CARNATION INDUSTRIES LTD.
222, ACHARYA JAGADISH CHANDRA BOSE ROAD, KOLKATA - 700017, INDIA
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Web : www.carnationindustries.com, CIN : L27209WB1983PLCO35920

29.05.2023

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 29th May, 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. 29th May, 2023, interalia, have taken the following decisions:

1. Approved the Audited Financial Results of the Company for the Quarter and Financial Year Ended 31st March, 2023 (Enclosed together with the Auditor's Report and Form 'B').
2. Accepted the Resignation of Company Secretary Mr. Sanjay Agarwal with effect from 08/05/2023.
3. Accepted the Resignation of Joint Managing Director Mr. Suvabrata Saha with effect from 13/04/2023
4. The Board of Directors have not recommended any dividend for F.Y. 2022-2023.

The meeting commenced at 3 P.M. and concluded at 7.45 P.M.

This is for your information and records.

Thanking you

Yours faithfully
For Carnation Industries Limited

CARNATION INDUSTRIES LTD. Kolkata-17

Encl: as above

JAIN SARAOGI & CO LLP

CHARTERED ACCOUNTANTS

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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, 2023, 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, 2023 and its net loss and other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2023.

Basis for Adverse Opinion

As stated in note 15 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 being transformed into action and or no substantive effort is reflected in the action. As stated in Note 15 the appropriateness of Going Concern is dependent upon various initiatives undertaken by the company including claim from ECGC, feasibility and sustainability of the proposed 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 as well as various demands raised by different regulatory authorities and financial institution.

The Company has accumulated losses of Rs. 1462.13 Lacs (Previous year Rs. 1341.55 Lacs) leading to negative net worth of Rs. 241.14 Lacs (Previous Year Rs. 120.56 Lacs) as at 31st March, 2023, which has resulted in complete erosion of the net worth of the Company. The Company's current liabilities exceeds its current assets by Rs. 306.10 Lacs (Previous Year Rs. 42.63 Lacs) as at 31st March, 2023.

Considering matters described above including possible impact of the matters described in "Emphasis of matter" paragraph of this report; pending the pronouncement of final order in the petition filed with Hon'ble NCLT, Kolkata Bench under IBC, 2016; 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.

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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 claim from ECGC.

3. We draw attention to Note no. 7 of the statement regarding the balances of 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 8 of the accompanying statement regarding a petition under section 9 of Insolvency and Bankruptcy code, 2016 filed with Hon'ble NCLT, Kolkata Bench by an operational creditor for initiation of Corporate Insolvency Resolution Process which has been reserved for orders.

5. We draw attention to Note 9 of the accompanying statement regarding recall of credit facility by bank.

6. We draw attention to Note 10 of the accompanying statement regarding penalty imposed by Securities and Exchange Board of India u/s 23E of Securities Contract Regulation Act, 1956 and Section 15HB of SEBI Act, 1992.

7. We draw attention to Note 11 of the accompanying statement regarding demand raised by Customs authority.

8. We draw attention to Note 13 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

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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.

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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, 2023 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2023 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.

For **JAIN SARAOGI & CO LLP**
Chartered Accountants
FRN: 305004E/E300281

Manoj Keshan

Partner: Manoj Keshan
Membership No. 055272
UDIN:23055272BGSKQQ6276

Place: Kolkata

Date: 29th May, 2023.

JAIN SARAOGI & CO LLP * CHARTERED ACCOUNTANTS * KOLKATA 29/5/23

CARNATION INDUSTRIES LIMITED

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

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Email: ravisehgal5@gmail.com, Website :www.carnationindustries.com

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

(Rs. in lakhs)

