

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!”

*"Acchedyo' yam adahyo 'yam
akledyo 'sosya eva cha
Nitya sarvah-gatah sthanur
Achalo 'yam sanatanah"
(Bhagwad Gita: Chapter Two Verse 24)*

*"Sri Krishna said: This individual soul is
unbreakable and in-soluble, and can neither
be burned nor dried. He is ever-lasting,
present everywhere, unchangeable,
immovable and eternally the same."*

BOARD OF DIRECTORS

Ms. Abhilasha Bhargava	Whole time Director
Ms. Karuna K Shaikh	Director
Mr. K. Sudesh Kumar Acharya	Director
Mr. Venugopal R. Coontoor	Director
Mr. Rajendra Kumar C. Shah	Director

REGISTERED OFFICE

266, Dr. Annie Besant Road
Worli, Mumbai 400 030
Tel: 2430 1873 Fax: 2430 7709
Email: investors@beeelectronic.com

BANKERS

Canara Bank
The Standard Chartered Bank Ltd.
ARCIL

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 – 2:

Raghunath Industrial Estate
College Road, Wadkund
Dahanu Road, Maharashtra

Unit - 3:

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 Thirty First 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 Monday, September 30, 2013 at 10.00 AM to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at March 31st, 2013 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 Directors in place of Ms. Abhilasha K. Bhargava and Ms. Karuna K. Shaikh, who retire by rotation and being eligible offer themselves 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 THE MEETING IN HIS STEAD AND ON A POLL, VOTE INSTEAD OF HIMSELF. THE 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 Wednesday, September 25th, 2013 to Sunday, September 29th, 2013 (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: July 31st, 2013

DIRECTOR'S REPORT

The Members,

Your Directors are pleased to present the 31st Annual Report of your Company together with the Audited Statement of Accounts and the Auditor's Report of your Company for the financial year ended March 31st, 2013. The summarized financial results for the year ended March 31st, 2013 are as under:

1. Financial Results:

Particulars	For the financial year ended March 31st, 2013 Amt in lacs.	For the financial year ended March 31st, 2012 Amt in lacs.
Sales & Other Income	21.04	20.06
Gross Loss	3.89	2.12
Depreciation	4.12	5.99
Loss before exceptional item	8.01	8.11
Exceptional Item:- Interest written back	nil	1314.96
Profit / (loss) before tax	(8.01)	1306.85
Tax	nil	nil
Profit / (loss) after tax	(8.01)	1306.85

2. Review of Operations:

The Company has achieved the sales and other incomes of Rs.21.04 lakhs against Rs.20.06 lakhs reported last year. The Company awaits the approval and implementation of the Draft Rehabilitation Scheme (DRS) as per the directions Hon'ble BIFR instructions as that would enable the Company to begin the process of rehabilitating the Company's operations. The Company's plants continue to remain closed due to various constraints. The Directors continue to look for suitable avenues to rehabilitate the business stream of the Company.

3. Sick Industrial Company:

As the net worth of the Company eroded, the Board of Directors made a reference to the Board for Industrial and Financial Reconstruction (BIFR), New Delhi. The Company has been declared as a Sick Industrial Undertaking and the Operating Agency (*Canara Bank*) has been directed to prepare a Draft Rehabilitation Scheme (DRS) which has been prepared and is presently placed before Hon'ble BIFR for approval. As per directions of Hon'ble BIFR, the Operating Agency had constituted an Asset Sales Committee (ASC) to sell the surplus assets of the Company at Tarapur and Daman and settle the statutory dues and other liabilities of the Company. The Operating Agency had accordingly called for bids for the identified properties as per BIFR guidelines. From the bids received, the highest bid of Rs.270 lakhs of M/s. Mount Overseas Private Limited has been accepted by the Asset Sale Committee and the same stands approved

BEE ELECTRONIC MACHINES LIMITED

by Hon'ble BIFR. As per directions of the Hon'ble BIFR, the sales proceeds would form a part of the DRS and be utilized to settle the pending statutory dues of the Company and after meeting valuation and advertisement costs for the sale, the balance would be used to settle the dues of the Secured Creditors in the manner prescribed by the Hon'ble BIFR and as per their directions. The Company would need to complete the formalities related to the properties at Tarapur and Daman as per directions received from the Hon'ble BIFR and the effect of the sale transaction would be given in the next financial year.

4. Dividend:

The Directors taking into account that there is no surplus from the operations do not recommend any dividend for the year ended March 31st, 2013.

5. Listing:

The Company's equity shares are listed on the Mumbai Stock Exchange. The Company has paid the annual listing fees of Mumbai Stock Exchange upto the year 31st March, 2013.

6. Directors:

Ms. Abhilasha K. Bhargava and Ms. Karuna K. Shaikh, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

7. Particulars of Employees:

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. Auditor's Report:

The observations of the auditors in their report are self-explanatory and are dealt with in 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 made. The Management taking into consideration the specific directions received from Hon'ble BIFR with regard to the modality and method by which the settlement of amounts due to the secured lenders of the Company would be done, have not made interest provisions on the amounts due and payable, if any to the secured lenders of the Company.

