



**Late Shri Krishna Kumar Bhargava**

Founder Chairman & Managing Director

(1924 – 1994)

***I'll not look back ...***

*I'll not look back for that is useless effort,  
I cannot live one moment of yesterday again,  
If I have wasted time and talents given  
If I have caused someone I love deep pain  
I cannot change the words or acts by grieving  
But I can make today a shining light,  
Yesterday's page with all mistakes*

*I'll turn away from  
And find before me a clean one  
on which to write.  
I'll pray for strength to make today's page spotless  
that tomorrow I'll have no regret,  
and may God grant that all tomorrows  
my talents will be used for good not one misspent.*

**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, 1<sup>st</sup> Floor,  
Makwana Road, Marol Naka, Mumbai 400 059  
Tel: 2859 0942/ 2850 3748; Fax: 2859 0942  
Email: [adroits@vsnl.net](mailto: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**

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## **NOTICE**

Notice is hereby given that the Twenty Eighth 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 Thursday, September 30, 2010 at 11.30AM to transact the following business:

- 1) To receive, consider and adopt the Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Ms. Abhilasha Bhargava, who retires by rotation and being eligible offers himself for re-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, the 25th September 2010 to Thursday, the 30th September 2010 (both days inclusive).

**By order of the Board**

**K Sudeshkumar Acharya  
Director**

**Registered Office:  
266 Dr. Annie Besant Road,  
Worli, Mumbai 400 030.  
Date: August 26, 2010**

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**REPORT OF THE DIRECTORS**

Dear Members,

The Directors present their 28<sup>th</sup> Annual Report on the business and operations of your Company and the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2010

**1. FINANCIAL RESULTS:**

	(Rs. in Lakhs)	
	2009-10	2008-09
Sales & Other Income	39.92	39.83
Gross Profit / (Loss)	8.88	13.38
Depreciation	30.19	13.21
Profit / (Loss) before tax	(21.31)	0.17
Less: Tax	Nil	(0.10)
Profit / (loss) after tax	(21.31)	0.07

**2. OPERATIONS:**

The Company has achieved the sales and other income of Rs. 39.92 Lacs against Rs. 39.83 lacs reported last year. There was a Net loss after tax of Rs.21.31 lacs during the year under review as compared to a profit Rs.0.07 Lacs reported during the previous year.

**3. SICK INDUSTRIAL COMPANY:**

The Company has been declared as a Sick Industrial Undertaking by the Hon'ble BIFR.

**4. LISTING:**

The Company's Equity Shares is listed on Mumbai Stock Exchange. The Company has paid the annual listing fees upto the year 2004-05.

**5. DIRECTORS:**

Ms. Abhilasha Bhargava, Wholetime Director retires by rotation at the ensuing Annual General meeting and being eligible offers herself for re-appointment.

**6. PARTICULARS OF EMPLOYEE:**

The Company does not have any employee 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.

**7. AUDIT OBSERVATION:**

The observations in the Auditor's Reports are dealt with in the Notes to Accounts at appropriate places and are self explanatory. The Management has made and continues to make efforts to recover the doubtful loans and advances hence no provisions have been made.

**8. AUDITORS:**

M/s. Shankarlal Jain & Associates, Chartered Accountants, present auditors of the Company retire at the forthcoming Annual General meeting and being eligible, offer themselves for re-appointment. Members are requested to appoint them as Auditors and fix their remuneration.

# BEE ELECTRONIC MACHINES LIMITED

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## 9. DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of provision of Section 217 (2AA) of The Companies Act, 1956, your Directors state as under:-

- a) In preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) The Directors have 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 fiscal year and of the profit and loss of the company for that year.
- c) The Directors have 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 have prepared the annual accounts on a going concern basis.

## 10. PARTICULARS OF ENERGY CONSUMPTION, FOREIGN EXCHANGE AND OUTGOINGS:

As required under 217 (1)(e) of The Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, the relevant information is as stated below:-

### CONSERVATION OF ENERGY –

The Company's operations involve low energy consumption. Wherever possible, energy conservation measures are being implemented.

### RESEARCH AND DEVELOPMENT –

The Company has no specific Research and Development programme.

### FOREIGN EXCHANGE EARNINGS/ OUTGOING –

The foreign exchange earning during the year was nil and foreign exchange outgo was also nil.

