

# **SBEC**

## **Eighteenth Annual Report-2007**



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

**BOARD OF DIRECTORS**

Mr. Vijay K. Modi Chairman

Mr. Norland L.C. Suzor

Ms. Meghna Modi

Mr. Sarat Jain

Mr. G.C. Jain

Dr. Anupam Bansal

**ALTERNATE DIRECTOR**

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

**CHIEF FINANCIAL OFFICER**

Mr. Jitendra Kumar Sharma

**COMPANY SECRETARY**

Mr. Anup Gupta

**AUDITORS**

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

Chartered Accountants

7/35, Ansari Road, Daryaganj,

New Delhi-110 002

**BANKERS**

Standard Chartered Bank Limited

Canara Bank

**REGISTERED OFFICE**

1400, Modi Tower

98, Nehru Place,

New Delhi-110 019

**SHARE TRANSFER AGENT**

Fintech Compu Systems Ltd.

WZ-1390/7, 1st Floor, Nangal Raya,

New Delhi-110 046

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**NOTICE**

NOTICE is hereby given that the 18<sup>th</sup> Annual General Meeting of the Shareholders of SBEC SYSTEMS (INDIA) LIMITED will be held on 27<sup>th</sup> September 2007, at the Executive Club, 439 Village Shahoorpur, P.O. Fatehpur Beri, New Delhi at 2.00 P. M. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007, 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. G.C. Jain, who retires from the office by rotation, and being eligible offers himself for re-appointment
4. To Appoint Auditors and fix their remuneration. M/s K.K. Jain & Co., Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

**SPECIAL BUSINESS**

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

RESOLVED THAT in accordance with the provision of sections 198, 269 & 309 read with

Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded for the appointment of Mr. Jitender Kumar Sharma as a Manager of the Company within the meaning of Section 2(24) of the Companies Act, 1956 for a period of three years with effect from 1<sup>st</sup> August, 2007 on such remuneration and terms & conditions, a copy of whereof duly initialed by the Chairman for the purpose of identification is placed before this meeting, with a liberty to the Board of Directors to alter and vary terms & conditions of the said appointment as may be agreed to between the Board of Directors and Mr. Jitender Kumar Sharma.

**By order of the Board of Directors  
For SBEC Systems (India) Ltd.**

Place: New Delhi

Date : 27th August, 2007

**Anup Gupta  
Company Secretary**

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll in his/her stead and a proxy need not to be member of the company. The instrument appointing proxy in order to be effective should be duly completed, stamped and signed and must be deposited at the registered office of the Company at least 48 hours before the scheduled time of the meeting. A blank proxy form is annexed herewith

2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, in respect of item no.5 of the Notice is given below and forms part thereof.
3. The Register of the Members and Share Transfer Books of the Company will remain closed from **25<sup>th</sup> September, 2007 to 27<sup>th</sup> September 2007 (both days inclusive)**
4. Members/Proxies are requested to bring Attendance Slips sent herewith duly filled in, for attending the Meeting.
5. Members desiring any information as regards to accounts are requested to address their questions to the Company Secretary at least 7 days before the date of the meeting so that the required information is made available at the meeting.
6. Non-Resident Shareholders are requested to inform immediately the change in the residential status on return for permanent settlement.
7. As per the provisions of the Companies Act, 1956, as amended, facility for making nominations is available to individuals holding shares in the Company. The Nomination can be made in Form-2B, which can be obtained from the Share Department of the Company.

**EXPLANATORY STATEMENT PUSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NO.5**

Mr. Jitender Kumar Sharma was appointed as Manager with in the meaning of Section 2(24)

pursuant to Provision of Section 269 of the Companies Act, 1956 by the Board of Directors in their meeting held on 27<sup>th</sup> August, 2007 for a period of three years with effect from 1<sup>st</sup> August, 2007 on such remuneration and terms & conditions as detailed below:

Basic	Salary Rs. 11175/- per month
House rent Allowance/Lease rent	Upto 30% of basic salary
Conveyance Allowance	Rs.1500 per month
Reimbursement for Medical expenses	Upto 7% of the basic salary
Bonus/Ex-gratia	As per policy of the company
Leave Travel Assistance	One month basic salary p.a.
Provident Fund	12% of the basic salary

Mr. Jitendra Kumar Sharma is Commerce & Law Graduate. He also has Post Graduate diploma in finance. Mr Jitendra Kumar Sharma has 15 years rich experience in field of finance .

