

# **SBEC**

## **Fourteenth Annual Report-2003**



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



PRINTED AT : MODI MOTORS PVT. LTD., (PACKAGING DIVISION)  
W-13, SECTOR-11, NOIDA-201 301, PHONE : 2544683, 2544685

**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 DIRECTOR**

Mr. Ashok Rustagi (Alternate to Ms. Elisabet Carlberg Suzor)

**COMPANY SECRETARY**

Mr. Atul Kumar

**AUDITORS**

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

**BANKERS**

Standard Chartered Grindlays Bank Limited  
 Canara 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 Fourteenth Annual General Meeting of the Shareholders of **SBEC SYSTEMS (INDIA) LIMITED** will be held on Monday the 29th day of September, 2003 at the Executive Club, 439 Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 030 at 4.00 p.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2003, the Profit and Loss Account for the year ended on that date along with the Directors' Report and the Auditor's Report thereon.
2. To consider and appoint a Director in place of Mr. Abhishek Modi who retires from the office by rotation and being eligible offers himself for re-appointment.
3. To consider and appoint a Director in place of Ms. Elisabet Carlberg Suzor who retires from the office by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS**

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

"RESOLVED that pursuant to Regulation 5 of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable laws, rules, regulations, guidelines etc and subject to approvals/ permissions, if any, from regulatory authorities and / or government departments, may be required for this purpose, approval be and is hereby given for delisting of equity shares (including equity that may be issued and listed in future) of the Company with immediate effect from the following stock exchanges;

1. The Delhi Stock Exchange Association Limited
2. The Stock Exchange Ahmedabad
3. The U.P. Stock Exchange Association Limited

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to give necessary approvals, take appropriate steps, give necessary authority to any director, officer of the Company for purpose of delisting of shares as mentioned herein above"

**NOTES:**

1. 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

MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT LEAST 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ANNEXED TO THE ANNUAL REPORT.

2. The Register of the Members and Share Transfer Book of the Company shall remain closed on September 29, 2003.
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 Attendance Slip sent herewith duly filled in, for attending the meeting.

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

The Company's equity shares are listed on the Stock Exchanges at Mumbai, Ahmedabad, Kanpur and New Delhi.

In terms of the revised guidelines brought out by SEBI in February 2003 a company may delist from any one or more Stock Exchanges where the Company's Shares are listed, provided the Company's equity shares are listed on either The Stock Exchange Mumbai or the National Stock Exchange of India Limited.

The shares of the Company are not being traded on The Delhi Stock Exchange Association Limited, The Stock Exchange Ahmedabad, and the UP Stock Exchange Association Limited. The continued listing at the above stock exchanges is not providing any material advantage to the Shareholders of the Company. The proposed delisting from these three exchanges will not adversely affect any investor including the members located in regions where the above three stock exchanges are situated. The Shares of the Company will continue to be listed on The Stock Exchange Mumbai having nation wide terminals.

The Board has decided, subject to the approval of the shareholders, to delist the Company's equity shares from the above mentioned Stock Exchanges. The Board recommends this Resolution for approval.

None of the Directors of the Company is in any way concerned or interested in this Resolution.

**By order of the Board**

Place: New Delhi  
Date : September 1, 2003

**Atul Kumar**  
**Company Secretary**

**DIRECTORS' REPORT**

Dear Shareholders,

Your directors hereby present the Fourteenth Annual Report of the Company together with Audited Accounts for the year ended 31<sup>st</sup> March 2003.

**FINANCIAL RESULTS**

	<b>Year ended 31.03.2003 (Rs. in Lacs)</b>	<b>Period ended 31.03.2002 (Rs. in Lacs)</b>
Sales & Other Income	<b>7.18</b>	0.40
Total Expenditure	<b>152.61</b>	138.38
Operating profit / (Loss) before depreciation	<b>(145.43)</b>	(137.98)
Depreciation	<b>0.58</b>	1.04
Operating Profit / (Loss) before tax	<b>(146.01)</b>	(139.02)
Profit / (Loss) after tax	<b>(146.01)</b>	(139.02)
Reserves excluding revaluation reserves	<b>192.62</b>	192.62

**MANAGEMENT DISCUSSION AND ANALYSIS**

The Sugar Plant promoted by your company has reported satisfactory results for the year ended 31<sup>st</sup> March 2003, inspite of one of the most difficult year for the sugar industry. The sugar plant has also reported a cash profit for the year ended 2002-2003. The sugar plant will start paying dividend as well as royalty once it starts earning net profit.