SL. No.	Particulars	Quarter - Ended			Year Ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
A.	CONTINUING OPERATIONS					
1.	Income					
	a)Revenue From Operations	-	-	-		
	b)Other Income	(0.05)	0.11	28.79	3.22	180.79
	Total Income	**(0.05)**	**0.11**	**28.79**	**3.22**	**180.79**
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	3.77	5.40	14.00	19.90	61.11
	e) Finance costs	6.15	7.20	9.81	23.27	28.51
	f) Depreciation and amortisation expense	0.40	0.42	0.40	1.64	1.68
	g) Other expenses	5.63	6.84	56.88	31.59	94.72
	Total Expenses	**15.96**	**19.86**	**81.09**	**76.41**	**186.02**
3.	Profit/(Loss) before exceptional items and tax (1-2)	(16.02)	(19.75)	(52.30)	(73.20)	(5.23)
4.	Exceptional Items	-	-	-	-	-
5.	**Profit/(Loss) before tax (3-4)**	**(16.02)**	**(19.75)**	**(52.30)**	**(73.20)**	**(5.23)**
6.	Tax Expense:	15.92	(0.65)	12.25	17.39	12.25
7.	**Profit/(Loss) for the period from continuing operations (5±6)**	**(31.93)**	**(19.10)**	**(64.55)**	**(90.58)**	**(17.48)**
B.	**DISCONTINUED OPERATIONS (refer note 6)**					
8.	Profit/ (Loss) for the period from discontinued operations (before tax)	(26.83)	-	12.70	(31.43)	(58.44)
9.	Less: Tax expenses of discontinued operations	-	-	(11.35)	-	
10.	Post- tax Profit/ (Loss) for the period from discontinued operations (after tax)	**(26.83)**	**-**	**24.05**	**(31.43)**	**(58.44)**
11.	**Net Profit from total operations (7+10)**	**(58.76)**	**(19.10)**	**(40.50)**	**(122.01)**	**(75.92)**
12.	**Other Comprehensive Income**					
	A. (i) Items that will not be reclassified to profit or loss	1.94	-	0.96	1.94	0.96
	(ii) Income tax relating to above items	(0.51)	-	(0.25)	(0.51)	(0.25)
	Total other comprehensive income/ (loss), net of tax	**1.44**		**0.71**	**1.44**	**0.71**
13.	Total Comprehensive Income for the period (11 ± 12)	**(57.33)**	**(19.10)**	**(39.79)**	**(120.58)**	**(75.21)**
14.	Equity Share Capital					
15.	Earnings per Share (of Rs. 10/-each) (for continuing operations)					
	a) Basic	(0.92)	(0.55)	(1.87)	(2.62)	(0.51)
	b) Diluted	(0.92)	(0.55)	(1.87)	(2.62)	(0.51)
16.	Earnings per Share (of Rs. 10/-each) (for discontinued operations)					
	a) Basic	(0.78)	-	0.70	(0.91)	(1.69)
	b) Diluted	(0.78)	-	0.70	(0.91)	(1.69)
17.	Earnings per Share (of Rs. 10/-each) (total)					
	a) Basic	(1.70)	(0.55)	(1.17)	(3.53)	(2.20)
	b) Diluted	(1.70)	(0.55)	(1.17)	(3.53)	(2.20)

CARNATION INDUSTRIES LTD. Kolkata-17

JAIN SARAOGI & CO LLP CHARTERED ACCOUNTANTS KOLKATA 29/5/23

CARNATION INDUSTRIES LIMITED

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CIN:L27209WB1983PLCO35920

Email: ravisehgal5@gmail.com, Website :www.carnationindustries.com

Statement of Assets and Liabilities

(Rs. in lakhs)

