

Dt: 29.05.2018

<b>The Secretary Listing Department 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 Tuesday, 29<sup>th</sup> May, 2018**

This is to inform you that the Board of Directors of the Company at its meeting held today i.e. 29<sup>th</sup> May, 2018, interalia, have taken the following decision.

1. Approved the Audited Financial Results of the Company for the Quarter and Financial Year Ended 31<sup>st</sup> March, 2018 (Enclosed together with the auditor's report).
2. Nil dividend declared for the F.Y. 2017-2018
3. Mr. Arun Kumar Bose Whole Time Director to be reappointed.
4. The 35<sup>th</sup> Annual General Meeting ("AGM") of the Company will be held on Thursday, 27<sup>th</sup> September, 2018
5. The Register of Members and Share Transfer books shall remain closed from Monday, 24<sup>th</sup> September to Thursday, 27<sup>th</sup> September, 2018 (both days inclusive) for the purpose of AGM.
6. Deferred its decision, taken at its Board Meeting held on 12.01.2018, to increase the authorized share capital of the Company from the existing capital of Rs. 7,00,00,000/- (Rupees Seven Crore only) to Rs. 10,00,00,000/- (Rupees Ten Crore only)

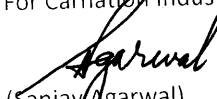
We further enclose a declaration pursuant to Regulation 33 (3) (d) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that the Statutory Auditors of the Company M/s Jain Saraogi & Co. have in their reports issued a modified opinion on the audited financial results for the financial year ended 31<sup>st</sup> March, 2018.

The meeting commenced at 5 P.M. and concluded at 6.40 P.M.

Request to kindly take the same into record

Thanking you

Yours faithfully,  
For Carnation Industries Ltd.

  
(Sanjay Agarwal)  
Company Secretary

Encl: as above

The Board of Directors  
Carnation Industries Ltd.  
28/1 Jheel Road Liluah, P.O. Salkia, Howrah-711106

**Independent Auditor's Report on the Statement of financial results**

1. We have audited the accompanying Statement containing the annual audited financial results of **Carnation industries Limited** (the "Company") for the years ended March 31, 2018 together with the notes thereon (hereinafter referred to as the "Statement"), which we have signed under reference to this report.

**Management's Responsibility for the financial results**

2. Management is responsible for the preparation of the accompanying Statement. The Management is also responsible for the preparation of the annual statutory financial statements in accordance with the Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 [read with Rule 7 of the Companies (Accounts) Rules, 2014] (the "accounting principles generally accepted in India"), basis which the above Statement containing the annual audited financial results has been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**4. Basis for Qualified Opinion**

- (a) Attention is drawn to Note No.9.1, of the financial statements of the company which read as under:

*"Export proceeds in foreign exchange of Rs. 1895.88 Lacs, Rs. 2239.10 lacs and Rs. 2544.19 lacs as on 31/03/2018, 31/03/2017 and 31/03/2016 respectively from a Related party and Rs. 815.41 Lacs, Rs. 216.89 lacs and Rs. Nil as on 31/03/2018, 31/03/2017 and 31/03/2016 respectively from a other than related parties could not be realised within 12 months from the dates of export."*

The company has not provided the aforesaid receivables and continues to classify it as current financial assets. Had the same been provided for, the Loss for the year would have increased by Rs. 2711.29 Lacs and accordingly Trade receivables and Retained Earnings would have reduced by equivalent amount and impacts the operations and functioning of the company as a going concern.

- (b) Attention is drawn to Note No. 20.3 and 20.4, of the financial statements of the company which read as under:

*"Note 20.3: The Company has availed credit facility from State Bank of India and Punjab National Bank under consortium Finance arrangement. State Bank of India vide its letter dated 21st March, 2018 has classified the credit facility as Non-performing Asset (NPA) and has not applied/ charged interest for the month of March, 2018. Bank has also reversed the unrecovered applied interest*



*amounting to Rs. 16.85 Lacs. In the absence of advice/ information, finance cost for the month of March, 2018 could not be ascertained and accounted for. However interest as reversed by bank has been accounted for in the books of accounts."*

*"Note 20.4: Punjab National Bank has also not charged interest from January, 2018 onwards. In the absence of advice/ information, finance cost for the period from January, 2018 to March, 2018 could not be ascertained and accounted for."*

In view of the above, Finance cost and outstanding balances of short term borrowings are understated for the unapplied interest amount. - Amount unascertained.

