

CARBON
SPECIALITIES
LIMITED

ANNUAL REPORT
2018-2019

CORPORATE INFORMATION

REGISTERED OFFICE:

53/10, Nayaganj, Kanpur 208001,

Uttar Pradesh

❖ BOARD OF DIRECTORS

Mr. Pankaj Kaya - Chairman
Mrs. Prabha Kaya – Managing Director
Mr. Ravindra Pratap Singh- Director
Mr. Naresh Kanodia - Independent Director
Mr. Anshul Kaya – CFO
Mr. Ketan Gupta – Company Secretary

❖ AUDIT COMMITTEE

Mr. Naresh Kanodia - Chairperson
Mrs. Prabha Kaya - Member
Mr. Ravindra Pratap Singh- Member

❖ NOMINATION & REMUNERATION COMMITTEE

Mr. Naresh Kanodia - Chairperson
Mrs. Prabha Kaya - Member
Mr. Ravindra Pratap Singh- Member

❖ AUDITORS

M/S ALOK BASUDEO & COMPANY
Chartered Accountants
16/17-G, Civil Lines, Kanpur-208001

❖ REGISTRAR & SHARE TRANSFER AGENTS

ABS CONSULTANT PVT. LTD.
CIN: U74140WB1991PTC053081
REG. OFFICE: 4 B B D BAG (EAST), STEPHEN HOUSE,
R.NO.99, 6TH FLOOR,
KOLKATA, West Bengal
INDIA- 700001

❖ STOCK EXCHANGE

The Calcutta Stock Exchange Limited
The Guwahati Stock Exchange

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NOTICE

Notice is hereby given that the 34th Annual General Meeting of the members of Carbon Specialities Limited will be held on Monday, 30th Day of September, 2019 at 12.30 p.m. at the Registered Office of the Company at 53/10, Naya Ganj, Kanpur-208001 (U.P.) to transact the following businesses:

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Financial Statements of the company for the financial year ended 31st Day of March, 2019, together with the Reports of the Board of Directors and the Auditors thereon; and
2. To appoint a Director in place of Mr. Pankaj Kaya (DIN: 00295978), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:-

3. Appointment of Mr. Naresh Kanodia as Independent Director

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

"RESOLVED THAT Mr. Naresh Kanodia (DIN: 08425727), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 18th Day of April, 2019 and who holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Companies Act, 2013 (the 'Act') and in respect of whom company has received a notice in writing from a Member under section 160(1) of the Act proposing his candidature for office of Director of the company, be and is hereby appointed as the Director of the Company."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), as amended from time to time, the consent of members of the Company be and is hereby accorded for the appointment of Mr. Naresh Kanodia (DIN: 08425727), who meets the criteria for independence as provided under section 149(6) of the Act and Regulation 16(1)(b) of SEBI LODR; and who has submitted a declaration to that effect and who is eligible for appointment as Independent Director of the Company, not liable

CARBON SPECIALITIES LIMITED

to retire by rotation, for a term of five years commencing from 18th Day of April, 2019 to 17th Day of April, 2024.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things as many be necessary and/or incidental to give effect to this resolution including filing of the necessary forms with the Registrar of Companies.”

**By the order of the Board of Directors
CARBON SPECIALITIES LIMITED**

Sd/-

PANKAJ KAYA
Director
[DIN: 00295978]

Date: 03.09.2019

Place: Kanpur

NOTES:-

1. A member entitled to attend and vote at the Annual General Meeting ('AGM') is entitled to appoint one or more proxies to attend and vote and a proxy need not be a member of the company.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10 percent of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10 percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the AGM. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

2. The relative Explanatory statement pursuant to section 102 of the Companies Act, 2013 (the 'Act') setting out the material facts concerning the business under item no. 3 of the Notice, is annexed hereto.
3. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the Board Resolution to the Company, authorizing them to attend and vote on their behalf at the AGM.

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4. Members, Proxies and Authorized Representatives are requested to bring the duly completed Attendance Slip enclosed herewith to attend the AGM.
5. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, ABS Consultant Pvt. Limited ('RTA') for assistance in this regard.
6. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their Depository Participants ("DPs") in case the shares are held by them in electronic form and with RTA in case the shares are held by them in physical form.
7. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to RTA in case the shares are held in physical form.
8. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
9. Members seeking any information with regard to the accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.
10. At the thirty-second AGM held on 30th Day of September, 2017 the members approved appointment of M/s Alok Basudeo & Company, Chartered Accountants (Firm Registration No. 007299C) as Statutory Auditors of the Company to hold office for a period of five consecutive years from the conclusion of that AGM till the conclusion of the thirty seventh AGM, subject to ratification of their appointment by Members at every AGM, if so required

under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the thirty-fourth AGM.

11. The Register of members and Share transfer books of the company will remain closed from Monday, 23rd Day of September, 2019 to Monday, 30 September, 2019 (both days inclusive).

Explanatory Statement

As required under Section 102 of the Companies Act, 2013 (“Act”), the following explanatory statement sets out all material facts relating to business mentioned under Item No. 3 of the accompanying Notice:

The constitution of the Board is not proper as required under the Act, rules made thereunder and other applicable provisions of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) regulation, 2015 (‘SEBI LODR’). Therefore, Based on the recommendation of Nomination and Remuneration committee, the Board of Directors appointed Mr. Naresh Kanodia (DIN: 08425727) as Additional Director and Independent Director, not liable to retire by rotation for a term of five years from 18th Day of April, 2019 to 17th Day of April, 2024, subject to approval of members.

Pursuant to the provisions of Section 161(1) of the Act, Mr. Naresh Kanodia shall hold office up to the date of this Annual General Meeting (“AGM”) and is eligible to be appointed as Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from Member(s), proposing their candidature for the office of Director.

The Company has received declaration from Mr. Naresh Kanodia to the effect that he meet the criteria for independence as provided under section 149(6) of the Act and Regulation 16(1)(b) of SEBI LODR.

In compliance with the provisions of Section 149, read with Schedule IV of the Act and applicable provisions of SEBI LODR, the appointment of Mr. Naresh Kanodia as Independent Directors are now being placed before the Members for their approval.

The Board of Directors of the company recommends the Resolution at item no. 3 of the Notice as Ordinary Resolution.

Except Mr. Naresh Kanodia and his relative, none of other Directors, Key Managerial Personnel and their respective relatives is, in any way, concerned or interested, in this resolution.

Directors' Report

To,
The Members,
Carbon Specialities Limited.

Your Directors have pleasure in presenting the Annual Report together with Annual Audited Financial Statements of the Company for the financial year ended 31st March, 2019.

