



# Twentieth Annual Report 2013-14



Senbo Industries Ltd.

# ANNUAL REPORT

2013 - 2014

## Contents

Directors' Report	...	1
Report on Corporate Governance	...	4
Auditors' Certificate on Corporate Governance	...	11
Independent Auditors' Report	...	11
Annexure to the Independent Auditors' Report	...	12
Balance Sheet	...	14
Statement of Profit and Loss	...	15
Cash Flow Statement	...	16
Schedule to Balance Sheet	...	17
Schedule to Statement of Profit and Loss	...	22
Notes to Accounts	...	24
CEO/CFO Certification	...	25

## Corporate Profile

### Board of Directors

Shri Kajal Sengupta	Chairman & Managing Director
Shri Kingshuk Sengupta	Director
Shri Bimal Kanti Choudhury	Director
Dr. Shaibal Kumar Chakraborty	Director
Shri Pradip Kumar Chakravorty	Director
Shri Badal Modak	Director

### Management Team

Shri Bhaskar Sengupta <i>Chief General Manager</i>	Shri S. K. Chowdhury <i>General Manager (Materials)</i>
---	--

### Company Secretary

Shri Rahul Kumar Singh

### 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

### 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. Road, Kolkata 700 001

## DIRECTORS' REPORT

### To The Members

Your Directors have pleasure to present herewith their Twentieth Annual Report on the business and operations of the Company together with the financial results for the year ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS

	2013 - 14 Rs.	2002 - 13 Rs.
Operating Profit / (Loss) before Finance Charges, Depreciation	(44,80,710)	(36,90,815)
Depreciation and Amortization	(20,91,267)	(21,90,501)
Finance Charges	(22,414)	NIL
Profit / (Loss) before exceptional items	(65,94,390)	(58,81,316)
Exceptional Items	NIL	(10,49,858)
Profit / (Loss) from Continuing operation	(65,94,391)	(69,31,174)
Profit / ( Loss) for the period	(65,94,391)	(69,31,174)
Accumulated (Loss) brought forward	(357,213,874)	(35,02,82,699)
(Loss) carried forward to Balance Sheet	(363,808,264)	(35,72,13,873)

### DIVIDEND

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

### OPERATING PERFORMANCE

Due to closure of the factory, there was no production in the year 2013-14 and hence, sale during the year under review was nil.

### FUTURE PLANS

As reported earlier various proposals for setting up of medical units and health related facilities are under active consideration of the management. Joint Venture proposals with reputed overseas firms are also being explored. Our Directors are hopeful of finalizing the issue in near future.

### 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 the 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 & 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 experience. Therefore, reporting under 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 suspension of work, there was no operating activity during the year under review. The Company suffered a loss of Rs. 65.94 lakhs during the year. Carry forward loss till the year end accounts to Rs. 36.38 Crores.

**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 those mentioned in Para 1.11 (b) 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2014 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.

**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.

**DEPOSIT**

The Company has not received any Deposit in terms of Section 58A of the Companies Act, 1956 during the period under review.

**LISTING**

The shares of the Company are listed on the following Stock Exchanges :

- (i) BSE Limited
- (ii) The Calcutta Stock Exchange Limited.

**ISSUE OF CUMULATIVE REDEEMABLE PREFERENCE SHARES**

The Company obtained inter-corporate loan to the extent of Rs. 190,634,399 from Senbo Engineering Limited and Embicon Engineering Private Limited. The lenders have agreed to subscribe for Cumulative Redeemable Preference Shares (CRPS) against such loan. This will be cost economical for the Company. The Directors proposes the related resolutions for your approval.

**RELATED- PARTY TRANSACTION**

The Company proposes to rent out a portion of the Company's unused Factory Godown situated at Sonarpur to Senbo Engineering Limited at a annual rent not exceeding to Rs.36 Lakhs per annum. This agreement being a Related Party Transaction pursuant to Section 188 of the Companies Act 2013 requires prior approval of the Shareholders by a Special Resolution. Appropriate resolutions will be incorporated into notice of ensuing Annual general Meeting for your approval.

## 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	
	Total Amount	Rs.	
	Rate	Rs. /Kwh	
		51,540	53280
		14,73,528	21,24,956
		28.59	39.88

#### 2. Consumption per Unit of Production

		Current Year	Previous Year
Electricity	Kwh / bottle	No Production	No Production
Furnace Oil	Ltr. / bottle	No Production	No Production

Since the factory is closed there is not much scope for reduction of energy consumption. The expenses on electricity are only for the closed factory and based on the minimum load factor

### B. TECHNOLOGY ABSORPTION :

Since there was no operation in the factory for a period under review. So, there is no question of Technology Absorption.

### C. FOREIGN EXCHANGE EARNING AND EXPENDITURE :

There was no inflow and outgo of foreign exchange during the year.

