

ANNUAL REPORT

1998

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	✓		SC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		✓

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SBEC SYSTEMS (INDIA) LIMITED

SUGAR, BIO- ENERGY & CONTROL SYSTEMS



BOARD OF DIRECTORS

Mr. Umesh K. Modi (Chairman & President)
 Mr. Norland L. C. Suzor
 Mr. Abhishek Modi
 Ms. Elisabet Carlberg Suzor
 Ms. Meghna Modi

COMPANY SECRETARY

Mr. Atul Kumar

AUDITORS

M/s. K.K. Jain & Co.
 Chartered Accountants
 7/35, Ansari Road, Daryaganj,
 New Delhi-110 002.

BANKERS

ANZ Grindlays Bank
 Allahabad Bank

REGISTERED OFFICE

1400, Hemkunt Tower,
 98, Nehru Place,
 New Delhi-110 019.

SHARE TRANSFER AGENTS

FINTECH COMPU SYSTEMS LTD.
 WZ-1390/4, 3rd Floor, Nangal Raya
 New Delhi-110 046

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NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Shareholders of **SBEC SYSTEMS (INDIA) LIMITED** will be held on Saturday **26th December, 1998 at Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi** at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 1998, the Profit & Loss Account for the period ended on that date alongwith the Directors' Report and the Auditor's Report thereon.
2. To consider and appoint a Director in place of Ms. Meghna Modi, who retires from office by rotation and being eligible, offers herself for re-appointment.
3. To consider and appoint a Director in place of Mr. Abhishek Modi, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:-

5. To consider & if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT subject to the prior approvals of Ministry of Finance / Reserve Bank of India, PICUP and other authorities, consent be and is hereby accorded that 44,65,962 equity shares of Rs 10/- each held by this company in SBEC Sugar Ltd. be disposed - off by way of transfer of 22,68,078 equity shares to Occident Orient Company Ltd. and 21,97,884 equity shares to its nominee SBEC Limited, Channel Island for a consideration of Rs 4,46,59,620/- in settlement of Foreign Currency Loan of US \$ 10,04,944 and outstanding interest upto 31st August, 1998."

"RESOLVED THAT the Board of Directors be and is hereby authorised to do all such acts and things as may be necessary for giving effect to the above resolution."

6. To consider & if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT subject to the prior approvals of Ministry of Finance / Reserve Bank of India, PICUP and other authorities, consent be and is hereby accorded that 11,67,450 equity shares of Rs 10/- each held by the company in SBEC Sugar Ltd. be disposed - off by way of transfer to SBEC Systems Ltd., U.K. and SBEC Limited, Channel Island in equal proportion for a consideration of Rs 1,16,74,500/- (US \$ 271500) in settlement of outstanding Per-Diem charges payable to SBEC Systems Ltd., U.K and SBEC Limited, Channel Island."

"RESOLVED THAT the Board of Director be and is hereby authorised to do all such acts and things as may be necessary for giving effect to the above resolution."

7. To consider & if thought fit, to pass with or without modification (s) the following resolution as a Special Resolution:

" RESOLVED THAT pursuant to the provisions of section 372A of the Companies Act, 1956, consent be and is hereby accorded to the Board of Directors of the company to make investments upto Rs 690 lacs in the equity share capital of SI-AL SBEC Bioenergy Limited, a company incorporated under the Companies Act, 1956 towards the acquisition of upto 69,00,000 equity shares of the face value of Rs.10/- each in SI-AL SBEC Bioenergy Limited"

8. To consider & if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT subject to such approvals, consents and / or permissions, if any, as may be necessary and subject to such conditions and modifications as may be prescribed by any authorities in granting such approvals and / or consents, the consent of the company be and is hereby accorded to the Board of Directors of the company to opt for voluntary delisting of shares of the company on the stock exchanges or any of the them where the shares of the company are listed."

"FURTHER RESOLVED THAT Board of Directors be and is hereby authorised to do and execute all such acts, deeds and things as may be necessary to give effect to the above resolution."

By order of the Board

Place : New Delhi
Date : 30th November, 1998

Atul Kumar
Company Secretary

Note :

- (a) A member entitled to attend and vote is entitled to appoint proxy to attend and vote instead of himself. A proxy need not be a member of the Company. Proxy forms in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the meeting.
- (b) The members are requested to notify the change in their address, if any, to the Company at the earliest.
- (c) Members/Proxies are requested to bring the Attendance Slip sent herewith duly filled in for attending the meeting.
- (d) The Register of Members and Share Transfer Books will remain closed on 26th December 1998 in terms of the provisions of Section 154 of the Companies Act, 1956.
- (e) The members are requested to note that Company has appointed M/s Fintech Compu Systems Ltd. as its share transfer agents in place of M/s SRG Infotech (India) Ltd.
- (f) As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, it is confirmed that Rs 23167/- and Rs. 13369/- on account of unpaid / unclaimed dividend for the years 1992-93 & 1993-94 respectively have been transferred to General Revenue Account of the Central Government.

