



CARNATION INDUSTRIES LTD.



222, ACHARYA JAGADISH CHANDRA BOSE ROAD, KOLKATA - 700 017, INDIA
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E-mail : info@carnationindustries.com, Web : www.carnationindustries.com
CIN : L27209WB1983PLC035920

29.9.2016

The Secretary Listing Department The BSE Ltd. P.J. Towers, Dalal Street Mumbai – 400 001	The Secretary The Calcutta Stock Exchange Ltd. 7, Lyons Range Kolkata – 700 001
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Re: Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015 – Submission of the Annual Report for the F.Y. 2015-2016

Pursuant to Regulation 34 of SEBI (List Obligations & Disclosure Requirements), Regulations, 2015, we are submitting herewith the Annual Report for 2015-2016.

The above annual report was en passed in the AGM held on 28.9.2016.

Kindly acknowledge

Yours faithfully
For Carnation Industries Limited


Sanjay Agarwal
Company Secretary

Encl: as above

Annual Report 2015 - 2016



CARNATION INDUSTRIES LTD.

BOARD OF DIRECTORS

Mr. Ramesh Chandra Jha
Mr. Ravindra Prakash Sehgal
Mr. Suvabrata Saha
Mr. Arun Kumar Bose
Mr. Manoj Bose
Dr. Sephali Roy

- Chairman
- Managing Director
- Joint Managing Director
- Whole Time Director
- Independent Director
- Independent Director

REGISTERED OFFICE

28/1, Jheel Road
Liluah, P.O. Salkia, Howrah - 711 106
Telephone: (033) 2645 4785

CORPORATE OFFICE

222, A. J. C. Bose Road
1st Floor, Room No. 4 & 5
Kolkata – 700 017
Phone: (033) 2280 3127/2287 8229
Fax: (033) 2287 9938
E-Mail: info@carnationindustries.com
Website: www.carnationindustries.com

AUDIT COMMITTEE

Mr. Ramesh Chandra Jha
Mr. Manoj Bose
Dr. Sephali Roy
Mr. Ravindra Prakash Sehgal
Mr. Suvabrata Saha

NOMINATION & REMUNERATION COMMITTEE

Dr. Sephali Roy
Mr. Ramesh Chandra Jha
Mr. Manoj Bose

REGISTRAR & SHARE TRANSFER AGENTS

R&D Infotech Private Limited
7A, Beltala Road, 1st Floor
Kolkata – 700 026

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Ramesh Chandra Jha
Mr. Ravindra Prakash Sehgal

Phone: (033) 24192641, 24192642
Email: rd.infotec@vsnl.net

COMPANY SECRETARY

Mr. Sanjay Agarwal

AUDITORS

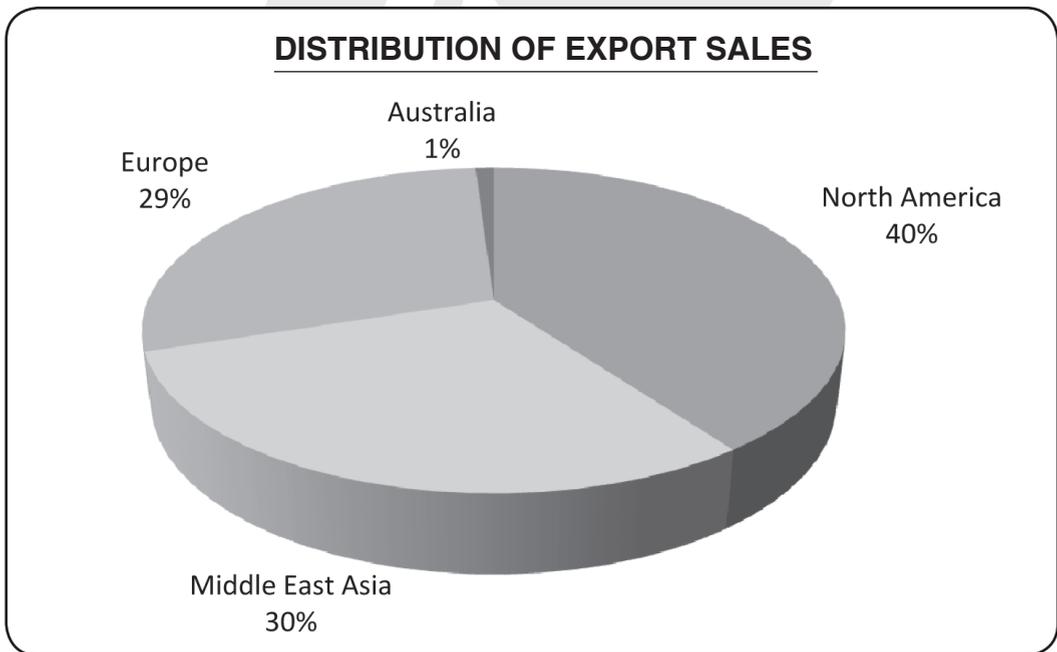
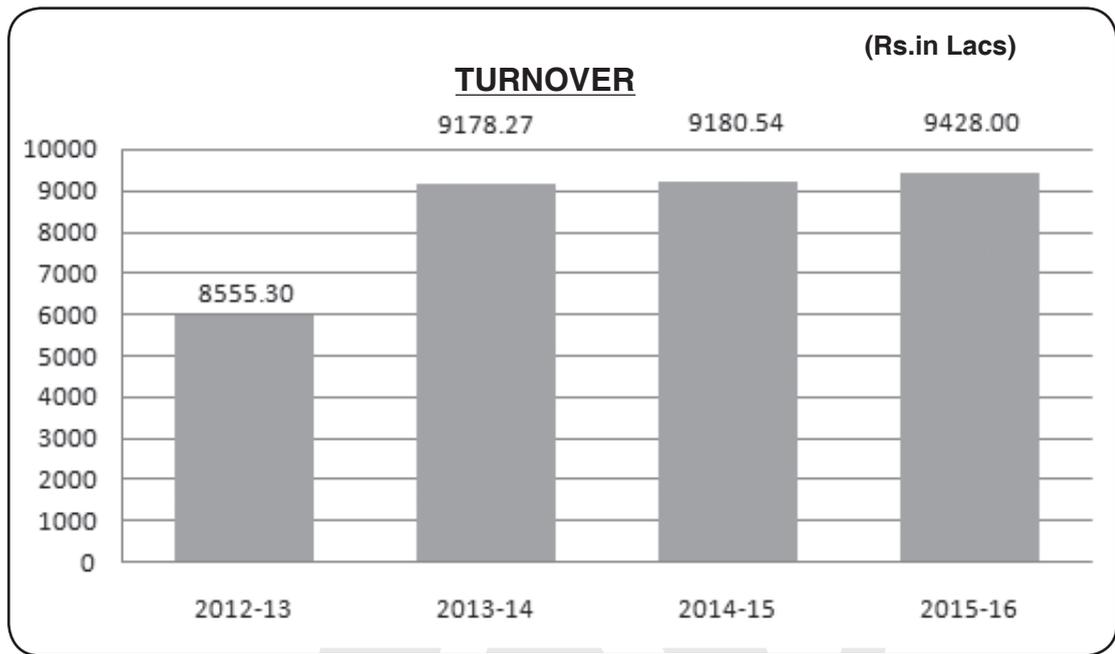
M/s. Jain & Bagaria
Chartered Accountants
27/8A, Waterloo Street
Kolkata-700 069

BANKERS

State Bank of Hyderabad
Punjab National Bank

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Mr. Ravindra Prakash Sehgal, Managing Director



Mr. Suvabrata Saha, Jt. Managing Director

NOTICE

Notice is hereby given that the 33rd Annual General Meeting of the Members of Carnation Industries Limited will be held on Wednesday, 28th September, 2016 at 10.00 A.M. at "SARAT SADAN", 5, Mahatma Gandhi Road, Howrah- 711 101 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016 together with the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Ravindra Prakash Sehgal (DIN 00119477) who retires by rotation and being eligible offers himself for re-appointment.
4. To ratify the appointment of Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139 and 142 of the Companies Act, 2013 and relevant rules prescribed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the resolution of the Members passed at the 31st Annual General Meeting held on 26th September, 2014, the appointment of M/s. Jain and Bagaria, Chartered Accountants (Registration No. 310045E) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting be and is hereby ratified, and the remuneration and reimbursement of expenses in connection with the audit of the accounts of the Company, to be fixed by the Board of Directors."

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, and the recommendations of the Nomination and Remuneration Committee and subject to all approvals, sanctions and permissions as may be necessary, the Company hereby accords its approval for the re-appointment of Mr. Arun Kumar Bose (DIN 00131295) as the Whole time Director of the Company for a period of 3 years with effect from 1.4.2016, on such terms

and conditions including remuneration as enumerated in the Explanatory Statement to this Notice and contained in the Agreement dated 27th May, 2016 entered into by the Company with Mr. Arun Kumar Bose, a copy whereof, initialed by the Chairman of the meeting for the purposes of identification, has been submitted to this meeting, which Agreement be and is hereby specifically approved with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Arun Kumar Bose, subject to the same being in conformity with the provisions of Schedule V of the Companies Act, 2013 for the time being in force.

RESOLVED FURTHER THAT in pursuance of the provisions of Section 197(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder Mr. Arun Kumar Bose, Whole time Director of the Company, may be paid the above mentioned remuneration as minimum remuneration in the event of absence or inadequacy of profits in any financial year during his term of office as Whole time Director, within the overall ceiling as provided under Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to the above stated resolution.”

By Order of the Board of Directors

Place : Kolkata
Date : 11th August, 2016

(Sanjay Agarwal)
Company Secretary

NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.**
A person can act as proxy on behalf of member or members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. Members / Proxies should bring the attendance slip along with their copy of Annual Report to the meeting.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. Statement containing details of the Directors seeking appointment/re-appointment at the Meeting as required under Section 164(2) and other applicable provisions of the Companies Act, 2013 including rules framed thereunder is annexed.
6. Pursuant to the provision of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 22, 2016 to Wednesday, September 28, 2016 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
7. The dividend on Equity Shares, if declared at the Meeting, will be credited/dispatched on and from October 5, 2016 to those members whose name shall appear on the Company's Register of Members on 21st September, 2016. In respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owner as on that date.
8. i) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Share Transfer Agents, M/s. R & D Infotech Pvt. Ltd. cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants of the members.
ii) Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/ Registrar and Share Transfer Agents, M/s R & D Infotech Private Limited.
9. The facility for making nomination is available to the members in respect of the shares held by him.

10. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all working days upto the date of the Meeting.
11. SEBI has made it mandatory for all Companies to use bank details furnished by the investors for distributing dividend to them through National Electronic Clearing Services (NECS), wherever NECS and bank details are available. In the absence of NECS facility, the Companies are required to print the bank details, if available, on payment instrument, for distribution of dividends to the investors. Therefore members holding shares in physical mode are requested to provide their bank details to the Company/Registrar. Members holding shares in demat mode are requested to record the NECS mandate with their Depository Participants.
12. Electronic copy of the Annual Report for 2015-16 and Notice of the 33rd Annual General Meeting of the Company interalia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form, is being sent to all such members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report and Notice of the 33rd Annual General Meeting of the Company interalia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. Members may also note that Notice of 33rd Annual General Meeting and Annual Report for 2015-16 will also be available on Company's website: www.carnationindustries.com for their download.
13. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the Company is pleased to provide Members holding shares either in physical form or in dematerialized form the facility to exercise their right to vote at the 33rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL). The Board of Directors of the Company has appointed Mrs. Sweety Kapoor, Company Secretary in Practice, as the Scrutinizer for conducting the entire process (including remote e-voting) in a fair and transparent manner.
14. (i) Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members as on 21st September, 2016 (cut-off date). Only those members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date will be entitled to cast their votes by remote e-voting or ballot paper at the AGM.
(ii) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
15. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
16. The Results shall be declared after the AGM of the Company. The Scrutinizer shall submit a consolidated scrutinizer report of the total votes cast in favor or against, if any, to the

Chairman of the Company. The Chairman or any other person authorized by the Chairman, shall declare the results of the voting forthwith.

- 17.i) The result, alongwith the scrutinizer's report, will be placed on the Company's website : www.carnationindustries.com and on the website of NSDL immediately after the result is declared by the Chairman or any other person authorized by the Chairman and the same shall be communicated to BSE Limited and The Calcutta Stock Exchange Limited where the shares of the Company are listed.
 - ii) The voting rights of shareholders shall be in proportion to their share of the paid up equity share capital of the Company. Those who become Members of the Company after dispatch of the AGM notice but on or before 21st September 2016 (cut-off date) may write to NSDL at evoting@nsdl.co.in or to the Company at evoting@carnationindustries.com requesting for e-voting details. However, those Members already registered with NSDL for remote e-voting can login to website <https://www.evoting.nsdl.com> and exercise their votes using their existing password.
18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agents, M/s R & D Infotech Private Limited.
 19. The Company has transferred the unpaid or unclaimed dividends declared upto the financial year 2007-2008, within the due date to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company.
 20. Members who have not registered their e-mail address so far are requested to register their e-mail address so that they can receive the Annual Report and other communications from the Company electronically.
 21. Information and other instructions relating to e-voting are as under: -
 - I. In case of Members who receive the Notice in electronic mode:
 - (a) Open the e-mail and the PDF file viz. 'CIL e-voting.pdf' with your Client ID No.(in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.
 - (b) Launch internet browser by typing the URL: <https://www.evoting.nsdl.com> and click on "Shareholder – Login".
 - (c) Insert user ID and password as initial password stated in (a) above. Click on 'Login'.

