

**ANUBRATA GANGOLY**

**16/2, Temple Gardens,**

**F.C.A., D.I.S.A., I.P.**

**PO & PS: New Alipore, Kolkata-700053**

The General Manager  
Department of Corporate Relations  
BSE Ltd.  
P. J. Towers, Dalal Street, Fort  
Mumbai – 400 001

The Calcutta Stock Exchange Ltd.  
7, Lyons Range  
Kolkata-700001

Respected Sir/Madam,

**Ref : Scrip Code- BSE (530609) and CSE (13067)**

**Sub: Submission of Audited Financial Result for the quarter and year ended 31<sup>st</sup> March, 2024 pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015)**

Respected Sir/Madam,

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed the Audited Financial Results for the quarter and year ended March 31<sup>st</sup> 2024, ***(to be taken on record by the Interim Resolution Professional, Mr. Anubrata Gangoly)*** at the respective meeting held on 30<sup>th</sup> May, 2024.

Kindly acknowledgment the receipt of the same and take the same on record.

Thanking You,

Yours Faithfully,

**For Carnation Industries Limited**

Anubrata  
Gangoly

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Anubrata Gangoly  
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**ANUBRATA GANGOLY**  
**Insolvency Professional**

**IBBI : IPA-001/IP-P-02662/22-23/14072**



# JAIN SARAOGI & CO LLP

CHARTERED ACCOUNTANTS

1, Crooked Lane, Kolkata (WB) 700 069, India  
Ph: +91-33-22484130 | Mob.: 98361 84131  
E: info@jainsaraogi.com | W: www.jainsaraogi.com

To  
The Resolution Professional  
Carnation Industries Limited  
9/C, Kumar Para Road,  
2<sup>nd</sup> Floor, Liluah,  
Howrah-711204

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

### Qualified 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 **M/s Carnation Industries Limited**, a Company under corporate insolvency resolution process vide NCLT order (the "Company") for the year ended March 31, 2024, 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").

The Hon'ble National Company Law Tribunal ("NCLT"), Kolkata Bench, admitted petition no. CP(IB)/12(KB)2021 for initiation of Corporate Insolvency Resolution Process ("CIRP") u/s 9 of the Insolvency and Bankruptcy Code, 2016 ("the Code") on 12th September 2023 and appointed an Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of Code. The Committee of Creditors of the Company, in its meeting held on 18th November 2023 confirmed the IRP as Resolution Professional ("RP") for the Company. In view of pendency of the CIRP the management of affairs of the Company and power of Board of Directors are now vested with RP. By an order dated 10th April 2024, Hon'ble NCLT has extended the CIRP time period by another 90 days and has also excluded a period of 40 days on & from 05.10.2023 upto 13.11.2023 from the CIRP period. Further, as mentioned in Note 2 and in terms of Sections 14 of the Code, until the resolution plan has been approved by the Hon'ble NCLT, moratorium shall continue to be in effect and accordingly, the RP shall continue to manage operations of the Company on a going concern basis during the CIRP. These financial results have been prepared by the management of the Company and approved by RP.

In our opinion and to the best of our information and according to the explanations given to us the statement:

- (i) is presented in accordance with the requirements of the Listing Regulations in this regard; and
- (ii) except for the possible effect of the matter described in "Basis for Qualified opinion" paragraph below gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2024.

### Basis for Qualified Opinion

- 1) Attention is drawn to Note 8 of the statement :-
  - a. Regarding non-recognition of interest on borrowing from banks subsequent to insolvency commencement date i.e. 12th September 2023, being interest amounting to Rs. 8.75 Lakhs for the year ended 31st March 2024. The same is not in compliance with requirements of Ind AS - 23 on "Borrowing Cost" read with Ind AS - 109 on "Financial Instruments".



