

29th Annual Report 2011-12



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, Liluah
P.O. 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

AUDITORS

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

BANKERS

State Bank of Hyderabad
Punjab National Bank

CORPORATE & HEAD OFFICE

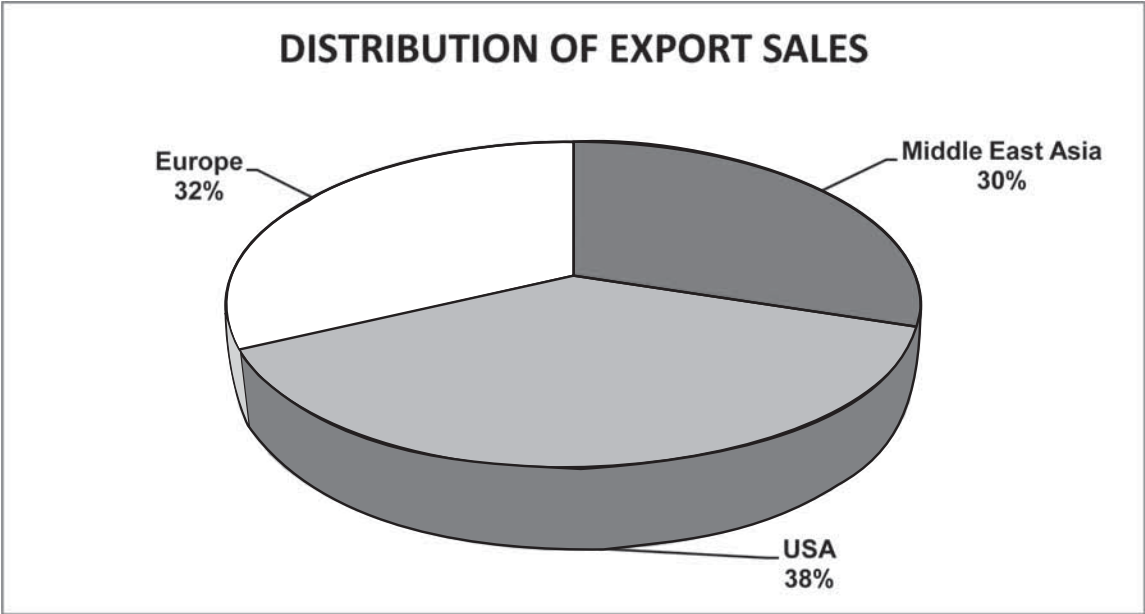
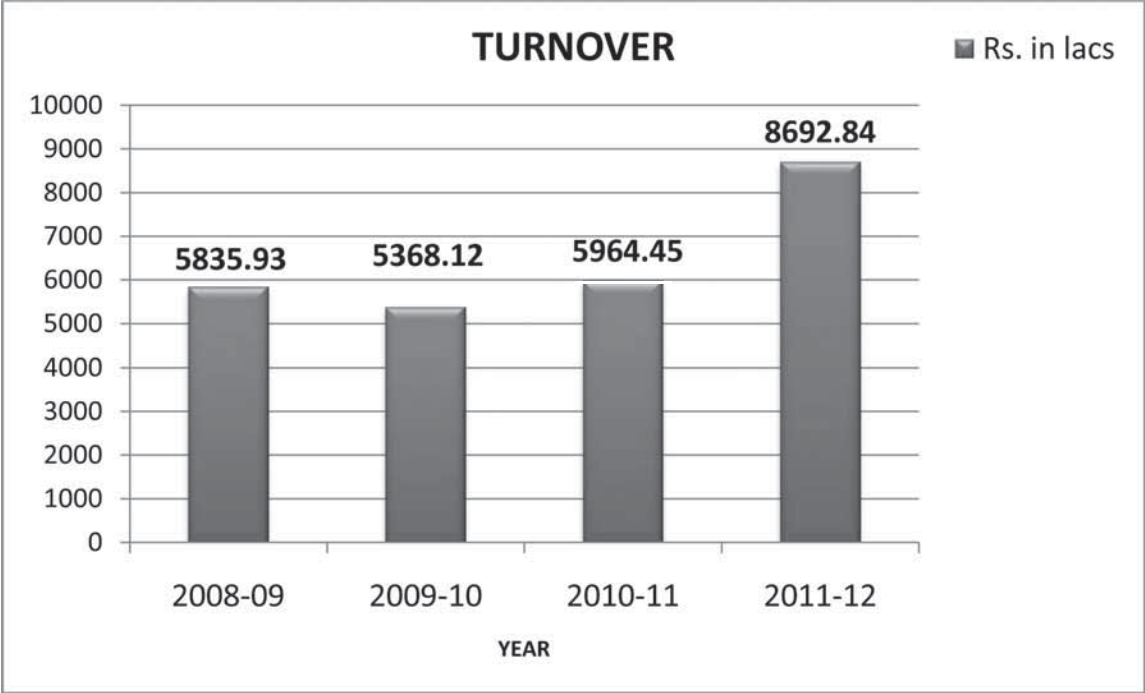
222, A. J. C. Bose Road
1st Floor, Room No. 4 & 5
Kolkata – 700 017
Phone : (033) 2290 2256 / 2287 8229
Fax : (033) 2287 9938
E-Mail: info@carnationindustries.com
Website: www.carnationindustries.com

REGISTRAR & SHARE TRANSFER AGENT

R&D Infotech Private Limited
7A, Beltala Road, 1st Floor
Kolkata – 700 026
Phone: (033) 2419 2641, 2419 2642
Email : rd.infotec@vsnl.net

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Mr. R.P. Sehgal, Managing Director, Carnation Industries Ltd., with Hon'ble Chief Minister Smt. Mamata Banerjee and Minister of Commerce and Industries, Govt. of West Bengal, Shri Partha Chatterjee, at the Howrah Foundry Park.