SL. No.	Particulars	As at 31.03.2023 (Audited)	As at 31.03.2022 (Audited)
A	**ASSETS**		
1	**Non-current assets**		
	Property, plant and equipment	**90.18**	94.02
	Intangible Assets	-	-
	Financial Assets		
	Investments	-	0.53
	Other Non-current assets	**14.86**	14.86
2	**Current assets**		
	Inventories	-	-
	Financial Assets		
	a) Trade Receivables	-	53.06
	b) Cash and cash equivalents	**0.54**	7.32
	c) Bank balance other than included in cash and cash equivalenst	**1.42**	2.01
	Current Tax Assets (net)	-	18.77
	Other current assets	**26.79**	35.45
	TOTAL - ASSETS	**133.79**	**226.02**
B	**EQUITY AND LIABILITIES**		
1	**Equity and Liabilities**		
	Equity		
	Equity Share Capital	**345.72**	345.72
	Other Equity	**(586.86)**	(466.28)
2	**Liabilities**		
	Non-current liabilities		
	Financial liabilities		
	a) Borrowings	-	147.95
	Provisions	**27.15**	26.33
	Deferred Tax Liabilities (net)	**12.93**	13.05
3	**Current Liabilities**		
	Financial Liabilities		
	a) Borrowings	**174.79**	10.62
	b)Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	**25.71**	16.42
	(ii)total outstanding dues of creditors other than micro enterprises and small enterprises	**37.11**	32.75
	c) Other financial liabilities	**2.43**	4.53
	Other current liabilities	**94.80**	94.92
	TOTAL - EQUITY AND LIABILITIES	**133.79**	**226.02**

JAIN SARAOGI & CO. KOLKATA 29/5/23 CHARTERED ACCOUNTANTS

CARNATION INDUSTRIES LTD. Kolkata-17

CARNATION INDUSTRIES LIMITED
CIN:- L27209WB1983PLC035920
Statement of Cash Flow for the year ended 31st March, 2023

(Rs. In Lacs)

	PARTICULARS	For the year ended 31.03.2023	For the year ended 31.03.2022
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(loss) before exceptional items and tax	(104.63)	(63.67)
	Adjustments for:		
	-Depreciation, Imparement and Amortisation Expenses	1.64	1.68
	-Provision for bad & doubtful debt	26.83	-
	-Dividend received	(0.01)	-
	-Investment Expenses	0.01	-
	-Fair Valuation of Investment	(0.13)	(0.05)
	-(Profit)/Loss on sale/discard of Property Plant and Equipment(net	(3.03)	(85.95)
	-Remeasurements of the defined benefit plans	1.94	0.96
	-Creditor for Property, Plant and Equipment written off	-	-
	-Finance Cost	23.27	28.51
	Operating Profit Before Working Capital Changes	**(54.09)**	**(118.51)**
	Adjustments for:		
	-(Decease)/ Increase in Trade Payables	13.65	(996.39)
	-(Decease)/ Increase in Non Current Provisions	0.82	(7.21)
	-(Decease)/ Increase in Other current Liabilities	(0.13)	(127.05)
	-Decrease/ (Increase) in other Non Current Assets	-	-
	-Decrease/ (Increase) in Trade Receivables (Net of Provision)	26.23	9.48
	-Decrease/ (Increase) in Other Current Asset	8.66	437.04
	-Decrease/ (Increase) in Inventories	-	6.04
	Cash Generated from Operations :	**(4.87)**	**(796.60)**
	Income Tax Paid including Tax deducted at source	(0.76)	(17.11)
	Net Cash generated from Operating Activities	**(4.11)**	**(779.49)**
(B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant and Equipments, Intangible and Cap	-	-
	Sale of Investment (net)	0.64	0.81
	Sale of Property, Plant and Equipments, Intangible and Capital V	5.23	113.37
	Dividend Received	0.01	-
	Bank Balance other than cash & Cash equivalents (including acc	0.60	0.83
	Payment to Creditors for Property, Plant & Equipment	-	(13.00)
	Net Cash generated/ (used) in Investing Activities	**6.49**	**102.02**
(C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	(Repayment)/ receipt of Borrowings	16.23	6.01
	Finance cost paid/converted	(24.78)	(26.80)
	Dividend paid/ Transferred to IEPF (including Dividend distribu	(0.60)	(0.83)
	Net Cash generated/(used) in Financing Activities	**(9.15)**	**(21.62)**
	Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C	**(6.77)**	**(699.10)**
	Opening Cash and Cash Equivalents	7.32	706.42
	Closing Cash and Cash Equivalents	0.54	7.32

