

Annual Report 2014 - 2015



CARNATION INDUSTRIES LTD.

BOARD OF DIRECTORS

Mr. Ramesh Chandra Jha
Mr. Ravindra Prakash Sehgal
Mr. Suvabrata Saha
Mr. Arun Kumar Bose
Mr. Manoj Bose
Mr. Debajyoti Chakrabarti
Dr. Sephali Roy

- Chairman
- Managing Director
- Joint Managing Director
- Whole Time Director
- Independent Director
- Independent Director
- Independent Director (w.e.f. 9.4.2015)

REGISTERED OFFICE

28/1, Jheel Road
Liluah, P.O. Salkia, Howrah - 711 106
Telephone: (033) 2645 4785

AUDIT COMMITTEE

Mr. Ramesh Chandra Jha
Mr. Manoj Bose
Mr. Debajyoti Chakrabarti
Mr. Ravindra Prakash Sehgal
Mr. Suvabrata Saha

NOMINATION & REMUNERATION COMMITTEE

Mr. Debajyoti Chakrabarti
Mr. Ramesh Chandra Jha (upto 26.5.2015)
Mr. Manoj Bose
Dr. Sephali Roy (from 26.5.2015)

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Ramesh Chandra Jha
Mr. Ravindra Prakash Sehgal

COMPANY SECRETARY

Mr. Sanjay Agarwal

AUDITORS

M/s. Jain & Bagaria
Chartered Accountants
27/8A, Waterloo Street
Kolkata-700 069

BANKERS

State Bank of Hyderabad
Punjab National Bank

CORPORATE OFFICE

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

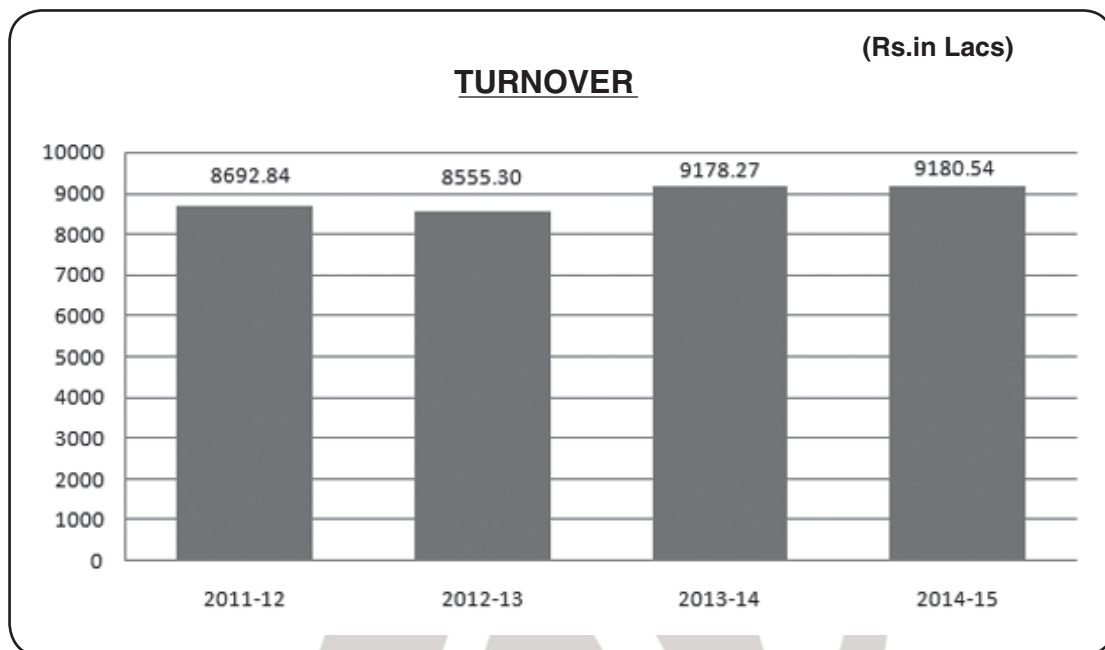
REGISTRAR & SHARE TRANSFER AGENTS

R&D Infotech Private Limited
7A, Beltala Road, 1st Floor
Kolkata – 700 026

Phone: (033) 24192641, 24192642
Email: rd.infotec@vsnl.net

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Mr. Ravindra Prakash Sehgal, Managing Director



Mr. Suvabrata Saha, Jt. Managing Director

NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the Members of Carnation Industries Limited will be held on Monday, 28th September, 2015 at 10.00 A.M. at "SARAT SADAN", 5, Mahatma Gandhi Road, Howrah- 711 101 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2015 together with the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Arun Kumar Bose (DIN: 00131295) who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139 and 142 of the Companies Act, 2013 and relevant rules prescribed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the resolution of the Members passed at the 31st Annual General Meeting held on 26th September, 2014, the appointment of M/s. Jain and Bagaria, Chartered Accountants (Registration No. 310045E) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting be and is hereby ratified, on a remuneration and reimbursement of expenses in connection with the audit of the accounts of the Company, to be fixed by the Board of Directors."

SPECIAL BUSINESS

5. 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 Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") including any statutory modification(s) or re-enactment thereof, for the time being in force, Dr. Sephali Roy (DIN 07151823) who was appointed as an Additional Director of the Company by the Board of Directors with effect from April 9, 2015 and who holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and Article 99 of the Company's Article of Association and in respect of whom the Company has received a notice in writing, under Section 160 of the Companies Act, 2013, from a member proposing her candidature for the office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years i.e. upto 8th April, 2020 and whose office shall not be liable to retire by rotation."
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 for the re-appointment of Mr. R. P. Sehgal (DIN 00119477) as the Managing Director of the Company for a period of 5 years with effect from 1.9.2015, on such terms and conditions including remuneration as enumerated in the Explanatory Statement to this Notice and the Agreement dated 28th February, 2015 as placed before the meeting is hereby specifically approved.

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. R. P. 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.”

7. 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. Suvabrata Saha (DIN 00131180) as the Jt. Managing Director of the Company for a period of 5 years with effect from 1.9.2015, on such terms and conditions including remuneration as enumerated in the Explanatory Statement to this Notice and the Agreement dated 12th February, 2015 as placed before the meeting is hereby specifically approved.

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 : 12.8.2015

(Sanjay Agarwal)
Company Secretary

NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.**

A person can act as proxy on behalf of member or members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. Members / Proxies should bring the attendance slip along with their copy of Annual Report to the meeting.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. Statement containing details of the Directors seeking appointment/re-appointment at the Meeting as required under Clause 49 of the Listing Agreement is annexed.
6. Pursuant to the provision of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 24, 2015 to Monday, September 28, 2015 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
7. The dividend on Equity Shares, if declared at the Meeting, will be credited/dispatched between October 5, 2015 to 10th October, 2015 to those members whose name shall appear on the Company's Register of Members on 23rd September, 2015. In respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owner as on that date.
- 8.i. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Share Transfer Agents, M/s. R&D Infotech Pvt. Ltd. cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participants of the members.
- 8.ii. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrars and Share Transfer Agents, M/s. R & D Infotech Private Limited.

9. The facility for making nomination is available to the members in respect of the shares held by him.
10. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all working days upto the date of the Meeting.
11. SEBI has made it mandatory for all Companies to use bank details furnished by the investors for distributing dividend to them through National Electronic Clearing Services (NECS), wherever NECS and bank details are available. In the absence of NECS facility, the Companies are required to print the bank details, if available, on payment instrument, for distribution of dividends to the investors. Therefore members holding shares in physical mode are requested to provide their bank details to the Company/Registrars. Members holding shares in demat mode are requested to record the NECS mandate with their Depository Participants.
12. Electronic copy of the Annual Report for 2014-15 and Notice of the 32nd Annual General Meeting of the Company interalia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form, is being sent to all such members whose email IDs are registered with the Company/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report and Notice of the 32nd Annual General Meeting of the Company interalia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. Members may also note that Notice of 32nd Annual General Meeting and Annual Report for 2014-15 will also be available on Company's website : www.carnationindustries.com for their download.
13. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide Members holding shares either in physical form or in dematerialized form the facility to exercise their right to vote at the 32nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by NSDL. The Board of Directors of the Company has appointed Mrs. Sweety Kapoor, Company Secretary in Practice, as the Scrutinizer for this purpose.
- 14.i. Voting rights will be reckoned on the paid up value of shares registered in the name of the members as on 21st September, 2015 (cut-off date). Only those members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date will be entitled to cast their votes by remote e-voting or Ballot paper at the AGM.
- 14.ii. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
15. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
16. The Results shall be declared after the AGM of the Company. The Scrutinizer shall submit a consolidated scrutinizer report of the total votes cast in favour of or against, if any, not later than three days after the conclusion of the AGM, to the Chairman of the Company. The

Chairman or any other person authorized by the Chairman, shall declare the results of the voting forthwith.

- 17.i. The result, alongwith the scrutinizer's report, will be placed on the company's website www.carnationindustries.com and on the website of NSDL immediately after the result is declared by the Chairman or any other person authorized by the Chairman and the same shall be communicated to BSE and Calcutta Stock Exchange where the shares of the Company are listed.
- 17.ii. The voting rights of share holders shall be in proportion to their share of the paid up equity share capital of the Company. Those who became members of the company after despatch of the AGM notice but on or before 21st September, 2015 (cut-off date) may write to NSDL at evoting@nsdl.co.in or to the company at evoting@carnationindustries.com requesting for e-voting details. However, those members already registered with NSDL for remote e-voting can login to website: www.evoting.nsdl.com and exercise their votes using their existing password.
18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agent, M/s. R & D Infotech Private Limited.
19. The Company has transferred the unpaid or unclaimed dividends declared upto the financial year 2006-2007, within the due date to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company.
20. Members who have not registered their e-mail address so far are requested to register their e-mail address so that they can receive the Annual Report and other communications from the company electronically.
21. Information and other instructions relating to e-voting are as under: -
 - I. In case of Members who receive the Notice in electronic mode:
 - (a) Open the e-mail and the PDF file viz. 'CIL e-voting.pdf' with your Client ID No. (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.
 - (b) Launch internet browser by typing the URL: <https://www.evoting.nsdl.com> and click on 'Shareholder – Login'.
 - (c) Insert user ID and password as initial password stated in (a) above.
Click on 'Login'.
 - (d) Password change menu appears. Change the password with a new password of your choice with minimum eight digits / characters or combination thereof. Please do not

share your password with any other person and take utmost care to keep your password confidential.

- (e) Home page of remote e-voting opens. Click on 'e-voting: Active Voting Cycles' and select the Electronic Voting Event Number (EVEN) of CARNATION INDUSTRIES LIMITED for casting your vote.
 - (f) Now you are ready for remote e-voting as 'Cast Vote' page opens.
 - (g) Cast your vote by selecting appropriate option and click on 'Submit'. Thereafter click on 'Confirm' when prompted. Upon confirmation, your vote is cast and you will not be allowed to change your vote.
 - (h) Thereafter the message 'Vote cast successfully' will be displayed.
 - (i) Corporate and institutional shareholders (companies, trusts, societies etc.) are required to send a scanned copy (in PDF / JPG format) of the relevant Board Resolution / appropriate authorization to the Scrutinizer through e-mail at sweetypapoor53@rediffmail.com with a copy marked to NSDL's e-mail : evoting@nsdl.co.in.
- II. In case of Members who receive the Notice by post:
- (a) User ID and initial password is provided in the admission slip for the AGM.
 - (b) Please follow the steps from Sl. Nos. (b) to (i) mentioned in (I) above, to cast your vote.
- III. Members already registered with NSDL for remote e-voting can use their existing user ID and password for Login.
- Thereafter please follow the steps from Sl. Nos. (e) to (i) mentioned in (I) above, to cast your vote.
- IV. Those who become Members of the Company after despatch of the AGM Notice but on or before 21st September, 2015, (cut-off date) may write to NSDL at evoting@nsdl.co.in or to the Company at evoting@carnationindustries.com requesting for user ID and password. On receipt of user ID and password, the steps from Sl. Nos. (b) to (i) mentioned in (I) above should be followed for casting of vote. However, those Members already registered with NSDL for remote e-voting can use their existing user ID and password for Login.
- V. In case of any queries, you may refer to the Frequently Asked Questions for Shareholders and e-voting User Manual for Shareholders available under the Downloads section of NSDL's e-voting website www.evoting.nsdl.com.
- You may also send your queries to the e-mail : evoting@carnationindustries.com
- VI. The period for remote e-voting starts at 9.00 a.m. on 25th September, 2015 and ends at 5.00 p.m. on 27th September, 2015. Remote e-voting will be blocked by NSDL at 5.00 p.m. on 27th September, 2015.

By Order of the Board of Directors

Place : Kolkata
Date : 12.8.2015

Sanjay Agarwal
(Company Secretary)

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**Item No 5**

Dr. Sephali Roy was appointed as an Additional Director of the Company on 9th April, 2015 by the Board of Directors of the Company on recommendations of the Nomination and Remuneration Committee. According to the provisions of Section 161 of Companies Act, 2013 she holds office as a Director only upto the date of the ensuing Annual General Meeting. Under Section 160 of the Companies Act, 2013 a notice has been received from a member signifying his intention to propose the appointment of Dr. Sephali Roy as a Director.

Dr. Sephali Roy has provided the following documents: (i) Consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualifications of Directors) Rules, 2014 (ii) Intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualifications of Directors) Rules, 2014 to the effect that she is not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013 (Act) (iii) Declaration that she meets the criteria of independence as provided in Section 149(6) of the Act and (iv) Declaration for not holding any equity shares in the Company.

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

Copy of draft letter of appointment of Dr. Sephali Roy as an Independent Director setting out terms and conditions would be available for inspection, without any fee, by the members at the registered office of the Company from 10:00 A.M. to 3:00 P.M. on all working days.

The Board considers that her association would be of immense benefit to the Company and recommends the resolution at Item No. 5 for your approval.

Except Dr. Sephali Roy and her relatives being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

Item No 6.

The members at the 27th Annual General Meeting held on 24th September, 2010 had appointed Mr. R. P. Sehgal as the Managing Director of the Company for a period of five years with effect from 1.9.2010.

The present term of Mr. R. P. Sehgal as the Managing Director of the Company expires on 31.8.2015. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 12.2.2015 have approved the terms and conditions (as set out below) of re-appointment of Mr. R. P. Sehgal as the Managing Director of the Company, subject to the approval of the shareholders.

1. **Tenure :** 1st September, 2015 to 31st August, 2020.

