



CARNATION INDUSTRIES LTD.



bsi.
ISO 9001 : 2015

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

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

CIN: L27209WB1983PLCO35920

25.09.2018

<p>The Secretary Listing Department The BSE Ltd. P.J. Towers, Dalal Street Mumbai – 400 001</p>	<p>The Secretary The Calcutta Stock Exchange Ltd. 7, Lyons Range Kolkata – 700 001</p>
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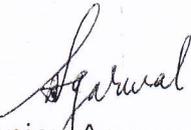
Dear Sir/Madam,

Re: Submission of the Annual Report for the F.Y. 2017-2018

Kindly find enclosed the Annual Report of 2017-2018, duly approved by the shareholders on 19.09.2018.

Kindly acknowledge.

Yours faithfully
For Carnation Industries Limited


Sanjay Agarwal
Company Secretary

Encl: as above

Registered Office

28/1, JHEEL ROAD, P.O. SALKIA, LILUAH, HOWRAH - 711 106

ANNUAL REPORT

2017 - 2018



CARNATION INDUSTRIES LTD.

BOARD OF DIRECTORS

Mr. Manoj Bose	– Chairman & Independent Director
Mr. Ravindra Prakash Sehgal	– Managing Director
Mr. Suvabrata Saha	– Joint Managing Director
Mr. Arun Kumar Bose	– Whole Time Director
Dr. Sephali Roy	– Independent Director
Mr. Gautam Mukherjee	– Independent Director

REGISTERED OFFICE

28/1, Jheel Road
Liluah, P.O. Salkia, Howrah - 711 106
Telephone: (033) 2645 4785
Fax : (033) 2287 9938
CIN No. : L27209WB1983PLC035920

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

COMPANY SECRETARY

Mr. Sanjay Agarwal

REGISTRAR AND SHARE TRANSFER AGENT

R&D Infotech Private Limited
7A, Beltala Road, 1st Floor
Kolkata – 700 026
Phone: (033) 24192641, 24192642
Email: info@rdinfotech.net

AUDITORS

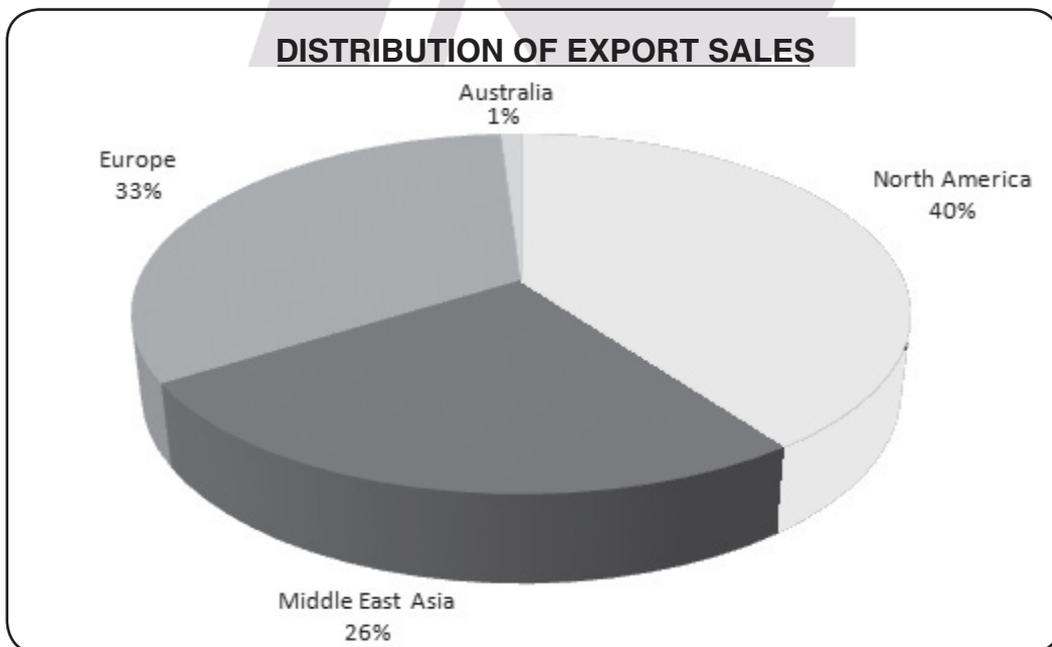
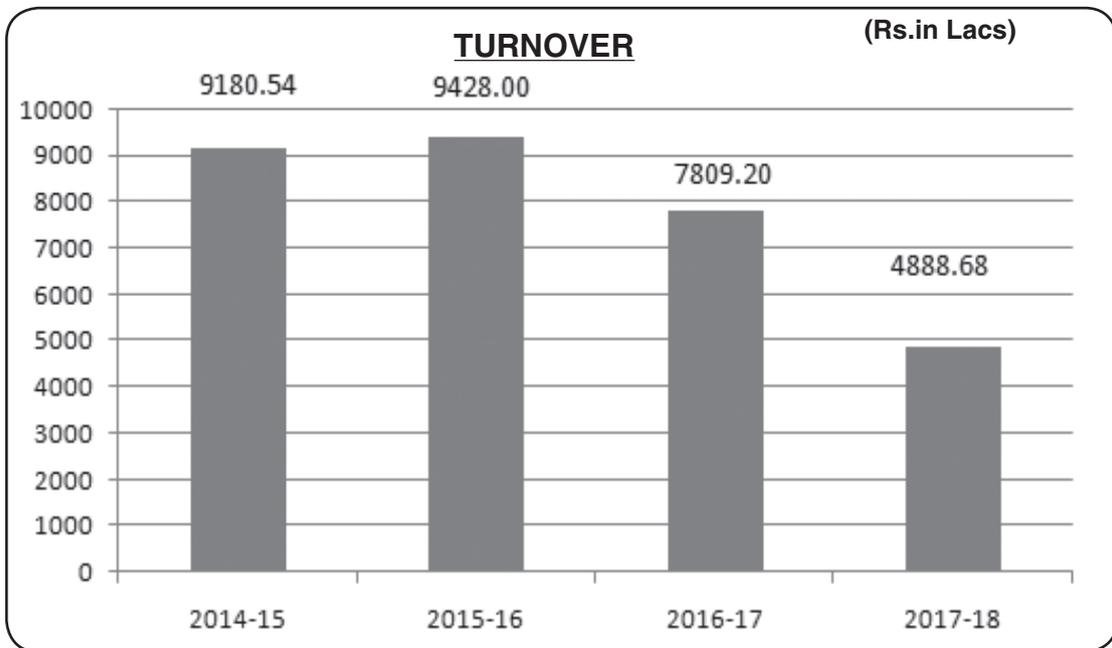
M/s. Jain Saraogi & Co.
Chartered Accountants
1, Crooked Lane
Kolkata-700 069

BANKERS

State Bank of India
Punjab National Bank

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**Mr. Ravindra Prakash Sehgal, Managing Director, receiving the
EPC INDIA award from Mr. C. R. Chaudhury, Hon'ble Minister of State,
Ministry of Commerce & Industry**



Mr. Suvabrata Saha, Jt. Managing Director

NOTICE

Notice is hereby given that the 35th Annual General Meeting of the Members of Carnation Industries Limited will be held on Wednesday, 19th September, 2018 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, 2018 together with the reports of the Board of Directors and Auditors thereon.
2. 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.

SPECIAL BUSINESS

3. 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 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (" the Act") including any statutory modification(s) or re-enactment thereof, for the time being in force, Mr. Gautam Mukherjee (DIN: 08046326) who was appointed as an Additional Director of the Company by the Board of Directors with effect from January 12, 2018 and who holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and Article 99 of the Company's Article of Association and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years i.e. upto January 11, 2023 and whose office shall not be liable to retire by rotation."

4. 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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and upon the recommendation of the Nomination and Remuneration Committee, Mr. Manoj Bose (DIN: 06645209), be and is hereby re-appointed as an Independent Director of the Company to hold office for a further term of 5 (five) years from 1st April, 2019."

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 (“the Act”) 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), who has attained the age of 70 years, as the Whole time Director of the Company, liable to retire by rotation, for a further period of 3 years with effect from 1st October, 2018 on such terms and conditions including remuneration as enumerated in the Explanatory Statement to this Notice and contained in the Agreement dated 29th May, 2018 entered into by the Company with Mr. Arun Kumar Bose, 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, be paid the approved 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.”

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

“RESOLVED THAT in pursuance of the provisions of Section 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and subject to the approval of the members of the Company and such other approvals, consents and permissions as may be required, Mr. Ravindra Prakash Sehgal (DIN: 00119477), Managing Director of the Company, be paid remuneration as enumerated in the Explanatory Statement to this Notice and contained in the Supplementary Agreement, which is placed before the Members and is hereby specifically approved, as minimum remuneration in the event of absence or inadequacy of profits in any financial year during his term of office as Managing Director.”

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

“RESOLVED THAT in pursuance of the provisions of Section 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and subject to approval of the members of the Company and such other approvals, consents and permissions as may be required Mr. Suvabrata Saha (DIN: 00131180) Jt. Managing Director of the Company, be paid remuneration as enumerated in the Explanatory Statement to this Notice and contained in the Supplementary Agreement, which is placed before the Members and is hereby specifically approved, as minimum remuneration in the event of absence or inadequacy of profits in any financial year during his term of office as Jt. Managing Director.”

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

“RESOLVED THAT pursuant to Section 180 (1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) for sale, lease, mortgages, charges, hypothecations or any other encumbrances as may be necessary on all moveable and immoveable assets and properties of the Company and whole or part of the undertaking of the Company, both present and future, in such manner as the Board/Committee of the Board may direct, to or in favour of any person, but not limited to, financial institutions, foreign financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, any other bodies corporate (hereinafter referred to as the “Lending Agencies”) and Trustees for the holders of debentures/bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, debentures, bonds and other instruments availed / to be availed by the Company as the Board may deem fit, subject to the limits approved under Section 180(1)(c) of the Act from time to time together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreements/Loan Agreements/ Debenture Trust Deeds entered/to be entered into by the Company in respect of the said borrowings and all acts, deeds and things done in this regards, be and are hereby ratified, approved and confirmed.

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize with the Lending Agencies / Trustees, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute

all such documents as may be necessary for giving effect to this Resolution.”

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

“**RESOLVED THAT** in supersession of earlier resolutions passed in this regard, pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, approval of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) for borrowing from time to time, any sum or sums of monies in any form, from one or more bodies corporate, banks, financial institutions, or from other entity by way of advances, loans, debentures/bonds or any other security(ies) or otherwise and whether secured or unsecured, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not, at any time, exceed the limit of Rs 100 Crore (Rupees One Hundred Crore only).”

10. 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 applicable provisions of the Foreign Exchange Management Act, 1999, the Companies Act, 2013, to the extent applicable, the Consolidated Foreign Direct Investment Policy Circular of 2016 (“Consolidated FDI Policy”), as amended, the Foreign Exchange Management (Transferor Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended and all other applicable laws, rules, regulations, guidelines and subject to the approvals, consents and permissions of the Government of India, the Foreign Investment Promotion Board, the Reserve Bank of India (“RBI”) and any other appropriate authorities, institutions or bodies as may be necessary and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of the concerned authorities while granting such approvals, permissions and sanctions and the like, which may be agreed to by the Board of Directors of the Company, (Board which term shall include any Committee there of which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this Resolution), consent of the Company be and is hereby accorded for holding of the Equity Shares of the Company by Non Resident Indians (NRIs), including investment under the Portfolio Investment Scheme (“PIS”) subject to the conditions that the aggregate holding of the NRIs shall not exceed 24% of the paid up equity share capital of the Company or such other limit as may be stipulated by Reserve Bank of India in each case, from time to time.

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Industries Limited

RESOLVED FURTHER THAT the Board or Company Secretary of the Company be and are hereby authorized to do all such acts, deeds and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto including intimating the concerned authorities or other regulatory bodies and to represent the Company before any government authorities and delegating all or any of the power conferred herein to any Committee or Directors of the Company.”

By Order of the Board of Directors

Place : Kolkata

Date : 14th August, 2018

(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 / herself and such proxy need not be a member of the Company. Proxy forms in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the commencement of the meeting. A proxy form is enclosed herewith to be duly completed and signed.**
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 carrying voting rights. 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.
Proxies shall be made available for inspection during twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting.
2. Members / Proxies/ Authorized Representatives should bring the attendance slip duly filled in along with their copy of Annual Report to the meeting. Proxy/Authorized Representative of a member should mark on the Attendance Slip as "Proxy" or "Representative" as the case may be. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID No. for easy identification of attendance at the meeting.
3. In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. The business set out in the Notice will also be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 23. The Company will also send communication relating to remote e-voting which inter-alia would contain details about User ID and Password along with a copy of this Notice to the members, separately.
5. Corporate members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company at the Registered Office a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. A Statement pursuant to the provisions of Section 102 of the Act and Secretarial Standard on General Meeting (SS-2), relating to the Special Business to be transacted at the Meeting is annexed hereto. A disclosure containing details of the Directors seeking re-appointment at the Meeting in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 read with Section 164(2) and other applicable provisions of the Companies Act, 2013 including rules framed thereunder is annexed hereto and forms part of the Notice. The Director concerned has furnished the requisite declaration for his re-appointment.
7. 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 Saturday, September 15, 2018 to Wednesday, September 19, 2018 (both days inclusive) for the purpose of Annual General Meeting.

8. The facility for making nomination is available to the members in respect of the shares held by him. The members may submit such information in the prescribed form SH-13/14 as required, to the Company's Registrar and Share Transfer Agent.
9. Non-Resident Indian Members are requested to inform the RTA immediately of:
 - Change in their residential status on return to India for permanent settlement.
 - Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number.
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, except Saturdays, upto the date of the Meeting.
11. M/s. Jain Saraogi & Co., Chartered Accountants (Firm Registration No 305004E), were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 34th Annual General Meeting of the Company held on 22nd September, 2017 till the conclusion of the 39th Annual General Meeting of the Company.

In view of the amendment made to Section 139 of the Companies Act, 2013 vide the Companies (Amendment) Act, 2017 which is effective from 7th May, 2018 annual ratification of appointment of Statutory Auditors have been done away with.

12. Electronic copy of the Annual Report for 2017-18 and Notice of the 35th 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) unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Annual Report and Notice of the 35th 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 35th Annual General Meeting and Annual Report for 2017-18 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 35th 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 Mr. Jeevan Kumar Jha, Company Secretary in Practice, as the Scrutinizer for this purpose for conducting the entire process (including remote e-voting) in a fair and transparent manner.

35th Annual Report 2017-18

14. i) Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members as on 12th September, 2018 (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. A person who is not a member as on the cut off date should treat this Notice for information purpose only.
 - 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. i) The result, along with the scrutinizer's report, will be placed on the Company's website: www.carnationindustries.com and also on the Notice Board of the Company at the Registered Office as well at the Corporate Office 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 will become Members of the Company after dispatch of the AGM notice but on or before 12th September, 2018 (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.
17. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contract or Arrangements in which Directors are interested, maintained under Section 189 of the Act read with rules made thereunder will be available for inspection by the members at the Meeting.
18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and Bank Account details by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN and Bank Account Details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN and Bank Account details to the Company/Registrar and Share Transfer Agent, M/s R & D Infotech Private Limited.
19. The Securities and Exchange Board of India (SEBI) has mandated that the transfer of securities would be carried out in dematerialized form, from December 5, 2018.
20. The Company has transferred the unpaid or unclaimed dividends declared upto the financial year 2009-2010, within the due date to the Investor Education and Protection Fund (the IEPF) established by the Central Government as per Section 124 of the Companies Act, 2013.

Members who have not yet encashed their dividend warrant(s) for the financial years ended 31st March, 2011 onwards, are requested to make their claim to the Company accordingly, without any delay. Members wishing to claim dividends, which remain unclaimed, are requested to write to the Company Secretary & Compliance Officer at the Registered Office or to the Registrar and Share Transfer Agent of the Company. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund on due dates. The due date for transfer of the unclaimed /unpaid dividend for the subsequent years to IEPF are as follows:

Dividend for the Financial Year Ended	Due Date for the transfer to IEPF
March 31, 2011	October 29, 2018
March 31, 2012	November 3, 2019
March 31, 2013	November 1, 2020
March 31, 2014	November 1, 2021
March 31, 2015	November 3, 2022
March 31, 2016	November 3, 2023
March 31, 2017	October 29, 2024

- 21.(a) Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during the financial year 2017-2018, transferred to the IEPF Authority all shares in respect of which dividend has remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer. Details of shares transferred to IEPF Authority are available on the website of the Company and the same can be accessed through the link: <http://www.carnationindustries.com/investors>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in
- (b) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/investors are advised to visit the weblink: <http://iepf.gov.in/iepfa/refund.html> or contact M/s. R & D Infotech Private Limited for lodging claim for refund of shares and/or dividend from the IEPF Authority.
22. 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.

