

# Seventeenth Annual Report 2010-2011



**Senbo Industries Limited**

# ANNUAL REPORT

## 2010 - 2011

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## CORPORATE PROFILE

### Board of Directors

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

### COMPANY SECRETARY

Ms. Anita Singh

### MANAGEMENT TEAM

Mr. Bhaskar Sengupta	Mr. S. K. Choudhury
Chief General Manager	General Manager(Material)

### AUDITORS

Rajesh Chaturvedi & Associates  
Chartered Accountants  
643A, 'O' Block, New Alipore  
Kolkata – 700 053

### BANKER

Axis Bank

### REGISTERED OFFICE

87, Lenin Sarani, Kolkata – 700 013  
Phone: 033 2217 8915/16; Fax: 033 2264 9485  
Email: senboind@gmail.com  
Website: www.senboindustries.com

### REGISTRAR & SHARE TRANSFER AGENT

Niche Technologies (P) Ltd.  
D 511, Bagri Market, 71, B.R.B.B.Road,  
Kolkata – 700 001

## NOTICE

NOTICE is hereby given that the Seventeenth 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 Monday, the 26th day of September, 2011 at 11 A.M. to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date, together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Kingshuk Sengupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-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.

### Special Business

4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"Resolved that Mr. Badal Modak who was appointed as an Additional Director of the Company and who holds the office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a shareholder proposing him as a candidate for the office of Director under the provision of Section 257 of the Companies Act, 1956 along with the requisite deposit and who is eligible for appointment be and is hereby appointed a Director of the company whose period of office shall be liable to determination by rotation."

Place: Kolkata  
Date: 30th May, 2011

By Order of the Board  
**Anita Singh**  
*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 Explanatory Statement in respect of Item no. 4 pursuant to the Section 173(2) of the Companies Act, 1956 is annexed herewith.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 20th to 26th day of September, 2011, both days inclusive.
4. 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.
5. 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.
6. Members are requested to intimate to the Company, their 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. Mr. Kingshuk Sengupta is a Bachelor of Commerce and he has over 17 years experience in high-tech construction, pharmaceuticals and hotel industries.
2. Mr. Badal Modak is an Engineer by profession and he holds a Bachelor's degree in Civil Engineering.

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

Item no. 4

Mr. Badal Modak who has been appointed as an Additional Director of the Company w.e.f 29th April, 2011 by the Board pursuant to Section 260 of the Companies Act, 1956 vacates office at this Annual General Meeting. Notice and a deposit as required under Section 257 of the Companies Act, 1956 has been received from a shareholder proposing his candidature as a Director of the Company.

Your directors recommend the resolution for your approval.

None of the Directors except Mr. Badal Modak is in any way concerned or interested in the resolution.

Place: Kolkata  
Date: 30th May, 2011

By Order of the Board  
**Anita Singh**  
*Company Secretary*

## DIRECTORS' REPORT

To  
The Members,

Your Directors present their Seventeenth Annual Report on the business and operations of the Company together with the financial results for the year ended 31st March, 2011.

### FINANCIAL RESULTS

(Rs. in lakh)

	2010-11	2009 - 10
Operating Profit / (Loss) before Finance Charges, Depreciation & Items not related to operation	(198.61)	(165.08)
Finance Charges	(0.04)	(0.05)
Depreciation	(160.76)	(160.72)
Write Back/Write Off (Net)	(1.58)	(6.42)
Net Operating Profit / (Loss)	(360.99)	(332.27)
Other Non-Operating Income	0.18	1.73
Net Profit / (Loss)	(360.81)	(330.54)
Adjustment relating to previous years	(0.01)	2.83
Accumulated (Loss) brought forward	(2,711.55)	(2,383.84)
(Loss) carried forward to Balance Sheet	(3,072.37)	(2,711.55)

In view of loss during the year, your Directors regret their inability to recommend payment of Dividend for the year.