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. Director's 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 have selected such Accounting Policies and applied them consistently and made judgment 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 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.

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 exchange earning 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. The Management Discussion and Analysis forms a part of the Annual Report. A declaration by the Whole time Director regarding the compliance with the Code of Conduct also forms a part of the Annual Report.

13. Acknowledgements:

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

The employee relations continued to be cordial throughout the year. Your Directors wish to place on record their sincere appreciation to all employees for their commitment and continued contribution to the Company.

For and on behalf of the Board

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

Date: July 31st, 2013

Place: Mumbai

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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 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 of 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 Whole time Director of the Company forms a part of this Annual Report.

2. BOARD OF DIRECTORS

The Company's Board comprises of five Directors of which two Directors hold an Executive position and the other three Directors are Independent, Non-Executive Directors.

a. Composition of the Board

NAME OF THE DIRECTOR	STATUS
Ms. Karuna Kotiyan Shaikh	Non executive Director – Independent
Mr. K. Sudeshkumar Acharya	Executive Director
Mr. Venugopal R. Coontoor	Non executive Director – Independent
Mr. Rajendra Kumar Shah	Non executive Director – Independent
Ms. Abhilasha K. Bhargava	Executive Director

b. Board Meetings

The Board meetings of the Company are held at the registered office of the Company in Mumbai. The notice and agenda for the meetings are sent 7 (seven) days in advance to the Directors of the Company. The senior management team is invited to the Board meeting to submit reports, participate in discussions, clarify 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 6 (six) Board meetings held during the financial year 2012-13, as per provisions of Clause 49 of The Listing Agreement. The dates on which the Board met are: April 30th, 2012; June 8th, 2012; July 31st, 2012; September 29th, 2012; October 31st, 2012 and January 31st, 2013.

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/she is a member
Ms. Karuna Shaikh	6	6	Present	0	0
Mr. K. Sudeshkumar Acharya	6	6	Present	0	0
Ms. Abhilasha Bhargava	6	6	Present	5	0
Mr. Venugopal R. Coontoor	6	6	Present	0	0
Mr. Rajendra Kumar C. Shah	6	6	Present	0	0

The particulars of the Directors, whose proposal for reappointment is being taken up at the AGM, are given as required pursuant to Clause 49 of The Listing Agreement.

Name	Abhilasha Bhargava	Karuna K. Shaikh
Qualifications	B.Com; FMBA	B.Com; MHRDM
Experience	19+ years experience in Office Automation industry. Overall Legal and Admin functions	19+ years experience in handling HR and Admin Functions
Other Directorships	5	Nil
Memberships in other Committees	None	None

3. COMMITTEES OF THE BOARD

The Board has constituted committees comprising of non-executive and independent directors to focus on critical functions of the Company and also for smooth and efficient business operations. The Committees meet at regular intervals for deciding various matters and providing directions and authorizations to the management for its implementation. The Board takes note of the material recommendation/ decisions of the Committees and approves/ deliberates and decides on them as needed.

The Board has accordingly constituted 3 (three) committees that comply with the requirements of Clause 49 of The Listing Agreement with the Stock Exchange and the applicable provisions of The Companies (Amendment) Act, 2000.

A) Audit Committee:

The Audit Committee comprises of three members of which two are Independent Directors. The constitution of the Committee comprises of Ms. Karuna Kotiyani Shaikh (Chairperson), Mr. Venugopal Coontoor 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 on Section 29A of The Companies Act, 1956.

The Committee met 5 (five) times during the current year on April 30th, 2012, June 8th, 2012, July 31st, 2012, October 31st, 2012 and January 31st, 2013. All members were present at each meeting.

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 Ms. Karuna Kotiyani Shaikh (Chairperson), Mr. Rajendra Kumar C. Shah, Mr. K. Sudeshkumar Acharya and Ms. Abhilasha Bhargava. The Committee has been constituted to determine the remuneration package of the Directors when appointed and the Senior Management personnel.

The Committee met on one occasion i. e. on January 31st, 2013 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 10 a) and b) of the 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 K. 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/ grievances and transfer of shares as on March 31st, 2013.

The Company has designated an email 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.

BEE ELECTRONIC MACHINES LIMITED

The Board has appointed Mr. Umesh R. Phalorh, Chief Financial Officer as the Compliance Officer. Email is: investors@beeelectronic.com

4. GENERAL BODY MEETINGS

Location and time for last three Annual General Meetings were:

FY	Date	Location of the meeting	Time
2009-10	30-Sep-10	266, Dr. Annie Besant Road, Worli, Mumbai – 30	11:30 a.m.
2010-11	30-Sep-11	266, Dr. Annie Besant Road, Worli, Mumbai – 30	09:30 a.m.
2011-12	29-Sep-12	266, Dr. Annie Besant Road, Worli, Mumbai – 30	10:30 a.m.

No Extra-Ordinary General Meetings were held during the year.

