

27.5.2022

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| The Secretary Listing Department The BSE Ltd. P.J. Towers, Dalal Street Mumbai – 400 001 | The Secretary The Calcutta Stock Exchange Ltd. 7, Lyons Range Kolkata – 700 001 |
|---|--|

Dear Sir/Madam,

Sub: Outcome of the Board Meeting held on 27th May, 2022**Ref: Regulation 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

This is to inform you that the Board of Directors of the Company at its meeting held today i.e. 27th May, 2022, interalia, have taken the following decisions:

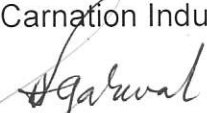
1. Approved the Audited Financial Results of the Company for the Quarter and Financial Year Ended 31st March, 2022 (Enclosed together with the Auditor's Report and Form 'B').
2. The Board has reappointed M/s Jain Saraogi & Co., Chartered Accountants, as the Statutory Auditors of the Company for a period of 5 years i.e. 2022-2023 to 2026-2027, subject to the approval of the shareholders.
3. The Board of Directors have not recommended any dividend for F.Y. 2021-2022.

The meeting commenced at 5 P.M. and concluded at 8.00 P.M.

This is for your information and records.

Thanking you

Yours faithfully
For Carnation Industries Limited


Sanjay Agarwal
Company Secretary
M. No. A 15785**Encl: as above**



JAIN SARAOGI & CO.

CHARTERED ACCOUNTANTS

1, Crooked Lane, Kolkata (WB) 700 069, India
Ph: +91-33-22484130 | Mob.: 98361 84131
E: info@jainsaraogi.com | W: www.jainsaraogi.com

To
The Board of Directors
Carnation Industries Limited
9/C, Kumar Para Road,
2nd Floor, Liluah,
Howrah-711204

Independent Auditor's Report on the Statement of financial results

Adverse Opinion

We have audited the accompanying annual financial results together with the statement of assets and liabilities, statement of cash flow and notes thereon (hereinafter referred to as the "Statement") of **Carnation Industries Limited** (the "Company") for the year ended March 31, 2022, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the basis for Adverse Opinion paragraph of our report, the aforesaid statement do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its net loss and other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2022.

Basis for Adverse Opinion

As stated in note 11 of the Statement, regarding preparation of Statement on Going Concern basis for the reasons stated therein. The Company has discontinued its manufacturing operations and as represented has plans to resume the trading activity but necessary and evident steps to start the same is not reflected in the action moreover during the year under review, the company has sold one of its office premises at a price lower than the circle rate as determined by the stamp duty valuation authorities signifying stress sale of assets. As stated in Note 11 the appropriateness of Going Concern is dependent upon various initiatives undertaken by the company including realisation of Trade receivables through ECGC, feasibility and sustainability of the trading activities, arrangement for financial resources in order to meet working/ long term capital requirement of the trading activity and payment/ settlement of existing unsecured creditors.

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

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

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



Emphasis of Matter

1. We draw attention to Note No. 4 of the Statement regarding charging/writing off of Trade Receivables (export sales) made in earlier years amounting to Rs. 1751.59 Lacs which was due from a related party for more than 5 years, the necessary permission in respect of write off debts in books from appropriate authorities are yet to be obtained.
2. We draw attention to note no. 5 of the statement regarding overdue trade receivables.
3. We draw attention to Note no. 6 of the statement regarding the balances of Trade Receivables, Security Deposits, Loans and Advances, Trade payable, are subject to confirmation from the respective parties and consequential reconciliation/adjustment arising there from, if any.
4. We draw attention to Note 7 of the accompanying statement regarding filing of petition with NCLT, Kolkata Bench by a creditor under Insolvency and Bankruptcy code, 2016 for initiation of Corporate Insolvency Resolution Process.
5. We draw attention to Note 9 of the accompanying statement regarding pending marking off compliance in respect of overseas bills.

Our opinion is not modified in respect of these matters.

Management's Responsibility for the financial results

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net loss and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement. 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 Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 results 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 Statement, including the disclosures, and whether the Statement represents 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.

Other Matter

The Statement includes the results for the quarter ended March 31, 2022 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2022 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

Place: Kolkata

Date: 27th May, 2022.



