

Eighteenth Annual Report 2011-2012



Senbo Industries Limited

ANNUAL REPORT

2011 - 2012

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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 Kumari 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.co.in

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 Eighteenth 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 24th day of September, 2012 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, 2012 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. C.S.Choudhury, 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.

Place: Kolkata
Date: 31st May, 2012

By Order of the Board
Anita Kumari 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 Register of Members and Share Transfer Books of the Company will remain closed from 18th to 24th day of September, 2012, 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 Governments) 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 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 DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

As required under the Listing Agreement, the particulars of Mr. C. S. Choudhury, Vice Chairman who is proposed to be re-appointed is given below:

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 Accountants of India. He has experience of over five decades in various Companies of Engineering, Construction, Steel, Tea, Timber, Hotel and Pharmaceuticals.

Place: Kolkata
Date: 31st May, 2012

By Order of the Board
Anita Kumari Singh
Company Secretary

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure to present herewith their Eighteenth Annual Report on the business and operations of the Company together with the financial results for the year ended 31st March, 2012.

FINANCIAL RESULTS

| | (Rs.) 2011 - 12 | (Rs.) 2010 - 11 |
|--|--------------------|--------------------|
| Operating Profit / (Loss) before Finance Charges, Depreciation | (3,986,517) | (19,057,674) |
| Depreciation and Amortization | (6,648,688) | (16,076,027) |
| Profit / (Loss) before exceptional items | (10,635,205) | (35,133,701) |
| Exceptional Items | (18,436) | (9,48,589) |
| Profit / (Loss) from Continuing operation | (10,653,641) | (36,082,290) |
| Profit / (Loss) from Discontinuing operations | (32,391,911) | - |
| Profit / (Loss) for the period | (43,045,552) | (36,082,290) |
| Accumulated (Loss) brought forward | (307,237,147) | (271,154,857) |
| (Loss) carried forward to Balance Sheet | (350,282,699) | (307,237,147) |

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

OPERATING PERFORMANCE

Consequent to closure of the factory from 28th March, 2011, there was no production in the year 2011-2012 and hence, sale during the year under review was nil.

SALE OF ASSETS

As reported in the previous year the Company had received advance from a buyer against sale of Intra Venous Fluid manufacturing machinery of the Company. However, the sale was effected during the year under review. Loss on sale of such machinery during the year was **Rs.323.92 lakhs**.

FUTURE PLANS

Some proposals as to setting up of Medical Care Unit, Cancer Research Unit & Hospital etc. were reviewed but no conclusive decision could be taken in absence of proper financial planning. In view of involvement of huge Capital Expenditure, it becomes necessary to hold discussions with Financial Institutions for the required financial assistance over and above Promoters' contribution. However, further review would be made during the current financial year.

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.106.35** lakh before considering exceptional items and loss arising out of discontinuing operations being sale of machinery.

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

- 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.
- 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 as at 31st March, 2012 and of its losses for the year ended on that date.
- 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.
- 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.

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 | 67615 | 114945 |
| Total Amount | Rs. | 1,922,843 | 2,130,519 |
| Rate | Rs. / Kwh | 28.43 | 18.53 |
| 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. The electricity expenses are on the higher side as the energy bills are raised by the supplying unit based on the minimum load factor.

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:-

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

AUDITORS AND AUDIT REPORT

Messrs 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 2011-12, dealt with the Notes on Accounts which form part of the Accounts.

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

Mr. C.S. Choudhury, Director retires at the forthcoming Annual general Meeting and being eligible, offers themselves for re-appointment.

Place : Kolkata

Date: 31st May, 2012

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 2012 the Board of Directors consists of six Directors. Mr. Kajal Sengupta, the main promoter and the Chairman & Managing Director heads the Board. Mr. Sengupta is B.Sc (Hons.) graduate and has thirty three 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 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 eighteen years of 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 decades.

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

Mr. Badal Modak is an Engineer by profession holding a Bachelor Degree in Civil Engineering. He has twelve years of business experience.

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 material significant transaction with non-executive Directors of the Company.

BOARD MEETING

During the year under review six Board meetings were held on 30th May 2011, 9th August 2011, 12th August 2011, 22nd August 2011, 8th November 2011, 8th February 2012.

The last Annual General Meeting of the Company was held on 26th September, 2011. 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 | - | - |
| Mr. C. S. Choudhury | Executive Director | 6 | Yes | 1 | - | - |
| Dr. Shaibal Chakraborty | Independent Non-Executive Director | 6 | yes | Nil | - | - |
| Mr. Kingshuk Sengupta | Executive Director | 6 | yes | 2 | - | - |
| Mr. Pradip Kumar Chakravorty | Independent Non-Executive Director | 6 | yes | Nil | - | - |
| Mr. Badal Modak | Independent Non-Executive Director | 6 | Yes | 1 | - | - |

AUDIT COMMITTEE

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

During the year under review four Audit Committee meetings were held, the dates of those meetings being 30th May 2011, 12th August 2011, 8th November 2011, 8th February 2012. The attendance at the meetings of the Audit Committee is given below:

| Name of Members | Designation | No. of Meetings attended |
|-------------------------|-------------|--------------------------|
| Dr. Shaibal Chakraborty | Chairman | 4 |
| Sri Kajal Sengupta | Member | 4 |
| Mr. 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.

- c) Reviewing scope and adequacy of audit functions, both internal and statutory.
- d) 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..
- e) Complying of Accounting Standards and Disclosure norms prescribed under the Companies Act, 1956.
- f) Disclosing of financial information while ensuring its correctness, sufficiency, credibility and its compliance with Stock Exchange Regulations as well as other legal requirements.
- g) Recommending appointment / removal of external auditors, fixation of audit fees and approval for payment for other services rendered by the external auditors.
- h) 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.
- i) 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.
- j) Reviewing of the Financial and Risk Management Policies of the Company.
- k) Reviewing from time to time the Company's statutory and contractual obligations as well as reasons for defaults therein, if any.

