

# **Annual Report 2019-20**



**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. Arun Kumar Bose	– Whole Time Director
Mr. Subir Chatterjee	– Independent Director

**REGISTERED OFFICE**

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

**CHIEF FINANCIAL OFFICER**

Mr. Somnath Pradhan

**COMPANY SECRETARY**

Mr. Sanjay Agarwal

**AUDITORS**

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

**CORPORATE OFFICE**

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

**REGISTRAR AND SHARE TRANSFER AGENT**

R & D Infotech Private Limited  
7A, Beltala Road, 1st Floor  
Kolkata – 700 026  
Phone: (033) 2419 2641/2419 2642  
Email: [info@rdinfotech.net](mailto:info@rdinfotech.net)

**BANKERS**

State Bank of India  
Punjab National Bank  
IDBI Bank

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### NOTICE

Notice is hereby given that the 37th Annual General Meeting of the Members of Carnation Industries Limited will be held on Monday, 28th September, 2020 at 3 P.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, 2020 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Arun Kumar Bose (DIN: 00131295) who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Articles of Association of the Company including any statutory modification(s) or re-enactment thereof, for the time being in force, Mr. Subir Chatterjee (DIN: 0008707324) who was appointed as an Additional Independent Director of the Company by the Board of Directors with effect from 22nd February, 2020 and who holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from 22nd February, 2020 and whose office shall not be liable to retire by rotation.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the

Articles of Association of the Company including any statutory modification(s) or re-enactment thereof, for the time being in force, Dr. Sephali Roy (DIN: 07151823) who was appointed as an Independent Director of the Company at the 32nd Annual General Meeting held on 28th September, 2015 and who holds office upto 8th April, 2020 be and is hereby re-appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from 9th April, 2020 and whose office shall not be liable to retire by rotation.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, the Company hereby accords its approval for the re-appointment of Mr. Ravindra Prakash Sehgal (DIN: 00119477) as the Managing Director of the Company for a period of 5 (five) years with effect from 1st September, 2020, on such terms and conditions including remuneration which is approved for a period of 3 (three) years as enumerated in the Explanatory Statement to this Notice.

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

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

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

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, the Company hereby accords its approval, subject to the approval of Central Government, for the re-appointment of Mr. Suvobrata Saha (DIN: 00131180) as the Jt. Managing Director of the Company for a period of 5 (five) years with effect from 1st September, 2020 on such terms

and conditions including remuneration which is approved for a period of 3 (three) years as enumerated in the Explanatory Statement to this Notice.

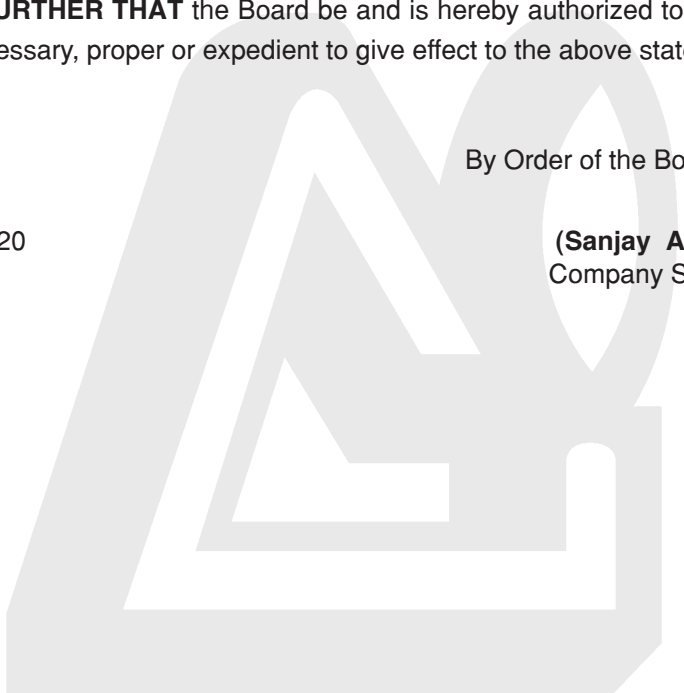
**RESOLVED FURTHER THAT** in pursuance of the provisions of Section 197(3) and other applicable provisions, if any, of the Companies Act, 2013, and the Rules framed thereunder Mr. Suvabrata Saha, Jt. Managing Director of the Company, may be paid the above mentioned remuneration as minimum remuneration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

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

By Order of the Board of Directors

Place : Kolkata  
Date : 27th July, 2020

**(Sanjay Agarwal)**  
Company Secretary



**NOTES**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed, the Government of India, Ministry of Corporate Affairs allowed conducting Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and dispensed personal present of the members at the meeting. Accordingly, the Ministry of Corporate Affairs issued Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020 and Circular No. 20/2020 dated 5th May, 2020, prescribing the procedures and manner of conducting the Annual General Meeting through VC/OAVM. In terms of the said Circulars, the 37th Annual General Meeting (AGM) of the members would be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM). Hence, members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the meeting through VC/OAVM is annexed herewith and available at the Company's website [www.carnationindustries.com](http://www.carnationindustries.com).
2. The Company will conduct the AGM through VC/OAVM from its Registered Office, i.e. 28/1 Jheel Road, Liluah, P.O. Salkia, Howrah- 711 106 which shall be deemed to be the venue of the meeting.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since, the AGM is being conducted through VC/OAVM, physical attendance of the members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Members are requested to participate on first come first serve basis, as participation through video conferencing is limited and will be closed on expiry of 15 minutes from the schedule time of the AGM. However, the participation of members holding 2% or more is not restricted on first come first serve basis. Members can login and join 15 (fifteen) minutes prior to the schedule time of meeting and window for joining shall be kept open till the expiry of 15(fifteen) minutes after the schedule time. Participation is restricted upto 2200 members only.
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. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Special Business to be transacted at the AGM is annexed hereto.
7. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote electronically at the AGM.

8. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and Share transfer books of the Company will remain closed from Tuesday, 22nd September, 2020 to Monday, 28th September, 2020 both days inclusive.
9. Trading in Equity Shares of the Company is under compulsory demat trading. As per revised Regulation 40 of SEBI (LODR) shares are transferred only in dematerialized mode effective from 1st April, 2019 and therefore shareholders are requested to dematerialize their existing shares held in physical form.
10. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated 13th April, 2020 the Notice calling the AGM has been uploaded on the website of the Company at [www.carnationindustries.com/investors](http://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](http://www.bseindia.com) and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
11. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts or arrangements in which Directors are interested maintained under Section 189 of the Act and all other documents referred to in this Notice will be available for inspection in electronic mode. Members can inspect the same by sending an email to the Company at [investor@carnationindustries.com](mailto:investor@carnationindustries.com).
12. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company or to the office of the Registrar & Share Transfer Agent, M/s R & D Infotech Private Limited, 7A, Beltala Road, 1st Floor, Kolkata – 700 026 enclosing their share certificate(s) to enable the Company to consolidate their holdings in one single folio.
13. Members holding shares in physical form are requested to notify immediately any change in their address/mandate/bank details to the Company or to the office of the Registrar & Share Transfer Agent M/s R & D Infotech Private Limited, quoting their folio number.
14. The Company has transferred the unpaid or unclaimed dividends declared upto the financial year 2011-2012, 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, 2013 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:

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

15. (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 has, during the financial year 2017-2018, transferred to the IEPF Authority all shares in respect of which dividend has remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer. Details of shares transferred to IEPF Authority are available on the website of the Company and the same can be accessed through the 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](http://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.
16. The Notice of AGM and Annual Report are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s). Members (Physical/Demat) who have not registered their email addresses with the Company can get the same registered with the Company so that they can receive the Annual Report and other communications from the Company electronically.
17. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the Resolutions proposed to be passed at the AGM by electronic means. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Monday, 21st September, 2020, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-Voting). The remote e-Voting period will commence at 9 A.M. on Friday, 25th



September, 2020 and will end at 5 P.M., on Sunday 27th September, 2020. In addition, the facility for voting through electronic voting system shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-Voting shall be eligible to vote at the AGM, detailed procedure is annexed herewith. The Company has appointed Mrs. Sweety Kapoor, Company Secretary in Practice, to act as the Scrutinizer to scrutinize the entire e-Voting process in a fair and transparent manner.

18. M/s. Jain Saraogi & Co., Chartered Accountants (Firm Registration No. 305004E), were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 34th Annual General Meeting of the Company held on 22nd September, 2017 till the conclusion of the 39th Annual General Meeting of the Company. In view of the amendment made to Section 139 of the Companies Act, 2013 vide the Companies (Amendment) Act, 2017 which is effective from 7th May, 2018, annual ratification of appointment of Statutory Auditors have been done away with.
19. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.
20. The details of the process and manner for remote e-Voting are explained herein below:

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

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

### **Details on Step 1 is mentioned below:**

How to Log-in to NSDL e-Voting website?

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 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. directly to cast your vote electronically.
4. Your User ID details are given below :

#### **a) For Members who hold shares in demat account with NSDL:**

8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300\*\*\* and Client ID is 12\*\*\*\*\* then your user ID is IN300\*\*\*12\*\*\*\*\*).

#### **b) For Members who hold shares in demat account with CDSL:**

16 Digit Beneficiary ID (For example if your Beneficiary ID is 12\*\*\*\*\* then your user ID is 12\*\*\*\*\*).

**c) For Members holding shares in Physical Form:**

EVEN Number followed by Folio Number registered with the Company (For example EVEN is 101456 and Folio Number is 001\*\*\* then user ID is 101456001\*\*\*).

5. Your password details 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 e-mail 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 email 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](http://www.evoting.nsdl.com).
  - b. "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - 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, click 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.

### Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting.  
Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of Carnation Industries Limited.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and, click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for Shareholders:

1. Pursuant to Section 113 of the Act, Institutional/Corporate shareholders/(i.e. other than Individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cs.sweetykapoor@gmail.com with a copy marked to evoting@nsdl.co.in.
  2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
  3. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for shareholders and e-Voting user manual for shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 or send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
21. Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:

- a) In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN Card), AADHAR (self attested scanned copy of Aadhar Card) by email to investor@carnationindustries.com or info@rdinfotech.net.
- b) In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investor@carnationindustries.com or info@rdinfotech.net.
- c) Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by providing the details mentioned in Point (a) or (b) as the case may be.
22. The details of the process and manner for e-Voting at the Annual General Meeting (AGM) are explained herein below:
- a) The procedure for e-Voting on the day of the Annual General Meeting is same as the instructions mentioned above for remote e-Voting.
- b) Only those Members/Shareholders, who will be present in the meeting 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 in the Annual General Meeting.
- c) 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.
- d) 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 mentioned for Remote e-Voting.
23. The details of the process and manner for participating in Annual General Meeting (AGM) through Video conferencing are explained herein below:
- a) Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-Voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed.
- b) 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.

- c) Members can participate in AGM through smart phone/laptop, however, for better experience and smooth participation it is advisable to join the Meeting through Laptops connected through broadband.
- d) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- e) Please note that Participants 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 thereafter recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- f) Shareholders who like to express their views/ask questions during the meeting may register themselves as a speaker and may send their request mentioning their name, demat account number/folio number, email id, mobile number at investor@carnationindustries.com.
- g) Shareholders who would like to ask questions/express their views may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at investor@carnationindustries.com. The same will be replied by the Company suitably.
- h) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

By Order of the Board of Directors

Place : Kolkata  
Date : 27th July, 2020

**Sanjay Agarwal**  
(Company Secretary)

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****Item No. 3**

Mr. Subir Chatterjee was appointed as an Additional Independent Director of the Company on 22nd February, 2020 for a period of consecutive 5 (five) years by the Board of Directors of the Company. According to the provisions of Section 161 of Companies Act, 2013 he holds office upto the date of the ensuing Annual General Meeting and is eligible for appointment as an Director in the category of Independent Director, not liable to retire by rotation. Under Section 160 of the Companies Act, 2013 a notice has been received from a member signifying his intention to propose appointment of Mr. Subir Chatterjee as a Director of the Company.

The Company has received from Mr. Subir Chatterjee (i) consent to act as Director, if appointed, in writing in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014, (ii) disclosure in Form DIR-8 pursuant to Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013 and (iii) declaration to the effect that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act, Rules thereunder and under the Listing Regulations.

In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company. He also possesses appropriate skills, experience and knowledge required for discharge of his duties as an Independent Director.

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

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

A copy of letter of Appointment for Independent Directors setting out the terms and conditions for appointment of Independent Director is available for inspection by the members in electronic mode.

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

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

**Item No. 4**

Dr. Sephali Roy was appointed as an Independent Director of the Company at the 32nd Annual General Meeting held on 28th September, 2015 for a period of 5(five) years and her period ends on 8th April, 2020. The members are informed that Dr. Sephali Roy being an Independent Director of the Company and being eligible, offers herself to be re-appointed for the second term of 5 (five) years.

Pursuant to provisions of Section 149, 150, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has proposed re-appointment of Dr. Sephali Roy as an Independent Director at this Annual General Meeting of the Company for a second term of 5 (five) years with effect from 9th April, 2020. In the opinion of the Board, Dr. Sephali Roy fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as an Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Director, setting out terms and conditions of their appointment, is available for inspection in electronic mode.

Dr. Sephali Roy is not disqualified from being appointed as a Director in terms of Section 164(2) of the Act and has given her consent to act as an Independent Director of the Company. The Company has also received necessary declarations from her that she meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The necessary particulars and details as required for appointment of Dr. Sephali Roy is provided in the "Annexure" to the Notice.

The Board at its meeting held on 27th July, 2020 based on the performance evaluation and in view of her educational background and experience and considering her contributions for the growth and development of the Company, has proposed to reappoint Dr. Sephali Roy as an Independent Director of the Company, not liable to retire by rotation, for a second consecutive term of 5 (five) years on the Board of your Company. The Board is of the opinion that continued association of Dr. Sephali Roy as an Independent Director would be beneficial for the further growth and development of the business of the Company.

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

Except Dr. Sephali Roy and her relatives none of the Directors or Key Managerial Personnel of the Company and their relatives, are concerned or interested, financially or otherwise, in the said Resolution.

### **Item No. 5**

Mr. Ravindra Prakash Sehgal was appointed as the Managing Director of the Company for a period of 5 (five) years i.e. till 31st August, 2020 in the 32nd AGM held on 28th September, 2015. At this AGM the remuneration was fixed for 3 (three) years as per provisions of Schedule V of the Companies Act. The remuneration was approved by the members of the Company till 31st August, 2018 and the remuneration was again approved at the 35th AGM held on 19th September, 2018 for the remaining period of his tenure.

Based on the recommendation of the Nomination and Remuneration Committee the Board at its meeting held on 27th July, 2020 has approved re-appointment of Mr. Ravindra Prakash Sehgal as Managing Director of the Company for a period of 5 (five) years on the terms and conditions



including remuneration as given below:

1. **Salary:** Salary Rs. 70,000/- per month with such revision as may be decided by the Nomination and Remuneration Committee and Board from time to time in the range of Rs. 70,000/- to Rs. 1,50,000/- for a period of three years with effect from 1st September, 2020.
2. **Perquisites/Allowances:** The Managing Director is entitled to the following perquisites provided the value thereof will be restricted to the amount equal to annual salary or actual expenditure whichever is less.
  - a. **Residential Accommodation:** 30% of Salary per month as house rent allowance. Cost of Electricity and Maintenance Charges charged by the association of the building shall be paid on actual basis.
  - b. **Medical Reimbursement:** Expenses including cost of medical insurance incurred by the Managing Director and his family shall be subject to a ceiling of 1 (one) month's salary in a year or 3 (three) months salary over a period of 3 (three) years.
  - c. **Club Fees:** Fees of the clubs would be subject to the maximum of 2 (two) clubs. This will not include Admission and Life Membership fees.
3. **Personal Accident Insurance:** Premium not to exceed Rs 8000/- per annum.
4. **Gratuity:** Gratuity payable at a rate not exceeding half month's salary for each completed year of service. However, Gratuity will not be included in computation of the ceiling on remuneration.
5. **Car:** Provision of Company's car with driver for use on Company's business. It will not be considered as benefits. He will however be billed by the Company for use of car for private purpose, if any.
6. **Telephone:** Provision for use of telephone, telefax, audio/video conferencing and other communication facilities at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

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

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

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

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

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

### Item No. 6

Mr. Suvabrata Saha was appointed as Jt. Managing Director of the Company for a period of 5 (five) years i.e. till 31st August, 2020 at the 32nd AGM held on 28th September, 2015. At this AGM the remuneration was fixed for 3 (three) years as per provisions of Schedule V of the Companies Act, 2013. The remuneration was approved by the members of the Company till 31st August, 2018 and the remuneration was again approved at the 35th AGM held on 19th September, 2018 for the remaining period of his tenure.

