CARNATION INDUSTRIES LTD.

ISO 9001 2015

222, ACHARYA JAGADISH CHANDRA BOSE ROAD, KOLKATA-700 017, INDIA
✆ : (+91-33) 2280 3127, 2287 8229, Fax : (+91-33) 2287 9938
E-mail : info@carnationindustries.com. Web: www.carnationindustries.com.
CIN: L27209WB1983PLCO35920

29.05.2019

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

Sub: Outcome of the Board Meeting held on 29th May, 2019

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

This is to inform you that the Board of Directors of the Company at its meeting held today i.e. 29th May, 2019, interalia, have taken the following decision.

1) Approved the Audited Financial Results of the Company for the Quarter and Financial Year Ended 31st March, 2019 (Enclosed together with the auditor's report and Form 'B').
2) The Board of Directors have not recommended any dividend for F.Y. 18-19.
3) The 36th Annual General Meeting ("AGM") of the Company will be held on Friday, 27th September, 2019.
4) The Register of Members and Share Transfer books shall remain closed from Friday, 20st September to Thursday, 26th September, 2019 (both days inclusive) for the purpose of AGM.
5) Sale of Uluberia Unit of the Company. Details as required by SEBI CIR/CFD/CMD/4/2015 dated September 09, 2015 is given as **Annexure "A".**

The meeting commenced at 5 P.M. and concluded at 7.25 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, 2019

(Rs. in lakhs)

SL. No.	Particulars	Quarter -Ended			Year - Ended	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1.	Revenue From Operations	117.75	149.87	690.92	741.04	5,011.49
2.	Other Income	(21.82)	(47.43)	(30.34)	245.53	359.69
3.	**Total Income (1+2)**	**95.93**	**102.44**	**660.58**	**986.57**	**5,371.18**
4.	**Expenses**					
	a) Cost of Materials Consumed and other manufacturing expenses	49.25	63.63	979.22	406.06	3,441.46
	b) Cost of Goods Traded	16.21	7.22	-	25.45	35.95
	c) Changes in inventories of Finished Goods	33.64	7.13	463.83	226.05	407.61
	d) Employee benefits expense	58.44	80.34	229.26	346.18	1,000.90
	e) Finance costs	85.71	5.40	166.37	103.42	402.79
	f) Depreciation and amortisation expense	22.76	24.52	28.56	100.71	121.21
	g) Other expenses	77.90	77.23	(780.92)	240.13	621.05
	Total Expenses	**343.90**	**265.47**	**1,086.32**	**1,447.99**	**6,030.97**
5.	Profit/(Loss) before exceptional items and tax (3-4)	(247.97)	(163.03)	(425.74)	(461.42)	(659.79)
6.	Exceptional Items		-	-	-	-
7.	Profit/(Loss) before tax (5-6)	(247.97)	(163.03)	(425.74)	(461.42)	(659.79)
8.	Tax Expense:					
	(1) Current Tax	-	-	-	-	-
	(2) Deferred Tax	26.74	(0.63)	0.29	13.18	(6.34)
	(3) Current tax for Earlier Year	2.24	(1.03)	-	(6.12)	-
9.	Profit/(Loss) for the period (7±8)	(276.95)	(163.43)	(426.03)	(468.48)	(653.45)
10.	Other Comprehensive Income	13.53	-	1.69	13.53	1.69
11.	Total Comprehensive Income for the period (9 ± 10)	(263.42)	(163.43)	(424.34)	(454.95)	(651.76)
12.	Earnings per Share (of Rs. 10/-each) (for continuing operations)					
	a) Basic	(8.01)	(4.73)	(12.32)	(13.55)	(18.90)
	b) Diluted	(8.01)	(4.73)	(12.32)	(13.55)	(18.90)

Somnath Prodhan

JAIN SARAOGI & CO. KOLKATA 29/5/19 CHARTERED ACCOUNTANTS

For CARNATION INDUSTRIES LTD.

Director

For CARNATION INDUSTRIES LTD.