- (d) Password change menu appears. Change the password with a new password of your choice with minimum eight digits / characters or combination thereof. Please do not share your password with any other person and take utmost care to keep your password confidential.
 - (e) Home page of remote e-voting opens. Click on 'e-voting: Active Voting Cycles' and select the Electronic Voting Event Number (EVEN) of CARNATION INDUSTRIES LIMITED for casting your votes.
 - (f) Now you are ready for remote e-voting as 'Cast Vote' page opens.
 - (g) Cast your vote by selecting appropriate option and click on 'Submit'. Thereafter click on 'Confirm' when prompted. Upon confirmation, your vote is cast and you will not be allowed to change your vote.
 - (h) Thereafter the message 'Vote cast successfully' will be displayed.
 - (i) Corporate and institutional shareholders (companies, trusts, societies etc.) are required to send a scanned copy (in PDF / JPG format) of the relevant Board Resolution / appropriate authorization to the Scrutinizer through e-mail at sweetykapoor53@rediffmail.com with a copy marked to NSDL's e-mail : evoting@nsdl.co.in
- II. In case of Members who receive the Notice by post:
- (a) User ID and initial password is provided in the admission slip for the AGM.
 - (b) Please follow the steps from Sl. Nos. (b) to (i) mentioned in (I) above, to cast your vote.
- III. Members already registered with NSDL for remote e-voting can use their existing user ID and password for Login. Thereafter please follow the steps from Sl. Nos. (e) to (i) mentioned in (I) above, to cast your vote.
- IV. Those who became Members of the Company after despatch of the AGM Notice but on or before 21st September, 2016, (cut-off date) may write to NSDL at evoting@nsdl.co.in or to the Company at evoting@carnationindustries.com requesting for user ID and password. On receipt of user ID and password, the steps from Sl. Nos. (b) to (i) mentioned in (I) above should be followed for casting of vote. However, those Members already registered with NSDL for remote e-voting can use their existing user ID and password for Login.
- V. In case of any queries, you may refer to the Frequently Asked Questions for Shareholders and e-voting User Manual for Shareholders available under the Downloads section of NSDL's e-voting website www.evoting.nsdl.com or call toll free no. :1800-222-990. You may also send your queries to the e-mail: evoting@carnationindustries.com
- VI. The period for remote e-voting starts at 9.00 a.m. on 25th September, 2016 and ends at 5.00 p.m. on 27th September, 2016. Remote e-voting will be blocked by NSDL at 5.00 p.m. on 27th September, 2016.

By Order of the Board of Directors

Sanjay Agarwal
(Company Secretary)

Place : Kolkata
Date : 11th August, 2016

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**Item No 5.**

The Appointment and Remuneration of Mr. Arun Kumar Bose, Whole time Director was approved at the 30th Annual General Meeting held on 26.9.2013 for a period of 3 years w.e.f. 6.9.2013.

The present term of Mr. Arun Kumar Bose as the Whole time Director of the Company expires on 5.9.2016. On recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 27.5.2016 have re-appointed Mr. Arun Kumar Bose, taking into account his valuable contribution to the Company, and have also approved the terms and conditions (as set out below) for the re-appointment of Mr. Arun Kumar Bose as the Whole time Director of the Company, subject to the approval of the shareholders.

Remuneration

Salary: Salary Rs. 35,000/- per month with such revision as may be decided by the Nomination and Remuneration Committee and Board from time to time.

Part A**Perquisites:**

- a) House Rent Allowance Rs.5000/- per month.
- b) Medical Allowance of Rs.3000/- per month .

Part B

- a) Gratuity: Gratuity payable at a rate not exceeding half month's salary for each completed year of service. However, Gratuity will not be included in computation of the ceiling on remuneration.
- b) Encashment of leave at the end of the tenure. Encashment of leaves at the end of the tenure will not be included in computation of the ceiling on remuneration.

Part C

Car for use on Company's business and telephone at the residence will not be considered as perquisites. Use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the Whole time Director.

The above explanatory statement (together with Annexure thereto) shall be construed to be memorandum setting out the terms of re-appointment as specified under Section 190 of the Companies Act, 2013.

Brief resume of Mr. Arun Kumar Bose, nature of expertise in specific functional area and names of Companies in which he hold Directorships and Memberships/ Chairmanships of Board Committees is attached to this Notice.

The Board recommends the resolution at Item No. 5 for your approval.

None of the other Directors, Key Managerial Personnel of the Company and their relatives, except Mr. Arun Kumar Bose and his relatives, are concerned or interested financially or otherwise in the said resolution.

By Order of the Board of Directors

Sanjay Agarwal
(Company Secretary)

Place : Kolkata

Date : 11th August, 2016

Details of Directors seeking Appointment / Re-appointment at the 33rd Annual General Meeting		
Name of the Director	Mr. Arun Kumar Bose	Mr. Ravindra Prakash Sehgal
Date of Birth	05.01.1937	14.10.1955
Date of Appointment	28.08.2008	01.03.1983
Qualification	Metallurgical Engineer (UK), Furnace Technologist (Germany).	Bachelor of Technology (Hons.), Diploma in Business & Industrial Management and Diploma in Export Marketing.
Expertise in Functional Areas	Has 40 years experience in Foundry Industry.	More than 38 years of experience in iron & steel industry in India and abroad and in foreign trade. Presently, National Sr. Vice Chairman of Engineering Export Promotion Council (EEPC). Former Regional Chairman of Engineering Export Promotion Council (ER) and former President of the Institute of Indian Foundrymen.
List of Companies in which other Directorship held	NIL	NIL
Chairman/Member of the Committee of the Board of the Companies in which he is a Director	NIL	NIL
Relationship between Directors	Not related to any Director of the Company.	Not related to any Director of the Company.
Shareholding in the Company (No. of Equity Shares)	200	575865

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors are pleased to present the 33rd Annual Report and the Audited Financial Statement of the Company for the financial year ended 31st March, 2016.

FINANCIAL PERFORMANCE**(Rs. in Lacs)**

	For Year ended 31.3.2016	For Year ended 31.03.2015
Revenue from operation and other operating revenue:		
Export Sales (Net of Freight)	9383.38	9030.29
Domestic Sales (Net of Central Excise and Vat)	44.62	150.25
Export Incentives	386.02	425.82
Other Income	<u>136.84</u>	<u>314.30</u>
	9950.86	9920.66
Profit before Finance Costs, Depreciation & Amortisation and Tax	985.47	993.17
Finance Costs	546.24	654.25
Depreciation & Amortisation	138.15	161.83
Profit/(Loss) before Tax	301.08	177.09
Provision for Tax		
– Current	71.00	40.00
– Deferred	(4.05)	(4.87)
– Tax for Earlier Years	0.35	1.71
Profit/(Loss) after Tax	233.78	140.25
Surplus brought forward from previous year	405.94	290.58
Available Surplus/ (Deficit) for Appropriation	639.72	430.83
Proposed Dividend	24.20	20.74
Dividend Distribution Tax	4.93	4.15
Surplus/(Deficit) carried to Balance Sheet	610.59	405.94

FINANCIAL REVIEW

During the financial year ended 31st March, 2016 the Company has achieved total revenue from operations (net) of Rs.9950.86 lacs against Rs.9920.66 lacs in the previous year. The profit before Finance Cost, Depreciation & Amortisation and Tax was Rs.985.47 lacs against Rs.993.17 lacs in the previous year. The profit before tax was Rs.301.08 lacs against Rs.177.09 lacs in 2014-2015. The profit after tax was Rs.233.78 lacs against Rs.140.25 lacs in 2014-2015.

There was no change in the nature of business of the Company during the financial year ended 31st March, 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

The Iron and Steel Industry worldwide may have slowed down primarily due to slow down in China, however, the infrastructure projects in the Gulf & USA continue to remain steady. Europe does show signs of a slowdown but Germany and UK are retaining their project work though at a slightly lower pace.

OPPORTUNITIES AND THREAT

A steady US Dollar gives your Company an opportunity to grow further in the export markets coupled with this is the steady raw material prices.

International threats of wars and refugee crisis could weaken Euro and the growth prospects in Europe. Falling economy in China is resulting in Chinese Companies dropping their prices in international market and getting more competitive.

A sluggish domestic market leads to foundries within India competing against each other in the global market thereby increasing the inter-se competition and affecting pricing.

SEGMENT-WISE PERFORMANCE

The Management reviewed the disclosure requirement of segment wise reporting and is of the view that since the Company manufactures Castings & M.S. products which are subject to same risk and returns, hence there is one primary segment in terms of AS-17, a separate disclosure on reporting by business segments is not required. The analysis of geographical segments is based on the areas in which the Company operates.

FUTURE OUTLOOK

In the current fiscal year, we expect to strengthen our presence in the North American markets by addition of newer products. We also have plans to do steady business in the Gulf market. This should enable us to maintain our turnover. The US Dollar and Euro are expected to remain steady in a narrow range and market volumes are expected to maintain steady overall. Domestic market is looking up with the focus of the Government on Roads, Infrastructure and Railways besides the continuing agricultural industry demands.

RISKS AND CONCERN

Being predominantly in export, your Company's revenue is always subject to risks of exchange

fluctuations. The Company has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters, through use of hedging instruments such as forward contracts. The management identifies elements of risks which may threaten the existence of the Company and have developed and implemented risk management system for mitigating the same. The matter of concern however remains shortage of skilled labour resulting in higher labour cost. In order to overcome this problem your Company is laying stress on in-house training and skill development, besides retention of the skilled workers.

Some Overseas Customers are taking longer credit period for the payments and the Management is monitoring the same very closely.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Internal Financial Control System

The Company has proper and adequate Internal Financial Controls which ensures that all assets are safeguarded and protected and that the transactions are authorized, recorded and reported correctly. The Internal Auditors independently evaluate the adequacy of internal controls. Independence of the audit and compliance is ensured by direct reporting to the Audit Committee of the Board.

Adequacy of Internal Financial Controls with reference to the financial statements

To ensure effective Internal Financial Controls the Company has laid down the following measures:

1. All legal and statutory compliances are ensured on a monthly basis. Non-compliance, if any, is seriously taken by the management and corrective actions are taken immediately.
2. Transactions are pre-approved at the levels designated by the Management and this is audited & reviewed periodically.
3. Transaction audits are conducted periodically to ensure accuracy of financial reporting, safeguard and protection of all the assets. Stock audit is conducted on an annual basis at all locations. Fixed Assets Verification is done on an annual basis at all locations.
4. The Company's Books of Accounts are maintained in Oracle (ERP) and transactions are executed through Oracle (ERP) setups to ensure corrections / effectiveness of all transactions, integrity and reliability of reporting.
5. The Company has in place a well-defined Whistle Blower Policy.
6. Compliance of secretarial functions is ensured by way of Secretarial Audit.
7. Proper and adequate cost records are maintained as prescribed under the Companies (Cost Record and Audit) Amendment Rules, 2014.

Your Company's Statutory Auditors have in their report confirmed the adequacy of the internal control procedures.

EXPANSION AND NEW PROJECT

Your Company continues to upgrade its process and products. In the current year the management plans to consolidate on all the production facilities and develop more value-added products bringing in better realization.

A series of new products are being developed for the North American markets and the Company has received international certification for several of its new products which shall lead to growth in turnover.

HUMAN RESOURCES DEVELOPMENT

Your Company continued to have cordial and harmonious relations with its employees at all levels during the period under review. The operations of the Company across functions have been strengthened through induction of appropriately qualified and experienced personnel. Management of your Company strongly focuses on the performance of the Managers. The Board acknowledges its thanks to all the shop floor personnel and other employees for making significant contribution to your Company.

Your Company has conducted several training programs for its employees to improve their working. Besides this the training programs have been conducted for improving safety and health standards of the employees.

DIVIDEND

Your Directors have recommended a dividend of 7% (Re. 0.70 per Equity Share of Rs.10 each) for the financial year ended March 31, 2016 subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. The dividend together with the dividend tax will entail a cash outlay of Rs.29.13 lacs. The dividend will be paid to members whose names appear in the Register of Members as on 21st September, 2016, in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

POLLUTION CONTROL MEASURES

The pollution control measures installed in the units of the Company are in full operation as required under the statutes.

SUBSIDIARY AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary or Associate Companies.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review Mr. Debajyoti Chakrabarti resigned as Director of the Company. The Board places on record its appreciation for the valuable contributions made by Mr. Debajyoti Chakrabarti.

