

Mahindra CIE Automotive Limited

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

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CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

1. Introduction:

- a. The Securities and Exchange Board of India (“SEBI”) notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“Regulations”) on 15th January, 2015, which is effective from 15th May, 2015.
- b. Pursuant to Regulation 8 of the Regulations, Mahindra CIE Automotive Limited has formulated this code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“Fair Disclosure Code”) which came into effect from 15th May, 2015.
- c. Pursuant to the amendments made by SEBI to the Regulations, the Company has made certain amendments to the Fair Disclosure Code.
- d. The revised Fair Disclosure Code shall come into force from the 1st day of April, 2019

2. Scope and Purpose:

- a. The Company endeavours to preserve the confidentiality of unpublished price sensitive information (UPSI) and to prevent its misuse. To achieve these objectives, and in compliance with the aforesaid Regulations, the Company has adopted this Fair Disclosure Code.
- b. This Code ensures timely and adequate disclosure of UPSI and to maintain uniformity, transparency and fairness in dealing with all its stakeholders.
- c. This Code has been formulated to ensure prompt, timely and adequate disclosure of UPSI.

3. Definitions:

For the purpose of this code the following terms shall have the meanings assigned to them hereunder:

- a. **“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- b. **“Code” or “this Code”** shall mean this Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information;
- c. **“Company” or “the Company” or “MCIE”** means Mahindra CIE Automotive Limited;

- d. **“Generally Available Information”** means information that is accessible to the public on a non-discriminatory basis, such as information published on the website of the stock exchanges. “Information not Generally Available” shall be construed accordingly;
- e. **“Insider Trading Regulations or “Regulations”** means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
- f. **“Unpublished Price Sensitive Information” or “UPSI”** means any information, relating to the Company or its securities, directly or indirectly, that is not generally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 of the Company and shall, ordinarily include but not restricted to, information relating to the following:
 - (a) financial results;
 - (b) dividends;
 - (c) change in capital structure;
 - (d) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions; and
 - (e) changes in key managerial personnel.
 - (f) such other information as determined by the Board of Directors/Chief Executive Officer/Executive Director/Chief Financial Officer/Chief Investor Relations Officer from time to time.

Words and expressions used and not defined in this Code but defined in the ‘Code of Conduct for Prevention of Insider Trading in Securities of Mahindra CIE Automotive Limited’ or Insider Trading Regulations or 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.

The provisions of this Code have to be read along with the Insider Trading Regulations and if there is any inconsistency / contradiction between the two, the provisions of the Insider Trading Regulations shall prevail.

4. Principles of Fair Disclosure

The Company shall ensure:

- a. 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.

- b. Uniform and universal dissemination of UPSI to avoid selective disclosure.
- c. Prompt dissemination of UPSI that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- d. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
- e. Information shared with analysts and research personnel is not UPSI.
- f. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website of the Company to ensure official confirmation and documentation of disclosures made.
- g. Handling of all UPSI on a need-to-know basis.

5. Sharing of UPSI with any person by an Insider:

No Insider shall communicate, provide, or allow access, of any UPSI relating to the Company or its Securities, to any other Person including the other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Sharing of information for Legitimate Purpose shall be in accordance with “Policy on Determination of Legitimate Purpose” which is Annexed herewith as “Annexure A” and forms part of this Code.

6. Overseeing and co-ordinating disclosure

- i. The Company shall designate a senior officer as a Chief Investor Relations Officer (“CIRO”) to deal with dissemination and disclosure of UPSI.
- ii. The CIRO would be responsible to ensure timely, adequate, uniform and universal dissemination and disclosure of UPSI pursuant to this Code as required under the Insider Trading Regulations so as to avoid selective disclosure.
- iii. The CIRO shall be responsible for ensuring that the Company complies with continuous disclosure requirements, overseeing and co-ordinating disclosure of UPSI to Stock Exchange(s) where MCIE Securities are listed, analysts, shareholders and media, and educating employees on disclosure policies and procedure.
- iv. Disclosure/dissemination of UPSI may normally be approved in advance by CIRO. In case of doubt, the CIRO shall consult and seek approval of the Managing Director / Executive Director(s) / the Chief Financial Officer of the Company / ‘Disclosure

Committee' constituted by the Board of Directors of the Company as per 'the Policy for determination of materiality for disclosure of events or information' framed in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- v. If UPSI is accidentally disclosed without prior approval of CIRO, the person responsible shall inform the CIRO immediately. The CIRO will then promptly disseminate the information to the stock exchanges so as to make such information generally available.

7. Responding to market rumours

The CIRO shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours and then making the disclosure, if required. He may consult the Managing Director or Executive Director(s) or the Chief Financial Officer of the Company or 'Disclosure Committee' constituted by the Board of Directors of the Company to decide the materiality of any information pursuant to the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and thereafter make appropriate disclosures.

8. Disclosure/dissemination of Price Sensitive Information with special reference to Analysts, Research Personnel, Institutional Investors

No person, except those authorized by the Chief Investor Relations Officer, shall disclose any information relating to the Company or to the Company's Securities to analysts, research personnel and institutional investors.