None of the directors of your Company is interested in this resolution.

The Explanatory statement together with accompanying notice is, and may be, treated as an abstract of terms of appointment and memorandum of interest under section 302 of the Companies Act, 1956.

**By order of the Board of Directors  
For SBEC Systems (India) Ltd.**

Place: New Delhi

Date : 27th August, 2007

**Anup Gupta  
Company Secretary**

**DIRECTORS' REPORT****Dear Shareholders,**

Your directors take pleasure in presenting the 18<sup>th</sup> Annual Report of the Company together with Audited Accounts for the year ended 31<sup>st</sup> March 2007.

**FINANCIAL RESULTS**

The summarized financial results of the Company for the Financial year 2006-07 vis-à-vis 2005-06 are as under:-

Particulars	Year ended 31.03.2007 (Rs. in Lacs)	Year ended 31.03.2006 (Rs. in Lacs)
Sales & Other Income	33.27	30.29
Total Expenditure	34.71	90.99
Operating profit / (Loss) before depreciation	(1.44)	(60.70)
Depreciation	0.27	0.31
Operating Profit / (Loss) before tax	(1.71)	(61.01)
Profit / (Loss) after tax	(2.03)	(61.34)
Reserves excluding revaluation reserves	192.62	192.62

**MANAGEMENT DISCUSSION AND ANALYSIS****OUTLOOK**

Your Company is in the business of supplying equipment and consultancy services to the sugar industry. The present outlook of the sugar industry in India is not favorable due to unremunerative sugarcane price fixed by State Government and steep declining of sugar prices. However the management is confident to revive the business activities in near future depending upon more favorable conditions prevailing in the market barring unforeseen circumstances.

**INTERNAL CONTROLS AND SYSTEMS**

The key features of the internal control system in the company are given below:

1. Assets are adequately maintained and protected against theft, burglary and other losses.

2. Transactions are properly recorded and accounted for.
3. Accounting records are maintained in compliance with all the statutory laws and reflect true and fair view.
4. There are adequate management reporting systems for control and monitoring of performance.
5. Budgetary control system is in place.
6. Periodical review of internal controls and systems by the management and Audit Committee Meeting is being done.

**FINANCIAL PERFORMANCE**

During the year under review, the Company has not carried out any activity. The other income stood at Rs. 33.27 lacs. The net loss of the Company stood at Rs. 2.03 lacs as compared to Rs. 61.34 lacs for the last year.

**HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The company's human resources philosophy is to establish and build a strong performance and competence driven culture with greater sense of accountability and responsibility. The effort to rationalize and streamline the workforce is a continuous process. The industrial relations scenario remained harmonious throughout the year.

**DISCLOSURE RELATING TO SENIOR MANAGEMENT**

During the year under review there was no material financial or commercial transaction where senior management personnel has personal interest that may have potential conflict with the interest of the Company at large. The Company has received necessary declarations from the senior management personnel.

**FIXED DEPOSITS**

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

**DIRECTORS**

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 43 of the Articles of Association of the Company, Ms. Meghna Modi and Mr.G.C.Jain. Non-Executive Directors of the company will retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

**SUBSIDIARY COMPANY AND CONSOLIDATED ACCOUNTS**

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 year ended on 31st March 2007, and a statement thereon are annexed. Consolidated financial statements are being published in the Current Year's Annual Report.

**LISTING OF SHARES**

The Equity Shares of the Company are listed at Bombay, Delhi and Uttar Pradesh Stock Exchanges. Applications for delisting of Shares are pending with the Delhi and Uttar Pradesh Stock Exchanges.

**AUDITORS**

M/s K. K. Jain & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**AUDITOR'S REPORT**

The Notes to the Accounts referred to in the Auditors' Report are self explanatory and, therefore, do not call for any further comments.

**DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 OF THE COMPANIES ACT, 1956**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, the Directors of your company declare as under:

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 Company has 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 proper & sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
4. That the Annual Accounts are prepared on going concern basis;

**CORPORATE GOVERNANCE**

A Report on Corporate Governance together with a certificate from Auditors of the Company, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are annexed hereto and forms part of this report.

