



Shentracon Chemicals Limited

REGD. OFFICE :

6A, KIRAN SHANKAR ROY ROAD, KOLKATA-700 001, PHONE : 2248-9731, 2248-9538, FAX : (91-33) 2248-4000

DIRECTORS' REPORT

Ladies & Gentlemen,

Your Directors take pleasure in presenting the Seventeenth Annual Report of the Company together with the Audited Balance Sheet and Profit & loss Account for the year 2009-2010.

FINANCIAL RESULTS

2009-2010

Profit/(Loss)during the year	(3410607)
ADD Balance as per Last year	<u>(95456394)</u>
Balance carried to the Balance Sheet	<u>(98867001)</u>

OPERATIONS :

There was no production at the Company's manufacturing plant at Dankuni, Dist.Hooghly during the year. In view of that the Company had to incur heavy losses.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Mr. J. P. Sureka is liable to retire by rotation & has offered himself for re-appointment.

AUDITORS :

M/S. K.P.Jhawar & CO.,Chartered Accountants, Auditor of the Company hold office till the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

REMARKS IN AUDITORS' REPORT:

Note Nos. B: 4,5,6,7,9,10,11,12,13,14 in the Auditors Report are in nature of disclosures and self explanatory.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act 1956, with respect to Directors' Responsibility Statement. Your Directors confirm :

1.that in the preparation of Annual Accounts, the applicable accounting standards have been followed;

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2.that the Directors have selected such accounting policies 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 financial year ended March 31,2010 and of the loss of the Company for the year.

3.that 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 of the assets of the Company and for preventing and detecting fraud and other irregularities;

4.That the Directors have prepared the Annual Accounts on a going concerns basis.

CORPORATE GOVERNANCE:

Report on Corporate Governance has to be implemented by your Company from financial year 2005-2006. Necessary steps will be taken for implementation of the same in due course.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO:

A statement containing necessary information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rule, 1988 is annexed hereto and marked as Annexure "A" to the Report.

PARTICULARS OF EMPLOYEES:

As required by the provisions of Section 217(2A) of the Companies Act,1956 read with the Companies (Particulars of Employees) Rule, 1975 as amended, the particulars are not given as the same is not attracted in the case of any person employed by the Company.

ACKNOWLEDGEMENT :

Your Company and its Directors wish to sincerely thank the various Govt. Departments for their support and co-operation extended to the Company.

Your Directors also sincerely thank the Shareholders for the confidence reposed by them in the Company and seek their continuous support and co-operation in future also.

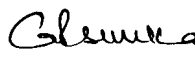
Registered Office:

6A, Kiran Shankar Roy Road,
3rd Floor, Kolkata-700 001
The 27th day of July,2010

on behalf of the Board
SHENTRACON CHEMICAL LTD.


Director

Shentracon Chemicals Ltd.


Director

ANNEXURE-A

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE
EARNING AND OUT GO:**

b) Conservation of Energy:

The Company's production at present is under suspension and therefore no power is consumed at the factory.

c) Technology Absorption:

The Company's factory at Dankuni is under suspension of work therefore Technology Absorption is not applicable.

d) Foreign Exchange Earning and Outgo:

- a. Activities relating to Export/initiatives taken to increase exports & Development of New Export market for products and services and Export plans:

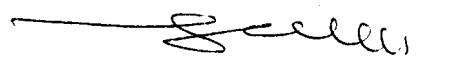
At present the Company has no production and sales so matter will be considered only after restart of production.

b) Total Foreign Exchange used and earned:

- i) Foreign Exchange Earning : Nil
ii) Foreign Exchange Outgo : Nil

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The 27th day of July, 2010

on behalf of the Board
SHENTRACON CHEMICAL LTD.



Director

Shentracon Chemicals Ltd.


Director

**AUDITORS' REPORT TO THE MEMBERS OF SHENTRACON
CHEMICALS LIMITED**

1. We have audited the attached Balance Sheet of SHENTRACON CHEMICALS LIMITED as at 31st March, 2010 and the Profit and Loss account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, We enclose in the Annexure a statement of the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments given in (1) above, we report that :
 - A) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - B) In our opinion proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books.
 - C) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account.
 - D) In our opinion the Balance Sheet and Profit & Loss account dealt with in this report complies with the mandatory accounting standard referred to in sub-section 3(c) of Section 211 of the Companies Act., 1956.
 - E) On the basis of written submission received from the Directors' as on 31st March 2010 and taken on record by the Board of Directors', we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in term of Section 274(1)(g) of the Companies Act. 1956 as amended.
 - F) (a) The accounts of the company have been prepared on a going concern basis. However since the work is under suspension since 10.10.1999, its ability to continue as such is highly doubtful and largely depend on outcome of its future planning. We are unable to express an opinion on the same.



(b) Subject to matters referred in notes on accounts given in Schedule 11 together with resulting impact thereof as regards (i) as indicated in note B:6 as regards possible reduction in inventory value unascertained due to no physical verification and evaluation thereof. (ii) as indicated in note B:2 accounts of the company have been prepared on a going concern basis even though the production was under suspension. (iii) As indicated in the note B:9 possible erosion in realisable value of fixed assets comparing to its written down value, quantum of which could not be ascertained. (vi) Possible erosion of value of capital work-in progress arising due to long suspension as stated in B: 5. (vii) Amount advanced against orders Rs. 24,43,030/- pending settlement as specified in Note B:13(ii). (viii) Contingent liabilities as specified in Note B:4, which might have impact on company's standing.