Branches : Ranchi (Jharkhand) & Guwahati (Assam)

- b. Regarding non-recognition of interest on delay in payment of MSME dues subsequent to insolvency commencement date i.e. 12th September 2023, being interest amounting to Rs. 3.06 Lakhs for the year ended 31st March 2024. The same is not in compliance with requirements of Ind AS - 23 on "Borrowing Cost" read with Ind AS - 109 on "Financial Instruments".
- c. Had provision for interest been recognised, finance cost would have been higher while loss for the quarter and year ended would have been higher by amounts as mentioned above, having consequential impact on other current financial liability and other equity.
- 2) Attention is drawn to Note 10 of the statement :-
- a. Subsequent to insolvency commencement date i.e. 12th September 2023, regarding non-recognition of demand of Rs. 73.92 Lacs from Customs authorities against which Company had filed an appeal before The Commissioner of Customs (Appeal), Kolkata on 10th January, 2023. The Company had deposited a sum of Rs. 5.54 Lacs under protest against this demand which is disclosed as Deposit under Other Current Assets. The Company has received an order rejecting the appeal through appeal order dated 19.12.2023 during the moratorium period under the Insolvency & Bankruptcy Code, 2016.
- b. Had the demand been recognised, other expenses would have been higher while loss for the quarter and year ended would have been higher by the amount as mentioned above, having consequential impact on other current liabilities and other equity.
- 3) Attention is drawn to Note 13 of the statement, Employee Retirement benefits are accounted for in the books on the basis of Actuarial Valuation upto 31<sup>st</sup> March 2023, however, the actuarial valuation as required under Indian Accounting Standard (Ind AS) 19 issued by the Institute of Chartered Accountants of India has not been carried out in the current financial year. In absence of necessary information being made available to us the impact of the same on the loss for the year of the company and corresponding effect on liability cannot be ascertained and quantified.
- 4) As mentioned in Note 15 of the statement, in accordance with the Insolvency and Bankruptcy Code ("Code"), the Resolution Professional ("RP") has to receive, collate and admit the claims submitted by the creditors as a part of Corporate Insolvency Process ("CIRP"). Such claims can be submitted to the RP till the approval of the resolution plan by the CoC. As mentioned in note no. 1 of the statement, the RP has filed an application before the Hon'ble NCLT for the Resolution Plan approval. Pending final outcome of the CIRP, no accounting impact in the books of accounts has been made in respect of excess, short, or non-receipts of claims for operational and financial creditors. Hence, consequential impact, if any, is currently not ascertainable and we are unable to comment on possible financial impacts of the same.
- 5) We have been informed by Resolution Professional that certain information including the minutes of meetings of the Committee of Creditors and the outcome of certain procedures carried out as a part of the CIRP are confidential in nature and could not be shared with anyone other than the Committee of Creditors and NCLT. Further, we were informed that the Committee of Creditors has approved the resolution plan and is filed with Hon'ble NCLT. However, the detailed resolution plan (including the salient features, consideration agreed, terms and conditions etc.) has not been made available for our review. In the opinion of the RP, the matter is highly sensitive and confidential. Accordingly, we are unable to comment on the possible adjustments required in the carrying amount of assets and liabilities, possible presentation and disclosure impacts, if any, that may arise if we have been provided access to review of that information.



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.

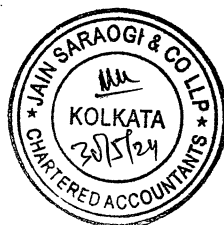
We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to the Note 13 of the statement, regarding preparation of financial statements on going concern basis, which states that the Company has incurred cash losses, its liabilities exceeded total assets and its net worth has been fully eroded as on 31st March 2024. In view of the continuing default in payment of dues, one of the operational creditor sent notices/letters seeking the amount payable to them and called upon the Company to pay entire dues subsequent to which the said creditor filed an application under the Insolvency & Bankruptcy Code, 2016 with the Hon'ble NCLT, Kolkata Bench. As a consequence of the said application, Corporate Insolvency Process against the Company is in process. Since the CIRP is currently in progress, as per the Code, it is required that the Company be managed as a going concern during the CIRP. The financial statements is continued to be prepared on going concern basis. However there exists material uncertainty about the Company's ability to continue as going concern since the same is dependent upon the resolution plan to be approved by Hon'ble NCLT. The appropriateness of preparation of financial statements on going concern basis is critically dependent upon CIRP as specified in the Code. Our opinion is not modified in respect of this matter.

