

SBEC

Nineteenth Annual Report-2008

SBEC SYSTEMS (INDIA) LIMITED

(Sugar, Bio-Energy & Control Systems)

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BOARD OF DIRECTORS

Mr. Vijay K. Modi Chairman

Mr. Norland L.C. Suzor

Mr. S.S. Agarwal

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

Ms Nikita Verma

AUDITORS

M/s K.K. Jain & 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

M/s Skyline Financial Services Pvt. Ltd.

123, Vinobapuri, Lajpat Nagar-II

New Delhi -110024

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NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Shareholders of SBEC SYSTEMS (INDIA) LIMITED will be held on 29th September 2008, 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 2008, 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 Mr. 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. G. C. Jain, who retires from the office by rotation, and being eligible offer 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 and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to Article 46 of the Articles of Association of the Company and Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. S. S. Agarwal, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director subject to retirement by rotation.”

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

Place: NewDelhi

Nikita Verma

Date: 22nd August 2008 **(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 25th September, 2008 to 29th September, 2008 (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.
- held on 28th January 2008 have appointed Mr. S. S. Agarwal as an Additional Director, who holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member together with a deposit of Rs. 500/- as required by Section 257 of the Companies act, 1956 proposing the candidature of Mr. S. S. Agarwal for the office of Director.
- Mr. S. S. Agarwal is a Graduate in Science and Law. He has more than 44 years of vast experience in Finance and Administration. The Company will be benefited with his appointment. Mr. S. S. Agarwal, if appointed, would be a Non Executive Director. He is also on the Boards of M/s SBEC investment Ltd., M/s SBEC Bioenergy Ltd., M/s SBEC stockholding & Investment Ltd. and M/s G O Mobile Trading Pvt. Ltd. He does not hold any share in the Company.
- The Board of Directors accordingly recommend the resolution for the approval of the shareholders.
- None of the directors except Mr. S. S. Agarwal is concerned or interested in the passing of the resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

Pursuant to Article 45 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, the Board of Directors at their meeting

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

Place: NewDelhi

Nikita Verma

Date: 22nd August 2008 **(Company Secretary)**

DIRECTORS' REPORT

Dear Shareholders,

Your directors take pleasure in presenting the Nineteenth Annual Report of the Company together with Audited Accounts for the year ended 31st March 2008.

FINANCIAL RESULTS

The summarised financial results of the Company for the Financial year 2007-08 vis-à-vis 2006-07 are as under:-

Particulars	Year ended 31.03.2008 (Rs. in Lacs)	Year ended 31.03.2007 (Rs. in Lacs)
Sales & Other Income	104.67	33.27
Total Expenditure	62.50	34.71
Operating profit / (Loss) before depreciation	42.18	(1.44)
Depreciation	0.17	0.27
Operating Profit / (Loss) before tax	42.01	(1.71)
Profit / (Loss) after tax	37.36	(2.03)
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 favourable 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 favourable 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. However, the other income stood at Rs 104.67 lacs. The net profit of the Company stood at Rs. 37.36 lacs as compared to loss of Rs. 2.03 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

Since the last Annual General Meeting, the following changes have taken place in the Board of Directors:

Ms. Meghna Modi & Mr. Sarat Jain have resigned from the Board of Directors w.e.f. 25th January 2008 & 29th January 2008 respectively. The Directors place on record their sincere appreciation of the valuable advice & guidance given by them while they were directors of the Company.

Mr. S. S. Agarwal has been appointed as Additional Director w.e.f. 28th January 2008 and hold office upto the date of the ensuing Annual General Meeting and is eligible for re-appointment.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 43 of the Articles of Association of the Company, Mr. Anupam Bansal, Independent Non- Executive Director and Mr. G. C. Jain, Independent 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 2008, 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 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 accounts referred to in the Auditors Report are self-explanatory and, therefore, don't call for any further comments except, in respect of tax deductible at source Rs. 5,10,532 on interest accrued and due on foreign currency loan, the same will be deposited at the time of payment and in respect of share application money amounting to Rs. 1,48,826/- in Investor Education and Protection Fund, necessary steps are being taken to deposit the same in due course.

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 2008, 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

Place: New Delhi
Date: 22nd August, 2008

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 2008.

- 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
ii)			
Total Foreign Exchange Used		Nil	1.62
Total Foreign Exchange Earned		Nil	Nil

For & on behalf of the Board

Place: New Delhi
Date: 22nd August, 2008

Vijay K. Modi
Chairman

REPORT ON CORPORATE GOVERNANCE

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 31.03.2008 is as under:

Sl. No.	Name of the Directors	Cateory 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.	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	4	Nil	Not Present
7.	Mr.B.K. Luthra	Alternate to Mr. Norland L.C. Suzor	5	1	Nil	Nil	Not Present
8.	Mr. S.S. Agarwal@	Non Executive Director	Nil	3	Nil	Nil	N/A

* 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. Vijay Kumar Modi was appointed on the Board of M/s. Bihar Sponge Iron Ltd. w.e.f. 22/02/2008.

Resigned from Directorship w.e.f. 25th January 2008.

Resigned from Directorship w.e.f. 29th January 2008.

@ Appointed as additional Director w.e.f. 28th January 2008.

Five Board Meetings were held during the year under review on 30th April 2007, 31st July 2007, 27th August 2007, 31st October 2007 and 28th January 2008.

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, Practising 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. G. C. Jain, Director, retires by rotation and being eligible offers himself for re-appointment. Mr. G. C. Jain is an Independent & Non Executive Director of the Company. He is a fellow member of the Institutes of Chartered Accountants of India and law graduate from Rajasthan University having more than 40 years of experience in the fields of accounts, audit, taxation and company law matters. He is on the Board of SBEC Sugar Ltd., Bihar Sponge Iron Ltd., SBEC Bioenergy Ltd. and Own Investment (India) 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 2008.

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. Consequent to the resignation of Mr. Sarat Jain, the Audit Committee was reconstituted on 28th January, 2008. Now, 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.

Five Meetings of the Audit Committee were held during the year under review on 30th April 2007, 31st July 2007, 27th August 2007, 31st October 2007 and 28th January 2008. Attendance in the above meetings is as follows:

Name of Director	No. of Meetings Held	No. of Meetings Attended
Mr. G.C Jain	5	5
Mr. Sarat Jain #	5	5
Mr. Anupam Bansal	5	5
Mr. S.S. Agarwal \$	—	—

Resigned from Directorship w.e.f. 29th January 2008.

\$ Appointed as Member of the Audit Committee w.e.f. 28th January 2008.

SHAREHOLDERS' GRIEVANCE COMMITTEE

Consequent to the resignation of Mr. Sarat Jain, the Shareholders' Grievance Committee was reconstituted on 28th January, 2008. 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.

28 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. Consequent to the resignation of Mr.Sarat Jain, the Remuneration Committee was reconstituted on 28th January, 2008. 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 27th August 2007 for the determination of the remuneration to be paid to Mr. Jitender Kumar Sharma on his appointment as the Manger. 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 (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)
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	2.00 P.M.	No
2005	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 30, 2005	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 13 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 22nd August 2008

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting:-

Date : September 29, 2008
 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 30.06.2008:	22 nd July 2008	3. Quarter ended 31.12.2008:	End of January 2009
2. Quarter ended 30.09.2008:	End of October 2008	4. Quarter ended 31.03.2009:	End of April 2009

Book Closure : 25th September 2008 to 29th Septemeber 2008

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 2008.

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	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 2008-2009.

* 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. They were last quoted on the Bombay Stock Exchange on 6th September 2001 at Rs. 2.30 per share.

Registrar & Transfer Agents

M/s Skyline Financial Services Pvt. Ltd.
 123, Vinobapuri, Lajpat Nagar-II
 New Delhi –110024
 Ph. No. 26292682, 26292683
 Email: admin@skylinerta.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 2008.

Range No of Shares	Shareholders		Shares	
	Number	% to total holders	Number	% of total capital
Upto 500	18904	94.32	3089969	30.90
501 – 1000	746	3.72	590108	5.90
1001 – 2000	275	1.37	404056	4.04
2001 – 3000	53	0.27	134636	1.36
3001 – 4000	21	0.11	74497	0.74
4001 – 5000	13	0.06	60449	0.60
5001 – 10000	12	0.06	88243	0.88
Above 10000	16	0.09	5558042	55.58
Total	20040	100.00	10000000	100.00

Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity

The Company has no outstanding GDRs / ADRs / Warrants or any Convertible Instruments.

Address for Correspondence

All queries of investors regarding the Company's Shares may be sent at the following address:

SBEC Systems (India) Limited

1400, Hemkunt Tower

98, Nehru Place

New Delhi - 110019

Email: sbecsystems@rediffmail.com

Nomination Facility

Shareholders desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company in prescribed Form 2B for this purpose.

AUDITORS' CERTIFICATE

To,

The Members of SBEC Systems India Limited

We have examined the compliance of the conditions of corporate governance by SBEC Systems India Limited for the year ended on 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor expression of an opinion on financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the Conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievance is pending for period extending more than one month against the Company as per records maintained by the Shareholders' Grievance Committee.

We further state that such compliance is neither an assurance as to future viability of the Company nor efficiency and effectiveness with which the management has conducted the affairs of the Company.

