

13.2.2021

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

The Unaudited Financial Results of the Company for the Quarter and Nine Months Ended 31<sup>st</sup> December, 2020, duly reviewed by the Statutory Auditors, alongwith Limited Review Report (enclosed), was approved by the Board of Directors.

The Board took note of the sale agreement for production unit situated at 14/1 Station Road, Howrah.

Mr. Arun Kumar Bose, resigned as Whole time Director of the Company with effect from 13.2.2021 and shall continue as a Non Executive Director, of the Company.


The Board has approved the process for delisting of equity shares of the Company from The Calcutta Stock Exchange Limited.

The meeting commenced at 12.30 P.M. and concluded at 14.55 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**



JAIN SARAOGI & CO.

CHARTERED ACCOUNTANTS

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Independent Auditor's Review Report @ jainsaraogi.com | W: www.jainsaraogi.com

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

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **Carnation Industries Limited** ("the Company") for the quarter ended 31<sup>st</sup> December, 2020 and year to date results for the period from 1<sup>st</sup> April, 2020 to 31<sup>st</sup> December, 2020 ("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, and other accounting principles generally accepted in India and in compliance with the Listing Regulations, 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 13, 2021. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (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) We draw attention to Note No. 5 of the Statement regarding Trade Receivables in respect of export sales made in earlier years amounting to Rs. 1,801.70 lakhs (including Rs. 1740.93 lakhs due from a related party exceeding 5 years). 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.  
  
b) The company in financial year 2018-19 had realised foreign trade receivables pertaining to related party against Bills purchased by banks amounting to Rs. 263.35 lakhs which were credited in bank account other than the bank account maintained with the Bill Purchasing bank (lending banks) without obtaining permission of the concerned bank. However, the amount taken against those bills from the lending banks has since been settled by way of one time settlement with them but the process of marking off the respective bills from the EDPMS is yet to be complied with.



**5. Material Uncertainty Related to Going Concern**

We draw attention to Note 6 and 7 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 planned to diversify into trading activity. As stated in Note 7 the appropriateness of Going Concern is dependent upon various initiatives undertaken by the company including realisation of Trade receivables, feasibility and sustainability of the trading activities, arrangement for financial resources in order to meet working/ long term capital requirement of the trading activity and settlement of existing unsecured creditors.

These events or conditions as set forth herein above and possible effect of COVID-19 pandemic as described in note 8 and 9 of the statement, indicate that a material uncertainty exists that casts significant doubt on the Company's ability to continue as a going concern.

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

6. Based on our review conducted as mentioned in paragraph 3 above and subject to the possible effects of the matters described in paragraph 4 and 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

Date:- 13.02.2021  
Place:- Kolkata



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

*Manoj Keshan*

**Manoj Keshan**  
Partner  
M.No.: 055272  
UDIN:21055272AAAABK7011

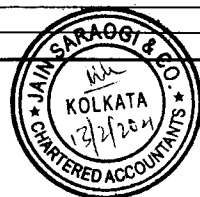
**CARNATION INDUSTRIES LIMITED**

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

CIN:L27209WB1983PLCO35920.