On the recommendation of the Nomination and Remuneration Committee the Board at its meeting held on 27th July, 2020 has approved re-appointment of Mr. Suvabrata Saha as Jt. Managing Director of the Company for a period of 5 (five) years on the terms and conditions including remuneration as given below:

1. **Salary:** Salary Rs. 70,000/- per month with such revision as may be decided by the Nomination and Remuneration Committee and Board from time to time in the range of Rs. 70,000/- to Rs. 1,50,000/- for a period of 3 (three) years with effect from 1st September, 2020.
2. **Perquisites/Allowances:** The Jt. Managing Director is entitled to the following perquisites provided the value thereof will be restricted to the amount equal to annual salary or actual expenditure whichever is less.
  - a. **Residential Accommodation:** 30% of Salary per month as house rent allowance. Cost of Electricity and Maintenance Charges charged by the association of the building shall be paid on actual basis.
  - b. **Medical Reimbursement:** Expenses including cost of medical insurance incurred by the Jt. Managing Director and his family shall be subject to a ceiling of 1 (one) month's salary in a year or 3 (three) months' salary over a period of 3 (three) years.
  - c. **Club Fees:** Fees of the clubs would be subject to the maximum of 2 (two) clubs. This will not include Admission and Life Membership fees.
3. **Personal Accident Insurance:** Premium not to exceed Rs 8000/- per annum.
4. **Gratuity:** Gratuity payable at a rate not exceeding half month's salary for each completed year of service. However, Gratuity will not be included in computation of the ceiling on remuneration.
5. **Car:** Provision of Company's car with driver for use on Company's business. It will not be considered as benefits. He will be however billed by the Company for use of car for private purpose, if any.
6. **Telephone:** Provision for use of telephone, telefax, audio/video conferencing and other

communication facilities at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

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

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

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

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

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

**Details of Directors seeking Appointment/Re-appointment at the 37th 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:**

<b>Name of the Director</b>	<b>Mr. Subir Chatterjee</b>	<b>Dr. Sephali Roy</b>
DIN	DIN 0008707324	07151823
Date of Birth	04.07.1969	10.02.1943
Date of first Appointment	22.02.2020	09.04.2015
Qualification	B.Com (Hons)	M.Sc., Ph.D. in Microbiology
Expertise in	Experience of more	Retired as Jt. Director,
Functional Areas	than 20 years in handling of taxation matters both Direct and Indirect of various Companies, Firms etc.	Export Inspection Council. Has 33 years' experience in the field of Pre-shipment, Inspection, Quality Control, Quality Assurance.
Terms and conditions of appointment/ re-appointment	Appointed as Independent Director of the Company for a period of 5 years	Re-appointed as Independent Director of the Company for a period of 5 years
Remuneration	NA	NA
last Drawn		

Remuneration sought to be paid	NA	NA
List of other Companies in which Directorship held	NIL	NIL
Chairman/Member of the Committee of the Board of the other Companies in which he/she is a Director	NIL	NIL
Shareholding in the Company (No. of Equity Shares)	NIL	NIL
No. of Board Meetings Attended	1	6
Interse relationship between Directors/KMPs	None	None

<b>Name of the Director</b>	<b>Mr. Ravindra Prakash Sehgal</b>	<b>Mr. Suvabrata Saha</b>
DIN	00119477	00131180
Date of Birth	14.10.1955	04.09.1961
Date of first Appointment	01.03.1983	21.08.2006
Qualification	Bachelor of Technology (Hons.), Diploma in Business & Industrial Management and Diploma in Export Marketing.	B.Com.
Expertise in Specific Functional Areas	More than 40 years of experience in Iron & Steel Industry in India & Abroad and in Foreign Trade. National Chairman of Engineering Export Promotion Council (EEPC) 2017-2020. Former Chairman of Engineering Export Promotion Council(ER) and Former President of the Institute of Indian Foundrymen.	Has over 31 years experience in managing large Corporation and International Marketing.

Terms and conditions of appointment/re-appointment	As mentioned in explanatory statement.	As mentioned in explanatory statement.
Remuneration last drawn	Rs. 13,92,536/-	Rs. 12,94,157/-
Remuneration sought to be paid	As mentioned in explanatory statement.	As mentioned in explanatory statement.
List of other Companies in which Directorship held	NIL	NIL
Chairman/Member of the Committee of the Board of the other Companies in which he is a Director	NIL	NIL
Shareholding in the Company (No. of Equity Shares)	575865	573598
No. of Board Meetings Attended	6	4
Interse relationship between Directors/KMPs	None	None

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

**GENERAL INFORMATION:**

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

**[Rs. in Lacs]**

Financial Parameters	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Turnover	9644.60	7942.63	4888.68	699.48	781.16
Net Profit after tax	233.78	21.66	(653.45)	(468.48)	34.18
Amount of Dividend paid (including Corporate Dividend Tax)	29.13	16.64	NA	NA	NA
Rate of Dividend declared (%)	7	4	NA	NA	NA

**5. Foreign investments or collaborations, if any : None**
**INFORMATION ABOUT THE APPOINTEES:**

		Mr. Ravindra Prakash Sehgal	Mr. Suvobrata Saha
	<b>Background Details</b>		
1.	E d u c a t i o n Qualifications	Bachelor of Technology (Hons.), Diploma in Business & Industrial Management and Diploma in Export Marketing.	B.Com
2.	Past Remuneration (Rs)		
	F.Y. 2017-2018	14,60,580	13,90,794
	F.Y 2018-2019	14,37,763	14,15,942
	F.Y. 2019-2020	13,92,536	12,94,157
3.	Recognition/awards	Scroll of Honour/Fellow of Institute of Indian Foundrymen awarded by Institute of Indian Foundrymen in 2015.	—
4.	Job profile and his suitability	More than 40 years of experience in Iron and Steel Industry in India & Abroad and in Foreign Trade. National Chairman of Engineering Export Promotion Council (EEPC) 2017-2020. Former Regional Chairman of Engineering Export Promotion Council (ER) and Former President of the Institute of Indian Foundrymen.	Has over 31 years' experience in managing large Corporation and International Marketing.
5.	R e m u n e r a t i o n Proposed	As per explanatory statement.	As per explanatory statement.

6.	C o m p a r a t i v e remuneration profile with respect to industry size of the Company, profile of the position and person	The remuneration being paid to the Managing Director by the Company is in line with the remuneration being paid by the Companies of comparable size.	The remuneration being paid to the Jt. Managing Director by the Company is in line with the remuneration being paid by the Companies of comparable size.
7.	Pecuniary relationship directly or indirectly with the Company or relationship with Managerial Person, if any	Mr. Ravindra Prakash Sehgal holds 575865 equity shares of Rs 10/- each in the Company. Apart from receiving remuneration as stated above and dividend as the member of the Company, Mr. Ravindra Prakash Sehgal does not have any other pecuniary relationship with the Company or with the Managerial Personnel of the Company.	Mr. Suvabrata Saha holds 573598 equity shares of Rs 10/- each in the Company. Apart from receiving remuneration as stated above and dividend as the member of the Company, Mr. Suvabrata Saha does not have any other pecuniary relationship with the Company or with the Managerial Personnel of the Company.

**OTHER INFORMATION:**

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

Due to the late start of production and destruction by cyclone Bulbul in November'19, which affected the chimney and pollution control measures, the overall production and sales were grossly reduced and the Company landed up with PBT (10.03) lacs. The deferred tax which was prevalent in the accounts from previous years was applied making the net result of PAT of Rs. 34.18 lacs.

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

The Company had initiated steps to raise credit/funds to increase production and sale. However, due to COVID 19 pandemic and series of lockdowns the plans have been slowed down and the current target is to maintain production and sales at the pre-covid level. As soon as things normalize, steps and measures would be taken to raise/arrange funds to reduce the liabilities.



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

In view of the current lockdown and pandemic situation it is very difficult to predict on turnover & profitability. However, the Company is striving hard to get full production running.

**OTHER DISCLOSURES:**

All other disclosures are given below.

	<b>Mr. Ravindra Prakash Sehgal</b>	<b>Mr. Suvabrata Saha</b>
Salary	Rs.70,000 pm in the range of Rs 70,000-1,50,000/-.	Rs.70,000 pm in the range of Rs 70,000-1,50,000/-.
Perquisites :		
Residential Accommodation	30% of Salary p.m. as rent allowance.	30% of Salary p.m. as rent allowance.
Medical Reimbursement / Allowance	One month Salary in a year or three months' salary over a period of three years.	One month Salary in a year or three months' salary over a period of three years.
Club Fees	Fees subject to the maximum of two clubs (Admission and Life Membership fees not included).	Fees subject to the maximum of two clubs (Admission and Life Membership fees not included).
Personal Accident Insurance	Premium not to exceed Rs. 8,000/- per annum.	Premium not to exceed Rs. 8,000/- per annum.
Gratuity	Payable at a rate not exceeding half month's salary for each completed year of service.	Payable at a rate not exceeding half month's salary for each completed year of service.
Fixed Component and performance linked incentive	As given above.	As given above.
Service Contract	5 years.	5 years.
Notice Period	NIL	NIL
Severance Fees	NIL	NIL
Stock Options	NIL	NIL

By Order of the Board of Directors

Place: Kolkata

Date: 27th July, 2020

**Sanjay Agarwal**  
(Company Secretary)

**DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Your Directors are pleased to present the 37th 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, 2020.

**FINANCIAL PERFORMANCE**

Financial Results of the Company for the year 2020 along with figures for the previous year are as follows:

	<b>For Year ended 31.3.2020</b>	<b>(Rs. in Lacs) For Year ended 31.03.2019</b>
Revenue from Operation and Other Income:		
Export Sales (Net of Freight)	12.64	367.10
Domestic Sales (Including Excise Duty)	768.48	328.47
Other Operating Revenue	1.22	45.47
Other Income	1802.09	245.53
	<u>2584.43</u>	<u>986.57</u>
Profit/Loss before Finance Costs, Depreciation & Amortization, Extra-Ordinary Item and Tax Expense	242.46	(257.29)
Finance Cost	194.10	103.42
Depreciation & Amortization	58.39	100.71
Profit/(Loss) before Extra-Ordinary Item and Tax Expense	(10.03)	(461.42)
Less: Provision for Tax		
– Current Tax	–	–
– Current Tax for earlier year	0.47	(6.12)
– Deferred Tax	(44.67)	13.18
Profit/(Loss) after Tax	34.18	(468.48)
Other Comprehensive Income/(Loss) for the year	(28.67)	13.53
Total Comprehensive Income/Loss for the Period	5.50	(454.95)
Surplus brought forward from Previous Year	(487.45)	(32.50)
Available Surplus/(Deficit) for Appropriation	(481.94)	(487.45)
Surplus/(Deficit) Carried to Balance Sheet	(481.94)	(487.45)

### **STATE OF COMPANY'S AFFAIRS AND FINANCIAL REVIEW**

During the financial year ended 31st March, 2020 the Company has achieved total revenue from operations and other income of Rs 2584.43 lacs against Rs 986.57 lacs in the previous year. The profit before Finance Cost, Depreciation & Amortization, Extra Ordinary Item and Tax was Rs 242.46 lacs against a loss of Rs 257.29 lacs in the previous year. The loss before Extra Ordinary Item and Tax was Rs 10.03 lacs against a loss of Rs 461.42 lacs in F.Y. 2018-2019. The profit after tax is Rs 34.18 lacs against a loss of Rs 468.48 lacs in F.Y. 2018-2019.

The Unit II of the Company is temporarily not in operation due to low current orders.

### **CHANGES IN THE NATURE OF BUSINESS**

There was no change in the nature of business of the Company during the year ended 31st March, 2020.

The Company had vide Special Resolution passed at the Extra Ordinary General Meeting held on 25th April, 2019 approved the disposal of the assets of the Company at the Uluberia Unit situated at Mauza Rauta, Kaijuri, J.L. 66, Uluberia, Howrah – 711316. In the meantime the complete assets at Uluberia unit have been sold out and the Banks have been paid as per the understanding between the Company and the Banks. The Company has since received the “No Due Certificate” from the Banks. However, the liabilities of the creditors still remain and Company is contemplating sale of surplus assets to reduce the liability. The further sales plan had to be deferred in March, 2020 due to the lockdown and would be revived once situation is normalized or when we get the potential buyers.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **INDUSTRY STRUCTURE AND DEVELOPMENT**

The global war on trade is affecting all the countries and especially the major economies such as USA and Europe. However, India stands to gain and in order to take advantage of the current situation India needs to strengthen the infrastructure and its raw material policies. Currently the raw material prices are favorable but steadily showing a trend of increasing. The ocean freight is also on the higher side.

#### **OPPORTUNITIES AND THREAT**

The international threats are the Non-Tariff barriers including the overseas Governments protecting their domestic products and finding ways to levy higher duties on imports. However, your Company would not be seriously affected by this as the turnover has fallen in the last two years and there is ample scope of growth to reach back to the previous levels of turnover. The markets are competitive but the opportunities do remain significant. The US economy is stable and the European majors such as Germany, France and UK are remaining steady. Hence, the opportunities shall continue to remain open. The Covid effect is bound to result in sporadic slowdowns everywhere including India and that is a major threat.

## **SEGMENT-WISE PERFORMANCE**

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

## **CHANGE IN KEY FINANCIAL RATIOS**

**Debtors Turnover Ratio** - The Debtors turnover improved significantly as the average accounts receivable reduced, partly because receivables were better and primarily because the Company had written off some of the receivables after the receipt of ECGC claim.

**Inventory Turnover Ratio** - Inventory Turnover Ratio increased significantly because the average Inventory of the previous year was much higher than the current year. The Company has put efforts to reduce the inventory and converted into sales in the current year.

**Interest Coverage Ratio** - Interest Coverage Ratio has improved very significantly for the reason that the Company has earned profit before interest and taxes, where as in the previous year the earnings were negative (Loss).

**Current Ratio** - The Current Ratio has improved considerably for the reason that even though the current assets were reduced, the current liability reduced by a higher margin partly because of the pay off of the Bank Interest.

**Debt Equity Ratio** - There is a marginal improvement in the Debt Equity Ratio as the total liability was decreased compared to the preceding previous year. Accordingly, the debt equity ratio has improved in this year as compared to the previous year.

**Operating Profit Margin** - The operating profit margin is a low positive this year as compared to the negative margin of last year because this year the Company made a small profit as compared to the loss in the last year.

**Net Profit Margin Ratio** - Net profit margin ratio is positive this year because of the net profit in the operation. Last year the ratio was negative as the Company had made losses.

**Return on Net Worth** - Due to the sale of the assets of the Company, the Net Income increased significantly whereas the shareholders equity increased only marginally, hence the Return on Net Worth Ratio increase significantly.

## **FUTURE OUTLOOK**

It has become very difficult to give a clear future outlook in view of the uncertainties and challenges that has resulted from the pandemic and at best the Management is hopeful of retaining the production levels and hoping that the overseas market remains steady as the global markets and logistics are all affected.

### **RISKS AND CONCERN**

The main concern of the Company is finance restructuring and the Covid situation in India which is affecting the local train movement, which is commonly used by our labour. Uncertainties linked with closure of containment areas can affect the movement of personnel and thereby the working of the Company.

Appropriate structures are present so that risks are inherently monitored and controlled inter-alia through strict risk mitigating measures. The Company has adequate internal control system and procedures for minimization of risks.

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

#### **Internal Financial Control System**

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

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 and 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. Your Company shall strive to come back on track to its previous levels of production and exports.

