

13.8.2021

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 13<sup>th</sup> February, 2021****Ref: Regulation 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**


The Unaudited Financial Results of the Company for the Quarter Ended 30<sup>th</sup> June, 2021, duly reviewed by the Statutory Auditors, alongwith Limited Review Report (enclosed), was approved by the Board of Directors.

The meeting commenced at 5 P.M. and concluded at 7.20 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**

## Independent Auditor's Review Report on Interim Financial Results

To  
The Board of Directors of  
**Carnation Industries Limited**

1. We have reviewed the accompanying Statement of Unaudited Ind AS Financial Results of **Carnation Industries Limited** ("the Company") for the quarter ended June 30, 2021 ("the statement"), 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 (the "Listing Regulations").
2. The preparation of the statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" as prescribed under section 133 of Companies Act, 2013 read with Rule 3 of Companies (Indian accounting Standards) Rules, 2015, as amended, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company in its meeting held on August 13, 2021. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. a) The company in the Financial Year 2018-19 had realised foreign trade receivables pertaining to related party against Bills purchased by banks amounting to Rs. 263.35 lakhs which were credited in bank account other than the bank account maintained with the Bill Purchasing bank (lending banks) without obtaining permission of the concerned bank. However, the amount taken against those bills from the lending banks has since been settled by way of one time settlement with them but the process of marking off the respective bills from the EDPMS is yet to be complied with.  
  
b) We draw attention to Note No. 5 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.  
  
c) We draw attention to note no. 6 of the statement regarding non provision of overdue trade receivables.  
  
d) We draw attention to Note no. 7 & 8 of the statement regarding the balances of Trade Receivables, Security Deposits, Loans and Advances, Trade payable, secured loan from ICICI Bank are subject to confirmation from the respective parties and consequential reconciliation/adjustment arising there from, if any.





e) We draw attention to Note 12 & 13 of the accompanying statement, which describe management's assessment of uncertainty relating to the effects of the COVID-19 pandemic on the Company's operations and other related Matters.

f) We draw attention to Note 14 of the accompanying statement regarding filing of petition with NCLT, Kolkata Bench by a creditor for realisation of its dues.

## 5. Material Uncertainty Related to Going Concern

We draw attention to Note 10 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 plans to resume the trading activity. As stated in Note 10 the appropriateness of Going Concern is dependent upon various initiatives undertaken by the company including realisation of Trade receivables, 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.

These events or conditions as set forth herein above and possible effect of COVID-19 pandemic as described in note 12 and 13 of the statement, indicate that a material uncertainty exists that cast significant doubt on the Company's ability to continue as a going concern.

We have not performed any audit and accordingly, we do not express an audit opinion.

6. Based on our review conducted as mentioned in paragraph 3 above and subject to the possible effects of the matters described in paragraph 4 and 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("Ind As") specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of the Listing Regulations including the manner in which it is to be disclosed or that it contains any material misstatement.

Date:- 13.08.2021  
Place:- Kolkata

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

Ravi Kumar

Ravi Kumar  
Partner  
M.No.:- 304392  
UDIN:- 21304392AAAABA8277





**CARNATION INDUSTRIES LIMITED**

Regd. Office : 28/1, JHEEL ROAD, LILUAH, P.O. -SALKIA, HOWRAH-711106.

CIN:L27209WB1983PLCO35920

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

**Statement of Unaudited Financial Results for the Quarter ended 30th June, 2021**

SL. No.	Particulars	(Rs. in lakhs)			
		Quarter -Ended			Year Ended
		30.06.2021 (Unaudited)	31.03.2021 (Audited)	30.06.2020 (Unaudited)	31.03.2021 (Audited)
A.	<b>CONTINUING OPERATIONS</b>				
1.	<b>Income</b>				
	a) Revenue From Operations		-		
	b) Other Income	0.20	6.52	0.08	8.83
	<b>Total Income</b>	<b>0.20</b>	<b>6.52</b>	<b>0.08</b>	<b>8.83</b>
2.	<b>Expenses</b>				
	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	17.65	29.06	21.28	88.71
	e) Finance costs	6.76	8.71	4.70	43.98
	f) Depreciation and amortisation expense	0.44	0.68	0.46	2.08
	g) Other expenses	11.27	43.71	12.29	80.71
	<b>Total Expenses</b>	<b>36.12</b>	<b>82.17</b>	<b>38.73</b>	<b>215.49</b>
3.	Profit/(Loss) before exceptional items and tax (1-2)	(35.92)	(75.64)	(38.65)	(206.65)
4.	Exceptional Items		-		-
5.	<b>Profit/(Loss), before tax (3-4)</b>	<b>(35.92)</b>	<b>(75.64)</b>	<b>(38.65)</b>	<b>(206.65)</b>
6.	Tax Expense:		0.00		
7.	<b>Profit/(Loss) for the period from continuing operations (5±6)</b>	<b>(35.92)</b>	<b>(75.64)</b>	<b>(38.65)</b>	<b>(206.65)</b>
B.	<b>DISCONTINUED OPERATIONS (refer note 6)</b>				
8.	Profit/ (Loss) for the period from discontinued operations (before tax)	306.85	(570.55)	22.47	(587.97)
9.	Less: Tax expenses of discontinued operations	6.75	(11.19)	0.63	(18.94)
10.	Post- tax Profit/ (Loss) for the period from discontinued operations (after tax)	300.10	(559.36)	21.84	(569.03)
11.	<b>Net Profit from total operations (7+10)</b>	<b>264.18</b>	<b>(635.00)</b>	<b>(16.81)</b>	<b>(775.68)</b>
12.	<b>Other Comprehensive Income</b>				
	A. (i) Items that will not be reclassified to profit or loss	-	(11.79)	-	(11.79)
	(ii) Income tax relating to above items	-	3.06	-	3.06
	<b>Total other comprehensive income/ (loss), net of tax</b>	<b>-</b>	<b>(8.72)</b>	<b>-</b>	<b>(8.72)</b>
13.	<b>Total Comprehensive Income for the period (11 ± 12)</b>	<b>264.18</b>	<b>(643.72)</b>	<b>(16.81)</b>	<b>(784.40)</b>
14.	<b>Equity Share Capital</b>				
15.	<b>Earnings per Share (of Rs. 10/-each) (for continuing operations)</b>				
	a) Basic	(1.04)	(2.19)	(1.12)	(5.98)
	b) Diluted	(1.04)	(2.19)	(1.12)	(5.98)
16.	<b>Earnings per Share (of Rs. 10/-each) (for discontinued operations)</b>				
	a) Basic	8.68	(16.18)	0.63	(16.46)
	b) Diluted	8.68	(16.18)	0.63	(16.46)
17.	<b>Earnings per Share (of Rs. 10/-each) (total)</b>				
	a) Basic	7.64	(18.37)	(0.49)	(22.44)
	b) Diluted	7.64	(18.37)	(0.49)	(22.44)



