Senbo

Sixteenth Annual Report 2009-10

Senbo Industries Ltd.

ANNUAL REPORT
2009 - 2010

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Corporate Profile

Board of Directors

Mr. Kajal Sengupta	Chairman & Managing Director
Mr. C. S. Choudhury	Vice Chairman
Dr. Shaibal Chakraborty	Director
Dr. Asish Kumar Sengupta	Director
Mr. Kingshuk Sengupta	Director
Mr. Pradip Kumar Chakravorty	Director

Management Team

Mr. Hirak Dasgupta
Chief Executive Officer

Mr. Bhaskar Sengupta
Chief General Manager

Mr. S. K. Chowdhury
General Manager (Materials)

General Manager (Finance) & Company Secretary

Mr. S. K. Mukhopadhyay

Registered Office

87, Lenin Sarani, Kolkata 700 013
Phone : (033) 2217 8915/16, Fax : 033 2265 9485
Email : senboind@gmail.com
Website: www.senboindustries.com

Works

Karbala, Sonarpur Station Road, Kolkata 700 103
Phone : 033 2434 7339, Fax : 033 2434 7341

Bankers

Axis Bank

Auditors

M/S. Rajesh Chaturvedi & Associates
Chartered Accountants
643 A, New Alipore, "O" Block, Kolkata 700 053

Registrar & Share Transfer Agent

Niche Technologies Pvt. Ltd.
D511, Bagri Market,
71, B. R. B. B. Road, Kolkata 700 001

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of Senbo Industries Limited will be held at the premises at 251A/59A, Netaji Subhas Chandra Bose Road, Kolkata-700 047 on Wednesday, the 22nd day of September, 2010 at 11A.M. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March,2010 and the Profit & Loss Account for the year ended on that date, together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri C S Choudhury, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr.Shaibal Chakraborty, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/S. Rajesh Chaturvedi & Associates, Chartered Accountants as Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

By Order of the Board

Place : Kolkata,
Date : 28th May, 2010

S K Mukhopadhyay
General Manager (Finance) & Company Secretary

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Book of the Company will remain closed from 16th day of September, 2010 to 22nd day of September, 2010, both days inclusive.
3. Members who are holding Equity Shares in identical order of names in more than one folio are requested to write to the Company to enable the Company to consolidate their holdings in one folio.
4. Members holding shares in physical form can avail of the nomination facility by submitting Form No.2B of the Companies (Central Government's) General Rules and Forms, 1956 with the Company or its Registrar & Share Transfer Agents. Blank Forms will be made available on request. In case of shares held in demat form, the nomination has to be lodged with their Depository Participant.
5. Members are requested to intimate the Company's queries, if any, regarding Report and Annual Accounts at least ten days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting.

BRIEF PROFILE OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

As required under the Listing Agreement, the particulars of Directors proposed to be re-appointed are given below:

1. Shri C S Choudhury, aged 75 years is the Vice Chairman of the Board. Shri Choudhury is a graduate in the commerce stream and is also a Fellow member of The Institute of Cost & Works Accountants of India. He has experience of nearly five (5) decades in the Companies of Engineering, Construction, Steel, Tea, Timber as well as Hotel and Pharmaceuticals. He is also the Vice Charman of Senbo Engineering Limited.

2. Dr. Shaibal Chakraborty, aged 53 years is MBBS and a reputed Cardiologist. He has high experience in medical profession for over two (2) decades. He is also member and Chairman of the Audit Committee and also a member of the Remuneration Committee. But he is not holding Directorship of any other Company.

By Order of the Board

S K Mukhopadhyay

General Manager (Finance) & Company Secretary

Place : Kolkata,

Date : 28th May, 2010

DIRECTORS' REPORT

To
The Members
Your Directors present their Sixteenth Annual report on the business and operations of the Company together with the Financial results for the year ended 31st March, 2010.

