

SBEC

34th Annual Report - 2023

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

BOARD OF DIRECTORS

Mr. Vijay K Modi - Chairman
Mr. S.S. Agarwal - Executive Director & CEO
Ms. Ritu Sikka
Mr. Jagdish Chander Chawla
Mr. Salil Seth
Ms. Asha Agarwal

CHIEF FINANCIAL OFFICER

Mr Luv Gupta (resigned 30.04.2023)
Mr. Lakhmi Chand Sharma (w.e.f. 01.05.2023)

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms Priyanka Negi

AUDITORS

M/s K.K. Jain & Co.
Chartered Accountants
184 A, Garud Apartments,
Pocket - IV, Mayur Vihar Phase-1
Delhi-110091

BANKERS

HDFC Bank

REGISTERED OFFICE

1400, Hemkunt 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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DIRECTORS' REPORT

To,

**The Shareholders,
SBEC Systems (India) Limited**

Dear Members,

Your Directors take pleasure in presenting the 34th Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2023.

FINANCIAL RESULT

The Company's financial performance (Standalone & Consolidated) for the financial year ended March 31, 2023 along-with that of the previous financial ended March 31, 2022 are summarized below: (Rs. in 000)

| PARTICULARS | Standalone | | Consolidated | |
|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | PERIOD ENDED 31.03.2023 | PERIOD ENDED 31.03.2022 | PERIOD ENDED 31.03.2023 | PERIOD ENDED 31.03.2022 |
| Revenue & Other Income | 31,535 | 29,683 | 31,535 | 29,683 |
| TOTAL EXPENDITURE | 21,141 | 12,932 | 21,141 | 12,932 |
| Operating Profit/(Loss) Before Tax | 10,394 | 15,393 | 10,394 | 15,393 |
| Profit/(Loss) After Tax | 11,061 | 12,992 | 11,061 | 12,992 |

During the year under review, the total income stood at Rs. 31,535 Thousand. The net profit of the Company stood at Rs. 11,061 Thousand as compared to net profit of Rs. 12,992 Thousand during the previous year.

DIVIDEND & RESERVES

In order to conserve the resources for future growth of the Company, the Board of Directors has not declared any dividend for the year under review.

The Company has not transferred any amount to the reserves for the year ended March 31, 2023.

SHARE CAPITAL

The paid up equity capital as on March 31, 2023 was Rs.1,00,000 Thousand. During the year under review, the Company has not issued any class of shares nor granted stock options.

REDUCTION OF SHARE CAPITAL

The Board of Directors of the Company in their meeting dated 26 June,2023 has approved the selective reduction of Capital of the Company from Rs. 10,00,00,000/-(Rupees Ten crores only) consisting of 1,00,00,000 (One crore) equity share of Rs. 10/- (Rupees Ten only) to Rs. 7,96,00,000/-(Rupees Seven crores Ninety Six Lacs) consisting of 79,60,000 (Seventy Nine Lacs Sixty Thousand equity shares of Rs. 10/- (Rupees Ten) each by cancelling and extinguishing in aggregate 20.40% of the total issued, subscribed and paid-up equity share capital of the Company, comprising 20,40,000 (Twenty Lacs Forty Thousand) equity shares of Rs. 10/- (Rupees Ten) each held by the SBEC Systems Limited, UK without any consideration.

The Company has applied with to BSE Ltd for their No-Objection for selective reduction of Capital of the Company.

ASSOCIATE/SUBSIDIARY/JOINT VENTURE COMPANY

As on March 31, 2023, the Company has one Associate Company i.e. SBEC Sugar Limited. Investment in the Associate is dealt with in accordance with Indian Accounting Standard (Ind-AS) 28, the consolidation of accounts of the Company with its associate are combined by using "Equity Method".

Further, a statement containing the salient features of the financial statements of the Associate company are incorporated in AOC-1 and appended as Annexure-A to the Board's Report.

There is no subsidiary company within the meaning of Section 2(87) of the Companies Act, 2013 ("Act").

MATERIAL CHANGES AND COMMITMENTS

In the 33rd Annual General Meeting, held in year 2022 the Company has adopted new set of the Memorandum of Association and the Articles of Association as per the provision of Companies Act, 2013.