## 11. 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 as the Company has been un-successful in identifying additional non-executive & independent directors to join the Board of Directors of the Company, the Committees so formed consist of the Board of Directors on the present strength of the Board

## 12. ACKNOWLEDGEMENT:

Your Directors would like to place on record their gratitude for the co-operation and support received from various agencies of the Government, as well as the Company's Bankers, shareholders and other business associates. Our thanks are also due to the customers and team members of the Company for their continued co-operation.

For and on behalf of the Board

**Abhilasha Bhargava**  
Whole time Director

**K Sudeshkumar Acharya**  
Director

Place: Mumbai

Date: August 26, 2010

## 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 the efficient conduct of its business and in meeting its obligations to shareholders.

#### 2. Board of Directors

The Company's Board comprises of three Directors of whom 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, 2010)

Name of the Director	Status
Ms. Karuna Kotian Shaikh	Non executive Director - Independent
Mr. K. Sudeshkumar Acharya	Non executive Director - Independent
Ms. Abhilasha Bhargava	Wholetime Director

##### b) Board Meetings :

The Board Meetings of the company are usually held at the Registered office of the Company in Mumbai. The Notice confirming the meetings and the agenda for the meetings are sent atleast 7 days in advance to the Directors of the Company. The Senior Management team is invited to make presentations and submit reports on operations in the Board meetings, as required. The Board meets atleast once at the close of the quarter to review the quarterly performance and financial results of the company.

##### c) Number of Board Meetings held during the year:

In the period from April 2009 – March 2010, the Board of Directors met 5 (five) times on the following dates:

Sr. no	Date of the meeting	Board Strength	Directors present
1	30th April, 2009	3	3
2	31 <sup>st</sup> July, 2009	3	3
3	27 <sup>th</sup> August, 2009	3	3
4	31st October, 2009	3	3
5	31st January, 2010	3	3

##### 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 Kotian Shaikh	5	5	Present	0	0
Mr K. Sudeshkumar Acharya	5	5	Present	0	0
Ms Abhilasha Bhargava	5	5	Present	5	0

# BEE ELECTRONIC MACHINES LIMITED

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

Name	:	Ms Abhilasha Bhargava
Qualification	:	B.Com, FMBA
Expertise	:	Legal and Administration
Other Directorship	:	5
Other memberships of committee	:	Nil

### 3) Committees of Directors:

Non executive / Independent Directors provide guidance to operating management on policy matters as well as in the monitoring of actions of operating management. The involvement is formalized through constitution of designated committees of the Board. The committees are intended to provide regular exchange of information and ideas between the Non-Executive Directors and the operating management. The Board has accordingly constituted 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:

##### Composition of the audit committee

The Audit committee comprises of the following members of the Board (As on July 31, 2010):

- Ms. Karuna Kotian Shaikh, Non Executive Independent Director
- Mr. K Sudeshkumar Acharya, Non Executive Independent Director
- Ms Abhilasha Bhargava, Wholetime Director

The Chair person of the Audit committee is Ms. Karuna Kotian Shaikh

##### Number of Committee meetings held during the year -

During the year April 2009 to March 2010, the audit committee met 5 (five) times as follows

Sr. no	Date of the meeting	Board Strength	Directors present
1	30 <sup>th</sup> April, 2009	3	3
2	31 <sup>st</sup> July, 2009	3	3
3	27 <sup>th</sup> August, 2009	3	3
4	31 <sup>st</sup> October, 2009	3	3
5	31 <sup>st</sup> January, 2010	3	3

Attendance of the members at the Audit Committee Meeting -

Name of the Member	No. of Committee meetings held	No. of Committee meetings attended
Ms. Karuna Kotian Shaikh	5	5
Mr. K Sudeshkumar Acharya	5	5
Ms. Abhilasha Bhargava	5	5

##### Terms of reference:

The terms of the 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

**b) REMUNERATION COMMITTEE**

Composition of the Remuneration Committee

- The Remuneration committee comprises of all 3 (three) members of the Board.

Number of committee meetings held in the year -

During the year April 2009 to March 2010, the remuneration committee met on one occasion i.e on 31<sup>st</sup> January, 2010.

