

SBEC

20th Annual Report-2009



SBEC SYSTEMS (INDIA) LIMITED

(Sugar, Bio-Energy & Control Systems)



BOARD OF DIRECTORS

Mr. Vijay K. Modi Chairman
Mr. Norland L.C. Suzor
Mr. G.C. Jain
Mr. S.S. Agarwal
Dr. Anupam Bansal

ALTERNATE DIRECTOR

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

CHIEF FINANCIAL OFFICER

Mr. Anil Jain

COMPANY SECRETARY

Ms Shivani Choudhary

AUDITORS

M/s K.K. Jain & Co.
Chartered Accountants
711, Roots Tower,
District Centre, Laxmi Nagar
Delhi-110 092

BANKERS

Standard Chartered Bank Limited
Canara Bank

REGISTERED OFFICE

1400, Modi Tower
98, Nehru Place,
New Delhi-110 019

SHARE TRANSFER AGENT

M/s Beetal Financial & Computer Services (P) Ltd.
Beetal House, 3rd Floor, 99 Madangir,
Behind Local Shopping Centre,
New Delhi-110062

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SBEC

SBEC SYSTEMS (INDIA) LIMITED

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Shareholders of SBEC SYSTEMS (INDIA) LIMITED will be held on 25th September 2009, 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 2009, 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 Dr. Anupam Bansal, who retires from the office by rotation, and being eligible offer himself for re-appointment.
3. To consider and appoint a Director in place of Mr. S.S. Agarwal, who retires from the office by rotation, and being eligible offer himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to authorize the Board of Directors to 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 and if thought fit, to pass, with or without modification(s), the following resolution as an Special Resolution:
"RESOLVED THAT in accordance with the provision of section 198, 269 & 309 read with Schedule XIII and all other applicable provisions if any, of the Companies Act, 1956, Mr. Anil Jain appointed 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 1st June, 2009 on the following terms & conditions:-

S.N.	Particulars	Amount (in Rs.)
1	Basic Salary	16,000
2	HRA / Leased Accommodation	60% of the basic salary p.m.
3	Conveyance Allowance	2200 p.m.
4	Reimbursement of Medical Expenses	7% of basic salary per month
5	Bonus / Ex-gratia	As per policy of the Company
6	Leave Travel Assistance	8.33% basic salary
7	Provident Fund	12% of the basic salary
8	Special Allowance	1500 p.m.

Other Terms

1	Gratuity	As per policy of the Company
2	Leave Encashment	As per policy of the Company

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

Place : New Delhi
Date : 24th August 2009

Shivani Choudhary
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 Register of the Members and Share Transfer Books of the Company will remain closed from 22nd September, 2009 to 25th September, 2009 (both days inclusive).
3. An explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
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 PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 5**

Mr. Anil Jain 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 1st June, 2009 for a period of three years with effect from 1st June, 2009.

Mr. Anil Jain Commerce Graduate and also has a experience of more than 20 years in the field of Accounts and Finance, the Board recommends this resolution for your approval.

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.

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

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

Place : New Delhi
Date : 24th August 2009

Shivani Choudhary
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your directors take pleasure in presenting the 20th Annual Report of the Company together with Audited Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

The summarised financial results of the Company for the Financial year 2008-09 vis-à-vis 2007-08 are as under:-

Particulars	Year ended 31.03.2009 (Rs. in Lacs)	Year ended 31.03.2008 (Rs. in Lacs)
Sales & Other Income	45.67	104.67
Total Expenditure	437.38*	62.50
Operating profit / (Loss) before depreciation	(391.71)	42.18
Depreciation	0.14	0.17
Operating Profit / (Loss) before tax	(391.85)	42.01
Profit / (Loss) after tax	(391.97)	37.36
Reserves excluding revaluation reserves	192.62	192.62

* Including loss on account of fluctuation in foreign exchange amounting Rs. 317.29 Lacs.

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 non availability of cane, resulting lower production of sugar. However during the current year, the company was able to get two small consultancy services. The management is confident to revive more 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 sales and other income stood at Rs 45.67 Lacs. The net loss of the Company stood at Rs. 391.97 Lacs as compared to profit of Rs. 37.36 Lacs for the previous 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, Dr. Anupam Bansal, Independent & Non- Executive Director and Mr. S.S. Agarwal Non- Executive Director 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 2009, and a statement thereon are annexed.

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 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 accounts referred to in the Auditors Report are self-explanatory and, therefore, don't 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 31st March 2009, 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 : 24th August, 2009

**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 2009.

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.

ii) (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 : 24th August, 2009

**Vijay K. Modi
Chairman**

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

At SBEC Systems (India) 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 31.03.2009 is as under:

Sl. No.	Name of the Directors	Catagory 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	2	Nil	Nil	Present
2.	Mr. S.S. Agarwal	Non Executive Director	4	4	Nil	Nil	Present
3.	Mr.G.C.Jain	Non Executive & Independent Director	4	5	1	4	Present
4.	Dr. Anupam Bansal	Non Executive & Independent Director	4	Nil	Nil	Nil	Not Present
5.	Mr. Norland L.C. Suzor	Non-Executive Director	Nil	2	Nil	Nil	Not Present
6.	Mr.B.K. Luthra	Alternate to Mr. Norland L.C. Suzor	4	1	Nil	Nil	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 committee i.e. Audit Committee and Shareholders' Grievance Committee.

Four Board Meetings were held during the year under review on 27th May 2008, 22nd August 2008, 1st November 2008, 28th February 2009.