For JAIN SARAOGI & CO.
Chartered Accountants
Firm Registration No. 305004E

Partner: Manoj Keshan

Membership No. 055272
UDIN: 22055272AJTRJV9737

CARNATION INDUSTRIES LIMITED

Regd. Office : 9/C, Kumar Para Road, 2nd Floor, Liluah, Howrah - 711204

CIN: L27209WB1983PLCO35920

Email: sanjay@carnationindustries.com, Website : www.carnationindustries.com

Statement of Audited Financial Results for the Quarter and Year ended 31st March, 2022

| SL. No. | Particulars | Quarter - Ended | | | (Rs. in lakhs) | |
|--|-------------|-----------------|----------------|-----------------|----------------|-----------------|
| | | Year Ended | | | | |
| | | 31.03.2022 | 31.12.2021 | 31.03.2021 | 31.03.2022 | 31.03.2021 |
| | | (Audited) | (Unaudited) | (Audited) | (Audited) | (Audited) |
| A. CONTINUING OPERATIONS | | | | | | |
| 1. Income | | | | | | |
| a) Revenue From Operations | | - | - | - | | |
| b) Other Income | | 28.79 | 6.72 | 6.52 | 180.79 | 8.83 |
| Total Income | | 28.79 | 6.72 | 6.52 | 180.79 | 8.83 |
| 2. Expenses | | | | | | |
| a) Cost of materials consumed | | - | - | - | | |
| b) Cost of Goods Traded | | - | - | - | | |
| c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | | - | - | - | | |
| d) Employee benefits expense | | 14.00 | 16.96 | 29.06 | 61.11 | 88.71 |
| e) Finance costs | | 9.81 | 5.61 | 8.71 | 28.51 | 43.98 |
| f) Depreciation and amortisation expense | | 0.40 | 0.42 | 0.68 | 1.68 | 2.08 |
| g) Other expenses | | 56.88 | 21.46 | 43.71 | 94.72 | 80.71 |
| Total Expenses | | 81.09 | 44.45 | 82.17 | 186.02 | 215.49 |
| 3. Profit/(Loss) before exceptional items and tax (1-2) | | (52.30) | (37.73) | (75.64) | (5.23) | (206.65) |
| 4. Exceptional Items | | - | - | - | - | - |
| 5. Profit/(Loss) before tax (3-4) | | (52.30) | (37.73) | (75.64) | (5.23) | (206.65) |
| 6. Tax Expense: | | 12.25 | - | - | 12.25 | - |
| 7. Profit/(Loss) for the period from continuing operations (5±6) | | (64.55) | (37.73) | (75.64) | (17.48) | (206.65) |
| B. DISCONTINUED OPERATIONS (refer note 6) | | | | | | |
| 8. Profit/ (Loss) for the period from discontinued operations (before tax) | | 12.70 | (14.99) | (570.55) | (58.44) | (587.97) |
| 9. Less: Tax expenses of discontinued operations | | (11.35) | 0.03 | (11.19) | - | (18.94) |
| 10. Post- tax Profit/ (Loss) for the period from discontinued operations (after tax) | | 24.05 | (15.02) | (559.36) | (58.44) | (569.03) |
| 11. Net Profit from total operations (7+10) | | (40.50) | (52.75) | (635.00) | (75.92) | (775.68) |
| 12. Other Comprehensive Income | | | | | | |
| A. (i) Items that will not be reclassified to profit or loss | | 0.96 | - | (11.79) | 0.96 | (11.79) |
| (ii) Income tax relating to above items | | (0.25) | - | 3.06 | (0.25) | 3.06 |
| Total other comprehensive income/ (loss), net of tax | | 0.71 | | (8.72) | 0.71 | (8.72) |
| 13. Total Comprehensive Income for the period (11 ± 12) | | (39.79) | (52.75) | (643.72) | (75.21) | (784.40) |
| 14. Equity Share Capital | | | | | | |
| 15. Earnings per Share (of Rs. 10/-each) (for continuing operations) | | | | | | |
| a) Basic | | (1.87) | (1.09) | (2.19) | (0.51) | (5.98) |
| b) Diluted | | (1.87) | (1.09) | (2.19) | (0.51) | (5.98) |
| 16. Earnings per Share (of Rs. 10/-each) (for discontinued operations) | | | | | | |
| a) Basic | | 0.70 | (0.43) | (16.18) | (1.69) | (16.46) |
| b) Diluted | | 0.70 | (0.43) | (16.18) | (1.69) | (16.46) |
| 17. Earnings per Share (of Rs. 10/-each) (total) | | | | | | |
| a) Basic | | (1.17) | (1.53) | (18.37) | (2.20) | (22.44) |
| b) Diluted | | (1.17) | (1.53) | (18.37) | (2.20) | (22.44) |