The shareholders who have not encashed the dividend warrants for the said period are requested to claim the same from the Registrar of Companies, NCT of Delhi & Haryana, C.G.O.Complex, Paryavaran Bhawan, Lodhi Road, New Delhi-110003.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**ITEM NO. 5**

Pursuant to the permission obtained from Ministry of Finance vide its letters numbered 6(266) / 95-ECB dated 22/6/95 & 23/7/96, Occident Orient Company Limited, Mauritius (OOCL) has advanced a loan of US \$ 10,04,944 to the company and the same was repayable with interest @ 2.50% above LIBOR after a period of three years from the date of drawal. At the time of making the loan, the exchange rate of one US \$ was only Rs 32.20 (average), however on account of substantial devaluation of the Rupee, the exchange rate now is Rs. 42.50 for each US \$. The Company has therefore, proposed to M/s OOCL to accept the repayment of the loan alongwith outstanding interest upto 31.08.98 by accepting equity shares of SBEC Sugar Ltd. of the face value of Rs 44659620/- held by the company and OOCL has duly acceded to the said request vide its letter dated 29th September, 1998 for transfer of 22,68,078 equity shares to OOCL and 21,97,884 equity shares to its nominee M/s SBEC Limited, Channel Island. The conversion of loan and the transfer of shares would be subject to prior approval of Ministry of Finance and RBI. Furthermore, the transfer of shares of SBEC Sugar Ltd held by this company would also require the prior approval of PICUP to whom the company has given an undertaking for non-disposal of its investment in SBEC Sugar Ltd. for the loan given by PICUP to SBEC Sugar Ltd.

Your directors recommend the resolution for your approval.

None of the directors of the company is concerned or interested in the said resolution except Mr Norland Suzor being Director in Occident Orient Company Limited.

ITEM NO. 6

In terms of the Collaboration Agreement dated 6th March, 1993 entered into between the Company and SBEC Systems Ltd., U.K., wherein SBEC Systems Ltd. U.K. is entitled for Per-Diem charges at mutually agreed rates for deputation of foreign technicians. Further, a Supplementary Agreement dated 18/9/93 was entered into between SBEC Systems (I) Ltd., SBEC Systems Ltd., U.K. and SBEC Limited, Channel Island, wherein under clause 3 (iii), all charges to be paid by SBEC Systems (I) Ltd. for deputation of foreign personnel either by SBEC Systems Ltd., U.K. or SBEC Limited, Channel Island shall be remitted in equal proportion to SBEC Systems Ltd., U.K. and SBEC Limited, Channel Island.

The Per-Diem charges for the deputation of technicians by SBEC Systems Ltd., U.K. for the period November, 1994 to June, 1998 have not been paid by the company. These charges when paid will be remitted in equal proportion to SBEC Systems Ltd., U.K. and SBEC Limited, Channel Island.

M/s SBEC Systems Ltd., U.K. vide its letter dated 27th October, 1998 has expressed its desire to accept SBEC Sugar Ltd's Shares held by the company in settlement of outstanding Per-Diem charges payable to it and SBEC Limited, Channel Island.

The disposal of shares in favour of SBEC Systems Ltd. U.K. and SBEC Limited, Channel Island shall however be subject to various approvals from Ministry of Finance, RBI, PICUP and other Statutory Authorities/Bodies.

Your directors recommend the resolution for your approval.

None of the directors of the company is concerned or interested in the said resolution except Mr Norland Suzor being Director in SBEC Systems Ltd., U.K.

ITEM NO.7

SI-AL SBEC Bio-energy Ltd. has been promoted by your company. In terms of the Shareholders Agreement, your company is required to invest in the share capital of SI-AL SBEC Bio-energy Ltd. Your Directors propose to invest a sum of Rs 690 lacs. Pursuant to the provisions of section 372 A of the Companies Act, 1956, consent of the shareholders is required for the purpose.

Your directors recommend the resolution for your approval.

None of the directors of the company is concerned or interested in the said resolution except Mr. U.K. Modi & Mr. Norland Suzor being Directors in SI-AL SBEC Bio-energy Ltd.

ITEM NO. 8

The Shares of the Company are listed at the Stock Exchanges at Delhi (Regional Stock Exchange), Kanpur, Mumbai and Ahmedabad.

The shares of the company are frequently traded at the stock exchange at Mumbai. For more than last two years, the shares of the company have not been traded at the Stock Exchanges at Ahmedabad and Kanpur.

