



CARNATION INDUSTRIES LTD.



bsi.
ISO 9001 : 2015

222, ACHARYA JAGADISH CHANDRA BOSE ROAD, KOLKATA-700 017, INDIA
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E-mail : info@carnationindustries.com Web : www.carnationindustries.com
CIN : L27209WB1983PLC035920

27.07.2020

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
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Dear Sir/Madam,

Sub: Outcome of the Board Meeting held on 27th July, 2020

Ref: Regulation 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to inform you that the Board of Directors of the Company at its meeting held today i.e. 27th July, 2020, interalia, have taken the following decision.

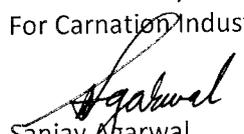
1. Approved the Audited Financial Results of the Company for the Quarter and Financial Year Ended 31st March, 2020 (Enclosed together with the Auditor's Report and Form 'B').
2. The Board of Directors have not recommended any dividend for F.Y. 2019-2020.
3. Mr. Ravindra Prakash Sehgal, Managing Director was reappointed for 5 years w.e.f. 1st September, 2020, subject to shareholders' approval.
4. Mr. Suvabrata Saha, Jt. Managing Director was reappointed for 5 years w.e.f. 1st September, 2020, subject to shareholders' approval.
5. Mr. Subir Chatterjee, Additional Independent Director, appointed as an Independent Director, subject to shareholders' approval.

The meeting commenced at 4 P.M. and concluded at 7:30 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

CARNATION INDUSTRIES LIMITED

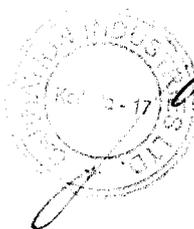
Regd. Office : 28/1, JHEEL ROAD, LILUAH, P.O. - SALKIA, HOWRAH-711106.

CIN:L27209WB1983PLCO35920

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

Statement of Audited Financial Results for the Quarter and Year ended 31st March, 2020

SL. No.	Particulars	Quarter -Ended			(Rs. in lakhs)	
					Year - Ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1.	Revenue From Operations	63.48	167.01	117.75	782.34	741.04
2.	Other Income	181.79	1,521.64	(21.82)	1,802.08	245.53
3.	Total Income (1+2)	245.28	1,688.65	95.93	2,584.43	986.57
4.	Expenses					
	a) Cost of Materials Consumed and other manufacturing expenses	122.94	131.96	64.97	660.94	478.04
	b) Cost of Goods Traded	1.53	-	16.21	9.46	25.45
	c) Changes in inventories of Finished Goods	(33.64)	(1.16)	33.64	(1.38)	226.05
	d) Employee benefits expense	24.11	56.40	51.67	194.05	307.29
	e) Finance costs	(10.85)	191.80	85.71	194.10	103.42
	f) Depreciation and amortisation expense	2.92	12.24	22.76	58.39	100.71
	g) Impairment Cost	8.06	-	-	8.06	-
	g) Other expenses	82.08	23.97	68.95	1,470.84	207.03
	Total Expenses	197.14	415.21	343.90	2,594.45	1,447.99
5.	Profit/(Loss) before exceptional items and tax (3-4)	48.13	1,273.44	(247.97)	(10.03)	(461.42)
6.	Exceptional Items				-	-
7.	Profit/(Loss) before tax (5-6)	48.13	1,273.44	(247.97)	(10.03)	(461.42)
8.	Tax Expense:					
	(1) Current Tax	-	-	-	-	-
	(2) Deferred Tax	81.55	(90.05)	26.74	(44.67)	13.18
	(3) Current tax for Earlier Year	0.47	-	2.24	0.47	(6.12)
9.	Profit/(Loss) for the period (7±8)	(33.88)	1,363.49	(276.95)	34.18	(468.48)
10.	Other Comprehensive Income	(28.67)		13.53	(28.67)	13.53
11.	Total Comprehensive Income for the period (9 ± 10)	(62.56)	1,363.49	(263.42)	5.50	(454.95)
12.	Earnings per Share (of Rs. 10/-each) (for continuing operations)					
	a) Basic	(0.98)	39.44	(8.01)	0.99	(13.55)
	b) Diluted	(0.98)	39.44	(8.01)	0.99	(13.55)



Sanjay

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Statement of Assets and Liabilities