2. **Remuneration:**

- (a) **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 1.9.2015.
- (b) **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.
 - i. **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.
 - ii. **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 three months salary over a period of three years.
 - iii. **Club Fees:** Fees of the clubs would be subject to the maximum of two clubs. This will not include Admission and Life Membership fees.
- (c) **Personal Accident Insurance:** Premium not to exceed Rs.8000/- per annum.
- (d) **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.
- (e) Car for use on Company's business and telephone at the residence will not be considered as perquisites. Use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the Managing Director.

3. **Other terms of appointment:**

In the event of absence or inadequacy of profits in any financial year during the tenure of Mr. R. P. Sehgal as the Managing Director, salary and perquisites subject to the limits stipulated under Schedule V read with Section 196 and 197 of the Companies Act, 2013, shall be paid.

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

The Board recommends the resolution at Item No. 6 for your approval.

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

ITEM NO. 7

The members at the 27th Annual General Meeting held on 24th September, 2010 had appointed Mr. Suvabrata Saha as the Jt. Managing Director of the Company for a period of five years with effect from 1.9.2010.

The present term of Mr. Suvabrata Saha as the Jt. Managing Director of the Company expires on 31.8.2015. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 12.2.2015 have approved the terms and conditions (as set out below) of re-appointment of Mr. Suvabrata Saha as the Jt. Managing Director of the Company, subject to the approval of the shareholders.

1. **Tenure:** 1st September, 2015 to 31st August, 2020.
2. **Remuneration:**
 - (a) **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 1.9.2015.
 - (b) **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.
 - i. **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.
 - ii. **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 three months salary over a period of three years.
 - iii. **Club Fees:** Fees of the clubs would be subject to the maximum of two clubs. This will not include Admission and Life Membership fees.
 - (c) **Personal Accident Insurance:** Premium not to exceed Rs.8000/- per annum.
 - (d) **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.
 - (e) Car for use on Company's business and telephone at the residence will not be considered as perquisites. Use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the Jt. Managing Director.

3. Other terms of appointment:

In the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Suvabrata Saha as the Jt. Managing Director, salary and perquisites subject to the limits stipulated under Schedule V read with Section 196 and 197 of the Companies Act, 2013, shall be paid.

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

The Board recommends the resolution at Item No. 7 for your approval.

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

By Order of the Board of Directors

(SANJAY AGARWAL)
Company Secretary

Place : Kolkata
Dated : 12.8.2015

CARNATION***Industries Limited*****Details of Directors seeking Appointment / Re-appointment at the 32nd Annual General Meeting**

Name of the Director	Mr. Arun Kumar Bose	Dr. Sephali Roy
Date of Birth	05.01.1937	10.2.1943
Date of Appointment	28.08.2008	9.4.2015
Qualification	Metallurgical Engineer (UK) Furnace Technologist (Germany).	M.Sc., Ph.D in Microbiology.
Expertise in Functional Areas	Has 40 years experience in Foundry Industry.	Retired as Jt. Director Export Inspection Council. Has 33 years experience in the field of Pre-shipment, Inspection, Quality Control, Quality Assurance.
List of Companies in which other Directorship held	NIL	NIL
Chairman/Member of the Committee of the Board of the Companies in which he/she is a Director	NIL	NIL
Shareholding in the Company (No. of Equity Shares)	200	NIL

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Details of Directors seeking Appointment / Re-appointment at the 32nd Annual General Meeting

Name of the Director	Mr. R. P. Sehgal	Mr. Suvabrata Saha
Date of Birth	14.10.1955	4.9.1961
Date of Appointment	01.03.1983	21.08.2006
Qualification	Bachelor of Technology (Hons.), Diploma in Business & Industrial Management and Diploma in Export Marketing.	B.Com.
Expertise in Specific Functional Areas	More than 32 years of experience in Iron & Steel Industry in India and Abroad and in foreign trade. Presently National Vice Chairman of Engineering Export Promotion Council (EEPC). Former Chairman of Engineering Export Promotion Council (ER) and former President of the Institute of Indian Foundrymen.	Has long experience in managing big Organization and Marketing of casting products all over the World.
List of Companies in which other Directorship held	NIL	NIL
Chairman/Member of the Committee of the Board of the Companies in which he is a Director	NIL	NIL
Shareholding in the Company (No. of Equity Shares)	575865	573598

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors are pleased to present the 32nd Annual Report and the Audited Financial Statement of the Company for the financial year ended 31st March, 2015.

FINANCIAL PERFORMANCE

	(Rs. in Lacs)	
	For Year ended 31.3.2015	For Year ended 31.03.2014
Revenue from operation and other operating revenue:		
Export Sales (Net of Freight)	9030.29	8970.96
Domestic Sales (Net of Central Excise and Vat)	150.25	207.31
Export Incentives	425.82	482.38
Other Income	314.30	172.81
	9920.66	9833.46
Profit before Finance Costs, Depreciation & Amortisation and Tax	993.17	1022.24
Finance Costs	654.25	558.53
Depreciation & Amortisation	161.83	180.20
Profit/(Loss) before Tax	177.09	283.51
Provision for Tax		
– Current	40.00	58.40
– Deferred	(4.87)	(13.81)
– Tax for Earlier Years	1.71	0.76
Profit/(Loss) after Tax	140.25	238.16
Surplus brought forward from previous year	290.58	84.78
Available Surplus/ (Deficit) for appropriation	430.83	322.94
Proposed Dividend	20.74	27.66
Dividend Distribution Tax	4.15	4.70
Surplus/(Deficit) carried to Balance Sheet	405.94	290.58

FINANCIAL REVIEW

During the financial year ended 31st March, 2015 the Company has achieved total revenue (net) from operations of Rs. 9920.66 lacs against Rs. 9833.46 lacs in the previous year. The profit before Finance Cost, Depreciation & Amortisation and Tax was Rs. 993.17 lacs against Rs.1022.24 lacs in the previous year. The profit before tax was Rs.177.09 lacs against Rs. 283.51 lacs in 2013-2014. The profit after tax was Rs.140.25 lacs against Rs.238.16 lacs in 2013-2014.

Cash generation from operation was at a lower level than previous year due to increase in sundry debtors. The refund of input tax credit is better but still slow which has compounded the liquidity problem. The management has taken appropriate steps to ensure expeditious realization of the input tax credit and the export proceeds.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

There is a general upward trend in demand in all the markets, however, there are pockets of growth in selected markets and selected sectors. The Iron and Steel prices remained steady throughout the year. Gulf and USA markets are poised for growth whereas Germany and UK markets continue to be volatile with Greece's poor economy and higher unemployment. The Domestic market is stable especially the tractor industry.

OPPORTUNITIES AND THREAT

A steady US Dollar gives your Company an opportunity to grow further in the export markets coupled with this is the strong signs of good infrastructure growth in the Gulf Region & USA.

Steady prices of Raw Materials and other Foundry chemicals are a healthy sign for the foundry industry. Coupled with this is the improved foreign exchange rates which provide a good opportunity for our industry to grow.

International threats of economic failures such as in Greece could weaken Euro and the growth prospects in Europe. Falling economy in China could result in Chinese Companies dropping their prices in international market and getting more competitive.

A sluggish domestic market leads to foundries within India competing against each other in the global market thereby increasing the inter-se competition and affecting pricing.

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 and hence there is one primary segment in terms of AS-17, a separate disclosure on reporting by business segments is not required. The analysis of geographical segments is based on the areas in which the Company operates.

FUTURE OUTLOOK

In the current fiscal year, we expect to strengthen our presence in the North American markets by addition of newer products. We also have plans to do steady business in the domestic market. This should bring an additional growth in the turnover. The US Dollar and Euro are expected to remain steady and market volumes are expected to improve compared to the previous year.

RISKS AND CONCERN

Being predominantly in export, your Company's revenue is always subject to risks of exchange fluctuations. The Company has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters through use of hedging instruments such as forward contracts. The matter of concern however remains shortage of skilled labour resulting in higher labour cost. In order to overcome this problem your Company is laying stress on in-house training and skill development, besides retention of the skilled workers.

Some Overseas Customers are taking longer credit period for the payments hence the Sundry Debtors amount has increased. Management takes this as a matter of concern and is monitoring the same very closely.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has an adequate system of internal control commensurate with the size and nature of its business which ensures that all transactions are recorded, authorized and correctly reported apart from safeguarding its assets against loss from wastage, unauthorized use and removal. The internal audit process strives to ensure compliance of internal control systems through submission of detailed internal audit reports periodically to the Management and the Audit Committee. The Audit Committee reviews adequacy of internal controls based on such reports and provides guidelines for improvement of the same.

Your Company's Statutory Auditors have in their report confirmed the adequacy of the internal control procedures.

EXPANSION AND NEW PROJECT

Your Company continues to upgrade its process and products. In the current year the management plans to consolidate on all the production facilities and develop more value-added products bringing in better realization.

A series of new products are being developed for the North American markets and the company is seeking international certification for several of its new products which shall lead to growth in turnover.

HUMAN RESOURCES DEVELOPMENT

Your Company continued to have cordial and harmonious relations with its employees at all levels during the period under review. The operations of the Company across functions have been

strengthened through induction of appropriately qualified and experienced personnel. Management of your Company strongly focuses on the performance of the managers. The Board acknowledges its thanks to all the shop floor personnel and other employees for making significant contribution to your Company.

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

DIVIDEND

Your Directors have recommended a dividend of 6% (Re. 0.60 per Equity Share of Rs.10 each) for the financial year ended March 31, 2015 subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. The dividend together with the dividend tax will entail a cash outlay of Rs.24.89 lakhs. The dividend will be paid to members whose names appear in the Register of Members as on 23rd September, 2015; in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

POLLUTION CONTROL MEASURES

The pollution control measures installed in the units of the Company are in full operation as required under the statutes.

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, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Dr. Sephali Roy (DIN: 07151823) was appointed as an Additional cum Independent Director of the Company and shall hold office upto the date of the Annual General Meeting. The Company has received a notice from a member of the Company proposing her candidature for the office of the Directorship of the Company.

Mr. Ravindra Prakash Sehgal (DIN:00119477) was appointed as the Managing Director of the Company for a period of five years with effect from 1.9.2010. The Board of Directors at its meeting held on 12th February, 2015 approved the re-appointment of Mr. Ravindra Prakash Sehgal for a further period of five years with effect from 1.9.2015. 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 five years with effect from 1.9.2010. The Board of Directors at its meeting held on 12th February, 2015 approved the reappointment of Mr. Suvabrata Saha for a further period of five years with effect from 1.9.2015. Mr. Saha is subject to retirement by rotation.

The Board of Directors of the Company has appointed Mr. Biplab Ganguly as Chief Financial Officer of the Company at its Board Meeting held on 13.8.2014.

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

The Board recommends the appointment/re-appointment of the above Directors with a view to avail their valuable advices and wise counsel. A brief profile of the above Directors seeking appointment/re-appointment required under Clause 49 of the Listing Agreement, is given in the Notice of AGM.

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 Clause 49 of the Listing Agreement.

FAMILIARIZATION PROGRAMME UNDERTAKEN FOR INDEPENDENT DIRECTORS

The Independent Directors are familiarised with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. On appointment, the Independent Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties and responsibilities.

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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 Directors expressed their satisfaction over the evaluation process and results thereof.

NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE

During the Financial Year, four meetings of the Board of Directors and seven meetings of the Audit Committee of the Company were held, the details of which are given in the Corporate Governance report which forms a part of this report. The intervening gap between the Board meetings was within the period prescribed under the Companies Act, 2013 and the Listing Agreement.

AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report. There has been no instance where the Board has not accepted the recommendations of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

The composition and terms of reference of the Nomination and Remuneration Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The composition and terms of reference of the Share transfer cum Stakeholders Relationship Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report.

MEETING OF INDEPENDENT DIRECTORS

During the year under review, a meeting of Independent Directors was held on 27th March, 2015 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) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) In the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with the requirements set out under Schedule III to the Companies Act, 2013 have been followed and there are no material departures from the same;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts of the Company on a "going concern" basis;
- v) Proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi) Proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and operating effectively.

TRANSFER TO RESERVES

The Company did not transfer any amount to reserves.

PUBLIC DEPOSITS

During the financial year 2014-15, 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

There was no change in the share capital of the Company for the F.Y. 2014-2015.

MATERIAL CHANGES AND COMMITMENTS AFTER THE BALANCE SHEET DATE

There have been no material changes and commitments, affecting the financial position of the company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

CORPORATE GOVERNANCE

Your Company complies with the provisions relating to Corporate Governance. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance along with the Auditors Certificate thereon form part of the Annual Report.

BUSINESS RESPONSIBILITY REPORT

A business Responsibility Report as per Clause 55 of the Listing Agreement, detailing the various initiatives of your Company forms an integral part of this 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 to be disclosed under the Act, are provided in “**Annexure - A**” to this report.

RELATED PARTY TRANSACTIONS

During the financial year 2014-15, 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 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 2014-15, there were no transactions with related party which qualify as material transactions under the Listing Agreement. The details of the related party transactions as required under Accounting Standard – 18 are set out in Other Notes (28-xii) which is forming part of the Annual Report.

The particulars of every contract entered into by the company with Related Parties referred to in Section 188(1) of the Companies Act, 2013 as prescribed under the Companies (Accounts) Rules, 2014 is appended as “**Annexure - B**” hereto and forms part of this Report.

DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULAR OF EMPLOYEE

In accordance with Section 178 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules issued thereunder and Clause 49 of the Listing Agreement, the Board of Directors at its meeting held on 13th November, 2014 formulated the Remuneration Policy of the Company. The salient aspects of the Remuneration Policy, on the appointment and remuneration of the Directors and other matters have been outlined in the Corporate Governance Report which forms part of this Report. The remuneration policy of the Company is being set out as “**Annexure - C**” to this report and has also been uploaded on the website : www.carnationindustries.com of the Company.

PARTICULARS OF EMPLOYEES

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 - D**” to this report.

Disclosure under Rule 5(2) of the Companies (Appointment & Remuneration) Rules, 2014 is not applicable to your Company as none of the employees are drawing salary more than the limit prescribed under the aforesaid Rules.

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 are set out herewith as “**Annexure - E**” to the Report.

STATUTORY AUDITORS

The Auditors M/s. Jain & Bagaria, Chartered Accountants, Statutory Auditors of the Company, were appointed at the 31st AGM to hold office till the conclusion of the 34th AGM. The Board in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of M/s Jain & Bagaria from the conclusion of the ensuing AGM till the conclusion of the 33rd AGM. Appropriate resolution in respect of the above is appearing in the Notice convening the 32nd AGM of the Company.

