



26th Annual Report
2008 - 2009



CARNATION INDUSTRIES LTD.

CARNATION
Industries Limited
BOARD OF DIRECTORS

MR. SHEKHAR CHATTERJEE	- Chairman
MR. R. P. SEHGAL	- Managing Director
MR. SUVOBRATA SAHA	- Joint Managing Director
MR. ARUN KR. BOSE	- Whole time Director
MR. R. C. JHA	- Director

REGISTERED OFFICE

28/1, JHEEL ROAD,
SALKIA, HOWRAH – 711 106.
TELEPHONE : (033) 2645 4785/90

AUDIT COMMITTEE

Mr. Shekhar Chatterjee
Mr. R. C. Jha
Mr. Suvobrata Saha

**SHARE HOLDERS/INVESTORS
GRIEVANCE COMMITTEE**

Mr. R. C. Jha
Mr. R. P. Sehgal

**CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY**

Mr. Sanjay Agarwal

CORPORATE & HEAD OFFICE

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

REGISTRARS

R&D Infotech Pvt.Ltd.,
22/4, Nakuleashwar Bhattacharjee Lane,
Ground floor, Kolkata – 700 026.
PHONE : (033) 2463 1657 / 58

SOLICITORS

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

AUDITORS

M/s. JAIN & BAGARIA
CHARTERED ACCOUNTANTS
27/8A, WATERLOO STREET
KOLKATA-700 069

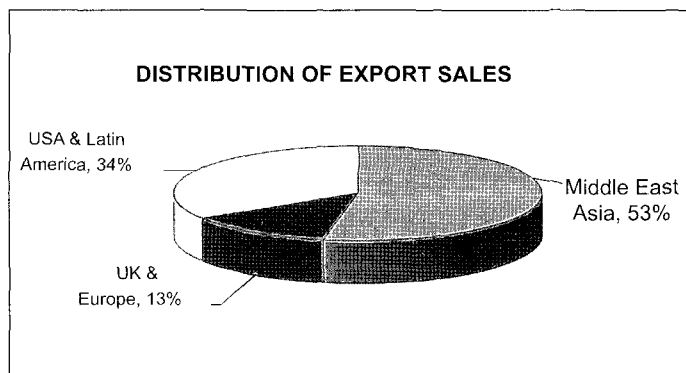
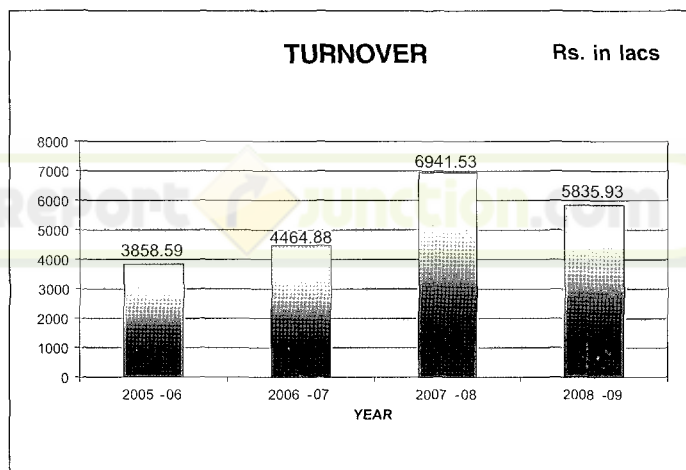
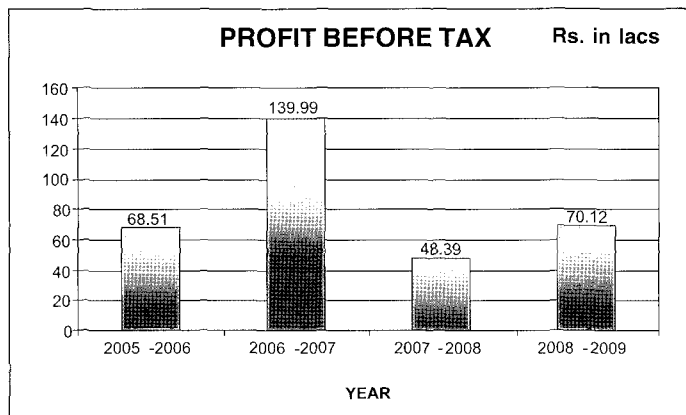
BANKERS

STATE BANK OF HYDERABAD
PUNJAB NATIONAL BANK

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Mr. R. P. Sehgal MD with Mr Mao Siwei, Consul General, China at an award function in Kolkata.