SL. No.	Particulars	(Rs. in lakhs)	
		31.03.2020 (Audited)	31.03.2019 (Audited)
A	ASSETS		
1	Non-current assets		
	Property, plant and equipment	303.86	1,000.93
	Capital work in progress	-	63.37
	Intangible Assets	0.04	1.60
	Financial Assets		
	- Investments	1.13	3.34
	Other Non-current assets	27.72	27.24
2	Current assets		
	Inventories	76.87	115.53
	Financial Assets		
	a) Trade Receivables	1,860.89	3,689.09
	b) Cash and cash equivalents	7.39	4.11
	c) Bank balance other than included in cash and cash equivalents	3.66	24.48
	Current Tax Assets (net)	34.11	17.16
	Other current assets	509.29	696.67
3	Assets classified as held for sale	11.59	-
	TOTAL - ASSETS	2,836.57	5,643.52
B	EQUITY AND LIABILITIES		
1	Equity and Liabilities		
	Equity		
	Equity Share Capital	345.72	345.72
	Other Equity	393.33	387.82
2	Liabilities		
	Non-current liabilities		
	Financial liabilities		
	a) Borrowings	131.90	141.46
	Provisions	63.65	98.12
	Deferred Tax Liabilities (net)	23.41	78.15
3	Current Liabilities		
	Financial Liabilities		
	a) Borrowings	-	2,597.40
	b) Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	190.19	210.79
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,420.45	1,616.22
	c) Other financial liabilities	33.75	51.43
	Other current liabilities	234.18	116.40
	TOTAL - EQUITY AND LIABILITIES	2,836.57	5,643.52



Sanjay

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CARNATION INDUSTRIES LIMITED
CIN:- L27209WB1983PLC035920
Statement of Cash Flows for the year ended 31st March, 2020

(Rs. In Lacs)

PARTICULARS	For the year ended 31.03.2020	For the year ended 31.03.2019
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before exceptional items and tax	(10.03)	(461.42)
Adjustments for:		
-Depreciation, Imparement and Amortisation Expenses	66.45	100.71
-Fair Valuation of Investment	2.21	(0.00)
-(Profit)/Loss on sale/discard of Property Plant and Equipment(net)	(1,640.68)	(48.23)
-Interest on Term Deposit	(0.07)	(2.76)
-Remeasurements of the defined benefit plans	(38.75)	18.28
-Finance Cost	194.10	103.42
Operating Profit Before Working Capital Changes	(1,426.78)	(290.01)
Adjustments for:		
-(Decease)/ Increase in Trade Payables	(216.38)	(288.26)
-(Decease)/ Increase in Non Current Provisions	(34.47)	(74.77)
-(Decease)/ Increase in Other current Liabilities	101.47	(32.28)
-Decrease/ (Increase) in other Non Current Assets	(0.48)	32.32
-Decrease/ (Increase) Trade Receivables	1,828.20	562.68
-Decrease/ (Increase) Other Current Asset	187.38	261.77
-Decrease/ (Increase) Inventories	38.66	291.03
Cash Generated from Operations :	477.61	462.49
Income Tax Paid (including Tax deducted at source)	17.42	(28.96)
Net Cash generated from Operating Activities	460.19	491.45
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipments, Intangible and Capital Work in Progress	(2.35)	(0.18)
Sale of Property, Plant and Equipments, Intangible and Capital Work in Progress	2,326.98	50.07
Term Deposit other than cash & Cash equivalents (including accrued interest)	20.81	30.68
Payment to Creditors for Property, Plant & Equipment	(0.66)	-
Advance received for sale of Property, Plant & Equipment	19.13	-
Interest on Term Deposit	0.07	2.76
Net Cash generated/ (used) in Investing Activities	2,363.99	83.34
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Short Term Borrowings	(2,597.40)	(463.97)
Non Current Borrowings (Net)	(9.80)	(9.94)
Finance cost paid	(210.08)	(103.49)
Dividend paid/ Transferred to IEPF (including Dividend distribution tax)	(0.80)	(0.27)
Tax Paid on dividend	(2.82)	-
Net Cash generated/(used) in Financing Activities	(2,820.90)	(577.66)
Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)	3.28	(2.87)
Opening Cash and Cash Equivalents	4.11	6.98
Closing Cash and Cash Equivalents	7.39	4.11



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CARNATION INDUSTRIES LIMITED