### OPERATING PERFORMANCE

There was no production during the year under review due to suspension of work in the factory. Entire sale during the year was out of stock of finished goods of trial products of earlier years.

### CLOSURE OF FACTORY AT SONARPUR

In spite of all the measures taken to revive the Company, nothing could be done and finally it was decided to close the factory at Sonarpur with effect from 28.03.2011. The dues of the employees of the Company such as notice pay, gratuity etc. have been settled with borrowed fund, as per Section 25FFF of the Industrial Disputes Act, 1947 and other applicable statutes. Up-to date Employees' and Employers' contribution of Provident Fund has also been deposited on time with the West Bengal Regional Provident Fund office, Kolkata. Nothing from the Company is due to the employees as on date.

### ADVANCE AGAINST SALE OF ASSETS

As reported in the previous year the Company has received Rs. 6.00 crore from a buyer as advance against sale of Intra Venous Fluid manufacturing machinery of the Company. However, due to resistance from a section of the ex-workers the said machinery could not be removed from the factory till the date of the report. The Company has been trying to sort out the issue at the earliest. The entire amount received as advance against sale of machinery has been used to pay off part of its unsecured loan.

### FUTURE PLANS

The factory is closed down due to huge losses in the business of IV Fluid and the management plans to change its main line of business. Number of alternatives is under consideration, which include setting up medical care unit, cancer research unit & hospital, etc, decision on which will be taken in due course.

### MANAGEMENT DISCUSSION AND ANALYSIS

## 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

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

## 2. OPPORTUNITIES AND THREATS

Many opportunities are open to proposed new projects. Management has been making continuous study on such new projects. Selection of a project is always subject to taking risk. Both opportunities and threats are associated with a new line of activity. Similarly, a number of contingencies are involved in implementation of a new project.

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

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

## 4. OUTLOOK

The prospect of the Company largely depends on selection of an appropriate project and its techno-commercial viability.

## 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

Adequate systems of internal control are in place to safeguard the assets of the Company.

## 7. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Due to labour unrest and many other factors, the operation at the factory remained suspended throughout the year. As a result, during the year under review the Company suffered a loss of Rs. 360.81 lakh.

## 8. HUMAN RESOURCE & INDUSTRIAL RELATIONS

After closure of the factory the entire dues of the Company to the employees have been fully settled.

## DIRECTORS' RESPONSIBILITY STATEMENT

1. The applicable accounting standards excepting those mentioned in Para 1.11 to the Notes to accounts have been followed in the preparation of the annual accounts for the year.
2. The Directors have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2011 and of its losses for the year ended on that date.
3. The 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.
4. The 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 the Public.

## PARTICULARS OF EMPLOYEES

Section 217(2A) of the Companies Act, 1956 is not applicable since none of the employees draws salary during the year in excess of the limit specified therein.

## 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.	114945	194875
Total Amount	Rs.	2,130,519	2,320,553
Rate	Rs. / Kwh.	18.54	11.91
ii) Furnace Oil			
Quantity	Ltr.	-	10,871
Total Amount	Rs.	-	243,670
Rate	Rs. / Ltr.		22.41

#### 2. Consumption per Unit of Production Current Year Previous Year

Electricity	Kwh / bottle	No Production	1.2360
Furnace Oil	Ltr. / bottle	No Production	0.0689

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

Not applicable as the Company has suspended its operation and the factory is under closure.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Current Year	Previous Year
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange used:		
- Raw Materials	Nil	Nil
- Spares & Components	Nil	1,121,678
-Others	Nil	Nil

### AUDITORS AND AUDIT REPORT

Messrs Rajesh Chaturvedi & Associates, Chartered Accountants, retire at the forthcoming Annual General Meeting as Statutory Auditors and being eligible, offer themselves for reappointment.

Explanation on the observations of the auditors in their report on the Company's accounts has been given in the notes to accounts.