## AUDITORS AND AUDIT REPORT

Messers Rajesh Chaturvedi & Associates, Chartered Accountants, retire at the forthcoming Annual General Meeting as Statutory Auditor and being eligible, offer themselves for re-appointment.

The observations of the auditors in their report on the Company's accounts for 2013-14, dealt with in the Notes on Accounts which form part of the Accounts and are self explanatory.

## 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

Your directors regret to report the sad demise of Shri C.S. Choudhury on 20<sup>th</sup> November, 2013. The Board records its appreciation of the valuable services rendered by Late C.S. Choudhury to the Company since its inception.

Shri Bimal Kanti Choudhury was appointed as an Additional Director designated as Professional Director with effect from 25<sup>th</sup> September, 2013 and he shall hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing with requisite deposit from a member proposing Shri Choudhury for appointment as a Director liable to retire by rotation.

In accordance with provisions of the Companies Act, 2013 and the Company's Article of Association, Dr. Shaibal Kumar Chakraborty and Shri Pradip Kumar Chakravorty retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

The tenure of appointment of Shri Kajal Sengupta as Managing Director has been expired on 31<sup>st</sup> March, 2014. The Board proposed to re-appoint him as Managing Director for a future period of 5(Five) years with effect from 1<sup>st</sup> April, 2014. Appropriate resolution will be incorporated in the agenda of the ensuing Annual General Meeting.

The resolutions for appointment of Shri Shaibal Kumar Chakraborty, Shri Pradip Kumar Chakravorty and Shri Badal Modak as the Independent Directors in terms of the provision of the Companies Act, 2013 for a continuous period of 5(Five) years with effect from 1<sup>st</sup> October, 2014 have been prepared for your approval.

## ACKNOWLEDGEMENT

Industrial Relations continue to be cordial. The Management expresses its sincere thanks for the co-operation extended by its Banking, customers, employees, consultants and by associates during the period under report.

For and on behalf of the Board

Place : Kolkata  
Date : 07.08.2014

**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 as well as the provision of the new Companies Act, 2013 and the Company's Articles of Association.

As on 31<sup>st</sup> March, 2014 the Board of Directors consists of six Directors. The Board has required combination of Executive, Non-executive, promoters and Independent Directors.

Shri Kajal Sengupta, the main promoter who heads the Board as its Chairman & Managing Director. Shri Sengupta is a graduate in Science and has thirty five years of valuable experience in Hi-Tech Design & Construction, Hoteliering and Pharmaceuticals industry. No remuneration is currently paid to him.

The Board of Directors with deep regrets to record the sad demise of Shri C.S. Choudhury. We appreciate the valuable contribution made by him in building the company since its inception. We extend our condolences towards his family and would continue follow his shown path and value in further development of this company.

Shri Bimal Kanti Choudhury was inducted into the Board on 25/09/2013 and will hold the office till the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Shri Bimal Kanti Choudhury for appointment as Non-executive Director

Shri Bimal Kanti Choudhury is an Additional Director. Shri Choudhury is a Master of Commerce and is also a Fellow member of the Institute of Chartered Accountants of India and a Fellow member of the Institute of Company Secretaries of India has more than three decades of vast experience in the field of accounts, taxation, and company law matters.

Shri Kingshuk Sengupta is a Bachelor of Commerce and has over twenty years of experience in Hi-Tech Construction, Pharmaceuticals and Hotel Industries.

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

Shri Pradip Kumar Chakravorty, a representative of small shareholders of the Company, has nearly four decades of business experience.

Shri Badal Modak is an Engineer by profession holding a Bachelor Degree in Civil Engineering and has fourteen years of business experience.

The Board consists of six Directors of whom Shri Kajal Sengupta, Chairman & Managing Director is the sole Executive Director, and all the other five Directors are Non-Executive Directors. There are 3(Three) Independent Directors. All directors are above 21 years of age.

The Company has not entered into any material significant transaction with non-executive Directors of the Company. None of the directors are related with each other.

## BOARD MEETING

During the year under review six Board meetings were held on 30<sup>th</sup> May, 2013, 13<sup>th</sup> June, 2013, 5<sup>th</sup> August, 2013, 25<sup>th</sup> September, 2013, 7<sup>th</sup> November, 2013 and 12<sup>th</sup> February, 2014

The last Annual General Meeting of the Company was held on 25<sup>th</sup> September, 2013. 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	6	Yes	2	-	-
Shri C. S. Choudhury	Vice-Chairman	2	Yes	1	-	-
Shri Kingshuk Sengupta	Non-executive Director	6	Yes	2	-	-
Shri Bimal Kanti Choudhury*	Additional Director	2	Yes	1	-	-
Dr. Shaibal Kumar Chakraborty	Independent Director	6	Yes	Nil	-	-
Shri Pradip Kumar Chakravorty	Independent Director	6	Yes	Nil	-	-
Shri Badal Modak	Independent Director	6	Yes	1	-	-

\* Shri Bimal Kanti Choudhury was appointed on 25<sup>th</sup> September, 2013 as Additional Director.