**HUMAN RESOURCES DEVELOPMENT**

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

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

Your Company has conducted awareness programs amongst the employees on hygiene and sanitation against Corona Virus. Besides training there is a daily check of health status of each employee. As on 31st March, 2020 there are 38 employees on the rolls of the Company.

**DIVIDEND**

Your Directors do not recommend any dividend for the financial year ended 31st March, 2020.

**POLLUTION CONTROL MEASURES**

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

**SUBSIDIARY AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary or Associate Companies.

**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. Arun Kumar Bose (DIN: 00131295), Whole time Director would retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Subir Chatterjee (DIN: 0008707324) was appointed as an Additional Independent Director of the Company on 22nd February, 2020 and shall hold office upto the date of Annual General Meeting. The Company has received a notice from a member of the Company proposing the candidature for the Directorship of the Company.

The Board of Directors at its meeting held on 13th February, 2020 approved the re-appointment of Dr. Sephali Roy (DIN: 07151823) as an Independent Director for a further period of 5 (five) years with effect from 9th April, 2020, subject to the approval of the shareholders of the Company.

Mr. Ravindra Prakash Sehgal (DIN: 00119477) was appointed as the Managing Director of the Company for a period of 5 (five) years with effect from 1st September, 2020. The Board of Directors at its meeting held on 27th July, 2020 approved the re-appointment of Mr. Ravindra Prakash Sehgal for a further period of 5 (five) years with effect from 1st September, 2020, subject to the approval of the shareholders of the Company. Mr. Sehgal is subject to retirement by rotation.

Mr. Suvabrata Saha (DIN: 00131180) was appointed as the Jt. Managing Director of the Company for a period of 5 (five) years with effect from 1st September, 2020. The Board of Directors at its meeting held on 27th July, 2020 approved the re-appointment of Mr. Suvabrata Saha for a further period of 5 (five) years with effect from 1st September, 2020, subject to the approval of the shareholders of the Company. Mr. Saha is subject to retirement by rotation.

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

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are Mr. Ravindra Prakash Sehgal, Managing Director, Mr. Suvabrata Saha, Jt. Managing Director, Mr. Arun Kumar Bose, Whole time Director, Mr. Somnath Pradhan, Chief Financial Officer and Mr. Sanjay Agarwal, Company Secretary. Brief resume and other details relating to the Directors 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 continues as the Women Director on the Company's Board in conformity with the requirements of Section 149(1) of the Companies Act, 2013 and Regulation 17 of the Listing Regulations.

### **DECLARATION OF INDEPENDENCE**

Your Company has received declaration from the Independent Directors as prescribed under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as provided in Section 149(6) of the Act read with Schedules and Rules issued thereunder as well as Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

### **FAMILIARIZATION PROGRAMME UNDERTAKEN FOR INDEPENDENT DIRECTORS**

The Independent Directors are 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 OF BOARD'S PERFORMANCE**

Pursuant to the provisions of Section 134, 149 and Section 178 of the Companies Act, 2013 read



with Rules framed thereunder and provision of Schedule IV of the Act as well the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, that of its Committees and individual Directors.

A separate exercise was carried out to evaluate the performance of individual Directors, including the Chairman of the Board, on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Non Independent Directors and Board as a whole was also carried out by the Independent Directors. The Nomination and Remuneration Committee 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, six meetings of the Board of Directors were held on 29.05.2019, 14.08.2019, 23.09.2019, 14.11.2019, 13.02.2020 and 02.03.2020. The intervening gap between the Board meetings were within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

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

<b>Name of the Directors</b>	<b>Category of Directorship</b>	<b>No. of Board Meeting Held During 2019-2020</b>	<b>No. of Meetings Attended</b>
Dr. Sephali Roy*	Chairman and Independent Director	6	6
Mr. Manoj Bose**	Chairman and Independent Director	6	4
Mr. Ravindra Prakash Sehgal	Managing Director	6	6
Mr. Suvobrata Saha	Joint Managing Director	6	4
Mr. Arun Kumar Bose	Whole time Director	6	6
Mr. Subir Chatterjee***	Additional Independent Director	6	1

\*Appointed w.e.f. 2nd March, 2020

\*\*Deceased on 13th February, 2020

\*\*Appointed w.e.f. 22nd February, 2020

### **COMMITTEES OF THE BOARD**

The Company has constituted/re-constituted the Audit Committee, Nomination and Remuneration

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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, 2020 four Audit Committee meetings were held on 29.05.2019, 14.08.2019, 14.11.2019 and 13.02.2020. All the recommendations made by the Audit Committee during the year were accepted by the Board. The composition, number of meetings held and the attendance of the members at these meetings are as follows:

Name of the Member	No. of Meetings Held	No. of Meetings Attended
Dr. Sephali Roy, Chairman	4	4
Mr. Manoj Bose *	4	3
Mr. Ravindra Prakash Sehgal	4	4
Mr. Subir Chatterjee**	4	NA

\*Deceased on 13th February, 2020

\*\*Appointed w.e.f. 2nd March, 2020

### NOMINATION AND REMUNERATION COMMITTEE

During the financial year ended 31st March, 2020 two meetings were held on 29.05.2019 and 14.11.2019. 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*	2	NA
Dr. Sephali Roy, Chairman**	2	2
Mr. Manoj Bose***	2	2

\* Appointed w.e.f. 2nd March, 2020

\*\*Chairman till 1st March, 2020

\*\*\*Deceased on 13th February, 2020

### STAKEHOLDERS RELATIONSHIP COMMITTEE

During the financial year ended 31st March, 2020 one meeting was held on 13.02.2020. The composition, number of meeting held and the attendance of the members at this meeting is as follows:

<b>Name of the Member</b>	<b>No. of Meeting Held</b>	<b>No. of Meeting Attended</b>
Dr. Sephali Roy, Chairman*	1	1
Mr. Ravindra Prakash Sehgal	1	1
Mr. Subir Chatterjee**	1	NA

\* Appointed w.e.f. 2nd March, 2020

\*\* Appointed w.e.f. 2nd March, 2020

### **MEETING OF INDEPENDENT DIRECTORS**

During the year under review, a meeting of the Independent Directors was held on 2nd March, 2020 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 31<sup>st</sup> March, 2020 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 31<sup>st</sup> March, 2020 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 2019-20, 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, 2020 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. 2019-2020.

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

A portion of the surplus land was sold during this period which helped the cash flow to pay our statutory dues and labour payments. However, the impact on the financial performance of the Company caused due to the outbreak of COVID-19 virus pandemic is explained separately in the notes to the financial statements.

### **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 2019-20, 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 2019-20, there were transactions with related party which qualify as material transactions under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly the disclosure required under Section 134 (3) (h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC 2 is not applicable to your Company.

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

In accordance with Section 178 and other applicable provisions, if any, of the Companies Act,

2013 read with Rules issued thereunder and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board of Directors at its meeting held on 13th November, 2014 formulated the Remuneration Policy of the Company. The Remuneration Policy of the Company is being set out as “**Annexure-B**” to this report and this has also been uploaded on the website: [www.carnationindustries.com](http://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 Managing Director and Whole time Director.

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

#### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 is set out herewith as “**Annexure-D**” to this Report. The Annual Return has also been uploaded on the website: [www.carnationindustries.com](http://www.carnationindustries.com).

#### **STATUTORY AUDITORS**

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

The Statutory Auditors have given two qualifications which are given below, along with the replies:

- a) The Statutory Auditors have qualified in their Auditor’s Report in Note No. 8 of the Financial Statements regarding Trade Receivables in respect of export sales made in earlier years amounting to Rs. 1860.89 lakhs (including Rs. 1796.41 lakhs due from a related party exceeding 5 years), which in our opinion are doubtful of recovery and credit impaired. Allowances for expected credit loss have not been recognized on these financial assets. The company has neither carried out impairment exercises of Trade Receivables nor provided for the same and continues to classify it as current financial assets. Had the same been provided for, the Profit for the year would have decreased by Rs. 1860.89 lakhs and accordingly trade receivables and retained earnings would have been reduced by equivalent amount. Furthermore, in respect of export sales as stated herein before which could not be realized within the period, incentives received and accounted for in books on such export sales has not been reversed and accounted for.

In respect to the above qualification the management of the Company is in continuous process of following up with the customers and it is very hopeful to realize the same during the year from the customer. Accordingly, the management continues to classify the above trade receivables as part of current assets and has not carried out any impairment of the financial asset. Moreover, the Company during the year under consideration was able to recover money by lodging claim with ECGC against certain customer/trade receivable. The management would continue to follow the same in the current financial year and also engage recovery agent.

- b) The Company in immediately preceding financial year had realized foreign trade receivables pertaining to related party against Bills purchased by banks amounting to Rs. 263.35 lakhs which were credited in bank account other than the bank account maintained with the Bill Purchasing Bank (lending banks) without obtaining permission of the concerned bank. However, the amount taken against those bills from the lending banks has since been settled by way of one time settlement with them but the process of marking off the respective bills from the EDPMS is yet to be complied with.

In respect to the above qualification the Company has written a letter to the recipient Bank for issue of EFIRC in order to submit the same to the lending Banks and the same is in process. However, it is pertinent to state that the lending banks have been paid in full and the Company has obtained No Due Certificate from them. This is a procedural lap and remedial measures have been undertaken.

The Statutory Auditors have given their observations in **Annexure-A** to Independent Auditors' Report Point No. VII (a) for which the replies are given as follows:

The final assessment orders of ESI for F.Y. 2014-2015, 2015-2016 and 2016-2017 was received from July to November, 2019 and the total demand was for Rs. 18.51 Lacs. An appeal was made to pay in monthly instalments. The appeal was accepted and till 31.03.2020, Rs. 3.01 Lacs has been paid and Rs. 15.50 Lacs is still due.

For the Second point in the above Report, Rs. 25 Lacs was erroneously refunded by the GST authorities and GST authorities claimed for the refund. A request was made to the GST department to use the GST credit available in the Company's account. However, the GST department in March, 2020 informed that this is not possible and Rs. 25 Lacs has to be paid and the credit lying in the Company's accounts has to be taken separately. Hence, this amount has become due at the end of the year.

In respect to the third point of the above Report, Rs. 28 Lacs relating to GST which was refunded in excess, by the department, has been claimed back in the F.Y. 2019-2020 along with interest totaling to Rs. 38.81 Lacs.

### **COST AUDITOR**

Ministry of Corporate Affairs notification on 31.12.2014 under the Companies (Cost Records and Audit) Amendment Rules, 2014 has exempted your Company, being an export oriented Company, from the purview of Cost Audit. The cost records as specified by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013 are not being prepared and maintained by the Company.

### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 your Company had



appointed M/s MKB & Associates, Practicing Company Secretaries to conduct the Secretarial Audit of your Company. The Secretarial Audit Report is annexed herewith as “Annexure-E” to this report.

The Secretarial Auditors have given one qualification stating that the composition of Nomination & Remuneration Committee is not as per Section 178(1) of Companies Act, 2013.

With respect to the above qualification it is stated that the Nomination & Remuneration Committee was complete till 31st March, 2019 and the Company was on the lookout for an Independent Director from 1st April, 2019 due to the resignation of Mr. Gautam Mukherjee, Independent Director, on on 31st March, 2019. The Company was on the lookout for an Independent Director during the year, however, it was a very difficult period as the Company was declared NPA by the Banks and there was comparatively low turnover and it was challenging to convince independent professionals to join the Company. After a few months of the search the Management identified Mr. Subir Chatterjee as an Independent Director but due to his other commitments he could not join before February, 2020 although he was associated with Carnation from December, 2019. The addition of Mr. Subir Chatterjee would have completed the requirement of three independent Directors. However, the sudden death of Mr. Manoj Bose on 13th February, 2020 made the Company loose an Independent Director and the Company was again short of one Independent Director. All efforts are being made to get a good professional to join the Company as an Independent Director.

#### **INTERNAL AUDITOR**

In accordance with the provisions of Section 138 of the Companies Act, 2013, M/s Prithwiraj Pal & Associates, Chartered Accountants, have been appointed as the Internal Auditors of the Company.

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

Some Micro and Small Enterprises had filed applications before National Company Law Tribunal (NCLT)–Kolkata under Section 9 of the Insolvency and Bankruptcy Code, 2016. The Company has settled the disputes with the parties and the cases before NCLT-Kolkata are withdrawn by them.

#### **LOANS, GUARANTEES AND INVESTMENTS**

The Company has not lent out any money or made any investment or provided any guarantee during the year under review as covered under the provisions of Section 186 of the Companies Act, 2013.

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

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

#### **CORPORATE SOCIAL RESPONSIBILITY**

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



**WHISTLE BLOWER POLICY/ VIGIL MECHANISM**

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

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

**RISK MANAGEMENT**

The 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.

**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, 2020 your Company has not received any complaints pertaining to sexual harassment. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

**ACKNOWLEDGEMENT**

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

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

On Behalf of the Board of Director

**Ravindra Prakash Sehgal**  
(Managing Director)

**Suvabrata Saha**  
(Jt. Managing Director)

Place: Kolkata  
Date: 27th July, 2020

**ANNEXURE A TO THE DIRECTORS' REPORT**

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

**A. CONSERVATION OF ENERGY:**

i) The steps taken or impact on conservation of energy.	The Company has initiated a comprehensive Energy Audit to review consumption and have undertaken measures for further reduction of energy cost.
ii) The steps taken by the Company for utilizing alternate sources of energy.	
iii) The capital investment on energy conservation equipment.	

**B. TECHNOLOGY ABSORPTION:**

i) Efforts made towards technology absorption.	There is a continuous system of review of designs and development of newer, better models to make the products stronger, competitive and user friendly.
ii) Benefits derived like product improvement, cost reduction, product development or import substitution.	The Company has been able to reduce the cost of production of certain components by means of rigid process control engineering.
iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): (a) Details of technology imported. (b) Year of import. (c) Whether technology has been fully absorbed.	No technology was imported in the last three years.
iv) The expenditure incurred on Research and Development.	There was no development expenditure in 2019-2020.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**(Rs. in lacs)**

	<b>F.Y. 2019-20</b>	<b>F.Y. 2018-19</b>
Foreign Exchange Earned in terms of actual inflows.	12.64	381.17
Foreign Exchange Outgo in terms of actual outflows.	7.97	23.21

## **ANNEXURE B TO THE DIRECTORS' REPORT**

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

#### **1. Introduction**

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

#### **2. Appointment of Board Members**

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

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

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

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

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

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

## **3. Compensation Structure**

### **3.1 Remuneration to Executive Directors/KMP/SMP**

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

### **3.2 Remuneration to Non-Executive Directors**

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

### **Review**

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

**ANNEXURE C TO THE DIRECTORS' REPORT**

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

**A. Ratio of remuneration of each Director to the median employees remuneration for the financial year 2019-2020:**

<b>Name of Director</b>	<b>Total Remuneration (Rs.)</b>	<b>Ratio of Remuneration of Each Director to the Median Remuneration of Employees</b>
Mr. Ravindra Prakash Sehgal	13,92,536	7.36
Mr. Suvabrata Saha	12,94,157	6.84
Mr. Arun Kumar Bose	6,36,000	3.36
Mr. Manoj Bose*	65,000	0.34
Dr. Sephali Roy	91,500	0.48
Mr. Subir Chatterjee**	10,000	0.05

\* Deceased on 13.02.2020

\*\* Appointed on 22.02.2020

**Notes:**

- 1) The aforesaid details are calculated on the basis of remuneration for the financial year 2019-20.
- 2) Mr. Manoj Bose, Dr. Sephali Roy and Mr. Subir Chatterjee are the Independent Directors of the Company and only sitting fees has been paid to them.
- 3) Median Remuneration of employees of the Company during the financial year was Rs 1,89,144/-.

