



**ANNUAL REPORT
2018-19**



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

REGISTERED OFFICE

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

CHIEF FINANCIAL OFFICER

Mr. Somnath Pradhan

COMPANY SECRETARY

Mr. Sanjay Agarwal

AUDITORS

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

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

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

BANKERS

State Bank of India
Punjab National Bank

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NOTICE

Notice is hereby given that the 36th Annual General Meeting of the Members of Carnation Industries Limited will be held on Friday 27th September, 2019 at 12 Noon at “the Registered Office” of the Company at 28/1, Jheel Road, Liluah, P.O. Salkia, Howrah 711 106 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, 2019 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Suvabrata Saha (DIN: 00131180) who retires by rotation and being eligible, offers himself for re-appointment.

By Order of the Board of Directors

Place : Kolkata
Date : 29th May, 2019

(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 DP ID and Client ID numbers 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. Disclosure containing details of the Director 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 Friday, September 20, 2019 to Friday, September 27, 2019 (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 2018-19 and Notice of the 36th 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 36th Annual General Meeting of the Company interalia indicating the process and manner of e-voting along with the Attendance Slip and Proxy Form is being sent in the permitted mode. Members may also note that Notice of 36th Annual General Meeting and Annual Report for 2018-19 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 36th 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 have appointed Mrs. Sweety Kapoor, 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.

14. i) Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members as on Friday, 20th September, 2019 (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 Managing Director or any other person authorized by the Managing Director 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 Friday, 20th September, 2019 (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 April 1, 2019.
20. The Company has transferred the unpaid or unclaimed dividends declared upto the financial year 2010-2011, 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, 2012 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, 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
March 31, 2018	--
March 31, 2019	--

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:

Step 1: Log-in to NSDL e-Voting system

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com>
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under “Shareholders” section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. directly to cast your vote electronically.

4. Your User ID details will be as per details given below :
 - a) **For Members who hold shares in demat account with NSDL:**

8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****).
 - b) **For Members who hold shares in demat account with CDSL:**

16 Digit Beneficiary ID (For example if your Beneficiary ID is 12***** then your user ID is 12*****).
 - c) **For Members holding shares in Physical Form:**

EVEN Number followed by Folio Number registered with the Company (For example if Folio Number is 001*** and EVEN is 101456 then user ID is 101456001***).
5. Your password details are given below:
 - a. If you are already registered with NSDL for remote e-voting, then you can use your existing User ID and Password to login and cast your vote.

- b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the “Initial Password” which was communicated to you. Once you retrieve your “Initial Password”, you need to enter the “Initial Password” and the system will force you to change your Password.
- c. How to retrieve your “Initial Password”?
 - i. Open the e-mail and open the the attachment i.e. a .pdf file. Open the .pdf file. The password to open the pdf file is your 8 digit Client ID of NSDL Demat Account, last 8 digits of Client ID of CDSL Demant Account or Folio Number for shares held in Physical form. The said .pdf file contains your “User ID” and “Initial Password” for remote e-voting purpose.
 - ii. If your email ID is not registered, your “Initial Password” is communicated to you on your registered postal address.
6. If you are unable to retrieve or have not received the “Initial Password” or have forgotten your Password:
 - a. Click on “**Forgot User Details/Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com
 - b. “**Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com
 - c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered postal address.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of the Company.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and thereafter click on icon “Submit” and also “Confirm” when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders:

1. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail on cs.sweetykapoor@gmail.com with a copy marked to evoting@nsdl.co.in
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the download section of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
24. The period for remote e-voting starts at 9.00 a.m. on Tuesday, 24th September, 2019 and ends at 5.00 p.m. on Thursday, September 26, 2019. Remote e-voting will be blocked by NSDL at 5.00 p.m. on September 26, 2019.
25. 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.
26. 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.
27. 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 : 29th May, 2019

Sanjay Agarwal
(Company Secretary)

Details of Directors seeking Re-appointment at the 36th 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. Suvabrata Saha
Date of Birth	04.09.1961
Date of Appointment	21.08.2006
Qualification	B.Com
Expertise in Specific Functional Areas	Has over 32 years' experience in managing large Corporation & International Marketing.
Terms and Conditions of re-appointment	He is the Jt. Managing Director of the Company liable to retire by rotation.
Remuneration last drawn (including sitting fees,if any)	Rs 14,15,942
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)	573598 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
No. of meetings of the Board attended during the year	2

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors are pleased to present the 36th Annual Report and the Audited Financial Statement of the Company for the financial year ended 31st March, 2019.

FINANCIAL PERFORMANCE

Financial Results of the Company for the year 2019 along with figures for the previous year are as follows:

(Rs. in Lacs)

	<u>For Year ended 31.3.2019</u>	<u>For Year ended 31.03.2018</u>
Revenue from Operation and Other Income:		
Export Sales (Net of Freight)	367.10	4710.63
Domestic Sales(Including Excise Duty)	328.47	59.31
Other Operating Revenue	45.47	241.55
Other Income	<u>245.53</u>	<u>359.69</u>
	986.57	5371.18
Profit/Loss before Finance Costs, Depreciation & Amortisation, Extra-Ordinary Item and Tax Expense	(257.29)	(135.79)
Finance Cost	103.42	402.79
Depreciation & Amortisation	100.71	121.21
Profit/(Loss) before Extra-Ordinary Item and Tax Expense	(461.42)	(659.79)
Less: Provision for Tax		
- Current Tax	-	-
- Current Tax for earlier year	(6.12)	-
- Deferred Tax	13.18	(6.34)
Profit/(Loss) after Tax	(468.48)	(653.45)
Other Comprehensive Income/(Loss) for the year	13.53	1.69
Total Comprehensive Income/Loss for the period	(454.95)	(651.76)
Surplus brought forward from Previous year	(32.50)	635.91
Available Surplus/ (Deficit) for Appropriation	(487.45)	(15.86)
Payment of Dividend (Including tax on dividend)	-	(16.64)
Surplus/(Deficit) Carried to Balance Sheet	(487.45)	(32.50)

STATE OF COMPANY'S AFFAIRS AND FINANCIAL REVIEW

During the financial year ended 31st March, 2019 the Company has achieved total revenue from operations and other income of Rs 986.57 lacs against Rs 5371.18 lacs in the previous year. The loss before Finance Cost, Depreciation & Amortization, Extra Ordinary Items and Tax was Rs 257.29 lacs against a loss of Rs 135.79 lacs in the previous year. The loss before extra-ordinary item and tax was Rs 461.42 lacs against a loss of Rs 659.79 lacs in F.Y. 2017-2018. The loss after tax is Rs 468.48 lacs against a loss of Rs 653.45 lacs in F.Y. 2017-2018.

CHANGES IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Company during the year ended 31st March, 2019.

The Company has vide Special Resolution passed at the Extra Ordinary General Meeting held on 25th April, 2019 approved the disposal of the whole, or substantially the whole of the assets of the company including and not limited to Uluberia Unit off the Company situated at Mauza Rauta, Kaijuri, J.L. 66, Uluberia, Howrah - 711316 for such consideration and on such terms and conditions as the Board of Directors of the Company consider beneficial to the Company. The Board of Directors of the Company has initiated and identified an intending buyer and has entered into an MOU subject to necessary approvals.

The Company's credit facility has been classified as a Non-Performing Asset (NPA) by its lenders and in order to regularize its accounts the Company is selling the said unit. The said sale is expected to be concluded within the current financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

The global war on trade is affecting all the countries & especially the major economies which are USA, China, India and Europe. However, India stands to gain and in order to take advantage of the current situation India needs to strengthen the infrastructure and its raw material policies. Currently the raw material prices are favorable but the strong rupee is reducing India's strength on the export market.

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 would not be seriously affected by this as the turnover has fallen in the last two years and there is ample scope of growth to reach back to the previous levels of turnover. The markets are competitive but the opportunities do remain significant. The US economy is steadily growing and the European majors such as Germany, France and UK are remaining steady. Hence, the opportunities shall continue to remain strong.

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.

CHANGE IN KEY FINANCIAL RATIOS

i) Return on Net Worth

The turnover of the Company has declined sharply as compared to immediately preceding previous financial year, consequently the bottom line has also been impacted. The reason for decline in turnover is mainly due to paucity of funds coupled with the fact that the credit facilities with the Bankers were classified as NPA.

ii) Debt Equity Ratio

As the Company has suffered substantial loss during the last two financial years the Reserve & Surplus balance has been depleted. However, borrowing both short term and long term are more or less at the same level. Accordingly the Debt Equity Ratio has undergone a change.

FUTURE OUTLOOK

Since the Company was under NPA for over a year and is striving hard to get the resolution proposal approved with the banks the Management is hopeful to resolve the bank issues within this year and proceed to apply for fresh loans to increase production to the earlier levels and take advantage of the steady export markets. The Company is taking all measures to restructure the finance and start serving the existing / new customers.

RISKS AND CONCERN

The main concern of the Company is the finance restructuring which is taking unduly long time because of the banks internal processes. The Company is hopeful to have the matter resolved within this year.

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

Appropriate structures are present so that risks are inherently monitored and controlled inter-alia through strict risk mitigating measures. In the opinion of the Board, none of the risks faced by the Company threatens the existence of the Company. The Company has adequate internal control system and procedures for minimization of risks.

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.

Fraud Reporting By Auditors

No fraud has been detected by the Auditors and hence not reported during the relevant financial year.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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 projects is planned for the coming year. Your Company shall strive to come back on track to its previous highest levels of production and 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 do not recommend any dividend for the financial year ended March 31, 2019.

