

SBEC

22nd Annual Report-2011

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

BOARD OF DIRECTORS

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

ALTERNATE DIRECTOR

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

MANAGER & CHIEF FINANCIAL OFFICER

Mr. Anil Jain

COMPANY SECRETARY

Ms Shwetambery Khurana

AUDITORS

M/s K.K. Jain & Co.
Chartered Accountants
184 A, Garud Apartments
Pocket-IV, Mayur Vihar Phase-I
Delhi-110 091

BANKERS

Standard Chartered Bank Limited
Canara Bank

REGISTERED OFFICE

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

SHARE TRANSFER AGENT

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

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NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Shareholders of SBEC SYSTEMS (INDIA) LIMITED will be held on Tuesday the 27th day of September 2011, at the Executive Club, 439 Village Shahoorpur, P.O. Fatehpur Beri, New Delhi at 2.00 P.M. to transact the following businesses:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011, the Profit and Loss Account for the period ended on that date along with the Directors' Report and the Auditor's Report thereon.
- 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.
- 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.
- To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

M/s K.K. Jain & Co., Chartered Accountants (Firm Registration No. 02465N), the retiring Auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

- To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution: **"RESOLVED THAT** consent of the shareholders of the company be and is hereby accorded for the revision of remuneration of Mr. Anil Jain w.e.f. 1st October, 2010 to 31st May, 2012 as per detail specified below:

S.N.	Particulars	Amount (in Rs.)
1	Basic Salary	19,000 p.m.
2	HRA / Leased Accommodation	60% of the basic salary p.m.
3	Conveyance Allowance	2200 p.m.
4	Reimbursement of Medical Expenses	7% of basic salary per month
5	Bonus / Ex-gratia	8.33% basic salary
6	Leave Travel Assistance	8.33% basic salary
7	Provident Fund	12% of the basic salary
8	Special Allowance	1500 p.m.

Other Terms

- Gratuity As per policy of the Company
- Leave Encashment As per policy of the Company

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

Place : New Delhi
Date : 16th August, 2011

Shwetambery Khurana
Company Secretary

NOTES:

- 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.**
- The Register of the Members and Share Transfer Books of the Company will remain closed from 20th September, 2011 to 27th September, 2011 (both days inclusive).
- 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.
- Members/Proxies are requested to bring Attendance Slips sent herewith duly filled in, for attending the Meeting.
- 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.
- Non-Resident Shareholders are requested to inform immediately the change in the residential status on return for permanent settlement.
- As per the provisions of the Companies Act, 1956, as amended, facility for making nominations is available to individuals holding shares in the Company. The Nomination can be made in Form-2B, which can be obtained from the Share Department of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 5**

Mr. Anil Jain was appointed as Manager of the Company. He is Commerce Graduate and has experience of more than 20 years in the field of Accounts and Finance.

The shareholders in their Annual General Meeting held on 27th September, 2010 had approved payment of basic salary of Rs. 17,450/- per month plus other perquisites with effect from 01.10.2009.

Keeping in view the inflationary pressure, cost of living, his qualifications and also the comparative remuneration in the industry, the Remuneration Committee in their Meeting held on 3rd June, 2011 approved and recommended to the Board for payment of basic salary of Rs. 19,000/- per month plus other perquisites to Mr. Anil Jain w.e.f. 1st October 2010 to 31st May, 2012. Accordingly, the Board of Directors had approved the payment of said remuneration subject to your approval.

Since any increase in the remuneration of Manager requires approval of the shareholders of the Company by way of a special resolution in terms of the provisions of section 198, 269 & 309 read with Schedule XIII of the Companies Act, 1956, therefore, the Board recommends this resolution to be passed as a Special Resolution.

The term of appointment given in the said resolution may be treated as an abstract of terms and conditions of appointment of said Manager under Section 302 of the Companies Act, 1956.

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

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

Place : New Delhi
Date : 16th August, 2011

Shwetambery Khurana
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your directors take pleasure in presenting the 22nd Annual Report of the Company together with Audited Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

The summarised financial results of the Company for the Financial year 2010-11 vis-à-vis 2009-10 are as under:-

Particulars	Year ended 31.03.2011 (Rs. in Lacs)	Year ended 31.03.2010 (Rs. in Lacs)
Sales & Other Income	17.62	50.00
Total Expenditure	16.45	45.06
Operating profit / (Loss) before depreciation	1.17	4.94
Depreciation	0.09	0.12
Operating Profit / (Loss) before tax	1.08	4.82
Profit / (Loss) after tax	1.62	4.08
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 industries. During the Current year the Company had given small consultancy services to the industries. The management is confident to revive more business activities in near future depending upon more favorable conditions prevailing in the market barring unforeseen circumstances.

INTERNAL CONTROLS AND SYSTEMS

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

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

FINANCIAL PERFORMANCE

During the year under review, the sales and other income stood at Rs 17.62 Lacs. The net profit of the Company stood at Rs. 1.62 Lacs as compared to net profit of Rs. 4.09 Lacs for the previous year.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

DISCLOSURE RELATING TO SENIOR MANAGEMENT

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

FIXED DEPOSITS

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

DIRECTORS

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 43 of the Articles of Association of the Company, Dr. Anupam Bansal, Independent & Non- Executive Director and Mr. 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 2011, 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 (Firm Registration No. 02465N), Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITOR'S REPORT

The notes to accounts referred to in the Auditors Report are self-explanatory and, therefore, don't call for any further comments.

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

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

1. That in the preparation of the Annual Accounts , the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. That the Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of affairs of the Company at the end of the financial year and of the profit 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.

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 2011, is annexed hereto and forms part of the Directors' Report.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their appreciation and gratitude to Shareholders, all Business Associates, Employees and Bankers of the Company for their help and support continuously extended to the Company.

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

Place : New Delhi
Date : 16th August, 2011

**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 2011.

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

The information required to be disclosed under Rule 2 of the previously mentioned Rules is given hereunder in Form B.

FORM B

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D).

Research & Development : Nil

Technology absorption, adaptation and innovation

1. **Efforts, in brief, made towards technology absorption, adaptation and innovation.** NIL
2. **Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, Import substitution, etc.** N.A.
3. **In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:**

- (a) Technology Imported : Nil
(b) Year of Import : NA
(c) Has technology been fully absorbed : NA
(d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action : NA

C. FOREIGN EXCHANGE EARNING AND OUTGO

- i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export Plans:

Not applicable as the company has not been carrying on or intending to carry on any export activities in near future.

	(Rs. in Lacs)	
	Current Year	Previous Year
Total Foreign Exchange Used	Nil	Nil
Total Foreign Exchange Earned	Nil	Nil

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

Place : New Delhi
Date : 16th August, 2011

**Vijay K. Modi
Chairman**

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

Composition of the Board of Directors and other details as on 31.03.2011 is as under:

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

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

(**) Includes only Specified Committees i.e. Audit Committee and Shareholders Grievance Committee

Four Board Meetings were held during the year under review on 18th June 2010, 12th August 2010, 10th December 2010 and 18th March 2011.

INFORMATION REGARDING RE- APPOINTMENT OF DIRECTORS

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

Mr. G.C. Jain, Director, retires by rotation and being eligible offers himself for re-appointment. Mr. G.C. Jain is Independent and Non Executive Director of the Company. He is fellow member of the Institute of Chartered Accountants of India and Law Graduate from Rajasthan University. He has more than 45 years of vast experience in field of finance, taxation and corporate laws matters. He is on the Board of SBEC Sugar Ltd, SBEC Bioenergy Ltd, SBEC Stockholding & Investment Ltd., Bihar Sponge Iron Ltd. and Own Investment (India) Ltd. He does not hold any share 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 2011.

AUDIT COMMITTEE

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

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

Four Meetings of the Audit Committee were held during the year under review on 10th May 2010, 12th August 2010, 10th November 2010 and 2nd February, 2011. Attendance in the above meetings is as follows:

Name of Director	No. of Meetings Held	No. of Meetings Attended
Mr. G. C. Jain	4	4
Mr. Anupam Bansal	4	4
Mr. S. S. Agarwal	4	4

SHAREHOLDERS' GRIEVANCE COMMITTEE

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

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

4 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 two Non Executive Directors. Mr. Vijay Kumar Modi, is the Chairman of the Committee and Mr. S. S. Agarwal is the other member.

The Company does not pay any remuneration to the Non - Executive Directors.

No meeting of the remuneration committee was held during the year under review.