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

A Certificate from the Statutory 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

Dr. Asish Kumar Sengupta has resigned from the Board of Directors with effect from 15th February, 2011. The Board places on record its deep appreciation for the valuable services rendered during his directorship in the Company.

Mr. Badal Modak has been appointed as an Additional Director on 29th April 2011. He holds office up to the date of the next annual general meeting. Notice has been received U/S 257 of the Companies Act, 1956 proposing his candidature for fresh appointment

Mr. Kingshuk Sengupta, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

In the 14th Annual General Meeting of the Company held on 24th September, 2008, Mr. Pradip Kumar Chakravorty was appointed as small shareholders' Director for the term of three years u/s 252(1) of the Companies Act, 1956. The Company has received notice from a few shareholders proposing his re-appointment for a further period of three years. Mr. Chakravorty has also accorded his consent for such appointment. The Board will propose the resolution for his re-appointment in terms of Section 252(1) separately through postal ballot pursuant to Section 192A and other applicable provisions, if any, of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

## ACKNOWLEDGEMENT

Your Directors acknowledge with thanks the support and co-operation received by the Company from the various Government Departments, Banks, and the Shareholders of the Company.

Place : Kolkata

Date: 30th May, 2011

For and on behalf of the Board

**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.

As on 31st March 2011 the Board of Directors consists of five Directors. However, an Independent Director, named Mr. Badal Modak was appointed as Additional Director on 29th April, 2011. Mr. Kajal Sengupta, the main promoter and the Chairman & Managing Director heads the Board. Sri Kajal Sengupta is B.Sc (Hons.) graduate and has 32 years of valuable experience in Hi-Tech, Design & construction, Hoteliering and Pharmaceuticals industry. No remuneration is currently paid to him.

The Vice Chairman of the Board is Mr. C S Choudhury. Mr. 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 decades in various Companies of Engineering, Construction, Steel, Tea, Timber, Hotel and Pharmaceuticals.

Mr. Kingshuk Sengupta is a Bachelor of Commerce and has over 17 years experience in high-tech construction, pharmaceuticals and hotel industries. He is due to retire by rotation and being eligible, offers himself for re-appointment in the forthcoming Annual General Meeting.

Dr. Shaibal Kumar Chakraborty, MBBS is a reputed cardiologist and has experience in medical profession for over 2 decades.

Mr. Pradip Kumar Chakravorty, a representative of small shareholders of the Company, has nearly 4 decades of business experience. He has again been nominated by few small shareholders of the Company as a small shareholders' Director and deposited the requisite amount for his election u/s 252(1) of the Companies Act, 1956. Mr. Chakravorty has also consented to act as Director upon his re-election.



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

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

## BOARD MEETING

During the year under review seven Board meetings were held on 8th April, 28th May, 22nd June, 7th August, 15th November, 2010 and 8th January, 15th February, 2011

The last Annual General Meeting of the Company was held on 22nd September, 2010. 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
Mr. Kajal Sengupta	Promoter, Executive Director	7	Yes	4	-	-
Mr. C S Choudhury	Executive Director	7	Yes	1	-	-
Dr. Shaibal Kumar Chakraborty	Independent Non-Executive Director	7	No	Nil	-	-
Mr. Kingshuk Sengupta	Independent Non-Executive Director	7	No	3	-	-
Dr. Asish Kumar Sengupta	Independent Non-Executive Director	6	No	Nil	-	-
Mr. Pradip Kumar Chakravorty	Independent Non-Executive Director	7	Yes	Nil	-	-

\* Dr. Asish Kumar Sengupta has resigned from Board w.e.f. 15th February, 2011 and Mr. Badal Modak has joined the Board on 29th April, 2011.