All Directors and Employees of the Company should follow the guidelines given hereunder while dealing with analysts, research personnel and institutional investors: -

i. Only Public information to be provided

The Company shall provide only public information to the analyst/research personnel/large investors like institutions. The CIRO shall ensure that information shared with them is not UPSI. The information given to the analyst should be made public at the earliest.

ii. Recording of discussion and Simultaneous release of Information

When a Company organises meetings with analysts and other investor relations conferences, the CIRO will ensure that the transcripts or records of proceedings of meetings with analysts and other investor relations conferences are posted on the official website of the Company, to ensure official confirmation and documentation of disclosures made. Wherever possible, it is desirable that at least two company representatives be present at meetings with analysts, brokers or institutional investors to avoid misquoting or misrepresentation.

iii. Handling of unanticipated questions

The Company should be careful when dealing with Analysts' questions that raise issues outside the intended scope of discussion. Unanticipated questions may be noted and a considered response given later. If the answer includes price sensitive information, then it should be made generally available before responding.

9. Medium of disclosure/dissemination

- i. The Company shall ensure that disclosure to Stock Exchange(s) where MCIE Securities are listed is made promptly.
- ii. Disclosure/dissemination of information may be done through various media so as to achieve maximum reach and quick dissemination.
- iii. The Company may also facilitate disclosure through the use of its official website.
- iv. The information filed by the Company with exchanges under continuous disclosure requirement may be made available on the Company website.

The Company will also promptly intimate any amendment to this Code of Corporate Disclosure Practices to the Stock Exchanges(s) where MCIE Securities are listed, as required under the Insider Trading Regulations.

10. Policy Review

- a. The Policy shall be reviewed periodically by the Audit Committee in accordance with changes or any regulatory requirements and the requirements of the Company from time to time.
- b. In the events of inconsistency of this Policy with any applicable law, the relevant provisions of the applicable law shall override this Policy.

Annexure A

Policy on Determination of Legitimate Purpose

[Pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018]

1. Background

1.1. This **Policy on Determination of Legitimate Purpose** (“**Policy**”) is made pursuant to Regulation 3(2A) read with Regulation 8(1) of Chapter IV of the Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015 as amended by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (hereinafter referred as the “**SEBI PIT Regulations**”).

1.2. The Company in the course of its business, shares data or information with various persons such as organizations, agencies, institutions, intermediaries, establishments, and other persons.

1.3. Some of such unpublished data or information, if made publicly available could have the potential to materially impact the market price of the securities of the listed Company. If such a person trades on the basis of unpublished price sensitive information (“**UPSI**”), it could result in an undue advantage through an information asymmetry in the market.

Therefore, the trading in the securities of the Company by an insider is governed by and subject to the SEBI PIT Regulations as amended from time to time.

1.4. For the purpose of this Policy, the term "**Unpublished Price Sensitive Information**" or “**UPSI**” means any information relating to the Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available (accessible to the public on a non-discriminatory basis), is likely to materially affect the price of the securities and shall ordinarily include but not limited to, information relating to financial results, dividends, change in capital structure, mergers, de-mergers,

acquisitions, delisting, disposals and expansion of business and such other transactions and changes in Key managerial personnel.¹

The Board of Directors/Chief Executive Officer/Chief Operating Officer/ Executive Director /Chief Financial Officer/Chief Investment Relations Officer from time to time may also determine such other information as they may deem fit as UPSI.

2. Objective

The objective of this Policy is to lay down a broad policy for determination of Legitimate Purpose as a part of this Code of Fair Disclosure and Conduct, pursuant to which UPSI may be shared.

3. Effective Date:

This Policy is effective from 1st April, 2019.

4. Terms and Definitions

Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the SEBI (Prohibition of Insider Trading) Regulations, 2015 or the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 2018 or the Companies Act, 2013 and the rules and regulations made thereunder, as the case may be including amendments(s)/ modification(s) thereto.

5. Policy for determination of Legitimate Purpose

- 5.1. Meaning of “Legitimate Purpose” The term Legitimate Purpose is not defined under any legal statute. As such, it is a legal standard which is subjective in nature and will need to be tested in each fact and specific instance.

¹ As defined under Clause 3(f) of the Code of Practices and Procedures For Fair Disclosure Of Unpublished Price Sensitive Information

- 5.2. As per the Black's Law Dictionary, the term 'Legitimate' is defined as complying with the law or lawful, and; the word 'Purpose' is defined as an objective, goal, or end; **specifically**, the business activity that a corporation is chartered to engage in.

Therefore, 'Legitimate Purpose' with respect to a corporation means any act which is done in compliance of the law to achieve the goals in furtherance of its business activity.

- 5.3. In line with sub-regulation 2A of Regulations 3 of SEBI PIT Regulations the term 'Legitimate Purpose' may be understood as follows:

"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, when transacting the business of the company in pursuance of its objectives or in pursuit of its interest. It should be satisfied that accessing UPSI shall be relevant to the purported transaction.

Legitimate Purpose shall include but not be limited to sharing of UPSI 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 the SEBI PIT Regulations.