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. Suvobrata Saha (DIN: 00131180), Jt. Managing Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

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.

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. Suvobrata Saha, Jt. Managing Director, Mr. Arun Kumar Bose, Whole time Director, Mr. Somnath Pradhan, Chief Financial Officer and Mr. Sanjay Agarwal, Company Secretary.

During the year, Mr. Biplab Ganguly, CFO, resigned on 7th August, 2018 and Mr. Somnath Pradhan, was appointed as CFO of the Company w.e.f. 1st February, 2019. Mr. Gautam Mukherjee, Independent Director of the Company has resigned w.e.f. the closing of business hours of 31st March, 2019.

Brief resume and other details relating to the Director being reappointed as stipulated under

Regulation 36(3) of the SEBI Listing Regulations, is provided in the Notice of Annual General Meeting forming part of the Annual Report.

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 requirements 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. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

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, four meetings of the Board of Directors were held on 29.05.2018, 14.08.2018, 12.11.2018 and 30.01.2019. The intervening gap between the Board meetings were 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 2018-2019	No. of Meetings Attended
Mr. Manoj Bose	Chairman and Independent Director	4	4
Mr. Ravindra Prakash Sehgal	Managing Director	4	4
Mr. Suvobrata Saha	Joint Managing Director	4	2
Mr. Arun Kumar Bose	Whole-time Director	4	4
Dr. Sephali Roy	Independent Director	4	4
Mr. Gautam Mukherjee	Independent Director	4	1

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, 2019 five Audit Committee meetings were held on 29.05.2018, 14.08.2018, 20.09.2018, 12.11.2018 and 30.01.2019. 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	5	5
Mr. Manoj Bose	5	5
Mr. Ravindra Prakash Sehgal	5	4

NOMINATION AND REMUNERATION COMMITTEE

During the financial year ended 31st March, 2019 one meeting was held on 29.05.2018. 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	-

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

MEETING OF INDEPENDENT DIRECTORS

During the year under review, a meeting of the Independent Directors was held on 22nd March, 2019 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, 2019 the applicable accounting standards read with the requirements set out under Schedule III to the Companies Act, 2013, had been followed along with proper explanation 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, 2019 and of the profit and loss 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 2018-19, 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, 2019 was Rs 3,45,71,600 divided into 3457160 equity shares of Rs.10/- each. There were no changes in the share capital of the Company in the F.Y. 2018-2019.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY HAVING OCCURRED AFTER THE BALANCE SHEET DATE TILL THE DATE OF THIS REPORT

There has been suspension of work, since 3rd April, 2019, in the production in Unit 2, situated at 23 “O” Road, Belgachia, Howrah – 711 108 due to material constraints.

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 2018-19, 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

2018-19, there were 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: 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 forms part of the Annual Report. None of the employees of the Company are in receipt of remuneration in excess of that drawn by MD and Whole time Director .

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. The Annual Return has also been uploaded on the website: www.carnationindustries.com

STATUTORY 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 given three qualifications which are given below along with the management’s view:

- a) The Statutory Auditors have qualified in their Auditor's Report in Note No. 9 of the Financial Statements regarding the trade receivables in respect of export sales made in earlier years amounting to Rs 3,673.19 lacs (including Rs 1,648.09 lacs from a related party exceeding 3 years) which in their opinion are doubtful of recovery and credit impaired. The Company has neither carried out impairment exercise of Trade Receivables nor provided for, the same 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 3,673.19 lacs and accordingly trade receivables and retained earnings would have reduced by equivalent amount. Further due to such delay in realization of export proceeds, incentives received and accounted for in books consequent to such delay receipt also has not been reversed and accounted for.

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.

- b) Secured lenders viz., State Bank of India and Punjab National Bank has classified the credit facilities extended to the Company as Non-Performing Asset (NPA) and has recalled the said facilities and has served notice under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002 and the outstanding balance there is again Rs 2597.40 lacs. Further interest on the said credit facilities has also not been accounted for which is not in compliance with the requirement of Ind As – 23 "Borrowing Costs". Had the same been accounted for the loss of the year would have increased by Rs 308.29 lacs (interest calculated on the basis of sanction terms) and short term borrowings by equivalent amount. Further, penal interest and other levies and charges, if any that could be levied by the lending bank could not be ascertained and provided for.

In respect to the above qualification the management views are that the Statutory Auditors have computed the figures which are based on last sanction terms and are subject to confirmation from respective Banks and accordingly not provided for.

- c) During the year under review the Company has realized foreign trade receivables pertaining to related party against bills purchased by banks amounting to Rs 263.35 lacs which were credited in bank account maintained with the Bill Purchasing Bank (lending banks) without obtaining permission of the concerned bank.

In respect to the above qualification the management admits that it is a procedural lapse and as this does not have any financial impact remedial measures would be undertaken.

As pointed out by the Statutory Auditors in Point VII (a) of Annexure A of the Independent Auditor's Report, on the depositing of statutory dues, the management would like to state that the Company has incurred losses during the last two financial years. The banks have also classified the account as Non Performing Asset (NPA) and this has caused liquidity crunch in the Company. The Company is taking all possible steps to clear the statutory dues within the prescribed time limit.

Further, the Statutory Auditors have stated that the Company has defaulted in the payment of dividend distribution tax for the F.Y. 2016-2017. However, the same has been paid by the Company on 13th May, 2019.

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 prepared 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 and does not contain any qualification.

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.

CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE 2016 (IBC)

Two Micro and Small enterprises have filed applications before National Company Law Tribunal (NCLT) - Kolkata Bench under Section 9 of the Insolvency and Bankruptcy Code, 2016. Company has raised disputes against both the parties and the same is pending before NCLT - Kolkata.

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.

WHISTLE BLOWER POLICY / 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.

COMPLIANCE WITH SECRETARIAL STANDARDS

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

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, 2019 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)

Suvabrata Saha
(Jt. Managing Director)

Place: Kolkata
Date: 29th May, 2019

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 and Development.	The Company has set up a new R&D team to work on development from April, 2015. The development expenditure in 2018-2019 was Rs. 63,500/-.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**(Rs. in lacs)**

	F.Y. 2018-19	F.Y. 2017-18
Foreign Exchange Earned	381.17	4910.97
Foreign Exchange Outgo	23.21	61.56

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 2018-2019:

Name of Director	Total Remuneration (Rs.)	Ratio of Remuneration of Director to the Median Remuneration
Mr. Ravindra Prakash Sehgal	14,37,763	8.36
Mr. Suvabrata Saha	14,15,942	8.23
Mr. Arun Kumar Bose	5,96,000	3.46
Mr. Manoj Bose	85,000	0.49
Dr. Sephali Roy	85,000	0.49
Mr. Gautam Mukherjee	15,000	0.09

Notes:

- 1) The aforesaid details are calculated on the basis of remuneration for the financial year 2018-19.
- 2) Mr. Manoj Bose, Dr. Sephali Roy and Mr. Gautam Mukherjee are the Independent Directors of the Company and only sitting fees have been paid to them.
- 3) Median Remuneration of employees of the Company during the financial year was Rs 1,72,080/-.

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 (%)
		2018-2019	2017-2018	
Mr. Ravindra Prakash Sehgal	Managing Director	14,37,763	14,60,580	-1.56
Mr. Suvabrata Saha	Jt. Managing Director	14,15,942	13,90,794	1.81
Mr. Arun Kumar Bose	Wholetime Director	5,96,000	6,06,000	-1.65
Mr. Manoj Bose	Independent Director	85,000	1,18,000	-27.97
Dr. Sephali Roy	Independent Director	85,000	1,15,000	-26.09
Mr. Gautam Mukherjee	Independent Director	15,000	15,000	0.00
Mr. Biplab Ganguly	Chief Financial Officer	2,80,885	8,04,000	-65.06
Mr. Somnath Pradhan	Chief Financial Officer	72,000	-	100.00
Mr. Sanjay Agarwal	Company Secretary	9,36,000	9,36,000	0.00

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.
3. Mr. Biplab Ganguly, CFO, resigned on 7th August, 2018
4. Mr. Somnath Pradhan was appointed as CFO of the Company on 1st February, 2019

C. Percentage increase in the median remuneration of all employees in the financial year 2018-2019

	2018-2019 (Rs.)	2017-2018 (Rs.)	% Increase
Median remuneration of all employees per annum	1,72,080/-	171,636/-	0.26

D. The permanent employees on the rolls of the Company, as on 31st March, 2019 are 90.

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

	2018-19 (Rs.)	2017-18 (Rs.)	Decrease (%)
Average salary of all employees (other than Managerial Personnel)	2,13,032/-	2,15,666/-	1.22
Managerial Personnel			
Salary of MD, Jt. MD and Wholetime Director	34,49,705/-	34,57,374/-	0.22
Salary of CFO and CS	12,88,885/-	17,40,000/-	25.92

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, 2019

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.