SHARE TRANSFER COMMITTEE

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

A share transfer committee was constituted to deal with various matters relating to share transfer/transmission, allotment, issue of duplicate share certificates, approving the split and consolidation requests and other matters relating to transfer and registration of shares.

During the year under review, 12 Share Transfer Committee Meetings were held.

ANNUAL GENERAL MEETING:

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

Year	Location	Date	Time	Special Resolution Passed (Yes/No)
2010	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 27, 2010	2.00 P.M.	Yes
2009	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 25, 2009	2.00 P.M.	Yes
2008	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi.	September 29, 2008	2.00 P.M.	No

POSTAL BALLOT:

No resolution requiring a postal ballot was proposed at the last Annual General Meeting of the Members.

No resolution which requires approval of Members by postal ballot is being proposed at the ensuing Annual General Meeting.

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 16.08.2011.

MEANS OF COMMUNICATION:

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

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

Date	:	September 27th, 2011
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
1. Quarter ended 30.06.2011:	First fortnight of August, 2011
2. Quarter ended 30.09.2011:	First fortnight of November, 2011
3. Quarter ended 31.12.2011:	First fortnight of February, 2012
4. Quarter ended 31.03.2012:	First fortnight of May, 2012

Book Closure: 20th September 2011 to 27th September 2011 (both days inclusive)

Dividend Payment Date

Due to inadequate profit of the company, no dividend has been recommended by the Board of Directors for the year ended 31st March 2011.

Listing on Stock Exchanges:

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

Stock Exchange	Stock Code
The Bombay Stock Exchange Limited	517360
The Uttar Pradesh Stock Exchange Limited*	S 00135
The Delhi Stock Exchange Limited*	6960

The Company has paid annual listing fees due to abovementioned Stock Exchanges for the year 2011-2012.

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

Market Price Data:

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

Registrar & Transfer Agents

Beetal Financial & Computer Services (P) Ltd.
Beetal house, 3rd Floor, 99 Madangir,
Behind Local Shopping Centre,
New Delhi-110062
Ph. No. 011-29961281/82, Fax No. 011-29961284
Email :- beetal @ rediffmail.com

Share Transfer System

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

Distribution of Shareholdings as on 31st March 2011.

Range	Shareholders		Shares	
	No. of Shares	% of total holders	Number	% of total capital
Upto 500	18811	94.29	3080407	30.80
501 – 1000	743	3.72	587126	5.87
1001 – 2000	276	1.38	405265	4.05
2001 – 3000	54	0.27	136826	1.37
3001 – 4000	23	0.12	82297	0.82
4001 – 5000	14	0.07	64649	0.65
5001 – 10000	14	0.07	96509	0.97
Above 10000	15	0.08	5546921	55.47
Total	19950	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, Modi 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 2011, 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 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,
Firm Reg. No.02465N

(R. K. MITTAL)
(PARTNER)

Membership No. 95459

Place : New Delhi
Date : 16th August, 2011

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, 2011 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 and Companies (Accounting Standard) Rule 2006, issued by the central government in exercise of the power conferred under sub section (1) (a) of section 642 of the Companies Act, 1956 to the extent applicable except :
 - A.) Accounting Standard-13 " Accounting for Investments" referred note no B-08 of schedule no. 12
 - B.) Accounting Standard-11 "The Effect of change in foreign exchange rate" referred note no.B-09 of schedule no 12.
 - 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 31.03.2011, 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. 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-6 regarding Going concern basis and subject to the consequential impact on the result for the period of **Note No B (5) regarding non-provision of expenses related to deputation charges of foreign technicians , Note No B(7) regarding Non provision of interest on foreign currency loan, Note No. B (8) regarding non reversal of diminution of current investments and Note No. B (9) regarding non provision of exchange rate fluctuation of foreign liabilities Note No B(10) regarding unaccounted of consequential effect of suppliers settlement order(s) passed by the Hon'ble Delhi High Court** 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, 2011 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,
Firm Reg. No.02465N

(R. K. MITTAL)
(PARTNER)

Place : New Delhi
Date : 16.08.2011

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, 2011

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.
- (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 and immediately preceding financial year.
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, 2011.
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 that 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,
Firm Reg. No.02465N

(R. K. MITTAL)
(PARTNER)

Place : New Delhi
Date : 16th August, 2011

Membership No. 95459

BALANCE SHEET AS AT 31.03.2011

	Schedules	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
I SOURCES OF FUNDS			
1	SHAREHOLDERS' FUNDS		
a)	Share Capital	99,959,000	99,959,000
b)	Reserves and Surplus	19,261,774	19,261,774
		<u>119,220,774</u>	<u>119,220,774</u>
2	LOAN FUNDS		
	Unsecured Loans	138,194,386	137,409,386
		<u>138,194,386</u>	<u>137,409,386</u>
	TOTAL	<u>257,415,160</u>	<u>256,630,160</u>
II APPLICATION OF FUNDS			
1	FIXED ASSETS		
	Gross Block	704,269	704,269
	Less: Depreciation	659,051	649,701
	Net Block	<u>45,218</u>	<u>54,568</u>
2	INVESTMENTS	82,181,343	82,181,343
3	CURRENT ASSETS, LOANS & ADVANCES		
	b) Sundry Debtors	257,407	1,091,617
	c) Cash & Bank Balances	769,170	684,528
	d) Loans & Advances	967,878	1,119,045
		<u>1,994,455</u>	<u>2,895,190</u>
	Less : Current Liabilities and Provisions		
	a) Current Liabilities	26,376,057	28,264,465
	b) Provisions	39,724	8,575
		<u>26,415,781</u>	<u>28,273,040</u>
	Net Current Assets	<u>(24,421,326)</u>	<u>(25,377,850)</u>
4	PROFIT & LOSS ACCOUNT	199,609,925	199,772,099
	TOTAL	<u>257,415,160</u>	<u>256,630,160</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
Firm Reg. No. 02465NVijay K Modi
DirectorS.S. Agarwal
DirectorG.C. Jain
DirectorB.K. Luthra
DirectorR.K. Mittal
Partner
Membership No. : 95459
Place : New Delhi
Date : 16th August, 2011Shwetambery Khurana
Company SecretaryAnil Jain
Manager

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

	Schedules	For the year ended 31.03.2011 (Rs.)	For the year ended 31.03.2010 (Rs.)
I INCOME			
Turnover		1,700,000	5,000,000
Other Income	8	61,812	-
TOTAL		1,761,812	5,000,000
II. EXPENDITURE			
Operating Expenses		-	2,500,000
Payments to & Provision for Employees	9	764,001	665,259
Administrative & Selling Expenses	10	874,869	677,584
Interest & Financial Charges	11	5,468	663,604
TOTAL		1,644,338	4,506,447
Profit/(Loss) before Depreciation		117,474	493,553
Depreciation	4	9,351	11,410
Profit/(Loss) Before Tax		108,123	482,143
Income Tax (Adjustment) Written Back		74,101	-
Minimum Alternate Tax (Adj.)		20,050	74,491
Profit / (Loss) After Tax		162,174	407,652
Add: Balance brought forward		(199,772,099)	(200,179,751)
Balance Carried forward to Balance Sheet		(199,609,925)	(199,772,099)
Earning Per Share (Basic & Diluted)		0.02	0.04

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
Firm Reg. No. 02465N

Vijay K Modi
Director

S.S. Agarwal
Director

G.C. Jain
Director

B.K. Luthra
Director

R.K. Mittal
Partner
Membership No. : 95459
Place : New Delhi
Date : 16th August, 2011

Shwetambery Khurana
Company Secretary

Anil Jain
Manager

SCHEDULE 1 : SHARE CAPITAL

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
AUTHORISED		
1,50,00,000 Equity Shares (Previous year 1,50,00,000 equity shares) of Rs. 10/- each	<u>150,000,000</u>	<u>150,000,000</u>
Issued & Subscribed		
1,00,00,000 Equity Shares of Rs. 10/- each (Previous year 1,00,00,000 equity shares)	<u>100,000,000</u>	<u>100,000,000</u>
Paid up		
1,00,00,000 Equity Shares of Rs. 10/- each (Previous year 1,00,00,000 equity shares)	<u>100,000,000</u>	<u>100,000,000</u>
Less : Calls in Arrears	<u>41,000</u>	<u>41,000</u>
TOTAL	<u>99,959,000</u>	<u>99,959,000</u>