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

COST AUDITOR

In compliance with the Central Government's Order your Board had appointed Mr. Deep Narayan Bandhyopadhyay, Cost Accountant, to carry out the Cost Audit of the Company for F.Y. 2014-2015. However, Ministry of Corporate Affairs came out with a notification on 31.12.2014 under the Companies (Cost Records and Audit) Amendment Rules, 2014 wherein your Company, being an export oriented company, has been excluded from the purview of Cost Audit from F.Y. 2015-2016. Therefore Cost Audit is no more applicable to 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 has appointed Mr. Manoj Kumar Banthia, Practicing Company Secretary to conduct the Secretarial Audit of your Company. The Secretarial Audit Report is annexed herewith as “**Annexure-F**” to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

LOANS, GUARANTEE AND INVESTMENTS

The Company has not lent out any money or made any investment or provided any guarantee during the year under review.

SIGNIFICANT MATERIAL ORDERS PASSED BY REGULATORS /COURT

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

CORPORATE SOCIAL RESPONSIBILITY

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

VIGIL MECHANISM

Your Company has formulated a Whistle Blower Policy pursuant to the provisions of Section 177(10) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The policy provides for a framework and process whereby employees can raise their issue against any kind of harassment, victimization or any other unfair practice being adopted against them. The Whistle Blower Policy has been uploaded on the website : www.carnationindustries.com of the Company.

STOCK EXCHANGE

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

POLICY ON PREVENTION OF SEXUAL HARASSMENT

The Company has adopted a policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year ended 31st March, 2015 the Company has not received any Complaints pertaining to Sexual Harassment.

ACKNOWLEDGEMENT

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

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

On Behalf of the Board of Director

R. P. Sehgal
(Managing Director)

Suvabrata Saha
(Jt. Managing Director)

Place: Kolkata
Date: 12th August, 2015

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 installed a Divided Blast Cupola in the Company's unit situated at Liluah, Howrah, and this has significantly reduced the coke consumption. Further a new Cupola has been installed at the Uluberia unit of the Company which has significantly reduced the energy consumption at this unit. Effective measures like recycling scraps have also been taken to reduce the consumption of energy of Dual Track electric furnaces at Ductile unit at Uluberia. There has been no capital investment on energy conservation equipment.
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), following information may be furnished:	No technology was imported in the last three years.
(a) Technology imported.	
(b) Year of import.	
(c) Whether technology been fully absorbed.	
(d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof.	
iv) The expenditure incurred on research or development.	The Company has set up a new R&D Team to work on development from April'2015. The development expenditure for 2014-2015 was Rs.5,57,518/-.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(Rs. In lacs)	
	FY 2014-15	FY 2013-14
Foreign Exchange Earned	9057.21	8999.05
Foreign Exchange Outgo	605.03	100.73

ANNEXURE B TO THE DIRECTORS' REPORT

Particulars of contracts/arrangements entered into by the Company with related parties referred to sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangement or transactions not at arm's length basis.

There were no contracts or arrangement or transaction entered into during the year ended 31st March, 2015 which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis.

a)	Name of the related party and nature of relationship.	M/s. NACIP INC. Mr. S. Saha and Mr. R. P. Sehgal are the President and Vice President in Nacip Inc.
b)	Nature of contracts/arrangements/ transactions.	Supply of Cast Iron and Ductile Iron Products.
c)	Duration of the contracts/arrangements/ transactions.	From April 1, 2014 till 31st March, 2015. The sales contract to be renewed by the Audit Committee & Board every year.
d)	Salient terms of the contracts or arrangements or transactions including the value.	To supply estimated quantity of 3850 tons of grey iron and 1595 tons of ductile iron. The total transaction per financial year is restricted to an amount of Rs. 17 crore pursuant to the shareholders' approval in the 31st AGM held on 26th September, 2014.
e)	Date of approval by the Board.	23rd May, 2014.
f)	Amount paid as advances.	NIL

ANNEXURE C 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 and other Senior Management Personnel. 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. Director's 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. Director's 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 would be 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 to the Managing Director, Whole Time Directors, Key Managerial Personnels 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 MD/WTDs, KMPs and SMPs after taking into consideration the recommendation of the Nomination and Remuneration Committee and in 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 D TO THE DIRECTORS' REPORT

Information required under Section 197 of the Companies Act, 2013 read with 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 2014-2015:

Name of Director	Total Remuneration (Rs.)	Ratio of remuneration of director to the Median Remuneration
Mr. Ravindra Prakash Sehgal	11,92,987	7.92
Mr. Suvabrata Saha	11,28,053	7.48
Mr. Arun Kumar Bose	4,54,000	3.01
Mr. Ramesh Chandra Jha	1,05,500	0.70
Mr. Manoj Bose	96,000	0.64
Mr. Debajyoti Chakrabarti	83,000	0.55

Notes:

- 1) The aforesaid details are calculated on the basis of remuneration for the financial year 2014-15.
- 2) Mr. Ramesh Chandra Jha, Mr. Manoj Bose and Mr. Debajyoti Chakrabarti 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.1,50,714/-.

B. Detailed percentage increase in the remuneration of each Director, CFO & Company Secretary in the financial year 2014-15 are as follows:

Name	Designation	Remuneration (Rs.)		Increase (%)
		2014-2015	2013-2014	
Mr. Ravindra Prakash Sehgal	Managing Director	11,92,987	1140015	4.65
Mr. Suvabrata Saha	Jt. Managing Director	11,28,053	1118047	0.89
Mr. Arun Kumar Bose	Wholetime Director	4,54,000	420538	7.96
Mr. Ramesh Chandra Jha	Independent Director	1,05,500	54000	95.37
Mr. Manoj Bose	Independent Director	96,000	35000	174.28
Mr. Debajyoti Chakrabarti	Independent Director	83,000	26000	219.23
Mr. Biplab Ganguly	CFO	6,67,200	6,07,200	9.88
Mr. Sanjay Agarwal	Company Secretary	6,27,300	5,90,700	6.20

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Notes:

1. The remuneration to Directors include 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 and Mr. Debajyoti Chakrabarti were appointed as Directors w.e.f. 05.08.2013.
4. Mr. Ramesh Chandra Jha, Mr. Manoj Bose and Mr. Debajyoti Chakrabarti remuneration comprises of sitting fees.
5. Sitting fees were increased in the Board Meeting held on 23.5.2014

C. Percentage increase in the median remuneration of all employees in the financial year 2014-2015

	2014-2015 (Rs)	2013-2014 (Rs)	% Increase
Median remuneration of all employees per annum	1,50,714/-	1,35,134	11.53%

D. The permanent employees on the rolls of the Company, as on 31st March, 2015, is 161.

E. Explanation on the relationship between average increase in remuneration and Company performance:

The increase in remuneration of all employees in the financial year 2014-15 as compared to the financial year 2013-14 was Rs. 21,22,338/-.

The key indices of company's performance are:

(Rs. in lacs)

	2014-15	2013-14	Growth (%)
Profit After Tax	140.25	238.16	---

The PAT of the Company has decreased from Rs.238.16 Lacs in FY 2013-14 to Rs.140.25 Lacs in FY 2014-15. The increase in remuneration registered during the year is mainly attributable to normal salary revisions as per the internal norms of the Company.

Your Company is committed in ensuring fair pay and a healthy work environment for all its employees. Your Company offers competitive compensation to all its employees.

F. Comparison of the remuneration of the Key Managerial Personnel against the performance of your Company.

The remuneration of Key Managerial Personnel increased by around 8% in 2014-2015 as compared to 2013-2014.

G. Details of share price and market capitalization:

The details of variation in the market capitalization and price earning ratio as at the closing date of the current and previous financial year are as follows:

CARNATION**Industries Limited**

	As at 31st March 2015	As at 31st March 2014	Increase/ Decrease (%)
Price Earning Ratio	6.18	1.96	215.31
Market Capitalization (Rs. lacs)	867.75	467.06	85.79

Comparison of share price at the time of first public offer and market price of the share on 31st March 2015.

Market price as on 31st March 2015	Rs. 25.10
Price at the time of initial public offer in 1995	Rs.10.00
% increase of Market price over the price at the time of initial public offer	151

Note: Closing price of Bombay Stock Exchange has been used for the above tables

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

	2014-15 (Rs.)	2013-14 (Rs.)	Increase (%)
Average salary of all employees (other than Key Managerial Personnel)	1,84,687	1,70,872	8.08
Key Managerial Personnel			
Salary of MD, Jt. MD and Wholetime Director	27,75,040	26,78,600	3.60
Salary of CFO and CS	12,94,500	11,97,900	8.06

The increase in remuneration of employees other than the managerial personnel is in line with the increase in remuneration of managerial personnel.

- I. There are no variable components in the remuneration paid to the Directors.
- J. There are no employees of the Company who receive remuneration in excess of the highest paid Director of the Company.
- K. 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 E TO THE DIRECTORS' REPORT**EXTRACT OF ANNUAL RETURN AS ON 31st MARCH, 2015**

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

FORM NO. MGT-9**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 Details of the stock exchanges where shares are listed:	Yes i) Bombay Stock Exchange - 530609 ii) The Calcutta Stock Exchange Limited -13067
vii) Name, Address and Contact details of Registrar and Share Transfer Agents	R&D Infotech Private Limited 7A, Beltala Road, Kolkata. Tel: +91 33 24192641, +91 33 24192642

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Name and Description of main products /services	NIC Code of the Product/ Service	% to total turnover of the Company
Castings of Iron and Steel	2431	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES	The Company does not have any Subsidiary or Associate Company.
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IV. i) Share Holding Pattern

STATEMENT SHOWING SHAREHOLDING PATTERN										
Name of the Company : CARNATION INDUSTRIES LTD										
Sl. No.	Category of Shareholder	No of shares at the beginning of year(1.4.2014)				No of shares at the end of the year(31.3.2015)				CHANGE %
		No of Shares held in dematerialize form	No of Shares held in Physical form	Total Number of Shares	Total shareholding as a % of total number of shares	No of Shares held in dematerialize form	No of Shares held in Physical form	Total Number of Shares	Total shareholding as a % of total number of shares	
(A)	Promoter and Promoter Group									
(1)	INDIAN									
(a)	Indian Individuals/ Hindu Undivided Family	837034	0	837034	24.21	763934	0	763934	22.10	-2.114
(b)	Central Government/ State Government(s)	0		0	0.00	0	0	0	0.00	0.000
(c)	Body Corporates	0		0	0.00	0	0	0	0.00	0.000
(d)	Financial Institutions / Banks	0		0	0.00	0	0	0	0.00	0.000
(e)	Any Other	0		0	0.00	0	0	0	0.00	0.000
	Sub Total (A) (1)	837034	0	837034	24.21	763934	0	763934	22.10	-2.114
(2)	Foreign									
a	Individuals (Non Resident Individuals / Foreign Individuals)	745983	0	745983	21.58	745983	0	745983	21.58	0.000
b	Bodies Corporate	0		0	0.00	0	0	0	0.00	0.000
c	Institutions	0		0		0	0	0		0.000
d	Qualified Foreign Investor	0		0	0.00	0	0	0	0.00	0.000
e	Any Other	0		0		0	0	0		0.000
	Sub Total (A) (2)	745983	0	745983	21.58	745983	0	745983	21.58	0.000
	Total Shareholding of Promoter and Promoter Group A= (A)(1) + (A)(2)	1583017	0	1583017	45.79	1509917	0	1509917	43.68	-2.114
(B)	Public Shareholding									
(1)	Institutions									
a	Mutual Funds & UTI	0	10900	10900	0.32	0	10900	10900	0.32	0.000
b	Financial Institutions / Banks	0		0	0.00	0	0	0	0.00	0.000
c	Central Government /State Government(s).	0		0	0.00	0	0	0	0.00	0.000
d	Venture Capital Funds	0		0	0.00	0	0	0	0.00	0.000
e	Insurance Companies	0		0	0.00	0	0	0	0.00	0.000
f	Foreign Institutional Investors (SEBI- registered)	0		0	0.00	3471	0	3471	0.10	0.100
g	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.000
h	Qualified Foreign Investor			0	0.00	0	0	0	0.00	0.000
i	Any Others	0			0.00				0.00	0.000
	Sub Total (B) (1)	0	10900	10900	0.32	3471	10900	14371	0.42	0.100

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(2)	Non Institutions									0.000
a	Bodies Corporate	119339	8300	127639	3.69	122870	7300	130170	3.77	0.073
b	i) Individuals shareholders holding nominal share capital up to Rs. 1 Lakh	589844	138526	728370	21.07	588664	137926	726590	21.02	-0.051
	ii) Individuals shareholders holding nominal sharecapital excess of Rs. 1 Lakh	429124	578110	1007234	29.13	498002	578110	1076112	31.13	1.992
c	Qualified Foreign Investor	0		0	0.00	0	0	0	0.00	0.000
d	Any Others	0.000		0.000	0.00	0.000		0.000	0.00	0.000
	Sub Total (B) (2)	1138307	724936	1863243	53.89	1209536	723336	1932872	55.91	2.019
	Total Public Shareholding B= (B)(1) + (B)(2)	1138307	735836	1874143	54.21	1213007	734236	1947243	56.32	2.114
	Total Shareholding (A) + (B)	2721324	735836	3457160	100.000	2722924	734236	3457160	100.000	0.000
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0.000	0	0.000	0.000	0.000		0.000	0.000	0.000
	Grand Total (A)+ (B)+ (C)	2721324	735836	3457160	100.000	2722924	734236	3457160	100.000	0.000

ii) Shareholding and Change in Promoters Shareholding

Sr. No.	Shareholder Name	Shareholding as on 1.4.2014			Shareholding as on 31.3.2015			% 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	58394	1.689	---	394	0.01	----	(1.679)
6.	D S Verma	15100	0.437	---	--	--	---	(0.437)