SHAREHOLDERS' COMMITTEE

Shareholders' Committee comprising of two Independent Directors viz, Dr. Shaibal Chakraborty and Mr. Badal Modak and one Non-Executive Director Mr. C. S. Choudhury. 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 |

GENERAL BODY MEETING

The last three Annual General Meeting of the company were held as indicated below:

| YEAR | VENUE | DATE | TIME |
|---------|--|----------------------|------------|
| 2008-09 | Company's Works at Sonarpur, Sonarpur Station Road, Karbala, Kolkata - 700 103 | 23rd September, 2009 | 11-00 A.M. |
| 2009-10 | -do- | 22nd September, 2010 | 11-00 A.M. |
| 2010-11 | 251A/59A, Netaji Subhas Chandra Bose Road, Kolkata-700047 | 26th September, 2011 | 11-00 A.M. |

Special Resolutions passed at aforesaid Annual General Meetings.

| YEAR | DATE OF MEETING | SPECIAL RESOLUTION PASSED |
|---------|-----------------|---------------------------|
| 2008-09 | 23.09.2009 | ONE |
| 2009-10 | 22.09.2010 | NIL |
| 2010-11 | 26.09.2011 | ONE |

Special resolutions passed at the last 3 Annual General Meetings (AGM):-

1. At the AGM held on September 23, 2009:- Approving of sale, lease or otherwise disposing of the whole, or substantially the whole, of the assets of the company pursuant to section 293(1) (a) of the Companies Act, 1956.

2. At the AGM held on September 29, 2010:- There was no matter that required passing of special resolution.
3. At the AGM held on September 26, 2011:- Approving the Inter corporate Loan/Investment/Guarantee/ Security in connection with loan of the Company pursuant to section 372A of the Companies Act 1956.

DISCLOSURE

- a) During the year, there was no significant transaction of material nature with the Promoters, Directors or the Management, or relations that might have any potential conflict with the interest of the Company at large.
- b) The Company has complied with the requirements of the Stock Exchanges/SEBI and Statutory Authority on all matters related to capital markets during the year. No penalties or strictures have been imposed on the Company by these authorities.
- c) The Audit Committee allows employees to complain about unethical behavior, actual or suspected fraud or malpractices in the Company without fear of reprisal.
- d) The Mandatory Requirements on Corporate Governance have been fully complied with and Non-Mandatory Requirements, viz., Training of Board Members, Mechanism for evaluating Non-Executive Board Members etc. are yet to be implemented.

MEANS OF COMMUNICATION

The quarterly and annual financial results are published in the Business Standard (English) and Arthik Lipi. The financial results and the official news releases are also placed on the Company's Website www.senboindustries.com (Presently www.senboindustries.co.in)

CODE OF CONDUCT

The Code of Conduct as adopted by the Board of Directors is summarized below:-

- 1) To act in the best interests of, and fulfill fiduciary obligations to the Company ; act honestly, fairly, ethically and with integrity, conduct themselves with professional, courteous and respectful manner and not take improper advantage of the position of the Director or Senior Manager.
- 2) To comply with all applicable laws, rules and regulations;
- 3) To act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgement to be subordinated;
- 4) To act in a manner to enhance and maintain the reputation of the Company;
- 5) To disclose any personal interest that they may have regarding any matters that may come before the audit committee and / or the Board and abstain from discussion, voting or otherwise influencing decision on any matter in which the concerned Director has or may have such interest.
- 6) To respect the confidentiality of information relating to the affairs of the Company acquired in the course of their service as Directors, while continuing as such a Director and even after ceasing to be such a Director, for two years, except when authorized or legally required to disclose such information.
- 7) Restrain from using the Company's property or position for personal gain.
- 8) Avoid using any information or opportunity received in the capacity as Directors for personal gain, or in a manner that would be detrimental to the Company's interest.
- 9) Not to use confidential information acquired in the course of their service as Directors for their personal advantage or for the advantage of any other entity in which they have a direct or indirect interest.
- 10) Help, create or maintain a culture of high ethical standards and commitment to compliance.

All Directors and Senior Management personnel affirmed compliance with the Code.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

- Date and time : On 24th September, 2012 at 11 A.M.
Venue : Premises situated at 251A/59A, Netaji Subhas Chandra Bose Road,
Kolkata - 700 047

Profile of a Director seeking re-appointment/appointment

The profile of the Director who is seeking re-appointment at the Annual General Meeting is furnished below:-

| Brief profile of the Director and nature of his experience in functional areas | Directorship/Committee membership in other Companies | Shareholdings in Senbo Industries Limited |
|---|--|---|
| Mr. C.S.Choudhury is a graduate in the commerce stream and is also a Fellow member of the Institute of Cost Accountants of India. He has experience of nearly five decades in various Companies of Engineering, Construction, Steel, Tea, Timber, Hotel, and Pharmaceuticals. | Senbo Engineering Ltd. | Nil |

Financial Year

The Company follows financial year from 1st April to 31st March.

Indicative events of the Company for the Year 2012-13 (April – March) excluding Extra Ordinary General Meeting(s), if any, are as under:

| | |
|----------------------------------|-----------------|
| First Quarter Financial Results | August, 2012 |
| Second Quarter Financial Results | November, 2012 |
| Third Quarter Financial Results | February, 2013 |
| Fourth Quarter Financial Results | May, 2013 |
| Annual General Meeting | September, 2013 |

Date of Book Closure

The next Book Closure will be from 18th September to 24th September 2012 (both days inclusive – for the purpose of AGM)

Dividend Payment Date

In view of the continuous loss incurred by the Company, no dividend has been recommended for the year, 2011-12.

Listing on Stock Exchange

Shares of the Company are listed with the Stock Exchanges of Kolkata and Mumbai.

Stock Code

- Stock Code of Stock Exchange at Mumbai: 532021
- Stock Code of Stock Exchange at Kolkata: 10029214
- Demat / ISIN Number
In NSDL and CDSL for Equity Shares of the Company: INE792C01010

Market Price Data

Market price data - Monthly high/low of the closing price of the Equity shares of the Company and trading volumes on BSE are given hereunder for the period from November 2011 to March 2012. Data prior to November 2011 could not be furnished as the trading in equity shares of the Company was under suspension till such period.

| Date | High Price | Low Price | No. of Shares |
|--------|------------|-----------|---------------|
| Nov-11 | 19.9 | 6.57 | 6389 |
| Dec-11 | 8.9 | 6.1 | 1356 |
| Jan-12 | 6 | 5.16 | 212 |
| Feb-12 | 5.15 | 4.31 | 2090 |
| Mar-12 | 4.1 | 4.1 | 214 |

Registrar and Share Transfer Agent

Niche Technologies Private Ltd
 D 511, Bagri Market, 71, BRBB Road, Kolkata – 700 001
 Phones:-2235-7271/7270/3070
 Fax: - 2215-6823
 E-Mail:- nichetechpl@nichetechpl.com

Share Transfer System

Share Transfer Requests are processed and the Certificates are returned within 15 days from the date of receipt. In pursuance of SEBI Guidelines the Company is now offering the facility of Share Transfer-cum-Demat. If a shareholder desires to have Demat he is to approach the Depository Participant (DP) with the option letter of the Company. After processing the request the DP sends the option letter to the Company and on receipt of the same the Company dematerializes those shares. In case of a transferee not opting for dematerialization the Company dispatches the Share Certificates immediately.