No other material changes occurred in between the Financial year ended on 31st March, 2023

DIRECTORS

In terms of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 Ms. Ritu Sikka, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for the re-appointment.

During the year under review the changes in the composition of Board of Directors are as follows:

- Mr. Rohit Garg (DIN: 03296571), Non-Executive Non-Independent Director has resigned from the Directorship w.e.f July 26, 2022.
- Mr. Shyam Babu Vyas (DIN:02025415), Non-Executive Independent Director of the Company Vacated his office w.e.f. August 12, 2022, pursuant to the section 167(1) of the Companies Act, 2013.
- Mr. Salil Seth (DIN: 09697511) was appointed as a Non-Executive Independent Director of the Company w.e.f August 16, 2022.

All the Directors have made necessary disclosures as required under various provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the provisions contained in Section 134 (5) of the Companies Act, 2013, your Directors to the best of their knowledge and belief and according to information and explanations obtained from the management, confirm that:-

- so as to give a true and fair view of the state of affairs of the Company as at in the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards have been followed and there are no material departures from the same;
- 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 a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for the financial year ended March 31, 2023;

- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the Annual Accounts on a going concern basis;
- The Directors have laid down proper internal financial controls to be followed by the Company and such controls are adequate and operating effectively and
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

KEY MANAGERIAL PERSONNEL (KMP)

During the financial year ended 31.03.2023, following persons are Whole Time Key Managerial Personnel (KMP) of the Company in terms of provisions of Section 203 of the Companies Act, 2013.

| S.No. | Name | Designation |
|-------|---------------------------|-------------------------|
| 1. | Mr. Shiv Shankar Agarwal | Chief Executive Officer |
| 2. | Mr. Luv Gupta* | Chief Financial Officer |
| 3. | Ms. Priyanka Negi | Company Secretary |
| 4. | Mr. Lakhmi Chand Sharma** | Chief Financial Officer |

* Mr. Luv Gupta resigned from the post of Chief Financial Officer of the Company w.e.f.30th April, 2023.

** Mr. Lakhmi Chand Sharma appointed as Chief Financial Officer of the Company w.e.f. 01st May, 2023.

BOARD MEETING

The Board met four times during the financial year 2022-23, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

COMMITTEES OF THE BOARD

Presently the Company has the following mandatory Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee

The details of all the Committees along with their composition, terms of reference and meetings held during the year are provided in the "Report on Corporate Governance" forming part of this Annual Report.

POLICY ON DIRECTOR'S APPOINTMENT & REMUNERATION AND OTHER DETAILS:

The Board on the recommendation of the Nomination & Remuneration Committee has already framed a policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters specified under said section. The policy is available on the website of the Company www.sbectsystems.in.

BOARD EVALUATION:

As required under Section 134(3)(p) of the Companies Act, 2013 read with Regulation 17 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Board of Directors had already approved the evaluation criteria for evaluating the performance of the Board of Directors, its Committees, namely, Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee, the Directors individually and the performance of Independent Directors.

The manner in which the evaluation was carried out and the process adopted has been mentioned in the Corporate Governance Report.

BOARD DIVERSITY

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us to retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website www.sbectsystems.in. More detail on diversity is available in the corporate governance report that forms part of this Annual Report.

STATEMENT ON DECLARATION GIVEN BY THE INDEPENDENT DIRECTORS

As required under Section 149 (7) of the Companies Act, 2013, all the Independent Directors have given declarations that they meet the criteria of independence as specified in Section 149 (6) of the Companies Act, 2013 and SEBI (LODR), Regulations, 2015.

STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE OF THE INDEPENDENT DIRECTOR APPOINTED DURING THE YEAR

During the Year Mr. Salil Seth were appointed as Non-Executive Independent Director of the Company w.e.f., 16th August 2022. In the opinion of Board Mr. Salil Seth is Advocate by profession and he has high moral values, rich experience in the matter of Corporate Laws.