23. 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 : csjeevanjha@gmail.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 dispatch of the AGM Notice but on or before 12th September, 2018 (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.

CARNATION***Industries Limited***

(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 Sunday 16th September, 2018 and ends at 5.00 p.m. on Tuesday, 18th September, 2018. Remote e-voting will be blocked by NSDL at 5.00 p.m. on 18th September, 2018.

24. Pursuant to the prohibition imposed vide Secretarial Standard on General Meetings (SS-2) issued by the ICSI and the MCA Circular, no gifts/coupons shall be distributed at the meeting.
25. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to send their queries at an early date so that the desired information may be made available at the Meeting.
26. The Route map of the venue of Annual General Meeting is annexed at the end of the Annual Report and forms a part of this notice. Prominent Landmark is also marked therein for reference.

By Order of the Board of Directors

Place : Kolkata
Date : 14th August, 2018

Sanjay Agarwal
(Company Secretary)

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

Mr. Gautam Mukherjee was appointed as an Additional Director of the Company on 12th January, 2018 by the Board of Directors of the Company. According to the provisions of Section 161 of Companies Act, 2013 he holds office as a Director only upto the date of the ensuing Annual General Meeting. Under Section 160 of the Companies Act, 2013 a notice has been received from a member signifying his intention to propose appointment of Mr. Gautam Mukherjee as an Independent Director.

In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company.

The Board considers that his association would be of immense benefit to the Company.

The said Special Resolution must also be taken as approval under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

Brief resume of Mr. Gautam Mukherjee, 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.

A copy of letter of Appointment for Independent Directors setting out the terms and conditions for appointment of Independent Director is available for inspection by the members at the Registered Office of the Company on all working days between 10.00 AM to 3.00 PM and is also available on the website of the Company.

The Board recommends the Special Resolution set out at Item No. 3 of the Notice for approval by the members.

Except for Mr. Gautam Mukherjee and his relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

Item No. 4

Mr. Manoj Bose was appointed as an Independent Director of the Company at the 31st Annual General Meeting held on 26th September, 2014 for a period of 5(five) years and his period ends on 31st March, 2019. A Notice pursuant to Section 160 of the Companies Act, 2013 has been received from the shareholder signifying his intention to propose the re-appointment of Mr. Manoj Bose as an Independent Director of the Company.

Based on the recommendation of Nomination and Remuneration Committee (NRC) and pursuant to provisions of Section 149, 150, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has proposed re-appointment of Mr. Manoj Bose as an Independent Director at this Annual General Meeting of the Company for a second term of 5 years with effect from 1st April, 2019. In

the opinion of the Board, Mr. Manoj Bose fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as an Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company www.carnationindustries.com

Nomination and Remuneration Committee at its meeting held on 29th May, 2018, evaluated the performance of all the Independent Directors including Mr. Manoj Bose and has concluded that his performance is satisfactory. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Manoj Bose as an Independent Director, for the approval by the shareholders of the Company. A brief profile of proposed Independent Director, including nature of his expertise, is provided as Annexure to the Notice.

The Company has received declaration to this effect that he meets the criteria of Independent Director as provided under Section 149 (6) of the Act.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

Except for Mr. Manoj Bose and his relatives none of the Directors or Key Managerial Personnel of the Company and their relatives, are concerned or interested, financially or otherwise, in the said Resolution.

Item No. 5

The appointment and remuneration of Mr. Arun Kumar Bose, Whole time Director was approved by the members at the 33rd Annual General Meeting held on 28th September, 2016 for a period of 3 years w.e.f. 1st April, 2016.

The present term of Mr. Arun Kumar Bose as the Whole time Director of the Company expires on 1st April, 2019. Mr. Arun Kumar Bose has attained the age of 70 years and in terms of Schedule V of the Companies Act, 2013 this special resolution must also be taken as approval for appointment of Whole time Director who has attained the age of 70 years. On recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 29th May, 2018 have re-appointed Mr. Arun Kumar Bose as the Whole time Director of the Company for a period of three years w.e.f. 1st October, 2018 taking into account his valuable contribution to the Company, and have also approved the terms and conditions (as set out below) subject to the approval of the shareholders.

Remuneration

Salary: Salary Rs. 40,000/- 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 Special Resolution set out at Item No. 5 of the Notice for approval by the members.

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.

Item No. 6

Mr. Ravindra Prakash Sehgal was appointed as Managing Director of the Company for a period of 5 years i.e till 2020 in the 32nd AGM held on 28th September 2015. At this AGM the remuneration was fixed for three years as per provisions of Schedule V of the Companies Act. The remuneration was approved by the members of the Company till 31st August, 2018.

On the recommendation of the Nomination and Remuneration Committee the Board at its meeting held on 29th May, 2018 have fixed the same terms and conditions including remuneration as was

fixed at the AGM held on 28th September, 2015 for the remaining period of his current tenure i.e. from 1st September, 2018, as given below:

1. **Salary:** Salary Rs.70,000/- per month with such revision as may be decided by the Nomination and Remuneration Committee and Board from time to time in the range of Rs. 70,000/- to Rs. 1,50,000/- for a period of two years with effect from 1st September, 2018.
2. **Perquisites/ Allowances:** The Managing Director is entitled to the following perquisites provided the value thereof will be restricted to the amount equal to annual salary or actual expenditure whichever is less.
 - a. **Residential Accommodation:** 30% of Salary per month as house rent allowance. Cost of Electricity and Maintenance Charges charged by the association of the building shall be paid on actual basis.
 - b. **Medical Reimbursement:** Expenses including cost of medical insurance incurred by the Managing Director and his family shall be subject to a ceiling of 1 (one) month's salary in a year or two months salary over a period of two years.
 - c. **Club Fees:** Fees of the clubs would be subject to the maximum of two clubs. This will not include Admission and Life Membership fees.
3. **Personal Accident Insurance:** Premium not to exceed Rs 8000/- per annum.
4. **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.
5. 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 Managing Director.

Explanation The term family means spouse, dependent children and dependent parents of the Managing Director.

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

Brief resume of Mr. Ravindra Prakash Sehgal, nature of expertise in specific functional area and names of Companies in which he holds Directorships and Memberships/ Chairmanships of Board Committees is attached to this Notice.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the members.

None of the other Directors, Key Managerial Personnel of the Company and their relatives,

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except Mr. Ravindra Prakash Sehgal and his relatives, are concerned or interested financially or otherwise in the said resolution.

Item No. 7

Mr. Suvabrata Saha was appointed as Jt. Managing Director of the Company for a period of 5 years i.e till 2020 in the 32nd AGM held on 28th September, 2015. At this AGM the remuneration was fixed for three years as per provisions of Schedule V of the Companies Act, 2013. The remuneration was approved by the members of the Company till 31st August, 2018.

On the recommendation of the Nomination and Remuneration Committee the Board at its meeting held on 29th May, 2018 has fixed the same terms and conditions including remuneration as was fixed at the AGM held on 28th September, 2015 for the remaining period of his current tenure i.e. from 1st September, 2018 as given below:

1. **Salary:** Salary Rs. 70,000/- per month with such revision as may be decided by the Nomination and Remuneration Committee and Board from time to time in the range of Rs. 70,000/- to Rs. 1,50,000/- for a period of two years with effect from 1st September, 2018.
2. **Perquisites/ Allowances:** The Jt. Managing Director is entitled to the following perquisites provided the value thereof will be restricted to the amount equal to annual salary or actual expenditure whichever is less.
 - a. **Residential Accommodation:** 30% of Salary per month as house rent allowance. Cost of Electricity and Maintenance Charges charged by the association of the building shall be paid on actual basis.
 - b. **Medical Reimbursement:** Expenses including cost of medical insurance incurred by the Jt. Managing Director and his family shall be subject to a ceiling of 1 (one) month's salary in a year or two months' salary over a period of two years.
 - c. **Club Fees:** Fees of the clubs would be subject to the maximum of two clubs. This will not include Admission and Life Membership fees.
3. **Personal Accident Insurance:** Premium not to exceed Rs 8000/- per annum.
4. **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.
5. Car for use on Company's business and telephone at the residence will not be considered as perquisites.

Explanation The term family means spouse, dependent children and dependent parents of the Jt. Managing Director.

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

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

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the members.

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

ITEM NO. 8

In order to sell, lease or secure the borrowings made by the Company by suitable mortgage/charge on all or any of the movable and/or immovable properties of the Company, the Company in its general meeting held on 26th September, 2014 had granted necessary authorization to the Board of Directors under Section 180(1)(a) of the Companies Act, 2013, upto a limit of Rs 65 crores.

In view of increased business requirements, the Board of Directors of your Company considers it necessary to enhance the limit from the existing Rs 65 crores to Rs 100 crore.

In terms of Section 180(1)(a) of the Companies Act, 2013, approval of shareholders is required by way of Special Resolution for authorizing the Board U/s 180(1)(a) of the Companies Act, 2013.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for approval by the members.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 9

The members of the Company at the Annual General Meeting held on 23rd September, 2011 had granted necessary authority to the Board of Directors to borrow in excess of the paid-up capital and free reserves upto a limit of Rs. 65 crore (including public deposits but excluding temporary loans) obtained from the Company's bankers in the ordinary course of business.

As per the provisions of Section 180(1)(c) of the Companies Act, 2013, consent of the members in general meeting is required, to enable the Board of Directors to borrow moneys, where moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the bankers in the ordinary course of business) exceed the aggregate paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose.

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In view of the increased business operations and future growth plans, it is expected that the borrowings shall exceed the present limit of Rs. 65 crore. In view of this, it is felt appropriate to enhance the authority of the Board of Directors, under Section 180(1)(c) of the Companies Act, 2013 to borrow funds in excess of the paid up share capital and free reserves of the Company, to the extent of Rs. 100 crore.

The Board of Directors recommends the resolution set out under Item No. 9 of the Notice for adoption by the members.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 10

In terms of Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors ("FII") registered with the Securities and Exchange Board of India ("SEBI") can acquire and hold on their own account and on behalf of their SEBI approved sub-accounts or Foreign Portfolio Investors ("FPI") together, up to an aggregate limit of 24% (twenty four per cent) of the paid up Equity Share Capital of an Indian Company. The said Regulations further provides that the limit of 24% (twenty four per cent) can be done by passing a resolution of the Board, a Special Resolution to that effect by its members and followed by necessary filings with the Reserve Bank of India ("RBI").

As of 30 June 2018, holding of NRIs in the Company is approximately 11.52% of paid up Share Capital of the Company. The Board of Directors at their meeting held on Tuesday, 14 August 2018, have decided to increase the aggregate permissible limit of Non Resident Indians (NRIs) and Portfolio Investment Scheme ("PIS") in equity share holding of the Company to 24% of the paid-up Equity Share Capital of the Company, in accordance with applicable laws and, subject to the approval of the Members.

Accordingly, the Resolution set out at Item No. 10 of this Notice is proposed to enable the NRIs and PIS to acquire Equity Shares of the Company upto the revised ceiling limit of 24%.

The Board recommends the Special Resolution set out at Item No. 10 of the Notice for approval by the members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution.

By Order of the Board of Directors

Place : Kolkata
Date : 14th August, 2018

Sanjay Agarwal
(Company Secretary)

CARNATION**Industries Limited****Details of Directors seeking Appointment / Re-appointment at the 35th Annual General Meeting as set out in the Notice in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS2:**

Name of the Director	Mr. Ravindra Prakash Sehgal	Mr. Suvabrata Saha
Date of Birth	14.10.1955	04.09.1961
Date of Appointment	01.03.1983	21.08.2006
Qualification	Bachelor of Technology (Hons.), Diploma in Business & Industrial Management and Diploma in Export Marketing	B.Com
Expertise in Functional Areas	More than 40 years of experience in Iron & Steel Industry in India and Abroad and in foreign trade. Presently National 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	Has over 31 years' experience in managing large Corporation & International Marketing
Terms and Conditions of re-appointment	As provided in item no. 6 of the Notice convening this meeting read with explanatory statement thereto	As provided in item no. 7 of the Notice convening this meeting read with explanatory statement thereto
Remuneration last drawn (including sitting fees, if any)	Rs 14,60,580	Rs 13,90,794
Remuneration proposed to be paid	As per the resolution at item no. 6 of the Notice convening this meeting read with explanatory statement thereto	As per the resolution at item no. 7 of the Notice convening this meeting read with explanatory statement thereto
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 with other Directors and other Key Managerial Personnel of the Company	Not related to any Director / Key Managerial Personnel	Not related to any Director/ Key Managerial Personnel
Shareholding in the Company (No. of Equity Shares)	575865 equity shares of Rs 10/- each	573598 equity shares of Rs 10 each
No. of meetings of the Board attended during the year	6	5

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Details of Directors seeking Appointment / Re-appointment at the 35th Annual General Meeting as set out in the Notice in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS2:

Name	Mr. Manoj Bose	Mr. Arun Kumar Bose
Date of Birth	09.12.1938	05.01.1937
Date of Appointment	05.08.2013	28.08.2008
Qualification	Intermediate Science from Calcutta University in 1957 from Calcutta University. Engineering Apprentice in Calcutta Tramways, Nonapukur workshop for three years. Trained and educated in Multi Disciplinary Engineering Activities	B.Sc. (Calcutta University) Metallurgical Engineer (UK), Furnace Technologist (Germany) Lead Assessor IRCA (UK)
Expertise in Specific Functional Areas	Professional Foundry Technologist having worked in senior positions for 44 years in more than 16 foundry based organizations. Has profound knowledge in all the operational activities of foundry industry	Has 51 years experience in India & Abroad in Foundry & Allied industries
Terms and Conditions of re-appointment	As per the resolution at item no. 4 of the Notice convening this meeting read with explanatory statement thereto, Mr. Manoj Bose is proposed to be re-appointed as an Independent Director	As per the resolution at item no. 5 of the Notice convening this meeting read with explanatory statement thereto Mr. Arun Kumar Bose is proposed to be re-appointed as Whole time Director
Remuneration last drawn (including sitting fees, if any)	Rs 1,18,000	Rs 6,06,000
Remuneration proposed to be paid	As per the resolution at item no. 4 of the Notice convening this meeting read with explanatory statement thereto	As per the resolution at item no. 5 of the Notice convening this meeting read with explanatory statement thereto
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
Shareholding in the Company (No. of Equity Shares)	NIL	200 equity shares of Rs 10/- each
Relationship with other Directors / and other Key Managerial Personnel of the Company	Not related to any Director/ Key Managerial Personnel	Not related to any Director/ Key Managerial Personnel
No. of meetings of the Board attended during the year	6	6

CARNATION**Industries Limited****Details of Directors seeking Appointment / Re-appointment at the 35th Annual General Meeting as set out in the Notice in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS2:**

Name	Mr. Gautam Mukherjee
Date of Birth	08.08.1947
Date of Appointment	12.01.2018
Qualification	Post Graduate Diploma in Marketing Management from Institute of Modern Management
Expertise in Specific Functional Areas	34 years of experience in Marketing and Sales of products to most of the leading steel plants, foundries and refractory plants in various places in India and neighboring countries
Terms and Conditions of appointment	As per the resolution at item no. 3 of the Notice convening this meeting read with explanatory statement thereto Mr. Gautam Mukherjee is proposed to be appointed as an Independent Director
Remuneration last drawn (including sitting fees, if any)	Rs 15000*
Remuneration proposed to be paid	He is proposed to be appointed as Independent Director of the Company and to receive sitting fees for the meetings of Board and Committee thereof
List of Companies in which other Directorship held	NIL
Chairman/Member of the Committee of the Board of the Companies in which he is a Director	NIL
Shareholding in the Company (No. of Equity Shares)	NIL
Relationship with other Directors and other Key Managerial Personnel of the Company	Not related to any Director /Key Managerial Personnel
No. of meetings of the Board attended during the year	1*