For **K. K. JAIN & COMPANY,**
Chartered Accountants,

Place : New Delhi

Date : 22nd August, 2008

(R. K. MITTAL)
(PARTNER)

Membership No. 95459

AUDITORS' REPORT**TO THE MEMBERS OF SBEC SYSTEMS (INDIA) LIMITED**

We have audited the attached Balance Sheet of **SBEC Systems (India) Limited** as at 31st March, 2008 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements, based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies Auditor's Report Order, 2003, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we Annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said Orders.
3. Further to our comments in the Annexure, referred to above, we report that:
 - i. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of accounts as required by Law, have been kept by the Company so far as appears from our examination of the books of the Company.
 - iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this Report, are in agreement with the books of account of the Company.

- iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards, referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- v. Based on the declaration made by the directors of the company and the information and explanations given to us, none of the Directors is, as at 31.03.2008, prima-facie disqualified from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- vi. **The Company was not in compliance of section 383-A of the Companies Act during some period. However, the Company Secretary has since been appointed.**
- vii. In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet, Profit and Loss Account and Cash Flow Statement read with the Schedules and Notes thereon specifically note no. B-8 regarding Going concern basis and subject to the consequential impact on the result for the period of **Note No B (7) regarding non-provision of tax on deputation charges of foreign technicians and subject to our remark in para vi above**, give the information required by the Companies Act, 1956, in the manners so required and a true and fair view:-
 - (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2008, and
 - (b) In the case of the Profit & Loss Account of the Profit for the year ended on that date.
 - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **K. K. JAIN & COMPANY**,
Chartered Accountants,

Place : New Delhi
Date : 22nd August, 2008

(R. K. MITTAL)
(PARTNER)
Membership No. 95459

Annexure referred to in paragraph 2 of our Report of even date to the Member of SBEC SYSTEMS (INDIA) LIMITED on the accounts as at and for the year ended 31st March, 2008

- 1.(a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies between the book records and the physical inventory were noticed in respect of the assets physically verified.
- (c) In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. (a) Inventories have been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of records of inventory produced to us, in our opinion, the company has maintained proper records of inventories. There were no material discrepancies noticed on physical verification of inventory as compared to the book record.
3. The company has not taken/granted any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control in respect of these areas.
- 5 (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees five Lakhs in respect of any party during the year have been made at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We are informed that the provisions of Section 209(1)(d) of the Companies Act, 1956 relating to the maintenance of cost records are not applicable to the Company.
9. (i) Undisputed statutory dues including Provident Fund, Investor Education & Protection fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess have generally been regularly deposited with the appropriate authorities.
- (ii) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income-Tax, Sales-Tax, Wealth Tax,

Service Tax, Custom Duty, Excise Duty and Cess were outstanding at the year end for a period of more than six months from the date they became payable **except Tax Deductible at Source Rs. 5,10,532/- on interest accrued and due on foreign currency loan and share application money amounting to Rs. 1,48,826/- in Investor Education and Protection Fund.**

- (iii) According to the information and explanation given to us, there are no dues of Income Tax, Custom Duty, Wealth Tax, service Tax, Excise Duty, Sales Tax and Cess which have not been deposited on account of any dispute except the Trade Tax dues of Rs. 2.55 lakh under U P Trade Tax Act for which an appeal is pending before the Assistant Commissioner – Trade Tax.
10. The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash loss during the year. In the immediately preceding financial year the Company had incurred cash losses.
11. Based on our audit procedures and as per the information and explanation given by the management we are of the opinion that the company has not taken any loans from any financial institutions, banks or debenture holders and hence no default on repayment of the same.
12. According to the information and explanations given to us and based on the documents and records produced to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
16. The company has not obtained any term loan during the year ended 31st March, 2008.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the company, we report the no funds raised on short-term basis have been used for long-term investments.
18. The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year.
19. No debenture were issued by the company. Therefore, no securities have been created.
20. The company has not raised any money by a public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **K. K. JAIN & COMPANY,**
Chartered Accountants,

Place : New Delhi
Date : 22nd August, 2008

(R. K. MITTAL)
(PARTNER)
Membership No. 95459

BALANCE SHEET AS AT 31.03.2008

	Schedules	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
I SOURCES OF FUNDS			
1	SHAREHOLDERS' FUNDS		
a)	Share Capital	99,959,000.00	99,959,000.00
b)	Reserves and Surplus	19,261,774.19	19,261,774.19
		<u>119,220,774.19</u>	<u>119,220,774.19</u>
2	LOAN FUNDS		
	Unsecured Loans	92,291,255.61	101,580,729.35
		<u>92,291,255.61</u>	<u>101,580,729.35</u>
	TOTAL	<u>211,512,029.80</u>	<u>220,801,503.54</u>
II APPLICATION OF FUNDS			
1	FIXED ASSETS		
	Gross Block	704,269.29	952,410.29
	Less: Depreciation	624,368.52	841,764.55
	Net Block	<u>79,900.77</u>	<u>110,645.74</u>
2	INVESTMENTS	91,113,267.20	91,113,267.20
3	CURRENT ASSETS, LOANS & ADVANCES		
a)	Inventories	152,171.93	1,305,543.64
b)	Sundry Debtors	257,407.65	727,293.15
c)	Cash & Bank Balances	1,136,653.17	1,072,708.33
d)	Loans & Advances	154,009.53	2,598,268.60
		<u>1,700,242.28</u>	<u>5,703,813.72</u>
	Less : Current Liabilities and Provisions		
a)	Current Liabilities	41,946,548.49	40,153,943.27
b)	Provisions	417,658.00	691,986.00
		<u>42,364,206.49</u>	<u>40,845,929.27</u>
	Net Current Assets	<u>(40,663,964.21)</u>	<u>(35,142,115.55)</u>
4	PROFIT & LOSS ACCOUNT	160,982,826.04	164,719,706.15
	TOTAL	<u>211,512,029.80</u>	<u>220,801,503.54</u>
ACCOUNTING POLICIES AND			
NOTES TO ACCOUNTS			
	12		

Schedules 1 to 12 form an integral part of Accounts.
In terms of our attached report of even date

for **K. K. JAIN & CO.**
Chartered Accountants

Vijay K Modi
Chairman

G.C. Jain
Director

S.S. Agarwal
Director

B.K. Luthra
Director

R.K. Mittal
Partner
Membership No. : 95459

Nikita Verma
Company Secretary

Jitendra K Sharma
Chief Financial Officer

Place : New Delhi
Date : 22nd August, 2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008

	Schedules	For the year ended 31.03.2008 (Rs.)	For the year ended 31.03.2007 (Rs.)
I INCOME			
1 Other Income	8	10,467,491.74	3,326,682.50
TOTAL		<u>10,467,491.74</u>	<u>3,326,682.50</u>
II. EXPENDITURE			
1 Payments to & Provision for Employees	9	511,292.00	1,779,767.80
2 Administrative & Selling Expenses	10	4,971,583.07	1,245,165.13
3 Interest & Financial Charges	11	766,837.00	445,861.80
TOTAL		<u>6,249,712.07</u>	<u>3,470,794.73</u>
Profit/(Loss) before Depreciation		4217,779.67	(144,112.23)
Depreciation	4	16,988.73	26,964.32
Profit/(Loss) Before Tax		4,200,790.94	(171,076.55)
Income Tax (Adjustment)		138,796.83	—
Fringe Benefit Tax Paid / Provision		13,366.00	31,625.00
Minimum Alternate Tax		311,748.00	—
Profit / (Loss) After Tax		3,736,880.11	(202,701.55)
Add: Balance brought forward		(164,719,706.15)	(164,517,004.60)
Balance Carried forward to Balance Sheet		<u>(160,982,826.04)</u>	<u>(164,719,706.15)</u>
Earning per Share (Basic & Diluted)		0.37	(0.02)
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	12		

Schedules 1 to 12 form an integral part of Accounts.
In terms of our attached report of even date

for **K. K. JAIN & CO.**
Chartered Accountants

Vijay K Modi
Chairman

G.C. Jain
Director

S.S. Agarwal
Director

B.K. Luthra
Director

R.K. Mittal
Partner
Membership No. : 95459

Nikita Verma
Company Secretary

Jitendra K Sharma
Chief Financial Officer

Place : New Delhi
Date : 22nd August, 2008

SCHEDULE 1 : SHARE CAPITAL

	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
AUTHORISED		
1,50,00,000 Equity Shares (Previous year 1,50,00,000 equity shares) of Rs. 10/- each	150,000,000.00	150,000,000.00
Issued & Subscribed		
1,00,00,000 Equity Shares of Rs. 10/- each (Previous year 1,00,00,000 equity shares)	100,000,000.00	100,000,000.00
Paid up		
1,00,00,000 Equity Shares of Rs. 10/- each (Previous year 1,00,00,000 equity shares)	100,000,000.00	100,000,000.00
Less : Calls in Arrears	41,000.00	41,000.00
TOTAL	99,959,000.00	99,959,000.00

SCHEDULE 2 : RESERVES & SURPLUS

Share Premium Account	19,261,774.19	19,261,774.19
TOTAL	19,261,774.19	19,261,774.19

SCHEDULE 3 : LOAN FUNDS**Unsecured Loans**

a) Foreign Currency Loan from Overseas Corporate Body	45,308,303.84	43,986,398.88
b) Short Term Credits		
Deffered Payment Credits	63,305,782.06	66,968,788.60
Others Supplier Credits	28,289,880.75	30,186,905.23
	91,595,662.81	97,155,693.83
Less : Liability assigned to SSL	48,557,808.32	48,557,808.32
e) Interest Accrued & Due on above	8,945,097.28	8,996,444.96
TOTAL	92,291,255.61	101,580,729.35