**B. Detailed percentage increase in the remuneration of each Director, Chief Financial Officer & Company Secretary or Manager, if any, in the financial year 2019-20 are as follows:**

<b>Name</b>	<b>Designation</b>	<b>Increase/Decrease (%)</b>
Mr. Ravindra Prakash Sehgal	Managing Director	-3.14
Mr. Suvabrata Saha	Jt. Managing Director	-8.60
Mr. Arun Kumar Bose	Wholetime Director	6.71
Mr. Manoj Bose <sup>3</sup>	Independent Director	-23.53
Dr. Sephali Roy	Independent Director	7.65
Mr. Subir Chatterjee <sup>4</sup>	Independent Director	-
Mr. Somnath Pradhan <sup>5</sup>	Chief Financial Officer	-
Mr. Sanjay Agarwal	Company Secretary	-

**Notes:**

1. The remuneration to Directors includes sitting fees paid to them.

2. The remuneration to Directors is within the overall limits approved by the shareholders of the Company.
3. Mr. Manoj Bose deceased on 13.02.2020.
4. Mr. Subir Chatterjee was appointed on 22.02.2020.
5. Mr. Somnath Pradhan was appointed as CFO of the Company on 01.02.2019.

**C. Percentage increase in the median remuneration of all employees in the financial year 2019-2020 is 9.92%.**

**D. The permanent employees on the rolls of the Company, as on 31st March, 2020, is 38.**

**E. Comparison of average percentage increase in salaries of employees other than the Managerial Personnel and the percentage increase in the managerial remuneration.**

The average percentage increase in salaries of employees other than the Managerial Personnel is 12.76% whereas there has been no increase in Managerial Personnel.

**F. Affirmation:**

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

**ANNEXURE D TO THE DIRECTORS' REPORT****FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN AS ON 31st MARCH, 2020**

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

**I. REGISTRATION AND OTHER DETAILS**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

<b>Name and Description of Main Products / Services</b>	<b>NIC Code of the Product/ Service</b>	<b>% to total turnover of the Company</b>
Castings of Iron and Steel	2431	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

The Company does not have any Holding Subsidiary or Associate Companies.

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

**i) Category-Wise Share Holding**

STATEMENT SHOWING SHARE HOLDING PATTERN										
Sl. No.	Category of Shareholder	No. of shares at the beginning of year (as on 1.4.2019)				No. of shares at the end of the year (as on 31.3.2020)				% of Change during the year
		No. of Shares held in Dematerialized Form	No. of Shares held in Physical Form	Total Number of Shares	% of Total Number of Shares	No. of Shares held in Dematerialized Form	No. of Shares held in Physical Form	Total Number of Shares	% of Total Number of Shares	
<b>(A)</b>	<b>Promoter and Promoter Group</b>									
(1)	<b>Indian</b>									
a	Indian Individuals / Hindu Undivided Family	763934	0	763934	22.097	763934	0	763934	22.097	0
b	Central Government / State Government(s)	0	0	0	0	0	0	0	0	0
c	Body Corporates	0	0	0	0	0	0	0	0	0
d	Financial Institutions /Banks	0	0	0	0	0	0	0	0	0
e	Any Other	0	0	0	0	0	0	0	0	0
	<b>Sub Total (A)(1)</b>	<b>763934</b>	<b>0</b>	<b>763934</b>	<b>22.097</b>	<b>763934</b>	<b>0</b>	<b>763934</b>	<b>22.097</b>	<b>0</b>
(2)	<b>Foreign</b>									
a	Individuals (Non Resident Individuals/ Foreign Individuals)	745983	0	745983	21.578	745983	0	745983	21.578	0
b	Bodies Corporate	0	0	0	0	0	0	0	0	0
c	Financial Institutions/Banks	0	0	0	0	0	0	0	0	0
d	Any Other	0	0	0	0	0	0	0	0	0
	<b>Sub Total (A) (2)</b>	<b>745983</b>	<b>0</b>	<b>745983</b>	<b>21.578</b>	<b>745983</b>	<b>0</b>	<b>745983</b>	<b>21.578</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group A=(A)(1)+ (A)(2)</b>	<b>1509917</b>	<b>0</b>	<b>1509917</b>	<b>43.675</b>	<b>1509917</b>	<b>0</b>	<b>1509917</b>	<b>43.675</b>	<b>0</b>
<b>(B)</b>	<b>Public Shareholding</b>									
(1)	<b>Institutions</b>									
a	Mutual Funds & UTI	0	0	0	0	0	0	0	0	0
b	Financial Institutions / Banks	0	0	0	0	100	0	100	0.003	0.003
c	Central Government /State Government(s).	0	0	0	0	0	0	0	0	0
d	Venture Capital Funds	0	0	0	0	0	0	0	0	0
e	Insurance Companies	0	0	0	0	0	0	0	0	0
f	Foreign Institutional Investors (SEBI-Registered)	0	0	0	0	0	0	0	0	0
g	Foreign Venture Capital Investor	0	0	0	0	0	0	0	0	0
h	Any Others	0	0	0	0	0	0	0	0	0
	<b>Sub Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0.003</b>	<b>0.003</b>



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(2)	<b>Non Institutions</b>									
<b>a</b>	<b>Bodies Corporate</b>									
	i) Indian	103952	3400	107352	3.105	76361	3400	79761	2.307	-0.798
	ii) Overseas	0	0	0	0	0	0	0	0	0
<b>b</b>	<b>Individuals</b>									
	i) Shareholders holding nominal share capital upto Rs.1 Lakh	954480	35000	989480	28.621	839279	102661	941940	27.246	-1.375
	ii) Shareholders holding nominal share capital excess of Rs.1 Lakh	670079	104561	774640	22.407	814671	35000	849671	24.577	2.170
<b>c</b>	<b>Others</b>									
	i) Non Residential Indians	52097	700	52797	1.527	52097	700	52797	1.527	0
	ii) Investor Education & Protection Fund (IEPF)	22974	0	22974	0.665	22974	0	22974	0.665	0
	<b>Sub Total (B) (2)</b>	<b>1803582</b>	<b>143661</b>	<b>1947243</b>	<b>56.325</b>	<b>1805382</b>	<b>141761</b>	<b>1947143</b>	<b>56.322</b>	<b>-0.003</b>
	<b>Total Public Shareholding B=(B) (1) +(B)(2)</b>	<b>1803582</b>	<b>143661</b>	<b>1947243</b>	<b>56.325</b>	<b>1805482</b>	<b>141761</b>	<b>1947243</b>	<b>56.325</b>	<b>0</b>
	<b>Total Shareholding (A)+(B)</b>	<b>1803582</b>	<b>143661</b>	<b>1947243</b>	<b>56.325</b>	<b>1805482</b>	<b>141761</b>	<b>1947243</b>	<b>56.325</b>	<b>0</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0	0	0
	<b>Grand Total (A)+(B)+(C)</b>	<b>3313499</b>	<b>143661</b>	<b>3457160</b>	<b>100.00</b>	<b>3315399</b>	<b>141761</b>	<b>3457160</b>	<b>100</b>	<b>0</b>

### ii) Shareholding and Change in Promoters Shareholding

Sl. No.	Shareholder's Name	Shareholding as on 01.04.2019			Shareholding as on 31.03.2020			% change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	
1.	R. P. Sehgal	575865	16.657	--	575865	16.657	---	---
2.	S. Saha	573598	16.591	--	573598	16.591	---	---
3.	Sumati Sehgal	187675	5.428	--	187675	5.428	---	---
4.	Alpana Saha	172385	4.986	--	172385	4.986	---	---
5.	Geeta Verma	394	0.011	--	394	0.011	---	---
	<b>TOTAL</b>	<b>1509917</b>	<b>43.673</b>	<b>--</b>	<b>1509917</b>	<b>43.673</b>	<b>---</b>	<b>---</b>

There has been no change in the Promoters Shareholding in F.Y 2019-2020 when compared to F.Y. 2018-2019.

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

		Shareholding at the beginning of the year, i.e. 01.04.2019		Cumulative Shareholding during the year 01.04.2019 to 31.03.2020	
For Each of the Top 10 Shareholders		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Madan Mohan Kundu		380120	11.00		
<b>Closing Balance (31.03.2020):</b>				<b>380120</b>	<b>11.00</b>
Vijay Kumar Jain	93000	2.69			
<b>Date</b>	<b>Reason</b>				
30-Aug-19	Buy	10800	0.31	103800	3.00
01-Nov-19	Buy	825	0.02	104625	3.03
08-Nov-19	Buy	200	0.01	104825	3.03
08-Nov-19	Sale	125	0.00	104700	3.03
06-Dec-19	Buy	300	0.01	105000	3.04
06-Dec-19	Sale	3000	0.09	102000	2.95
20-Dec-19	Sale	100	0.00	101900	2.95
03-Jan-20	Sale	900	0.03	101000	2.92
06-Mar-20	Sale	2000	0.06	99000	2.86
20-Mar-20	Sale	150	0.00	98850	2.86
<b>Closing Balance (31.03.2020):</b>				<b>98850</b>	<b>2.86</b>
Sujit Kumar Saha		61326	1.77		
<b>Date</b>	<b>Reason</b>				
07-Jun-19	Sale	1166	0.03	60160	1.74
<b>Closing Balance (31.03.2020):</b>				<b>60160</b>	<b>1.74</b>
Madan Bhagchand Melwani		49021	1.42		
<b>Closing Balance (31.03.2020):</b>				<b>49021</b>	<b>1.42</b>
Bhartiben Rajendra Gandhi		34000	0.98		
<b>Closing Balance (31.03.2020):</b>				<b>34000</b>	<b>0.98</b>
Om Prakash Chugh		31670	0.92		
<b>Closing Balance (31.03.2020):</b>				<b>31670</b>	<b>0.92</b>
Mahendra Girdharilal		28933	0.84		
<b>Closing Balance (31.03.2020):</b>				<b>28933</b>	<b>0.84</b>
Anand L		28050	0.81		
<b>Closing Balance (31.03.2020):</b>				<b>28050</b>	<b>0.81</b>
Litty Thomas		23006	0.67		
<b>Closing Balance (31.03.2020):</b>				<b>23006</b>	<b>0.67</b>
Investor Education and Protection Fund (IEPF)		22974	0.66		
<b>Closing Balance (31.03.2020):</b>				<b>22974</b>	<b>0.66</b>

**iv) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	Name	Shareholding		Date	Increase (Decrease) in shareholding	Shareholding	
		No of shares at the beginning of the year (01.04.2019)	% of total shares of the Company			No of shares at the end of the year (31.03.2020)	% of total shares of the Company
1.	R. P. Sehgal	575865	16.657	–	–	575865	16.657
2.	S. Saha	573598	16.591	–	–	573598	16.591
3.	A. K. Bose	200	0.000	–	–	200	0.000
4.	M. Bose	–	–	–	–	–	–
5.	S. Roy	–	–	–	–	–	–
6.	S. Pradhan	–	–	–	–	–	–
7.	S. Agarwal	–	–	–	–	–	–

**v) Indebtedness**

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

(Rs. in crore)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year (01.04.2019)</b>				
i) Principal Amount	27.49	0.00	0.00	27.49
ii) Interest due but not paid	0.18	0.00	0.00	0.18
iii) Interest accrued but not due	0.01	0.00	0.00	0.01
<b>TOTAL (i+ii+iii)</b>	<b>27.68</b>	<b>0.00</b>	<b>0.00</b>	<b>27.68</b>
<b>Change in Indebtedness during the Financial Year</b>				
Addition	0.00	0.00	0.00	0.00
Reduction	26.23	0.00	0.00	26.23
<b>Net Change</b>	<b>26.23</b>	<b>0.00</b>	<b>0.00</b>	<b>26.23</b>
<b>Indebtedness at the end of the Financial Year (31.03.2020)</b>				
i) Principal Amount	1.42	0.00	0.00	1.42
ii) Interest due but not paid	0.01	0.00	0.00	0.01
iii) Interest accrued but not due	0.02	0.00	0.00	0.02
<b>TOTAL (i+ii+iii)</b>	<b>1.45</b>	<b>0.00</b>	<b>0.00</b>	<b>1.45</b>

**vi) Remuneration of Directors and Key Managerial Personnel**

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

Sl. No.	Particulars of Remuneration	Name of Managing Director / Whole-time Director			Total Amount (Rs.)
		R. P. Sehgal (MD)	S. Saha (JMD)	A. K. Bose (WTD)	
1.	Gross Salary	840000	840000	480000	2160000
	i) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961				
	ii) Value of Perquisites U/s 17(2) Income Tax Act, 1961	471036	414157	96000	981193
	iii) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	—	—	—	—
2.	Stock Option	—	—	—	—
3.	Sweat Equity	—	—	—	—
4.	Commission	—	—	—	—
5.	Others (sitting fees)	81500	40000	60000	181500
	<b>Total</b>	<b>1392536</b>	<b>1294157</b>	<b>636000</b>	<b>3322693</b>
	Overall Ceiling as per the Act	8400000*	8400000*	8400000*	25200000*

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

**b. Remuneration to Other Directors**

Sl. No.	Particulars of Remuneration	Name of Independent Directors			Total Amount (Rs.)
		Mr. Manoj Bose*	Dr. Sephali Roy	Mr. Subir Chatterjee**	
1.	Fees for attending Board / Committee Meetings	65000	91500	10000	166500
2.	Commission	—	—	—	—
3.	Others	—	—	—	—
	<b>Total</b>	<b>65000</b>	<b>91500</b>	<b>10000</b>	<b>166500</b>

\* Deceased on 13.02.2020

\*\* Appointed on 22.02.2020

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

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs.)
		Sanjay Agarwal, CS	Somnath Pradhan CFO	
1.	Gross Salary	936000	436320	1372320
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
5.	Others	–	–	–
	<b>Total</b>	<b>936000</b>	<b>436320</b>	<b>1372320</b>

**vii) Penalties/Punishment/Compounding of Offences**

There are no penalties/punishment or compounding of offences in the F.Y. 2019-2020.

**ANNEXURE E TO THE DIRECTORS' REPORT****FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020**

[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, 2020 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, 2020, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;
- iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable:

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

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) Provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except *that the composition of Nomination & Remuneration Committee is not as per Section 178(1) of Companies Act, 2013.*

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Mr. Manoj Bose, Independent Director of the Company expired on 13.02.2020. Due to demise of Mr. Manoj Bose.

- (i) the composition of Board for the period from 13.02.2020 to 21.02.2020 was not as per Section 149(4) of Companies Act. During the aforesaid period, the Company has held one Board meeting on 13.02.2020.
- (ii) the composition of Audit Committee for the period from 13.02.2020 to 21.02.2020 was not as per Section 177(2) of Companies Act. During the aforesaid period, the Company has held one Audit Committee meeting on 13.02.2020.
- b) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) None of the Directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

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

We further report that during the audit period the company has passed the special resolution at the Extraordinary General Meeting of the Company held on 25th April, 2019 under Section 180(1) (a) of Companies Act, 2013 to dispose of the whole, or substantially the whole of the assets of the Company including and not limited to Uluberia Unit of the Company:

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

For **MKB & Associates**  
Company Secretaries

**Raj Kumar Banthia**  
[Partner]

ACS No. 17190

COP No. 18428

FRN: P2010WB042700

Date: 27.07.2020

Place: Kolkata

UDIN: A017190B000510650



## **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.

Note: There was lockdown declared by the Central Government in the country due to COVID-19 pandemic since 24th March 2020. During the Lockdown, for carrying on and completion of the Audit, documents /details have been provided by the Company through electronic mode and the same have been verified by us.

For **MKB & Associates**  
Company Secretaries

**Raj Kumar Banthia**

[Partner]

ACS No. 17190

COP No. 18428

FRN: P2010WB042700

Date: 27.07.2020

Place: Kolkata

UDIN: A017190B000510650

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**REPORT OF THE AUDITORS TO THE MEMBERS  
OF CARNATION INDUSTRIES LIMITED****Report on the Audit of Financial Statement****Qualified Opinion**

We have audited the financial statements of **CARNATION INDUSTRIES LIMITED** (“the Company”), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2020 and its profit, changes in equity and its cash flows for the year ended on that date.