CARNATION INDUSTRIES LTD. Kolkata-17

JAIN SARAOGI & CO LLP CHARTERED ACCOUNTANTS KOLKATA 29/5/23

CARNATION INDUSTRIES LIMITED
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CIN:L27209WB1983PLC035920
Email: ravisehgal5@gmail.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 29th May, 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 2020-21as 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 had filed ECGC Claim. The claim was rejected by Kolkata Branch of ECGC against which company has filed a review letter to The General Manager ECGC Kolkata which is pending. Pending the resolution of the matter Company has made 100% provision against such debt.

6. During the year 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 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 unsecured 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. The Case was last heard on 7th February, 2023 and has been remarked as "Reserved for orders" by the Honourable Kolkata Bench of NCLT.

CARNATION INDUSTRIES LTD. Kolkata-17

JAIN SARAOGI & CO LLP CHARTERED ACCOUNTANTS KOLKATA 29/5/23

9. The Company has availed Credit facility (Loan against Property) from ICICI Bank. ICICI Bank vide its letter dated 13th April, 2023 has recalled the credit facility. Further ICICI Bank has served notice under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement Security Interest Act (SERFAESI), 2002 vide letter dated 10th May, 2023 and informed that the debt has been classified as Non-performing Asset on 10/03/2023. Accordingly, Company has disclosed the credit facility under current liability.

10. The Company was served with adjudication order dated 26.08.2022 wherein penalty was imposed by Securities and Exchange Board of India u/s 23E of SCRA, 1956 & Section 15HB of SEBI Act, 1992 for Rs. 5 Lacs on company and Rs. 1 Lacs on each of the officers of the company. The Company has filed an appeal before The Securities Appellate Tribunal, Mumbai in December 2022 and the matter remains sub-judice. Pending the outcome of the matter the penalty has not been accounted for /recognised in the books of accounts but disclosed as contingent liability.

11. The Company has received a demand of Rs. 73.92 Lacs from Customs authorities against which company has filed an appeal before The Commissioner of Customs (Appeal), Kolkata on 10th January,2023 and the matter remains sub-judice. Pending the outcome of the matter the said demand is not accounted for/recognised in the books of accounts but disclosed as contingent liability.

12. 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 preceding financial year, even though the company continues to defend the demand raised against it.

13. 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 31/03/23 bills aggregating to Rs.130.76 lacs still continues to appear as pending with State Bank of India and efforts are being made to have those cleared up.

14. **Discontinuing operation**

The Company was facing severe financial crisis since last three 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.

CARNATION INDUSTRIES LTD. Kolkata-17

JAIN SARAOGI & CO LLP CHARTERED ACCOUNTANTS KOLKATA 29/5/23

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 **(Rs. In Lakhs)**

SL. No.	Particulars	Quarter -Ended			Year Ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1.	Total Income	-	-	(3.05)	-	281.09
2.	Total Expenses	26.83	-	(15.75)	31.43	339.53
3.	Profit/(Loss) before exceptional items and tax (1-2)	(26.83)	-	12.70	(31.43)	(58.44)
4.	Exceptional Items	-	-	-	-	-
5.	Profit/(Loss) before tax (3-4)	(26.83)	-	12.70	(31.43)	(58.44)
6.	Tax Expense	-	-	(11.35)	-	-
7	Net Profit after tax (5-6)	(26.83)	-	24.05	(31.43)	(58.44)

CARNATION INDUSTRIES LTD. Kolkata-17

JAIN SARAOGI & CO LLP KOLKATA 29/5/23 CHARTERED ACCOUNTANTS

Cash Flow from discontinued operations

Particulars	For the year ended on 31.03.2023 Amount (Rs. in lacs)	For the year ended on 31.03.2022 Amount (Rs. in lacs)
Cash Flow from operating activities	21.63	(731.51)
Cash Flow from Investing Activities	-	8.37
Cash Flow from Financing Activities	-	-
Net Cash Flow from Discontinued Operations	21.63	(723.14)