*Sanjay*



**CARNATION INDUSTRIES LIMITED**

**Regd. Office : 28/1, JHEEL ROAD, LILUAH, P.O.-SALKIA, HOWRAH-711106**

**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 13<sup>th</sup> August, 2021.
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 constitute one primary segment. The analysis of geographical segments is based on the areas in which the Company operates.
4. No provision has been made for taxation owing to brought forward losses.
5. 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.
6. Trade receivable includes Overdue Export proceeds amounting to Rs. 61.31 Lacs from 2 (two) customers for which company has engaged recovery agents as empanelled with ECGC. Managements hopeful that the same will be realised in near future and accordingly no provision for loss, if any, on ultimate realisation has been considered in the books of accounts.
7. 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.
8. Due to COVID-19 related lockdown, account confirmations for borrowing from ICICI Bank could not be obtained, accordingly balance with them is subject to consequential reconciliation/adjustment arising there from, if any.



*Sanjay*



#### 9. 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 having been 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 ending 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
		30.06.2021	31.03.2021	30.06.2020	31.03.2021
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1.	Total Income	311.37	1243.71	72.61	1809.52
2.	Total Expenses	4.52	1814.26	50.14	2,397.49
3.	Profit/(Loss) before exceptional items and tax (1-2)	306.85	(570.55)	22.47	(587.97)
4.	Exceptional Items	-	-	-	-
5.	Profit/(Loss) before tax (3-4)	306.85	(570.55)	22.47	(587.97)
6.	Tax Expense	6.75	(11.19)	0.63	(18.94)
7.	Net Profit after tax (5-6)	300.10	(559.36)	21.84	(569.03)



*Rawal*



10. 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 consequent to 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 employees 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 have evolved and worked out survival strategy including the following measures:
- I. Diversifying into trading of the products.
  - II. Exploring sales to the same set of customers with which it used to deal and also exploring new markets and customers on the strength of its brand value.
  - III. Continuing with the engagement of Collection agency to recover foreign debtors and also Initiation of Legal Cases against debtors.
  - IV. Efforts to negotiate with creditors in order to arrive at mutually agreed settlement and payment to them in accordance with the terms finalised in order to avoid litigation and also to identify manufacturers of the products from whom goods would be sourced.
  - V. Continue to Increase efforts to ensure early realisation of amount i.e. refundable taxes or duties lying with different Revenue Authorities.
  - VI. Once the old liability are settled and the financial ratio improve the company would be in a position to seek financial resources to meet the Working Capital arrangements to resume Trading operation and Sales.
  - VII. To reduce the overall staff strength and keep only the essential team for the time being and review managerial remunerations.
  - VIII. Sale of non Core assets : The board based on the resolution approved by the shareholder's in EOGM on 25<sup>th</sup> April, 2019 has during the quarter entered into an agreement for sale of one office premises at 222, A.J.C Bose Road Kolkata- 700017 having a carrying value of Rs. 8.28 Lacs on 7<sup>th</sup> June 2021.

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.

11. The board based on the resolution approved by the shareholder's in EOGM on 25<sup>th</sup> April, 2019 has during the quarter entered into an agreement for sale of one office premises at 222, A.J.C Bose Road Kolkata- 700017 having a carrying value of Rs. 8.28 Lacs on 7<sup>th</sup> June 2021 for consideration of Rs.92.00 lacs and accounted it as assets held for sale with effect on that date.
12. **Impact of the COVID-19 pandemic;** As informed earlier, due to pandemic the entire business cycle has gone hay wire and has led to closure and discontinuation of manufacturing facility resulting into sale of assets of the company for its survival. The complete US and European markets are severely affected by COVID-19 and many activities have been reduced/ discontinued due to Lockdown/ shut-down condition. The chances of restarting / re-opening is expected once the creditors' issues are all resolved.



*Rawi*



13. **Estimation of the future impact of CoVID-19 on its operations;** The management of the company foresee that as vaccination of Covid is in place things would improve but it is still a long way before every one is vaccinated. The business environment is difficult in India as the Lockdown measures continue and local trains & other transport are not available to workers. The market overseas are affected by COVID and buyers are all very conservative in their operation and orders.
14. 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 .

Place: Kolkata  
Date: 13.08.2021



By Order of the Board

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

(R. P. Sehgal)  
(Managing Director)