**Basis for Qualified Opinion**

- a) We draw attention to Note No. 8 of the Financial Statements regarding Trade Receivables in respect of export sales made in earlier years amounting to Rs. 1860.89 lakhs (including Rs. 1,796.41 lakhs due from a related party exceeding 5 years), which in our opinion are doubtful of recovery and credit impaired. Allowance for expected credit loss have not been recognized on these financial assets. The company has neither carried out impairment exercises of Trade Receivables nor provided for the same and continues to classify it as current financial assets. Had the same been provided for, the Profit for the year would have decreased by Rs. 1860.89 lakhs and accordingly trade receivables and retained earnings would have been reduced by equivalent amount. Furthermore, in respect of export sales as stated herein before which could not be realised within the period, incentives received and accounted for in books on such export sales has not been reversed and accounted for.

- b) The company in immediately preceding financial year had realised foreign trade receivables pertaining to related party against Bills purchased by banks amounting to Rs. 263.35 lakhs which were credited in bank account other than the bank account maintained with the Bill Purchasing bank (lending banks) without obtaining permission of the concerned bank. However, the amount taken against those bills from the lending banks has since been settled by way of one time settlement with them but the process of marking off the respective bills from the EDPMS is yet to be complied with.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 34(xv) of the Financial Statement, regarding preparation of Financial Statements on Going Concern basis for the reasons stated therein. The Company continues to incur operating losses and there is considerable decline in the level of operations. As stated in Note 34(xv) the appropriateness of Going Concern is dependent upon various initiatives undertaken by the company including realisation of Trade receivables, arrangement for financial resources in order to meet working/ long term capital requirement of the business and settlement and suitable renegotiation of credit terms with unsecured creditors, availability of labour on contract basis.

These events or conditions as set forth herein above along with matters described in our basis for qualified opinion paragraph and possible effect of COVID-19 pandemic as described in note 34(xv) of the Financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the financial year ended on March 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the basis for qualified opinion paragraph and Material Uncertainty related to going concern paragraph herein above, we have determined the matters described below to be the key audit matters to be communicated in our report.

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

Sl. No.	Key Audit Matter	Auditor's Response
5	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><b>Principal Audit Procedures</b></p> <p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Discussed with the management on the development in these litigations during the year ended March 31, 2020.</li> <li>• Reviewed the disclosures made by the Company in the financial statements in this regard.</li> </ul>
6	Settlement of Loan with banks under settlement agreement	<p>The company had availed credit facility from State Bank of India and Punjab National Bank under consortium Finance arrangement. State Bank of India (Lead Banker) vide its letter dated 21st March, 2018 has classified the credit facility as Non-Performing Asset (NPA) and recalled the advances through its letter dated 03.04.2018.</p> <p>Punjab National Bank had also recalled the advances by issuing the notice u/s 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) on 07.06.2018.</p> <p>Interest from the date of classification of the account as NPA by respective banker was not accounted for in books of accounts. However, during the year under review company has settled and paid the outstanding dues with bankers under One Time Settlement and accounted the interest/ Charges as settled with the lenders.</p> <p><b>Principal Audit Procedures</b></p> <p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the Liquidation of Loan letters issued by both the banks.</li> <li>• Reviewed the disclosures made by the Company in the financial statements in this regard.</li> <li>• Rolled out of enquiry letters to the banks for confirmation of balances, however no response could be received from them till the date of signing of this report.</li> </ul>

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship

- a. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;



- b. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.;
- c. 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, 2020 from being appointed as a Director in terms of Section 164 (2) of the Act;
- d. 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;
- e. In our opinion, the managerial remuneration for the year ended March 31, 2020 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;
- f. 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, 2020 on its financial position in its Financial Statements- Refer note 34(ii) to the Financial Statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. During the year, unclaimed dividend amounting to Rs. 0.80 Lacs relating to financial year 2011-12 has been transferred to Investor Education and Protection Fund by the company.

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

**Manoj Keshan**  
(Partner)

Membership No.55272

FRN : 305004E

UDIN : 20055272AAAABD3900

Place : 1, Crooked Lane,

Kolkata - 700 069

Dated : 27th July, 2020



**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, 2020.

- I.(a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) As informed to us, fixed assets of the company have been physically verified by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the immovable properties are held in the name of the company and the title deed in respect of one office space having gross value amounting to Rs. 107.50 Lakh 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.
- II. The physical verification of inventory has been conducted by the management at reasonable intervals and no material discrepancies were noticed on such physical verification.
- III. In our opinion and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to companies, firms limited liability partnership or other parties covered in the register maintained under section 189 of the Companies act, 2013. Accordingly, the provisions of Caluses 3(iii) (a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, the company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of clause 3(iv) of the said order are not applicable to the Company.
- V. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73, 74, 75 and 76 of the Act and the Rules framed thereunder.
- VI. The Central Government has prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the products of the company. We have broadly reviewed such records maintained by the company and are of the opinion that prima facie, the prescribed records have made and maintained. We have however not made any detailed examination of the said records with a view to determine whether they are accurate or complete.
- VII.(a) According to the information and explanations given to us and on the basis of our examinations of the books of account, the Company has not been regular in depositing

undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods and Services tax and other material statutory dues as applicable with the appropriate authorities and the following undisputed dues were outstanding as on 31st March, 2020 for a period of more than six months from the date they became payable.

<b>Name of the statute</b>	<b>Nature of Dues</b>	<b>Period to which the amount relates</b>	<b>Amount (Rs. in Lacs)</b>	<b>Remarks</b>
The Employees State Insurance Act, 1948	Contribution and Interest	Financial Year 2014-15, 2015-16 and 2016-17	Rs. 15.50	Out of total demand of Rs. 18.51 Lacs, Company has paid Rs. 3.01 Lacs for the F.Y. 2014-15 during the year.
Goods and Service Tax Act, 2017	Goods and Service Tax	July, 2017	Rs. 25.00	Against the erroneous refund issued by the GST department
Goods and Service Tax Act, 2017	Goods and Service Tax and Interest	October, 2017	Rs. 38.81	Against the erroneous refund issued by the GST department

(b) According to the information and explanations given to us, the following dues of income-tax, duty of excise and Value Added Tax have not been deposited by the Company on account of disputes:

<b>Name Of Statue</b>	<b>Nature of Dues</b>	<b>Amount (Rs. in Lacs)</b>	<b>Forum where Dispute is Pending</b>
West Bengal Value Added Tax Act	Value Added Tax for the Financial Year 2007-2008	100.13	Before the West Bengal Commercial Taxes Appellate & Revision Board

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

<b>Bank/Financial Institution</b>	<b>Period of Default</b>	<b>Amount of Default (Rs. in Lacs)</b>
ICICI Bank	For the month of April 2019 : 15 day For the month of May 2019 : 13 day For the month of June 2019 : 18 day For the month of July 2019 : 14 days For the month of August 2019 : 16 days For the month of September 2019 : 14 days For the month of October 2019 : 20 days For the month of November 2019 : 16 days For the month of December 2019 : 9 days For the month of January 2020 : 14 days For the month of February 2020 : 18 days	2.11 Lakhs (each Instalment)
State Bank of India	From March, 2018 to January, 2020	Opening balance (01.04.2019) - Rs. 2,119.54 Lacs Closing balance (31.03.2020) NIL*
Punjab National Bank	From March, 2018 to January, 2020	Opening balance (01.04.2019) - Rs. 477.86 Lacs Closing balance (31.03.2020) NIL*

\* The Company had availed credit facility from State Bank of India and Punjab National Bank under consortium Finance arrangement. State Bank of India (Lead Banker) vide its letter dated 21st March, 2018 has classified the credit facility as Non-performing Asset (NPA) and recalled the said facilities. During the year under review company has settled all its outstanding loans under one time settlement by paying 100% of the loan outstanding and part interest.

IX. The company did not raise monies by way of initial public offer or further public offer (including debt instruments) and term loans during the year under review.

- X. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- XI. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- XII. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- XIII. According to the information and explanations provided by the management, transactions with related parties are in compliance with the provisions of Sections 177 and 188 of the Companies Act, where applicable and the details have been disclosed in the financial statements as required by the applicable Ind AS.
- XIV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order is not applicable.
- XV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable.
- XVI. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**Manoj Keshan**  
(Partner)

Membership No.55272

FRN : 305004E

UDIN : 20055272AAAABD3900

Place : 1, Crooked Lane,

Kolkata - 700 069

Dated : 27th July, 2020

**“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, 2020.

### **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, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditors’ Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, apart from the matter describe in "Basis of qualified opinion" and "Key audit matter" paragraph; the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Manoj Keshan**  
(Partner)

Membership No.55272  
FRN : 305004E

UDIN : 20055272AAAABD3900

Place : 1, Crooked Lane,  
Kolkata - 700 069

Dated : 27th July, 2020

**BALANCE SHEET AS AT 31ST MARCH, 2020**

(Rs. in Lacs)

Sl. No.	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
	<b>ASSETS</b>			
(1)	<b>Non-Current Assets</b>			
	Property, Plant and Equipment	3	303.86	1,000.93
	Capital Work-in Progress	3	-	63.37
	Intangible Assets	4	0.04	1.60
	Financial Assets			
	– Investments	5	1.13	3.34
	Other Non-Current Assets	6	27.72	27.24
(2)	<b>Current Assets</b>			
	Inventories	7	76.87	115.53
	Financial Assets			
	(a) Trade Receivables	8	1,860.89	3,689.09
	(b) Cash and Cash Equivalents	9	7.39	4.11
	(c) Bank Balance Other than Cash and Cash Equivalents	10	3.66	24.48
	Current Tax Assets (net)	11	34.11	17.16
	Other Current assets	12	509.29	696.67
(3)	<b>Assets classified as held for sale</b>	13	11.59	-
	<b>Total Assets</b>		<b>2,836.57</b>	<b>5,643.52</b>
	<b>EQUITY AND LIABILITY</b>			
(1)	<b>EQUITY</b>			
	Share Capital	14	345.72	345.72
	Other Equity	15	393.33	387.82
(2)	<b>LIABILITY</b>			
	<b>Non-Current Liabilities</b>			
	Financial Liabilities			
	– Borrowings	16	131.90	141.46
	Provisions	17	63.65	98.12
	Deferred Tax Liabilities (Net)	18	23.41	78.15
(3)	<b>Current Liabilities</b>			
	Financial Liabilities			
	– Borrowings	19	-	2,597.40
	– Trade Payables			
	(A) total outstanding dues of micro enterprises and small enterprises	20	190.19	210.79
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises	21	1,420.45	1,616.22
	– Other Financial Liabilities	22	33.75	51.43
	Other Current Liabilities	23	234.18	116.40
	<b>Total Equity and Liabilities</b>		<b>2,836.57</b>	<b>5,643.52</b>

**Summary of Significant Accounting Policies 2**

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

As per our report annexed of even date

 For **Jain Saraogi & Co.**

Chartered Accountants

**Manoj Keshan**

Partner

Membership No. 55272

FRN : 305004E

Place : 1, Crooked Lane, Kolkata - 700 069

Dated : 27th July, 2020

**R.P.Sehgal**  
 (Managing Director)

**Somnath Pradhan**  
 (Chief Financial Officer)

On behalf of the Board

**Suvobrata Saha**  
 (Jt. Managing Director)

**Sanjay Agarwal**  
 (Company Secretary)



**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2020**

(Rs. in Lacs)

Sl. No.	Particulars	Note No.	For the Year ended 31.03.2020	For the Year ended 31.03.2019
I	Revenue From operations	24	782.34	741.04
II	Other Income	25	1,802.08	245.53
III	<b>Total Income (I +II)</b>		<b>2,584.43</b>	<b>986.57</b>
IV	<b>EXPENSES</b>			
	Cost of Materials Consumed and other manufacturing expenses	26	660.94	478.04
	Cost of Trading Goods	27	9.46	25.45
	Changes in inventories of Finished Goods	28	(1.38)	226.05
	Employee benefit expense	29	194.05	307.29
	Finance costs	30	194.10	103.42
	Depreciation and amortization expense	3 & 4	58.39	100.71
	Impairment Cost	3 & 4	8.06	-
	Other expenses	31	1,470.84	207.03
	<b>Total expenses (IV)</b>		<b>2,594.45</b>	<b>1,447.99</b>
V	<b>Profit/(loss) before exceptional items and tax (III-IV)</b>		<b>(10.03)</b>	<b>(461.42)</b>
VI	Exceptional items		-	-
VII	<b>Profit/ (loss) before tax (V-VI)</b>		<b>(10.03)</b>	<b>(461.42)</b>
VIII	<b>Tax Expenses</b>			
	a) Current Tax		-	-
	b) Current tax for earlier year		0.47	(6.12)
	c) Deferred Tax		(44.67)	13.18
	<b>Total Tax Expenses</b>		<b>(44.20)</b>	<b>7.06</b>
IX	<b>Profit/ (Loss) for the period from continuing operations (VII-VIII)</b>		<b>34.18</b>	<b>(468.48)</b>
X	Profit/ (Loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	<b>Profit/(loss) from discontinued operations (after tax)</b>		<b>-</b>	<b>-</b>
XIII	<b>Profit/(loss) for the period (IX-XII)</b>		<b>34.18</b>	<b>(468.48)</b>
XIV	<b>Other Comprehensive Income/ (Loss)</b>	32		
	Items that will not be reclassified to profit or loss		(38.75)	18.28
	Income tax relating to items that will not be reclassified to profit or loss		10.07	(4.75)
	<b>Other Comprehensive Income/ (Loss) for the year</b>		<b>(28.67)</b>	<b>13.53</b>
XV	<b>Total Comprehensive Income for the period (XIII+XIV)</b>		<b>5.50</b>	<b>(454.95)</b>
XVI	<b>Earnings per equity share</b>	33		
	1) Basic		0.99	(13.55)
	2) Diluted		0.99	(13.55)

**Summary of Significant Accounting Policies 2**

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

As per our report annexed of even date

For **Jain Saraogi & Co.**

Chartered Accountants

**Manoj Keshan**

Partner

Membership No. 55272

FRN : 305004E

Place : 1, Crooked Lane, Kolkata - 700 069

Dated : 27th July, 2020

**R.P.Sehgal**

(Managing Director)

**Somnath Pradhan**  
(Chief Financial Officer)

On behalf of the Board

**Suvabrata Saha**

(Jt. Managing Director)

**Sanjay Agarwal**  
(Company Secretary)

## Statement of Changes in Equity for the year ended 31st March, 2020

(Rs. In Lacs)

## (A) Equity Share Capital

Balance as at 1st April, 2018	Change during the financial Year 2018-19	Balance as at 31st March, 2019	Change during the financial Year 2019-20	Balance as at 31st March, 2020
345.72	-	345.72	-	345.72

## (B) Other Equity

Particulars	Capital Reserve	Securities Premium Reserve	General Reserve	Export Business Reserve	Retained Earning	Total
<b>Balance as at 1st April, 2018</b>	48.84	306.30	493.24	26.89	(32.50)	842.77
Profit for the financial year 2018-19	-	-	-	-	(468.48)	(468.48)
Other Comprehensive Income/(Loss)	-	-	-	-	13.53	13.53
Payment of Dividend (including tax on dividend)	-	-	-	-	-	-
<b>Balance as at 31st March, 2019</b>	48.84	306.30	493.24	26.89	(487.45)	387.82
Profit for the financial year 2019-20	-	-	-	-	34.18	34.18
Other Comprehensive Income/(Loss)	-	-	-	-	(28.67)	(28.67)
Payment of Dividend (including tax on dividend)	-	-	-	-	-	-
<b>Balance as at 31st March, 2020</b>	48.84	306.30	493.24	26.89	(481.94)	393.33

## Summary of Significant Accounting Policies 2

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

As per our report annexed of even date  
For Jain Saraogi & Co.  
Chartered Accountants

**Manoj Keshan**

Partner

Membership No. 55272

FRN : 305004E

Place : 1, Crooked Lane, Kolkata - 700 069

Dated : 27th July, 2020

**R.P. Sehgal**

(Managing Director)

On behalf of the Board

**Suvobrata Saha**

(Jt. Managing Director)

**Somnath Pradhan**

(Chief Financial Officer)

