

SEN PET (INDIA) LIMITED



**Annual Report
2007-2008**

Board of Directors

| | |
|-----------------------------|---------------------|
| Mr. Umasankar Chattopadhyay | Director |
| Mr. Supratik Sen Barat | Director |
| Mr. Jyotirmoy Kar Roy | Whole Time Director |

Company Secretary

Mr. Ajay Kr. Rai

Auditors

M/s Mookherjee P. K. & Co.
Chartered Accountants
6B, Nepal Bhattacharya Street
Kolkata - 700 026

Registrars and Share Transfer Agents

S. K. Computers
34/1A, Sudhir Chatterjee Street
Kolkata - 700 006

Plant

Plot No. 51-56, Sector – II, Falta
Mouza - Simulberia, P.O. - Bisira
24 Parganas (S), West Bengal

Registered Office

85, S. N. Banerjee Road
Kolkata - 700 014
Phone : 2249-3871, 2883-0872
Fax : 2265-0747
email : systems@senglobal.com
Web : www.senglobal.com

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NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Sen Pet (India) Limited (Formerly Elque Polyesters Ltd.) will be held at the registered office of the Company at 85, S. N. Banerjee Road, Kolkata - 700 014, on Saturday the 27th day of September, 2008 at 11.30. a.m. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the audited Profit & Loss Account of the Company for the year ended 31st March, 2008, the Balance Sheet as on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Supratik Senbarat who retires by rotation and being eligible, offer himself for re-appointment.
3. To appoint Auditors and authorise the Board of Directors to fix their remuneration. In this connection, to consider and if thought fit, to pass the following resolution which will be proposed as Ordinary Resolution :

"RESOLVED THAT M/s Mookerjee P. K. & Co., Chartered Accountants, be and hereby appointed as the Auditors of the Company to hold such office untill the conclusion of the Next Annual General Meeting at a remuneration to be mutually agreed between the Board of Directors and the Auditors plus out of pocket expenses."

By Order of the Board

Place : Kolkata
Date : 27.08.2008

Ajay Kr. Rai
Company Secretary

NOTE :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD IN CASE OF POLL. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
2. The register of members and share transfer books of the company will remain closed from 23.09.2008 to 27.09.2008.
3. Shareholders desiring any information in respect of the Accounts of the Company are requested to write to the Registered Office of the Company at 85, S.N. Banerjee Road, Kolkata - 700 014 well in advance to enable the management to keep the information ready.
4. Copies of Annual Reports will not be circulated at the meeting. Members are requested to bring their copies of Annual Report to the Meeting.
5. Members are requested to intimate the Company about their change of address, if any, including, pin code and quoting the correct Folio Number and also notify mistakes, if any, in their address to ensure proper delivery of mail.

SEN PET (INDIA) LTD.
(Formerly Elque Polyesters Ltd.)

DIRECTORS' REPORT

To
The Members

Your directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Accounts for the period ended on 31st March, 2008.

FINANCIAL RESULTS (Rs. in thousand)

| | For the period 1st Oct., 07 to 31st March, 08 | For the period 1st Oct., 06 to 30th Sept., 07 |
|--|---|---|
| Turnover | — | 1512 |
| Other Income | 333 | 77 |
| Excess Liability written back | 31496 | (1) |
| Profit/(Loss) before Interest, Depreciation, Impairment of Fixed Assets, Misc. expenses and prior period items | 17043 | 58508 |
| Interest | — | 576 |
| Depreciation | 17684 | 35282 |
| Miscellaneous Expenses Written Off | — | 1290 |
| Net Profit/(Loss) Before Tax | (641) | 21360 |
| Provision for Tax- Deferred Tax | — | — |
| Fringe Benefit Tax | 18 | 140 |
| Net Profit /(Loss) after Tax | (659) | 21220 |
| Add : Balance brought forward from previous year | (1695518) | (1716739) |
| Balance carried forward to Balance Sheet | (1696177) | (1695518) |

REVIEW OF OPERATIONS

Due to adverse and erratic international market the plant was shut down for the entire period.

PROSPECTS AND FUTURE OUTLOOK

The demand for PET Resin has increased worldwide. However, with an increase in manufacturing capacities in various countries margins of PET are likely to continue under pressure.

During the year under review your directors had explored various ways to revive and to restart the operation of the plant, however none of them could be materialise due to increase in price of crude oil and other raw materials. Your directors are trying their level best to revive the company and to restart the operation of the plant at the earliest.

