



Late Shri Krishna Kumar Bhargava

Founder Chairman & Managing Director

(1924 – 1994)

“A great man is one who leaves others at a loss when he is gone!”

*“vasamsi jirnani yatha vihaya
navani grhnati naro 'parani
tatha sarirani vihaya jirnany
anyani samyati navani dehi”
(Bhagwat Gita: Chapter Two verse 22)*

*“Sri Krishna said: As a human being puts on
new garments, giving up old ones, the soul
similarly accepts new material bodies,
giving up the old and useless ones.”*

BOARD OF DIRECTORS

Ms. Abhilasha Bhargava	Whole time Director
Ms. Karuna K Shaikh	Director
Mr. K. Sudesh Kumar Acharya	Director

REGISTERED OFFICE

266, Dr. Annie Besant Road
Worli, Mumbai 400 030

BANKERS

Canara Bank
The Standard Chartered Bank Ltd.
The Bank of Tokyo – Mitsubishi Ltd.

AUDITORS

Shankarlal Jain & Associates
12, Engineer Building,
265 Princess Street, Mumbai 400 002

REGISTRARS & TRANSFER AGENTS

Adroit Corporate Services Pvt. Ltd.
19, Jafferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka, Mumbai 400 059
Tel: 2859 0942/ 2850 3748; Fax: 2859 0942
Email: adroits@vsnl.net

FACTORIES

Unit – 1:

G-17/2, MIDC Industrial Area
Tarapur
Maharashtra

Unit – 3:

Raghunath Industrial Estate
College Road, Wadkund
Dahanu Road, Maharashtra

Unit - 2

Plot No.12, Gamtalao
Dabhel Industrial Co-op. Ltd., Dabhel
Nani Daman, Daman 396 210

BEE ELECTRONIC MACHINES LIMITED

NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of BEE ELECTRONIC MACHINES LIMITED will be held at the Registered office of the Company at 266, Dr. Annie Besant Road, Worli, Mumbai 400 030 on Friday, September 30, 2011 at 9.30AM to transact the following business:

- 1) To receive, consider and adopt the Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon;
- 2) To appoint a Director in place of Ms. Karuna Kotiyan Shaikh, who retires by rotation and being eligible offers herself for appointment;
- 3) To appoint Auditors for the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General meeting and to fix their remuneration.

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b) THE PROXIES, IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c) The Register of members and the Share Transfer Book of the Company shall remain closed from Saturday, September 24, 2011 to Friday, September 30 2011 (both days inclusive).

BY ORDER OF THE BOARD
Sd/-
K. Sudeshkumar Acharya
Director

Registered office:
266 Dr. Annie Besant Road,
Worli, Mumbai 400 030
Date: August 16, 2011

DIRECTORS' REPORT

The Members,

Your Directors are pleased to present the 29th Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2011. The summarized financial results for the year ended 31st March, 2011 are as under:

1. Financial Results Particulars	(Rs. in Lakhs)	
	For the financial year ended 31st March, 2011 Amount in lacs.	For the financial year ended 31st March, 2010 Amount in lacs.
Sales & Other Income	59.39	39.92
Gross Profit/ Loss	(7.50)	8.88
Depreciation	21.39	30.19
Profit/ (Loss) before tax	(13.89)	(21.31)
Less: Tax	Nil	Nil
Profit/ (loss) after tax	(13.89)	(21.31)

2. **Review of Operation**

The Company has achieved the sales and other income of Rs.59.39 lacs against Rs.39.92 lacs reported last year. There was a net loss after tax of Rs.13.89 lacs during the year under review as compared to the net loss after tax of Rs.21.31 lacs reported last year. Your Directors are continuously looking for avenues for future growth of the Company.

3. **Sick Industrial Company**

As the networth of the Company has been fully eroded, the Board of Director's had made a reference to the Board for Industrial and Financial Reconstruction. The Company's reference had come up for hearing and the Company has been declared as a Sick Industrial Undertaking by the Hon'ble BIFR. The Board has appointed Canara Bank as the Operating Agency and ordered for a Draft Rehabilitation Scheme to be prepared. The work is underway on this front.

4. **Dividend**

The Directors taking into account that there is no surplus from operation do not recommend any dividend for the year ended 31st March, 2011.

5. **Listing**

The Company's Equity Shares are presently suspended for trading on the Mumbai Stock Exchange. The Company has paid the Annual listing fees upto the year 2011-12 and is in the process for revocating the suspension with the Mumbai Stock Exchange.

6. **Directors**

Ms. Karuna Kotiyan Shaikh, Director retires by rotation at the ensuing Annual General meeting and being eligible offers herself for re-appointment.

7. **Particulars of Employee**

There is no employee in the Company whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

8. **Auditors' Report**

The observations of the auditors in their report are self-explanatory and are dealt within the Notes to Accounts at appropriate places and therefore, in the opinion of the Directors, do not call for further comments. The Management however continues to make efforts to recover the doubtful loans and advances and hence no provisions have been

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made. The Management on the other hand is also endeavoring to reach an understanding with the secured lenders of the Company and hence no interest provisions have been made.

9. Auditors

M/s. Shankarlal Jain & Associates, Chartered Accountants, having their office at Princess Street, Mumbai retire at the ensuing Annual General meeting of the Company and being eligible offer themselves for re-appointment. Your Directors recommend their re-appointment as Statutory Auditors of the Company and request the members to appoint them and fix their remuneration.

10. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirms that-

- a) In preparation of the Annual Accounts, the applicable accounting standards have been followed with proper explanation relating to material departures, if any.
- b) The Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- c) The Directors had taken proper and sufficient care for the 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.
- d) The Directors had prepared the Annual Accounts on a going concern basis.

11. Particulars of Energy Consumption, Foreign Exchange and Outgo

As required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of The Board of Directors) Rules, 1988, the relevant information is as stated below –

The Company's operations involve low energy consumption. Wherever possible, energy conservation measures are being implemented. The Company is not involved in any Research and Development program presently. The foreign earning exchange and outgo were nil.

12. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a compliance report on the Corporate Governance is required to form a part of the Annual Report along with the Auditors Certificate on its compliance. The Company has taken necessary steps to comply with all the provisions of Corporate Governance to the extent possible. However the Company has been un-successful in identifying additional non-executive & independent directors to join the Board of Directors of the Company. As such, the committees so formed comprise of the Board of Directors in the present strength.

13. Acknowledgements

Your Directors place on record their gratitude for the continuing support of Shareholders, bankers and Business associates at all levels.

For and on behalf of the Board

Sd/-	Sd/-
Abhilasha Bhargava	K Sudeshkumar Acharya
Whole time Director	Director

Place: Mumbai
Date:16th August 2011

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the listing agreement, a report on Corporate Governance is given below:

A. MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy of corporate governance is aimed at assisting the top management of the Company in efficient conduct of its business and in meeting its obligations towards all stakeholders. The Company believes that ethical business conduct is the foundation for efficient Corporate Governance. It is mandatory for the Board of Directors and Key Management Personnel to affirm compliance with the Code of Conduct on an annual basis. A declaration to this effect by the Chief Financial Officer (CFO) of the Company also forms part of this Annual Report.