In accordance with the provisions of the Companies Act, 2013 and as per the Articles of Association of the Company Mr. Ravindra Prakash Sehgal (DIN 00119477), Managing Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

The Board of Directors at its meeting held on 27th May, 2016 approved the re-appointment of Mr. Arun Kumar Bose (DIN 00131295) as the Whole time Director of the Company for a further period of three years with effect from 1.4.2016. Mr. Arun Kumar Bose is subject to retirement by rotation.

None of the Directors of the Company are disqualified for being appointed/ re-appointed as Directors, as specified in Section 164 of the Companies Act, 2013.

The Board recommends the appointment/re-appointment of the above Directors with a view to avail their valuable advices and wise counsel. A brief profile of the above Directors seeking appointment/re-appointment required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in the Notice of AGM.

WOMEN DIRECTOR

Dr. Sephali Roy (DIN 07151823), appointed on 9.4.2015, continues as the Women Director on the Company's Board in conformity with the requirement of Section 149(1) of the Companies Act, 2013 and Regulation 17 of the Listing Regulations.

DECLARATION OF INDEPENDENCE

Your Company has received declaration from the Independent Directors as prescribed under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as provided in Section 149(6) of the Act read with Schedules and Rules issued thereunder as well as Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

FAMILIARIZATION PROGRAMME UNDERTAKEN FOR INDEPENDENT DIRECTORS

The Independent Directors are familiarised with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. On appointment, the Independent Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities. The familiarisation programme is available on the company's website: www.carnationindustries.com

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013 and Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out an annual performance evaluation of its own performance, that of its Committees and individual Directors.

A separate exercise was carried out to evaluate the performance of individual Directors, including the Chairman of the Board, on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Non Independent Directors and Board as a whole was also carried out by the Independent Directors.

NUMBER OF MEETINGS OF THE BOARD

During the Financial Year, four meetings of the Board of Directors were held on 26.5.2015, 12.8.2015, 12.11.2015 and 12.2.2016. The intervening gap between the Board meetings was within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

The composition, number of meetings held and the attendance of the members at these meetings are as follows:

Name of the Director	Category of Directorship	No. of Board Meeting held during 2015-2016	No. of Meetings attended
Mr. Ramesh Chandra Jha	(Chairman) Independent Director	4	3
Mr. Ravindra Prakash Sehgal	Managing Director	4	4
Mr. Suvobrata Saha	Joint Managing Director	4	4
Mr. Arun Kumar Bose	Whole-time Director	4	4
Mr. Manoj Bose	Independent Director	4	4
Dr. Sephali Roy*	Independent Director	4	4
Mr. Debajyoti Chakrabarti**	Independent Director	2	2

*Appointed w.e.f. 9.4.2015

**Ceased to be a Director w.e.f. 27.10.2015

COMMITTEES OF THE BOARD

The Company has constituted /re-constituted the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee in accordance with the requirements of Companies Act, 2013. Details of all the above Committees along with composition, meetings held and attended during the year under review are provided below:

AUDIT COMMITTEE

During the financial year ended 31st March, 2016, four Audit Committee meetings were held on 26.5.2015, 30.7.2015, 12.11.2015 and 12.2.2016. The composition, number of meetings held and the attendance of the members at these meetings are as follows:

Name of the Member	No. of Meetings Held	No. of Meetings Attended
Mr. Ramesh Chandra Jha, Chairman	4	3
Mr. Manoj Bose	4	4
Mr. Ravindra Prakash Sehgal	4	4
Mr. Suvobrata Saha	4	2
Mr. Debajyoti Chakrabarti *	2	2
Dr. Sephali Roy**	1	1

* Ceased to be a Member w.e.f. 27.10.2015.

**Appointed w.e.f. 12.11.2015.

NOMINATION AND REMUNERATION COMMITTEE

During the year ended 31st March, 2016 two meetings were held on 26.5.2015 and 12.2.2016.

The composition, number of meetings held and the attendance of the members at these meetings are as follows:

Name of the Member	No. of Meetings Held	No. of Meetings Attended
Mr. Debajyoti Chakrabarti, Chairman*	1	1
Dr. Sephali Roy, Chairman**	1	1
Mr. Ramesh Chandra Jha	2	2
Mr. Manoj Bose	2	2

*Ceased to be a Chairman and Member w.e.f. 27.10.2015

**Appointed w.e.f. 12.11.2015.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

During the financial year ended 31st March, 2016, two Committee meetings were held on 8.7.2015 and 12.2.2016. The composition, number of meetings held and the attendance of the members at these meetings are as follows:

Name of the Member	No. of Meetings Held	No. of Meetings Attended
Mr. Ramesh Chandra Jha, Chairman	2	2
Mr. Ravindra Prakash Sehgal	2	2

MEETING OF INDEPENDENT DIRECTORS

During the year under review, a meeting of Independent Directors was held on 29th March, 2016 wherein the performance of the Non-Independent Directors and the Board as a whole was reviewed. The Independent Directors at their meeting also assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board of Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) In the preparation of the annual accounts for the year ended 31st March, 2016 the applicable accounting standards read with the requirements set out under Schedule III to the Companies Act, 2013 have been followed and there are no material departures from the same;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the year ended on that date;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv) The Directors have prepared the annual accounts of the Company on a “going concern” basis;
- v) Proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi) Proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and operating effectively.

TRANSFER TO RESERVES

The Company did not transfer any amount to reserves.

PUBLIC DEPOSITS

During the financial year 2015-16, your Company has not accepted any deposits within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

CHANGES IN SHARE CAPITAL

There was no change in the share capital of the Company for the F.Y. 2015-2016.

MATERIAL CHANGES AND COMMITMENTS AFTER THE BALANCE SHEET DATE

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

CORPORATE GOVERNANCE

Your Company complies with the provisions relating to Corporate Governance to the extent applicable to it. Pursuant to Regulation 15(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company is exempted from Para C of Schedule V which requires disclosures to be made in the section on Corporate Governance of the Annual Report, Para D of Schedule V relating to declaration by CEO on compliance with the Code of Conduct and Para E of Schedule V relating to Compliance Certificate on Corporate Governance. In view thereof, the Corporate Governance report, declaration by CEO on Code of Conduct and Compliance Certificate has not been included in this Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND RESEARCH AND DEVELOPMENT

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo to be disclosed under the Act, are provided in “**Annexure -A**” to this report.

RELATED PARTY TRANSACTIONS

During the financial year 2015-16, your Company has entered into a contract with related party as defined under Section 2(76) of the Companies Act, 2013 read with Companies (Specification of Definition Details) Rules, 2014 which are in the ordinary course of business and on arms' length basis and in accordance with the provisions of the Companies Act, 2013. During the financial year 2015-16, there were no transactions with related party which qualify as material transactions under the Listing Agreement. Accordingly, the disclosure required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is not applicable to your Company.

DISCLOSURES RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULAR OF EMPLOYEES

In accordance with Section 178 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules issued thereunder and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors at its meeting held on 13th November, 2014 formulated the Remuneration Policy of the Company. The Remuneration Policy of the Company is being set out as “**Annexure-B**” to this report and this has also been uploaded on the website at its weblink: www.carnationindustries.com

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is set out as “**Annexure-C**” to this report.

Further none of the employees of the Company are in receipt of remuneration exceeding the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 are set out herewith as “**Annexure-D**” to this Report.

STATUTORY AUDITORS

The Auditors M/s. Jain & Bagaria, Chartered Accountants, Statutory Auditors of the Company, were appointed at the 31st AGM to hold office till the conclusion of the 34th AGM. The Board in terms of Section 139 of the Act and on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of M/s Jain & Bagaria from the conclusion of the ensuing AGM till the conclusion of the 34th AGM. Appropriate resolution in respect of the above is appearing in the Notice convening the 33rd AGM of the Company.

In this regard, the Company has received a certificate from the Auditors to the effect that if they are re-appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

There are no reservations, qualifications or adverse remarks contained in Auditors' Report attached to the Balance Sheet as at 31st March, 2016.

COST AUDITOR

Ministry of Corporate Affairs notification on 31.12.2014 under the Companies (Cost Records and Audit) Amendment Rules, 2014 has exempted your Company, being an export oriented company, from the purview of Cost Audit.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. MKB & Associates, Practicing Company Secretaries to conduct the Secretarial Audit of your Company. The Secretarial Audit Report is annexed herewith as “**Annexure-E**” to

this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

LOANS, GUARANTEES AND INVESTMENTS

The Company has not lent out any money or made any investment or provided any guarantee during the year under review.

SIGNIFICANT MATERIAL ORDERS PASSED BY REGULATORS /COURT

There are no significant material orders passed by the regulator/court which would impact the going concern status of the Company and its future operations.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is not applicable to your Company pursuant to Section 135 of the Companies Act, 2013.

VIGIL MECHANISM

Your Company has formulated a Whistle Blower Policy pursuant to the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy provides for a framework and process whereby employees can raise their issue against any kind of harassment, victimization or any other unfair practice being adopted against them. The Whistle Blower Policy has been uploaded on the website at its weblink:www.carnationindustries.com

STOCK EXCHANGE

The Equity Shares of the Company are listed with BSE Limited and The Calcutta Stock Exchange Limited.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

The Company has adopted a policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year ended 31st March, 2016 the Company has not received any complaints pertaining to sexual harassment.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and thanks to the Banks, Financial Institutions, various Government Authorities for their valuable assistance and co-operation and for the trust and confidence reposed in the Company by the Customers and Shareholders.

Your Directors also thank the Executives, Staff and Workforce of the Company for their efficient and dedicated services.

On Behalf of the Board of Director

R. P. Sehgal
(Managing Director)

Suvabrata Saha
(Jt. Managing Director)

Place: Kolkata
Date: 11th August, 2016

ANNEXURE A TO THE DIRECTORS' REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgoing required under the Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY:

i) The steps taken or impact on conservation of energy.	The Company has initiated a Comprehensive Energy Audit to review consumption and have undertaken measures for further reduction. Based on the analysis and report, the capital investment shall be planned.
ii) The steps taken by the Company for utilizing alternate sources of energy.	
iii) The capital investment on energy conservation equipment.	

B. TECHNOLOGY ABSORPTION:

i) Efforts made towards technology absorption.	There is a continuous system of review of designs and development of newer, better models to make the products stronger, competitive and user friendly.
ii) Benefits derived like product improvement, cost reduction, product development or import substitution.	The Company has been able to reduce the cost of production of certain components by means of rigid process control engineering.
iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year), following information may be furnished: a) Technology imported. b) Year of import. c) Whether technology has been fully absorbed. d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof.	No technology was imported in the last three years.
iv) The expenditure incurred on research or development.	The Company has set up a new R&D Team to work on development from April'2015. The development expenditure for 2015-2016 was Rs.5,37,801/-.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. in lacs)

	F.Y. 2015-16	F.Y. 2014-15
Foreign Exchange Earned	9385.61	9057.21
Foreign Exchange Outgo	375.00	605.03

ANNEXURE B TO THE DIRECTORS' REPORT

Criteria for Selection and Remuneration of Directors and Persons in Senior Management

1. Introduction

Carnation Industries Limited recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company has thus formulated the remuneration policy for its Directors, Key Managerial Personnel ("KMP") and other Senior Management Personnel ("SMP"). This policy sets out general guiding principles defining criteria for selection of Directors in the Board and Persons in Senior Management to assist the Board of Directors in performing their duties. The policy ensures constitution of the Board with optimum combination of Executive and Non-Executive Directors including Independent Directors who possess diverse experience and expertise in strategic management, governance and can provide long term vision and direction to the Company.

2. Appointment of Board Members

The Nomination and Remuneration Committee ("Committee"), along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's global operations.

In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Director's must possess experience at policy-making and operational levels which will indicate their ability to make meaningful contributions to the Board's discussion and decision-making in the array of complex issues facing the Company. Director's should possess the highest personal and professional ethics, integrity and values.

One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee also identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate and decides on the selection of the appropriate

member and invites the new member to join the Board as a Director. On acceptance of the same, the new Director is appointed by the Board.

2.1 Procedure for selection and appointment of Executives other than Board Members

The Committee liaisons with the relevant departments of the Company to study the requirement for management personnel, and for any requirement a search for candidates for the positions of KMP and SMP is made within the Company and on the human resources market. The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document and this would be examined on the basis of the conditions for appointment of KMP and SMP. Once a candidate is selected the candidate is recommended to the Board of Directors for their approval.

3. Compensation Structure

3.1. Remuneration to Executive Directors / KMP / SMP

The Committee evaluates the remuneration of the Managing Director, Whole Time Director, Key Managerial Personnel and Senior Management Personnel, on an yearly basis, taking into account the external competitive environment, track record, potential, individual performance and performance of the Company as well the industry standards, and the evaluation report is sent to the Board. The Board fixes the remuneration for Managing Director, Whole Time Director, Key Managerial Personnel and Senior Management Personnel after taking into consideration the recommendation of the Nomination and Remuneration Committee and the compliance of the provisions of Companies Act, 2013.