STATUTORY AUDITORS

The Shareholders of the Company at the 33rd Annual General Meeting held on September 29, 2022 appointed M/s K.K. Jain & Co., Chartered Accountants (Firm Registration No.02465N), as the "Statutory Auditors" of the Company, for a term of 5 (Five) Years, to hold office from the conclusion of the 33rd AGM till the conclusion of the 38th AGM. The Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the rules framed there under for appointment as Auditors of the Company.

STATUTORY AUDITORS REPORT

The Statutory Audit Report contains qualifications and the Company has given its comments on Audit Qualified Opinion for the Financial Year 2022-23, the details are mentioned below:

Response to Qualified Opinion in Standalone Financial Statement

Non reversal of diminution of current quoted investment, it is hereby clarified that the company is holding 1,42,30,884 Equity Shares of SBEC Sugar Limited and the Company is not intending to sell/ transfer/ otherwise dispose off these shares, the management has decided not to make any provision of diminution

or reversal thereof.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the year under review.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared by the Company in accordance with applicable provisions of the Companies Act, 2013, Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report. The Auditor's Report does not contain any qualification, reservation or adverse remarks.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Soniya Gupta & Associates, Company Secretaries as the Secretarial Auditor to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is given in Annexure-B to this Report.

The observations in secretarial audit report are self-explanatory and therefore do not call for any further explanation.

RISK MANAGEMENT POLICY

As required under Section 134(n) of the Companies Act, 2013, the Company has laid down the policy on risk management stating therein the objectives and purpose of the said policy.

The Risk Management Policy of the Company can be viewed on the Company's website www.sbectsystems.in.

INTERNAL FINANCIAL CONTROLS

The Company has adequate Internal Financial Controls with proper checks to ensure that transactions are properly authorised, recorded and reported apart from safeguarding its assets. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis. The internal auditors of the Company reviews the controls across the key processes and submits reports periodically to the Management and significant observations are also presented to the Audit Committee for review. Follow up mechanism is in place to monitor the implementation of the various recommendations.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES.

Section 135 of the Companies Act, 2013 provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the Company to be Rs. 500 crore or more; or (b) turnover of the company to be Rs. 1,000 crore or more; or (c) net profit of the company to be Rs.5 crore or more. As the Company does not fall under any of the threshold limits given above, the provisions of Section 135 are not applicable to the Company.

DEPOSITS

During the financial year, Company has not accepted any deposit from public within the meaning of section 73 and 76 of the Companies Act, 2013 and Rules made thereunder.

CORPORATE GOVERNANCE

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a detailed Corporate Governance Report along with a certificate from M/s Soniya Gupta & Associates, Company Secretaries in practice and Management Discussion and Analysis Report forms part of this Annual Report.

The declaration by the Chief Executive Officer and Chief Financial Officer addressed to the Members of the Company pursuant to Clause D of Schedule V Read with Regulation 34(3) and Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding adherence to the Code of Conduct by the Members of the Board and by the Members of the Senior Management Personnel of the Company is also attached to the Corporate Governance report.

VIGIL MECHANISM & WHISTLE BLOWER POLICY

The Company has a vigil mechanism and a whistle blower policy. The same has been posted on the Company's website and the details of the same are given in the Corporate Governance Report.

RELATED PARTY TRANSACTIONS

In compliance with the Act and the SEBI Listing Regulations, the Company has formulated a Policy on Related Party Transactions (RPTs) and manner of dealing with RPTs. During the year under review, the Policy has been amended to incorporate the regulatory amendments in the SEBI Listing Regulations. The updated Policy can be accessed on the Company's website www.sbectsystems.in.

All transactions with related parties during FY 2022-23 were reviewed and approved by the Audit Committee and were at Arm's Length Price (ALP) and in the Ordinary Course of Business (OCB). Prior omnibus approval was obtained for all RPTs which were of repetitive nature and entered in the OCB and on an ALP basis. The transactions entered into pursuant to the omnibus approval so granted were reviewed by Audit Committee on quarterly basis.

Pursuant to the third proviso of Section 188(1) of the Act, the compliance with the provisions of Section 188(1) is not applicable, where all RPTs are carried out in the OCB and under ALP basis. Accordingly, the disclosure of RPTs as required under Section 134(3) (h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 in form AOC-2 is not applicable to the Company for FY 2022- 23. However, the Company had material RPTs during FY 2022-23 under SEBI Listing Regulations. Hence, the same have been disclosed as form AOC-2 enclosed as **Annexure C**.