SCHEDULE 4 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2007	Additions during the year	Ded./sale during the year	As at 31.03.2008	Upto 31.03.2007	Ded./adjust. during the year	Provided during the year	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Plant and Machinery	17,591.30	-	-	17,591.30	16,132.92	-	202.86	16,335.78	1,255.52	1,458.38
Furniture & Fixture	632,847.99	-	-	632,847.99	540,108.37	-	16,785.87	556,894.24	75,953.76	92,739.62
Office Equipments	301,971.00	-	248,141.00	53,830.00	285,523.26	234,384.76	-	51,138.50	2,691.50	16,447.74
GRAND TOTAL	952,410.29	-	248,141.00	704,269.29	841,764.55	234,384.76	16,988.73	624,368.52	79,900.76	110,645.74
Previous Year	991,987.29	-	39,577.00	952,410.29	840,936.02	26,135.79	26,964.32	841,764.55	110,645.74	151,051.27

SCHEDULE 5 : INVESTMENTS

	As at 31.03.2008	As at 31.03.2007
	(Rs.)	(Rs.)
Long Term Investments		
Unquoted		
50,000 Equity Shares of Rs. 10/- each in SBEC Investments Limited (Subsidiary Company) (fully paid)	500,000.00	500,000.00
Current Investments		
(Quoted, Trade)		
44,65,962 Equity Shares of Rs. 10/- each in SBEC Sugar Limited (fully paid) @ Rs 10/- per share	44,659,620.00	44,659,620.00
1,10,73,168 Equity Shares of Rs. 10/- each in SBEC Sugar Limited (fully paid) @ Rs 4.15 per share	45,953,647.20	45,953,647.20
TOTAL	91,113,267.20	91,113,267.20
Market value of quoted investments (Based on closing rate of Rs. 11.70 at BSE on 31.03.2008 Previous year @ Rs. 11.60 per share)	181,807,821.00	180,253,908.00

SCHEDULE 6: CURRENT ASSETS, LOANS & ADVANCES

	As at 31.03.2008 (Rs.)	At at 31.03.2007 (Rs.)
A. Inventories (as taken, valued and certified by the management)		
Stores, Spares and Components	152,171.93	1,305,543.64
TOTAL (A)	152,171.93	1,305,543.64
B. Sundry Debtors (Unsecured, Considered Good)		
a) Debts Outstanding for a period exceeding Six Months	727,293.15	727,293.15
Less: provision for doubtful debts	469,885.50	—
	257,407.65	727,293.15
b) Other Debts	—	—
TOTAL (B)	257,407.65	727,293.15
C. Cash & Bank Balances		
a) Cash/Stamps in hand	878,572.04	865,610.04
b) Balances with Scheduled Banks in :		
i) Current Accounts	207,501.76	156,518.92
ii) Fixed Deposits (pledged with Sales Tax Authorities)	40,000.00	40,000.00
c) Balances with Non Scheduled Bank :		
Current Account with Societe Generale Bank (Maximum Balance during the year Rs.10,579.37, Previous year Rs.10,579.37)	10,579.37	10,579.37
TOTAL (C)	1,136,653.17	1,072,708.33
D. Loans & Advances (Unsecured, Considered Good)		
a) Advances recoverable in cash or in kind or for Value to be received	2,431,980.71	2,433,379.77
Less: provision for doubtful advances	2,304,663.18	—
	127,317.53	2,433,379.77
b) Advance to Subsidiary	26,692.00	26,092.00
c) Advance Income Tax/Tax refundable	—	138,796.83
TOTAL (D)	154,009.53	2,598,268.60
TOTAL (A)+(B)+(C)+(D)	1,700,242.28	5,703,813.72

SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.2008 (Rs.)	At at 31.03.2007 (Rs.)
A. Current Liabilities		
Sundry Creditors for Goods and Expenses		
- *Micro, Small & Medium Enterprises Suppliers	—	—
- Others	38,449,954.79	36,535,965.98
Share Application Money	148,826.36	148,826.36
Other Liabilities	144,471.00	168,507.00
Advance from Customers	3,203,296.34	3,203,296.34
Bank Overdraft (Book credit)	—	97,347.59
TOTAL (A)	41,946,548.49	40,153,943.27
* The identification of Micro, Small and Medium Enterprises Suppliers is based on managements knowledge of their status.		
B. Provisions		
For Gratuity & Leave Encashment	105,601.00	690,608.00
Fringe Benefit Tax	309.00	1,378.00
Provision for Taxation	311,748.00	—
TOTAL (B)	417,658.00	691,986.00
TOTAL (A)+(B)	42,364,206.49	40,845,929.27

SCHEDULE 8 : OTHER INCOME

	For the Year ended 31.03.2008 (Rs.)	For the year ended 31.03.2007 (Rs.)
Profit on Sale of Fixed Assets	—	62,113.79
Excess Provision Written Back	22,738.00	153,984.67
Foreign Exchange Fluctuation(net)	10,444,753.74	3,110,584.04
TOTAL	10,467,491.74	3,326,682.50

SCHEDULE 9 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salary and Bonus	453,193.00	1,318,226.80
Contribution to Provident & Other Funds	44,625.00	104,767.00
Staff Welfare Expenses	13,474.00	12,042.00
Gratuity	—	216,851.00
Leave Encashment	—	127,881.00
TOTAL	511,292.00	1,779,767.80

SCHEDULE 10 : ADMINISTRATIVE AND SELLING EXPENSES

	For the Year ended 31.03.2008 (Rs)	For the Year ended 31.03.2007 (Rs)
Rent	115,931.00	62,998.00
Legal & Professional Charges	57,470.00	60,111.20
Auditors Remuneration		
– Audit Fees	44,992.00	44,896.00
Travelling and Conveyance	30,569.54	156,012.99
Communication	8,942.96	34,862.87
Repairs & Maintenance	7,533.00	37,264.02
Insurance	359.00	1,949.00
Miscellaneous Expenses	768,016.98	740,286.65
Provision for doubtful debts	2,774,548.68	—
Reduction in inventory valuation	1,153,371.71	—
Loss on sale of fixed assets	4,958.20	—
Balances written off	4,890.00	3,788.40
Previous Year Exps	—	102,996.00
TOTAL	<u>4,971,583.07</u>	<u>1,245,165.13</u>

SCHEDULE 11 : INTEREST AND FINANCIAL CHARGES

Interest	766,162.00	349,628.16
Bank Charges	675.00	96,233.64
TOTAL	<u>766,837.00</u>	<u>445,861.80</u>

SCHEDULE 12 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**A. SIGNIFICANT ACCOUNTING POLICIES :****i. Basis of Accounting**

The Accounts of the Company are prepared under the historical cost convention and in accordance with the applicable accounting standards, except where otherwise stated. For recognition of income and expenses, accrual basis of accounting is being followed.

ii. Revenue Recognition

- a) Consultancy Contracts/Works Contracts are recognized on percentage of completion method.
- b) Sales are recognized on despatch of goods by the Company to its customers. Sales values are inclusive of Sales Tax.

iii. Inventory Valuation

Stores, Spare Parts and Components are valued at Cost. For this purpose, cost is ascertained on FIFO basis. Goods purchased for resale are valued at lower of cost or realizable value. Provision for obsolescence is made on the stocks, wherever required.

iv. Fixed Assets

- Fixed Assets are stated at cost less accumulated depreciation. The Company capitalizes all costs relating to acquisition and installation of fixed assets.

- Fixed assets acquired under Hire Purchase Scheme are capitalized at their principal value and interest implicit in the hire rental is charged off as revenue expense.
- Depreciation on Fixed Assets, except relating to assets given on Lease has been provided at written down value rates prescribed under Schedule XIV to the Companies Act, 1956.
- Depreciation on Fixed Assets given on Lease is provided at the rates determined on the basis of primary lease period of these assets, or the straight line rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher.

v. Foreign Currency Transactions

Foreign currency transactions during the period are recorded at the rates prevailing at the date of transaction. Liabilities payable in foreign currencies are restated at period-end at bank's T.T. selling rates of exchange. The resultant gain or loss, if any, is reflected in the Profit & Loss Account, except exchange difference on liabilities incurred for acquisition of fixed assets which are capitalised. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

vi. Employee Benefits

- a) Short Term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss account of the year in which the related service is rendered.
- b) Post employment and other long-term employee benefits are recognized as an expense in the Profit & Loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses of the post employment and other long term benefits are charged to the Profit & Loss account of the year.

vii. Custom Duty

Custom duty on machinery lying in bond and in transit is accounted for at the time of clearance thereof.

viii. Investments

- i. Long Term quoted investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.
- ii. Unquoted Investments are stated at cost.
- iii. Current investments are valued at lower of cost and fair value determined on an individual investment basis.
- iv. Where long term investments are reclassified as current investments, transfers are made at the lower of cost or carrying amount at the date of transfer. Where investments are reclassified from current to long term, transfers are made at the lower of cost or fair value at the date of transfer. Thereafter, the investments are valued at that transfer price less provision for any diminution.

ix. Deferred Taxation

Deferred taxation is accounted for in respect of all timing differences on a liability method.

x. Miscellaneous Expenditure

Technicians Fees and Expenditure on acquisition of Technical Know How are written off over a period of five years.

xi. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any indication exists, the recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

xii. Earning per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilative potential equity shares.

xiii. Provisions and Contingent Liabilities

Provisions are recognized by present obligations, of uncertain timing or amount, arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount can not be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow or resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non- occurrence of one or more uncertain future events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

B. NOTES TO ACCOUNTS**1. Contingent liabilities not provided for in respect of :-**

Particulars	Current Year (Rs in Lacs)	Previous Year (Rs in Lacs)
Sales Tax Demand	2.55	2.55
Interest on Foreign Currency Loan	113.10*	120.00

*In terms of agreement entered with Occident Orient Company Limited and subject to approval of the Reserve Bank of India (RBI), interest of USD 2,81,974/- (Previous Year USD 2,74,154/-) for earlier years is payable by the company on Foreign Currency Loan of USD 10,04,944. Pending approval of RBI, this liability is being shown as contingent liability.