5. DISCLOSURES

- | | |
|---|---|
| (a) Disclosures on materially significant related party Transactions i. e. transaction 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 interest of the Company at large. | Details are provided in Note No. 14 under Schedule 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/ or convertible Instruments held by non-executive directors | None |

6. MEANS OF COMMUNICATION

The half yearly report and quarterly results are displayed on the website of BSE i. e. www.bseindia.com and the Company website i. e. www.beeelectronic.com

The Management Discussion & Analysis forms a part of this Annual Report.

7. GENERAL SHAREHOLDER INFORMATION

- | | |
|--|---|
| I. Annual General Meeting : | Date and Time: September 30 th , 2013 at 10:00 A. M. |
| Venue | 266, Dr. Annie Besant Road, Worli, Mumbai – 30 |
| II. Financial Results Calendar | |
| April 2013 to March 2014 | 1 st quarter results : July 31 st , 2013 |
| | 2 nd quarter results : last week of October 2013 |
| | 3 rd quarter results : last week of January 2014 |
| | 4 th quarter results : last week of April 2014 |
| III. Date of Book closure : | September 25 th , 2013 to September 29 th , 2013
(both days inclusive) |
| IV. Dividend : | NA |
| V. Listing of Equity Shares on The Stock Exchanges | The Mumbai Stock Exchange |

- VI. Script Code Physical 517203
- VII. Script Code Demat INE038E01014
- VIII. Registrar and Share Transfer Adroit Corporate Service Pvt. Ltd.
19 Jaferbhoy Industrial Estate,
1st Floor, Makwana Road,
Marol Naka, Mumbai – 59
- IX. Share Transfer System Transfer of share held in physical mode is processed by the Registrar and Share Transfer Agent and approved by the Share Transfer Committee pursuant to the powers granted by the Board.

350 shares were transferred during the year with an average interval of 15 days between approvals.
- X. Distribution of Shareholding as on March 31st, 2013:

Category	No of shares held	% of shareholding
1 Promoters holding	1,548,601	48.70
2 Institutional Mutual Funds/ Banks/ FII	8,450	0.27
3 Others:		
Indian Public	1,541,617	48.48
Bodies Corporate	74,882	2.35
NRI	6,450	0.20
Grand Total	3,180,000	100.00

- XI. Dematerialization of Shares and liquidity 71.97 % of the paid-up share capital comprising of 22,88,750 shares have been dematerialized as on March 31st, 2013
- XII. Outstanding GDR's/ ADR's/Warrants/ any convertible Instrument that may have an Impact on liquidity Nil
- XIII. Plant Location Tarapur, Dist. Thane, Maharashtra
- XIV. Correspondence Address 266, Dr. Annie Besant Road, Worli, Mumbai 400 030
Tel: +91 22 2430 1873 Fax: +91 22 2430 7709
Email: investors@beeelectronic.com

DECLARATION REGARDING COMPLIANCE BY BOARD MEMEBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT OF THE COMPANY

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

I confirm that the Company has in respect of the financial year ended March 31st, 2013 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.

Date: July 31st, 2013
Place: Mumbai

Sd/-
Abhilasha K. Bhargava
Whole time Director

BEE ELECTRONIC MACHINES LIMITED

Certificate on Compliance of Corporate Governance for the FY 2012-13

Certificate on compliance with the conditions of Corporate Governance under clause 49 of the listing agreement.

To,

The Members of Bee Electronic Machine Limited

We have examined the compliance of conditions of corporate Governance by Bee Electronic Machines Limited for the year ended 31st March 2013 as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our Examination was carried out in accordance with the guidance note on certificate of Corporate Governance (as stipulated in clause 49 of the listing agreement) and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate Governance as stipulated in clause 49 of the listing agreement.

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

Mruga K Vasavada
Practising company secretary
ACS 26793, CP 9647

Place: Mumbai

Dated :31st July, 2013

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENT

The Company is presently engaged in manufacturing, marketing and providing after-sales-service support on a diverse range of Photocopier machines. Presently, the Company operates in two segments i. e. marketing and providing after-sales-service support.

The Industry in general has been growing at the rate of 30 – 35% per annum in the past with bulk of the business coming in from the replacement market and from SOHO. However, the growth in the past few years has been impacted due to global recession. The Company does not foresee an immediate change as the market in the urban areas seems to be largely saturated. The Company is not suitably poised to address a larger chunk of the market as it is constrained w. r. t. the product offering and has to content itself with offering the best that it can, given its present situation and in order to retain its existing customers.

FUTURE OUTLOOK

The Company has enjoyed good tie-ups in all its major segments of operations. Its erstwhile principals were all specialized global companies with niche product range and global acceptance.

The Company keeps looking for opportunities to enhance its product offerings in tune with the market trends. However, it does find itself restricted at times due to financial constraints.

THREATS

The major challenges that the Company is faced with in the Office Automation industry is product obsolescence and the inability on the part of the Company to offer a diverse range of Office Automation products. The Company tries to hedge against technological and product obsolescence by ensuring that the products offered meet competition standards. The Company also faces the threat of cheaper imports from East European and China based suppliers.

