

14.02.2023

<b>The Secretary Listing Department The BSE Ltd. P.J. Towers, Dalal Street Mumbai – 400 001</b>	<b>The Secretary The Calcutta Stock Exchange Ltd. 7, Lyons Range Kolkata – 700 001</b>
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Dear Sir/Madam,

**Sub: Outcome of the Board Meeting held on 14<sup>th</sup> February, 2023****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. 14<sup>th</sup> February, 2023, interalia, have taken the following decisions:

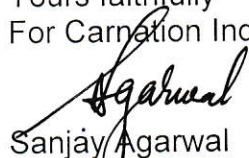
The Unaudited Financial Results of the Company for the Quarter and Nine Months Ended 31<sup>st</sup> December, 2022, duly reviewed by the Statutory Auditors, along with Limited Review Report (enclosed), was approved by the Board of Directors.

The meeting commenced at 12.30 P.M. and concluded at 2.45 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  
Carnation Industries Limited  
9/C, Kumar Para Road,  
2<sup>nd</sup> Floor, Liluah,  
Howrah-711204

1. We have reviewed the accompanying Statement of Unaudited Ind AS Financial Results of **Carnation Industries Limited** ("the Company") for the quarter ended December 2022 and year to date results for the period from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> December, 2022 ("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 February 14, 2023. 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) As stated in noteno.12 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 are not reflected in the action. As stated in note no. 12 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. 1404.79 Lacs leading to negative net worth of Rs. 183.81 Lacs as at 31<sup>st</sup> December, 2022, which has resulted in complete erosion of the net worth of the Company. The Company's current liabilities exceed its current assets by Rs. 111.96 Lacs as at 31<sup>st</sup> December, 2022.





- (b) 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.
- (c) We draw attention to note no. 5 of the statement regarding ECGC claim filed for overdue trade receivable.
- (d) We draw attention to note no. 7 of the statement regarding the balances of Trade Receivable, Security Deposits, Loans and Advances, Trade payable are subject to confirmation from the respective parties and consequential reconciliation/adjustment arising there from, if any.
- (e) We draw attention to note no. 8 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.
- (f) We draw attention to note no.10 of the accompanying statement regarding pending marking off compliance in respect of overseas bills.
- (g) Credit Facility viz. Loan against Property obtained from a bank by the Company in earlier years has become "Overdue" in the quarter under review and the amount overdue as on 31<sup>st</sup> December, 2022 was Rs. 5.28 Lacs.
5. Based on our review conducted as mentioned in paragraph 3 above and subject to the possible effects of the matters described in paragraph 4 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:- 14.02.2023  
Place:- Kolkata



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

*Ravi Kumar*

**Ravi Kumar**  
Partner  
M.No.:- 304392  
UDIN :23304392BGYPY5037



**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 Unaudited Financial Results for the Quarter and Nine months ended 31st December, 2022**

