



**24th Annual Report
2006-07**

CARNATION **Industries Limited**

BOARD OF DIRECTORS

MR. PESI M. NARIELVALA	-	Non-Executive Chairman
MR. RAVINDRA P. SEHGAL	-	Managing Director
MR. SUVOBRATA SAHA	-	Joint Managing Director
MR. ARUN BOSE	-	Wholetime Director
MR. RAJESH KR. PANDEY	-	Non-executive Director
MR. SEKHAR CHATTERJEE *	-	Additional Non-executive Director

REGISTERED OFFICE

28/1, JHEEL ROAD,
SALKIA, HOWRAH - 711 106.
TELEPHONE : (033) 2645 4785

AUDIT COMMITTEE

MR. PESI M. NARIELVALA
MR. RAJESH KR. PANDEY
MR. SEKHAR CHATTERJEE

SHARE HOLDERS/INVESTORS

GRIEVANCE COMMITTEE

MR. RAJESH KR. PANDEY
MR. RAVINDRA P. SEHGAL

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

MR. S. K. AGARWAL

AUDITORS

M/s JAIN & BAGARIA

CHARTERED ACCOUNTANTS

27/8A, WATERLOO STREET,
KOLKATA-700 069.

BANKERS

STATE BANK OF HYDERABAD
PUNJAB NATIONAL BANK

*Appointed w.e.f. 27.06.07.

CORPORATE & HEAD OFFICE

222, A. J. C. BOSE ROAD,
1 ST FLOOR, ROOM NO. 4 & 5,
KOLKATA - 700 017.
TELEPHONE : (033) 2290 2256/2287 8229
FAX NO.: (033) 2247 9938
E-Mail : carcast@vsnl.net,
Website : carnationindustries.com

REGISTRARS

R&D INFOTECH PVT.LTD.,
22/4, NAKULEASHWAR BH/ TTACHARJEE LANE,
GROUND FLOOR, KOLKATA - 700 026.
TELEPHONE : (033) 2463 1657 / 58

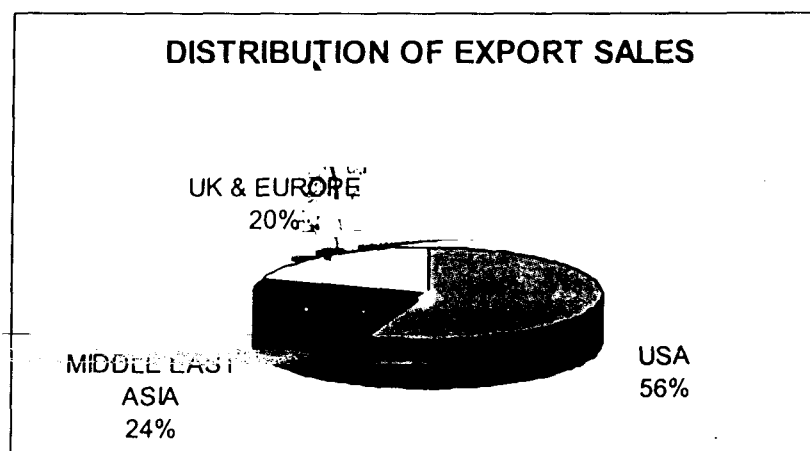
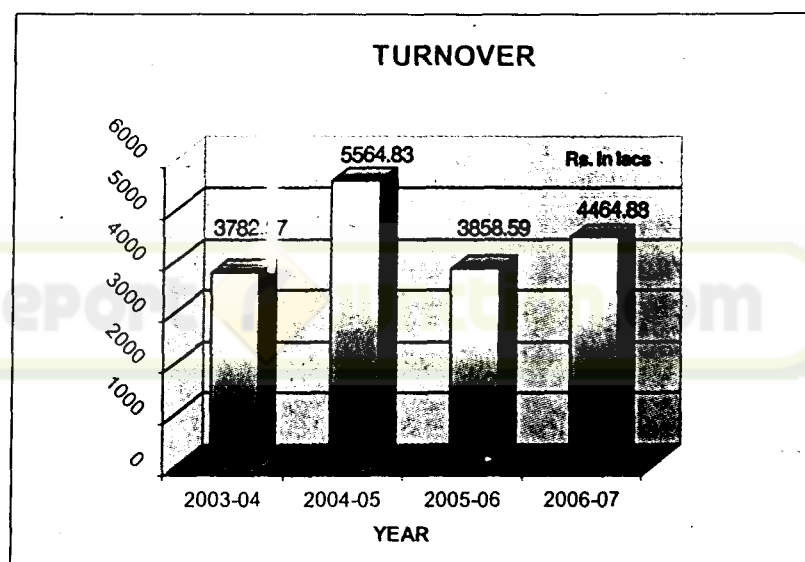
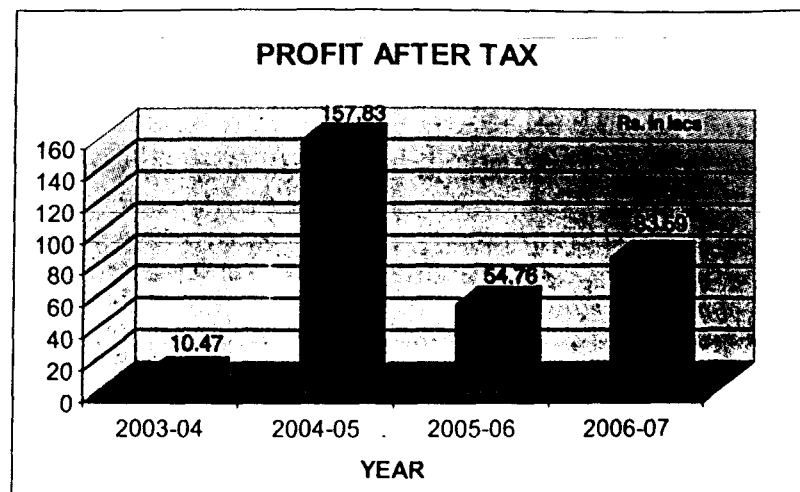
SOLICITORS