#### Emphasis of Matter

- i. We draw attention to Note 5 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. Our opinion is not modified in respect of the said matter.
- ii. We draw attention to Note 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. Our opinion is not modified in respect of the said matter.
- iii. We draw attention to Note 9 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. Our opinion is not modified in respect of the said matter.
- iv. We draw attention to Note 12 of the accompanying statement regarding pending marking off compliance in respect of overseas bills. Our opinion is not modified in respect of the said matter.
- v. There has been default in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. Unclaimed Dividend amounting to Rs. 1.04



Lacs relating to financial year ended on March 31, 2016 required to be transferred was not transferred to the Investor Education and Protection Fund.

#### 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 profit 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 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.

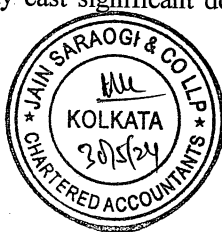
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### Auditors' Responsibility

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.

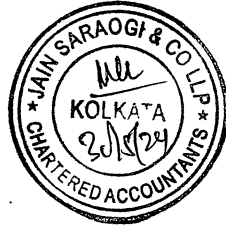
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

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.

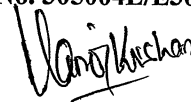
**Other Matter**

The Statement includes the results for the quarter ended March 31, 2024 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2024 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.

Place: Kolkata  
Date: 30th May, 2024.



For JAIN SARAOGI & CO LLP  
Chartered Accountants  
Firm Regn. No. 305004E/E300281

  
Partner: Manoj Keshan  
Membership No. 055272  
UDIN : 24055272BKBPQF3062

**CARNATION INDUSTRIES LIMITED**

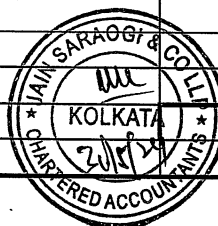
Regd. Office : 9/C, Kumar Para Road, 2nd Floor, Liluah, Howrah - 711204

CIN:L27209WB1983PLCO35920

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

**Statement of Assets and Liabilities**

				(Rs. in lakhs)	
SL. No.	Particulars	As at 31.03.2024 (Audited)	As at 31.03.2023 (Audited)		
A	<b>ASSETS</b>				
1	<b>Non-current assets</b>				
	Property, plant and equipment	88.36	90.18		
	Intangible Assets	0.08	-		
	Financial Assets				
	Investments	-			
	Other Non-current assets	14.86	14.86		
2	<b>Current assets</b>				
	Inventories	-	-		
	Financial Assets				
	a) Trade Receivables	-	-		
	b) Cash and cash equivalents	0.25	0.54		
	c) Bank balance other than included in cash and cash equivalentst	1.42	1.42		
	Current Tax Assets (net)	-	-		
	Other current assets	25.42	26.79		
	<b>TOTAL - ASSETS</b>	<b>130.38</b>	<b>133.79</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	(636.15)	(586.86)		
2	<b>Liabilities</b>				
	<b>Non-current liabilities</b>				
	Financial liabilities				
	a) Borrowings	-	-		
	Provisions	18.32	27.15		
	Deferred Tax Liabilities (net)	15.09	12.93		
3	<b>Current Liabilities</b>				
	Financial Liabilities				
	a) Borrowings	191.61	174.79		
	b) Trade payables				
	(i) total outstanding dues of micro enterprises and small enterprises	28.48	25.71		
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	69.84	37.11		
	c) Other financial liabilities	1.52	2.43		
	Other current liabilities	95.96	94.80		
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>130.38</b>	<b>133.79</b>		