➤ **FINANCIAL HIGHLIGHTS:**

Amount in INR

Particulars	Financial Year 2018-19	Financial Year 2017-18
Net Sales/Income from Business Operations	4,76,65,720	7,76,98,313
Other Income	2,69,700	0
Total Income	4,79,35,420	7,76,98,313
Less: Expenses	4,33,96,561	6,99,92,670
Profit / (Loss) before tax and Extraordinary / exceptional items	45,38,859	77,05,643
Less: Extraordinary / exceptional items	-	-
Profit/(Loss) before tax	45,38,859	77,05,643
Less: Current Income Tax	(30,54,553)	(15,59,116)
Less: Previous year adjustment of Income Tax/Current tax expenses relating to prior years	90,810	0
Less Deferred Tax	(1,24,565)	(5,49,676)
Net Profit/(Loss) after Tax	47,54,234	82,55,319
Earnings per share (Basic)	0.86	1.49
Earnings per Share(Diluted)	0.86	1.49

➤ **STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK**

During the FY 2018-19, Company's Revenue from operations was Rs. 4,76,65,720/- against Rs. 7,76,98,313/- in FY 2017-18 and the company has a profit after tax of Rs. 47,54,234/- against Rs. 82,55,319/- in FY 2017-18 . Your directors are putting their best efforts to perform better during the coming financial year. The boards of directors are in big hope to work harder in future in order to receive good recognition in the market and good profits are to be realized during the running year.

➤ **CHANGE IN NATURE OF BUSINESS**

There were no changes in the nature of business of the company in the current FY 2018-19.

➤ **DIVIDEND**

In order to conserve the resources of the Company, the Board has decided not to declare any dividend.

➤ **AMOUNT TRANSFER TO RESERVE**

The closing balance of the retained earnings of the company for FY 2018-19, after all adjustments and appropriations was Rs. 22,32,21,883/-

➤ **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return for the FY 2018-19, pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished as **Annexure I** to this Report.

➤ **NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

During the FY 2018-19, seventeen Meetings of Board of Directors were held in respect of which notices were given and the proceedings were recorded and signed in the Minutes Book maintained for the said purpose.

<u>Serial No.</u>	<u>Date of Board Meeting</u>
1.	09.04.2018

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2.	12.04.2018
3.	30.05.2018
4.	05.07.2018
5.	14.08.2018
6.	25.08.2018
7.	01.09.2018
8.	14.09.2018
9.	22.09.2018
10.	30.09.2018
11.	25.10.2018
12.	14.11.2018
13.	26.11.2018
14.	28.11.2018
15.	01.12.2018
16.	14.02.2018
17.	30.03.2018

NAME OF THE DIRECTOR	NO. OF MEETING ATTENDED BY EACH DIRECTOR
PRABHA KAYA	17
PANKAJ KAYA	17
RAVINDRA PRATAP SINGH	14
SHOBHIT GUPTA	15
ANSHUL KAYA	8



➤ **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mr. Anshul Kaya was appointed in FY 2017-18 as Additional Director, who can held office till the thirty-third Annual General Meeting ('AGM'). However, he was unable to be appointed in thirty-third AGM.

Mr. Pankaj Kaya retires by rotation and being eligible, offers himself for reappointment. A resolution seeking shareholders' approval for his re-appointment forms part of the notice.

Pursuant to the provisions of Section 149 of the Act, Mr. Shobhit Gupta, independent director has submitted declaration that he meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). However, he was disqualified under section 164(2) of the Companies Act, 2013. Hence, the office of the Independent Director has been vacated with effect from April 18, 2019.

Mr. Naresh Kanodia was appointed as Additional Director and Independent Director, not liable to retire by rotation with effect from April 18, 2019. The approval of shareholders required for his appointment as set out at item no. 3 in the notice.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2019 are: Mrs. Prabha Kaya, Managing Director; Mr. Anshul Kaya, Chief Executive Officer and Mr. Ketan Gupta, Company Secretary and Compliance officer.

➤ **DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the Section 134 (5) of the Companies Act, 2013, the Board of Directors, hereby submit its responsibility statement and confirm that:

- a. in the preparation of the annual accounts for the financial year ended 31.03.2019, the applicable accounting standards have been followed along with proper explanations relating to material departures;

- b. the Directors had selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2019 and of the Profit & Loss of the company for the year ended 31.03.2019;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the annual accounts for the year ended 31.03.2019 on a going concern basis;
- e. the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

➤ **BOARD EVALUATION**

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act and SEBI LODR. The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning,

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings.

➤ **COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee is applicable to the Company and hence the Company has devised policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

➤ **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013.**

The disclosure regarding Inter Corporate Loans and advances and investments has been made by the Company under Section 186 of the Companies Act, 2013 has been made in the relevant place in the financial statement.

➤ **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

There was no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

➤ **MAINTENANCE OF COST AUDIT**

The provision of maintenance of cost audit records is not applicable to the Company.

➤ **CHANGES IN SHARE CAPITAL**

During the financial year 2018-19, there were no changes in the share capital of the company.

a) **Equity shares with differential rights:** The Company has not issued any equity share with differential rights during the year under review.

b) **Buy Back of Securities:** The Company has not bought back any of its securities during the year under review.

c) **Sweat Equity:** The Company has not issued any Sweat Equity Shares during the year under review.

d) **Bonus Shares:** No Bonus Shares were issued during the year under review.

e) **Employees Stock Option Plan:** The Company has not provided any Stock Option Scheme to the employees.

➤ **CHANGE IN REGISTERED OFFICE OF THE COMPANY**

The registered office of the Company was shifted from the state of Assam to state of Uttar Pradesh after the due approvals and compliances under the provisions of Section 12 read with Section 13 of the Companies Act, 2013.

➤ **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply on the company.

➤ **MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which this financial statement relate on the date of this report.

➤ **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The particulars as required under section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 with regard to conservation of energy, technology absorption, foreign exchange earnings and outgoing are **Nil** during the year under review. There were no foreign exchange earnings or outgo during the year under review.

(A) CONSERVATION OF ENERGY	
The steps taken or impact on conservation of energy	NA
The steps taken by the company for utilizing alternate sources of Energy	NA
The capital investment on energy conservation equipments	NA
(B) TECHNOLOGY ABSORPTION	
The efforts made towards technology absorption	NA
The benefits derived like product improvement, cost reduction, product development or import substitution	NA
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	NA
The expenditure incurred on research and development	NA

Details of Foreign currency transactions are as follows:

- a. The company has not earned any income in Foreign Currency during the year.
- b. The company has not incurred any expenditure in Foreign Currency.