3.2 Remuneration to Non-Executive Directors

The Non-Executive Directors of the Company are paid remuneration by way of sitting fees only, for attending the meetings of the Board of Directors and its Committees. Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-Executive Directors of the Company are not paid any other remuneration or commission.

Review

The Nomination and Remuneration Committee reviews this Policy periodically and suggest revision to the Board to ensure the policy serves its purpose and accurately reflects the sense of the Board and the Company.

ANNEXURE C TO THE DIRECTORS' REPORT

Information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Ratio of remuneration of each Director to the median employees remuneration for the financial year 2015-2016:

Name of Director	Total Remuneration (Rs.)	Ratio of Remuneration of Director to the Median Remuneration
Mr. RavindraPrakash Sehgal	13,32,867	8.24
Mr. Suvabrata Saha	12,96,741	8.02
Mr. Arun Kumar Bose	4,56,000	2.82
Mr. Ramesh Chandra Jha	83,000	0.51
Mr. Manoj Bose	95,000	0.59
Dr. Sephali Roy	60,000	0.37
Mr. Debajyoti Chakrabarti*	35,000	0.22

*Ceased to be a Director of the Company w.e.f 27.10.2015

Notes:

- 1) The aforesaid details are calculated on the basis of remuneration for the financial year 2015-16.
- 2) Mr. Ramesh Chandra Jha, Mr. Manoj Bose and Dr. Sephali Roy are the Independent Directors of the Company and only sitting fees has been paid to them.
- 3) Median Remuneration of employees of the Company during the financial year was Rs.1,61,640/-

B. Detailed percentage increase in the remuneration of each Director, Chief Financial Officer & Company Secretary in the financial year 2015-16 are as follows:

Name	Designation	Remuneration (Rs.)		Increase/Decrease (%)
		2015-2016	2014-2015	
Mr. RavindraPrakash Sehgal	Managing Director	13,32,867	11,92,987	11.72
Mr. Suvabrata Saha	Jt. Managing Director	12,96,741	11,28,053	14.95
Mr. Arun Kumar Bose	Wholetime Director	4,56,000	4,54,000	0.44
Mr. Ramesh Chandra Jha	Independent Director	83,000	1,05,500	-21.33
Mr. Manoj Bose	Independent Director	95,000	96,000	-1.04
Dr. Sephali Roy*	Independent Director	60,000	0.00	100
Mr. Debajyoti Chakrabarti**	Independent Director	35,000	83,000	-57.83
Mr. Biplab Ganguly	Chief Financial Officer	7,20,000	6,67,200	7.91
Mr. Sanjay Agarwal	Company Secretary	9,36,000	6,27,300	49.21

* Appointed on 9.4.2015

**Ceased to be a Director of the Company w.e.f 27.10.2015

Notes:

1. The remuneration to Directors include sitting fees paid to them.
 2. The remuneration to Directors is within the overall limits approved by the shareholders of the Company.
 3. Mr.Ramesh Chandra Jha, Mr. Manoj Bose and Dr. Sephali Roy's remuneration comprises only of sitting fees.
 4. Sitting fees for Board Meeting was increased in the Board Meeting held on 12.11.2015.
- C.** Percentage increase in the median remuneration of all employees in the financial year 2015-2016.

	2015-2016 (Rs.)	2014-2015(Rs.)	% Increase
Median remuneration of all employees per annum	1,61,640/-	1,50,714/-	7.25

- D.** The permanent employees on the rolls of the Company, as on 31st March, 2016 is 169.
- E.** Comparison of average percentage increase in salary of employees other than the key managerial personnel and the percentage increase in the key managerial remuneration.

	2015-16 (Rs.)	2014-15 (Rs.)	Increase (%)
Average salary of all employees (other than Key Managerial Personnel)	1,88,692	1,84,687	2.17
Key Managerial Personnel			
Salary of MD, Jt. MD and Wholetime Director	30,85,608	27,75,040	11.19
Salary of CFO and CS	16,56,000	12,94,500	27.92

The increase in remuneration of employees other than the managerial personnel is in line with the increase in remuneration of managerial personnel.

F. Affirmation:

Pursuant to Rule 5(1) (xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management are as per the Remuneration Policy of the Company.

ANNEXURE D TO THE DIRECTORS' REPORT**FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN AS ON 31st MARCH, 2016**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration Rules, 2014)

1. REGISTRATION AND OTHER DETAILS

i) CIN	L27209WB1983PLC035920
ii) Registration Date	05-01-1995
iii) Name of the Company	Carnation Industries Limited
iv) Category/Sub Category of the Company	Public Company/Limited by Shares
v) Address of the Registered Office and Contact Details	28/1, Jheel Road, Liluah, P.O. Salkia, Howrah-711 106 Tel: +91 33 26454785 Fax: +91 33 26458418
vi) Whether shares listed on recognized Stock Exchanges Details of the stock exchanges where shares are listed:	Yes i) BSE Limited - 530609 ii) The Calcutta Stock -13067 Exchange Limited
vii) Name, Address and Contact details of Registrar and Share Transfer Agents	R&D Infotech Private Limited 7A, Beltala Road Kolkata 700 026 Tel: +91 33 24192641 +91 33 24192642

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of your Company :

Name and Description of main products /services	NIC Code of the Product/ Service	% to total turnover of the Company
Castings of Iron and Steel	2431	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary or Associate Companies.

IV. i) Share Holding Pattern

STATEMENT SHOWING SHARE HOLDING PATTERN										
Sl. No.	Category of Shareholder	No. of shares at the beginning of year (as on 1.4.2015)				No. of shares at the end of the year (as on 31.3.2016)				% of Change during the year
		No. of Shares held in Dematerialized Form	No. of Shares held in Physical Form	Total Number of Shares	% of Total Number of Shares	No. of Shares held in Dematerialized Form	No. of Shares held in Physical Form	Total Number of Shares	% of Total Number of Shares	
(A)	Promoter and Promoter Group									
(1)	INDIAN									
a	Indian Individuals / Hindu Undivided Family	763934	0	763934	22.10	763934	0	763934	22.10	0.00
b	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
c	Body Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d	Financial Institutions /Banks	0	0	0	0.00	0	0	0	0.00	0.00
e	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	SubTotal (A)(1)	763934	0	763934	22.10	763934	0	763934	22.10	0.00
(2)	Foreign									
a	Individuals (Non Resident Individuals/ Foreign Individuals)	745983	0	745983	21.58	745983	0	745983	21.58	0.00
b	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
c	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
d	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
e	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	SubTotal (A) (2)	745983	0	745983	21.58	745983	0	745983	21.58	0.00
	Total Shareholding of Promoter and Promoter Group A=(A)(1)+ (A)(2)	1509917	0	1509917	43.68	1509917	0	1509917	43.68	0.00
(B)	Public Shareholding									
(1)	Institutions									
a	Mutual Funds & UTI	0	10900	10900	0.32	0	10900	10900	0.32	0.00
b	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
c	Central Government /State Government(s).	0	0	0	0.00	0	0	0	0.00	0.00
d	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
f	Foreign Institutional Investors (SEBI- registered)	3471	0	3471	0.10	0	0	0	0.00	-0.10
g	Foreign Venture Capital Investor	0	0	0	0.00	0	0	0	0.00	0.00
h	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
i	Any Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (B)(1)	3471	10900	14371	0.42	0	10900	10900	0.32	-0.10

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(2)	Non Institutions									
a	Bodies Corporate	122870	7300	130170	3.76	43450	7300	50750	1.46	-2.30
b	i) Individuals shareholders holding nominal share capital upto Rs.1 Lakh	588664	137926	726590	21.01	551785	135726	687511	19.88	-1.13
	ii) Individuals shareholders holding nominal share capital excess of Rs.1 Lakh	498002	578110	1076112	31.13	619972	578110	1198082	34.66	3.53
c	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
d	Any Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (B) (2)	1209536	723336	1932872	55.90	1215207	721136	1936343	56.00	0.10
	Total Public Shareholding B=(B) (1) +(B)(2)	1213007	734236	1947243	56.32	1215207	732036	1947243	56.32	0.00
	Total Shareholding (A)+(B)	2722924	734236	3457160	100.000	2725124	732036	3457160	100.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total I(A)+(B)+(C)	2722924	734236	3457160	100.000	2725124	732036	3457160	100.00	0.00

ii) Shareholding and Change in Promoters Shareholding

Sr. No.	Shareholder's Name	Shareholding as on 1.4.2015			Shareholding as on 31.3.2016			% change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	
1.	R. P. Sehgal	575865	16.657	--	575865	16.657	---	---
2.	S. Saha	573598	16.591	--	573598	16.591	---	---
3.	Sumati Sehgal	187675	5.428	--	187675	5.428	---	---
4.	Alpana Saha	172385	4.986	---	172385	4.986	---	---
5.	Geeta Verma	394	0.011	---	394	0.011	----	---

iii) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	Shareholder's Name	Shareholding		Date of Purchase / Sale	Increase/ (Decrease) in Shareholding	Reasons for Increase/ Decrease	Cumulative Shareholding during the year 01.04.15 to 31.3.2016	
		No. of shares at the beginning 1.4.2015	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1.	M.M.Kundu	399110	11.54	-	-	-	399110	11.54
2.	S. Kundu	397760	11.51	-	-	-	397760	11.51
3.	M.B Melwani	49021	1.42	-	-	-	49021	1.42
4.	V.K. Jain	40000	1.61	-	-	-	40000	1.16
				5.6.2015	11000	Purchase	51000	1.48
				18.9.2015	19000	Purchase	70000	2.02
				31.12.2015	(20000)	Sale	50000	1.45
				31.3.2016	26242	Purchase	76242	2.21
5.	B.R. Gandhi	36000	1.04	-	-	-	36000	1.04
				27.11.2015	(1000)	Sale	35000	1.01
6.	M. Purshottam	25000	0.72	-	-	-	25000	0.72
				11.12.2015	(4000)	Sale	21000	0.61
7.	Jainco Projects (India) Ltd.	22156	0.64	-	-	-	22156	0.64
8.	Latha B	15555	0.45	-	-	-	15555	0.45
				10.4.2015	1111	Purchase	16666	0.48
				8.5.2015	1111	Purchase	17777	0.51
				24.7.2015	1254	Purchase	19031	0.55
				31.7.2015	2203	Purchase	21234	0.61
				7.8.2015	4432	Purchase	25666	0.74
				14.8.2015	2111	Purchase	27777	0.80
				21.8.2015	7778	Purchase	35555	1.03
				28.8.2015	224	Purchase	35779	1.03
				11.9.2015	100	Purchase	35879	1.04
				18.9.2015	1121	Purchase	37000	1.07
				25.9.2015	137	Purchase	37137	1.07
				30.9.2015	200	Purchase	37337	1.08
				9.10.2015	552	Purchase	37889	1.10
				22.10.2015	110	Purchase	37999	1.10
				6.11.2015	200	Purchase	38199	1.10
				13.11.2015	100	Purchase	38299	1.11
				20.11.2015	200	Purchase	38499	1.11
				4.12.2015	(2944)	Sale	35555	1.03
				8.1.2016	(978)	Sale	34577	1.00
				11.3.2016	200	Purchase	34777	1.01
9.	R. H. Agarwal	13172	00.38	-	-	-	13172	0.38
				10.7.2015	4000	Purchase	17172	0.50
				14.8.2015	2759	Purchase	19931	0.58
				18.9.2015	675	Purchase	20606	0.60
				25.9.2015	3587	Purchase	24193	0.70

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10.	Kanta Suresh Jain	--	--	--	--	--	--	--
				15.1.2016	14800	Purchase	14800	0.43
				29.1.2016	11062	Purchase	25862	0.75
				19.2.2016	2438	Purchase	28300	0.82
				22.2.2016	30168	Purchase	58468	1.69
				26.2.2016	6732	Purchase	65200	1.89
				11.3.2016	1777	Purchase	66977	1.94

iv) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date	Increase (Decrease) in shareholding	Shareholding	
		No of shares at the beginning of the year (01.04.15)	% of total shares of the Company			No of shares at the end of the year (31.03.16)	% of total shares of the Company
1.	R. P. Sehgal	575865	16.657	--	--	575865	16.657
2.	S. Saha	573598	16.591	--	--	573598	16.591
3	A. K. Bose	200	0.000	--	--	200	0.000
4.	R. C. Jha	--	--	--	--	--	--
5.	M.Bose	--	--	--	--	--	--
6.	D.Chakrabarti	--	--	--	--	--	--
7.	B.Ganguly	--	--	--	--	--	--
8.	S. Agarwal	--	--	--	--	--	--

v. Indebtedness

(Rs. in crore)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year (01.04.2015)				
i) Principal Amount	34.62	0	0	34.62
ii) Interest due but not paid	0.06	0	0	0.06
iii) Interest accrued but not due	0.03	0	0	0.03
TOTAL (i+ii+iii)	34.71	0	0	34.71
Change in Indebtedness during the financial year				
Addition	1.73	0	0	1.73
Net Change	1.73	0	0	1.73
Indebtedness at the end of the Financial Year (31.03.2016)				
i) Principal Amount	36.31	0	0	36.31
ii) Interest due but not paid	0.11	0	0	0.11
iii) Interest accrued but not due	0.02	0	0	0.02
TOTAL (i+ii+iii)	36.44	0	0	36.44

vi. Remuneration of Directors and Key Managerial Personnel

a. Remuneration of Managing Director and Whole-time Director

Sr. No.	Particulars of Remuneration	Name of Managing Director / Whole-time Director			Total Amount (Rs.)
		R. P. Sehgal	S. Saha	A. K. Bose	
1.	i) Basic Salary	790000	790000	330000	1910000
	ii) Perquisites	459867	446741	66000	972608
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
5.	Others	83000	60000	60000	203000
	Total	1332867	1296741	456000	3085608

b. Remuneration to Independent Directors

Sr. No.	Particulars of Remuneration	Name of Independent Directors				Total Amount (Rs.)
		R. C. Jha	Manoj Bose	Dr. Sephali Roy*	Debajyoti Chakrabarti**	
1.	Sitting Fees	83,000	95,000	60,000	35,000	273000
2.	Commission	–	–	–	–	–
3.	Others	–	–	–	–	–
	Total	83,000	95,000	60,000	35,000	273000

*Appointed w.e.f. 9.4.2015

**Ceased to be a Director w.e.f. 27.10.2015

c. Remuneration to Key Managerial Personnel

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs.)
		Biplab Ganguly, CFO	Sanjay Agarwal, CS	
1.	Gross Salary	7,20,000	9,36,000	16,56,000
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
5.	Others	–	–	–
	Total	7,20,000	9,36,000	16,56,000

vii. Penalties/Punishment/Compounding of Offences

There are no penalties/punishment or compounding of offences in the F.Y. 2015-2016.