RISK MANAGEMENT

The Company is exposed to risks from various fronts – manpower, product offerings and the like. The Company tries to counter these risks to the best of its ability in the given set of circumstances.

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 all concerned who are entrusted with the operational responsibilities. Monitoring mechanisms are in place and all policy decisions need to be cleared by the top management.

HUMAN RESOURCES/ INDUSTRIAL RELATIONS

The Company recognizes that good human resource development is essential for the success, growth and improvement of the Company. 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 go on record and state that it appreciates the whole-hearted support and dedication received from employees at all levels.

CAUTIONARY STATEMENT

Statements in the Management discussion and Analysis report describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities, laws and regulations.

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 regulation, tax laws and other statutes and other incidental factors.

Other matters such as operational and financial performance etc. have been discussed under the respective heads in the Director's Report.

BEE ELECTRONIC MACHINES LIMITED

AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2013

To the Members of Bee Electronic Machines Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Bee Electronic Machines Limited**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 "the Act". This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required subject to the following:

Clause 1 regarding non-provision of gratuity, leave travel assistance, Leave encashment and Medical reimbursement, amount being unascertained;

Clause.2 (a) regarding non-provision of excise duty on finished goods of Rs.196,892 being accounted for on clearance basis;

Clause No 2(b) Non provision of interest on Excise duty payable of Rs 48,300 (up to PY Rs 434,700)

Clause No 2(c') Non provision of property tax of Rs 67,751 (up to PY Rs 562,667)

Clause No. 4(b) regarding disclosure of overdue debentures due to this, the secured loan is overstated by Rs 131.25 lacs.

Clause No 4(d) regarding non-provision of interest on debentures of UTI of Rs 18.75 lacs

Clause No 4(e) regarding non-provision of interest on premium payable of Rs 93,750/-

Clause No 5 regarding unconfirmed balance of debtors, creditors, loans, advances and secured loans from financial Institutions and Bankers;

Clause No.6 regarding non-provision of loans and advances of Rs. 611,279;

Clause No 7 (b) regarding non-provision of interest of Rs 171.88 lacs;

Clause No 8 regarding non-provision of loss of Rs 400 lacs approximately on obsolete and slow moving stocks;

2. We further inform that without considering the items mentioned for clause no 1, 4 (b) and 5 of notes to the accounts, effect of which cannot be determined, had the observations been made by us in clause nos. 2(b), 2(c), 4(d), 4(e), 6, 7(b) and 8 of the note to the accounts been considered, the loss for the year would have been Rs. 6,06,85,653/- as against the reported loss figure of Rs 801,398/- and the accumulated loss would have been Rs 18,31,42,059 as against the reported figure of Rs.12,32,57,804 give a true and fair view in conformity with the accounting principles generally accepted in India,

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and

(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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 our audit;

b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books for the purposes of our audit;

c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **SHANKARLAL JAIN & ASSOCIATES**

Chartered Accountants

Firm Reg. No.109901 W

S.L. AGRAWAL

(PARTNER)

Membership No. 72184

Place: Mumbai

Date : 30th May, 2013

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, 2013.

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 56, 41,000/- from one party
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.
- 5 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.
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 there under 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 3,18,793/-, 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	CESTAT
Central Excise Act, 1944	Excise duty	7,476,179	1983 to 1987	CESTAT
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)- Appellate Secunderabad Div
Sales Tax Act	CST	104,942	1999-2000	Dy Commissioner (CT)- Appellate 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 12,32,57,804
- b) During the year the Company has incurred a cash loss of Rs 388,955. However, in the immediately preceding financial year the Company had reported cash profit.

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 4,024.53 lacs to the financial institutions and banks. (Including Rs 2,840.02 lacs un-provided interest accrued & due)

BEE ELECTRONIC MACHINES LIMITED

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 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 taken money from UTI for issuing debentures of 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.

Place: Mumbai
Date : 30th May, 2013

For **SHANKARLAL JAIN & ASSOCIATES**
Chartered Accountants
Firm Reg. No.109901 W

S.L. AGRAWAL
(PARTNER)
Membership No. 72184

WTD 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, 2013 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, 2013 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
May 30, 2013

sd/-	sd/-
Abhilasha K Bhargava	Umesh R Phalorh
Whole time Director	Chief Financial Officer

BEE ELECTRONIC MACHINES LIMITED

Balance Sheet as on 31st March, 2013

	Note No.	31st March, 2013 Amount (Rs.)	31st March, 2012 Amount (Rs.)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	31,800,000	31,800,000
(b) Reserves and surplus	2	(110,082,804)	(109,281,406)
2 Non-current liabilities			
Long-term borrowings	3	5,817,561	5,637,561
3 Current liabilities			
(a) Short-term borrowings	4	118,450,582	118,450,582
(b) Trade payables	5	1,588,051	1,677,378
(c) Other current liabilities	6	896,268	875,165
TOTAL		48,469,658	49,159,279
B ASSETS			
1 Non-current assets			
(a) Tangible Fixed assets	7	6,310,698	6,723,141
(b) Non-current investments	8	27,000	27,000
(c) Long-term loans and advances	9	940,404	1,018,485
2 Current assets			
(a) Inventories	10	40,969,896	41,064,200
(b) Trade receivables	11	60,402	158,741
(c) Cash and cash equivalents	12	156,458	161,311
(d) Short-term loans and advances	13	4,800	6,400
TOTAL		48,469,658	49,159,279
See accompanying notes forming part of the financial statements	20		

In terms of our report attached.