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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 27th July, 2020.
2. Figures for the previous periods are re-classified / re-arranged / re-grouped, wherever necessary, to correspond with the current period's classification / disclosure.
3. 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.
4. The Company has during the year after obtaining all necessary approvals from shareholders and consortium of lenders, disposed off substantial part of undertaking consisting of manufacturing facility of one of its works i.e. Uluberia Unit. Consequently, the company has accounted for Rs. 1536.41 Lacs as profit on sale of assets in the profit and loss account of the year.
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.
6. Trade Receivable includes Overdue Export proceeds in foreign exchange Rs. 1860.89 Lacs (P.Y. Rs. 3673.19 Lacs) [including Rs. 1796.41 Lacs (P.Y. 1648.09 Lacs) exceeding 5 years]. Furthermore, the company had lodged claims with Export Credit Guarantee Corporation of India Limited (ECGC) in respect of three (3) parties with outstanding of Rs. 1929.96 Lacs. Against the said lodged claim an amount of Rs. 637.46 Lacs was sanctioned by ECGC which was also realised by the company during the year from ECGC and the balance amount of Rs. 1292.50 Lacs was written off and charged to the profit and loss account of the year.



Sanjay

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7. The company has entered into a One Time Settlement during the year with State Bank of India and Punjab National Bank with which it had obtained credit facility under consortium Finance arrangement. The company has made payments to both the lenders as per terms of agreement as settled with them and has obtained no due certificate from them. Interest and other charges which hitherto were not accounted for has been accounted for during the year in line with the settlement.

8. In February, 2020, the board resolved to sell the machinery acquired for the purpose of the Steel Project in the year 2016-17 and was being carried in Capital Work in Progress. The same in view of the decision has been classified as asset held for sale and is measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in impairment of Rs. 8.06 Lacs in the statement of profit and loss.

The board in accordance with shareholder's permission has entered into an agreement for sale of part of factory land (Unit I) at 14/1, Station Road, Liluah, Howrah having carrying value of Rs. 1.12 Lacs and have received an advance of Rs. 19.13 Lacs against a total agreed consideration of Rs. 20.19 Lacs which have been accounted for as Advance for sale of Assets classified as held for Sale.

9. The "Turnaround Plan" of the Company as approved by the Board of Directors is in the process of implementation. In accordance with the turnaround plan, the company was able to successfully sell off part of its undertaking and also realise money against the claim lodged with ECGC and was able to pay and settle the dues under One Time Settlement entered into with secured lenders Viz. State Bank of India and Punjab National Bank. However, the Company has been able to post a meagre profit of Rs 34.18 Lacs (P.y Loss of Rs. 468.48 Lacs) primarily because of accounting of profit on sale of assets. Moreover, the accumulated losses as at the end of the year is Rs. 481.94 Lacs (P.Y. 487.45 Lacs) and there are substantial payments overdue to creditors and others. These conditions together with losses coupled with tight liquidity conditions pose serious challenge to the Company indicating the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. To address this and improve upon its operating and financial performance, the Company is in the process of implementing a comprehensive 'Turnaround Plan' by focusing on a number of measures viz.

- i. Collection agency have been engaged from the panel available with ECGC to recover foreign debtors
- ii. Initiation of Legal Cases against foreign debtors
- iii. Increasing the production level at Unit 1 by scaling of operation



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- iv. Identifying more domestic buyers in order to reduce the dependency on foreign buyers and thereby de risk the business and revenue stream.
- v. Continuing its efforts to Identify Strategic Investors having International presence to join the company which will help to scale up the operations.
- vi. Increase efforts to ensure early realisation of amount i.e. refundable taxes or duties lying with different Revenue Authorities.
- vii. 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 thereby renewing business relationship so that the supply chain can be streamlined.
- viii. Arrangement for financial resources to meet the working capital requirement.

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 in the normal course of business.

10. Impact of the CoVID-19 pandemic on the business; In view of the pandemic the entire business cycle and environment has apparently slowed down and the company is also affected. The order position of the company is good but it can be significantly affected by lower availability of skilled and unskilled labour. Accordingly, the company operation may be significantly impacted due to the same and the revenue will take a beating.

Ability to maintain operations including the factories/units/office spaces functioning and closed down; The company management has taken all measures to keep its operations unaffected however despite having given assurance to the skilled and unskilled labour some of them have chosen to return to their native places. Accordingly, it would be apparently difficult to get them all back soon and accordingly production of goods at factory will suffer which will impact the revenue of the company.