*Appointed on 12th January, 2018

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STATEMENT PURSUANT TO CLAUSE B(iv) OF SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013

GENERAL INFORMATION:

1. Nature of Industry : Manufacturing
2. Year of Commencement of Commercial Operation : April,1983
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : N.A.
4. Financial Performance :

[Rs. in Lacs]

Financial Parameters	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Turnover	9360.28	9353.26	9644.60	7942.63	4888.68
Net Profit as per Profit & Loss Account (after extra-ordinary items)	238.16	140.25	233.78	21.66	(653.45)
Amount of Dividend paid (including Corporate Dividend Tax)	32.36	24.89	29.13	16.64	NA
Rate of Dividend declared (%)	8	6	7	4	NA

5. Foreign investments or collaborations, if any : None

INFORMATION ABOUT THE APPOINTEES:

		Mr. R. P. Sehgal	Mr. S. Saha	Mr. A. K. Bose
1.	Background details	Bachelor of Technology (Hons.), Diploma in Business & Industrial Management and Diploma in Export Marketing	B.Com	B.Sc. (Calcutta University) Metallurgical Engineer (UK), Furnace Technologist (Germany) Lead Assessor IRCA (UK)
2.	Past Remuneration			
	F.Y. 2015-2016	13,32,867	12,96,741	5,81,000
	F.Y 2016-2017	14,00,013	13,51,797	5,81,000
	F.Y 2017-2018	14,60,580	13,90,794	6,06,000

CARNATION**Industries Limited**

		Mr. R. P. Sehgal	Mr. S. Saha	Mr. A. K. Bose
3.	Recognition of awards	Scroll of Honour/ Fellow of Institute of Indian Foundrymen awarded by Institute of Indian Foundrymen in 2015		
4.	Job profile and his suitability	More than 40 years of experience in Iron & Steel Industry in India and Abroad and in foreign trade. Presently National 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	Has over 31 years experience in managing large Corporation & International Marketing	Has 51 years experience in India & Abroad in Foundry & Allied industries
5.	Remuneration Proposed			
	F.Y. 2018-2019	Rs 15,00,000	Rs 15,00,000	Rs 7,00,000
	F.Y. 2019-2020	Rs 15,00,000	Rs 15,00,000	Rs 7,50,000
6.	Comparative remuneration profile with respect to industry size of the Company, profile of the position and person.	The remuneration being paid to the Managing Director by the Company is in line with the remuneration being paid by the companies of comparable size	The remuneration being paid to the Jt. Managing Director by the Company is in line with the remuneration being paid by the companies of comparable size	The remuneration being paid to the Whole time Director by the Company is in line with the remuneration being paid by the companies of comparable size

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		Mr. R. P. Sehgal	Mr. S. Saha	Mr. A. K. Bose
7.	Pecuniary relationship directly or indirectly with the Company or relationship with managerial person, if any.	Mr. R. P. Sehgal holds 575865 equity shares in the Company. Apart from receiving remuneration as stated above and dividend as the member of the Company, Mr. R. P. Sehgal does not have any other pecuniary relationship with the Company or with the managerial personnel of the Company	Mr. S. Saha holds 573598 equity shares in the Company. Apart from receiving remuneration as stated above and dividend as the member of the Company, Mr. S. Saha does not have any other pecuniary relationship with the Company or with the managerial personnel of the Company	Mr. A. K. Bose holds 200 equity shares in the Company. Apart from receiving remuneration as stated above and dividend as the member of the Company, Mr. A. K. Bose does not have any other pecuniary relationship with the Company or with the managerial personnel of the Company

OTHER INFORMATION:

1. The reason of loss or inadequate profits are as follows:

The Company suffered a loss of Rs. 653.45 lacs. There were several reasons for this result, the primary one being that the productions were severely reduced due to the acute cash flow situation caused by the delayed refund of GST amount, reduction of borrowing limits by the banks & slow inflow of funds from overseas customers. Compounding the problems as above, State Bank of India practically stopped lending since the beginning of the last quarter and ending up withdrawing all the limits. Had the Company received the support of State Bank of India even in the last quarter the Company would have attained 85% of the previous year turnover & would have posted a nominal loss.

2. Steps taken or proposed to be taken for improvement:

The Company is continuing to maintain dialogue with the current banks to revive the banking facilities & borrowing limits. The Company is also following up with other investors / financial institutions to strengthen its cash flow. The Company's customers have been very cooperative and are willing to support the Company as and when the production begins to normalize.

3. Expected increase in Productivity and Profits in measurable terms:

In lieu of the current financial status it is very difficult to predict on turnover & profitability. However, the Company is striving hard to get full production running.

OTHER DISCLOSURES:

All other disclosure are given below :

CARNATION**Industries Limited**

	Mr. R. P. Sehgal	Mr. S. Saha	Mr. A. K. Bose
Salary	Rs.70,000 pm in the range of Rs. 70,000-1,50,000/-	Rs.70,000 pm in the range of Rs. 70,000-1,50,000/-	Rs. 35,000 pm
Perquisites :			
Residential Accommodation	30% of salary pm as rent allowance	30% of salary pm as rent allowance	Rs. 5,000 pm
Medical Reimbursement / Allowance	One month salary in a year or three months salary over a period of three years	One month salary in a year or three months salary over a period of three years	Rs. 3,000 pm
Club Fees	Fees subject to the maximum of two clubs.	Fees subject to the maximum of two clubs.	Nil
Personal Accident Insurance	Premium not to exceed Rs. 8,000/- pm	Premium not to exceed Rs. 8,000/- pm	Nil
Gratuity	Payable at a rate not exceeding half month's salary for each completed year of service	Payable at a rate not exceeding half month's salary for each completed year of service	Payable at a rate not exceeding half month's salary for each completed year of service
Fixed Component and performance linked incentive	As given above	As given above	As given above
Service Contract	5 years	5 years	3 years
Notice Period	Nil	Nil	Nil
Severance Fees	Nil	Nil	Nil
Stock Options	Nil	Nil	Nil

By Order of the Board of Directors

Place : Kolkata
Date : 14th August, 2018**Sanjay Agarwal**
(Company Secretary)

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors are pleased to present the 35th Annual Report and the Audited Financial Statement of the Company for the financial year ended 31st March, 2018.

FINANCIAL PERFORMANCE

Financial Results of the Company for the year 2018 along with figures for the previous year are as follows:

	For Year ended 31.3.2018	(Rs. in Lacs) For Year ended 31.03.2017
Revenue from Operation and Other Income:		
Export Sales (Net of Freight)	4710.63	7732.91
Domestic Sales(Including Excise Duty)	59.31	85.79
Other Operating Revenue	241.55	363.57
Other Income	<u>359.69</u>	<u>367.82</u>
	5371.18	8550.09
Profit before Finance Costs, Depreciation & Amortisation, Extra-Ordinary Item and Tax	(135.79)	671.44
Finance Costs	402.79	529.05
Depreciation & Amortisation	121.21	119.55
Profit/(Loss) before Extra-ordinary item and Tax	(659.79)	22.84
Provision for Tax		
– Current	–	3.17
– Deferred	(6.34)	(7.41)
Profit/(Loss) after Tax	(653.45)	27.08
Other Comprehensive Income/(Loss) for the year	1.69	(1.76)
Total Comprehensive Income for the Period	(651.76)	25.32
Surplus brought forward from Previous Year	635.91	639.72
Available Surplus/ (Deficit) for Appropriation	(15.86)	665.04
Payment of Dividend(including tax on dividend)	(16.64)	(29.13)
Surplus/(Deficit) carried to Balance Sheet	(32.50)	635.91

STATE OF COMPANY AFFAIRS AND FINANCIAL REVIEW

During the financial year ended 31st March, 2018 the Company has achieved total revenue from operations and other income of Rs 5371.18 lacs against Rs 8550.09 lacs in the previous year. The loss before Finance Cost, Depreciation & Amortization and Tax is Rs 135.79 lacs against a profit of Rs 671.44 lacs in the previous year. The loss before extra-ordinary item and tax was Rs 659.79 lacs against a profit of Rs 22.84 lacs in F.Y. 2016-2017. The loss after tax is Rs 653.45 lacs against a profit of Rs 27.08 lacs in F.Y. 2016-2017.

There was no change in the nature of business of the Company during the financial year ended 31st March, 2018.

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE AND DEVELOPMENT**

The Iron and Steel Industry worldwide is showing positive trends & steady growth. Indian steel producers which were in deep crisis in last few years are posting healthy Balance Sheet and the trend augers well for India. However, protectionist measures continue to be applied by various countries. USA has slapped 25% duty on steel products from several countries including India. Although, this would not have major impact as the sale from India to USA is for less than a million ton, but it sends a wrong signal to the globe & could trigger retaliatory action from other countries. The prices of Pig Iron & Steel have been moving up steadily & this need to be monitored & controlled by the Government.

OPPORTUNITIES AND THREAT

The international threats are the Non-Tariff barriers including the overseas Government protecting their domestic products and finding ways to levy higher duties on imports. However, your Company takes all measures in keeping itself well protected by way of legal and financial advice from the counsels and private lawyers. Even the Indian Steel Industry is constantly protected resulting in higher domestic prices of Iron & Steel.

The steep anti-dumping duty on Chinese products (Castings) by European Union vis-à-vis zero duty on Indian Castings has opened a huge opportunity for the Indian Castings manufacturers including your Company. Most European customers are now shifting their purchases from China to India and the US Dollar is also favoring the exporters after keeping low for the whole of last year.

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

The order holding position continues to remain healthy as European customers are moving steadily to India & higher oil prices have activated the whole of Middle East into a project mood. However, the Company is still facing the cash flow crunch and trying various options to raise/restructure finance.

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 and risk management policy which identify, evaluate business risks and opportunities and 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. However, the prime concern of the Company would be to arrange low cost finance, tie up all the banking issues & regain the confidence of the customers to reach back to its previous levels. The risk management system of the Company is reviewed by the Audit Committee and the Board of Directors on a regular basis.

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 evaluates 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.
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 Asset 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 correctness/ 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

Since the last year has not been profitable and there are serious cash flow issues, the main focus of the Company will be to regain its strength & hence no expansion on new project is planned for the coming year. Your Company shall strive to come back on track to its precious highest levels of production & exports.

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 nil dividend for the financial year ended March 31, 2018.

POLLUTION CONTROL MEASURES

The pollution control measures installed in the units of the Company are in operation in accordance with the norms specified by the West Bengal Pollution Control Board.

SUBSIDIARY AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary or Associate Companies.

CHANGE IN NATURE OF BUSINESS

There has been no change in the nature of business of the Company under the year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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.

Mr. Gautam Mukherjee (DIN: 08046326) was appointed as an Additional cum Independent Director of the Company on 12th January, 2018 and shall hold office upto the date of Annual General Meeting. The Company has received a notice from a member of the Company proposing his candidature for the office of the Directorship of the Company.

The Board of Directors at its meeting held on 29th May, 2018 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 1.10.2018. Mr. Arun Kumar Bose is subject to retirement by rotation.

The Board of Directors at its meeting held on 14th August, 2018 approved the re-appointment of Mr. Manoj Bose (DIN: 06645209) as an Independent Director for a further period of five years with effect from 1.4.2019.

The remuneration of Mr. Ravindra Prakash Sehgal, Managing Director and Mr. Suvabrata Saha, Jt. Managing Director had been fixed for a period of three years w.e.f. 1.9.2015 though the appointment is for five years. Hence, the salary is now being fixed for their remaining tenure.

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 re-appointment of the above named Director with a view to avail their valuable advices and wise counsel. A brief profile of the Director seeking re-appointment required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard -2, is given in the Notice of AGM.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are Mr. Ravindra Prakash Sehgal, Managing Director, Mr. Suvabrata Saha, Jt. Managing Director, Mr. Arun Kumar Bose, Whole time Director, Mr. Biplab Ganguly, Chief Financial Officer and Mr. Sanjay Agarwal, Company Secretary. During the year, there is no change in the Key Managerial Personnel of the Company. Mr. Biplab Ganguly, Chief Financial Officer has resigned w.e.f. 7th August, 2018.

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 16 (1) (b) 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 and responsibilities.

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

Pursuant to the provisions of Section 134, 149 and Section 178 of the Companies Act, 2013 read with Rules framed thereunder and provision of Schedule IV of the Act as well the 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. The Nomination and Remuneration Committee also carried out the performance evaluation of every Director of the Company. The Directors of the Company expressed their satisfaction with the evaluation process.

NUMBER OF MEETINGS OF THE BOARD

During the Financial Year, six meetings of the Board of Directors were held on 26.5.2017, 11.8.2017, 14.11.2017, 27.12.2017, 12.01.2018 and 12.2.2018. 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 Directors	Category of Directorship	No. of Board Meeting Held During 2017-2018	No. of Meetings Attended
Mr. Manoj Bose	Chairman and Independent Director	6	6
Mr. Ravindra Prakash Sehgal	Managing Director	6	6
Mr. Suvabrata Saha	Joint Managing Director	6	5
Mr. Arun Kumar Bose	Whole-time Director	6	6
Dr. Sephali Roy	Independent Director	6	6
Mr. Gautam Mukherjee*	Independent Director	6	1

* Appointed w.e.f. 12th January, 2018. During his tenure one meeting was held.

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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 and meetings held during the year under review are provided below:

AUDIT COMMITTEE

During the financial year ended 31st March, 2018 four Audit Committee meetings were held on 26.5.2017, 11.8.2017, 14.11.2017, and 12.02.2018. All the recommendations made by the Audit Committee during the year were accepted by the Board. 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
Dr. Sephali Roy, Chairman	4	4
Mr. Manoj Bose	4	4
Mr. Ravindra Prakash Sehgal	4	2

NOMINATION AND REMUNERATION COMMITTEE

During the financial year ended 31st March, 2018 one meeting was held on 11.08.2017. The composition, number of meeting held and the attendance of the members at this meeting is as follows:

Name of the Member	No. of Meeting Held	No. of Meeting Attended
Dr. Sephali Roy, Chairman	1	1
Mr. Manoj Bose	1	1
Mr. Gautam Mukherjee*	1	-

* Appointed w.e.f. 12th January, 2018. During his tenure no meeting was held.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

During the financial year ended 31st March, 2018, two meetings of the Stakeholders' Relationship Committee were held on 26.5.2017 and 11.8.2017. The composition, number of meetings held and the attendance of the members is given below:

Name of the Member	No. of Meeting Held	No. of Meeting Attended
Mr. Manoj Bose, Chairman	2	2
Mr. Ravindra Prakash Sehgal	2	2

MEETING OF INDEPENDENT DIRECTORS

During the year under review, a meeting of the independent Directors was held on 20th March, 2018 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) and Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, the Directors to the best of their knowledge hereby state and confirm that:

- i) In the preparation of the annual accounts for the year ended March 31, 2018 the applicable accounting standards read with the requirements set out under Schedule III to the Companies Act, 2013 have been followed and there were 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 March 31, 2018 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 2017-18, 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

The paid up share capital of the Company as on 31st March, 2018 was Rs. 3,45,71,600 divided into 3457160 equity shares of Rs.10/- each. There was no change in the share capital of the Company in the F.Y. 2017-2018.

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 as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is provided in “**Annexure -A**” to this report.

RELATED PARTY TRANSACTIONS

During the financial year 2017-18, your Company has entered into a contract with a related party as defined under Section 2(76) of the Companies Act, 2013 read with Companies (Specification of Definition Details) Rules, 2014 and 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 2017-18, there were no transactions with related party which qualify as material transactions under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of top ten employees are provided in the Annual Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same shall be furnished on request.

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 is set out herewith as “**Annexure - D**” to this Report.

STATUTORY AUDITORS

The Auditors M/s. Jain Saraogi & Co., Chartered Accountants, Statutory Auditors of the Company, were appointed at the 34th AGM to hold office till the conclusion of the 39th AGM.

The Statutory Auditors have qualified in the Audit report that the Company has not provided for some of the export receivables which could not be realized within 12 months from the date of exports which impacts the operations and functioning of the Company as a going concern. The Statutory Auditors qualification is in respect of non-realization of foreign trade receivables.

In respect to the above qualification, the management is hopeful to realize the outstanding trade receivables very shortly/ in the near future and accordingly, no provision has been made.

The other qualification by the Statutory Auditors is in respect of finance cost and outstanding balances of short term borrowings from State Bank of India and Punjab National Bank which in their opinion are understated for the unapplied interest amount.