The Co- generation plant promoted by your company has also earned profit for the year ended 31<sup>st</sup> March 2003. However, pending resolution of disputes with the joint venture partners, no dividend can be declared by the co-generation plant.

Your Company is in the business of supplying equipment and consultancy services to the sugar industry. The sugar industry is passing through a very difficult phase and hardly any modernisation or expansion activities have taken place in the industry in the past few years.

**INTERNAL CONTROLS AND SYSTEMS**

The company has a proper and adequate system of internal

controls to ensure that its assets are safeguarded and protected against loss from unauthorised use or disposition and transactions are authorised, recorded and reported correctly. The internal control system is also supplemented by an independent internal audit system which is reviewed by the management periodically. The internal control system is designed to ensure that the financial and other records are reliable for preparing financial statements.

**FIXED DEPOSITS**

The Company has not accepted any deposits from the Public during the year under review.

**DIRECTORS**

Mr. Abhishek Modi and Ms. Elisabet Carlberg Suzor Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The necessary resolutions are being placed before the members for approval.

**CONSOLIDATED ACCOUNTS**

As required under the Listing Agreement, consolidated accounts conforming to the applicable accounting standards are attached to the Annual Report.

**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:

During the year there were no employees who were in receipt of remuneration more than the limit prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

**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 along with the report of the Board of Directors of SBEC Investments Ltd. (subsidiary company) and Auditor's Report thereon for the period ended on 31st March 2003, and a statement thereon are annexed. Consolidated financial statements are being published in the Current Year's Annual Report.

### **LISTING OF SHARES**

The shares of the company are listed on the following stock exchanges namely (1) The Delhi Stock Exchange Association Ltd., New Delhi (2) The Stock Exchange, Mumbai (3) The U.P. Stock Exchange Association Ltd., Kanpur, U.P. and (4) The Stock Exchange, Ahmedabad,

Pursuant to the SEBI ( Delisting of Securities ) Guidelines, 2003, your Directors have decided to seek delisting of shares from the Delhi Stock Exchange Association Ltd., The U.P. Stock Exchange Association Ltd. and The Stock Exchange, Ahmedabad, as the shares are not traded on these exchanges. The Shares of your company will however continue to be listed on The Stock Exchange, Mumbai, which has nation wide trading terminals and the shareholders/ investors will not face any difficulty in trading the shares.

### **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.

### **SECRETARIAL AUDIT**

The Secretarial Audit of the Company is being carried out periodically. The observations of the Secretarial Auditor were satisfactory.

### **CORPORATE GOVERNANCE**

A separate report on Corporate Governance is attached as Annexure to the Annual Report. The Auditors Certificate confirming the compliance of Corporate Governance is included in the said Corporate Governance Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217**

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

1. that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. that the directors had taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the directors had prepared the annual 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 :

**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 March 2003.

**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:**

- (a) Technology Imported : Nil
- (b) Year of Import : NA
- (c) Has technology been fully absorbed : NA
- (d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action : NA

**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.

		(Rs. in Lacs)	
		Current Year	Previous Period
ii)			
Total Foreign Exchange Used		12,54,323	Nil
Total Foreign Exchange Earned		Nil	Nil

**CORPORATE GOVERNANCE REPORT****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

At SBEC Systems, Corporate Governance is an on going process and an integral part of the Company's values, ethics, business practices and norms.

The Board of Directors and the Management of SBEC Systems (India) Limited commit themselves to strive towards enhancement of shareholders value, ensure transparency and professionalism in all decisions of the Company and achieve excellence in corporate governance.

**2. BOARD OF DIRECTORS**

The Company has a broad based Board of Directors conforming to the requirement of good Corporate Governance. The Board is headed by a non-executive chairman. The composition of the Board as on 31<sup>st</sup> March 2003 is as under:



Name of The Director	Category of Director	No. of Board Meetings Held	No. of Board Meetings Attended	No. of Other Directorships (*)	Committee Member-ships (***) (excluding SBEC Systems (India) Ltd.)	Committee Chairman ships	Last AGM Attended
1. Mr. Umesh K. Modi @	Non-Executive	4	4	10	—	—	No
2. Mr. Abhishek Modi @	Non-Executive	4	—	6	1	1	No
3. Ms. Meghna Modi @	Non- Executive	4	—	—	—	—	No
4. Mr. Norland Suzor	Non-Executive	4	—	—	—	—	No
5. Mrs. Elisabet Carlberg Suzor #	Non-Executive	4	—	—	—	—	No
6. Mr. Ashok Rustagi	Alternate to Mrs. Elisabet Carlberg Suzor Non-Executive	4	4	4	—	—	Yes
7. Mr. Vijay K. Modi **	Alternate to Mr. Abhishek Modi Non-Executive	4	1	1	—	—	Yes
8. Mr. B.K. Luthra**	Alternate to Ms Meghna Modi Non-Executive	4	3	—	—	—	No

(\*) Directorship in companies registered under the Companies Act, 1956 excluding directorships in private limited companies, companies under Section 25 of the Companies Act and alternate directorships.

