

**ANNUAL REPORT
2021-22**



Carnation Industries Ltd.

BOARD OF DIRECTORS

Dr. Sephali Roy	– Chairman & Independent Director
Mr. Ravindra Prakash Sehgal	– Managing Director
Mr. Suvabrata Saha	– Joint Managing Director
Mr. Subir Chatterjee	– Independent Director
Mr. Arun Kumar Bose	– Non-Executive Director

REGISTERED OFFICE

9/C, Kumar Para Road
2nd Floor, Liluah
Howrah - 711 204
CIN No: L27209WB1983PLC035920

CORPORATE OFFICE

222, A. J. C. Bose Road
1st Floor, Room No. 7 & 8
Kolkata – 700 017
Phone: (033) 2287 8229
E-Mail: info@carnationindustries.com
Website: www.carnationindustries.com

CHIEF FINANCIAL OFFICER

Mr. Somnath Pradhan

COMPANY SECRETARY

Mr. Sanjay Agarwal

REGISTRAR AND SHARE TRANSFER AGENT

R & D Infotech Private Limited
15C, Naresh Mitra Sarani
Kolkata – 700 026
Phone: (033) 2419 2641/2419 2642
Email: info@rdinfotech.net

AUDITORS

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

BANKERS

State Bank of India
Punjab National Bank
IDBI Bank

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NOTICE

Notice is hereby given that the 39th Annual General Meeting of the Members of Carnation Industries Limited will be held on **Wednesday 28th September, 2022 at 11 A.M.** through Video Conferencing (VC) /Other Audio-Visual Means (OAVM) 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 31st March, 2022 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.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to provisions of Sections 139, 141 and 142 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the recommendation of the Audit Committee and the Board of Directors, M/s Jain Saraogi & Co, Chartered Accountants (Firm Regn. No. 305004E), 1 Crooked Lane, Kolkata 700 069 be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of the 39th Annual General Meeting to the conclusion of the 44th Annual General Meeting, i.e. for a further term of 5(five) years, on such remuneration as may be fixed by the Board of Directors of the Company from time to time plus applicable service tax and reimbursement of out of pocket expenses incurred by them for the purpose of audit.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters, filings and things which may deem necessary in this behalf.”

By Order of the Board of Directors

Place : Kolkata
Date : 12th August, 2022

(Sanjay Agarwal)
Company Secretary

NOTES

1. In view of the outbreak of the COVID-19 pandemic, social distancing is a norm to be followed, and the Ministry of Corporate Affairs(MCA) has pursuant to Circular No.14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 5, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 19/2021 dated December 8, 2021 and Circular No. 2/2022 dated May 5, 2022 (MCA Circulars) permitted holding of the Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) without the physical presence of the Members at a common venue in accordance with the requirements as provided. The Securities and Exchange Board of India (SEBI) has also, vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 January 15, 2021 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (SEBI Circulars), granted relaxation in respect of sending physical copies of annual report to shareholders and requirement of proxy for general meetings held through electronic mode.
2. Accordingly, in compliance with the applicable provisions of the Companies Act, 2013, the SEBI ((Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) read with MCA Circulars and the SEBI Circulars, this Annual General Meeting (AGM/Meeting) has been convened through VC/ OAVM and Members can attend and participate in this AGM through VC/OAVM only, as arranged by the Company with National Securities Depository Ltd. (NSDL). The venue of the AGM shall be deemed to be the Registered Office of the Company.
3. ALTHOUGH, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF, but since this AGM is being held through Video Conferencing (‘VC’)/ Other Audio Visual Means (‘OAVM’) the physical attendance of members is dispensed with. Accordingly, the facility for appointment of proxy to attend and cast vote for the Members is not available for this AGM and hence the proxy form, attendance slip and route map are not annexed to this Notice of this AGM, in terms of the MCA Circulars and the SEBI Circulars.
4. However, Body Corporates / Institutional Investors who are Members of the Company are entitled to appoint authorized representatives pursuant to Section 113 of the Act to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-Voting.
5. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. In line with MCA Circulars and SEBI Circulars, dispensing of /with the requirement of printing and sending physical copies of the Annual Report, the Notice of this AGM and the Annual

Report for the F.Y. 2021-2022 have been sent via electronic mode only, to those Members whose e-mail addresses are registered with the Company / the Registrar and Share Transfer Agent (RTA), R& D Infotech Private Limited / the Depositories/ Depository Participants.

7. In compliance with the aforesaid MCA Circulars and SEBI Circular, the Notice of the AGM along with the Annual Report 2021-2022 have been uploaded on the website of the Company at www.carnationindustries.com/investors. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the Notice and Annual Report are also available on the website of NSDL i.e. www.evoting.nsdl.com.
8. Members who have already registered their e-mail addresses are requested to get their e-mail addresses updated/ validated with their Depository Participants /the Company's RTA to enable servicing of notices/documents/ Annual Reports electronically to their e-mail address. Members who have not registered can get their e-mail addresses or Members holding shares in the physical form can register their e-mail addresses with the Company or the Registrar and Share Transfer Agent (RTA) of the Company by quoting their folio number and name to investor@carnationindustries.com or by visiting the weblink: info@rdinfotech.net as the case may be, for receiving all communication, including Annual Report, Notices and Documents through e-mail.
9. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Saturday 24th September, 2022 to Wednesday 28th September, 2022 (both days inclusive) for the purpose of the AGM.
10. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 ("Explanatory Statement") in relation to Item No. 3 to be transacted at the Meeting is annexed hereto and forms part of the Notice convening this AGM.
11. Information pursuant to Section 196(4) of the Companies Act, 2013 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards – 2 with respect to Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting is annexed to the Notice.
12. As mandated by SEBI, Members holding shares in electronic form are requested to submit their Permanent Account Number (PAN) to their Depository Participants with whom, they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company, along with a self-attested photocopy of the PAN Card.
13. Members holding shares in physical form are requested to get their shares dematerialized, since as mandated by SEBI, requests for transfer of shares in physical form (except in case of transmission or transposition of shares) shall not be processed.

14. The Company has transferred the unpaid or unclaimed dividends declared upto the financial year 2013-2014, 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, 2015 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, 2015	November 3, 2022
March 31, 2016	November 3, 2023
March 31, 2017	October 29, 2024

15. Unclaimed dividend for the financial year ended 31st March, 2015 and the shares in respect of which dividend entitlements remain unclaimed for seven consecutive years will be due for transfer to the Investor Education and Protection Fund of the Central Government.
16. (a) Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit and Refund) Rules, 2016, as amended, the Company had, 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 weblink: <https://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 weblink: 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: <https://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.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. **Members may access the facility by following the steps mentioned below for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM link” placed under “Join General Meeting” menu against Company’s name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed.** Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice to avoid last minute rush. Further Members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for a better experience. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
3. Please note that Participating Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches. Participating Members are requested to keep their device under ‘Mute’ mode, except for pre-registered speakers, when invited to speak at the Meeting.
4. Members who would like to express their views/or ask questions during the AGM may register themselves as a speaker, mentioning their name, demat account number/folio number, e-mail id, mobile number by sending e-mail to investor@carnationindustries.com from their registered e-mail address on or before Wednesday, 21st day of September, 2022. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting with regard to the Accounts or any matter to be placed at the Meeting. Further, Members who would like to seek any information with regard to the Accounts or any matter to be placed at the Meeting are requested to write to the Company in advance within the aforesaid date and time, by following the similar process as stated above. The same will be replied by the Company suitably.
5. When a pre-registered speaker is invited to speak at the meeting but he / she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/camera along with good internet speed.
6. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.

7. The Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. Wednesday, 21st September, 2022 shall be entitled to avail the facility of remote e-Voting of the facility of e-Voting during the Meeting and are requested to join the AGM through VC/OAVM mode, by following the procedure mentioned in the Notice. Persons who are not Members as on the cut-off date should treat this Notice for information purposes only.
8. The facility to attend the AGM through VC/OAVM will be available for 30 minutes before the scheduled time of the commencement of the Meeting and may not close earlier than 30 minutes after the commencement of the Meeting.

E-VOTING

In terms of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide facilities for Members to exercise their right to vote on resolutions proposed, in respect of the business to be transacted at the Meeting by electronic means, through remote e-Voting system prior to the AGM and through e-Voting system during the AGM. For this purpose, the Company has engaged the services of National Securities Depository Limited (NSDL), as the authorized agency for providing the said facilities of the remote e-Voting as well the e-Voting on the date of the AGM.

The remote e-Voting period begins at 9 A.M. on Sunday, 25th September, 2022 and ends at 5 P.M. on Tuesday, 27th September, 2022. The remote e-voting module shall be disabled by NSDL for voting thereafter.

INSTRUCTIONS FOR REMOTE E-VOTING

Process to vote electronically using NSDL e-Voting system

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system at <https://www.evoting.nsdl.com>

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

Step 1: Access to NSDL e-Voting system

A. Login method for e-Voting and joining virtual Meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by listed Companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with NSDL	1) Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsd.com/ either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. This will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
	2) If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com/ . Select “Register Online for IDeAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp
	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
	4) Shareholders/Members can also download NSDL Mobile App “ NSDL Speede ” facility by scanning the QR code mentioned below for seamless voting experience. <div style="text-align: center; margin-top: 10px;"> <p>NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p>  </div> <div style="text-align: center;">  <p>Google Play</p>  </div> </div> </div>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	1) Existing users who have opted for Easi / Easiest, they can login through their User ID and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.
	2) After successful login of Easi/Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration . 4) Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, and you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note:

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B. Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP 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. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
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. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing 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) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL, from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
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 address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
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 and join AGM on NSDL e-Voting System.

How to cast your vote electronically and join AGM on NSDL e-Voting System?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of Company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the Annual General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. 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 click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members / Shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system at the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person as mentioned in the General Guidelines below.

General Guidelines for Members

1. Corporate and 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, through e-mail to the Scrutinizer to sweetykapoor53@rediffmail.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 the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Vikram Jha, Manager, NSDL or Ms. Pallavi Mhatre, Manager, NSDL, at the designated email ID evoting@nsdl.co.in / pallavid@nsdl.co.in of NSDL, who will address the queries / grievances connected with the voting by electronic means.

OTHER INFORMATION FOR MEMBERS

1. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of Wednesday, September 21st, 2022. In case of joint holders joining the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
2. Mrs. Sweety Kapoor, Practicing Company Secretary (FCS: 6410 /CP:5738) has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting of votes through e-Voting process during the AGM in a fair and transparent manner.
3. The Scrutinizer shall after the conclusion of the e-Voting at the AGM, will first download the votes cast at the Meeting and thereafter unblock the votes cast through remote e-Voting in the presence of atleast two witnesses not in the employment of the Company and shall submit, not later than two working days of the conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Board of Directors of the Company or an authorized person, who will countersign the same and declare the results of the voting forthwith.
4. On receipt of the requisite number of votes, the Resolution shall be deemed to have been passed on the date of the AGM. The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.carnationindustries.com and on the website of NSDL immediately after the declaration of the results and also forwarded to the Stock Exchanges where the shares of the Company are listed and also be displayed on the Notice Board of the Company at its Registered Office.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 3

In accordance with Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the existing Statutory Auditors M/s Jain Saraogi & Co., Chartered Accountants (Firm Registration No. 305004E), of the Company shall complete their term of 5 (five) years at the conclusion of the 39th AGM of the Company.