In respect to the above qualification, the management wishes to clarify that State Bank of India has classified the Company's account as Non-Performing Asset (NPA) and accordingly no interest

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has been charged in the account. As and when the account would be regularized, the bank shall advise the amount which shall be taken into consideration in the account. In case of Punjab National Bank the Company has been advised by the concerned banker that due to changes in their computer software the interest amount could not be generated and the same shall be advised to the Company when systems are restored and the interest would be taken into account at that time.

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.

The cost records as specified by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013 are being made and maintained by the Company.

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 Company has complied with Secretarial Standards on Board Meetings & General Meetings issued by Institute of Company Secretaries of India.

INTERNAL AUDITOR

In accordance with the provisions of Sec 138 of the Companies Act, 2013 M/s P. Majumder & Co., Chartered Accountants, have been appointed as the internal auditors of the Company.

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 as covered under the provisions of Section 186 of the Companies Act, 2013.

SIGNIFICANT MATERIAL ORDERS PASSED BY REGULATORS /COURT/TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY’S OPERATIONS IN FUTURE

There are no significant material orders passed by the regulators/court/tribunals 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 Company's website: 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, 2018 your Company has not received any complaints pertaining to sexual harassment.

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and thanks to various Government Authorities and banks 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)

Place: Kolkata
Date: 14th August, 2018

Suvabrata Saha
(Jt. Managing Director)

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 of energy cost.
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): (a) Details of Technology imported. (b) Year of import. (c) Whether technology has been fully absorbed.	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 in 2017-2018 was Rs. 5,51,100/-.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. in lacs)

	F.Y. 2017-18	F.Y. 2016-17
Foreign Exchange Earned	4910.97	8047.41
Foreign Exchange Outgo	61.56	213.00

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. Directors 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. Directors 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 is 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 2017-2018:

Name of Director	Total Remuneration (Rs.)	Ratio of Remuneration of Director to the Median Remuneration
Mr. Ravindra Prakash Sehgal	14,60,580	8.51
Mr. Suvobrata Saha	13,90,794	8.10
Mr. Arun Kumar Bose	6,06,000	3.53
Mr. Manoj Bose	1,18,000	0.69
Dr. Sephali Roy	1,15,000	0.67
Mr. Gautam Mukherjee*	15,000	0.09

* Appointed w.e.f. 12th January, 2018

Notes:

- 1) The aforesaid details are calculated on the basis of remuneration for the financial year 2017-18.
- 2) Mr. Manoj Bose, Dr. Sephali Roy and Mr. Gautam Mukherjee 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 1,71,636/-.

B. Detailed percentage increase in the remuneration of each Director, Chief Financial Officer & Company Secretary or Manager, if any, in the financial year 2017-18 are as follows:

Name	Designation	Remuneration (Rs.)		Increase/Decrease (%)
		2017-2018	2016-2017	
Mr. Ravindra Prakash Sehgal	Managing Director	14,60,580	14,00,013	4.32
Mr. Suvobrata Saha	Jt. Managing Director	13,90,794	13,51,797	2.88
Mr. Arun Kumar Bose	Wholetime Director	6,06,000	5,81,000	4.30
Mr. Manoj Bose	Independent Director	1,18,000	95,000	24.20
Dr. Sephali Roy	Independent Director	1,15,000	90,000	27.78
Mr. Gautam Mukherjee*	Independent Director	15,000	0.00	100
Mr. Biplab Ganguly	Chief Financial Officer	8,04,000	8,04,000	0.00
Mr. Sanjay Agarwal	Company Secretary	9,36,000	9,36,000	0.00

* Appointed w.e.f. 12th January, 2018

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Notes:

1. The remuneration to Directors includes sitting fees paid to them.
2. The remuneration to Directors is within the overall limits approved by the shareholders of the Company.

C. Percentage increase in the median remuneration of all employees in the financial year 2017-2018

	2017-2018 (Rs.)	2016-2017 (Rs.)	% Increase
Median remuneration of all employees per annum	171,636/-	165,035/-	4.00

D. The permanent employees on the rolls of the Company, as on 31st March, 2018 is 161.

E. Comparison of average percentage increase in salary of employees other than the managerial personnel and the percentage increase in the managerial remuneration.

	2017-18 (Rs.)	2016-17 (Rs.)	Increase (%)
Average salary of all employees (other than Managerial Personnel)	2,15,666	2,07,529	3.92
Managerial Personnel			
Salary of MD, Jt. MD and Wholetime Director	34,57,374	33,32,810	3.74
Salary of CFO and CS	17,40,000	17,40,000	0.00

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, 2018

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

I. 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	Yes
vii) Details of the Stock Exchanges where shares are listed	i) BSE Limited - 530609 ii) The Calcutta Stock -13067 Exchange Limited
viii) 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.

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IV. Share Holding Pattern (Equity Share Capital Break up as Percentage of Total Equity) Statement showing Shareholding Pattern

i) Category-Wise Share Holding

STATEMENT SHOWING SHARE HOLDING PATTERN										
Sl. No.	Category of Shareholder	No. of shares at the beginning of year (as on 1.4.2017)				No. of shares at the end of the year (as on 31.3.2018)				% 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	Bankers/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
d	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	10000	10000	0.29	-0.03
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)	0	0	0	0.00	0	0	0	0.00	0.00
g	Foreign Venture Capital Investor	0	0	0	0.00	0	0	0	0.00	0.00
h	Any Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (B)(1)	0	10900	10900	0.32	0	10000	10000	0.29	-0.03

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(2)	Non Institutions									
a	Bodies Corporate									
	i) Indian	104958	7300	112258	3.25	80698	3400	84098	2.43	-0.81
	ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b	Individuals									
	i) shareholders holding nominal share capital upto Rs.1 Lakh	541435	130036	671471	19.42	838701	35000	873701	25.27	5.85
	ii) shareholders holding nominal share capital excess of Rs.1 Lakh	858207	241850	1100057	31.82	796910	106963	903873	26.14	-5.67
c	Others									
	i) Non Residential Indians	51857	700	52557	1.52	51897	700	52597	1.52	0.00
	ii) Investor Education & Protection Fund (IEPF)	0	0	0	0.00	22974	0	22974	0.66	0.66
	Sub Total (B) (2)	1556457	379886	1936343	56.00	1791180	146063	1937243	56.03	0.03
	Total Public Shareholding B=(B) (1) +(B)(2)	1556457	390786	1947243	56.32	1791180	156063	1947243	56.32	0.00
	Total Shareholding (A)+(B)	3066374	390786	3457160	100.00	3301097	156063	3457160	100.000	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 (A)+(B)+(C)	3066374	390786	3457160	100.00	3301097	156063	3457160	100.00	0.00

ii) Shareholding and Change in Promoters Shareholding

Sl. No.	Shareholder's Name	Shareholding as on 1.4.2017			Shareholding as on 31.3.2018			% 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	----	---
	TOTAL	1509917	43.673	--	1509917	43.673	--	--

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

Sl. No.	Shareholder's Name	Shareholding		Date of Purchase / Sale	Increase/ (Decrease) in Shareholding	Reasons for Increase/ Decrease	Cumulative Shareholding during the year 01.04.17 to 31.3.2018	
		No. of shares at the beginning 1.4.2017	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1.	Madan Mohan Kundu	380020	10.99	31.03.2018	--	--	380020	10.99
2.	Vijay Kumar Jain	85000	2.46	-- 04.08.2017 25.08.2017 31.03.2018	-- (5000) (8000)	-- Sale Sale	85000 80000 72000 72000	2.46 2.31 2.08 2.08
3	Sujit Kumar Saha	--	--	20.10.2017 27.10.2017 01.12.2017 08.12.2017 15.12.2017 22.12.2017 30.12.2017 05.01.2018 12.01.2018 19.01.2018 26.01.2018 02.02.2018 16.02.2018 22.02.2018 30.03.2018 31.03.2018	100000 (5000) (2347) (1350) (7990) (6589) (5724) (6000) (5000) (2250) (2000) (138) 1773 (1835) 4441	Purchase Sale Sale Sale Sale Sale Sale Sale Sale Sale Sale Sale Purchase Sale Purchase	100000 95000 92653 91303 83313 76724 71000 65000 60000 57750 55750 55612 57385 55550 59991 59991	2.89 2.75 2.68 2.64 2.41 2.22 2.05 1.88 1.74 1.67 1.61 1.61 1.66 1.61 1.74 1.74
4.	Litty Thomas	35000	1.01	21.07.2017 04.08.2017 15.12.2017 22.12.2017 30.12.2017 05.01.2018 12.01.2018 31.03.2018	(13000) (6000) 23747 2000 4000 3609 5000	Sale Sale Purchase Purchase Purchase Purchase Purchase	35000 22000 16000 39747 41747 45747 49356 54356 54356	1.01 0.64 0.46 1.15 1.21 1.32 1.43 1.57 1.57
5.	Madan Bhagchand Melwani	49021	1.42	31.03.2018	--	--	49021	1.42
6.	Bhartiben Rajendra Gandhi	34000	0.98	31.03.2018	---	--	34000	0.98
7.	Om Prakash Chugh	--	--	23.03.2018 31.03.2018	31670	Purchase	31670 31670	0.92 0.92

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Sl. No.	Shareholder's Name	Shareholding		Date of Purchase / Sale	Increase/ (Decrease) in Shareholding	Reasons for Increase/ Decrease	Cumulative Shareholding during the year 01.04.17 to 31.3.2018	
		No. of shares at the beginning 1.4.2017	% of total Shares of the Company				No. of shares	% of total Shares of the Company
8.	Anand L	--	--	26.05.2017 02.06.2017 15.12.2017 22.12.2017 12.01.2018 31.03.2018	-- 12568 7432 1379 2450 1171	-- Purchase Purchase Purchase Purchase	-- 12568 20000 21379 23829 25000 25000	-- 0.36 0.57 0.62 0.69 0.72 0.72
9.	Ranjana Hemant Agarwal	24193	0.70	11.08.2017 31.03.2018	-- (391)	-- Sale	24193 23802 23802	0.70 0.69 0.69
10.	Investor Education and Protection Fund	---	---	30.12.2017 05.01.2018 31.03.2018	22474 500	Purchase Purchase	22474 22974 22974	0.65 0.66 0.66

iv) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding		Date	Increase (Decrease) in shareholding	Shareholding	
		No of shares at the beginning of the year (01.04.17)	% of total shares of the Company			No of shares at the end of the year (31.03.18)	% 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. Bose	200	0.000	--	--	200	0.000
4.	M. Bose	--	--	--	--	--	--
5.	S. Roy	--	--	--	--	--	--
6.	G. Mukherjee*	--	--	--	--	--	--
7.	B. Ganguly	--	--	--	--	--	--
8.	S. Agarwal	--	--	--	--	--	--

* appointed w.e.f. 12th January, 2018

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v) Indebtedness

(Rs. in crore)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year (01.04.2017)				
i) Principal Amount	33.52	0.22	0.00	33.74
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.02	0.00	0.00	0.02
TOTAL (i+ii+iii)	33.54	0.22	0.00	33.76
Change in Indebtedness during the financial year				
Addition	0.00	0.00	0.00	0.00
Reduction	1.32	0.02	0.00	1.34
Net Change	1.32	0.02	0.00	1.34
Indebtedness at the end of the Financial Year (31.03.2018)				
i) Principal Amount	32.03	0.20	0.00	32.23
ii) Interest due but not paid	0.18	0.00	0.00	0.18
iii) Interest accrued but not due	0.01	0.00	0.00	0.01
TOTAL (i+ii+iii)	32.22	0.20	0.00	32.42

vi) Remuneration of Directors and Key Managerial Personnel

a. Remuneration of Managing Director, Whole-time Director and or Manager

Sl. No.	Particulars of Remuneration	Name of Managing Director / Whole-time Director			Total Amount (Rs.)
		R. P. Sehgal (MD)	S. Saha (JMD)	A. K. Bose (WTD)	
1.	i) Basic Salary	840000	840000	420000	2100000
	ii) Perquisites	517580	475794	96000	1089374
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
5.	Others	103000	75000	90000	268000
	Total	1460580	1390794	606000	3457374
	Overall Ceiling as per the Act	As per Section II of Part II of Schedule V of the Companies Act, 2013			50400000

b. Remuneration to Independent Directors

Sl. No.	Particulars of Remuneration	Name of Independent Directors			Total Amount (Rs.)
		Manoj Bose	Dr. Sephali Roy	Mr. Gautam Mukherjee*	
1.	Sitting Fees	118000	115000	15000	248000
2.	Commission	–	–	–	–
3.	Others	–	–	–	–
	Total	118000	115000	15000	248000

* Appointed w.e.f. 12th January, 2018

c. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs.)
		Biplab Ganguly, CFO	Sanjay Agarwal, CS	
1.	Gross Salary	804000	936000	1740000
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
5.	Others	–	–	–
	Total	804000	936000	1740000

vii) Penalties/Punishment/Compounding of Offences

There are no penalties/punishment or compounding of offences in the F.Y. 2017-2018.

ANNEXURE E TO THE DIRECTORS' REPORT

**FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

[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, 2018 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, 2018, 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 Rules made thereunder;
- iii) The Depositories Act, 1996 and 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 & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable:

- a) The Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011.
- b) The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- c) The Securities & 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 & Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- f) The Securities & Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
- g) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- h) The Securities & 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.
- b) Provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 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

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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 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.

This report is to be read with our letter of even date which is annexed as Annexure – I which forms an integral part of this report.

Date: 29.05.2018
Place: Kolkata

For **MKB & Associates**
Company Secretaries

Raj Kumar Banthia
[Partner]

ACS no. 17190

COP no. 18428

FRN: P2010WB042700

Annexure- I

To
The Members,
CARNATION INDUSTRIES LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **MKB & Associates**
Company Secretaries

Raj Kumar Banthia

[Partner]

ACS no. 17190

COP no. 18428

FRN: P2010WB042700

Date: 29.05.2018

Place: Kolkata

**REPORT OF THE AUDITORS TO THE MEMBERS
OF CARNATION INDUSTRIES LIMITED**

Report on the Financial Statement

1. We have audited the accompanying Ind AS financial statements of **CARNATION INDUSTRIES LIMITED** (“the Company”) which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management’s Responsibility for the Ind AS Financial Statements

2. The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give 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 Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Ind AS financial statements.

8. Basis for Qualified Opinion

- (a) Attention is drawn to Note No.9.1 of the financial statements of the company which read as under:

"Export proceeds in foreign exchange of Rs. 1895.88 Lacs, Rs. 2239.10 lacs and Rs. 2544.19 lacs as on 31/03/2018, 31/03/2017 and 31/03/2016 respectively from a Related party and Rs. 815.41 Lacs, Rs. 216.89 lacs and Rs. Nil as on 31/03/2018, 31/03/2017 and 31/03/2016 respectively from a other than related parties could not be realised within 12 months from the dates of export."

The Company has not provided the aforesaid receivables and continues to classify it as current financial assets. Had the same been provided for, the Loss for the year would have increased by Rs. 2711.29 Lacs and accordingly Trade receivables and Retained Earnings would have reduced by equivalent amount and impacts the operation and functioning of the company as a going concern.

- (b) Attention is drawn to Note No. 20.3 and 20.4, of the financial statements of the company which read as under:

"Note 20.3: The Company has availed credit facility from State Bank of India and Punjab National Bank under consortium Finance arrangement. State Bank of India vide its letter dated 21st March, 2018 has classified the credit facility as Non-performing Asset (NPA) and has not applied/ charged interest for the month of March, 2018. Bank has also reversed the unrecovered applied interest amounting to Rs. 16.85 Lacs. In the absence of advice/ information, finance cost for the month of March, 2018 could not be ascertained and accounted for. However interest as reversed by bank has been accounted for in the books of accounts."

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“Note 20.4: Punjab National Bank has also not charged interest from January, 2018 onwards. In the absence of advice/ information, finance cost for the period from January, 2018 to March, 2018 could not be ascertained and accounted for.”

In view of the above, Finance cost and outstanding balances of short term borrowings are understated for the unapplied interest amount. - Amount unascertained.

Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid Ind AS 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 March 31, 2018, and its total comprehensive income (comprising of loss and other comprehensive Income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

10. The comparative financial information for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 prepared in accordance with Ind AS included in these financial statements, are based on the previously issued statutory financial statements for the year ended 31st March, 2017 and 31st March, 2016 respectively prepared in accordance with accounting standards prescribed under section 133 of the act read with rule 7 of the companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose reports dated 26th May, 2017 and 27th May, 2016 respectively expressed unmodified opinion on those financial statements and have been adjusted for the differences in the accounting principles adopted by the company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.;
- e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B;
- 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 disclosed the impact, if any, of the pending litigation as at March 31, 2018 on its financial position in its Ind AS financial statements- Refer note 35(ii).
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For Jain Saraogi & Co.
Chartered Accountants

Place : 1, Crooked Lane,
Kolkata - 700 069
Dated : 29th May, 2018

Manoj Keshan
(Partner)
Membership No.55272
FRN : 305004E

Annexure “A” to the Independent Auditor’s Report

Referred to in paragraph 10 of the Independent Auditors’ Report of even date to the members of **CARNATION INDUSTRIES LIMITED** on the Ind AS financial statements as of and for the year ended March 31, 2018.

- I. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) As informed to us, all the fixed assets of the company(except lying with outside parties) have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the immovable properties are held in the name of the company and the relevant title deeds are deposited with the bank. However periodic confirmation from bank has not been obtained.
- II. The physical verification of inventory (excluding stocks lying with third parties) have been conducted by the management at reasonable intervals and no material discrepancies were noticed on such physical verification.
- III. In our opinion and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to companies, firms limited liability partnership or other parties covered in the register maintained under section 189 of the Companies act, 2013. Accordingly, the paragraphs III (a), (b) and (c) of the Order are not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, the company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of clause 3(iv) of the said order are not applicable to the Company.
- V. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73,74,75 and 76 of the Act and the Rules framed thereunder to the extent notified.
- VI. 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 made and maintained. We have however not made any detailed examination of the said records with a view to determine whether they are accurate or complete.
- VII.(a) According to the information and explanations given to us and on the basis of our examinations of the books of account, the Company has not been regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, goods and services tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities and

CARNATION**Industries Limited**

the following undisputed dues were outstanding as on 31st March, 2018 for a period of more than six months from the date they became payable.

Nature of Dues	Period to which the amount relates	Amount (Rs. in lacs)
Dividend Distribution Tax	F.Y. 2016-17	2.32

- (b) According to the information and explanations given to us, the following dues of income-tax, duty of excise and Value Added Tax 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,203	Value Added Tax for the Financial Year 2007-2008	100.13	Before the West Bengal Commercial Taxes Appellate & Revisional Board
Central Excise Act,1944	Duty and Penalty for the Financial Year 2007-08	136.56	Before the Commissioner (Appeals - I & II) of Central Excise.
Income Tax Act,1961	Income Tax for the Financial Year 2014-15	4.58	CIT(A)

- VIII. Based on our audit procedures and on the information and explanation given to us, the Company did not have any outstanding debentures, loans or borrowings from the government during the year. However, The Company has defaulted in repayment of following dues to the financial institution/ banks:

Bank/Financial Institution	Period of Default	Amount of Default (Rs. in lacs)
ICICI Bank	For the month of February, 2018: 4Days For the month of March, 2018: 22 Days	2.11
State Bank of India	For the months of December, 2017, January, 2018 and February, 2018	16.85

- IX. The Company raised money by way of term loan during the year. In our opinion and according

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to the information and explanations given to us, the Company has utilized the money raised during the year for the purposes for which they were raised.

Nature of the fund raised	Amount (Rs. In Lacs)
Term Loan	166.00

- X. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor we have been informed of any such case by the management.
- XI. According to the information and explanation 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 of the Act.
- XII. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph (xii) of the Order is not applicable.
- XIII. According to the information and explanations provided by the management, transactions with related parties are in compliance with the provisions of Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the Ind AS financial statements as required by the applicable Ind AS.
- XIV. 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 (xiv) of the Order is not applicable.
- XV. 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 them. Accordingly paragraph (xv) of the Order is not applicable.
- XVI. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Jain Saraogi & Co.
Chartered Accountants

Manoj Keshan
(Partner)

Membership No.55272
FRN : 305004E

Place : 1, Crooked Lane,
Kolkata - 700 069
Dated : 29th May, 2018

Annexure “B” to the Independent Auditor’s Report

Referred to in paragraph 10(f) of the Independent Auditors’ Report of even date to the members of **CARNATION INDUSTRIES LIMITED** on the Ind AS financial statements for the year ended March 31, 2018.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to financial statements of **CARNATION INDUSTRIES LIMITED** (“the Company”) as of March 31, 2018 in conjunction with our audit of the Ind AS 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 Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements 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 deemed to be prescribed under section 143(10) of the Act, 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 with reference to financial statements and their operating

effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 misstatement of the Ind AS 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 with reference to financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that

1. pertain to the maintenance of records that, in 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, 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.

For **Jain Saraogi & Co.**
Chartered Accountants

Place : 1, Crooked Lane,
Kolkata - 700 069
Dated : 29th May, 2018

Manoj Keshan
(Partner)
Membership No.55272
FRN : 305004E



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BALANCE SHEET AS AT 31ST MARCH, 2018

(Rs. in Lacs)

	Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
	ASSETS				
(1)	Non-current Assets				
	Property, Plant and Equipment	3	1096.57	1171.58	1224.84
	Capital Work-in Progress	3	63.37	31.92	0.20
	Intangible Assets	4	2.70	3.17	3.95
	Financial Assets				
	(a) Investments	5	3.34	5.27	0.22
	(b) Other Financial Assets	6	24.96	91.92	103.15
	Other Non-Current Assets	7	59.56	57.73	58.97
(2)	Current Assets				
	Inventories	8	406.56	827.94	784.71
	Financial Assets				
	(a) Trade Receivables	9	4251.77	5300.30	5427.73
	(b) Cash and Cash Equivalents	10	6.98	(4.77)	63.23
	(c) Bank Balance Other than Cash and Cash Equivalents	11	30.20	52.75	28.90
	(d) Other Financial Assets	12	—	4.00	—
	Current Tax Assets (net)	13	40.01	39.40	9.91
	Other Current assets	14	958.44	1003.73	973.32
	Total Assets		6944.46	8584.94	8679.13
	EQUITY AND LIABILITY				
(1)	EQUITY				
	Share Capital	15	345.72	345.72	345.72
	Other Equity	16	842.77	1511.18	1514.99
(2)	LIABILITY				
	Non-Current Liabilities				
	Financial Liabilities				
	(a) Borrowings	17	151.40	—	—
	Provisions	18	172.89	160.59	145.21
	Deferred Tax Liabilities (Net)	19	60.22	65.81	74.01
(3)	Current Liabilities				
	Financial Liabilities				
	(a) Borrowings	20	3061.03	3373.62	3626.07
	(b) Trade Payables	21	2115.27	3090.70	2883.41
	(c) Other Financial Liabilities	22	46.47	11.21	24.63
	Other Current Liabilities	23	148.68	26.11	18.07
	Current Tax Liabilities (Net)	24	—	—	47.02
	Total Equity and Liabilities		6944.46	8584.94	8679.13

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 Saraogi & Co.**

Chartered Accountants

Manoj Keshan

Partner

Membership No. 55272

FRN : 305004E

Place : 1, Crooked Lane, Kolkata - 700 069

Dated : 29th May, 2018

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)

CARNATION**Industries Limited****STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018****(Rs. in Lacs)**

Sl. No.	Particulars	Note No.	For the Year ended 31.03.2018	For the Year ended 31.03.2017
I	Revenue From operations	25	5011.49	8182.27
II	Other Income	26	359.69	367.82
III	Total Income (I +II)		5371.18	8550.09
IV	Expenses			
	Cost of Materials Consumed and other manufacturing expenses	27	3441.46	5749.33
	Purchases of Fininshed / Semi Finished Goods	28	35.95	16.11
	Changes in inventories of Finished Goods	29	407.61	(154.46)
	Employee benefit expense	30	1000.90	1285.14
	Finance costs	31	402.79	529.05
	Depreciation and amortization expense		121.21	119.55
	Other expenses	32	621.05	982.53
	Total expenses (IV)		6030.97	8527.25
V	Profit/(loss) before exceptional items and tax (III-IV)		(659.79)	22.84
VI	Exceptional items		-	-
VII	Profit / (loss) before tax (V-VI)		(659.79)	22.84
VIII	Tax Expenses			
	a) Current Tax		-	3.17
	b) Deferred Tax		(6.34)	(7.41)
	Total Tax Expenses		(6.34)	(4.24)
IX	Profit/ (Loss) for the period from continuing operations (VII-VIII)		(653.45)	27.08
X	Profit /(Loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from discontinued operations (after tax)		-	-
XIII	Profit/(loss) for the period (IX-XII)		(653.45)	27.08
XIV	Other Comprehensive Income/ (Loss)	33		
	Items that will not be reclassified to profit or loss		2.44	(2.55)
	Income tax relating to items that will not be reclassified to profit or loss		(0.75)	0.79
	Other Comprehensive Income/ (Loss) for the year		1.69	(1.76)
XV	Total Comprehensive Income for the period (XIII+XIV)		(651.76)	25.32
XII	Earnings per equity share	34		
	1) Basic		(18.90)	0.78
	2) Diluted		(18.90)	0.78

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 Saraogi & Co.**

Chartered Accountants

Manoj Keshan

Partner

Membership No. 55272

FRN : 305004E

Place : 1, Crooked Lane, Kolkata - 700 069

Dated : 29th May, 2018

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 Changes in Equity for the year ended 31st March, 2018

(Rs. In lacs)

(A) Equity Share Capital

Balance as at 1st April, 2016	Change during the financial Year 2016-17	Balance as at 31st March, 2017	Change during the financial Year 2017-18	Balance as at 31st March, 2018
345.72	-	345.72	-	345.72

(B) Other Equity

	Capital Reserve	Securities Premium Reserve	General Reserve	Export Business Reserve	Retained Earning	Total
Balance as at 1st April, 2016	48.84	306.30	493.24	26.89	639.72	1514.99
Profit for the financial year 2016-17	-	-	-	-	27.08	27.08
Other Comprehensive Income/(Loss)	-	-	-	-	(1.76)	(1.76)
Payment of Dividend (including tax on dividend) (refer note 15.2)	-	-	-	-	(29.13)	(29.13)
Balance as at 31st March, 2017	48.84	306.30	493.24	26.89	635.91	1511.18
Profit for the financial year 2017-18	-	-	-	-	(653.45)	(653.45)
Other Comprehensive Income/(Loss)	-	-	-	-	1.69	1.69
Payment of Dividend (including tax on dividend) (refer note 15.2)	-	-	-	-	(16.64)	(16.64)
Balance as at 31st March, 2018	48.84	306.30	493.24	26.89	(32.50)	842.77

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 Saraogi & Co.

Chartered Accountants

Manoj Keshan

Partner

Membership No. 55272

FRN : 305004E

Place : 1, Crooked Lane, Kolkata - 700 069

Dated : 29th May, 2018

On behalf of the Board

Arun Kumar Bose
(Whole Time Director)

R.P.Sehgal
(Managing Director)

Sanjay Agarwal
(Company Secretary)

Biplab Ganguly
(Chief Financial Officer)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2018

(Rs. in Lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before exceptional items and tax	(659.79)	22.84
Adjustments for:		
– Depreciation, Impairment and Amortisation Expenses	121.21	119.55
– Fair Valuation of Investment	1.93	(5.05)
– (Profit)/Loss on sale/discard of Property Plant and Equipment(net)	–	0.65
– Interest on Term Deposit	(9.44)	(12.75)
– Remeasurements of the defined benefit plans	2.44	(2.55)
– Finance Cost	402.79	529.05
Operating Profit Before Working Capital Changes	(140.86)	651.74
Adjustments for:		
– (Decrease)/ Increase in Trade Payables	(975.43)	207.29
– (Decrease)/ Increase in Non Current Provisions	12.30	15.38
– (Decrease)/ Increase in Other current Liabilities	122.57	8.04
– Decrease/ (Increase) in other Non Current Assets	(1.83)	1.24
– Decrease/ (Increase) Trade Receivables	1048.53	127.43
– Decrease/ (Increase) Other Current Financial Asset	4.00	(4.00)
– Decrease/ (Increase) Other Current Asset	45.29	(30.41)
– Decrease/ (Increase) Inventories	421.38	(43.23)
Cash Generated from Operations :	535.95	933.48
Income Tax Paid (including Tax deducted at source)	0.62	79.68
Net Cash generated from Operating Activities	535.34	853.80
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipments, Intangible and Capital Work in Progress	(68.92)	(96.12)
Proceed from Sale of Property, Plant and Equipments (Net)	–	0.58
Term Deposit other than cash & Cash equivalents (including accrued interest)	89.51	(12.62)
Interest on Term Deposit	9.44	12.75
Net Cash generated/ (used) in Investing Activities	30.03	(95.41)

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(Rs. in Lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Changes in Current Borrowings (Net)	(312.59)	(252.45)
Non Current Borrowings (Net)	162.26	(5.11)
Finance cost paid	(386.32)	(540.28)
Dividend paid (including Dividend distribution tax)	(16.97)	(28.55)
Tax Paid on dividend	-	-
Net Cash generated/(used) in Financing Activities	(553.62)	(826.39)
Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)	11.75	(68.00)
Opening Cash and Cash Equivalents	(4.77)	63.23
Closing Cash and Cash Equivalents	6.98	(4.77)

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 Saraogi & Co.**
Chartered Accountants

Manoj Keshan
Partner
Membership No. 55272
FRN : 305004E
Place : 1, Crooked Lane, Kolkata - 700 069
Dated : 29th May, 2018

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, 2018**1. Corporate Information**

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

2. Significant accounting Policies and Key Estimates and Judgements**2.1 Basis of Preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For periods up to and including the year ended 31st March, 2017 the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). These financial statements for the year ended 31st March, 2018 are the first Financial Statements prepared in accordance with Ind AS. The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and Defined benefit plans which are measured at Fair Value.

2.2 Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Examples of such estimates include estimation of useful lives of tangible and intangible assets, valuation of inventories, sales return, employee costs, assessments of recoverable amounts of deferred tax assets and cash generating units, provisions against litigations and contingencies. Estimates and underlying assumptions are reviewed by management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

2.3 Operating Cycle & Current Non Current Classification

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities. The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is current when it is: Expected to be

realised or intended to be sold or consumed in normal operating cycle. Held primarily for the purpose of trading. Expected to be realised within twelve months after the reporting period, or Cash or Cash Equivalent. All other assets are classified as non-current. A liability is current when: It is expected to be settled in normal operating cycle. It is held primarily for the purpose of trading. It is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Company classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

2.4 Foreign currency transactions and balances

Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign at year-end exchange rates are recognized in profit or loss.

2.5 Foreign Operations

Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to Statement of Profit and Loss and are recognised as part of the gain or loss on disposal.

2.6 Fair Value Measurement

The Company measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value.

2.7 Revenue recognition

(i) Sale of goods and rendering of services :

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, chargebacks and volume rebates allowed by the Company. Accrual for sales returns, chargebacks and other allowances are provided at the point of sale based upon past experience. Adjustments to such returns, chargebacks and other allowances are made as new information becomes available. Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax and value added tax are excluded from revenue. Profit sharing revenues are generally recognized under the terms of a license and supply agreement in the period such amounts can be reliability measured and collectability is reasonably assured. Revenue from sale of goods is recognized when the following conditions are satisfied: The Company has transferred the significant risks and rewards of ownership of the goods to the buyer; The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold; The amount of revenue can be measured reliably;

It is probable that the economic benefits associated with the transaction will flow to the Company; The costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue resulting from the achievement of milestone events stipulated in agreements is recognized when the milestone is achieved. Milestones are based upon the occurrence of a substantive element specified in the contract or as a measure of substantive progress towards completion under the contract. Other Operating revenue is recognised on accrual basis.

ii) Interest Income :

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

iii) Dividends :

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

2.8 Taxes :

Income tax expense comprises of current tax expense and deferred tax expenses. Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

i) Current Income Tax :

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

ii) Deferred taxes :

Deferred tax is recognized using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax

credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

2.9 Property, Plant and Equipment :

The Company considers the previous GAAP carrying value for all its Property, Plant and Equipment as deemed cost at the transition date, viz. 1st April 2016.

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment of loss, if any.

Cost of any item of property, plant and equipment comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition.