INTERNAL CONTROL SYSTEM

The Company has adequate system of internal controls and checks and balances to ensure that its assets are safeguarded and protected against loss from unauthorised use. The strength of these systems is continuously being monitored by the internal auditors and findings of this audits are reported to the Audit Committee.

SEGMENT WISE REPORTING

Your Company operates only in one business segment i.e. PET Resin.

BIFR STATUS

The Company continues to remain under the purview of BIFR.

Hon'ble AAIFR has vide its order dated 29th May, 2007 adjourned the case Sine Die.

DEPOSITORY SYSTEM

Your Company's shares have been in compulsory dematerialised form with CDSL since 19th October, 2001. In view of the numerous advantages offered by the Depository System, members are requested to avail of the facility of dematerialisation of the Company's shares.

CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement, a separate report on Corporate Governance is furnished as a part of the Annual Report alongwith the Auditors Certificate regarding the compliance of the conditions of Corporate Governance.

DIRECTORS

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 1956, Mr. Supratik Sen Barat retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) that in the preparation of the Annual Accounts for the financial year ended 31st March, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- (iii) that the Directors had taken proper and sufficient care to the extent possible for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2008 on a 'going concern' basis, subject to the fact that there has been adverse market condition during the relevant accounting year and the Company has to shut down the plant for entire period.

COMPLIANCE OF SEC. 274 (1) (G) OF THE COMPANIES ACT, 1956, AS AMENDED

The Companies (Amendment) Act, 2000 had introduced clause (f) to sub section (3) of Section 227 in terms of which the auditors are required to state in their Report whether any Director is disqualified from being appointed as Director in terms of clause (g) to sub section (1) of Section 274 of the Act.

The Board has the pleasure to inform you that none of the Directors of your Company is disqualified under the above mentioned section and necessary declaration regarding this has been obtained from all the Directors.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

Information as required under Section 271 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988, regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo is given in Annexure - A forming Part of this report.

HUMAN RESOURCES

The Company firmly believes that human resources and knowledge capital are vital for business success and creating value for stakeholders. The Industrial Relation during the year under review was cordial.

EMPLOYEE PARTICULARS

None of the employees of the company have received remuneration in excess of the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule 1975.

AUDITORS

The existing Statutory Auditors of the Company, M/s Mookerjee

P. K. & Co., Chartered Accountants, retire at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment. They have also confirmed that their appointment if made would be within the prescribed limit under Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.

AUDITORS' OBSERVATION

The observations made by the Auditors have been fully explained in the Notes on Accounts.

ACKNOWLEDGMENT

Your directors wish to place on record their sincere appreciation to all employees for their individual and collective contribution towards the growth and development of the company. The directors also thank the shareholders, Bankers, statutory authorities and business associates for the confidence reposed in the Company.

On behalf of the Board of Directors

Place : Kolkata
Date : 27th August, 2008

Umasankar Chattopadhyay
Director

Annexure - A**INFORMATION UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988****1. CONSERVATION OF ENERGY****A. VARIOUS CONSERVATION MEASURES TAKEN**

- (i) Use of low power lamps for lighting.
- (ii) Adequate and quality insulation of hot and cold lines.
- (iii) Use of variable speed A/c Drivers and PLC inverter.

B. Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

- (i) Conducting energy audit.
- (ii) Conducting illumination surveys to identify the existing luz levels in the plant.

C. Impact of measures of (A) and (B) above for reduction of energy consumption and consequent impact on cost of production of goods :

Consumption of energy per unit of production has come down marginally due to aforesaid measures undertaken.

D. Total energy consumption and energy consumption per unit of production :

| Power and Fuel Consumption | Current Year | Previous Year |
|----------------------------|--------------|---------------|
| (i) Electricity | | |
| a) Purchased | Nil | Nil |
| b) Own Generation | | |
| Units | Nil | Nil |
| Total amounts | Nil | Nil |
| Average Rate | Nil | Nil |

| Power and Fuel Consumption | Current Year | Previous Year |
|----------------------------|--------------|---------------|
| (ii) Coal | NIL | Nil |
| (iii) Furnace Oil | | |
| Quantity | Nil | Nil |
| Total Amount | | Nil |
| Average Rate | | Nil |
| (iv) Diesel Oil | | |
| Quantity | Nil | Nil |
| Total Amount | Nil | Nil |
| Average Rate | Nil | Nil |

E. Consumption per MT of production

| | Current Year | Previous Year |
|------------------|--------------|---------------|
| Electric (units) | Nil | Nil |
| Furnace Oil (KL) | Nil | Nil |
| Diesel Oil (KL) | Nil | Nil |
| Coal (MT) | Nil | Nil |

2. Technology Absorption

The Company's local technical development remained closely synchronised with the development works undertaken by our Collaborators.