5. In our opinion and to the best of our information and according to the explanations given to us:
- (i) the Statement, read together with notes thereon are presented in the format prescribed under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard except for the effects of matters described in paragraph 6 ; and
  - (ii) The Annual audited financial results for the ended March 31, 2018 as set out in the Statement gives a true and fair view read with the qualification of the total comprehensive income (comprising of Loss and other comprehensive income), and other financial information of the Company for the year ended March 31, 2018 in accordance with the accounting principles generally accepted in India except for the effects of matters described in paragraph 6.

**Emphasis of Matter**

6. We draw your attention to **Note 8** of the Statement regarding the figures for the quarter ended March 31, 2018, which are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the current financial year. Our opinion is not qualified in respect of this matter.

**Other Matter**

7. The Company had prepared the Financial Results and financial statements for the year ended March 31, 2017 in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 [read with Rule 7 of the Companies (Accounts) Rules, 2014], which were audited by another firm of chartered accountants, who vide their report dated May 26, 2017 issued unmodified opinion on those financial results and financial statements respectively.
8. The Statement dealt with by this report has been prepared for the express purpose of filing with Calcutta Stock Exchange and Bombay Stock Exchange. This Statement based on and should be read with the audited Ind AS financial statements of the Company for the year ended March 31, 2018 on which we issued a qualified audit opinion vide our report dated May 29, 2018.

**Restriction on Use**

9. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 7 above. This report should not be otherwise used by any other party for any other purpose.

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

Place: 1, Crooked Lane, 1<sup>st</sup> Floor, Kolkata 700069  
Date: 29<sup>th</sup> May 2018.



*Manoj Keshan*  
Partner: Manoj Keshan  
Membership No. 055272

**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 Audited Financial Results for the Quarter and Year ended 31st March, 2018**

SL. No.	Particulars	Quarter -Ended			Year - Ended	
		31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1.	Revenue From Operations	690.92	1079.76	2,252.82	5,011.49	8,182.27
2.	Other Income	(30.34)	159.80	198.11	359.69	367.82
3.	<b>Total Income (1+2)</b>	<b>660.58</b>	<b>1,239.56</b>	<b>2,450.93</b>	<b>5,371.18</b>	<b>8,550.09</b>
4.	<b>Expenses</b>					
	a) Cost of materials consumed	979.22	620.40	1,126.44	3,441.46	5,749.33
	b) Purchase of stock-in-trade	-	3.69	1.92	35.95	16.11
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	463.83	108.71	262.88	407.61	(154.46)
	d) Employee benefits expense	229.26	189.55	336.07	1,000.90	1,285.14
	e) Finance costs	166.37	78.80	80.87	402.79	529.05
	f) Depreciation and amortisation expense	28.56	29.99	29.04	121.21	119.55
	g) Other expenses	(780.92)	347.68	635.33	621.05	982.53
	<b>Total Expenses</b>	<b>1,086.32</b>	<b>1,378.82</b>	<b>2,472.55</b>	<b>6,030.97</b>	<b>8,527.25</b>
5.	Profit/(Loss) before exceptional items and tax (3-4)	(425.74)	(139.26)	(21.62)	(659.79)	22.84
6.	Exceptional Items		-			
7.	Profit/(Loss) before tax (5-6)	(425.74)	(139.26)	(21.62)	(659.79)	22.84
8.	Tax Expense:					
	(1) Current Tax	-		(11.33)	-	3.17
	(2) Deferred Tax	0.29	(2.37)	(3.01)	(6.34)	(7.41)
9.	Profit/(Loss) for the period (7±8)	(426.03)	(136.89)	(7.28)	(653.45)	27.08
10.	Other Comprehensive Income	1.69	-		1.69	(1.76)
11.	Total Comprehensive Income for the period (9 ± 10)	(424.34)	(136.89)	(7.28)	(651.76)	25.32
12.	Earnings per Share (of Rs. 10/-each) (for continuing operations)					
	a) Basic	(12.27)	(3.96)	(0.21)	(18.85)	0.73
	b) Diluted	(12.27)	(3.96)	(0.21)	(18.85)	0.73