Depreciation is provided on the straight line method by depreciating carrying amount of Property, Plant and Equipment over remaining useful life of the assets.

Depreciation methods, useful life and residual values are reviewed at each financial year end. The useful life and residual value as per such review is normally in accordance with schedule II of the Companies Act 2013.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.10 Investment properties :

Property that is held for non-current rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and borrowing costs where applicable. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised. Investment properties are depreciated using the straight-line method over their estimated useful lives.

2.11 Intangible Asset :

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands and computer software acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalised and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

2.12 Amortisation methods and periods :

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods: Marketing intangibles, Trademarks, Technical KnowHow and Brands 2-10 years. Computer software 3 years.

2.13 Borrowing Costs :

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

2.14 Impairment of non-financial assets :

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined

for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

2.15 Inventories :

Raw materials, Consumable Stores and packing materials are valued at lower of cost and net realisable value after providing for obsolescence, if any. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Stock-in-trade and finished goods are valued at lower of cost and net realisable value. Finished goods and work-in-process include costs of raw material, labour, conversion costs and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on average cost basis including proportionate fixed manufacturing overheads based on actual capacity.

2.16 Financial instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Asset :**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories: Debt instruments at amortised cost. Debt instruments at fair value through other comprehensive income (FVTOCI). Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL). Equity instruments measured at fair value through other comprehensive income FVTOCI.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on

specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt Instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. Equity Investments All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. De-recognition The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be

required to repay. Impairment of Financial Assets The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

ii) Financial Liabilities :

Initial recognition and measurement Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss. Loans and Borrowings After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation

is included as finance costs in the Statement of Profit and Loss. This category generally applies to interest-bearing loans and borrowings. De-recognition A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

iii) Derivative Financial Instruments:

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

iii) Cash & Cash Equivalents :

Cash and Cash Equivalents represent cash and bank balances and fixed deposits with banks having maturity of 3 months or less. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

iv) Trade Receivable:

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.17 Provisions :

Provisions for legal claims, chargebacks and sales returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.18 Contingencies :

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.19 Employee Benefits :

Liability on account of short term employee benefits is recognised on an undiscounted and accrual basis during the period when the employee renders service/ vesting period of the benefit. Post retirement contribution plans such as Employees' Pension scheme and Employees' Provident Fund (for employees other than those who are covered under Employees' provident fund trust) are charged to the Statement of Profit and Loss for the year when the contributions to the respective funds accrue. Post retirement benefit plans such as gratuity and provident fund are determined on the basis of actuarial valuation made by an independent actuary as at the balance sheet date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the consolidated balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss.

i) Gratuity Obligations :

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of Profit and Loss as past service cost.

ii) Other Benefit plan – Leave Encashment

Liability in respect of leave encashment becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of leave encashment becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary.

iii) Termination Benefits :

Termination benefits arising are recognised in the Statement of Profit and Loss when: the Company has a present obligation as a result of past event; a reliable estimate can be made of the amount of the obligation; and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

2.20 Government Grants :

Government Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit and loss accounts over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments. When loans or similar assistance are provided by the government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

2.21 Earning Per Share :

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

2.22 Non-current assets and liabilities classified as held for sale and discontinued operations:

Separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

2.23 Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.24 Critical accounting estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Judgements :**(i) Deferred Income Taxes:**

The assessment of the probability of future taxable profit in which deferred tax assets can be utilized is based on the Company's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full.

(ii) Research and Developments Costs :

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition

requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

Estimates :

(i) Useful lives of various assets:

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company.

(ii) Current Income Taxes :

The major tax jurisdiction for the Company is India. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(iii) Sales Returns :

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates.

(iv) Accounting for Defined Benefit Plans :

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

(v) Fair Value of Financial Instruments :

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses

estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2.25 First time adoption of Indian Accounting Standards

The Company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. Ind AS 101 'First-time Adoption of Indian Accounting Standards' requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March, 2018 for the company, be applied retrospectively and consistently for all financial years presented.

Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. There is no major changes in the carrying values of the assets and liabilities as at the transition date except some classification changes which are disclosed in **Reconciliation between previous GAAP and Ind AS** below. The resulting difference in the carrying values of assets and liabilities as at 31st March, 2017 between the Ind AS and Previous GAAP amounting to Rs. 3.66 Lacs have been recognised in other equity.

a) Exemptions and Exceptions availed:

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

i. Deemed Cost

The Company has opted para D7 AA and accordingly considered the carrying value of property, plant and equipment and Intangible assets as deemed cost as at transition date.

ii. De-recognition of Financial Assets and Liabilities

The Company has elected to apply de-recognition requirements for financial assets and liabilities under Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

iii. Designation of Previously Recognized Financial Instrument

Ind AS, allow first-time adopters to use a 'deemed cost' of either fair value or the carrying amount under previous accounting practice to measure at the initial cost. The Company has elected to measure investment amounting to Rs. 0.22 lakh in Punjab National Bank at carrying amount under previous accounting practice as of the transition date.

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iv. Classification and measurement of Financial Assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist on the date of transition to Ind AS.

v. Estimates

Upon an assessment of the estimates made under Previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS except as a part of transition where following estimates were required by Ind AS and not required by Previous GAAP Impairment of financial assets based on expected credit loss model.

Reconciliation between previous GAAP and Ind AS

(b) Effect of Ind AS adoption on the Balance Sheet as at 1st April 2016 (Rs. in Lacs)

Particulars	Previous GAAP 31.03.2016	Effect of transition of Ind AS	Ind AS 01.04.2016
ASSETS			
Non-current Assets			
Property, Plant and Equipment	1224.84	-	1224.84
Capital Work-in Progress	0.20	-	0.20
Intangible Assets	3.95	-	3.95
Financial Assets			
(a) Investments	0.22	-	0.22
(b) Other Financial Assets	-	(103.15)	103.15
Other Non-Current Assets	58.97	-	58.97
Current Assets			
Inventories	784.71	-	784.71
Financial Assets			
(a) Trade Receivables	5427.73	-	5427.73
(b) Cash and Cash Equivalents	67.72	4.49	63.23
(c) Bank Balance Other than Cash and Cash Equivalents	127.56	98.67	28.89
(d) Other Financial Assets	869.10	-	869.10
Current Tax Assets (net)	9.91	-	9.91
Other Current assets	104.22	-	104.22
Total Assets	8679.13	-	8679.12

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Particulars	Previous GAAP 31.03.2016	Effect of transition of Ind AS	Ind AS 01.04.2016
EQUITY AND LIABILITY			
EQUITY			
Share Capital	345.72	-	345.72
Other Equity	1485.86	(29.13)	1514.99
LIABILITY			
Non-Current Liabilities			
Provisions	145.21	-	145.21
Deferred Tax Liabilities (Net)	74.01	-	74.01
Current Liabilities			
Financial Liabilities			
(a) Borrowings	3626.07	-	3626.07
(b) Trade Payables	2901.24	17.83	2883.41
(c) Other Financial Liabilities	-	(24.63)	24.63
Other Current Liabilities	24.87	6.81	18.06
Current Tax Liabilities (Net)	76.15	29.13	47.02
Total Equity and Liabilities	8679.13	-	8679.12

NOTE I : The previous GAAP has been reclassified to confirm to Ind AS presentation requirements for the purpose of the note.

(c) Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2017

Particulars	Previous GAAP 31.03.2017	Effect of transition of Ind AS	Ind AS 31.03.2017
ASSETS			
Non-current Assets			
Property, Plant and Equipment	1172.97	1.39	1171.58
Capital Work-in Progress	31.92	-	31.92
Intangible Assets	3.17	-	3.17
Financial Assets			
(a) Investments	0.22	(5.05)	5.27
(b) Other Financial Assets	-	(91.92)	91.92
Other Non-Current Assets	57.73	-	57.73
Current Assets			
Financial Assets			
(a) Trade Receivables	5300.30	-	5300.30

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Particulars	Previous GAAP 31.03.2017	Effect of transition of Ind AS	Ind AS 31.03.2017
(b) Cash and Cash Equivalents	0.29	5.06	(4.77)
(c) Bank Balance Other than Cash and Cash Equivalents	139.61	86.86	52.75
(d) Other Financial Assets	107.30	103.30	4.00
Current Tax Assets (net)	39.40	-	39.40
Other Current assets	900.43	(103.30)	1003.73
Total Assets	8581.28	(3.66)	8584.94
EQUITY AND LIABILITY			
EQUITY			
Share Capital	345.72	-	345.72
Other Equity	1507.52	(3.66)	1511.18
LIABILITY			
Non-Current Liabilities			
Provisions	160.59	-	160.59
Deferred Tax Liabilities (Net)	65.81	-	65.81
Current Liabilities			
Financial Liabilities			
(a) Borrowings	3373.62	-	3373.62
(b) Trade Payables	3116.33	25.63	3090.70
(c) Other Financial Liabilities	11.69	0.48	11.21
Other Current Liabilities	-	(26.11)	26.11
Current Tax Liabilities (Net)	-	-	-
Total Equity and Liabilities	8581.28	(3.66)	8584.94

NOTE I The previous GAAP has been reclassified to confirm to Ind AS presentation requirements for the purpose of the note.

NOTE II PROPERTY PLANT AND EQUIPMENT: Expenses amounting to Rs. 1.39 Lacs which does not meet the criteria of property plant and equipment as per Ind AS are not recognised as PPE.

NOTE III INVESTMNET: Under Previous GAAP Investments in equity instruments were valued at cost, Under Ind As the same is classified as Fair Value through Profit and Loss account and carried at Fair Value.

CARNATION*Industries Limited***(d) Effect of Ind AS adoption on the Statement of Profit & Loss for the year ended 31st March 2017**

Particulars	Previous GAAP 31.03.2017	Effect of transition of Ind AS	Ind AS 31.03.2017
Revenue From Operations	8172.77	(9.50)	8182.27
Other Income	346.02	(21.80)	367.82
Total Income	8518.79	(31.30)	8550.09
Expenses			
Cost of Materials Consumed and other manufacturing expenses	5747.94	(1.39)	5749.33
Purchases of Finished / Semi Finished Goods	16.11	-	16.11
Changes in inventories of Finished Goods	(154.46)	-	(154.46)
Employee benefit expense	1287.69	2.55	1285.14
Finance costs	516.30	(12.75)	529.05
Depreciation and amortization expense	119.55	-	119.55
Other expenses	969.03	(13.50)	982.53
Total Expenses	8502.16	(25.09)	8527.25
Profit/(loss) before exceptional items and tax (III-IV)	16.63	(6.21)	22.84
Exceptional items	-	-	-
Profit/ (loss) before tax (V-VI)	16.63	(6.21)	22.84
Tax Expenses			
a) Current Tax	3.17	-	3.17
b) Deferred Tax	(8.20)	(0.79)	(7.41)
Total Tax Expenses	(5.03)	(0.79)	(4.24)
Profit/(Loss) for the period from continuing operations (VII-VIII)	21.66	(5.42)	27.08
Profit/(Loss) from discontinued operations	-	-	-
Tax expense of discontinued operations	-	-	-
Profit/(loss) from discontinued operations (after tax)	-	-	-
Profit/(loss) for the period (IX-XII)	21.66	(5.42)	27.08

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Particulars	Previous GAAP 31.03.2017	Effect of transition of Ind AS	Ind AS 31.03.2017
Other Comprehensive Income/ (Loss)			
Items that will not be reclassified to profit or loss	-	2.55	(2.55)
Income tax relating to items that will not be reclassified to profit or loss	-	(0.79)	0.79
Other Comprehensive Income/ (Loss) for the year	-	1.76	(1.76)
Total Comprehensive Income for the period (XIII+XIV)	21.66	(3.66)	25.32

Note I: Revenue from operations: - Domestic sales was disclosed exclusive of Excise duty under previous GAAP, as per Ind AS the same is disclosed inclusive of Excise duty.

Note II: Other Income:

- (i) Interest on Fixed Deposit was disclosed by netting off Finance Cost under previous GAAP. The same is disclosed under Other Income now.
- (ii) Gain on Fair valuation of Investment in Equity is disclosed under Other Income as per Ind AS.
- (iii) Fair Value Gain on forward contract was disclosed by netting off Exchange Rate Difference under previous GAAP. The same is disclosed under Other Income now.

Note III: Manufacturing Expenses: Expenses amounting to Rs. 1.39 Lacs which does not meet the criteria of property plant and equipment as per Ind AS are recognized as expense.

Note IV: Employees Benefit Expenses:- Under Ind AS re-measurement i.e. Actuarial gain and losses on the net defined benefit liability are recognized in other comprehensive income instead of profit & Loss. Under the previous GAAP these re-measurement were forming part of the statement of profit & Loss for the year.

Note V: Deferred tax under Ind AS has been recognized for temporary difference between tax base and the book base of the relevant asset and liabilities. Under previous GAAP the deferred tax was accounted based on timing difference impacting the profit & Loss for the period. Deferred tax on aforesaid Ind AS adjustments has been created for both 31st march 2017.

(Rs. in Lacs)

Note 3: PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT	
	AS AT 01-04-2016	ADDITIONS DURING THE YEAR	DELETIONS AND ADJUSTMENTS	AS AT 31-03-2017	UP TO 01-04-2016	PROVIDED DURING THE YEAR	DELETIONS AND ADJUSTMENTS	UP TO 31-03-2017	AS AT 03-2017	AS AT 01-04-2016
1) LAND	165.83	-	-	165.83	-	-	-	-	165.83	165.83
2) BUILDINGS	455.99	-	-	455.99	-	16.57	-	16.57	439.42	455.99
3) PLANT & MACHINERIES	307.90	1.79	0.38	309.30	-	59.46	0.05	59.41	249.90	307.90
4) LABORATORY EQUIPMENT	22.81	1.27	-	24.08	-	5.17	-	5.17	18.91	22.81
5) PATTERN & DICES	173.27	59.39	-	232.66	-	17.08	-	17.08	215.58	173.27
6) TOOLS & IMPLEMENTS	13.99	-	-	13.99	-	1.60	-	1.60	12.39	13.99
7) FURNITURE & FITTINGS	8.04	0.70	0.04	8.70	-	1.98	-	1.98	6.72	8.04
8) ELECTRIC INSTALLATION	60.61	-	-	60.61	-	11.60	-	11.60	49.01	60.61
9) MOTOR VEHICLES	9.76	1.30	0.87	10.19	-	2.46	0.01	2.45	7.74	9.76
10) COMPUTERS P.C	6.66	1.57	-	8.23	-	2.13	-	2.13	6.10	6.66
TOTAL	1224.84	66.02	1.29	1289.57	-	118.05	0.06	117.99	1171.58	1224.84
CAPITAL WORK IN PROGRESS	0.20	31.72	-	31.92	-	-	-	-	31.92	0.20
TOTAL	0.20	31.72	-	31.92	-	-	-	-	31.92	0.20

Note :- Net Value on Pattern and Dices includes Rs. 0.29 Lacs as on 31.03.2017 and Rs. 0.36 Lacs as on 31.03.2016 lying with supplier abroad

(Rs. in Lacs)

Note 3: PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT	
	AS AT 01-04-2017	ADDITIONS DURING THE YEAR	DELETIONS AND ADJUSTMENTS	AS AT 31-03-2018	UP TO 01-04-2017	PROVIDED DURING THE YEAR	DELETIONS AND ADJUSTMENTS	UP TO 31-03-2018	AS AT 03-2018	AS AT 01-04-2017
1) LAND	165.83	-	-	165.83	-	-	-	-	165.83	165.83
2) BUILDINGS	455.99	0.76	-	456.75	16.57	16.57	-	33.14	423.61	439.42
3) PLANT & MACHINERIES	309.30	1.46	-	310.76	59.41	56.51	-	115.92	194.84	249.90
4) LABORATORY EQUIPMENT	24.08	2.59	-	26.67	5.17	5.28	-	10.45	16.22	18.91
5) PATTERN & DICES	232.66	38.17	-	270.83	17.08	20.84	-	37.92	232.91	215.58
6) TOOLS & IMPLEMENTS	13.99	-	-	13.99	1.60	1.60	-	3.20	10.79	12.39
7) FURNITURE & FITTINGS	8.70	-	-	8.70	1.98	1.65	-	3.63	5.07	6.72
8) ELECTRIC INSTALLATION	60.61	-	-	60.61	11.60	11.58	-	23.18	37.43	49.01
9) MOTOR VEHICLES	10.19	-	-	10.19	2.45	2.46	-	4.91	5.28	7.74
10) COMPUTERS P.C	8.23	-	-	8.23	2.13	1.50	-	3.63	4.60	6.10
TOTAL	1289.57	42.98	-	1332.54	117.99	117.99	-	235.98	1096.57	1171.58
CAPITAL WORK IN PROGRESS	31.92	31.65	0.20	63.37	-	-	-	-	63.37	31.92
TOTAL	31.92	31.65	0.20	63.37	-	-	-	-	63.37	31.92

