

CARNATION INDUSTRIES LIMITED

CIN NO.: L27209WB1983PLC035920

Regd. Office: 28/1, Jheel Road, Liluah, P.O. Salkia, Howrah – 711 106

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POSTAL BALLOT NOTICE

[PURSUANT TO SECTION 110 OF THE COMPANIES ACT, 2013, READ WITH THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

Dear Member(s),

Notice is hereby given that pursuant to the provisions of Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and other applicable laws and regulations, that the resolution in relation to Slump Sale of “Uluberia Unit and /or Warehouse” of the Company situated at Mauza Rauta, Kaijuri, J.L. 66, Uluberia, Howrah - 711316 and 28/1 Jheel Road, Howrah 711 106 respectively is proposed to be passed by the Members through postal ballot / electronic voting (remote e-voting).

The proposed resolution along with the explanatory statement setting out the material facts and reasons there to is appended herewith and a Postal Ballot Form (the Form) is enclosed for your consideration.

The Board of Directors of the Company (the “Board”) has appointed Ms. Bidisha Achari, Practicing Company Secretary, Partner of MKB & Associates as Scrutinizer for conducting the postal ballot process and remote e-voting in a fair and transparent manner. Members desiring to exercise their vote by postal ballot are requested to carefully read the instructions printed on the Form and return the same duly completed. The duly completed Form should reach the Scrutinizer not later than 17:00 Hours (IST) on 26th December, 2018 (Wednesday).

Members desiring to opt for remote e-voting as per the facilities arranged by the Company are requested to read the instructions in the Notes under the section ‘Voting through electronic means’ in this Notice.

The Scrutinizer will submit his report to the Chairman or any other Director of the Company after the completion of the scrutiny of the postal ballot forms and votes cast through remote e-voting. The result of postal ballot (including remote e-voting) shall be declared on or before 28th December, 2018 (Friday) and communicated to the Stock Exchanges, the depositories and the Registrar and Share Transfer Agent and would also be displayed on the Company’s website at www.carnationindustries.com

SPECIAL RESOLUTION TO BE PASSED THROUGH POSTAL BALLOT FOR SLUMP SALE OF “ULUBERIA UNIT AND/OR WAREHOUSE” OF THE COMPANY SITUATED AT MAUZA RAUTA, KAIJURI, J.L. 66, ULUBERIA, HOWRAH- 711 316 AND 28/1 JHEEL ROAD, LILUAH, P.O. SALKIA, HOWRAH-711 106 RESPECTIVELY.

To consider and if thought fit, to pass the following Resolution as a Special Resolution

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and subject to such approvals and permissions as may be required

from governmental, regulatory or judicial authority including requisite approvals as may be required from the lenders and other authorities if any, Consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (the “Board”) to sell, lease, transfer, assign or otherwise dispose of the “Uluberia Unit and/or Warehouse’ of the Company situated at Mauza Rauta, Kaijuri, J.L. 66, Uluberia, Howrah - 711 316 and 28/1, Jheel Road, Howrah – 711 106respectively with related assets and liabilities (as identified) on Slump Sale basis (as defined under the Income Tax Act,1961) or otherwise to a Prospective buyer(s) (to be identified by the Board) as a going concern for a lump sum cash consideration as agreed between the Board and the Prospective buyer(s) on such terms and conditions and with effect from such date and such manner as the Board think fit and proper.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, to execute, deliver and perform such agreements, contracts, deeds and other documents, file applications and make representations in respect thereof and seek approval from relevant authorities, including Government/Semi Government/Quasi Government authorities, lenders, financial institutions, legislative bodies, regulatory or administrative authorities, statutory bodies, in this regard, and deal with any matters, take necessary steps in the matter as the Board may in its absolute discretion deem necessary, desirable or expedient to give effect to this resolution, and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to Managing Director and Jt. Managing Director of the Company to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respects.”