The Board of Directors at its meeting held on 27th May, 2022, and on the recommendation of the Audit Committee have recommended for the re-appointment of M/s Jain Saraogi & Co., Chartered Accountants, as the Statutory Auditors of the Company, by the members at the 39th AGM of the Company for a further term of five years from the conclusion of the 39th AGM till the conclusion of the 44th AGM of the Company, at an annual remuneration as agreed between the Company and Statutory Auditors for the year ending 31st March, 2023 plus out of pocket expenses and applicable taxes. The remuneration for the subsequent year(s) of their term shall be determined based on the recommendation of the Audit Committee and as mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

After evaluating all proposals and considering various factors such as independence, industry experience, technical skills, geographical presence, audit team, audit quality report etc. M/s Jain Saraogi & Co. has been recommended to be re-appointed as the Statutory Auditors of the Company.

Pursuant to Section 139 of the Companies Act, 2013 and the rules framed thereunder, the Company has received the written consent from M/s Jain Saraogi & Co., and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the re-appointment if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 M/s Jain Saraogi & Co., have confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 3 of the accompanying Notice convening the 39th AGM. Accordingly, the Board of Directors recommend the aforesaid re-appointment to the members for their approval by way of an Ordinary Resolution as set out at Item No. 3 of the accompanying Notice of the 39th AGM.

Details of Directors seeking Appointment/Re-appointment at the 39th Annual General Meeting as set out in the Notice in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS2:

Name of the Director	Mr. Suvabrata Saha
DIN	00131180
Date of Birth	14.09.1961
Date of first Appointment	21.08.2006
Qualification	B.Com
Expertise in Functional Areas & International Marketing	Has over 33 year's experience in Managing Large Corporation
Terms and Conditions of Re-appointment	Was re-appointed as Jt. Managing Director by the shareholders of the Company in their meeting held on 28th September, 2020 for a period of 5 years
Remuneration last drawn	Rs. 12,99,344/-
Remuneration sought to be paid	Approval for appointment pursuant to retiring by rotation is being sought at the meeting
List of other Companies in which Directorship held	NIL
Chairman/Member of the Committee of the Board of other Companies in which he is a Director	NIL
Relationship with other Directors/ Key Managerial Personnel of the Company	Not related to any Director / Key Managerial Personnel
Shareholding in the Company (Equity Shares)	573598 equity shares of Rs 10/- each
No. of meetings of the Board attended during the year	4
Listed Entity from which resigned during last 3 years	NIL

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors are pleased to present the 39th Annual Report on the business and operations of the Company and the Audited Financial Statement of the Company for the financial year ended 31st March, 2022.

FINANCIAL PERFORMANCE

Financial Results of the Company for the year 2022 along with figures for the previous year are as follows:

	(Rs. in Lacs)	
	<u>For Year ended 31.3.2022</u>	<u>For Year ended 31.03.2021</u>
Revenue from Operation and Other Income:		
Export Sales (Net of Freight)	–	–
Domestic Sales	6.06	520.69
Other Operating Revenue	–	–
Other Income	<u>455.83</u>	<u>1297.66</u>
	461.89	1818.35
Profit/Loss before Finance Costs, Depreciation & Amortization, Extra-Ordinary Item and Tax	(33.48)	(739.83)
Finance Cost	28.51	43.98
Depreciation & Amortization	1.68	10.82
Profit/(Loss) before Extra-Ordinary Item and Tax	(63.67)	(794.63)
Provision for Tax		
– Current Tax	0.85	–
– Current Tax for earlier year	–	–
– Deferred Tax	11.40	(18.94)
Profit/(Loss) after Tax	(75.92)	(775.68)
Other Comprehensive Income/(Loss) for the year	0.71	(8.72)
Total Comprehensive Income/(Loss) for the Period	(75.21)	(784.40)
Surplus brought forward from Previous Year	(1266.35)	(481.94)
Available Surplus/(Deficit) for Appropriation	(1341.55)	(1266.35)
Surplus/(Deficit) Carried to Balance Sheet	(1341.55)	(1266.35)

STATE OF COMPANY'S AFFAIRS AND FINANCIAL REVIEW

During the financial year ended 31st March, 2022 the Company has achieved total revenue from operations and other income of Rs 461.89 lacs against Rs 1818.35 lacs in the previous year. The loss before Finance Cost, Depreciation & Amortization, Extra-Ordinary Item and Tax was Rs 33.48 lacs against a loss of Rs 739.83 lacs in the previous year. The loss before Extra-Ordinary Item and Tax was Rs 63.67 lacs against a loss of Rs 794.63 lacs in F.Y. 2020-2021. The loss after tax was Rs 75.92 lacs against a loss of Rs 775.68 lacs in F.Y. 2020-2021. Total Comprehensive Loss for the period was Rs 75.21 lacs against a loss of Rs 784.40 lacs in the previous year.

CHANGES IN THE NATURE OF BUSINESS

The Company has been able to settle and pay off a majority of the Creditors and the few which are remaining are under negotiations for settlement and the Company is contemplating sale of the remaining assets to pay off the creditors. Due to non availability of finance the operations of the Company have stopped and the Company is following up on the pending dues from the Government to augment its finances.

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

The world over saw the increase in prices of metals and fuel which is leading to an inflationary trend in the industry. However, the biggest factor effecting the international trade is the logistics as the shipping trade has jumped almost five to six times, thereby making Indian products less competitive as compared to the domestic manufacturers overseas. The only consolation that India has is that China and all the others competing countries are affected by high freight and shortages of containers. The situation is expected to improve in 2022-2023.

OPPORTUNITIES AND THREAT

India stands to gain from the fact that US, European and Middle East buyers are avoiding bulk purchases from China and the high dumping duties imposed on Chinese goods by these countries have created opportunities for India. The two major threats that the Indian Exporters now face are:

- a) Reduce availability and steep prices of raw materials.
- b) Lack of logistics for containers and no national line support for the exporters. Covid lockdown continues to be sporadic and can affect the steady flow of orders and movement of goods.

SEGMENT-WISE PERFORMANCE

As a matter of policy the Management reviews the disclosure requirement of segment wise reporting and as the Company was into Manufacturing of Casting and MS 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. As the operations have stopped no such reporting has been done.

Change in Key Financial Ratios

Ratio Analysis

Particulars	Year ended 31-03-2022	Year ended 31-03-2021	Change (%)	Explanation for change in ratios more than 25% as compared to Previous Year
(a) Current Ratio	0.73	1.00	-27.00%	The Company had continued its manufacturing operations till 31.12.2020 and thereafter has discontinued operation and the changes in the ratios are to be interpreted in that perspective and as such are not comparable.
(b) Debt-Equity Ratio	(1.32)	(3.36)	204.84%	
(c) Debt-Service Coverage Ratio	(1.39)	(86.31)	8492.14%	
(d) Return on Equity Ratio	0.63	17.10	-1647.23%	
(e) Inventory Turnover Ratio	2.01	12.56	-1055.40%	
(f) Trade Receivables Turnover Ratio	0.10	0.54	-43.66%	
(g) Trade Payables Turnover Ratio	-	0.17	-17.34%	
(h) Net Capital Turnover Ratio	(0.14)	180.45	-18059.24%	
(i) Net Profit Ratio	(12.54)	(1.49)	-1104.67%	
(j) Return on Capital Employed	(0.22)	3.70	-391.72%	
(k) Return on Investment	0.01	0.03	-1.66%	

FUTURE OUTLOOK

Under the difficult circumstances prevailing and as described in the earlier paragraphs and because of the need to resolve the creditors' issues there is less likelihood of bringing back orders and shipments immediately. However, the Management has plans to review resumption of sales once the creditors are taken care of and fresh funds are brought into the Company by way of loan or by other means of fund raising.

RISKS AND CONCERN

The major concern of the Company is settling the liabilities of the creditors and subsequently reviewing the market situation. Since the stoppage of production and supply has affected our relation with the customers this is to be revived. Further, funding for procurement of materials is a matter of concern which shall be addressed subsequently.

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. The Company has taken adequate internal control systems and procedures for hygiene, creating awareness on save distancing, hand sanitization to minimize the risk of infection among the staff and labours.

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 and 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.

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 there are serious cash flow issues. The main focus of the Company will be to regain its strength and hence no expansion on new projects is planned for the coming year. The focus currently is primarily on taking care of paying all the creditors through one time settlement.

HUMAN RESOURCES DEVELOPMENT

Your Company continued to have cordial and harmonious relations with its employees at all levels during the period under review. Due to non operations, the Company had to release most of the employees. As on 31st March, 2022 there are 4 employees on the rolls of the Company and the other functions of the Company are done by people who are on Service Contract.

DIVIDEND

Your Directors do not recommend any dividend for the financial year ended 31st March, 2022.

POLLUTION CONTROL MEASURES

Since there are no production units hence pollution control measures does not arise

SUBSIDIARY AND ASSOCIATE COMPANIES

Your Company does not have any Subsidiary or Associate Companies.

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. Suvabrata Saha (DIN: 00131180), Jt. Managing Director would retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

None of the Directors of the Company are disqualified from 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. Suvabrata Saha, Jt. Managing Director, Mr. Somnath Pradhan, Chief Financial Officer and Mr. Sanjay Agarwal, Company Secretary.

The appointment of Mr. Suvabrata Saha, Jt. Managing Director, was approved by the shareholders at the 37th AGM held on 28th September, 2020, subject to the approval of the Central Government. The Company has made an application to the Central Government and the same is pending.

Brief resume and other details relating to the Director being re-appointed 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 9th April, 2015 and re-appointed on 13th February, 2020 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 there under 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.

With regard to integrity, expertise and experience (including the proficiency) of the Independent Director appointed/ re-appointed, the Board of Directors are of the opinion that all the Independent Directors are persons of integrity and possess relevant expertise and experience and their continued association as Directors will be of immense benefit and in the best interest of the Company.

FAMILIARIZATION PROGRAMME UNDERTAKEN FOR INDEPENDENT DIRECTORS

The Independent Directors are familiarized 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

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 and the Board 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 30.6.2021, 13.8.2021, 12.11.2021 and 14.2.2022. The intervening gap between the Board meetings were within the period prescribed under the Companies Act, 2013 and the Listing Regulations read with relaxations granted by Ministry of Corporate Affairs and Securities and Exchange Board of India due to COVID-19 pandemic.