**Sanjay Agarwal**

(Company Secretary)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2020**

(Rs. in Lacs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before exceptional items and tax	(10.03)	(461.42)
<b>Adjustments for:</b>		
– Depreciation, Impairment and Amortisation Expenses	66.45	100.71
– Fair Valuation of Investment	2.21	–
– (Profit)/Loss on sale/discard of Property Plant and Equipment(net)	(1,640.68)	(48.23)
– Interest on Term Deposit	(0.07)	(2.76)
– Remeasurements of the defined benefit plans	(38.75)	18.28
– Finance Cost	194.10	103.42
<b>Operating Profit Before Working Capital Changes</b>	<b>(1,426.78)</b>	<b>(290.01)</b>
<b>Adjustments for:</b>		
– (Decease)/ Increase in Trade Payables	(216.38)	(288.26)
– (Decease)/ Increase in Non Current Provisions	(34.47)	(74.77)
– (Decease)/ Increase in Other current Liabilities	101.47	(32.28)
– Decrease/ (Increase) in other Non Current Assets	(0.48)	32.32
– Decrease/ (Increase) Trade Receivables	1,828.20	562.68
– Decrease/ (Increase) Other Current Asset	187.38	261.77
– Decrease/ (Increase) Inventories	38.66	291.03
<b>Cash Generated from Operations :</b>	<b>477.61</b>	<b>462.49</b>
Income Tax Paid (including Tax deducted at source)	17.42	(28.96)
<b>Net Cash generated from Operating Activities</b>	<b>460.19</b>	<b>491.45</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipments, Intangible and Capital Work in Progress	(2.35)	(0.18)
Sale of Property, Plant and Equipments, Intangible and Capital Work in Progress	2,326.98	50.07
Term Deposit other than cash & Cash equivalents (including accrued interest)	20.81	30.68
Payment to Creditors for Property, Plant & Equipment	(0.66)	–
Advance received for sale of Property, Plant & Equipment	19.13	–
Interest on Term Deposit	0.07	2.76
<b>Net Cash generated/ (used) in Investing Activities</b>	<b>2,363.99</b>	<b>83.34</b>

(Rs. in Lacs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Short Term Borrowings	(2,597.40)	(463.97)
Non Current Borrowings (Net)	(9.80)	(9.94)
Finance cost paid	(210.08)	(103.49)
Dividend paid/ Transferred to IEPF (including Dividend distribution tax)	(0.80)	(0.27)
Tax Paid on dividend	(2.82)	-
<b>Net Cash generated/(used) in Financing Activities</b>	<b>(2,820.90)</b>	<b>(577.66)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)</b>	<b>3.28</b>	<b>(2.87)</b>
Opening Cash and Cash Equivalents	4.11	6.98
Closing Cash and Cash Equivalents	7.39	4.11

**Summary of Significant Accounting Policies 2**

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

As per our report annexed of even date

For **Jain Saraogi & Co.**

Chartered Accountants

**Manoj Keshan**

Partner

Membership No. 55272

FRN : 305004E

Place : 1, Crooked Lane, Kolkata - 700 069

Dated : 27th July, 2020

**R.P.Sehgal**

(Managing Director)

**Somnath Pradhan**

(Chief Financial Officer)

On behalf of the Board

**Suvabrata Saha**

(Jt. Managing Director)

**Sanjay Agarwal**

(Company Secretary)

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020****1. Corporate Information**

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

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

The financial statements of the company have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and Defined benefit plans which are measured at Fair Value. The financial statements of the Company have been prepared to comply with the Indian Accounting Standards ('Ind AS') including the rules notified under the relevant provision of the companies Act, 2013.

With effect from 1st April 2019, Ind AS 116 – “Leases” (Ind AS 115) supersedes Ind AS 17 – “Leases”. The application of Ind AS 115 did not have any material impact on recognition and measurement principles.

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

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

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

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

## **2.2 Use of Estimates**

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

## **2.3 Operating Cycle & Current Non Current Classification**

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities. The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is current when it is: Expected to be realised or intended to be sold or consumed in normal operating cycle. Held primarily for the purpose of trading. Expected to be realised within twelve months after the reporting period, or Cash or Cash Equivalent. All other assets are classified as non-current. A liability is current when: It is expected to be settled in normal operating cycle. It is held primarily for the purpose of trading. It is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Company classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

## **2.4 Foreign currency transactions and balances**

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

## **2.5 Foreign Operations**

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

## **2.6 Fair Value Measurement**

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

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

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

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

### 2.7 Revenue recognition

#### (i) Sale of goods and rendering of services :

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

#### ii) Interest Income :

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

#### iii) Dividends :

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



**2.8 Taxes :**

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

**i) Current Income Tax :**

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

**ii) Deferred taxes :**

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

### 2.9 Property, Plant and Equipment :

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

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

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

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

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

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

### 2.10 Investment properties :

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

### 2.11 Intangible Asset :

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

intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any

**2.12 Amortisation methods and periods :**

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

**2.13 Borrowing Costs :**

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

**2.14 Impairment of non-financial assets :**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

**2.15 Inventories :**

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

### 2.16 Financial instruments :

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

#### (i) Financial Asset :

##### **Initial recognition and measurement**

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

##### **Subsequent measurement**

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

##### **Debt instruments at amortised cost**

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

The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

##### **Debt Instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. Equity Investments all equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity

instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**De-recognition** The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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

**ii) Financial Liabilities :**

Initial recognition and measurement Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial

liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### **Subsequent measurement**

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

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to interest-bearing loans and borrowings. De-recognition A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

### **iii) Derivative Financial Instruments:**

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

### **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.

**2.25 Standards Issued But Not Effective (based on Exposure drafts available as on date)**

The amendments are proposed to be effective for reporting periods beginning on or after April 01, 2020.

**A) Issue Of Ind As 117 – Insurance Contracts**

Ind AS 117 supersedes Ind AS 104 Insurance contracts. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Under the Ind AS 117 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk.

Application of this standard is not expected to have any significant impact on the Company's financial statements.

**B) Amendment To Existing Standard**

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

Ind AS 103 - Business Combinations

Ind AS 1 - Presentation of Financial Statements

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

Ind AS 40 - Investment Property

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

## Note 3: PROPERTY, PLANT AND EQUIPMENT

(Rs. in Lacs)

DESCRIPTION	GROSS BLOCK						DEPRECIATION / AMORTISATION					NET CARRYING AMOUNT	
	AS AT 01-04-2019	ADDITIONS DURING THE YEAR	DELETIONS AND ADJUSTMENTS	ASSETS CLASSIFIED AS HELD FOR SALE	AS AT 31-03-2020	UP TO 01-04-2019	PROVIDED DURING THE YEAR	IMPAIRMENT LOSS	DELETIONS AND ADJUSTMENTS	UP TO 31-03-2020	AS AT 31-03-2020	AS AT 31-03-2019	
1) LAND	165.83	-	110.80	1.12	53.91	-	-	-	-	-	53.91	165.83	
2) BUILDINGS	456.75	24.29	330.48	-	150.56	49.70	10.94	-	50.15	10.49	140.07	407.05	
3) PLANT & MACHINERIES	314.01	10.75	292.74	-	32.02	156.97	22.14	-	173.46	5.65	26.37	157.04	
4) LABORATORY EQUIPMENT	26.67	-	25.93	-	0.74	14.81	1.30	-	15.84	0.27	0.47	11.86	
5) PATTERN & DICES	271.23	1.44	181.64	-	91.03	59.26	15.66	-	50.69	24.23	66.80	211.97	
6) TOOLS & IMPLEMENTS	13.99	-	12.32	-	1.67	4.78	0.98	-	5.11	0.65	1.02	9.21	
7) FURNITURE & FITTINGS	8.70	-	3.77	-	4.93	4.77	0.73	-	2.62	2.88	2.05	3.93	
8) ELECTRIC INSTALLATION	60.61	8.73	59.86	-	9.48	33.78	5.31	-	38.68	0.41	9.07	26.83	
9) MOTOR VEHICLES	9.97	-	5.73	-	4.24	6.30	0.55	-	3.69	3.16	1.08	3.67	
10) COMPUTERS P.C	8.23	-	1.99	-	6.24	4.68	0.15	-	1.62	3.21	3.03	3.55	
<b>TOTAL</b>	<b>1335.98</b>	<b>45.21</b>	<b>1025.26</b>	<b>1.12</b>	<b>354.81</b>	<b>335.05</b>	<b>57.76</b>	<b>-</b>	<b>341.86</b>	<b>50.95</b>	<b>303.86</b>	<b>1000.93</b>	
<b>PREVIOUS YEAR</b>	<b>1332.54</b>	<b>5.81</b>	<b>2.38</b>	<b>-</b>	<b>1335.96</b>	<b>235.98</b>	<b>99.61</b>	<b>-</b>	<b>0.54</b>	<b>335.05</b>	<b>1000.93</b>	<b>-</b>	

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION					NET CARRYING AMOUNT		
	AS AT 01-04-2019	ADDITIONS DURING THE YEAR	TRANSFER TO PROPERTY PLANT & EQUIPMENT	ASSETS CLASSIFIED AS HELD FOR SALE	AS AT 31-03-2020	UP TO 01-04-2019	PROVIDED DURING THE YEAR	IMPAIRMENT LOSS	DELETIONS AND ADJUSTMENTS	UP TO 31-03-2020	AS AT 31-03-2020	AS AT 31-03-2019
<b>CAPITAL WORK IN PROGRESS</b>	<b>63.37</b>	<b>0.91</b>	<b>45.74</b>	<b>10.48</b>	<b>8.06</b>	<b>-</b>	<b>-</b>	<b>8.06</b>	<b>-</b>	<b>8.06</b>	<b>-</b>	<b>63.37</b>
<b>TOTAL</b>	<b>63.37</b>	<b>0.91</b>	<b>45.74</b>	<b>10.48</b>	<b>8.06</b>	<b>-</b>	<b>-</b>	<b>8.06</b>	<b>-</b>	<b>8.06</b>	<b>-</b>	<b>63.37</b>
<b>PREVIOUS YEAR</b>	<b>63.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63.37</b>	<b>-</b>

(Rs. in Lacs)

**Note 4. Intangible Asset**

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT		
	AS AT 01-04-2019	ADDITIONS DURING THE YEAR	DELETIONS AND ADJUSTMENTS	AS AT 31-03-2020	UP TO 01-04-2019	PROVIDED DURING THE YEAR	DELETIONS AND ADJUSTMENTS	UP TO 31-03-2020	AS AT 03-2020	AS AT 31-03-2019
1) ERP SOFTWARE	2.28	-	-	2.28	2.28	-	-	2.28	-	-
2) COMPUTER SOFTWARE	4.05	-	2.75	1.30	2.45	0.63	1.82	1.26	0.04	1.60
3) LICENCE	1.09	-	1.09	-	1.09	-	1.09	-	-	-
<b>TOTAL</b>	<b>7.42</b>	<b>-</b>	<b>3.84</b>	<b>3.58</b>	<b>5.82</b>	<b>0.63</b>	<b>2.91</b>	<b>3.54</b>	<b>0.04</b>	<b>1.60</b>
<b>PREVIOUS YEAR</b>	<b>7.42</b>	<b>-</b>	<b>-</b>	<b>7.42</b>	<b>4.72</b>	<b>1.10</b>	<b>-</b>	<b>5.82</b>	<b>1.60</b>	<b>-</b>

**(Rs. In Lacs)**

Note No.	Particulars	As on 31.03.2020	As on 31.03.2019
Note 5	<b>NON-CURRENT INVESTMENT</b>		
	<b>Quoted (FVTPL)</b>		
	3500 Fully paid Equity Shares of Rs. 2/- each, in Punjab National Bank.	1.13	3.34
	<b>Total</b>	<b>1.13</b>	<b>3.34</b>

Note No.	Particulars	As on 31.03.2020	As on 31.03.2019
Note 6	<b>OTHER NON-CURRENT FINANCIAL ASSETS</b>		
	(Unsecured Considered Good)		
	Other Advances (refer note 6.1)	14.86	14.86
	Security Deposit (refer note 6.2)	12.86	12.38
	<b>Total</b>	<b>27.72</b>	<b>27.24</b>
<p>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.</p>			
<p>Note 6.2:- Security Deposit includes deposit for utility and deposit with supplier adjustable. In absence of confirmation balance as per books are taken.</p>			

Note 7	<b>INVENTORIES (As taken, valued and certified by the management)</b>		
	Finished Goods	51.86	50.48
	Raw Materials	12.63	5.63
	Consumable Stores, Spares and Power & Fuels	9.21	42.13
	Packing Materials	3.17	17.29
	<b>Total</b>	<b>76.87</b>	<b>115.53</b>
	<b>Note 7.1:</b> Out of above, stock in transit and lying with outsiders Finished Goods	-	10.19
<p><b>Note 7.2 :</b></p> <p>i) Inventory of Raw material, Consumable stores, Spares, Power &amp; 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.</p> <p>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.</p>			

Note No.	Particulars	As on 31.03.2020	As on 31.03.2019
<b>Note 8</b>	<b>TRADE RECEIVABLES</b>		
	Trade Receivables considered good- Unsecured (Refer Note 8.1 to 8.3)	1,860.89	3,689.09
	<b>Total</b>	<b>1,860.89</b>	<b>3,689.09</b>
	<b>Note 8.1:-</b> Trade Receivable includes Overdue Export proceeds in foreign exchange Rs. 1860.89 Lacs (P.Y. Rs. 3673.19 Lacs) [including Rs. 1796.41 Lacs (P.Y. 1648.09 Lacs) exceeding 5 years].		
<b>Note 8.2:-</b> The Company had filed applications to Export Credit Guarantee Corporation of India Limited (ECGC) for claim in respect of three parties having total outstanding Rs. 1929.96 Lacs. An amount of Rs. 637.46 Lacs is realised during the Financial Year 2019-20 from ECGC and Balance Rs. 1292.50 Lacs is written off during the year. .			
<b>Note 8.3:-</b> In absence of confirmation from parties, balances as per books has been taken.			

<b>Note 9</b>	<b>CASH AND BANK BALANCES</b>		
	Cash and Cash Equivalents		
	Cash In hand (As certified by Management)	0.75	2.18
	Balances with Banks on Current Accounts	6.64	1.93
	<b>Total</b>	<b>7.39</b>	<b>4.11</b>

<b>Note 10</b>	<b>BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS</b>		
	Fixed Deposits as Margin Money (maturity between 3 months to 12 months)	-	19.56
	Accrued Interest on Fixed Deposit	-	0.45
	Balance earmarked for unclaimed Dividend (Refer note no. 10.1)	3.66	4.47
	<b>Total</b>	<b>3.66</b>	<b>24.48</b>
Note:10.1 :In compliance with the provision of section 124 of the Companies Act 2013, unclaimed dividend amounting to Rs. 0.80 Lacs relating to Financial year 2011-12 has been transferred to Investor Education Protection Fund on 24/10/2019.			