2. Balances of Sundry Debtors, Sundry Creditors and Loan and advances in few cases are subject to confirmation and reconciliation. However in the opinion of the management the differences arising on such reconciliation, if any, are not likely to be material.
3. Current Corporate Tax is provided on the results for the year after considering applicable tax rates and law.
4. Expenses amounting to Rs. 0.24 lakh relating to earlier years (previous year Rs 2.22 Lacs) have been accounted for under their respective heads.
5. In the absence of necessary agreements/approvals, interest on overdue credits/loans from foreign suppliers/lenders has not been provided.
6. The Company has entered into an agreement dated 24th December'2005 with OOCL for repayment of the foreign currency loan of USD 10,04,944 equivalent to Rs. 4,03,08,304/-(Previous year Rs. 4,27,10,120/-) is subject to necessary approvals.
7. Liability of Rs. 7.66 lakh (Previous year Rs. 7.66 lakh) in respect of the tax to be deducted at source on deputation charges of foreign technicians has not been provided. The same will be provided at the time of actual payment.
8. The accounts of the company for the year ending 31.03.2008 have been prepared on Going Concern Basis notwithstanding that no active business could be carried since the year 2000. However, the management is confident to revive the business activities in near future depending upon more favourable conditions prevailing in the market barring unforeseen circumstances.
9. To comply with the requirement of AS 15 Employee Benefit the Company has made provision of leave encashment and gratuity on the basis of Actuarial Valuation Technique instead of actuals. As a result of such change the personnel expenses and provision of gratuity and leave encashment are lower by Rs. 29,156/- and profit for the year is higher by Rs. 29,156/-.
10. Share application money amounting to Rs. 1,48,826/- which remained unpaid for a period of seven years from the date they became due for payment has not been transferred by the Company in Investor Education and Protection Fund of Central Government as required in terms of Section 205 C of the Companies Act, 1956.
11. Manager's Remuneration included under different heads of expenditure is as follows:

(Rs. In Lakh)

	Current Year	Previous Year
Salary & Bonus	2.15	5.86
Contribution to Provident fund	0.16	0.58
Reimbursement of Expenses	0.21	0.56

The above managerial remuneration has been paid from according to section 198 & 309 of the Companies Act, 1956 and as approved by the shareholders under a special resolution.

12. Segment Reporting

The Company operates in a single business and geographical segment and the requirements of Accounting Standard 17 on Segment Reporting are not relevant.

13. Related Parties Disclosures**1. The names of the Related Parties as certified by the management are as follows :**a) Enterprises Where Control Exists

i. SBEC Investments Limited (Subsidiary company)

b) Substantial Interest

i. SBEC Sugar Limited

ii. SBEC Systems Limited, United Kingdom

c) Key Managerial Personnel

Mr. Jitendra Kumar Sharma, Chief Financial Officer (appointed as Manager from 01.08.2007 under Section 269 of the Companies Act 1956).

Mr. Sushil K Agrawal, Chief Manager Finance, who resigned on 30.04.2007 from the office of Manager.

2. Transactions carried out with related parties referred in 1 above, in the ordinary course of business

(Rs. in lacs)

Nature of Transactions	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above
Expenses			
Remuneration	—	—	2.53
	(—)	(—)	(7.00)
Misc. Expenses	—	2.72	—
	(—)	(1.07)	(—)
Outstandings			
Payable	—	273.64	5.47
	(—)	(253.95)	(0.55)
Receivable	0.27	—	0.23
	(0.26)	(—)	(—)
Equity Contribution	5.00	—	—
	(5.00)	(—)	(—)

14. Earning per Share

	Current Year	Previous Year
Net Profit / (Loss) (in Rupees)	37,36,880/-	(2,02,702/-)
Weighted average number of equity shares during the year	99,95,900	99,95,900
Basic & Diluted Earnings Per Share (in Rupees)	0.37	(0.02)

15. Deferred Taxation

In view of the past brought forward losses and loss for the current year, company has not recognised deferred tax assets as its realisability is uncertain.

16. Loans & Advances include debit balance of Rs. 0.23 lacs (Previous year current liabilities include Cr. Balance Rs 0.55 lacs in the name of Mr. Sushil K Agrawal) in the name of Mr. J.K.Sharma appointed as Manager under Section 269 of the Companies Act, 1956.
17. Additional information pursuant to provisions of Part II of Schedule VI to the Companies Act, 1956 (to the extent applicable) :

a) Stock, Purchases and Sales of Goods traded in:

(Rs in lacs)

Description	Opening Stock		Purchases		Sales		Obsolete		Closing stock	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Industrial Machinery & Components	—	13.05	—	—	—	—	—	11.54	—	1.51
	(—)	(13.05)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(13.05)

Note: 1. Closing stock valuation taken as certified by the management and relied upon by the auditor, being a technical matter.

2. Since there are various types of goods and components which are dissimilar in nature, it is not practicable to disclose quantitative information in respect thereof.

b) EXPENDITURE IN FOREIGN CURRENCY (On cash basis)

Particulars	(Rs. in Lacs)
Interest Payment	Nil
	(1.62)
c) EARNINGS IN FOREIGN EXCHANGE	Nil
	(Nil)
d) CIF VALUE OF IMPORTS	Nil
	(Nil)

18. Previous Year figures are given in brackets and have been regrouped / rearranged wherever required.

Signatures to Schedules 1 to 12

In terms of our attached report of even date,

for **K. K. JAIN & CO.**
Chartered Accountants

Vijay K.Modi
Chairman

G.C. Jain
Director

S.S. Agarwal
Director

B.K. Luthra
Director

R.K. Mittal
Partner
Membership No. : 95459

Nikita Verma
Company Secretary

Jitendra K. Sharma
Chief Financial Officer

Place : New Delhi
Date : 22nd August, 2008

Information required as per Part IV of Schedule VI of the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No.	29976	State Code	55
Balance Sheet Date	31.03.2008		

2. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	211512	Total Assets	211512
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Sources of Funds

Paid up Capital	99959	Reserves & Surplus	19262
Secured Loans	—	Unsecured Loans	92291

Application of Funds

Net Fixed Assets	80	Investments	91113
Net Current Assets	(40664)	Miscellaneous Expenditure	—
Accumulated Losses	160983		

4. Performance of Company (Amount in Rs Thousands)

Turnover (Including Other Income)	10467	Total Expenditure	6267
Loss Before Tax	4201	Loss After Tax	3737
Earning Per share in Rs.	0.37	Dividend Rate	Nil

5. Generic names of three Principal Products/Services of the Company (as per monetary term)

Item code No. (ITC) Code	Product Description
84383000	Machinery for Sugar Manufacture
	Consultancy Services to
	Sugar Industry

Vijay K.Modi
Chairman

G.C. Jain
Director

S.S. Agarwal
Director

B.K. Luthra
Director

Place : New Delhi

Date : 22nd August, 2008

Nikita Verma
Company Secretary

Jitendra K. Sharma
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year Ended 31.03.2008 (Rs. in '000)	Year Ended 31.03.2007 (Rs. in '000)
A Cash Flow From Operating Activities		
Net Profit / (Loss) before tax and extra ordinary items	4,201	(171)
Adjustments for :		
Add. Interest Expenses	766	350
Net (Profit) / Loss on Sale of Fixed assets	5	(62)
Depreciation	17	27
Provision for Book debts	470	—
Provision for D. Advances	2,305	—
Reduction in Inventory	1,153	—
Balance Written Off	5	—
	<u>4,721</u>	<u>315</u>
Less:		
Excess Provision Written Back	(23)	—
Exchange rate fluctuatuiou	(10,445)	—
	<u>(10,468)</u>	<u>—</u>
Operating profit before Working Capital Changes	<u>(1,546)</u>	<u>144</u>
Adjustments for:		
Debtors	—	485
Trade and other receivables	(5)	(257)
Trade Payables	1,620	(8,898)
Cash Generated from Operating Activities	<u>1,615</u>	<u>(8,526)</u>
Direct Taxes / FBT (Paid) / Refund	(14)	(38)
Net Change in Working Capital	<u>1,601</u>	<u>(8,564)</u>
Net Cash flow from operating activities	<u>55</u>	<u>(8,564)</u>
B. Cash Flow from Investing Activities		
Proceeds from Sale of Fixed Assets	9	76
Net Cash used in Investing Activities	<u>9</u>	<u>76</u>
C. Cash Flow from Financing Activities		
Repayment of Borrowings	—	(2,751)
Net Interest (Paid)	—	(455)
Net Cash Flow from Financing Activities	<u>—</u>	<u>(3,206)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	<u>64</u>	<u>(11,694)</u>
Cash & Cash Equivalents as on 01.04.2007 (Opening balance)	1,073	12,767
Cash & Cash Equivalents as on 31.03.2008 (Closing balance)	1,137	1,073
Net Increase /(Decrease) as disclosed above	64	(11,694)