SCHEDULE 2 : RESERVES & SURPLUS

Share Premium Account	<u>19,261,774</u>	<u>19,261,774</u>
TOTAL	<u>19,261,774</u>	<u>19,261,774</u>

SCHEDULE 3 : LOAN FUNDS

Unsecured Loans				
a) Foreign Currency Loan from Overseas Corporate Body		51,704,369		51,704,369
b) Short Term Credits				
Deffered Payment Credits	51,492,138		51,492,138	
Others Supplier Credits	<u>26,667,188</u>	<u>78,159,326</u>	<u>26,667,188</u>	<u>78,159,326</u>
c) From other		785,000		-
c) Interest Accrued & Due on above		<u>7,545,691</u>		<u>7,545,691</u>
TOTAL		<u>138,194,386</u>		<u>137,409,386</u>

SCHEDULE 4 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions during the year	Ded./sale during the year	As at 31.03.2011	Upto 31.03.2010	Ded./adjust. during the year	Provided during the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Plant and Machinery	17,591	-	-	17,591	16,660	-	129	16,789	802	931
Furniture & Fixture	632,848	-	-	632,848	581,902	-	9,221	591,123	41,725	50,846
Office Equipments	53,830	-	-	53,830	51,139	-	-	51,139	2,691	2,691
GRAND TOTAL	704,269	-	-	704,269	649,701	-	9,351	659,051	45,218	54,568
Previous Year	704,269	-	-	704,269	638,291	-	11,410	649,701	54,568	65,978

SCHEDULE 5 : INVESTMENTS

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
Long Term Investments		
Unquoted		
50,000 Equity Shares of Rs. 10/- each in SBEC Investments Limited (Subsidiary Company) (fully paid)	500,000	500,000
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	44,659,620
Less : Provision for Diminution	<u>8,931,924</u>	<u>8,931,924</u>
	35,727,696	35,727,696
1,10,73,168 Equity Shares of Rs. 10/- each in SBEC Sugar Limited (fully paid) @ Rs 4.15 per share	45,953,647	45,953,647
TOTAL	<u>82,181,343</u>	<u>82,181,343</u>
Market value of quoted investments (Based on closing rate of Rs. 13.89 at BSE on 31.03.2011 Previous year @ Rs. 14.00 per share)	<u>215,838,516</u>	<u>217,547,820</u>

SCHEDULE 6: CURRENT ASSETS, LOANS & ADVANCES

A. Sundry Debtors (Unsecured, Considered Good)		
a) Debts Outstanding for a period exceeding Six Months Less: provision for doubtful debts	727,293 <u>469,886</u>	727,293 <u>469,886</u>
	257,407	257,407
b) Other Debts	—	834,210
TOTAL (A)	<u>257,407</u>	<u>1,091,617</u>
B. Cash & Bank Balances		
a) Cash/Stamps in hand	567,532	567,532
b) Balances with Scheduled Banks in :		
i) Current Accounts	161,638	76,996
ii) Fixed Deposits (Pledged with Sales Tax Authorities)	40,000	40,000
TOTAL (B)	<u>769,170</u>	<u>684,528</u>
C. Loans & Advances (Unsecured, Considered Good)		
a) Advances recoverable in cash or in kind or for value to be received Less: provision for doubtful advances	2,418,451 <u>2,304,663</u>	2,418,451 <u>2,304,663</u>
	113,788	113,788
b) Advance Income Tax/Tax refundable	771,690	747,757
c) Service Tax Recoverable	82,400	257,500
TOTAL (C)	<u>967,878</u>	<u>1,119,045</u>
TOTAL (A)+(B)+(C)	<u>1,994,455</u>	<u>2,895,190</u>

SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS

	As at <u>31.03.2011</u> (Rs.)	At at <u>31.03.2010</u> (Rs.)
A. Current Liabilities		
Sundry Creditors for Goods and Expenses		
- Micro, Small & Medium Enterprises Suppliers*	-	-
- Others	10,269,466	11,943,423
Other Liabilities	49,451	323,593
Advance from Customers	15,163,239	15,997,449
Book Overdraft - In Current A/c with HDFC Bank	893,901	-
TOTAL (A)	<u>26,376,057</u>	<u>28,264,465</u>
* The identification of Micro, Small and Medium Enterprises Suppliers is based on managements knowledge of their status.		
B. Provisions		
For Gratuity & Leave Encashment	19,674	8,575
Provision for Taxation	20,050	-
TOTAL (B)	<u>39,724</u>	<u>8,575</u>
TOTAL (A)+(B)	<u>26,415,781</u>	<u>28,273,040</u>

SCHEDULE 8 : OTHER INCOME

	For the Year ended 31.03.2011 (Rs.)	For the year ended 31.03.2010 (Rs.)
Interest Received	61,812	-
TOTAL	<u>61,812</u>	<u>-</u>

SCHEDULE 9 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salary and Bonus	713,587	597,916
Contribution to Provident & Other Funds	39,315	56,408
Staff Welfare Expenses	-	2,360
Gratuity	11,099	8,575
TOTAL	<u>764,001</u>	<u>665,259</u>

SCHEDULE 10 : ADMINISTRATIVE AND SELLING EXPENSES

Legal & Professional Charges	261,487	46,273
Auditors Remuneration		
- Audit Fees	44,120	44,120
- Tax Audit Fee	11,030	11,030
- Certification Fee	11,031	11,032
Travelling and Conveyance	-	9,345
Communication	4,051	1,100
Insurance	207	422
Miscellaneous Expenses	542,943	554,262
TOTAL	<u>874,869</u>	<u>677,584</u>

SCHEDULE 11 : INTEREST AND FINANCIAL CHARGES

	For the Year ended 31.03.2011	For the year ended 31.03.2010
	(Rs.)	(Rs.)
Interest	24	621,679
Bank Charges	5,444	41,925
TOTAL	5,468	663,604

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 stated at bank's T.T. selling rates of exchange except liability payable in Foreign Currencies as on 31.03.2009 are stated at bank TT selling rate of exchange as on 31.03.2009. 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 carrying value without any adjustment for increase/diminution, if any is accounted at the time of sale of such investments.
- 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. Accounting for Taxes

Current Corporate Tax is provided on the results for the year after considering applicable tax rates and law.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Deferred Tax Assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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 dilutive 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	127.28@	128.52@

@ In terms of agreement dated 14th December 2005 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 2,81,974/-) 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.

- The Company holds 100% (Previous year 100%) shares of SBEC Investment Limited.
- 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.
- In the absence of necessary agreements/approvals, interest on overdue credits/loans from foreign suppliers/lenders has not been provided.
- Liability of Rs. 7.66 lakh (Previous year Rs. 7.66 lakh) related to 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 31.03.11 have been prepared on going concern basis. The management is confident to revive the business activities in near future depending upon more favourable conditions prevailing in the market bearing unforeseen circumstances.
- Liability of Rs.25,17,989/- (USD 55,781.77) (previous year Rs.25,42,533/-) in respect of interest on foreign currency loan has not been provided. The same will be provided at the time of actual payment.
- Reversal of diminution of Current Quoted investment aggregating Rs.89,31,924/- has not been provided. Profit & Loss of such investment are accounted at the time of sale of such investment. Resulting of such non reversal of diminution the profit for the year and investment are shown lower by Rs. 89,31,924/-
- Difference on exchange rate fluctuation on Foreign Liabilities amounting to Rs.1,76,55,214/- (previous year Rs. 1,64,24,106/-) has not been provided. The fluctuation in foreign transaction, if any will be accounted for in the year of remittance/final adjustment. Resulting of such non provision the profit for the year and liability are shown lower by Rs.1,76,55,214/- (previous year Rs. 1,64,24,106/-).
- In respect of disputes with two foreign parties/supplier M/s Silver Weibull, Sweden and M/s Hagglunds Drives AB, Sweden the Hon'ble Delhi High court has passed orders dated 01-09-2010 and 21-09-2010 directing the Company to settle the outstanding of these suppliers in instalments on the dates stated in the orders. The settlement requires remittance in foreign currencies and is thus subject to necessary approval from RBI, which has not yet been received. Pending such approval the directions could not be implemented. The consequential effect of the order has not been accounted for in the current year.