2. BOARD OF DIRECTORS

The Company's Board comprises of three Directors of which one director holds an Executive position and the other two are independent directors. The Executive director is part of the promoter group.

a. Composition of the Board (as on July 31, 2011)

Name of the director	Status
Ms. Karuna Kotiyan Shaikh	Non executive Director – Independent
Mr. K. Sudeshkumar Acharya	Non executive Director – Independent
Ms. Abhilasha Bhargava	Whole time Director

b. Board meetings

The Board meetings of the Company are usually held at the registered office of the Company in Mumbai. The notice for the meetings and the agenda for the meeting are sent 7 (seven) days in advance to the Directors of the Company. The senior management team is invited to the Board meeting to make presentations and submit reports, discussions, clarification on operations, as maybe required from time to time. The Board meets at the close of the quarter to review the quarterly performance and financial results of the Company, amongst other matters.

c. Number of Board meetings conducted during the year

There were 5 (five) Board meetings held during the financial year 2010-11, as per the provisions of Clause 49 of the Listing Agreement. The dates on which the Board met are: April 30th 2010; July 31st 2010; August 26th 2010; October 30th 2010 and January 31st 2011.

d) Attendance of Directors at the Board Meetings and the last AGM

Name of the Director	No of Board Meetings held	No of Board meetings attended	Attendance at the last AGM	No of directorships in other boards	No of committees (other than Bee Electronic Machines Limited) in which he is a member
Ms. Karuna Shaikh	5	5	Present	0	0
Mr. K. Sudeshkumar Acharya	5	5	Present	0	0
Ms. Abhilasha Bhargava	5	5	Present	5	0

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The particulars of the director who is proposed to be reappointed at this AGM, are given as required pursuant to Clause 49 of the Listing Agreement.

Name	:	Karuna Kotiyan Shaikh
Qualification	:	B. Com; MHRDM
Expertise	:	17 yrs+ experience in handling HR and Admin functions.
Other Directorships	:	None
Other memberships of committees	:	Nil

3. COMMITTEES OF DIRECTORS

Non executive/ Independent directors provide guidance to the senior management on policy matters as well as monitor the actions of the senior management. This involvement is formalized through constitution of designated committees of the Board. The committees are formed with an intention to provide regular flow of information and ideas between the non executive directors and the senior management. The Board has accordingly constituted 3 (three) committees that comply with the requirements of Clause 49 of the listing agreement with the Stock Exchanges and the applicable provisions of The Companies (Amendment) Act, 2000.

A) Audit Committee:

The Audit Committee comprises of three members and the Chairperson is a Non-Executive, Independent Director having a Commerce background. The Constitution of the Committee is as follows: Ms. Karuna Kotiyan Shaikh (Chairperson), Mr. K. Sudeshkumar Acharya and Ms. Abhilasha Bhargava, Members.

The terms of reference to the Audit Committee cover the matter specified under Clause 49 of the Listing Agreement as well as in Section 29A of The Companies Act, 1956.

The Committee met 5 (five) times during the current year on April 30th 2010, July 31st 2010, August 26th 2010, October 30th 2010 and January 31st 2011. All members were present at all the meetings.

B) Remuneration Committee:

The Constitution of the Remuneration Committee is a non-mandatory requirement under the Listing Agreement with the Stock Exchanges. However, it has been made mandatory under Schedule XIII of The Companies Act, 1956. The Remuneration Committee comprises of 3 (three) members. The Committee has been constituted to determine the remuneration package of its Directors when appointed. Presently, the Committee comprises of Ms. Karuna Kotiyan Shaikh (Chairperson), Mr. K. Sudeshkumar Acharya and Ms. Abhilasha Bhargava.

The Committee met on one occasion i. e. on January 31st, 2011 and all the members were present at the meeting.

Disclosure of Remuneration to Directors

Non-Executive Directors were not paid any remuneration. The Whole-Time Director and an Independent Director were paid remuneration during the year as disclosed in Note 12 a) and b) of Notes on Accounts.

C) Shareholders Information and Investors Grievance Committee:

The Board has also established a Shareholders' / Investors Grievance Committee under the chairmanship of

Mr. K. Sudeshkumar Acharya with Ms. Karuna Kotiyan Shaikh and Ms. Abhilasha Bhargava as Members for the specific purpose of redressal of shareholders / investors grievances and complaints etc. The committee met four times during the year. All the members of the Committee were present at the meetings.

There were no pending shareholders complaints / grievance and transfer of shares as on March 31st, 2011. The Company has designated the e-mail id of the Compliance Officer, specifically, to look after investor grievances and to resolve them in a speedy manner, in compliance with Clause 47 (f) of the Listing Agreement.

The Board has appointed Mr. Umesh R. Phalorh, Chief Financial Officer as the Compliance Officer. E-mail Id : investors@beeelectronic.com

4. GENERAL BODY MEETINGS

Location and time for last three Annual General Meetings were :

FY	Date	Location of the meeting	Time
2007-08	30-Sep-08	266, Dr. Annie Besant Road, Worli, Mumbai - 30	11.30 a.m.
2008-09	30-Sep-09	266, Dr. Annie Besant Road, Worli, Mumbai – 30	11.30 a.m.
2009-10	30-Sep-10	266, Dr. Annie Besant Road, Worli, Mumbai - 30	11.30 a.m.

No Extra- Ordinary General Meeting was held during the year.

5. DISCLOSURES

- | | |
|--|--|
| (a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the directors, the management, their subsidiaries or relatives, etc. that may have material conflict with the interests of the Company at large. | Details are provided in Note No. 15 under Schedule 14 to the notes forming part of the accounts in accordance with provisions of Accounting Standard 18. |
| (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years. | None. |
| (c) Disclosure on number of shares and convertible instruments held by non – executive directors. | Mr. K. Sudeshkumar Acharya : 200 |

6. MEANS OF COMMUNICATION

The half yearly report and quarterly results are not sent to each shareholder but the results of the Company are displayed on the website of BSE i. e. www.bseindia.com

The results are usually published in Asian Age and Mahanayak.

The Management Discussion & Analysis does not form part of this Annual Report.

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7. GENERAL SHAREHOLDER INFORMATION

- i. Annual General Meeting :-
Venue Date and Time September 30th 2011 at 09 : 30 a.m.
266, Dr. Annie Besant Road, Worli, Mumbai 400 030.
- ii. Financial Results Calendar :
April 2011 to March 2012 –
- | | | |
|---------------------------------|---|------------------------------|
| 1 st quarter results | : | July 30 th , 2011 |
| 2 nd quarter results | : | last week of October 2011 |
| 3 rd quarter results | : | last week of January 2012 |
| 4 th quarter results | : | last week of April 2012 |
- iii. Date of Book Closure - September 24th, 2011 to September 30th, 2011
(both days inclusive)
- iv. Dividend NA
- v. Listing of Equity Shares on Stock Exchanges The Mumbai Stock Exchange
- vi. Script Code Physical 517203
Script Code Demat INE038E01014
- vii. Registrar and Share Transfer Agent Adroit Corporate Services Pvt. Ltd.
19 Jaferbhoy Industrial Estate,
1st Floor, Makwana Road,
Marol Naka, Mumbai – 59
- viii. Share Transfer System Transfer of shares held in physical mode is processed by Adroit Corporate Services Pvt. Ltd. and approved by the Whole time Director pursuant to the powers granted by the Board.
- 700 shares were transferred during the year with an average interval of 15 days between approvals.
- ix. Distribution of Shareholding as on March 31st, 2011:

Category	No of shares held	% of shareholding
1. Promoters holding	1,548,501	48.70
2. Institutional/ Mutual Funds/ Banks/ FII	8,450	0.27
3. Others:		
Indian Public	1,541,417	48.47
Body corporate	75,182	2.36
NRI	6,450	0.20
GRAND TOTAL	3,180,000	100.00

- x. Dematerialization of Shares and liquidity 71.81% of the paid-up share capital comprising of 22,83,650 shares have been dematerialized as on March 31st, 2011.

xi.	Outstanding GDR's/ ADR's/ Warrants/ any convertible instrument that may have an Impact on liquidity	Nil
xii.	Plant location	Tarapur, Dist. Thane, Maharashtra
xiii.	Correspondence address	266, Dr. Annie Besant Road, Worli, Mumbai 400 030 Tel: 91 22 2430 7709/ 4665 Fax: 91 22 2430 3716

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT
PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its Board of Directors and Senior Executives.

I confirm that the Company has in respect of the financial year ended March 31st 2011 received from the senior management team of the Company and the members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

August 16th, 2011
Mumbai

Umesh R. Phalorh
Compliance Officer

BEE ELECTRONIC MACHINES LIMITED

AUDITORS REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Bee Electronic Machines Limited as at 31st March, 2011 and also the annexed Profit and Loss Account and the Cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conduct our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan & 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

1. As required by the Companies (Auditors Report) order, 2003 issued by Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the specified in paragraph 4 and 5 of the said order to the extent applicable to the Company.
2. Further to our comments referred to in paragraph (1) above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit:
 - b) In our opinion, proper book of accounts as required by law have been kept by the company, so far as appears, from our examination of the book;
 - c) The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts:
 - d) In our opinion, the attached balance Sheet, profit and loss account and the cash flow statement comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956, *except AS-15, regarding non provision of gratuity and leave encashment, being, accounted for on cash basis, amount unascertained as referred in note No. 3, and AS-2 regarding valuation of inventories as referred to note no 10 of notes to the accounts.*
 - e) On the basis of the written representation received from all the directors as on 31.03.2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31.03.2011 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with other notes of schedule, subject to the following;
Note No. 1A regarding non-provision of gratuity, leave travel assistance, Leave encashment and Medical reimbursement, amount being unascertained;

Note No. 4 regarding non-provision of excise duty on finished goods of Rs.1,64,076 being accounted for on clearance basis;

Note No 4(b) Non provision of interest on Excise duty payable of Rs 48,300 (upto PY Rs 338,100)

Note No 4(c') Non provision of property tax of Rs 67,751 (upto PY Rs 427,165)

Note No. 6 (b) regarding disclosure of overdue debentures due to this, the secured loan is overstated by Rs 269.95 lacs.

Note no 6 (c) regarding non-provision of interest on debentures of UTI of Rs 18.75 lacs & non-provision of Penal interest on overdue amount. Amount being unascertained

Note no 6 (d) regarding non-provision of interest on premium payable of Rs 93,750

Note No. 7 regarding unconfirmed balance of debtors, creditors, loans, advances and secured loans from financial Institutions and Bankers;

Note No.8 regarding non-provision of loans and advances of Rs. 6,11,279;

Note No 9 regarding non-provision of interest of Rs 171.88 lacs; penal interest of Rs. 21.07 lacs and interest on interest accrued and due of Rs. 417.99 lacs approximately, (Accumulated non-provision of Interest Rs 4042.97 lacs);

Note No. 10 regarding non-provision of loss of Rs 400 lacs approximately on obsolete and slow moving stocks;

3. We further inform that without considering the items mentioned for Note 1A, 6(b) and 7 of notes to the accounts, effect of which cannot be determined, had the observations been made by us in Note No. 4(b), 4(c), 6(c), 6(d), 8, 9(a), 9(b), 9(c) and 10 of the note to the accounts been considered, the loss for the year would have been Rs. 10,40,44,831 as against the reported loss figure of Rs 13,88,751 and the accumulated loss would have been Rs 35,57,97,350 as against the reported figure of Rs.25,31,41,270 the information required by the Companies Act, 1956 in the manner so required, give a true and fair view: -

- (1) in the case of balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- (2) in the case of the profit and loss account, of the loss of the Company for the year ended on that date:
- (3) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For SHANKARLAL JAIN AND ASSOCIATES

Chartered Accountants

Firm Registration Number 109901W

Sd/-

S.L Agrawal

Partner

Membership No 72184

Place : Mumbai

Date: 16th August, 2011

BEE ELECTRONIC MACHINES LIMITED

The Annexure referred to in the Auditors' Report to the Members of Bee Electronic Machines Limited for the year ended 31 March 2011.

We report that:

- 1.1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1.2. According to the information and explanations furnished to us, the Company has not physically verified all the fixed assets during the year.
- 1.3. There were no fixed assets disposed off during the year and therefore do not affect the going concern status of the Company.
- 2.1. According to the information and explanations furnished to us, the Company has physically verified its inventories during the year. In our opinion, and the frequency of verification is reasonable.
- 2.2. In your opinion, the procedures of physically verification of inventories following by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- 2.3. According to information furnished to us, the company is maintaining proper records of inventory and the discrepancies; if any noticed on verification between the physical stock and book records were not material and have been properly dealt with in the books of account.
3. According to the information and explanations furnished to us, the Company has taken interest free loans from companies, parties and director listed in the register maintained under section 301 of the Companies Act, 1956. Other terms and conditions are not prima facie prejudicial to the interest of the company. The company has not given any loans to companies, parties and director listed in the register maintained under section 301 of the Companies Act, 1956 or to company under same management within the meaning of section 370 (1-B) of the Companies Act, 1956. Loan taken to the extent of Rs 38,21,277/- from 4 parties
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 purchases of inventory, fixed assets and with regard to the sale of goods and services. Further during the course of our audit, we have not come across any instances of major weaknesses in internal control that in our opinion, require correction but have so continued without correction.
- 5 a. Based on the information and explanations given to us, we are of the opinion that the transactions that are needed to be entered in the register in pursuance of section 301 of the Company Act, 1956 have been entered.
- 5b. In our opinion and according to the information and explanations given to us, there were no transactions which were made in pursuance of contracts entered in the register maintained under Section 301 of the Companies Act, 1956 in respect of any party during the year.
6. The Company has not accepted any deposits from public therefore, the provisions of sections 58 A and 58 AA of the Companies Act, and the rules framed thereunder are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. However, it needs to be strengthened.
8. We are informed that the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the products of the company.
- 9.1. According to information furnished to us, the Company is regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education Protection Fund, and Employees State Insurance, Income Tax, Sales Tax, Service tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it and there were no undisputed statutory dues in arrears, as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable except Sales tax of Rs 7,74,138/-, Service tax of Rs 24,663 Profession tax Rs 7,768/-, and Excise duty Rs 3,22,000/-
- 9.2. According to the information furnished to us, the following amounts of Excise Duty and Sales Tax, have been, disputed by the Company, and hence, were not deposited to the concerned authorities at date of the Balance Sheet under report.