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 2021-2022	No. of Meetings Attended
Dr. Sephali Roy	Chairman and Independent Director	4	4
Mr. Ravindra Prakash Sehgal	Managing Director	4	4
Mr. Suvobrata Saha	Joint Managing Director	4	4
Mr. Subir Chatterjee	Independent Director	4	4
Mr. Arun Kumar Bose	Non Executive Director	4	4

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, 2022 four Audit Committee meetings were held on 30.6.2021, 13.8.2021, 12.11.2021 and 14.02.2022. All the recommendations made by the Audit Committee during the year were accepted by the Board. The composition, number of meetings held and the attendance of the members at these meetings are as follows:

Name of the Member	No. of Meetings Held	No. of Meetings Attended
Dr. Sephali Roy, Chairman	4	4
Mr. Ravindra Prakash Sehgal	4	4
Mr. Subir Chatterjee	4	4

NOMINATION AND REMUNERATION COMMITTEE

During the financial year ended 31st March, 2022 one meeting was held on 30.6.2021. The composition, number of meetings held and the attendance of the members at these meetings are as follows:

Name of the Member	No. of Meeting Held	No. of Meeting Attended
Mr. Subir Chatterjee, Chairman	1	1
Dr. Sephali Roy	1	1
Mr. Arun Kumar Bose	1	1

STAKEHOLDERS RELATIONSHIP COMMITTEE

During the financial year ended 31st March, 2022 one meeting was held on 14.02.2022. 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. Ravindra Prakash Sehgal	1	1
Mr. Subir Chatterjee	1	1

MEETING OF INDEPENDENT DIRECTORS

During the year under review, a meeting of the Independent Directors was held on 14th February, 2022 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 31st March, 2022 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 31st March, 2022 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 2021-22, 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, 2022 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. 2021-2022.

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 sale of two moveable assets during this period and the payment was used to pay Statutory dues and staff payments.

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 2021-22, your Company has entered into transactions with related parties 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 2021-22, there were transactions with related party which do not 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 the Managing 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.

ANNUAL RETURN

Pursuant to the provisions of Section 92 (3) read with Section 134 (3) (a) of the Companies Act, 2013 the Annual Return of the Company as on March 31, 2022 is available on the Company's website and can be accessed at <https://www.carnationindustries.com/Investors/Annual Return 2021-2022>.

STATUTORY AUDITORS

The Auditors M/s. Jain Saraogi & Co, Chartered Accountants, Statutory Auditors of the Company, were appointed at the 34th AGM to hold office till the conclusion of the 39th AGM. The Board in terms of Section 139 of the Act, and on the recommendation of the Audit Committee, have recommended for the re-appointment of M/s Jain Saraogi & Co., Chartered Accountants from the conclusion of the ensuing AGM till the conclusion of the 44th AGM. Appropriate resolution in respect of the above is appearing in the Notice convening the 39th AGM of the Company.

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

The Statutory Auditors have given an adverse opinion which is given below, along with the reply by the Management:

As stated in Note No. 31 (xvii) of the Financial Statement, regarding preparation of Financial Statement on Going Concern basis for the reasons stated therein. The Company has discontinued its manufacturing operations and as represented, has plans to resume the trading activity but necessary and evident steps to start the same is not reflected in the action. Moreover during the year under review, the Company has sold one of its office premises at a price lower than the circle rate as determined by the stamp duty valuation authorities signifying stress sale of assets. As stated in Note 31 (xvii) of the Financial Statement, the appropriateness of Going Concern is dependent upon various initiatives undertaken by the Company including realization of Trade Receivables through ECGC, feasibility and sustainability of the trading activities, arrangement for financial resources in order to meet working/ long term capital requirement of the trading activity and payment/ settlement of existing unsecured creditors. The Company has accumulated losses of Rs.1341.55 Lacs (Previous Year Rs. 1266.35 Lacs) leading to negative net worth of Rs.120.56 Lacs (Previous Year Rs. 45.36 Lacs) as at 31st March, 2022 which has resulted in complete erosion of the Net Worth of the Company. The Company's current liabilities exceeds its current assets by Rs. 42.63 Lacs as at 31st March, 2022. Considering matters described above and in

absence of necessary and adequate evidence with respect of the Company's assessment of going concern, as per our Judgement, Management's use of going concern basis of accounting in the statement is inappropriate.

In respect to the above qualification the Board states that the statement on the impact of Adverse Opinion shows that the Audited figures for the year March 31st, 2022 do not change and remain the same, hence the observation of the Auditors are futuristic and as a mark of caution. The "Turnaround Plan" as approved by the Board of Directors was partially successful in so far as that related to disposal of property, plant and equipment and consequential realization of sale proceeds. The Company was able to negotiate and settle with secured lenders under one time settlement scheme. As far as liabilities which remains after the above would be settled and the Company continues to negotiate with the remaining creditors to settle the dues at a reasonable discount with mutual consent including the case pending at NCLT. The efforts to realize the refundable taxes and duties from Revenue Authority, the refund of Rs.99.08 Lacs from West Bengal VAT authorities and ECGC claim realization from two overseas buyers continues. Besides this the reduction of administration cost by various ways such as staff reduction and remuneration review is being done. The property sold as stated by the Auditor was below circle rate which was primarily become of the sale during COVID times and total collapse of the property market during these tough times besides our urgency to get funds to pay off the liabilities and sustain the establishment. The Company has been in touch with various financial institutions and finance providers and is awaiting for a fair and reasonable offer. Once the financial ratio improves, the Company can hope for progress in this front. Carnation does have a good image in the overseas markets and can get customers but without a finance tie-up, the Company cannot approach the customer for business and it is working on future arrangements from Financers and Promoter Directors.

In respect to Annexure A of the Auditors Report, Point No. XI (c), it may be noted that the point is self-explanatory.

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. Your Company is not required to maintain cost records as specified by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013.

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 here with as "Annexure-D" to this report.

INTERNAL AUDITOR

In accordance with the provisions of Section 138 of the Companies Act, 2013, M/s Prithwiraj Pal & Associates, Chartered Accountants, were appointed on 13th February, 2020 for a period of three years, as the Internal Auditors of the Company.

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

One of the Creditor has filed an application before National Company Law Tribunal (NCLT) - Kolkata Bench, u/s 9 of Insolvency and Bankruptcy Code, 2016 and to whom a sum of Rs.6.64 Lacs is due. This is being defended by the Company and parallel efforts are also being made by the Company for out of the Court settlement.

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/courts/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 practices being adopted against them. The Whistle Blower Policy has been uploaded on the Company's website: www.carnationindustries.com. The Company endeavors to provide complete protection to the Whistle Blowers against any unfair practices. The Audit Committee oversees the genuine concerns and grievances reported in conformity with this policy. It is affirmed that no personnel of the Company has been denied access to the Audit Committee and no case was reported under this policy during the year.

STOCK EXCHANGE

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

RISK MANAGEMENT

Your Company has built a comprehensive risk management framework that seeks to identify all kinds of observable as well as anticipated risks to minimize any kind of adverse impact on the Company by taking remedial actions.

DIFFERENCE BETWEEN AMOUNT OF VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND VALUATION DONE WHILE TAKING LOAN FROM BANKS OR FINANCIAL INSTITUTIONS.

Not Applicable.

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, 2022 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.

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

On Behalf of the Board of Director

Ravindra Prakash Sehgal
(Managing Director)

Place: Kolkata
Date: 12th August, 2022

Arun Kumar Bose
(Non-Executive Director)

ANNEXURE A TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

i) The steps taken or impact on conservation of energy.	Since the production and operations of the Company is closed there were no study undertaken for conservation of energy.
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.	Since the production and operations of the Company is closed there were no study undertaken for conservation of energy and technology absorption
ii) Benefits derived like product improvement, cost reduction, product development or import substitution.	Since the production and operations of the Company is closed there were no study undertaken for conservation of energy and technology absorption
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.	Since the production and operations of the Company is closed there were no study undertaken for conservation of energy and technology absorption
iv) The expenditure incurred on Research and Development.	Since the production and operations of the Company is closed there were no study undertaken for conservation of energy and technology absorption

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

	F.Y. 2021-2022	F.Y. 2020-21
Foreign Exchange Earned in terms of actual inflows	–	–
Foreign Exchange Outgo in terms of actual outflows	–	2.01

On Behalf of the Board of Director

Ravindra Prakash Sehgal

(Managing Director)

Arun Kumar Bose

(Non-Executive Director)

Place: Kolkata

Date: 12.08.2022

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.

On Behalf of the Board of Director

Ravindra Prakash Sehgal
(Managing Director)

Place: Kolkata
Date: 12.08.2022

Arun Kumar Bose
(Non-Executive Director)

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 the remuneration of each Director to the median employees' remuneration for the financial year 2021-2022:

Name of Director	Total Remuneration (Rs.)	Ratio of Remuneration of Each Director to the Median Remuneration of Employees
Mr. Ravindra Prakash Sehgal	1331592	1.46
Mr. Suvobrata Saha	1299344	1.43
Dr. Sephali Roy	71500	0.08
Mr. Subir Chatterjee	71500	0.08
Mr. Arun Kumar Bose	50000	0.05

Notes:

- 1) The aforesaid details are calculated on the basis of remuneration for the financial year 2021-22.
- 2) Dr. Sephali Roy, Mr. Subir Chatterjee are the Independent Directors of the Company and Mr. Arun Kumar Bose is the Non - Executive Director in the Company and only sitting fees has been paid to them.
- 3) Median remuneration of employees of the Company during the financial year was Rs. 911672/-

B. Detailed percentage increase in the remuneration of each Director, Chief Financial Officer & Company Secretary or Manager, if any, in the financial year 2021-22 are as follows:

Name	Designation	Increase/ Decrease (%)
Mr. Ravindra Prakash Sehgal	Managing Director	(2.73)
Mr. Suvobrata Saha	Jt. Managing Director	(9.12)
Dr. Sephali Roy	Independent Director	(12.27)
Mr. Subir Chatterjee	Independent Director	(12.27)
Mr. Arun Kumar Bose	Non-Executive Director	-
Mr. Somnath Pradhan	Chief Financial Officer	-
Mr. Sanjay Agarwal	Company Secretary	-

- C. There has been no percentage increase in median remuneration and the increase in median remuneration is mainly due to the attrition of the employees.
- D. The permanent employees on the rolls of the Company, as on 31st March, 2022, is 4.
- E. The Comparison of average percentage increase in salaries of employees other than the Managerial Personnel and the percentage increase in the managerial remuneration cannot be ascertained as the Company does not have any other employees other than the managerial personnel during the year 2021-22.
- 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.

On Behalf of the Board of Director

Ravindra Prakash Sehgal
(Managing Director)

Arun Kumar Bose
(Non-Executive Director)

Place: Kolkata
Date: 12.08.2022

ANNEXURE D TO THE DIRECTORS' REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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, 2022 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, 2022, 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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- b) The Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
- c) The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- d) The Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
- f) The Securities & Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008
- g) The Securities & Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
- h) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021
- i) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 2018
- 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 Secretarial Standards issued by The Institute of Company Secretaries of India.

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. There were no changes in the composition of the Board of Director during the year.
- 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 pursuant to the special resolution passed at the Extraordinary General Meeting of the company held on 25th April, 2019 under provisions of Section 180(1)(a) of Companies Act, 2013 for disposal of the whole, or substantially the whole of the assets of the Company, during the period under review the Company has sold off one of its office premises.

We further report that pursuant to Section 196(4) read with Schedule V of Companies Act, 2013, the Company has applied to the Central Government for approval of appointment of Mr. Suvobrata Saha as Joint Managing Director of the Company for a period of 5 (five) years with effect from 1st September, 2020, approval of which is still pending.