for **K. K. JAIN & CO.**
Chartered Accountants

Vijay K.Modi
Chairman

G.C. Jain
Director

S.S. Agarwal
Director

B.K. Luthra
Director

R.K. Mittal
Partner
Membership No. : 95459

Nikita Verma
Company Secretary

Jitendra K. Sharma
Chief Financial Officer

Place : New Delhi
Date : 22nd August, 2008

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Subsidiary	SBEC Investments Limited
2. Financial year of the Company	01.04.2007 to 31.03.2008
3. Shares held in the subsidiary Company at the end of the financial year of the Subsidiary Company	50000
4. Extent of holding	100%
5. Change in the Company's interest in the Subsidiary between the end of the Financial Year of the Subsidiary and the end of the Company's Financial Year.	N.A.
6. The net aggregate of Profits of the Subsidiary Company so far as they concern the members of the Company.	
a) Dealt with in the Accounts of the Company for the year ended 31st March, 2008.	Nil
b) Not dealt within the Accounts of the Company for the year ended 31st March, 2008.	Rs. 23.782/-
7. The net aggregate of the Profits / (loss) of the Subsidiary Company for the previous Financial years so far as they concern the members of the Company.	
a) Dealt with in the Accounts of the Company for the year ended 31st March, 2008.	Nil
b) Not dealt within the Accounts of the Company for the year ended 31st March, 2008	Rs. 38,480
8. Material Changes which have occurred between the end of the Financial Year of the Subsidiary and the end of the Company's Financial Year in respect of:-	
a) Fixed Assets	Nil
b) Investments	Nil
c) Money lent by the Subsidiary Company	Nil
d) Moneys borrowed by the Subsidiary Company other than for meeting the Current Liabilities.	Nil

Note : The Balance Sheet as at 31st March, 2008, along with Director's Report and Auditor's Report of the Subsidiary Company are attached herewith.

Vijay K.Modi
Chairman

G.C. Jain
Director

S.S. Agarwal
Director

B.K. Luthra
Director

Nikita Verma
Company Secretary

Jitendra K. Sharma
Chief Financial Officer

Place : New Delhi
Date : 22nd August, 2008

ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SBEC SYSTEMS (INDIA) LIMITED AND ITS SUBSIDIARY

We have audited the attached Consolidated Balance Sheet of SBEC SYSTEMS (INDIA) LIMITED and its subsidiary as at 31st March 2008, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These consolidated financial statements are the responsibility of SBEC Systems (India) Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiary M/s SBEC Investments Limited for the period ended 31st March 2008 whose financial statements reflect total assets of Rs. 6.09 lacs as at 31st March 2008 and Profit of Rs. 0.24 lacs for the year ended on that date. These financial statements have been audited by other auditor whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of other auditor.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting standard (AS) 21 – Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of separate financial statements of SBEC Systems (India) Limited and its subsidiary included in the consolidated financial statements.

In our opinion and to the best of our information and according to the explanations given to us the said Consolidated Balance Sheet and Consolidated Profit and Loss Account read with the Schedules and Notes thereon specifically note no. B-10 regarding Going concern basis and subject to the consequential impact on the result for the period of **Note No B (7) regarding non-provision of tax on deputation charges of foreign technicians**, give the information required by the Companies Act, 1956, in the manners so required and a true and fair view:-

- a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of SBEC Systems (India) Limited and its subsidiary as at 31st March 2008. and
- b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operation of SBEC Systems (India) Limited and its subsidiary for the year ended on that date.
- c) In the case of Consolidate Cash Flow Statement of the consolidated cash flow of SBEC Systems (India) Limited and its subsidiary for the year ended on that date.

For **K.K.JAIN & CO.**,
Chartered Accountants,

Place : New Delhi
Dated : 22nd August, 2008

(R. K. MITTAL)
Partner
Membership No. 95459

CONSOLIDATED BALANCE SHEET AS AT 31.03.2008

	Schedules	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
I SOURCES OF FUNDS			
1	SHAREHOLDERS' FUNDS		
a)	Share Capital	99,959,000.00	99,959,000.00
b)	Reserves and Surplus	19,261,774.19	19,261,774.19
		<u>119,220,774.19</u>	<u>119,220,774.19</u>
2	LOAN FUNDS		
	Unsecured Loans	92,291,255.61	101,580,729.35
		<u>92,291,255.61</u>	<u>101,580,729.35</u>
	TOTAL	<u>211,512,029.80</u>	<u>220,801,503.54</u>
II APPLICATION OF FUNDS			
1	FIXED ASSETS		
	Gross Block	704,269.29	952,410.29
	Less: Depreciation	624,368.52	841,764.55
	Net Block	<u>79,900.77</u>	<u>110,645.74</u>
2	INVESTMENTS	90,613,267.20	90,613,267.20
3	CURRENT ASSETS, LOANS & ADVANCES		
a)	Inventories	152,171.93	1,305,543.64
b)	Sundry Debtors	257,407.65	727,293.15
c)	Cash & Bank Balances	1,681,135.93	1,617,221.09
d)	Loans & Advances	187,756.53	2,591,827.60
		<u>2,278,472.04</u>	<u>6,241,885.48</u>
	Less : Current Liabilities and Provisions		
a)	Current Liabilities	41,954,390.49	40,158,976.27
b)	Provisions	442,355.00	705,126.00
		<u>42,396,745.49</u>	<u>40,864,102.27</u>
	Net Current Assets	<u>(40,118,273.45)</u>	<u>(34,622,216.79)</u>
4	a) MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	3,989.00	5,999.00
	b) PROFIT & LOSS ACCOUNT	160,933,146.28	164,693,808.39
	TOTAL	<u>211,512,029.80</u>	<u>220,801,503.54</u>

ACCOUNTING POLICIES AND

NOTES TO ACCOUNTS

12

Schedules 1 to 12 form an integral part of Accounts

In terms of our attached report of even date

for **K. K. JAIN & CO.**
Chartered AccountantsVijay K. Modi
ChairmanG.C. Jain
DirectorS.S. Agarwal
DirectorB.K. Luthra
DirectorR.K. Mittal
Partner
Membership No. : 95459Nikita Verma
Company SecretaryJitendra K. Sharma
Chief Financial OfficerPlace : New Delhi
Date : 22nd August, 2008

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008

	Schedules	For the year ended 31.03.2008 (Rs.)	For the year ended 31.03.2007 (Rs.)
I INCOME			
1 Other Income	8	10,508,279.74	3,392,683.50
TOTAL		10,508,279.74	3,392,683.50
II. EXPENDITURE			
1 Payments to & Provision for Employees	9	511,292.00	1,779,767.80
2 Administrative & Selling Expenses	10	4,974,992.07	1,257,468.13
3 Interest & Financial Charges	11	766,837.00	445,929.80
4 Priliminary Expenses Written off		2,010.00	2,010.00
TOTAL		6,255,131.07	3,485,175.73
Profit/(Loss) before Depreciation		4,253,148.67	(92,492.23)
Depreciation	4	16,988.73	26,964.32
Profit/(Loss) Before Tax		4,236,159.94	(119,456.55)
Income Tax (Adjustment)		138,796.83	—
Fringe Benefit Tax Paid / Provision		13,366.00	31,625.00
Provision for Taxation		323,335.00	13,140.00
Profit / (Loss) After Tax		3,760,662.11	(164,221.55)
Add: Balance brought forward		(164,693,808.39)	(164,529,586.84)
Balance Carried forward to Balance Sheet		(160,933,146.28)	(164,693,808.39)
Earning per Share (Basic & Diluted)		0.38	(0.02)

ACCOUNTING POLICIES AND 12

NOTES TO ACCOUNTS

Schedules 1 to 12 form an integral part of Accounts

In terms of our attached report of even date

for **K. K. JAIN & CO.**
Chartered AccountantsVijay K.Modi
ChairmanG.C. Jain
DirectorS.S. Agarwal
DirectorB.K. Luthra
DirectorR.K. Mittal
Partner
Membership No. : 95459Nikita Verma
Company SecretaryJitendra K. Sharma
Chief Financial OfficerPlace : New Delhi
Date : 22nd August, 2008

SCHEDULE 1 : SHARE CAPITAL

	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
AUTHORISED		
1,50,00,000 Equity Shares (Previous year 1,50,00,000 equity shares) of Rs. 10/- each	150,000,000.00	150,000,000.00
Issued & Subscribed		
1,00,00,000 Equity Shares of Rs. 10/- each (Previous year 1,00,00,000 equity shares)	100,000,000.00	100,000,000.00
Paid up		
1,00,00,000 Equity Shares of Rs. 10/- each (Previous year 1,00,00,000 equity shares)	100,000,000.00	100,000,000.00
Less : Calls in Arrears	41,000.00	41,000.00
TOTAL	99,959,000.00	99,959,000.00

SCHEDULE 2 : RESERVES & SURPLUS

Share Premium Account	19,261,774.19	19,261,774.19
TOTAL	19,261,774.19	19,261,774.19

SCHEDULE 3 : LOAN FUNDS

Unsecured Loans

a) Foreign Currency Loan from Overseas Corporate Body		40,308,303.84	43,986,398.88
b) Short Term Credits			
Deferred Payment Credits	63,305,782.06	66,968,788.60	
Others Supplier Credits	28,289,880.75	30,186,905.23	
	91,595,662.81	97,155,693.83	
Less : Liability assigned to SSL	48,557,808.32	43,037,854.49	48,557,808.32
e) Interest Accrued & Due on above		8,945,097.28	8,996,444.96
TOTAL		92,291,255.61	101,580,729.35