Name of Statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty	4,34,16,614	1991 to 1994	Mumbai High Court
Central Excise Act, 1944	Excise duty	7,476,179	1983 to 1987	C.E. & S.T.A.T
Central Excise Act, 1944	Excise duty	1,400,146	1992 & 1994	Commissioner of Appeals
Central Excise Act, 1944	Excise duty	355,308	1991 & 1994	C.E. & S.T.A.T
Sales Tax Act	Sales tax	1,349,432	1997-98	Gujarat Sales Tax Tribunal Ahmedabad
Sales Tax Act	Sales tax	1,303,600	1998-99	Gujarat Sales Tax Tribunal Ahmedabad
Sales Tax Act	Sales tax	923,772	1999-00	Gujarat Sales Tax Tribunal Ahmedabad
Sales Tax Act	CST	31,115	1999-00	Asst Commissioner of sales Tax (Appeal 1), Ahmedabad
Sales Tax Act	Sales tax	43,688	1992-93	Dy Commissioner - Commercial taxes, Kolkata, (South) circle
Sales Tax Act	CST	58,547	1992-93	Dy Commissioner - Commercial taxes, Kolkata, (South) circle
Sales Tax Act	Sales tax	42,697	1999-2000	Dy Commissioner - Commercial taxes, Kolkata, (South) circle
Sales Tax Act	Sales tax	66,211	1999-2000	Dy Commissioner (CT)- Appeallate Secunderabad Div
Sales Tax Act	CST	104,942	1999-2000	Dy Commissioner (CT)- Appeallate Secunderabad Div
Sales Tax Act	CST	97,381	2001-2002	The Joint Commissioner (Appeal) - 6, Trade tax Lucknow

10. According to the information and explanations furnished to us
 - a) It has accumulated losses at the end of the financial year of Rs 25,31,41,270
 - b) During the year the company has not incurred any cash loss nor in the immediately preceding financial year.
11. In our opinion and according to the information and explanations furnished to us by the Company, there were defaults in repayment of its dues to financial institutions and banks at the date of the Balance Sheet and the Company has defaulted in repayment of dues of Rs 6542.43 lacs to the financial institutions and banks. (including Rs 4042.97 lacs unprovided interest, penal interest and interest on interest accrued & due)
12. According to the information and explanation given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not chit fund, nidhi, mutual benefit fund or a society. Accordingly, the provisions of clause 4 (xiii) of the Order, is not applicable to the Company.
14. According to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments, Accordingly, clause (xiv) of the Order, is not applicable to the company.
15. According to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company has not taken any term loan during the year.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised during the year on short – term basis have not been used for long – term investment.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (xviii) of the order are not applicable to the Company.
19. The Company has not issued any debentures during the year. However, the Company had issued debentures to UTI amounting to Rs 125 lacs in the year 1991 for which securities are yet to be created.
20. The Company has not raised any money the public issues during the year
21. During the course of our examination of the accounts of the Company in accordance with generally accepted auditing practices, we have not come across any instances of fraud on or by the Company, nor have we been informed by the management, of any such instance being noticed or reported during the year.

For SHANKARLAL JAIN AND ASSOCIATES
Chartered Accountants
Firm Registration Number 109901W
Sd/-
S.L Agrawal
Partner
Membership No 72184

Place : Mumbai
Date: 16th August, 2011

BEE ELECTRONIC MACHINES LIMITED

Balance Sheet as on 31st March, 2011

	Schedules	As on 31st March, 2011 Amount (Rs.)	As on 31st March, 2010 Amount (Rs.)
Sources of Funds			
Shareholders' fund			
A. Share capital	1	31,800,000	31,800,000
B. Reserves and surplus	2	13,175,000	13,175,000
		44,975,000	44,975,000
Loan funds			
A. Secured loans	3	249,946,182	249,946,182
B. Unsecured loans	4	4,453,183	4,583,183
		254,399,365	254,529,365
Total Rupees		299,374,365	299,504,365
Application of funds			
A. Fixed assets			
Gross block (at cost)	5	61,829,584	61,829,584
Less: depreciation		54,507,048	52,368,531
Net block		7,322,536	9,461,053
B. Investments			
	6	27,000	27,000
C. Net current assets			
a. Current Assets, Loans & Advances.	7	43,221,028	45,577,747
b. Less : Current Liabilities and Provisions.	8	4,337,469	7,322,466
		38,883,559	38,255,281
D. Profit and loss Account			
Total Rupees :		253,141,270	251,761,031
		299,374,365	299,504,365
Significant Accounting Policies & notes to accounts	14		

As per our Annexed Report

For and on behalf of the Board

For Shankarlal Jain & Associates
Chartered Accountants

Firm Registration no 109901W

Sd/-

S.L. Agrawal
Partner

Sd/-

Abhilasha Bhargava
Wholetime Director

Sd/-

K Sudeshkumar Acharya
Director

Place : Mumbai

Dated : 16th August, 2011

Profit and loss account for the year ended 31st March,2011

Particulars	Schedule	Year Ended 31st March, 2011 Amount (Rs)	Year Ended 31st March,2010 Amount (Rs)
Income			
Sales and services	9	2,176,947	2,005,714
Other income	10	3,762,303	1,985,932
		5,939,250	3,991,646
Expenditure			
Decrease in Stock	11	2,246,811	-
Cost of Material consumed	12	1,340,512	1,554,582
Operating, administrative & other exps	13	1,602,163	1,548,683
Loss on impairment of Fixed assets		1,303,243	1,857,877
Depreciation		835,272	1,161,480
		7,328,001	6,122,622
Net Profit / (loss) for the year		(1,388,751)	(2,130,976)
Add: Loss brought forward		(251,761,032)	(249,632,923)
Add / (less) Earlier years tax adjustments		8,513	2,868
Loss carried to balance sheet		(253,141,270)	(251,761,031)
Significant Accounting Policies & notes to accounts	14		