ANNEXURE E TO THE DIRECTORS' REPORT

Form No. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

CARNATION INDUSTRIES LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CARNATION INDUSTRIES LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings;

- v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) or by SEBI, to the extent applicable:
- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing/trading companies, the following laws/acts are also, inter alia, applicable to the Company:
- a) The Environment Protection Act, 1986
 - b) The Water (Prevention and Control of Pollution) Act, 1974
 - c) The Air (Prevention and Control of Pollution) Act, 1981

We have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India. [Applicable from July 1, 2015]
- b) The Listing Agreements entered into by the Company with BSE Limited and the Calcutta Stock Exchange Limited and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. [Applicable from December 1, 2015]

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in

the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- b) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) None of the Directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

We further report that subject to the observation above there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there are no specific events/actions which have any major bearing on the Company's affairs.

For **MKB & Associates**
Company Secretaries

Saheb Ali
(Partner)

ACS no. 33361
COP no. 12653

Date: 05/07/2016
Place: Kolkata

**REPORT OF THE AUDITORS TO THE MEMBERS OF
CARNATION INDUSTRIES LIMITED****Report on the financial statement**

We have audited the accompanying financial statements of **CARNATION INDUSTRIES LIMITED** (“the Company”) which comprise the Balance Sheet as at 31st March, 2016 the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

The Company’s Board of Director is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards, specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rule, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in audit report under the provision of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment,

including the assessment of the risks of material mis-statement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that gives a true and fair view in order to design Audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matter in the Notes to the financial statements:

- (i) Note 16(a) to the financial statements which describes the overdue receivables from a related party.

Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) order, 2016 ("the order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in Paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on records by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure “B”; and
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- i. The Company has disclose the impact of pending litigations on its financial position in its Standalone financial statement – Refer Note 28(ii) & 28 (vi) to the financial statements;
 - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses if any, as required on long-term contracts including derivative contracts-Refer Note 28(xvi) to the financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **JAIN & BAGARIA**
Chartered Accountants

27/8A, Waterloo Street
Kolkata - 700 069
Dated : 27th May, 2016

B. K. Agarwal
(Partner)
Membership No.065361
FRN : 310045E

Annexure “A” to the Independent Auditor’s Report

The Annexure referred to in our Independent Auditor’s Report to the members of the Company on the financial statements for the year ended 31st March, 2016, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As informed to us all fixed assets (except lying with outside parties) have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
(c) We have examined the original title deed and xerox copies of title deeds in case of mortgaged properties. Based on our audit procedures and according to the information and explanations given to us, we report that all title deeds of immovable proprieties are held in the name of the Company.
2. The management has conducted physical verification of inventory at the end of the year (except stock lying with outside parties). The discrepancies noticed on verification between the physical stocks and book records, which in our opinion were not material, have been properly dealt with in the books of account.
3. According to the information and explanation given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firm, Limited Liability Partnerships or other parties covered in register maintained under Section 189 of the Act. Accordingly, the paragraphs 3 (iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, the Company has not given any loan, made investment, given guarantees or security during the year which is covered under provisions of Section 185 and 186 of the Act. Accordingly, the paragraph 3(iv) of the Order is not applicable to the Company.
5. According to the information and explanations provided by the management, we are of the opinion that the Company has not accepted any deposits from public covered under section 73 to 76 or any other relevant provision of the Companies Act and rules framed there under. Accordingly, the paragraph 3(v) of the order is not applicable to the company.
6. The Central Government has prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the products of the company. We have broadly reviewed such records maintained by the company and are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
7. A) According to the information and explanations given to us and on the basis of our examination

of the books of account, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess and other material statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess and other material statutory dues were outstanding, as on 31st March, 2016 for a period of more than six months from the date they became payable.

- B) According to the information and explanations given to us, and on the basis of our examination of the books of account, there are no dues of sales tax, duty of custom and value added tax which have not been deposited on account of any dispute. According to the information and explanations given to us, the following dues of income-tax, service tax and duty of excise have not been deposited by the Company on account of disputes:

Name of Statute	Nature of Dues	Amount (Rs. In Lacs)	Forum where Dispute is Pending
West Bengal Value Added Tax Act, 2003	Value Added Tax for the Financial Year 2007 – 2008	100.13 lacs	Before the West Bengal Commercial Taxes Appellate & Revisional Board.
Central Excise Act, 1944	Duty and Penalty	136.56 lacs	Before the Commissioner (Appeal – I & II) of Central Excise.

8. Based on our audit procedures and on the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions banks or to any banks. The Company did not have any outstanding debentures, or loans or borrowings from Government during the year.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration

in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

12. In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transaction with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transaction have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For **JAIN & BAGARIA**
Chartered Accountants

27/8A, Waterloo Street
Kolkata - 700 069
Dated : 27th May, 2016

B. K. Agarwal
(Partner)
Membership No.065361
FRN : 310045E

Annexure “B” to the Independent Auditor’s Report

Report on the Internal Financial Controls under Clause (i) of **Sub-section 3** of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **CARNATION INDUSTRIES LIMITED** (“the Company”) as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material mis-statement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that is reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material mis-statements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the

internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has in all material respects, an adequate internal financial controls system over financial reporting and such Internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

27/8A, Waterloo Street
Kolkata - 700 069
Dated : 27th May, 2016

For **JAIN & BAGARIA**
Chartered Accountants

B. K. Agarwal
(Partner)
Membership No.065361
FRN : 310045E

BALANCE SHEET AS AT 31ST MARCH, 2016

(Rs. in Lacs)

Particulars	Note No.	As at 31.03.2016		As at 31.03.2015	
EQUITY AND LIABILITIES					
1. Shareholders' Funds					
a) Share Capital	3	345.72		345.72	
b) Reserves and Surplus	4	1485.86	1831.58	1281.21	1626.93
2. Non-Current Liabilities					
a) Long-Term Borrowings	5	–		5.06	
b) Deferred Tax Liabilities (Net)	6	74.01		78.06	
c) Long-Term Provisions	7	145.21	219.22	126.69	209.81
3. Current Liabilities					
a) Short-Term Borrowings	8	3626.07		3434.76	
b) Trade Payables	9	2901.24		3371.85	
c) Other Current Liabilities	10	24.87		64.36	
d) Short-Term Provisions	11	76.15	6628.33	49.60	6920.57
TOTAL			8679.13		8757.31
ASSETS					
1. Non-Current Assets					
a) Fixed Assets	12				
i) Gross Carrying Amount		3111.59		3132.83	
ii) Less : Depreciation		1882.60		1826.84	
iii) Net Carrying Amount			1228.99		1305.99
b) Non-Current Investments	13		0.22		0.22
c) Long Term Loans and Advances	14		58.97		52.23
2. Current Assets					
a) Inventories	15	784.71		1063.80	
b) Trade Receivables	16	5427.73		5081.15	
c) Cash and Bank Balances	17	195.28		200.23	
d) Short-Term Loans and Advances	18	114.13		99.81	
e) Other Current Assets	19	869.10	7390.95	953.88	7398.87
TOTAL			8679.13		8757.31

Summary of Significant Accounting Policies 2

The accompanying notes are an integral part of the financial statements.

As per our report annexed of even date

For **JAIN & BAGARIA**

Chartered Accountants

B.K.Agarwal

Partner

Membership No. 065361

FRN : 310045E

27/8A, Waterloo Street

Kolkata - 700 069

Dated : 27th May, 2016

R.P.Sehgal

(Managing Director)

Biplab Ganguly

(Chief Financial Officer)

On behalf of the Board

Arun Kumar Bose

(Whole Time Director)

Sanjay Agarwal

(Company Secretary)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs. in Lacs)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
Income :			
I. Revenue From Operations	20	9842.13	9659.99
II. Other Income	21	108.73	260.67
III. Total Revenue (I + II)		9950.86	9920.66
IV. Expenses :			
Manufacturing Expenses	22	6246.19	6628.44
Purchases of Finished/Semi Finished Goods	23	1.57	425.94
(Increase)/Decrease in Stock of Finished Goods	24	275.66	(169.01)
Employee benefits expenses	25	1262.11	1149.31
Finance costs	26	546.24	654.25
Depreciation and amortization expense		138.15	161.83
Prior Period Adjustment		-	0.35
Other Expenses	27	1179.86	892.46
Total Expenses		9649.78	9743.57
V. Profit Before Exceptional and Extraordinary Items and Tax : (III - IV)		301.08	177.09
VI. Exceptional Items		-	-
VII. Profit Before Extraordinary Items and Tax :		301.08	177.09
VIII. Extraordinary Items		-	-
IX. Profit Before Tax (VII - VIII)		301.08	177.09
X. Tax Expenses :			
(1) Current Tax		71.00	40.00
(2) Tax adjustments for earlier years		0.35	1.71
(3) Deferred tax		(4.05)	(4.87)
XI. Profit/(Loss) for the period from continuing operations (IX-X)		233.78	140.25
XII. Profit/(Loss) for the period		233.78	140.25
Basic & diluted earning per Equity Share of Rs.10/- each		6.76	4.06

Summary of Significant Accounting Policies 2

As per our report annexed of even date

For **JAIN & BAGARIA**

Chartered Accountants

B.K.Agarwal

Partner

Membership No. 065361

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Biplab Ganguly

(Chief Financial Officer)

On behalf of the Board

Arun Kumar Bose

(Whole Time Director)

Sanjay Agarwal

(Company Secretary)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016
(Rs. in Lacs)

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
Cash flow from Operating Activities		
Profit before tax from continuing operations	301.08	177.09
Profit before tax	301.08	177.09
Depreciation/amortization on continuing operation	138.15	161.83
Profit/(Loss) on Sale of Fixed Assets	(0.38)	–
Interest expense	392.61	504.04
Dividend income	(0.12)	–
Operating profit before working capital changes movements in working capital :	831.34	842.96
Increase/(Decrease) in trade payables	(470.61)	59.47
Increase/(Decrease) in long-term provisions	18.52	21.73
Increase/(Decrease) in other current liabilities	(27.02)	(2.05)
Decrease/(Increase) in trade receivables	(346.58)	(285.14)
Decrease/(Increase) in inventories	279.09	(244.72)
Decrease/(Increase) in long-term loans and advances	(6.74)	0.57
Decrease/(Increase) in short-term loans and advances	(22.56)	30.36
Decrease/(Increase) in other current assets	84.78	223.89
Cash generated from/(used in) operations	340.22	647.07
Direct taxes paid (net of refunds)	49.04	65.87
Net Cash Flow from/(used in) Operating Activities (A)	291.18	581.20
Cash Flow from Investing Activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(61.18)	(58.65)
Proceeds from sale of fixed assets	0.40	–
Creditors for Capital Goods	0.74	(31.48)
Dividend received	0.12	–
Net Cash Flow from/(used in) Investing Activities (B)	(59.92)	(90.13)

(Rs. in Lacs)

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
Cash Flow from Financing Activities		
Repayment of long-term borrowings	(22.24)	(51.90)
Proceeds from short-term borrowings	191.31	161.71
Interest paid	(388.64)	(512.74)
Dividends paid on equity shares	(20.74)	(27.66)
Tax on equity dividend paid	(4.15)	(4.70)
Net Cash Flow from/(used in) Financing Activities (C)	<u>(244.46)</u>	<u>(435.29)</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(13.20)	55.78
Cash and cash equivalents at the beginning of the year	80.92	25.14
Cash and cash equivalents at the end of the year	<u>67.72</u>	<u>80.92</u>
Components of cash and cash equivalents		
Cash in hand	12.06	13.28
With banks- on current account	51.17	62.18
Temporary Bank Overdraft	-	-
- Unpaid dividend accounts*	4.49	5.46
Total cash and cash equivalents (Note 17)	<u>67.72</u>	<u>80.92</u>

Summary of significant accounting policies 2

* The company can utilize these balances only toward settlement of the respective unpaid dividend, unpaid matured deposits and unpaid matured debenture liabilities.