INFORMATION REGARDING RE- APPOINTMENT OF DIRECTORS

Dr. Anupam Bansal, Director, retires by rotation and being eligible offers himself for re-appointment. Dr. Anupam Bansal is an Independent & Non Executive Director of the Company. Dr. Anupam Bansal is a Doctor of Medicines, Practicing Consultant, Physician & cardiologist for the last 30 years. He is not on the Board of any other public Limited Company. He does not hold any share in the Company.

Mr. S.S. Agarwal, Director, retires by rotation and being eligible offers himself for re-appointment. Mr. S.S. Agarwal an Non Executive Director of the Company. He is Graduate in Science and law. He has more then 44 years of vast experience in finance and administration. He is on the Board of M/s SBEC Bioenergy Ltd., M/s SBEC investment Ltd., and M/s Modi Gourmet Ltd. He does not hold any Shares in the Company.

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 14th 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 31st March 2009.

AUDIT COMMITTEE

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.

The Company has an Audit Committee comprising of three Non Executive Directors, two third of whom are Independent Directors. The Audit Committee comprises of Mr. G. C. Jain as the Chairman, Mr. Anupam Bansal and Mr. S. S. Agarwal as its members. All Members of the Audit Committee are financially literate and two members, including the Chairman of the Committee have accounting and financial management expertise.

Six Meetings of the Audit Committee were held during the year under review on 30th April 2008, 30th July 2008, 22nd August 2008, 30th September 2008, 30th October 2008 & 27th January, 2009. Attendance in the above meetings is as follows:

Name of Director	No. of Meetings Held	No. of Meetings Attended
Mr. G. C. Jain	6	6
Mr. Anupam Bansal	6	6
Mr. S. S. Agarwal	6	5

SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee comprises of Mr. Vijay K. Modi as the Chairman and Mr. S. S. Agarwal as the other member.

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.

12 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 review the company's policies on specific remuneration packages for Executives Directors/ Managers and recommend the same to the Board.

The Remuneration Committee consists of Non Executive Directors. Mr. Vijay Kumar Modi, is the Chairman of the Committee and Mr. S. S. Agarwal is the other member.

The Committee met once during the year, on 1st November 2008 for the determination of the remuneration to be paid to Mr. Anil Rustagi on his appointment as the Manager. All the members were present at this meeting.

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 (Hari Bhumi, 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.

ANNUAL GENERAL MEETING:

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

Year	Location	Date	Time	Special Resolution Passed (Yes/No)
2008	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 29, 2008	2.00 P.M.	No
2007	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 27, 2007	2.00 P.M.	No
2006	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 28, 2006	2.30 P.M.	No

No Special Resolution requiring Postal Ballot was proposed last year. No Special Resolution requiring a 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 14 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 24th August, 2009.

GENERAL SHAREHOLDER INFORMATION**Annual General Meeting:-**

Date : September 25, 2009
 Time : 2.00 P.M.
 Venue : Executive Club, 439, Village
 Shahoorpur, P.O. Fatehpur Beri,
 New Delhi.

Financial Calendar

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

Particulars	Date	Particulars	Date
1. Quarter ended 30.06.2009:	30 th July 2009	3. Quarter ended 31.12.2009:	End of January 2010
2. Quarter ended 30.09.2009:	End of October 2009	4. Quarter ended 31.03.2010:	End of April 2010

Book Closure : 22nd September 2009 to 25th September 2009

Dividend Payment Date

In view of the losses incurred by the Company, no dividend has been recommended by the Board of Directors for the year ended 31st March 2009.

Listing on Stock Exchanges:

The Equity Shares of the Company are listed on the following Stock Exchanges:-

Stock Exchange	Stock Code
Bombay Stock Exchange Limited (BSE)	517360
The Delhi Stock Exchange Association Limited*	6960
The Uttar Pradesh Stock Exchange*	S 00135

The Company has paid annual listing fees due to BSE, Delhi Stock Exchange and Uttar Pradesh Stock Exchange for the year 2009-2010.

* The applications for delisting of the shares of the Company from the Stock Exchanges at Delhi and UP are pending. However, the shares of the Company will continue to remain listed at the Bombay Stock Exchange, which has a nation wide coverage.

Market Price Data:

The Equity Shares of the Company are lying suspended on the Bombay Stock Exchange Ltd. They were last quoted on the Bombay Stock Exchange on 6th September 2001 at Rs. 2.30 per share.

Registrar & Transfer Agents

Beetal Financial & Computer Services (P) Ltd.

Beetal House, 3rd Floor, 99 Madangir,

Behind Local Shopping Centre,

New Delhi-110062

Ph. No. 011-29961281, Fax No. 011-29961284

Email : beetal@rediffmail.com

Share Transfer System

The share transfer requests sent by shareholders are manually checked. If the transfer deed and enclosures are valid, the shares are transferred within a month with the approval of the Share Transfer Committee, otherwise objection memo is sent to the transferor with necessary advice to take the required steps. The process is done within a month of receipt of request.

Distribution of Shareholdings as on 31st March 2009.

Range	Shareholders		Shares	
	No. of Shares	% of total holders	No. of Shares	% of total capital
Upto 500	18844	94.30	30835339	30.84
501 – 1000	746	3.73	590035	5.90
1001 – 2000	277	1.39	406965	4.07
2001 – 3000	53	0.27	134536	1.35
3001 – 4000	22	0.11	78397	0.78
4001 – 5000	13	0.07	60449	0.60
5001 – 10000	13	0.07	88243	0.88
Above 10000	14	0.08	5557842	55.58
Total	19982	100.00	10000000	100.00