Dematerialization of Shares

The shares of the Company are compulsorily traded in dematerialized form with effect from 29th April, 2001. Accordingly, the Company entered into agreements with NSDL on 15th January, 2001 and CDSL on 4th January, 2001. Till 31st March, 2012, the Company processed dematerialization requests for **4,837,205** shares which represents **43.97 %** of the shares issued.

Distribution of Shareholding as on 31st March, 2012

| Sl. | Number of Shares | No. of Holders | % of Total Shareholders | Total Shares | % of Total Shares |
|-----|--------------------|----------------|-------------------------|-------------------|-------------------|
| 1. | 1 to 50 | 75 | 2.59 | 716 | 0.00 |
| 2. | 51 to 100 | 58 | 2.01 | 5,731 | 0.05 |
| 3. | 101 to 500 | 1805 | 62.46 | 8,76,307 | 7.97 |
| 4. | 501 to 1,000 | 661 | 22.87 | 5,44,553 | 4.95 |
| 5. | 1,001 to 5,000 | 232 | 8.03 | 4,95,395 | 4.50 |
| 6. | 5,001 to 10,000 | 18 | 0.62 | 1,30,499 | 1.19 |
| 7. | 10,001 to 20,000 | 7 | 0.24 | 92,999 | 0.85 |
| 8. | 20,001 to 50,000 | 8 | 0.28 | 2,61,800 | 2.38 |
| 9. | 50,001 to 1,00,000 | 10 | 0.35 | 7,79,500 | 7.09 |
| 10. | 1,00,001 and above | 16 | 0.55 | 78,12,500 | 71.02 |
| | Total | 2,890 | 100.00 | 11,000,000 | 100.00 |

Shareholding Pattern of the Company as on 31st March, 2012

| Category(No. of Shares) | Total Shares | % of Total Shares representing the Category |
|-----------------------------------|-------------------|---|
| Promoters: | | |
| Indian | 6,198,300 | 56.35 |
| Foreign | - | - |
| Total Promoters' | 6,198,300 | 56.35 |
| Persons Acting in Concert: | | |
| Institutional Investors: | | |
| Mutual Funds | 14,900 | 0.14 |
| Banks, FI, etc | 355,800 | 3.24 |
| Foreign Institutional Investors | - | - |
| Others | | |
| Private Corporate Bodies | 680,286 | 6.18 |
| Indian Public | 3,539,214 | 32.17 |
| NRIs / OCBs | 210,299 | 1.91 |
| Any Other | 1201 | 0.01 |
| Total Non-Promoters' | 4,801,700 | 43.65 |
| Grand Total | 11,000,000 | 100.00 |

OUTSTANDING GDR / ADR / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Company has not issued any GDR / ADR / Warrants / Convertible instruments and hence there is no impact on the Equity Shares of the Company due to conversion of above instruments.

PLANT LOCATION

Senbo Industries Limited, Karbala, Sonarpur Station Road, P.O. Sonarpur, Kolkata 700 103

ADDRESS FOR CORRESPONDENCE

Senbo Industries Limited

87, Lenin Sarani, Kolkata 700 013

Phone: 033 2217 8915 / 8916, Fax: 033 2265 9485 / 2217 8917

E-mail: Senboind@gmail.com, Website: www.senboindustries.co.in

AUDITORS REPORT ON CORPORATE GOVERNANCE

To the Shareholders of Senbo Industries Limited

1. We have examined the compliance of conditions of corporate governance by Senbo Industries Limited for the year ending 31st March 2012, as stipulated in Clause 49 of the listing agreement of the Company with Stock Exchanges.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.
4. We state that in respect of investor grievances, the Registrar & Share Transfer Agents of the Company has maintained the relevant records and certified that as on 31st March 2012 there was no investor grievance pending against the Company for a period exceeding one month.
5. We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For RAJESH CHATURVEDI & ASSOCIATES

Chartered Accountants

Firm's Regn. No 316131E

R. Chaturvedi

Proprietor

Membership No. 52809

Place: Kolkata,

Dated: May 31, 2012.

AUDITORS' REPORT

TO THE MEMBERS OF SENBO INDUSTRIES LIMITED

We have audited the attached Balance Sheet of Senbo Industries Limited as at 31st March 2012 and also the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the period ended on that date. 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.

We have 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We Report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government under Section 227(4A) of the Companies Act, 1956 and as amended upto date, we enclose in the Annexure, a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet and Statement of Profit & Loss Account dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, statement of Profit & Loss Account and Cash Flow comply with the Accounting Standards referred in Section 211(3C) of the Companies Act, 1956, in so far as the Standards are applicable to the Company;
 - (e) On the basis of written representations received from the Directors as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2012 from being appointed as Director within the meaning of Section 274 (1) (g) of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Significant Accounting Policies and subject to:
Note 21.1 regarding Non – provision of Bonus, Gratuity, Leave Encashment and interest received on Security Deposit with Central Medical Stores, the amount of which has not been determined;
Note 3 regarding non-charging of interest on Inter-Corporate Borrowings from a Group Company.
Note 23 on Party confirmations on Sundry Debtors, Sundry Creditors and Loans and Advances;

Read together with other notes therein, gives the information in the manner so required by the Companies Act, 1956 and gives a true and fair view:

- (i) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2012;
- (ii) In the case of the Statement of Profit & Loss, of the loss for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For RAJESH CHATURVEDI & ASSOCIATES
Chartered Accountants
Firm's Regn. No 316131E
R. Chaturvedi
Proprietor
Membership No. 52809

Place: Kolkata,
Dated: May 31, 2012.

ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph 1 of our Report)

- 1 In respect of its Fixed Assets:
 - a) The Company is in the process of updating its Fixed Assets Register to show full particulars including quantitative details and situation of Fixed Assets left after sale of substantial Plant & Machinery.
 - b) According to the information and explanations given to us, the Fixed Assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- 2 In respect of inventories:
 - a) As explained to us, the stocks of finished goods, stores, spare parts and raw materials are physically verified by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) As explained to us, the discrepancies noticed on verification between the Physical Stocks and the Book Records, were not significant.
- 3 In respect of loans:
 - a) The Company, during the year also, has taken unsecured loans from Companies listed in the Register maintained under section 301 of the Companies Act, 1956, which is at call and interest-free.
 - b) In respect of loans and advances in the nature of loans given by the Company to any parties/ staff where stipulations have been made; parties/ staffs have generally repaid the amounts as stipulated other than those written off during the year.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant & machinery, equipment and other assets and for the sale of goods and services. The Company is regular in taking corrective measures whenever major weaknesses in internal control are controlled.
- 5 In our opinion and according to the information and explanations given to us, no transaction was made for purchase of goods and materials and sale of goods, materials and services in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5,00,000 or more in respect of each Party.
- 6 On the basis of documents examined & information received, we state that the Company has not accepted any deposits from the public in pursuance of sections 58A, 58AA or any other relevant provisions of the Act.
- 7 In our opinion, the Company has an Internal Audit system commensurate with its size and the nature of its business.
- 8 According to information and explanations given to us, the Central Government has not prescribed maintenance of cost records u/s 209 (1) (d) of the Companies Act, 1956, for any product of the Company.
- 9 In respect of Statutory dues:
 - a) According to the records of the Company, all outstanding dues in respect of West Bengal VAT, Municipal Tax, and Fire License, etc. have not been paid during 2011-12.
 - b) According to the information and explanations given to us, no disputed or undisputed amounts payable in respect of income tax, sales tax, customs duty, excise duty or dues payable to any other Statutory and/or Local Authority were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.
- 10 The accumulated losses of the Company at the end of the financial year are in excess of its net worth. It has incurred cash losses during the year and also in the previous financial year.
- 11 As per records produced before us, the Company has not defaulted in payment of dues to any financial institution or bank or debentures holders.

- 12 In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the Company is not a chit fund or a nidhi/ mutual fund/ society. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 and as amended upto-date, is not applicable to the Company.
- 14 In our opinion, the Company has not dealt or traded in shares, securities, debentures and investments. Therefore, clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 and as amended upto-date, is not applicable to the Company.
- 15 The Company has mortgaged its immovable properties including land & building with a bank to secure repayment of the credit facilities of Rs. 47.68 crores extended by the Bank; and has also provided Corporate Guarantee for the purpose.
- 16 As per records produced before us, the Company has not raised any new term loans during the year. The Term Loans outstanding at the beginning of the year was nil.
- 17 According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no short term loans have been used for long term investments.
- 18 As per records produced before us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s. 301 of the Companies Act, 1956.
- 19 As per records produced before us, the Company has not issued any debentures during the year.
- 20 As per records produced before us, the Company has not raised any money by way of public issue during the year.
- 21 In our opinion and according to the information and explanation given to us, no material fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For RAJESH CHATURVEDI & ASSOCIATES
Chartered Accountants
Firm's Regn. No 316131E
R. Chaturvedi
Proprietor
Membership No. 52809

Place: Kolkata,
Dated: May 31, 2012.

Balance Sheet as at 31st March, 2012

| Particulars | Note | As at March 31, 2012 Rupees | As at March 31, 2011 Rupees |
|--|---------|-----------------------------------|-----------------------------------|
| I EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' FUND | | | |
| Share Capital | 1 | 108,479,000 | 108,479,000 |
| Reserves and Surplus | 2 | (257,602,699) | (214,557,147) |
| | | <u>(149,123,699)</u> | <u>(106,078,147)</u> |
| Current Liabilities | | | |
| Short - Term Borrowings | 3 | 182,801,226 | 180,005,203 |
| Trade Payables | 4 | 8,782,037 | 9,151,490 |
| Other Current Liabilities | 5 | 4,297,190 | 62,610,703 |
| | | <u>195,880,453</u> | <u>251,767,396</u> |
| TOTAL | | <u>46,756,754</u> | <u>145,689,249</u> |
| II ASSETS | | | |
| Non - Current Assets | | | |
| Fixed Assets | | | |
| - Tangible Assets | 6 | 32,989,743 | 132,030,342 |
| Long-Term Loans and Advances | 7 | 6,238,872 | 6,243,072 |
| Other Non-Current Assets | 8 | 261,844 | 261,844 |
| | | <u>39,490,459</u> | <u>138,535,258</u> |
| Current Assets | | | |
| Inventories | 9 | 5,368,164 | 5,368,164 |
| Trade Receivables | 10 | - | - |
| Cash and Cash equivalents | 11 | 82,861 | 102,645 |
| Short term loans and advances | 12 | 1,815,270 | 1,683,182 |
| | | <u>7,266,295</u> | <u>7,153,991</u> |
| TOTAL | | <u>46,756,754</u> | <u>145,689,249</u> |
| Significant Accounting Policies Notes on Financial Statements | 1 to 26 | | |

The Notes referred to above form an integral part of the Balance Sheet and the Profit & Loss Statement
In terms of our report of even date attached

For **Rajesh Chaturvedi and Associates**

Firms Regn. No. 316131E
Chartered Accountants

R. Chaturvedi

Proprietor

Membership No. 52809

Place : Kolkata

Dated : 31st May 2012

For and on behalf of the Board

C. S. Choudhury
Vice Chairman

Kajal Sengupta
Chairman & Managing Director

Anita Kumari Singh
Company Secretary

Statement of Profit & Loss for the year ended 31st March, 2012

| Particulars | Notes | Year ended March 31, 2012 Rupees | Year ended March 31, 2011 Rupees |
|--|-------|--|--|
| I Revenue from Operations | | - | 923,750 |
| II Other Income | 13 | 1,287,830 | 17,539 |
| III Total Revenue (I+II) | | 1,287,830 | 941,289 |
| IV Expenses : | | | |
| Cost of materials consumed | 14 | - | - |
| Changes in Inventories of Finished Goods, Work In Progress & Stock In Trade | 15 | - | 990,462 |
| Employee benefit expenses | 16 | 723,006 | 7,639,858 |
| Depreciation & amortization expenses | 6 | 6,648,688 | 16,076,027 |
| Payments to Auditor | 17 | 102,750 | 101,250 |
| Other Expenses | 18 | 4,448,591 | 11,267,393 |
| Total Expenses | | 11,923,035 | 36,074,990 |
| V Profit before exceptional and extra-ordinary items and tax (III-IV) | | (10,635,205) | (35,133,701) |
| VI Exceptional Items | 19 | (18,436) | (948,589) |
| VII Profit before extraordinary items and tax (V-VI) | | (10,653,641) | (36,082,290) |
| VIII Extraordinary Items | | - | - |
| IX Profit before tax (VII-VIII) | | (10,653,641) | (36,082,290) |
| X Tax expenses : | | - | - |
| XI Profit (Loss) for the period from Continuing operations (VII-VIII) | | (10,653,641) | (36,082,290) |
| XII Profit (Loss) from Discontinuing Operations (Sale of entire IV Fluid Machinery) | | (32,391,911) | - |
| XIII Tax expenses of discontinuing operations | | - | - |
| XIV Profit (Loss) from Discontinuing operations (after tax)(XII-XIII) | 20 | (32,391,911) | - |
| XV Profit (Loss) for the period (XI+XIV) | | (43,045,552) | (36,082,290) |
| XVI Earnings per equity share : | | | |
| (1) Basic | | | |
| (2) Diluted | | | |
| Profit / (Loss) brought forward | | (307,237,147) | (271,154,857) |
| Carried forward to Balance Sheet | | (350,282,699) | (307,237,147) |