SL. No.	Particulars	Quarter -Ended			Nine Months Ended		(Rs. in lakhs)
		31.12.2022	30.09.2022	31.12.2021	31.12.2022	31.12.2021	Year - Ended
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
A.	<b>CONTINUING OPERATIONS</b>						
1.	<b>Income</b>						
	a) Revenue From Operations						
	b) Other Income	0.11	0.07	6.72	3.27	152.00	180.79
	<b>Total Income</b>	<b>0.11</b>	<b>0.07</b>	<b>6.72</b>	<b>3.27</b>	<b>152.00</b>	<b>180.79</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	5.40	5.34	16.96	16.13	47.11	61.11
	e) Finance costs	7.20	6.97	5.61	17.12	18.70	28.51
	f) Depreciation and amortisation expense	0.42	0.41	0.42	1.24	1.28	1.68
	g) Other expenses	6.84	7.21	21.46	25.96	37.84	94.72
	<b>Total Expenses</b>	<b>19.86</b>	<b>19.92</b>	<b>44.45</b>	<b>60.45</b>	<b>104.93</b>	<b>186.02</b>
3.	Profit/(Loss) before exceptional items and tax (1-2)	(19.75)	(19.86)	(37.73)	(57.18)	47.07	(5.23)
4.	Exceptional Items	-	-	-	-	-	-
5.	<b>Profit/(Loss) before tax (3-4)</b>	<b>(19.75)</b>	<b>(19.86)</b>	<b>(37.73)</b>	<b>(57.18)</b>	<b>47.07</b>	<b>(5.23)</b>
6.	Tax Expense:	(0.65)	(0.21)	-	1.47	-	12.25
7.	<b>Profit/(Loss) for the period from continuing operations (5±6)</b>	<b>(19.10)</b>	<b>(19.65)</b>	<b>(37.73)</b>	<b>(58.65)</b>	<b>47.07</b>	<b>(17.48)</b>
B.	<b>DISCONTINUED OPERATIONS</b>						
8.	Profit/ (Loss) for the period from discontinued operations (before tax)	-	(4.60)	(14.99)	(4.60)	(71.14)	(58.44)
9.	Less: Tax expenses of discontinued operations	-	-	0.03	-	11.35	-
10.	Post- tax Profit/ (Loss) for the period from discontinued operations	-	(4.60)	(15.02)	(4.60)	(82.49)	(58.44)
11.	<b>Net Profit from total operations (7+10)</b>	<b>(19.10)</b>	<b>(24.25)</b>	<b>(52.75)</b>	<b>(63.25)</b>	<b>(35.42)</b>	<b>(75.92)</b>
12.	<b>Other Comprehensive Income</b>						
	A. (i) Items that will not be reclassified to profit or loss	-	-	-	-	-	0.96
	(ii) Income tax relating to above items	-	-	-	-	-	(0.25)
	<b>Total other comprehensive income/ (loss), net of tax</b>						<b>0.71</b>
13.	<b>Total Comprehensive Income for the period (11 ± 12)</b>	<b>(19.10)</b>	<b>(24.25)</b>	<b>(52.75)</b>	<b>(63.25)</b>	<b>(35.42)</b>	<b>(75.21)</b>
14.	<b>Earnings per Share (of Rs. 10/-each) (for continuing operations)</b>						
	a) Basic	(0.55)	(0.57)	(1.09)	(1.70)	1.36	(0.51)
	b) Diluted	(0.55)	(0.57)	(1.09)	(1.70)	1.36	(0.51)
15.	<b>Earnings per Share (of Rs. 10/-each) (for discontinued operations)</b>						
	a) Basic	-	(0.13)	(0.43)	(0.13)	(2.39)	(1.69)
	b) Diluted	-	(0.13)	(0.43)	(0.13)	(2.39)	(1.69)
16.	<b>Earnings per Share (of Rs. 10/-each) (total)</b>						
	a) Basic	(0.55)	(0.70)	(1.53)	(1.83)	(1.02)	(2.20)
	b) Diluted	(0.55)	(0.70)	(1.53)	(1.83)	(1.02)	(2.20)



*Sanjay*



**CARNATION INDUSTRIES LIMITED**

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

**CIN: L27209WB1983PLC035920**

**Email: sanjay@carnationindustries.com**

**Website : www.carnationindustries.com**

**Notes:-**

1. The Unaudited Financial Results were reviewed by the Audit Committee and approved at the meeting of the Board of Directors of the Company held on 14 February, 2023.
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 represents Overdue Export proceeds amounting to Rs. 26.83 Lacs from a customer against whom company has filed ECGC Claim.
6. During the quarter ended on 30.09.2022 company has received Rs. 21.63 Lacs in respect of one overseas trade receivable having balance amounting to Rs. 26.23 Lacs through ECGC and written off the differential amount as bad debt.
7. 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. 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.
9. 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



*Sanjay*



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 2<sup>nd</sup> quarter viz., 30<sup>th</sup> September, 2021, even though the company continues to defend the demand raised against it.

10. 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. As on 31/12/22 Rs.130.76 lacs showing pending with State Bank of India and efforts are on to have these also cleared up from the portal.

#### 11. 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.



*Ravi Mehra*



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

(Rs. In Lakhs)

(A) Profit/(Loss) - Discontinued Operations							(Rs. in lakhs)
SL. No.	Particulars	Quarter -Ended			Nine Months Ended		Year Ended
		31.12.22	30.09.22	30.12.21	31.12.22	30.12.21	31.03.2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	Total Income	-	-	2.34	-	284.14	281.09
2.	Total Expenses	-	4.60	17.33	4.60	355.28	339.53
3.	Profit/(Loss) before exceptional items and tax (1-2)	-	(4.60)	(14.99)	(4.60)	(71.14)	(58.44)
4.	Exceptional Items	-	-	-	-	-	-
5.	Profit/(Loss) before tax (3-4)	-	(4.60)	(14.99)	(4.60)	(71.14)	(58.44)
6.	Tax Expense:	-	-	0.03	-	11.35	-
7.	Net Profit after tax (5-6)	-	(4.60)	(15.02)	(4.60)	(82.49)	(58.44)

12. 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:

- 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.
- Continue to Increase efforts to ensure early realisation of amount i.e. refundable taxes or duties lying with different Revenue Authorities.
- Put in efforts to process the ECGC claim on one overseas buyer.
- To reduce the overall staff strength and keep only the essential team for the time being.



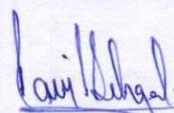
*Law Singh*



- e) 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.

By Order of the Board



(R.P. Sehgal)

(Managing Director)

Place: Kolkata

Date: 14.02.2023