Schedule, if any, for restarting the operations; The company management has taken appropriate safety measures at its factory, warehouse and office which have all been regularly sanitized and the company has started the production at works with limited labor strength and only the essential staff .

Steps taken to ensure smooth functioning of operations; The management of the company is also in touch with the labours who were previously employed to come back and resume their duty.



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Estimation of the future impact of CoVID-19 on its operations; The management of the company as stated herein above foresee some downfall in production due to lack of human resource as well as frequent lock down in the state.

Details of impact of CoVID-19 on Company -

- **capital and financial resources;** The problem of adequate capital and financial resources were already posing challenge in front of the company even before the pandemic but due to pandemic the same stands more aggravated.
- **profitability;** If arrangement of adequate working capital and negotiation of credit terms with creditors is not successfully worked out then the company will not be able to show significant profit in the coming financial year.
- **liquidity position;** The liquidity position of the company continues to be grim and which has further deteriorated with the outbreak of the pandemic.
- **ability to service debt and other financing arrangements;** The company does not have substantial debt to service though with the curtailed business operation the same can also pose challenge.
- **assets;** The major fund of the company is entangled as Receivables and only on successful realisation of the same the company will be able to streamline its operations. However the Company does have land and property which are not mortgaged and free of any charge.
- **internal financial reporting and control;** The company's business operation and business activity are at low level and with the existing staff strength the management of the company perceives no hurdle in internal financial reporting and control.
- **supply chain;** The supply chain consists of unsecured creditors who have been supporting the company during the hard time it is passing through. The company is in negotiation with them in order to liquidate their dues in phases and has resumed supply of goods and services on revised credit terms.
- **demand for its products/services;** The products manufactured by the company are accepted and certified by all the European and American standards and continues to be in demand. However, due to non availability of adequate working capital and financial resources the company is not able to manufacture larger volumes and cater to the demand of its products in foreign markets. Accordingly, the company is now focussing on domestic demand and in order to scale up is also identifying new domestic customers.

Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the listed entity's business; there are no material existing contacts and

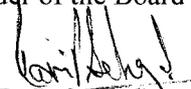


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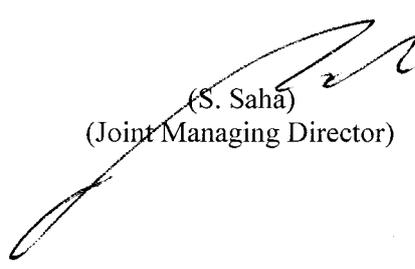
agreement with any of the party where non-fulfilment of the obligations by any party will have significant impact on the companies business operation.



By Order of the Board


(R. P. Sehgal)
(Managing Director)

Place: Kolkata
Date: 27.07.2020


(S. Saha)
(Joint Managing Director)



CHARTERED ACCOUNTANTS

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

1, Crooked Lane, Kolkata (WB) 700 069, India
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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, 2020 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 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.
4. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.





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6. Basis for Qualified Opinion

a) We draw attention to Note No. 6 of the Financial Statements regarding Trade Receivables in respect of export sales made in earlier years amounting to Rs. 1860.89 lakhs (including Rs. 1,796.41 lakhs due from a related party exceeding 5 years), which in our opinion are doubtful of recovery and credit impaired. Allowance for expected credit loss have not been recognized on these financial assets. The company has neither carried out impairment exercises of Trade Receivables nor provided for the same and continues to classify it as current financial assets. Had the same been provided for, the Profit for the year would have decreased by Rs. 1860.89 lakhs and accordingly trade receivables and retained earnings would have been reduced by equivalent amount. Furthermore, in respect of export sales as stated herein before which could not be realised within the period, incentives received and accounted for in books on such export sales has not been reversed and accounted for.

b) The company in immediately preceding financial year 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.

7. Material Uncertainty Related to Going Concern

We draw attention to Note 9 of the Financial Statement, regarding preparation of Financial Statements on Going Concern basis for the reasons stated therein. The Company continues to incur operating losses and there is considerable decline in the level of operations. As stated in Note 9 the appropriateness of Going Concern is dependent upon various initiatives undertaken by the company including realisation of Trade receivables, arrangement for financial resources in order to meet working/long term capital requirement of the business and settlement and suitable renegotiation of credit terms with unsecured creditors, availability of labour on contract basis.