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 1.4.2018)				No. of shares at the end of the year (as on 31.3.2019)				% 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	22.097	763934	0	763934	22.097	0
b	Central Government / State Government(s)	0	0	0	0	0	0	0	0	0
c	Body Corporates	0	0	0	0	0	0	0	0	0
d	Financial Institutions /Banks	0	0	0	0	0	0	0	0	0
e	Any Other	0	0	0	0	0	0	0	0	0
	SubTotal (A)(1)	763934	0	763934	22.097	763934	0	763934	22.097	0
(2)	Foreign									
a	Individuals (Non Resident Individuals/ Foreign Individuals)	745983	0	745983	21.578	745983	0	745983	21.578	0
b	Bodies Corporate	0	0	0	0	0	0	0	0	0
c	Financial Institutions/Banks	0	0	0	0	0	0	0	0	0
d	Any Other	0	0	0	0	0	0	0	0	0
	SubTotal (A) (2)	745983	0	745983	21.578	745983	0	745983	21.578	0
	Total Shareholding of Promoter and Promoter Group A=(A)(1)+ (A)(2)	1509917	0	1509917	43.675	1509917	0	1509917	43.675	0
(B)	Public Shareholding									
(1)	Institutions									
a	Mutual Funds & UTI	0	10000	10000	0.289	0	0	0	0	-0.289
b	Financial Institutions / Banks	0	0	0	0	0	0	0	0	0
c	Central Government /State Government(s).	0	0	0	0	0	0	0	0	0
d	Venture Capital Funds	0	0	0	0	0	0	0	0	0
e	Insurance Companies	0	0	0	0	0	0	0	0	0
f	Foreign Institutional Investors (SEBI- registered)	0	0	0	0	0	0	0	0	0
g	Foreign Venture Capital Investor	0	0	0	0	0	0	0	0	0
h	Any Others	0	0	0	0	0	0	0	0	0
	Sub Total (B)(1)	0	10000	10000	0.289	0	0	0	0	-0.289

(2)	Non Institutions									
a	Bodies Corporate									
	i) Indian	80698	3400	84098	2.433	103952	3400	107352	3.105	0.673
	ii) Overseas	0	0	0	0	0	0	0	0	0
b	Individuals									
	i) shareholders holding nominal share capital upto Rs.1 Lakh	838701	35000	873701	25.272	954480	35000	989480	28.621	3.349
	ii) shareholders holding nominal share capital excess of Rs.1 Lakh	796910	106963	903873	26.145	670079	104561	774640	22.407	-3.738
c	Others									
	i) Non Residential Indians	51897	700	52597	1.521	52097	700	52797	1.527	0.006
	ii) Investor Education & Protection Fund (IEPF)	22974	0	22974	0.665	22974	0	22974	0.665	0
	Sub Total (B) (2)	1791180	146063	1937243	56.036	1803582	143661	1947243	56.325	0.289
	Total Public Shareholding B=(B) (1) +(B)(2)	1791180	156063	1947243	56.325	1803582	143661	1947243	56.325	0
	Total Shareholding (A)+(B)	3301097	156063	3457160	100.00	3313499	143661	3457160	100.00	0
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0	0	0
	Grand Total (A)+(B)+(C)	3301097	156063	3457160	100.00	3313499	143661	3457160	100.00	0

ii) Shareholding and Change in Promoters Shareholding

Sl. No.	Shareholder's Name	Shareholding as on 1.4.2018			Shareholding as on 31.3.2019			% 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	--	--

There has been no change in the Promoters Shareholding in F.Y 2018-2019 when compared to F.Y. 2017-2018.

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 01.04.18 to 31.3.2019	
		No. of shares at the beginning 1.4.2018	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1.	Madan Mohan Kundu	380020	10.99	-	-	-	380020	10.99
				13.07.2018	100	Purchase	380120	11.00
				31.03.2019	-	-	380120	11.00
2.	Vijay Kumar Jain	72000	2.08	-	-	-	72000	2.08
				03.08.2018	20000	Purchase	92000	2.66
				02.11.2018	1000	Purchase	93000	2.69
				31.03.2019	-	-	93000	2.69
3	Sujit Kumar Saha	59991	1.74	-	-	-	59991	1.74
				01.06.2018	2000	Purchase	61991	1.79
				08.06.2018	980	Purchase	62971	1.82
				05.10.2018	1000	Purchase	63971	1.85
				12.10.2018	(100)	Sale	63871	1.85
				14.12.2018	(125)	Sale	63746	1.84
				11.01.2019	(400)	Sale	63346	1.83
				01.02.2019	(2000)	Sale	61346	1.77
				01.03.2019	(20)	Sale	61326	1.77
				31.03.2019	-	-	61326	1.77
4.	Litty Thomas	54356	1.57	-	-	-	54356	1.57
				03.08.2018	(21350)	Sale	33006	0.95
				09.11.2018	(10000)	Sale	23006	0.67
				31.03.2019	-	-	23006	0.67
5.	Madan Bhagchand Melwani	49021	1.42	31.03.2019	-	-	49021	1.42
6.	Bhartiben Rajendra Gandhi	34000	0.98	31.03.2019	-	-	34000	0.98
7.	Om Prakash Chugh	31670	0.92	31.03.2019	-	-	31670	0.92
8.	Anand L	25000	0.72	-	-	-	25000	0.72
				18.05.2018	2000	Purchase	27000	0.78
				25.05.2018	1050	Purchase	28050	0.81
				31.03.2019	-	-	28050	0.81
9.	Mahendra Girdharilal	17869	0.52	-	-	-	17869	0.52
				09.11.2018	2500	Purchase	20369	0.59
				16.11.2018	1711	Purchase	22080	0.64
				23.11.2018	406	Purchase	22486	0.65
				07.12.2018	1	Purchase	22487	0.65
				14.12.2018	520	Purchase	23007	0.67
				21.12.2018	4658	Purchase	27665	0.80
				04.01.2019	957	Purchase	28622	0.83
				08.02.2019	311	Purchase	28933	0.84
				31.03.2019	-	-	28933	0.84
10.	Investor Education and Protection Fund	22974	0.66	31.03.2019	-	-	22974	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 (01.04.18)	% of total shares of the Company			No of shares at the end of the year (31.03.19)	% 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. Pradhan	–	–	–	–	–	–
9.	S. Agarwal	–	–	–	–	–	–

v) Indebtedness

Indebtedness of the Company including interest outstanding/ accrued but not due for payment.

(Rs. in crore)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year (01.04.2018)				
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
Change in Indebtedness during the financial year				
Addition	0.00	0.00	0.00	0.00
Reduction	4.54	0.20	0.00	4.74
Net Change	4.54	0.20	0.00	4.74
Indebtedness at the end of the Financial Year (31.03.2019)				
i) Principal Amount	27.49	0.00	0.00	27.49
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)	27.68	0.00	0.00	27.68

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.	Gross Salary	840000	840000	450000	2130000
	i) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961				
	ii) Value of Perquisites U/s 17(2) Income Tax Act, 1961	527763	555942	96000	1179705
	iii) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	—	—	—	—
2.	Stock Option	—	—	—	—
3.	Sweat Equity	—	—	—	—
4.	Commission	—	—	—	—
5.	Others (sitting fees)	70000	20000	50000	140000
	Total	1437763	1415942	596000	3449705
	Overall Ceiling as per the Act	16800000*	16800000*	16800000*	50400000*

* As per Section II of Part II of Schedule V of the Companies Act, 2013

b. Remuneration to Other Directors

Sl. No.	Particulars of Remuneration	Name of Independent Directors			Total Amount (Rs.)
		Mr. Manoj Bose	Dr. Sephali Roy	Mr. Gautam Mukherjee	
	Independent Directors				
1.	Fees for attending Board / Committee Meetings	85000	85000	15000	185000
2.	Commission	—	—	—	—
3.	Others	—	—	—	—
	Total	85000	85000	15000	185000

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*	Somnath Pradhan CFO**	Sanjay Agarwal, CS	
1.	Gross Salary	2,80,885	72,000	9,36,000	12,88,885
2.	Stock Option	–		–	–
3.	Sweat Equity	–		–	–
4.	Commission	–		–	–
5.	Others	–		–	–
	Total	2,80,885	72,000	9,36,000	12,88,885

* Resigned w.e.f. 7th August, 2018

** Appointed w.e.f. 1st February, 2019

vii) Penalties/Punishment/Compounding of Offences

There are no penalties/punishment or compounding of offences in the F.Y. 2018-2019.

ANNEXURE E TO THE DIRECTORS' REPORT

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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, 2019 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, 2019, 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 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 the company has passed the following special resolutions which needs mention:

- (a) Authorization to the Board of Directors of the Company under Section 180(1)(c) of Companies Act, 2013 to borrow upto a limit of Rs. 100 crores;
- (b) Authorization to the Board of Directors of the Company under Section 180(1)(a) of Companies Act, 2013 for sale, lease, mortgage, charge, hypothecate or create any other encumbrances as may be necessary on all movable and immovable assets and properties of the Company upto the limit approved under Section 180(1)(c) of the Act;
- (c) Increase in limit to 24% of holding of Non-Resident Indians in the paid-up capital of the company.

We further report that during the audit period the Company has passed Special Resolution through postal ballot for slump sale of Uluberia unit and/or Warehouse of the Company.

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.

