

TOYOTA FINANCIAL SERVICES INDIA LIMITED

**CODE OF CONDUCT
FOR PREVENTION OF INSIDER TRADING**

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Narayanaswamy Raja, MD & CEO	
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Author	Revision Date	Version	Description of the Change
Pallavi K, Company Secretary	09-02-2016	1.0	Initial Draft
Reena Mary Company Secretary	13-02-2020	2.0	<ol style="list-style-type: none"> 1. Definition of Designated Person has been changed to include directors, key managerial personnel, promoters, CEO and employees 2 levels below CEO and other persons who have access to unpublished price sensitive information (Clause 1.3 in the Code). 2. Trading Window for trading in securities has been defined (Clause 4 in the Code). 3. Maintenance of Digital database that includes list of Insider who have access to price sensitive information has been defined (Clause 2.2.5 in the Code) 4. Penal provisions for contravention has been included in the Code (Clause 10 in the Code)
R Nithya Prabhu	02-09-2021	3.0	<ol style="list-style-type: none"> 1. Clause 2.2.5 – Modified in line with SEBI Regulations. 2. Clause 2.2.6 – Inserted in line with SEBI Regulations 3. Clause 6.1 (a) – Deleted since omitted by SEBI w.e.f April 26, 2021 4. Clause 7.2 – First para deleted since it was repetition of para 2.2.5. 5. Clause 10.4 – Modified in line with SEBI Regulations.

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CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

1. INTRODUCTION

1.1 Title

This code shall be known as “Toyota Financial Services India Limited Code of Conduct for Prevention of Insider Trading” (“Code”) made pursuant to Regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

1.2 Applicability

This code shall apply to designated persons and immediate relatives of designated persons of Toyota Financial Services India Limited (“the Company”).

1.3 Definitions

“Act” means the Securities and Exchange Board of India Act, 1992.

“Body Corporate” means a body corporate as defined in section 2(11) of the Companies Act, 2013.

“Compliance Officer” means Company Secretary or any other senior officer who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations who may be appointed as Compliance officer by the board of directors.

“Connected Person” means – (i) any person who is or has during the six months prior to the concerned act (trading in securities) been associated with the company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director of TFS Group , officer or an employee of TFS Group or holds any position including a professional or business relationship between himself and TFS Group whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

(ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -

- a) an immediate relative of connected persons specified in clause (i); or
- b) a holding company or associate company or subsidiary company; or
- c) an intermediary as specified in section 12 of the Securities and Exchange

- Board of India Act, 1992 or an employee or director thereof; or
- d) an investment company, trustee company, asset management company or an employee or director thereof; or
 - e) an official of a stock exchange or of clearing house or corporation; or
 - f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
 - g) a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
 - h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
 - i) a banker of the company; or
 - j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;

“Dependent/ 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.

Designated Person means and includes:

- a) All the directors and Key Managerial personnel of the Company.
- b) Employees of the company, intermediary or fiduciary designated on the basis of their functional role or access to unpublished price sensitive information in the organization by the board of directors or analogous body
- c) All promoters of company and promoters who are individuals or investment companies for intermediaries or fiduciaries
- d) Chief Executive Officer and employees up to two levels below Chief Executive Officer of such the company, intermediary, fiduciary irrespective of their functional role in the company or ability to have access to unpublished price sensitive information
- e) Any support staff of the company, intermediary or fiduciary such as IT staff or secretarial staff who have access to unpublished price sensitive information
- f) Any other Person designated by the Company on the basis of their functional role and such function would provide access to Unpublished Price Sensitive Information;
- g) Immediate relatives of persons mentioned in the above clause (a) to (f).

“Director(s)” means a Director appointed on the board of the Company as per provisions of the Companies Act, 2013

“Insider(s)” means any person who is:

- i. A connected person; or
- ii. In possession of or having access to unpublished price sensitive information.

“Key Managerial Personnel” means key managerial personnel as defined in the Companies Act, 2013.

“Regulations” means SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

“SEBI/Board” means the Securities and Exchange Board of India.

“Securities” means Securities of the Company and shall have the meaning assigned to it under the Securities Contract Regulation Act, 1956 or any modification thereof except units of a mutual fund;

“Trading” means and includes subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell, deal in any Securities, and “Trade” shall be construed accordingly.

“Unpublished price sensitive information” 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: –

- a) financial results;
- b) dividends;
- c) change in capital structure;
- d) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- e) changes in key managerial personnel.
- f) Any other material events as may be approved by the Board from time to time

NOTE: It is intended that information relating to a company or securities, that is not generally available would-be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.

1.4 Words denoting the singular shall include the plural and vice versa and words denoting masculine gender shall include reference to feminine or neuter gender.

1.5 Words and expressions used and not defined in this code but defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislations.