In view of the above, it would be in the interest of the company to opt for the time being for voluntary delisting of its shares at the stock exchanges at Ahmedabad and Kanpur as permitted by SEBI .

The delisting would require the permission of the shareholders by way of special resolution.

Your directors recommend the resolution for your approval.

None of the directors of the company is concerned or interested in the said resolution.

By order of the Board

Place : New Delhi
Date : 30th November, 1998

Atul Kumar
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors hereby present the Tenth Annual Report of the Company together with Audited Accounts for the period ended 30th June, 1998.

FINANCIAL RESULTS

(Rs. in lacs)

	Period ended 30.06.98	Period ended 31.03.97
Sales & Services, Consultancy Fees and Other Income	2021.04	910.38
Operating Profit before Depreciation	50.02	32.70
Depreciation	7.44	15.33
Operating Profit before tax	42.58	17.37
Extra-ordinary Expenses / (Income)		
(a) Foreign Exchange Fluctuation (Net)	223.15	(64.43)
(b) Previous Year Expenses.		
- Foreign Tech. Expenses	27.92	----
- Interest of loan	41.95	----
- Insurance	7.66	----
(c) Interest on FCL	47.20	----
(d) Interest on Deferred Credits	73.99	421.87
		112.18
(Loss) Before Tax	(379.29)	(30.38)
Payment under VDIS-97	2.21	----
Provision for Minimum Alternate Tax	----	11.06
(Loss) / Profit after tax	(381.50)	(41.44)

On the total income of Rs 2021.04 lacs, your company has registered an operating profit of Rs 42.58 lacs (previous period Rs. 17.37 lacs).

However, the net loss of Rs 381.50 lacs is mainly on account of Extra-ordinary Expenses comprising of Foreign Exchange Fluctuation of Rs 223.15 lacs, Interest on Foreign Currency Loan of Rs 47.20, Interest on Deferred Credits of Rs 73.99 lacs and providing for the previous years expenses amounting to Rs. 77.53 lacs.

PROSPECTS FOR THE CURRENT YEAR

Your Directors are pleased to inform you that both projects viz the Sugar plant and the Co-generation plant promoted by your Company have commenced production. With the commencement of production of these projects, your Company would receive Royalty from the Sugar project in addition to return on investment from both projects. This would result in the current year ending on a healthy note.

FIXED DEPOSITS

The Company has not accepted any deposits from the public during the period ended 30th June, 1998 under section 58A of the Companies Act, 1956.

DIRECTORS

Ms. Meghna Modi and Mr. Abhishek Modi, Directors of the Company will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

PARTICULARS OF EMPLOYEES

Information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time is annexed.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As stipulated under the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the annexure containing the above particulars is annexed to this report.

SUBSIDIARY COMPANY

As required under section 212 of the Companies Act, 1956, the audited accounts alongwith the report of the Board of Directors of SBEC Investments Ltd. (subsidiary company) and Auditor's Report thereon for the year ended on 30th June, 1998 and a statement thereon are annexed.

LISTING OF SHARES

The Shares of the Company are listed at the Stock Exchanges at Delhi (Regional Stock Exchange), Kanpur, Mumbai and Ahmedabad.

The shares of the company are frequently traded at the stock exchange at Mumbai. For more than last two years, the shares of the company have not been traded at the Stock Exchanges at Ahmedabad and Kanpur.

In view of the above, it would be in the interest of the company to opt for the time being for voluntary delisting of its shares at the stock exchanges at Ahmedabad and Kanpur as permitted by SEBI.

The company has not paid the listing fee for the year 1998-99.

AUDITORS

M/s K.K. Jain & Co., Chartered Accountants, are the retiring Auditors and being eligible, offer themselves for re-appointment.

AUDITOR'S REPORT

The observations of Auditors are explained wherever necessary, in the appropriate notes to the accounts except the following:

1. Note No. B(2) :- Regarding non provision for doubtful debtors and loans & advances — In the opinion of the management, the aforesaid amounts are recoverable.
2. Note No. B(4) & (5) :- Regarding amortisation of fee for deputation of technicians and technical know-how fee — The management is of the opinion that the benefit of these expenses will be available to the company over a period of ten years, hence being amortised accordingly.
3. Note No. B(9) & (11) :- Regarding non provision of Tax Deducted at Source and Service Tax — The Tax Deducted at Source and Service Tax would be accounted for in the year of deposit.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their appreciation and gratitude to Shareholders, all Business Associates, Employees and Bankers of the Company for their help and support continuously extended to the company.

For & on behalf of the Board

Place : New Delhi
Date : 30th November, 1998

Umesh K. Modi
Chairman & President