**CARNATION INDUSTRIES LIMITED**

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

CIN:L27209WB1983PLCO35920

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

**Statement of Audited Financial Results for the Quarter and Year ended 31st March, 2024**

SL. No.	Particulars	Quarter - Ended			(Rs. in lakhs)	
					Year Ended	
		31.03.2024 (Audited)	31.12.2023 (Unaudited)	31.03.2023 (Audited)	31.03.2024 (Audited)	31.03.2023 (Audited)
<b>A. CONTINUING OPERATIONS</b>						
1. <b>Income</b>						
a) Revenue From Operations	-	-	-			
b) Other Income	-	-	(0.05)		3.22	
<b>Total Income</b>	-	-	(0.05)	-	<b>3.22</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	-	-	3.77	4.60	19.90	
e) Finance costs	0.01	0.00	6.15	11.21	23.27	
f) Depreciation and amortisation expense	0.41	0.42	0.40	1.66	1.64	
g) Other expenses	14.99	2.55	5.63	29.68	31.59	
<b>Total Expenses</b>	<b>15.41</b>	<b>2.98</b>	<b>15.96</b>	<b>47.15</b>	<b>76.41</b>	
3. Profit/(Loss) before exceptional items and tax (1-2)	(15.41)	(2.98)	(16.02)	(47.15)	(73.20)	
4. Exceptional Items	-	-	-	-	-	
5. Profit/(Loss) before tax (3-4)	(15.41)	(2.98)	(16.02)	(47.15)	(73.20)	
6. Tax Expense:	(0.45)	0.24	15.92	2.15	17.39	
7. Profit/(Loss) for the period from continuing operations (5±6)	(14.96)	(3.22)	(31.93)	(49.30)	(90.58)	
<b>B. DISCONTINUED OPERATIONS (refer note 6)</b>						
8. Profit/ (Loss) for the period from discontinued operations (before tax)	-	-	(26.83)	-	(31.43)	
9. Less: Tax expenses of discontinued operations	-	-	-	-	-	
10. Post- tax Profit/ (Loss) for the period from discontinued operations (after tax)	-	-	(26.83)	-	(31.43)	
11. Net Profit from total operations (7+10)	(14.96)	(3.22)	(58.76)	(49.30)	(122.01)	
12. <b>Other Comprehensive Income</b>						
A. (i) Items that will not be reclassified to profit or loss	-	-	1.94	-	1.94	
(ii) Income tax relating to above items	-	-	(0.51)	-	(0.51)	
<b>Total other comprehensive income/ (loss), net of tax</b>	-	-	1.43	-	1.44	
13. Total Comprehensive Income for the period (11 ± 12)	(14.96)	(3.22)	(57.33)	(49.30)	(120.58)	
14. Equity Share Capital				345.72	345.72	
15. Other Equity				(636.15)	(586.86)	
16. Earnings per Share (of Rs. 10/-each) (for continuing operations)						
a) Basic	(0.43)	(0.09)	(0.92)	(1.43)	(2.62)	
b) Diluted	(0.43)	(0.09)	(0.92)	(1.43)	(2.62)	
17. Earnings per Share (of Rs. 10/-each) (for discontinued operations)						
a) Basic	-	-	(0.78)	-	(0.91)	
b) Diluted	-	-	(0.78)	-	(0.91)	
18. Earnings per Share (of Rs. 10/-each) (total)						
a) Basic	(0.43)	(0.09)	(1.70)	(1.43)	(3.53)	
b) Diluted	(0.43)	(0.09)	(1.70)	(1.43)	(3.53)	



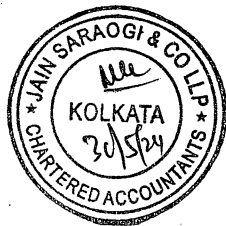
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 by Anubrata Gangoly  
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**CARNATION INDUSTRIES LIMITED**  
**CIN:- L27209WB1983PLC035920**  
**Statement of Cash Flow for the year ended 31st March, 2024**

(Rs. In Lacs)