Mr. Arun Kumar Bit, IAS, Development Commissioner, Falta, receiving a memento from Mr. R. P. Sehgal at a function in Kolkata.



Mr. Suvobrata Saha - Jt. Managing Director

CARNATION
Industries Limited**NOTICE**

Notice is hereby given that the 26th Annual General Meeting of the company will be held on Friday, 4th September, 2009 at 10.00 A.M. at Bally Rabindra Bhavan, 384, G.T. Road, Bally, Howrah – 711201 to transact the following business

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2009 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. Shekhar Chatterjee 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 re-appointment of Mr. R.P. Sehgal as Managing Director of the company for a period of 5 (five) years with effect from 01.12.2009 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 Kumar Bose as Wholetime Director of the company for a period of 2 (two) years with effect from 5.9.2009 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."

By order of the Board

Place : Kolkata
Date : 5th August, 2009

(SANJAY AGARWAL)
CFO & Company Secretary

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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 28.8.09 to 4.9.09 (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 4th September, 2009. 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.
10. 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.

By order of the Board

Place : Kolkata
Date : 5th August, 2009

(SANJAY AGARWAL)
(CFO & Company Secretary)

CARNATION
Industries Limited
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
ITEM NO. 5

The Members at the 22nd Annual General Meeting held on 9th July, 2005, appointed Mr. R. P. Sehgal as the Managing Director of the Company for a period of 5(five) years with effect from 01.12.2004.

As the tenure of the Managing Director would expire on 1.12.2009 the Board of Directors of the company at its meeting held on 5.8.2009 approved the re-appointment of Mr.R P.Sehgal as the Managing Director of the company with effect from 01.12.2009 for a period of 5 (five) years subject to the approval of the members of the company.

The profile of Mr. R. P. Sehgal is given in the annexure to this notice.

According to the terms and conditions on which Mr. R. P. Sehgal has been appointed as the Managing Director of the company he shall be entitled to the following remuneration within the overall ceiling as specified in Schedule XIII of the Companies Act, 1956.

REMUNERATION

- | | |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salary | : Basic Salary Rs.25000 per month in the range of Rs.25000/- – 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 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 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.

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

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 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 the acceptance of the resolution by the members.

None of the Directors except Mr. R.P. Sehgal shall be deemed to be concerned or interested in the above resolution.

ITEM NO. 6

The Board of Directors, at its meeting held on 28.8.2008 appointed Mr. Arun Kumar Bose as an Additional Director with effect from 28.8.2008 pursuant to Section 260 of the Companies Act, 1956, read with Article 115 of the Articles of Association of the Company. Mr. Bose holds office up to the date of the 26th Annual General Meeting of the Company as provided in the Articles read with Section 260 of the Act but is eligible for appointment. In terms of Section 257 of the Act the Company has received a notice in writing along with a deposit of Rs. 500/- from a Member signifying his intention to propose Mr. Bose for the office of the Director.

The Board of Directors of the company at its meeting held on 5.8.2009 appointed Mr. Arun Kumar Bose as the Whole time Director of the company with effect from 5.9.2009 for a period of 2 (two) years subject to the approval of the members of the company.

The profile of Mr. Bose is given in the annexure to this notice.

According to the terms and conditions on which Mr. Arun Kumar Bose has been appointed as the Whole time Director of the company he shall be entitled to the following remuneration within the overall ceiling as specified in Schedule XIII of the Companies Act, 1956.

CARNATION
Industries Limited

REMUNERATION

- Salary : Salary Rs. 20500/- per month in the range of Rs.20500/- – Rs.40000/-.
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.
- House Rent Allowance of Rs 3,500 per month.
- Value of perquisites shall be done as per Income-Tax Act.

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 Whole Time 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. Arun Kumar Bose shall be deemed to be concerned or interested in the above resolution.

By order of the Board

Place : Kolkata
Date : 5th August, 2009

(SANJAY AGARWAL)
CFO & Company Secretary