Note :- Net Value on Pattern and Dices includes Rs. 0.23 Lacs as on 31.03.2018 and Rs. 0.29 Lacs as on 31.03.2017 lying with supplier abroad

(Rs. in Lacs)

Note 4. Intangible Asset

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT		
	AS AT 01-04-2016	ADDITIONS DURING THE YEAR	DELETIONS AND ADJUSTMENTS	AS AT 31-03-2017	UP TO 01-04-2016	PROVIDED DURING THE YEAR	DELETIONS AND ADJUSTMENTS	UP TO 31-03-2017	AS AT 31-03-2017	AS AT 01-04-2016
1) ERP SOFTWARE	2.28	-	-	2.28	-	-	-	-	2.28	2.28
2) COMPUTER SOFTWARE	0.58	0.72	-	1.30	-	0.57	-	0.57	0.73	0.58
3) LICENCE	1.09	-	-	1.09	-	0.93	-	0.93	0.16	1.09
TOTAL	3.95	0.72	-	4.67	-	1.50	-	1.50	3.17	3.95

Note 4. Intangible Asset

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT		
	AS AT 01-04-2017	ADDITIONS DURING THE YEAR	DELETIONS AND ADJUSTMENTS	AS AT 31-03-2018	UP TO 01-04-2017	PROVIDED DURING THE YEAR	DELETIONS AND ADJUSTMENTS	UP TO 31-03-2018	AS AT 31-03-2018	AS AT 01-04-2017
1) ERP SOFTWARE	2.28	-	-	2.28	-	2.28	-	2.28	-	2.28
2) COMPUTER SOFTWARE	1.30	2.75	-	4.05	0.57	0.78	-	1.35	2.70	0.73
3) LICENCE	1.09	-	-	1.09	0.93	0.16	-	1.09	-	0.16
TOTAL	4.67	2.75	-	7.42	1.50	3.22	-	4.72	2.70	3.17

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Note No.	Particulars	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
Note 5	NON-CURRENT INVESTMENT Quoted (FVTPL)			
	3500 Fully paid Equity Shares of Rs. 2/- each, in Punjab National Bank.	3.34	5.27	0.22
	Total	3.34	5.27	0.22
Note 6	OTHER NON-CURRENT FINANCIAL ASSETS			
	Fixed Deposits as Margin Money (maturity more than 12 months)	20.00	71.51	85.81
	Other Fixed Deposits (maturity more than 12 months)	0.72	17.94	16.48
	Interest Accrued but not due	4.24	2.47	0.86
	Total	24.96	91.92	103.15
Note 7	OTHER NON-CURRENT ASSETS (Unsecured Considered Good)			
	Other Advances (refer note 7.1)	14.86	14.86	14.86
	Security Deposit (refer note 7.2)	44.70	42.87	44.11
	Total	59.56	57.73	58.97
	Note 7.1:- Advance Represent due from M/s The Salkia Industrial Works against whom Execution case has been filed by the company on failure by the party to pay as per the court order, which is still pending. Note 7.2:- Security Deposit includes deposit for utility and deposit with supplier adjustable. In absence of confirmation balance as per books are taken.			
Note 8	INVENTORIES (As taken, valued and certified by the management, for mode of valuation refer Note No. 8.3)			
	Finished Goods	276.53	684.14	529.68
	Raw Materials	38.23	50.65	146.69
	Consumable Stores, Spares and Power & Fuels	72.61	76.86	93.28
	Packing Materials	19.19	16.29	15.06
	Total	406.56	827.94	784.71
	Note 8.1: Out of above, stock in transit and lying with outsiders			
	Finished Goods	19.29	157.77	100.27
	Raw Materials	9.88	0.93	2.90
	Consumable Stores, Spares and Power & Fuels	-	0.45	0.99
	Packing Materials	0.73	0.78	0.72
“Note 8.2: 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.”				

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Note No.	Particulars	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
Note 9	TRADE RECEIVABLES			
	Unsecured Considered Good :			
	More than Six months from the due date	2802.89	2580.00	2556.37
	Other Debts	1448.88	2720.30	2871.36
	Total	4251.77	5300.30	5427.73
Note 9.1:- Export proceeds in foreign exchange of Rs. 1895.88 Lacs, Rs. 2239.10 lacs and Rs. 2544.19 lacs as on 31/03/2018, 31/03/2017 and 31/03/2016 respectively from a Related party and Rs. 815.41 Lacs, Rs. 216.89 lacs and Rs. Nil as on 31/03/2018, 31/03/2017 and 31/03/2016 respectively from a other than related parties could not be realised within 12 months from the dates of export.				

Note 10	CASH AND BANK BALANCES			
	Cash and Cash Equivalents			
	Cash In hand (As certified by Management)	6.08	2.01	12.06
	Balances with Banks on Current Accounts	0.90	(6.78)	51.17
	Total	6.98	(4.77)	63.23

Note 11	BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS			
	Fixed Deposits as Margin Money (maturity between 3 months to 12 months)	25.42	25.32	10.96
	Accrued Interest on Fixed Deposit	0.05	22.37	13.45
	Balance earmarked for unclaimed Dividend	4.74	5.06	4.49
	Total	30.20	52.75	28.90

Note 12	OTHER CURRENT FINANCIAL ASSETS			
	Forward Contract Asset	-	4.00	-
	Total	-	4.00	-

Note 13	CURRENT TAX ASSETS (Net)			
	Advance Payment of Income Tax (net of provision)	40.01	39.40	9.91
	Total	40.01	39.40	9.91

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Note No.	Particulars	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
Note 14	OTHER CURRENT ASSETS			
	Advances to Staff	0.66	2.67	6.47
	Advances to Suppliers	14.85	45.54	47.75
	Other Advance [Refer Note No.14.1)]	50.00	50.00	50.00
	Export Incentive Receivable	4.80	43.10	30.68
	Cenvat, Input Taxes Refund and GST Receivable (refer note no. 14.2)	883.59	852.63	838.42
	Prepaid Expenses	0.25	9.09	-
	Other Receivable	4.29	0.70	-
	Total	958.44	1003.73	973.32
	Note 14.1: 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.			
	Note 14.2: 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 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.			

Note 15	SHARE CAPITAL			
	Authorised			
	7000000 Equity shares of Rs.10/- each	700.00	700.00	700.00
	Issued, Subscribed and Paid-Up			
	3457160 Equity Shares of Rs. 10/ each fully paid up (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.)	345.72	345.72	345.72
	Total	345.72	345.72	345.72

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Note No.	Particulars	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
	Note 15.1: Reconciliation of the shares outstanding at the beginning and at the end of the reporting period			
	Equity Shares	No. in Lacs	No. in Lacs	No. in Lacs
	At the Beginning of the period	34.57	34.57	34.57
	Outstanding at the end of the period	34.57	34.57	34.57
	Note 15.2: Terms/ rights attached to equity shares			
	<p>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.</p> <p>For the year ended 31st March 2017, the amount of per share dividend proposed as distributable to equity shareholders is Re: 0.40 (31st March 2016: Re.0.70). The total proposed dividend payable for the year ended 31-03-2017 amounted to Rs. 16.64 lacs (31st March, 2016: Rs.29.13 lacs) including corporate dividend tax of Rs. 2.82 lacs for 31.03.2017 (31st March, 2016: Rs.4.93 lacs).</p> <p>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.</p>			
	Note 15.3: Details of shareholders holding more than 5% shares in the company			
	Particulars	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
		No. of shares & Percentage	No. of shares & Percentage	No. of shares & Percentage
	Ravindra Prakash Sehgal	575865 16.66%	575865 16.66%	575865 16.66%
	Suvabrata Saha	573598 16.59%	573598 16.59%	573598 16.59%
	Madan Mohan Kundu	379359 10.97%	380020 10.99%	399110 11.54%
	Sanatan Kundu	- -	222007 6.42%	397960 11.51%
	Sumati Sehgal	187675 5.43%	187675 5.43%	187675 5.43%
Note	Particulars	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
Note 16	OTHER EQUITY			
	Capital Reserves	48.84	48.84	48.84
	Securities Premium Reserves	306.30	306.30	306.30
	General Reserves	493.24	493.24	493.24
	Export Business Reserves	26.89	26.89	26.89
	Retained Earnings	(32.50)	635.91	639.72
	Total	842.77	1511.18	1514.99

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Note No.	Particulars	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
Note 17	NON CURRENT BORROWINGS			
	From ICICI Bank (Secured Loan)	151.40	-	-
	Total	151.40	-	-
	Note 17.1: The loan is secured by a first charge over office premises of the company with a carrying value of Rs. 115.09 Lacs (31 March 2018: Nil, 1 April 2016: Nil).			
	Note 17.2: The Loan is repayable in 120 equal monthly installments. Interest @ 9.05 p.a is charged by the bank. (Effective Interest Rate is 9.356%)			
Note 18	PROVISIONS			
	Provision for Contingencies (Refer Note No. 14.1)	50.00	50.00	50.00
	Provision for Gratuity	108.60	98.77	85.55
	Provision for Leave Encashment	14.29	11.82	9.66
	Total	172.89	160.59	145.21
Note 19	DEFERRED TAX LIABILITIES			
	The major components of the Deferred tax assets/liabilities based on the tax effect on the timing difference are as follows:			
	Deferred Tax Liability/(Assets)			
	Property, Plant & Equipment and Intangible assets	97.44	99.98	105.49
	Provision for Leave Encashment	(4.42)	(3.65)	(3.19)
	Provision for Gratuity	(32.80)	(30.52)	(28.29)
	Net Deferred Tax Liability/(Assets)	60.22	65.81	74.01
Note 20	CURRENT BORROWINGS			
	Loans Repayable on Demand			
	From Banks			
	Secured			
	Packing Credit	1666.00	1708.58	1423.66
	Bills Purchase Account	1288.70	1580.84	2182.20
	Cash Credit	86.15	62.36	20.21
	From a Body Corporate			
	Unsecured			
	Bill Discounting finance in foreign currency	20.18	21.84	-
	Total	3061.03	3373.62	3626.07

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Note No.	Particulars	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
	Note 20.1: (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.)			
	Note 20.2: The company has classified bill discounting finance taken from a body corporate incorporated outside India as Unsecured based on expert opinion obtained.			
	Note 20.3: The company has availed credit facility from State Bank of India and Punjab National Bank under consortium Finance arrangement. State Bank of India vide its letter dated 21st March, 2018 has classified the credit facility as Non performing Asset (NPA) and has not applied/ charged interest for the month of March, 2018. Bank has also reversed the unrecovered applied interest amounting to Rs. 16.85 Lacs. In the absence of advice/ information, finance cost for the month of March, 2018 could not be ascertained and accounted for. However interest as reversed by bank has been accounted for in the books of accounts.			
	Note 20.4: Punjab National Bank has also not charged interest from January, 2018 onwards. In the absence of advice/ information, finance cost for the period from January, 2018 to March, 2018 could not be ascertained and accounted for.			

Note 21	TRADE PAYABLES			
	For goods Supplied	1509.30	2278.95	2135.89
	For Expenses	605.97	811.75	747.52
	Total	2115.27	3090.70	2883.41
	Note 21.1: 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.			
	Note 21.2: 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, 2018 is Rs 133.98 Lacs, as on 31st March, 2017 is Rs. 762.88 lacs and as on 31st March, 2016 is Rs. 763.67 lacs.			

Note 22	OTHER FINANCIAL LIABILITIES			
	Current maturities of long term debt	10.86	-	5.11
	Unclaimed Dividend	4.74	5.07	4.49
	Interest/ Finance Charges accrued and due on Bank borrowings	17.86	-	11.11
	Interest accrued but not due on Bank borrowing	0.92	2.31	2.43
	Creditors for Capital Goods	12.09	3.83	1.49
	Total	46.47	11.21	24.63

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Note No.	Particulars	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
Note 23	OTHER CURRENT LIABILITIES			
	Advance from Customer	108.55	0.48	0.24
	Statutory Dues			
	- Unpaid Dividend distribution Tax	2.82	-	4.93
	- PF, ESI, Sale Tax, TDS etc.	37.31	25.63	12.90
	Total	148.68	26.11	18.07

Note 24	CURRENT TAX LIABILITIES			
	For Income Tax (Net)	-	-	47.02
	Total	-	-	47.02

Note No.	Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Note 25	REVENUE FROM OPERATION		
	(a) Export Sale	4830.23	7866.34
	Less: Freight	119.60	133.43
		4710.63	7732.91
	(b) Domestic Sale (Including Excise Duty)	59.31	85.79
	(c) Other operating revenue		
	Export Incentives - Realised	218.13	283.61
	Export Incentives - Unrealised	4.25	42.56
	Discounts	7.25	36.17
	Others	11.92	1.23
	Total	5011.49	8182.27
	Note 25.1 : Details of Products Sold		
	Castings	4769.94	7818.70

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Note No.	Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Note 26	OTHER INCOME		
	Interest Income on		
	- Fixed Deposits	9.44	12.75
	- Security Deposits	1.79	0.24
	- Others	0.09	0.10
	Fair value gain on financial instruments at fair value through profit or loss	-	5.05
	Fair value gain in Forward Contract	-	4.00
	Profit on sale of Fixed Asset	-	0.01
	Liability no longer Required Written Back	348.37	345.67
	Total	359.69	367.82
Note 27	COST OF MATERIALS CONSUMED AND OTHER MANUFACTURING EXPENSES		
	Raw Materials Consumed		
	Opening Stock	50.65	146.69
	Add : Purchases (Net of Central Excise, VAT and GST)	2220.17	3689.46
		2270.82	3836.15
	Less : Closing Stock	38.23	50.65
		2232.59	3785.50
	Consumable Stores & Spares Consumed	367.56	563.46
	Power & Fuel	598.43	936.07
	Other Manufacturing Expenses	112.19	201.73
	Clearing & Forwarding Import	0.20	1.98
	Custom Duty	-	0.05
	Conversion Charge	5.60	5.41
	Factory Rent	4.32	4.32
	Carriage Inward	42.62	81.43
	Pollution Control Expenses	5.15	3.08
	Purchase Tax	1.34	6.34
	Repairs & Maintenance :		
	To Machinery & Others	64.59	127.38
	To Shed & Godown	6.87	32.58
	Total	3441.46	5749.33

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Note No.	Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
	Note 27.1: Details of Raw Material Consumed (Including Wastage)		
	Indigenous		
	Pig Iron	1458.57	2699.61
	Scrap	667.07	928.99
	Others	106.95	156.90
	Total	2232.59	3785.50
	Note 27.2 : Details of Closing Stock of Raw Materials		
	Raw Materials		
	Pig Iron & Scrap	28.59	38.21
	M.S.Materials for Fabricated Steel	0.34	1.10
	Others	9.30	11.34
	Total	38.23	50.65
Note 28	PURCHASE OF FINISHED/SEMI FINISHED GOODS		
	Castings	35.95	16.11
	Total	35.95	16.11
Note 29	CHANGES IN INVENTORIES		
	Opening Stock	684.14	529.68
	Less : Closing Stock	276.53	684.14
	Increase / Decrease in Stock	407.61	(154.46)
	Note 29.1: Details of Closing Stock of Finished Goods		
	Casting	276.53	684.14
Note 30	EMPLOYEE BENEFIT EXPENSES		
	Salaries	327.54	351.06
	Wages	548.69	788.82
	Bonus to Staff & Contractors	32.06	34.28
	ESI Contribution	19.60	24.58
	Workmen & Staff Welfare Expenses	8.66	11.84
	Contribution to PF and other Funds	44.06	56.10
	Gratuity	20.29	18.46
	Total	1000.90	1285.14