As per our report annexed of even date

For **JAIN & BAGARIA**

Chartered Accountants

B.K.Agarwal

Partner

Membership No. 065361

FRN : 310045E

27/8A, Waterloo Street

Kolkata - 700 069

Dated : 27th May, 2016

R.P.Sehgal

(Managing Director)

Biplab Ganguly

(Chief Financial Officer)

On behalf of the Board

Arun Kumar Bose

(Whole Time Director)

Sanjay Agarwal

(Company Secretary)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

1. General Information

Carnation Industries Limited (the Company) is a public company domiciled and incorporated in India. The company is engaged in the manufacture of foundry based engineering goods namely Cast Iron, Ductile Iron and Mild Steel Castings predominantly for export and also for domestic market having plants at various locations in West Bengal. Its shares are listed on two stock exchanges in India (Bombay Stock Exchange and The Calcutta Stock Exchange Ltd.).

2. Summary of significant accounting policies

A. Accounting Convention

The accounts are prepared on accrual basis under the historical cost convention in accordance with the provisions of the Companies Act 2013 ('Act') and mandatory accounting standards as prescribed under section 133 of the Act read with Rule, 7 of the Companies (Accounts) Rules 2014 except otherwise stated.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule-III to the Companies Act, 2013 based on the time taken between the acquisition of the assets for processing and their realisation in cash and cash equivalents and the nature of other receivables, the company expects its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

B. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. The cost represents the cost of acquisition inclusive of duties & taxes which are not recoverable, incidental expenses, erection / commissioning expenses and interest etc. upto the date the assets is put to use.

Software expected to provide future enduring economic benefits is stated at cost less amortization. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

C. Depreciation/Amortisation

- i) Depreciation on tangible assets is provided on the straight line method over the useful lives of assets as specified in the schedule II to the Companies Act 2013.
- ii) Depreciation on fixed assets added / disposed off during the year is provided on prorata basis.
- iii) Assets having useful life of less than 12 months are fully charged to revenue in the year of purchase.

iv) Intangible Assets –

Computer Software is normally amortised over its useful life of 3 years as estimated by the management. Computer Software acquired but not found suitable is fully amortised in the year of acquisition. Licences representing right to use are amortised over a period of 3 years.

D. Impairment

Cash generating units/assets are assessed for possible impairment at each Balance Sheet date based on external and internal sources of information. Impairment losses, if, any are recognised as an expenses in statement of Profit and Loss.

E. Investments

Long term investments are carried at cost less provisions for permanent diminution in value of such investments.

F. Inventories

- i) Raw material, Consumable stores, Spares, Power & Fuels and Packing Materials are valued at cost on FIFO basis. Inventories of Rejected/Scrapped finished goods are treated as raw materials and valued at current Market Price.
- ii) Finished goods are valued at cost or net realisable value whichever is lower. Cost is determined on average cost basis including proportionate fixed manufacturing overheads based on actual capacity.

G. Foreign Currency Transaction (other than for Fixed Assets)

Export Sales in Foreign Currency are accounted at the Exchange rates prevailing on the date of negotiation of export documents by bank or at the exchange rates under the related forward exchange contracts. Receivable & Payables not covered by forward exchange contracts are translated at year end exchange rates or at the amounts which is likely to be realised from and the gains / losses so determined and also the realised exchange gains/ losses are recognised in the Statement of Profit and Loss.

H. Cenvat

Central Excise Duty and Service Tax credit on purchase of Raw Materials, Consumables and Capital Goods and on services received are deducted from the cost of such materials, consumables, capital goods and services.

I. Value Added Tax

Input tax credit on purchase of Raw Materials, Consumables and Capital Goods are deducted from the cost of such materials and capital goods.

J. Export Benefit

Export Incentives which are in the nature of post realisation benefit are recognised on the basis of the claim made till the date of financial statements are approved and to the extent of certainty of collection and export incentives which are in the nature of pre realisation benefit recognised in the year of export irrespective of actual realisation.

K. Gratuity & Encashment of Leave

The Gratuity and Encashment of Leave are provided on Actuarial Valuation as required under AS-15.

L. Bonus

Bonus is provided for on the basis of liability incurred.

M. Taxes on Income

In case of the Company, provision for tax is made for current and deferred taxes. Current Tax is provided on the taxable income under the applicable tax laws and tax rates. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent period are recognised under the tax laws and tax rates which have been or subsequently enacted.

Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is "virtual certainty" that such deferred tax assets can be realised against future taxable profits.

N. Interest and Finance Charges

Interest and Finance Charges charged to Statement of Profit & Loss include interest and bank charges on bank borrowings, short term and long term and discounting of inland, foreign L/Cs including those in favour of bankers. Interest on negotiation of Purchases/Sale documents are charged to revenue account on the basis of recognition of Purchases/Sale. Interest attributable to qualifying assets only in specific borrowing cases are capitalised as cost of assets.

O. Purchases

Purchases are inclusive of carriage charged by the suppliers in their invoices.

P. Segment Reporting Policies

The Company is engaged in the manufacture of Castings & M.S. products which are subject to the same risk & returns and hence there is one primary segment. The analysis of geographical segments is based on the areas in which the Company operates.

Q. Subsidies

Government subsidies are accounted when there is no reasonable doubt of collection.

**NOTES FORMING PART OF THE BALANCE SHEET FOR THE YEAR ENDED
31ST MARCH, 2016**

(Rs. in Lacs)

	<u>As at 31.03.2016</u>	<u>As at 31.03.2015</u>
3. SHARE CAPITAL		
Authorised		
7000000 Equity shares of Rs.10/- each	700.00	700.00
Issued, Subscribed and Paid-Up		
3457160 Equity Shares of Rs. 10/ each fully paid up	345.72	345.72
(Of the above shares 945900 shares, were allotted as fully paid up by way of bonus shares by Capitalisation of General Reserves created out of Profits.)	<u>345.72</u>	<u>345.72</u>

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	<u>As at 31.03.2016</u>		<u>(No. & Rs. in Lacs) As at 31.03.2015</u>	
Equity Shares	<u>No.</u>	<u>Rs.</u>	<u>No.</u>	<u>Rs.</u>
At the Beginning of the period	<u>34.57</u>	<u>345.72</u>	<u>34.57</u>	<u>345.72</u>
Outstanding at the end of the period	<u>34.57</u>	<u>345.72</u>	<u>34.57</u>	<u>345.72</u>

b) Terms/rights attached to equity shares

The company has only one class of equity shares having face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2016, the amount of per share dividend recognised as distributable to equity shareholders is Re.0.70 (31st March, 2015: Re.0.60). The total dividend appropriation for the year ended 31-03-2016 amounted to Rs.29.13 lacs (Previous year Rs.24.89 lacs) including corporate dividend tax of Rs.4.93 lacs (Previous year Rs.4.15 lacs).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Company

	As at 31.03.2016		As at 31.03.2015	
	No.	% Holding	No.	% Holding
Equity Shares of Rs.10/ each fully paid				
Ravindra Prakash Sehgal	575865	16.657%	575865	16.657%
Suvabrata Saha	573598	16.591%	573598	16.591%
Madan Mohan Kundu	399110	11.544%	399110	11.544%
Sanatan Kundu	397960	11.511%	397960	11.511%
Sumati Sehgal	187675	5.428%	187675	5.428%

(Rs. in Lacs)

4. RESERVES & SURPLUS	As at 31.03.2016		As at 31.03.2015	
	Capital Reserves		48.84	
Securities Premium Reserves		306.30		306.30
General Reserves		493.24		493.24
Export Business Reserves		26.89		26.89
Statement of Profit & Loss Account				
Opening Balance	405.94		290.58	
Surplus/(Deficit) for the period	<u>233.78</u>	639.72	<u>140.25</u>	430.83
Less: Appropriations				
Proposed Equity dividend		24.20		20.74
Dividend Distribution Tax thereon		<u>4.93</u>		<u>4.15</u>
		<u>610.59</u>		<u>405.94</u>
Total Reserves and Surplus		<u>1485.86</u>		<u>1281.21</u>

5. LONG -TERM BORROWINGS
From Banks

(Secured against purchase of bills, hypothecation of stock in trade, Book Debts and receivables, Term Deposits, Equitable Mortgage of Land / Buildings owned by the Company as well as by some-Directors, charge on the existing and future plant & machinery owned by the Company and personal guarantee of some Directors and guarantee by ECGC on pari-passu basis amongst the Bankers, including for short term borrowings)

	As at 31.03.2016		As at 31.03.2015	
Term Loan	5.11		26.87	
Less: Current maturity classified as Other Current Liabilities	<u>5.11</u>	—	<u>21.81</u>	5.06
Car Loan	—		0.48	
Less: Current maturity classified as Other Current Liabilities	<u>—</u>	—	<u>0.48</u>	—
		<u>—</u>		<u>5.06</u>

a) Repayment terms for Rupee Term Loans are as follows :

(Rs. in Lacs)

Bank	31.03.2016	31.03.2015	Repayments Terms
State Bank of Hyderabad	–	9.31	Repayable in sixteen equal quarterly instalments. Interest is payable monthly @ 15.45% pa.
Punjab National Bank	5.11	17.56	Repayable in Sixteen equal quarterly instalments. Interest is payable monthly @ 15.25% pa.
ICICI Bank (Car Loans)	–	0.48	Repayable in fifteen equal monthly instalment including interest at the rate 12.75% pa.

6. DEFERRED TAX LIABILITIES (NET)

The major components of the Deferred tax assets/liabilities based on the tax effect on the timing difference as at 31st March, 2016 are as under:

	As at 31.03.2016	As at 31.03.2015
Deferred Tax Liability/(Assets)		
Timing differences for Depreciation	105.49	102.94
Provision for Leave Encashment	(3.19)	(2.30)
Provision for Gratuity	(28.29)	(22.58)
Net Deferred Tax Liability/(Assets)	74.01	78.06

7. LONG TERM PROVISIONS

Provision for Contingencies	50.00	50.00
Provision for Gratuity	85.55	69.59
Provision for Leave Encashment	9.66	7.10
	145.21	126.69

a) Provision for contingencies

(Rs. in Lacs)

	Excise
Opening Balance as at 01.04.2015	50.00
Amount provided during the period	–
Amount utilised against provision	–
Unused amount released during the period	–
Closing Balance as at 31.03.2016	50.00

8. SHORT-TERM BORROWINGS
From Banks

(Secured against purchase of bills, hypothecation of stock in trade, Book Debts, and receivables, Term Deposits, Equitable Mortgage of Land / Buildings owned by the Company as well as by some Directors, charge on the existing and future plant & machinery owned by the Company and personal guarantee of some Directors and guarantee by ECGC on pari-passu basis amongst the Bankers including for long term borrowings.)