PARTICULARS	For the year ended 31.03.2024	For the year ended 31.03.2023
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before exceptional items and tax	(47.15)	(104.63)
<b>Adjustments for:</b>		
-Depreciation, Impairment and Amortisation Expenses	1.66	1.64
-Provision for bad & doubtful debt		26.83
-Dividend received		(0.01)
-Investment Expenses		0.01
-Fair Valuation of Investment		(0.13)
-(Profit)/Loss on sale/discard of Property Plant and Equipment(net)	0.01	(3.03)
-Remeasurements of the defined benefit plans		1.94
-Creditor for Property, Plant and Equipment written off		-
-Finance Cost	11.21	23.27
<b>Operating Profit Before Working Capital Changes</b>	<b>(34.26)</b>	<b>(54.09)</b>
<b>Adjustments for:</b>		
-(Decease)/ Increase in Trade Payables	35.50	13.65
-(Decease)/ Increase in Non Current Provisions	(8.83)	0.82
-(Decease)/ Increase in Other current Liabilities	1.16	(0.13)
-Decrease/ (Increase) in other Non Current Assets	(0.00)	-
-Decrease/ (Increase) in Trade Receivables (Net of Provision)		26.23
-Decrease/ (Increase) in Other Current Asset	1.37	8.66
-Decrease/ (Increase) in Inventories	-	-
<b>Cash Generated from Operations :</b>	<b>(5.06)</b>	<b>(4.87)</b>
Income Tax Paid including Tax deducted at source		(0.76)
<b>Net Cash generated from Operating Activities</b>	<b>(5.06)</b>	<b>(4.11)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipments, Intangible and Capital Work in Progress	(0.10)	-
Sale of Investment (net)		0.64
Sale of Property, Plant and Equipments, Intangible and Capital Work in Progress	0.17	5.23
Dividend Received	-	0.01
Bank Balance other than cash & Cash equivalents (including accrued interest)		0.60
Payment to Creditors for Property, Plant & Equipment	-	-
<b>Net Cash generated/ (used) in Investing Activities</b>	<b>0.06</b>	<b>6.49</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayment)/ receipt of Borrowings	16.82	16.23
Finance cost paid/converted	(12.22)	(24.78)
Advance from Resolution Professional	0.10	
Dividend paid/ Transferred to IEPF (including Dividend distribution tax)		(0.60)
<b>Net Cash generated/(used) in Financing Activities</b>	<b>4.70</b>	<b>(9.15)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)</b>	<b>(0.30)</b>	<b>(6.77)</b>
Opening Cash and Cash Equivalents	0.54	7.32
Closing Cash and Cash Equivalents	0.25	0.54



**Anubrata Gangoly** Digitally signed by  
Anubrata Gangoly  
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**CARNATION INDUSTRIES LIMITED**

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

**CIN:L27209WB1983PLC035920**

**Email: info@carnationindustries.com**

**Website :www.carnationindustries.com**

Notes:-

1. The Audited Financial Results were prepared by the Management of the Company and approved by the Resolution Professional appointed by Honourable National Company Law Tribunal, Kolkata Bench (Court-II) Kolkata.
2. One of the unsecured Creditor has filed application for initiation of Corporate Insolvency Resolution Process 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. Honourable National Company Law Tribunal, Kolkata Bench (Court-II) Kolkata has admitted the said application and through its order dated 12/9/2023 has appointed Mr. Anubrata Gangoly as Interim Resolution Professional who has been later confirmed as Resolution Professional by the Committee of Creditors in their meeting dated 18/11/2023. Further a moratorium under Section 14 of the Insolvency & Bankruptcy Code, 2016 has been imposed on the Company until the conclusion of the Corporate Insolvency Resolution Process.
3. Figures for the previous period are re-classified / re-arranged / re-grouped, wherever necessary, to correspond with the current year classification / disclosure.
4. 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.
5. Trade Receivable from a foreign Debtor/Customer (related party) amounting to Rs. 1751.59 Lacs which was outstanding for more than 5 years was written off during the financial year 2020-21 as the said party is in the course of filing insolvency and bankruptcy proceeding in its resident country. The necessary approvals for write off from the appropriate authorities are yet to be obtained and the company is in the process of filing application for getting the same.
6. 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. Pending the resolution of the matter Company has made 100% provision against such debt. During the current year of the review petition was rejected by ECGC, accordingly the debt is written off.
7. Balances of Borrowings from Banks, Security Deposits, Loans and Advances, Current Account of Banks and Trade Payables are subject to confirmation from the respective parties and consequential reconciliation/ adjustment arising there from, if any.
8. The Company had availed Credit facility (Loan against Property) from ICICI Bank. ICICI Bank vide its letter dated 13<sup>th</sup> April, 2023 has recalled the credit facility and served notice under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement Security Interest Act

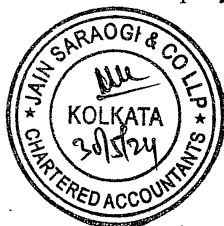


(SERFAESI), 2002 vide letter dated 10<sup>th</sup> May, 2023 and informed that the debt has been classified as Non-performing Asset on 10/03/2023. Accordingly, Company has disclosed the credit facility under current liability.