**Attendance of members at the remuneration committee meeting**

Name of the Member	No. of Committee meetings held	No. of Committee meetings attended
Ms. Karuna Kotian Shaikh	1	1
Mr. K Sudeshkumar Acharya	1	1
Ms. Abhilasha Bhargava	1	1

**Terms of Reference**

To fix the remuneration payable to managerial personnel and such other matters as may be entrusted to them from time to time

The details of remuneration paid / payable to the Directors during the financial year 2009-10 are as under

Sr. No	Name of the Director	Salary	EPF	Sitting fees
1	Ms. Abhilasha Bhargava Wholetime Director	84,000	7,200	Nil
2	Mr. K Sudeshkumar Acharya	165,600	9,720	Nil

**Remuneration Policy**

The remuneration policy is directed towards rewarding performance. It takes into account company's results, the grade and the position held by the incumbent concerned and his/her overall performance. The company does not have a scheme for grant of stock options

**c) Shareholders information and Investors Grievance Committee**

**Composition**

The Shareholders Committee consisting of three members has been formed to specifically look into the redressal of Shareholders and investor complaints like transfer of shares, change of address, etc; under the Chairmanship of Non Executive Independent Director, Shri K.Sudeshkumar Acharya.

The Board has appointed Mr. Umesh R Phalorh, Chief Financial Officer as the Compliance Officer.

**Number of complaints received / solved / pending :**

During the year ended March 31<sup>st</sup>, 2010, no complaints were received for non-receipt of Annual report, delay in transfer of shares etc;.

# BEE ELECTRONIC MACHINES LIMITED

## 4) General Body Meetings:

Location and time of last three Annual General Meeting and Extraordinary General Meetings of the Company:

FY	Date	Location of the meeting	Time
2006-07	29-Sep-07	266, Dr. Annie Besant Road, Worli, Mumbai 400 030	11.30 am
2007-08	30-Sep-08	266, Dr. Annie Besant Road, Worli, Mumbai 400 030	11.30 am
2008-09	30-Sep-09	266, Dr. Annie Besant Road, Worli, Mumbai 400 030	11.30 am

## 5) Disclosures:

Disclosure on materially significant related party transactions i.e transactions of the company of material with its promoters, the directors the management, their subsidiaries or relatives, etc. that may have material conflict with the interest of the company at large.

Details are provided in Note No.14 under Section 15 to the Notes forming part of nature, the accounts in accordance with provisions of Accounting Standard 18.

Details of non-compliance by the company, penalties strictures imposed on the company by Stock Exchange or SEBI or any Statutory Authorities on any matter related to capital markets during the last 3 years.

None in the last three years.

## 6) Means of communications:

Half-yearly report sent to each household of share

No. The results of the Company are holders. Displayed on the website of BSEINDIA.Com

Quarterly Results

As above

Any website where displayed

WWW.BSEINDIA.COM

Whether it also displays official news release. The presentation made to institutional investors or analysis.

No official news releases or presentations to institutional investors or analysis were made during the year.

Newspapers in which results are usually published

Asian Age and Mahanayak

Whether MD & A is a part of the Annual Report

No. The Management Discussion and Analysis does not form part of this Annual Report.

## 7) General Shareholder information AGM, Date, Time and Venue

30<sup>th</sup> September, 2010 at 11.30 am at 266, Dr. Annie Besant Road, Worli, Mumbai 30

Financial Results Calendar

April 2010 to March 2011  
1<sup>st</sup> Quarter result - 31st July 2010  
2<sup>nd</sup> Quarter result - last week of October 2010  
3<sup>rd</sup> Quarter result - last week of January 2011  
4<sup>th</sup> Quarter result - last week of April 2011.

Date of Book closure

25<sup>th</sup> September 2010 to 30<sup>th</sup> September 2010 (both days inclusive)



Dividend payment date	NA
Listing on Stock Exchange	The Mumbai Stock Exchange.
Script Code Physical	517203
Script Code Demat	INE038E01014
Registrar and Share transfer Agents	Adroit Corporate Services Pvt Ltd 19, Jaferbhoy Industrial Estate, 1 <sup>st</sup> Floor, Makwana Road, Marol Naka, Mumbai 59
Share Transfer System	Transfer of shares held in physical mode is Processed by Adroit Corporate Services Pvt Ltd and approved by Wholetime Director Pursuant to the powers granted by the Board Of Directors of the Company  The total number of share transfers during The year were 600 with an avg interval Of 15 days between approvals