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

Firm Reg No: P2010WB042700

Neha Somani
[Partner]

Membership No. 44522
COP No. 17322

Date: 12.08.2022

Place: Kolkata

UDIN: A044522D000790806

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

Firm Reg No: P2010WB042700

Neha Somani

[Partner]

Membership No. 44522

COP No. 17322

Date: 12.08.2022

Place: Kolkata

UDIN: A044522D000790806

REPORT OF THE AUDITORS TO THE MEMBERS OF CARNATION INDUSTRIES LIMITED

Report on the Audit of Financial Statement

Adverse Opinion

We have audited the financial statements of **CARNATION INDUSTRIES LIMITED** (“the Company”), which comprise the balance sheet as at March 31, 2022, 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, because of the significance of the matters discussed in the basis for Adverse Opinion paragraph of our report, the aforesaid financial statements do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Adverse Opinion

As stated in Note no. 31(xvii) of the Financial Statements, regarding preparation of Financial Statements on Going Concern basis for the reasons stated therein. The Company has discontinued its manufacturing operations and as represented has plans to resume the trading activity but necessary and evident steps to start the same is not reflected in the action moreover during the year under review, the company has sold one of its office premises at a price lower than the circle rate as determined by the stamp duty valuation authorities signifying stress sale of assets. As stated in Note no. 31(xvii) the appropriateness of Going Concern is dependent upon various initiatives undertaken by the company including realisation of Trade receivables through ECGC, feasibility and sustainability of the trading activities, arrangement for financial resources in order to meet working/ long term capital requirement of the trading activity and payment/ settlement of existing unsecured creditors.

The Company has accumulated losses of Rs. 1341.55 Lacs (Previous year Rs. 1266.35 Lacs) leading to negative net worth of Rs. 120.56 Lacs (Previous Year Rs. 45.36 Lacs) as at 31st March, 2022, which has resulted in complete erosion of the net worth of the Company. The Company's current liabilities exceeds its current assets by Rs. 42.63 Lacs as at 31st March, 2022.

Considering matters described above and in absence of necessary and adequate evidence with respect of the Company's assessment of going concern, as per our judgement, management's use of going concern basis of accounting in the financial statements is inappropriate.

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

1. We draw attention to Note no. 31(xiv) of the Financial Statements regarding charging/writing off of Trade Receivables (export sales) made in earlier years amounting to Rs. 1751.59 Lacs which was due from a related party for more than 5 years, the necessary permission in respect of write off debts in books from appropriate authorities are yet to be obtained.
2. We draw attention to Note no. 8.1 of the Financial Statements regarding overdue trade receivables.
3. We draw attention to Note no. 31(xiii) of the Financial Statements regarding the balances of Trade Receivables, Security Deposits, Loans and Advances, Trade payable are subject to confirmation from the respective parties and consequential reconciliation/adjustment arising there from, if any.
4. We draw attention to Note no. 31(xi) of the Financial Statements regarding filing of petition with NCLT, Kolkata Bench by a creditor under Insolvency and Bankruptcy code, 2016 for initiation of Corporate Insolvency Resolution Process.
5. We draw attention to Note no. 31(xv) of the Financial Statements regarding pending marking off compliance in respect of overseas bills.

Our opinion is not modified in respect of these matters.

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 March 31, 2022. 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 adverse opinion paragraph and Emphasis of Matter 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.	The company has made the provision for gratuity and leave encashment on the basis of report obtained from external experts. Refer Note no. 17 and 31(iii) to the Financial Statements	<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.	Litigation matters	<p>The Company has certain ongoing legal proceedings with the revenue authorities and /or cases arisen during the ordinary course of business of the company.</p> <p>The company's management does not expect these legal proceedings, when concluded will have any material and adverse effect on the financial position of the company.</p> <p>Principal Audit Procedures</p> <p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> • Assessed the management's position through discussions with the in-house legal expert on both, the probability of success, and the magnitude of any potential loss. • Discussed with the management on the development in these litigations during the year ended March 31, 2022. • Reviewed the disclosures made by the Company in the financial statements in this regard.

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.
- A 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, 2020, 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. Except for the matters described in the Basis for Adverse Opinion paragraph, 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 possible effects of the matter described in the Basis for Adverse 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 Financial Statements 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 Adverse 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. The matters described in the Basis for Adverse Opinion paragraph above, in our opinion may have adverse effect on the functioning of the Company;
 - f. 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, 2022 from being appointed as a Director in terms of Section 164 (2) of the Act;
 - g. 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;
 - h. In our opinion, the managerial remuneration for the year ended March 31, 2022 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;
 - i. 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, 2022 on its financial position in its Financial Statements- Refer Note no.31(ii) and 31(xi) 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. 0.83Lacs relating to financial year 2013-14 has been transferred to Investor Education and Protection Fund by the company.
- iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The company has not declared or paid any dividend during the year.

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

Manoj Keshan
(Partner)

Membership No.55272
FRN: 305004E

UDIN:-22055272AJTRJV9737

Place : 1, Crooked Lane,
Kolkata - 700 069
Dated : 27th May, 2022

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, 2022.

- I. a) A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant & Equipment.
- B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) As informed to us, Property, Plant & Equipment 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 Property, Plant & Equipment 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 property is held in the name of the company and the title deed in respect of the same having carrying value amounting to Rs. 90.22 Lakhs as on 31.03.2022 has been deposited with Bankers and is lying as collateral security against credit facility obtained by the company. However periodic confirmation from bank as regards retaining title deed has not been obtained.
- (d) According to the information and explanations given to us, the Company has not revalued its Property, Plant and Equipment and Intangible Assets during the year. Accordingly, reporting under paragraph 3(i)(d) of the Order is not applicable.
- (e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- II. (a) According to the information and explanation given to us, physical verification of inventory was conducted during the year by the Management. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification.
- (b) The Company has not been sanctioned working capital limits in excess of Rs. 5.00 crore, in aggregate, from bank on the basis of security of current assets. Accordingly, reporting under of Clause 3(ii)(b) of the Order is not applicable.
- III. The company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the provisions of Clauses 3(iii) (a) to 3(iii)(f) 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 explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public in accordance with directives issued by Reserve Bank of India and relevant provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Hence, the reporting under paragraph 3(v) of the Order does not arise.
- VI. The company had discontinued its manufacturing operations in immediately preceding financial year and since then has no manufacturing facility. 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 but in view of discontinuance of production activity/ manufacturing activity applicability of section 148(1) does not arise.
- 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 Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of excise, Value added Tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of material statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable except Customs Duty Drawback Refundable amounting to Rs. 38.76 Lacs.
- (b) According to the information and explanations given to us, there is no statutory dues referred to in sub-clause (a) above which have not been deposited on account of any dispute.
- VIII. According to information and explanations given to us, the company has not surrendered or disclosed as any income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Accordingly, the provisions of clause 3(viii) of the Order are not applicable to the company.
- IX.(a) Based on our audit procedures and on the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender except as reported below:-

Nature of Borrowing	Name of lender	Amount not paid on due date	Whether principal or interest	No. of days delay or unpaid
Term Loan	ICICI Bank Limited	Rs. 1.16 Lacs	Interest and Principal Both	15 days

- (b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
 - (c) The Company had obtained term loans in previous financial years and applied them for the purpose for which the loans were obtained.
 - (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that the company has used funds raised on short term basis aggregating to Rs.32.02 Lacs for long-term purposes.
 - (e) The Company does not have any subsidiaries, associates or joint ventures and accordingly, reporting under clause 3(ix)(e) of the Order is not applicable.
 - (f) The Company does not have any subsidiaries, associates or joint ventures and accordingly reporting under clause 3(ix)(f) of the Order is not applicable.
- X. (a) The company did not raise monies by way of initial public offer or further public offer (including debt instruments) during the year under review.
- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- XI.(a) 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.
- (b) There were no reports filed under Section 143(12) of the Act in Form ADT-4 as prescribed under rule 13 of Companies (Audits and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have considered the complaint received by the company from a whistle-blower which was duly considered by the Audit Committee and as per its direction, a committee was constituted which have done the investigation and has concluded that the complaint as made out by the whistle blowers is not tenable and is devoid of merit.
- XII. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii)(a), 3(xii)(b) and 3(xii)(c) 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.(a) The company has an internal audit system commensurate with the size and nature of its business;
- (b) The reports of the Internal Auditors for the period under audit were considered by us.

- 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 are not applicable.
- XVI.(a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- b) The Company has not conducted any Non-Banking Financial or Housing Finance activities.
- c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, provisions of clause 3(xvi)(c) and 3(xvi) (d) of the Order are not applicable.
- XVII. The company has incurred cash losses of Rs.62.89 Lacs in the financial year under review and Rs. 758.60 Lacs in the immediately preceding financial year.
- XVIII. There has been no resignation of the statutory auditor of the company during the year.
- XIX. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, we are of the opinion that material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- XX. There is no liability of the company under the provisions of section 135 the Act to the Company. Hence, reporting under paragraph 3(xx) (a) and (b) of the Order is not applicable.
- XXI. The Company does not have any subsidiaries, associates or joint ventures and accordingly, reporting under clause 3(xxi) of the Order is not applicable.

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

Manoj Keshan
(Partner)

Membership No.55272
FRN: 305004E

UDIN:-22055272AJTRJV9737

Place : 1, Crooked Lane,
Kolkata - 700 069
Dated : 27th May, 2022

“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, 2022.

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, 2022 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.

Adverse Opinion

According to the information and explanation given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March 2022;

The Company's internal controls over financial reporting with respect to financial statements closure process in terms of assessing the Company's ability to continue as a going concern were not operating effectively, which is likely to result in material misstatements in the carrying value and classification of assets and liabilities and have a consequential impact on earnings, reserves and related disclosures in the financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, adequate internal financial controls system over financial reporting as on 31st March, 2022, 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, and because of the possible effects of the material weakness described above on the achievements of the objectives of the control criteria, the Company's internal financial controls over financial reporting were not operating effectively as on 31st March, 2022.