*Sanjay*

*[Signature]*

**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 Assets and Liabilities**

		(Rs. in lakhs)	
SL. No.	Particulars	31.03.2018 (Audited)	31.03.2017 (Audited)
<b>A</b>	<b>ASSETS</b>		
1	<b>Non-current assets</b>		
	Property, plant and equipment	1,096.57	1,171.58
	Capital work in progress	63.37	31.92
	Intangible Assets	2.70	3.17
	Financial Assets		
	a) Investments	3.34	5.27
	b) Other Financial Assets	24.96	91.92
	Other Non-current assets	59.56	57.73
2	<b>Current assets</b>		
	Inventories	406.56	827.94
	Financial Assets		
	a) Trade Receivables	4,251.77	5,300.30
	b) Cash and cash equivalents	6.98	(4.77)
	c) Bank balance other than included in cash and cash equivalentst	30.20	52.75
	d) Other Financial Assets	-	4.00
	Current Tax Assets (net)	40.01	39.40
	Other current assets	958.44	1,003.73
	<b>TOTAL - ASSETS</b>	<b>6,944.46</b>	<b>8,584.94</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
1	<b>Equity and Liabilities</b>		
	<b>Equity</b>		
	Equity Share Capital	345.72	345.72
	Other Equity	842.78	1,511.18
2	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
	Financial liabilities		
	a) Borrowings	151.40	-
	Provisions	172.89	160.59
	Deferred Tax Liabilities (net)	60.22	65.81
3	<b>Current Liabilities</b>		
	Financial Liabilities		
	a) Borrowings	3,061.03	3,373.62
	b) Trade payables	2,115.27	3,090.70
	c) Other financial liabilities	46.47	11.21
	Other current liabilities	148.68	26.11
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>6,944.46</b>	<b>8,584.94</b>



*Sanjay*

*[Signature]*

**Notes :**

1. The Audited Financial Results and Segment Results were reviewed by the Audit Committee and approved at the meeting of the Board of Directors of the Company held on 29th May, 2018.
2. On 1 April 2017, the Company has adopted Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs with effect from 1 April 2016. Accordingly, the financial results for the quarter and year ended 31st March 2018 have been prepared in accordance with Ind AS and other accounting principles generally accepted in India and the results for the comparative quarter and year ended 31st March 2017 have been restated in accordance with Ind AS. The impact of transition to Ind AS has been accounted for.
3. Figures for the previous periods are re-classified / re-arranged / re-grouped , wherever necessary, to correspond with the current period's classification / disclosure.
4. The Company is engaged in the manufacture of Castings & M.S. Products (Fabricated Steel) which are subject to the same risk & returns and hence constitute one primary segment. The analysis of geographical segments is based on the areas in which the Company operates.
5. The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year and the year to date figures upto third quarter of the financial year.

**Place :** Kolkata  
**Date :** 29.05.2018



By Order of the Board

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

(R.P. Shegal)  
(Managing Director)

A handwritten signature in black ink, appearing to read "Ajay Kumar Bose".

(A.K. Bose)  
(Whole time Director)

**ANNEXURE I**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 on Financial Results of Carnation Industries Limited (the Company)</b>				
<b>[See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]</b>				
<b>I.</b>	<b>Sl. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications) (Rs. In Lakhs)</b>	<b>Adjusted Figures (audited figures after adjusting for qualifications) (Rs. In Lakhs)</b>
	1.	Turnover/Total Income	5371.18	Refer details of Audit Qualification
	2.	Total Expenditure	6030.97	-Do-
	3.	Net Profit/(Loss)	(653.45)	-Do-
	4.	Earnings Per Share	(18.85)	-Do-
	5.	Total Assets	6944.46	-Do-
	6.	Total Liabilities	5755.96	-Do-
	7.	Net Worth	1188.50	-Do-
	8.	Any other financial item(s) (as felt appropriate by the management)	Not Applicable	Not Applicable
<b>II.</b>	<b>Audit Qualification (each audit qualification separately)</b>			
<b>A.</b>	<p><b>a. Details of Audit Qualification:</b></p> <p><b>Basis for Qualified Opinion</b> Attention is drawn to Note No.9.1, of the financial statements of the company which read as under:</p> <p><i>“Export proceeds in foreign exchange of Rs. 1895.88 Lacs, Rs. 2239.10 lacs and Rs. 2544.19 lacs as on 31/03/2018, 31/03/2017 and 31/03/2016 respectively from a Related party and Rs. 815.41 Lacs, Rs. 216.89 lacs and Rs. Nil as on 31/03/2018, 31/03/2017 and 31/03/2016 respectively from a other than related parties could not be realised within 12 months from the dates of export.”</i></p> <p>The company has not provided the aforesaid receivables and continues to classify it as current financial assets. Had the same been provided for, the Loss for the year would have increased by Rs. 2711.29 Lacs and accordingly Trade receivables and Retained Earnings would have reduced by equivalent amount and impacts the operations and functioning of the company as a going concern.</p>			
	<b>b. Type of Audit Qualification: Qualified Opinion</b>			
	<b>c. Frequency of qualification: Appeared first time.</b>			