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

Sr. No.	Shareholder Name	Shareholding		Date of Purchase / Sale	Increase/ (Decrease) in Shareholding	Reasons for Increase/ Decrease	Cumulative Shareholding during the year 01.04.14 to 31.3.2015	
		No. of shares at the beginning 1.4.2014	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1.	M.M.Kundu	399110	11.54	—	—	—	399110	11.54
2.	S. Kundu	397760	11.51	—	—	—	397760	11.51
3.	M.B Melwani	49021	1.42	—	—	—	49021	1.42
4.	V.K. Jain	20000	0.58	—	—	—	20000	0.58
				30.9.14	10000	Purchase	30000	0.87
				31.12.14	14000	Purchase	44000	1.27
				31.3.15	(4000)	Sale	40000	1.16
5.	B.R. Gandhi	36000	1.04	—	—	—	36000	1.04
6.	Navjeevan Equity Broking Pvt. Ltd.	8000	0.23	—	—	—	8000	0.23
				30.6.14	(8000)	Sale	0	0
				30.9.14	6000	Purchase	6000	0.17
				31.12.14	(6000)	Sale	0	0
				31.3.15	35000	Purchase	35000	1.01
7.	Malu Purshottam	27529	0.80	—	—	—	27529	0.80
				30.6.14	(2529)	Sale	25000	0.72
8.	Jainco Projects (India) Ltd.	22156	0.64	—	—	—	22156	0.64
9.	V.K. Jain	0	0	—	—	—	0	0
				30.6.14	20000	Purchase	20000	0.58
				31.3.15	1000	Purchase	21000	0.61
10.	V.K. Sanghvi	20000	0.58	---	--	--	20000	0.58

iv) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date	Increase (Decrease) in shareholding	Reason	Shareholding as on 31.3.2015
		No of shares at the beginning of the year (01.04.14)	% of total shares of the Company				
1.	R. P Sehgal	575865	16.657	01.04.14	Nil	—	575865
2.	S. Saha	573598	16.591	01.04.14	Nil	—	573598
3.	Arun Bose	200	0.000	01.04.14	Nil	—	200
4.	R. C. Jha	—	—	—	—	—	—
5.	M.Bose	—	—	—	—	—	—
6.	D.Chakrabarti	—	—	—	—	—	—
7.	B.Ganguly	—	—	—	—	—	—
8.	S. Agarwal	—	—	—	—	—	—

32nd Annual Report 2014-15**v. Indebtedness****(Rs. in crores)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2014)				
i) Principal Amount	33.52	0	0	33.52
ii) Interest due but not paid	0.17	0	0	0.17
iii) Interest accrued but not due	0.01	0	0	0.01
TOTAL (i+ii+iii)	33.70	0	0	33.70
Change in Indebtedness during the financial year				
Addition	1.62	0	0	1.62
Reduction	0.61	0	0	0.61
Exchange Difference	0	0	0	0
Net Change	1.01	0	0	1.01
Indebtedness at the end of the financial year (31.03.2015)				
i) Principal Amount	34.62	0	0	34.62
ii) Interest due but not paid	0.06	0	0	0.06
iii) Interest accrued but not due	0.03	0	0	0.03
TOTAL (i+ii+iii)	34.71	0	0	34.71

vi. Remuneration of Directors and Key Managerial Personnel**a. Remuneration of Managing Directors, Whole-time Directors**

Sr. No.	Particulars of Remuneration	Name of MD/Whole-time Director			Total Amount (Rs.)
		R.P.Sehgal	S.Saha	A.K. Bose	
1.	i) Basic Salary	720000	720000	330000	1770000
	ii) Perquisites	472987	408053	124000	1005040
2.	Stock Option	—	—	—	—
3.	Sweat Equity	—	—	—	—
4.	Commission	—	—	—	—
5.	Others	—	—	—	—
	Total	1192987	1128053	454000	2775040

b. Remuneration to Independent Directors

Sr. No.	Particulars of Remuneration	Name of Independent Directors			Total Amount (Rs)
		R. C. Jha	Manoj Bose	Debajyoti Chakrabarti	
1.	Sitting Fees	1,05,500	96,000	83,000	2,84,500
2.	Commission	—	—	—	—
3.	Others	—	—	—	—
	Total	1,05,500	96,000	83,000	2,84,500

c. Remuneration to Key Managerial Personnel

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total
		Biplab Ganguly, CFO	Sanjay Agarwal, CS	
1.	Gross Salary	6,67,200	6,27,300	12,94,500
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission	—	—	—
5.	Others	—	—	—
	Total	6,67,200	6,27,300	12,94,500

vii. Penalties/Punishment/Compounding of Offences

There are no penalties/punishment or compounding of offences in the F.Y. 2014-2015

ANNEXURE F TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

Form No. MR - 3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[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
28/1, Jheel Road, Liluah,
P.O. Salkia, Howrah - 711 106

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s 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 records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.

Based on the 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 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:

I 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, 2015, 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 Overseas Direct Investments, Foreign Direct Investments and External Commercial Borrowings;

- v) The following Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act"), 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, 1992
 - c) The Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d) The Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
 - 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) As identified by the Management, no specific laws/ acts are applicable to the Company.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not notified during the period under Audit hence not applicable).
- b) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited (BSE) and the Calcutta Stock Exchange Limited (CSE). (Compliance with the provisions of Clause 49 of the Listing Agreement was not mandatory for the Company during the period under Audit as per amended Listing Agreement dated 15th September 2014.)

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except no woman director was appointed in the Board of Directors of the Company during the period under Audit as required under proviso to Section 149(1) (b) of Companies Act, 2013. However, woman director was subsequently appointed on 9th April 2015.

I further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

I 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.

I further report that during the audit period the Company has passed a special resolution for creating charges / hypothecation / mortgages on moveable and immovable assets of the Company under section 180(1) (a) of the Companies Act 2013, which authorizes the Board to exercise powers in relation thereto, but presently does not have a major bearing on the Company's affairs.

Date: 30/07/2015
Place: Kolkata

For MKB & Associates
Company Secretaries

Manoj Kumar Banthia
[Proprietor]
ACS no. 11470
COP no. 7596

CORPORATE GOVERNANCE REPORT

1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the management's higher echelons. The demands of Corporate Governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics.

Carnation Industries Limited believes in sound Corporate Governance and continuously endeavors to improve focus on it by increasing transparency and accountability to its shareholders in particular and other stakeholders at large. Your Company believes in professionalism in management and sound business ethics. With these objectives in view, timely and accurate disclosure of information regarding the financial position, performance, ownership and governance of the Company, is an integral part of Corporate Governance. Your Company is also committed to establish itself as a distinguished brand. Over the years, we have strengthened governance practices. These practices define the way business is conducted and value is generated. Stakeholders' interests are taken into account, before making any business decision.

2. BOARD OF DIRECTORS

Composition of Board

The Company follows the policy to have an appropriate mix of Executive, Non Executive and Independent Directors to impart the right balance to the Board and bring independent judgment in its deliberations and decisions. As on 31st March, 2015 the Board consisted of three Independent Directors and three Executive Directors. The Chairman is an Independent Director. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The composition and category of the Directors on the Board are as follows:

Category	Name of Directors
Promoter Directors	Mr. Ravindra Prakash Sehgal
	Mr. Suvabrata Saha
Executive Director	Mr Arun Kumar Bose
Independent Directors	Mr. Ramesh Chandra Jha
	Mr. Manoj Bose
	Mr. Debajyoti Chakrabarti

Board Meetings & Procedure

The Board ensures that the Company's reporting and disclosure practices, meet the highest standards of Corporate Governance and that the business practices followed by the Company are oriented towards meeting obligations towards various stakeholders and enhancing shareholders value.

The Board meets at regular intervals to discuss and decide on Company's business policies and strategy apart from normal business. The agenda papers, along with explanatory statements, are circulated to the Directors in advance of these meetings. All relevant information, as per Clause 49 of the Listing Agreement, are placed before the Board from time to time.

Number and dates of Board Meetings held during the year

During the financial year ended 31st March, 2015, the Company had four Board Meetings. The details of Board Meetings are given below:

Sl. No.	Date of Board Meeting	Total Strength of the Board	No. of Directors Present
1.	May 23, 2014	6	6
2.	August 13, 2014	6	5
3.	November 13, 2014	6	6
4.	February 12, 2015	6	6

The maximum time gap between any two meetings was less than four months as stipulated under Clause 49 of the Listing Agreement.

Attendance of Directors at Board Meetings, last Annual General Meeting(AGM) and number of other Directorships and Chairmanships/Memberships of Committees of each Director in various Companies:

Name of the Director	Category of Directorship	Attendance of meetings during 2014-2015		No. of other Directorship(s) (a)	No. of Membership(s)/ Chairmanship(s) of Board Committees in other Companies (b)
		Board Meetings	Last AGM		
Mr. Ramesh Chandra Jha	(Chairman) Independent Director	4	Yes	—	—
Mr. Ravindra Prakash Sehgal	Managing Director	4	Yes	—	—
Mr. Suvabrata Saha	Joint Managing Director	3	Yes	—	—

Mr. Arun Kumar Bose	Whole-time Director	4	Yes	–	–
Mr. Manoj Bose	Independent Director	4	Yes	–	–
Mr. Debajyoti Chakrabarti	Independent Director	4	Yes	–	–

Notes:

- No. of Directorships excludes Directorships in Foreign Companies, Alternate Directorship, Private Limited Companies and Companies registered under Section 8 of the Companies Act, 2013.
- In accordance with Clause 49 of the Listing Agreement, Membership/ Chairmanship of only the Audit Committees and Stakeholder Relationship Committees in all Public Limited Companies(excluding Carnation Industries Limited) have been considered.
- Video/Tele-Conferencing facilities are also used to facilitate Directors travelling abroad or present at other locations to participate in the meetings.
- None of the Directors on the Board is member in more than ten committees and does not act as Chairman of more than five committees across all Companies in which they are the Directors.
- None of the Independent Directors are acting as an Independent Director in more than seven listed companies.

Meetings of Independent Directors

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. During the period under review, Independent Directors' met on 27.3.2015, inter-alia to discuss:

- Evaluation of the Performance of the Non-Independent Directors and Board of Directors as a whole;
- Reviewing the performance of the Chairman of the Company;
- Evaluation of the quality, quantity and timelines of flow of information between the Management and the Board that is necessary for the Board to perform its duties effectively and reasonably.

All the Independent Directors were present at the meeting.

3. COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles, as a part of good governance practice. The minutes of the meetings of all the Committees are placed before the Board for review.

The Board has currently established the following Committees:

A) AUDIT COMMITTEE**Composition of Audit Committee**

The Audit Committee comprises of five Directors, who bring with them vast experience in the field of operations, finance and accounts and the Company has immensely benefited from the deliberations of the Audit Committee. The Committee comprises of:

Sl. No.	Name	Category	Designation
1.	Mr. Ramesh Chandra Jha	Independent Director	Chairman
2.	Mr. Manoj Bose	Independent Director	Member
3.	Mr. Debajyoti Chakrabarti	Independent Director	Member
4.	Mr. Ravindra Prakash Sehgal	Executive Director	Member
5.	Mr. Suvabrata Saha	Executive Director	Member

The Chairman of the Board is the Chairman of the Audit Committee and he is an Independent Director. The Company Secretary acts as the Secretary to the Committee.

The Committee's composition and its terms of reference meet the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

During the financial year ended 31st March, 2015, seven Audit Committee meetings were held on – 23.5.2014, 10.7.2014, 13.8.2014, 8.9.2014, 13.10.2014, 13.11.2014, 12.2.2015. The attendance of the members at these meetings are as follows:

Name of the Member	No. of Meetings Held	No. of Meetings Attended
Mr. Ramesh Chandra Jha, Chairman	7	7
Mr. Debajyoti Chakrabarti	7	7
Mr. Manoj Bose	7	7
Mr. Ravindra Prakash Sehgal	7	5
Mr. Suvabrata Saha*	3	2

* Appointed as Member w.e.f. 13.10.2014. Three meetings were held during his tenure

The terms of reference/powers of the Audit Committee are as under:

i) Powers of the Audit Committee:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

ii) The role of the Audit Committee includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors including Cost Auditors and the fixation of audit fees.
3. Approval of payments to Statutory Auditors including Cost Auditors for any other services rendered by them.
4. Reviewing, with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, focusing primarily on:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Report in terms of clause (c) sub-section (3) of Section 134 of the Companies Act, 2013.
 - Any changes in accounting policies and practices and reasons for the same.
 - Compliance with accounting standards.
 - Major accounting entries involving estimates based on the exercise of judgment by the management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, performance of Statutory Auditors including Cost Auditors and Internal Auditors, adequacy of the internal control systems.

7. Approval or any subsequent modification of transactions of the company with related parties.
8. Formulating the scope, functioning, periodicity and methodology for conducting the internal audit.
9. Discussion with internal auditors any significant findings and follow up thereon.
10. Reviewing the findings of any internal investigations by the internal auditors and the executive management's responsibility on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividend) and creditors.
13. To review the functioning of the Whistle Blower Mechanism.
14. Considering such other matters as may be required by the Board.
15. To review the following information:
 - Management Discussion and Analysis of financial condition and results of operations;
 - Statement of significant related party transactions submitted by the management;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of internal auditor.

B) STAKEHOLDERS RELATIONSHIP COMMITTEE

As on 31st March, 2015 the Committee comprised of :

Sl.No.	Name	Category
1.	Mr. Ramesh Chandra Jha, Chairman	Independent Director
2.	Mr. Ravindra Prakash Sehgal	Executive Director

The Committee was re-named as Stakeholders' Relationship Committee on May 23, 2014 to align with the requirements of Section 178 of the Companies Act, 2013.

The Committee has been constituted to oversee and redress the shareholders complaints and to oversee the performance of the Registrar and Transfer Agents M/s R&D Infotech Private Limited.

During the year, three meetings were held on - 13.8.2014, 26.9.2014 and 10.3.2015.

Attendance of each Member at the Stakeholders' Relationship Committee Meetings held during the year are as follows:

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Ramesh Chandra Jha, Chairman	3	3
Mr. Ravindra Prakash Sehgal	3	3

The Company has authorized Mr. Sanjay Agarwal, Company Secretary, to approve the Share Transfers and appointed him as the Compliance Officer of the Company. The Company has received no complaints from any shareholder of the Company during the year 2014-15. There are no share transfers pending as on 31.3.2015.

C) NOMINATION & REMUNERATION COMMITTEE

The Committee comprises of :

Sl. No.	Name	Category
1.	Mr. Debajyoti Chakrabarti, Chairman	Independent Director
2.	Mr. Ramesh Chandra Jha*	Independent Director
3.	Mr. Manoj Bose	Independent Director
4.	Dr. Sephali Roy**	Independent Director

* Ceased to be a member w.e.f. 26.5.2015.

** Appointed as a member w.e.f. 26.5.2015.

During the year under review, one meeting was held on 12.2.2015. All the members of the Committee were present in the meeting.