For **MKB & Associates**
Company Secretaries

Raj Kumar Banthia
[Partner]

ACS No. 17190

COP No. 18428

FRN: P2010WB042700

Date: 28.05.2019

Place: Kolkata

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: 28.05.2019

Place: Kolkata

REPORT OF THE AUDITORS TO THE MEMBERS OF CARNATION INDUSTRIES LIMITED

Report on the Audit of Financial Statement

Qualified Opinion

We have audited the financial statements of **CARNATION INDUSTRIES LIMITED** (“the Company”), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 section of our report, the aforesaid financial statements give the information required by the Companies Act 2013 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 31st, 2019 and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

- a) We draw attention to Note No. 9 of the Financial Statements regarding Trade Receivables in respect of export sales made in earlier years amounting to Rs. 3,673.19 lakhs (including Rs. 1,648.09 lakhs due from a related party exceeding 3 years), which in our opinion are doubtful of recovery and credit impaired. The company has neither carried out impairment exercise of Trade Receivables nor provided for the same 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. 3,673.19 lakhs and accordingly trade receivables and retained earnings would have reduced by equivalent amount. Further due to such delay in realisation of export proceeds, incentives received and accounted for in books consequent to such delay receipt also has not been reversed and accounted for.
- b) Secured lenders viz., State Bank of India and Punjab National Bank has classified the credit facilities extended to the company as Non-Performing Asset (NPA) and has recalled the said facilities and has served notice under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002 and the outstanding balance there against is Rs. 2597.40 lakhs. Further, interest on the said credit facilities has also not been accounted for which is not in compliance with the requirement of Ind AS-23 “Borrowing Costs”. Had the same been accounted for the loss of the year would

have increased by Rs. 308.29 lakhs (interest calculated on the basis of sanction terms) and short-term borrowings by equivalent amount. Further, penal interest and or other levies and charges, if any that could be levied by the lending bank could not be ascertained and provided for.

- c) During the year under review the company has realised foreign trade receivables pertaining to related party against Bills purchased by banks amounting to Rs. 263.35 lakhs which were credited in bank account other than the bank account maintained with the Bill Purchasing bank (lending banks) without obtaining permission of the concerned bank.

Material Uncertainty Related to Going Concern

We draw attention to Note 34(xv) of the Financial Statement, regarding preparation of Financial Statements on Going Concern basis for the reasons stated therein. The Company has incurred a net loss of Rs.468.48 lakhs (Previous Year: Rs. 653.45 lakhs) during the year ended March 31, 2019 and as of that date, the Company's current liabilities exceeded its current assets by Rs. 45.22 lakhs. The Company continues to incur losses and operations of unit at Uluberia have been suspended and there is considerable decline in the level of operations. Further the company has defaulted in paying the Consortium of Bank (State Bank of India and Punjab National Bank) which as on 31.03.2019 shows outstanding of Rs. 2,597.40 lakhs (Previous Year: Rs. 3,040.85 lakhs).

As stated in Note 34(xv) the appropriateness of Going Concern is dependent upon various initiatives undertaken by the company including realisation of Trade receivables, admittance and disbursement of ECGC Claim and amicable settlement of creditor who has approached NCLT and other forums and approvals including No Objection Certificate in respect of assets mortgaged/charged to consortium of banks as collateral for disposal.

These events or conditions as set forth herein above, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the financial year ended on March31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the basis for qualified opinion paragraph and Material Uncertainty related to going concern paragraph herein above, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	Auditor's Response
1.	<p>The company has made the provision for gratuity and leave encashment on the basis of report obtained from external experts.</p> <p>Refer Notes 17 and 34(v) to the Financial Statements</p>	<p>Principal Audit Procedures</p> <p>Our Audit procedure was in accordance with Standard on Auditing issued by the Institute of Chartered Accountant of India in this respect; accordingly we have obtained the report of actuary for valuation of provision of gratuity and leave encashment. The report of actuarial valuation was done by one of fellow member of the Institute of Actuaries of India. We have also checked the input given to the expert by the company. The liabilities pertaining to that remains unfunded.</p>
2	<p>Non - Reversal of Input tax Credit in compliance to section 16 of Goods and Services Act, 2017 where payment was not made to suppliers within the stipulated time.</p>	<p>Principal Audit Procedures</p> <p>We have observed the company has claimed input tax credit on the basis of invoices received upto 31.05.2018. However as per the provision of GST Act, the input tax credit has to be reversed if payment has not been made within 180 days. The same for the period from 01.07.2017 to 31.05.2018 has not been adhered to and consequently such input tax credits remains unreversed.</p>
3	<p>Verification of Trade Receivables</p>	<p>Principal Audit Procedures</p> <p>As a part of our audit procedures related to Trade receivables, we have sent mail to all the parties to confirm their balances. But, we have not received any confirmation from the parties. However, we have applied our additional audit procedures to audit the trade receivables and concluded the same.</p>
4	<p>Internal Audit</p>	<p>Principal Audit Procedures</p> <p>The management has obtained internal audit report for the entire year at once, consequently the frequency of the internal audit and the purpose for which the same is conducted is diluted. In our view scope and frequency of internal audit should be widened and timely report need to be obtained.</p>

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis and Director's Report including Annexures to Director's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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.
2. 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 financial statements comply with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act;

- e. On the basis of written representations received from the Directors taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2019 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. In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V of the Act;
- h. 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, as amended, 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 of pending litigation as at March 31, 2019 on its financial position in its Financial Statements- Refer note 34(ii) to the Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. During the year, unclaimed dividend amounting to Rs. 0.27 Lacs (Previous Year – Nil) relating to Financial year 2010-11 has been transferred to Investor Education and Protection Fund by the company.

For Jain Saraogi & Co.
Chartered Accountants

Manoj Keshan
(Partner)

Membership No.55272
FRN : 305004E

Place : 1, Crooked Lane,
Kolkata - 700 069
Dated : 29th May, 2019

Annexure “A” to Independent Auditors’ Report of even date to the members of **CARNATION INDUSTRIES LIMITED**, on the financial statements as of and for the year ended March 31, 2019.

- I. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) As informed to us, fixed assets of the company have been physically verified by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the company and the nature of its assets.
 - (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 as regards retaining title deed has not been obtained.
- II. The physical verification of inventory has 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 provisions of Caluses 3(iii) (a), 3(iii)(b) and 3(iii)(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.
- 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, goods and services tax and other material statutory dues as applicable with the appropriate authorities and the following undisputed dues were outstanding as on 31st March,2019 for a period of more than six months from the date they became payable.

Name of the statute	Nature of Dues	Period to which the amount relates	Amount (Rs. in lacs)	Remarks
The Income Tax Act, 1961	Dividend Distribution Tax	F.Y. 2016-17	2.82	Company has paid the amount on 13.05.2019.

(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 Statue	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 & Revision Board
Central Excise Act, 1944	Duty and Penalty for the Financial Year 2007-08	136.55	Before the Commissioner (Appeals- I & II) of Central Excise.

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 April 2018 : 1 day For the month of July 2018 : 21 days For the month of August 2018 : 18 days For the month of September 2018 : 18 days For the month of October 2018 : 15 days For the month of November 2018 : 11 days For the month of December 2018 : 21 days For the month of January 2019 : 19 days For the month of February 2019 : 16 days For the month of March 2019 : 17 days	2.11 Lakhs (each Instalment)
State Bank of India	For the financial Year 2018-19	Opening balance- 2,295.74 Lacs * Closing balance- 2,119.54 Lacs *
Punjab National Bank	For the financial Year 2018-19	Opening balance- 745.11 Lacs * Closing balance- 477.86 Lacs *

*Refer Note 19.3 to the notes to the financial statements.

- IX. The company did not raise monies by way of initial public offer or further public offer (including debt instruments) and term loans during the year under review.
- 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 have we 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 Companies Act, 2013.
- XII. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly provisions of clause 3(xii) of the Order are 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 Companies Act, where applicable and the details have been disclosed in the 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 the provisions of Clause 3(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 the provisions of Clause 3(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, 2019

“Annexure B” to the Independent Auditor’s Report of even date to the members of **CARNATION INDUSTRIES LIMITED** on the financial statements for the year ended March 31, 2019.

Independent Auditor’s Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of **CARNATION INDUSTRIES LIMITED** (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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, apart from the matter describe in "Basis of qualified opinion" and "Key audit matter" paragraph; 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, 2019, 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

Manoj Keshan
(Partner)

Membership No.55272
FRN : 305004E

Place : 1, Crooked Lane,
Kolkata - 700 069
Dated : 29th May, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019

(Rs. in Lacs)

Sl. No.	Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
	ASSETS			
(1)	Non-Current Assets			
	Property, Plant and Equipment	3	1,000.93	1,096.57
	Capital Work-in Progress	3	63.37	63.37
	Intangible Assets	4	1.60	2.70
	Financial Assets			
	(a) Investments	5	3.34	3.34
	(b) Other Financial Assets	6	-	24.96
	Other Non-Current Assets	7	27.24	59.56
(2)	Current Assets			
	Inventories	8	115.53	406.56
	Financial Assets			
	(a) Trade Receivables	9	3,689.09	4,251.77
	(b) Cash and Cash Equivalents	10	4.11	6.98
	(c) Bank Balance Other than Cash and Cash Equivalents	11	24.48	30.20
	Current Tax Assets (net)	12	17.16	40.01
	Other Current Assets	13	696.67	958.44
	Total Assets		5,643.52	6,944.46
	EQUITY AND LIABILITY			
(1)	EQUITY			
	Share Capital	14	345.72	345.72
	Other Equity	15	387.82	842.77
(2)	LIABILITY			
	Non-Current Liabilities			
	Financial Liabilities			
	- Borrowings	16	141.46	151.40
	Provisions	17	98.12	172.89
	Deferred Tax Liabilities (Net)	18	78.15	60.22
(3)	Current Liabilities			
	Financial Liabilities			
	a) Borrowings	19	2,597.40	3,061.03
	b) Trade Payables			
	i) total outstanding dues of micro enterprises and small enterprises	20	210.79	131.28
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	21	1,616.22	1,983.99
	c) Other Financial Liabilities	22	51.43	46.47
	Other Current Liabilities	23	116.40	148.68
	Total Equity and Liabilities		5,643.52	6,944.46