As stated vide Note 2 that the Company has been admitted under Corporate Insolvency Resolution Process (CIRP) on and with effect from Dt:12/09/2023, subsequent to this date the moratorium under section 14 of the Insolvency & Bankruptcy Code, 2016 has been imposed by the Hon'ble NCLT, Kolkata Bench in terms of the provisions of the Code. Accordingly, the liability of all the creditors of the Company stand frozen as on the Insolvency Commencement Date in terms of the provisions of the Code. Accordingly, the interest application on the above credit facility as well as interest application on the Unsecured Outstanding dues of MSME creditor has not been provided post 12/09/2023 as the Company is under CIRP process in terms of the provisions of the Code.

However, had the interest on credit facility obtained from bank and the interest on unsecured outstanding dues of MSME been accounted for the Loss would have been higher by Rs. 8.75 lacs & Rs. 3.06 lacs respectively and the Reserves and Surplus balance would have been lower by equivalent amount.

9. 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. The Bank Accounts of the Company were attached by SEBI during the quarter ended on 30<sup>th</sup> September 2023. During the year under review, SEBI has recovered Rs. 2205.59 p from one of its Bank account which has been accounted for as Other Current Assets in the Books of Accounts.
10. The Company had received demand of Rs. 73.92 Lacs from Customs authorities against which company had filed an appeal before The Commissioner of Customs (Appeal), Kolkata on 10th January, 2023. The Company had deposited a sum of Rs. 5.54 Lacs under protest against this demand which is disclosed as Deposit under Other Current Assets. The Company has received an order rejecting the appeal through appeal order dated 19.12.2023. However, as the company is under CIRP Proceedings, no adjustment against the same is done during the moratorium period.
11. 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 simultaneously have raised demand for Rs. 100.13 lacs. The revision petition as well the appeal is 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.
12. 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 31/03/2024 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.

13. Actuarial Valuation for the Provisions for Employee Benefits being Gratuity and Leave Encashment has not been carried out for the current financial year ending on 31<sup>st</sup> March 2024. Further the liability against gratuity and leave encashment due to the employees who have tendered their resignation after the Insolvency Commencement Date has not been accounted for in view of the moratorium under Section 14 of the Insolvency & Bankruptcy Code, 2016.
14. The Company has incurred losses, its liabilities exceeded total assets and its net worth has been fully eroded as at 31st March, 2024. In view of the continuing default in payment of dues, one of the operational creditor sent notices/letters seeking the amount payable to them and called upon the Company to pay entire dues subsequent to which the said creditor filed an application under the Insolvency & Bankruptcy Code, 2016 with the Hon'ble NCLT, Kolkata Bench. As a consequence of the said application, Corporate Insolvency Process against the Company is in process. As mentioned in note no. 2 above, the Honourable NCLT has admitted a petition to initiate insolvency proceeding against the Company under the Code. As per the Code, it is required that the Company be managed as a going concern during the CIRP. The CoC has approved a Resolution Plan vide its meeting dated 18<sup>th</sup> April 2024 and the Resolution Professional has subsequently filed an application seeking the approval of the Resolution Plan from the Hon'ble NCLT. Further, the CIRP period continues to be in effect till the CoC approved Resolution Plan is approved by the Hon'ble NCLT. The future prospects of the Company would be determined on the completion of CIRP. Hence, in view of the above facts and continuing operations of the Company, the financial results have been prepared on a going concern basis.

