 days) after approval is granted by CO, failing which pre-clearance must be obtained again from the CO.
- 8.3 In respect of the CO, pre clearance of VC shall be required.

9. MINIMUM PERIOD FOR HOLDING OF SECURITIES:

- 9.1 All Directors/ Employees including the Designated Employees who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy number of shares during the next six months following the prior transaction . All Directors/ Employees including Designated Employees shall also not take any positions in derivative transactions in the shares of the Company at any time.
- 9.2 In case, the sale of securities is necessitated by personal emergency, prior approval of the CO shall be taken for relaxation in the Minimum Holding Period by making an application in the prescribed format (refer **Form – II** in Appendix 'C') recording therein his reasons in this regard in writing.
- 9.3 In respect of the CO, such relaxation shall require prior approval of the Vice-Chairman.

10. DISCLOSURE REQUIREMENTS:

10.1 One time Disclosures:

- 10.1.1 All Directors/ Employees including the Designated Employees and any person who holds more than 5% shares or voting rights in the Company shall disclose to the Company in the prescribed format (refer **SEBI Prescribed 'Form A'** in Appendix 'D'), the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of :—
- (a) the receipt of intimation of allotment of shares; or
- (b) the acquisition of shares or voting rights, as the case may be. shall make the following disclosures of shares and other securities held in the Company by them and their dependant family members, to the CO:
- 10.1.2 Any person who is a director or officer of a listed company, shall disclose to the company in the prescribed format (refer **SEBI Prescribed 'Form B'** in Appendix 'E'), the number of shares or voting rights held by such person, positions taken derivatives, within 2 working days of becoming a director or officer of the company.

10.2 Continual disclosure

- 10.2.1 Any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company in the prescribed format (refer **SEBI Prescribed 'Form C'** in Appendix 'F') the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds 2% of total shareholding or voting rights in the company.
- 10.2.2 Any person who is a director or officer of a listed company, shall disclose to the company , Stock Exchange where the securities are listed in the prescribed format (refer **SEBI Prescribed 'Form D'** in Appendix 'G'), the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings from the last disclosure made under clause 10.1 or under this clause, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.
- 10.2.3 The disclosure mentioned in clause 10.2.1 and 10.2.2 shall be made within 2 working days of :
- (a) the receipts of intimation of allotment of shares, or
- (b) the acquisition or sale of shares or voting rights, as the case may be.

10.3 Disclosure by company to stock exchanges.

- 10.3.1 Every listed company, within two working days of receipt, shall disclose to all stock exchanges on which the company is listed, the information received under sub-regulations (1), (2), (3) and (4) 1[in the respective formats specified in Schedule III.]

10.4 Violation of provision relating to disclosure.

- 10.4.1 A person who violates provisions of regulation 12 shall be liable for action under section 11 or 11B and/or section 24 of the Act.
- 10.4.2 A person who violates provisions of regulation 13 shall be liable for action as specified in regulation 11 or sections 11, 11B, 11D or action under Chapter VIA or section 24 of the Act.]

11. PENALTY:

- 11.1 This Code of Conduct is pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992 and any employees who contravene this Code will be penalised and appropriate action would be taken against them by BCL after giving reasonable opportunity to them to explain their stand in the matter. They shall also be subject to disciplinary action including wages freeze, suspension, dismissal, ineligibility for future participation in ESOP, etc.
- 11.2 Such violations are required to be informed by the Company to SEBI, which in turn, may take such penal action, as it may deem appropriate under the Regulations.
- 11.3 As per SEBI Regulations, any insider who indulges in insider trading in contravention of the said Regulations is liable to be punished with imprisonment for up to one year or with a fine or both.
12. All correspondence with BCL in regard to this Code should be sent to the CO and marked "**CONFIDENTIAL**".
13. The management has the right to change/ amend this code from time to time at its sole discretion.
14. THE DECISION MADE BY THE MANAGEMENT WITH REGARD TO ALL MATTERS RELATING TO THIS CODE OF CONDUCT WILL BE FINAL AND BINDING ON ALL CONCERNED.