As per our Annexed Report

For and on behalf of the Board

For Shankarlal Jain & Associates
Chartered Accountants

Firm Registration no 109901W

Sd/-

S.L. Agrawal
Partner

Sd/-

Abhilasha Bhargava
Wholetime Director

Sd/-

K Sudeshkumar Acharya
Director

Place : Mumbai

Dated : 16th August, 2011

BEE ELECTRONIC MACHINES LIMITED

Cash Flow Statement for the year ended 31st March, 2011

	<u>2010-11</u>	<u>2009-10</u>
A. Cash Flow from Operating Activities		
Net profit / (loss) before Tax and extraordinary items	(1,388,751)	(2,130,977)
Adjustments		
Depreciation & Impairment Loss	2,138,515	3,019,357
Interest income	(56,039)	(36,370)
Operating profit before Working Capital changes	693,725	852,010
Adjustment for :		
Trade and other receivables	(106,896)	(107,855)
Inventories	2,413,159	544,914
Trade payables	(2,984,997)	(1,131,174)
Others	(9,588)	(94,129)
Extra ordinary items		
Earlier Years tax & Fringe benefit tax adjustments	8,513	2,868
Cash Generation from Operations	13,916	66,634
Direct taxes adjustments	127,212	(60,167)
Cash inflow / (used) in operating activities (a)	<u>141,128</u>	<u>6,467</u>
(B) Cash from Investing activities		
Interest income	56,039	36,370
Cash Surplus / (utilised) cash from investing activities (b)	<u>56,039</u>	<u>36,370</u>
(C) Cash Flow from Financing activities		
Unsecured Loans taken / (repaid)	(130,000)	(20,000)
Allotment money and Share Premium Arrears	0	13,710
Cash inflow / (used) in financial activities (c)	<u>(130,000)</u>	<u>(6,290)</u>
Net (Decrease) / Increase in cash and cash equivalent (a+b+c)	67,168	36,548
Cash and cash equivalent as at 1st April, 2010 (Opening Balance)	667,919	631,371
Cash and cash equivalent as at 31st March, 2011 (Closing Balance)	735,087	667,919

Note

The Cash Flow Statement has been prepared under the direct method as set out in Accounting Standard - 3 on the Cash Flow Statement issued by The Institute of Chartered Accountants of India.

As per our Annexed Report

For and on behalf of the Board

For Shankarlal Jain & Associates

Chartered Accountants

Firm Registration no 109901W

Sd/-

S.L. Agrawal
Partner

Sd/-

Abhilasha Bhargava
Wholetime Director

Sd/-

K Sudeshkumar Acharya
Director

Place : Mumbai

Dated : 16th August, 2011

Schedules annexed to the balance sheet as on 31st March, 2011

	Schedules	As on 31st March, 2011 Amount (Rs.)	As on 31st March, 2010 Amount (Rs.)
Schedule 1 :			
Authorised capital			
50,00,000 (PY 50,00,000) equity shares of Rs 10/- each		50,000,000	50,000,000
Issued and subscribed			
31,80,000 (PY 31,80,000) equity shares of Rs 10/- each		31,800,000	31,800,000
Total Rupees :		31,800,000	31,800,000
Schedule 2 :			
Reserves and surplus			
Share premium account		13,175,000	13,175,000
Total Rupees		13,175,000	13,175,000
Schedule 3 :			
Secured loans			
Debentures		12,500,000	12,500,000
125,000 14% privately placed non Convertible debentures of Rs 100/- each to Unit Trust of India (refer note 6)			
Premium on redemption of debentures		625,000	625,000
Interest accrued and due		13,869,692	13,869,692
		26,994,692	26,994,692
Working capital facilities (Secured by hypothecation of stock of raw Materials, finished goods, stores and Spares and collateral security of book Debts and personally guaranteed by the Whole time director of the company)		105,325,582	105,325,582
Interest accrued and due		117,625,908	117,625,908
		222,951,490	222,951,490
Total Rupees :		249,946,182	249,946,182
Schedule 4 :			
Unsecured loan (Overdue)			
Inter Corporate Loans		2,046,802	2,046,802
From Directors		1,505,417	1,635,417
Other loans		900,964	900,964
Total Rupees :		4,453,183	4,583,183

BEE ELECTRONIC MACHINES LIMITED

BEE ELECTRONIC MACHINES LIMITED

Schedule 5: Fixed Assets Annexed to and forming part of the Balance Sheet as on 31st March, 2011

Fixed Assets as on 31.03.2011 Particulars	Gross Block (AT COST)				Depreciation				Net Block		
	As on 01.04.2010 Rupees	Additions Rupees	Deletions Rupees	Total as on 31.03.2011 Rupees	Upto 01.04.2010 Rupees	For the Year Rupees	Deductions Rupees	Impairment Rupees	Upto 31.03.2011 Rupees	As on 31.03.2011 Rupees	As on 31.03.2010 Rupees
Freehold Land	845,704	-	-	845,704	-	-	-	-	-	845,704	845,704
Leasehold Land	224,100	-	-	224,100	58,708	2,359	-	-	61,067	163,033	165,392
Building	13,130,139	-	-	13,130,139	7,897,740	415,464	-	-	8,313,204	4,816,935	5,232,399
Plant and Machinery	24,666,763	-	-	24,666,763	23,901,616	124,500	-	-	24,026,116	640,647	765,147
Electrical Installation	855,400	-	-	855,400	789,075	9,654	-	24,820	823,549	31,851	66,325
Office Equipment	4,801,831	-	-	4,801,831	3,469,599	187,583	-	922,766	4,579,948	221,884	1,332,232
Computer	4,294,443	-	-	4,294,443	4,262,816	-	-	-	4,262,816	31,627	31,627
Furniture and Fixture	5,589,824	-	-	5,589,824	4,901,290	95,712	-	355,658	5,352,660	237,165	688,534
Vehicle	1,168,449	-	-	1,168,449	1,147,399	-	-	-	1,147,399	21,050	21,050
Machines on Rent	6,252,931	-	-	6,252,931	5,940,287	-	-	-	5,940,287	312,644	312,644
Total Rupees	61,829,584	0	0	61,829,584	52,368,530	835,272	-	1,303,243	54,507,045	7,322,539	9,461,054
Previous Year	61,829,584	0	0	61,829,584	49,349,174	1,161,480	-	1,857,877	52,368,531	9,461,053	12,480,410

Schedules annexed to the balance sheet as on 31st March, 2011

	Schedules	As on 31st March, 2011 Amount (Rs.)	As on 31st March, 2010 Amount (Rs.)
Schedule 6			
Investments (long term)			
Unquoted			
Six year NSC VIII issue (Pledged with government authorities) (Overdue Rs 27,000/- (P.Y. 27,000))			
Total Rupees :		27,000	27,000
Schedule 7 :			
(A) Current Assets :			
Inventories (As taken, valued and certified by the management)			
Raw materials			
		18,753,555	18,753,555
Spares			
		16,716,019	16,882,367
Finished goods			
		4,277,641	6,524,451
Work in progress			
		1,358,132	1,358,132
		41,105,346	43,518,504
Sundry debtors (Unsecured, considered good except Otherwise stated Separately)			
		95,632	4,223
Outstanding for more than six months			
		197,536	182,049
Others			
		293,168	186,272
Cash & bank balances			
Cash in hand			
		34,268	9,701
Balances with scheduled banks in current accounts			
		137,646	129,184
Fixed deposits (Pledged with banks & includes matured deposit of Rs 117,170)			
		310,968	310,968
Interest accrued on fixed deposits			
		252,204	218,067
		735,087	667,920
Total Rupees		42,133,601	44,372,696
(B) loans and advances :			
(Unsecured, considered good except otherwise stated Separately)			
Loans to employees			
		18,402	18,402
Advances recoverable in cash or in kind or For value to be received			
		94,708	85,120
Deposits			
		863,885	863,885
Advance tax & tax deducted at source			
		110,432	237,644
		1,087,428	1,205,051
Total Rupees :		43,221,028	45,577,747