SCHEDULE 4 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2007	Additions during the year	Ded./sale during the year	As at 31.03.2008	Upto 31.03.2007	Ded./adjust. during the year	Provided during the year	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Plant and Machinery	17,591.30	-	-	17,591.30	16,132.92	-	202.86	16,335.78	1,255.52	1,458.38
Furniture & Fixture	632,847.99	-	-	632,847.99	540,108.37	-	16,785.87	556,894.24	75,953.76	92,739.62
Office Equipments	301,971.00	-	248,141.00	53,830.00	285,523.26	234,384.76	-	51,138.50	2,691.50	16,447.74
GRAND TOTAL	952,410.29	-	248,141.00	704,269.29	841,764.55	234,384.76	16,988.73	624,368.52	79,900.76	110,645.74
Previous Year	991,987.29	-	39,577.00	952,410.29	840,936.02	26,135.79	26,964.32	841,764.55	110,645.74	151,051.27

SCHEDULE 5 : INVESTMENTS

	As at 31.03.2008	As at 31.03.2007
	(Rs.)	(Rs.)
Current Investments		
(Quoted, Trade)		
44,65,962 Equity Shares of Rs. 10/- each in SBEC Sugar Limited (fully paid) @ Rs 10/- per share	44,659,620.00	44,659,620.00
1,10,73,168 Equity Shares of Rs. 10/- each in SBEC Sugar Limited (fully paid) @ Rs 4.15 per share	45,953,647.20	45,953,647.20
TOTAL	90,613,267.20	90,613,267.20
Market value of quoted investments (Based on closing rate of Rs. 11.70 at BSE on 31.03.2008 Previous year @ Rs. 11.60 per share)	181,807,821.00	180,253,908.00

SCHEDULE 6: CURRENT ASSETS, LOANS & ADVANCES

	As at 31.03.2008	At at 31.03.2007
	(Rs.)	(Rs.)
A. Inventories (as taken, valued and certified by the management)		
Stores, Spares and Components	152,171.93	1,305,543.64
TOTAL (A)	152,171.93	1,305,543.64
B. Sundry Debtors (Unsecured, Considered Good)		
a) Debts Outstanding for a period exceeding Six Months	727,293.15	727,293.15
Less: provision for doubtful debts	469,885.50	-
	257,407.65	727,293.15
b) Other Debts	-	-
TOTAL (B)	257,407.65	727,293.15

SCHEDULE 6: CURRENT ASSETS, LOANS & ADVANCES (Contd....)

	As at 31.03.2008 (Rs.)	At at 31.03.2007 (Rs.)
C. Cash & Bank Balances		
a) Cash/Stamps in hand	878,742.04	865,810.04
b) Balances with Scheduled Banks in :		
i) Current Accounts	266,160.52	215,177.68
ii) Fixed Deposits (pledged with Sales Tax Authorities)	525,654.00	525,654.00
c) Balances with Non Scheduled Bank :		
Current Account with Societe Generale Bank (Maximum Balance during the year Rs.10,579.37, Previous year Rs.10,579.37)	10,579.37	10,579.37
TOTAL (C)	1,681,135.93	1,617,221.09
D. Loans & Advances (Unsecured, Considered Good)		
a) Advances recoverable in cash or in kind or for Value to be received	2,466,206.71	2,434,768.77
Less: provision for doubtful advances	2,304,663.18	—
	161,543.53	2,434,768.77
b) Advance Income Tax/Tax refundable	26,213.00	157,058.83
TOTAL (D)	187,756.53	2,591,827.60
TOTAL (A)+(B)+(C)+(D)	2,278,472.04	6,241,885.48

SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities		
Sundry Creditors for Goods and Expenses		
- *Micro, Small & Medium Enterprises Suppliers	—	—
- Others	38,457,796.79	36,540,998.98
Share Application Money	148,826.36	148,826.36
Other Liabilities	144,471.00	168,507.00
Advance from Customers	3,203,296.34	3,203,296.34
Canara Bank(Book credit)	—	97,347.59
TOTAL (A)	41,954,390.49	40,158,976.27
* The indentification of Micro, Small and Medium Enterprises Suppliers is based on managements knowledge of their status.		
B. Provisions		
For Gratuity & Leave Encashment	105,601.00	690,608.00
Fringe Benefit Tax	309.00	1,378.00
Provision for Taxation	336,445.00	13,140.00
TOTAL (B)	442,355.00	705,126.00
TOTAL (A)+(B)	42,396,745.49	40,864,102.27

SCHEDULE 8 : OTHER INCOME

	For the Year ended 31.03.2008 (Rs.)	For the year ended 31.03.2007 (Rs.)
Interest Income	40,788.00	66,001.00
Profit on Sale of Fixed Assets	—	62,113.79
Excess Provision Written Back	22,738.00	153,984.67
Foreign Exchange Fluctuation(net)	10,444,753.74	3,110,584.04
TOTAL	<u>10,508,279.74</u>	<u>3,392,683.50</u>

SCHEDULE 9 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salary and Bonus	453,193.00	1,318,226.80
Contribution to Provident & Other Funds	44,625.00	104,767.00
Staff Welfare Expenses	13,474.00	12,042.00
Gratuity	—	216,851.00
Leave Encashment	—	127,881.00
TOTAL	<u>511,292.00</u>	<u>1,779,767.80</u>

SCHEDULE 10 : ADMINISTRATIVE AND SELLING EXPENSES

Rent	115,931.00	62,998.00
Legal & Professional Charges	58,070.00	62,936.20
Auditors Remuneration		
– Audit Fees	47,801.00	47,705.00
Travelling and Conveyance	30,569.54	156,012.99
Communication	8,942.96	34,862.87
Repairs & Maintenance	7,533.00	37,264.02
Insurance	359.00	1,949.00
Miscellaneous Expenses	768,016.98	746,955.65
Provision for doubtful debts	2,774,548.68	—
Reduction in inventory valuation	1,153,371.71	—
Loss on sale of fixed assets	4,958.20	—
Balances written off	4,890.00	3,788.40
Previous Year Exps	—	102,996.00
TOTAL	<u>4,974,992.07</u>	<u>1,257,468.13</u>

SCHEDULE 11 : INTEREST AND FINANCIAL CHARGES

	For the Year ended 31.03.2008 (Rs)	For the Year ended 31.03.2007 (Rs)
Interest	766,162.00	349,628.16
Bank Charges	675.00	96,301.64
TOTAL	<u>766,837.00</u>	<u>445,929.80</u>

SCHEDULE 12 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**A. SIGNIFICANT ACCOUNTING POLICIES :****i Basis of Accounting**

The Accounts of the Company are prepared under the historical cost convention and in accordance with the applicable accounting standards, except where otherwise stated. For recognition of income and expenses, accrual basis of accounting is being followed.

ii. Principles of Consolidation

- a) The financial statements of the Parent company and the subsidiary company have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra group transactions and the unrealised profits.
- b) The financial statements of the Parent company and the subsidiary company have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.

iii. Revenue Recognition

- a) Consultancy Contracts/Works Contracts are recognized on percentage of completion method.
- b) Sales are recognized on dispatch of goods by the Company to its customers. Sales values are inclusive of Sales Tax.

iv. Inventory Valuation

Stores, Spare Parts and Components are valued at Cost. For this purpose, cost is ascertained on FIFO basis. Goods purchased for resale are valued at lower of cost or realizable value. Provision for obsolescence is made on the stocks, wherever required.

v Fixed Assets

- Fixed Assets are stated at cost less accumulated depreciation. The Company capitalizes all costs relating to acquisition and installation of fixed assets.
- Fixed assets acquired under Hire Purchase Scheme are capitalized at their principal value and interest implicit in the hire rental is charged off as revenue expense.
- Depreciation on Fixed Assets, except relating to assets given on Lease has been provided at written down value rates prescribed under Schedule XIV to the Companies Act, 1956.
- Depreciation on Fixed Assets given on Lease is provided at the rates determined on the basis of primary lease period of these assets, or the straight line rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher.

vi Foreign Currency Transactions

Foreign currency transactions during the period are recorded at the rates prevailing at the date of transaction. Liabilities payable in foreign currencies are restated at period-end at bank's T.T. selling rates of exchange. The resultant gain or loss, if any, is reflected in the Profit & Loss Account, except exchange difference on liabilities incurred for acquisition of fixed assets which are capitalised. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

vii. Employee Benefits

- a) Short Term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss account of the year in which the related service is rendered.
- b) Post employment and other long-term employee benefits are recognized as an expense in the Profit & Loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses of the post employment and other long term benefits are charged to the Profit & Loss account of the year.

viii. Custom Duty

Custom duty on machinery lying in bond and in transit is accounted for at the time of clearance thereof.

ix. Investments

- i Long Term quoted investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.
- ii Unquoted Investments are stated at cost.
- iii Current investments are valued at lower of cost and fair value determined on an individual investment basis.
- iv Where long term investments are reclassified as current investments, transfers are made at the lower of cost or carrying amount at the date of transfer. Where investments are reclassified from current to long term, transfers are made at the lower of cost or fair value at the date of transfer. Thereafter, the investments are valued at that transfer price less provision for any diminution.

x. Deferred Taxation

Deferred taxation is accounted for in respect of all timing differences on a liability method.

xi. Miscellaneous Expenditure

Technicians Fees and Expenditure on acquisition of technical Know How are written off over a period of five years.

xii. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any indication exists, the recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

xiii. Earning per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilative potential equity shares.

xiv. Provisions and Contingent Liabilities

Provisions are recognized by present obligations, of uncertain timing or amount, arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount can not be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow or resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non- occurrence of one or more uncertain future events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

B. NOTES TO ACCOUNTS**1. Contingent liabilities not provided for in respect of :-**

Particulars	Current Year (Rs in Lacs)	Previous Year (Rs in Lacs)
Sales Tax Demand	2.55	2.55
Interest on Foreign Currency Loan	113.10*	120.00

*In terms of agreement entered with Occident Orient Company Limited and subject to approval of the Reserve Bank of India (RBI), interest of USD 2,81,974/- (Previous Year USD 2,74,154/-) for earlier years is payable by the company on Foreign Currency Loan of USD 10,04,944. Pending approval of RBI, this liability is being shown as contingent liability.