CARNATION INDUSTRIES LIMITED
Regd. Office : 9/C, Kumar Para Road, 2nd Floor, Liluah, Howrah - 711204

CIN: L27209WB1983PLCO35920

Email: sanjay@carnationindustries.com, Website : www.carnationindustries.com

Statement of Assets and Liabilities

| | | (Rs. in lakhs) | |
|---------|---|-----------------------|-----------------------|
| SL. No. | Particulars | 31.03.2022 (Audited) | 31.03.2021 (Audited) |
| A | ASSETS | | |
| 1 | Non-current assets | | |
| | Property, plant and equipment | 94.02 | 105.67 |
| | Intangible Assets | - | - |
| | Financial Assets | | |
| | - Investments | 0.53 | 1.28 |
| | Other Non-current assets | 14.86 | 14.86 |
| 2 | Current assets | | |
| | Inventories | - | 6.04 |
| | Financial Assets | | |
| | a) Trade Receivables | 53.06 | 62.54 |
| | b) Cash and cash equivalents | 7.32 | 706.42 |
| | c) Bank balance other than included in cash and cash equivalents | 2.01 | 2.84 |
| | Current Tax Assets (net) | 18.77 | 36.73 |
| | Other current assets | 35.45 | 472.50 |
| 3 | Assets classified as held for sale | - | 17.44 |
| | TOTAL - ASSETS | 226.02 | 1,426.34 |
| B | EQUITY AND LIABILITIES | | |
| 1 | Equity and Liabilities | | |
| | Equity | | |
| | Equity Share Capital | 345.72 | 345.72 |
| | Other Equity | (466.28) | (391.08) |
| 2 | Liabilities | | |
| | Non-current liabilities | | |
| | Financial liabilities | | |
| | Borrowings | 147.95 | 152.56 |
| | Provisions | 26.33 | 33.55 |
| | Deferred Tax Liabilities (net) | 13.05 | 1.40 |
| 3 | Current Liabilities | | |
| | Financial Liabilities | | |
| | a) Borrowings | 10.62 | |
| | b) Trade payables | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | 16.42 | 224.27 |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 32.75 | 821.29 |
| | c) Other financial liabilities | 4.53 | 16.66 |
| | Other current liabilities | 94.92 | 221.97 |
| | TOTAL - EQUITY AND LIABILITIES | 226.02 | 1,426.34 |



Sanjay



CARNATION INDUSTRIES LIMITED
CIN:- L27209WB1983PLC035920
Statement of Cash Flows for the year ended 31st March, 2022

(Rs. In Lacs)

| PARTICULARS | For the year ended 31.03.2022 | For the year ended 31.03.2021 |
|--|----------------------------------|----------------------------------|
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(loss) before exceptional items and tax | (63.67) | (794.63) |
| Adjustments for: | | |
| -Depreciation, Impairment and Amortisation Expenses | 1.68 | 36.13 |
| -Fair Valuation of Investment | (0.05) | (0.15) |
| -(Profit)/Loss on sale/discard of Property Plant and Equipment(net | (85.95) | (976.81) |
| -Remeasurements of the defined benefit plans | 0.96 | (11.79) |
| -Creditor for Property, Plant and Equipment written off | - | (2.82) |
| -Finance Cost | 28.51 | 43.98 |
| Operating Profit Before Working Capital Changes | (118.51) | (1,706.08) |
| Adjustments for: | | |
| -(Decease)/ Increase in Trade Payables | (996.39) | (565.07) |
| -(Decease)/ Increase in Non Current Provisions | (7.21) | (30.10) |
| -(Decease)/ Increase in Other current Liabilities | (127.05) | 6.91 |
| -Decrease/ (Increase) in other Non Current Assets | - | 12.86 |
| -Decrease/ (Increase) Trade Receivables | 9.48 | 1,798.36 |
| -Decrease/ (Increase) Other Current Asset | 437.04 | 38.10 |
| -Decrease/ (Increase) Inventories | 6.04 | 70.83 |
| Cash Generated from Operations : | (796.60) | (374.19) |
| Income Tax Paid (including Tax deducted at source) | (17.11) | 2.62 |
| Net Cash generated from Operating Activities | (779.49) | (376.81) |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipments, Intangible and Cap | - | (0.25) |
| Sale of Investment | 0.81 | |
| Sale of Property, Plant and Equipments, Intangible and Capital V | 113.37 | 1,112.86 |
| Bank Balance other than cash & Cash equivalents (including acc | 0.83 | 0.82 |
| Payment to Creditors for Property, Plant & Equipment | (13.00) | (1.25) |
| Net Cash generated/ (used) in Investing Activities | 102.01 | 1,112.19 |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Non Current Borrowings (Net) | 6.01 | 10.38 |
| Finance cost paid | (26.80) | (45.91) |
| Dividend paid/ Transferred to IEPF (including Dividend distribu | (0.83) | (0.82) |
| Net Cash generated/(used) in Financing Activities | (21.62) | (36.35) |
| Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C) | (699.11) | 699.03 |
| Opening Cash and Cash Equivalents | 706.42 | 7.39 |
| Closing Cash and Cash Equivalents | 7.32 | 706.42 |