For and on behalf of the Board of Directors

For Shankarlal Jain & Associates
Chartered Accountants

Firm Registration No 109901W

Sd/-

S.L. Agrawal
Partner

Place : Mumbai

Dated : 30th May, 2013

Sd/-
Abhilasha Bhargava
Wholetime Director

Sd/-
K Sudeshkumar Acharya
Director

Sd/-
Umesh R. Phalorh
Chief Financial Officer

Sd/-
Venugopal R. Coontoor
Director

Statement of Profit and Loss for the year ended 31 March, 2013

Particulars	Note No.	For the Year Ended 31st March, 2013 Amount (Rs)	For the Year Ended 31st March, 2012 Amount (Rs)
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	14	1,429,486	1,283,790
2 Other income	15	674,160	721,940
3 Total revenue (1+2)		2,103,646	2,005,730
4 Expenses			
(a) Cost of materials consumed	16 a	361,382	417,712
(b) Purchases of stock-in-trade	16 b	486,930	267,293
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	16 c	-	-
(d) Employee benefits expense	17	809,354	748,440
(e) Depreciation expense		412,443	491,215
(f) Other expenses	18	834,935	892,058
Total expenses		2,905,044	2,816,718
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(801,398)	(810,988)
6 Add:- Exceptional items			
Liability / Provision no longer required, hence written back	19	-	131,495,600
7 Profit / (Loss) before tax (5 - 6)		(801,398)	130,684,612
Earlier year's tax adjustments		-	252
8 Profit / (Loss) from continuing operations (9 + 10)		(801,398)	130,684,864
9 Earnings per share with continuing operations (of Rs 10/- each):			
(a) Basic		(0.25)	41.10
(b) Diluted		(0.25)	41.10
10 Earnings per share (excluding exceptional items) (of Rs 10/- each):			
(a) Basic		(0.25)	(0.26)
(b) Diluted		(0.25)	(0.26)
See accompanying notes forming part of the financial statements	20		

In terms of our report attached.

For and on behalf of the Board of Directors

For Shankarlal Jain & Associates
Chartered Accountants
 Firm Registration No 109901W
 Sd/-
S.L. Agrawal
Partner
 Place : Mumbai
 Dated : 30th May, 2013

Sd/-
Abhilasha Bhargava
Wholetime Director

Sd/-
Umesh R. Phalorh
Chief Financial Officer

Sd/-
K Sudeshkumar Acharya
Director

Sd/-
Venugopal R. Coontoor
Director

BEE ELECTRONIC MACHINES LIMITED

Cash Flow Statement for the year ended 31 March, 2013

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	(801,398)	(810,988)
<i>Adjustments for:</i>		
Depreciation and amortisation	412,443	491,215
Provision for impairment of fixed assets and intangibles	-	108,183
Interest income	-	(9,074)
	<u>412,443</u>	<u>590,324</u>
Operating profit / (loss) before working capital changes	(388,955)	(220,664)
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	94,304	41,146
Trade receivables	98,339	134,427
Short-term loans and advances	1,600	5,675
Long-term loans and advances	78,081	(15,000)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(89,326)	(1,443,067)
Other current liabilities	21,103	17,783
	<u>204,101</u>	<u>(1,259,036)</u>
Cash generated from operations	(184,854)	(1,479,700)
Net income tax (paid) / refunds	-	72,115
Net cash flow from / (used in) operating activities (A)	<u>(184,854)</u>	<u>(1,407,585)</u>
B. Cash flow from investing activities		
Interest received	-	9,074
Net cash flow from / (used in) investing activities (B)	<u>-</u>	<u>9,074</u>
C. Cash flow from financing activities		
Proceeds from long-term borrowings	180,000	824,736
Net cash flow from / (used in) financing activities (C)	<u>180,000</u>	<u>824,736</u>
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	<u>(4,853)</u>	<u>(573,775)</u>
Cash and cash equivalents at the beginning of the year	161,311	735,086
Cash and cash equivalents at the end of the year	<u>156,458</u>	<u>161,311</u>
See accompanying notes forming part of the financial statements	20	

Note : The above cash flow statement is prepared using the indirect method in accordance with Accounting Standard-3.

In terms of our report attached.

