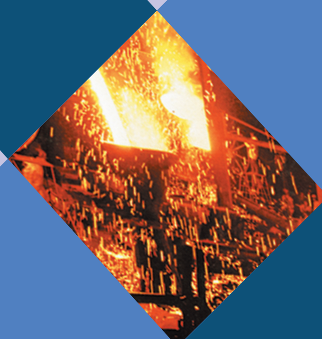
28th Annual Report 2010-2011



CARNATION INDUSTRIES LTD.

BOARD OF DIRECTORS

MR. SHEKHAR CHATTERJEE	-	Chairman
MR. R. P. SEHGAL	-	Managing Director
MR. SUVOBRATA SAHA	-	Joint Managing Director
MR. ARUN KUMAR 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

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 : (033) 2287 9938
E-Mail: carnation.ltd@gmail.com
Website: carnationindustries.com

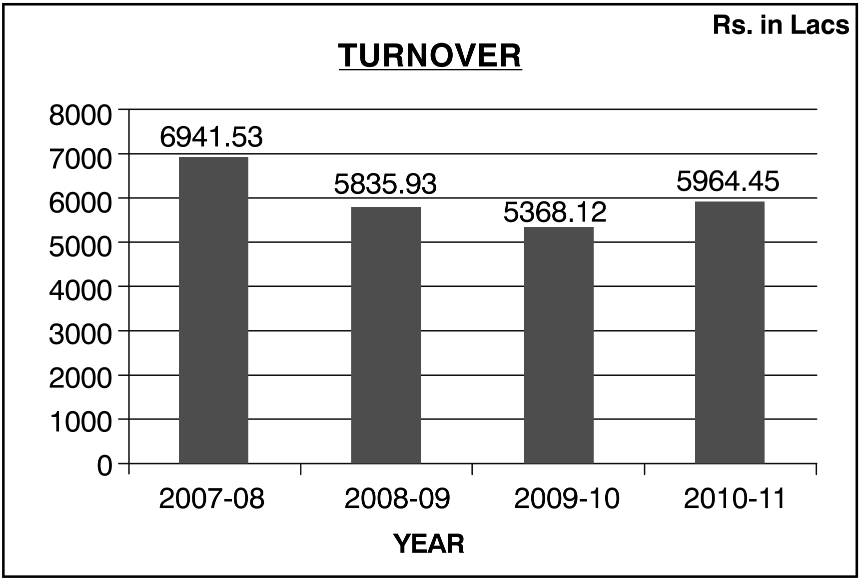
REGISTRAR& SHARE TRANSFER AGENT
R&D Infotech Pvt.Limited
7A, Beltala Road, 1st Floor
Kolkata – 700 026
Phone: (033) 2419 2641, 2419 2642

SOLICITORS & ADVOCATES
R. Ginodia & Co.
4E & F, Hastings Chamber
7C, Kiran Shankar Roy Road
Kolkata – 700 001

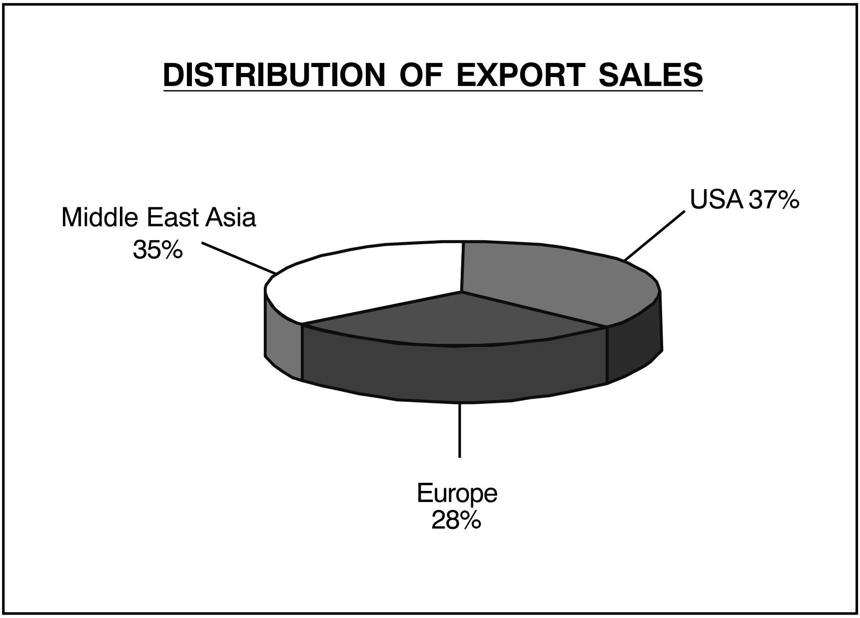
AUDITORS
M/s. Jain & Bagaria
Chartered Accountants
27/8A, Waterloo Street
Kolkata-700 069

BANKERS
State Bank of Hyderabad
Punjab National Bank

CONTENTS



Rs. in Lacs
TURNOVER
8000
7000
6000
5000
4000
3000
2000
1000
0
6941.53
5835.93
5368.12
5964.45
2007-08
2008-09
2009-10
2010-11
YEAR



DISTRIBUTION OF EXPORT SALES
Middle East Asia 35%
USA 37%
Europe 28%

Mr. R.P. Sehgal, Managing Director, Carnation Industries Ltd., with Hon'ble Chief Minister of West Bengal Smt. Mamata Banerjee during a courtesy call to her office.