Terms of Reference of the Committee, inter alia, includes the following:

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal.
- To carry out the evaluation of every Director's performance.
- To recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To recommend/review remuneration of the Managing Director's and Whole-time Director(s) based on their performance and defined assessment criteria.
- Determine the remuneration package for Executive Directors.

- Determine the remuneration for the KMP's and SMP's.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Remuneration Policy

The success of the organization in achieving good performance and good governing practices depends on its ability to attract and retain individuals with requisite knowledge and excellence as Executive and Non-Executive Directors.

The Remuneration Policy of the Company is attached as “**Annexure C**” to the Directors' Report.

Details of Remuneration paid to Directors

The remuneration payable to Directors is determined at the Board Meeting. The remuneration paid to the Executive Directors during the year are:

(Amount in Rs.)

Name of Director	Designation	Salary	Perquisites & Allowances	Total
Mr. Ravindra Prakash Sehgal	Managing Director	720000	472987	1192987
Mr. Suvabrata Saha	Joint Managing Director	720000	408053	1128053
Mr. Arun Kumar Bose	Whole time Director	124000	330000	454000

Criteria for payment to Non-Executive Directors

As per the present policy, the Company does not pay any remuneration to any Independent Director except sitting fees for attending the meetings of the Board / Committees.

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors except payment of sitting fees. The Company has not granted any Stock Options to any of its Non-Executive Directors.

The Non Executive Directors do not hold any shares of the Company, as on 31st March, 2015.

No Commission was paid to Directors during the year ended 31st March, 2015.

4. GENERAL BODY MEETINGS**i. The last three Annual General Meetings of the Company were held as under:**

Financial Year	Date of AGM	Venue	Time
2013-2014	26.09.14	Sarat Sadan, 5, M. G. Road, Howrah – 711 101	10.00 A.M.
2012-2013	26.09.13	Sarat Sadan, 5, M. G. Road, Howrah – 711 101	10.00 A.M.
2011-2012	28.09.12	Sarat Sadan, 5, M. G. Road, Howrah – 711 101	10.00 A.M.

ii. Details of Special Resolutions passed in the previous three Annual General Meeting

Date of AGM	Details of the Special Resolution Passed
September 28,2012 (29th AGM)	No special resolution was passed in the meeting
September 26,2013 (30th AGM)	1) Re-appointment of Mr Arun Kumar Bose as a Whole time Director of the Company for a period of three years w.e.f. 6.9.2013. 2) Alteration of the Articles of Association of the Company.
September 26, 2014 (31st AGM)	1) Increasing the limit U/s 180(1)(a) of the Companies Act, 2013, to Rs 65 crore. 2) Adoption of new Articles of Association of the Company. 3) To supply to Nacip Inc. for an aggregate value not exceeding Rs. 17 crores in a financial year, U/s 188 of the Companies Act, 2013.

iii. Special resolution passed through Postal Ballot:

No special resolution was passed through Postal Ballot during the Financial Year 2014-2015. None of the businesses proposed to be transacted in the ensuing Annual General Meeting required passing of a special resolution through Postal Ballot.

No Extra-ordinary General meeting of the shareholders was held during the year.

5. DISCLOSURES

- a) Disclosure on materially significant related party transaction, i.e., transactions of the Company of material nature, with its Promoters, the Directors and the Management, their Subsidiaries or Relatives etc., that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company. Details of transactions with related parties as per requirement of Accounting Standard 18 are disclosed in Other Note (28- xii) to the Financial Statements.

- b) Details of non-compliance by the Company, penalties strictures imposed on the Company by Stock Exchanges or SEBI, or any other statutory authority, on any matter related to capital market during the last three years.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

- c) The Company has complied with the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances have been given in the relevant sections of this report.
- d) The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee. The said policy may be referred to, at the Company's website : www.carnationindustries.com

6. MEANS OF COMMUNICATION

- a) The Quarterly, Half Yearly and the Annual results of the Company are communicated to all the Stock Exchanges where the shares of the Company are listed as soon as the same are approved by the Board of Directors of the Company. Further, the results of the Company are published in one leading prominent business daily in English and a regional newspaper published in Bengali.
- b) The Company has designated, for the investors, an exclusive email: investor@carnationindustries.com
- c) The Management Discussion and Analysis report forms part of the Directors' Report.

- d) The Company has its own website www.carnationindustries.com and all vital information relating to the company and its performance including financial results are regularly posted on the Company's website.
- e) During the year under review, the Company did not make any presentation to institutional investors or to analysts.

7. GENERAL SHAREHOLDER INFORMATION

i) Annual General Meeting

Date & Time : 28.9.2015 at 10.00 A.M.

Venue : SARAT SADAN
5, M.G. Road
Howrah – 711 101

ii) Financial Calendar 2015-2016 (Tentative)

Financial year- 1st April, 2015 to 31st March, 2016

Financial reporting for the Year 2015-16:

Q. E. June 30, 2015 : By August 14, 2015

Q. E. September 30, 2015 : By November 14, 2015

Q. E. December 31, 2015 : By February 14, 2016

Q. / Year ended March 31, 2016 : Audited Accounts by May 30, 2016

iii) Date of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from Thursday, 24th September, 2015 to Monday, 28th September, 2015 (both days inclusive).

iv) Dividend Payment Date

The dividend warrants will be credited /despatched between 5th October and 10th October, 2015.

v) Listing on Stock Exchanges : Bombay Stock Exchange Limited The Calcutta Stock Exchange Limited

The Company has paid the listing fees for the financial year 2015-16 to the above Stock Exchanges.

vi) Stock Codes of Equity Shares of the Company are as under:

32nd Annual Report 2014-15

BSE Limited : Scrip Code No 530609
The Calcutta Stock Exchange Limited : Scrip Code No 13067
Corporate Identity (CIN) : L27209WB1983PLC035920
Demat ISIN No : INE 081B01010

vii) Market Price Data & Comparison with BSE Sensex

There are no transactions in the equity shares of the Company listed at the Calcutta Stock Exchange, hence monthly high and low quotation and volume of shares traded on the Bombay Stock Exchange during the year are only given:

Months	SHARE PRICE BSE (Rs.)		SENSEX	
	High Price	Low Price	High	Low
Apr-14	17.00	12.72	22939.31	22197.51
May-14	19.00	13.50	25375.63	22277.04
Jun-14	22.40	17.50	25725.12	24270.20
Jul-14	26.60	16.65	26300.17	24892.00
Aug-14	26.60	20.35	26674.38	25232.82
Sep-14	29.85	23.00	27354.99	26220.49
Oct-14	28.30	22.60	27894.32	25910.77
Nov-14	30.00	21.90	28822.37	27739.56
Dec-14	26.85	21.15	28809.64	26469.42
Jan-15	29.00	22.85	29844.16	26776.12
Feb-15	29.70	21.60	29560.32	28044.49
Mar-15	28.00	23.05	30024.74	27248.45

viii)Registrar and Share Transfer Agent : R&D Infotech Pvt. Ltd.
7A, Beltala Road, 1st Floor
Kolkata – 700 026
Tel: (033) 24192641/24192642
Email: rd.infotech@vsnl.net

ix) Share Transfer System:

The Company's shares, which are in compulsory dematerialized (demat) list, are transferable through the depository system. Shares in physical form are processed by the Registrar and Share Transfer Agent, R & D Infotech Pvt. Ltd. The share transfers are processed within a period of 15 days from the date of the transfer documents if documents are completed in all respects.

x) Demat Your Shares

Members are requested to convert their physical holding to demat form through any of the nearest Depository Participant (DPs) to avoid hassles with physical shares such as possibility of loss, mutilation and to ensure safe and speedy transactions in securities.

xi) Secretarial Audit for Reconciliation of Share Capital

The Securities and Exchange Board of India has directed vide Circular No. CIR/MRD/DP/30/2010 dated 6th September, 2010 that all issuer Companies shall submit a "Certificate of Reconciliation of Share Capital" reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/paid-up capital.

The said certificate, duly certified by the Company Secretary in Practice is submitted to the Stock Exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

xii) Management Discussion and Analysis Report

It forms part of the Annual Report.

xiii) Green Initiative

The Ministry of Corporate Affairs has introduced a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send e-mail at investor@carnationindustries.com to update their e-mail address.

xiv) Distribution of Shareholding as on 31st March, 2015:

CARNATION INDUSTRIES LIMITED
DISTRIBUTION SCHEDULE AS ON 31/03/2015

RANGE IN NO. OF SHARES	NUM.OF SHARE HOLDERS	NUM.OF SHARES	% TO TOTAL HOLDING
1 to 500	1525	261992	7.58%
501 to 1000	141	116276	3.36%
1001 to 2000	81	124554	3.61%
2001 to 3000	29	71978	2.08%
3001 to 4000	22	77556	2.24%
4001 to 5000	11	50191	1.45%
5001 to 10000	12	92611	2.68%
10001 to 50000	17	400219	11.58%
50001 to 100000	0	0	0%
100001 and Above	9	2261783	65.42%
GRAND	1847	3457160	100.00%

xv) Shareholding Pattern as on 31st March, 2015:

	(Holding %)
Promoter & Promoter Group	43.68
Bodies Corporate	3.77
NRIs	0.10
Mutual Funds & UTI	0.32
Public Shareholding	52.13
	<u>100.00</u>

xvi) Dematerialisation of shares :

Mode of Holding	% of Shares
NSDL	58.26
CDSL	20.50
PHYSICAL	21.24
TOTAL	100.00

xvii) Outstanding GDR/ADR/Warrants or any convertible instrument, conversion date and likely impact on equity.

The Company has not issued any GDR/ADR warrant or convertible warrant as on 31st March, 2015.

xviii) Details of Public Funding obtained in the last three years.

The Company has not obtained any public funding in the last three years.

xix) Plant Location

- a) 10, Station Road, Liluah, Howrah.
- b) 23, 'O' Road, Belgachia, Howrah.
- c) Mauza Rauta, Kaijuri, Uluberia, Howrah.

xx) During the year under review, the Company has credited Rs.1.24 lakhs, lying in the unpaid/unclaimed dividend account, to the Investor Education Protection Fund (IEPF) pursuant to Section 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

8. NON-MANDATORY REQUIREMENT

i) Chairman of the Board

The Chairman of the Company is entitled to reimbursement of expenses incurred for maintenance of Chairman's office.

ii) Shareholder Rights

The quarterly, half-yearly and annual financial results of the Company are published in newspapers on an all India basis and are also posted on the Company's Corporate Website. The complete Annual Report is sent to every Shareholder of the Company.

iii) Audit Qualifications:

It has always been the Company's endeavor to present unqualified financial statements. There are no audit qualifications on the Company's financial statements for the year ended 31st March, 2015.

iv) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

9. OTHER INFORMATION

i) CEO / CFO Certification:

The Managing Director (CEO) and the CFO of the Company have certified to the Board that all the requirements of Clause 49(V) of the Listing Agreement, inter alia, dealing with the review of financial statements and cash flow statement for the year ended March 31, 2015, transactions entered into by the Company during the said year, their responsibility

for establishing and maintaining internal control systems for financial reporting and evaluation of the effectiveness of the internal control system and making of necessary disclosures to the Auditors and the Audit Committee have been duly complied with.

ii) Code of Conduct

The Company has laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company.

iii) Certificate on Corporate Governance

The Company has complied with the requirements as laid down in Clause 49 of the Listing Agreement with the Stock Exchanges for the purpose of Corporate Governance. A Certificate obtained from M/s. Jain & Bagaria, Chartered Accountants, Statutory Auditors of the Company, to this effect has been attached to this Annual Report.

10. DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING COMPLIANCE WITH CODE OF CONDUCT

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2015.

For Carnation Industries Ltd.

Place : Kolkata
Date : 12th August, 2015

R. P Sehgal
(Managing Director)

CERTIFICATE**To the Members of
CARNATION INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Carnation Industries Limited, for the year ended on 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **JAIN & BAGARIA**
Chartered Accountants

27/8A, Waterloo Street
Kolkata – 700 069
Dated : 12th August, 2015

B. K. AGARWAL
(Partner)
Membership No. 065361
FRN: 310045E

REPORT OF THE AUDITORS TO THE MEMBERS OF CARNATION INDUSTRIES LIMITED

We have audited the accompanying financial statements of CARNATION INDUSTRIES LIMITED ('the company'), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and

fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matter in the Notes to the financial statements:

- (i) Note 16(a) to the financial statements which describes the overdue receivables from a related party.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of subsection (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of accounts;

- (d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of section 164(2) of the Act; and
- (f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28(ii) to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 28(xv) to the financial statements;
 - iii. There has been no delay transferring amounts, required to be transferred, to the Investor Education and protection Fund by the company.

For **JAIN & BAGARIA**
Chartered Accountants

B. K. Agarwal
(Partner)
Membership No.065361
FRN : 310045E

27/8A, Waterloo Street
Kolkata - 700 069
Dated : 26th May, 2015

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors Report to the members of the company on the financial statements for the year ended 31 March 2015, we report that:

1. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. As informed to us all fixed assets (except lying with outside parties) have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
2. The management has conducted physical verification of inventory at the end of the year (except stock lying with outside parties). The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The company is maintaining proper records of inventory and no material discrepancies were noticed on such physical verification.
3. The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of a continuing failure to correct major weakness in the aforesaid internal control procedures.
5. The Company has not accepted any deposits from the public.
6. 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 been made and maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

7. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and Other Statutory Dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Value Added Tax were outstanding at the year end for a period of more than six months from the date they became payable.

Further according to the records of the Company, there are no dues outstanding of Sales Tax, Income Tax, Custom Duties, Wealth Tax, Service Tax, Excise Duty, Value Added Tax, Cess on Account of any dispute other than the following:

Name of the Status	Nature of Dues	Amount (Rs.)	Forum Where Dispute is Pending
West Bengal Value Added Tax Act, 2003	Value Added Tax for the Financial Year 2007-2008	100.13 lacs	Before the West Bengal Commercial Taxes Appellate & Revisional Board.
Central Excise Act, 1944	Duty and Penalty	136.56 lacs	Before the Commissioner (Appeal – I & II) of Central Excise.

According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.

8. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
9. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to bank.

