

# **SBEC**

## **Sixteenth Annual Report-2005**



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



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**SBEC**

SBEC SYSTEMS (INDIA) LIMITED

**BOARD OF DIRECTORS**

Mr. Vijay K. Modi (Chairman &amp; President)

Mr. Norland L.C. Suzor

Mr. Sarat Jain

Ms. Elisabet Carlberg Suzor

Ms. Meghna Modi

**ALTERNATE DIRECTOR**

Mr. Bindu Kumar Luthra (Alternate to Mr. Norland L.C. Suzor)

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

**COMPANY SECRETARY**

Mr. Atul Kumar

**AUDITORS**

M/s K.K. Jain &amp; Co.

Chartered Accountants

7/35, Ansari Road, Daryaganj,

New Delhi-110 002

**BANKERS**

Standard Chartered Grindlays Bank Limited

Canara Bank

**REGISTERED OFFICE**

1400, Modi Tower

98, Nehru Place,

New Delhi-110 019

**SHARE TRANSFER AGENT**

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 Sixteenth Annual General Meeting of the Shareholders of SBEC SYSTEMS (INDIA) LIMITED will be held on Friday the 30<sup>th</sup> day of September 2005, at the Executive Club, 439 Village Shahoorpur, P.O. Fatehpur Beri, New Delhi at 2:30 p.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005, the Profit and Loss Account for the period 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 Ms. Meghna Modi who retires from the office by rotation and being eligible offers herself for re-appointment.
3. To consider and appoint a Director in place of Mr. Sarat Jain who retires from the office by rotation and being eligible offers himself for re-appointment.
4. To Appoint Auditors and fix their remuneration.

**By order of the Board**

Place: New Delhi

Date : September 1, 2005

**Atul Kumar**

**Company Secretary**

**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 30<sup>th</sup> September, 2005.
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.

**INFORMATION REGARDING THE DIRECTORS PROPOSED TO BE APPOINTED/ RE-APPOINTED (REFER CLAUSE 49 (VI) (A) OF THE LISTING AGREEMENT WITH STOCK EXCHANGES**

**Ms. Meghna Modi**

Ms. Meghna Modi is a graduate of the Harvard School of Management USA. She has rich experience in the fields of Finance and General Management and has been instrumental in the progress of M/s Modi Revlon Private Limited. She is not on the Board of any other public limited company.

**Mr. Sarat Jain**

Mr. Sarat Jain is a fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He has about three decades of experience in the fields of Finance and Accounts. Mr. Sarat Jain is not on the Board of any other public limited company.

**DIRECTORS' REPORT**

Dear Shareholders,

Your directors hereby present the Sixteenth Annual Report of the Company together with Audited Accounts for the year ended 31<sup>st</sup> March 2005.

**FINANCIAL RESULTS**

The financial results of the Company for the Financial Year 2004 – 2005 vis – a – vis 2003 – 2004 are summarized as under:

	<b>Year ended 31.03.2005 (Rs. in Lacs)</b>	<b>Year ended 31.03.2004 (Rs. in Lacs)</b>
Sales & Other Income	<b>86.18</b>	33.81
Total Expenditure	<b>163.18</b>	33.57
Operating profit / (Loss) before depreciation	<b>(77.00)</b>	0.24
Depreciation	<b>0.38</b>	0.47
Operating Profit / (Loss) before tax	<b>(77.38)</b>	(0.23)
Profit / (Loss) after tax	<b>(77.38)</b>	(0.23)
Reserves excluding revaluation reserves	<b>192.62</b>	192.62

**MANAGEMENT DISCUSSION AND ANALYSIS**

The Sugar Plant promoted by your Company has reported net profit of Rs.2162 lacs for the year 2004 - 2005, in spite of payment of cane price differential for earlier years in terms of order of the Honourable Supreme Court. The sugar plant is expected to start paying royalty from the next financial year.

Your Company is in the business of supplying equipment and consultancy services to the sugar industry. The present outlook of the sugar industry is optimistic and it is expected that the Company will perform better in future 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 unauthorized use or disposition and transactions are authorized, 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 period under review.

**DIRECTORS**

Ms. Meghna Modi and Mr. Sarat Jain, 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.

During the year under review, Mr. Bindu Kumar Luthra was appointed as an Alternate Director to Mr. Norland L.C. Suzor w.e.f. 29.01.2005.

**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 was no employee who was 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 2005, and a statement thereon are annexed. Consolidated financial statements are being published in the Current Year's Annual Report.

**LISTING OF SHARES**

The Company had submitted applications to The Delhi Stock Exchange Association Ltd., New Delhi, and The UP. Stock Exchange Association Ltd., Kanpur, UP., for delisting of its shares which are still pending with the Stock Exchanges. After the delisting from the above stock exchanges, the shares would remain listed on the Bombay Stock Exchange, which has a nation wide coverage.