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CARNATION INDUSTRIES LIMITED

Regd. Office: 9/C, KUMAR PARA ROAD, 2ND FLOOR, LILUAH, HOWRAH-711204

CIN: L27209WB1983PLC035920

Email: sanjay@carnationindustries.com

Website :www.carnationindustries.com

Notes:-

1. The Audited Financial Results were reviewed by the Audit Committee and approved at the meeting of the Board of Directors of the Company held on 27th May, 2022.
2. Figures for the previous period are re-classified / re-arranged / re-grouped, wherever necessary, to correspond with the current year classification / disclosure.
3. The Company had been engaged in the business of manufacturing of Castings and M.S. Products (Fabricated Steel) but has discontinued its manufacturing operations since December, 2020 quarter. The product as manufactured hitherto were subject to the same risk and returns and hence constituted one primary segment. The analysis of geographical segments was based on the areas in which the Company operated.
4. Trade Receivable from a foreign Debtor/Customer (related party) amounting to Rs. 1751.59 Lacs which was outstanding for more than 5 years was written off during the financial year 2020-21 as the said party is in the course of filing insolvency and bankruptcy proceeding in its resident country. The necessary approvals for write off from the appropriate authorities are yet to be obtained and the company is in the process of filing application for getting the same.
5. Trade receivable includes Overdue Export proceeds amounting to Rs. 53.06 Lacs from 2 (two) customers. Company is in the process of filing ECGC Claim for both the parties. Management is hopeful that the same will be realised in near future.
6. Some of the balances of Trade Receivables, Security Deposits, Loans and Advances, Trade payable are subject to confirmation from the respective parties and consequential reconciliation/adjustment arising there from, if any.
7. One of the Creditor has filed application before National Company Law Tribunal (NCLT) – Kolkata Bench, U/S 9 of Insolvency and Bankruptcy Code 2016 to whom a sum of Rs.6.64 Lacs is due which is being defended by the Company and parallel efforts are also being made by the Company for out of the Court settlement.
8. The Company had filed an appeal pertaining to Financial Year 2007-2008 before The West Bengal Commercial Taxes Appellate and Revisional Board against the order passed by the Joint Commissioner of Sales Tax, Kolkata (South) Circle, rejecting the total claim of Input Tax Credit(ITC) for that year and also raised a demand for Rs.100.13 lacs. The revision petition and the appeal are still pending. However on the basis of internal evaluation and discussion with the legal consultant of the company, it is decided that the claim of refundable amount in the books amounting to Rs. 160.44 Lacs including refundable amount adjusted from F.Y. 2013-14 and F.Y. 2015-16



aggregating to Rs. 77.20 Lacs be adjusted/written off in the books and the same has been accounted for in the 2nd quarter viz., 30th September, 2021, even though the company continues to defend the demand raised against it. Consequentially, Contingent liability in respect of demand for F.Y. 2007-08 stands reduced to Rs. 22.93 Lacs.

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

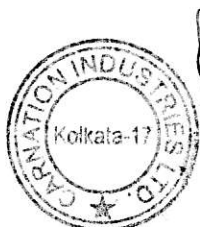
9. Since long the EDPMS portal was reflecting a large number of overseas Bills outstanding which had been either paid or settled with the ECGC claim. The Company put in a lot of efforts with the Banks to have the situation corrected and certified by the Bank. There is Rs.130.76 lacs showing pending with State Bank of India and efforts are on to have these also cleared up from the portal.