10. In our opinion and according to the information and the explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
11. The term loans were applied for the purpose for which the loans were obtained.
12. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

27/8A, Waterloo Street
Kolkata - 700 069
Dated : 26th May, 2015

For **JAIN & BAGARIA**
Chartered Accountants

B. K. Agarwal
(Partner)
Membership No.065361
FRN : 310045E

BALANCE SHEET AS AT 31ST MARCH, 2015

(Rs. in Lacs)

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share Capital	3	345.72	345.72
b) Reserves and Surplus	4	1281.21	1165.85
		1626.93	1511.57
2. Non-Current Liabilities			
a) Long-Term Borrowings	5	5.06	27.35
b) Deferred Tax Liabilities (Net)	6	78.06	82.93
c) Long-Term Provisions	7	126.69	104.96
d) Creditor for Capital Goods		—	2.38
		209.81	217.62
3. Current Liabilities			
a) Short-Term Borrowings	8	3434.76	3273.05
b) Trade Payables	9	3371.85	3312.38
c) Other Current Liabilities	10	64.36	133.82
d) Short-Term Provisions	11	49.60	81.23
		6920.57	6800.48
TOTAL		8757.31	8529.67
ASSETS			
1. Non-Current Assets			
a) Fixed Assets	12		
i) Gross Carrying Amount		3132.83	3074.16
ii) Less : Depreciation		1826.84	1664.99
iii) Net Carrying Amount		1305.99	1409.17
b) Non-Current Investments	13	0.22	0.22
c) Long Term Loans and Advances	14	52.23	52.80
2. Current Assets			
a) Inventories	15	1063.80	819.08
b) Trade Receivables	16	5081.15	4796.01
c) Cash and Bank Balances	17	200.23	125.11
d) Short-Term Loans and Advances	18	99.81	130.17
e) Other Current Assets	19	953.88	1197.11
TOTAL		8757.31	8529.67

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 & BAGARIA**

Chartered Accountants

B.K.Agarwal

Partner

Membership No. 065361

FRN : 310045E

27/8A, Waterloo Street

Kolkata - 700 069

Dated : 26th May, 2015

R.P.Sehgal

(Managing Director)

Suvabrata Saha

(Joint Managing Director)

Biplab Ganguly

(Chief Financial Officer)

Sanjay Agarwal

(Company Secretary)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**(Rs. in Lacs)**

	Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
	Income :			
I.	Revenue From Operations	20	9659.99	9716.62
II.	Other Income	21	260.67	116.84
III.	Total Revenue (I + II)		9920.66	9833.46
IV.	Expenses :			
	Manufacturing Expenses	22	6628.44	6806.51
	Purchases of Finished/Semi Finished Goods	23	425.94	10.12
	(Increase)/Decrease in Stock of Finished Goods	24	(169.01)	123.03
	Employee benefits expenses	25	1149.31	1071.57
	Finance costs	26	654.25	558.53
	Depreciation and amortization expense		161.83	180.20
	Prior Period Adjustment		0.35	—
	Other expenses	27	892.46	799.99
	Total Expenses		9743.57	9549.95
V.	Profit Before Exceptional and Extraordinary Items and Tax : (III - IV)		177.09	283.51
VI.	Exceptional Items		—	—
VII.	Profit Before Extraordinary Items and Tax :		177.09	283.51
VIII.	Extraordinary Items		—	—
IX.	Profit Before Tax (VII - VIII)		177.09	283.51
X.	Tax Expenses :			
	(1) Current Tax		40.00	58.40
	(2) Tax adjustments for earlier years		1.71	0.76
	(3) Deferred tax		(4.87)	(13.81)
			36.84	45.35
XI.	Profit/(Loss) for the period from continuing operations (IX-X)		140.25	238.16
XII.	Profit/(Loss) for the period		140.25	238.16
	Basic & diluted earning per Equity Share of Rs.10/- each		4.06	6.89

Summary of Significant Accounting Policies 2

As per our report annexed of even date

For **JAIN & BAGARIA**

Chartered Accountants

B.K.Agarwal

Partner

Membership No. 065361

FRN : 310045E

27/8A, Waterloo Street

Kolkata - 700 069

Dated : 26th May, 2015

R.P.Sehgal

(Managing Director)

Biplab Ganguly

(Chief Financial Officer)

On behalf of the Board

Suvabrata Saha

(Joint Managing Director)

Sanjay Agarwal

(Company Secretary)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015**(Rs. in Lacs)**

	<u>31st March, 2015</u>	<u>31st March, 2014</u>
Cash flow from Operating Activities		
Profit before tax from continuing operations	177.09	283.51
Profit before tax	177.09	283.51
Depreciation/amortization on continuing operation	161.83	180.20
Interest expense	504.04	416.97
Dividend income	—	(0.26)
Operating profit before working capital		
changes movements in working capital :	842.96	880.42
Increase/(Decrease) in trade payables	59.47	(176.31)
Increase/(Decrease) in long-term provisions	21.73	12.70
Increase/(Decrease) in other current liabilities	(2.05)	17.24
Decrease/(Increase) in trade receivables	(285.14)	(414.70)
Decrease/(Increase) in inventories	(244.72)	288.67
Decrease/(Increase) in long-term loans and advances	0.57	(0.15)
Decrease/(Increase) in short-term loans and advances	30.36	(14.67)
Decrease/(Increase) in other current assets	223.89	35.42
Cash generated from/(used in) operations	647.07	628.62
Direct taxes paid (net of refunds)	65.87	36.00
Net cash flow from/(used in) Operating Activities (A)	581.20	592.62
Cash flow from Investing Activities		
Purchase of fixed assets, including intangible assets,		
CWIP and capital advances	(58.65)	(39.95)
Creditors for Capital Goods	(31.48)	(31.97)
Dividend received	—	0.26
Net Cash flow from/(used in) Investing Activities (B)	(90.13)	(71.66)

CARNATION**Industries Limited****(Rs. in Lacs)****31st March, 2015 31st March, 2014****Cash flow from Financing Activities**

Repayment of long-term borrowings	(51.90)	(45.66)
Proceeds from short-term borrowings	161.71	99.93
Interest paid	(512.74)	(421.36)
Dividends paid on equity shares	(27.66)	(20.74)
Tax on equity dividend paid	(4.70)	(3.53)

Net cash flow from/(used in) Financing Activities (C)	(435.29)	(391.36)
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Net increase/(decrease) in cash and cash equivalents (A+B+C)	55.78	129.60
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Cash and cash equivalents at the beginning of the year	25.14	(104.46)
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Cash and cash equivalents at the end of the year	80.92	25.14
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Components of cash and cash equivalents

Cash in hand	13.28	13.42
With banks- on current account	62.18	12.37
Temporary Bank Overdraft	—	(6.11)
- Unpaid dividend accounts*	5.46	5.46

Total cash and cash equivalents (Note 17)	80.92	25.14
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Summary of significant accounting policies 2

* The company can utilize these balances only toward settlement of the respective unpaid dividend, unpaid matured deposits and unpaid matured debenture liabilities.

As per our report annexed of even date
For **JAIN & BAGARIA**
Chartered Accountants

B.K.Agarwal
Partner
Membership No. 065361
FRN : 310045E
27/8A, Waterloo Street
Kolkata - 700 069
Dated : 26th May, 2015

R.P.Sehgal
(Managing Director)

Biplab Ganguly
(Chief Financial Officer)

On behalf of the Board

Suvabrata Saha
(Joint Managing Director)

Sanjay Agarwal
(Company Secretary)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

1. General Information

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

2. Summary of significant accounting policies

A. Accounting Convention

The accounts are prepared on accrual basis under the historical cost convention in accordance with the provisions of the Companies Act 2013 ('Act') and mandatory accounting standards as prescribed under section 133 of the Act read with Rule, 7 of the Companies (Accounts) Rules 2014 except otherwise stated.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule-III to the Companies Act, 2013 based on the time taken between the acquisition of the assets for processing and their realisation in cash and cash equivalents and the nature of other receivables, the company expects its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

B. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. The cost represents the cost of acquisition inclusive of duties & taxes which are not recoverable, incidental expenses, erection / commissioning expenses and interest etc. upto the date the assets is put to use.

Software expected to provide future enduring economic benefits is stated at cost less amortization. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

C. Depreciation/Amortisation

- i) Depreciation on tangible assets is provided on the straight line method over the useful lives of assets as specified in the schedule II to the Companies Act 2013.
- ii) Depreciation on fixed assets added / disposed off during the year is provided on prorata basis.
- iii) Assets having useful life of less than 12 months are fully charged to revenue in the year of purchase.

iv) Intangible Assets –

Computer Software is normally amortised over its useful life of 3 years as estimated by the management. Computer Software acquired but not found suitable is fully amortised in the year of acquisition. Licences representing right to use are amortised over a period of 3 years.

D. Impairment

Cash generating units/assets are assessed for possible impairment at each Balance Sheet date based on external and internal sources of information. Impairment losses, if any are recognised as an expenses in statement of Profit and Loss.

E. Investments

Long term investments are carried at cost less provisions for permanent diminution in value of such investments.

F. Inventories

- i) Raw material, Consumable stores, Spares, Power & Fuels and Packing Materials are valued at cost on FIFO basis. Inventories of Rejected/Scrapped finished goods are treated as raw materials and valued at current Market Price.
- ii) Finished goods are valued at cost or net realisable value whichever is lower. Cost is determined on average cost basis including proportionate fixed manufacturing overheads based on actual capacity.

G. Foreign Currency Transaction (other than for Fixed Assets)

Export Sales in Foreign Currency are accounted at the Exchange rates prevailing on the date of negotiation of export documents by bank or at the exchange rates under the related forward exchange contracts. Receivable & Payables not covered by forward exchange contracts are translated at year end exchange rates or at the amounts which is likely to be realised from and the gains / losses so determined and also the realised exchange gains/ losses are recognised in the Statement of Profit and Loss.

H. Cenvat

Central Excise Duty and Service Tax credit on purchase of Raw Materials, Consumables and Capital Goods and on services received are deducted from the cost of such materials, consumables, capital goods and services.

I. Value Added Tax

Input tax credit on purchase of Raw Materials, Consumables and Capital Goods are deducted from the cost of such materials and capital goods.

J. Export Benefit

Export Incentives which are in the nature of post realisation benefit are recognised on the basis of the claim made till the date of financial statements are approved and to the extent of certainty of collection and export incentives which are in the nature of pre realisation benefit recognised in the year of export irrespective of actual realisation.

K. Gratuity & Encashment of Leave

The Gratuity and Encashment of Leave are provided on Actuarial Valuation as required under AS-15.

L. Bonus

Bonus is provided for on the basis of liability incurred.

M. Taxes on Income

In case of the Company, provision for tax is made for current and deferred taxes. Current Tax is provided on the taxable income under the applicable tax laws and tax rates. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent period are recognised under the tax laws and tax rates which have been or subsequently enacted.

Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is "virtual certainty" that such deferred tax assets can be realised against future taxable profits.

N. Interest and Finance Charges

Interest and Finance Charges charged to Statement of Profit & Loss include interest and bank charges on bank borrowings, short term and long term and discounting of inland, foreign L/Cs including those in favour of bankers. Interest on negotiation of Purchases/Sale documents are charged to revenue account on the basis of recognition of Purchases/Sale. Interest attributable to qualifying assets only in specific borrowing cases are capitalised as cost of assets.

O. Purchases

Purchases are inclusive of carriage charged by the suppliers in their invoices.

P. Segment Reporting Policies

The Company is engaged in the manufacture of Castings & M.S. products which are subject to the same risk & returns and hence there is one primary segment. The analysis of geographical segments is based on the areas in which the Company operates.

Q. Subsidies

Government subsidies are accounted when there is no reasonable doubt of collection.

**NOTES FORMING PART OF THE BALANCE SHEET FOR THE YEAR ENDED
31ST MARCH, 2015**

	As at 31.03.2015	(Rs. in Lacs) As at 31.03.2014
3. SHARE CAPITAL		
Authorised		
7000000 Equity shares of Rs.10/- each	700.00	700.00
Issued, Subscribed and Paid-Up		
3457160 Equity Shares of Rs. 10/ each fully paid up	345.72	345.72
(Of the above shares 945900 shares, were allotted as fully paid up by way of bonus shares by Capitalisation of General Reserves created out of Profits.)		
	345.72	345.72

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31.03.2015		(No. & Rs. in Lacs) As at 31.03.2014	
Equity Shares	No.	Rs.	No.	Rs.
At the Beginning of the period	34.57	345.72	34.57	345.72
Outstanding at the end of the period	34.57	345.72	34.57	345.72

b) Terms/rights attached to equity shares

The company has only one class of equity shares having face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2015, the amount of per share dividend recognised as distributable to equity shareholders is Re: 0.60 (31st March 2014: Re. 0.80). The total dividend appropriation for the year ended 31-03-2015 amounted to Rs.24.89 lacs (Previous year Rs.32.36 lacs) including corporate dividend tax of Rs. 4.15 lacs(Previous year Rs.4.70 lacs).

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.

c) Details of shareholders holding more than 5% shares in the Company

	As at 31.03.2015		As at 31.03.2014	
	No.	% Holding	No.	% Holding
Equity Shares of Rs.10/ each fully paid				
Ravindra Prakash Sehgal	575865	16.657%	575865	16.657%
Suvabrata Saha	573598	16.591%	573598	16.591%
Madan Mohan Kundu	399110	11.544%	399110	11.544%
Sanatan Kundu	397960	11.511%	397960	11.511%
Sumati Sehgal	187675	5.428%	187675	5.428%

	As at 31.03.2015		(Rs. in Lacs) As at 31.03.2014	
4. RESERVES & SURPLUS				
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
Statement of Profit & Loss Account				
Opening Balance	290.58		84.78	
Surplus/(Deficit) for the period	140.25	430.83	238.16	322.94
Less: Appropriations				
Proposed Equity dividend		20.74		27.66
Dividend Distribution Tax thereon		4.15		4.70
		405.94		290.58
Total Reserves and Surplus		1281.21		1165.85

5. LONG -TERM BORROWINGS
From Banks

(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 short term borrowings)

	As at 31.03.2015		As at 31.03.2014	
Term Loan	26.87		76.87	
Less: Current maturity classified as				
Other Current Liabilities	21.81	5.06	50.00	26.87
Car Loan	0.48		2.38	
Less: Current maturity classified as				
Other Current Liabilities	0.48	—	1.90	0.48
		5.06		27.35

a) Repayment terms for Rupee Term Loans are as follows :

(Rs. in Lacs)

<u>Bank</u>	<u>31-03-2015</u>	<u>31-03-2014</u>	<u>Repayments Terms</u>
State Bank of Hyderabad	9.31	46.81	Repayable in sixteen equal quarterly instalments. Interest is payable monthly @ 15.45% pa.
Punjab National Bank	17.56	30.06	Repayable in Sixteen equal quarterly instalments. Interest is payable monthly @ 15.25% pa.
ICICI Bank (Car Loans)	0.48	2.38	Repayable in fifteen equal monthly instalment including interest at the rate 12.75% pa.