Arun Kumar Bose

Director

CARNATION INDUSTRIES LIMITED

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Statement of Assets and Liabilities

(Rs. in lakhs)

SL. No.	Particulars	31.03.2019 (Audited)	31.03.2018 (Audited)
A	**ASSETS**		
1	**Non-current assets**		
	Property, plant and equipment	1,000.93	1,096.57
	Capital work in progress	63.37	63.37
	Intangible Assets	1.60	2.70
	Financial Assets		
	a) Investments	3.34	3.34
	b) Other Financial Assets	-	24.96
	Other Non-current assets	27.24	59.56
2	**Current assets**		
	Inventories	115.53	406.56
	Financial Assets		
	a) Trade Receivables	3,689.09	4,251.77
	b) Cash and cash equivalents	4.11	6.98
	c) Bank balance other than included in cash and cash equivalenst	24.48	30.20
	Current Tax Assets (net)	17.16	40.01
	Other current assets	696.67	958.44
	TOTAL - ASSETS	**5,643.52**	**6,944.46**
B	**EQUITY AND LIABILITIES**		
1	**Equity and Liabilities**		
	Equity		
	Equity Share Capital	345.72	345.72
	Other Equity	387.82	842.77
2	**Liabilities**		
	Non-current liabilities		
	Financial liabilities		
	a) Borrowings	141.46	151.40
	Provisions	98.12	172.89
	Deferred Tax Liabilities (net)	78.15	60.22
3	**Current Liabilities**		
	Financial Liabilities		
	a) Borrowings	2,597.40	3,061.03
	b)Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	210.79	131.28
	(ii)total outstanding dues of creditors other than micro enterprises and small enterprises	1,616.22	1,983.99
	c) Other financial liabilities	51.43	46.47
	Other current liabilities	116.40	148.68
	TOTAL - EQUITY AND LIABILITIES	**5,643.52**	**6,944.46**

JAIN SARAOGI & CO. KOLKATA 29/5/19 CHARTERED ACCOUNTANTS

For CARNATION INDUSTRIES LTD.

Director

For CARNATION INDUSTRIES LTD.

Director

Somnath Pradhan

CARNATION INDUSTRIES LIMITED

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

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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 29th May, 2019.
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 initiated and identified a intending buyer in respect of sale of one of its works i.e. Uluberia Unit for which the company has already entered into an MOU. However the assets has not been classified as held for sale or discontinuing operation since necessary approvals from the shareholders was obtained post the year end and also No objection certificate from the consortium of lenders for disposal of the said unit could not be obtained as yet. The Company's credit facility has been classified as a Non-Performing Asset (NPA) by its lenders and in order to regularize its account the Company is selling the said unit. The said sale is expected to be concluded within the current financial 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.3673.19 Lacs (P.Y. Rs. 3636.46 Lacs) [including Rs. 1648.09 Lacs (P.Y. Rs.1895.88 Lacs) exceeding 3 years].
7. The company has availed credit facility from State Bank of India and Punjab National Bank under consortium Finance arrangement. State Bank of India (Lead Banker) vide its letter dated 21st March, 2018 has classified the credit facility as Non-performing Asset (NPA) and recalled the advances through its letter dated 03.04.2018. Bank has not applied/ charged interest since March 2018 and reversed the unrecovered applied interest amounting to Rs. 16.85 Lacs. State Bank of India has issued notice u/s 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) on 04.04.2018.

   Punjab National Bank has also not charged interest on credit facilities from January, 2018 to March, 2019 and recalled the advances by issuing the notice u/s 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) on 07.06.2018.

   In the absence of advice/ information, finance cost pertaining to above credit facilities for the period from accounts being classified as NPA to March, 2019 could not be ascertained and accounted for.

8. During the year Company has incurred a loss of Rs. 468.48 Lacs (P.Y. Rs. 653.45 Lacs) and the accumulated losses as at the end of the year is Rs. 487.45 Lacs (P.Y. Rs. 32.50 Lacs). Also, current liabilities exceed current assets by Rs. 45.22 Lacs. The Company has delayed in repaying the secured loans of State Bank of India and Punjab National Bank including interest thereon and

Somnath Pradhan

JAIN SARAOGI & CO. KOLKATA 29/5/19 CHARTERED ACCOUNTANTS

For CARNATION INDUSTRIES LTD.

Director

For CARNATION INDUSTRIES LTD.

Director

there are substantial payments overdue to creditors. These conditions pose serious challenge to the Company indicating the existence of material uncertainty.