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, 2019

R.P.Sehgal
(Managing Director)

On behalf of the Board

Arun Kumar Bose
(Whole Time Director)

Somnath Pradhan
(Chief Financial Officer)

Sanjay Agarwal
(Company Secretary)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(Rs. in Lacs)

Sl. No.	Particulars	Note No.	For the Year ended 31.03.2019	For the Year ended 31.03.2018
I	Revenue From operations	24	741.04	5,011.49
II	Other Income	25	245.53	359.69
III	Total Income (I +II)		986.57	5,371.18
IV	EXPENSES			
	Cost of Materials Consumed and other manufacturing expenses	26	406.06	3,441.46
	Cost of Trading Goods	27	25.45	35.95
	Changes in inventories of Finished Goods	28	226.05	407.61
	Employee benefit expense	29	346.18	1,000.90
	Finance costs	30	103.42	402.79
	Depreciation and amortization expense	3 & 4	100.71	121.21
	Other expenses	31	240.13	621.05
	Total Expenses (IV)		1,447.99	6,030.97
V	Profit/(loss) before exceptional items and tax (III-IV)		(461.42)	(659.79)
VI	Exceptional items		-	-
VII	Profit/ (loss) before tax (V-VI)		(461.42)	(659.79)
VIII	Tax Expenses			
	a) Current Tax		-	-
	b) Current tax for earlier year		(6.12)	
	c) Deferred Tax		13.18	(6.34)
	Total Tax Expenses		7.06	(6.34)
IX	Profit/ (Loss) for the period from continuing operations (VII-VIII)		(468.48)	(653.45)
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)		(468.48)	(653.45)
XIV	Other Comprehensive Income/ (Loss)	32		
	Items that will not be reclassified to profit or loss		18.28	2.44
	Income tax relating to items that will not be reclassified to profit or loss		(4.75)	(0.75)
	Other Comprehensive Income/ (Loss) for the year		13.53	1.69
XV	Total Comprehensive Income for the period (XIII+XIV)		(454.95)	(651.76)
XII	Earnings Per Equity Share	33		
	1) Basic		(13.55)	(18.90)
	2) Diluted		(13.55)	(18.90)

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, 2019

R.P.Sehgal
(Managing Director)

Somnath Pradhan
(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, 2019

(Rs. In lacs)

(A) Equity Share Capital

Balance as at 1st April, 2017	Change during the financial Year 2017-18	Balance as at 31st March, 2018	Change during the financial Year 2018-19	Balance as at 31st March, 2019
345.72	-	345.72	-	345.72

(B) Other Equity

Particulars	Capital Reserve	Securities Premium Reserve	General Reserve	Export Business Reserve	Retained Earning	Total
Balance as at 1st April, 2017	48.84	306.30	493.24	26.89	635.91	1,511.18
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)	-	-	-	-	(16.64)	(16.64)
Balance as at 31st March, 2018	48.84	306.30	493.24	26.89	(32.50)	842.77
Profit for the financial year 2018-19	-	-	-	-	(468.48)	(468.48)
Other Comprehensive Income/(Loss)	-	-	-	-	13.53	13.53
Payment of Dividend (Including tax on dividend)	-	-	-	-	-	-
Balance as at 31st March, 2019	48.84	306.30	493.24	26.89	(487.45)	387.82

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, 2019

R.P.Sehgal

(Managing Director)

On behalf of the Board

Arun Kumar Bose

(Whole Time Director)

Somnath Pradhan

(Chief Financial Officer)

Sanjay Agarwal

(Company Secretary)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2019

(Rs. in Lacs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before exceptional items and tax	(461.42)	(659.79)
Adjustments for:		
– Depreciation, Impairment and Amortisation Expenses	100.71	121.21
– Fair Valuation of Investment	-	1.93
– (Profit)/Loss on sale/discard of Property Plant and Equipment(net)	(48.23)	-
– Interest on Term Deposit	(2.76)	(9.44)
– Remeasurements of the defined benefit plans	18.28	2.44
– Finance Cost	103.42	402.79
– Liabilities no longer required written back	-	-
Adjustments for:		
– (Decease)/ Increase in Trade Payables	(288.26)	(975.43)
– (Decease)/ Increase in Non Current Provisions	(74.77)	12.30
– (Decease)/ Increase in Other current Liabilities	(32.28)	122.57
– Decrease/ (Increase) in other Non Current Assets	32.32	(1.83)
– Decrease/ (Increase) Trade Receivables	562.68	1,048.53
– Decrease/ (Increase) Other Current Financial Asset	-	4.00
– Decrease/ (Increase) Other Current Asset	261.77	45.29
– Decrease/ (Increase) Inventories	291.03	421.38
Cash Generated from Operations :	462.49	535.95
Income Tax Paid (including Tax deducted at source)	(28.96)	0.62
Net Cash generated from Operating Activities	491.45	535.34
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipments, Intangible and Capital Work in Progress	(0.18)	(68.92)
Proceed from Sale of Property, Plant and Equipments (Net)	50.07	-
Term Deposit other than cash & Cash equivalents (including accrued interest)	30.68	89.51
Interest on Term Deposit	2.76	9.44
Net Cash generated/ (used) in Investing Activities	83.34	30.03

(Rs. in Lacs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Short Term Borrowings	-	-
Non Current Borrowings (Net)	(9.94)	162.26
Finance cost paid	(103.49)	(386.32)
Dividend paid/ Transferred to IEPF (including Dividend distribution tax)	(0.27)	(16.97)
Tax Paid on dividend	-	-
Net Cash generated/(used) in Financing Activities	(577.66)	(553.62)
Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)	(2.87)	11.75
Opening Cash and Cash Equivalents	6.98	(4.77)
Closing Cash and Cash Equivalents	4.11	6.98

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, 2019

R.P.Sehgal
(Managing Director)

Somnath Pradhan
(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, 2019**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, Ductile Iron and Mild Steel 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 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. The financial statements of the Company have been prepared to comply with the Indian Accounting Standards ('Ind AS') including the rules notified under the relevant provision of the companies Act, 2013.

With effect from 1st April 2018, Ind AS 115 – “Revenue from Contracts with Customers” (Ind AS 115) supersedes Ind AS 18 – “Revenue” and related Appendices. The application of Ind AS 115 did not have any material impact on recognition and measurement principles. However, it results in additional presentation and disclosure requirements for the company.

The Company's Financial Statements are presented in Indian Rupees (Rs.), which is also its functional currency and all values are rounded to the nearest crore ('00,000), except when otherwise indicated.

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 Know How 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 de-recognition 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 Standards Issued But Not Effective

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2019.

A) Issue Of Ind As 116 – Leases

Ind AS 116 will replace the existing leasing standard i.e. Ind AS 17 and related interpretations. Ind AS 116 introduces a single lessee accounting model and requires lessee to recognise assets and liabilities for all leases with non-cancellable period of more than twelve months except for low value assets. Ind AS 116 substantially carries forward the lessor accounting requirement in Ind AS 17.

B) Amendment To Existing Standard

The MCA has also carried out amendments of the following accounting standards

- | | | |
|-----------------|---|--|
| I. Ind AS 101 | - | First time adoption of Indian Accounting Standards |
| II. Ind AS 103 | - | Business Combinations |
| III. Ind AS 109 | - | Financial Instruments |
| IV. Ind AS 111 | - | Joint Arrangements |
| V. Ind AS 12 | - | Income Taxes |
| VI. Ind AS 19 | - | Employee Benefits |
| VII. Ind AS 23 | - | Borrowing Costs |
| VIII. Ind AS 28 | - | Investment in Associates and Joint Ventures |

Application of above standards are not expected to have any significant impact on the Company's financial statements.

(Rs. in Lacs)

Note 3: PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT		
	AS AT 01-04-2018	ADDITIONS DURING THE YEAR	DELETIONS AND ADJUSTMENTS	AS AT 31-03-2019	UP TO 01-04-2018	PROVIDED DURING THE YEAR	DELETIONS AND ADJUSTMENTS	UP TO 31-03-2019	AS AT 31-03-2019	AS AT 01-04-2018
1) LAND	165.83	-	-	165.83	-	-	-	-	165.83	165.83
2) BUILDINGS	456.75	-	-	456.75	33.14	16.56	-	49.70	407.05	423.61
3) PLANT & MACHINERIES	310.76	3.25	-	314.01	115.92	41.05	-	156.97	157.04	194.84
4) LABORATORY EQUIPMENT	26.67	-	-	26.67	10.45	4.36	-	14.81	11.86	16.22
5) PATTERN & DICES	270.83	2.56	2.16	271.23	37.92	21.88	0.54	59.26	211.97	232.91
6) TOOLS & IMPLEMENTS	13.99	-	-	13.99	3.20	1.58	-	4.78	9.21	10.79
7) FURNITURE & FITTINGS	8.70	-	-	8.70	3.63	1.14	-	4.77	3.93	5.07
8) ELECTRIC INSTALLATION	60.61	-	-	60.61	23.18	10.60	-	33.78	26.83	37.43
9) MOTOR VEHICLES	10.19	-	0.22	9.97	4.91	1.39	-	6.30	3.67	5.28
10) COMPUTERS P.C	8.23	-	-	8.23	3.63	1.05	-	4.68	3.55	4.60
TOTAL	1332.54	5.81	2.38	1335.98	235.98	99.61	0.54	335.05	1000.93	1096.57
PREVIOUS YEAR	1289.57	42.98	-	1332.54	117.99	117.99	-	235.98	1096.57	-
CAPITAL WORK IN PROGRESS	63.37	-	-	63.37	-	-	-	-	63.37	63.37
TOTAL	63.37	-	-	63.37	-	-	-	-	63.37	63.37
PREVIOUS YEAR	31.92	31.65	0.20	63.37	-	-	-	-	63.37	-

Note :- Net carrying amount of Pattern and Dices includes Rs. Nil as on 31.03.2019 and Rs. 0.23 Lacs as on 31.03.2018 lying with supplier abroad.