- 5.4. 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, articles of association, arrangement, settlement, understanding or undertaking;

- (e) Arising out of business requirement including requirement for the purposes of promoting the business and Strategies of business which may require sharing of information with Promoters and Promoters in turn with their Promoters on need to know basis, in the interest of the Company;

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

- (g) Sharing the information with a Bank, Financial Institution or Non-Banking Finance Company, Credit Rating Agencies or other Market Participants for raising Debt;

- (h) For the purpose of legal, financial or any other professional advice to be obtained or for accounting or audit or for defence to be prepared for Legal Proceedings;

- (i) 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 (‘Takeover Regulations’) where the board of

directors of the company is of opinion that sharing of such information is in the best interests of the company.

- (j) 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.

Provided the information that constitute UPSI needs to be *made Generally Available*² at least two trading days prior to the transactions referred above being effected in such form as it is adequate and fair to cover all relevant and material facts;

- (k) Sharing of information in relation to transactions like acquisitions, merger, amalgamations or any other corporate restructuring for 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;
- (l) Sharing financial information with the holding company including ultimate holding company for the purpose of consolidated financial statements;
- (m) 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;
- (n) For all those activities done by the company in furtherance of its objects as listed in its memorandum of association.

5.5. Sharing of UPSI with a mala fide intention, for personal gain, or unauthorized disclosure, or to evade or circumvent the provisions of the Regulations etc. would not be considered as legitimate purpose.

² As defined under Clause 3(d) of the Code of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

6. Process for Sharing UPSI

- 6.1. Any Person in receipt of UPSI pursuant to a Legitimate Purpose shall be considered an "insider" for purposes of the SEBI PIT Regulations. Such person shall also require to ensure the confidentiality of UPSI shared, in compliance with the SEBI PIT Regulations. Therefore, although information may be shared with a person for a Legitimate Purpose, it is shared with the understanding that such information is and will be used only for a Legitimate Purpose. Such person shall not trade in securities of the Company while in possession of UPSI.
- 6.2. The insider shall carry out the following steps while sharing UPSI:
 - a. Satisfy himself/herself that information is UPSI and sharing is for Legitimate Purpose i.e. there is a co-relation or nexus between the UPSI proposed to be shared and the purported transaction. No UPSI shall be disclosed in the event the intended purpose or objective can be achieved without disclosure of UPSI, and such disclosure is otherwise not required to be disclosed in ordinary course;
 - b. Consult and take the approval of Chief Executive Officer or Chief Investors Relations Officer or Compliance Officer before sharing the UPSI;
 - c. Identify the persons and organizations with whom the information is to be shared and establish the narrowest possible group of recipients;
 - d. enter into a confidentiality/non-disclosure agreement in the cases covered by Regulation 3(3) of the SEBI PIT Regulations or issue a notice in other cases; pursuant to which the recipient will be treated as an insider for the purpose of SEBI PIT Regulations. Such notice shall specify the following:
 - i. The information shared is in the nature of UPSI.
 - ii. Recipient should maintain confidentiality of such UPSI and not to disclose such UPSI except in compliance with Insider Trading Regulations

- iii. Recipient shall not trade in securities of the Company while in possession of UPSI
- e. Mode of sharing UPSI shall be either by an email or hard copy or any other electronic mode or device allowed as per the Internal Controls or IT Policy of the Company
- f. Maintain names of the persons along with PAN (or any other identifier where PAN is not available) with whom information is shared in a digital database. (Requirement of PAN or any other identifier is not applicable to statutory requisitions). A digital database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database and non-leakage of UPSI. This database shall be kept confidential. The format of the digital database is not prescribed at this time, however it be specified by the Securities Exchange Board of India at some future date. A suggested format is at **Annexure A**.

7. Penalties and Fines applicable in case of violation of the Policy

- 7.1. Any sharing of UPSI, other than in compliance with the Policy and the Insider Trading Regulations, would be construed as a violation. The onus lies on the insider to prove to the contrary.
- 7.2. In case of any violation of this Policy, disciplinary action would be taken by the Company. The Company shall also inform SEBI about the violation.

8. Policy Adherence Responsibility:

The responsibility for adherence to this Policy vests entirely with the person who is sharing the UPSI as well as the recipient of the UPSI.

Annexure A: Suggested Format for Digital Database to be maintained by the Company.

Sr no	UPSI as determined by the company	Person who is sharing the UPSI	Name of such recipient of UPSI	The Legitimate Purpose for which the UPSI has been shared	Mode of sharing the UPSI;	Date of the notice/ non-disclosure agreement	Name of the Organization or entity to which the recipient represents	Postal Address and E-mail ID of such recipient and any other contact details.	Permanent Account Number (PAN) or any other identifier authorized by law, if PAN is not available

Annexure**Version History**

Version	Date of amendment	Change & Reason for change
Version 1	15 th May, 2015	The Code was adopted pursuant to Regulation 8 of SEBI (Prohibition of Insider Trading) Regulations, 2015 (Insider Trading Regulations).
Version 2	1 st April, 2019	In accordance with the amendments to the PIT Regulations, the Board has amended the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' by incorporating 'policy for determination of Legitimate purpose' and has also amended the Company's Code of Conduct.