Significant Accounting Policies

Notes on Financial Statements

1 to 26

The Notes referred to above form an integral part of the Balance Sheet and Profit & Loss Statement

For **Rajesh Chaturvedi and Associates**

For and on behalf of the Board

Firms Regn. No. 316131E

Chartered Accountants

R. Chaturvedi

Proprietor

Membership No. 52809

Place : Kolkata

Dated : 31st May 2012

C. S. Choudhury
Vice Chairman

Kajal Sengupta
Chairman & Managing Director

Anita Kumari Singh
Company Secretary

Notes on Financial Statement for the year ended 31st March, 2012

| | <u>As at March 31, 2012 Rupees</u> | <u>As at March 31, 2011 Rupees</u> |
|--|--|--|
| NOTE 1 | | |
| Share Capital and Share Warrants | | |
| a) Share Capital | | |
| Authorised | | |
| 1,20,00,000 (1,20,00,000) Equity Shares of Rs.10/- each | <u>120,000,000</u> | <u>120,000,000</u> |
| Issued | | |
| 1,10,00,000 (1,10,00,000) Equity Shares of Rs. 10/- each | <u>110,000,000</u> | <u>110,000,000</u> |
| Subscribed & Fully Paid up | | |
| 1,06,20,200 (1,06,20,200) Equity Shares of Rs. 10/- each | <u>106,202,000</u> | <u>106,202,000</u> |
| Subscribed but not Fully Paid up | | |
| 3,79,800 (3,79,800) Equity Shares of Rs. 10/- each | <u>2,277,000</u> | <u>2,277,000</u> |
| | <u>108,479,000</u> | <u>108,479,000</u> |

Notes:

- | | | |
|-----------------|---|---|
| i) Calls-Unpaid | | |
| By Directors | - | - |
| By Officers | - | - |

- ii) Shares in the Company held by each shareholder holdings more than 5%

| Name of the Shareholder | <u>As at March 31, 2012</u> | | <u>As at March 31, 2011</u> | |
|---------------------------------|-----------------------------|---------------|-----------------------------|---------------|
| | <u>No. of Shares</u> | <u>% held</u> | <u>No. of Shares</u> | <u>% held</u> |
| - Embicon Engineering Pvt. Ltd. | 925,000 | 8.409 | 925,000 | 8.409 |
| - Eleena Sengupta | 1,170,100 | 10.637 | 1,170,100 | 10.637 |
| - Kajal Sengupta | 2,108,200 | 19.165 | 2,102,000 | 19.109 |
| - Sayantane Sengupta | 1,227,000 | 11.155 | 1,227,000 | 11.155 |

NOTE 2

Reserves & Surplus

| | | |
|--|-----------------------------|-----------------------------|
| Capital Reserve | 91,130,000 | 91,130,000 |
| Capital subsidy (Govt. of West Bengal) | 1,500,000 | 1,500,000 |
| General Reserve | 50,000 | 50,000 |
| Profit & Loss Account | <u>(350,282,699)</u> | <u>(307,237,147)</u> |
| | <u>(257,602,699)</u> | <u>(214,557,147)</u> |

NOTE 3

Short - Term Borrowings

| | | |
|---|---------------------------|---------------------------|
| Loans & Advances from related parties (Unsecured) | <u>182,801,226</u> | <u>180,005,203</u> |
| | <u>182,801,226</u> | <u>180,005,203</u> |

Notes :

Terms of repayment - unspecified

As no interest has been charged on Inter-Corporate Borrowings, the same has not been estimated and provided in the accounts.

Notes on Financial Statement for the year ended 31st March, 2012

| | As at March 31, 2012 Rupees | As at March 31, 2011 Rupees |
|------------------------|-----------------------------------|-----------------------------------|
| NOTE 4 | | |
| Trade Payables | | |
| Creditors for Purchase | | |
| S.S.I.Unit | 740,901 | 740,901 |
| Other | 5,816,702 | 5,816,702 |
| Creditors for Expenses | 2,224,434 | 2,593,887 |
| | <u>8,782,037</u> | <u>9,151,490</u> |

NOTE 5

Other Current Liabilities

| | | |
|--|------------------|-------------------|
| Advance Received against sale of Plant & Equipment | - | 60,750,000 |
| Security Deposit Received | 310,000 | 310,000 |
| Advance From Customers | 35,286 | 35,286 |
| Other Liabilities | 3,951,904 | 1,515,417 |
| | <u>4,297,190</u> | <u>62,610,703</u> |

NOTE : 6

| | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|-------------------------|-------------------------|---------------------------------|-------------------------|-------------------------|-----------------|------------------------------|-------------------------|-------------------------|-------------------------|
| | Asat 01.04.2011 1 | Deductions /Adjustments 2 | Asat 31.03.2012 3 | Asat 01.04.2011 4 | Adjustment 5 | For the year 2011-12 6 | Asat 31.03.2012 7 | Asat 31.03.2012 8 | Asat 31.03.2011 9 |
| Tangible Assets | | | | | | | | | |
| Land | 6,382,560 | | 6,382,560 | - | | - | - | 6,382,560 | 6,382,560 |
| Building | 45,835,917 | | 45,835,917 | 20,652,684 | | 1,530,920 | 22,183,604 | 23,652,313 | 25,183,233 |
| Plant & Equipment | 250,790,747 | 242,266,696 | 8,524,051 | 152,784,585 | 149,874,785 | 3,814,412 | 6,724,212 | 1,799,839 | 98,006,162 |
| Furniture & Fixtures | 7,474,466 | | 7,474,466 | 6,582,314 | | 473,134 | 7,055,448 | 419,018 | 892,152 |
| Vehicles | 749,284 | | 749,284 | 284,728 | | 71,182 | 355,910 | 393,374 | 464,556 |
| Office Equipments | 1,315,921 | | 1,315,921 | 984,431 | | 93,036 | 1,077,467 | 238,454 | 331,490 |
| Electrical Installation | 9,420,146 | | 9,420,146 | 8,649,957 | | 666,004 | 9,315,961 | 104,185 | 770,189 |
| Total | 321,969,041 | 242,266,696 | 79,702,345 | 189,938,699 | 149,874,785 | 6,648,688 | 46,712,602 | 32,989,743 | 132,030,342 |
| Previous year | 321,969,041 | - | 321,969,041 | 173,862,672 | - | 16,076,027 | 189,938,699 | 132,030,342 | |