6. DEFERRED TAX LIABILITIES (NET)

The major components of the Deferred tax assets/liabilities based on the tax effect on the timing difference as at 31st March, 2015 are as under:

	<u>As at</u> <u>31.03.2015</u>	<u>As at</u> <u>31.03.2014</u>
Deferred Tax Liability/(Assets)		
Timing differences for Depreciation	102.94	99.91
Provision for Leave Encashment	(2.30)	(1.21)
Provision for Gratuity	(22.58)	(15.77)
Net Deferred Tax Liability/(Assets)	<u>78.06</u>	<u>82.93</u>

7. LONG TERM PROVISIONS

Provision for Contingencies	50.00	50.00
Provision for Gratuity	69.59	51.03
Provision for Leave Encashment	7.10	3.93
	<u>126.69</u>	<u>104.96</u>

a) Provision for contingencies

(Rs. in Lacs)

Excise

Opening Balance as at 01.04.2014	50.00
Amount provided during the period	—
Amount utilised against provision	—
Unused amount released during the period	—
Closing Balance as at 31.03.2015	50.00

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8. SHORT-TERM BORROWINGS

From Banks

(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.)

	(Rs. in Lacs)
	As at 31.03.2015
	As at 31.03.2014
Loans Repayable on Demand	
Packing Credit	1460.49
Bills Purchase Account	1546.95
Cash Credit	27.55
Standby Line of Credit	399.77
	<u>3434.76</u>
	<u>3273.05</u>
9. TRADE PAYABLES	
For goods Supplied	2757.31
For Expenses	614.54
	<u>3371.85</u>
	<u>3312.38</u>

- a) In view of insufficient information from the suppliers regarding their status as Micro, Small and Medium Enterprises, the amount remaining unpaid to such undertakings could not be ascertained for separate disclosure in our accounts.
- b) Charge of hypothecation over Current Assets & Raw Materials procured under letter of credit in favour of bankers has been created for letter of credit issued. Aggregate value of such letter of credit outstanding as on 31st March, 2015 is Rs.787.64 lacs. (Previous Year Rs.695.36 lacs.)

	(Rs. in Lacs)
	As at 31.03.2015
	As at 31.03.2014
10. OTHER CURRENT LIABILITIES	
Current maturities of long term debt	22.29
Unclaimed Dividend	5.46
Interest accrued and due on Bank borrowing	6.07
Interest accrued but not due on Bank borrowing	3.50
Advance from Customer	26.29
Creditors for Capital Goods	0.75
	<u>64.36</u>
	<u>133.82</u>
11. SHORT TERM PROVISIONS	
For Income Tax (Net)	24.71
“ Proposed Dividend	20.74
“ Dividend Distribution Tax	4.15
	<u>49.60</u>
	<u>81.23</u>

12. FIXED ASSETS (AT COST)

DESCRIPTION	GROSS CARRYING AMOUNT			DEPRECIATION / AMORTISATION			(Rs. in Lacs)			
	AS AT 3/31/2014	ADDITIONS DURING THE YEAR	SALES / ADJUST- MENTS	AS AT 3/31/2015	UP TO 3/31/2014	PROVIDED DURING THE YEAR	SALES / ADJUST- MENTS	UP TO 3/31/2015	NET CARRYING AMOUNT AS AT 3/31/2015	AS AT 3/31/2014
TANGIBLE ASSETS										
1) LAND	165.52	0.13	-	165.65	-	-	-	-	165.65	165.52
2) BUILDINGS	812.16	-	-	812.16	342.39	18.99	-	361.38	450.78	469.77
3) PLANT & MACHINERIES	1050.79	34.79	-	1085.58	638.83	78.59	-	717.42	368.17	411.95
4) LABORATORY EQUIPMENT	68.86	10.55	-	79.41	46.78	5.47	-	52.25	27.16	22.09
5) PATTERN & DICES	456.25	36.34	-	492.59	313.27	13.30	-	326.57	166.02	142.98
6) TOOLS & IMPLEMENTS	28.45	-	-	28.45	10.76	2.08	-	12.84	15.61	17.69
7) FURNITURE & FITTINGS	57.97	1.72	-	59.69	41.75	8.70	-	50.45	9.25	16.23
8) ELECTRIC INSTALLATION	148.37	-	-	148.37	62.37	12.35	-	74.72	73.65	86.00
9) MOTOR VEHICLES	53.34	0.48	-	53.82	36.70	4.00	-	40.70	13.12	16.64
10) COMPUTERS P.C	78.62	0.28	-	78.90	64.98	7.27	-	72.25	6.65	13.64
INTANGIBLE ASSETS										
1) ERP SOFTWARE	74.44	-	-	74.44	58.33	9.45	-	67.78	6.66	16.11
2) COMPUTER SOFTWARE	29.36	-	-	29.36	27.38	0.70	-	28.08	1.28	1.98
3) LICENCE	24.40	-	-	24.40	21.45	0.93	-	22.38	2.02	2.95
CAPITAL WORK IN PROGRESS										
TOTAL	3074.16	84.29	25.62	3132.83	1664.99	161.83	-	1826.84	1305.99	1409.17
PREVIOUS YEAR	3034.21	39.95	-	3074.16	1484.80	180.20	-	1664.99	1409.17	-

Note : 1) Pattern & Dice includes Rs. 6.62 lacs lying with Supplier abroad
2) The above figures of gross carrying amount and accumulated depreciation are inclusive of Rs.304.31 Lacs in respect of items of Plant & Machinery and Rs.76.20 Lacs for other fixed assets which had fully depreciated in the books of accounts and net book value is nil.
3) Depreciation for the year includes Rs.9.73 lacs representing carrying amounts of the assets after retaining the residual value, whose remaining useful life are NIL as on 01.04.2014.

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	As at 31.03.2015	(Rs. in Lacs) As at 31.03.2014
13. NON-CURRENT INVESTMENT		
Quoted (Long Term)		
3500 Fully paid Equity Shares of Rs. 2/- each, in Punjab National Bank.(Previous year 700 equity shares of Rs.10/-each)	0.22	0.22
Market Value Rs. 505400/- (Previous year Rs. 520870/-)		
14. LONG TERM LOANS AND ADVANCES		
(Unsecured Considered Good)		
Advances recoverable in cash or in kind or for the value to be received	14.86	14.86
Security Deposit	37.37	37.94
	52.23	52.80
a) Advance represents due from M/s. The Salkia Industrial Works. Execution case had been filed by the company on failure by the party to pay as per the Court order, which is still pending.		
15. INVENTORIES (As taken, valued and certified by the management, for mode of valuation refer Note No. 2F)		
Finished Goods [Refer Note No.24(a)]	805.34	636.33
Raw Materials [Refer Note No.22(b)]	138.03	85.79
Consumable Stores, Spares and Power & Fuels	101.37	77.28
Packing Materials	19.06	19.68
	1063.80	819.08
Note: 1) Out of the above, Raw Materials of Rs. 8.52 lacs are in transit (Previous Year - Nil)		
2) Out of the above, Raw Materials of Rs. 4.32 lacs are lying with Jobber (Previous Year – Rs. 4.32 lacs)		
3) Out of the above, Consumable Stores of Rs. 4.49 lacs are in transit (Previous Year – Nil)		
4) Out of the above, Finished Goods of Rs. 132.06 lacs are in transit.(Previous Year – Rs.176.47 lacs)		
5) Out of the above, Finished Goods of Rs. 5.41 lacs lying with processors.(Previous Year - Rs.5.85 lacs)		
16. TRADE RECEIVABLES		
Unsecured Considered Good :		
More than Six months from the due date	2774.85	739.47
Other Debts	2306.30	4056.54
	5081.15	4796.01
a) Export proceeds in foreign exchange from a related party of Rs. 2907.51 lacs (Previous year Rs.1403 lacs) could not be realised within 12 month from the dates of export as at the end of the year. Total outstanding as on 31.03.2015 is Rs. 3173.04 lacs (Previous Year Rs. 3178.55 lacs). Out of that Rs. 64.75 lacs have since been realised.		

CARNATION**Industries Limited**

	As at	(Rs. in Lacs)
	31.03.2015	As at
		31.03.2014
17. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash In hand (As certified by Management)	13.28	13.42
Balances with Banks		
On Current Accounts (Including Balances of Rs. 5.46 lacs	67.64	11.72
Lying with dividend account) (Previous year Rs.5.46 lacs.)		
	<u>80.92</u>	<u>25.14</u>
Other Bank Balances		
Fixed Deposits (lying with Bank as security deposit)	96.85	93.61
[Including fixed deposits of Rs.72.08 lacs (Previous year		
Rs.24.97 lacs) with more than 12 months maturity]		
Interest accrued but not due on above	<u>22.46</u>	<u>6.36</u>
	<u>200.23</u>	<u>125.11</u>
18. SHORT TERM LOANS & ADVANCES		
UNSECURED CONSIDERED GOOD		
Advances recoverable in cash or in kind		
or for the value to be received	32.66	64.65
Income Tax Refund Receivable	9.91	9.91
Advances to Staff	7.24	5.61
Other Advance [Refer Note No.28(v)]	<u>50.00</u>	<u>50.00</u>
	<u>99.81</u>	<u>130.17</u>
19. OTHER CURRENT ASSETS		
UNSECURED CONSIDERED GOOD		
Export Incentive Receivable	70.29	103.64
Cenvat & Service Tax Receivable	267.57	339.80
Input Tax Credit Receivable [Refer Note No.28(iii)]	608.39	718.81
Profit on unexpired Forward Exchange Contract	2.74	1.00
Other Receivable	<u>4.89</u>	<u>33.86</u>
	<u>953.88</u>	<u>1197.11</u>

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NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2015

	As at		(Rs. in Lacs)	
	31.03.2015		As at	
	31.03.2014			
20. REVENUE FROM OPERATION				
Export Sale	9203.01		9152.97	
Less : Freight	172.72	9030.29	182.01	8970.96
Domestic Sale (Net of Central Excise / Vat)		150.25		207.31
		9180.54		9178.27
Other operating revenue				
Export Incentives - Realised	357.28		380.47	
Export Incentives - Unrealised	68.54	425.82	101.91	482.38
Discounts		26.71		39.00
Others		26.92		16.97
		9659.99		9716.62
Details of Products Sold				
a) Castings		9180.54		9177.68
b) M.S.Product (Fabricated Steel)		—		0.59
		9180.54		9178.27
21. OTHER INCOME				
Interest	24.16		11.12	
Dividend	—		0.26	
Exchange Rate Difference (Net)	228.17		94.66	
Others	8.34	260.67	10.80	116.84
22. MANUFACTURING EXPENSES				
Raw Materials Consumed				
Opening Stock	85.79		246.81	
Add : Purchases (Net of Central Excise and VAT)	4800.89		4658.27	
	4886.68		4905.08	
Less : Closing Stock	138.03	4748.65	85.79	4819.29
Consumable Stores & Spares Consumed		572.82		549.74
Power & Fuel		939.32		1005.09
Other Manufacturing Expenses		139.69		122.60
Clearing & Forwarding Import		12.55		0.57
Custom Duty		0.08		—
Factory Rent		4.32		4.32
Carriage Inward		67.39		79.04
Pollution Control Expenses		9.13		4.76
Purchase Tax		5.56		3.59
Repairs & Maintenance :				
To Machinery & Others	98.02		115.30	
To Shed & Godown	30.91	128.93	102.21	217.51
		6628.44		6806.51

CARNATION**Industries Limited**

	As at 31.03.2015	(Rs. in Lacs) As at 31.03.2014
a) Details of Raw Material Consumed (Including Wastage)		
Indigenous		
Pig Iron	2902.63	3394.70
Scrap	1670.09	1251.52
Others	175.93	173.07
	<u>4748.65</u>	<u>4819.29</u>
b) Details of Closing Stock of Raw Materials		
Raw Materials		
Pig Iron & Scrap	116.13	79.36
M.S.Materials for Fabricated Steel	4.32	2.54
Others	17.58	3.89
	<u>138.03</u>	<u>85.79</u>
23. PURCHASE OF FINISHED/ SEMI FINISHED GOODS		
Casting	425.94	4.16
M.S.Product (Fabricated Steel)	—	5.96
	<u>425.94</u>	<u>10.12</u>
24. (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS		
Closing Stock	805.34	636.33
Opening Stock	636.33	759.36
	<u>(169.01)</u>	<u>123.03</u>
a) Details of Closing Stock of Finished Goods		
Casting	803.72	634.71
M.S.Product (Fabricated Steel)	1.62	1.62
	<u>805.34</u>	<u>636.33</u>
25. EMPLOYEE BENEFIT EXPENSES		
Salaries	290.86	269.25
Wages	727.25	681.43
Bonus to Staff & Contractors	31.97	30.18
ESI Contribution	17.35	18.54
Workmen & Staff Welfare Expenses	12.60	11.81
Contribution to PF and other Funds	47.19	44.14
Gratuity	22.09	16.22
	<u>1149.31</u>	<u>1071.57</u>

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	As at 31.03.2015	(Rs. in Lacs) As at 31.03.2014
26. FINANCE COST		
Interest :		
To Bank on other than term loan (Net)	401.11	306.67
To Bank on Term Loan	7.17	14.88
To Others	1.35	2.30
Bank Charges	105.84	95.00
Export Guarantee Fees	44.37	46.56
Finance Charges	94.41	93.12
	<u>654.25</u>	<u>558.53</u>
27. OTHER EXPENSES		
Clearing & Forwarding Expenses (Export) (Including Carriage Outward)	152.12	138.74
Repairs & Maintenance		
To Other Assets	35.85	47.44
Rates & Taxes	13.80	25.64
Commission	102.19	9.53
Discount Allowed	16.20	1.23
Bad Debt written off	11.68	48.13
Insurance	5.77	6.59
Packing Charge	183.13	174.24
Directors Remuneration	25.92	25.36
Auditors Remuneration	5.00	5.00
Director's Meeting Fees	4.68	2.65
Inspection Service Charges	85.52	56.02
Sundry Debit Balance Written Off	9.35	25.72
Miscellaneous Expenses	241.25	233.70
	<u>892.46</u>	<u>799.99</u>

- a) Sundry debit balance written off includes Rs. 7.93 Lacs (Previous year Rs.11.57 Lacs) on account of rejected input credit for vat.