- Balances of Sundry Debtors, Sundry Creditors and Loan and advances in few cases are subject to confirmation and reconciliation. However in the opinion of the management the differences arising on such reconciliation, if any, are not likely to be material.
- Current Corporate Tax is provided on the results for the year after considering applicable tax rates and law.
- Expenses amounting to Rs. 0.24 lakh relating to earlier years (previous year Rs 2.22 Lacs) have been accounted for under their respective heads.
- In the absence of necessary agreements/approvals, interest on overdue credits/loans from foreign suppliers/lenders has not been provided.
- The Company has entered into an agreement dated 24th December'2005 with OOCL for repayment of the foreign currency loan of USD 10,04,944 equivalent to Rs. 4,03,08,304/-(Previous year Rs. 4,27,10,120/-) is subject to necessary approvals.
- Liability of Rs. 7.66 lakh (Previous year Rs. 7.66 lakh) in respect of the tax to be deducted at source on deputation charges of foreign technicians has not been provided. The same will be provided at the time of actual payment.
- The accounts of the company for the year ending 31.03.2008 have been prepared on Going Concern Basis notwithstanding that no active business could be carried since the year 2000. However, the management is confident to revive the business activities in near future depending upon more favourable conditions prevailing in the market barring unforeseen circumstances.
- To comply with the requirement of AS 15 Employee Benefit the Company has made provision of leave encashment and gratuity on the basis of Actuarial Valuation Technique instead of actuals. As a result of such change the personnel expenses and provision of gratuity and leave encashment are lower by Rs. 29,156/- and profit for the year is higher by Rs. 29,156/-.
- Share application money amounting to Rs. 1,48,826/- which remained unpaid for a period of seven years from the date they became due for payment has not been transferred by the Company in Investor Education and Protection Fund of Central Government as required in terms of Section 205 C of the Companies Act, 1956.

11. Managers Remuneration included under different heads of expenditure is as follows:

(Rs. In Lakh)

	Current Year	Previous Year
Salary & Bonus	2.15	5.86
Contribution to Provident fund	0.16	0.58
Reimbursement of Expenses	0.21	0.56

The above managerial remuneration has been paid from according to section 198 & 309 of the Companies Act, 1956 and as approved by the shareholders under a special resolution.

12. Segment Reporting

The Company operates in a single business and geographical segment and the requirements of Accounting Standard 17 on Segment Reporting are not relevant.

13. Related Parties Disclosures

1. The names of the Related Parties as certified by the management are as follows :

- a) Enterprises Where Control Exists
 - i. SBEC Investments Limited (Subsidiary company)
- b) Substantial Interest
 - i. SBEC Sugar Limited
 - ii. SBEC Systems Limited, United Kingdom
- c) Key Managerial Personnel

Mr. Jitendra Kumar Sharma, Chief Financial Officer (appointed as Manager from 01.08.2007 under Section 269 of the Companies Act, 1956).

Mr. Sushil K Agrawal, Chief Manager Finance, who resigned on 30.04.2007 from the office of Manager.

2. Transactions carried out with related parties referred in 1 above, in the ordinary course of business

(Rs. in lacs)

Nature of Transactions	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above
Expenses			
Remuneration	—	—	2.53
	(—)	(—)	(7.00)
Misc. Expenses	—	2.72	—
	(—)	(1.07)	(—)
Outstanding			
Payable	—	273.64	5.47
	(—)	(253.95)	(0.55)
Receivable	0.27	—	0.23
	(0.26)	(—)	(—)
Equity Contribution	5.00	—	—
	(5.00)	(—)	(—)

14. Earning per Share

	Current Year	Previous Year
Net Profit / (Loss) (in Rupees)	37,60,662/-	(1,64,222/-)
Weighted average number of equity shares during the year	99,95,900	99,95,900
Basic & Diluted Earnings Per Share (in Rupees)	0.38	(0.02)

15. Deferred Taxation

In view of the past brought forward losses and loss for the current year, company has not recognised deferred tax assets as its realisability is uncertain.

16. Loans & Advances include debit balance of Rs. 0.23 lacs (Previous year current liabilities include Cr. Balance Rs 0.55 lacs in the name of Mr. Sushil K Agrawal) in the name of Mr. J.K.Sharma appointed as Manager under Section 269 of the Companies Act, 1956.
17. Additional information pursuant to provisions of Part II of Schedule VI to the Companies Act, 1956 (to the extent applicable) :

a) **Stock, Purchases and Sales of Goods traded in:**

(Rs in lacs)

Description	Opening Stock		Purchases		Sales		Obsolete		Closing stock	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Industrial Machinery & Components	—	13.05	—	—	—	—	—	11.54	—	1.51
	(—)	(13.05)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(13.05)

Note :

- a) Closing stock valuation taken as certified by the management and relied upon by the auditor, being a technical matter.
- b) Since there are various types of goods and components which are dissimilar in nature, it is not practicable to disclose quantitative information in respect thereof.

b) **EXPENDITURE IN FOREIGN CURRENCY (On cash basis)**

Particulars	(Rs. in Lacs)
Interest Payment	Nil
	(1.62)
c) EARNINGS IN FOREIGN EXCHANGE	Nil
	(Nil)
d) CIF VALUE OF IMPORTS	Nil
	(Nil)

17. Previous Year figures are given in brackets and have been regrouped / rearranged wherever required.

Signatures to Schedules 1 to 12

In terms of our attached report of even date,

For **K.K. Jain & Co.**
Chartered Accountants,

R.K. Mittal
Partner
Membership No. : 95459

Vijay K.Modi
Chairman

G.C. Jain
Director

S.S. Agarwal
Director

B.K. Luthra
Director

Place : New Delhi
Date : 22nd August, 2008

Nikita Verma
Company Secretary

Jitendra K. Sharma
Chief Financial Office

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year Ended 31.03.2008 <u>(Rs. in '000)</u>	Year Ended 31.03.2007 <u>(Rs. in '000)</u>
A. Cash Flow From Operating Activities		
Net Profit / (Loss) before tax and extra ordinary items	4,236	(119)
Adjustments for :		
Add. Interest Expenses	766	350
Net (Profit) / Loss on Sale of Fixed assets	5	(62)
Depreciation	17	27
Provision for Book debts	470	—
Provision for D. Advances	2,305	—
Reduction in Inventory	1,153	—
Preliminary Expenses	2	2
Balance Written Off	5	—
	4,723	317
Less:		
Excess Provision Written Back	(23)	—
Interest Income	(41)	66
Exchange rate fluctuatuion	(10,445)	—
	(10,509)	(66)
Operating profit before Working Capital Changes	(1,550)	132
Adjustments for:		
Debtors	—	485
Trade and other receivables	(4)	(250)
Trade Payables	1,623	(8,895)
Cash Generated from Operating Activities	1,619	(8,528)
Direct Taxes / FBT (Paid) / Refund	(22)	(50)
Net Change in Working Capital	1,597	(8,578)
Net Cash flow from operating activities	47	(8,578)
B. Cash Flow from Investing Activities		
Proceeds from Sale of Fixed Assets	9	76
Net Cash used in Investing Activities	9	76
C. Cash Flow from Financing Activities		
Interest Received	8	—
Repayment of Borrowings	—	(2,751)
Net Interest (Paid)	—	(389)
Net Cash Flow from Financing Activities	8	(3,140)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	64	(11,642)
Cash & Cash Equivalents as on 01.04.2007 (Opening balance)	1,617	13,259
Cash & Cash Equivalents as on 31.03.2008(Closing balance)	1,681	1,617
Net Increase /(Decrease) as disclosed above	64	(11,642)

For K.K. Jain & Co.
Chartered Accountants,

R.K. Mittal
Partner
Membership No. : 95459

Vijay K.Modi
Chairman

G.C. Jain
Director

S.S. Agarwal
Director

B.K. Luthra
Director

Place : New Delhi
Date : 22nd August, 2008

Nikita Verma
Company Secretary

Jitendra K. Sharma
Chief Financial Office

SBEC INVESTMENTS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company herewith present the 11th Annual Report together with the audited accounts of the Company for the year ended 31st March 2008.

OPERATIONS

There has been no business activity during the period under review.

FIXED DEPOSIT

The Company has not accepted any fixed deposits from the public.

DIRECTORS

Mr. R.S. Rustagi, Director will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment .

AUDITORS

During the year casual vacancy has been caused in the office of the Statutory Auditor of the Company due to sudden demise of Mr. P.P. Jain, Proprietor of M/s Pradeep P. Jain & Co. on 13th July, 2008 and the management record its deep sense of grief at the sad passing away of Mr. P.P. Jain.