Subject to the above in our opinion and to the best of our information and according to explanation given to us, the said accounts read together with significant accounting policies and other notes appearing in Schedule 13 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- a. In the case of Balance Sheet, of the State of affairs of the Company as at 31st March 2010.
- b. In the case of the Profit & Loss account, of the loss (excluding waiver of interest) for the year ended on that date.
- c. In the case of Cash Flow Statement of the cash flow for the year ended on that date.

For **K. P. JHAWAR & CO.**
CHARTERED ACCOUNTANTS
Firm Registration No. 306105E


(K. P. JHAWAR)

Proprietor
M-10309

Place : Kolkata

Dated : The 27 th day of July, 2010



SHENTRACON CHEMICALS LIMITED

ANNEXURE TO THE AUDITORS' REPORT

For the Financial year 2009-10

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) We are informed that the physical verification of the fixed assets could not be carried out due to complete closure of the factory since 10.10.99. In view there of result of physical verification can not be compared with book records and material discrepancy, if any can not be reported. We are informed that none of the fixed assets has been revalued during the year.
- ii) Inventory :
- (a) It is informed to us that inventory comprising stock of materials, stores, fuel, finished goods, work-in-process and reusable residues could not be physically verified due to closure of the factory and hence we are not in a position to comment thereon consequently we are not in a position to comment on as regards unserviceable damaged inventory.
- (b) It is informed to us that any erosion in potential value of the stock which may arise due to its nature could not be dealt with due to non verification of stock and its technical evaluation.
- (c) The closing stock of finished goods, work in progress and reusable residues and raw materials have been taken in the account on the basis of verification/evaluation and certificate dated 21.07.1998 of an independent valuer appointed by State Bank of India as there was no movement of inventory thereafter. No further physical verification and/or technical evaluation has been made thereafter.
- (d) We are informed that proper records of inventory has been maintained. However in absence of physical verification thereof we are not in a position to comment on discrepancy comparing with the physical stock. The stock has been taken in these accounts on the basis of physical counting and evaluation made by the independent valuer in 1998-99 and there is no movement thereafter
- iii) (a) As per information and explanations furnished the company has not granted but has taken unsecured loan from companies, firms and other associates covered in the register maintained under section 301 of the Companies Act, 1956. The aggregate amount involved outstanding at the close of the year is 92,80,144/-
- (b) In our opinion the rate of interest and other terms and conditions on which these loan has been taken are prima facie not prejudicial to the interest of the company. The amount of principal and interest in respect of such loans are not payable during the currency of institutional loans as explained in note no. B:11 of Schedule 11 consequently there is no overdue amount of principal and interest in respect of such loan.

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- iv) Having regard to the fact that there is complete suspension of operational activity during the year procedure of internal control as regards purchase of inventory, fixed and other assets is not applicable.
- v) (a) According to information and explanation provided by the management, there is no such transaction need to be entered in the register in pursuance of Section 301 of the Companies Act, 1956 accordingly para V (b) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- vi) The company has not accepted any deposit from the public during the year except intercorporate loan and loan from Directors/their relatives/associates/promoters.
- vii) As per the information and explanations furnished, the company has an adequate infrastructure of inhouse internal audit system commensurate with the size and nature of its business.
- viii) In absence of any emoluments of the employees during the year, the deduction of P.F. & E.S.I. and deposit thereof has no relevance. According to information and explanation furnished to us, there is no disputed amount relating to Income Tax Sales Tax, Wealth Tax, Cess, other material Statutory Dues except the past dues of E.S.I. of Rs. 76,591/-, Income Tax Rs. 17,162/- and Professional Tax payable Rs. 14,570/- which is coming from years and still remain unpaid.
- ix) The company has accumulated losses.. The company has incurred cash loss, before extraordinary item adjustment, during the financial year and has incurred loss in the immediate preceding financial year. *The accumulated losses are more than 50% of net worth. The company is a sick industrial company within meaning of clause 3 of Subsection 1 of Section 3 of Sick Ind. Co. (Special Prov) Act 1985.*
- x) According to information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of Shares, Debentures and other Securities. Accordingly the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xi) In our opinion the company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Accordingly the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xii) According to the information and explanation given to us, the Company is not dealing and trading in shares, Securities, debentures and other Investments
- xiii) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xiv) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xv) According to the information and explanation given to us, and overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No fund whether short term or long term has been raised during the year.
- xvi) The Company has not made any preferential allotment of any shares to parties and companies covered u/s301 of the Companies Act, 1956 during the year.



- xvii) According to the information and explanation given to us, the company has not created security for debentures issued in earlier years. No new debentures were issued during the year covered by our audit report.
- xviii) According to the information and explanation given to us, the company has not made any public issue during the year to raise money. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xix) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported in the year as explained to us during the course of our audit.

For K. P. JHAWAR & CO.
CHARTERED ACCOUNTANTS

Firm Registration No.-306105E


(K. P. JHAWAR)

Proprietor
M-10309

Place : Kolkata

Dated : The 27th day of July, 2010