<b>Note 11</b>	<b>CURRENT TAX ASSETS (Net)</b>		
	Advance Payment of Income Tax (net of provision)	34.11	17.16
	<b>Total</b>	<b>34.11</b>	<b>17.16</b>

(Rs. In Lacs)

Note No.	Particulars	As on 31.03.2020	As on 31.03.2019
<b>Note 12</b>	<b>OTHER CURRENT ASSETS</b>		
	Advances to Employees	0.10	0.14
	Advances to Suppliers	5.61	9.71
	Advance for Capital Goods	2.08	4.08
	Prepaid Expenses	0.04	0.85
	Other Receivable	1.00	5.05
	<b>Balances with Indirect Tax Authorities</b>		
	CENVAT paid in advance (Refer Note No.12.1)	-	50.00
	Excise Duty paid under protest (Refer Note 12.2)	8.75	8.75
	Service Tax refundable (Refer Note 12.3)	1.62	1.62
	VAT Input Tax Refundable (Refer note no. 12.4)	382.91	480.70
	GST Refund Claimed	5.00	37.01
	GST Advance	0.15	-
	GST Input Tax Credit (Refer note 12.5)	23.95	98.76
	GST ITC Refundable in Credit Ledger (Refer note 23.1)	78.09	-
	<b>Total</b>	<b>509.29</b>	<b>696.67</b>
	<b>Note 12.1:</b> The Additional Commissioner of Central Excise, Kol-II and Haldia Commissionerate have raised two separate demands with penalty aggregating to Rs. 136.56 lacs out of which Rs. 50.00 lacs was paid in the financial year 2007-08. The Company had filed Appeals against the above demands before the Commissionerate (Appeal - I & II) of Central Excise Kolkata which is settled through SVLDRS during the Year.		
	<b>Note 12.2:</b> The Joint Commissioner of Central Excise, Kol-II have raised demand of Rs. 7.95 lacs. Against which company had filed an appeal before Commissionerate Appeal which later on rejected. Company has paid Rs. 8.75 lacs under protest and filed an appeal before CESTAT. The appeal is still pending.		
	<b>Note 12.3:</b> Company has filed appeal before the Commissioner of Central Excise, Kol-II claiming refund of Rs. 0.52 Lacs in respect of Financial Year 2012-13 and a separate appeal is filed before CESTAT claiming refund of Rs. 1.10 Lacs in respect of Financial Year 2009-10 to 2011-12.		
	<b>Note 12.4:</b> The Company, in respect of its claim for refund of Input Tax Credit amounting to Rs.106.03 lacs for the Financial Year 2005-06 had filed a revision petition u/s 87 of the VAT Act, 2003 against the Appellate Authority's order dt. 25/03/2011, rejecting the appeal. The revision petition is heard and order for Refund of Rs. 100.20 Lacs is passed on 10.01.2020 but refund is not received till the date of Balance sheet. The Company has also filed an appeal before The West Bengal Commercial Taxes Appellate and Revisional Board for the financial year 2007-08 against the order passed by the Joint Commissioner of Sales Tax, Kolkata (South) Circle, rejecting the total claim of ITC for that year and also raised a demand for Rs.100.13 lacs. The revision petition and the appeal are still pending. Claims for the refund of Input Tax Credit in respect of other financial years are at various stages of adjudication with the Sales Tax Department. The company had also been advised by its lawyer that these claims were worked out and made in conformity and compliance with the stipulated rules and procedures.		
	<b>Note 12.5:</b> With effect from 01.06.2018 Company is claiming GST Input Tax Credit in the GST returns only in respect of paid creditors, accordingly GST Input Tax Credit as per books includes Rs. 14.90 Lacs (P.Y. Rs. 19.43 Lacs) which is not claimed in the GST Returns.		



Note No.	Particulars	As on 31.03.2020	As on 31.03.2019
Note 13	<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>		
	Capital work in Progress (Note 13.1)	10.48	-
	Land (Note 13.2)	1.12	-
	<b>Total</b>	<b>11.59</b>	<b>-</b>
<p><b>Note 13.1</b> :In February,2020, the board resolved to sell the machinery acquired for the purpose of the Steel Project in the year 2016-17 and was being carried in Capital Work in Progress. The same in view of the decision has been classified as asset held for sale and is measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in impairment of Rs. 8.06 Lacs in the statement of profit and loss.</p>			
<p><b>Note 13.2</b> : The board in accordance with shareholder's permission has entered into an agreement for sale of part of factory land (Unit I) at 14/1, Station Road, Liluah, Howrah having carrying value of Rs. 1.12 lacs and have received an advance of Rs. 19.13 lacs against a total agreed consideration of Rs. 20.19 lacs which have been accounted for as Advance for sale of Assets classified as held for Sale in Note 23.</p>			

Note No.	Particulars	As on 31.03.2020	As on 31.03.2019
Note 14	<b>SHARE CAPITAL</b>		
	<b>Authorised</b>		
	70,00,000 Equity shares of Rs.10/- each	<b>700.00</b>	<b>700.00</b>
	<b>Issued, Subscribed and Paid-Up</b>		
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	
	<b>Total</b>	<b>345.72</b>	<b>345.72</b>
<b>Note 14.1: Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>			
<b>Equity Shares</b>		<b>No.of Shares in Lacs</b>	<b>No.of Shares in Lacs</b>
At the Beginning of the period		34.57	34.57
Outstanding at the end of the period		34.57	34.57
<b>Note 14.2: Terms/ rights attached to equity shares</b>			
<p>The company has only one class of equity shares having face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.</p>			
<p>In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.</p>			

**(Rs. In Lacs)**

<b>Note 14.3: Details of shareholders holding more than 5% shares in the company</b>					
	<b>Particulars</b>	<b>As on 31.03.2020</b>		<b>As on 31.03.2019</b>	
		<b>No. of shares &amp; Percentage</b>		<b>No. of shares &amp; Percentage</b>	
	Ravindra Prakash Sehgal	575865	16.66%	575865	16.66%
	Suvobrata Saha	573598	16.59%	573598	16.59%
	Madan Mohan Kundu	380120	11.00%	380120	11.00%
	Sumati Sehgal	187675	5.43%	187675	5.43%

<b>Note No.</b>	<b>Particulars</b>	<b>As on 31.03.2020</b>	<b>As on 31.03.2019</b>
<b>Note 15</b>	<b>OTHER EQUITY</b>		
	Capital Reserves	48.84	48.84
	Securities Premium Reserves	306.30	306.30
	General Reserves	493.24	493.24
	Export Business Reserves	26.89	26.89
	Retained Earnings	(481.94)	(487.45)
	<b>Total</b>	<b>393.33</b>	<b>387.82</b>

<b>Note 16</b>	<b>NON CURRENT BORROWINGS</b>		
	<b>From ICICI Bank (Secured Loan)</b>	131.90	141.46
	<b>Total</b>	<b>131.90</b>	<b>141.46</b>
	<b>Note 16.1:</b> The loan is secured by a first charge over office premises of the company with a carrying value of Rs. 100.41 Lacs (31 March 2019: Rs. 102.18 Lacs).		
	<b>Note 16.2:</b> The Loan is repayable in 125 equal monthly installments. Interest @ 9.10% p.a. (P.Y. 9.65% p.a) is charged by the bank. (Effective Interest Rate is 9.40% p.a. (P.Y. 10.027% p.a.)		

<b>Note 17</b>	<b>PROVISIONS</b>		
	Provision for Contingencies (Refer Note No. 12.1)	-	50.00
	Provision for Gratuity	58.47	40.21
	Provision for Leave Encashment	5.18	7.91
	<b>Total</b>	<b>63.65</b>	<b>98.12</b>

<b>Note 18</b>	<b>DEFERRED TAX LIABILITIES</b>		
	The major components of the Deferred tax assets/liabilities based on the tax effect on the timing difference are as follows:		
	<b>Deferred Tax Liability/(Assets)</b>		
	Property, Plant & Equipment and Intangible assets	39.96	90.66
	Provision for Leave Encashment	(1.35)	(2.06)
	Provision for Gratuity	(15.20)	(10.45)
	<b>Net Deferred Tax Liability/(Assets)</b>	<b>23.41</b>	<b>78.15</b>

Note No.	Particulars	As on 31.03.2020	As on 31.03.2019
<b>Note 19</b>	<b>CURRENT BORROWINGS</b>		
	<b>Loans Repayable on Demand</b>		
	<b>From Banks</b>		
	<b>Secured</b>		
	Packing Credit	-	1,529.25
	Bills Purchase Account	-	1,000.95
	Cash Credit	-	67.20
	<b>Total</b>	<b>-</b>	<b>2,597.40</b>
	<b>Note 19.1 :</b> Secured against purchase of bills, hypothecation of stock in trade, Book Debts, and receivables, Term Deposits, Equitable Mortgage of Land / Buildings owned by the Company as well as by some Directors, charge on the existing and future plant & machinery owned by the Company and personal guarantee of some Directors and guarantee by ECGC on pari-passu basis amongst the Bankers including for long term borrowings.		
	<b>Note 19.2:</b> The company had availed credit facility from State Bank of India and Punjab National Bank under consortium Finance arrangement. State Bank of India (Lead Banker) vide its letter dated 21st March, 2018 has classified the credit facility as Non Performing Asset (NPA) and recalled the advances through its letter dated 03.04.2018. Punjab National Bank had also recalled the advances by issuing the notice u/s 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) on 07.06.2018. In the absence of advice/ information, finance cost pertaining to above credit facilities for the period from accounts being classified as NPA could not be ascertained and accounted for in earlier years. During the year under review company has settled the aforesaid dues under One Time Settlement and accounted the interest as settled with the lenders.		

**(Rs. In Lacs)**

Note No.	Particulars	As on 31.03.2020	As on 31.03.2019
<b>Note 20</b>	<b>TOTAL OUTSTANDING DUES OF MICRO AND SMALL ENTERPRISES</b>		
	Principal amount of outstanding dues of Micro and Small Enterprises	123.42	136.31
	Unpaid Interest outstanding at the end of the year	66.76	74.49
	<b>Total</b>	<b>190.19</b>	<b>210.79</b>
	<b>Note 20.1:</b> 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.		
	<b>Note 20.2:</b> 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).		
	<b>Note 20.3:</b> Amount paid to the supplier beyond the appointed day during the year is Rs. 16.67 Lacs (P.Y. NIL).		
	<b>Note 20.4:</b> 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. 7.57 Lacs (P.Y. considered as NIL as the identification / information of MSME Party is received after the date of payment).		
	<b>Note 20.5:</b> Amount of Interest accrued and remaining unpaid at the end of the year is Rs. 66.76 Lacs (P.Y. 74.49 Lacs).		
	<b>Note 20.6:</b> Some Micro and Small enterprises had filed applications before National Company Law Tribunal (NCLT) - Kolkata under section 9 of the Insolvency and Bankruptcy Code, 2016. Company has settled the disputes with parties and the cases before NCLT- Kolkata is withdrawn by them.		
<b>Note 21</b>	<b>TOTAL OUTSTANDING DUES OF CREDITORS OTHER THAN MICRO AND SMALL ENTERPRISES</b>		
	- outstanding dues of creditors other than micro enterprises and small enterprises	1,420.45	1,616.22
	<b>Total</b>	<b>1,420.45</b>	<b>1,616.22</b>

Note	Particulars	As on 31.03.2020	As on 31.03.2019
<b>Note 22</b>	<b>OTHER FINANCIAL LIABILITIES</b>		
	Current maturities of long term debt	10.28	10.52
	Unclaimed Dividend	3.67	4.47
	Interest/ Finance Charges accrued and due on Bank borrowings	0.86	17.81
	Interest accrued but not due on Bank borrowing	1.87	0.90
	Creditors for Capital Goods	17.07	17.72
	<b>Total</b>	<b>33.75</b>	<b>51.43</b>

<b>Note 23</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Advance from Customer	132.60	101.58
	Advance for sale of Assets classified as held for Sale (Refer Note 13.2)	19.13	-
	Statutory Dues		
	Unpaid Dividend distribution Tax	-	2.82
	Provident Fund , Employees State Insurance and Professional Tax	1.85	10.34
	Tax Deducted at Sources	1.21	1.52
	Goods and Service Tax	0.09	0.14
	Demand against Input Tax Credit Refunded (Refer Note: 23.1)	53.09	-
	Interest on demand against Input Tax Credit Refunded	10.72	-
	Demand for Employees State Insurance (Refer Note: 23.2)	15.50	-
	<b>Total</b>	<b>234.18</b>	<b>116.40</b>

**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 along with interest up to the date of payment and claim credit thereof in electronic credit ledger.

**Note 23.2:** Company has received demands from Employee State Insurance Corporation for the Financial year 2014-15, 2015-16 and 2016-17 amounting to Rs. 11.05 Lacs, Rs. 4.03 Lacs and Rs. 3.43 Lacs respectively. Out of total demand Company has paid Rs. 3.01 Lacs for the F.Y. 2014-15 during the year.

**(Rs. In Lacs)**

Note No.	Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Note 24	<b>REVENUE FROM OPERATION</b>		
	(a) Export Sale	12.68	371.01
	Less: Freight	0.04	3.91
		<b>12.64</b>	<b>367.10</b>
	(b) Domestic Sale	768.48	328.47
	(c) Other operating revenue		
	- Export Incentives - Realised	0.22	28.92
	- Discounts	-	2.48
	- Others	1.00	14.07
		<b>Total</b>	<b>782.34</b>
	<b>Note 24.1 : Details of Products Sold</b>		
	(a) Castings	778.14	680.65
	(b) Others	2.98	14.92

Note No.	Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Note 25	<b>OTHER INCOME</b>		
	Rent Received	8.34	-
	Discounts	3.50	-
	<b>Interest Income on</b>		
	- Fixed Deposits	0.07	2.76
	- Security Deposits	0.47	1.79
	- Income Tax Refund	0.10	-
	- Others	0.01	4.48
	Profit on sale of Property, Plant and Equipment, Intangible Assets and CWIP	1,640.68	48.41
	Exchange Rate Difference (Net)	137.33	172.89
	Liability no longer Required Written Back	11.59	15.19
		<b>Total</b>	<b>1,802.08</b>

<b>Note No.</b>	<b>Particulars</b>	<b>For the year ended 31.03.2020</b>	<b>For the year ended 31.03.2019</b>
<b>Note 26</b>	<b>COST OF MATERIALS CONSUMED AND OTHER MANUFACTURING EXPENSES</b>		
	<b>Raw Materials Consumed</b>		
	Opening Stock	5.63	38.23
	Add : Purchases (Net of GST)	382.29	175.42
		<b>387.92</b>	<b>213.65</b>
	Less : Closing Stock	12.63	5.63
		<b>375.30</b>	<b>208.02</b>
	Consumable Stores & Spares Consumed	43.82	37.87
	Power & Fuel	82.63	116.84
	Other Manufacturing Expenses	6.96	15.86
	Labour Contractor	104.77	71.99
	Factory Rent	4.32	4.32
	Carriage Inward	11.14	6.85
	Pollution Control Expenses	1.05	0.02
	Repairs & Maintenance :		
	To Machinery & Others	28.39	15.37
	To Shed & Godown	2.57	0.91
	<b>Total</b>	<b>660.94</b>	<b>478.04</b>
	<b>Note 26.1 : Details of Raw Material Consumed</b> (Including Wastage)		
	<b>Indigenous</b>		
	Pig Iron	221.35	148.71
	Scrap	150.37	56.37
Others	3.58	2.94	
<b>Total</b>	<b>375.30</b>	<b>208.02</b>	
<b>Note 26.2 : Details of Closing Stock of Raw Materials</b>			
<b>Raw Materials</b>			
Pig Iron	2.60	1.71	
Scrap	9.47	2.07	
Others	0.55	1.85	
<b>Total</b>	<b>12.63</b>	<b>5.63</b>	

**(Rs. In Lacs)**

<b>Note No.</b>	<b>Particulars</b>	<b>For the year ended 31.03.2020</b>	<b>For the year ended 31.03.2019</b>
<b>Note 27</b>	<b>COST OF TRADING GOODS</b>		
	Castings	5.93	10.54
	Stores & Spares	3.53	14.92
	<b>Total</b>	<b>9.46</b>	<b>25.45</b>
<b>Note 28</b>	<b>CHANGES IN INVENTORIES</b>		
	Opening Stock	50.48	276.53
	Less : Closing Stock	51.86	50.48
	<b>Increase / Decrease in Stock</b>	<b>(1.38)</b>	<b>226.05</b>
	<b>Note 28.1: Details of Closing Stock of Finished Goods</b>		
	Casting	51.86	50.48
<b>Note 29</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	Salaries	120.48	201.08
	Directors Remuneration	31.41	33.10
	Wages	7.45	10.03
	Bonus	10.44	19.55
	ESI Contribution	3.53	7.41
	Workmen & Staff Welfare Expenses	2.79	2.76
	Contribution to PF and other Funds	11.21	13.57
	Gratuity	6.75	19.79
	<b>Total</b>	<b>194.05</b>	<b>307.29</b>
<b>Note 30</b>	<b>FINANCE COST</b>		
	<b>Interest :</b>		
	- Bank on other than term loan ( Refer note 19.2 )	126.27	6.62
	- Bank on Term Loan	13.67	15.21
	- a body corporate	-	0.72
	- Micro and Small Enterprises	1.27	74.49
	- Duties and Taxes	51.15	-
	- Trade Liability	1.09	-
	Bank Charges	0.58	3.34
	Export Guarantee Fees	-	3.04
	Finance Charges	0.06	0.01
	<b>Total</b>	<b>194.10</b>	<b>103.42</b>