**By Order of the Board of Directors of
BAJAJ CORP LIMITED**

Sd/-

**D.K. Maloo
COMPANY SECRETARY &
COMPLIANCE OFFICER**

Mumbai, October 21, 2010

Note: For any assistance, advice or clarification on any questions, doubts or difficulties that may arise in the interpretation of this Code, you may contact the following persons in Secretarial Department, Mumbai/Udaipur

Mr. Dilip Kumar Maloo , Company Secretary: 0294-2561631 .; Email: dkmaloo@bajajcorp.com

Mr. Sujoy Sircar, Deputy Company Secretary: 022 22023626 Extn775. Email: sujoy@bajajcorp.com

BAJAJ CORP LIMITED

CODE OF INTERNAL PROCEDURE AND CONDUCT FOR PREVENTION OF INSIDER TRADING, 2002

FORM – I
(Refer Clause 8.1)

APPLICATION TO DEAL IN SHARES/ SECURITIES OF BAJAJ CORP

To: Compliance Officer

From: Name of the Director/ Employee : _____

Designation : _____

Employee Reference No. : _____

Department / Unit : _____

Location : _____

I hereby give notice that I propose to carry out the following transaction:

Transaction Sale / Purchase	No. of Shares/ Derivatives proposed to be bought/sold	DP & Client Id No (In case of Demat)

UNDERTAKING

I hereby undertake and confirm :

- a) that I do not have any access or have not received price sensitive information up to the time of signing this undertaking.
- b) that in case I access to or receive any price sensitive information after the signing of this undertaking but before the execution of the transaction, I shall inform the Compliance Officer of the change in my position and that I would completely refrain from dealing in the securities of the Company till the time such information becomes public.
- c) that I have not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
- d) that I have made a full and true disclosure in this application.

(Signature)

Date :

BAJAJ CORP LIMITED

CODE OF INTERNAL PROCEDURE AND CONDUCT FOR PREVENTION OF INSIDER TRADING, 2002

FORM – I
(Refer Clause 8.1)

APPLICATION TO DEAL IN SHARES/SECURITIES OF BAJAJ CORP

To : Compliance Officer

From : Name of the Director/Employee : _____

Designation : _____

Employee Reference No. : _____

Department/Unit : _____

Location : _____

I hereby give notice that I propose to carry out the following transaction:

Transaction Sale/Purchase	No. of Shares/Derivatives proposed to be bought/sold	DP & Client ID No. (In case of Demat)

UNDERTAKING

I hereby undertake and confirm:

- that I do not have any access or have not received price sensitive information upto the time of signing this undertaking.
- that in case I access to or receive any price sensitive information after the signing of this undertaking but before the execution of the transaction, I shall inform the Compliance Officer of the change in my position and that I would completely refrain from dealing in the securities of the Company till the time such information becomes public.
- that I have not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
- that I have made a full and true disclosure in this application.

Date:

(Signature)

BAJAJ CORP LIMITED

CODE OF INTERNAL PROCEDURE AND CONDUCT FOR PREVENTION OF INSIDER TRADING, 2002

FORM - II
(Refer Clause 9.2)

APPLICATION FOR WAIVER OF MINIMUM HOLDING PERIOD

Date:

To: Compliance Officer

From: Name of the Director/ Employee : _____

Designation : _____

Employee Reference No. : _____

Department / Unit : _____

Location : _____

Through : Department Head

Dear Sir,

I request you to grant me waiver of the minimum holding period of 30 days as required under the BCL CODE OF INTERNAL PROCEDURE AND CONDUCT FOR PREVENTION OF INSIDER TRADING, 2002 with respect to _____ shares of the Company held by me/ _____ (name of the family dependent)/ jointly acquired by me on _____ (date). I desire to deal in the said shares on account of the under mentioned emergency: [mention below the reason(s) in brief].

Thanking you,

Yours faithfully

BAJAJ CORP LIMITED

FORM B

(Refer Clause 10.1.2)

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

[Regulation 13(2) and (6)]

Regulation 13(2)—Details of shares or positions taken in derivatives held by Director or Officer of a Listed company

<i>Name, PAN & Address of Director /Officer</i>	<i>Date of assuming office of Director/ Officer</i>	<i>No. & % of shares/voting rights held at the time of becoming Director/ Officer</i>	<i>Date of intimation to company</i>	<i>Mode of acquisition (market purchase/ public/ rights/ preferential offer etc.)</i>	<i>Trading member through whom the trade was executed with SEBI Registration No. of the TM</i>	<i>Exchange on which the trade was executed</i>	<i>Buy quantity</i>	<i>Buy value</i>

Note: The above table shall be applicable with suitable modifications to disclosures for position taken in derivatives also.