Notes on Financial Statement for the year ended 31st March, 2012

| | As at March 31, 2012 Rupees | As at March 31, 2011 Rupees |
|--|-----------------------------------|-----------------------------------|
| NOTE 7 | | |
| Long - Term Loans & Advances (Unsecured considered good) | | |
| Advance recoverable in cash or in kind or for value to be received | 4,802,161 | 4,802,161 |
| Security Deposit | 1,351,211 | 1,355,411 |
| Earnest Money | 85,500 | 85,500 |
| | 6,238,872 | 6,243,072 |

Notes : The advance of Rs, 48,02,161/- represents the payment to M/s. Base Engineering, for Renovation work of Factory. The contract was, however, terminated due to non compliance of the conditions of the contract. The matter is sub-judice.

NOTE 8

Other Non-Current Assets

Fixed Deposit with a scheduled Bank as Margin Money for Guarantee
(Maturity period beyond one year from the reporting date)

| | |
|---------|---------|
| 261,844 | 261,844 |
|---------|---------|

NOTE 9

Inventories (As taken valued & certified by the management)

| | | |
|------------------|------------------|------------------|
| Raw Material | 133,664 | 133,664 |
| Packing Material | 118,654 | 118,654 |
| Stores & Spares | 5,115,846 | 5,115,846 |
| | 5,368,164 | 5,368,164 |

NOTE 10

Trade Receivables

(Unsecured)

Over Six Months Considered Good

| | |
|---|---|
| - | - |
|---|---|

Over Six Months Considered Doubtful

| | |
|------------|------------|
| 11,994,763 | 11,994,763 |
|------------|------------|

| | |
|-------------------|-------------------|
| 11,994,763 | 11,994,763 |
|-------------------|-------------------|

Less : Provision for Doubtful Debts

| | |
|------------|------------|
| 11,994,763 | 11,994,763 |
|------------|------------|

| | |
|---|---|
| - | - |
|---|---|

Notes :

Debtors include dues from M/s. Fresenius Kabi Pvt. Ltd. (Fresenius) since 21st August, 2006, against which full provision has been made. The dues relate to certain unresolved disputed issues like claims of the company on Fresenius for increase in conversion charge, Godown rent, VAT, TDS certificates, Scrap etc. and also counter claim of the party on the Company

NOTE 11

Cash & Cash equivalents

Cash in hand

| | |
|-------|-------|
| 1,473 | 1,978 |
|-------|-------|

(As verified & certified by the Management)

- Current Accounts with scheduled Banks

| | |
|--------|---------|
| 81,388 | 100,667 |
|--------|---------|

| | |
|---------------|----------------|
| 82,861 | 102,645 |
|---------------|----------------|

Notes on Financial Statement for the year ended 31st March, 2012

| | As at March 31, 2012 Rupees | As at March 31, 2011 Rupees |
|--|-----------------------------------|-----------------------------------|
| Note 12 | | |
| Short term Loans & Advances | | |
| (Unsecured considered good) | | |
| Advance recoverable in cash or in kind or for value to be received | 11,655 | - |
| Advances for Expenses | 200,000 | - |
| Advance to Staff | - | 6,481 |
| Excise P.L.A. | - | 17,886 |
| Prepaid Expenses | 61,646 | 151,646 |
| Tax Deducted at Source | 1,454,143 | 1,449,691 |
| Accrued Interest on F.D | 87,826 | 57,478 |
| | <u>1,815,270</u> | <u>1,683,182</u> |

Note :

Tax Deducted at Source include Rs. 10,89,306/- relating to tax deducted upto the Financial Year 2005 – 2006, assessment for which year have been completed. Recovery / Adjustment of the TDS amount is doubtful.

Contingent Liabilities and Commitments

| Contingent Liabilities | Current Year (Rs.) | Previous Year (Rs.) |
|---|-----------------------|------------------------|
| Claim against the Company not acknowledged as debt | 3,171,849 | 3,171,849 |
| Bank Guarantees in favour of West Bengal State Electricity Distribution Company | 226,000 | 226,000 |
| Claim of Central Excise duty under Appeal to Tribunal | 770,818 | 770,818 |
| Corporate Guarantee to secure the various credit facilities extended to a Group Company by a Bank | 476,800,000 | - |

Notes on Financial Statement for the year ended 31st March, 2012

| | For the year ended March 31, 2012 Rupees | For the year ended March 31, 2011 Rupees |
|--|--|--|
| NOTE 13 | | |
| Other Income | | |
| Interest Earned on FD's {TDS 4,452 (Previous Year Nil)} | 37,830 | 17,539 |
| Miscellaneous Income | 1,250,000 | - |
| | 1,287,830 | 17,539 |
| NOTE 14 | | |
| Cost of Materials consumed | | |
| Opening Stock of Raw Materials | 133,664 | 1,601,554 |
| Add : Purchase During the period | - | - |
| | 133,664 | 1,601,554 |
| Less : Sale of Raw Materials | - | 1,467,890 |
| | 133,664 | 133,664 |
| Less : Closing Stock | 133,664 | 133,664 |
| Consumptions | - | - |
| NOTE 15 | | |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock - in - Trade | | |
| Closing Stock | | |
| Finished Goods | - | - |
| | - | - |
| Opening Stock | | |
| Finished Goods | - | 990,462 |
| | - | 990,462 |
| | - | 990,462 |
| NOTE 16 | | |
| Employee Benefit Expenses | | |
| Salaries, Wages and Bonus | 688,000 | 7,102,164 |
| Contributions/Provisions to and for Provident and Other Funds | 34,411 | 298,295 |
| Staff Welfare Expenses | 595 | 239,399 |
| | 723,006 | 7,639,858 |
| NOTE 17 | | |
| Payment to Auditor | | |
| As Auditor | 90,000 | 90,000 |
| For Other Services | 12,750 | 11,250 |
| | 102,750 | 101,250 |

