Fiem Industries Limited
Insider Trading Caution Notice

[For information of Directors, Employees and Outside Persons who are connected with the Company as Auditor, Legal Counsel, Consultant, Customer, Vendor or otherwise, who can be privy to Insider Information about the Company]

[Disclaimer: This Notice is for general awareness of each of above persons and not a legal advice. Please consult Company Secretary to know the applicability of Insider Trading Regulation on you]

1. Prohibition of Insider Trading: General Understanding

Insider trading is unfair to investors outside a company and undermines investor confidence in the fairness and integrity of the securities markets. Such trading by Insiders erodes the investors' confidence and is unhealthy for the capital markets.

"Insider trading" broadly can be understood as an act of trading / dealing in securities (shares) of a listed company based on certain insider information i.e. **Unpublished Price Sensitive Information (UPSI)**. Insider trading also includes passing of / leaking/ receiving of UPSI in relation to a listed entity or its securities. In general, Insider trading is an illegal act and generally involves making of illegitimate profits by dealing in securities of listed companies based on UPSI.

For general understanding, following examples can be referred as insider trading:

(a) Employees / consultants / counsels / auditors etc. of the company communicate /pass on / leak the UPSI to the outsiders: Both giver and recipient of UPSI did the offence of Insider trading and violated the applicable laws, whether or not anybody dealt in the securities of the company based on these UPSI.

(b) Any person whether insider or outsider got the UPSI by any mean and dealt in the securities of the company. He did the illegal act of Insider trading and violated the applicable laws.

The Securities and Exchange Board of India (SEBI) notified SEBI (Prohibition of Insider Trading) Regulations, 2015 on 15th January, 2015. These Regulations became effective from 15th May, 2015. These new Regulations have replaced the existing SEBI (Prohibition of Insider Trading) Regulations, 1992.

2. Dealing in Shares of the Company: General

Dealing (purchase / sale / subscribing) in shares of the Company by Designated Persons / Designated Employees (consisting of Directors, Promoters and identified Employees) and their Immediate Relatives are subject to compliance of applicable laws and regulations, including SEBI (Prohibition of Insider Trading) Regulations, 2015; Code of Conduct to Regulate, Monitor and Report Trading (Code of Conduct-PIT) and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. **Hence, they 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 strict approval, reporting & disclosure requirements before and after dealing in shares of the Company under above regulations and Code of Conduct framed under above Regulations.**

3. Do's and Don'ts for Designated Person / Designated Employee (DP/DE), Employees and Outside Persons who are connected with the Company as Auditor, Legal Counsel, Consultant, Customer, Vendor etc.:

a) **All of above:** Don't communicate, leak or pass any Unpublished Price Sensitive Information (UPSI) to any other person, except for legitimate purpose (like Company's financial results, any new order, new JV / Technical partner etc.) about the Company with any other person.
b) **All of above:** Do Consult Company Secretary / Compliance Officer before dealing in shares of the Company either by yourself or by your Immediate Relatives.

c) **All of above:** Don't deal in share of the Company while in possession of any Unpublished Price Sensitive Information (UPSI).
d) **Designated Person / Designated Employee (DP/DE)** - Do obtain the Pre-clearance from the Compliance Officer in writing before dealing in shares of the Company either you or any of your Immediate Relatives/ concerns.
e) **Designated Person / Designated Employee (DP/DE)** - Don't deal in shares during 'Trading Window Closure' period.
f) **Designated Person / Designated Employee (DP/DE)** - Don't do 'Contra (opposite) Trade' during 6 months period of any transaction.
g) **Designated Person / Designated Employee (DP/DE)** - Don't deal in shares of the Company for a period of 6 months after separation from the Company.
h) **Designated Person / Designated Employee (DP/DE),** keep updating your latest Mobile, Phone No and Address to the Company for a period of 12 months after leaving the Company.

4. Some Important Definitions and Terms:

(i) **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 etc.
- **f)** Any other such event.

(ii) **Trading Window** In respect of declaration of financial results & dividends, the **Trading Window** shall remain closed from end of every quarter till 48 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 via mail and also submitted to stock exchanges and **hosted on website of Company.**

(iii) **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.*

(iv) **Contra Trade - No opposite transaction in next 6 months:** No Designated Persons / Designated Employees or their Immediate Relatives 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.

5. Insider Trading Regulations: Some important provisions:

The PIT 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 PIT Regulations, which prohibit insider trading, are mentioned below:

Communication or Procurement of Unpublished Price Sensitive Information.

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.*

NOTE: *This provision is intended to cast an obligation on all insiders who are essentially persons in possession of unpublished price sensitive information to handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis. It is also intended to lead to organisations developing practices based on need-to-know principles for treatment of information in their possession.*

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.*

NOTE: *This provision is intended to impose a prohibition on* ***unlawfully*** *procuring possession of unpublished price sensitive information. Inducement and procurement of unpublished price sensitive information not in furtherance of one's legitimate duties and discharge of obligations would be illegal under this provision.*

Trading Not Allowed when in Possession of UPSI.

Regulation *4(1****) 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:*

Explanation- *When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.*

6. Penalty for Insider Trading

a) Every Employee, Director, Promoter, Connected Person, Insider shall be individually responsible for complying with the applicable provisions (including to the extent the provisions hereof are applicable to their Immediate Relatives).

b) Section 15G of the SEBI Act provides that if any Insider who:

(i) either 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 anybody corporate on the basis of unpublished price-sensitive information,

shall be liable to a penalty which shall not be less than ten lakh rupees (₹10 lakhs) but which may extend to twenty-five crore rupees (₹ 25 crores) or three times the amounts of profits made out of insider trading, whichever is higher.

c) 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.

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