(Rs. in Lacs)

	As at 31.03.2016	As at 31.03.2015
Loans Repayable on Demand		
Packing Credit	1423.66	1460.49
Bills Purchase Account	2182.20	1546.95
Cash Credit	20.21	27.55
Standby Line of Credit	—	399.77
	<u>3626.07</u>	<u>3434.76</u>
9. TRADE PAYABLES		
For goods Supplied	2135.89	2757.31
For Expenses	765.35	614.54
	<u>2901.24</u>	<u>3371.85</u>
a) In view of insufficient information from the suppliers regarding their status as Micro, Small and Medium Enterprises, the amount remaining unpaid to such undertakings could not be ascertained for separate disclosure in our accounts.		
b) Charge of hypothecation over Current Assets & Raw Materials procured under letter of credit in favour of bankers has been created for letter of credit issued. Aggregate value of such letter of credit outstanding as on 31st March, 2016 is Rs.763.67 lacs. (Previous Year Rs.787.64 lacs.)		
		(Rs. in Lacs)
	As at 31.03.2016	As at 31.03.2015
10. OTHER CURRENT LIABILITIES		
Current maturities of long term debt	5.11	22.29
Unclaimed Dividend	4.49	5.46
Interest accrued and due on Bank borrowing	11.11	6.07
Interest accrued but not due on Bank borrowing	2.43	3.50
Advance from Customer	0.24	26.29
Creditors for Capital Goods	1.49	0.75
	<u>24.87</u>	<u>64.36</u>
11. SHORT TERM PROVISIONS		
For Income Tax (Net)	47.02	24.71
” Proposed Dividend	24.20	20.74
” Dividend Distribution Tax	4.93	4.15
	<u>76.15</u>	<u>49.60</u>

12. FIXED ASSETS (AT COST)

(Rs. in Lacs)

DESCRIPTION	GROSS CARRYING AMOUNT			DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT			
	AS AT 31/03/2015	ADDITIONS DURING THE YEAR	SALES / ADJUST- MENTS	AS AT 31/03/2016	UP TO 31/03/2015	PROVIDED DURING THE YEAR	SALES / ADJUST- MENTS	UP TO 31/03/2016	AS AT 31/03/2016	AS AT 31/03/2015
TANGIBLE ASSETS										
1) LAND	165.65	0.18	-	165.83	-	-	-	-	165.83	165.65
2) BUILDINGS	812.16	21.74	-	833.90	361.38	16.53	-	377.91	455.99	450.78
3) PLANT & MACHINERIES	1085.58	11.63	66.56	1030.65	717.42	71.90	66.56	722.76	307.90	368.17
4) LABORATORY EQUIPMENT	79.41	0.71	1.66	78.46	52.25	5.06	1.66	55.65	22.81	27.16
5) PATTERN & DICES	492.59	22.20	-	514.79	326.57	14.94	-	341.51	173.28	166.02
6) TOOLS & IMPLEMENTS	28.45	-	-	28.45	12.84	1.62	-	14.46	13.99	15.61
7) FURNITURE & FITTINGS	59.69	1.61	0.09	61.21	50.45	2.79	0.06	53.18	8.04	9.25
8) ELECTRIC INSTALLATION	148.37	-	13.64	134.73	74.72	13.04	13.64	74.12	60.61	73.65
9) MOTOR VEHICLES	53.82	-	0.47	53.35	40.70	3.36	0.47	43.59	9.76	13.12
10) COMPUTERS P.C	78.90	2.91	-	81.81	72.25	2.90	-	75.15	6.66	6.65
INTANGIBLE ASSETS										
1) ERP SOFTWARE	74.44	-	-	74.44	67.78	4.38	-	72.16	2.28	6.66
2) COMPUTER SOFTWARE	29.36	-	-	29.36	28.08	0.70	-	28.78	0.58	1.28
3) LICENCE	24.40	-	-	24.40	22.38	0.93	-	23.31	1.09	2.02
CAPITAL WORK IN PROGRESS										
TOTAL	3132.83	61.18	82.42	3111.59	1826.82	138.15	82.39	1882.60	1228.99	1305.99
PREVIOUS YEAR	3074.16	84.29	25.62	3132.83	1664.99	161.83	-	1826.84	1305.99	-

Note : 1) Pattern & Dice includes Rs.6.62 lacs lying with Supplier abroad

2) The above figures of gross carrying amount and accumulated depreciation are inclusive of Rs.304.31 Lacs in respect of items of Plant & Machinery and Rs.76.20 Lacs for other fixed assets which had fully depreciated in the books of accounts and net book value is nil.

	As at 31.03.2016	(Rs. in Lacs) As at 31.03.2015
13. NON-CURRENT INVESTMENT		
Quoted (Long Term)		
3500 (Previous Year 3500) Fully paid Equity Shares of Rs.2/- each, in Punjab National Bank.	0.22	0.22
Market Value Rs.296450/- (Previous year Rs.505400/-)		
14. LONG TERM LOANS AND ADVANCES		
(Unsecured Considered Good)		
Advances recoverable in cash or in kind or for the value to be received	14.86	14.86
Security Deposit	44.11	37.37
	<u>58.97</u>	<u>52.23</u>
a) Advance represents due from M/s. The Salkia Industrial Works. Execution case had been filed by the company on failure by the party to pay as per the Court order, which is still pending.		
15. INVENTORIES (As taken, valued and certified by the management, for mode of valuation refer Note No. 2F)		
Finished Goods [Refer Note No.24(a)]	529.68	805.34
Raw Materials [Refer Note No.22(b)]	146.69	138.03
Consumable Stores, Spares and Power & Fuels	93.28	101.37
Packing Materials	15.06	19.06
	<u>784.71</u>	<u>1063.80</u>
Note: 1) Out of the above, Raw Materials of Rs. Nil are in transit (Previous Year – Rs.8.52 lacs).		
2) Out of the above, Raw Materials of Rs. 2.90 lacs are lying with Jobber (Previous Year – Rs.4.32 lacs).		
3) Out of the above, Consumable Stores of Rs. 0.99 lacs are in transit (Previous Year – Rs.4.49 lacs).		
4) Out of the above, Finished Goods of Rs. 98.64 lacs are in transit (Previous Year – Rs.132.06 lacs).		
5) Out of the above, Finished Goods of Rs. 1.63 lacs lying with processors (Previous Year – Rs.5.41 lacs).		
16. TRADE RECEIVABLES		
Unsecured Considered Good :		
More than Six months from the due date	2556.37	2774.85
Other Debts	2871.36	2306.30
	<u>5427.73</u>	<u>5081.15</u>
a) Export proceeds in foreign exchange from a related party of Rs. 2544.19 lacs (Previous year Rs.2907.51 lacs) could not be realised within 12 month from the dates of export as at the end of the year. Total outstanding as on 31.03.2016 is Rs. 2544.19 lacs (Previous Year Rs.3173.04 lacs). Out of that Rs. 36.79 lacs (Rs. 64.75 lacs) have since been realised.		

(Rs. in Lacs)

	As at 31.03.2016	As at 31.03.2015
17. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash In hand (As certified by Management)	12.06	13.28
Balances with Banks		
On Current Accounts (Including Balances of Rs.4.49 lacs lying with dividend account) (Previous year Rs.5.46 lacs.)	55.66	67.64
	<u>67.72</u>	<u>80.92</u>
Other Bank Balances		
Fixed Deposits (lying with Bank as security deposit) [Including fixed deposits of Rs.102.29 lacs (Previous year Rs.72.08 lacs) with more than 12 months maturity]	113.25	96.85
Interest accrued but not due on above	14.31	22.46
	<u>195.28</u>	<u>200.23</u>
18. SHORT TERM LOANS & ADVANCES		
UNSECURED CONSIDERED GOOD		
Advances recoverable in cash or in kind or for the value to be received	47.75	32.66
Income Tax Refund Receivable	9.91	9.91
Advances to Staff	6.47	7.24
Other Advance [Refer Note No.28(v)]	50.00	50.00
	<u>114.13</u>	<u>99.81</u>
19. OTHER CURRENT ASSETS		
UNSECURED CONSIDERED GOOD		
Export Incentive Receivable	30.68	70.29
Cenvat & Service Tax Receivable	221.55	267.57
Input Tax Credit Receivable [Refer Note No.28(iii)]	616.87	608.39
Profit on unexpired Forward Exchange Contract	-	2.74
Other Receivable	-	4.89
	<u>869.10</u>	<u>953.88</u>

NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31.03.2016		(Rs. in Lacs) As at 31.03.2015	
20. REVENUE FROM OPERATION				
Export Sale	9599.98		9203.01	
Less : Freight	<u>216.60</u>	9383.38	<u>172.72</u>	9030.29
Domestic Sale (Net of Central Excise / Vat)		<u>44.62</u>		<u>150.25</u>
		9428.00		9180.54
Other operating revenue				
Export Incentives - Realised	356.60		357.28	
Export Incentives - Unrealised	<u>29.42</u>	386.02	<u>68.54</u>	425.82
Discounts		25.88		26.71
Others		<u>2.23</u>		<u>26.92</u>
		9842.13		9659.99
Details of Products Sold				
Castings		<u>9428.00</u>		<u>9180.54</u>
		9428.00		9180.54
21. OTHER INCOME				
Interest	–		24.16	
Dividend	0.12		–	
Exchange Rate Difference (Net)	99.19		228.17	
Others	<u>9.42</u>	108.73	<u>8.34</u>	260.67
22. MANUFACTURING EXPENSES				
Raw Materials Consumed				
Opening Stock	138.03		85.79	
Add : Purchases (Net of Central Excise and VAT)	<u>4157.11</u>		<u>4800.89</u>	
	4295.14		4886.68	
Less : Closing Stock	<u>146.69</u>	4148.45	<u>138.03</u>	4748.65
Consumable Stores & Spares Consumed	634.51		572.82	
Power & Fuel	1037.87		939.32	
Other Manufacturing Expenses	148.48		139.69	
Clearing & Forwarding Import	3.40		12.55	
Custom Duty	–		0.08	
Conversion Charge	11.46		–	
Factory Rent	4.32		4.32	
Carriage Inward	102.73		67.39	
Pollution Control Expenses	9.05		9.13	
Purchase Tax	6.13		5.56	
Repairs & Maintenance :				
To Machinery & Others	116.06		98.02	
To Shed & Godown	<u>23.73</u>	139.79	<u>30.91</u>	128.93
		6246.19		6628.44

(Rs. in Lacs)**As at****31.03.2015****As at****31.03.2016**

a) Details of Raw Material Consumed (Including Wastage)		
Indigenous		
Pig Iron	2980.30	2902.63
Scrap	993.71	1670.09
Others	174.44	175.93
	<u>4148.45</u>	<u>4748.65</u>
b) Details of Closing Stock of Raw Materials		
Raw Materials		
Pig Iron & Scrap	139.71	116.13
M.S.Materials for Fabricated Steel	2.90	4.32
Others	4.08	17.58
	<u>146.69</u>	<u>138.03</u>
23. PURCHASE OF FINISHED/ SEMI FINISHED GOODS		
Casting	1.57	425.94
	<u>1.57</u>	<u>425.94</u>
24. (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS		
Closing Stock	529.68	805.34
Opening Stock	805.34	636.33
	<u>275.66</u>	<u>(169.01)</u>
a) Details of Closing Stock of Finished Goods		
Casting	529.68	805.34
	<u>529.68</u>	<u>805.34</u>
25. EMPLOYEE BENEFIT EXPENSES		
Salaries	304.88	290.86
Wages	819.65	727.25
Bonus to Staff & Contractors	32.93	31.97
ESI Contribution	19.25	17.35
Workmen & Staff Welfare Expenses	13.07	12.60
Contribution to PF and other Funds	54.15	47.19
Gratuity	18.18	22.09
	<u>1262.11</u>	<u>1149.31</u>

	As at 31.03.2016	(Rs. in Lacs) As at 31.03.2015
26. FINANCE COST		
Interest :		
To Bank on other than Term Loan (Net)	310.60	401.11
To Bank on Term Loan	1.65	7.17
To Others	0.97	1.35
Bank Charges	107.96	105.84
Export Guarantee Fees	45.67	44.37
Finance Charges	79.39	94.41
	546.24	654.25
27. OTHER EXPENSES		
Clearing & Forwarding Expenses (Export) (Including Carriage Outward)	186.88	152.12
Repairs & Maintenance :		
To Other Assets	45.67	35.85
Rates & Taxes	18.66	13.80
Commission	194.74	102.19
Discount Allowed	118.40	16.20
Bad Debt written off	-	11.68
Insurance	6.35	5.77
Packing Charge	189.83	183.13
Loss on Sale of Fixed Assets	0.02	-
Directors Remuneration	28.83	25.92
Auditors Remuneration	5.53	5.00
Director's Meeting Fees	4.76	4.68
Inspection Service Charges	76.35	85.52
Sundry Debit Balance Written Off	45.36	9.35
Miscellaneous Expenses	258.48	241.25
	1179.86	892.46

28. OTHER NOTES

i) Estimated amount of contracts remaining to be executed on Capital Account is Rs. Nil (Net of advance of Rs. Nil) (Previous year Rs. Nil, net of advance Rs. Nil.)

ii) Contingent liability not provided for in respect of : (Rs. in Lacs)

	As at 31.03.16	As at 31.03.15
a) Outstanding Bank Guarantee	107.76	104.68
b) Disputed Duty & Penalty under Central Excise Law	86.56	86.56
c) Disputed Vat Demand for the Financial Year 2007-08	100.13	100.13

d) Duty drawback received amounted to Rs.50.00 lacs (Approx) (Previous year Rs.57.00 lacs) is subject to export realisation.

e) In addition, the company has a few outstanding legal proceedings which have arisen in the ordinary course of business. However the company's management does not expect this legal proceedings, when concluded will have any material and adverse effect on the financial position of the company.

iii) The Company, in respect of its claim for refund of Input Tax Credit amounting to Rs.106.03 lacs for the Financial Year 2005-06 had filed a revision petition u/s 87 of the VAT Act, 2003 against the Appellate Authority's order dt. 25/03/2011, rejecting the appeal and also filed an appeal before The West Bengal Commercial Taxes Appellate and Revisional Board for the financial year 2007-08 against the order passed by the Joint Commissioner of Sales Tax, Kolkata (South) Circle, rejecting the total claim of ITC for that year and also raised a demand for Rs.100.13 lacs. The revision petition and the appeal are still pending. Claims for the refund of Input Tax Credit in respect of other financial years are at various stages of adjudication with the Sales Tax Department. The Company expects realisation of these refund claims not later than 12 months from 31st March, 2016. The company had also been advised by its lawyer that these claims were worked out and made in conformity and compliance with the stipulated rules and procedures. During the current financial year the company has partly received provisional refund of Input Tax Credit amounting to Rs. 138.69 lacs and Rs. 41.63 lacs out of claims made for the financial year 2014-2015 and 2015-2016 against submission of Indemnity Bonds equivalent to the amount of claim.

iv) The company recognises overdue interest on export sales as and when the sale proceeds is realised as mutually agreed.

v) The Additional Commissioner of Central Excise, Kol-II and Haldia Commissionerate have raised two separate demands with penalty aggregating to Rs. 136.56 lacs out of which Rs. 50.00 lacs was paid in the financial year 2007-08. The Company had filed Appeals against the above demands before the Commissionerate (Appeal - I & II) of Central Excise Kolkata which are still pending.

vi) Central Excise department has investigated and based on that the Company has part paid/reversed cenvat duty which the Company has claimed to be an advance.

vii) Gratuity and Other Post-Employment Benefit Plans:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The Company also provides Leave Encashment Benefit to employees, whereby unutilised leave is carried forward and eligible for encashment upon retirement / termination.