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

Manoj Keshan
(Partner)

Membership No.55272

FRN: 305004E

UDIN:-22055272AJTRJV9737

Place : 1, Crooked Lane,

Kolkata - 700 069

Dated : 27th May, 2022

BALANCE SHEET AS AT 31ST MARCH, 2022

(Rs. in Lacs)

Sl. No.	Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
	ASSETS			
(1)	Non-Current Assets			
	Property, Plant and Equipment	3	94.02	105.67
	Intangible Assets	4	-	-
	Financial Assets			
	– Investments	5	0.53	1.28
	Other Non-Current Assets	6	14.86	14.86
(2)	Current Assets			
	Inventories	7	-	6.04
	Financial Assets			
	(a) Trade Receivables	8	53.06	62.54
	(b) Cash and Cash Equivalents	9	7.32	706.42
	(c) Bank Balance Other than Cash and Cash Equivalents	10	2.01	2.84
	Current Tax Assets (net)	11	18.77	36.73
	Other Current assets	12	35.45	472.50
(3)	Assets classified as held for sale	13	-	17.44
	Total Assets		226.02	1,426.34
	EQUITY AND LIABILITY			
(1)	EQUITY			
	Share Capital	14	345.72	345.72
	Other Equity	15	(466.28)	(391.08)
(2)	LIABILITY			
	Non-Current Liabilities			
	Financial Liabilities			
	– Borrowings	16	147.95	152.56
	Provisions	17	26.33	33.55
	Deferred Tax Liabilities (Net)	18	13.05	1.40
(3)	Current Liabilities			
	Financial Liabilities			
	– Borrowings	19	10.62	-
	– Trade Payables			
	(A) total outstanding dues of micro enterprises and small enterprises	20	16.42	224.27
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises	21	32.75	821.29
	– Other Financial Liabilities	22	4.53	16.66
	Other Current Liabilities	23	94.92	221.97
	Total Equity and Liabilities		226.02	1,426.34

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

On behalf of the Board

Manoj Keshan

Partner

Membership No. 55272

FRN : 305004E

UDIN: 22055272AJTRJV9737

Place : 1, Crooked Lane, Kolkata

Dated : 27th May, 2022

R. P. Sehgal

(Managing Director)

(DIN:00119477)

Arun Kumar Bose

(Non - Executive Director)

(DIN:00131295)

Somnath Pradhan
(Chief Financial Officer)

Sanjay Agarwal
(Company Secretary)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

(Rs. in Lacs)

Sl. No.	Particulars	Note No.	For the Year ended 31.03.2022	For the Year ended 31.03.2021
A.	CONTINUING OPERATIONS			
I	Revenue From operations		-	-
II	Other Income	24	180.79	8.83
III	Total Income (I +II)		180.79	8.83
IV	EXPENSES			
	Cost of Materials Consumed and other manufacturing expenses		-	-
	Cost of Trading Goods		-	-
	Changes in inventories of Finished Goods		-	-
	Employee benefit expense	25	61.11	88.71
	Finance costs	26	28.51	43.98
	Depreciation and amortization expense		1.68	2.08
	Other expenses	27	94.72	80.71
	Total expenses (IV)		186.02	215.49
V	Profit/(loss) before exceptional items and tax (III-IV)		(5.23)	(206.65)
VI	Exceptional items		-	-
VII	Profit/ (loss) before tax (V-VI)		(5.23)	(206.65)
VIII	Tax Expenses			
	a) Current Tax		0.85	-
	b) Current tax for earlier year		-	-
	c) Deferred Tax		11.40	-
	Total Tax Expenses		12.25	-
IX	Profit/ (Loss) for the period from continuing operations (VII-VIII)		(17.48)	(206.65)
B.	DISCONTINUED OPERATIONS			
X	Profit/ (Loss) from discontinued operations	28	(58.44)	(587.97)
XI	Tax expense of discontinued operations			
	a) Current Tax		-	-
	b) Current tax for earlier year		-	-
	c) Deferred Tax		-	(18.94)
	Total Tax Expenses discontinued operations		-	(18.94)
XII	Profit/(loss) from discontinued operations (after tax)		(58.44)	(569.03)
XIII	Profit/(loss) for the period (IX-XII)		(75.92)	(775.68)
XIV	Other Comprehensive Income/ (Loss)	29		
	Items that will not be reclassified to profit or loss		0.96	(11.79)
	Income tax relating to items that will not be reclassified to profit or loss		(0.25)	3.06
	Other Comprehensive Income/ (Loss) for the year		0.71	(8.72)
XV	Total Comprehensive Income for the period (XIII+XIV)		(75.21)	(784.40)
XVI	Earnings per equity share (for Continuing operations)	30.a		
	1) Basic		(0.51)	(5.98)
	2) Diluted		(0.51)	(5.98)
	Earnings per equity share (for Discontinued operations)	30.b		
	1) Basic		(1.69)	(16.46)
	2) Diluted		(1.69)	(16.46)
	Earnings per equity share (for Total operations)	30.c		
	1) Basic		(2.20)	(22.44)
	2) Diluted		(2.20)	(22.44)

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

UDIN: 22055272AJTRJV9737

Place : 1, Crooked Lane, Kolkata

Dated : 27th May, 2022

R. P. Sehgal
(Managing Director)
(DIN:00119477)

Somnath Pradhan
(Chief Financial Officer)

On behalf of the Board

Arun Kumar Bose
(Non - Executive Director)
(DIN:00131295)

Sanjay Agarwal
(Company Secretary)

Statement of Changes in Equity for the year ended 31st March, 2022

(Rs. In lacs)

(A) Equity Share Capital
Current Reporting period

Balance at the beginning of the current reporting period	Change Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
345.72	-	345.72	-	345.72

(Rs. In lacs)

Previous Reporting period

Balance at the beginning of the previous reporting period	Change Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
345.72	-	345.72	-	345.72

(B) Other Equity

(Rs. In lacs)

Current Reporting period

Particulars	Share application money Pending allotment	Equity Component of Compound Financial Instruments	Reserve and Surplus				Retained Earning	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Reserve	Securities Premium	General Reserve	Export Business Reserve									
Balance at the beginning of the current reporting period	-	-	48.84	306.30	493.24	26.89	(1,286.35)	-	-	-	-	-	-	-	(391.08)
Changes in accounting Policy or prior period items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	-	-	0.71	-	-	-	-	-	-	-	0.71
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the Current Year	-	-	-	-	-	-	(75.92)	-	-	-	-	-	-	-	(75.92)
Any other Change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the beginning of the current reporting period	-	-	48.84	306.30	493.24	26.89	(1,341.55)	-	-	-	-	-	-	-	(466.28)

Previous Reporting period

Particulars	Share application money Pending allotment	Equity Component of Compound Financial Instruments	Reserve and Surplus				Retained Earning	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Reserve	Securities Premium	General Reserve	Export Business Reserve									
Balance at the beginning of the previous reporting period	-	-	48.84	306.30	493.24	26.88	(481.94)	-	-	-	-	-	-	-	383.33
Changes in accounting Policy or prior period items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	-	-	(8.72)	-	-	-	-	-	-	-	(8.72)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the Previous Year	-	-	-	-	-	-	(775.68)	-	-	-	-	-	-	-	(775.68)
Any other Change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the beginning of the previous reporting period	-	-	48.84	306.30	493.24	26.88	(1,266.35)	-	-	-	-	-	-	-	(381.08)

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

UDIN : 22055272AJTRJV9737

Place : 1, Crooked Lane, Kolkata

Date : 27th May, 2022

On behalf of the Board

Arun Kumar Bose

(Non-Executive Director)

(DIN: 00131295)

R.P.Sehgal

(Managing Director)

(DIN : 00119477)

Sanjay Agarwal

(Company Secretary)

Somnath Pradhan

(Chief Financial Officer)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2022

(Rs. in Lacs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before exceptional items and tax	(63.67)	(794.63)
Adjustments for:		
– Depreciation, Impairment and Amortisation Expenses	1.68	36.13
– Fair Valuation of Investment	(0.05)	(0.15)
– (Profit)/Loss on sale/discard of Property Plant and Equipment(net)	(85.95)	(976.81)
– Remeasurements of the defined benefit plans	0.96	(11.79)
– Creditor for Property, Plant and Equipment written off	-	(2.82)
– Finance Cost	28.51	43.98
Operating Profit Before Working Capital Changes	(118.51)	(1,706.08)
Adjustments for:		
– (Decrease)/ Increase in Trade Payables	(996.39)	(565.07)
– (Decrease)/ Increase in Non Current Provisions	(7.21)	(30.10)
– (Decrease)/ Increase in Other current Liabilities	(127.05)	6.91
– Decrease/ (Increase) in other Non Current Assets	-	12.86
– Decrease/ (Increase) Trade Receivables	9.48	1,798.36
– Decrease/ (Increase) Other Current Asset	437.04	38.10
– Decrease/ (Increase) Inventories	6.04	70.83
Cash Generated from Operations :	(796.60)	(374.19)
Income Tax Paid including Tax deducted at source	(17.11)	2.62
Net Cash generated from Operating Activities	779.49	(376.81)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipments, Intangible and Capital Work in Progress	-	(0.25)
Sale of Investment	0.81	-
Sale of Property, Plant and Equipments, Intangible and Capital Work in Progress	113.37	1,112.86
Bank Balance other than cash & Cash equivalents (including accrued interest)	0.83	0.82
Payment to Creditors for Property, Plant & Equipment	(13.00)	(1.25)
Net Cash generated/ (used) in Investing Activities	102.01	1,112.19

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(C) CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) / receipt of Borrowings	6.01	10.38
Finance cost paid	(26.80)	(45.91)
Dividend paid/ Transferred to IEPF (including Dividend distribution tax)	(0.83)	(0.82)
Net Cash generated/(used) in Financing Activities	(21.62)	(36.35)
Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)	(699.11)	699.03
Opening Cash and Cash Equivalents	706.42	7.39
Closing Cash and Cash Equivalents	7.32	706.42

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

UDIN: 22055272AJTRJV9737

Place : 1, Crooked Lane, Kolkata

Dated : 27th May, 2022

R. P. Sehgal

(Managing Director)

(DIN:00119477)

Somnath Pradhan

(Chief Financial Officer)

On behalf of the Board

Arun Kumar Bose

(Non - Executive Director)

(DIN:00131295)

Sanjay Agarwal

(Company Secretary)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

1. Corporate Information

Carnation Industries Limited (the Company) is a public limited company domiciled and incorporated in India. The company was engaged in the manufacture of foundry based engineering goods namely Castings having plants in West Bengal. During the year the company has discontinued its manufacturing operations and is looking towards trading operations. 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.

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, 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.

iv) 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.

v) 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.

(Rs. in Lacs)

Note 3: PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION						NET CARRYING AMOUNT		
	AS AT 01-04-2021	ADDITIONS DURING THE YEAR	DELETIONS AND ADJUSTMENTS	ASSETS CLASSIFIED AS HELD FOR SALE	AS AT 31-03-2022	UP TO 01-04-2021	PROVIDED DURING THE YEAR	IMPAIRMENT LOSS	DELETIONS AND ADJUSTMENTS	ASSETS CLASSIFIED AS HELD FOR SALE	UP TO 31-03-2022	AS AT 31-03-2022	AS AT 31-03-2021
1) BUILDINGS	109.19	-	9.09	-	100.10	9.05	1.67	-	0.84	-	9.88	90.22	100.14
2) FURNITURE & FITTINGS	3.22	-	3.12	-	0.10	1.82	-	-	1.77	-	0.05	0.05	1.40
3) MOTOR VEHICLES	4.49	-	0.24	-	4.25	3.18	0.01	-	0.03	-	3.16	1.09	1.31
4) COMPUTERS P.C	5.12	-	0.79	-	4.33	2.30	-	-	0.63	-	1.67	2.66	2.82
TOTAL	122.02	-	13.24	-	108.78	16.35	1.68	-	3.27	-	14.76	94.02	105.67
PREVIOUS YEAR	354.81	0.25	80.93	152.11	122.02	50.95	10.78	25.35	24.57	46.16	16.35	105.67	303.86

(Rs. in Lacs)

Note 4. Intangible Asset

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT		
	AS AT 01-04-2021	ADDITIONS DURING THE YEAR	DELETIONS AND ADJUSTMENTS	AS AT 31-03-2022	UP TO 01-04-2021	PROVIDED DURING THE YEAR	DELETIONS AND ADJUSTMENTS	UP TO 31-03-2022	AS AT 31-03-2021	AS AT 31-03-2021
1) ERP SOFTWARE	2.28	-	-	2.28	2.28	-	-	2.28	-	-
2) COMPUTER SOFTWARE	1.30	-	-	1.30	1.30	-	-	1.30	-	-
TOTAL	3.58	-	-	3.58	3.58	-	-	3.58	-	-
PREVIOUS YEAR	3.58	-	-	3.58	3.54	0.04	-	3.58	-	0.04

(Rs. In Lacs)

Note No.	Particulars	As on 31.03.2022	As on 31.03.2021
Note 5	NON-CURRENT INVESTMENT		
	Quoted (FVTPL)		
	1500 (P.Y. 3500) Fully paid Equity Shares of Rs. 2/- each, in Punjab National Bank.	0.53	1.28
	Total	0.53	1.28
Note 6	OTHER NON-CURRENT ASSETS		
	(Unsecured Considered Goods) Other Advances (Refer Note 6.1)	14.86	14.86
	Total	14.86	14.86
	Note 6.1 :- 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	INVENTORIES		
	(As taken, valued and certified by the management)		
	Finished Goods	-	3.52
	Raw Materials	-	2.10
	Consumable Stores, Spares and Power & Fuels	-	0.11
	Packing Materials	-	0.31
	Total	-	6.04
	Note 7.1:		
	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 7.2 :		
	Company has discontinued its operations accordingly Inventory of Raw material, Consumable stores, Spares, Power & Fuels and Packing Materials are valued at lower of cost or Market Value.		