➤ **STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The Company does not have any Risk Management Policy as the element of risk threatening the Company's existence is very minimal.

➤ **DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the provisions OF Section 135 are not applicable to the company.

➤ **AUDITORS AND AUDITOR'S REPORT**

i) Statutory Auditors & Auditor's Report

Pursuant to the provisions of section 139 of the Act, rules framed thereunder M/s Alok Basudeo & Company, Chartered Accountants (Firm Registration No. 007299C) was appointed as Statutory Auditors of the Company in the Annual General Meeting ('AGM') held on September 30, 2017 to hold office for a period of five consecutive years from the conclusion of that AGM till the conclusion of the thirty seventh AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the thirty-fourth AGM.

Explanation to Auditor's Remarks

Comments made by the Statutory Auditors in the Auditors' Report are self-explanatory explained by notes wherever required however comments do not require any further clarification.

ii) Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Ms. Gautami Gupta, M/s Gautami Gupta & Associates has been appointed as the Secretarial Auditor of the company for conducting the secretarial audit for FY 2018-19. The secretarial Audit report for the FY ended 31.03.2019 has been attached herewith as Annexure II to the this report.

Explanation to Auditor's Remarks

The company has filed the disclosure under SEBI SAST and SEBI Listing Regulations although it has not maintained the copy of the same.

The shareholding of the promoters of the company is in the process of demat.

One form MGT-14 was inadvertently left to be filed. However, the same shall be filed soon.

➤ **DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM**

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is applicable to the Company. Hence the company has its Audit Committee and Vigil mechanism pursuant to provisions of Section 177(9) of the Act.

➤ **DEPOSITS**

The Company has not accepted or invited any Deposits from the Public as envisaged under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules 2014.

➤ **PARTICULARS OF EMPLOYEES:**

1. The ratio of the remuneration of each director to the median employee(s) remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are open for inspection at the Administrative Office of the Company in terms of the first proviso of Section 136 (1) of the Companies Act 2013 during the business hours. Members who are interested in obtaining such particulars may write to the Company and same will be furnished on request.
2. The provisions of Section 197 (12) and section 197(14) of the Companies Act, 2013, read with Rule 5 (2) and (3) of the Companies (Appointment and Remuneration) Rules, 2014 as amended, are not applicable to the Company.

➤ **STATEMENT UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and rules made there under, your Company has adopted a Sexual Harassment Policy for women to ensure healthy working environment without fear of prejudice, gender bias and sexual harassment.

Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

➤ **CONSOLIDATED FINANCIAL STATEMENT**

The provisions of Section 129(3) of Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are not applicable to the Company.

➤ **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiaries, Joint Ventures and Associate Companies.

➤ **INTERNAL FINANCIAL CONTROLS**

The said disclosure has been taken care of by the management of the Company in relation to the financial statement of the Company.

➤ **INDUSTRIAL RELATIONS**

The Industrial Relations have remained cordial and harmonious during the year.

➤ **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

No significant or material orders were passed by the any Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

➤ **CORPORATE GOVERNANCE**

The Provisions relating to Corporate Governance as enumerated in the Regulation 27 of SEBI (Listing obligation & disclosure requirements) Regulation, 2015 are not applicable on the Company. Thus, the report on Corporate Governance needs not to be file with the Stock Exchange.

➤ **ACKNOWLEDGEMENTS**

Your directors place on record their sincere appreciation of the Company to the Bankers for their continued support, to the officers, staff and workers of the Company for their relentless and dedicated efforts and devotion put in by them in tough such time of the Company and look forward for a bright future.

By the order of Board

For CARBON SPECIALITIES LIMITED

Sd/-

Sd/-

PRABHA KAYA
Managing Director
[DIN: 00326278]
Add: 16/81 CIVIL LINES,
KANPUR-208001 UP

PANKAJ KAYA
Director
[DIN: 00295978]
Add: 53/10 NAYA GANJ
KANPUR 208001 UP

Date: 03/09/2019

Place: Kanpur

ANNEXURE I:

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.03.2019
[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN:	L65929UP1985PLC111401
Registration Date [DDMMYY]	26/08/1985
Company Name	CARBON SPECIALITIES LIMITED
Category of the Company	Company limited by shares Indian Non-Government Company
Address	53/10, Naya Ganj, Kanpur-208001(U.P.)
Whether Listed Company	YES
Name , Address and contact details of Registrar and Transfer agent if any	ABS Consultant Private Limited, 4 B B D Bag (East), Stephen House, R.No.99, 6th Floor, Kolkata -700001 (WB)

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Activities auxiliary to financial service activities n.e.c.	6619	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

[No. of Companies for which information is being filled]

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% OF SHARE HELD	APPLICABLE SECTION
NA					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% Change during the year
	De mat	Physical	Total	% of Total Shares	De mat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	4706780	4706780	84.70	0	4706780	4706780	84.70	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total shareholding of Promoter (A) (1)	0	4706780	4706780	84.70	0	4706780	4706780	84.70	0
(2) Foreign									
a) NRIs Individual	0	0	0	0	0	0	0	0	0
b) Others-Individual	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any others...	0	0	0	0	0	0	0	0	0
Sub Total shareholding of Promoter (A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) =	0	4706780	4706780	84.70	0	4706780	4706780	84.70	0

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(A)(1)+(A)(2)									
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify) HUF	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	768110	768110	13.82	0	191800	191800	3.45	(10.37)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	0	82410	82410	1.48	0	658720	658720	11.85	10.37
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	0	0	0	0	0	0	0	0	0

CARBON SPECIALITIES LIMITED

c) Others (specify)	0	0	0	0	0	0	0	0	0
Non Resident Indians	0	0	0	0	0	0	0	0	0
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	850520	850520	15.3	0	850520	850520	15.3	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	850520	850520	15.3	0	850520	850520	15.3	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	5557300	5557300	100	0	5557300	5557300	100	0

ii) Shareholding of Promoters-

S N	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding 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	Pankaj Kaya	2155040	38.78	NA	2155040	38.78	NA	NA
2	Kishore Kumar Kaya	2551740	45.92	NA	2551740	45.92	NA	NA

CARBON SPECIALITIES LIMITED

iii) Change in Promoters' Shareholding (please specify, if there is no change):

SN		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	4706780	84.70	4706780	84.70
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change			
	At the end of the year	4706780	84.70	4706780	84.70

iv) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	NARESH KANODIA	0	0	0	0
2	RAVINDRA PRATAP SINGH	0	0	0	0
3	PANKAJ KAYA	2155040	38.78	2155040	38.78
4	PRABHA KAYA	0	0	0	0

V) **INDEBTEDNESS –**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness

CARBON SPECIALITIES LIMITED

Indebtedness at the beginning of the financial year				
i) Principal Amount	15,40,952	0	0	15,40,952
ii) Interest due but not paid	2,36,032	0	0	2,36,032
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	17,76,984	0	0	17,76,984
Change in Indebtedness during the financial year				
* Addition	7,87,684	0	0	7,87,684
* Reduction	(17,76,984)	0	0	(17,76,984)
Net Change	(9,89,300)	0	0	(9,89,300)
Indebtedness at the end of the financial year				
i) Principal Amount	6,82,318	0	0	6,82,318
ii) Interest due but not paid	1,05,366	0	0	1,05,366
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	7,87,684	0	0	7,87,684

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NO

B. Remuneration to other directors: No

C. Remuneration to Key managerial personnel other than MD/Manager/WTD

In Rs.