However, the Company has already drawn up and is in the process of implementing a comprehensive 'Turnaround Plan' by focusing on a number of measures viz.

i. Sale of works at Uluberia for which the company has already entered into an MOU with an identified buyer
ii. Engaging collection agency empaneled with ECGC to recover foreign debtors
iii. Lodging of Claim with ECGC and simultaneously initiation of Legal Cases against foreign debtors
iv. Application to consortium of bankers to restructure the credit facilities and also provide additional funding.
v. Out of Court settlement with creditors who have moved NCLT or Other Forums at mutually agreed terms
vi. Focusing on amount lying with different Revenue Authorities for realization of refundable taxes or duties
vii. Identifying domestic buyers in order to reduce the dependency on foreign buyers and thereby leveraging the risk
viii. Identifying a Strategic Investor to join the company which will help to scale up its operation.

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.

By Order of the Board

(R. P. Sagal)
(Managing Director)

JAIN SARAOGI & CO. KOLKATA 29/5/19 CHARTERED ACCOUNTANTS

CARNATION INDUSTRIES LTD. Kolkata-17

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

Place: Kolkata
Date: 29.05.2019

Somnath Pradhan

CHARTERED ACCOUNTANTS

1, Crooked Lane, Kolkata (WB) 700 069, India
Ph: +91-33-22484130/5099 I Fax : +91-33-22485099
E: info@jainsaraogi.com I W. www.jainsaraogi.com

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

Independent Auditor's Report on the Statement of financial results

1. We have audited the accompanying Statement containing the annual audited financial results of Carnation industries Limited (the "Company") for the years ended March 31, 2019 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.

6. **Basis for Qualified Opinion**

   a) We draw attention to Note No. 6, of the statement regarding Trade Receivables in respect of export sales made in earlier years amounting to Rs. 3,673.19 lakhs (including Rs. 1,648.09 lakhs due from a related party exceeding 3 years), which in our opinion are doubtful of recovery and credit impaired. The company has neithercarried out impairment

JAIN SARAOGI & CO. KOLKATA 29/5/19 CHARTERED ACCOUNTANTS

exercise of Trade Receivables nor provided for the same and continues to classify it as current financial assets. Had the same been provided for, the loss for the year would have increased by Rs. 3,673.19 lakhs and accordingly trade receivables and retained earnings would have reduced by equivalent amount. Further due to such delay in realisation of export proceeds, incentives received and accounted for in books consequent to such delay receipt also has not been reversed and accounted for.

b) Secured lenders viz., State Bank of India and Punjab National Bank has classified the credit facilities extended to the company as Non-Performing Asset (NPA) and has recalled the said facilities and has served notice under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002 and the outstanding balance there against is Rs. 2597.40 lakhs. Further, interest on the said credit facilities has also not been accounted for which is not in compliance with the requirement of Ind AS-23 "Borrowing Costs". Had the same been accounted for the loss of the year would have increased by Rs. 308.29 lakhs (interest calculated on the basis of sanction terms) and short-term borrowings by equivalent amount. Further, penal interest and or other levies and charges, if any, that could be levied by the lending bank could not be ascertained and provided for.

c) During the year under review the company has 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.

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

We draw attention to Note 8 of the statement, regarding preparation of statement on Going Concern basis for the reasons stated therein. The Company has incurred a net loss of Rs.468.48 lakhs (Previous Year: Rs. 653.45 lakhs) during the year ended March 31, 2019 and as of that date, the Company's current liabilities exceeded its current assets by Rs. 45.22 lakhs. The Company continues to incur losses and operations of unit at Uluberia have been suspended and there is considerable decline in the level of operations. Further the company has defaulted in paying the Consortium of Bank (State Bank of India and Punjab National Bank) which as on 31.03.2019 shows outstanding of Rs. 2,597.40 lakhs (Previous Year: Rs. 3,040.85 lakhs).

As stated in Note 8 the appropriateness of Going Concern is dependent upon various initiatives undertaken by the company including realisation of Trade receivables, admittance and disbursement of ECGC Claim and amicable settlement of creditor who has approached NCLT and other forums and approvals including No Objection certificate in respect of assets mortgaged/charged to consortium of banks as collateral for disposal.

These events or conditions as set forth herein above, 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.

JAIN SARAOGI & CO. KOLKATA CHARTERED ACCOUNTANTS

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 notesthereon 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 6and

   (ii) The Annual audited financial results for the ended March 31, 2019 as set out in the Statement gives a true and fair view read with the qualification thereon, of the total comprehensive income (comprising of Loss and other comprehensive income), and other financial information of the Company for the year ended March 31, 2019 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, 2019, which are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the current financial year 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, 2019 on which we issued a qualified audit opinion vide our report dated May 29, 2019.

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.

