

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
MR. B. K. DATTA	-	Director

REGISTERED OFFICE

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

AUDIT COMMITTEE

Mr. Shekhar Chatterjee
Mr. R. C. Jha
Mr. B. K. Datta

REMUNERATION COMMITTEE

Mr. Shekhar Chatterjee
Mr. R. C. Jha
Mr. B. K. Datta

**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

REGISTRAR& SHARETRANSFER AGENT

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

SOLICITORS & ADVOCATES

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

AUDITORS

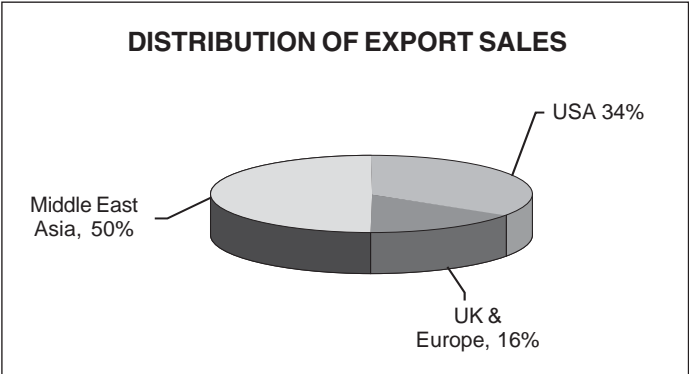
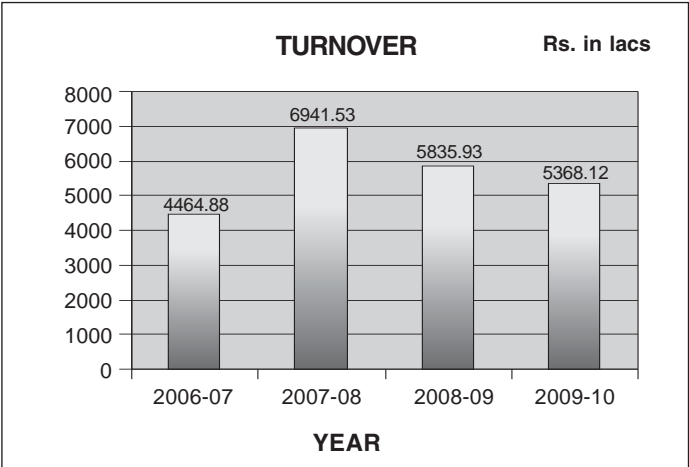
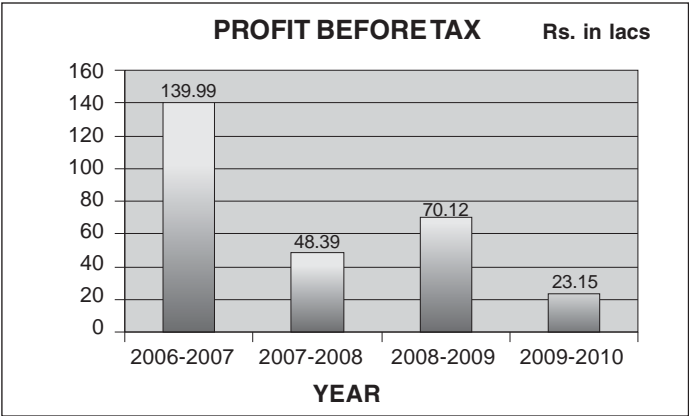
M/s. JAIN & BAGARIA
CHARTERED ACCOUNTANTS
27/8A, WATERLOO STREET
KOLKATA-700 069

BANKERS

STATE BANK OF HYDERABAD
PUNJAB NATIONAL BANK

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NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on Friday, 24th September, 2010 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, 2010 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. R.C. Jha who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditor of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Jain and Bagaria, Chartered Accountants, (Regn. No. 310045E), be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

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 Mr. B. K. Datta who was appointed as an Additional Director by the Board under section 260 of the Companies Act, 1956 and Article 115 of the Article of Association of the Company and who holds office only upto the date of the Annual General Meeting and in respect of whom the Company has received notice in writing under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

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 re-appointment of Mr. R.P. Sehgal as Managing Director of the Company for a period of 5 (five) years with effect from 1.9.2010 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. 7

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 Jt. Managing Director of the Company for a period of 5 (five) years with effect from 1.9.2010 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.”

Place : Kolkata
Date : 6th August, 2010

By order of the Board

(SANJAY AGARWAL)
CFO & Company Secretary

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 on a poll instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from 20.9.2010 to 24.9.2010 (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 24th September, 2010. 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.
4. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e. Electric/ Telephone Bill, Driving License or a Copy of Passport and Bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/ RTA without any delay.
5. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
6. Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
7. The facility for making nomination is available to the members in respect of the shares held by him.
8. 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.
9. 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.
10. SEBI has made it mandatory for all Companies to use bank details furnished by the investors for distributing dividend to them through National Electronic Clearing Services (NECS), wherever NECS and bank details are available. In the absence of NECS facility, the Companies are required to print the bank details, if available, on payment instrument, for distribution of dividends to the investors. Therefore members holding shares in physical

mode are requested to provide their bank details to the Company/Registrar. Members holding shares in demat mode are requested to record the NECS mandate with their Depository Participants.

