
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

Effective 29th May, 2019

[Pursuant to Regulation 8(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and as approved by the Board of Directors on 29th May, 2019

Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

1. INTRODUCTION

This code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“Code”) has been formulated by CARNATION INDUSTRIES LIMITED in pursuance of Regulation 8(1) of the SEBI (Prohibition of Insider Trading) Regulation, 2015 as amended from time to time and is based on the Principles mentioned therein.

2. OBJECTIVE

This Code aims to formulate a stated framework and policy for fair disclosure of events and occurrences that could impact price of the Company’s securities. The Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information.

3. DEFINITIONS

‘**Company**’ means CARNATION INDUSTRIES LIMITED

‘**Chief Investor Relations Officer (CIRO)**’ means the Company Secretary of the Company.

‘**Un-Published Price Sensitive Information (UPSI)**’ 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-

- Financial results;
- Dividends;
- Change in capital structure;
- Mergers, demergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
- Changes in key managerial personnel;

Words and terms used in this Code and not defined herein shall derive the meaning as per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996 or the Companies Act, 2013 including rules and regulations made thereunder.

4. PRACTICES & PROCEDURES

The Company shall adhere to the following principles so as to ensure fair disclosure of events, occurrence and unpublished price sensitive information that could impact price of its securities in the market.

- i. The Company shall promptly disclose UPSI to the stock exchanges where the shares of the Company are listed as soon as credible and concrete information comes into being in order to make such information generally available. Upon the information being sent to the stock exchanges, the information shall be deemed to be generally available and shall no longer be treated as UPSI. The Company may consider others ways of supplementing information released to stock exchanges to improve Investor access to such public announcements.
- ii. The Company shall endeavor to make uniform and universal dissemination of UPSI to avoid selective disclosures.
- iii. The Chief Investor Relations Officer (CIRO) shall be responsible for overseeing, monitoring & coordinating for dissemination of UPSI.

In the temporary absence of CIRO for any reason whatsoever, the Managing Director/Jt. Managing Director shall be responsible for dissemination and disclosure of UPSI.

- iv. In the event of disclosure of UPSI selectively, inadvertently or otherwise, the Company shall promptly disseminate such information to the stock exchanges to make it generally available.
- v. The Company shall fairly and appropriately respond to queries on news reports and requests for verification of market rumors by regulatory authorities, if any.
- vi. The Company shall ensure that information shared with analysts and research personnel are not UPSI.
- vii. The Company shall develop best practices to make transcripts/ recordings of proceedings of meetings with analysts and other investors relations conferences and shall upload the same on the website of the Company for making the same generally available.
- viii. UPSI shall be handled on a “need to know” basis in the Company. UPSI can be shared by an Insider in furtherance of legitimate purposes as per its “Policy for Determination of Legitimate Purposes” (Annexure A), provided it is not shared to evade or circumvent the prohibition under this Regulation.

5. AMENDMENT TO THE CODE

The Board of Directors reserves its right to amend or modify the Code in whole or in part, at any time without assigning any reason whatsoever.

Annexure A

Policy for Determination of Legitimate Purposes

Objective:

In terms of Regulation 3(2A) of SEBI (Prohibition of Insider Trading) Regulations, 2018, it is necessary for the Board of Directors of a Listed Company to make a policy for determination of “legitimate Purpose”. The objective of the policy is to regulate and monitor communication of UPSI for legitimate business purpose in the best interest of the company and to ensure that such information is not misused by the recipient thereof.

Definition:

“Legitimate Business Purpose” (LBP) means any purpose furthering or in the best interest of the Company and shall include the following in connection with:

- (i) the preparation of financial statements,
- (ii) fulfillment of any statutory obligation or compliance with applicable laws and regulations,
- (iii) any filing with or investigation, inquiry or request for information by a Governmental Authority,
- (iv) availing/renewal of any financial facility and/or compliance with requirements set forth in any credit facility or other agreement evidencing indebtedness or otherwise required by financing sources thereof,
- (v) due diligence relating to acquisition/takeover/merger/demerger or any other similar arrangement/restructuring of the company or its division/brand/products, etc., or
- (vi) fulfillment of a pre-existing obligation.

Policy:

1. Any Unpublished Price Sensitive information (UPSI) shall be shared by a “designated Person” only on a “need to know” basis and only for legitimate business purpose. Any such communication or sharing of UPSI shall be in furtherance of and in the best interest of the Company.
2. All persons in receipt of such UPSI shall be considered as “insider” and shall not trade in securities of the company when in possession of such UPSI. Such “insiders” are obliged to comply with the requirements of PIT Regulations.
3. The Company shall maintain a structured digital data base of all such persons containing the name, address, PAN number or any other Identifier if PAN not available, nature of UPSI, LBP for which the information or communication was shared and date and time when such UPSI was shared.
4. The Company shall before sharing of such information serve a notice on or sign a confidentiality/non-disclosure agreement with, the person with whom UPSI is shared informing him/her that he/she has to ensure the compliance of PIT Regulations while in possession of UPSI.
5. If information/communication is shared with several persons representing a firm/entity which has been appointed or has the duty to carry out a legitimate business purpose, the notice to or Confidentiality/Non Disclosure Agreement has to be entered into with each such person.
6. Where information/communication is shared with any Regulatory or statutory or Government Authority, the said Authority may be put to notice with respect to dealing with such UPSI and compliance of PIT Regulations.

Authority:

The “Policy for Determination of Legitimate Business Purpose has been approved by the Board of Directors at their meeting held on 29th May, 2019.