(\*\*) Mr. Vijay K Modi and Mr. B K Luthra alternate directors ceased to be such w.e.f. 31<sup>st</sup> May 2003.

(\*\*\*) Specified Committees, Audit Committee, Shareholders / Investor Grievance Committee, Remuneration Committee,

(@) Mr. Umesh K.Modi and Ms. Meghna Modi are related as father and daughter and Mr. Abhishek Modi is related to them as his son and her brother respectively.

(#) Mr. Norland Suzor and Ms. Elisabet Carlberg Suzor are related as husband and wife.

#### Details of the Board Meeting held during the year

Date of Meeting	Board Strength	No. of Directors Present
April 30, 2002	5	3
August 21, 2002	5	3
October 10, 2002	5	3
February 5, 2003	5	3



**3. Audit Committee**

In Compliance with the requirement of Section 292 A of the Companies (Amendment) Act, 2000 the Board of Directors at their meeting held on 27<sup>th</sup> February 2001 constituted an Audit Committee. The role and terms of the Audit Committee covers the areas mentioned in Clause 49 of the Listing Agreement and Section 292 A of the Companies Act, 1956. As on 31<sup>st</sup> March 2003, the constitution of the Audit Committee stands as under:

1. Mr. Abhishek Modi
2. Ms. Meghna Modi
3. Mr. Ashok Rustagi

The Company Secretary of the Company acts as the Secretary of the Audit Committee. The Audit Committee has met three times during the last financial year. The attendance of the Directors at the respective dates of the meetings is shown below.

<b>Meetings Held</b>			
<b>Attendance of Directors</b>	<b>20<sup>th</sup> July 2002</b>	<b>1<sup>st</sup> September 2002</b>	<b>18<sup>th</sup> January 2003</b>
Mr. Abhishek Modi	Present	Present	Present
Ms. Meghna Modi	—	Present	—
Mr. Ashok Rustogi	Present	Present	Present

**4. Investors Grievance Committee**

As on 31<sup>st</sup> March 2003, the Investor Grievance Committee comprised of Mr. Ashok Rustagi, Mr. Vijay K Modi and Mr. B K Luthra as its Members. The committee is chaired by Mr. Ashok Rustagi. The Company attends to the investor grievances / correspondences expeditiously and usually a reply is sent within 14 days of receipt of letter. There have been no complaints that have not been resolved to the satisfaction of the shareholders nor are there any pending transfers.

**5. Remuneration Committee**

The Remuneration Committee consists entirely of Non executive directors. Mr. Ashok Rustagi, is the Chairman of the Committee. Mr. Abhishek Modi and Ms. Meghna Modi are the other members. The Committee met once during the year, on 2<sup>nd</sup> September 2002 for the determination of the remuneration to be paid to Mr. Sushil K Agrawal on his re-appointment as the Manager. All the members were present at this meeting.

**6. Details of the remuneration paid to the Directors during the Financial Year Ended 31<sup>st</sup> March, 2003.**

No remuneration is paid to the Directors as sitting fee.

**7 Means of Communication:**

The Quarterly and the Half-yearly results are published by the Company in Financial Express (English) and in Jansattta (Hindi)

**8. Details of last three Annual General Meetings:**

<b>Year</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>
2002	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	November 12, 2002	10.00 A.M.
2001	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 26, 2001	3.00 P.M.
2000	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	March 29, 2000	10.00 A.M.

**9. Disclosures:**

- There has been no non compliance penalties/ strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authority, on any matter related to capital markets during the last three years.
- There are no materially significant related party transactions which may have potential conflict with the interests of the company at large.

**10. Shareholders Information****a) Annual General Meeting:-**

Date	:	29th September, 2003
Time	:	4.00 P.M.
Venue	:	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.
Book Closure	Date :	29th September, 2003

**b) Financial Calendar**

The financial calendar of the Company commences from April 1, and ends on March 31.

<b>Adoption of quarterly results Ended:</b>	<b>In the Month of</b>
1. 30 <sup>th</sup> June, 2003	July, 2003
2. 30 <sup>th</sup> Sept., 2003	October, 2003
3. 31 <sup>st</sup> Dec., 2003	January, 2003
4. 31 <sup>st</sup> March, 2004	April, 2004