

**CODE OF CONDUCT FOR ALL MEMBERS
OF BOARD OF DIRECTORS AND SENIOR
MANAGEMENT**

I. OBJECTIVE

In terms of the Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter 'SEBI LODR'), it is mandatory for the Company to formulate and adopt a Code of Conduct for its Directors and Senior Management ('the Code'), duly approved by its Board of Directors ('the Board'). Further, as per Section 149 (8) of the Companies Act 2013 ('the Act'), the Independent Directors of the Company shall abide by the provisions specified in Schedule IV of the Act i.e., Code for Independent Directors.

The Code is a guide to integrity, transparency, professional conduct for Directors and the Senior Management. Adherence to these standards and fulfilment of responsibilities by the Directors and Senior Management in a professional and faithful manner will promote the trust and confidence of the investment community, regulators and other stakeholders of the Company.

II. CODE FOR PROFESSIONAL AND ETHICAL CONDUCT

Every member of the Board and Senior Management shall:

1. Act with honesty, integrity, fairness and transparency in all dealings for and on behalf of the Company.
2. Act in good faith and fulfil the fiduciary obligations without allowing their independence of judgment to be compromised.
3. Maintain the confidentiality of information entrusted to them by the Company, except when the Company authorizes disclosure or the same is required to be disclosed by laws, regulations, or legal proceedings.
4. Exercise powers conferred with reasonable discretion and after weighing the consequences of such use.
5. Not make any statement which can attract adverse criticism or affect the relations between the Company and the public / government / regulators and other stakeholders.
6. Comply with all the laws, rules, and regulations applicable to the Company from time to time. Also acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to properly discharge their duties.
7. Conduct himself/ herself in a professional manner and treat others with respect, fairness and dignity.
8. Neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to obtain business or uncompetitive favours for the conduct of the business of the Company.
9. Protect the Company's assets, resources and ensure their efficient / optimum usage.
10. Not deal in securities of the Company either on their own behalf or on behalf of any other person when in possession of any unpublished price sensitive information or communicate, provide or allow access, counsel or procure, directly or indirectly any unpublished price

sensitive information to any other person except the same is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

11. Comply with the Company's Code of Conduct for Prevention of Insider Trading and Code of Practice and Procedure for Fair Disclosure and including any amendments thereof to the extent applicable to them.
12. Not solicit gifts or accept favours or hospitality, other than in the normal course of business, that might influence or appear to influence his/her independence of judgement or affect his/her decision or action concerning the business of the Company.
13. Make a full and complete disclosure of any existing or perceived or potential conflict of interest to the Company as soon as it arises. Also disclose all actual or perceived or potential conflict of interest at the time of their appointment.
14. Comply with Policy on Prevention of Workplace Harassment, as applicable to all employees in accordance with the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.
15. Honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.
16. Abstain from activities that are or could potentially lead to involvement of either in whole or in part any unlawful practice / means. Abstain from activities that harm or could possibly harm Carnation's reputation or image either in whole or in part.

Additionally, the Executive Directors and Senior Management shall also comply with the Carnation's Code of Conduct Policy applicable to all employees of the Company.

III. **CODE FOR INDEPENDENT DIRECTORS**

The Independent Directors are also required to comply with the Code for Independent Directors as per Section 149(8) read with Schedule IV of the Companies Act, 2013 and Regulation 17(5)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, attached herewith as **Annexure A**.

In addition to the norms as prescribed in the Code, all the Directors of the Company shall also abide by the provisions of Section 166 of the Companies Act, 2013, as amended, from time to time. Please refer to **Annexure B** attached herewith.

IV. **DISCLOSURES**

As per Regulation 26(3) of the SEBI LODR, all members of the Board and Senior Management shall affirm compliance with the Code of Conduct for Board and Senior Management on an annual basis in the format attached as **Annexure C**.

The members of the Board and Senior Management of the Company are required to make disclosures to the Board relating to all material, financial and commercial transactions, where they have personal

interest that may have a potential conflict with the interest of the Company at large in the format attached as **Annexure D**.