The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and amounts recognised in the Balance Sheet for the respective plans.

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

	(Rs. in Lacs)			
	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	11.74	1.73	8.59	1.43
Interest Cost	5.43	0.55	4.59	0.36
Expected return on plan assets	-	-	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Amortization of Past Service Cost	-	-	-	-
Actuarial Losses / (Gains)	1.01	0.82	8.91	2.12
Total Expenses recognised in the statement of Profit & Loss	<u>18.18</u>	<u>3.10</u>	<u>22.09</u>	<u>3.91</u>

Balance Sheet

	(Rs. in Lacs)			
	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present Value of Defined Benefit Obligation	85.55	9.66	69.59	7.10
Fair Value of Plan Assets	-	-	-	-
Funded Status [Surplus/(Deficit)]	(85.55)	(9.66)	(69.58)	(7.10)
Effect of Balance Sheet Asset Limit	-	-	-	-
Unrecognised Past Service Costs	-	-	-	-
Net Asset/(Liability) recognised in Balance Sheet	<u>(85.55)</u>	<u>(9.66)</u>	<u>(69.58)</u>	<u>(7.10)</u>

Changes in the present value of defined benefit obligation are as follows:

	(Rs. in Lacs)			
	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening defined benefit obligation	69.59	7.10	51.03	3.93
Current Service Cost	11.74	1.73	8.59	1.43
Interest Cost	5.42	0.55	4.59	0.36
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Employee Contribution	-	-	-	-
Plan Amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (Gains)/Losses	1.02	0.82	8.91	2.12
Benefits Paid	<u>(2.22)</u>	<u>(0.54)</u>	<u>(3.53)</u>	<u>(0.74)</u>
Closing defined benefit obligation	<u>85.55</u>	<u>9.66</u>	<u>69.59</u>	<u>7.10</u>

Change in the fair value of Plan Assets are as follows:

	(Rs. in Lacs)			
	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening fair value of plan assets	-	-	-	-
Actual return on plan assets	-	-	-	-
Actual Company Contributions	2.22	0.54	3.53	0.74
Employee Contributions	-	-	-	-
Benefits paid	(2.22)	(0.54)	(3.53)	(0.74)
Closing fair value of plan assets	-	-	-	-

The principal assumptions are the (1) Discount rate & (2) Salary increase.

The discount rate should be based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities and the salary increase should take account of inflation, seniority, promotion and other relevant factors.

The financial assumptions employed for the calculations are as follows:

	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Discount Rate per annum compounded	7.84%	7.84%	7.80%
Rate of increase in salaries	5.00%	5.00%	5.00%	5.00%
Expected Average remaining working lives of employees (years)	19.04	19.97	21.60	22.07

Scheme is not funded through any trust fund and therefore no assumption regarding expected rate of return on assets is applicable.

Amount for the current period are as follows:

	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Defined benefit obligation	85.55	9.66	69.59
Plan Assets	-	-	-	-
Surplus / (Deficit)	(85.55)	(9.66)	(69.59)	(7.10)

The above information and data are based on actuarial certification.

- viii) In the opinion of the Board, all Current Assets and Non-Current Assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the accounts. Balance confirmation from certain vendors are yet to be received by the company.
- ix) The assets and liabilities which are expected to be realised and payable in the ordinary course of business not later than 12 months from the reporting date have been classified as current assets and current liabilities in the Balance Sheet. All other assets and liabilities have been classified as non-current.
- x) Foreign Exchange gain of Rs. 99.19 lacs (Previous year gain Rs. 228.17 lacs) are net of exchange gain of Rs. NIL (Previous year Rs.1.74 lacs) arising out of conversion of unexpired forward exchange contract at marked to market and loss of Rs. 2.10 lacs (P.Y. Rs.1.72 lacs) arising out of cancellation of forward exchange contract during the year.
- xi) The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced.

Sales Revenue By Geographical Market

	<u>2015-16</u>	<u>2014-15</u>
Export Sales (Net of Freight)		
North America	3754.84	2480.38
Middle East	2824.71	2981.01
Europe	2768.05	3520.43
Australia	35.78	48.47
Domestic Sale	44.62	150.25

The Company has common cost, fixed assets and liabilities for all geographical segments, hence separate figures for segment results, fixed assets/addition to fixed assets and liabilities have not been furnished.

- xii) Provision for current tax has been made under the normal positions of the Income Tax Act, net of MAT credit.

xiii) Related party disclosures and transactions:

Sl. No.	Name	Relationship	Nature of Transaction	(Rs. in Lacs)			
				Amount (Rs.)	Amount (Rs.)	Outstanding (Rs.)	Outstanding (Rs.)
1.	Mr.R.P.Sehgal	Managing Director	Remuneration	12.50	(11.13)	0.91	(0.78)
			Meeting Fees	0.83	(0.81)	–	
2.	Mr.Suvabrata Saha	Jt. Managing Director	Remuneration	12.37	(10.83)	0.91	(0.78)
			Meeting Fees	0.60	(0.45)	–	
3.	Mr. Arun Kumar Bose	Whole time Director	Remuneration	3.96	(3.96)	0.33	(0.33)
			Meeting Fees	0.60	(0.58)	–	
4.	Mr.Ramesh Chandra Jha	Non Executive Director	Meeting Fees	0.83	(1.05)	–	
			Chairman Office Expenses	1.50	(1.50)	–	
5.	Mr. Manoj Bose	Non Executive Director	Meeting Fees	0.95	(0.96)	–	
6.	Mr. Debajyoti Chakrabarti	Non Executive Director	Meeting Fees	0.35	(0.83)	–	
7.	Dr. Sephali Roy	Non Executive Director	Meeting Fees	0.60	–	–	
8.	Mr. Sanjay Agarwal	Company Secretary	Remuneration	9.36	(6.27)	1.35	(1.02)
9.	Mr. Biplab Ganguly	Chief Financial Officer	Remuneration	7.20	(6.67)	1.15	(1.06)
10.	Mr. Abhijit Biswas	Officer-Corporate Affairs	Remuneration	7.80	(7.20)	1.32	(1.15)
11.	Nacip INC	Body Corporate over which Key Management personel are able to exercise significant influence.	Export Sale	Nil	(230.81)	2508.91	(3136.90)
			Late payment Int.	Nil	(24.16)	NIL	(36.14)
			Export Proceeds Realised	735.25	(479.11)		

(Rs. in Lacs)

		31.03.16	31.03.15
xiv) Auditor's Remuneration Includes			
Audit Fees		5.03	4.50
Tax Audit Fees		0.50	0.50
		<u>5.53</u>	<u>5.00</u>

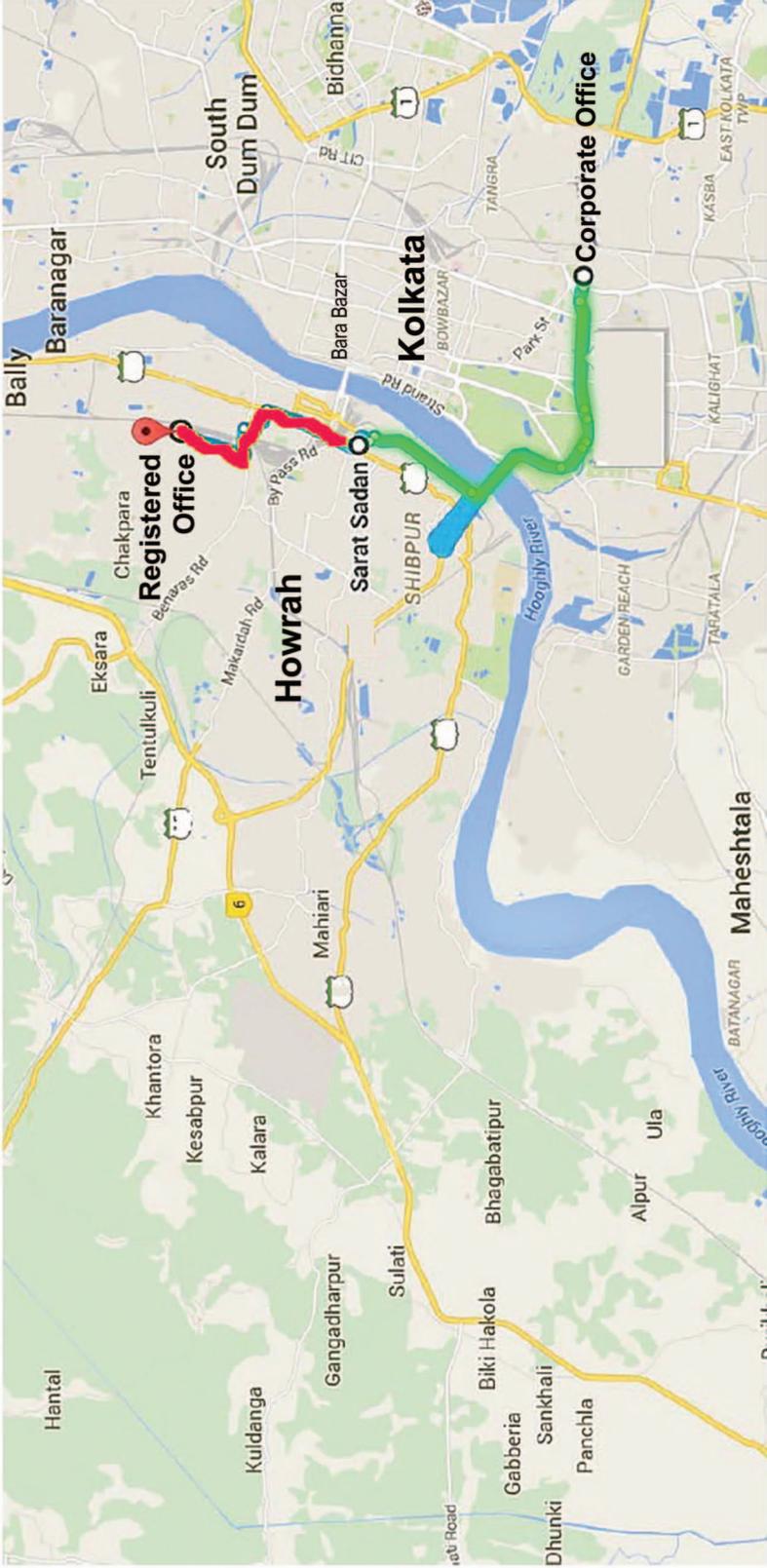
xv) Additional information pursuant to the provisions of paragraphs 5 of Part-II of Schedule III of the Companies Act, 2013

	<u>31.03.16</u>	<u>(Rs. in Lacs)</u> <u>31.03.15</u>
i) Earnings in Foreign Exchange during the year		
Export of Goods (F.O.B)	9383.38	8555.45
Overseas Trading	–	474.84
Others	2.23	26.92
ii) Expenditure in Foreign Currency		
a. Travelling & Conveyance	25.83	20.14
b. Licence Fees	4.95	6.87
c. Commission	194.74	102.19
d. Foreign Bank Charge	26.68	19.50
e. Inspection Charges	4.40	8.71
f. Bad Debts written off	–	8.50
g. Discount Allowed	118.40	16.20
iii) CIF Value of Import		
Overseas Trading	–	422.92
xvi) Derivative instruments		
Derivative contracts outstanding as at the Balance Sheet date:		

Particulars	Purpose
Forward Contract to sale US \$ US \$ Nil (31st March, 2015: US \$ 40000.00) Rs.Nil (31st March, 2015 Rs.25.36 lacs)	Hedge of buyers credit.
Forward Contract to sale EURO EURO Nil (31st March, 2015: EURO 100000.00) Rs.Nil (31st March, 2015: Rs.71.08 lacs)	Hedge of buyers credit.

xvii) Previous year's figures have been regrouped / revised wherever found necessary.

Route Map to the venue of the AGM - Sarat Sadan, Howrah



Corporate Office : 222, A. J. C. Bose Road, Kolkata

Registered Office : 28/1, Jheel Road, Howrah



CARNATION INDUSTRIES LTD.
222, A.J.C. Bose Road, Kolkata - 700 017, INDIA