**SECRETARIAL AUDIT**

As per the direction of the Securities and Exchange Board of India, the Secretarial Audit of the Company is being conducted on quarterly basis by a Practicing Company Secretary. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Listing Agreement with the Stock Exchanges, and all the Regulations of Securities and Exchange Board of India (SEBI) as applicable to the Company.

**PARTICULARS OF EMPLOYEES**

None of the employees of the company were in receipt of remuneration of more than the limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

**ENERGY CONSERVATION, 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, a statement giving the required information for the year ended on 31<sup>st</sup> March 2007, is annexed hereto and forms part of the Directors' Report.

### **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  
For SBEC Systems (India) Ltd.**

Place: New Delhi  
Date: 27th August, 2007

**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 2007.

**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.** : NIL
2. **Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.** : N.A.
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
Total Foreign Exchange Used	Nil	Nil
Total Foreign Exchange Earned	Nil	Nil

**For & on behalf of the Board  
For SBEC Systems (India) Ltd.**

Place: New Delhi  
Date: 27th August, 2007

**Vijay K. Modi  
Chairman**

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At SBEC Systems (I) Limited, Corporate Governance is an integral part of the Company's values, ethics, business practices and norms. Towards this, the company consistently evaluates and defines its management practices aimed at enhancing its commitment and delivery of the basic tenets of the Corporate Governance.

### BOARD OF DIRECTORS

Composition of the Board of Directors and other details as on 31.03.2007 is as under:

Sl. No.	Name of the Directors	Catetory of Director	No. of Board Meetings Attended	No. of Other Director-ships(*)	Committee Member-ships(**) (Excluding SBEC Systems (India) Ltd.)	Committee Chairman-ships(**) (Excluding SBEC Systems (India) Ltd.)	Attendance at Last AGM
1.	Mr. Vijay K. Modi	Chairman and Non-Executive Director	4	Nil	Nil	Nil	Present
2.	Ms. Meghna Modi	Non- Executive Director	Nil	Nil	Nil	Nil	Not Present
3.	Mr. Norland L.C. Suzor #	Non-Executive Director	Nil	2	Nil	Nil	Not Present
4.	Mr.Sarat Jain	Non-Executive Director	5	1	Nil	Nil	Not Present
5.	Mr.G.C.Jain	Non Executive & Independent Director	5	4	1	3	Present
6.	Dr. Anupam Bansal	Non Executive & Independent Director	5	Nil	Nil	Nil	Not Present
7.	Mr.B.K. Luthra #	Alternate to Mr. Norland L.C. Suzor	5	1	Nil	Nil	Not Present

\* Directorship in companies registered under the Companies Act, 1956 excluding Directorships in private limited companies, companies covered under Section 25 of the Companies Act and Alternate Directorships.

\*\* Includes only Specified Committees i.e. Audit Committee and Shareholders' Grievance Committee

# Mr. B. K. Luthra appointed as Alternate Director to Mr. Norland L.C. Suzor on 30<sup>th</sup> January, 2006.

Five Board Meetings were held during the year under review on 28<sup>th</sup> April, 2006, 22<sup>nd</sup> July, 2006, 29<sup>th</sup> August 2006, 31<sup>st</sup> October, 2006 , and 31<sup>st</sup> January, 2007.

### INFORMATION REGARDING RE-APPOINTMENT OF DIRECTORS

Ms. Meghna Modi, Director, retires by rotation and being eligible offers her-self for re-appointment She is a graduate of the Harvard School of Management , USA. She has rich experience in the fields of Finance and General Management. She is not on the Board of any other Public Limited Company.

Mr. G.C. Jain, Director, retires by rotation and being eligible offers himself for re-appointment. Mr. G.C. Jain is an independent director of the company. He is a fellow member of Institute of Chartered Accountant of India and law



graduate from Rajasthan University having more than 27 years experience in accounts, audit, taxation and company law matters. He is Director in SBEC Sugar Limited, SBEC Bio-Energy Limited, Bihar Sponge Iron Limited and Own Investment (I) Limited.

#### **CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

Pursuant to Clause 49 of the Listing Agreement, the Board of Directors in their meeting held on 14<sup>th</sup> December 2005, have adopted a Code of Conduct for Board Members and Senior Management personnel.