BEE ELECTRONIC MACHINES LIMITED

Schedules annexed to the balance sheet as on 31st March, 2011

	Schedules	As on 31st March, 2011 Amount (Rs.)	As on 31st March,2010 Amount (Rs.)
Schedule 8			
(A) Current Liabilities :			
Sundry creditors (other than SSI) (Include payable to a director Rs 10,89,307 PY Rs 10,22,407)		3,120,445	6,109,139
Deposits received		654,042	654,042
Other liabilities		562,982	559,286
Total Rupees :		4,337,469	7,322,466

Schedules annexed to and forming part of Profit and loss account for the year ended 31st March,2011

Particulars	Schedule	Year Ended 31st March, 2011 Amount (Rs)	Year Ended 31st March,2010 Amount (Rs)
Schedule 9:			
Sales and services			
Sales		2,116,703	1,986,411
Service charges		60,244	19,303
Total Rupees :		2,176,947	2,005,714
Schedule 10 :			
Other income			
Compensation Received (TDS 40,338 PY Rs 62,278)		784,248	608,691
Interest from Bank (gross) (TDS Rs.3,287 Previous Year Rs. 3,764)		37,424	35,358
Interest from others		18,615	1,012
Service Tax credit		22,871	20,806
Miscellaneous income		2,899,145	1,320,065
Total Rupees :		3,762,303	1,985,932
Schedule 11 :			
Decrease in Stock			
Opening stock			
Raw materials		18,753,555	18,753,555
Finished goods		6,524,451	6,524,451
Work in progress		1,358,132	1,358,132
Total Rupees - (A):		26,636,138	26,636,138
Closing stock			
Raw materials		18,753,555	18,753,555
Finished goods		4,277,641	6,524,451
Work in progress		1,358,132	1,358,132
Total Rupees - (B):		24,389,327	26,636,138
Decrease in Stock (A-B)		2,246,811	0
Schedule 12 :			
Cost of material consumed			
a) Purchase for resale		670,149	86,000
b) Spares and consumable			
Opening stock		16,882,367	17,427,280
Add : purchases		504,015	923,669
Less : closing stock		16,716,019	16,882,367
		1,340,512	1,554,582

BEE ELECTRONIC MACHINES LIMITED

Schedules annexed to and forming part of Profit and loss account for the year ended 31st March,2011

Particulars	Schedule	Year Ended 31st March, 2011 Amount (Rs)	Year Ended 31st March,2010 Amount (Rs)
Schedule 13:			
Operating, administrative & other expenses			
Payment to and provisions for employees			
Salaries, wages and bonus etc		393,516	393,516
Contribution to provident fund and other funds		54,659	38,377
Staff welfare expenses		5,400	5,400
Rent		25,356	24,600
Rates and taxes		32,995	10,350
Travelling and conveyance		9,600	9,600
Postage, telephone and telex charges		39,989	35,351
Printing and Stationary		43,313	33,280
Repairs to others		11,643	21,056
Directors remuneration		266,520	266,520
Legal and professional charges		219,242	164,035
Electricity		5,885	5,693
Packing and forwarding		3,220	11,315
Sales tax		164,906	172,134
Service tax		78,866	58,648
Miscellaneous expenses		247,053	298,809
Total Rupees :		1,602,163	1,548,683

SCHEDULE – 14:

NOTES FORMING PARTS OF ACCOUNTS AS ON 31ST MARCH 2011

1) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of accounting

Mercantile system of accounting is followed except in case of gratuity, medical reimbursement, encashment of leave salary, leave travel allowances to employees, sales tax refund, and commission on sale of machines, which are treated on cash basis.

B) Fixed Assets

i) Fixed assets are stated at cost of acquisition or construction less depreciation. Cost Comprise the purchase price and other attributable costs including attributable to Construction. Also pre- operative expenditure incurred upto the date of commencement of production is capitalized.

ii) Depreciation on fixed assets is being provided in respect of all the assets on Straight Line Method at the rates prescribed in schedule XIV of the Companies Act, 1956. In respect of assets purchased prior to 01.04.1988 the SLM rate was fixed on the basis of Circular No. 01.01.1986/CLV dated 21.5.1986 and depreciation is being charged accordingly. Leasehold lands are amortized over the lease period. Assets below Rs. 5000/- are depreciated 100% irrespective of their period of use.

C) Investments

Investments are valued at cost of acquisition.

D) Inventories

Valuation of inventories are made as under:

- i) Raw materials, spares and consumable : at cost
- ii) Work-in progress : at estimated cost of production
- ii) Finished goods: at lower of cost or net realizable value.

E) Foreign exchange transactions

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.
- ii) Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the profit and loss account except on those relating to the acquisition of fixed assets which are adjusted to the carrying amount of such assets.

F) Revenue recognition

- i) Sale of goods is recognized on dispatch or bill to customers. Sales are net of sales return and includes amounts recovered / recoverable towards excise duty and sales tax.
- ii) Revenue from services rendered are recognized on completion of the Job / time proportion basis and includes service tax thereon.
- iii) Interest income is recognized on a time proportion basis.

G) Retirement benefits

Retirement benefits to employees are provided for by payment to provident and superannuation funds. The periodic contribution to funds is charged against revenue.

BEE ELECTRONIC MACHINES LIMITED

H) Research and Development expenses

Research and Development expenses are charged to revenue in the year in which they are incurred. Capital expenditure on research and development assets is included in fixed assets and depreciation is provided for at applicable rates.

I) Costs of purchases include direct expenses incurred there on like Freight, Custom Duty, Clearing and Forwarding charges etc.

J) Contingent liabilities are not provided for but are disclosed by way of notes to accounts.

2) CONTINGENT LIABILITIES

- a. Disputed excise demand raised by excise authorities, pending in appeal is Rs. 5,26,48,247/- (P.Y. Rs. 5,26,48,247)
 - b. Sales tax demand pending in appeals Rs 40,21,385/- (PY Rs. 40,21,385).
 - c. Claims against the company not acknowledge, as debt is Rs 2,50,56,230/- (PY Rs. 2,50,56,230)
- 3) Liability for gratuity and leave encashment on actuarial basis have not been provided for, amount is being unascertained and the same is treated on cash basis.
- 4) (a) The Excise duty payable on finished goods is accounted for on clearance of goods from the Factory. The amount of Excise duty payable on finished goods not cleared from factory as on the above date is estimated at Rs. 164,076 (Rs. 164,076).
- (b) Interest on Excise duty payable of Rs 386,400/- (Rs 338,100/-) has not been provided for.
- (c) Property tax has not been provided for Rs 494,916/- (PY Rs. 427,165/-)
- 5) In the opinion of the management, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business except otherwise stated. The provision for all known liabilities is adequate and not in excess of the amount deemed necessary. There are no contingent liabilities other than those stated above.
- 6) a) The Debentures issued to UTI are to be secured by equitable mortgage of the Company's immovable properties, and by way of hypothecation of plant and machinery and all movable properties, (first charge) both present and future (save and except book debts) subject to the prior charges created / to be created in favour of the company's banker's on its raw materials, finished goods and consumable stores for securing borrowings for working capital requirement, the said charge shall rank pari passu with the existing charge holders. Trust deed and the charge on the said assets are not created.
- b) The debentures shown under secured loans have become due for redemption on May 18, 1998, along with premium of 5% of face value. Management has approached UTI for a rollover. Therefore, the same has been shown as secured loan. However, due to this secured loan is overstated to that extent. Confirmation from UTI in respect of rollover of debentures, is still awaited.
- c) Provision of penal interest due to non-payment of interest as well as principal alongwith a premium of 5% has not been made as the Company has requested UTI for waiver of the same. Amount not being ascertained, the same will be accounted for as & when settled. Similarly, interest on accrued interest on maturity date has also not been provided for, amount not being ascertained. On account of this, the loss for the year is understated, amount not being ascertained.
- d) Provision for interest on premium of Rs 625,000/- payable to UTI has not been made as the company has requested UTI for waiver of the same. Due to this the loss for the year is understated by Rs 93,750/- and secured loans is also understated to that extent. Accumulated interest Rs 12,18,750/- has not been provided for.(PY Rs 11,25,000)

