

SBEC

Twelfth Annual Report 2000



SBEC SYSTEMS (INDIA) LIMITED
Sugar, Bio-Energy & Control Systems

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board of directors

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

alternate directors

Mr. Ashok Rustagi (alternate to Ms. Elisabet Carlberg Suzor)
 Mr. Vijay K. Modi (alternate to Ms. Meghna Modi)
 Mr. B.K. Luthra (alternate to Mr. Abhishek Modi)

company secretary

Mr. Atul Kumar

auditors

M/s. K.K.Jain & Co.
 Chartered Accountants
 7/35, Ansari Road, Daryaganj,
 New Delhi - 110002

bankers

Standard Chartered Grindlays Bank Limited
 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 Twelfth Annual General Meeting of the Shareholders of SBEC SYSTEMS (INDIA) LIMITED will be held on Wednesday the 26th September, 2001 at the Executive Club, 439 Village Shahoorpur, P.O. Fatehpur Beri, New Delhi at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 2000, the Profit & Loss Account for the period ended on that date alongwith the Directors' Report and the Auditors' 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 Ms. Elisabet Carlberg Suzor, who retires from office by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors and fix their remuneration.

By order of the Board

Place : New Delhi
Date : 29th August, 2001

Atul Kumar
Company Secretary

NOTES:**1. Proxy**

A member entitled to attend and vote is entitled to appoint proxy to attend and vote in his / her stead and a proxy need not be a member of the company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to the Annual Report.

2. Book closure

The Register of Members and Share Transfer Books of the Company shall remain closed on 26th September, 2001.

3. The Members are requested to notify the change in address, if any, to the Company at the earliest.
4. Members / Proxies are requested to bring the Attendance Slip sent herewith duly filled in for attending the meeting.

By order of the Board

Place : New Delhi
Date : 29th August, 2001

Atul Kumar
Company Secretary

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DIRECTORS' REPORT

Dear Shareholders,

Your directors hereby present the Twelfth Annual Report of the Company together with Audited Accounts for the period ended 31st December, 2000.

FINANCIAL RESULTS

	Period ended 31.12.2000	Period ended 30.09.1999
		(Rs. In lacs)
Sales, Royalty & other Income	33.71	504.40
Total Expenditure	106.11	699.66
Operating profit / (Loss) before Depreciation	(72.40)	(195.26)
Depreciation	0.30	1.30
Operating Profit / (Loss) before tax	(72.70)	(196.56)
Loss on Valuation of Investments	(579.48)	-
Profit / (Loss) after tax	(652.18)	(196.56)
Reserves excluding revaluation reserve	192.62	192.62

PROSPECTS FOR THE CURRENT YEAR

Your Directors wish to inform you that the Sugar and Co-generation plants promoted by your company have reported encouraging results for the period ended 31st March, 2001. The Sugar plant has reported a cash profit of Rs. 541.30 Lacs for the 18 months period ended on 31st March, 2001 as against a cash loss of Rs. 696.84 Lacs for the 15 months period ended on 30th September, 1999. This shows a marked improvement in the operations of the Sugar plant and it is expected that the sugar plant will earn net profit in the current year.

Likewise, the working of Co-generation plant has also shown marked improvement and the Company has earned handsome profits for the year ended 31st March, 2001. However, pending disputes with the joint venture partners, no income can be distributed by Co-generation plant.

FIXED DEPOSITS

The Company has not accepted any deposits from the Public during the period ended 31st December, 2000 under the Companies Act, 1956.

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SBEC Twelfth Annual Report 2000.....**DIRECTORS**

Ms. Meghna Modi and Ms. Elisabet Carlberg Suzor, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

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 :- There is no employee in receipt of remuneration aggregating more than Rs. One Lac per month.

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 Auditors' Report thereon for the period ended on 30th December, 2000 and a statement thereon are annexed.

LISTING OF SHARES

The shares of the company are listed on the following stock exchanges namely (1) The Delhi Stock Exchange Association Ltd., 3/1 " DSE House" Asaf Ali Road, New Delhi (2) The Stock Exchange, Mumbai, Phiroz Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 001 (3) The U.P. Stock Exchange Association Ltd., Padam Towers, 14/113, Civil Lines Kanpur, U.P. and (4) The Stock Exchange - Ahmedabad, Kamdhenu Complex opp. Sahajanad College, Panjrapole, Ahmedabad - 380015.

AUDITORS

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

AUDITORS' REPORT

The observations of Auditors are explained wherever necessary, in the appropriate notes to the accounts.

AUDIT COMMITTEE

As required under section 292A of the Companies (Amendment) Act, 2000, the Audit Committee of Directors was constituted in February 2001 to review various areas of audit and accounts. The Audit Committee of the Board comprises of Mr. Abhishek Modi, Ms. Meghna Modi and Mr. Ashok Rustagi. All the Directors have good knowledge of Corporate and Project Finance, Accounts and Company Law. The terms of reference of the Audit Committee are in line with section 292A of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217

As required under section 217(2AA) of the Companies Act 1956, your Directors state:

- (i) While preparing Annual Accounts, the applicable accounting Standards have been followed.
- (ii) Company had selected such accounting policies and applied them consistently and made judgements that are reasonable and prudent which gives true and fair view of affairs of the Company.
- (iii) Company had taken proper & sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) Company has prepared accounts on a going concern basis.