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

Statement of Unaudited Financial Results for the Quarter and Nine months ended 31st December, 2020							
SL. No.	Particulars	Quarter -Ended			Nine Months Ended		(Rs. in lakhs)
		31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	Year - Ended
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>A.</b>	<b>CONTINUING OPERATIONS</b>						
1.	<b>Income</b>						
	a) Revenue From Operations	-	-	-			
	b) Other Income	0.04	0.68	0.76	2.31	8.63	11.62
	<b>Total Income</b>	<b>0.04</b>	<b>0.68</b>	<b>0.76</b>	<b>2.31</b>	<b>8.63</b>	<b>11.62</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	19.45	19.75	23.58	59.65	69.87	96.21
	e) Finance costs	10.75	19.84	191.02	35.27	204.00	193.13
	f) Depreciation and amortisation expense	0.81	0.98	0.55	2.77	1.88	2.36
	g) Other expenses	13.56	11.92	13.88	35.63	60.77	108.06
	<b>Total Expenses</b>	<b>44.57</b>	<b>52.49</b>	<b>229.03</b>	<b>133.32</b>	<b>336.52</b>	<b>399.76</b>
3.	Profit/(Loss) before exceptional items and tax (1-2)	(44.53)	(51.81)	(228.27)	(131.01)	(327.89)	(388.14)
4.	Exceptional Items	-	-	-	-	-	-
5.	<b>Profit/(Loss) before tax (3-4)</b>	<b>(44.53)</b>	<b>(51.81)</b>	<b>(228.27)</b>	<b>(131.01)</b>	<b>(327.89)</b>	<b>(388.14)</b>
6.	Tax Expense:	-	-	-	-	-	-
7.	<b>Profit/(Loss) for the period from continuing operations (5±6)</b>	<b>(44.53)</b>	<b>(51.81)</b>	<b>(228.27)</b>	<b>(131.01)</b>	<b>(327.89)</b>	<b>(388.14)</b>
<b>B.</b>	<b>DISCONTINUED OPERATIONS (refer note 6)</b>						
8.	Profit/ (Loss) for the period from discontinued operations (before tax)	(1.02)	(34.89)	1,501.71	(17.42)	269.73	378.11
9.	Less: Tax expenses of discontinued operations	(8.49)	0.11	(90.05)	(7.75)	(126.22)	(44.20)
10.	<b>Post- tax Profit/ (Loss) for the period from discontinued operations</b>	<b>7.47</b>	<b>(35.00)</b>	<b>1,591.76</b>	<b>(9.67)</b>	<b>395.95</b>	<b>422.32</b>
11.	<b>Net Profit from total operations (7+10)</b>	<b>(37.06)</b>	<b>(86.81)</b>	<b>1,363.49</b>	<b>(140.68)</b>	<b>68.06</b>	<b>34.18</b>
12.	<b>Other Comprehensive Income</b>						
	A. (i) Items that will not be reclassified to profit or loss	-	-	-	-	-	(38.75)
	(ii) Income tax relating to above items	-	-	-	-	-	10.07
	<b>Total other comprehensive income/ (loss), net of tax</b>						<b>(28.67)</b>
13.	<b>Total Comprehensive Income for the period (11 ± 12)</b>	<b>(37.06)</b>	<b>(86.81)</b>	<b>1,363.49</b>	<b>(140.68)</b>	<b>68.06</b>	<b>5.50</b>
14.	<b>Earnings per Share (of Rs. 10/-each) (for continuing operations)</b>						
	a) Basic	(1.29)	(1.50)	(6.60)	(3.79)	(9.48)	(11.23)
	b) Diluted	(1.29)	(1.50)	(6.60)	(3.79)	(9.48)	(11.23)
15.	<b>Earnings per Share (of Rs. 10/-each) (for discontinued operations)</b>						
	a) Basic	0.22	(1.01)	46.04	(0.28)	11.45	12.22
	b) Diluted	0.22	(1.01)	46.04	(0.28)	11.45	12.22
16.	<b>Earnings per Share (of Rs. 10/-each) (total)</b>						
	a) Basic	(1.07)	(2.51)	39.44	(4.07)	1.97	0.99
	b) Diluted	(1.07)	(2.51)	39.44	(4.07)	1.97	0.99



**CARNATION INDUSTRIES LIMITED**

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

**CIN:L27209WB1983PLC035920**

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**Website :www.carnationindustries.com**

Notes:-

1. The Results were reviewed by the Audit Committee and approved at the meeting of the Board of Directors of the Company held on 13<sup>th</sup> February, 2021 and the Statutory Auditor have carried out the Limited Review of the same.
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 had been engaged in the business of manufacturing of Castings and M.S. Products (Fabricated Steel) but in absence of adequate order the manufacturing plant was shut down within the quarter. The product as manufactured hitherto were subject to the same risk and returns and hence constitute one primary segment. The analysis of geographical segments is based on the areas in which the Company operates.
4. No provision has been made for taxation owing to losses, both carried forward and currently incurred.
5. Trade Receivable includes Overdue Export proceeds in foreign exchange Rs. 1801.70 Lacs [including Rs. 1740.93 Lacs exceeding 5 years].