Notes on Financial Statement for the year ended 31st March, 2012

| | For the year ended March 31, 2012 Rupees | For the year ended March 31, 2011 Rupees |
|---|--|--|
| NOTE 18 | | |
| Other Expenses | | |
| Manufacturing Expenses | | |
| Packing Materials Consumed | - | 149 |
| Power & Fuel | 1,922,843 | 2,131,419 |
| Repairs to Other Items | - | 33,950 |
| Sub Total (A) | <u>1,922,843</u> | <u>2,165,518</u> |
| Administrative, Selling and other Expenses | | |
| Advertisement | 18,326 | 16,328 |
| Bank Charges | 28,730 | 11,195 |
| Books & Periodicals | - | 3,248 |
| Business Promotion | - | 5,131 |
| Carriage outward | - | 102,885 |
| Consultancy & Service Charges | 202,954 | 374,829 |
| Conveyance | 259 | 74,658 |
| Directors' Sitting Fees | 13,000 | 26,500 |
| Donation & Subscription | - | 1,500 |
| Entertainment Expenses | 23,636 | 28,334 |
| Factory Maintenance | 13,900 | 41,786 |
| Fees and Other Charges | 11,157 | 3,492 |
| Forms, Fees, Registration & Others | 1,299,106 | 239,847 |
| Insurance Premium | 27,787 | 164,099 |
| Legal Expenses | 145,046 | 103,093 |
| Postage & Telegram | 2,080 | 14,004 |
| Printing & Stationery | 15,756 | 26,368 |
| Profession Tax | 2,500 | 2,500 |
| Provisions for Bad & Doubtful Debts | - | 7,215,247 |
| Rent Paid | 11,880 | 11,880 |
| Taxes & Duty | 443,878 | 242,400 |
| Telephone & Telex | 87,044 | 118,996 |
| Vehicle Maintenance | 178,709 | 273,555 |
| Sub Total (B) | <u>2,525,748</u> | <u>9,101,875</u> |
| Total (A+B) | <u>4,448,591</u> | <u>11,267,393</u> |

Note :

Electricity Expenses include Rs.12,34,200/- (Previous Year Rs. 11,22,000/-) for payment on account of fixed load factor. The balance amount of Rs.6,88,643/- (Previous Year Rs.10,08,519/-) is for consumption of 67,615 Kwh (Previous Year 1,14,945 Kwh) of electricity.

Notes on Financial Statement for the year ended 31st March, 2012

| | For the year ended March 31, 2012 Rupees | For the year ended March 31, 2011 Rupees |
|---|--|--|
| NOTE 19 | | |
| Exceptional Items | | |
| Income | | |
| Liabilities Written Back | - | 351,769 |
| Total (A) | - | 351,769 |
| Less : | | |
| Adjustment related to previous year(s) | 500 | |
| Items Written Off During The Year | | |
| Advance To Party | - | 162,687 |
| Input VAT Receivable | - | 342,922 |
| Advance FBT | - | 4,681 |
| Advance to Staff | 550 | - |
| Excise P.L.A. | 17,886 | - |
| Loss on Sale | | |
| Loss on Sale of Raw Material, Packing Material, Stores & Spares | - | 789,568 |
| Total (B) | 18,436 | 1,300,358 |
| Exceptional Items (Net) (A-B) | (18,436) | (948,589) |

NOTE 20

Profit / (Loss) from Discontinuing Operations

| | | |
|--|--------------|---|
| Gross Block of IV Fluid Equipment Sold | 242,266,696 | - |
| Less : Accumulated Depreciation adjusted | 149,874,785 | - |
| | 92,391,911 | - |
| Less : Sale Proceeds | 60,000,000 | - |
| Loss on Sale of Plant & Machinery | (32,391,911) | - |

Notes :

As per agreement with Scott-Edil Advanced Research Laboratories & Education Ltd. and on the basis of resolutions passed in the Shareholders' Extra Ordinary General Meeting on 17.03.2010, all IV Fluid manufacturing machinery have been sold and the sale proceed were used by the Company towards part repayment of Long Term / Short Term borrowings. Such sale of the entire IV Fluid manufacturing machinery during the year represents discontinuing operation as per AS 24 issued by the Institute of Chartered Accountants of India.

SIGNIFICANT ACCOUNTING POLICIES

21. SIGNIFICANT ACCOUNTING POLICIES

21.1 BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention, on accrual basis of accounting (save and except bonus, gratuity and interest receivable on security deposit with Central Medical Stores) to comply with the mandatory accounting standards as notified under the Companies (Accounting Standard) Rules 2006 pursuant to Section 211 (3C) of the Companies Act, 1956 and in conformity with the accounting principles as generally accepted in India (Indian GAAP) as applicable, and the relevant provisions of the Companies Act, 1956. The Accounting policies are consistently applied by the Company.

21.2 USE OF ESTIMATE

The preparation of financial statements in conformity with GAAP requires management to make estimated assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of policies during the reporting period. Although these estimates are based upon managements' best knowledge of current events and activities, actual results could differ from these estimates.

21.3 FIXED ASSETS

- (a) Fixed Assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use.
- (b) The carrying value of fixed assets which are in excess of higher of its value in use or net realisable value is recognised as an impairment loss.

21.4 DEPRECIATION

- (a) Depreciation of fixed assets is provided on straight line basis at the rate specified in Schedule XIV of the Companies Act, 1956, as amended up to date.
- (b) Depreciation on asset purchased/acquired/installed during the year is charged from the date of such event. Similarly depreciation on assets sold/discarded during the year is charged upto the date of the event.

21.5 IMPAIRMENT

Fixed assets are reviewed at each Balance Sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of the assets either belonging to the Cash Generating Unit (CGU) or otherwise, exceeds recoverable amount. The recoverable amount is the greater of net selling price of the assets or its value in use. In assessing value in use the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU are allocated to its assets on pro-rata basis.

21.6 INVENTORIES

- (a) Inventories of raw materials, packaging materials, fuel, stores & spares valued at lower of procurement cost (weighted average basis) and net realisable value:-
- (b) Where applicable Inventories of work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost of inventories includes direct materials, labour and a portion of manufacturing overheads based on normal operating capacity.

21.7 BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of fixed assets are capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

21.8 REVENUE RECOGNITION

Revenue arising out of sale of trial products is recognized upon passage of title to the customers, which generally coincides with their delivery. Adjustments, if any, arising out of price difference claims, etc. are accounted for as and when they are finally determined.

21.9 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- (a) A provision is recognised when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.
- (b) Contingent Liabilities are disclosed by way of notes to accounts.
- (c) Contingent Assets are not recognised except for the purpose of settlement of dispute / claim.

21.10 SEGMENT-WISE REPORTING

Not applicable since at present there are no business activities of the Company.

21.11 EMPLOYEE BENEFITS

- (a) Defined contribution to provident fund and employee state insurance are charged to profit & loss account of the year when the contributions to the respective funds are due.
- (b) Bonus and Gratuity is accounted for as and when disbursed.