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

(Rs. In Lacs)

	Current Year	Previous Year
Salary (includes Gratuity, Leave Encashment & Bonus)	4.31	3.56
Contribution to Provident fund	0.26	0.21
Reimbursement of Expenses	0.15	0.13

The above managerial remuneration* has been paid from according to section 198, 269, 309 & schedule xiii of the Companies Act, 1956 and as approved by the shareholders under a special resolution.

* Excludes provisions for Gratuity determined on actuarial basis, as these are determined for the Company as a whole.

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)
- ii. SBEC Systems Limited, United Kingdom (substantial interest in the Company)

b) Enterprises where Substantial Interest Exists.

- i. SBEC Sugar Limited

c) Key Managerial Personnel

Mr. Anil Jain, Chief Financial Officer (appointed as Manager from 01.06.2009 under Section 269 of the Companies Act, 1956).

d) Individual owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise : Mr.U.K.Modi

e) Relative of individual owning substantial interest and their Enterprises :

Mrs.Kumkum Modi, Mr.Abhishek Modi, Ms.Meghna modi, Mrs. Himani Modi, Mr.Jayesh Modi, Modi Arts Pvt Ltd., Modi Goods and Retail Services Pvt Ltd., Jai Abhishek Investments Pvt Ltd., Kamakhya Cosmetics & Pharmaceutical Pvt.Ltd., Modi Diagnostics Pvt Ltd., Modi Revlon Pvt.Ltd., Modi Senator (India) Pvt Ltd., First Move Management Services Pvt Ltd., Revlon Lanka Pvt Ltd., Swasth Investment Pvt Ltd., Umesh Modi Corp Pvt Ltd., Modi Omega Pharma (India) Pvt Ltd., Modi Illva India Pvt Ltd., A to Z Holding Pvt Ltd., Longwell Investment Pvt Ltd., SBEC Sugar Limited, Bihar Sponge Iron Ltd., Modi Mundipharma Pvt Ltd., Modiline Travel Service Pvt Ltd., Modi Industries Ltd., Morgardshammer India Ltd., Win Medicare Pvt Ltd., H.M.Tubes & Containers Pvt Ltd., * Modi Motors Pvt Ltd., M.G.Mobile India Pvt Ltd., Modi Gourmet Limited, Chandil Power Ltd., Revlon Trading Bangladesh Pvt. Ltd, * SBEC Bio Energy Ltd., Meghna AutoWorks Pvt. Ltd., Mundipharma (Bangladesh) Pvt. Ltd., Jayesh Tradex Pvt. Ltd.

* Indicates that during the period, there is transaction with these relatives and enterprises.

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	Referred in 1(d) above
Income				
Services Provided	—	—	—	2.21
	(—)	(55.15)	(—)	(—)
Expenses				
Remuneration	—	—	4.72	—
	(—)	(—)	(3.90)	(—)
Misc. Expenses	—	—	—	1.85
	(—)	(—)	(—)	(1.79)
Outstandings				
Payable	—	137.13	0.90	161.01
	(—)	(127.94)	(0.57)	(161.01)
Receivable	—	—	—	2.57
	(—)	(—)	(—)	(2.57)
Equity Contribution	5.00	—	—	—
	(5.00)	(—)	(—)	(—)

14. Earning per Share

	Current Year	Previous Year
Net Profit / (Loss) (in Rupees)	1,62,174/-	4,07,652/-
Weighted average number of equity shares during the year	99,95,900	99,95,900
Basic & Diluted Earnings Per Share (in Rupees)	0.02	0.04

15. Deferred Taxation

The Company has no deferred tax liability. There are deferred tax assets on account of unabsorbed depreciation and carried forward business losses, which as a matter of prudence have not been recognised.

16. (a) Current Liabilities include credit balance of Rs. 0.90 lacs (Previous year Cr. Balance Rs 0.56 lacs in the name of Mr. Anil Jain & Mr. Anil Rustagi) in the name of Mr. Anil Jain appointed as Manager under Section 269 of the Companies Act, 1956.
- (b) Current Liabilities include Rs.0..37 lacs (Previous year 0.35 lacs in the name of Ms.Shivani Chaudhary) in the name of Ms. Shwetambery Khurana as Company Secretaries under Companies Act 1956.

17. Employee Benefits

The company has adopted Revised AS- 15 'Employee Benefits'. In accordance with the transitional provision of revised AS - 15, additional liability (net of tax) under new method.

Contributions to Defined Benefit /Contribution Plan, recognized as expense for the year are as under:

a) Defined Contribution Plan

	Current Year	Previous Year
Employer's contribution to Provident Fund (In Rupees)	38.712	56,408

b) Defined Benefit Plan

The employees' gratuity fund scheme is a Defined Benefit Plan (DBP). The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

1. Reconciliation of opening and closing balances of DBP

	Gratuity For The Year Ended 31.03.2011	Gratuity For The Year Ended 31.03.2010
DBP at the beginning of the year	8,575	Nil
Interest Cost	686	Nil
Current Service Cost	10,136	8,575
Benefits Paid	Nil	Nil
Actuarial (gain)/loss	277	Nil
DBP at the end of the year	19,674	8,575

2. Reconciliation of opening and closing balances of Fair Value of Plan Assets

Fair value of plan assets as at the beginning of the year	Nil	Nil
Expected Return	Nil	Nil
Actuarial (gain)/loss	Nil	Nil
Contribution by Employer	Nil	Nil
Benefits Paid	Nil	Nil
Settlement cost		
Fair value of plan assets as at the end of the year	Nil	Nil
Actual return on plan assets	Nil	Nil

3. Reconciliation of amount recognized in Balance Sheet

Fair Value of Plan Assets	Nil	Nil
Present value of obligation	19,674	8,575
Netasset/(liability) recognized in the Balance Sheet	19,674	8,575

4. Expense Recognized during the period In Profit & Loss A/c.		
Interest Cost	686	Nil
Current Service Cost	10,136	8,575
Expected return on plan assets	Nil	Nil
Net Actuarial (gain)/ loss recognized during the period	277	Nil
Expenses recognized in the statement of Profit & Loss	11,099	8,575
5. Actual Return on Plan Assets		
Expected Return on Plan Assets	Nil	Nil
Actuarial (gain)/ loss	Nil	Nil
Actual return on plan assets	Nil	Nil
6. Principal Actuarial Assumptions		
Mortality Table (LIC)	1994-96duly modified	1994-96duly modified
Discount rate	8.00%	7.50%
Future Salary Increase	5.50%	5.00%
Expected rate of return on plan assets	Nil	Nil
Retirement Age	60 years	60 years
Withdrawal Rates		
Upto 30 years	3.00 %	3.00 %
Upto 44 years	2.00 %	2.00 %
Above 44 years	1.00 %	1.00 %

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The actuary certifies the above information.

Disclosure in respect of previous four annual periods as required by Revised AS-15 'Employee Benefits' is not presented as the management considers it impracticable in the absence of requisite information

18. 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:	NIL	(Nil)
b) EXPENDITURE IN FOREIGN CURRENCY (On cash basis)		

Particulars	(Rs. In Lacs)
Interest Payment	Nil
	(18.51)
c) EARNINGS IN FOREIGN EXCHANGE	Nil
	(Nil)
d) CIF VALUE OF IMPORTS	Nil
	(Nil)

19. 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.	Vijay K Modi	S.S. Agarwal	G.C. Jain	B.K. Luthra
Chartered Accountants	Director	Director	Director	Director
Firm Reg. No. 02465N				
R.K. Mittal			Shwetambery Khurana	Anil Jain
Partner			Company Secretary	Manager
Membership No. : 95459				
Place : New Delhi				
Date : 16th August, 2011				

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	31.03.2011		

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	257415	Total Assets	257415
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Sources of Funds

Paid up Capital	99959	Reserves & Surplus	19262
Secured Loans	—	Unsecured Loans	138194

Application of Funds

Net Fixed Assets	45	Investments	82181
Net Current Assets	(24421)	Miscellaneous Expenditure	—
Accumulated Losses	199610		

4. Performance of Company (Amount in Rs Thousands)

Turnover (Including Other Income)	1762	Total Expenditure	1654
Profit Before Tax	108	Profit After Tax	162
Earning Per share in Rs.	0.02	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 the industries