The Company has received affirmation of Compliance with the Code from all the Directors and Senior Management personnel for the financial year ended 31<sup>st</sup> March 2007.

#### **AUDIT COMMITTEE**

The Company has an Audit Committee comprising of three Non Executive Directors, two third of whom are Independent Directors. After reconstitution of the Committee in December 2005, Mr. G. C. Jain is the Chairman and Dr. Anupam Bansal & Mr. Sarat Jain are its Members. The Company Secretary of the Company acts as the Secretary of the Audit Committee. All Members of the Audit Committee are financially literate and two members, including the Chairman of the Committee have accounting and financial management expertise.

The functioning and terms of reference of the Audit Committee are as prescribed under Section 292A of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges including their role, powers and duties, review of information, quorum for meeting and frequency of meeting. The Committee is responsible for effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and ensuring compliance with established policies and procedures. Audit Committee also determines adequacy and effectiveness of internal control. It identifies, defines and categorizes all the risks that the company faces.

Five Meetings of the Audit Committee were held during the year under review on 28<sup>th</sup> April, 2006, 22<sup>nd</sup> July, 2006, 29<sup>th</sup> August 2006, 31<sup>st</sup> October, 2006, and 31<sup>st</sup> January, 2007. Attendance in the above meetings is as follows:

<b>Name of Director</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>
Mr. G C Jain	5	5
Mr. Sarat Jain	5	5
Dr. Anupam Bansal	5	5

#### **SHARHOLDERS' GRIEVANCE COMMITTEE**

The Shareholders' Grievance Committee comprises of Mr. Vijay K. Modi as the Chairman and Mr. Sarat Jain as the other member. Company Secretary is the Compliance Officer and acts as Secretary of the Shareholders' Grievance Committee.

The functioning and terms of reference of the Committee is as prescribed under and in due compliance with the Listing Agreement with the Stock Exchanges with particular reference to complaints of shareholders relating to non - receipt of Annual Report, non - receipt of Share Certificates etc.

25 shareholders'/ investors' complaints, received directly from them or through SEBI/ Stock Exchanges and other authorities, were replied and redressed by the company to the satisfaction of the shareholders and none remained unresolved at the end of the year under review.

#### **REMUNERATION COMMITTEE**

The Remuneration Committee consists of Non-executive Directors. Mr. Vijay K. Modi, is the Chairman of the Committee and Mr. Sarat Jain is the other member.

At present, there is no Executive Director on the Board of the Company and the Company does not pay any remuneration to the Non – Executive Directors.

#### **MEANS OF COMMUNICATION:**

Wide publicity is accorded to the Quarterly, Half-yearly and the Annual Results which are published in widely circulated English daily (Financial Express) and a Hindi daily (Jansatta) as is required under the Listing Agreement with the Stock Exchanges. The same are also faxed to the Stock Exchanges where the company is listed.

The Company has not yet started sending the half yearly report to each household but if the shareholder seeks any information, the same is provided by the Company.

#### **ANNUAL GENERAL MEETING:**

Location and time of the last three Annual General Meetings:-

<b>Year</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>	<b>Special Resolution Passed (Yes/No)</b>
2006	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 28, 2006	2.00 P.M.	No
2005	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 30, 2005	2.30 P.M.	No
2004	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 29, 2004	4.00 A.M.	No

No Special Resolution requiring Postal Ballot was proposed last year. No Special Resolution requiring Postal Ballot is proposed for the ensuing AGM.

#### **DISCLOSURES:**

During the year under review, the company had no materially significant related party transactions as envisaged under the Corporate Governance Code that may have potential conflict with the interests of the company at large. However, the related party transactions during the year under review are mentioned in Note 12 to the "Notes to Accounts".

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.

At present, the company does not have any Whistle Blower Policy.

#### **MANAGEMENT DISCUSSION AND ANALYSIS IS REPORTED IN THIS ANNUAL REPORT**

#### **CEO/ CFO CERTIFICATION ON THE FINANCIAL STATEMENT**

Pursuant to Clause 49 of the Listing Agreement, the Chairman and the Chief Financial Officer have submitted the desired certificate to the Board of Directors and the same has been taken on record by the Board of Directors in their meeting held on 27<sup>th</sup> August, 2007