28. OTHER NOTES

i) Estimated amount of contracts remaining to be executed on Capital Account is Rs. NIL (Net of advance of Rs. NIL) (Previous year Rs. 4.17 lacs, net of advance Rs. 25.63 lacs.)

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

	As at 31.03.15	As at 31.03.14
a) Outstanding Bank Guarantee	104.68	57.33
b) Disputed Duty & Penalty under Central Excise Law	86.56	86.56
c) Disputed Vat Demand for the Financial Year 2007-08	100.13	100.13
d) Duty drawback received amounted to Rs.57 lacs (Approx) (Previous year Rs. 27.00 lacs) is subject to export realisation.		
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, in respect of its claim for refund of Input Tax Credit amounting to Rs.106.03 lacs for the Financial Year 2005-06 had filed a revision petition u/s 87 of the VAT Act, 2003 against the Appellate Authority's order dt. 25/03/2011, rejecting the appeal and also filed an appeal before The West Bengal Commercial Taxes Appellate and Revisional Board for the financial year 2007-08 against the order passed by the Joint Commissioner of Sales Tax, Kolkata (South) Circle, rejecting the total claim of ITC for that year and also raised a demand for Rs.100.13 lacs. The revision petition and the appeal are still pending. Claims for the refund of Input Tax Credit in respect of other financial years are at various stages of adjudication with the Sales Tax Department. The Company expects realisation of these refund claims not later than 12 months from 31st March, 2015. 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. During the current financial year the company has partly received provisional refund of Input Tax Credit amounting to Rs.93.06 lacs, Rs.182.02 lacs and Rs. 50.05 lacs out of claims made for the financial year 2012-2013, 2013-2014 and 2014-2015 against submission of Indemnity Bonds equivalent to the amount of claim.		
iv) The company recognises overdue interest on export sales as and when the sale proceeds is realised as mutually agreed.		
v) The Additional Commissioner of Central Excise, Kol-II and Haldia Commissionerate have raised two separate demands with penalty aggregating to Rs. 136.56 lacs out of which Rs. 50.00 lacs was paid in the financial year 2007-08. The Company had filed Appeals against the above demands before the Commissionerate (Appeal - I & II) of Central Excise Kolkata which are still pending.		

vi) **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.

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Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

	2014-15		2013-14	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	8.59	1.43	8.08	0.39
Interest Cost	4.59	0.36	3.46	0.34
Expected return on plan assets	—	—	—	—
Curtailment Cost / (Credit)	—	—	—	—
Settlement Cost / (Credit)	—	—	—	—
Amortization of Past Service Cost	—	—	—	—
Actuarial Losses / (Gains)	8.91	2.12	4.67	7.75
Total Expenses recognised in the statement of Profit & Loss	22.09	3.91	16.21	8.48

Balance Sheet

	2014-15		2013-14	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present Value of Defined Benefit Obligation	69.59	7.10	51.03	3.93
Fair Value of Plan Assets	—	—	—	—
Funded Status [Surplus/(Deficit)]	(69.58)	(7.10)	(51.03)	(3.93)
Effect of Balance Sheet Asset Limit	—	—	—	—
Unrecognised Past Service Costs	—	—	—	—
Net Asset/(Liability) recognised in Balance Sheet	(69.58)	(7.10)	(51.03)	(3.93)

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

	2014-15		2013-14	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening defined benefit obligation	51.03	3.93	38.48	3.78
Current Service Cost	8.59	1.43	8.08	0.39
Interest Cost	4.59	0.36	3.46	0.34
Curtailment Cost / (Credit)	—	—	—	—
Settlement Cost / (Credit)	—	—	—	—
Employee Contribution	—	—	—	—
Plan Amendments	—	—	—	—
Acquisitions	—	—	—	—
Actuarial (gains)/Losses	8.91	2.12	4.67	7.74
Benefits Paid	(3.53)	(0.74)	(3.67)	(8.32)
Closing defined benefit obligation	69.59	7.10	51.02	3.93

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

	2014-15		2013-14	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening fair value of plan assets	—	—	—	—
Actual return on plan assets	—	—	—	—
Actual Company Contributions	3.53	0.74	3.67	8.32
Employee Contributions	—	—	—	—
Benefits paid	(3.53)	(0.74)	(3.67)	(8.32)
Closing fair value of plan assets	—	—	—	—

The principal assumptions are the (1) discount rate & (2) Salary increase.

The discount rate should be based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities and the salary increase should take account of inflation, seniority, promotion and other relevant factors.

The financial assumptions employed for the calculations are as follows:

	2014-15		2013-14	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate per annum compounded	7.80%	7.80%	9.00%	9.00%
Rate of increase in salaries	5.00%	5.00%	5.00%	5.00%
Expected Average remaining working lives of employees (years)	21.60	22.07	20.45	21.09

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:

	2014-15		2013-14	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined benefit obligation	69.59	7.10	51.03	3.93
Plan Assets	—	—	—	—
Surplus / (deficit)	(69.59)	(7.10)	(51.03)	(3.93)

The above information and data are based on actuarial certification.

- vii) 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.
- viii) 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.
- ix) Foreign Exchange gain of Rs.228.38 lacs (Previous year gain Rs. 94.66 lacs) are net of exchange gain of Rs. 1.74 lacs (Previous year Rs.1.00 lacs) arising out of conversion of unexpired forward exchange contract at marked to market and loss of Rs. 1.72 lacs (P.Y. Rs.21.06 lacs) arising out of cancellation of forward exchange contract during the year.
- x) 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)	
	<u>2014-15</u>	<u>2013-14</u>
Export Sales (Net of Freight)		
North America	2480.38	3501.96
Middle East	2981.01	2482.20
Europe	3520.43	2980.20
Asia	—	5.20
Australia	48.47	1.40
Domestic Sale	150.25	207.31

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.

- xi) Provision for current tax has been made under the normal positions of the Income Tax Act, net of MAT credit.

CARNATION**Industries Limited**

xii) Related party disclosures and transactions:

				(Rs. in Lacs)	
Sl. No.	Name	Relationship	Nature of Transaction	Amount (Rs.)	Outstanding (Rs.)
1.	Mr.R.P.Sehgal	Managing Director	Remuneration	11.13	0.78
			Meeting Fees	0.81	–
2.	Mr.Suvabrata Saha	Jt. Managing Director	Remuneration	10.83	0.78
			Meeting Fees	0.45	–
3.	Mr. Arun Kumar Bose	Whole time Director	Remuneration	3.96	0.33
			Meeting Fees	0.58	–
4.	Mr. Ramesh Chandra Jha	Non Executive Director	Meeting Fees	1.05	–
			Chairman Office Expenses	1.50	–
5.	Mr. Manoj Bose	Non Executive Director	Meeting Fees	0.96	–
6.	Mr. D. Chakrabarti	Non Executive Director	Meeting Fees	0.83	–
7.	Mr. S. Agarwal	Company Secretary	Remuneration	6.27	1.02
8.	Mr. Biplab Ganguly	Chief Financial Officer	Remuneration	6.67	1.06
9.	Mr. Abhijit Biswas	Officer-Corporate Affairs	Remuneration	7.20	1.15
10.	Bellona Stationery (P) Ltd.	Enterprises over which key Management personel and their relatives are able to exercise significant influence.	Payment to Creditors Capital Goods	30.88	–
11	Nacip INC	Body Corporate over which key Management personel are able to exercise significant influence.	Export Sale	230.81	3136.90
			Late payment Int.	24.16	36.14

(Rs. in Lacs)

31.03.15**31.03.14**

xiii) Auditor's Remuneration Includes

Audit Fees

4.50

4.50

Tax Audit Fees

0.50

0.50

5.005.00

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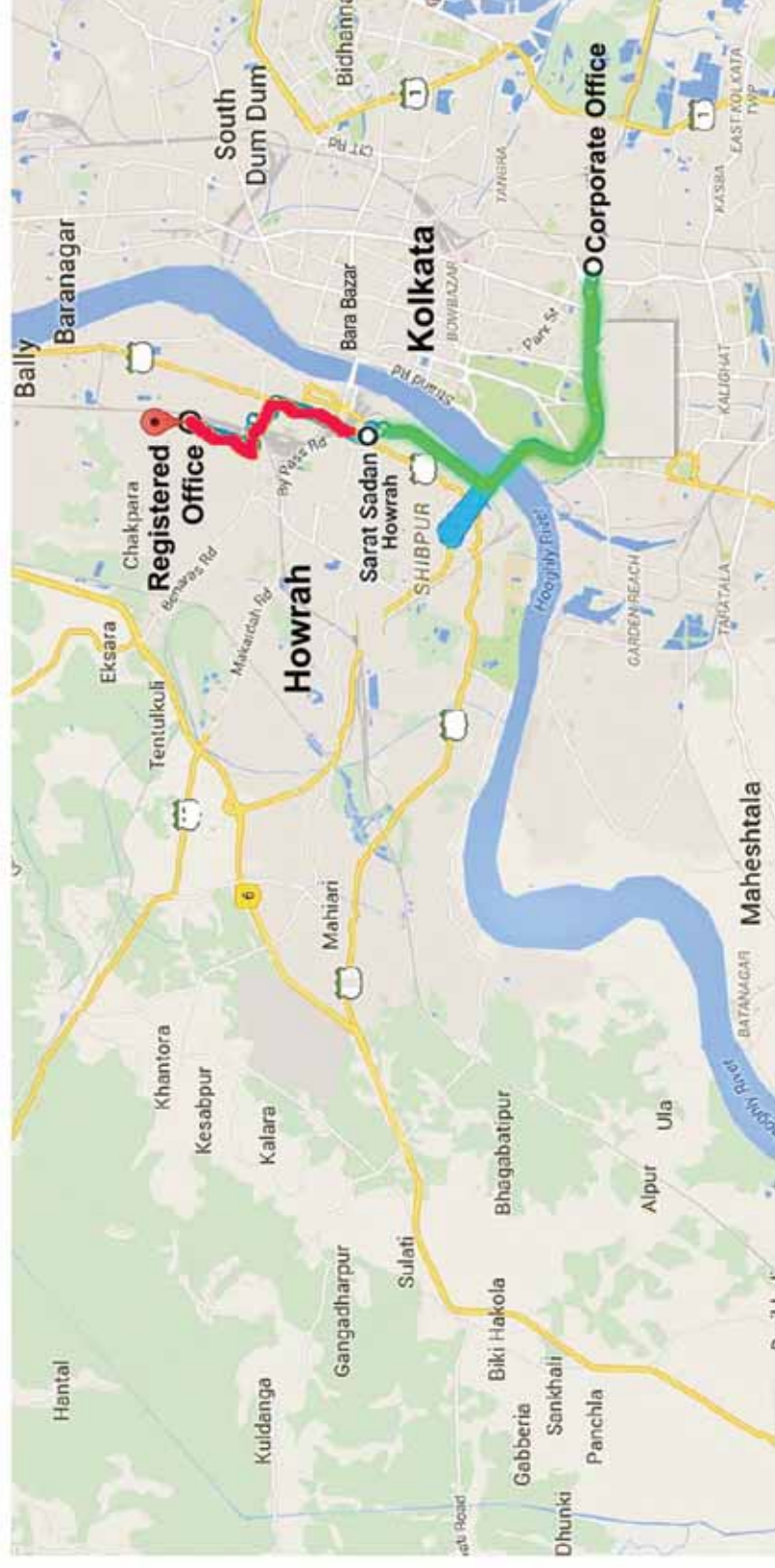
xiv) Additional information pursuant to the provisions of paragraphs 5 of Part-II of schedule III of the Companies Act, 2013

	31.03.15	(Rs. in Lacs) 31.03.14
i) Earnings in Foreign Exchange during the year		
Export of Goods (F.O.B)	8555.45	8970.96
Overseas Trading	474.84	—
Others	26.92	28.09
ii) Expenditure in Foreign Currency		
a. Travelling & Conveyance	20.14	14.82
b. Licence Fees	6.87	2.57
c. Commission	102.19	9.53
d. Foreign Bank Charge	19.50	19.68
e. Inspection Charges	8.71	4.77
f. Bad Debts written off	8.50	48.13
g. Discount Allowed	16.20	1.23
iii) CIF Value of Import		
Overseas Trading	422.92	—
xv) Derivative instruments		
Derivative contracts outstanding as at the Balance Sheet date:		

Particulars	Purpose
Forward Contract to sale US \$ US \$ 40000.00 (31st March, 2014: US \$ 15903.24) Rs.25.36 Lacs (31st March, 2014 Rs.9.96 lacs)	Hedge of buyers credit.
Forward Contract to sale EURO EURO 100000.00 (31st March, 2014: EURO 85837.68) Rs.71.08 Lacs (31st March, 2014: Rs.74.98 lacs)	Hedge of buyers credit.
Forward Contract to sale GBP GBP NIL (31st March, 2014: GBP 30000.00) Rs. NIL (31st March, 2014: Rs.28.92 lacs)	Hedge of buyers credit.

xvi) Previous year's figures have been regrouped / revised wherever found necessary.

Route Map to the venue of the AGM - Sarat Sadan, Howrah



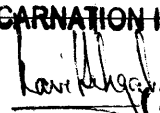
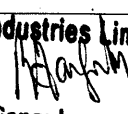
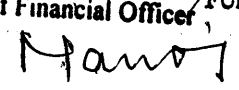
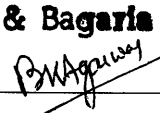
Corporate Office : 222, A. J. C. Bose Road, Kolkata

Registered Office : 28/1, Jheel Road, Howrah



If undelivered please return to :
CARNATION INDUSTRIES LTD.
222, A.J.C. Bose Road, Kolkata - 700 017, INDIA

FORM A
ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES

1.	Name of the Company	Carnation Industries Limited
2.	Annual Financial Results for the year ended	31 st March, 2015
3.	Type of observation	Un-qualified / Matters of Emphasis.
4.	Frequency of Observation	Repetitive Appeared First Time.
5.	To be Signed by-	
	i) Managing Director	For CARNATION INDUSTRIES LTD.  (R. P. SEHGAL) Managing Director
	ii) CFO	For Carnation Industries Limited  Biplab Ganguly Chief Financial Officer
	iii) Audit Committee Chairman	FOR CARNATION INDUSTRIES LTD.  Manoj Bose Director
	iv) Auditor of the Company	For Jain & Bagaria  Partner