Vijay K Modi
Director

S.S. Agarwal
Director

G.C. Jain
Director

B.K. Luthra
Director

Place : New Delhi
Date : 16th August, 2011

Shwetambery Khurana
Company Secretary

Anil Jain
Manager

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31.03.2011 (Rs. in '000)	Year Ended 31.03.2010 (Rs. in '000)
A Cash Flow From Operating Activities		
Net Profit / (Loss) before tax and extra ordinary items	108	482
Adjustments for :		
Add. Interest Expenses	-	622
Net (Profit) / Loss on Sale of Fixed assets	-	-
Depreciation	9	11
Provision for Book debts	-	-
Provision for Doubtful Advances	-	-
Provision for Dimuniation of Investment	-	-
Reduction in Inventory	-	-
Exchange Rate Fluctuation	-	-
Balance Written Off	-	-
	<u>9</u>	<u>633</u>
Less:		
Provision Written Back	-	-
Exchange Rate Fluctuatulon	-	-
	<u>-</u>	<u>-</u>
Operating profit before Working Capital Changes	<u>117</u>	<u>1,115</u>
Adjustments for:		
Debtors	834	1,369
Trade and other receivables	175	8,038
Trade Payables	<u>(1,877)</u>	<u>13,416</u>
Cash Generated from Operating Activities	(868)	22,823
Direct Taxes / FBT (Paid) / Refund	(50)	(564)
Net Change in Working Capital	<u>(818)</u>	<u>22,259</u>
Net Cash flow from operating activities	<u>(701)</u>	<u>23,374</u>
B. Cash Flow from Investing Activities		
Proceeds from Sale of Fixed Assets	-	-
Net Cash used in Investing Activities	<u>-</u>	<u>-</u>
C. Cash Flow from Financing Activities		
Repayment of Borrowings	-	(23,134)
Proceeds from Borrowings	785	-
Net Interest (Paid)	-	(622)
Net Cash Flow from Financing Activities	<u>785</u>	<u>(23,756)</u>
Net Increase/(Decrease) In Cash and Cash Equivalents (A+B+C)	<u>84</u>	<u>(382)</u>
Cash & Cash Equivalents as on 01.04.2010 (Opening balance)	685	1,067
Cash & Cash Equivalents as on 31.03.2011 (Closing balance)	769	685
Net Increase /(Decrease) as disclosed above	84	(382)

Note: 1. The above cash flow statement has been prescribed under the indirect method set out in Accounting Standard - 3 "Cash Flow Statement" prescribed by the companies (Accounting Standard) Rules 2008.

2. Cash and cash flow equivalents include FDR Rs.40,000/- (Previous year Rs.40,000/-) pledge with Sales Tax Authorities which are not available for use by the Company.

for K. K. JAIN & CO.
Chartered Accountants
Firm Reg. No. 02465N

Vijay K Modi
Director

S.S. Agarwal
Director

G.C. Jain
Director

B.K. Luthra
Director

R.K. Mittal
Partner
Membership No. : 95459
Place : New Delhi
Date : 16th August, 2011

Shwetambery Khurana
Company Secretary

Anil Jain
Manager

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Subsidiary	SBEC Investments Limited
2. Financial year of the Company	01.04.2010 to 31.03.2011
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, 2011.	Nil
b) Not dealt within the Accounts of the Company for the year ended 31st March, 2011.	Rs. 26,891/-
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, 2010.	Nil
b) Not dealt within the Accounts of the Company for the year ended 31st March, 2010	Rs. 26,182/-
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, 2011, along with Director's Report and Auditor's Report of the Subsidiary Company are attached herewith.

Vijay K Modi
Director

S.S. Agarwal
Director

G.C. Jain
Director

B.K. Luthra
Director

Shwetambery Khurana
Company Secretary

Anil Jain
Manager

Place : New Delhi
Date : 16th August, 2011

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF SBEC SYSTEMS (INDIA) LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SBEC SYSTEMS (INDIA) LIMITED AND ITS SUBSIDIARY

We have examined the attached Consolidated Balance Sheet of SBEC SYSTEMS (INDIA) LIMITED and its subsidiary as at 31st March 2011, 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 year ended 31st March 2011 whose financial statements reflect total assets of Rs. 6.54 lacs as at 31st March 2011 and Profit of Rs. 0.27 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 Balance Sheet, Profit and Loss Account and Cash Flow Statement read with the Schedules and Notes thereon specifically note no. B-6 regarding Going concern basis and subject to the consequential impact on the result for the period of **Note No B (5) regarding non-provision of expenses related to deputation charges of foreign technicians , Note No B(7) regarding Non provision of interest on foreign currency loan, Note No. B (8) regarding non reversal of diminution of current investments and Note No. B (9) regarding non provision of exchange rate fluctuation of foreign liabilities Note No B(10) regarding unaccounted of consequential effect of suppliers settlement order(s) passed by the Hon'ble Delhi High Court** 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 2011. 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 & COMPANY**
Chartered Accountants,
Firm Reg. No.02465N

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

Place : New Delhi
Dated : 16th August, 2011

CONSOLIDATED BALANCE SHEET AS AT 31.03.2011

	Schedules	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
I SOURCES OF FUNDS			
1	SHAREHOLDERS' FUNDS		
a)	Share Capital	99,959,000	99,959,000
b)	Reserves and Surplus	19,261,774	19,261,774
		<u>119,220,774</u>	<u>119,220,774</u>
2	LOAN FUNDS		
	Unsecured Loans	138,194,386	137,409,386
		<u>138,194,386</u>	<u>137,409,386</u>
	TOTAL	<u>257,415,160</u>	<u>256,630,160</u>
II APPLICATION OF FUNDS			
1	FIXED ASSETS		
	Gross Block	704,269	704,269
	Less: Depreciation	659,051	649,701
	Net Block	<u>45,218</u>	<u>54,568</u>
2	INVESTMENTS	81,681,343	81,681,343
3	CURRENT ASSETS, LOANS & ADVANCES		
	b) Sundry Debtors	257,407	1,091,617
	c) Cash & Bank Balances	1,390,029	1,272,163
	d) Loans & Advances	1,001,502	1,155,339
		<u>2,648,938</u>	<u>3,519,119</u>
	Less : Current Liabilities and Provisions		
	a) Current Liabilities	26,387,512	28,272,257
	b) Provisions	51,724	20,575
		<u>26,439,236</u>	<u>28,292,832</u>
	Net Current Assets	<u>(23,790,298)</u>	<u>(24,773,713)</u>
4	a) MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	-	-
	b) PROFIT & LOSS ACCOUNT	199,478,897	199,667,962
	TOTAL	<u>257,415,160</u>	<u>256,630,160</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
Firm Reg. No. 02465NVijay K Modi
DirectorS.S. Agarwal
DirectorG.C. Jain
DirectorB.K. Luthra
DirectorR.K. Mittal
Partner
Membership No. : 95459
Place : New Delhi
Date : 16th August, 2011Shwetambery Khurana
Company SecretaryAnil Jain
Manager

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

	Schedules	For the year ended 31.03.2011 (Rs.)	For the year ended 31.03.2010 (Rs.)
I INCOME			
Turnover		1,700,000	5,000,000
Other Income	8	104,289	45,935
TOTAL		1,804,289	5,045,935
II. EXPENDITURE			
Operating Expenses		–	2,500,000
Payments to & Provision for Employees	9	764,001	665,259
Administrative & Selling Expenses	10	878,533	683,112
Interest & Financial Charges	11	5,534	663,850
Preliminary Expenses Written off		–	1,979
TOTAL		1,648,068	4,514,200
Profit/(Loss) before Depreciation		156,221	531,735
Depreciation	4	9,351	11,410
Profit/(Loss) Before Tax		146,870	520,325
Minimum Alternate Tax(Adjustment)		74,245	–
Provision for Taxation		32,050	86,491
Profit / (Loss) After Tax		189,065	433,834
Add: Balance brought forward		(199,667,962)	(200,101,796)
Balance Carried forward to Balance Sheet		(199,478,897)	(199,667,962)
Earning Per Share (Basic & Diluted)		0.02	(0.04)
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
Firm Reg. No. 02465N

Vijay K Modi
Director

S.S. Agarwal
Director

G.C. Jain
Director

B.K. Luthra
Director

R.K. Mittal
Partner
Membership No. : 95459
Place : New Delhi
Date : 16th August, 2011