FINANCIAL RESULTS

	Rs. Lacs	
	2009-10	2008-09
Operating Profit / (Loss) before Finance Charges, Depreciation & Items not related to operation	(165.08)	(120.32)
Finance Charges	(0.05)	(1.58)
Depreciation	(160.72)	(138.22)
Write Off	(6.42)	(0.07)
Net Operating Profit(Loss)	(332.27)	(260.19)
Other Non Operating Income	1.73	9.08
Net Profit / (Loss)	(330.54)	(251.11)
Adjutment relating to previous years	2.83	(0.90)
Accmulated (Loss) brought forward	(2383.84)	(2,131.83)
(Loss) carried forward to Balance Sheet	(2711.55)	(2,383.84)

In view of huge accumulated loss, your Directors do not recommend payment of Dividend for the year and for similar reason, no provision for Income Tax has been made.

OPERATING PERFORMANCE

During the financial year under review, balancing adjustments concerning automated production were made and production on Trial Run basis was started. Out of 1,57,634 Product Materials, only 24,244 materials could be sold in the market at much below the production cost. This demonstrated that manufacturing of I V Fluids on commercial basis was no longer viable and was leading to increase in losses.

RENOVATION OF MACHINES

The only producing machine –Bottel Pack 360, imported from Rommelag Ag., Germany in 1996 has been "Metal Fatigued" and stops frequently warranting heavy maintenance. Spares are not readily available and it takes 45 to 60 days time to get delivered from their country of origin.

PRODUCTION PLAN

After renovation of the machine, the Management took steps of either own manufacturing on commercial basis or contract manufacturing. Since own manufacturing and selling was not found viable, attempts were taken to establish relationship with some interested parties like, Fresenius, Baxter, B Brawn and others on contract Manufacturing. All negotiations failed because of non-matching of price together with firm commitments required for minimum quantity of production. Hence, there was no other alternative but to take a decision to sell the Intra-venous Fluid manufacturing machines.

SALE OF ASSETS

The Company being a loss making unit needs restructuring of its business. The Company has also huge amount of unsecured loan in its books.

Since the Board is contemplating new lines of business, it at its meeting held on 15th January, 2010, decided, subject to your approval, to sell, lease, transfer or otherwise dispose of the I V Fluid manufacturing machineries and other assets of the Company either in whole or in part. In the said meeting, the Board also decided to obtain your consent / approval under Section 293(1)(a) of the Companies Act,1956 by way of Special resolution, empowering the Board of Directors of the Company for sale, lease, transfer or otherwise dispose of the whole or substantially the whole or part of the Company's assets more specifically situated at the Company's factory at Karbala, Sonarpur Station Road, Kolkata-700 103. Accordingly, consent / approval of the shareholders has been taken through postal ballot under Section 293(1)(a) read with Section 192A of the Companies Act, 1956 and the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001. Consequent to the consent / approval received from the shareholders on 17th March, 2010, the Board initiated sale of I V Fluid manufacturing machineries. The fund thus received have, amongst others, been used to pay off part of its unsecured loan.

FUTURE PLANS

In view of decision of bringing new lines of business, a number of alternatives are under consideration. It includes setting up hospitals, Medical Care Unit, health projects, Eye Care Unit, Cancer Research Unit & Hospital, etc. In addition, the Board was also interested to apply for suitable change in the Object Clause of the Memorandum of Association for any other profitable venture and if necessary any other decision to relieve the Company from its huge liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

1. ***INDUSTRY STRUCTURE AND DEVELOPMENTS***

   Once the Project is identified, it will be possible to discuss both structure and development of the Project.

2. ***OPPORTUNITIES AND THREATS***

   There are many opportunities available for going to new projects. Management is making a continuous study on such new projects. Selection of a Project is always subject to taking risk. A Project Report exposes some opportunities and threats. Similarly, implementation of the Project largely depends on a number of contingencies.

3. ***SEGMENT-WISE / PRODUCT-WISE PERFORMANCE***

   Your Company is in search of a suitable project keeping in mind of its past experience. Therefore, reporting under sector wise performance does not arise at this stage.

4. ***OUTLOOK***

   The prospects of the Company largely depends on selection of an appropriate project and its techno-commercial viability. However, it seems to be bright in view of probable selection of a profitable project.

5. ***RISKS & CONCERNS***

   The major concern of your Company relates to earning a fair margin of profit. Other aspects of concern of your Company include selection of an appropriate project, funding of the said project and selection of a financial partner for execution of the project.