(Rs. in Lacs)

Note 4. Intangible Asset

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT		
	AS AT 01-04-2018	ADDITIONS DURING THE YEAR	DELETIONS AND ADJUSTMENTS	AS AT 31-03-2019	UP TO 01-04-2018	PROVIDED DURING THE YEAR	DELETIONS AND ADJUSTMENTS	UP TO 31-03-2019	AS AT 31-03-2019	AS AT 01-04-2018
1) ERP SOFTWARE	2.28	-	-	2.28	2.28	-	-	2.28	-	-
2) COMPUTER SOFTWARE	4.05	-	-	4.05	1.35	1.10	-	2.45	1.60	2.70
3) LICENCE	1.09	-	-	1.09	1.09	-	-	1.09	-	-
TOTAL	7.42	-	-	7.42	4.72	1.10	-	5.82	1.60	2.70
PREVIOUS YEAR	4.67	2.75	-	7.42	1.50	3.22	-	4.72	2.70	-

(Rs. In Lacs)

Note No.	Particulars	As on 31.03.2019	As on 31.03.2018
Note 5	NON-CURRENT INVESTMENT		
	Quoted (FVTPL)		
	3500 Fully paid Equity Shares of Rs. 2/- each, in Punjab National Bank.	3.34	3.34
	Total	3.34	3.34
Note 6	OTHER NON-CURRENT FINANCIAL ASSETS		
	Fixed Deposits as Margin Money (maturity more than 12 months)	-	20.00
	Other Fixed Deposits (maturity more than 12 months)	-	0.72
	Interest Accured but not due	-	4.24
	Total	-	24.96
Note 7	OTHER NON-CURRENT ASSETS		
	(Unsecured Considered Good)		
	Other Advances (refer note 7.1)	14.86	14.86
	Security Deposit (refer note 7.2)	12.38	44.70
	Total	27.24	59.56
	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)		
	Finished Goods	50.48	276.53
	Raw Materials	5.63	38.23
	Consumable Stores, Spares and Power & Fuels	42.13	72.61
	Packing Materials	17.29	19.19
	Total	115.53	406.56
	Note 8.1: Out of above, stock in transit and lying with outsiders		
	Finished Goods	10.19	19.29
	Raw Materials	-	9.88
	Consumable Stores, Spares and Power & Fuels	-	-
	Packing Materials	-	0.73
Note 8.2 :			
i) Inventory of 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.			

Note No.	Particulars	As on 31.03.2019	As on 31.03.2018
Note 9	TRADE RECEIVABLES		
	(a) Trade Receivables considered good- Unsecured (Refer Note 9.1 to 9.3)	3,689.09	4,251.77
	Total	3,689.09	4,251.77
	Note 9.1:- Trade Receivable includes Overdue Export proceeds in foreign exchange Rs.3673.19 Lacs (P.Y. Rs. 3636.46 Lacs) [including Rs. 1648.09 Lacs (P.Y. 1895.88 Lacs) exceeding 3 years].		
	Note 9.2:- The Company has filed applications to Export Credit Guarantee Corporation of India Limited (ECGC) for claim in respect of two parties having total outstanding as on 31.03.2019 of Rs. 940.70 Lacs.		
	Note 9.3:- In absence of confirmation from parties, balances as per books has been taken.		

Note 10	CASH AND BANK BALANCES		
	Cash and Cash Equivalents		
	Cash In hand (As certified by Management)	2.18	6.08
	Balances with Banks on Current Accounts	1.93	0.90
	Total	4.11	6.98

Note 11	BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS		
	Fixed Deposits as Margin Money (maturity between 3 months to 12 months)	19.56	25.42
	Accrued Interest on Fixed Deposit	0.45	0.05
	Balance earmarked for unclaimed Dividend	4.47	4.74
	Total	24.48	30.20
	Note:11.1 : In compliance with the provision of section 124 of the Companies Act 2013, unclaimed dividend amounting to Rs. 0.27 Lacs relating to Financial year 2010-11 has been transferred to Investor Education Protection Fund on 24/10/2018.		

Note 12	CURRENT TAX ASSETS (Net)		
	Advance Payment of Income Tax (net of provision)	17.16	40.01
	Total	17.16	40.01

(Rs. In Lacs)

Note No.	Particulars	As on 31.03.2019	As on 31.03.2018
Note 13	OTHER CURRENT ASSETS		
	Advances to Employees	0.14	0.66
	Advances to Suppliers	13.79	14.85
	Export Incentive Receivable	-	4.80
	Prepaid Expenses	0.85	0.25
	Other Receivable	5.05	4.29
	Balances with Indirect Tax Authorities		
	CENVAT paid in advance (Refer Note No.13.1)	50.00	50.00
	Excise Duty paid under protest (Refer Note 13.2)	8.75	31.99
	Service Tax refundable (Refer Note 13.3)	1.62	1.62
	VAT Input Tax Refundable (Refer note no. 13.4)	480.70	614.16
	GST Refund Claimed	37.01	37.01
	GST Input Tax Credit (Refer note 13.5)	98.76	198.81
	Total	696.67	958.44
	Note 13.1: 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 13.2: The Joint Commissioner of Central Excise, Kol-II have raised demand of Rs. 7.95 Lacs. Against which company had filed an appeal before Commissionerate Appeal which later on rejected. Company has paid Rs. 8.75 Lacs under protest and filed an appeal before CESTAT. The appeal is still pending.		
	Note 13.3: Company has filed appeal before the Commissioner of Central Excise, Kol-II claiming refund of Rs. 0.52 Lacs in respect of Financial Year 2012-13 and a separate appeal is filed before CESTAT claiming refund of Rs. 1.10 Lacs in respect of Financial Year 2009-10 to 2011-12.		
	Note 13.4: 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. The revision petition and the appeal are still pending. The Company has 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 13.5: With effect from 01.06.2018 Company is claiming GST Input Tax Credit in the GST returns only in respect of paid creditors, accordingly GST Input Tax Credit as per books includes Rs. 19.43 Lacs which is not claimed in the GST Returns.		

Note No.	Particulars	As on 31.03.2019	As on 31.03.2018
Note 14	SHARE CAPITAL		
	Authorised 70,00,000 Equity shares of Rs.10/- each	700.00	700.00
	Issued, Subscribed and Paid-Up 34,57,160 Equity Shares of Rs. 10/ each fully paid up (Of the above shares 9,45,900 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
	Total	345.72	345.72
Note 14.1: Reconciliation of the shares outstanding at the beginning and at the end of the reporting period			
	Equity Shares	No.of Shares in Lacs	No.of Shares in Lacs
	At the Beginning of the period	34.57	34.57
	Outstanding at the end of the period	34.57	34.57
Note 14.2: 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>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 14.3: Details of shareholders holding more than 5% shares in the company			
	Particulars	As on 31.03.2019	As on 31.03.2018
		No. of shares & Percentage	No. of shares & Percentage
	Ravindra Prakash Sehgal	575865 16.66%	575865 16.66%
	Suvobrata Saha	573598 16.59%	573598 16.59%
	Madan Mohan Kundu	380120 11.00%	379359 10.97%
	Sumati Sehgal	187675 5.43%	187675 5.43%

(Rs. In Lacs)

Note No.	Particulars	As on 31.03.2019	As on 31.03.2018
Note 15	OTHER EQUITY		
	Capital Reserves	48.84	48.84
	Securities Premium Reserves	306.30	306.30
	General Reserves	493.24	493.24
	Export Business Reserves	26.89	26.89
	Retained Earnings	(487.45)	(32.50)
	Total	387.82	842.77
Note 16	NON CURRENT BORROWINGS		
	From ICICI Bank (Secured Loan)	141.46	151.40
	Total	141.46	151.40
<p>Note 16.1: The loan is secured by a first charge over office premises of the company with a carrying value of Rs. 102.18 Lacs (31 March 2018: Rs. 103.95 Lacs).</p> <p>Note 16.2: The Loan is repayable in 125 (P.Y. 120) equal monthly installments. Interest @ 9.65% p.a. (P.Y. 9.05% p.a) is charged by the bank. (Effective Interest Rate is 10.027% p.a. (P.Y. 9.356% p.a.)</p>			
Note 17	PROVISIONS		
	Provision for Contingencies (Refer Note No. 13.1)	50.00	50.00
	Provision for Gratuity	40.21	108.60
	Provision for Leave Encashment	7.91	14.29
	Total	98.12	172.89
Note 18	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	90.66	97.44
	Provision for Leave Encashment	(2.06)	(4.42)
	Provision for Gratuity	(10.45)	(32.80)
	Net Deferred Tax Liability/(Assets)	78.15	60.22