Details of RPTs entered into by the Company, in terms of Ind AS-24 are disclosed in notes to the financial statements forming part of this Integrated Report. There was no other material RPTs entered into by the Company with its Promoters, Directors, KMPs or other designated persons during FY 2022-23, except those reported in the financial statements.

None of your Directors or KMPs had any pecuniary relationships or transactions with the Company during FY 2022-23.

Approval of Members is being sought for the material RPTs for FY 2023-24 at the ensuing AGM.

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS

During the year there were no differences in the valuation of the Company, as there was no one time settlement in the FY 2022-23.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals that could impact the going concern status of the Company and its future operations.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annexure-D to this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the financial year 2022-23, the Company has not made any investment nor given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's Report for the year ended March 31, 2023 are given in Annexure -E to this Report.

COST RECORDS AND AUDIT

During the period under review the provisions relating to maintaining of cost record and conduct Cost Audit are not applicable to the Company.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) read with 134(3) of the Act, Annual Return (in e-form MGT-7) for the financial year ended March 31, 2023 is available on the Company's website at: www.sbectsystems.in.

SECRETARIAL STANDARD

The Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government as required under Section 118(10) of the Companies Act, 2013.

LISTING WITH STOCK EXCHANGES

The Equity Shares of the Company are listed with BSE Limited, and Company is transferred from group "P" to group "XT" and shares are to be traded under Trade to Trade w.e.f July 06, 2022 as per the Notice of BSE.

The annual fees for the Bombay Stock Exchange have been paid promptly for the year 2023-24.

SEXUAL HARASSMENT

The company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of women at the workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2022-23:

| | |
|-------------------------------|-------|
| No. of complaints received | : NIL |
| No of complaints disposed off | : NIL |

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS

During the year there were no differences in the valuation of the Company, as there was no one time settlement in the FY 2022-23.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals that could impact the going concern status of the Company and its future operations.

PERSONNEL RELATIONS

Your directors hereby place on record their appreciation for the services rendered by the executives, staff and workers of the Company for their hard work, dedication and commitment. During the year under review, relations between the employees and the management continued to remain cordial.

APPRECIATION

Your directors thank the various Central and State Government Authorities and Agencies for the continued help and cooperation extended by them. The Directors gratefully acknowledge all stakeholders of the Company viz., customers, members, dealers, vendors and banks for their excellent support during the year. The Directors also place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued cooperation to the Company.

Place: New Delhi
Date: 11.08.2023

For & behalf of the Board of
SBEC Systems (India) Limited
Sd/-
Vijay Kumar Modi
Chairman & Director
DIN: 00004606

ANNEXURE-A TO THE BOARD'S REPORT**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**Part "B": Associates and Joint Ventures****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures****(In Rs. 000)****(except no. of shares)**

| Name of Associates | SBEC SUGAR LIMITED |
|--|---|
| 1. Latest audited Balance Sheet Date | March 31, 2023 |
| 2. Date on which the Associate was associated or acquired | 1996-1997 |
| 3. Shares of Associate held by the Company on the year end; | |
| No. of Shares | 1,42,30,884 |
| Amount of Investment in Associates | Rs. 1,42,308.84 |
| Extend of Holding % | 29.86% |
| 4. Description of how there is significant influence | There is significant influence due to (%) of share Capital. |
| 5. Reason why the associate/joint venture is not consolidated | Not Applicable |
| 6. Net worth attributable to shareholding as per latest audited Balance Sheet | (1,59,635.69) |
| 7. Profit/Loss for the year | |
| i. Considered in Consolidation | - |
| ii. Not Considered in Consolidation | (38,226.41) |

Place: New Delhi
Date: 11.08.2023

**For & behalf of the Board of
SBEC Systems (India) Limited**
Sd/-
Vijay Kumar Modi
Chairman & Director
DIN: 00004606

ANNEXURE-B TO THE BOARD'S REPORT**Form No. MR-3****SECRETARIAL AUDIT REPORT****For The Financial Year Ended On 31st March, 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of
the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