Shwetambery Khurana
Company Secretary

Anil Jain
Manager

SCHEDULE 1 : SHARE CAPITAL

	As at <u>31.03.2011</u> (Rs.)	As at <u>31.03.2010</u> (Rs.)
AUTHORISED		
1,50,00,000 Equity Shares (Previous year 1,50,00,000 equity shares) of Rs. 10/- each	<u>150,000,000</u>	<u>150,000,000</u>
Issued & Subscribed		
1,00,00,000 Equity Shares of Rs. 10/- each (Previous year 1,00,00,000 equity shares)	<u>100,000,000</u>	<u>100,000,000</u>
Paid up		
1,00,00,000 Equity Shares of Rs. 10/- each (Previous year 1,00,00,000 equity shares)	<u>100,000,000</u>	<u>100,000,000</u>
Less : Calls in Arrears	<u>41,000</u>	<u>41,000</u>
TOTAL	<u>99,959,000</u>	<u>99,959,000</u>

SCHEDULE 2 : RESERVES & SURPLUS

Share Premium Account	<u>19,261,774</u>	<u>19,261,774</u>
TOTAL	<u>19,261,774</u>	<u>19,261,774</u>

SCHEDULE 3 : LOAN FUNDS

Unsecured Loans				
a) Foreign Currency Loan from Overseas Corporate Body		51,704,369		51,704,369
b) Short Term Credits				
Deffered Payment Credits	51,492,138		51,492,138	
Others Supplier Credits	<u>26,667,188</u>	<u>78,159,326</u>	<u>26,667,188</u>	<u>78,159,326</u>
Other Supplier Credits				
c) from Other		785,000		-
d) Interest Accrued & Due on above		<u>7,545,691</u>		<u>7,545,691</u>
TOTAL		<u>138,194,386</u>		<u>137,409,386</u>

SCHEDULE 4 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions during the year	Ded./sale during the year	As at 31.03.2011	Upto 31.03.2010	Ded./adjust. during the year	Provided during the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Plant and Machinery	17,591	-	-	17,591	16,660	-	129	16,789	802	931
Furniture & Fixture	632,848	-	-	632,848	581,902	-	9,221	591,123	41,725	50,946
Office Equipments	53,830	-	-	53,830	51,139	-	-	51,139	2,691	2,691
GRAND TOTAL	704,269	-	-	704,269	649,701	-	9,351	659,051	45,218	54,568
Previous Year	704,269	-	-	704,269	638,291	-	11,410	649,701	54,568	65,978

SCHEDULE 5 : INVESTMENTS

	As at <u>31.03.2011</u> (Rs.)	As at <u>31.03.2010</u> (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	44,659,620
Less : Provision for Dimuniation	<u>(8,931,924)</u>	<u>(8,931,924)</u>
	<u>35,727,696</u>	<u>35,727,696</u>
1,10,73,168 Equity Shares of Rs. 10/- each in SBEC Sugar Limited (fully paid) @ Rs 4.15 per share	45,953,647	45,953,647
TOTAL	<u>81,681,343</u>	<u>81,681,343</u>
Market value of quoted investments (Based on closing rate of Rs. 13.89 at BSE on 31.03.2011 Previous year @ Rs. 14.00 per share)	<u>215,838,516</u>	<u>217,547,820</u>

SCHEDULE 6: CURRENT ASSETS, LOANS & ADVANCES

	As at <u>31.03.2011</u> (Rs.)	As at <u>31.03.2010</u> (Rs.)
A. Sundry Debtors (Unsecured, Considered Good)		
a) Debts Outstanding for a period exceeding Six Months Less: provision for doubtful debts	727,293 <u>469,886</u> 257,407	727,293 <u>469,886</u> 257,407
b) Other Debts	-	834,210
TOTAL (A)	<u>257,407</u>	<u>1,091,617</u>
B. Cash & Bank Balances		
a) Cash/Stamps in hand	567,802	567,803
b) Balances with Scheduled Banks in :		
i) Current Accounts	173,380	93,769
ii) Fixed Deposits (FDR amounting Rs. 40,000 / - Pledged with Sales Tax Authorities)	648,847	610,591
TOTAL (B)	<u>1,390,029</u>	<u>1,272,163</u>
C. Loans & Advances (Unsecured, Considered Good)		
a) Advances recoverable in cash or in kind or for value to be received Less: provision for doubtful advances	2,443,329 <u>2,304,663</u> 138,666	2,443,523 <u>2,304,663</u> 138,860
b) Advance Income Tax/Tax refundable	862,836	1,016,479
TOTAL (C)	<u>1,001,502</u>	<u>1,155,339</u>
TOTAL (A)+(B)+(C)	<u>2,648,938</u>	<u>3,519,119</u>

SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities		
Sundry Creditors for Goods and Expenses		
- Micro, Small & Medium Enterprises Suppliers*	-	-
- Others	10,280,921	11,951,215
Other Liabilities	49,451	323,593
Advance from Customers	15,163,239	15,997,449
Bank Overdraft - In Current A/c with HDFC Bank	893,901	-
TOTAL (A)	<u>26,387,512</u>	<u>28,272,257</u>
* The identification of Micro, Small and Medium Enterprises Suppliers is based on managements knowledge of their status.		
B. Provisions		
For Gratuity & Leave Encashment	19,674	8,575
Provision for Taxation	32,050	12,000
TOTAL (B)	<u>51,724</u>	<u>20,575</u>
TOTAL (A)+(B)	<u>26,439,236</u>	<u>28,292,832</u>

SCHEDULE 8 : OTHER INCOME

	For the Year ended 31.03.2011 (Rs.)	For the year ended 31.03.2010 (Rs.)
Interest Income	104,289	45,935
TOTAL	104,289	45,935

SCHEDULE 9 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salary and Bonus	713,587	597,916
Contribution to Provident & Other Funds	39,315	56,408
Staff Welfare Expenses	-	2,360
Gratuity	11,099	8,575
Leave Encashment	-	-
TOTAL	764,001	665,259

SCHEDULE 10 : ADMINISTRATIVE AND SELLING EXPENSES

Legal & Professional Charges	261,487	48,876
Auditors Remuneration		
– Audit Fees, Tax Audit, Certification	68,939	68,940
Travelling and Conveyance	-	9,345
Communication	4,051	1,100
Insurance	207	422
Miscellaneous Expenses	543,849	554,262
Balances written off	-	167
TOTAL	878,533	683,112

SCHEDULE 11 : INTEREST AND FINANCIAL CHARGES

Interest	24	621,859
Bank Charges	5,510	41,991
Foreign Exchange Fluctuation	-	-
TOTAL	5,534	663,850

SCHEDULE : 12**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS OF CONSOLIDATED 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.
- c) The financial statements of the subsidiary used in consolidation are drawn up to the same reporting date as of the company i.e. up to March'2011.

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 stated at bank's T.T. selling rates of exchange except liability payable in Foreign Currencies as on 31.03.2009 are stated at bank TT selling rate of exchange as on 31.03.2009. 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 carrying value without any adjustment for increase/diminution, if any is accounted at the time of sale of such investments.
- 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. Accounting For Taxes

Current Corporate Tax is provided on the results for the year after considering applicable tax rates and law.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Deferred Tax Assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised

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 dilutive 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 FOR CONSOLIDATED 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	127.28@	128.52@

@ In terms of agreement dated 14th December 2005 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 2,81,974/-) 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.

- The Company holds 100% (Previous year 100%) shares of SBEC Investment Limited.
- 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.
- In the absence of necessary agreements/approvals, interest on overdue credits/loans from foreign suppliers/lenders has not been provided.
- Liability of Rs. 7.66 lakh (Previous year Rs. 7.66 lakh) related to 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 31.03.11 have been prepared on going concern basis. The management is confident to revive the business activities in near future depending upon more favourable conditions prevailing in the market bearing unforeseen circumstances.
- Liability of Rs.25,17,989/- (USD 55,781.77) (previous year Rs.25,42,533/-) in respect of interest on foreign currency loan has not been provided. The same will be provided at the time of actual payment.
- Reversal of diminution of Current Quoted investment aggregating Rs.89,31,924/- has not been provided. Profit & Loss of such investment are accounted at the time of sale of such investment. Resulting of such non reversal of diminution the profit for the year and investment are shown lower by Rs. 89,31,924/-
- Difference on exchange rate fluctuation on Foreign Liabilities amounting to Rs.1,76,55,214/- (previous year Rs. 1,64,24,106/-) has not been provided. The fluctuation in foreign transaction, if any will be accounted for in the year of remittance/final adjustment. Resulting of such non provision the profit for the year and liability are shown lower by Rs.1,76,55,214/- (previous year Rs. 1,64,24,106/-).
- In respect of disputes with two foreign parties/supplier M/s Silver Weibull, Sweden and M/s Hagglunds Drives AB, Sweden the Hon'ble Delhi High court has passed orders dated 01-09-2010 and 21-09-2010 directing the Company to settle the outstanding of these suppliers in instalments on the dates stated in the orders. The settlement requires remittance in foreign currencies and is thus subject to necessary

approval from RBI, which has not yet been received. Pending such approval the directions could not be implemented. The consequential effect of the order has not been accounted for in the current year.