Note No.	Particulars	As on 31.03.2022	As on 31.03.2021
Note 8	TRADE RECEIVABLES		
	Trade Receivables considered good- Unsecured	53.06	62.54
	Total	53.06	62.54
<p>Note 8.1:- Trade receivable includes Overdue Export proceeds amounting to Rs. 53.06 Lacs from 2 (two) customers. Company is in the process of filing ECGC Claim for both the parties. Management is hopeful that the same will be realised in near future.</p> <p>Note 8.2:- In absence of confirmation from parties, balances as per books has been taken.</p>			

Note 8.3 : Trade Receivable Ageing Schedule :

As on 31.03.2022

Sl. No.	Particulars	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 years	More than 3 years	Total
i)	Undisputed Trade Receivables - considered good	-	-	-	-	-	-
ii)	Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	53.06	53.06
iii)	Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
iv)	Disputed Trade Receivables - considered good	-	-	-	-	-	-
v)	Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
vi)	Disputed Trade Receivables - credit impaired	-	-	-	-	-	-

As on 31.03.2021

Sl. No.	Particulars	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 years	More than 3 years	Total
i)	Undisputed Trade Receivables - considered good	1.95	-	-	50.12	10.47	62.54
ii)	Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
iii)	Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
iv)	Disputed Trade Receivables - considered good	-	-	-	-	-	-
v)	Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
vi)	Disputed Trade Receivables - credit impaired	-	-	-	-	-	-

Note 9	CASH AND BANK BALANCES		
	Cash and Cash Equivalents		
	Cash In hand (As certified by Management)	0.04	0.15
	Balances with Banks on Current Accounts	7.28	6.28
	Cheques in hand	-	700.00
	Total	7.32	706.42

Note 10	BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS		
	Balance earmarked for unclaimed Dividend (Refer Note no. 10.1)	2.01	2.84
	Total	2.01	2.84
<p>Note:10.1 : In compliance with the provision of section 124 of the Companies Act 2013, unclaimed dividend amounting to Rs. 0.83 Lacs relating to Financial year 2013-14 has been transferred to Investor Education Protection Fund.</p>			

(Rs. In Lacs)

Note No.	Particulars	As on 31.03.2022	As on 31.03.2021
Note 11	CURRENT TAX ASSETS (Net)		
	Advance Payment of Income Tax (net of provision)	18.77	36.73
	Total	18.77	36.73

Note 12	OTHER CURRENT ASSETS		
	Advances to Employees	-	0.03
	Advances to Supplier/ Service Provider/ Capital Goods	7.77	5.57
	Prepaid Expenses	0.24	0.36
	Receivable for Sale of Capital assets	7.28	1.31
	Security Deposit (Refer Note 12.1)	4.66	8.11
	Balance with Indirect Tax Authorities		
	Service Tax refundable (Refer Note 12.2)	0.52	1.51
	VAT Input Tax Refundable (Refer Note no. 12.3)	-	381.98
	GST Input Tax Credit	14.99	23.62
	GST ITC Refundable in Credit Ledger	-	50.00
Total	35.45	472.50	

Note 12.1: Security Deposit includes deposit for utility and deposit with supplier adjustable. In absence of confirmation balance as per books are taken.

Note 12.2: 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. The same was decided in favour of the company.

A separate appeal was filed before CESTAT claiming refund of Rs. 1.10 Lacs in respect of Financial Year 2009-10 to 2011-12. On the basis of advise from the legal consultant during the Financial Year 2021-22 company has written off the same.

Note 12.3: The Company had filed an appeal pertaining to Financial Year 2007-2008 before The West Bengal Commercial Taxes Appellate and Revisional Board against the order passed by the Joint Commissioner of Sales Tax, Kolkata (South) Circle, rejecting the total claim of Input Tax Credit(ITC) for that year and also raised a demand for Rs.100.13 lacs. The revision petition and the appeal are still pending. However on the basis of internal evaluation and discussion with the legal consultant of the company, it is decided that the claim of refundable amount in the books amounting to Rs. 160.44 Lacs including refundable amount adjusted from F.Y. 2013-14 and F.Y. 2015-16 aggregating to Rs. 77.20 Lacs be adjusted/written off in the books , even though the company continues to defend the demand raised against it.

Further more, as per opinion of the legal consultant of the Company the Board has also decided not to file any appeal against the order of assessment issued by sales tax officer under West Bengal Value added Tax Act, 2003 for F.Y. 2016-17 and thereby reducing the company's claim of refundable VAT amount by Rs. 45.08 Lacs.

(Rs. In Lacs)

Note No.	Particulars	As on 31.03.2022	As on 31.03.2021
Note 13	ASSETS CLASSIFIED AS HELD FOR SALE		
	Plant & Machinery	-	2.63
	Laboratory Equipment	-	0.36
	Pattern & Dice	-	5.29
	Tools & Implements	-	0.47
	Furniture & Fittings	-	0.26
	Electrical Installation	-	8.30
	Computer	-	0.13
	Total	-	17.44

Note No.	Particulars	As on 31.03.2022	As on 31.03.2021
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		
	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.		
	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.		

14.3 :Details of shareholders holding more than 5% shares in the company				
Particular	As on 31.03.2022		As on 31.03.2021	
	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%
Sajal Kumar Kundu	379050	10.96%	-	-
Madan Mohan Kundu	-	-	380170	11.00%
Sumati Sehgal	187675	5.43%	187675	5.43%

14.4 : Details of shareholding of Promoters

Current Financial Year

Shares held by promoters at the end of the year				% Change During the Current Year
Sl. No.	Promotor Name	No. of shares & Percentage		
1	Ravindra Prakash Sehgal	575865	16.66%	0%
2	Suvobrata Saha	573598	16.59%	0%
	Total	1149463	33.25%	0%

Previous Financial Year

Shares held by promoters at the end of the year				% Change During the Current Year
Sl. No.	Promotor Name	No. of shares & Percentage		
1	Ravindra Prakash Sehgal	575865	16.66%	0%
2	Suvobrata Saha	573598	16.59%	0%
	Total	1149463	33.25%	0%

Note No.	Particulars	As on 31.03.2022	As on 31.03.2021
Note 15	OTHER EQUITY		
	Capital Reserves	48.84	48.84
	Securities Premium	306.30	306.30
	General Reserves	493.24	493.24
	Export Business Reserves	26.89	26.89
	Retained Earnings	(1,341.55)	(1,266.35)
	Total	(466.28)	(391.08)

(Rs. In Lacs)

Note No.	Particulars	As on 31.03.2022	As on 31.03.2021
Note 16	NON CURRENT BORROWINGS		
	From ICICI Bank (Secured Loan)	147.95	152.56
	Total	147.95	152.56
	Note 16.1: The loan is secured by a first charge over office premises of the company with a carrying value of Rs. 90.22 Lacs (31 March 2021: Rs. 91.85 Lacs).		
	Note 16.2: The Loan is repayable in 93 equal monthly installments after moratorium. Interest @ 8.60% p.a. (P.Y. 8.70% p.a) is charged by the bank.		
Note 17	PROVISIONS		
	Provision for Gratuity	25.79	30.90
	Provision for Leave Encashment	0.54	2.65
	Total	26.33	33.55
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	19.90	10.12
	Provision for Leave Encashment	(0.14)	(0.69)
	Provision for Gratuity	(6.71)	(8.03)
	Net Deferred Tax Liability/(Assets)	13.05	1.40
Note 19	BORROWINGS		
	Current maturities of Long Term Debt	10.62	-
	Total	10.62	-

(Rs. In Lacs)

Note No.	Particulars	As on 31.03.2022	As on 31.03.2021
Note 20	TOTAL OUTSTANDING DUES OF MICRO AND SMALL ENTERPRISES		
	Principal amount of outstanding dues of Micro and Small Enterprises	10.92	133.23
	Unpaid Interest outstanding at the end of the year	5.50	91.04
	Total	16.42	224.27
	<p>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.</p> <p>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).</p> <p>Note 20.3:- Amount paid to the supplier beyond the appointed day during the year is Rs. 27.59 Lacs (P.Y. Rs. 7.59 Lacs).</p> <p>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 Rs. 25.05 Lacs (P.Y. Rs. 3.62 Lacs).</p> <p>Note 20.5:- Amount of Interest accrued and remaining unpaid at the end of the year is Rs. 5.50 Lacs (P.Y. Rs. 91.04 Lacs).</p>		

Note 21	TOTAL OUTSTANDING DUES OF CREDITORS OTHER THAN MICRO AND SMALL ENTERPRISES		
	– outstanding dues of creditors other than micro enterprises and small enterprises	32.75	821.29
	Total	32.75	821.29

Trade Payables Ageing Schedule :

As on 31.03.2022

Sl. No.	Particulars	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
(i)	MSME	-	1.87	6.26	8.29	16.42
(ii)	Others	6.99	1.68	0.55	16.89	26.11
(iii)	Disputed dues - MSME	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	6.64	6.64
	Grand Total	6.99	3.55	6.81	31.82	49.17

As on 31.03.2021

Sl. No.	Particulars	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
(i)	MSME	5.55	8.72	5.69	204.31	224.27
(ii)	Others	60.73	62.66	38.13	653.15	814.65
(iii)	Disputed dues - MSME	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	0.68	5.96	6.64
	Grand Total	66.28	71.37	44.50	863.42	1,045.56

(Rs. In Lacs)

Note No.	Particulars	As on 31.03.2022	As on 31.03.2021
Note 22	OTHER FINANCIAL LIABILITIES		
	Unclaimed Dividend	2.02	2.85
	Interest accrued but not due on Bank borrowing	2.51	0.80
	Creditors for Capital Goods	-	13.00
	Total	4.53	16.66