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 : 29th August, 2001

Umesh K Modi
Chairman & President



ANNEXURE TO DIRECTORS' REPORT

Information required pursuant to section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 forming part of the Directors' Report for the year ended 31st December 2000:

A. CONSERVATION OF ENERGY : Not Applicable

B. TECHNOLOGY ABSORPTION :

The information required to be disclosed under Rule 2 of the aforesaid Rules is given hereunder in Form B.

FORM B

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D).

Research & Development : Nil

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

The Company has acquired the latest technology for manufacture of equipment for Sugar Industry from its foreign collaborators SBEC Systems Limited, United Kingdom.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.

The Company has been able to introduce in Indian Sugar Industry modern equipment which result in :

- i) Saving in energy,
- ii) Improvement in sugar recovery from the cane as well as improvement in quality of sugar, and
- iii) Reduction in air pollution / emission.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished : Not Applicable

C. FOREIGN EXCHANGE EARNING AND OUTGO

- i) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export Plans:

Not applicable as the company has not been carrying on or intending to carry on any export activities in near future.

ii)	Current period (Rs.)	Previous Period (Rs.)
Total foreign exchange used :	8,54,326	57,75,038
Earned :	NIL	NIL

AUDITORS' REPORT**TO THE MEMBERS OF SBEC SYSTEMS (INDIA) LIMITED**

We have audited the attached Balance Sheet of SBEC SYSTEMS (INDIA) LIMITED as at 31st December 2000, and the Profit and Loss Account for the period ended on that date, annexed thereto and report that :

1. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. 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 the books;
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
4. In our opinion, the Profit & Loss Account and Balance Sheet of the Company comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
5. Based on the representation of the Company/Directors and as per information and explanation given to us, none of the directors of the Company are prima facie, as at 31st December 2000, disqualified from being appointed as Directors of the Company in terms of Section 274 (1) (g) of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss Account read with the Schedules and Notes thereon and subject to the consequential impact on the result for the year of **Note No. B (2) regarding non-provision for doubtful Debtors and Loans & Advances, and Note NO. B (10) regarding non-provision of tax on deputation charges of foreign technicians** give the information required by the Companies Act, 1956, in the manners so required and a true and fair view:-
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st December 2000 and
 - (ii) In the case of the Profit and Loss Account of the Loss for the period ended on that date.
7. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :
 - 7.1 The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets have been physically verified by the management at reasonable intervals and have been reconciled with the book records and no material discrepancies are reported to have been observed.
 - 7.2 None of the Fixed Assets of the Company have been revalued during the period.
 - 7.3 (a) The stocks of Stores and Spare parts, Components and Goods purchased for resale have been physically verified by the management at reasonable intervals during the period.
 - (b) The discrepancies between physical stocks and the book records, which were not material, have been properly dealt with in the books of account.
 - (c) The procedures followed by the management for such physical verifications are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.

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- (d) In our opinion, the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding period.
- 7.4 The Company had taken unsecured loans from erstwhile Promoters/Directors and from a company in which they are interested, which are being carried forward. As per the information given to us, the said loans are interest free and thus the terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- 7.5 The Company has during the period given an Unsecured Loan to a company in which Directors are interested as listed in the Register maintained under Section 301 of the Companies Act, 1956. The terms and conditions of this loan are prima facie not prejudicial to the interest of the Company. We are informed that there is no company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
- 7.6 Loans and Advances in the nature of interest free loans given by the Company to its employees are being recovered as stipulated.
- 7.7 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 with regard to the purchase of stores and spares, components, plant & machinery, equipment and other assets and for sale of goods.
- 7.8 In our opinion, the transactions of purchase of goods & materials, sale of goods & material and services made by the Company 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 50,000/- (Rupees fifty thousand) or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, material or services or the prices at which the transactions for similar goods or services have been made with other parties.
- 7.9 As informed to us, the Company has a system of determination of unserviceable or damaged stores & spares, components including goods purchased for resale. Adequate provision has been made in respect of the loss arising on such items in the accounts under review.
- 7.10 The Company has not accepted any deposits from the public within the meaning of Section 58 A of the Companies Act, 1956 and the rules framed thereunder.
- 7.11 Since the Company does not have its manufacturing activities, there is no generation of realisable scrap or by-product.
- 7.12 In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- 7.13 We are informed that the provisions of Section 209(1)(d) of the Companies Act, 1956 relating to the maintenance of cost records are not applicable to the Company.
- 7.14 According to the record of the Company, the Company has been generally regular in depositing Provident Fund dues with the appropriate authorities. We are informed that the provisions of Employees State Insurance Act do not apply to the Company.
- 7.15 According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom & Excise Duty outstanding as at 31st December 2000 for a period of more than six months from the date they become payable **except the Sales Tax of Rs. 4.41 lacs.**

- 7.16 The Company has a policy of authorising expenditure based on reasonable checks and controls. This policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to revenue account, which in our opinion and judgment and to the best of our knowledge and belief, could be regarded as personal expenses other than those payable under contractual obligations or in accordance with generally accepted business practice.
- 7.17 The provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the company.
- 7.18 In respect of trading activities, we are informed that there are no damaged goods in the possession of the Company as at the close of the accounting period.
- 7.19 In respect of services rendered, the nature of the services is such that it does not involve consumption of materials. The allocation of man-hours utilised to the respective jobs is not considered necessary by the Company, since the services rendered are billed to customers at predetermined prices. However, there are no such transactions during the period.
- 7.20 The investment are held by the company in its own name.

For K.K.JAIN & CO.,
Chartered Accountants,

Place : New Delhi
Dated : 29th August, 2001

(RAKESH KUMAR MITTAL)
Partner