Note No.	Particulars	As on 31.03.2019	As on 31.03.2018
Note 19 CURRENT BORROWINGS Loans Repayable on Demand From Banks Secured Packing Credit Bills Purchase Account Cash Credit From a Body Corporate Unsecured Bill Discounting finance in foreign currency Total			
	1,529.25	1,529.25	1,666.00
	1,000.95	1,000.95	1,288.70
	67.20	67.20	86.15
	-	-	20.18
	2,597.40	2,597.40	3,061.03
	<p>Note 19.1 : (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.)</p>		
	<p>Note 19.2: The company has classified bill discounting finance taken from a body corporate incorporated outside India as Unsecured based on expert opinion obtained.</p>		
	<p>Note 19.3: The company has availed credit facility from State Bank of India and Punjab National Bank under consortium Finance arrangement. State Bank of India (Lead Banker) vide its letter dated 21st March, 2018 has classified the credit facility as Non Performing Asset (NPA) and recalled the advances through its letter dated 03.04.2018. Bank has not applied/ charged interest since March 2018 and reversed the unrecovered applied interest amounting to Rs. 16.85 Lacs. State Bank of India has issued notice u/s 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) on 04.04.2018.</p> <p>Punjab National Bank has also not charged interest on credit facilities from January, 2018 to March, 2019 and recalled the advances by issuing the notice u/s 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) on 07.06.2018.</p> <p>In the absence of advice/ information, finance cost pertaining to above credit facilities for the period from accounts being classified as NPA to March, 2019 could not be ascertained and accounted for.</p>		

(Rs. In Lacs)

Note No.	Particulars	As on 31.03.2019	As on 31.03.2018
Note 20	TOTAL OUTSTANDING DUES OF MICRO AND SMALL ENTERPRISES		
	Principal amount of outstanding dues of Micro and Small Enterprises	136.31	131.28
	Unpaid Interest outstanding at the end of the year	74.49	-
	Total	210.79	131.28
	Note 20.1: Identification of micro and small enterprises creditors are as per information received by the company from the sundry creditors and have been relied thereon by the auditor.		
	Note 20.2: Interest paid in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006 (MSME Act, 2006) during the year is NIL (P.Y. NIL).		
	Note 20.3: Amount paid to the supplier beyond the appointed day during the year is NIL (P.Y. NIL).		
Note 20.4: Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSME Act, 2006 is considered as NIL as the identification / information of MSME Party is received after the date of payment.			
Note 20.5: Amount of Interest accrued and remaining unpaid at the end of the year is Rs. 74.98 Lacs (P.Y. NIL).			
Note 20.6: Two Micro and Small enterprises have filed applications before National Company Law Tribunal (NCLT) - Kolkata under section 9 of the Insolvency and Bankruptcy Code, 2016. Company has raised disputes against both the parties and the same is pending before NCLT - Kolkata.			
Note 21	TOTAL OUTSTANDING DUES OF CREDITORS OTHER THAN MICRO AND SMALL ENTERPRISES		
	- outstanding dues of creditors other than micro enterprises and small enterprises	1,616.22	1,983.99
	Total	1,616.22	1,983.99
Note 21.1 : 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 in the previous year. Aggregate value of such letter of credit outstanding as on 31st March, 2019 is Rs Nil and as on 31st March, 2018 is Rs. 133.98 lacs.			

Note	Particulars	As on 31.03.2019	As on 31.03.2018
Note 22	OTHER FINANCIAL LIABILITIES		
	Current maturities of long term debt	10.52	10.86
	Unclaimed Dividend	4.47	4.74
	Interest/ Finance Charges accrued and due on Bank borrowings	17.81	17.86
	Interest accrued but not due on Bank borrowing	0.90	0.92
	Creditors for Capital Goods	17.72	12.09
	Total	51.43	46.47

Note 23	OTHER CURRENT LIABILITIES		
	Advance from Customer	101.58	108.55
	Statutory Dues		
	- Unpaid Dividend distribution Tax	2.82	2.82
	- PF, ESI, Sale Tax, GST, TDS etc.	12.00	37.31
	Total	116.40	148.68

Note No.	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Note 24	REVENUE FROM OPERATION		
	(a) Export Sale	371.01	4,830.23
	Less: Freight	3.91	119.60
		367.10	4,710.63
	(b) Domestic Sale	328.47	58.45
	Add: Exercise Duty	-	0.86
		328.47	59.31
	(c) Other operating revenue		
	- Export Incentives - Realised	28.92	218.13
	- Export Incentives - Unrealised	-	4.25
	- Discounts	2.48	7.25
	- Others	14.07	11.92
	Total	741.04	5,011.49
	Note 24.1 : Details of Products Sold		
	(a) Castings	680.65	4,769.94
	(b) Others	14.92	-

(Rs. In Lacs)

Note No.	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Note 25	OTHER INCOME		
	Interest Income on		
	- Fixed Deposits	2.76	9.44
	- Security Deposits	1.79	1.79
	- Others	4.48	0.09
	Fair value gain on financial instruments at fair value through profit or loss	-	-
	Profit on sale of Property, Plant & Equipment	48.41	-
	Exchange Rate Difference (Net)	172.89	-
	Liability no longer Required Written Back	15.19	348.37
	Total	245.53	359.69
Note 26	COST OF MATERIALS CONSUMED AND OTHER MANUFACTURING EXPENSES		
	Raw Materials Consumed		
	Opening Stock	38.23	50.65
	Add : Purchases (Net of Central Excise, VAT and GST)	175.42	2,220.17
		213.65	2,270.82
	Less : Closing Stock	5.63	38.23
		208.02	2,232.59
	Consumable Stores & Spares Consumed	37.87	367.56
	Power & Fuel	116.84	598.43
	Other Manufacturing Expenses	15.86	112.19
	Clearing & Forwarding Import	-	0.20
	Conversion Charge	-	5.60
	Factory Rent	4.32	4.32
	Carriage Inward	6.85	42.62
	Pollution Control Expenses	0.02	5.15
	Purchase Tax	-	1.34
	Repairs & Maintenance :		
	To Machinery & Others	15.37	64.59
	To Shed & Godown	0.91	6.87
	Total	406.06	3,441.46

Note No.	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
	Note 26.1 : Details of Raw Material Consumed (Including Wastage)		
	Indigenous		
	Pig Iron	148.71	1,458.57
	Scrap	100.56	667.07
	Others	2.94	106.95
	Total	252.21	2,232.59
	Note 26.2 : Details of Closing Stock of Raw Materials		
	Raw Materials		
	Pig Iron	1.71	10.87
	Scrap	2.07	17.72
	Others	1.85	9.64
	Total	5.63	38.23
Note 27	COST OF TRADING GOODS		
	Castings	10.54	35.95
	Stores & Spares	14.92	-
	Total	25.45	35.95
Note 28	CHANGES IN INVENTORIES		
	Opening Stock	276.53	684.14
	Less : Closing Stock	50.48	276.53
	Increase / Decrease in Stock	226.05	407.61
	Note 28.1: Details of Closing Stock of Finished Goods		
	Casting	50.48	276.53
Note 29	EMPLOYEE BENEFIT EXPENSES		
	Salaries	201.08	327.54
	Wages	82.02	548.69
	Bonus	19.55	32.06
	ESI Contribution	7.41	19.60
	Workmen & Staff Welfare Expenses	2.76	8.66
	Contribution to PF and other Funds	13.57	44.06
	Gratuity	19.79	20.29
	Total	346.18	1,000.90

(Rs. In Lacs)

Note No.	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Note 30	FINANCE COST		
	Interest :		
	To Bank on other than term loan	6.62	235.26
	To Bank on Term Loan	15.21	3.97
	To a body corporate	0.72	2.89
	To Micro and Small Enterprises	74.49	-
	Bank Charges	3.34	102.12
	Export Guarantee Fees	3.04	22.34
	Finance Charges	0.01	36.21
	Total	103.42	402.79
Note 31	OTHER EXPENSES		
	Clearing & Forwarding Expenses (Export) (Including Carriage Outward)	8.25	112.27
	Repairs & Maintenance		
	To Other Assets	9.23	31.25
	Excise Duty	-	0.86
	Electricity Charges	5.61	7.17
	Rates & Taxes	29.00	22.13
	Commission	-	14.76
	Discount Allowed	11.79	4.00
	Insurance	2.57	3.97
	Packing Charge	9.39	120.36
	Directors Remuneration	33.10	31.90
	Exchange Rate Difference (Net)	-	23.74
	Payment to Auditors (Refer note 32.1)	4.80	4.70
	Director's Meeting Fees	3.25	5.16
	Legal & Professional Expenses	2.63	21.42
	Communication Expenses	5.81	13.59
	Inspection Service Charges	7.68	27.13
	VAT/Excise duty adjustments as per assessment	48.95	-
	Sundry Debit Balance Written Off	0.70	-
	Payment to creditors on settlement	6.37	-
	Property Plant and Equipments Written off	0.18	-
	Security Service Charges	6.36	41.06
	Fair value loss on financial instruments at fair value through profit or loss	-	1.93
	Service Charges	22.47	48.46
	Travelling & Conveyance	4.93	33.04
	Miscellaneous Expenses	17.03	52.15
	Total	240.13	621.05
	Note 31.1 :Payment to Auditors Includes		
	- Statutory Audit Fees	4.00	4.00
	- Tax Audit Fees	0.50	0.50
	- Other services	0.30	0.20
	Total	4.80	4.70

Note No.	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Note 32	OTHER COMPREHENSIVE INCOME		
(A)	Items that will not be reclassified to profit or loss		
	Remeasurements of the defined benefit plans	18.28	2.44
	Income Tax Relating to these items	(4.75)	(0.75)
		13.53	1.69
(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 33	Earning Per Share		
(a)	Net Profit after Tax (Rs.)	(468.48)	(653.45)
(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)	(13.55)	(18.90)
(d)	Face Value per Equity Share (Rs.)	10.00	10.00

Note 34: 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. 9.52 lacs, net of advance Rs. 4.08 Lacs).