11. Pursuant to the provisions of section 205A (5) and 205C of the Companies Act, 1956 the Company has transferred the unpaid or unclaimed dividends, upto the financial year ended 31.3.2003, to the Investor Education Protection Fund (IEPF) established by the Central Government.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

Place : Kolkata
Date : 6th August, 2010

By order of the Board

(SANJAY AGARWAL)
(CFO & Company Secretary)

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

ITEM NO. 5

Mr. B.K.Datta joined the Board of the Company on 28.10.2009 as an Additional Director and as per the provisions of section 260 of Companies Act, 1956 he will hold office as a Director up to the date of this Annual General Meeting. Company has received Notice as prescribed under section 257 of the Companies Act, 1956 from a member along with a deposit of Rs. 500/-, signifying his intention to propose Mr. B.K. Datta for appointment as a Director.

The Board of Directors recommends the passing of the resolution.

None of the Directors except Mr. B. K. Datta is in any way concerned or interested in the resolution.

ITEM NO. 6

The members at the 26th Annual General Meeting held on 4th September, 2009 had appointed Mr. R. P. Sehgal as the Managing Director of the Company for a period of 5 (five) years with effect from 1.12.2009. The service agreement with Mr. R. P. Sehgal stands determined by mutual consent with effect from the close of business on 31.8.2010.

The terms and conditions on which Mr. R. P. Sehgal has been appointed as the Managing Director for 5 (five) years with effect from 1.9.2010 shall contain the following remuneration within the overall ceiling specified in Schedule XIII of the Companies Act, 1956.

REMUNERATION

- | | | |
|--------------------------|---|---|
| Salary | : | Basic Salary Rs.60000/- per month in the range of Rs.60,000/- – Rs.1,00,000/-. The Increment will be decided by the Remuneration Committee and 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. |
| Performance Pay | : | Performance Pay as may be determined by the Remuneration Committee and approved by the Board subject to the ceiling of Rs. 1,80,000/- for the year ending 31.3.2011 and a ceiling of Rs. 5,00,000/- for subsequent years. |
| 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. |
- 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.
 - Gas, Electricity and Water: The expenditure by the company on gas, electricity and water shall be valued as per Income-Tax Act.
 - 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.

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 of Directors recommends passing of the resolution.

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

ITEM NO. 7

The members at the 24th Annual General Meeting held on 3rd August, 2007 had appointed Mr. Suvabrata Saha as the Jt. Managing Director of the Company for a period of 5 (five) years with effect from 21.8.2006. The service agreement with Mr. Suvabrata Saha stands determined by mutual consent with effect from the close of business on 31.8.2010.

The terms and conditions on which Mr. Suvabrata Saha has been appointed as the Jt. Managing Director for 5 (five) years with effect from 1.9.2010 shall contain the following remuneration within the overall ceiling specified in Schedule XIII of the Companies Act, 1956.

REMUNERATION

Salary	:	Basic Salary Rs.60000/- per month in the range of Rs. 60000-100000/-. The Increment will be decided by the Remuneration Committee and 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.
Performance Pay	:	Performance Pay as may be determined by the Remuneration Committee and approved by the Board subject to the ceiling of

Rs. 1,80,000/- for the year ending 31.3.2011 and a ceiling of Rs. 5,00,000/- for subsequent years.

- Perquisites : The Jt. 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.
- 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.
 - Gas, Electricity and Water: The expenditure by the company on gas, electricity and water shall be valued as per Income-Tax Act.
 - Medical Reimbursement: Expenses incurred by the Jt. Managing Director and his family shall be subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
 - Club Fees: Fees of the clubs subject to the maximum of two clubs. This will not include Admission and Life Membership fees.
 - 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 Jt. Managing Director.

PART - B

- 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.
- 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 Jt. 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.

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

The Board of Directors recommends the passing of the resolution.

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

By order of the Board

Place : Kolkata
Date : 6th August, 2010

(SANJAY AGARWAL)
CFO & Company Secretary

Details of Directors seeking Appointment / Re-appointment at the 27th Annual General Meeting

Name of the Director	Mr. R. C. Jha	Mr. B. K. Datta
Date of Birth	18.10.1942	30.11.1945
Date of Appointment	30.1.2008	28.10.2009
Qualification	Bachelor Degree in Metallurgical Engineering	First Class Post Graduate (M.SC) from Kalyani University, West Bengal
Expertise in specific Functional Areas	Has rich experience in the Iron & Steel Industry. Former Managing Director of Rourkela Steel Plant and former Director of Vizag Steel Plant.	Has rich experience in the Banking Sector. Former Executive Director of UCO Bank.
List of Companies In which other Directorship held	Stollberg India Pvt. Ltd Rescon (India) Pvt. Ltd	Aum Capital Market (P) Ltd.. Motilal Oswal Trustee Company Ltd. Budge Budge Company Ltd.
Chairman/Member of the Committee of the Board of the Companies in which he is a Director	NIL	NIL
Shareholding in the Company (No. of Equity Shares)	NIL	NIL