Note 23	OTHER CURRENT LIABILITIES		
	Advance from Customer and Liability for Expenses	55.53	150.21
	Statutory Dues		
	Provident Fund , Employees State Insurance and Professional Tax	0.07	0.45
	Tax Deducted at Sources	0.53	0.84
	Goods and Service Tax	0.04	1.44
	Demand against Input Tax Credit Refunded (Refer Note: 23.1)	-	25.00
	Demand for Employees State Insurance	-	15.50
	Refundable Duty Drawback (Refer Note: 23.2)	38.76	28.54
	Total	94.92	221.97
<p>Note 23.1: Company has received demands during the year from GST Department in respect of Excess refund issued by them pertaining to financial year 2017-18. The Company is liable to pay the excess refund received by payment of the same through Cash Ledger amounting to Rs.25.00 Lacs and simultaneously claim credit thereof in electronic credit ledger along with Rs. 25.00 Lacs which company had earlier paid through Credit Ledger balance. However, in view of continuous cash crunch and discontinuation of manufacturing activities of the company the management has decided not to fork out cash and avail Input tax credit.</p>			
<p>Note 23.2: Duty Drawback accrued and received in earlier years on export sale of goods but corresponding remittance/ realisation thereof could not be received and accordingly the same is refundable.</p>			

(Rs. In Lacs)

Note No.	Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Note 24	OTHER INCOME		
	Interest Received	2.46	0.23
	Fair value gain on financial instruments at fair value through profit or loss	0.05	0.15
	Profit on Sale of Property	83.75	-
	Liability no longer required written back	94.40	8.45
	Miscellaneous Receipt	0.13	-
	Total	180.79	8.83

Note No.	Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Note 25	EMPLOYEE BENEFIT EXPENSES		
	Salaries	27.02	41.28
	Directors Remuneration	25.29	33.03
	Bonus	3.64	3.10
	Workmen & Staff Welfare Expenses	0.31	2.51
	Contribution to PF, ESI and other Funds	1.40	3.20
	Gratuity	3.45	5.60
	Total	61.11	88.71

Note No.	Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Note 26	FINANCE COST		
	Interest :		
	- to Bank on Term Loan	14.68	14.77
	- on Micro and Small Enterprises	8.87	29.07
	- on Duties and Taxes	4.83	-
	Bank Charges	0.14	0.14
	Total	28.51	43.98

(Rs. In Lacs)

Note No.	Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Note 27	OTHER EXPENSES		
	Repairs & Maintenance		
	To Other Assets	6.58	5.53
	Electricity Charges	5.06	3.46
	Office Rent	1.65	-
	Rates & Taxes	2.43	7.66
	Insurance	0.31	0.32
	Internal Audit Fees	0.40	1.20
	Payment to Auditors (Refer note 27.1)	2.05	5.83
	Director's Meeting Fees	2.95	3.35
	Legal & Professional Expenses and Service Charges	24.37	1.45
	Communication Expenses	1.55	2.40
	VAT/Excise duty/GST adjustments as per assessment	-	0.93
	Refundable Duty Drawback	38.74	28.54
	Penalty for delay in GST Payment	-	2.84
	Travelling & Conveyance	0.65	8.36
	Listing Fees	3.18	3.60
	Miscellaneous Expenses	4.81	5.25
	Total	94.72	80.71
	Note 27.1 : Payment to Auditors Includes		
	- Audit Fees	1.70	4.50
	- GST Audit Fees	-	0.90
	- Other services	0.35	0.43
	Total	2.05	5.83

(Rs. In Lacs)

Note No.	Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Note 28	PROFIT/ (LOSS) FROM DISCONTINUED OPERATIONS		
	Income		
28.1	Revenue From operations	6.06	520.69
28.2	Other Income	275.04	1,288.83
	Total Income (I)	281.09	1,809.52
	Expenses		
28.3	Cost of Materials Consumed and other manufacturing expenses	-	388.95
28.4	Cost of Trading Goods	6.04	28.86
28.5	Changes in inventories of Finished Goods	-	48.34
	Employee benefit expense	2.73	54.03
	Depreciation and amortization expense	-	8.74
	Impairment Cost	-	25.35
28.6	Other expenses	330.76	1,843.21
	Total expenses (II)	339.53	2,397.49
	Profit/(loss) before exceptional items and tax (I-II)	(58.44)	(587.97)
Note 28.1	REVENUE FROM OPERATION		
	(a) Export Sale	-	-
	(b) Domestic Sale	6.06	520.69
	Total	6.06	520.69
	Note 28.1 : Details of Products Sold		
	(a) Castings	3.52	495.49
	(b) Others	2.54	25.20
Note 28.2	OTHER INCOME		
	Rent Received	-	4.45
	Discounts	-	3.41
	Profit on sale of Property, Plant and Equipment, Intangible Assets, CWIP and Non current Assets held for sale	2.20	976.81
	Liability no longer Required Written Back	272.84	304.16
	Total	275.04	1,288.83

(Rs. In Lacs)

Note No.	Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Note 28.3	COST OF MATERIALS CONSUMED AND OTHER		
	MANUFACTURING EXPENSES		
	Raw Materials Consumed		
	Opening Stock	2.10	12.63
	Add : Purchases (Net of GST)	-	230.27
		2.10	242.90
	Less : Transferred to Trading Goods	2.10	-
	Less : Closing Stock	-	2.10
		-	240.80
	Consumable Stores & Spares Consumed	-	19.59
	Power & Fuel	-	47.53
	Other Manufacturing Expenses	-	2.58
	Labour Contractor	-	62.04
	Factory Rent	-	4.32
	Carriage Inward	-	4.97
	Pollution Control Expenses	-	-
	Repairs & Maintenance :		
	To Machinery & Others	-	6.17
	To Shed & Godown	-	0.96
	Total	-	388.95
	Note 28.3.a : Details of Raw Material Consumed (Including Wastage)		
	Indigenous		
	Pig Iron	-	143.36
Scrap	-	95.67	
Others	-	1.76	
Total	-	240.80	
Note 28.3.b : Details of Closing Stock of Raw Materials			
Raw Materials			
Pig Iron	-	0.95	
Scrap	-	1.06	
Others	-	0.09	
Total	-	2.10	
Note 28.4	COST OF TRADING GOODS		
	RM, Stores and Spares	6.04	28.86
	Total	6.04	28.86

(Rs. In Lacs)

Note No.	Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Note 28.5	CHANGES IN INVENTORIES OF FINISHED GOODS		
	Opening Stock	3.52	51.86
	Less : Transferred to Traded Goods	3.52	-
	Less : Closing Stock	-	3.52
	Increase / Decrease in Stock	-	48.34
Note 28.6	Details of Closing Stock of Finished Goods		
	Casting	-	3.52
Note 28.6	OTHER EXPENSES		
	Clearing & Forwarding Expenses	-	5.83
	Repairs & Maintenance	-	1.04
	Recovery Charges/ Commission	-	2.01
	Packing Charge	-	4.84
	Discount Allowed	-	0.54
	Legal & Professional Expenses	-	3.00
	Inspection Service Charges	-	0.04
	Sundry Debit Balance Written Off	325.04	1,756.16
	Exchange Rate Difference (Net)	3.36	39.18
	Security Service Charges	2.37	11.53
	Service Charges	-	18.85
	Weighment Charges	-	0.19
	Total	330.76	1,843.21
Note 29	OTHER COMPREHENSIVE INCOME		
	(A) Items that will not be reclassified to profit or loss		
	Remeasurements of the defined benefit plans	0.96	(11.79)
	Income Tax Relating to these items	(0.25)	3.06
		0.71	(8.72)
	(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	-	-	
	-	-	

(Rs. In Lacs)

Note No.	Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Note 30	Earning Per Share		
30.a	Earnings per equity share (for Continuing operations)		
1)	Basic Earning Per Share		
(a)	Net Profit after Tax from Continuing operations (Rs.)	(17.48)	(206.65)
(b)	Weighted average number of equity Shares outstanding at the end of the Year (No. Of Shares)	34.57	34.57
(c)	Basic Earning Per Share (Rs.) (a/b)	(0.51)	(5.98)
(d)	Face Value per equity share (Rs.)	10.00	10.00
2)	Diluted Earning Per Share		
(a)	Net Profit after Tax from Continuing operations (Rs.)	(17.48)	(206.65)
(b)	Weighted average number of equity Shares outstanding at the end of the Year (No. Of Shares)	34.57	34.57
(c)	Diluted Earning Per Share (Rs.) (a/b)	(0.51)	(5.98)
(d)	Face Value per equity share (Rs.)	10.00	10.00
30.b	Earnings per equity share (for Discontinuing operations)		
1)	Basic Earning Per Share		
(a)	Net Profit after Tax from Discontinuing operations (Rs.)	(58.44)	(569.03)
(b)	Weighted average number of equity Shares outstanding at the end of the Year (No. Of Shares)	34.57	34.57
(c)	Basic Earning Per Share (Rs.) (a/b)	(1.69)	(16.46)
(d)	Face Value per equity share (Rs.)	10.00	10.00
2)	Diluted Earning Per Share		
(a)	Net Profit after Tax from Discontinuing operations (Rs.)	(58.44)	(569.03)
(b)	Weighted average number of equity shares outstanding at the end of the Year (No. Of Shares)	34.57	34.57
(c)	Diluted Earning Per Share (Rs.) (a/b)	(1.69)	(16.46)
(d)	Face Value per equity share (Rs.)	10.00	10.00
30.c	Earnings per equity share (for Total operations)		
1)	Basic Earning Per Share		
(a)	Net Profit after Tax from Total Operations (Rs.)	(75.92)	(775.68)
(b)	Weighted average number of equity shares outstanding at the end of the Year (No. Of Shares)	34.57	34.57
(c)	Basic Earning Per Share (Rs.) (a/b)	(2.20)	(22.44)
(d)	Face Value per equity share (Rs.)	10.00	10.00

(Rs. In Lacs)

Note No.	Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
2)	Diluted Earning Per Share		
(a)	Net Profit after Tax (Rs.)	(75.92)	(775.68)
(b)	Weighted average number of equity Shares outstanding at the end of the Year (No. Of Shares)	34.57	34.57
(c)	Diluted Earning Per Share (Rs.) (a/b)	(2.20)	(22.44)
(d)	Face Value per equityshare (Rs.)	10.00	10.00

Note 31: OTHER NOTES

- i) Estimated amount of contracts remaining to be executed on Capital Account is NIL (Previous year NIL).
- ii) **Contingent liability not provided for in respect of :** (Rs. in lacs)
- | | 31.03.22 | 31.03.21 |
|--|----------|----------|
| a) Disputed VAT Demand for the Financial Year 2007-08 | - | 100.13 |
| b) Disputed Input Tax credit of VAT for Financial Year 2007-08 | - | 162.21 |
| c) Duty drawback received , subject to export realisation | - | 27.06 |
| d) 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) **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)

	2021-22		2020-21	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	1.38	0.03	1.80	0.32
Interest Cost	2.07	0.18	3.80	0.34
Expected return on plan assets	-	-	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Amortization of Past Service Cost	-	-	-	-
Actuarial Losses / (Gains)		0.65	-	1.92
Total Expenses recognised in the statement of Profit & Loss	3.45	0.86	5.60	2.58