10. Discontinuing operation

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

At the Extraordinary General Meeting held on 25th April, 2019 a resolution was passed by the shareholders of the Company wherein authorization was given to the Board of Directors to dispose the whole or substantially the whole of the assets including and not limited to Uluberia unit of the Company for such consideration and on such terms and conditions as the Board of Directors of the Company consider beneficial to the Company. In view of the powers so conferred by the shareholders at the Board of Directors meeting held on 13th November, 2020, a resolution was passed giving powers to Managing Director/Jt. Managing Director to look for buyers and sell the property, plant and equipment of the Company, at the best possible price, and to place details of such sales before the Board. As stated herein before, the operations were discontinued in December 2020 quarter, the company has treated all the property plant and equipment located at its manufacturing facility and warehouse under asset held for sale and disclosed as such in books of accounts with effect from 31.12.2020. Sale of such property plant and equipment for which agreement was entered into concluded during the quarter ended 31.03.2021.

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



Analysis of Profit/ (Loss) - Discontinued Operations

| SL. No. | Particulars | Quarter -Ended | | | Year Ended | |
|---------|--|----------------|-------------|------------|------------|------------|
| | | 31.03.2022 | 31.12.2021 | 31.03.2021 | 31.03.2022 | 31.03.2021 |
| | | (Audited) | (Unaudited) | (Audited) | (Audited) | (Audited) |
| 1. | Total Income | (3.05) | 2.34 | 1243.71 | 281.09 | 1809.52 |
| 2. | Total Expenses | (15.75) | 17.33 | 1814.26 | 339.53 | 2,397.49 |
| 3. | Profit/(Loss) before exceptional items and tax (1-2) | 12.70 | (14.99) | (570.55) | (58.44) | (587.97) |
| 4. | Exceptional Items | - | - | - | - | - |
| 5. | Profit/(Loss) before tax (3-4) | 12.70 | (14.99) | (570.55) | (58.44) | (587.97) |
| 6. | Tax Expense | (11.35) | 0.03 | (11.19) | - | (18.94) |
| 7. | Net Profit after tax (5-6) | 24.05 | (15.02) | (559.36) | (58.44) | (569.03) |

Cash Flow from discontinued operations

| Particulars | For the year ended on 31.03.2022 Amount (Rs. in lacs) |
|-------------------------------------|---|
| Cash Flow from operating activities | (731.51) |
| Cash Flow from Investing Activities | 8.37 |
| Cash Flow from Financing Activities | - |

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

- a) Efforts to negotiate with creditors and other parties with payables in order to arrive at mutually agreed settlement and payment to them in accordance with the terms finalised in order to avoid litigation and also to identify manufacturers of the products from whom goods would be sourced. The management of the Company has successfully negotiated and settled the dues of majority of unsecured creditors at a discounted value with mutual consent.



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- b) Continue to Increase efforts to ensure early realisation of amount i.e. refundable taxes or duties lying with different Revenue Authorities. Company has during the 2nd quarter received the refund of Rs. 99.08 Lacs from West Bengal VAT Authorities.
- c) Put in efforts to process the ECGC claim on two overseas buyers.
- d) To reduce the overall staff strength and keep only the essential team for the time being and review managerial remunerations.
- e) Sale of non-Core assets-: The Board of Directors during the 2nd quarter were able to sell one office premises at 222, A.J.C Bose Road Kolkata- 700017 having a carrying value of Rs. 8.28 Lacs.
- f) Once the old liabilities are settled and when the financial ratio improves, the Company would seek financial resources to meet the Working Capital arrangement for trading operations from financiers and promoter Directors.

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

Place: Kolkata
Date: 27.05.2022



By Order of the Board

A handwritten signature in black ink, appearing to read "R.P. Sehgal".

(R.P. Sehgal)
(Managing Director)



ANNEXURE I

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2022 on Financial Results of Carnation Industries Limited (the Company)

[See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]

| I. | Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) (Rs. In Lakhs) | Adjusted Figures (audited figures after adjusting for qualifications) (Rs. In Lakhs) |
|----|---------|---|--|--|
| | 1. | Turnover/Total Income | 461.89 | 461.89 |
| | 2. | Total Expenditure | 525.55 | 525.55 |
| | 3. | Net Profit/(Loss) | (75.92) | (75.92) |
| | 4. | Earnings Per Share | (2.20) | (2.20) |
| | 5. | Total Assets | 226.02 | 226.02 |
| | 6. | Total Liabilities | 346.58 | 346.58 |
| | 7. | Net Worth | (120.56) | (120.56) |
| | 8. | Any other financial item(s) (as felt appropriate by the management) | Not Applicable | Not Applicable |

II. Audit Qualification (each audit qualification separately)

A.

a. Details of Audit Qualification:

Basis for Adverse Opinion

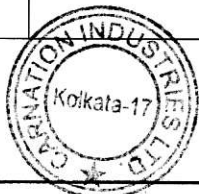
As stated in note 11 of the Statement, regarding preparation of Statement on Going Concern basis for the reasons stated therein. The Company has discontinued its manufacturing operations and as represented has plans to resume the trading activity but necessary and evident steps to start the same is not reflected in the action moreover during the year under review, the company has sold one of its office premises at a price lower than the circle rate as determined by the stamp duty valuation authorities signifying stress sale of assets. As stated in Note 11 the appropriateness of Going Concern is dependent upon various initiatives undertaken by the company including realisation of Trade receivables through ECGC, feasibility and sustainability of the trading activities, arrangement for financial resources in order to meet working/ long term capital requirement of the trading activity and payment/ settlement of existing unsecured creditors.



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| | |
|--|--|
| | <p>The Company has accumulated losses of Rs. 1341.55 Lacs (Previous year Rs. 1266.35 Lacs) leading to negative net worth of Rs. 120.56 Lacs (Previous Year Rs. 45.36 Lacs) as at 31st March, 2022 which has resulted in complete erosion of the net worth of the Company. The Company's current liabilities exceeds its current assets by Rs. 42.63 Lacs as at 31st March, 2022.</p> <p>Considering matters described above and in absence of necessary and adequate evidence with respect of the Company's assessment of going concern, as per our judgement, management's use of going concern basis of accounting in the statement is inappropriate.</p> |
| | b. Type of Audit Qualification: Adverse |
| | c. Frequency of qualification: First Time. |
| | d. For Audit Qualification(s) where the impact is quantified by the auditor, Management Views : N.A. e. For Audit Qualification(s) where the impact is not quantified by the auditor: |
| | <p>(i) Management's estimation on the impact of audit qualification:</p> <p>The statement on impact of Audit Qualifications show that Audited figures of the year March 31ST 2022 do not change and remain the same, hence the observation of the Auditors are futuristic as a mark of caution. The "Turnaround Plan" as approved by the Board of Directors was partially successful in so far as that related to disposal of property, plant and equipment -and consequential realization of sale proceeds. The company was able to negotiate and settle with secured lenders under one time settlement scheme. As far as liabilities which remains after the above would be settled and the Company continues to negotiate with the remaining creditors to settle the dues at a reasonable discount with mutual consent including the case pending at NCLT. The efforts to realize the refundable taxes and duties from Revenue Authority, the refund of Rs.99.08 Lacs from West Bengal VAT authorities and ECGC claim realization from two overseas buyers continues. Besides this the reduction of administration cost by various ways such as staff reduction, remuneration review is being done. The property sold as stated by the Auditor was below circle rate was primarily become of the sale during COVID times and total collapse of the property market during these tough times besides our urgency to get funds to pay off the liabilities and sustain the establishment. The Company has been in touch with various financial institutions and finance providers and is awaiting for a fair and reasonable offer. Once the financial ratio improves, the Company can hope for progress in this front. Carnation does have a good image in the overseas markets and can get customers but without a finance tie-up, the company cannot approach the customer for business and it is working on future arrangements from financiers and promoter Directors.</p> |




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CARNATION INDUSTRIES LTD.

222, ACHARYA JAGADISH CHANDRA BOSE ROAD, KOLKATA - 700017, INDIA

☎ : (+91-33) 2287-8229, E-mail : info@carnationindustries.com

Web : www.carnationindustries.com, CIN : L27209WB1983PLCO35920

| | |
|------|---|
| | |
| | (ii) If Management is unable to estimate the impact, reasons for the same: NA |
| | (iii) Auditor's Comments on (i) or (ii) above: The management of the Company was unable to provide and present any concrete and definitive action plan for the revival of the company and in absence of which the preparation and presentation of accounts on "Going Concern Basis" of accounting is not in accordance with the generally accepted accounting principles in India. |
| III. | Signatories: |
| | <ul style="list-style-type: none">CEO/Managing Director |
| | <ul style="list-style-type: none">CFO |
| | <ul style="list-style-type: none">Audit Committee Chairman |
| | <ul style="list-style-type: none">Statutory Auditor |
| | <p>For JAIN SARAOGI & CO. Chartered Accountants Firm Regn. No. 305004E <i>Manoj Keshan</i> [PARTNER] MANOJ KESHAN M. No.: 955272</p> |
| | Place: Kolkata |
| | Date: 27/05/2022 |



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