Distribution of Shareholding as on 31<sup>st</sup> March, 2010

Share holding of nominal value of	Shareholders		Share Amount		
	Rs.	No. of shareholders	% of shareholders to total	Number of Shares	Nominal value of shares Rs.
Upto Rs 5000	6,524	93.71%	894,282	8,942,820	28.12%
5001 – 10000	258	3.70%	219,064	2,190,640	6.89%
10001 – 20000	117	1.68%	181,970	1,819,700	5.72%
20001 – 30000	23	0.33%	58,470	584,700	1.84%
30001 – 40000	14	0.20%	49,825	498,250	1.57%
40001 – 50000	9	0.13%	43,214	432,140	1.36%
50001 – 100000	6	0.09%	53,750	537,500	1.69%
100000 and above	11	0.16%	1,679,425	16,794,250	52.81%
<b>Total</b>	<b>6962</b>	<b>100.00%</b>	<b>3,180,000</b>	<b>31,800,000</b>	<b>100.00%</b>

Shareholding pattern as on 31.03.2010

Category	No of shares held	% of shareholding
1. Promoters holding	1,548,501	48.70%
2. Institutional Investors/Mutual funds/Banks/FII	8,450	0.27%
3. Others		
Indian Public	15,36,038	48.30%
Private Corporate Bodies	80,461	2.53%
NRI / OCB's	6,550	0.20%
In Transit	0	0%
<b>GRAND TOTAL</b>	<b>3,180,000</b>	<b>100.00%</b>

## **BEE ELECTRONIC MACHINES LIMITED**

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Dematerialisation of Shares and liquidity	71.69 % of the paid up share Capital Comprising of 22,79,600 shares has been dematerialized as on 31.03.2010.
Outstanding GDRs / ADRs/ warrants / Any Convertible instruments, conversion Date and likely impact on liquidity	Nil
Plant Location	Tarapur Dist Thane in the state of Maharashtra
Address for correspondence	Bee Electronic Machines Limited 266, Dr. Annie Besant Road, Worli, Mumbai 400030 Tel: 91 22 24307709 / 4665 Fax : 91 22 2430 3716

## AUDITORS REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Bee Electronic Machines Limited as at 31<sup>st</sup> March, 2010 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 31.03.2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31.03.2010 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;*

## **BEE ELECTRONIC MACHINES LIMITED**

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*Note No 4(b) Non provision of interest on Excise duty payable of Rs 48,300 (upto PY Rs 289,800)*

*Note No 4(c') Non provision of property tax of Rs 67,751 (upto PY Rs 359,414)*

*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. 406.65 lacs approximately, Accumulated non-provision of Interest Rs 3432.03 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. 10,47,87,057 as against the reported loss figure of Rs 21,30,977 and the accumulated loss would have been Rs 35,44,17,112 as against the reported figure of Rs.25,17,61,032 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 31<sup>st</sup> March, 2010;
- (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

S.L Agrawal  
Partner  
Membership No 72184

Place : Mumbai  
Date: 26<sup>th</sup> August, 2010

**The Annexure referred to in the Auditors' Report to the Members of Bee Electronic Machines Limited for the year ended 31 March 2010.**

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 39,51,277 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.
- 05 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.
- 05 b. 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.
06. 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.
07. 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.
08. 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.

# BEE ELECTRONIC MACHINES LIMITED

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 25,17,61,032
  - 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 5931.49 lacs to the financial institutions and banks. (including Rs 3432.03 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

S.L Agrawal  
Partner  
Membership No 72184

Place : Mumbai  
Date: 26<sup>th</sup> August, 2010

## Balance Sheet as on 31st March, 2010

Particulars	Schedules	Amount (Rs.)	As on 31st March, 2010 Amount (Rs.)	Amount (Rs.)	As on 31st March, 2009 Amount (Rs.)
<b>Sources of Funds</b>					
<b>Shareholders' fund</b>					
A. Share capital	1	31,800,000		31,793,145	
B. Reserves and surplus	2	13,175,000	44,975,000	13,168,145	44,961,290
<b>Loan funds</b>					
A. Secured loans	3	249,946,182		249,946,182	
B. Unsecured loans	4	4,583,183	254,529,365	4,603,183	254,549,365
Total Rupees			299,504,365		299,510,655
<b>Application of funds</b>					
<b>A. Fixed assets</b>					
Gross block (at cost)	5	61,829,584		61,829,584	
Less: depreciation		52,368,531		49,349,174	
Net block			9,461,053		12,480,410
<b>B. Investments</b>					
	6		27,000		27,000
<b>C. Net current assets</b>					
Current Assets, Loans & Advances.	7	45,577,747		45,823,961	
Less : Current Liabilities	8	7,322,466		8,453,640	
			38,255,281		37,370,322
D. Profit and loss Account			251,761,032		249,632,923
Total Rupees :			299,504,365		299,510,655
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