By Order of the Board-
For Carnation Industries Limited

Sanjay Agarwal
Company Secretary

Place : Kolkata
Date : 12.11.2018

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, stating all material facts and the reasons for the proposals set out above is annexed herewith.
2. The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members / List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) on 16.11.2018 (cut-off date). Accordingly, the Members whose names appear on the Register of Members / List of Beneficial Owners received from the National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) as on 16.11.2018 will be considered for the purpose of voting.
3. Corporate and institutional members shall be entitled to vote through their authorized representative with proof of their authorization as stated in the instructions for e-voting.
4. The Board has appointed Ms. Bidisha Achari, Practicing Company Secretaries, Partner of, MKB & Associates as the Scrutinizer for conducting the postal ballot / remote e-voting process in a fair and transparent manner.
5. The dispatch of the Postal Ballot Notice and the Explanatory Statement shall be announced through an advertisement in at least 1 (one) English newspaper having country wide circulation and at least 1 (one) Bengali newspaper having circulation in Howrah District, and published on the Company website.
6. As per the provisions of Section 110 other applicable provisions of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, the Postal Ballot Notice is being sent by email to those Members who have registered their email addresses with their Depository Participants (in case of shares held in demat form) or with the Company's Registrar and Share Transfer Agent (in case of shares held in physical form). For Members whose email IDs are not registered, physical copies of the Postal Ballot Notice are being sent by permitted mode along with postage prepaid self-addressed Business Reply Envelope.
7. In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), the Company is pleased to provide remote e-voting facility to all its Members, to enable them to cast their votes electronically instead of dispatching the physical Postal Ballot Form by post. The Company has engaged the services of NSDL for the purpose of providing e-voting facility to all its Members. Please note that remote e-voting is an alternate mode to cast votes and is optional.
8. Members can opt for only one mode of voting, i.e., either by physical ballot or remote e-voting. In case Members cast their votes through both the modes, voting done by remote e-voting shall prevail and votes cast through physical postal ballot forms will be treated as invalid. The instructions for electronic voting are annexed to this notice.
9. In case a Member is desirous of obtaining a printed Postal Ballot Form or a duplicate, he or she may send an e-mail to evoting@carnationindustries.com. The Registrar and Transfer Agent of the Company shall forward the same along with postage prepaid self-addressed Reply Envelope to the Member.
10. A Member cannot exercise his/her vote by proxy on postal ballot.
11. Members desiring to exercise their vote by physical postal ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed

and signed, in the enclosed postage prepaid self-addressed Reply Envelope to the Scrutinizer, so that it reaches the Scrutinizer not later than close of working hours i.e. 17:00 Hours (IST) on 26th December, 2018 (Wednesday) to be eligible for being considered, failing which, it will be strictly considered that no reply has been received from the Member. Envelopes containing postal ballots, if sent by courier or registered / speed post at the expense of the Members will also be accepted. The Postal Ballot Form(s) may also be deposited personally at the address given on the postage prepaid self-addressed Reply Envelope.

12. In case of joint-holding, the Postal Ballot Form must be completed and signed (as per the specimen signature registered with the Company) by the first named Member and in his/her absence, by the next named Member.
13. Unsigned, incomplete, improperly or incorrectly ticked Postal Ballot Forms shall be rejected.
14. The Scrutinizer will submit his report to the Chairman after the completion of scrutiny of the postal ballots (including remote e-voting). The result of the voting by postal ballot will be announced by the Chairman or any Director of the Company duly authorized, on or before 28th December, 2018 (Friday) at the Registered Office of the Company and will also be displayed on the website of the Company (www.carnationindustries.com) and on the website of NSDL (<https://www.evoting.nsdl.com>) immediately after the results are declared and simultaneously communicated to the Stock Exchanges. The results of e-voting shall be displayed on the Notice Board of the Company at its Registered Office.
15. All the material documents referred to in the explanatory statement will be available for inspection at the Registered Office of the Company during office hours on all working days from the date of dispatch of the Notice till 26th December, 2018.

16. REMOTE E-VOTING

The business set out in the notice may be transacted through electronic voting system and the Company is providing facility for voting electronic means. Pursuant to the provisions of Sections 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), the Company is pleased to provide remote e-voting facility as an alternate to its members to cast their votes electronically on the resolution set forth in the Notice of Postal Ballot. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the remote e-voting facility.