**6. Discontinuing operation and reasons for the Sale of Warehouse at 28/1 Jheel Road and the Unit at 14/1 Station Road**

The Company was facing severe financial crisis since last two years. However, due to pandemic the situation became aggravated coupled with the fact that creditors were not being paid and the company were under huge pressure from the creditors for release of payment failing which threats of legal action. In order to overcome the financial hardship and in order to protect the Company from large number of litigations the Board having explored all alternative avenue for financing but without any success was to forced decide to liquidate the assets in order to arrange payments to the vendors, professionals and meet other 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. Interest of the proposed buyers for Company's property, plant and equipment have been received and it is highly probable that the same will be materialized/concluded within the next 12 months. As stated herein before, the operations having being discontinued, the company has treated all the property plant and equipment located at its manufacturing facility and warehouse as disposal group and disclosed as such in books of accounts.

#### Analysis of Profit/ (Loss) - Discontinued Operations

Sl. no.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Total Income	174.93	319.78	1687.89	565.81	2330.52	2572.80
2	Total Expenses	175.95	354.67	186.18	583.23	2060.79	2194.69
3	Profit before exceptional items	(1.02)	(34.89)	1501.71	(17.42)	269.73	378.11
4	Exceptional items, net-loss/ (gain)	-	-	-	-	-	-
5	Profit before tax	(1.02)	(34.89)	1501.71	(17.42)	269.73	378.11
6	Tax expenses	(8.49)	0.11	(90.05)	(7.75)	(126.22)	(44.20)
7	Net profit after tax	7.47	(35.00)	1591.76	(9.67)	395.95	422.32



*[Handwritten signature]*

7. The "Turnaround Plan" as taken up by the Board of Directors was partially successful in so far as by selling part of its assets the company was able to clear off the dues to secured creditors. However, dues of revenue authorities, unsecured creditors employees and other payables has mounted and the company is facing regular hardship in managing them. The company's financial position could not be improved until and unless fresh financial support is available to it and which can be through the sale of assets of the company. However, the Board of Director's have evolved and worked out survival strategy including the following measures:

1. Diversifying into trading of the products which it used to manufacture earlier
2. Exploring of sales to the same set of customers with which it used to deal and also exploring new markets and customers on the strength of its brand value.
3. Continuing with the engagement of Collection agency to recover foreign debtors and also Initiation of Legal Cases against debtors
4. Efforts to negotiate with creditors in order to arrive at mutually agreed settlement and payment to them in accordance with the terms finalised in order to avoid litigation and also to identify manufacturers of the products from whom goods would be sourced.
5. Continue to Increase efforts to ensure early realisation of amount i.e. refundable taxes or duties lying with different Revenue Authorities.
6. Once the old liability are settled and the financial ratio improve the company would be in a position to seek financial resources to meet the Working Capital arrangements to resume Trading operation and Sales.
7. To reduce the overall staff strength and keep only the essential team for the time being and review managerial remunerations.

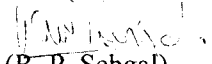
The above plan has been approved by the Board of Directors. Accordingly, the financial results continue to be prepared on a going concern basis, which contemplates realization of assets and settlement of liabilities except to the extent as specified herein above.




**8. Impact of the COVID-19 pandemic;** As informed earlier, due to pandemic the entire business cycle has gone haywire and has led to closure and discontinuation of manufacturing facility resulting into sale of assets of the company for its survival. The complete US and European markets are severely affected by COVID-19 and many activities have been reduced/ discontinued due to Lockdown/ shut-down condition. The chances of restarting/ re-opening is expected after April,2021.

**9. Estimation of the future impact of CoVID-19 on its operations;** The management of the company foresee that as vaccination of Covid is in place but it is still a long way before every one is vaccinated. The business environment is looking up in India but conditions in USA, Europe and Middle-east are still very severe and may take several months to normalize.

By Order of the Board

  
(R.P. Sehgal)  
(Managing Director)

Place: Kolkata  
Date: 13.02.2021

  
(S. Saha)  
(Joint Managing Director)