6. ***INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY***

   Maintenance of proper and adequate system of internal control ensures that all assets are safeguarded and protected against loss from unauthorized use and that all transactions are authorized and recorded and reported correctly.

   An extensive program of internal and continuous Audit review supplements the internal control system as part and parcel of the Company's documented policies and procedures.

7. ***FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE***

   The Income from sale of trial products and sale of scrap aggregated to Rs.3.79 lacs during the year ended 31st March, 2010.

   The Company suffered a net operating loss of Rs.332.27 Lacs against Rs. 260.19 Lacs of previous year.

8. ***HUMAN RESOURCE & INDUSTRIAL RELATIONS***

   At present, your Company has 92 employees on role. It recognizes the importance and contribution of its employees and is committed to uplift their welfare and to improve the quality of their living standard. Relations during the year

between the management and workers were cordial.

Your Company is committed to ensure the health and safety to every employee at its factory by providing 24 hours free medical check-up by doctor. Your Company is also committed to promoting amongst its employees proper sense of safety, conducting of training program regularly in order to accustom and update the quality of its employees as well as to ensure self-discipline and inculcate in them the need for efficient use of materials, utilities and other resources to maximize productivity. Your Company provides free canteen facilities for its employees at Sonarpur. The employees have all along accorded unflinching support to the management for effective revival of the Company. However, in view of discontinuance of present production activities, your Company may consider reducing its staff strength till implementation of new project.

Incidentally, the Management is, at present, feeling a sense of restlessness amongst Employees.

DIRECTORS' RESPONSIBILITY STATEMENT

a. Your Directors have followed applicable Accounting Standards in the preparation of Annual Accounts.

b. Your Directors had selected such accounting policies as mentioned in the 'Notes to Accounts' and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of 31st March, 2010 and of the loss of the Company for the year ending 31st March, 2010.

c. Your Directors have taken proper and sufficient care 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.

d. Your Directors have prepared the Annual Accounts on a going concern basis.

FIXED DEPOSIT

During the year under review, your Company has not accepted any deposit from Public.

PARTICULARS OF EMPLOYEES

Section 217(2A) of the Companies Act, 1956 was not applicable since there was no employee drawing salary during the year in excess of the specified amount.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & EXPENDITURE

A. CONSERVATION OF ENERGY

1. Power and Fuel Consumption

		Current Year	Previous year
i. Electricity from WBSEDCL			
Unit	Kwh	194875	143,593
Total Amount	Rs.	2,320,553	1,757,578
Rate	Rs. / Kwh	11.91	12.24
ii. Furnace Oil			
Quantity	Ltr.	10871	7,800
Total amount	Rs.	243,670	172,581
Rate	Rs. / Ltr	22.41	22.13

2. Consumption per Unit of Production

		Current Year	Previous Year
Electricity	Kwh / bottle	1.236	Negligible Production
Furnace Oil	Ltr. / bottle	0.0689	Negligible Production

The energy consumption has always been a priority area for the Company. Your directors are very much conscious of the need for conservation of energy as on going process and for that purpose, continuous efforts are being made for optimum usage of energy.

B. TECHNOLOGY ABSORPTION

The Company is waiting for new project to come in. The Company hereby undertakes that the technology of the new project will be fully absorbed during and immediately after the implementation of the project.

C. FOREIGN EXCHANGE EARNING AND EXPENDITURE

(Amount in Rs.)

	Current Year	Previous Year
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Expenditure		
Raw Materials	Nil	Nil
Spares & Components	1,121,678	Nil
Traveling	Nil	Nil
Foreign Delegation Fee	Nil	Nil

AUDITORS AND AUDIT REPORT

Messrs Rajesh Chaturvedi & Associates, Chartered Accountants, are the statutory auditors of the Company, who retire at the forthcoming Annual General Meeting and being eligible, have consented to act if re-appointed by the members at the Annual General Meeting.

The observations of the auditors in their report on the Company's accounts for 2009-10, in our opinion, have been sufficiently disclosed in the Notes on Accounts which form part of the Accounts and need no further explanation.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

A Certificate from the Auditors of the Company regarding compliance with the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this Report.