The members whose name appear in the Register of Members /List of Beneficial owners as on 16.11.2018 (cut-off date), are entitled to vote on the resolution set forth in this Notice.

The remote e-voting period will commence on 27.11.2018 (9.00 hrs) and will end on 26.12.2018 (17:00 hrs). During this period, Members of the Company holding shares either in Physical form or in dematerialized form as on the cut-off date may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter, Members will not be able to cast their votes electronically beyond the date and time mentioned above.

The Company has appointed Ms. Bidisha Achari, Practicing Company Secretaries, Partner of MKB & Associates to act as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure for remote e-voting given hereunder.

PROCEDURE AND INSTRUCTIONS FOR E-VOTING:

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 are 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. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat or Physical	
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
 - a) If you are already registered 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 enter the ‘initial password’ and the system will force you to change your password.

- c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the 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, your ‘initial password’ is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
 - a) Click on **“Forgot User Details/Password?”**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?”** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at **evoting@nsdl.co.in** mentioning your demat account number/folio number, your PAN,your name and your registered address.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 are 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 company for which you wish to cast your vote.
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. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to **scrutinizermkb@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. This would be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of **www.evoting.nsdl.com** or call on toll free no.: 1800-222-990 or send a request at **evoting@nsdl.co.in**

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

The Company presently engaged in the business of manufacture of Castings and M S Products.

The Board in its meeting held on 12.11.2018 has carried out a comprehensive review of the ongoing business operations of the Company and the financial crisis and challenges facing the management in running the business as the operations of the Company resulted a net loss of Rs. 15.85 Lakhs for the first quarter ended on 30.06.2018. The Board also took into consideration the net loss of Rs 653.45 Lakhs recorded by the Company for the financial year 2017-18. The Board is of the opinion that the Company is in need of funds for reducing its debt burden which is increasing day by day.

The Business is operating under challenging environment due to various factors as high cost of raw material /supplies, high Interest Cost and the banks reducing the borrowing powers and then stopping abruptly funding of the working capital are the factors that have led to the recent negative performance of the Company. This is the reason that has led the Company to take the decision of the slump sale to raise funds to restructure the finance of the Company. The Board of Directors, after evaluating the feasibility of various options, have decided to recommend for your approval to sell, lease, transfer, assign or otherwise dispose off the “Uluberia Unit and/or Warehouse’ of the Company situated at Mauza Rauta, Kaijuri, J.L. 66, Uluberia, Howrah -711 316 and 28/1 Jheel Road, Howrah - 711 106 respectively with related assets, as identified, on a going concern basis by way of slump sale for a lump sum cash consideration or otherwise for which it is seeking the approval of members. This will enable the Board to consider sale or dispose of “Uluberia Unit and /or Warehouse” as a part of financial restructuring to come out of the severe financial crisis facing the Company.

Section 180(1)(a) of the Companies Act, 2013 ('the Act') provides that the Board of Directors of a company shall not except with the consent of the Members by way of a special resolution through postal ballot, sell, lease, transfer, assign or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company. Explanation (i) to Section 180(1) (a) of the Act provides that the expression "undertaking" for the purpose of Section 180(1) (a) of the Act shall mean an undertaking in which the investment of the company exceeds twenty percent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty percent of the total income of the company during the previous financial year. Since the proposed transfer of the "Uluberia Unit and/or Warehouse" of the Company situated at Mauza Rauta, Kaijuri, J.L. 66, Uluberia, Howrah - 711 106 and 28/1 Jheel Road, Howrah - 711 106 respectively by way of a slump sale as going concern shall exceed or expected to exceed the specified limits mentioned above, the resolution in the accompanying notice is proposed to seek Members' approval through special resolution.

The Company will also obtain the Valuation Report and any other approvals, consents and permissions, as may be required for this transaction.

The Board is of the opinion that the aforesaid Resolution is in the best interest of the Company and hence recommends the Special Resolution for your approval.

None of the Directors / Key Managerial Personnel/Managers of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding / directorship, if any.

By Order of the Board-
For Carnation Industries Limited

Sanjay Agarwal
Company Secretary

Place : Kolkata
Date : 12.11.2018