CARNATION*Industries Limited***(Rs. In Lacs)**

Note No.	Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Note 31	FINANCE COST		
	Interest :		
	To Bank on other than term loan	235.26	314.33
	To Bank on Term Loan	3.97	0.02
	To a body corporate	2.89	0.64
	Bank Charges	102.12	115.18
	Export Guarantee Fees	22.34	32.55
	Finance Charges	36.21	66.33
	Total	402.79	529.05
Note 32	OTHER EXPENSES		
	Clearing & Forwarding Expenses (Export) (Including Carriage Outward)	112.27	173.77
	Repairs & Maintenance		
	To Other Assets	31.25	44.22
	Excise Duty	0.86	9.50
	Electricity Charges	7.17	7.51
	Rates & Taxes	22.13	25.58
	Commission	14.76	131.38
	Discount Allowed	4.00	7.44
	Insurance	3.97	6.47
	Packing Charge	120.36	195.42
	Loss on Sale of Fixed Assets	-	0.66
	Directors Remuneration	31.90	31.38
	Exchange Rate Difference (Net)	23.74	44.82
	Payment to Auditors (Refer note 32.1)	4.70	4.54
	Director's Meeting Fees	5.16	4.10
	Legal & Professional Expenses	21.42	5.16
	Communication Expenses	13.59	16.37
	Inspection Service Charges	27.13	51.94
	Sundry Debit Balance Written Off	-	3.75
	Security Service Charges	41.06	45.64
	Fair value loss on financial instruments at fair value through profit or loss	1.93	-
	Service Charges	48.46	51.53
	Travelling & Conveyance	33.04	55.14
	Miscellaneous Expenses	52.15	66.21
	Total	621.05	982.53
	Note 32.1 : Payment to Auditors Includes		
	- Audit Fees	4.50	4.54
	- Other services	0.20	-
	Total	4.70	4.54

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(Rs. In Lacs)

Note No.	Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Note 33	OTHER COMPREHENSIVE INCOME		
(A)	Items that will not be reclassified to profit or loss		
	Remeasurements of the defined benefit plans	2.44	(2.55)
	Income Tax Relating to these items	(0.75)	0.79
		1.69	(1.76)
(B)	Items that will be reclassified to profit or loss		
	Exchange differences in translating the financial statements of a foreign operation	-	-
	Income Tax Relating to these items	-	-
		-	-

Note 34	Earning Per Share		
(a)	Net Profit after Tax (Rs.)	(653.45)	27.08
(b)	Weighted average number of equity Shares outstanding at the end of the Year (No. of Shares)	34.57	34.57
(c)	Basic and Diluted Earning Per Share (Rs.) (a/b)	(18.90)	0.78
(d)	Face Value per Equity Share (Rs.)	10.00	10.00

Note 35: OTHER NOTES

i) Estimated amount of contracts remaining to be executed on Capital Account is Rs. 9.52 lacs (Net of advance of Rs.4.08 lacs) (Previous year Rs. 61.83 lacs, net of advance Rs. 16.71 Lacs).

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

	<u>31.03.18</u>	<u>31.03.17</u>
a) Outstanding Bank Guarantee	110.98	107.76
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) Disputed Input Tax credit of VAT for Financial Year 2007-08	162.21	162.21
e) Duty drawback received, subject to export realisation	55.25	47.28
f) Interest and Principal claimed by a micro,small and medium enterprise	17.66	9.66

g) 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 recognises overdue interest on export sales as and when the sale proceeds is realised as mutually agreed. During the year under audit the Company has not received/claimed any overdue interest on realisation of Export Sales.
- iv) 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. The matter is still pending.

v) **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)

	2017-18		2016-17	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Rs. In Lacs)			
Current Service Cost	13.05	1.83	11.75	1.80
Interest Cost	7.24	0.87	6.71	0.76
Expected return on plan assets	-	-	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Amortization of Past Service Cost	-	-	-	-
Actuarial Losses / (Gains)	(2.44)	1.14	2.55	1.85
Total Expenses recognised in the statement of Profit & Loss	17.85	3.84	21.01	4.41

Balance Sheet

	2017-18		2016-17	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present Value of Defined Benefit Obligation	98.77	14.29	98.77	11.82
Fair Value of Plan Assets	-	-	-	-
Funded Status [Surplus/(Deficit)]	(98.77)	(14.29)	(98.77)	(11.82)
Effect of Balance Sheet Asset Limit	-	-	-	-
Unrecognised Past Service Costs	-	-	-	-
Net Asset/(Liability) recognised in Balance Sheet	(98.77)	(14.29)	(98.77)	(11.82)

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

(Rs. In Lacs)

	2017-18		2016-17	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening defined benefit obligation	98.77	11.82	85.55	9.66
Current Service Cost	13.05	1.83	11.75	1.80
Interest Cost	7.24	0.87	6.71	0.76
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Employee Contribution	-	-	-	-
Plan Amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains)/Losses	(2.44)	1.14	2.55	1.85
Benefits Paid	(8.02)	(1.37)	(7.79)	(2.25)
Closing defined benefit obligation	108.59	14.29	98.77	11.82

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

	2017-18		2016-17	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening fair value of plan assets	-	-	-	-
Actual return on plan assets	-	-	-	-
Actual Company Contributions	8.02	1.37	7.79	2.25
Employee Contributions	-	-	-	-
Benefits paid	(8.02)	(1.37)	(7.79)	(2.25)
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:

	2017-18		2016-17	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate per annum compounded	7.70%	7.70%	7.33%	7.33%
Rate of increase in salaries	5.00%	5.00%	5.00%	5.00%
Expected Average remaining working lives of employees (years)	17.27	18.19	18.27	19.52

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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:

	(Rs. In Lacs)			
	2017-18		2016-17	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined benefit obligation	98.77	14.29	98.77	11.82
Plan Assets	-	-	-	-
Surplus / (deficit)	(98.77)	(14.29)	(98.77)	(11.82)

The above information and data are based on actuarial certification .

- vi) 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.
- vii) 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.
- viii) Foreign Exchange Loss of Rs. 23.74 lacs (Previous year loss of Rs. 40.82 lacs) are net of exchange gain of Rs. NIL (Previous year Rs.4.00 Lacs) arising out of conversion of unexpired forward exchange contract at marked to market and loss of Rs. Nil (Previous year Rs.NIL) arising out of cancellation of forward exchange contract during the year.
- ix) 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	(Rs. in lacs)	
	2017-18	2016-17
Export Sales (Net of Freight)		
North America	1889.99	3573.67
Middle East	1231.29	2108.05
Europe	1534.04	2033.78
Australia	55.31	17.41
Domestic Sale (Excluding Excise Duty)	58.45	76.29

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.

- x) Provision for current tax has been made on the taxable income at the applicable Tax rates.

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xi) Related party disclosures and transactions :

(Rs. In Lacs)

Sl. No.	Name	Relationship	Nature of Transaction	Amount (Rs. In Lacs)	Outstanding (Rs. In Lacs)
1	Mr.R.P.Sehgal	Managing Director	Remuneration	13.20 (13.20)	1.30 (0.91)
			Meeting Fees	1.03 (0.80)	-
2	Mr.Suvabrata Saha	Jt. Managing Director	Remuneration	13.02 (13.02)	1.45 (0.91)
			Meeting Fees	0.75 (0.50)	-
3	Mr. Arun Kumar Bose	Whole time Director	Remuneration	5.16 (5.16)	0.43 (0.40)
			Meeting Fees	0.90 (0.65)	-
4	Mr. Manoj Bose	Non Executive Director	Meeting Fees	1.18 (0.95)	-
5	Dr. Sephali Roy	Non Executive Director	Meeting Fees	1.15 (0.90)	-
6	Mr. Gautam Mukherjee	Non Executive Director	Meeting fees	0.15 -	-
7	Mr. Sanjay Agarwal	Company Secretary	Remuneration	9.36 (9.36)	1.72 (1.35)
8	Mr. Biplab Ganguly	Chief Financial Officer	Remuneration	8.04 (8.04)	1.64 (1.33)
9	Mr. Abhijit Biswas	Officer-Corporate Affairs	Remuneration	8.04 (8.04)	1.69 (1.31)
10	Nacip INC	Body Corporate over which Key Management personel are able to exercise significant influence.	Export Sale	Nil (Nil)	1858.35 (2201.55)
			Late payment Int.	Nil (Nil)	37.53 (37.55)
			Export Proceeds Realised	343.20 (307.60)	- -

xii) Details of Specified Bank Notes (SBN) held and transacted during the period from 08th November, 2016 to 30th December 2016 pursuant to notification dated 30th March, 2017 issued by the Ministry of Corporate Affairs.

	SBNs	Other denomi- tion notes	Total
Closing Cash in hand as on 08.11.2016	11.93	6.73	18.66
(+) Permitted receipts	-	10.13	10.13
(-) Permitted payments	-	12.93	12.93
(-) Amount deposited in Banks	11.93	-	11.93
Closing Cash in hand as on 30.12.2016			3.93

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

(Rs. in lacs)

	<u>31.03.18</u>	<u>31.03.2017</u>
a) Earnings in Foreign Exchange during the year		
Export of Goods (F.O.B)	4710.63	7732.91
Liabilities no longer required written back	188.66	313.27
Others	11.68	1.23
b) Expenditure in Foreign Currency		
a. Travelling & Conveyance	12.03	23.59
b. Licence Fees	6.75	6.19
c. Commission	14.76	131.38
d. Foreign Bank Charge	21.14	29.65
e. Inspection Charges	-	1.72
f. Salary	-	12.39
g. Discount Allowed	4.00	7.44
h. Interest	2.88	0.64

xiv) Derivative instruments

Derivative contracts outstanding as at the Balance Sheet date:

Particulars	Purpose
Forward contract to sale US \$	Hedge of buyers credit.
US \$ NIL (31st March, 2017: US \$ 103576.92)	
Rs. NIL (31st March, 2017 Rs.71.33 Lacs)	

xv) **Financial Instrument**

Financial Instrument by category

Level-1 Quoted Price (unadjusted) is active markets for identical assets or liabilities

Level-2 Inputs other than quoted prices included within Level-1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e. derived from prices).

Level-3 Inputs are unobservable inputs for the assets or Liability.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2018

Particulars	Fair value measurement at end of the reporting period/ year using amount (Rs. In Lacs)		
	Level 1	Level 2	Level 3
Assets			
Investments in equity instruments	3.34	-	-
Derivative financial instruments	-	-	-
Liabilities			
Derivative financial instruments	-	-	-

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The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017

Particulars	Fair value measurement at end of the reporting period/ year using amount (Rs. In Lacs)		
	Level 1	Level 2	Level 3
Assets			
Investments in equity instruments	5.27	-	-
Derivative financial instruments	-	4.00	-
Liabilities			
Derivative financial instruments	-	-	-

Note:-

- Other Financial Assets and Liabilities are stated at amortised cost which is approximately equal to their fair value.
- Derivative are fair valued using Market observable rates and Published price together with forecast cash flow information where applicable.
- There have been no transfers between level 1 and Level 2 for the years ended March 31, 2018 and 2017.

xvi) Financial risk management objective and policies

The Company's financial liabilities include Loan and borrowing, and Trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include investments, trade & other receivables, deposits and cash & cash equivalents.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes.

The Company's activities expose it to Credit Risk, Liquidity Risk, Market Risk, and Equity Price Rise. The Company has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate financial risk governance framework for the Company. The Risk management committee provides assurance to the Company's management that the Company's risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Credit Risk- A risk that counterparty may not meet its obligations under a financial instrument or customer contract, leading to a financial loss is defined as Credit Risk. The Company is exposed to credit risk from its operating and financial activities.

Customer credit risk is managed by the respective marketing department subject to the Company's established policy, procedures and control relating to customer credit risk management. The Company reviews the creditworthiness of these customers on an on-going basis. The Company estimates the expected credit loss on the basis of past data, experience and policy laid down in this respect. The maximum exposure to the credit risk at the reporting date is the carrying value of the trade receivables disclosed in Note No. 9 as the Company does

CARNATION
Industries Limited

not hold any collateral as security. The Company has a practice to provide for doubtful debts as per its approved policy.

Liquidity Risk- A risk that the Company may not be able to settle or meet its obligations at a reasonable price is defined as liquidity risks. The Company's finance department is responsible for managing liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credits, Term loans among others.

Particulars	On Demand	Past due		Total
		Less Than Year	More than Year	
As at 31st Mar, 2018				
Borrowings	3061.03	-	151.40	3212.43
Trade Payables	-	2115.27	-	2115.27
Other Financial Liabilities	-	46.47	-	46.47
Total	3061.03	2161.74	151.40	5374.17
As at 31st Mar, 2017				
Borrowings	3373.62	-	-	3373.62
Trade Payables	-	3090.70	-	3090.70
Other Financial Liabilities	-	11.21	-	11.21
Total	3373.62	3101.91	-	6475.53

Foreign Currency Risk - A risk that the fair value or future value of the cash flows of a forex exposure will fluctuate because of changes in foreign exchange rates is defined as Foreign Currency Risk. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export and derivatives operating activities. The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange exposure. The management monitors the foreign exchange fluctuations on a continuous basis.

Market Risk - A risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market prices is defined as Marketing Risk. Such changes in the value of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

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CARNATION INDUSTRIES LTD.
(CIN): L27209WB1983PLC035920
Registered Office – 28/1, Jheel Road, Liluah, P.O. Salkia, Howrah - 711 106
Corporate Office: 222, A.J.C. Bose Road, 1st Floor, Room No. 4 & 5, Kolkata – 700 017
Tel : 91 33 22878229/2290 3284. Fax 91 33 22879938. Email: investor@carnationindustries.com
Website: www.carnationindustries.com

PROXYFORM (FORM NO. MGT 11)	
(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management & Administration) Rules, 2014)	
35 th ANNUAL GENERAL MEETING ON Wednesday, 19 th September, 2018 at 10.00 A.M. at "SARAT SADAN", 5, Mahatma Gandhi Road, Howrah- 711 101	
Name of Member(s):	
Registered Address :	
Registered Folio No / DP ID & CLIENT ID	
Email ID:	
I/We, being the Member(s) of _____ Equity Shares of Carnation Industries Limited, hereby appoint	
1. Name: _____ Address: _____	E-mail ID: _____ Signature: _____
or Failing him / her	
2. Name: _____ Address: _____	E-mail ID: _____ Signature: _____
or Failing him / her	
3. Name: _____ Address: _____	E-mail ID: _____ Signature: _____

As my/our proxy to attend and vote (on a polling paper) for me/us and on my / our behalf at the 35th ANNUAL GENERAL MEETING ON Wednesday, 19th September, 2018 at 10.00 A.M. at "SARAT SADAN", 5, Mahatma Gandhi Road, Howrah- 711 101 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	For	Against
Ordinary Business:			
1	To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended 31 st March, 2018 together with the reports of the Auditors and the Board of Directors thereon.		
2	To appoint Mr. Ravindra Prakash Sehgal (DIN 00119477) as a Director of the Company, who retires by rotation and being eligible offers himself for re-appointment.		
Special Business:			
3	To appoint Mr. Gautam Mukherjee (DIN 08046326) as an Independent Director of the Company for a period of 5 years i.e. upto 11 th January, 2023.		
4	To re-appoint Mr. Manoj Bose (DIN 06645209) as an Independent Director of the Company for a period of 5 years w.e.f. 1 st April, 2019		
5	To re-appoint Mr. Arun Kumar Bose (DIN 00131295) as a Whole time Director of the Company for a period of 3 years w.e.f. 1 st October, 2018.		
6	To approve the remuneration of Mr. Ravindra Prakash Sehgal (DIN 00119477), Managing Director, for a further period of 2 years w.e.f. 1 st September, 2018.		
7	To approve the remuneration of Mr. Suvabrata Saha (DIN 00131180), Jt. Managing Director, for a further period of 2 years w.e.f. 1 st September, 2018.		
8	To increase the limits U/s 180(1) (a) of the Companies Act, 2013 from Rs 65 crores to Rs 100 crores.		
9	To increase the limits U/s 180(1)(c) of the Companies Act, 2013 from Rs 65 crores to Rs 100 crores.		
10	To increase the limit of holding by NRI and Portfolio Investment Scheme (PIS) from 10% to 24%.		
Signed this _____ day of _____ 2018		Affix Revenue Stamp	
Signature of Shareholder (s)		Signature of Proxy Holders (s)	

NOTES:

- 1) This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2) This is only optional. Please put a '✓' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- 3) Appointing proxy does not prevent a member from attending in person if he so wishes.
- 4) In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



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