Mr. Suvobrata Saha, Jt. Managing Director

NOTICE

Notice is hereby given that the 28th Annual General Meeting of the Members of Carnation Industries Limited will be held on Friday, the 23rd September, 2011 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 audited Profit and Loss Account for the financial year ended 31st March, 2011 and the Balance Sheet as at that date together with the Reports 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 Auditors 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 Statutory Auditors of the Company to hold office 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

5. Revision of Borrowing Powers

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

   "RESOLVED THAT in supersession of the Resolution passed at the 13th Annual General Meeting of the Company held on 23rd September, 1996 and pursuant to clause (d) of sub section(1) of Section 293 of the Companies Act, 1956, and all other enabling provisions, if any, approval of the members be and is hereby accorded to the Board of Directors of the Company to borrow money and obtain loans and credits upto the limit of Rs. 65 crore from the existing limit of Rs. 25 crore (including public deposits but excluding temporary loans obtained from the Company's bankers in the ordinary course of business) for the purpose of financing working capital requirements as also for acquisition of capital assets and/or for the purpose of any other requirements of the Company both capital/ revenue in nature, notwithstanding that the moneys to be borrowed and already outstanding will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount so borrowed shall not at any time exceed the limit of Rs. 65 crore(Rupees Sixty Five Crore only)."

6. Re-appointment of Whole - time Director

To consider and if thought fit to pass with or without modification(s), the following resolution as a Special 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 ("the Act") 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. Arun Kumar Bose as a Whole-time Director of the Company for a period of 2(two) years with effect from 5th September, 2011 on such terms and conditions as specified in the Explanatory Statement annexed hereto with liberty of the Board of Directors of the Company ("the Board") to alter and/or vary such terms and conditions of appointment including remuneration in such manner or as may be agreed to by and between the Board and Mr. Bose 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 of Directors

Place : Kolkata
Date : 17th August, 2011

SANJAY AGARWAL
(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 Monday, September 19, 2011 to Friday, September 23, 2011 (both days inclusive).

4. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/ Registrar and Transfer Agent, M/s R&D Infotech Private Limited.

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 DP ID 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 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 31.3.2004, to the Investor Education and Protection Fund (the 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 the 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/Registrar and Transfer Agent, M/s R & D Infotech Pvt. Limited.

By Order of the Board of Directors

Place : Kolkata
Date : 17th August, 2011

SANJAY AGARWAL
(Company Secretary)

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

ITEM No. 5

The members of the Company at the Annual General Meeting held on 23rd September,1996, had granted necessary authority to the Board of Directors to borrow in excess of the paid-up capital and free reserves upto a limit of Rs. 25 crore (including public deposits but excluding temporary loans obtained from the Company's bankers in the ordinary course of business).

In view of the increased business operations and future growth plans, it is expected that the borrowings shall exceed the present limit of Rs. 25 crore. In view of this, it is felt appropriate to enhance the authority of the Board of Directors, under Section 293(1)(d) of the Companies Act,1956, to borrow funds in excess of the paid up share capital and free reserves of the Company, to the extent of Rs. 65 crore.

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, consent of the members in general meeting is required, to enable the Board of Directors to borrow moneys, where moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the bankers in the ordinary course of business) exceed the aggregate paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose. Article 66 of the Articles of Association of the Company provides for borrowing powers of the Board subject to such limits as may be imposed by the members of the Company.

The Board of Directors recommends the resolution set out under Item No. 5 of the Notice for adoption by the members.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

ITEM No. 6

Mr. Arun Kumar Bose was appointed by the Board of Directors as a Whole-time Director of the Company from 5.9.2009, for a period of two years. Mr. Bose holds office upto 4th September, 2011. The Board of Directors of the Company at its meeting held on 17th August, 2011 extended the term of Mr. Arun Kumar Bose, Whole-time Director, for a further period of two years i.e. till 5.9.2013, subject to the approval of the members of the Company.

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

Mr. Arun Kumar Bose was recommended by the Board for re-appointment as the Whole-time Director of the Company w.e.f. 05.09.2011 on the following terms and conditions with the entitlement to the following remuneration within the overall ceiling as specified in Schedule XIII of the Companies Act, 1956.

REMUNERATION

Salary	:	Salary Rs.26,500/- per month remaining fixed till the end of tenure i.e 5.9.2013.

Part - A

Perquisites	:	House Rent Allowance of Rs 3,500 per month remaining fixed till the end of tenure i.e 5.9.2013. 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's 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

Notwithstanding anything contained to the contrary contained herein where during the currency of the tenure of his service, the Company has no profits 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 the resolution set out under Item No.6 of the Notice for adoption by the members.

None of the Directors except for Mr. Arun Kumar Bose shall be deemed to be concerned or interested in the said resolution.

By Order of the Board of Directors

Place : Kolkata
Date : 17th August, 2011

SANJAY AGARWAL
(Company Secretary)