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	1,00,000	-	1,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-

CARBON SPECIALITIES LIMITED

4	Commission	--	-	-	-
-	- as % of profit	-	-	-	-
	Others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	1,00,000	-	-

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment		NIL			
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

By the order of Board

For CARBON SPECIALITIES LIMITED

Sd/-

Sd/-

PRABHA KAYA
 Managing Director
 [DIN: 00326278]
 Add: 16/81 CIVIL LINES,
 KANPUR-208001 UP

PANKAJ KAYA
 Director
 [DIN: 00295978]
 Add: 53/10 NAYA GANJ
 KANPUR 208001 UP

Date: 03/09/2019

Place: Kanpur

Gautami Gupta & Associates
Company Secretaries

Office: 69/208, Danakhori, Kanpur - 208001

Email: csgautami95@gmail.com

Contact: +91-7275023050

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Carbon Specialities Limited
53/10, Naya Ganj
Kanpur-208001 UP

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Carbon Specialities Limited** (hereinafter called as "**the Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's 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 March 31, 2019 ("Audit Period"), 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 March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made there under as amended from time to time;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**Not applicable to the Company during the Audit Period**);

(v) The Company is listed in Calcutta Stock Exchange Limited and is under the process of revocation of suspension of trading during the period under review. Further, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"), as amended from time to time are applicable to the company to the extent specifically provided :

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('SEBI SAST');
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('SEBI PIT');
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period);**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period);**
- (h) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

We further report that, having regard to the compliance system prevailing in the Company and as certified by management and on examination of the relevant documents and records in pursuance thereof, on test check basis, there are no specific laws applicable to the company.

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

- I. Secretarial Standards issued by the Institute of Company Secretaries of India (as amended from time to time);
- II. The Listing Agreement as entered into by the Company with the Stock Exchange(s).

CARBON SPECIALITIES LIMITED

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

- i) No proof was produced that the company has filed disclosure under regulation 30(1) & 30(2) of SEBI SAST with Stock Exchange;
- ii) No proof was produced that the Company has filed disclosure under applicable regulation of SEBI Listing Regulations with Stock Exchange. Further, Company has not strictly adhered with the applicable provisions of SEBI Listing Regulations;
- iii) The ratio of Public shareholding to the Shareholding of promoters of the Company is not accordance with the SCRA;
- iv) The shareholding of the promoters is not in dematerialized form;
- v) One Form MGT-14 is pending for filing.

We further report that, the Board of the Company and the committees to the Board are not 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 are in accordance of the Act.

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.

All decisions at the Board Meetings and Committee Meetings have been carried out without dissent, as recorded in the minutes of the meetings of the Board or Committees of the Board, as the case may be. However, due to non-existence of the required number of independent directors, no meeting of Independent Directors was held during the year.

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

We further report that, during the Audit Period there were no instances of:

- (i) Public/Right/Preferential issue of shares/ debentures/sweat equity etc;
- (ii) Redemption / buy-back of securities;
- (iii) No major decisions were taken by the members in pursuance to section 180 of the Act;
- (iv) Merger / amalgamation / reconstruction;
- (v) Foreign technical collaborations

**For GAUTAMI GUPTA & ASSOCIATES
Company Secretaries**

Sd/-

Gautami Gupta
(Proprietor)

ACS No.: 57547

C. P. No. 21796

Date: 03.09.2019

Place: Kanpur

Note: *This Report is to be read with our letter of even date which is annexed as **Annexure-A** and forms an integral part of this report.*

'Annexure - A'

To
The Members
Carbon Specialities Limited
53/10, Naya Ganj
Kanpur-208001 UP

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For GAUTAMI GUPTA & ASSOCIATES
Company Secretaries**

Sd/-

Gautami Gupta
(Proprietor)

ACS No.: 57547

CP. No. : 21796

Date: 03.09.2019

Place: Kanpur

MANAGEMENT DISCUSSION & ANALYSIS REPORT

OVERVIEW

Carbon Specialities Limited is a listed company with a record of consistent growth and profitability. This Management Discussion and Analysis Report have to be read in conjunction with the Company's financial statements, which follows this section. The Financial Statements have been prepared in compliance with the requirements of the Companies Act, 2013, and Generally Accepted Accounting Principles (GAAP) in India. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year. The following discussion may include forward looking statements which may involve risks and uncertainties, including but not limited to the risks inherent to Company's growth strategy, change in regulatory norms, economic conditions and other incidental factors. Actual results could differ materially.

STRENGTH, WEAKNESS, OPPORTUNITY, THREATS

STRENGTHS

Able to generate higher yield on assets
Experienced management team
Strong relationships with public as well as private banks, institutions and investors

WEAKNESSES

The Company's business and its growth are directly linked to the growth of the country
Higher regulatory restrictions

OPPORTUNITIES

New opportunities in wholesale and trading related works.

THREATS

High cost of funds

RISK MANGEMENT

Enterprise Risk Management (ERM) at Carbon Specialities Limited encompasses practice relating to identification, evaluation, monitoring and mitigation of various key risks towards the achievement of the key business objectives. It helps to minimize adverse impact of risks and also enable to leverage market opportunities. Risk management practices seek to sustain and enhance short & long term competitive advantage to the Company. It is integral to our

business model, described as the “Practicable, Sustainable, Profitable and Derisked” (PSPD) model. Our core values and ethics provide the platform for our risk management practices.