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

	<u>31.03.19</u>	<u>31.03.18</u>
a) Outstanding Bank Guarantee	-	110.98
b) Disputed Duty & Penalty under Central Excise Law	136.55	136.55
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	73.46	55.25
f) Interest and Principal claimed by a micro,small and medium enterprise	-	17.66

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 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 cervat 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)

	2018-19		2017-18	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	3.18	0.84	13.05	1.83
Interest Cost	8.36	1.10	7.24	0.87
Expected return on plan assets	-	-	-	-
Curtailement Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Amortization of Past Service Cost	-	-	-	-
Actuarial Losses / (Gains)	(18.28)	(3.36)	(2.44)	1.44
Total Expenses recognised in the statement of Profit & Loss	(6.74)	(1.42)	17.85	3.84

Balance Sheet

	2018-19		2017-18	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present Value of Defined Benefit Obligation	40.21	7.91	108.60	14.29
Fair Value of Plan Assets	-	-	-	-
Funded Status [Surplus/(Deficit)]	(40.21)	(7.91)	(108.60)	(14.29)
Effect of Balance Sheet Asset Limit	-	-	-	-
Unrecognised Past Service Costs	-	-	-	-
Net Asset/(Liability) recognised in Balance Sheet	(40.21)	(7.91)	(108.60)	(14.29)

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

(Rs. In Lacs)

	2018-19		2017-18	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening defined benefit obligation	108.60	14.29	98.77	11.82
Current Service Cost	3.18	0.84	13.05	1.83
Interest Cost	8.36	1.10	7.24	0.87
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Employee Contribution	-	-	-	-
Plan Amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains)/Losses	(18.28)	(3.35)	(2.44)	1.14
Benefits Paid	(61.65)	(4.97)	(8.02)	(1.37)
Closing defined benefit obligation	40.21	7.91	108.60	14.29

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

	2018-19		2017-18	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening fair value of plan assets	-	-	-	-
Actual return on plan assets	-	-	-	-
Actual Company Contributions	61.65	4.97	8.02	1.37
Employee Contributions	-	-	-	-
Benefits paid	(61.65)	(4.97)	(8.02)	(1.37)
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:

	2018-19		2017-18	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate per annum compounded	7.50%	7.50%	7.70%	7.70%
Rate of increase in salaries	5.00%	5.00%	5.00%	5.00%
Expected Average remaining working lives of employees (years)	15.02	15.99	17.27	18.19

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:

	2018-19		2017-18	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined benefit obligation	40.21	7.91	108.60	14.29
Plan Assets	-	-	-	-
Surplus / (deficit)	(40.21)	(7.91)	(108.60)	(14.29)

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) 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)	
	2018-19	2017-18
Export Sales (Net of Freight)		
North America	59.51	1889.99
Middle East	40.64	1231.29
Europe	266.95	1534.04
Australia	-	55.31
Domestic Sale (Excluding Excise Duty)	328.47	58.45

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.

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

x) 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	13.68 (13.58)	7.37 (1.30)
			Meeting Fees	0.70 (1.03)	0.15 (Nil)
2	Mr.Suvabrata Saha	Jt. Managing Director	Remuneration	13.96 (13.16)	8.91 (1.45)
			Meeting Fees	0.20 (0.75)	0.10 (Nil)
3	Mr. Arun Kumar Bose	Whole time Director	Remuneration	5.46 (5.16)	1.44 (0.43)
			Meeting Fees	0.50 (0.90)	0.10 (Nil)
4	Mr. Manoj Bose	Non Executive Director	Meeting Fees	0.85 (1.18)	-
5	Dr. Sephali Roy	Non Executive Director	Meeting Fees	0.85 (1.15)	-
6	Mr. Gautam Mukherjee	Non Exceutive Director	Meeting fees	0.15 (0.15)	-
7	Mr. Sanjay Agarwal	Company Secretary	Remuneration	9.36 (9.36)	3.16 (1.72)
8	Mr. Biplab Ganguly (Resigned on 07.08.2018)	Chief Financial Officer	Remuneration	2.81 (8.04)	4.14 (1.64)
9	Mr. Abhijit Biswas (Resigned on 30.06.2018)	Officer-Corporate Affairs	Remuneration	2.01 (8.04)	3.16 (1.69)
10	Mr.Somnath Pradhan (Joining from 01.02.2019)	Chief Financial Officer	Remuneration	0.72 (Nil)	0.66 (Nil)
11	Nacip INC	Body Corporate over which Key Management personel are able to exercise significant influence.	Export Sale	27.82 (Nil)	1608.08 (1858.35)
			Late payment Int.	Nil (Nil)	40.01 (37.53)
			Export Proceeds Realised	376.45 (343.20)	- -

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

(Rs. in lacs)

	31.03.19	31.03.2018
a) Earnings in Foreign Exchange during the year		
Export of Goods (F.O.B)	367.10	4,710.63
Liabilities no longer required written back	-	188.66
Others	14.07	11.68
b) Expenditure in Foreign Currency		
a. Travelling & Conveyance	1.80	12.03
b. Licence Fees	4.52	6.75
c. Commission	-	14.76
d. Foreign Bank Charge	1.47	21.14
e. Inspection Charges	2.90	-
f. Discount Allowed	11.79	4.00
g. Interest	0.72	2.88

- xii) **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, 2019

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	-	-	-

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, 2019

xiii) **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 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, 2019				
Borrowings	2,597.40	10.52	141.46	2,749.38
Trade Payables	-	1827.01	-	1827.01
Other Financial Liabilities	-	51.43	-	51.43
Total	2,597.40	1878.44	141.46	4627.82
As at 31st Mar, 2018				
Borrowings	3,061.03	10.86	151.40	3,223.29
Trade Payables	-	2,115.27	-	2,115.27
Other Financial Liabilities	-	46.47	-	46.47
Total	3,061.03	2,172.60	151.40	5,385.03

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.

- xiv) The Company has initiated and identified a intending buyer in respect of sale of one of its works i.e. Uluberia Unit for which the company has already entered into an MOU. However the assets has not been classified as held for sale or discontinuing operation since necessary approvals from the shareholders was obtained post the year end and also No objection certificate from the consortium of lenders for disposal of the said unit could not be obtained as yet. The Company's credit facility has been classified as a Non-Performing Asset (NPA) by its lenders and in order to regularize its account the Company is selling the said unit. The said sale is expected to be concluded within the current financial year.
- xv) During the year Company has incurred a loss of Rs. 468.48 Lacs (P.Y. Rs. 653.45 Lacs) and the accumulated losses as at the end of the year is Rs. 487.45 Lacs (P.Y. Rs. 32.50 Lacs). Also, current liabilities exceed current assets by Rs. 45.22 Lacs. The Company has delayed in repaying the secured loans of State Bank of India and Punjab National Bank including interest thereon and there are substantial payments overdue to creditors. These conditions pose serious challenge to the Company indicating the existence of material uncertainty.

However, the Company has already drawn up and is in the process of implementing a comprehensive 'Turnaround Plan' by focusing on a number of measures viz.

- i. Sale of works at Uluberia for which the company has already entered into an MOU with an identified buyer.
- ii. Engaging collection agency empaneled with ECGC to recover foreign debtor.
- iii. Lodging of Claim with ECGC and simultaneously initiation of Legal Cases against foreign debtors.
- iv. Application to consortium of bankers to restructure the credit facilities and also provide additional funding.
- v. Out of Court settlement with creditors who have moved NCLT or Other Forums at mutually agreed terms.
- vi. Focusing on amount lying with different Revenue Authorities for realization of refundable taxes or duties.
- vii. Identifying domestic buyers in order to reduce the dependency on foreign buyers and thereby leveraging the risk.
- viii. Identifying a Strategic Investor to join the company which will help to scale up its operation.

The above plan has been approved by the Board of Directors. Accordingly, the financial results continue to be prepared on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.



(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

PROXY FORM (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)			
36 th Annual General Meeting on Friday, 27 th September, 2019 at 12 Noon			
at the Registered Office at 28/1, Jheel Road, Liluah, P.O. Salkia, Howrah- 711 106			
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: _____	
	or Failing him / her	Signature: _____	
2.	Name: _____ Address: _____ _____	E-mail ID: _____	
	or Failing him / her	Signature: _____	
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 36th Annual General Meeting on Friday, 27th September, 2019 at 12 Noon at the Registered Office at 28/1, Jheel Road, Liluah, P.O. Salkia, Howrah- 711 106 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, 2019 together with the reports of the Auditors and the Board of Directors thereon.		
2	To appoint Mr. Suvabrata Saha (DIN 00131180) as a Director of the Company, who retires by rotation and being eligible offers himself for re-appointment.		
Signed this _____ day of _____ 2019			
_____ 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.

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Carnation Industries Ltd.

222, A. J. C. Bose Road, Kolkata 700017, INDIA