**The Members of
SBEC SYSTEMS (INDIA) LIMITED**
1400, Hemkunt Tower 98, Nehru Place
New Delhi 110019

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SBEC SYSTEMS (INDIA) LIMITED** having CIN: L74210DL1987PLC029979 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby re-^{port} that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2023 according to the provisions of:

- The Companies Act, 2013 (the Act) and the Rules made thereunder;
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

The Management has identified and confirmed the following laws as specifically applicable to the Company:

- a) The Payment of Gratuity Act, 1972
- b) The Employees Provident Fund & Miscellaneous Provisions Act, 1952.
- c) The Payment of Bonus Act, 1965, and rules made there-under,
- d) The Insolvency and Bankruptcy Code, 2016
- e) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Ltd. (Stock Exchange) read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above except to the extent as mentioned below:

1. The Securities and Exchange Board of India on September 17, 2018 had issued directions to the Promoter group of the Company (namely Shri Umesh Kumar Modi, Kumkum Modi, Jayesh Modi, Longwell Investments Private Limited, A to Z Holdings Pvt. Ltd., Moderate Leasing and Capital Services Limited and SBEC Systems (India) Limited), severally or jointly to make a public announcement to acquire the shares of Target Company (i.e. SBEC SUGAR LIMITED) in accordance with the provisions of the Takeover Regulations, 2011, within a period of 45 days from the date of the above mentioned order. The shareholding/ voting rights of the promoter group had increased from 54.46% (2,59,51,083 Shares) as on June 30, 2014 to 63.86% (3,04,32,117 shares) as on September 30, 2014. In addition to the aforesaid acquisition, one of the lending promoters i.e. Moderate Leasing and Capital Services limited had also acquired 1.31% of SBEC Sugar Limited during March 18, 2015 to March 23, 2015, which increased the shareholding of promoter group to 65.17%. As per the said impugned order, the promoter group have violated the provisions of Regulation 3(2) of the Takeover Regulations, 2011 by acquiring shares in excess of the prescribed limit without making an announcement for open offer.

Against the said impugned SEBI order, M/S SBEC Systems (India) Limited had filed appeal no. 1 (No. 443/2018) before the Securities Appellant Tribunal, Mumbai.

Whereas the promoter group namely (Shri Umesh Kumar Modi, Kumkum Modi, Jayesh Modi, Longwell Investments Private Limited, A to Z Holdings Pvt. Ltd., Moderate Leasing and Capital Services Limited) had filed appeal no. 2 (No. 444/2018) before the Securities Appellant Tribunal, Mumbai.

The Hon'ble Securities Appellate Tribunal upon hearing the said Appeal vide its order dated January 29, 2020 has allowed the Appeal No. 1 (Appeal No.443 of 2018) and partly allowed Appeal No. 2 (Appeal No.444 of 2018), whereby, the directions issued by SEBI for open offer vide order dated September 17, 2018 qua promoters namely SBEC System (India) Limited, Shri. Umesh Kumar Modi, Smt. Kumkum Modi, Shri. Jayesh Modi and Longwell Investment Private Limited has been set aside, however, the directions issued by SEBI for Open Offer vide order dated September 17, 2018 issued qua the promoters namely A to Z Holdings Pvt. Ltd. and Moderate Leasing & Capital Services Ltd. (the acquirer of the shares) has been modified in terms of Regulation 32(1)(b) and they had been directed to sell the shares acquired in violation of the SAST Regulation and to transfer the proceeds of the same to the Investor Protection Fund established under the SEBI (Investor Protection and Education Fund), 2009 within a period of 6 (Six) months from the date of the order i.e. from January 29, 2020.

The promoters namely A to Z Holdings Pvt. Ltd. and Moderate Leasing & Capital Services Ltd. (the acquirer of the shares) could not comply with the order dated January 29, 2020, therefore, the said promoters approached the Hon'ble Securities Appellate Tribunal vide Misc. Application no. 209 / 2020 seeking an extension of 6 (six) months for compliance of the order dated January 29, 2020 inter-alia on the grounds of operations of the said promoters being shut due to the pandemic COVID – 19. The said Misc. Application was listed before Hon'ble Securities Appellate Tribunal on July 29, 2020 and dismissed vide order dated July 29, 2020. In the meantime, the Securities Exchange Board of India filed a Civil Appeal bearing nos. 2995 – 2996 / 2020 before the Hon'ble Supreme Court of India on July 29, 2020 against the order dated January 29, 2020 passed by Hon'ble Securities Appellate Tribunal.