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

(Rs. In Lacs)

	Current Year	Previous Year
Salary (includes Gratuity Leave Encashment & Bonus)	4.31	3.56
Contribution to Provident fund	0.26	0.21
Reimbursement of Expenses	0.15	0.13

The above managerial remuneration* has been paid according to section 198, 269, 309 and Schedule XIII of the Companies Act, 1956 and as approved by the shareholders under a special resolution.

* Excludes provisions for Gratuity determined on actuarial basis, as these are determined for the Company as a whole.

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)
- ii. SBEC Systems Limited, United Kingdom (substantial interest in the Company)

b) Enterprises where Substantial Interest Exists.

- i) SBEC Sugar Limited

c) Key Managerial Personnel

Mr. Anil Jain, Chief Financial Officer (appointed as Manager from 01.06.2009 under Section 269 of the Companies Act, 1956).

- d) Individual owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise : Mr.U.K.Modi

e) Relative of individual owning substantial interest and their Enterprises :

Mrs.Kumkum Modi, Mr.Abhishek Modi, Ms.Meghna modi, Mrs. Himani Modi, Mr.Jayesh Modi, Modi Arts Pvt Ltd., Modi Goods and Retail Services Pvt Ltd., Jai Abhishek Investments Pvt Ltd., Kamakhya Cosmetics & Pharmaceutical Pvt.Ltd., Modi Diagnostics Pvt Ltd., Modi Revlon Pvt.Ltd., Modi Senator (India) Pvt Ltd., First Move Management Services Pvt Ltd., Revlon Lanka Pvt Ltd., Swasth Investment Pvt Ltd., Umesh Modi Corp Pvt Ltd., Modi Omega Pharma (India) Pvt Ltd., Modi Iliva India Pvt Ltd., A to Z Holding Pvt Ltd., Longwell Investment Pvt Ltd., SBEC Sugar Limited, Bihar Sponge Iron Ltd., Modi Mundipharma Pvt Ltd., Modiline Travel Service Pvt Ltd., Modi Industries Ltd., Morgardshammer India Ltd., Win Medicare Pvt Ltd., H.M.Tubes & Containers Pvt Ltd., * Modi Motors Pvt Ltd., M.G.Mobile India Pvt Ltd.,Modi Gourmet Limited,Chandil Power Ltd.,Revlon Trading Bangladesh Pvt. Ltd., * SBEC Bio Energy Ltd., Meghna AutoWorks Pvt. Ltd., Mundipharma (Bangladesh) Pvt. Ltd., Jayesh Tradex Pvt. Ltd.

* Indicates that during the period, there is transaction with these relatives and enterprises.

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	Referred in 1(d) above
Income				
Services Provided	—	—	—	2.21
	(—)	(55.15)	(—)	(—)
Expenses				
Remuneration	—	—	4.72	—
	(—)	(—)	(3.90)	(—)
Misc. Expenses	—	—	—	1.85
	(—)	(—)	(—)	(1.79)
Outstandings				
Payable	—	137.13	0.90	161.01
	(—)	(127.94)	(0.57)	(161.01)
Receivable	—	—	—	2.57
	(—)	(—)	(—)	(2.57)
Equity Contribution	5.00	—	—	—
	(5.00)	(—)	(—)	(—)

14. Earning per Share

	Current Year	Previous Year
Net Profit / (Loss) (In Rupees)	1,89,065/-	4,33,834/-
Weighted average number of equity shares during the year	99,95,900	99,95,900
Basic & Diluted Earnings Per Share (in Rupees)	0.02	0.04

15. Deferred Taxation

The Company has no deferred tax liability. There are deferred tax assets on account of unabsorbed depreciation and carried forward business losses, which as a matter of prudence have not been recognised.

16. (a) Current Liabilities include credit balance of Rs. 0.90 lacs (Previous year Cr. Balance Rs 0.56 lacs in the name of Mr. Anil Jain & Mr. Anil Rustagi) in the name of Mr. Anil Jain appointed as Manager under Section 269 of the Companies Act, 1956.
- (b) Current Liabilities include Rs.0..37 lacs (Previous year 0.35 lacs in the name of Ms.Shivani Chaudhary) in the name of Ms. Shwetambery Khurana as Company Secretaries under Companies Act 1956.

17. Employee Benefits

The company has adopted Revised AS- 15 'Employee Benefits'. In accordance with the transitional provision of revised AS - 15, additional liability (net of tax) under new method.

Contributions to Defined Benefit /Contribution Plan, recognized as expense for the year are as under:

a) Defined Contribution Plan

	Current Year	Previous Year
Employer's contribution to Provident Fund (In Rupees)	38.712	56,408

b) Defined Benefit Plan

The employees' gratuity fund scheme is a Defined Benefit Plan (DBP). The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

1. Reconciliation of opening and closing balances of DBP

	Gratuity For The Year Ended 31.03.2011	Gratuity For The Year Ended 31.03.2010
DBP at the beginning of the year	8,575	Nil
Interest Cost	686	Nil
Current Service Cost	10,136	8,575
Benefits Paid	Nil	Nil
Actuarial (gain)/loss	277	Nil
DBP at the end of the year	19,674	8,575

2. Reconciliation of opening and closing balances of Fair Value of Plan Assets

Fair value of plan assets as at the beginning of the year	Nil	Nil
Expected Return	Nil	Nil
Actuarial (gain)/loss	Nil	Nil
Contribution by Employer	Nil	Nil
Benefits Paid	Nil	Nil
Settlement cost		
Fair value of plan assets as at the end of the year	Nil	Nil
Actual return on plan assets	Nil	Nil

3. Reconciliation of amount recognized in Balance Sheet

Fair Value of Plan Assets	Nil	Nil
Present value of obligation	19,674	8,575
Netasset/(liability) recognized in the Balance Sheet	19,674	8,575

4. Expense Recognized during the period In Profit & Loss A/c.

Interest Cost	686	Nil
Current Service Cost	10,136	8,575
Expected return on plan assets	Nil	Nil
Net Actuarial (gain)/ loss recognized during the period	277	Nil
Expenses recognized in the statement of Profit & Loss	11,099	8,575

5. Actual Return on Plan Assets			
Expected Return on Plan Assets		NI	NI
Actuarial (gain)/ loss		NI	N
Actual return on plan assets		NI	NI

6. Principal Actuarial Assumptions			
Mortality Table (LIC)		1994-96duly modified	1994-96 duly modified
Discount rate		8.00%	7.50%
Future Salary Increase		5.50%	5.00%
Expected rate of return on plan assets		NI	NI
Retirement Age		60 years	60 years
Withdrawal Rates			
Upto 30 years		3.00 %	3.00 %
Upto 44 years		2.00 %	2.00 %
Above 44 years		1.00 %	1.00 %

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The actuary certifies the above information.