Moreover, the Directors shall disclose to the Board all the necessary disclosures as required under the provisions of the Companies Act, 2013, SEBI LODR, Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Regulations/Guidelines issued by Reserve Bank of India ("RBI") etc., from time to time.

The Code shall be uploaded on the website of the Company in compliance with the provisions of SEBI LODR.

V. AMENDMENTS & INTERPRETATION

In the event of any variation or inconsistency between the provisions of the Code and the applicable laws, the provisions of the applicable laws shall prevail over the Code. The Code shall be reviewed from time to time for updation thereof whenever there is any change in applicable laws.

ANNEXURE A

1 CODE FOR INDEPENDENT DIRECTORS AS PER SECTION 149(8) READ WITH SCHEDULE IV OF THE COMPANIES ACT, 2013, FORMING PART OF 'THE CODE':

2 GUIDELINES OF PROFESSIONAL CONDUCT

- a) An independent director shall:
- b) uphold ethical standards of integrity and probity.
- c) act objectively and constructively while exercising his duties.
- d) exercise his responsibilities in a bona fide manner in the interest of the company.
- e) devote sufficient time and attention to his professional obligations for informed and balanced decision making.
- f) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.
- g) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person.
- h) refrain from any action that would lead to the loss of his independence.
- i) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly.
- j) assist the company in implementing the best corporate governance practices.

Role and functions

- a) The independent directors shall:
- b) help in bringing an independent judgment to bear on the Board's deliberations, especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- c) bring an objective view in the evaluation of the performance of board and management.
- d) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- e) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
- f) safeguard the interests of all stakeholders, particularly the minority shareholders.
- g) balance the conflicting interests of the stakeholders.
- h) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary

recommend removal of executive directors, key managerial personnel and senior management.

- i) moderate and arbitrate in the interest of the company, in situations of conflict between management and shareholder's interest.

Duties

- a) The independent directors shall—
- b) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company.
- c) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company.
- d) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member.
- e) participate constructively and actively in the committees of the Board in which they are chairpersons or members.
- f) strive to attend the general meetings of the company.
- g) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting.
- h) keep themselves well informed about the company and the external environment in which it operates.
- i) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
- j) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company.
- k) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
- l) report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.
- m) act within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees.
- n) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Manner of appointment

As per Section 149(8) read with Schedule IV of the Companies Act, 2013.

Re-appointment

As per Section 149(8) read with Schedule IV of the Companies Act, 2013.

Resignation or removal

As per Section 149(8) read with Schedule IV of the Companies Act, 2013.

Separate meetings

- a) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management.
- b) All the independent directors of the company shall strive to be present at such meetings.
- c) The meeting shall:
 - i. review the performance of non-independent directors and the Board as a whole.
 - ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.
 - iii. Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Evaluation mechanism

As per Section 149(8) read with Schedule IV of the Companies Act, 2013.

ANNEXURE B

Duties of Directors as per Section 166 of the Companies Act, 2013, forming part of the Code:

1. Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
2. A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
3. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
4. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
5. A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
6. A director of a company shall not assign his office and any assignment so made shall be void.
7. If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

ANNEXURE C

To,

The Company Secretary,
Carnation Industries Limited,
G-2, 34/1, East
Punjabi Bagh, New
Delhi
India 110026

Dear Madam / Sir,

Sub: Confirmation of annual compliance of the Code of Conduct for the Board and Senior Management

I have read and understood the Code of Conduct for the Board and Senior Management (the 'Code') and hereby confirm that I have complied with the Code for the Financial Year ended March 31.

Signature

**Name of the Director / Senior
Management Date**

Place

ANNEXURE D

To,

The Company Secretary,
Carnation Industries Limited,
G-2, 34/1, East
Punjabi Bagh, New
Delhi
India 110026

Sub: Confirmation of the Code of Conduct in pursuance to Regulation 26(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Ma'am,

I hereby confirm that I have complied with the Company's Code of Conduct in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and affirm my continued adherence to the same for the financial year _____.

I further confirm that in case any such situation arises in the future, I will promptly inform the Company.

The disclosure be brought to the notice of the Board at its next meeting.

Signature

**Name of the Director / Senior
Management Date**

Place