



CARNATION INDUSTRIES LTD.



ISO 9001 : 2008

222, ACHARYA JAGADISH CHANDRA BOSE ROAD, KOLKATA-700 017, INDIA

☎ : (+91-33) 2280 3127, 2290 2256, 2287 8229, Fax : (+91-33) 2287 9938

E-mail : info@carnationindustries.com. Web: www.carnationindustries.com.

CIN: L27209WB1983PLCO35920

Date: 26.9.2014

Mr. Manoj Bose
91, Bidhan Sarani
Kolkata – 700 004

Sub: Letter of Appointment

We are pleased to confirm that the Board and the Shareholders have approved your appointment as an Independent Director on the Board of the Company. The Terms of the Appointment, which shall in any event be subject to the Companies Act, 2013 & the Articles of Association of the Company, are set out below:

1. Term of Appointment:

You are appointed as an Independent Director of the Company from the conclusion of the 31st Annual General Meeting of the Company held on 26th September, 2014 till 31st March, 2019.

2. Expectations of the Board/Committees and the Fiduciary duties:

The Roles and functions are stated below:

- i. You shall help in bringing an independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- ii. You shall bring an objective view in the evaluation of the performance of Board and Management;
- iii. You shall scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- iv. You shall satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

- v. You shall safeguard the interests of all stakeholders, particularly the minority shareholders;
- vi. You shall balance the conflicting interest of the stakeholders;
- vii. You shall 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;
- viii. You shall moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

Duties:

The duties are stated below:

- a. You shall undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the company;
- b. You shall 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;
- c. You shall strive to attend all meetings of the Board of Directors and of the Board Committees of which you are a member;
- d. You shall participate constructively and actively in the Committees of the Board in which you are a Chairperson or Member;
- e. You shall strive to attend the general meetings of the Company;
- f. You shall where you 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 your concerns are recorded in the minutes of the Board Meeting;



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- g. You shall keep yourself well informed about the company and the external environment in which it operates;
- h. You shall not unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- i. You shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and ensure yourself that the same are in the interest of the company;
- j. You shall 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;
- k. You shall report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- l. You shall act within your authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- m. You shall 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

3. Directors and Officers (D and O) Insurance.

The Company presently does not have a Director and Officer Insurance. In case the above cover is taken the same will be informed to you.



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4. Code of Business Ethics

The Company has adopted Code of Conduct and Business Ethics of the Company for its Directors and Senior Management Personnel, a copy of which is enclosed with this letter.

5. List of Actions While Functioning:

- a. You should not be a promoter nor related to any Promoters or Directors of the Company or its holding, subsidiary or associate Company;
- b. You should not have pecuniary relationship with the Company its holding, subsidiary or associate company, or their promoters, or directors;
- c. You should not be related to those who had pecuniary relationship or transaction with the company its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent, or more of its gross turnover or total income or fifty lakhs rupees or such higher amount as may be prescribed, whichever is lower.
- d. You should not be a material supplier, service provider or customer or a lessor or lessee of the company;
- e. you, nor any of your relatives-
 - i) should hold the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
 - ii). should be an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of appointment –
 - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or



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- any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent, or more of the gross turnover of such firm;
- iii. should hold together two per cent, or more of total voting power of the company;
- iv. should be a Chief Executive or Director, by whatever name called, of any non-profit organization that receives twenty-five per cent, or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent, or more of the total voting power of the company;
- f. You must not be disqualified as per the provisions mentioned under Section 164(1) of Companies Act, 2013.

6. Sitting Fees:

You will be remunerated by way of sitting fees for attending the meetings of the Board of Directors and that of the Committees as may be approved by the Board from time to time. You are also entitled to receive the reimbursement of the expenses incurred by you for attending the Meeting of the Board/and or Committee.

7. Review process

As a member of the Board your performance as well the performance of the entire Board and its Committees shall be evaluated annually. Evaluation of each Director shall be done by all the other Directors.

8. Publication of the letter of appointment

In line with the Code for Independent Director, the Company will make public this Letter by posting it on its website.

9. Separate Meetings

You are requested to hold at least one meeting in a year without the attendance of non-independent Directors and members of the Management wherein you are requested to:



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- a) Review the performance of non-independent directors and the Board as a whole;
- b) Review the performance of the Chairperson of the Company , taking into account the views of Executive Directors and Non-Executive Directors.
- c) Assess the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonable perform their duties.

10. Acceptance of Appointment

We are confident that the Board and the Company will benefit immensely from your rich experience and we are eager to have you as an integral part of the growth of our Company. If the terms of appointment are acceptable to you , please confirm your acceptance by signing and returning the enclosed copy of this letter.

We thank you for your continued support and commitment to the Company.

Yours Sincerely

For Carnation industries Limited

R. P Sehgal
Managing Director

AGREE AND ACCEPT

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance to the same.

Name: Manoj Bose

Manoj Bose.

Place: Kolkata

Date: 26.09.2014