**S.L. Agrawal**  
Partner

**Abhilasha Bhargava**  
Wholetime Director

**K Sudeshkumar Acharya**  
Director

Place : Mumbai  
Dated : 26th August, 2010

# BEE ELECTRONIC MACHINES LIMITED

## Profit and Loss account for the year ended 31st March, 2010

Particulars	Schedules	Amount (Rs.)	As on 31st March, 2010 Amount (Rs.)	Amount (Rs.)	As on 31st March, 2009 Amount (Rs.)
<b>Income</b>					
Sales and services	9	2,005,714		1,950,087	
Other income	10	1,985,932	3,991,646	2,032,578	3,982,665
<b>Expenditure</b>					
Decrease in Stock	11	0		(32,002)	
Cost of stores, spares and consumable	12	1,554,582		1,011,827	
Operating, administrative & other exps	13	1,548,683		1,666,138	
Loss on Impairment of Fixed Assets		1,857,877		22,599	
Depreciation		1,161,480		1,297,072	
			6,122,623		3,965,634
Net Profit / (loss) before tax			(2,130,977)		17,031
Less: Provision for Fringe Benefit Tax			0		(10,000)
Net (Profit) / loss for the year			(2,130,977)		7,031
Add: Loss brought forward			(249,632,923)		(249,640,730)
Add /(less) Earlier Year tax adjustments			2,868		776
Loss carried to balance sheet			(251,761,032)		(249,632,923)
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

**S.L. Agrawal**  
Partner

**Abhilasha Bhargava**  
Wholetime Director

**K Sudeshkumar Acharya**  
Director

Place : Mumbai  
Dated : 26th August, 2010



**Cash Flow Statement for the year ended 31st March, 2010**

	2009-10	2008-09
<b>A. Cash Flow from Operating Activities</b>		
Net profit / (loss) before Tax and extraordinary items	(2,130,977)	17,031
Adjustments		
Depreciation & Impairment Loss	3,019,357	1,319,670
Interest income	(36,370)	(40,733)
Operating profit before Working Capital changes	852,010	1,295,968
Adjustment for :		
Trade and other receivables	(107,855)	136,471
Inventories	544,914	135,330
Trade payables	(1,131,174)	(1,766,023)
Others	(94,129)	0
Extra ordinary items		
Earlier Years tax & Fringe benefit tax adjustments	2,868	(9,224)
Cash Generation from Operations	66,634	(207,478)
Direct taxes adjustments	(60,167)	(58,115)
Cash inflow / ( used) in operating activities (a)	6,467	(265,593)
<b>(B) Cash from Investing activities</b>		
Interest income	36,370	40,733
Cash Surplus / (utilised) cash from investing activities (b)	36,370	40,733
<b>(C) Cash Flow from Financing activities</b>		
Unsecured Loans taken / (repaid)	(20,000)	220,000
Allotment money and Share Premium Arrears	13,710	0
Cash inflow / (used) in financial activities (c)	(6,290)	220,000
Net (Decrease) / Increase in cash and cash equivalent (a+b+c)	36,548	(4,860)
Cash and cash equivalent as at 1st April, 2009 (Opening Balance)	631,371	636,231
Cash and cash equivalent as at 31st March, 2010 (Closing Balance)	667,919	631,371