	<p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management Views –</b> The management is hopeful to realize the outstanding trade receivables very shortly / in the near future and accordingly no provision has been made.</p>
	<p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p>
	<p><b>(i) Management’s estimation on the impact of audit qualification: Not Applicable</b></p>
	<p><b>(ii) If Management is unable to estimate the impact, reasons for the same: Not Applicable</b></p>
	<p><b>(iii) Auditor’s Comments on (i) or (ii) above: Not Applicable</b></p>
<b>B.</b>	<p><b>a. Details of Audit Qualification:</b></p> <p><b>Basis for Qualified Opinion</b></p> <p>Attention is drawn to Note No. 20.3 and 20.4, of the financial statements of the company which read as under:</p> <p><i>“Note 20.3: The Company has availed credit facility from State Bank of India and Punjab National Bank under consortium Finance arrangement. State Bank of India vide its letter dated 21st March, 2018 has classified the credit facility as Non-performing Asset (NPA) and has not applied/ charged interest for the month of March, 2018. Bank has also reversed the unrecovered applied interest amounting to Rs. 16.85 Lacs. In the absence of advice/ information, finance cost for the month of March, 2018 could not be ascertained and accounted for. However interest as reversed by bank has been accounted for in the books of accounts.”</i></p> <p><i>“Note 20.4: Punjab National Bank has also not charged interest from January, 2018 onwards. In the absence of advice/ information, finance cost for the period from January, 2018 to March, 2018 could not be ascertained and accounted for.”</i></p> <p>In view of the above, Finance cost and outstanding balances of short term borrowings are understated for the unapplied interest amount. - Amount unascertained.</p>
	<p><b>b. Type of Audit Qualification: Qualified Opinion</b></p>
	<p><b>c. Frequency of qualification: Appeared first time.</b></p>
	<p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management Views Not Applicable</b></p>

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*[Handwritten signatures]*

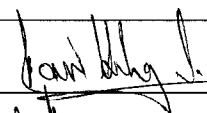
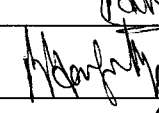

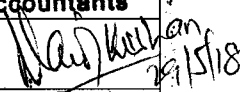


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CIN: L27209WB1983PLCO35920

<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>	
(i)	Management's estimation on the impact of audit qualification: In absence of information from the Banks we are not able to estimate the amount.
(ii)	If Management is unable to estimate the impact, reasons for the same: In case of SBI, as the account is classified NPA no interest has been charged. As and when the account is regularized the Bank shall advise the amount which shall be taken into consideration in the account. In case of PNB, we have been advised by the Bank that due to computer software charges the interest amount has not been generated and the same shall be advised to us when systems are restored. The interest will be taken into account at that time.
(iii)	Auditor's Comments on (i) or (ii) above: In view of classification of the credit facility sanctioned by State Bank of India as NPA, effective rate of interest there on could not be ascertained. In respect of credit facility sanctioned by Punjab National Bank, finance charges/interest not being intimated to the company the same could not be estimated and accounted for.
<b>III. Signatories:</b>	
• CEO/Managing Director	
• CFO	
• Audit Committee Chairman	
• Statutory Auditor	<b>For JAIN SARAOGI &amp; CO.</b> Chartered Accountants  29/5/18 <b>Partner</b>
Place: Kolkata	
Date: 29/05/2018	