Disclosure in respect of previous four annual periods as required by Revised AS-15 'Employee Benefits' is not presented as the management considers it impracticable in the absence of requisite information

18. 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:	NIL	(Nil)
b) EXPENDITURE IN FOREIGN CURRENCY (On cash basis)		

Particulars	(Rs. in Lacs)
Interest Payment	NI
	(18.51)
c) EARNINGS IN FOREIGN EXCHANGE	NI
	(Nil)
d) CIF VALUE OF IMPORTS	NI
	(Nil)

19. 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.	Vijay K Modi	S.S. Agarwal	G.C. Jain	B.K. Luthra
Chartered Accountants	Director	Director	Director	Director
Firm Reg. No. 02465N				
R.K. Mittal			Shwetambery Khurana	Anil Jain
Partner			Company Secretary	Manager
Membership No. : 95459				
Place : New Delhi				
Date : 6th August, 2011				

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31.03.2011 (Rs. in '000)	Year Ended 31.03.2010 (Rs. in '000)
A Cash Flow From Operating Activities		
Net Profit / (Loss) before tax and extra ordinary items	147	520
Adjustments for :		
Add. Interest Expenses	-	622
Net (Profit) / Loss on Sale of Fixed assets	-	-
Depreciation	9	11
Provision for Book debts	-	-
Provision for Doubtful Advances	-	-
Provision for Diminution of Investment	-	-
Reduction in Inventory	-	-
Exchange Rate Fluctuation	-	-
Preliminary Expenses	-	2
Balance Written Off	-	-
	<u>9</u>	<u>635</u>
Less:		
Provision Written Back	-	-
Interest Income	(42)	(46)
Exchange Rate Fluctuation	-	-
	<u>(42)</u>	<u>(46)</u>
Operating profit before Working Capital Changes	114	1,109
Adjustments for:		
Debtors	834	1,369
Trade and other receivables	178	8,043
Trade Payables	<u>(1,874)</u>	<u>13,383</u>
Cash Generated from Operating Activities	(862)	22,795
Direct Taxes / FBT (Paid) / Refund	38	(576)
Net Change in Working Capital	<u>(824)</u>	<u>22,219</u>
Net Cash flow from operating activities	<u>(710)</u>	<u>23,328</u>
B. Cash Flow from Investing Activities		
Proceeds from Sale of Fixed Assets	-	-
Net Cash used in Investing Activities	<u>-</u>	<u>-</u>
C. Cash Flow from Financing Activities		
Interest Received	42	46
Proceeds from Borrowings	785	-
Repayment of Borrowings	-	(23,134)
Net Interest (Paid)	-	(622)
Net Cash Flow from Financing Activities	<u>827</u>	<u>(23,710)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	<u>117</u>	<u>(382)</u>
Cash & Cash Equivalents as on 01.04.2010 (Opening balance)	1,273	1,655
Cash & Cash Equivalents as on 31.03.2011 (Closing balance)	1,390	1,273
Net Increase /(Decrease) as disclosed above	117	(382)

Note: 1. The above cash flow statement has been prescribed under the Indirect method set out in Accounting Standard - 3 "Cash Flow Statement" prescribed by the companies (Accounting Standard) Rules 2006.

2. Cash and cash flow equivalents include FDR Rs.40,000/- (Previous year Rs.40,000/-) pledged with Sales Tax Authorities which are not available for use by the Company.

for K. K. JAIN & CO.
Chartered Accountants
Firm Reg. No. 02465N

Vijay K Modi
Director

S.S. Agarwal
Director

G.C. Jain
Director

B.K. Luthra
Director

R.K. Mittal
Partner
Membership No. : 95459
Place : New Delhi
Date : 16th August, 2011

Shwetambery Khurana
Company Secretary

Anil Jain
Manager

SBEC INVESTMENTS LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

The Directors of your Company herewith present the 14th Annual Report together with the audited accounts of the Company for the year ended 31st March 2011.

OPERATIONS

The Company has yet to start the business activity.

FIXED DEPOSIT

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

DIRECTORS

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

AUDITORS

M/s. Sarat Jain & Associates, Chartered Accountants (Firm Registration No. 014793C), be appointed as Statutory Auditors of the Company and to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

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

R.S. Rustagi
Chairman

Place: New Delhi
Date: 12th August, 2011

SBEC INVESTMENTS LIMITED**AUDITORS' REPORT****TO THE MEMBERS OF SBEC INVESTMENTS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011**

We have conducted the attached Balance Sheet of **SBEC INVESTMENTS LIMITED** as at 31st March 2011 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 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.
2. Since the Company has not obtained the certificate for Commencement of Business from the Registrar of Companies, the Companies (Auditors' Report) Order, 2003 issued by Govt. of India is not yet applicable.
3. 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, 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. Since the Company has not commenced its business as explained in Para 2 above.
 - IV. On the basis of written representations received from Directors of the Company as on 31.03.2011 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'2011 and in the case of profit & loss account, of the profit for the period ended on that date.

For **Sarat Jain & Associates**
Chartered Accountants
Firm Reg. No. 014793C

(Sarat Jain)
Proprietor

Membership No.080216

Place : New Delhi
Date : 12th August, 2011

SBEC INVESTMENTS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (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		
As at 1.04.2010	104,137	77,955
Add : Profit for the year transferred from Profit & Loss A/c.	<u>26,891</u>	<u>26,182</u>
	131,028	104,137
Current Liabilities and Provisions		
a) Current Liabilities		
Sundry Creditors	10,549	7,791
Due to Director	906	-
b) Provisions		
Provision for taxation	<u>12,000</u>	<u>12,000</u>
TOTAL	<u><u>654,483</u></u>	<u><u>623,928</u></u>
ASSETS		
Current Assets, Loans & Advances		
Cash in Hand	270	270
Bank Balances (With Scheduled Bank) –		
— In Current Account	11,742	16,773
— In Fixed Deposit	608,847	570,591
Income Tax Refund Receivable	8,746	11,222
Interest accrued & due on FDR	<u>24,878</u>	<u>25,072</u>
TOTAL	<u><u>654,483</u></u>	<u><u>623,928</u></u>
Significant Accounting Policies and Notes to Accounts as per Schedule 'A'		

As per our report of even date annexed

For **Sarat Jain & Associates,**
Chartered Accountants
Firm Reg. No. : 014793C

R.K. Tayal
Director

R.S. Rustagi
Director

(Sarat Jain)
Proprietor
Membership No. 80216

Place : New Delhi
Dated : 12th August, 2011

SBEC INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	For the Year ended 31.03.2011 (Rs.)	For the Year ended 31.03.2010 (Rs.)
INCOME		
Interest Income	42,477	45,935
EXPENDITURE		
Legal & Professional Expenses	-	1,103
Filing Fee	906	1,500
Bank Charges	66	66
Audit Fee	2,758	2,758
Amount Written off.	-	167
Preliminary Expenses Written Off	-	1,979
Total Expenditure	3,730	7,573
Profit before tax	38,747	38,362
Provision for Taxation		
Current Year	12,000	12,000
Income Tax Previous Year	(144)	180
Profit after Tax carried over to Balance Sheet	26,891	26,182

Significant Accounting Policies And

Notes to Accounts As Per Schedule "A"

As per our report of even date annexed

For **Sarat Jain & Associates,**
Chartered Accountants
Firm Reg. No. : 014793C

R.K. Tayal
Director

R.S. Rustagi
Director

(Sarat Jain)
Proprietor
Membership No. 80216

Place : New Delhi
Dated : 12th August, 2011

SCHEDULE "A"

BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE

ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS:

(Annexed to and Forming part of the Accounts for the year ended on 31st March, 2011)

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) Additional information as required under Schedule VI of the Companies Act, 1956 : Not Applicable
- iii) Figures of the Previous Year have been regrouped/ rearranged wherever necessary.

As per our report of even date annexed

For **Sarat Jain & Associates,**
Chartered Accountants
Firm Reg. No. : 014793C

R.K. Tayal R.S. Rustagi (Sarat Jain)
Director Director Proprietor
Membership No. 80216

Place : New Delhi
Dated : 12th August, 2011

I. Registration Details

Registration No. : 55-81903
Balance Sheet Date : 31.03.2011

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

Public Issue : NI
Right Issue : NI
Bonus Issue : NI
Private Placement : NI

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

Total Liabilities : 654
Total Assets : 654

Sources of Funds

Paid up Capital : 500
Reserve and Surplus : 131
Secured Loans : NI
Unsecured Loans : NI
Current Liabilities : 23

Application of Funds

Net Fixed Assets : NI
Investments : NI
Current Assets : 654
Miscellaneous Expenditure : NI
Accumulated Losses : NI

IV. Performance of the Company

(Rs. in thousands)

Turnover : 42
Total Expenditure : 4
Profit / (Loss) : 38
Profit after tax : 27
Earning per Share : Rs. 0.53
Dividend : NI

V. Generic Names of three principal
Product/services of the company

: Not Applicable

As per our report of even date annexed

For **Sarat Jain & Associates,**
Chartered Accountants
Firm Reg. No. : 014793C

R.K. Tayal R.S. Rustagi (Sarat Jain)
Director Director Proprietor
Membership No. 80216

Place : New Delhi
Dated : 12th August, 2011

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 22nd Annual General Meeting of the Company to be held at Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 030 on 27th September, 2011 at 2.00 P.M. and at any adjournment thereof.

As Witness my / our hand / hands this.....day of.....2010

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 22nd Annual General Meeting of the Company to be held at Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 030 on 27th September, 2011 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.