- 7) Sundry Debit, credit balances and secured loans from UTI and banks are subject to confirmation, reconciliations and adjustments, required, if any.
- 8) Loans and advances include doubtful advances of Rs 611,279 (Rs. 611,279). However, no provision has been made.
- 9) a) In view of the ongoing one time settlement talks with the bankers, the company has not provided interest on the working capital facilities amounting to Rs 1031.29 lacs (PY 859.41lacs), as the management is hopeful that the interest would be waived off. Due to this, the loss is understated to that extent.
- b) The Company has provided interest on Working Capital on the basis of Individual bank's PLR together with its spread. However provision for penal interest of Rs 21.07 Lacs (PY Rs 21.07 lacs) approximately on Working Capital Facilities have not been made as the Company is in the process of negotiating with the bankers to waive the same off.
- c) Provision for interest on Interest Accrued and due which are shown under secured loan has also not been provided for Rs 417.99 lacs (P.Y. Rs 385.58 lacs).
- d) Bankers of the Company have filed suit against the company for recovery of their dues with the Debt Recovery Tribunal. Adjustment, if any, will be accounted for as and when settled.
- e) Security against the working capital facility is Rs 414 lakhs as against the total working capital of Rs 2229 lakhs. Hence the secured loan is unsecured to that extent.
- f) Total Accumulated interest including penal interest is Rs 404,296,532 (PY Rs 343,202,952) not provided for.
- 10) Inventories of finished goods, Raw materials and Spares include value of old / slow moving stocks of Rs. 411.05 lacs, The realizable value of this stock is estimated at Rs. 11.05 lacs by the management. However, no provision for the loss of Rs. 400.00 Lacs is made during the year. Further valuation of these inventories are not in accordance with AS 2- Valuation of Inventories issued by ICAI.
- 11) **Auditors remuneration**
- | | Current Year | Pervious Year |
|------------------------|---------------------|----------------------|
| Audit fees | 27,575 | 27,575 |
| Out of pocket expenses | 3,927 | 4,560 |
| Total Rs. | <u>31,502</u> | <u>32,135</u> |
- 12) (a) Managerial remuneration includes
- | | | |
|---------------------|----------------|----------------|
| Salaries | 141,000 | 141,000 |
| Perquisites | 125,520 | 125,520 |
| Total remuneration | <u>266,520</u> | <u>266,520</u> |
| Number of directors | <u>2</u> | <u>2</u> |
- (b) The Company is of the opinion that computation of net profit u/s. 350 of The Companies Act, 1956 need not be made since no commission is payable to the Whole time Director for the year ended March 31st, 2011.
- 13) Deferred Tax: - In view of the applicability of Accounting Standard 22, Accounting for Taxes on Income for the year, the company does not have current tax as well as deferred tax liability due to carry forward losses. In the opinion of the Management, deferred tax asset is not recognized in view of the uncertainty of future taxable profit.

BEE ELECTRONIC MACHINES LIMITED

14) Segment Reporting: -

- a. Business Segment: - The Company is primarily engaged in the business of selling and servicing office automation products. As the sales and the after sales service forms the part and parcel of the same business activity, the management has considered both the sales and after sale service as one segment only.
- b. Geographical Segment: - The Company sells the office Automation products within India and also does the after sales service of the office Automation products in India only. The Condition prevailing in India being uniform, no separate geographical segment disclosure is considered necessary.

15) Related Party Disclosure: - Transactions made by the Company during the year with related parties is disclosed pursuant to Accounting Standard 18 on Related Party Disclosures issued by the ICAI is given here under. Related party relationship is as identified by the Company and relied upon by the Auditors.

a) Associate: -

Fuji Electronics Private Limited
Kaka Company Private Limited
Flexcord Cables Private Limited

b) Key Management Personnel (KMP): -

Ms. Abhilasha Bhargava, Whole time Director
Mr Umesh Phalorh – Chief Financial Officer
Mr. K Sudeshkumar - Director

c) Relative: -

Late Shri K K Bharava – Ex Managing Director

Transaction with related parties

Particulars	Associate	KMP	Relative
Remuneration	0	554,520	0
	(0)	(554,520)	(0)
Loans Taken	20,46,802	15,05,417	269,058
	(20,46,802)	(16,35,417)	(269,058)
Balance Payable	0	10,99,967	0
	(0)	(10,33,467)	(0)
Balance Receivable	52,633		
	(52,633)		

16) Pursuant to Accounting Standard 20 Earnings per share, is calculated as under

	2010-11	2009-10
Profit / (Loss) apportioned to Equity Shareholders	(-) 13,88,751	(-) 21,30,977
Weighted average no of shares	31,80,000	31,80,000
Nominal Value of Equity Shares	Rs 10	Rs 10
Basic and Diluted earning per share	(-) 0.44	(-) 0.67

- 17) The Management has carried out assessment of impairment test as per the Accounting Standard (AS) 28 and accordingly the loss on impairment of Rs. 13,03,243 is debited to Profit and loss account.
- 18) Quantitative and value-wise information in respect of each class of goods dealt with by the Company. (As certified by management).

A) Class of Goods	Unit of Measurement	Opening Stock		Purchase		Sales		Closing Stock	
		Quantity	Amount Rs	Quantity	Amount Rs.	Quantity	Amount Rs.	Quantity	Amount Rs.
Photocopiers	Nos.	45	54,28,084	7	670,149	7	789,180	45	31,81,274
		(45)	(54,28,084)	(1)	(86,000)	(1)	(104,000)	(45)	(54,28,084)
Others	Nos.	0	10,96,367	0			13,27,523		10,96,367
		(0)	(10,97,367)	(0)			(18,82,411)		(10,96,367)
Total Rs.			65,24,451		670,149		21,16,703*		42,77,641
			(64,92,449)		(86,000)		(19,86,411)*		(65,24,451)

* Sales other include sales tax

(B) Percentage of Consumption

	Stores & Spares	
	Amount (Rs)	Percentage of Consumption
Imported	0 (0)	0.00% (0.00%)
Indigenous	670,363 (14,68,582)	100.00% (100.00%)
Total Rs.	6,70,363 (14,68,582)	100% (100%)

c) Details regarding Non Resident Shareholders

- | | |
|---|------|
| i) Number of non-resident shareholders | 17 |
| ii) Number of Shares held | 6550 |
| iii) Amount of Dividend remitted in Indian Rupees | 0 |

BEE ELECTRONIC MACHINES LIMITED

19) Balance sheet Abstract and Company's general business profile as per part IV of schedule VI of The Companies Act, 1956.