These events or conditions as set forth herein above along with matters described in our basis for qualified opinion paragraph and possible effect of COVID-19 pandemic as described in note 10 of the Financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.





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8. 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, 2020 as set out in the Statement gives a true and fair view read with the qualification thereon, of the total comprehensive income (comprising of Profit and other comprehensive income), and other financial information of the Company for the year ended March 31, 2020 in accordance with the accounting principles generally accepted in India except for the effects of matters described in paragraph 6.

Emphasis of Matter

9. We draw your attention to Note 5 of the Statement regarding the figures for the quarter ended March 31, 2020, which are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the third quarter of the current financial year which were subject to a limited review as stated in paragraph 1 above, as required under regulation. Our opinion is not qualified in respect of this matter.

Other Matter

10. 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, 2020 on which we issued a qualified audit opinion vide our report dated July 27, 2020.

Restriction on Use

11. 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 10 above. This report should not be otherwise used by any other party for any other purpose.

Place: 1, Crooked Lane, 1st Floor, Kolkata 700069
Date: 27th July 2020.



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

Manoj Keshan
Partner: **Manoj Keshan**
Membership No. 055272
UDIN:20055272AAAABD3900

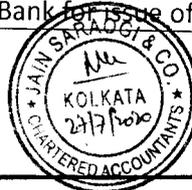
ANNEXURE I

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 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	2584.43	2584.43
	2.	Total Expenditure	2594.45	4455.34
	3.	Net Profit/(Loss)	34.18	(1826.71)
	4.	Earnings Per Share	0.99	(52.84)
	5.	Total Assets	2836.57	975.68
	6.	Total Liabilities	2097.52	2097.52
	7.	Net Worth	739.05	(1121.84)
	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 Qualified Opinion				
<p>We draw attention to Note No. 6 of the Financial Statements regarding Trade Receivables in respect of export sales made in earlier years amounting to Rs. 1860.89 lakhs (including Rs. 1,796.41 lakhs due from a related party exceeding 5 years), which in our opinion are doubtful of recovery and credit impaired. Allowance for expected credit loss have not been recognized on these financial assets. The company has neither carried out impairment exercises of Trade Receivables nor provided for the same and continues to classify it as current financial assets. Had the same been provided for, the Profit for the year would have decreased by Rs. 1860.89 lakhs and accordingly trade receivables and retained earnings would have been reduced by equivalent amount. Furthermore, in respect of export sales as stated herein before which could not be realised within the period, incentives received and accounted for in books on such export sales has not been reversed and accounted for.</p>				
b. Type of Audit Qualification: Qualified Opinion				





	c. Frequency of qualification: Third Time .
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management Views – The management of the Company is in continuous process of following up with the customers and it is very hopeful to realize the same during the year from the customer. Accordingly, the management continues to classify the above trade receivable as part of current assets and has not carried out any impairment of the financial asset. Moreover, the company as during the ^{year} under consideration was able to recover money by lodging claim with ECGC against certain customer/ trade receivable. The management would continue to follow the same in the current financial year and also engage recovery agent .
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management’s estimation on the impact of audit qualification: Not Applicable
	(ii) If Management is unable to estimate the impact, reasons for the same: Not Applicable
	(iii) Auditor’s Comments on (i) or (ii) above: Not Applicable
B.	a. Details of Audit Qualification: Basis for Qualified Opinion The company in immediately preceding financial year 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. Type of Audit Qualification: Qualified Opinion
	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 Company has written letter to the recipient Bank for issue of EFIRC in order to submit the same to



Registered Office



CARNATION INDUSTRIES LTD.



bsi.
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CIN: L27209WB1983PLCO35920

	the lending Banks and the same is in process. However, it is pertinent to state that the lending banks have been paid in full and the company has obtained no due certificate from them. This is a procedural lap and remedial measures have been undertaken.	
	(i) If Management is unable to estimate the impact, reasons for the same: NA	
	(ii) Auditor's Comments on (i) or (ii) above: Immediate resolution of lapse is required.	
III.	<u>Signatories:</u>	
	• CEO/Managing Director	
	• CFO	
	• Audit Committee Chairman	
	• Statutory Auditor	<p>For JAIN SARAOGI & CO. Chartered Accountants Firm Regn. No. 305004E [PARTNER] MANOJ KESHAN C.No. : 055272</p>
	Place: Kolkata	
	Date: 27/07/2020	

Registered Office

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