#### 15. Disclosures regarding claim received by Resolution Professional

There are several claims made by the creditors on the Company which are not matching with the liabilities recognised in the financial statements. The detailed disclosures about such claims are as follows:

(Amount in Rupees)

Name of Creditor	Amount Claimed	Amount Admitted	Amount as per Financial Statements
Oswal Mineral Ltd	363448.00	363448.00	358971.00
Calcutta Stock Exchange	29500.00	29500.00	29500.00
Zeal Advertising Pvt Ltd	14700.00	14700.00	14419.00
Jain Saraogi & Co. LLP	238600.00	238600.00	238600.00
ICICI Bank Ltd	17604204.00	17604204.00	16974500.00
BSE Ltd	522740.00	522740.00	351000.00
Circular Mansion Unit Owners Association	210855.00	210855.00	210855.00
Tarun Hati	24081.00	24081.00	24081.00
Tapas Kumar Roy	109890.00	109890.00	109890.00
Somnath Pradhan	102750.00	102750.00	102750.00



Ravindra Prakash Sehgal	2186215.00	2186215.00	2186215.00
Lalji Enterprise	1200000.00	1200000.00	663961.56
Sani Gopal Roy	81900.00	81900.00	81900.00

#### 16. 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.

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)

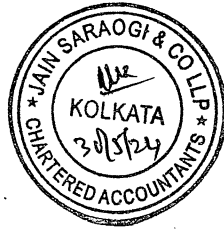
(A) Profit/(Loss) - Discontinued Operations						
SL. No.	Particulars	Quarter -Ended			Year Ended	
		31.03.24	31.12.23	31.03.23	31.03.24	31.03.23
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1.	Total Income	-	-	-	-	-
2.	Total Expenses	-	-	26.83	-	31.43
3.	Profit/(Loss) before exceptional items and tax (1-2)	-	-	(26.83)	-	(31.43)
4.	Exceptional Items	-	-	-	-	-
5.	Profit/(Loss) before tax (3-4)	-	-	(26.83)	-	(31.43)
6.	Tax Expense:	-	-	-	-	-



7.	Net Profit after tax (5-6)	-	-	(26.83)	-	(31.43)
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**Anubrat** Digitally signed  
by Anubrata  
**a** Gangoly  
**Gangoly** Date: 2024.05.30  
19:41:00 +05'30'

**Place:** Kolkata  
**Date:** 30.05.2024



**ANUBRATA GANGOLY**  
F.C.A., D.I.S.A., I.P.  
Resolution Professional  
Carnation Industries Limited

**CARNATION INDUSTRIES LIMITED**

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

CIN:L27209WB1983PLCO35920

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

**ANNEXURE I****Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2024 on Financial Results of Carnation Industries Limited (the Company)****[See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]**

<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	-	-
	2.	Total Expenditure	47.15	132.88
	3.	Net Profit/(Loss)	(49.30)	(135.03)
	4.	Earnings Per Share	(1.43)	(3.91)
	5.	Total Assets	130.38	124.84
	6.	Total Liabilities	420.82	501.01
	7.	Net Worth	(290.43)	(376.16)
	8.	Any other financial item(s) (as felt appropriate by the management)	Not Applicable	Not Applicable
<b>II.</b>	<b><u>Audit Qualification (each audit qualification separately)</u></b>			
<b>A.</b>	<b>a. Details of Audit Qualification:</b>			
	<b>Basis for Qualified Opinion</b>			
	1) Attention is drawn to Note 8 of the statement :-			
	a. Regarding non-recognition of interest on borrowing from banks subsequent to insolvency commencement date i.e. 12th September 2023, being interest amounting to Rs. 8.75 Lakhs for the year ended 31st March 2024. The same is not in compliance with requirements of Ind AS - 23 on "Borrowing Cost" read with Ind AS - 109 on "Financial Instruments".			
	b. Regarding non-recognition of interest on delay in payment of MSME dues subsequent to insolvency commencement date i.e. 12th September 2023, being interest amounting to Rs. 3.06 Lakhs for the year ended 31st March 2024. The same is not in compliance with requirements of Ind AS - 23 on "Borrowing Cost" read with Ind AS - 109 on "Financial Instruments".			
	c. Had provision for interest been recognised, finance cost would have been higher while loss for the quarter and year ended would have been higher by amounts as mentioned above,			

## CARNATION INDUSTRIES LIMITED

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having consequential impact on other current financial liability and other equity.