DIRECTORS

Sri C S Choudhury and Dr. Shaibal Chakraborty, Directors retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks and deep appreciation to the various Government Departments, Banks, Shareholders and employees of the Company for their continuous support to the Company.

For and on behalf of the Board

Place : Kolkata
Date: 28th May, 2010

Kajal Sengupta
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Senbo Industries Limited is committed to the objectives of the Company while ensuring accountability in the exercise of power and patronage conferred upon it. The Company is further committed to ensure compliance with the code of Corporate Governance to enhance and protect the interest of all the shareholders.

BOARD OF DIRECTORS

The composition of the Board of Directors is regulated by the Companies Act,1956 and the Company's Articles of Association. The Board of Directors of the Company sets the strategic goals based on the objectives of the Company, defines its policies and oversees implementation of those policies to facilitate the taking of suitable actions for attainment of its goals.

At present, the composition of the Board of Directors consists of six (6) Directors. Sri Kajal Sengupta, the main promoter and the Chairman & Managing Director heads the Board. Sri Kajal Sengupta is B.Sc (Hons.) graduate and has 31 years of valuable experience in hi-tech construction and Pharmaceuticals industry. No remuneration is currently paid to him.

The Vice Chairman of the Board is Sri C S Choudhury. Sri Choudhury is a graduate in the Commerce stream and is also a Fellow member of the Institute of Cost & Works Accountants of India. He has experience of nearly five (5) decades in various Companies of Engineering, Construction, Steel, Tea, Timber, Hotel and Pharmaceuticals. He is due to retire by rotation and being eligible, offers himself for re-appointment in the forthcoming Annual General Meeting.

Sri Kingshuk Sengupta is a Bachelor of Commerce and has over 16 years experience in high-tech construction, pharmaceuticals and hotel industries.

Dr. Shaibal Chakraborty, MBBS is a reputed cardiologist and has experience in medical profession for over two (2) decades. He is due to retire by rotation and being eligible, offers himself for re-appointment in the forthcoming Annual General Meeting.

Sri Pradip Kumar Chakravorty, a representative of small shareholders of the Company, has nearly four (4) decades of business experience.

Dr. Asish Kumar Sengupta, MBBS, DGO (Cal) is a reputed medical practitioner having experience for 26 years.

All Directors other than Sri Kajal Sengupta, Chairman & Managing Director, Sri C S Choudhury, Vice Chairman and Sri Kingshuk Sengupta are independent Directors. The representation on the Board of Directors of executive vis-à-vis non-executive Directors is 3:3.

The Company has not entered into any material significant transaction with non-executive Directors of the Company.

BOARD MEETING

During the year under review five Board meetings were held on 3rd April, 15th May, 29th June, 27th July, 14th August, 30th October, 2009 and 15th January,2010.

The last Annual General Meeting of the Company was held on 23rd September, 2009. The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the Annual General Meeting and the number of other Directorship and Board Committee Membership / Chairmanship are as follows :

Name of Directors	Category	Attendance		Number of other Directorship & Committee Membership/ Chairmanship		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Shri Kajal Sengupta	Promoter Executive Director	7	No	4	-	-
Shri C. S. Chowdhury	Executive Director	7	Yes	1	-	-
Dr. Shaibal Chakraborty	Independent Non-Executive Director	7	No	Nil	-	-
Shri Kingshuk Sengupta	Independent Non-Executive Director	7	No	3	-	-
Dr. Asish Kr. Sengupta	Independent Non-Executive Director	7	No	Nil	-	-
Shri Pradip Kumar Chakravorty	Independent Non-Executive Director	7	Yes	Nil	-	-

AUDIT COMMITTEE

The Audit Committee comprises of two (2) Non-Executive Directors and one Executive Director. The non-executive Directors being Dr. Shaibal Chakraborty, Chairman of Audit Committee, Dr. Asish Kumar Sengupta while Shri Kajal Sengupta, Chairman & Managing Director is the sole executive Director. During the year under review five Audit Committee meetings were held, the dates of those meetings being 3rd April, 15th May, 29th June, 27th July,