**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

**S.L. Agrawal**  
Partner

**Abhilasha Bhargava**  
Wholetime Director

**K Sudeshkumar Acharya**  
Director

Place : Mumbai  
Dated : 26th August, 2010

# BEE ELECTRONIC MACHINES LIMITED

## Schedules annexed to the balance sheet as on 31st March, 2010

	Amount Rs.	As on 31st March, 2010	Amount Rs.	As on 31st March, 2009
<b>Schedule 1 :</b>				
<b>Authorised capital</b>				
50,00,000 (PY 50,00,000) equity shares of Rs 10/- each		50,000,000		50,000,000
<b>Issued and subscribed</b>				
31,80,000 (PY 31,80,000) equity shares of Rs 10/- each	31,800,000		31,800,000	
Less: allotment money in arrears	(6,855)		(6,855)	
Add: allotment money received during the year	6,855		0	
		31,800,000		31,793,145
Total Rupees :		31,800,000		31,793,145
<b>Schedule 2 :</b>				
<b>Reserves and surplus</b>				
<b>Share premium account</b>				
As per last balance sheet	13,175,000		13,175,000	
Less: premium money in arrears	(6,855)		(6,855)	
Add: Received during the year	6,855	13,175,000	0	13,168,145
Total Rupees		13,175,000		13,168,145
<b>Schedule 3 :</b>				
<b>Secured loans</b>				
<b>Debentures</b>				
125,000 14% privately placed non Convertible debentures of Rs 100/- each to Unit Trust of India (refer note 7 )	12,500,000		12,500,000	
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
<b>Working capital facilities</b>				
(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
<b>Schedule 4 :</b>				
<b>Unsecured loan (Overdue)</b>				
Inter Corporate Loans		2,046,802		2,046,802
From Directors		1,635,417		1,655,417
Other loans		900,964		900,964
Total Rupees :		4,583,183		4,603,183

## BEE ELECTRONIC MACHINES LIMITED

Schedule 5: Fixed Assets Annexed to and forming part of the Balance Sheet as on 31st March, 2010

Fixed Assets as on 31.03.2010 Particulars	Gross Block (AT COST)				Depreciation				Net Block		
	As on 01.04.2009 Rupees	Additions Rupees	Deletions Rupees	Total as on 31.03.2010 Rupees	Upto 01.04.2009 Rupees	For the Year Rupees	Deductions Rupees	Impairment Rupees	Upto 31.03.2010 Rupees	As on 31.03.2010 Rupees	As on 31.03.2009 Rupees
Freehold Land	845,704	0	0	845,704	0	-	0	0	0	845,704	845,704
Leasehold Land	224,100	0	0	224,100	56,349	2,359	0	0	58,708	165,392	167,751
Building	13,130,139	0	0	13,130,139	7,476,871	420,869	0	0	7,897,740	5,232,399	5,653,268
Plant and Machinery	24,666,763	0	0	24,666,763	23,772,661	128,955	0	0	23,901,616	765,147	894,102
Electrical Installation	855,400	0	0	855,400	779,421	9,654	0	0	789,075	66,325	75,979
Office Equipment	4,801,831	0	0	4,801,831	3,277,666	191,933	0	0	3,469,599	1,332,232	1,524,165
Computer	4,294,443	0	0	4,294,443	4,262,816	-	0	0	4,262,816	31,627	31,627
Furniture and Fixture	5,589,824	0	0	5,589,824	4,790,594	110,696	0	0	4,901,290	688,534	799,230
Vehicle	1,168,449	0	0	1,168,449	1,147,399	-	0	0	1,147,399	21,050	21,050
Machines on Rent	6,252,931	0	0	6,252,931	3,785,396	297,014	0	1,857,877	5,940,287	312,644	2,467,535
Total Rupees	61,829,584	0	0	61,829,584	49,349,174	1,161,480	0	1,857,877	52,368,531	9,461,053	12,480,410
Previous Year	61,829,584	0	0	61,829,584	48,029,504	1,297,072	0	22,599	49,349,174	12,480,410	13,800,080

# BEE ELECTRONIC MACHINES LIMITED

## Schedules annexed to the balance sheet as on 31st March, 2010

	Amount Rs.	As on 31st March, 2010	Amount Rs.	As on 31st March, 2009
<b>Schedule 6 :</b>				
<b>Investments (long term)</b>				
Unquoted				
Six year NSC VIII issue (Pledged with government authorities) (Overdue Rs 27,000/- (P.Y. 25,000))		27,000		27,000
Total Rupees :		27,000		27,000
<b>Schedule 7 :</b>				
<b>(A) Current Assets :</b>				
<u>Inventories</u>				
(As taken, valued and certified by the Management)				
Raw materials	18,753,555		18,753,555	
Spares	16,882,367		17,427,280	
Finished goods	6,524,451		6,524,451	
Work in progress	1,358,132		1,358,132	
		43,518,505		44,063,418
<u>Sundry debtors</u>				
(Unsecured, considered good except Otherwise stated Separately)				
Outstanding for more than six months	4,223		0	
Others	182,049		78,417	
		186,272		78,417
<u>Cash &amp; bank balances</u>				
Cash in hand	9,701		8,134	
Balances with scheduled banks				
Current accounts	129,184		125,796	
Fixed deposits (Pledged with banks)	310,968		306,426	
Interest accrued on fixed deposits	218,067		191,015	
		667,919		631,371
Total Rupees		44,372,696		44,773,206
<b>(B) loans and advances :</b>				
(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	85,120		82,633	
Deposits	863,885		772,243	
Advance tax & tax deducted at source	237,644	1,205,051	177,477	1,050,755
Total Rupees :		45,577,747		45,823,961