For and on behalf of the Board of Directors

For Shankarlal Jain & Associates
Chartered Accountants
Firm Registration No 109901W
Sd/-
S.L. Agrawal
Partner
Place : Mumbai
Dated : 30th May, 2013

Sd/-
Abhilasha Bhargava
Wholetime Director

Sd/-
Umesh R. Phalorh
Chief Financial Officer

Sd/-
K Sudeshkumar Acharya
Director

Sd/-
Venugopal R. Coontoor
Director

Notes forming part of the financial statements

Particulars	As at 31 March, 2013 Amount (Rs.)	As at 31 March, 2012 Amount (Rs.)
Note 1 Share capital		
(a) Authorised 50,00,000 Equity shares of Rs 10/- each with one voting right per share	50,000,000	50,000,000
(b) Issued 31,80,000 Equity shares of Rs 10/- each with single voting rights per share	31,800,000	31,800,000
(c) Subscribed and fully paid up 31,80,000 Equity shares of Rs 10/- each with single voting rights per share	31,800,000	31,800,000
Total	31,800,000	31,800,000
Notes		
a) The Company has only one class of equity shares having a par value of Rs 10/-		
b) Each shareholder is eligible for one vote per share		
c) During the year under review, the company had not issued any additional shares nor there has been any transactions of bonus, ESOP, conversion or buyback of any shares		
d) Shareholding above 5% - Only one equity shareholder i.e Ms Abhilasha Bhargava holds 1,417,150 shares constituting 44.56% shares		
Note 2 Reserves and surplus		
(a) Securities premium account Balance as per last account	13,175,000	13,175,000
(b) Surplus / (Deficit) in Statement of Profit and Loss Opening balance	(122,456,406)	(253,141,270)
Add: Profit / (Loss) for the year	(801,398)	130,684,864
Closing balance	(123,257,804)	(122,456,406)
Total	(110,082,804)	(109,281,406)
Note 3 Long-term borrowings		
Unsecured		
(a) Maharashtra Package Scheme Incentive	176,561	176,561
(b) Unsecured Loans from related parties	5,641,000	5,461,000
Total	5,817,561	5,637,561
Note 4 Short-term borrowings		
(a) 125,000 14% privately placed non convertible debentures of RS 100/- each to Unit trust of India { also refer note 20,clause (4) }	13,125,000	13,125,000
(b) Working Capital Loan from Banks Secured { also refer note 20,clause (7) }		
Canara Bank	31,951,559	31,951,559
Standard Chartered Bank	42,933,986	42,933,986
ARCIL - Bank of Tokyo Mtisubhishi Ltd	30,440,037	30,440,037
Total	118,450,582	118,450,582

BEE ELECTRONIC MACHINES LIMITED

Notes forming part of the financial statements

Notes:

(i) Details of Non convertible debentures to UTI

Particulars	Terms and conditions*	As at 31 March, 2013 Secured	As at 31 March, 2012 Secured
125,000 14% privately placed non convertible debentures of Rs 100/- each to Unit Trust of India	Redeemable with 5% premium on 18.05.1998	12,500,000	12,500,000
5% Premium on redemption of debentures		625,000	625,000
Interest Accrued and Due			
Total		13,125,000	13,125,000

* The Non convertible debentures of 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 favor 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 charge on the said assets are not created, as a result secured loan is overstated to that extent. These debentures have become due for redemption on May 18, 1998 alongwith a premium of 5% of Face value. However, the company has not repaid the same to UTI as the management had approached for a rollover. Confirmation from UTI in respect of Rollover of Debentures is still awaited.

Note: Working Capital loans from Banks :

Working Capital from banks is 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. The Company has defaulted in repayment to the above working capital lenders from FY 1999-00 onwards, as a result of which a suit is pending in Debt Recovery Tribunal. The Company is a sick Industrial unit registered with BIFR

Particulars	As at 31 March, 2013	As at 31 March, 2012
Note 5 Trade payables		
Trade payables (Other than SSI)	1,588,051	1,677,378
Total	1,588,051	1,677,378
Note 6 Other current liabilities		
Other payables		
a) Statutory liabilities	571,868	580,765
b) Unsecured advance received from parties	324,400	294,400
Total	896,268	875,165

Note 7 Fixed Assets Annexed to and forming part of the Balance Sheet as on 31st March, 2013

Tangible Assets Particulars	Gross Block (AT COST)				Depreciation				Net Block		
	As on 01.04.2012 Rupees	Additions Rupees	Deletions Rupees	Total as on 31.03.2013 Rupees	Upto 01.04.2012 Rupees	For the Year Rupees	Deductions Rupees	Impairment Rupees	Upto 31.03.2013 Rupees	As on 31.03.2013 Rupees	As on 31.03.2012 Rupees
Freehold Land	845,704	-	-	845,704	-	-	-	-	-	845,704	845,704
Leasehold Land	224,100	-	-	224,100	63,426	2,359	-	-	65,785	158,315	160,674
Buildings	13,130,139	-	-	13,130,139	8,723,288	410,084	-	-	9,133,372	3,996,767	4,406,851
Plant and Machinery	24,666,763	-	-	24,666,763	24,213,071	-	-	-	24,213,071	453,692	453,692
Furniture and Fixture	5,589,824	-	-	5,589,824	5,352,660	-	-	-	5,352,660	237,165	237,165
Vehicle	1,168,449	-	-	1,168,449	1,147,399	-	-	-	1,147,399	21,050	21,050
Office Equipments	16,204,605	-	-	16,204,605	15,606,600	-	-	-	15,606,600	598,005	598,005
Total Rupees	61,829,584	-	-	61,829,584	55,106,443	412,443	-	-	55,518,886	6,310,698	6,723,141
Previous Year	61,829,584	-	-	61,829,584	54,507,045	491,215	-	108,183	55,106,443	6,723,141	7,322,536