M/s Ashok Rustagi & Associates, Chartered Accountants, has been appointed in place of M/s Pradeep P. Jain & Co., by the Board of Directors U/S 224 (6) of the Companies Act, 1956 in their meeting held on 21st July 2008.

M/s Ashok Rustagi & Associates, Chartered Accountants, the Statutory Auditors being eligible, offer themselves for reappointment.

PARTICULARS OF EMPLOYEES

No person was employed during the period; as such particulars of the employees under Section 217(2A) of the Companies Act, 1956 are not annexed.

PARTICULARS OF ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Since there has been no manufacturing activity, the particulars of conservation of energy and technology absorption are not required to be given.

The Company had no foreign exchange earning or outgo during the period under review.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217

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 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 this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Annual Accounts are prepared on a going concern basis;

On Behalf of the Board of Directors
For SBEC INVESTMENTS LIMITED

CHAMPAK NAYAR
DIRECTOR

S. S. AGARWAL
DIRECTOR

Date: 22nd August 2008

Place: New Delhi

SBEC INVESTMENTS LIMITED

AUDITOR'S REPORT

- To,
- The Members of M/s SBEC INVESTMENTS LIMITED,**
1. We have audited the attached Balance Sheet of SBEC INVESTMENTS LIMITED as at 31st March, 2008 and also the Profit & Loss Account for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. Since the Company has not obtained the Certificate for 'Commencement of Business' from the Registrar of Companies, the Companies (Auditors' Report) Order, 2003 as amended by the Companies Auditors' Report (Amendment) Order, 2004 issued by Central Govt. of India, in terms of Section 227(4A) of the Companies Act, 1956 is not yet applicable to the company.
 4. Further, we report that:
 - I We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - II In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as appears from our examination of these books.
 - III The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account and in our opinion comply with the applicable Mandatory Accounting Standard referred to in Section 211(3C) of the Companies Act, 1956.
 - IV On the basis of written representations received from Directors of the Company as on 31.03.2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as Directors in terms of Section 274(1)(g) of the Companies Act, 1956.
 - V In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in the case of Balance Sheet, of the state of affairs of the Company as at 31st March' 2008 and in case of Profit & Loss Account of the profit for the year ended on that date.

For **Ashok Rustagi & Associates**
Chartered Accountants

(Ashok Rustagi)
Proprietor
Membership No. 80899

Place : New Delhi
Date : 22.08.2008

SBEC INVESTMENTS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2008

	As at <u>31.03.2008</u> (Rs.)	As at <u>31.03.2007</u> (Rs.)
LIABILITIES		
Share Capital		
Authorised :		
50,000 Equity Shares of Rs. 10/- Each (Previous year 50,000 Equity shares of Rs. 10/- each)	<u>500,000</u>	<u>500,000</u>
Issued, Subscribed and Paid Up	500,000	500,000
50,000 Equity Share of Rs. 10/- Each Fully paid up (All shares are held by SBEC Systems (India) Limited, the holding company)		
Reserve & Surplus		
Profit & Loss Account	49,680	25,898
Current Liabilities and Provisions		
a) Current Liabilities		
Due to Promotors	26,692	26,092
Sundry Creditors	7,842	5,033
b) Provisions		
Provision for taxation	<u>24,697</u>	<u>13,140</u>
TOTAL	<u><u>608,911</u></u>	<u><u>570,163</u></u>
ASSETS		
Current Assets, Loans & Advances		
Cash in Hand	170	200
Bank Balances-		
— In Current Account	58,659	58,659
— In Fixed Deposit	485,654	485,654
Income Tax Receivable	26,213	18,262
Interest accrued & due on FDR	34,226	1,389
Miscellaneous Expenditure (To the Extent not Written off or Adjusted)		
Preliminary Expenses	<u>3,989</u>	<u>5,999</u>
TOTAL	<u><u>608,911</u></u>	<u><u>570,163</u></u>
Significant Accounting Policies and Notes to Accounts as per Schedule "A"		

Audited as per our separate Report of even date

For **Ashok Rustagi & Associates**
Chartered Accountants

S.S. Agarwal
Director

Champak Nayar
Director

(Ashok Rustagi)
Proprietor
Membership No. 80899

Place : New Delhi
Dated : 22nd August, 2008.

SBEC INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	<u>For the Year</u> <u>ended 31.03.2008</u> (Rs.)	<u>For the Year</u> <u>ended 31.03.2007</u> (Rs.)
INCOME		
Interest Income	40,788	66,001
EXPENDITURE		
Legal & Professional	600	2,825
General Expenses	—	6,669
Bank Charges	—	68
Audit Fee	2,809	2,809
Preliminary Expenses Written Off	2,010	2,010
	5,419	14,381
Profit / (Loss) before tax	35,369	51,620
Provision for Taxation	Current Year 10,929	13,140
	Previous Year 658	—
Profit/(Loss) after tax	23,782	38,480
Add : Balance B/D	25,898	(12,582)
Profit carried forwarded to Balance Sheet	49,680	25,898

Significant Accounting Policies And
Notes to Accounts As Per Schedule "A"

Audited as per our separate Report of even date

For Ashok Rustagi & Associates
Chartered Accountants

S.S. Agarwal
Director

Champak Nayar
Director

(Ashok Rustagi)
Proprietor
Membership No. 80899

Place : New Delhi
Dated : 22nd August, 2008.

SCHEDULE "A"**ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS:**

(Annexed to and Forming part of the Accounts for the year ended on 31st March, 2008)

I. Significant Accounting Policies**A) System of Accounting:**

- i) The accounts have been prepared using historical cost convention and on the basis of Going Concern.
- ii) The Company has adopted the accrual basis for maintenance of Accounts as required by the Companies Act, 1956.

B. Contingencies and events occurring after the Balance Sheet date:

Events occurring after the date of Balance Sheet are considered upto the date of adoption of the accounts, wherever material.

II. Notes To The Accounts

- i) Contingent Liabilities : Nil Previous Year : (Nil)
- ii) The FDR of Rs. 4,85,654 which overdue on 17th March 2008 has been renewed on 02.08.08
- iii) Additional information as required under Schedule VI of the Companies Act, 1956 : Not Applicable
- iv) Figures of the Previous Year have been regrouped/ rearranged wherever necessary.

Audited as per our separate Report of even date

For **Ashok Rustagi & Associates**
Chartered Accountants

S.S. Agarwal Champak Nayar (Ashok Rustagi)
Director Director Proprietor
Membership No. 80899

Place : New Delhi
Dated : 22nd August, 2008.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No. : 55-81903
Balance Sheet Date : 31.03.2008

II. Capital Raised During The Year (Rs. in thousand)

Public Issue : Nil
Right Issue : Nil
Bonus Issue : Nil
Private Placement : Nil

III. Position of Mobilisation and Deployment of Funds (Rs. in thousand)

Total Liabilities : 609
Total Assets : 609

Sources of Funds

Paid up Capital : 500
Reserve and Surplus : 50
Secured Loans : Nil
Unsecured Loans : Nil
Current Liabilities : 59

Application of Funds

Net Fixed Assets : Nil
Investments : Nil
Current Assets : 605
Miscellaneous Expenditure : 4
Accumulated Losses : Nil

IV. Performance of the Company (Rs. in thousands)

Turnover : 41
Total Expenditure : 5
Profit / (Loss) : 35
Profit after tax : 24
Earning per Share : Rs. 0.48
Dividend : Nil

V. Generic Names of three principal Product/services of the company : Not Applicable

Audited as per our separate Report of even date

For **Ashok Rustagi & Associates**
Chartered Accountants

S.S. Agarwal Champak Nayar (Ashok Rustagi)
Director Director Proprietor
Membership No. 80899

Place : New Delhi
Dated : 22nd August, 2008.

SBEC SYSTEMS (INDIA) LIMITED

Regd. Office : 1400, Modi Tower, 98, Nehru Place, New Delhi-110 019

PROXY FORM

I/We.....
of.....
being a Member / Members of the above named Company hereby appoint.....
of in the district of.....
or failing him/her.....
of in the district of
as my/our Proxy to attend and vote for me/us, on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 030 on 29th September, 2008 at 2.00 P.M. and at any adjournment thereof.

As Witness my / our hand / hands this.....day of.....2008

Signature.....

Folio No.

Affix a
Revenue
Stamp
Here

SIGNATURE OF PROXY

- N.B. : (1) The Proxy need not to be a member.
- (2) The proxy form duly signed and stamped should reach the Company's Registered Office at least 48 hours before the time of the Meeting.

.....PLEASE TEAR HERE.....

SBEC SYSTEMS (INDIA) LIMITED

Regd. Office : 1400, Modi Tower, 98, Nehru Place, New Delhi-110 019

ATTENDANCE SLIP

Please bring this Attendance Slip to the meeting hall and hand it over at the entrance.

I/We hereby record my / our presence at the Nineteenth Annual General Meeting of the Company to be held at Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 030 on 29th September, 2008 at 2.00 P.M.

Name of the Shareholder

Folio No.

Name of Proxy, if any
(in Block Letters, to be filled in by the Proxy, instead of the Member)

No. of Share held

To be signed at the time
of handing over the slip

Member's / Proxy signature

Book Post
Under Postal Certificate

If undelivered, please return to:-

SBEC SYSTEMS (INDIA) LIMITED

1400, Modi Tower,

98, Nehru Place

New Delhi-110 019.