RISK MANAGEMENT & GOVERNANCE

- Responsible for managing overall ERM, Internal Control, Compliance and Assurance activities.
- Co-ordinating with Internal Auditors & Functional Head for timely execution of Audit & Compliance of Audit observation.
- Work with Business Management Group (BMG) of respective locations for process efficiency & productivity improvements.
- Ensure effective implementation of Standard Operating Procedure & Policies.
- Conducting management Audit & Special Audit as assigned by the Management/Audit Committee.
- Conducting Self Assessment Survey for all Business Verticals.

INTERNAL CONTROL SYSTEM

Carbon Specialities Limited has an adequate internal control system in place to safeguard assets and protect against losses for many unauthorized use or disposition. The system authorizes records and reports transactions and ensures that recorded data are reliable to prepare financial information and to maintain accountability of assets. The Company's internal controls are supplemented by an extensive programme of internal audits, review by the management, and documented policies, guidelines and procedures.

INDEPENDENT AUDITOR'S REPORT

To,
The Members,
Carbon Specialties Limited.,

Report on the Standalone Ind AS Financial Statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS 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 March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 March 31, 2019, the profit, and its cash flows for the year ended on that date.

Basis for Opinion

Our responsibility is to express an opinion on these standalone Ind AS 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 thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian

Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However,

future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements.

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure -A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 account.
 - d) In our opinion, the aforesaid standalone 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 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" to this report;
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

CARBON SPECIALITIES LIMITED

- i) The company does not have any pending litigation which would impact its financial position;
- ii) The company did not have any long term contracts including derivatives contract for which there were any material foreseeable losses.
- iii) There were no amounts which required to be transferred to the investor education and protection fund by the company.

For Alok Basudeo & Company
Chartered Accountants
FRN: 007299C

Sd/-

Vineet Maheshwari
(Partner)
M. No. 414469
Place: Kanpur
Date: 29.05.2019

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Carbon Specialties Limited.

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

We have audited the internal financial controls over financial reporting of Carbon Specialties Ltd. (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Alok Basudeo & Company

Chartered Accountants

FRN: 007299C

Sd/-

Vineet Maheshwari

(Partner)

M. No. 414469

Place: Kanpur

Date: 29.05.2019

CARBON SPECIALITIES LIMITED

CARBON SPECIALITIES LIMITED			
Balance Sheet as at March 31, 2019			
(Amount in Rs.)			
Particulars	Note No.	As at	
		March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5	5,409,873	4,469,288
(b) Investment Property	6	102,507,500	102,507,500
(c) Financial Assets			
(i) Investments	7	65,913,904	83,896,293
(ii) Loans	7	27,920,000	24,920,000
(d) Deferred tax Assets (net)	8	4,769,751	4,645,186
(e) Other non-current Assets	9	38,927,456	16,384,453
		245,448,483	236,822,720
Current Assets			
(a) Inventories	10	133,247,686	134,271,355
(b) Financial Assets			
(i) Trade Receivables	7	-	-
(ii) Cash & Cash Equivalents	11	16,904,160	15,662,416
(iii) Other Financial Assets	7	-	-
(c) Other Current Assets	9	4,858,385	4,838,517
		155,010,231	154,772,288
Total Assets		400,458,715	391,595,008
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	12	55,573,000	55,573,000
(b) Other Equity	13	302,608,077	295,075,511
Total Equity		358,181,077	350,648,511
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	-	-
(ii) Other Financial Liabilities	14a	36,139,130	36,139,130
		36,139,130	36,139,130
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	14b	-	660,136
(ii) Other Financial Liabilities	14c	3,083,955	2,588,115
(b) Provisions	15	3,054,553	1,559,116
		6,138,508	4,807,367
Total Equity and Liabilities		400,458,715	391,595,008
<i>Summary of significant accounting policies</i>			
4			
The accompanying notes form an integral part of the financial statements.			
This is the balance sheet referred to in our report of even date.			
For Alok Basudeo & Company		For and on behalf of the Board of Directors	
Chartered Accountants		SD	SD
(FRN-007299C)			
SD		Pankaj Kaya	Prabha Kaya
		Director	Managing Director
Vineet Maheshwari		DIN- 00295978	DIN-00326278
Partner			
M. No. : 414469		SD	SD
Place : Kanpur		Ketan Gupta	Anshul Kaya
Dated : 29-05-2019		Company Secretary	C.F.O.

CARBON SPECIALITIES LIMITED
Statement of Profit and Loss for the year ended March 31, 2019

(Amount in Rs.)

Particulars	Note No.	For the year ended	
		March 31, 2019	March 31, 2018
Income			
a) Revenue From Operations	16	47,665,720	77,698,313
b) Other Income	17	269,700	-
Total Income		47,935,420	77,698,313
Expenses			
a) Purchase of Stock in trade	18	-	39,638,887
b) Changes in inventories of finished goods, stock in trade and work in progress	19	1,023,669	-10,587,627
c) Employees' Benefit Expenses	20	35,800,342	35,571,787
d) Finance Cost	21	150,457	236,754
	22		
e) Depreciation & Amortization Expenses		1,665,814	1,897,205
f) Other expenses	23	4,756,279	3,235,664
Total Expenses		43,396,561	69,992,670
Profit/ (Loss) before tax		4,538,859	7,705,643
Tax Expense			
(i) Current tax		3,054,553	1,559,116
(ii) Minimum Alternate Tax Credit Utilization		-3,054,553	-1,559,116
(ii) Deferred tax		124,565	549,676
(iv) Excess provision for Income Tax		90,810	-
Profit/(loss) after Tax from continuing operations		4,754,234	8,255,319
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		2,778,332	4,446,314
(ii) Income Tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the period		7,532,566	12,701,633
Earnings per equity share :	24		
a) Basic (Rs.)		0.86	1.49
b) Diluted (Rs.)		0.86	1.49