**Schedules annexed to the balance sheet as on 31st March, 2010**

	Amount Rs.	As on 31st March, 2010	Amount Rs.	As on 31st March, 2009
<b>Schedule 8 :</b>				
<b>Current Liabilities :</b>				
Sundry creditors (other than SSI) (Include payable to a director Rs 10,22,407 PY Rs 943,607)		6,109,139		7,326,103
Deposits received		654,042		571,400
Other liabilities		559,286		556,137
<b>Total Rupees :</b>		7,322,466		8,453,640

# BEE ELECTRONIC MACHINES LIMITED

## Schedules annexed to and forming part of the Profit & Loss account for the year ended 31st March, 2010

	Amount Rs.	For the year ended 31st March, 2010	Amount Rs.	For the year ended 31st March, 2009
<b>Schedule 9:</b>				
<b>Sales and services</b>				
Sales		1,986,411		1,893,751
Service charges		19,303		56,336
Total Rupees :		2,005,714		1,950,087
<b>Schedule 10 :</b>				
<b>Other income</b>				
Interest				
Bank (gross)	35,358		35,296	
(TDS Rs 3,764 Previous Year Rs.6,290 )				
On others	1,012	36,370	5,437	40,733
Service tax Refund		20,806		27,063
Miscellaneous income		1,320,065		1,596,312
Compensation charges Received		608,691		368,470
(TDS Rs.62,278 Previous Year Rs.83,497 )				
Total Rupees :		1,985,932		2,032,578
<b>Schedule 11 :</b>				
<b>Decrease in Stock</b>				
Opening stock				
Raw materials		18,753,555		18,753,555
Finished goods		6,524,451		6,492,449
Work in progress		1,358,132		1,358,132
Total Rupees - (A):		26,636,138		26,604,136
Closing 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 - (B):		26,636,138		26,636,138
Decrease in Stock (A-B)		0		(32,002)
<b>Schedule 12 :</b>				
<b>Cost of stores, spares &amp; consumable</b>				
Purchase for resale		86,000		195,000
Opening stock		17,427,280		17,594,613
Add : purchases		923,669		649,495
Less : closing stock		16,882,367		17,427,280
		1,554,582		1,011,827

Schedules annexed to and forming part of the Profit & Loss account for the year ended 31st March, 2010

	Amount Rs.	For the year ended 31st March, 2010	Amount Rs.	For the year ended 31st March, 2009
<b>Schedule 13 :</b>				
<b>Operating, administrative &amp; other expenses</b>				
<b>Payment to and provisions for employees</b>				
Salaries, wages and bonus etc	393,516		404,991	
Contribution to provident fund and other funds	38,377		40,104	
Staff welfare expenses	5,400		5,400	
		437,293		450,495
<b>Rent, Rates and Taxes</b>				
Rent	24,600		31,316	
Rates and taxes	10,350	34,950	-	31,316
Travelling and conveyance		9,600		10,843
Postage, telephone and telex charges		35,351		72,405
Printing and Stationary		33,280		33,750
Repairs and maintenance to others		21,056		33,246
Directors remuneration		266,520		266,520
Legal and professional charges		164,035		266,235
Electricity		5,693		48,541
Packing and forwarding		11,315		7,416
Sales tax		172,134		165,227
Service tax		58,648		45,516
Miscellaneous expenses		298,809		234,628
Total Rupees :		1,548,683		1,666,138

# BEE ELECTRONIC MACHINES LIMITED

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## SCHEDULE – 14:

### NOTES FORMING PARTS OF ACCOUNTS AS ON 31<sup>ST</sup> MARCH 2010

#### 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.
- 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.



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. 2,49,40,220)

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. 1,64,076 (Rs. 131,261).