Balance Sheet

	2021-22		2020-21	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present Value of Defined Benefit Obligation	25.79	0.54	30.90	2.65
Fair Value of Plan Assets	-	-	-	-
Funded Status [Surplus/(Deficit)]	(25.79)	(0.54)	(30.90)	(2.65)
Effect of Balance Sheet Asset Limit	-	-	-	-
Unrecognised Past Service Costs	-	-	-	-
Net Asset/(Liability) recognised in Balance Sheet	(25.79)	(0.54)	(30.90)	(2.65)

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

(Rs. In Lacs)

	2021-22		2020-21	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening defined benefit obligation	30.90	2.65	58.47	5.18
Current Service Cost	1.38	0.03	1.80	0.32
Interest Cost	2.07	0.18	3.80	0.34
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Employee Contribution	-	-	-	-
Plan Amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains)/Losses	(0.96)	0.65	11.79	1.92
Benefits Paid	(7.60)	(2.96)	(44.96)	(5.11)
Closing defined benefit obligation	25.79	0.54	30.90	2.65

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

(Rs. In Lacs)

	2021-22		2020-21	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening fair value of plan assets	-	-	-	-
Actual return on plan assets	-	-	-	-
Actual Company Contributions	7.60	2.96	44.96	5.11
Employee Contributions	-	-	-	-
Benefits paid	(7.60)	(2.96)	(44.96)	(5.11)
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:

(Rs. In Lacs)

	2021-22		2020-21	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate per annum compounded	5.80%	5.80%	6.70%	6.70%
Rate of increase in salaries	5.00%	5.00%	5.00%	5.00%
Expected Average remaining working lives of employees (years)	5.50	19.00	12.83	15.50

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

Amount for the current period are as follows:

(Rs. In Lacs)

	2021-22		2020-21	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined benefit obligation	25.79	0.54	30.90	2.65
Plan Assets	-	-	-	-
Surplus / (deficit)	(25.79)	(0.54)	(30.90)	(2.65)

The above information and data are based on actuarial certification .

- iv) 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.
- v) 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 .
- vi) The Company had been engaged in the business of manufacturing of Castings and M.S. Products (Fabricated Steel) but has discontinued its manufacturing operations. The product as manufactured hitherto were subject to the same risk and returns and hence constitute one primary segment. The analysis of geographical segments was based on the areas in which the Company operates. 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)

	2021-22	2020-21
Export Sales (Net of Freight)		
North America	-	-
Domestic Sale (Excluding Duty and Tax)	6.06	520.69

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

x) **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 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. 8 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.

(Rs. in Lacs)

Particulars	On Demand	Past due		Total
		Less Than Year	More than Year	
As at 31st Mar, 2022				
Borrowings	-	10.62	147.95	158.57
Trade Payables	-	49.17	-	49.17
Other Financial Liabilities	-	4.53	-	4.53
Total	-	64.32	147.95	212.27
As at 31st Mar, 2021				
Borrowings	-	-	152.56	152.56
Trade Payables	-	1,045.56	-	1,045.56
Other Financial Liabilities	-	16.66	-	16.66
Total	-	1,062.21	152.56	1,214.77

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.

- x) One of the Creditor has filed application before National Company Law Tribunal (NCLT) – Kolkata Bench, U/S 9 of Insolvency and Bankruptcy Code 2016 to whom a sum of Rs.6.64 Lacs is due which is being defended by the Company and parallel efforts are also being made by the Company for out of the Court settlement .
- xii) Figures for the previous year are re-classified / re-arranged / re-grouped, wherever necessary, to correspond with the current year classification / disclosure.
- xiii) Some of the balances of Trade Receivables, Security Deposits, Loans and Advances, Trade payable are subject to confirmation from the respective parties and consequential reconciliation/adjustment arising there from, if any.
- xiv) Trade Receivable from a foreign Debtor/Customer (related party) amounting to Rs.1751.59 Lacs which was outstanding for more than 5 years was written off during the financial year 2020-21 as the said party is in the course of filing insolvency and bankruptcy proceeding in its resident country. The necessary approvals for write off from the appropriate authorities are yet to be obtained and the company is in the process of filing application for getting the same.
- xv) Since long the EDPMs portal was reflecting a large number of overseas Bills outstanding which had been either paid or settled with the ECGC claim. The Company put in a lot of efforts with the Banks to have the situation corrected and certified by the Bank. There is Rs.130.76 lacs showing pending with State Bank of India and efforts are on to have these also cleared up from the portal.
- xvi) **Discontinuing operation**

The Company was facing severe financial crisis since last two years. However, due to pandemic the situation became aggravated and acute coupled with the fact that creditors were not being paid and the company was under huge pressure from the vendors and others for release of payment failing which threats of legal action could be perceived. In order to settle the vendors and to tide over the financial hardship and avoid protracted and large number of unwarranted litigation, the Board having explored all alternative avenues for financing but without any success was forced to decide to liquidate the assets in order to arrange payments to the vendors, professionals and others including statutory liabilities.

At the Extraordinary General Meeting held on 25th April, 2019 a resolution was passed by the shareholders of the Company wherein authorization was given to the Board of Directors to dispose the whole or substantially the whole of the assets including and not limited to Uluberia unit of the Company for such consideration and on such terms and conditions as the Board of Directors of the Company consider beneficial to the Company. In view of the powers so conferred by the shareholders at the Board of Directors meeting held on 13th November, 2020, a resolution was passed giving powers to Managing Director/Jt. Managing Director to look for buyers and sell the

property, plant and equipment of the Company, at the best possible price, and to place details of such sales before the Board. The operations of the Company were discontinued, the company has treated all the property plant and equipment located at its manufacturing facility and warehouse under asset held for sale and disclosed as such in books of accounts with effect from 31.12.2020. Sale of such property plant and equipment for which agreement was entered into concluded during the previous financial year.

In accordance with Ind As 105, profit/ (loss) of the discontinued operations is disclosed in the statement of profit or loss separately; also figures presented in prior year is re-presented for the operations discontinued by the end of the reporting period.

Cash Flow from discontinued operations

Particulars	For the year ended on 31.03.2022 Amount (Rs. in lacs)	For the year ended on 31.03.2021 Amount (Rs. in lacs)
Cash Flow from operating activities	(731.51)	(335.79)
Cash Flow from Investing Activities	8.37	1112.86
Cash Flow from Financing Activities	-	-
Net Cash Flow from discontinued Operations	(723.14)	777.07

xvii) The “Turnaround Plan” as approved up by the Board of Directors was partially successful in so far as they related to disposal of property, plant and equipment and consequential realization of sale proceeds. The company was able to negotiate and settle with secured lenders under one time settlement scheme. However, dues of revenue authorities, creditors and other payables could not be fully paid or settled and the company continues to face regular hardship in managing them. However, the Board of Director’s are working on various options as a survival strategy:

- a) Efforts to negotiate with creditors and other parties with payables in order to arrive at mutually agreed settlement and payment to them in accordance with the terms finalised in order to avoid litigation and also to identify manufacturers of the products from whom goods would be sourced. The management of the Company has successfully negotiated and settled the dues of majority of unsecured creditors at a discounted value with mutual consent.
- b) Continue to Increase efforts to ensure early realisation of amount i.e. refundable taxes or duties lying with different Revenue Authorities. Company has during the year received the refund of Rs. 99.08 Lacs from West Bengal VAT Authorities.
- c) Put in efforts to process the ECGC claim on two overseas buyers.
- d) To reduce the overall staff strength and keep only the essential team for the time being and review managerial remunerations.
- e) Sale of non-Core assets : The Board of Directors during the year were able to sell one office premises at 222, A.J.C Bose Road Kolkata- 700017 having a carrying value of Rs. 8.28 Lacs.

- f) Once the old liabilities are settled and when the financial ratio improves, the Company would seek financial resources to meet the Working Capital arrangement for trading operations from financiers and promoter Directors.

The above plan has been approved by the Board of Directors. Accordingly, the financial statements continue to be prepared on a going concern basis, which contemplates realization of assets and settlement of liabilities except to the extent as specified herein above.

- xviii) Title Deeds of Immovable Property is held in name of the Company and the same is deposited with ICICI Bank as security against credit facility.
- xix) The Company does not have any investment property.
- xx) The Company has not Revalued any of its Property, Plant and Equipment
- xxi) The Company has not granted any Loans or Advances in the nature of loans to Promoters, Directors, KMPs and related parties.
- xxii) No proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- xxiii) The Company has no borrowings from banks or financial institutions on the basis of security of current assets.
- xxiv) The company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- xxv) No charges or satisfaction yet to be registered with ROC beyond the statutory period .
- xxvi) Company does not have any Holding, Subsidiary or associate .
- xxvii) **Ratio Analysis**

Particulars	Year ended 31-03-2022	Year ended 31-03-2021	Change (%)	Explanation for change in ratios more than 25% as compared to previous year
(a) Current Ratio	0.73	1.00	-27.00%	Refer to note number 31(xvi) above, Company had continued its manufacturing operations till 31.12.2020 and thereafter has discontinued operation and the changes in ratios are to be interpreted in that prespective and as such are not comparable.
(b) Debt-Equity Ratio	(1.32)	(3.36)	204.84%	
(c) Debt-Service Coverage Ratio	(1.39)	(86.31)	8492.14%	
(d) Return on Equity Ratio	0.63	17.10	-1647.23%	
(e) Inventory Turnover Ratio	2.01	12.56	-1055.40%	
(f) Trade Receivables Turnover Ratio	0.10	0.54	-43.66%	
(g) Trade Payables Turnover Ratio	-	0.17	-17.34%	
(h) Net Capital Turnover Ratio	(0.14)	180.45	-18059.24%	
(i) Net Profit Ratio	(12.54)	(1.49)	-1104.67%	
(j) Return on Capital Employed	(0.22)	3.70	-391.72%	
(k) Return on Investment	0.01	0.03	-1.66%	

Explanation to the items included in numerator and denominator for computing the above ratios:

Ratio	Numerator	Denominator
(a) Current Ratio	Current Assets	Current Liabilities
(b) Debt-Equity Ratio	Long Term Borrowings & Short Term Borrowings	Share holders equity
(c) Debt-Service Coverage Ratio	Profit before depreciation, Interest & Taxes	Interest + Principal repayments (for the next financial year)
(d) Return on Equity Ratio	Profit after Tax	Shareholders funds
(e) Inventory Turnover Ratio	Sales/ Turnover	Average Inventory
(f) Trade Receivables Turnover Ratio	Sales/ Turnover	Average Trade Receivables
(g) Trade Payables Turnover Ratio	Purchases	Average Trade Payables
(h) Net Capital Turnover Ratio	Sales/ Turnover	Working Capital
(i) Net Profit Ratio	Net Profit after Tax	Sales/ Turnover
(j) Return on Capital Employed	Earnings before Interest and Taxes	Tangible Net Worth + Deferred Tax Liabilities
(k) Return on Investment	Income generated from investments	Average investments

xviii) A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries).

B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

xxix) Undisclosed Income - The Company has not surrendered or disclosed any income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

xxx) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

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Carnation Industries Ltd.

222, A. J. C. Bose Road, Kolkata 700 017, INDIA