Furthermore, the promoters namely A to Z Holdings Pvt. Ltd. and Moderate Leasing & Capital Services Ltd. have also filed a Civil Appeal bearing no. 3002 / 2020 before the Hon'ble Supreme Court of India on August 11, 2020 against the order dated July 29, 2020 passed by Hon'ble Securities Appellate Tribunal.

It is important to point out that both the Civil Appeals before the Hon'ble Supreme Court of India have been connected and the pleadings therein are complete. The said Civil Appeal was listed before the Hon'ble Supreme Court of India on August 18, 2021 and the matter is still pending for further proceedings.

2. The Company has not constituted any separate 'Internal Complaints Committee' under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. However, they have taken note and confirmed that no complaint of sexual harassment of women at workplace was received during the year under review.
3. The Shareholding of promoters and the promoter's group are dematerialized only to the extent of 60% shares as on 31.03.2023.
4. During the financial year, there was a cyber attack/ virus attack at the data server of the Company including structural digital database software's server, in which all the data was encrypted by ransomware attacked. Due to this all the data captured on structured digital database (SDD) software maintained was lost and could not be recovered. Further, the company immediately informed to BSE about the cyber-attack.
5. The Company had sent the Corrigendum to the Notice of 33rd Annual General Meeting (AGM) dated August 08, 2022 with respect to item no. 4 and its explanatory statement of the AGM notice, which was intimated to BSE Ltd (Stock Exchange) on 23rd September, 2022 with rectified AGM Notice and the said corrigendum was also published in the Newspaper on 24th September, 2022.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices are given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exist for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that,

1. The Company has one Associate Company i.e. SBEC Sugar Limited.
2. M/s K K Jain & Co., Chartered Accountants, have been appointed as the Statutory Auditors of the company in the 33rd Annual general meeting held on 29th September 2022, due to completion of the tenure of the previous Auditors M/s Doogar & Associates, Chartered Accountants.

For Soniya Gupta & Associates

Sd/-
(Soniya Gupta)
Proprietor
M. No. 7493
CP. No. 8136

Dated: 11.08.2023
Place: New Delhi

PRFCN: 1548/2021
UDIN: F007493E000763259

{This report is to be read with our letter of even date which is annexed as Annexure "A" and forms an integral part of this report.}

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT

To,
The Members of
SBEC SYSTEMS (INDIA) LIMITED
1400, Hemkunt Tower 98, Nehru Place
New Delhi 110019

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Soniya Gupta & Associates

Sd/-
(Soniya Gupta)
Proprietor
M. No. 7493
CP M. No. 8136

Dated: 11.08.2023
Place: New Delhi

ANNEXURE- C TO THE BOARD'S REPORT

Form No. AOC-2

**[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the
Companies (Accounts) Rules, 2014]**

The Form pertains to the disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis– There were no contracts or arrangements or transactions entered into by the Company, which were not at arm's length basis.
2. Details of material contracts or arrangements or transactions at arm's length basis–
 - (a) Name(s) of the related party : SBEC Sugar Limited
 - (b) Nature of relationship : Associate Company
 - (c) Nature of contracts/arrangements/transactions : Royalty Income
 - (d) Duration of the contracts/arrangements/transactions: NA
 - (e) Salient terms of the contracts or arrangements or transactions including the value, if any: Ongoing, repetitive, in ordinary course of business and on arm's length basis
 - (f) Date(s) of approval by the Board, if any:
 - (g) Amount paid as advances, if any: NA

Detail of related party transaction are mentioned in the note no. 31 of the Audited financial statement.

For & behalf of the Board of
SBEC Systems (India) Limited

Sd/-
Vijay Kumar Modi
Chairman & Director
DIN: 00004606

Place: New Delhi
Date: 11.08.2023