1.6 Unless the context requires otherwise, employee shall mean employee of the Company.

2. PRESERVATION OF PRICE SENSITIVE INFORMATION

2.1 No insider/ designated person or immediate relative of designated person shall communicate, provide, or allow access to any unpublished price sensitive information, relating to the company or securities listed or proposed to be listed, to any person including other insider/ designated person or immediate relative of designated person except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

2.2 Chinese Wall

- 2.2.1 Areas of the Company which routinely have access to confidential documents or material, non-public information shall be considered “inside areas” and be separated by adopting Chinese wall policy which separates those departments which routinely have access to Unpublished Price Sensitive Information from other departments.
- 2.2.2 The employees in the inside area shall not communicate any Price Sensitive Information to anyone in public area.
- 2.2.3 In exceptional circumstances employees from the public areas may be brought “over the wall” and given confidential information on “need to know” basis criteria in furtherance of their legitimate purposes, performance of duties or discharge of legal obligations.
- 2.2.4 Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information.
- 2.2.5 The Board of Directors shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.
- 2.2.6 The Company shall ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from SEBI regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

3. TRADING PLAN

3.1 Trading plan is a plan under which a Designated Person can trade in Securities even when trading window is closed. It gives an option to Designated Person who may be perpetually

in possession of unpublished price sensitive information and enabling them to trade in Securities in a compliant manner. This provision would enable the formulation of a trading plan by an insider to enable him to plan for trades to be executed in future. By doing so, the possession of unpublished price sensitive information when a trade under a trading plan is actually executed would not prohibit the execution of such trades that he/she has pre-decided even before the Unpublished price sensitive information came into being.

3.2 Every designated person shall be entitled to formulate a trading plan and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

3.3 While presenting the trading plan, following points shall be kept in mind:

- 3.3.1 There must be a gap of 6 months between the public disclosure of plan and commencement of trading. In any case, it should be remembered that this is only a statutory cool-off period and would not grant immunity from action if the Insider was to be in possession of the same unpublished price sensitive information both at the time of formulation of the plan and implementation of the same.
- 3.3.2 In any case, trading will not be permitted between the twentieth trading days prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results.
- 3.3.3 Trading plan shall entail trading for a period of not less than twelve months.
- 3.3.4 Trading plan shall not entail overlap of any period for which another trading plan is already in existence.
- 3.3.5 Trading plan shall set out either the value of trades to be effected or the number of Securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected.
- 3.3.6 Trading on the basis of such a trading plan would not grant absolute immunity from bringing proceedings for market abuse.

3.4 While granting the approval, the Compliance Officer shall be entitled to seek such express undertakings as he may think necessary to assess and approve the plan.

The pre-clearance of trades shall not be required for a trade executed as per an approved trading plan.

The trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

3.5 The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in these securities outside the scope of the trading plan.

Provided that the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the commencement ought to be deferred until such UPSI becomes generally available.

The commencement of implementation of trading plan ought to be deferred until such UPSI becomes generally available.

3.6 Once the trading plan is approved, the Compliance Officer shall notify the plan to stock exchanges on which the Securities are listed.

4. TRADING WINDOW

4.1 The Company shall specify a trading period, to be called “**Trading window**”, for trading in the Company’s Securities. The trading window shall be closed during the time the price sensitive information is unpublished

4.2 When the trading window is closed, designated person or immediate relative of designated person shall not trade in the Company’s Securities in such period except where trading plan has been approved by the Compliance Officer.

4.3 The trading window shall be closed when compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information.

However, the trading window shall be closed in the following circumstances;

- a) Declaration of financial results;
- b) Declaration of dividends;
- c) Change in capital structure
- d) Mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;
- e) Changes in Key Managerial Personnel; and

Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates.

4.4 The time for commencement of closing of trading window and re-opening of trading window shall be as per the regulations. However, in any case:

- a) The trading window shall be closed from the end of every half year.
- b) The re-opening of the trading window shall be determined by the compliance officer taking into account various relevant factors.
- c) However, the trading window shall not be reopened earlier than forty-eight hours after the information becomes generally available.

4.5 All designated persons and immediate relatives of designated persons of the Company shall conduct all their dealings in the Securities of the Company only in a valid trading window or as per approved plan when trading window is closed or where there is no pre-approved trading plan, or during any other period as may be specified by the Company from time to time.

However, when the trading window is open, trading by designated persons or immediate relatives of designated persons shall be subject to pre-clearance by the compliance officer, if the value of the proposed trades is above such thresholds as the board of directors may stipulate.

5. PRE-CLEARANCE OF TRADES

5.1 All insiders/ designated persons or immediate relatives of designated persons who intend to deal in the Securities of the Company shall pre-clear the intended transactions including those of 'Dependent/ immediate relatives' in the Securities of the Company as per the pre-dealing procedure described hereunder.

5.2 Such pre-clearance of trade would be applicable wherever any insiders/ designated persons or immediate relatives of designated persons intends to deal in the Securities of the Company in excess of the minimum threshold limit of market value exceeding Rs. 500,000/- or 500 Securities whichever is less. Directors have to get the pre-clearance for all intended transactions irrespective of value or number of Securities involved.