Note No.	Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>Note 31</b>	<b>OTHER EXPENSES</b>		
	Clearing & Forwarding Expenses (Export) (Including Carriage Outward)	4.57	8.25
	Repairs & Maintenance To Other Assets	9.29	9.23
	Electricity Charges	5.16	5.61
	Rates & Taxes	14.65	29.00
	Recovery Charges/ Commission	7.29	-
	Discount Allowed	-	11.79
	Insurance	1.44	2.57
	Packing Charge	15.37	9.39
	Payment to Auditors (Refer note 31.1)	4.90	4.80
	Director's Meeting Fees	3.48	3.25
	Legal & Professional Expenses	6.73	2.63
	Communication Expenses	3.22	5.81
	Inspection Service Charges	0.45	7.68
	VAT/Excise duty/GST adjustments as per assessment	23.10	48.95
	ESI expenses as per assessment	18.04	-
	Sundry Debit Balance Written Off	1,298.37	0.70
	Payment to creditors on settlement	-	6.37
	Property Plant and Equipments Written off	-	0.18
	Security Service Charges	13.75	6.36
	Fair value loss on financial instruments at fair value through profit or loss	2.21	-
	Service Charges	19.63	22.47
	Travelling & Conveyance	4.58	4.93
	Miscellaneous Expenses	14.61	17.03
	<b>Total</b>	<b>1,470.84</b>	<b>207.03</b>
	<b>Note 31.1 :Payment to Auditors Includes</b>		
	- Statutory Audit Fees	4.00	4.00
	- Tax Audit Fees	0.50	0.50
	- Other services	0.40	0.30
	<b>Total</b>	<b>4.90</b>	<b>4.80</b>
<b>Note 32</b>	<b>OTHER COMPREHENSIVE INCOME</b>		
<b>(A)</b>	<b>Items that will not be reclassified to profit or loss</b>		
	Remeasurements of the defined benefit plans	(38.75)	18.28
	Income Tax Relating to these items	10.07	(4.75)
		<b>(28.67)</b>	<b>13.53</b>
<b>(B)</b>	<b>Items that will be reclassified to profit or loss</b>		
	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 31.03.2020	For the year ended 31.03.2019
<b>Note 33</b>	<b>Earning Per Share</b>		
<b>1)</b>	<b>Basic Earning Per Share</b>		
(a)	Net Profit after Tax (Rs.)	34.18	(468.48)
(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)	0.99	(13.55)
(d)	Face Value per equityshare (Rs.)	10.00	10.00
<b>2)</b>	<b>Diluted Earning Per Share</b>		
(a)	Net Profit after Tax (Rs.)	0.99	(13.55)
(b)	Weighted average number of equity Shares outstanding at the end of the Year (No. of Shares)	34.57	34.57
(c)	Basic and Diluted Earning Per Share (Rs. ) (a/b)	0.03	(0.39)
(d)	Face Value per Equity Share (Rs.)	10.00	10.00

**Note 34: OTHER NOTES**

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

ii) **Contingent liability not provided for in respect of :**

**(Rs. in lacs)**

	<u>31.03.20</u>	<u>31.03.19</u>
a) Disputed Duty & Penalty under Central Excise Law	-	136.55
b) Disputed Vat Demand for the Financial Year 2007-08	100.13	100.13
c) Disputed Input Tax credit of VAT for Financial Year 2007-08	162.21	162.21
d) Duty drawback received , subject to export realisation.	63.07	73.46

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

- iii) The company recognises overdue interest on export sales as and when the sale proceeds is realised as mutually agreed. During the year the Company has not received/claimed any overdue interest on realisation of Export Sales.

- iv) Central Excise department has investigated and based on that the Company has part paid/reversed cenvat duty which the Company has claimed to be an advance. The matter is settled during the year under SVLDRS.

v) **Gratuity and Other Post-Employment Benefit Plans:**

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

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

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

**Profit and Loss Account**

Net employee benefit expense (recognised in Employee Cost)

	2019-20		2018-19	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	3.73	0.44	3.18	0.84
Interest Cost	3.02	0.59	8.36	1.10
Expected return on plan assets	-	-	-	-
Curtailement Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Amortization of Past Service Cost	-	-	-	-
Actuarial Losses / (Gains)	38.75	(0.48)	(18.28)	(3.36)
<b>Total Expenses recognised in the</b>	<b>45.50</b>	<b>0.55</b>	<b>(6.74)</b>	<b>(1.42)</b>

**Statement of Profit & Loss**

**Balance Sheet**

	2019-20		2018-19	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present Value of Defined Benefit Obligation	58.47	5.18	40.21	7.91
Fair Value of Plan Assets	-	-	-	-
Funded Status [Surplus/(Deficit)]	(58.47)	(5.18)	(40.21)	(7.91)
Effect of Balance Sheet Asset Limit	-	-	-	-
Unrecognised Past Service Costs	-	-	-	-
<b>Net Asset/(Liability) recognised in</b>	<b>(58.47)</b>	<b>(5.18)</b>	<b>(40.21)</b>	<b>(7.91)</b>

**Balance Sheet**

(Rs. In Lacs)

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

	2019-20		2018-19	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening defined benefit obligation	40.21	7.91	108.60	14.29
Current Service Cost	3.73	0.43	3.18	0.84
Interest Cost	3.02	0.59	8.36	1.10
Curtailement Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Employee Contribution	-	-	-	-
Plan Amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains)/Losses	38.75	(0.48)	(18.28)	(3.35)
Benefits Paid	(27.24)	(3.27)	(61.65)	(4.97)
<b>Closing defined benefit obligation</b>	<b>58.47</b>	<b>5.18</b>	<b>40.21</b>	<b>7.91</b>

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

	2019-20		2018-19	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening fair value of plan assets	-	-	-	-
Actual return on plan assets	-	-	-	-
Actual Company Contributions	27.24	3.27	61.65	4.97
Employee Contributions	-	-	-	-
Benefits paid	(27.24)	(3.27)	(61.65)	(4.97)
<b>Closing fair value of plan assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The principal assumptions are the (1) discount rate &amp; (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:

	2019-20		2018-19	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate per annum compounded	6.50%	6.50%	7.50%	7.50%
Rate of increase in salaries	5.00%	5.00%	5.00%	5.00%
Expected Average remaining working lives of employees (years)	12.26	13.47	15.02	15.99

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:

	2019-20		2018-19	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined benefit obligation	58.47	5.18	40.21	7.91
Plan Assets	-	-	-	-
<b>Surplus / (deficit)</b>	<b>(58.47)</b>	<b>(5.18)</b>	<b>(40.21)</b>	<b>(7.91)</b>

The above information and data are based on actuarial certification .

- vi) In the opinion of the board, all Current Assets and Non-Current Assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the accounts. Balance confirmation from certain vendors are yet to be received by the company.
- vii) The assets and liabilities which are expected to be realised and payable in the ordinary course of business not later than 12 months from the reporting date have been classified as current assets and current liabilities in the Balance Sheet. All other assets and liabilities have been classified as non-current.
- viii) The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced.

Sales Revenue By Geographical Market	(Rs. in lacs)	
	2019-20	2018-19
<b>Export Sales (Net of Freight)</b>		
North America	12.64	59.51
Middle East	-	40.64
Europe	-	266.95
<b>Domestic Sale (Excluding Duty and Tax)</b>	<b>768.48</b>	<b>328.47</b>

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

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

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x) Related party disclosures and transactions :

(Rs. In Lacs)

Sl. No.	Name	Relationship	Nature of Transaction	Amount (Rs. In Lacs)	Outstanding (Rs. In Lacs)
1	Mr.R.P.Sehgal	Managing Director	Remuneration	13.11 (13.68)	10.88 (7.37)
			Meeting Fees	0.82 (0.70)	0.37 (0.15)
2	Mr.Suvabrata Saha	Jt. Managing Director	Remuneration	12.54 (13.96)	9.47 (8.91)
			Meeting Fees	0.40 (0.20)	0.25 (0.10)
3	Mr. Arun Kumar Bose	Whole time Director	Remuneration	5.76 (5.46)	0.96 (1.44)
			Meeting Fees	0.60 (0.50)	0.27 (0.10)
4	Mr. Manoj Bose *	Non Executive Director	Meeting Fees	0.65 (0.85)	-
5	Dr. Scephali Roy	Non Executive Director	Meeting Fees	0.91 (0.85)	0.24 ((Nil))
6	Mr. Gautam Mukherjee**	Non Exceutive Director	Meeting fees	(Nil) (0.15)	-
7	Subir Chatterjee ***	Non Executive Director	Meeting fees	0.10 (Nil)	0.09 (Nil)
8	Mr. Sanjay Agarwal	Company Secretary	Remuneration	9.36 (9.36)	2.08 (3.16)
9	Mr. Biplab Ganguly (Resigned on 07.08.2018)	Chief Financial Officer	Remuneration	(Nil) (2.81)	(Nil) (4.14)
10	Mr. Abhijit Biswas (Resigned on 30.06.2018)	Officer-Corporate Affairs	Remuneration	(Nil) (2.01)	(Nil) (3.16)
11	Mr.Somnath Pradhan (Joining from 01.02.2019)	Chief Financial Officer	Remuneration	4.36 (0.72)	0.91 (0.66)
12	Nacip INC	Body Corporate over which Key Management personel are able to exercise significant influence.	Export Sale	Nil (27.82 )	1752.80 (1608.08)
			Late payment Int.	Nil (Nil)	43.61 (40.01)
			Export Proceeds Realised	Nil (376.45)	

\* Due to demise of Mr. Manoj Bose, his term as Director ended on 13/02/2020.

\*\* Due to the resignation of Mr. Gautam Mukherjee his term as director ended on 31/03/2019.

\*\*\* Mr. Subir Chatterjee was inducted as director on 22/02/2020

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

(Rs. in lacs)

	<u>31.03.20</u>	<u>31.03.2019</u>
<b>a) Earnings in Foreign Exchange during the year</b>		
Export of Goods (F.O.B)	12.64	367.10
Others	-	14.07
<b>b) Expenditure in Foreign Currency</b>		
a. Travelling & Conveyance	0.65	1.80
b. Licence Fees	-	4.52
c. Recovery Charges/ Commission	7.29	-
d. Foreign Bank Charge	0.03	1.47
e. Inspection Charges	-	2.90
f. Discount Allowed	-	11.79
g. Interest	-	0.72

xii) **Financial Instrument**

**Financial Instrument by category**

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

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020

Particulars	Fair value measurement at end of the reporting period/ year using Amount (Rs. In Lacs)		
	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in equity instruments	1.13	-	-
Derivative financial instruments	-	-	-
<b>Liabilities</b>			
Derivative financial instruments	-	-	-

Note:-

- a) Other Financial Assets and Liabilities are stated at amortised cost which is approximately equal to their fair value.
- b) Derivative are fair valued using Market observable rates and Published price together with forecast cash flow information where applicable.
- c) There have been no transfers between level 1 and Level 2 for the years ended March 31, 2020.

### xiii) **Financial risk management objective and policies**

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

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

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

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

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



Particulars	On Demand	Past due		Total
		Less Than Year	More than Year	
<b>As at 31st Mar, 2020</b>				
Borrowings	-	10.28	131.90	142.18
Trade Payables		1,610.63		1610.63
Other Financial Liabilities		33.75		33.75
<b>Total</b>	<b>-</b>	<b>1654.67</b>	<b>131.90</b>	<b>1786.57</b>
<b>As at 31st Mar, 2019</b>				
Borrowings	2,597.40	10.52	141.46	2,749.38
Trade Payables		1,827.01		1,827.01
Other Financial Liabilities		51.43		51.43
<b>Total</b>	<b>2,597.40</b>	<b>1,888.97</b>	<b>141.46</b>	<b>4,627.82</b>

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

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

- xiv) **Impact of the COVID-19 pandemic on the business:** In view of the pandemic the entire business cycle and environment has apparently slowed down and the company is also affected. The order position of the company is good but it can be significantly affected by lower availability of skilled and unskilled labour. Accordingly, the company operation may be significantly impacted due to the same and the revenue will take a beating.

**Ability to maintain operations including the factories/units/office spaces functioning and closed down:** The company management has taken all measures to keep its operations unaffected however despite having given assurance to the skilled and unskilled labour some of them have chosen to return to their native places. Accordingly, it would be apparently difficult to get them all back soon and accordingly production of goods at factory will suffer which will impact the revenue of the company.

**Schedule, if any, for restarting the operations:** The company management has taken appropriate safety measures at its factory, warehouse and office which have all been regularly sanitized and the company has started the production at works with limited labor strength and only the essential staff .

**Steps taken to ensure smooth functioning of operations:** The management of the company is also in touch with the labours who were previously employed to come back and resume their duty.

**Estimation of the future impact of CoVID-19 on its operations:** The management of the company as stated herein above foresee some downfall in production due to lack of human resource as well as frequent lock down in the state.

### **Details of impact of CoVID-19 on Company -**

- **capital and financial resources;** The problem of adequate capital and financial resources were already posing challenge in front of the company even before the pandemic but due to pandemic the same stands more aggravated.
- **profitability;** If arrangement of adequate working capital and negotiation of credit terms with creditors is not successfully worked out then the company will not be able to show significant profit in the coming financial year.
- **liquidity position;** The liquidity position of the company continues to be grim and which has further deteriorated with the outbreak of the pandemic.
- **ability to service debt and other financing arrangements;** The company does not have substantial debt to service though with the curtailed business operation the same can also pose challenge.
- **assets;** The major fund of the company is entangled as Receivables and only on successful realisation of the same the company will be able to streamline its operations. However the Company does have land and property which are not mortgaged and free of any charge.
- **internal financial reporting and control;** The company's business operation and business activity are at low level and with the existing staff strength the management of the company perceives no hurdle in internal financial reporting and control.
- **supply chain;** The supply chain consists of unsecured creditors who have been supporting the company during the hard time it is passing through. The company is in negotiation with them in order to liquidate their dues in phases and has resumed supply of goods and services on revised credit terms.
- **demand for its products/services;** The products manufactured by the company are accepted and certified by all the European and American standards and continues to be in demand. However, due to non availability of adequate working capital and financial resources the company is not able to manufacture larger volumes and cater to the demand of its products in foreign markets. Accordingly, the company is now focussing on domestic demand and in order to scale up is also identifying new domestic customers.

xv) The "Turnaround Plan" of the Company as approved by the Board of Directors is in the process of implementation. In accordance with the turnaround plan, the company was able to successfully sell off part of its undertaking and

also realise money against the claim lodged with ECGC and was able to pay and settle the dues under One Time Settlement entered into with secured lenders Viz. State Bank of India and Punjab National Bank. However, the Company has been able to post a meager profit of Rs 34.18 Lacs (P.Y. Loss of Rs. 468.48 Lacs) primarily because of accounting of profit on sale of assets. Moreover, the accumulated losses as at the end of the year is Rs. 481.94 Lacs (P.Y. 487.45 Lacs) and there are substantial payments overdue to creditors and others. These conditions together with losses coupled with tight liquidity conditions pose serious challenge to the Company indicating the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. To address this and improve upon its operating and financial performance, the Company is in the process of implementing a comprehensive 'Turnaround Plan' by focusing on a number of measures viz.

- i. Collection agency have been engaged from the panel available with ECGC to recover foreign debtors
- ii. Initiation of Legal Cases against foreign debtors
- iii. Increasing the production level at Unit 1 by scaling of operation
- iv. Identifying more domestic buyers in order to reduce the dependency on foreign buyers and thereby de risk the business and revenue stream.
- v. Continuing its efforts to Identify Strategic Investors having International presence to join the company which will help to scale up the operations.
- vi. Increase efforts to ensure early realisation of amount i.e. refundable taxes or duties lying with different Revenue Authorities.
- vii. Efforts to negotiate with creditors in order to arrive at mutually agreed settlement and payment to them in accordance with the terms finalised in order to avoid litigation and thereby renewing business relationship so that the supply chain can be streamlined.
- viii. Arrangement for financial resources to meet the working capital requirement.

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

## NOTES



**NOTES**



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**Carnation Industries Ltd.**

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