**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 OF THE COMPANIES ACT, 1956.**

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

1. That in the 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 : September 1, 2005

**Vijay K Modi**  
Chairman

**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 2005.

- A. CONSERVATION OF ENERGY** : Not Applicable
- B. TECHNOLOGY ABSORPTION** :

The information required to be disclosed under Rule 2 of the previously mentioned 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 results 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 Year
ii)	Total Foreign Exchange Used	Nil	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 (I) 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 is as under:

Sl. No.	Name of the Directors	Category of Director	No. of Board Meetings Held	No. of Board Meetings Attended	No. of Other Directorships (*)	Committee Memberships (**) (excluding SBEC Systems (India) Ltd.)	Committee Chairmanships	Last AGM Attended
1.	Ms. Meghna Modi	Non- Executive	5	—	—	—	—	No
2.	Mr. Norland L.C. Suzor #	Non-Executive	5	—	1	—	—	No
3.	Mrs. Elisabet Carlberg Suzor #	Non-Executive	5	—	—	—	—	No
4.	Mr. Ashok Rustagi	Alternate to Mrs. Elisabet Carlberg Suzor Non-Executive	5	5	—	—	—	Yes
5.	Mr. Vijay K. Modi	Non - Executive	5	5	2	—	—	Yes
6.	Mr. Sarat Jain	Non-Executive	5	5	—	—	—	No
7.	Mr. B.K. Luthra \$\$	Alternate to Mr. Norland L.C. Suzor Non-Executive	1	1	1	—	—	N/A

(\*) 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.

(\*\*) Specified Committees — Audit Committee, Investor's Grievance Committee, Remuneration Committee.

( # ) Mr. Norland L.C. Suzor and Mrs. Elisabet Carlberg Suzor are related as husband and wife.

(\$\$) Mr. B. K. Luthra was appointed as an alternate director to Mr. Norland L.C. Suzor on 29.01.2005

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

Date of Meeting	Board Strength	No. of Directors Present
28th April, 2004	6	3
30th July, 2004	6	3
1st September, 2004	6	3
30th October, 2004	6	3
29th January, 2005	6	4

### 3. AUDIT COMMITTEE

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 cover 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 2005, the Audit Committee comprised of with Mr. Vijay K Modi as the Chairman, Mr. Sarat Jain and Mr. Ashok Rustagi being the other members.



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.

**Meetings Held**

Attendance of Directors	28th April 2004	30th July 2004	1st September 2004	29th October 2004	28th January 2005
Mr. Ashok Rustagi	Yes	Yes	Yes	Yes	Yes
Mr. Vijay K. Modi	Yes	Yes	Yes	Yes	Yes
Mr. Sarat Jain	Yes	Yes	Yes	Yes	Yes

**4. INVESTOR'S GRIEVANCE COMMITTEE**

As on 31<sup>st</sup> March 2005, the Investor's Grievance Committee comprised of Mr. Vijay K Modi and Mr. Sarat Jain as its Members. Mr. Vijay K. Modi chairs the Committee. The Company attends to the investor grievances / correspondences expeditiously and usually replies are 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. Vijay K. Modi, an independent director is the Chairman of the Committee. Mr. Sarat Jain being the other member of the Committee.

**Details of the remuneration paid to the Directors during the Financial Year ended 31<sup>st</sup> March, 2005.**

No remuneration paid to the Directors as sitting fee.

**6. MEANS OF COMMUNICATION:**

The Company in Financial Express (English) and in Jansattta (Hindi) publishes the Quarterly, Half-yearly and the Annual results.

**7. DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS:**

Year	Location	Date	Time
2004	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 29, 2004	4.00 P.M.
2003	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 29, 2003	4.00 P.M.
2002	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	November 12, 2002	10.00 A.M.

**8. 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.

**9. Shareholders Information :****i) Annual General Meeting:-**

Date	:	30th September, 2005
Time	:	2.30 P.M.
Venue	:	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.
Book Closure		Date : 30th September, 2005

**ii) Financial Calendar**

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

Adoption of quarterly results ended:	In the Month of
1. 30 <sup>th</sup> June, 2004	July, 2004
2. 30 <sup>th</sup> Sept., 2004	October, 2004
3. 31 <sup>st</sup> Dec., 2004	January, 2005
4. 31 <sup>st</sup> March, 2005	April, 2005

**iii) Investors Correspondence**

All the queries of investors regarding the company's shares may be sent at the following address:

SBEC Systems (I) Limited  
1400, Modi Tower  
98, Nehru Place  
New Delhi- 110 019

**iv) Listing on Stock Exchanges:**

Stock Exchange	Stock Code
The Delhi Stock Exchange Association Limited*	6960
The Stock Exchange, Mumbai	17360
The Uttar Pradesh Stock Exchange*	S-00135

- \* The applications for the delisting of the shares of the Company from the Stock Exchanges at Delhi and Uttar Pradesh are pending. However the shares of the Company will continue to be listed at the Bombay Stock Exchange which has a nation wide coverage.