Foreign Exchange Earnings and Outgo

The details of Foreign Exchange used and earned by the company during the year are as under :

| | | (Rs. 000') |
|-------------------------------------|---|------------|
| (a) Earnings in Foreign Exchange | : | Nil |
| (b) Expenditure in Foreign Exchange | : | Nil |

SEN PET (INDIA) LTD.
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CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as incorporated in Clause 49 of the Listing Agreement is set out below :-

A. Mandatory Requirements

1. Company's Philosophy on Code of Governance

Your company firmly believes good Corporate governance contemplates that corporate action balances the interest of all the stake holders of the Company and society at large. Such practices are founded upon the core values of transparency, empowerment, accountability and fair play. The Company makes its best endeavours to uphold and nurture these core values in all aspects of its operations.

2. Board of Directors

Composition and Category

The present strength of the Board of Directors is three. All of them are independent Directors.

The Composition of the Board of Directors and also the number of other directorship and Committees of which they are members/ Chairpersons are as under :

| Name of the Director | Category | No. of other Directorships | No. of membership of other Board/ Committees | No. of other Board/ Committees for which Chairperson |
|-----------------------------|------------------------------------|----------------------------|--|--|
| Mr. Umasankar Chattopadhyay | Non Executive Independent Director | Nil | 1 | Nil |
| Mr. Supratik Sen Barat | Non Executive Independent Director | Nil | 1 | Nil |
| Mr. Jyotirmoy Kar Roy | Independent Director | Nil | Nil | Nil |

Particulars of the Directors to be appointed/re-appointed at the ensuing Annual General Meeting pursuant to revised Clause 49 of the Listing Agreement :

| | |
|---|---|
| Name of the Director | Shri Supratik Sen Barat |
| Date of Birth | 28th July, 1947 |
| Date of Appointment | 24th October, 1998 |
| Qualification | LLM |
| Expertise in specific functional area | Mr. Sen Barat, is an Advocate and has more than 35 years of experience in Corporate and allied laws |
| Directorship of other companies | 1 |
| Chairman/Membership in the Committees | Member of the Audit Committee |
| Shareholding in Equity Shares of the Company and % of holding | |

During the year ended on 31st March, 2008, three Board Meetings were held on 31st October, 2007, 31st January, 2008, 29th February, 2008. The attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) is as under :

| Name of the Director | No. of Board meetings attended | Attendance at Last AGM held on 29.03.2008 |
|-----------------------------|--------------------------------|---|
| Mr. Umasankar Chattopadhyay | 3 | Yes |
| Mr. Supratik Sen Barat | 3 | Yes |
| Mr. Jyotirmoy Kar Roy | 3 | Yes |

3. Code of Conduct

The company has already adopted a Code of Conduct applicable to all its Directors and Senior Management Personnel of the Company. All Board Members and senior management personnel have affirmed compliance with the Company's code of conduct during the year. A declaration to this effect, duly signed by the Whole Time Director of the Company, is annexed and forms a part of this Report.

4. Audit Committee

a) Composition

The Audit Committee of the Company comprises of three Directors at present all of them are Independent Directors. All these Directors possess knowledge of corporate finance, accounts and Company law. The Chairman of the Committee is Mr. Umasankar Chattopadhyay. The Company Secretary acts as the Secretary to the Committee. The Statutory Auditors and the Internal Auditors of the Company are invited to attend the meetings of the Committee.

The terms of reference of the Audit Committee cover the following matters as specified under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956.

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing the adequacy of internal control and internal audit system and Company's financial and risk management policies.
- Reviewing the annual financial statements before submission to the Board.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.

Constitution of Audit Committee :

| Name of the Members | |
|-----------------------------|--|
| Mr. Umasankar Chattopadhyay | : Chairman, Non Executive Independent Director |
| Mr. Supratik Sen Barat | : Member, Non Executive Independent Director |
| Mr. Jyotirmoy Kar Roy | : Member, Independent Director |

b) Meetings and Attendance

During the period ended 31st March, 2008 three Audit Committee Meetings were held on 31st October, 2007, 31st January, 2008 and 29th February, 2008.