(b) Interest on Excise duty payable of Rs 338,100/- (Rs 289,800/-) has not been provided for.

(c) Property tax has not been provided for Rs 427,165/- (PY Rs. 359,414/-)

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 11,25,000 has not been provided for

## BEE ELECTRONIC MACHINES LIMITED

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- 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 859.41 lacs (PY 687.53lacs), 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 406.65 lacs (P.Y. Rs 374.24 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 437.05 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 343,202,952 (PY Rs 285,350,129) not provided for.
- 10) Inventories of finished goods, Raw materials and Spares include value of old slow moving stocks of Rs. 426.74 lacs, The realizable value of this stock is estimated at Rs. 26.74 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) <b>Auditors remuneration:</b>	<b>Current Year</b>	<b>Pervious Year</b>
Audit fees	27,575	27,575
Out of pocket expenses	4,560	4,560
Total Rs.	<u>32,135</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	2	2

- (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, 2010.

- 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.

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 Acharya - Director
- c) Relative: -  
Late Shri K K Bharagava – Ex Managing Director

Transaction with related parties

<b>Particulars</b>	<b>Associate</b>	<b>KMP</b>	<b>Relative</b>
Remuneration	0 (0)	544,800 (544,800)	0 (0)
Loans Taken	20,46,802 (20,46,802)	16,35,417 (16,55,417)	269,058 (269,058)
Balance Payable	0 (0)	10,33,067 (954,267)	0 (0)
Balance Receivable	52,633 (52,633)		

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

	<u>2009-10</u>	<u>2008-09</u>
Profit / (Loss) apportioned to Equity Shareholders	( - ) 21,30,977	7,031
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	( - ) 0.67	0.002

## BEE ELECTRONIC MACHINES LIMITED

- 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 18,57,877 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	1	86,000	1	104,000	45	54,28,084
		(48)	(54,96,528)	(6)	(195,000)	(6)	(273,000)	(45)	(54,28,084)
Others	Nos.	0	10,96,367	0			18,82,411		10,96,367
		(0)	(10,97,367)	(0)			(16,20,751)		(10,96,367)
Total Rs.			64,92,449 (64,92,449)		86,000 (195,000)		19,86,411* (18,93,751) *		64,92,449 (64,92,449)

\* Sales other include sales tax

(B) Percentage of Consumption

	Stores & Spares	
	Amount (Rs)	Percentage of Consumption
Imported	0 (0)	0.00% (0.00%)
Indigenous	14,71,284 (10,11,827)	100.00% (100.00%)
Total Rs.	14,71,284 (10,11,827)	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    |

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	31.03.2010
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
299504	299504
Sources of Funds	
Paid-up Capital	Reserve & Surplus
31,800	13,175
Secured Loans	Unsecured Loans
249946	4583
Application of Funds	
Net Fixed Assets	Investments
9461	27
Net Current Assets	
38255	
Profit and Loss Accounts	
251761	
IV Performance of Company (in Rs 000's )	
Turnover	Total Expenditure
3992	6123
Loss before Tax	Loss after Tax
2131	2131
Earning per Share in Rs. (-) 0.67	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**

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

**S.L. Agrawal**  
**Partner**

**Abhilasha Bhargava**  
**Wholetime Director**

**K Sudeshkumar Acharya**  
**Director**

Place : Mumbai  
 Date: 26<sup>th</sup> August, 2010

**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 EIGHTH ANNUAL GENERAL MEETING of the Company at 266, Dr. Annie Besant Road, Worli, Mumbai 400 030 on 30th September, 2010 at 11.30 a.m.

.....  
Signature

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

Folio No.

.....  
Signature

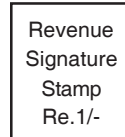
Full Name of the Proxy .....  
(in block capital)

**BEE ELECTRONIC MACHINES LIMITED**

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

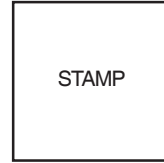
I/We .....of .....being a member/members of the above named Company, hereby appoint ..... on my / our behalf at the TWENTY EIGHTH Annual General Meeting of the Company to be held on 30th September, 2010 at 11.30 a.m. and at any adjournment thereof.

Signature .....



- 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.

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*28th*  
*Annual Report*  
*2009-2010*

**BEE ELECTRONIC  
MACHINES LIMITED**