CARBON SPECIALITIES LIMITED

Carbon Specialities Limited		
Statement of Cash Flows for the year ended March 31, 2019		
(Amount in Rs.)		
Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before taxation and extraordinary items	4,538,859	7,695,673
Adjustments for :		
Depreciation expense	1,665,814	1,897,205
Finance Cost	150,457	236,754
Income from Investments	-	9,971
Operating Profit before Working Capital changes	6,355,130	9,839,603
Changes in Working Capital		
(Increase)/Decrease in Other Current Assets	(19,868)	(46,920)
(Increase)/Decrease in Other Financial Assets	-	-
(Decrease)/Increase in Trade payable	(660,136)	660,136
(Decrease)/Increase in Other Financial Liabilities	495,840	637,134
(Decrease)/Increase in Current Provisions	1,495,437	1,559,116
(Increase)/Decrease in Other Non Current Liabilities	(22,543,003)	(4,101,219)
(Increase)/Decrease in Trade Receivables	-	-
(Increase)/Decrease in Inventories	1,023,669	(10,587,627)
Changes in Working Capital	(20,208,061)	(11,879,380)
Cash generated / (used) in Operating Activities	(13,852,931)	(2,039,777)
Current Tax Expenses	90,810	-
	90,810	-
Net Cash generated / (used) in Operating Activities (A)	(13,943,741)	(2,039,777)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(2,606,399)	(549,996)
Proceeds From Investments	21,815,311	5,476,544
Purchase of Investment	(1,054,590)	(22,113,638)
Net Cash generated / (used) from Investing Activities (B)	18,154,322	(17,187,090)
C CASH FLOW FROM FINANCING ACTIVITIES		
Loan	-	(1,540,952)
Loan to Related Parties	(3,000,000)	(5,185,000)
Finance Cost	(150,457)	(236,754)
Net Cash generated / (used) from Financing Activities (C)	(3,150,457)	(6,962,706)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	1,060,124	(26,189,573)
Cash and cash equivalents at the beginning of the year	15,662,416	41,851,989
Cash and cash equivalents at the end of the year	16,904,160	15,662,416
Components of Cash and cash equivalents		
Cash in hand	1,232,574	13,033,907
Balance with banks :		
In current accounts	15,671,586	2,628,508
Total cash and cash equivalents (Note 10)	16,904,160	15,662,416

The accompanying notes form an integral part of the financial statements.
This is the statement of cash flow referred to in our report of even date.

For Alok Basudeo & Company
Chartered Accountants
(FRN-007299C)

SD
Vineet Maheshwari
Partner
M. No. : 414469

Place : Kanpur
Dated : 29-05-2019

For and on behalf of the Board of Directors
SD SD

Pankaj Kaya Prabha Kaya
Director Managing Director
DIN- 00295978 DIN-00326278

SD SD

Shobhit Gupta Anshul Kaya
Director Director
DIN-06438521 DIN-07550910

Carbon Specialties Limited
Notes to Financial Statements for the year ended March 31, 2019

Note No. 6 - Investment Property

(Amount in Rs.)

Particulars	Total
Gross carrying amount	
At March 31, 2018	102,507,500
Additions	-
Disposals	-
Other Adjustments	-
At March 31, 2019	102,507,500
Accumulated Depreciation	
At March 31, 2018	-
Charge for the year	-
Disposals	-
Other Adjustments	-
At March 31, 2019	-
Net book value	
At March 31, 2018	102,507,500
At March 31, 2019	102,507,500

Amounts recognized in profit or loss for investment properties

(Amount in Rupees)

Particulars	March 31, 2019	March 31, 2018
Rental income	46,611,130	45,526,956
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that did not generate rental income	-	-
Profit from investment properties before depreciation	46,611,130	45,526,956
Depreciation	-	-
Profit from investment properties	42,526,956	45,526,956

CARBON SPECIALITIES LIMITED

Carbon Specialties Limited				
Notes to Financial Statements for the year ended March 31, 2019				
Note No. 7 - Financial Assets				
Particulars	At March 31, 2019		At March 31, 2018	
Non-current (unsecured, considered good unless otherwise stated)				
Investments (Non - Current)				
Unquoted Investments in Mutual Funds	Units	Amount(In Rs.)	Units	Amount(In Rs.)
BSL Balance Advantage Fund-Growth	48,877	2,589,526	48,877	2,431,163
Franklin India Prima Fund Growth	3,658	3,563,608	3,658	3,507,654
HDFC Balanced Fund-Growth	-	-	16,699	2,434,811
HDFC Hybrid Equity Fund-Growth	47,924	2,609,198	-	-
HDFC Top 100	5,657	2,843,679	5,657	2,427,244
HSBC Regular Saving Fund Growth	218,395	7,995,023	218,395	7,609,163
IDFC Sterling Value Fund Growth	78,828	4,106,140	78,828	4,290,526
Kotak Infrastructure & Economic Reform	115,536	2,304,375	115,536	2,458,816
Kotak Small Cap Fund Growth	57,271	4,127,302	57,271	4,423,623
Kotak Equity Opportunities Fund -Growth	21,207	2,561,785	21,207	2,361,679
Kotak India Equity Contra Fund	62,525	3,294,075	62,525	2,951,624
Principal Hybrid Equity Fund-Reg-Growth	33,496	2,612,710	33,496	2,465,661
Principal Emerging Bluechip Fund-Growth	23,991	2,498,701	23,991	2,491,264
ICICI Prudential Large & Mid Cap Fund	9,401	3,055,489	6,106	1,892,884
RIL Tax Saver Growth	59,717	3,339,080	59,717	3,487,727
RIL Vision Retail Growth	10,535	5,526,687	10,535	5,625,435
SBI Magnum Equity Growth	51,647	5,404,057	51,647	4,781,583
UTI Floating Rate Short Term Growth-96	-	-	4,053	13,791,363
UTI Ultra Short Term Fund -Reg - Growth	1,454	4,402,751	-	-
UTI Floating Rate Short Term Growth	-	-	4,883	11,447,489
UTI Core Equity Fund Regular -Growth	48,996	3,079,718	48,996	3,016,782
Total	899,116.52	65,913,904	872,078.08	83,896,293
Loans (Non - Current)				
Unsecured considered good, unless otherwise stated				
Loans & Advances to related parties				
Considered Good (Refer Note 24 (b))		9,520,000		9,520,000
Others Loans & Advances				
Advances recoverable in cash or kind				
Considered good		18,400,000		15,400,000
Total		27,920,000		24,920,000

Carbon Specialties Limited		
Notes to Financial Statements for the year ended March 31, 2019		
Note No. 9 - Other assets		
Particulars	At March 31, 2019	At March 31, 2018
Non-current (unsecured, considered good unless otherwise stated)		
Capital Advances		
Advance for property	20,000,000.00	-
Advances other than Capital Advances		
Other Advances		
Balances with Statutory Authorities	7,557,667	8,069,217
MAT credit entitlement	11,369,789	8,315,236
Total	38,927,456	16,384,453
Current (Unsecured, considered good unless otherwise stated)		
Balances with revenue authorities		
Service Tax Input	-	-
Krishi Kalayan Cess Input	-	-
IGST Input	-	129,435
TCS Receivable	21,790	-
TDS Receivable	4,817,495	4,709,082
	4,839,285	4,838,517
Other Loans & Advances		
Advances recoverable in cash or kind	19,100	-
	19,100	-
Total	4,858,385	4,838,517

Carbon Specialties Limited
Notes to Financial Statements for the year ended March 31, 2019