Trades of the Compliance Officer which require pre-clearance in terms of the above shall be approved by the Managing Director or any Whole Time Director of the Company.

5.3 An application in the prescribed format, shall be made to Compliance Officer, after obtaining the approval of departmental head, if any, indicating the estimated number of Securities that Designated person/ immediate relatives of designated person intends to deal in and details of depository with which he has a depository account and such other details as may be required by any rule made by the Company in this behalf.

An undertaking/ additional disclosure as may be required by the Compliance officer shall be executed by the designated person/ immediate relative of designated person in favour of the company.

6. REPORTING REQUIREMENTS

All designated persons are required to forward the following details of their Securities transactions to the Compliance Officer.

6.1 Initial Disclosure

Every person on appointment as key managerial personnel or a director of the company or upon becoming a promoter or member of the promoter group shall

disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter.

6.2 Continual Disclosures

Every promoter, member of the promoter group, designated person and director of the company shall disclose to the company 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 in the Regulations.

The Company shall notify the particulars of such trading to Stock Exchange on which securities are listed within two trading days of receipt of disclosure or from becoming aware of such information.

6.3 The Compliance Officer shall maintain a record of all the declarations given by all promoters, Directors, designated persons for a minimum period of five years.

6.4 The Compliance Officer shall place before the chairman of audit committee or in his absence before the Managing Director/ CEO or a Committee notified by the Company, on a quarterly basis all the details of the dealing in the Securities of the Company by the Directors, employees, Designated persons and Connected persons received by him and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this Code, wherever applicable.

7. COMPLIANCE OFFICER

7.1 The Compliance Officer shall be responsible for setting forth policies and procedures, compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, pre-clearing of all designated persons and immediate relatives of the designated persons trades (through respective department heads, if any), monitoring of trades and the implementation of this code under the overall supervision of the board of directors of the company.

The Compliance officer shall be responsible to maintain the structured digital database in a safe and secure manner.

Further any change in details of the persons/ entities the Compliance Officer shall update the database accordingly.

7.2 The Compliance Officer shall assist all Designated persons and immediate relatives of the designated person in addressing any clarification regarding Regulations and the Company's Code.

7.3 The compliance officer shall report to the board of directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors at such frequency as may be stipulated by the board of directors, but not less than once in a year.

8. OTHER RESTRICTIONS

8.1 Where any transaction has been approved, the designated person/ immediate relative of designated person shall execute the order within one week of the clearance of the transaction, and where any transaction has been approved with any additional restrictions, the same shall be executed within the above time in accordance with the additional restrictions specified. If the order is not executed within one week after the approval is given, the insider/ designated person/ immediate relative of designated person must pre-clear the transaction again.

8.2 The Compliance Officer shall have a right to revoke any clearance granted to any transaction or add further additional restrictions to any clearance, before the relevant transaction has been executed.

8.3 In case any transaction has been refused, designated person/ immediate relative of designated person shall be free to re-apply for pre-clearance of the transaction, which was refused, to the next higher authority i.e. to Managing Director/ Whole- Time Director, if Compliance Officer has refused the transaction.

8.4 All designated person/ immediate relative of designated person who buy or sell any

number of Securities of the Company shall not enter into a contra trade or opposite transaction i.e. sell or buy any number of Securities during the next six months following the prior transaction.

8.5 However, such contra trade if executed, should not be in violation of the regulations and require the prior approval of the compliance officer who shall record the reasons in writing for allowing such trade.

If any contra trade is executed violating the regulations, all the benefits arising from such act shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

However, this shall not be applicable for trades pursuant to exercise of stock options, if any.

8.6 No Designated person/ immediate relative of designated person shall take positions in derivativetransactions in the Securities of the Company at any time.

8.7 In case the sale of Securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer/ Managing Director/ Whole-Time Director on recommendation of head of department, if any, after recording in writing his/her reasons in this regard provided such relaxation does not violate the Regulations.

9. DISSEMINATION OF INFORMATION

Chief Financial Officer of the Company shall act as chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.

10. PENALTY FOR CONTRAVENTION OF THE CODE

10.1 Any Director/Key Managerial Personnel/Designated Employee/Connected person who trades in Securities or communicates any information for trading in Securities in contravention of this Code may be penalized and appropriate action may be taken by the Company.

10.2 Directors/Key Managerial Personnel/Designated Employees of the Company who violate this Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, render ineligible for future participation in employee stock option plans, etc.

10.3 The action by the Company shall not preclude SEBI from taking any action in case of violation of Regulations. The penal provisions as per Section 15 of SEBI Act, 1992 are as under:

If any insider who, —

(i) either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished

price-sensitive information; or

(ii) communicates any unpublished price-sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law; or

(iii) counsels, or procures for any other person to deal in any securities of any body corporate on the basis of unpublished price-sensitive information, shall be liable to a penalty which shall not be less than ten lakh rupees, but which may extend to twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher

10.4 In case the Company observes that there has been a violation of these Regulations, the Company shall inform the stock exchange where the concerned securities are traded.