R. GINODIA & CO.
4E & F, HASTINGS CHAMBER
7C, KIRAN SHANKAR ROY ROAD,
KOLKATA - 700 001

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Industries Limited

Mr. Ravindra P. Sehgal, our MD receiving an award from Dr. V. Krishnamurthy, Chairman, National Manufacturing Competitiveness Council, Govt. of India at the Indian Foundry Congress, Agartala in February 2007. Applauding are Mr. K. Satyanarayana, President IIF and Mr. A. K. Taneja, President Shriram Pistons & Rings Ltd. (L-R).

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Shri Ravindra P. Sehgal, our MD seen here with Shri Nirupam Sen, Hon'ble Commerce & Industries Minister of West Bengal at an EEPC Function held at Kolkata this year



Mr. Suvabrata Saha - Jt. Managing Director

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the company will be held on Friday, 3rd August, 2007 at 10.00 A.M. at "SARAT SADAN", 5, Mahatma Gandhi Road, Howrah – 711 101 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as on that date alongwith the report of the Directors' and Auditors' thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Rajesh Kumar Pandey who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditor of the company and to fix their remuneration.

SPECIAL BUSINESS

ITEM NO.5

To consider and if thought fit to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT, subject to such consents, permissions and approvals as may be required and pursuant to Section 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII (including any statutory modifications or re-enactment thereof) of the Act, the company hereby accords its approval for the appointment of Mr. Suvobrata Saha as Joint Managing Director of the company for the period of 5 (five) years with effect from 21.08.2006 on such terms and conditions as specified in the Explanatory Statement annexed hereto provided that the total remuneration (including the perquisites) shall be within the overall ceiling as provided under different applicable provisions and Schedule XIII of the Companies Act, 1956".

ITEM NO.6

To consider and if thought fit to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT, subject to such consents, permissions and approvals as may be required and pursuant to Section 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII (including any statutory modifications or re-enactment thereof) of the Act, the company hereby accords its approval for the appointment of Mr. Arun Bose as Wholtime Director of the company for the period of 2 (two) years with effect from 21.08.2006 on such terms and conditions as specified in the Explanatory Statement annexed hereto provided that the total remuneration (including the perquisites) shall be within the overall ceiling as provided under different applicable provisions and Schedule XIII of the Companies Act, 1956".

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ITEM NO.7

To consider and if thought fit to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT, Mr.Sekhar Chatterjee who was appointed as an Additional Director of the company by the Board of Directors of the company under Section 260 of the Companies Act, 1956 and Article 115 of the Article of Association of the company and who holds office upto the date of the Annual General Meeting and in respect of which the company has received a notice in writing proposing his candidature for the office of a Director be and is hereby appointed as a Director of the company liable to retire by rotation".

ITEM NO.8

To consider and if thought fit to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION :

"RESOLVED THAT consent of the company be and is hereby accorded to the Board of Directors of the company for keeping the Register of Members together with the Index of Members and copies of all returns prepared under Section 159 of the Companies Act, 1956 of the Companies Act, 1956, as also the copies of certificates and documents required to be annexed thereto under Section 161 of the Companies Act, 1956, at the office of newly appointed Registrars and Share Transfer Agents of the company, M/s R&D Infotech Pvt.Ltd., Ground Floor, 22/4, Nakuleshwar Bhattacharjee Lane, Kolkata-700 026."

