

**Fiem Industries Limited**  
**Insider Trading Caution Notice**



**[For information of Directors, Employees and Connected Persons who deal / want to deal in Shares of the Company]**

**1. Dealing in Shares of the Company: General**

- 1.1 Dealing (purchase / sale / subscribing) in shares of the Company by Directors, employees and their immediate relatives are subject to compliance of applicable laws and regulations, including **SEBI (Prohibition of Insider Trading) Regulations, 2015 (Regulations); Code of Conduct to Regulate, Monitor and Report Trading by Insiders (Code of Conduct-PIT) and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.**
- 1.2 Every employee **must consult and take prior clearance** from Company Secretary / Compliance Officer before dealing in shares of the Company either by himself or by his/her immediate relatives. There are **reporting and disclosure** requirements before and after dealing in shares of the Company under above regulations and Code of Conduct framed under above regulations and every employee must familiarize themselves with them.

**2. Dealing in Shares of the Company: Brief on Regulatory Aspect**

- 2.1 No employee or insider shall deal in shares of the company, while in possession of Unpublished Price Sensitive Information (UPSI) or during the closure of '**Trading Window**'.
- 2.2 **Unpublished Price Sensitive Information ("UPSI")** means any information, relating to a Company or its securities, directly or indirectly, that is not generally available to public, which upon becoming generally available, is likely to materially affect the price of securities of the Company and shall, ordinarily include but not be 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;
  - e. Changes in key managerial personnel; and
  - f. Material events in accordance with the listing agreement/regulations
- 2.3 In respect of declaration of financial results & dividends, the Trading Window shall remain closed from end of every quarter till forty eight hours after declaration of financial results. For other matters, the Trading Window will remain closed upto 2 trading days after the information referred above becomes generally available. The prior intimation about closure of Trading Window is separately communicated through mail and/or notices.
- 2.4 Along with the Director and Employees, immediate relatives of employees are also subject to the above regulations while dealing in shares of the Company and concerned Director/ Employee must consult and take prior clearance from Company Secretary/ Compliance Officer and he will be liable for applicable reporting and disclosure compliances.
- 2.5 **Immediate relatives** means:
- *spouse (wife / husband) of a person (Director / employee);*
  - *parent (father-mother), sibling (brother-sister) and child (son-daughter) 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.*
- 2.6 **No opposite transaction in next 6 months:** No director, employee or insider shall within six (6) months of buying or selling any number of Securities of the Company, enter into an opposite transaction i.e. sell or buy, as the case may be, any number of the Securities of the Company.

### **3. Prohibition of Insider Trading: Brief on Regulatory Aspect**

- 3.1 Insider trading means trading in securities of a company by its Directors, Employees, or other Insiders (Connected Person or a person in possession of or having access to UPSI) while in possession of Unpublished Price Sensitive Information (**UPSI**). Such trading by Insiders erodes the investors' confidence and is unhealthy for the capital markets.
- 3.2 The Regulations not only regulate trading by insiders but also seek to prohibit insider trading. The relevant extract of Regulations 3(1), 3(2), 4(1) of the Regulations, which prohibit insider trading, is quoted below:

*“Regulation 3(1): No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.”*

*“Regulation 3(2): No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.”*

*“Regulation 4(2): No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information....”*

### **4. Penalty for Insider Trading**

#### **4.1 Under SEBI Act and Regulations (extracts)**

- 4.1.1 Every Employee, Director, Promoter, Insider shall be individually responsible for complying with the applicable provisions (including to the extent the provisions hereof are applicable to their Immediate Relatives).
- 4.1.2 Under Section 15G of the SEBI Act, any Insider who indulges in insider trading in contravention of *Regulation 3* is liable to a penalty which shall not be less than ₹ 10 lakhs (Ten Lakh Rupees) but which may extend to ₹ 25 crores (Twenty Five Crore Rupees) or three times the amount of profits made out of insider trading, whichever is higher. Under Section 24 of the SEBI Act, anyone who contravenes the Regulations is punishable with imprisonment for a maximum period of ten (10) years or with fine which may extend to ₹ 25 crores (Twenty Five Crore Rupees) or with both. Further, in case any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one (1) month but which may extend to ten (10) years, or with fine, which may extend to ₹ 25 crores (Twenty Five Crore Rupees) or with both.

#### **4.2 Under Companies Act, 2013: (extracts) (Omitted w.e.f. 09/02/2018)**

- 4.2.1 Section 195. (1): No person including any director or key managerial personnel of a company shall enter into insider trading:
- (a) “Insider trading” means:-
- an act of subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell or deal in any securities by any director or key managerial personnel or any other officer of a company either as principal or agent if such director or key managerial personnel or any other officer of the company is reasonably expected to have access to any non-public price sensitive information in respect of securities of company; or
  - an act of counselling about procuring or communicating directly or indirectly any non-public price-sensitive information to any person;
- 4.2.2 Section 195 (2): If any person contravenes the provisions of this section, he shall be punishable with imprisonment for a term which may extend to five years or with fine which shall not be less than five 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, or with both.