Note No. 10 - Inventories		Amount (In Rs.)	
Particulars	At March 31, 2019	At March 31, 2018	
Mutual Funds (At lower of cost and net realizable value)	133,247,686	134,271,355	
Total	133,247,686	134,271,355	

Note No. 11 - Cash and cash equivalents		(Amount in Rs.)	
Particulars	At March 31, 2019	At March 31, 2018	
Balance with bank :-			
In current accounts	15,671,586	2,628,508	
In deposits with original maturity of less than 3 months	-	-	
Cash in hand	1,232,574	13,033,907	
Cheques, drafts in hand	-	-	
Total	16,904,160	15,662,416	

Note No. 12 - Equity Share Capital		(Amount in Rs.)	
Particulars	At March 31, 2019	At March 31, 2018	
Authorized 5570000 Equity shares of Rs. 10 each	55,700,000	55,700,000	
Total	55,700,000	55,700,000	
Issued, subscribed and fully paid 5557300 Equity shares of Rs. 10 each	55,573,000	55,573,000	
Total	55,573,000	55,573,000	

(a) Terms/Rights attached to Equity Shares

The company has only one class of equity shares having par value of Rs.10 per share. Each equity shareholder is eligible for one vote per share held.

In the event of liquidation of the company the holders of equity share will be entitled to receive the assets in proportion to the number of equity shares held by each of them.

(b) Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period

Particulars	No. of Shares	Amount
At the March 31, 2018	5,557,300	5,557,300
Add: Issued during the year	-	-
Less:- Shares bought back during the year	-	-
At the March 31, 2019	5,557,300	5,557,300

CARBON SPECIALITIES LIMITED

Disclosures under Micro, Small and Medium Enterprises Act, 2006

The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently, the information required to be furnished in terms of para 6, after sub-para F of Part I of Schedule III to the Companies Act, 2013 with respect to the amount unpaid as at the year end to such enterprises together with the interest paid/payable to such parties has not been disclosed.

Further, in the absence of such information being available in respect of MSME as above, the "total outstanding dues of micro enterprises and small enterprises" as required to be disclosed vide para 4 (b) of Part I of Schedule III to the Companies Act, 2013 has been disclosed as nil on the face of the Balance Sheet. As a consequence, the total amount payable to suppliers as at the year end has been classified as "total outstanding dues of creditors other than Micro enterprises and small enterprises" under Trade Payables in the Balance Sheet."

Particulars	At March 31, 2019	At March 31, 2018
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

Note No. 14c - Other Financial liabilities - Current

(Amount in Rs.)

Particulars	At March 31, 2019	At March 31, 2018
Current Maturities of long Term Borrowings	682,318	1,540,952
TDS Payable	540,032	252,134
Audit fees Payable	83,125	112,125
IGST Payable	771,480	682,904
Employee Benefits Payable	1,007,000	-
Total	3,083,955	2,588,115

Note No. 15 - Provisions

(Amount in Rs.)

Particulars	At March 31, 2019	At March 31, 2018
Provision for Tax	3,054,553	1,559,116
Total	3,054,553	1,559,116

Carbon Specialities Limited

Notes to Financial Statements for the year ended March 31, 2019

Note 16- Revenue From Operations

(Amount in Rs.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Products		
Mutual Funds	1,054,590	32,171,357
Sale of Services		
Lease Rent	46,611,130	45,526,956
Total	47,665,720	77,698,313

Note 17 - Other income

(Amount in Rs.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest received on I.T. refund	269,700	
Total	269,700	-

Note 18 - Purchase of Stock-in-Trade

(Amount in Rs.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Mutual Funds	-	39,638,887
Total	-	39,638,887.02

Note 19 - Changes in Inventory

(Amount in Rs.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Balance		
Mutual Funds	134,271,355	123,683,728
Closing Balance		
Mutual Funds	133,247,686	134,271,355
Total changes in inventory	1,023,669	-10,587,627

Note 20 - Employees' Benefit Expenses

(Amount in Rs.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salary	18,442,000	18,084,000
Contribution to E.S.I, DLI & Admin. Charges	17,354,909	17,484,097
Staff Welfare	3,433	3,690
Total	35,800,342	35,571,787

Note 21 - Finance Cost

(Amount in Rs.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expenses		
Interest on Vehicle Loan	105,366	236,032
Other Borrowing Costs		
Bank Charges	45,091	723
Total	150,457	236,754

CARBON SPECIALITIES LIMITED

Note 22 - Depreciation And Amortization Expenses

(Amount in Rs.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation / Amortisation for the year		
Depreciation on PPE	1,665,814	1,897,205
Total	1,665,814	1,897,205

Note 23 - Other Expenses

(Amount in Rs.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Administrative Expenses		
Accounting Charges	12,000.00	-
Advertisement Expenses	116,288.00	-
Appeal Fees	10,000.00	-
Professional Charges	600,000.00	-
General Expense	40,161.00	-
Rent	24,000	24,000
Insurance	162,687	146,552
Payment to Auditors	25,000	57,500
Vehicle Running & Maintenance	298,223	153,390
Legal & Professional	1,415,000	676,400
Asset Management Fees	1,834,411	1,146,859
Listing fees	-	28,750
Other Administrative Expenses	-	31,125
Sundry Balance written off	2	26
Late Filing fees	500	7,700
Interest on Statutory Dues	104	12,401
Travelling Expense	-	864,000
Custodial Fees	-	9,440
Publicity Exp	-	77,520
Service Tax paid on demand	217,903	-
Total	4,756,279	3,235,664

Payment to Auditors	For the year ended March 31, 2019	For the year ended March 31, 2018
For :		
- Statutory Audit	25,000	25,000
- Tax Audit	-	32,500
- Other Matters	-	-
Total	25,000	57,500

Note 24 - Earnings Per Share

The following reflects the profit and share data used for the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Profit for calculation of basic EPS	4,754,234	8,255,319
Weighted average number of equity shares for calculating basic EPS	5,557,300	5,557,300
Basic Earning per Share	0.86	1.49
Net Profit for calculation of diluted EPS	4,754,234	8,255,319
Weighted average number of equity shares for calculating diluted EPS	5,557,300	5,557,300
Diluted Earning per Share	0.86	1.49

Carbon Specialities Limited
Notes to Financial Statements for the year ended 31 March 2019

Note 25 Related Party Disclosures

a) Names of related parties and related party relationship

The names of related parties where control exists and/or with whom transactions have taken place during the period and description of relationship as identified by the management are:

I. Holding Company :
None

II. Key management personnel :
 Mr. Pankaj Kaya
 Mrs. Prabha Kaya
 Mr. Ravindra Pratap Singh
 Mr. Naresh Kanodia
 Mr. Anshul Kaya

III. Enterprise owned or significantly influenced by key management personnel or their relatives:
 M/s Hotels Control Pvt. Ltd.
 M/s Shree Goverdhan Unnat Krishi Beej Anusandhan Kendra

IV. Remuneration to key managerial personnel:

Short term employee benefits
 Post-employment gratuity and medical benefits
 Termination benefits
 Share-based payment transactions
 Total compensation paid to key management personnel

	31-Mar-19	31-Mar-18
Mr. Kishore Kumar Kaya	-	16,500,000.00

b) Transactions and balances with enterprises owned or significantly influenced by key management personnel or their relatives

For the year ended 31 March 2018:

Sl. No.	Name of Company/ Person	Nature of relationship	Nature of Transaction	Amount of Transaction	Closing Balance (Dr)
1	M/s Hotels Control Pvt. Ltd.	Enterprise owned or significantly influenced by key management personnel or their relatives:	Financial Assets - Loans (Non-Current)	Nil	75,20,000 (75,20,000)
2	M/s Shree Goverdhan Unnat Krishi Beej Anusandhan Kendra	Enterprise owned or significantly influenced by key management personnel or their relatives:	Financial Assets - Loans (Non-Current)	Nil	20,00,000 (20,00,000)

Note:

1) Figures in Brackets relate to the previous year.

CARBON SPECIALITIES LIMITED
Notes to Financial Statements for the year ended 31 March 2019

Note No. 27

Financial Risk Management objectives and policies

The Company is exposed to various risk in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk. The Company's risk management is coordinated in close co-operation with the board of directors, and focuses on securing Company's short to medium cash flows. This note explains the sources of risk which the Company is exposed to and how the Company manages the risk and the related impact in these financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, Investments, loans and other financial assets	Aging analysis	Bank deposits, diversification of asset base
Liquidity risk	Trade payables, Borrowings and other financial liabilities	Cash flow forecast	Availability of borrowing facilities

The Company's risk management is carried out by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk.

a) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its obligation to the Company causing financial loss. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors default of other counter parties and incorporates this information into its credit risk controls.

- A: Low credit risk
- B: Moderate credit risk
- C: High credit risk

Asset Group	Basis of categorization	Provision for expected credit loss
Low Credit risk	Cash and cash equivalents, Loans, Investments and other financial asset	12 months expected credit loss
Moderate credit risk	Trade Receivables	Life time expected credit loss
High credit risk	Not applicable	Life time expected credit loss or fully provided for

Credit rating	Particulars	31 March 2019	31 March 2018	
A. Low Credit risk	Cash and cash equivalents, Loans, investments and other financial asset	110,738,064	124,478,708	
Provisions for expected credit losses				
As at 31 March 2019				
Particulars	Estimated gross carrying	Expected credit loss	Expected credit losses	Carrying amount net of impairment provision
Investments	65,913,904	0%	-	65,913,904
Cash and cash equivalents	16,904,160	0%	-	16,904,160
Loans	43,785,841	0%	-	43,785,841
As at 31 March 2018				
Particulars	Estimated gross carrying	Expected credit loss	Expected credit losses	Carrying amount net of impairment provision
Investments	83,896,293	0%	-	83,896,293
Cash and cash equivalents	15,662,416	0%	-	15,662,416
Loans	21,222,970	0%	-	21,222,970

CARBON SPECIALITIES LIMITED						
Statement of Changes in Equity for the year ended March 31, 2019						
Description	Equity share capital (A)	Other equity				Total Equity (A+B)
		Reserves and Surplus		Other comprehensive income (OCI)		
		Capital reserve	Retained earnings (Surplus)	FY/OCI reserve	Other items of OCI	
(Amount in Rs.)						
As at 31st March, 2018	55,573,000	53,098,000	218,467,649	23,509,862	-	295,075,511
Profit for the year	-	-	4,754,234	-	-	4,754,234
Change in fair value of investments, net of tax effect	-	-	-	-	-	-
Dividend & Tax paid	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/ asset, net of tax effect	-	-	-	-	-	-
OCI reclassified to retained earnings	-	-	-	-	-	-
OCI not reclassified to retained earnings	-	-	-	-	-	-
As at March 31, 2019	55,573,000	53,098,000	223,221,883	2,778,332	2,778,332	358,181,077

The accompanying notes form an integral part of the financial statements.
This is the statement of changes in equity referred to in our report of even date.

For and on behalf of the Board of Directors
Chartered Accountants
(FRN-007299C)

SD

Vineet Maheshwari
Partner
M. No. : 414469

Place : Kanpur
Dated : 29-05-2019

For and on behalf of the Board of Directors
SD

Pankaj Kaya
Director
DIN- 00295978

Prabha Kaya
Managing Director
DIN-00326278

SD
Keitan Gupta
Company Secretary
C.F.O.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP IN ALL RESPECTS AND HAND IT OVER AT
THE ENTERANCE OF THE MEETING HALL

REGD. FOLIO NO. /CLIENT ID : -----
DP ID NO. : -----
CLIENT ID : -----
NO. OF SHARES : -----
NAME : -----
ADDRESS : -----

I hereby certify that I am a registered shareholder/proxy for the registered shareholder of the company. I hereby record my presence at the Annual General Meeting of the Company to be held on Sunday, 30th September, 2019 at 12.30 PM. at the Registered Office of the Company at 53/10, Nayaganj, Kanpur-208001 (UP)

NAME OF THE SHAREHOLDER/PROXY	SIGNATURE OF SHAREHOLDER/PROXY

**Form No. MGT-11
Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L65929UP1985PLC111401
Name of the company : CARBON SPECIALITIES LIMITED
Registered office : 53/10, NAYA GANJ, KANPUR-208001(U.P.)

Name of the member (s):
Registered address:
E-mail Id:
Folio No/ Client Id:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name:
Address:
E-mail Id:
Signature:....., or failing him

2. Name:
Address:
E-mail Id:
Signature:....., or failing him

3. Name:
Address:
E-mail Id:
Signature:.....

as my/our proxy to attend and vote (on a poll) for me and on my behalf at the Annual general meeting of the company, to be held on the 30th day of September 2019 at 12:30 P.M at 53/10, Nayaganj, Kanpur IN and at any adjournment thereof in respect of such resolutions as mention in notice of meeting:

Affix
Revenue Stamp

Signed this _____ day of _____ 2019
Signature of shareholder
Signature of Proxy holder(s)

Note:

THIS FORM OF PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