- 2) Attention is drawn to Note 10 of the statement :-
  - a. Subsequent to insolvency commencement date i.e. 12th September 2023, regarding non-recognition of demand of Rs. 73.92 Lacs from Customs authorities against which Company had filed an appeal before The Commissioner of Customs (Appeal), Kolkata on 10th January, 2023. The Company had deposited a sum of Rs. 5.54 Lacs under protest against this demand which is disclosed as Deposit under Other Current Assets. The Company has received an order rejecting the appeal through appeal order dated 19.12.2023 during the moratorium period under the Insolvency & Bankruptcy Code, 2016.
  - b. Had the demand been recognised, other expenses would have been higher while loss for the quarter and year ended would have been higher by the amount as mentioned above, having consequential impact on other current liabilities and other equity.
- 3) Attention is drawn to Note 13 of the statement, Employee Retirement benefits are accounted for in the books on the basis of Actuarial Valuation upto 31<sup>st</sup> March 2023, however, the actuarial valuation as required under Indian Accounting Standard (Ind AS) 19 issued by the Institute of Chartered Accountants of India has not been carried out in the current financial year. In absence of necessary information being made available to us the impact of the same on the loss for the year of the company and corresponding effect on liability cannot be ascertained and quantified.
- 4) As mentioned in Note 15 of the statement, in accordance with the Insolvency and Bankruptcy Code ("Code"), the Resolution Professional ("RP") has to receive, collate and admit the claims submitted by the creditors as a part of Corporate Insolvency Process ("CIRP"). Such claims can be submitted to the RP till the approval of the resolution plan by the CoC. As mentioned in note no. 1 of the statement, the RP has filed an application before the Hon'ble NCLT for the Resolution Plan approval. Pending final outcome of the CIRP, no accounting impact in the books of accounts has been made in respect of excess, short, or non-receipts of claims for operational and financial creditors. Hence, consequential impact, if any, is currently not ascertainable and we are unable to comment on possible financial impacts of the same.
- 5) We have been informed by Resolution Professional that certain information including the minutes of meetings of the Committee of Creditors and the outcome of certain procedures carried out as a part of the CIRP are confidential in nature and could not be shared with anyone other than the Committee of Creditors and NCLT. Further, we were informed that the Committee of Creditors has approved the resolution plan and is filed with Hon'ble NCLT. However, the detailed resolution plan (including the salient features, consideration agreed, terms and conditions etc.) has not been made available for our review. In the opinion of the RP, the matter is highly sensitive and confidential. Accordingly, we are unable to comment on the possible adjustments required in



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	the carrying amount of assets and liabilities, possible presentation and disclosure impacts, if any, that may arise if we have been provided access to review of that information.	
	<b>b. Type of Audit Qualification: Qualified</b>	
	<b>c. Frequency of qualification: First Time.</b>	
	<p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management Views</b></p> <p><b>: 1. Auditor has qualified Non Recognition of Interest on Borrowing from Bank and Interest delay payment of MSME dues, as company is under CIRP process, the same is suspended due to moratorium.</b></p> <p><b>2. Auditor has qualified Non Recognition of demand from Customs Authorities during CIRP period, as company is under CIRP process, the same is covered in moratorium</b></p>	
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>	
	<b>(i) Management's estimation on the impact of audit qualification:</b>	
	Other Qualifications of the Auditors are informative in nature and sub-judies	
	<b>(ii) If Management is unable to estimate the impact, reasons for the same: NA</b>	
	<b>Signatories:</b>	
	<ul style="list-style-type: none"> <li>• CIRP</li> </ul>	

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III.	Auditor's Comments on (i) or (ii) above: (i) NO COMMENTS (ii) NA	
	•	
	• Statutory Auditor	<b>For JAIN SARAOGI &amp; CO LLP</b> Chartered Accountants Firm Regn. No. 305004E/E300281  <b>(PARTNER)</b> <b>MANOJ KESHAN</b> M. No.: 030272
	Place: Kolkata	
	Date:30/05/2024	

Digitally signed  
by Anubrata  
Gangoly  
Date: 2024.05.30  
20:52:59 +05'30'