21.12 POLICY ON EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit or loss after tax and include post tax effect of any extra-ordinary item for the period attributable to equity shareholders by the weighted average number of equity share outstanding during the period. The weighted average number of equity shares as outstanding during the period are adjusted for event including a bonus issue, bonus element in a right issue, split of shares or reverse split (i.e. consolidation of shares) etc. made during the year.

21.13 PROVISION FOR TAXATION

- (a) Net Profit (Loss) is arrived at after considering current and deferred tax.
- (b) A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. A provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently or substantively enacted tax laws.
- (c) Deferred tax assets are recognised only if there is reasonable certainty that they will be realized and are reviewed for the appropriations of their respective carrying values at each balance sheet date.

21.14 FOREIGN CURRENCY TRANSACTION

Where applicable Foreign currency transactions are accounted for at the exchange rate prevailing at the transaction date. Year and monetary assets and liabilities in foreign currency are translated at the applicable year end exchange rates and the resultant difference is recognised as gain / loss for the year.

22. In the opinion of the Management, the recoverable amount of the existing assets being higher than those of respective carrying amount of such assets, no impairment loss has arisen on the Balance Sheet date.
23. Party confirmations in respect of outstanding balances for Sundry Debtors, Sundry Creditors, Loans and Advances have been taken into consideration to the extent received.
24. The immovable properties including land & building of the Company located at its factory at Sonarpur was mortgaged with a bank to secure repayment of the credit facilities of Rs. 47.68 crores extended by the Bank to a Group Company.

25. Micro, Small & Medium Enterprises

The Company has not received any memorandum as required to be filed with notified authority under the Micro, Small and Medium Enterprises Development Act, 2006 claiming their status as on 31st. March, 2012 (and also 31st. March, 2011) as micro, small and medium enterprises. Consequently the amount paid/ payable to these parties during the year (and also previous year) is nil.

26. Related Party Disclosures

Disclosures as required under Accounting Standard 18 are given below:

List of Related Parties:

| <u>Associated Companies</u> | <u>Key Management Personnel & their Relatives</u> |
|------------------------------|---|
| Senbo Engineering Limited | Mr. Kajal Sengupta |
| Embicon Engineering Pvt. Ltd | Mr. Kingshuk Sengupta |
| Eleena Holdings Pvt. Ltd | Mr. C. S. Choudhury |
| | Dr. Shaibal Chakraborty |
| | Mr. Pradip Kumar Chakravorty |
| | Mr. Badal Modak |

Transactions with Related Parties during 2011-2012

| Nature of Expenses | Associated Companies(Rs.) | Key Management Personnel & Relatives(Rs.) |
|---|----------------------------------|--|
| Expenses | | |
| Directors' Remuneration | | |
| Current Year | Nil | Nil |
| Previous Year | Nil | Nil |
| Directors' Sitting Fees | | |
| Current Year | Nil | 4,500 |
| Previous Year | Nil | 26,500 |
| Income | | |
| Electricity & Diesel | | |
| Current Year | 58,765 | - |
| Previous Year | 63,146 | - |
| Outstanding Balance as on 31st March, 2012 | | |
| Long – Term Borrowing | | |
| Current Year | 179,697,410 | - |
| Previous Year | 176,901,387 | - |
| Short – Term Borrowings | | |
| Current Year | 3,103,816 | - |
| Previous Year | 3,103,816 | - |

27. Figures for the previous year have been re-arranged and re-grouped wherever necessary.

CEO/CFO Certification

To
The Board of Directors,
Senbo Industries Limited

We, the undersigned, in our respective capacities as Chairman & Managing Director (CEO) and Vice Chairman (CFO) of Senbo Industries Limited ("the Company"), to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements read with the Cash Flow Statement of Senbo Industries Limited for the year ending 31st March, 2012 and state that to the best of our knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or otherwise in violation of the Company's Code of Conduct.
- (c) We further accept responsibility for establishing and maintaining internal control for financial reporting. We have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying such deficiencies.
- (d) We have indicated, based on our recent evaluation, to the auditors and the Audit Committee:
- i. Significant changes, if any, in internal control over financial reporting during the year.
 - ii. Significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Kolkata
Dated: 31st May, 2012

Kajal Sengupta
Chairman & Managing Director

C.S.Choudhury
Vice Chairman

Declaration:

Compliance with Code of Business Conduct and Ethics

As provided under Clause 49 (1)(D)(ii) of the Listing Agreement with the Stock Exchanges, the Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2012.

For Senbo Industries Limited

Place: Kolkata
Dated: 31st May, 2012

Kajal Sengupta
Chairman & Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| | Year ended March 31, 2012 Rupees | Year ended March 31, 2011 Rupees |
|--|--|--|
| A. Cash Flow from Operating Activities | | |
| Net Profit / (Loss) before tax and extra-ordinary items | (43,045,552) | (36,082,290) |
| Adjustment for : | | |
| Depreciation | (143,226,097) | 16,076,027 |
| Operating Profit / (Loss) before Working Capital Changes | (186,271,649) | (20,006,263) |
| (Increase)/Decrease in Working Capital (Other than Cash & Cash Equivalents) | 1,934,946 | 34,128,440 |
| Net Cash Flow from Operating Activities | (184,336,703) | 14,122,177 |
| B. Cash Flow from Investing Activities | | |
| Purchase / Sale of Fixed Assets including Foreign Currency Variation | 181,516,696 | - |
| Advances for Capital Expenditure and Deferred Liability (Net) | - | - |
| Long Term Loans & Advances | 4,200 | 162,687 |
| Net Cash used in Investing Activities | 181,520,896 | 162,687 |
| C. Cash Flow from Financial Activities | | |
| Proceeds from issue of Share Capital | - | - |
| Proceeds from long term borrowings | - | - |
| Repayment of Unsecured Loans | - | (14,267,042) |
| Increase / (Decrease) in Other Borrowings | 2,796,023 | - |
| Share Issue / Product Development Expenses | - | - |
| Net Cash used in Financing Activities | 2,796,023 | (14,267,042) |
| Net Increase / (decrease) in cash and cash equivalents (A + B + C) | (19,784) | 17,822 |
| Opening Balance of Cash and Cash Equivalents | 102,645 | 84,823 |
| Closing Balance of Cash and Cash Equivalents | 82,861 | 102,645 |

For and on behalf of the Board

C. S. Choudhury
Vice Chairman

Kajal Sengupta
Chairman & Managing Director

Place : Kolkata
Dated : 31st May 2012

Anita Kumari Singh
Company Secretary