BEE ELECTRONIC MACHINES LIMITED

Notes forming part of the financial statements

Particulars	As at 31 March, 2013 Amount (Rs.)	As at 31 March, 2012 Amount (Rs.)
Note 8 Non-current investments		
Investments (At cost) (Unquoted)		
Investment in government securities - 6 year NSC VIII issue (Pledged with Sales tax authorities)	27,000	27,000
Total	27,000	27,000
Note 9 Long-term loans and advances		
Unsecured, considered good (except otherwise stated seperately)		
(a) Security deposits	797,243	863,885
(b) Loans and advances to related parties	52,633	52,633
(c) Loans and advances to employees	18,402	33,402
(d) Advance income tax	42,126	38,565
(e) Other loans and advances	30,000	30,000
Total	940,404	1,018,485
Note 10 Inventories		
(At Cost and as taken, valued and certified by the Management)		
((a) Raw materials	18,753,555	18,753,555
(b) Work-in-progress (Tape Recorders and Rice cookers)	1,358,132	1,358,132
(c) Finished goods	4,277,641	4,277,641
(d) Stores and spares	16,580,568	16,674,872
Total	40,969,896	41,064,200
Note 11 Trade receivables		
Unsecured, considered good		
a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment	4,667	22,160
b) Other Trade receivables	55,735	136,581
Total	60,402	158,741
Note 12 Cash and Bank Balances		
(a) Cash on hand	28,091	31,649
(b) Balances with banks in current accounts	128,367	129,662
Total	156,458	161,311
Note 13 Short-term loans and advances		
Unsecured, considered good		
Prepaid expenses	4,800	6,400
Total	4,800	6,400

Statement of Profit and Loss for the year ended 31 March, 2013

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Note 14 Revenue from operations		
(a) Sale of products		
<u>Traded goods</u>		
Photocopier cum printers	599,701	315,801
Accessories of photocopiers	19,969	8,937
Spares and Consumables of Photocopier / Printer	616,632	826,255
(b) Sale of services - After sales services of Copier machines	193,184	132,797
Total	1,429,486	1,283,790
Note 15 Other income		
(a) Interest income		
Bank deposits	-	6,841
Interest on income tax refunds	-	2,233
(b) Other non-operating income - Compensation received	674,160	658,676
(c) Sundry balances written back (net)	-	54,190
Total	674,160	721,940
Note 16.a Cost of materials consumed		
a. Opening stock	16,674,872	16,716,019
b. Add: Purchases	267,078	376,565
	16,941,950	17,092,584
c. Less: Closing stock	16,580,568	16,674,872
Cost of material consumed (a+b-c)	361,382	417,712
Note 16.b Purchase of traded goods		
Photocopier cum printer	486,930	267,293
Total	486,930	267,293
Note 16.c Changes in inventories of finished goods, work-in-progress and stock-in-trade		
<u>Inventories at the end of the year:</u>		
Finished goods	4,277,641	4,277,641
Work-in-progress	1,358,132	1,358,132
Stock-in-trade	18,753,555	18,753,555
Total A	24,389,328	24,389,328
<u>Inventories at the beginning of the year:</u>		
Finished goods	4,277,641	4,277,641
Work-in-progress	1,358,132	1,358,132
Stock-in-trade	18,753,555	18,753,555
Total B	24,389,328	24,389,328
Net increase / (decrease) (A - B)	-	-

BEE ELECTRONIC MACHINES LIMITED

Statement of Profit and Loss for the year ended 31 March, 2013

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Note 17 Employee benefits expense		
Salaries and wages	609,534	654,566
Contributions to provident and other funds	174,520	88,474
Staff welfare expenses	25,300	5,400
Total	809,354	748,440
Note 18 Other expenses		
Water	24,276	13,562
Rent including lease rentals	28,833	27,600
Repairs and maintenance - others	13,944	24,154
Rates and taxes	44,030	33,040
Telephone and Postage	38,006	35,190
Security Service charges	168,537	165,444
Printing and stationery	40,956	47,108
Listing fees & share transfer chgs	120,836	143,011
Sales tax paid	77,940	90,188
Service Tax paid	65,752	35,069
Legal and professional	153,500	106,807
Payments to auditors	29,650	31,502
Provision for impairment of fixed assets	-	108,184
Electricity charges	10,488	6,842
Travelling and Conveyance	14,108	9,600
Miscellaneous expenses	4,080	14,757
Total	834,935	892,058
Note 19 Exceptional items		
Liabilities / provisions no longer required written back	-	131,495,600
Total	-	131,495,600

NOTE 20:- FORMING PARTS OF ACCOUNTS AS ON 31ST MARCH 2013

I) 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 is 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. Sale includes amounts recovered / recoverable towards excise duty and sales tax.

ii) Revenue from services rendered is recognized on completion of the Job / time proportion basis and includes service tax thereon.

iii) Interest income is recognized on a time proportion basis.