Mr. Suvabrata Saha, Jt. Managing Director

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of Carnation Industries Limited will be held on Friday, the 28th September, 2012 at 10.00 A.M. at “SARAT SADAN”, 5, Mahatma Gandhi Road, Howrah- 711 101 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at March 31, 2012, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. B. K. Datta, 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 appointed as 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.”

By Order of the Board of Directors

Place: Kolkata
Date : 29th May, 2012

SANJAY AGARWAL
(Company Secretary)

NOTES

1. **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.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 24, 2012 to Friday, September 28, 2012 (both days inclusive).
3. 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/ Registrars and Transfer Agents, M/s R&D Infotech Private Limited.

4. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
5. 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.
6. The facility for making nomination is available to the members in respect of the shares held by him.
7. 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.
8. 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.
9. 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 31.3.2005, to the Investor Education Protection Fund (the IEPF) established by the Central Government.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the 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 Private Limited.

By Order of the Board of Directors

Place: Kolkata
Date : 29th May, 2012

SANJAY AGARWAL
(Company Secretary)

Details of Directors seeking Re-Appointment at the 29th Annual General Meeting

Name of the Director	Mr. B. K. Datta
Date of Birth	30.11.1945
Date of Appointment	28.10.2009
Qualification	First Class Post Graduate (M.SC) from Kalyani University, West Bengal
Expertise in Functional Areas	Has rich experience in the Banking Sector. Former Executive Director of UCO Bank.
Directorship held in other Public Companies (excluding Foreign Companies and section 25 Companies)	Budge Budge Company Limited
Memberships / Chairmanships of Committee of Public Companies (includes only Audit Committee and Share-holders' / Investors' Grievance Committee)	Budge Budge Company Limited - Member Audit Committee
Shareholding in the Company (No. of Equity Shares)	Nil

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors are pleased to present the 29th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2012.

FINANCIAL PERFORMANCE

	(Rs. in Lakhs)	
	For Year Ended 31.3.2012	For Year Ended 31.03.2011
Revenue from operation and other operating revenue:		
Export Sales (Net of Freight)	8222.18	5833.99
Domestic Sales(Net of Central Excise and Vat)	470.66	130.46
Export Incentives	473.95	411.39
Other Income	<u>84.54</u>	<u>53.82</u>
Profit before Finance Costs, Depreciation & Amortisation, Extra Ordinary Item and Tax	823.22	202.74
Finance Costs	510.85	310.30
Depreciation & Amortisation	178.23	155.65
Profit/(Loss) before extra-ordinary item and tax	134.14	(263.21)
Extra-Ordinary Item	—	11.61
Profit/ (Loss) before Tax	134.14	(274.82)
Provision for Tax		
— Current	29.44	—
— Deferred	14.19	(2.03)
— Tax for Earlier Year	(2.93)	(2.11)
Profit/(Loss) after Tax	93.44	(270.68)
Surplus brought forward from previous year	(75.26)	211.49
Available Surplus/ (Deficit) for Appropriation	18.18	(59.19)
Proposed Dividend	20.74	13.83
Dividend Distribution Tax	3.36	2.24
Surplus/(Deficit) carried to Balance Sheet	(5.92)	(75.26)

FINANCIAL REVIEW

During the financial year ended 31st March, 2012 the Company achieved total revenue (net) from operations of Rs. 9251.33 lacs against Rs 6429.66 lacs in the previous year registering a growth of about 45%. The profit before depreciation, financial costs and extra ordinary item was Rs 823.22 lacs against Rs 202.74 lacs in the previous year recording an improvement in excess of 300% (3 times). The profit before tax was Rs 134.14 lacs (2010-2011, loss of Rs 274.82 lacs) and the profit after tax was Rs 93.44 lacs (2010-2011, loss of Rs 270.68 lacs) representing significant turnaround in operation. This turnaround was mainly attributable to improved export earnings and a favourable exchange rate.

FINANCE

Finance costs during the year under review was higher than the previous year, based on higher trade receivables as well as higher sales achieved. The extremely slow progress in the refund of input tax credit compounded the liquidity problems further. This level of increase in working capital required additional fund and non fund based borrowing which resulted in the higher finance cost. The Management has taken appropriate steps to ensure expeditious realization of the input tax credit and the export proceeds.

FOREIGN EXCHANGE EARNINGS AND OUTGO

	For Year Ended 31.03.2012	(Rs. in Lakhs) For Year Ended 31.03.2011
Earnings - Export (F.O.B.)	8222.18	5833.99
Expenditure		
Travelling & Conveyance	21.59	19.83
Certification Charge	—	5.82
Commission	42.67	39.21
Foreign Bank Charges	31.18	11.62
Raw Material & Other Purchase(CIF Value)	110.45	77.17
Licence Fees	5.08	—
Inspection Charges	2.93	—

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE AND DEVELOPMENT**

Global Census on Foundries now show that India is the second highest producer of castings in the world with a production of approx. 8 million tons of castings per annum, second only to China which produces approx 32 million tons of castings. However the strange fact is that China produces 8 million tons of Ductile Iron which constitute 25% of their castings and India produces only 10%(of total castings) i.e. 0.8 million tons. This indicates the immense potential that India has in the future. With the massive shift of European buyers towards India – the export demand holds out strong potential. The domestic increase in automobiles, tractors and earth moving equipments is giving rise to the increased domestic demand as well.