## AUDIT COMMITTEE

The Audit Committee comprises of two (2) Non-Executive Directors and one Executive Director. The non-executive Directors being Dr. Shaibal Kumar Chakraborty, Chairman of Audit Committee and Mr. Pradip Kumar Chakravorty while Mr. Kajal Sengupta, Chairman & Managing Director is the sole executive Director. During the year under review six Audit Committee meetings were held, the dates of those meetings being 8th April, 28th May, 7th August, 15th November, 2010 and 8th January, 15th February, 2011. The composition of the Committee and the attendance at the meetings of the Committee are given below:

Name of Members	Designation	No. of Meetings attended	Remarks
Dr. Shaibal Kumar Chakraborty	Chairman	6	Nil
Mr. Kajal Sengupta	Member	6	Nil
Mr. Pradip Kumar Chakravorty	Member	1	Nil

\* Dr. Asish Kumar Sengupta has resigned from Board w.e.f. 15th February, 2011 and Mr. Pradip Kumar Chakravorty appointed in his place with immediate effect.

The terms of reference and the scope of surveillance of the Audit Committee include –

- Ensuring compliance and improving efficiency of internal control system as well as internal audit.
- Reviewing of Company's financial performance at regular intervals as well as overseeing of the Company's financial reporting process and concurring Financial Statements before submission to the Board.
- Reviewing scope and adequacy of audit functions, both internal and statutory.
- Reviewing of critical findings with particular reference to elements of cost, economization in expenditure, improving productivity and profitability as well as related follow-up actions thereof.
- Complying of Accounting Standards and Disclosure norms prescribed under the Companies Act, 1956.
- Disclosing of financial information while ensuring its correctness, sufficiency, credibility and its compliance with Stock Exchange Regulations as well as other legal requirements.
- Recommending appointment/ removal of external auditors, fixation of audit fees and approval for payment for other services rendered by the external auditors.
- Reviewing audit observations and critical concerns like suspected fraud or irregularity, or failure of internal control systems and reporting such matters to the Board.
- Reviewing of matters relating to changes in accounting policies, major accounting entries based on exercise of judgement, transactions in which Directors are directly / indirectly interested.
- Reviewing of the Financial and Risk Management Policies of the Company.
- Reviewing from time to time the Company's statutory and contractual obligations as well as reasons for defaults therein, if any.

## REMUNERATION COMMITTEE

Remuneration Committee comprising of two non-executive Directors, viz, Dr. Asish Kumar Sengupta, Dr. Shaibal Kumar Chakraborty and one executive Director, viz., Mr. C S Choudhury, Vice Chairman was formed by the Board at its meeting held on 31st October, 2008. The Committee is headed by Dr. Asish Kumar Sengupta. Although he has resigned from the Board on 15th February, 2011, Mr. Pradip Kumar Chakravorty appointed as a member of the Committee with the immediate effect, and Mr. Shaibal Kumar Chakraborty appointed as the Chairman of the Committee. The Committee has been vested with powers to determine the terms of appointment and remuneration of Executive Directors, policy on remuneration package of the Executive Directors and revision in sitting fees as paid to Directors for attending meetings of the Board or Committees thereof. During the financial year, two meetings were held on 28th May and 7th August 2010.

The composition of the Committee and the attendance of the meetings at the Committee are given below:

Name of Members	Designation	No. of Meetings attended
Dr. Shaibal Kumar Chakraborty	Chairman	2
Mr. Pradip Kumar Chakravorty	Member	0
Mr. C S Choudhury	Member	2

\* Mr. Pradip Kumar Chakravorty has joined on 15th February, 2011

## SHAREHOLDERS' COMMITTEE

Shareholders' Committee consists of Dr. Shaibal Kumar Chakraborty, Mr. Pradip Kumar Chakravorty and Mr. C S Choudhury, Vice Chairman. The Committee is headed by Dr. Shaibal Kumar Chakraborty, an independent director. The terms of reference of the Committee are to look into redressal of investors' complaints like transfer of shares, non-receipt of annual report, etc and to oversee the performance of the Registrar and Share Transfer agents. The details of complaints received and attended to during the year are given below:

No. of Shareholders' complaints received so far : Nil

No. of complaints pending / unresolved : Nil