15. 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 except one under one time settlement scheme. However, dues of revenue authorities, creditors and other payable 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 in order to arrive at mutually agreed settlement and payment to them in accordance with the terms finalized in order to avoid litigation and also to identify manufacturers of the products from whom goods could be sourced for the purpose of resuming trading activity. The management of the Company has been partially successfully in negotiating and settling the dues of majority of unsecured creditors at a discounted value with mutual consent. However, there are still unsecured creditors with whom the process is under progress.

b) Continue to Increase efforts to ensure early realization of amount i.e., refundable taxes or duties lying with different Revenue Authorities.

c) The claims lodged with ECGC have either been settled or rejected. However, in the case of a foreign debtor Put in efforts to process the claim on one overseas buyer.

d) The company has substantially reduced the overall staff strength.

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.

f) One of the promoter Director have put in funds to continue the operation of the company.

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: 29.05.2023

JAIN SARAOGI & CO LLP KOLKATA 29/5/23 CHARTERED ACCOUNTANTS

CARNATION INDUSTRIES LTD. Kolkata-17

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

ANNEXURE I

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023 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	3.22	3.22
	2.	Total Expenditure	107.84	107.84
	3.	Net Profit/(Loss)	(122.01)	(122.01)
	4.	Earnings Per Share	(3.53)	(3.53)
	5.	Total Assets	133.79	133.79
	6.	Total Liabilities	374.93	374.93
	7.	Net Worth	(241.14)	(214.14)
	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 15 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 being transformed into action and or no substantive effort is reflected in the action. As stated in Note 15 the appropriateness of Going Concern is dependent upon various initiatives undertaken by the company including claim from ECGC, feasibility and sustainability of the proposed 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 as well as various demands raised by different regulatory authorities and financial institution.

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	The Company has accumulated losses of Rs. 1462.13 Lacs (Previous year Rs. 1341.55 Lacs) leading to negative net worth of Rs. 241.14 Lacs (Previous Year Rs. 120.56 Lacs) as at 31st March, 2023, which has resulted in complete erosion of the net worth of the Company. The Company's current liabilities exceeds its current assets by Rs. 306.10 Lacs (Previous Year Rs. 42.63 Lacs) as at 31st March, 2023. Considering matters described above including possible impact of the matters described in "Emphasis of matter" paragraph of this report; pending the pronouncement of final order in the petition filed with Hon'ble NCLT, Kolkata Bench under IBC, 2016; 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.
	b. Type of Audit Qualification: Adverse
	c. Frequency of qualification: Second 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:**
	(i) Management's estimation on the impact of audit qualification: The qualifications made by the statutory auditors are primarily futuristic and is being given as a mark of caution. The management has taken extensive steps to settle the liabilities of all the creditors and as far as remaining creditors are concerned negotiations are continuing with them. The company has also drastically cut down the staff strength. The company is also proposing to revive itself by commencing the trading activities and is focusing on realization of dues from ECGC /Vat department. As far as settlement of secured creditor ICICI bank is concerned the company proposes to dispose the mortgaged property and settle the outstanding loan amount. Furthermore the NCLT case filed by a operational creditor is concerned efforts are on to settle the matter out of court.
	(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 submit/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 coupled with the fact that in the NCLT, Kolkata Bench proceeding, the company has acceded to the liability of the operational creditor and has expressed its inability to pay.**

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III.	**Signatories:**	
	• **CEO/Managing Director**	
	• **CFO**	
	• **Audit Committee Chairman**	Sephali Ray
	• **Statutory Auditor**	**JAIN SARAOGI & CO LLP** CHARTERED ACCOUNTANTS FRN: 305004E/E300281 (M. KESHAN) **Partner** M.No: 055272
	Place: Kolkata	
	Date:29/05/2023	

CARNATION INDUSTRIES LTD. Kolkata-17