Place : Kolkata
Date : 27th June, 2007

By order of the Board
(S. K. AGARWAL)
CFO & Company Secretary

CARNATION **Industries Limited**

NOTES

1. An explanatory statement under section 173(2) of the Companies Act, 1956 is annexed herewith and forms part of this Notice.
 2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
 3. The Instrument of Proxy should however be deposited at the Registered Office of the Company atleast 48 hours before the meeting.
 4. The Register of Members and Share Transfer Books of the company will remain closed from 27.07.07 to 03.08.07 (both days inclusive) for ascertaining the eligibility of members for the purpose of payment of dividend on Equity Shares. The Dividend on Equity Shares as recommended by the Directors, if approved, at the meeting will be payable to those Shareholders whose name shall appear in the Register of Members as on 03.08.07. In respect of shares held in electronic form, the dividend will be paid on the basis of the Beneficial Ownership as per details furnished by National Securities Depository Limited / Central Depository Services Limited for the above purpose.
 5. Members are requested to send to the Registrar his / her Bank Account details to ensure safe and prompt receipt of dividend cheque / warrant and to avoid any fraudulent encashment of such cheque / warrant.
 6. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
 7. Members who hold shares in dematerialised form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
 8. The facility for making nomination is available to the members in respect of the shares held by him.
 9. All documents referred to in the Notice and Explanatory Statement are open for inspection to the members at the Registered Office of the company between 11.00 A.M. and 1.00 P.M. on all working days upto the date of this Annual General Meeting.
- Members desirous of seeking any further information about the accounts and / or operations of the company are requested to address their queries to the CFO & Company Secretary of the company atleast ten days in advance of the meeting, so that the information, to the extent practicable, can be made available at the meeting.

Place : Kolkata
Date : 27th June, 2007

By order of the Board
(S. K. AGARWAL)
CFO & Company Secretary

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.5

The Board of Directors of the company at its meeting held on 21.08.2006 appointed Mr. Suvabrata Saha as the Joint Managing Director of the company with effect from 21.08.2006 for the period of 5 (five) years.

The terms and conditions on which Mr. Suvabrata Saha has been appointed as the Joint Managing Director of the company shall contain the following remuneration within the overall ceiling as specified in Schedule XIII of the Companies Act, 1956.

REMUNERATION

Salary : Rs.25000 per month in the range of Rs.25,000/- – Rs.1,00,000/-. The Increment will be decided by the Board of Directors of the company.

Percentage of Net Profit : 3.5% of Net Profit subject to the provision that the total remuneration (including the perquisites) does not exceed the ceiling as provided under different applicable provisions and Schedule XIII of the Companies Act, 1956.

Perquisites : The Joint Managing Director shall be entitled to the following perquisites provided the value thereof will be restricted to the amount equal to annual salary or actual expenditure incurred, whichever is less.

- a. **Residential Accommodation** : Furnished / Unfurnished Accommodation. In case no accommodation is provided by the company he shall be entitled to 30% of salary per month in lieu thereof as house rent allowance.

Value of perquisites shall be done as per Income-Tax Act.

- b. **Gas, Electricity and water** : The expenditure by the company on gas, electricity and water shall be valued as per Income-Tax Act.
- c. **Medical Reimbursement** : Expenses incurred by the Joint Managing Director and his family shall be subject to a ceiling of 1 (one) month's salary in a year or three month's salary over a period of three years.
- d. **Club Fees** : Fees of the clubs subject to the maximum of two clubs. This will not include Admission and Life Membership fees.
- e. **Personal Accident Insurance** : Premium not to exceed Rs.4,000/- per annum.

Explanation : The term family means Spouse, dependant children and Dependant parents of the Joint Managing Director.

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PART - B

- a. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. However, this will not be included in computation of the ceiling on remuneration.
- b. Encashment of leave at the end of the tenure. Encashment of leave at the end of the tenure will not be included in computation of the ceiling on remuneration.

PART - C

Car for use on company business and telephone at the residence will not be considered as perquisites. Use of Car for private purpose and personal long distance calls on telephone shall be billed by the company to the Joint Managing Director.

MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any financial year during the tenure of service, payment of salary, perquisites and other allowances shall be governed by provisions of Section II of Part II of Schedule XIII, provided the following will not be included in computation of the ceiling limit.

- a. Gratuity payable at the rate of half month's salary for each year of completed service.
- b. Encashment of leave at the end of the tenure.

The Board recommends acceptance of the resolution by the members.

None of the Directors except Mr. Suvobrata Saha shall be deemed to be concerned or interested in the above resolution.

ITEM NO.6

The Board of Directors of the company at its meeting held on 21.08.2006 appointed Mr. Arun Bose as the Wholetime Director of the company with effect from 21.08.2006 for the period of 2 (two) years.

The terms and conditions on which Mr. Arun Bose has been appointed as the Wholetime Director of the company shall contain the following remuneration within the overall ceiling as specified in Schedule XIII of the Companies Act, 1956.

REMUNERATION

- Salary : Rs.8,600/- per month in the range of Rs.8,600/-— Rs.15,000/-. The Increment will be decided by the Board of Directors of the company.
- Perquisites : The Wholetime Director shall be entitled to the following perquisites provided the value thereof will be restricted to the amount equal to annual salary or actual expenditure incurred, whichever is less.
- a. House Rent Allowance of Rs.2,000/- per month.
 - b. Conveyance Allowance of Rs.1,200/- per month.
 - c. Medical Allowance of Rs.1,200/- per month.
 - d. City Compensatory Allowance of Rs.1,000/- per month.