I	Registration Details		
	Registration No.	25033	State Code: 11
	Balance Sheet date	31.03.2011	
II	Capital raised during the Year (in Rs.)		
	Public Issue	Right Issue	
	Nil	Nil	
	Bonus Issue	Private Placement	
	Nil	Nil	
III	Position of Mobilization and Deployment of Funds (in Rs 000's)		
	Total Liabilities	Total Assets	
	299374	299374	
	Sources of Funds		
	Paid-up Capital	Reserve & Surplus	
	31,800	13,175	
	Secured Loans	Unsecured Loans	
	249946	4453	
	Application of Funds		
	Net Fixed Assets	Investments	
	7323	27	
	Net Current Assets	38884	
	Profit and Loss Accounts	253141	
IV	Performance of Company (in Rs 000's)		
	Turnover	Total Expenditure	
	5939	7328	
	Loss before Tax	Loss after Tax	
	1389	1389	
	Earning per Share in Rs. (-) 0.44	Dividend rate % NIL	
	Basic and Diluted		
V.	Generic Names of Three Products/ Services of Company (as per monetary terms)		
	Items Code No. (ITC Code)	Product Description	
	90091200-10	PHOTOCOPIER	
	Item Code No. (ITC Code)	Product Description	
	90099000	PARTS & ACCESSORIES	
	Item Code No. (ITC Code)	Product Description	
	85172100	FASCIMILE MACHINES	

20) Previous Year figures have been regrouped, rearranged, recasted wherever necessary

21) Figures within the brackets for previous year.

As per our Annexed Report

For Shankarlal Jain & Associates
Chartered Accountants
Firm Registration Number 109901W
Sd/-
S.L. Agrawal
Partner

For and on behalf of the Board
Bee Electronics Machines Ltd.

Sd/-
Abhilasha Bhargava
Wholetime Director

Sd/-
K Sudeshkumar Acharya
Director

Place : Mumbai
Date : 16th August, 2011

BEE ELECTRONIC MACHINES LIMITED

Reg. Office: 266, Dr. Annie Besant Road, Worli, Mumbai - 400 030.

ATTENDANCE SLIP

Shareholders attending the Meeting in person or by proxy to complete this attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the TWENTY NINTH ANNUAL GENERAL MEETING of the company at 266 Dr. Annie Besant Road, Worli, Mumbai 400030 on 30.09.2011 at 9.30 a.m.

.....
Signature

Full Name of the Shareholder.....
(in block capital)

Folio No.

.....
Signature

Full Name of the Proxy
(in block capital)

BEE ELECTRONIC MACHINES LIMITED

Reg. Office: 266, Dr. Annie Besant Road, Worli, Mumbai - 400 030.

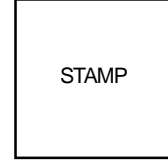
I/Weofbeing a member/members of the above named Company, hereby appoint on my / our behalf at the TWENTY NINTH Annual General Meeting of the Company to be held on 30.09.2011 at 9.30 am and at any adjournment thereof.

Signature

Revenue
Signature
Stamp
Re.1/-

- Note:
1. The Proxy form must be deposited at the Company's Registered Office not less than 48 hours before the meeting. The proxy need not be a member.
 2. Signature should be affixed across the Revenue Stamp as per Specimen signature registered with the Company.

BOOK-POST



To,

If undelivered, please return to :
BEE ELECTRONIC MACHINES LTD.
266, Dr. Annie Besant Road, Worli,
Mumbai - 400 030.

DAS PRINTING : 40026615/16

29th
Annual Report
2010-2011

**BEE ELECTRONIC
MACHINES LIMITED**

Addendum forming part of the Annual Report 2010-11 of Bee Electronic Machines limited

CEO AND CFO CERTIFICATION

We, Abhilasha K Bhargava, Whole time Director and Umesh R Phalorh, Chief Financial Officer responsible for the finance function certify that:

a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2011 and to the best of our knowledge and belief:

i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2011 are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

d) i) there has not been any significant change in internal control over financial reporting during the year under reference;

ii) There has not been any significant change in accounting policies during the year; and

iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Mumbai
August 16, 2011

sd/-
Abhilasha K Bhargava
Whole time Director

sd/-
Umesh R Phalorh
Chief Financial Officer

Addendum forming part of the Annual Report 2010-11 of Bee Electronic Machines Limited

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENT

The Company is presently engaged in Sales & Marketing of Office Automation Products. The Company also provides after Sales Service support. It operates in two Principal Product segments viz. photocopier machines and their after sales service. The range of products, under each of these product groups are constantly reviewed and undergo change depending on market needs. However, though there is restructuring of products within the Company to target market needs, it is observed that the Industry growth in the recent past has been around 15 – 20% per annum due to impact of global recession and other conditions. However, due to various initiatives taken by the Government, as also the rapid technological strides made in the area of IT & Communications, there is sufficient potential for growth for the Company's products.

FUTURE OUTLOOK

The major advantage of the Company is its tie – ups in both the product segments. Its suppliers are specialized global leaders with niche product range. Even though, these global leaders have an Indian presence by way of a direct presence in India, they and their distributors work in close conjunction with the Company. This helps to identify market opportunities faster and target such markets aggressively in close time frames. The Company has plans to restart its erstwhile manufacturing activity.

THREATS

The major challenge the Company faces in its operations is product obsolescence and falling operating margins due to intense competition. Further, in recent past because of inflationary pressures, the operating costs are consistently on the increase. The Company hedges against technological and product obsolescence by offering reliable quality Products and ensuring that most of its supplier's products are registered and available are on DGS&D Rate Contract. The Company also faces the threat of cheap imports from China.

RISK MANAGEMENT

The Company is exposed to risks arising out of exchange parity and changes in import tariff as the supplier's increase prices with each fluctuation. To hedge against such operational risks, the Company's suppliers have covered most of their products in DGS&D Rate Contracts which are generally valid for six month tenures. Moreover, as the Company opts to buy the products locally from the suppliers, the risk faced from this front is minimized.

INTERNAL CONTROL SYSTEM

The Management Information & Review System is an important tool of Company's Control Mechanism. Clearly defined rules, responsibilities and objectives are set out at the beginning of the year for its employees. All operating parameters are monitored monthly and quarterly in depth and efforts are made to cover all the key areas of operation. The Company already has an MIS in place.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company has recognized that good human resource development is essential for the success, growth and improvement of the Company. The employees are provided need-based training both in-house and outside for this purpose. The Company's constant endeavor has been to attract, retain and nurture human potential by developing a culture of values. Your Company would like to record the whole-hearted support and dedication received from employees at all levels.

CAUTIONARY STATEMENT

Statements in the Management discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward looking statement' within the meaning of applicable securities, laws and regulation. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions, change in the Government regulations, tax laws and other statutes and other incidental factors. Other matters such as operational and financial performance etc., have been discussed under the respect heads in the Directors' Report.