## AUDIT COMMITTEE

The Audit Committee comprises of two Non-Executive Directors and one Executive Director. The Non-executive Directors are Dr. Shaibal Kumar Chakraborty, and Shri Badal Modak, and Shri Kajal Sengupta, the sole Executive Director of the Committee.

During the year under review four Audit Committee meetings were held, the dates of those meetings being 30<sup>th</sup> May, 2013, 5<sup>th</sup> August, 2013, 4<sup>th</sup> November, 2013, 8<sup>th</sup> February, 2014. The attendance at the meetings of the Audit Committee is given below:

Name of Members	Designation	No. of Meetings attended
Dr. Shaibal Kr. Chakraborty	Chairman	4
Shri Kajal Sengupta	Member	4
Shri Badal Modak	Member	4

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 the 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.
- Examination of the financial statement and the auditors' report thereon.
- Disclosing of financial information while ensuring its correctness, sufficiency, credibility and its compliance with Stock Exchange Regulations as well as other legal requirements.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Reviewing finding of audit observations and critical concerns like suspected fraud or irregularity, or failure of internal control systems and reporting such matters to the Board.
- Approval or any subsequent modification of transactions of the company with related parties.

- k. Reviewing of the Financial and Risk Management Policies of the Company.
- l. Reviewing from time to time the Company's statutory and contractual obligations as well as reasons for defaults therein, if any.
- m. Scrutiny of inter-corporate loans and investments.
- n. Valuation of undertakings or assets of the company, wherever it is necessary.
- o. Evaluation of internal financial controls and risk management systems.
- p. Monitoring the end use of funds raised through public offers and related matters.

#### **NOMINATION & REMUNERATION COMMITTEE**

To rationalise all employees' related issues, while adhering to the requirements of the Companies Act, 2013 / Clause 49 of the Listing Agreement, the Board of the Company has constituted Nomination and Remuneration Committee. The terms of reference of the 'Remuneration Committee' was conferred on the Nomination and Remuneration Committee ; consequently, the Remuneration Committee was dissolved.

Nomination and Remuneration Committee are comprising of three Independent Directors, viz, Shri Pradip Kumar Chakraborty, Shri Badal Modak and Dr. Shaibal Kumar Chakraborty. The Committee is headed by Shri Pradip Kumar Chakraborty. The Committee has been vested with powers to determine the terms of appointment of Executive Directors, policy on remuneration package of the Executive Directors and revision in sitting fees as paid to the Directors for attending meetings of the Board or Committees thereof.

#### **REMUNERATION TO EXECUTIVE DIRECTORS**

The Company have one (1) Executive Director in Shri Kajal Sengupta, and 5 (five) non-executive directors. The Company does not pay any salary or compensation to the Shri Kajal Sengupta. His terms of appointment are given as under :

- A. Salary : Nil
- B. Perquisites :
  - (i) Free medical facilities.
  - (ii) Leave travel expenses at actual for self and family once a year.
  - (iii) Club Membership Fees, subject to a maximum of two clubs.
  - (iv) Personal accident insurance not exceeding Rs. 20,000/- per annum.
- C. Provision of Car for use on Company's business and telephone at residence will not be considered as perquisite. Personal long distance calls and use of car for private purposes shall be billed by the Company to the Chairman & Managing Director.

#### **SHARES HELD BY NON-EXECUTIVE DIRECTORS**

There are 5 (five) Non-executive directors on the Board. The following table shows the number of shares held by Non-executive directors:

S. No.	Name of the Director	No. of Shares Held	% of Total Shares
1.	Kingshuk Sengupta	1,22,900	1.117%
2.	Bimal Kanti Choudhury	Nil	Nil
3.	Pradip Kumar Chakravorty	2,000	0.018%
4.	Dr. Shaibal Kumar Chakraborty	Nil	Nil
5.	Badal Modak	Nil	Nil

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Board has constituted Stakeholders Relationship Committee in accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The terms of reference of Shareholders' / Investors' Grievance (SIG) Committee was conferred on the Stakeholders Relationship Committee and consequently, the Shareholders' / Investors' Grievance (SIG) Committee was dissolved.

Shareholders' Committee comprising of two Independent Directors viz, Dr. Shaibal Kumar Chakraborty, Shri Badal Modak and one non-executive director Shri Bimal Kanti Choudhury.

The terms of reference of the Committee are to look into redressal of investors' complaints like transfer of shares, non-