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

Manoj Keshan

Partner: Manoj Keshan
Membership No. 055272

Place: 1, Crooked Lane, 1st Floor, Kolkata 700069
Date: 29th May 2019.

JAIN SARAOGI & CO. KOLKATA 29/5/19 CHARTERED ACCOUNTANTS

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ANNEXURE I

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 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	986.57	986.57
	2.	Total Expenditure	1447.99	5429.47
	3.	Net Profit/(Loss)	(468.48)	4449.96
	4.	Earnings Per Share	(13.55)	(128.72)
	5.	Total Assets	5643.52	1970.33
	6.	Total Liabilities	4909.98	5218.27
	7.	Net Worth	733.54	3247.94
	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

We draw attention to Note No. 6, of the statement regarding Trade Receivables in respect of export sales made in earlier years amounting to Rs. 3,673.19 lakhs (including Rs. 1,648.09 lakhs due from a related party exceeding 3 years), which in our opinion are doubtful of recovery and credit impaired. The company has neithercarried out impairment exercise of Trade Receivables nor provided for the same and continues to classify it as current financial assets. Had the same been provided for, the loss for the year would have increased by Rs. 3,673.19 lakhs and accordingly trade receivables and retained earnings would have reduced by equivalent amount. Further due to such delay in realisation of export proceeds, incentives received and accounted for in books consequent to such delay receipt also has not been reversed and accounted for.

b. **Type of Audit Qualification: Qualified Opinion**

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	c. **Frequency of qualification: Second Time .**
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management Views –** The management is hopeful to realize the outstanding trade receivables very shortly / in the near future and accordingly no provision has been made.
	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** Secured lenders viz., State Bank of India and Punjab National Bank has classified the credit facilities extended to the company as Non-Performing Asset (NPA) and has recalled the said facilities and has served notice under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002 and the outstanding balance there against is Rs. 2597.40 lakhs. Further, interest on the said credit facilities has also not been accounted for which is not in compliance with the requirement of Ind AS-23 "Borrowing Costs". Had the same been accounted for the loss of the year would have increased by Rs. 308.29 lakhs (interest calculated on the basis of sanction terms) and short-term borrowings by equivalent amount. Further, penal interest and or other levies and charges, if any, that could be levied by the lending bank could not be ascertained and provided for.
	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** Statutory Auditors has computed the figures which are based on last sanction terms and are subject to confirmation from respective Banks and accordingly not provided for.
	e. **For Audit Qualification(s) where the impact is not quantified by the auditor: N.A.**
	(i) **Management's estimation on the impact of audit qualification:** NA
	(ii) **If Management is unable to estimate the impact, reasons for the same:** NA
	(iii) **Auditor's Comments on (i) or (ii) above: N.A.**

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C.	a. Details of Audit Qualification: **Basis for Qualified Opinion** During the year under review the company has 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.	
	b. Type of Audit Qualification: Qualified Opinion	
	c. Frequency of qualification: Appeared first 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: This is a procedural laps and don't have any financial impact and remedial measures will be undertaken.	
	(ii) If Management is unable to estimate the impact, reasons for the same:N.A.	
	(iii) Auditor's Comments on (i) or (ii) above: Immediate resolution of lapse is required.	
III.	Signatories:	
	• CEO/Managing Director	
	• CFO	
	• Audit Committee Chairman	
	• Statutory Auditor	In terms of our report of even date For JAIN SARAOGI & CO. Chartered Accountants Firm Regn. No. 305004E
	Place: Kolkata	
	Date:29/05/2019	[PARTNER] MANOJ KESHAN M No.: 055272

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ANNEXURE A

Details of Proposed Sale/ disposal of unit at Uluberia

- Amount of turnover of the Unit in 2018-2019 - Rs. 64.00 Lacs
- Percentage of the turnover in 2018-2019 - 9.15%
- Networth contribution in 2018-2019 - Rs.727.54 Lacs
- Date on which the agreement for sale has been entered – The agreement for sale shall be entered by the company in due course.
- Expected date of completion of sale/disposal- The sale of undertaking shall be completed within two months of entering into the sale agreement.
- Consideration received from such proposed sale/disposal - Rs 20 Cr.(approx.)
- Brief details of profound buyers - M/s RBA Exports Pvt. Ltd., having its registered office at 2/6 Sarat Bose Road, Suite 606, Kolkata.
- Buyers belong to the promoter/ promoter group/group companies- No
- Whether the transaction would fall within related party transactions- No
- Change in Shareholding of Listed Entity- None