BEE ELECTRONIC MACHINES LIMITED

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.

II) Notes to Accounts

- 1) Liability for gratuity and leave encashment on actuarial basis has not been provided for, amount being unascertained and the same is treated on cash basis.
- 2) (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. 196,892/- (Rs. 196,892).
(b) Interest on Excise duty payable of Rs 483,000/- (Rs 434,700/-) has not been provided for.
(c) Property tax has not been provided for Rs 630,418/- (PY Rs. 562,667/-)
- 3) 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.
- 4) a) The Non Convertible Debentures of 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 favor 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 under the head short term borrowings in current liabilities 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 principal along with 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. On account of this, the profit for the year is overstated.
d) On account of the ongoing one time settlement talks going on with UTI, interest of Rs 18.75 lacs (PY Rs 18.75 lacs) for the year under review is not provided for as the management is hopeful that the interest would be waived off. Due to this, loss for the year is understated. Total accumulated non provision of interest is Rs 288.70 lacs (PY Rs 269.95 lacs).

- e) 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 14,06,250/- has not been provided for. (PY Rs 13,12,500)
- 5) Sundry Debit, credit balances and secured loans from UTI and banks are subject to confirmation, reconciliations and adjustments, required, if any.
- 6) Loans and advances include doubtful advances of Rs 611,279 (Rs. 626,279). However, no provision has been made.
- 7) a) 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. Therefore, the same has been shown under the head short term borrowings in current liabilities.
- b) 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 171.88 lacs (PY Rs 171.88 lacs), as the management is hopeful that interest would be waived off. Due to this, the loss is understated to that extent. Total accumulated non provision of interest is Rs 2551.32 lacs (PY Rs 2379.44 lacs)
- c) The Company has not provided penal interest and interest on interest accrued and due as the Company is in the process of negotiating with the bankers to waive the same off. The same if any payable, in future shall be accounted for as and when settled.
- d) Security against the working capital facility is Rs 410.30 lacs as against the total working capital of Rs 1053.26 lacs. Hence the secured loan is unsecured to that extent.
- e) As per the order past in the case of the Company, in the hearing held on 12th March 2012, the Hon'ble Board for Industrial and Financial Reconstruction (BIFR), New Delhi on 12th March 2012 ruled that the Company is permitted to sell its surplus assets to settle its secured creditors and statutory liabilities. The Bench accordingly directed Canara Bank (Operating Agency) to constitute an Asset Sales Committee (ASC) as per BIFR guidelines to sell the Company's surplus assets. In the subsequent hearing, Hon'ble BIFR directed the Operating Agency to sell two of the Company's properties viz., Tarapur and Daman. The Operating Agency floated the tender for sale of two properties. The ASC received a total of 5 (five) bids and at the hearing of Hon'ble BIFR held on 15th April 2013, the Hon'ble BIFR directed the Company and the Operating Agency to accept the highest bid received on the recommendation of ASC and the sale proceed of Rs 270 lacs be utilized to meet all the statutory liabilities, the cost incurred by Operating Agency in issuing advertisement and the cost of valuation done by ARCIL. The balance left with to be shared by all the secured lenders on a pro rata based on the liability outstanding on a common date. Based on the directions of the Hon'ble BIFR, the Company is required to comply with the Directions and submits a list of all statutory dues of the Company so that the same can be settled via the above. The Company has accordingly identified the following statutory dues of above Rs. 100 Lacs which are clubbed under suitable heads for the sake of brevity. 1) Employee dues of Rs 53.85 lacs 2) Stock Exchange and STA dues Rs 4.58 Lacs 3) Excise dues and Service Tax dues payable Rs 15 lacs 4) Sales tax and Profession tax Rs 1.80 lacs 5) Water charges, Electricity, & Property dues of Rs 10 lacs 6) Consumer forum cases settlement Rs 2.36 lacs 7) Other statutory miscellaneous expenses of Rs. 12.41 lacs. The same would be provided for on cash basis. Similarly the effect of sale of immovable property will be given after completion of transaction.
- 8) Inventories of finished goods, Raw materials and Spares include value of old / slow moving stocks of Rs. 409.70 lacs; the realizable value of this stock is estimated at Rs. 9.70 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 is not in accordance with AS 2- Valuation of Inventories issued by ICAI.

BEE ELECTRONIC MACHINES LIMITED

	Current Year	Pervious Year
9) Auditors remuneration:		
Audit fees	28,090	27,575
Out of pocket expenses	1,560	3,927
Total Rs.	29,650	31,502
10) (a) Managerial remuneration includes		
Salaries	141,000	141,000
Perquisites	125,520	125,520
Total remuneration	266,520	266,520
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, 2013.

11) 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.

12) 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.

13) The Management had in earlier years carried out assessment of impairment test as per the Accounting Standard (AS) 28 and have provided for impaired loss in the books. However, no such impairment is carried out in the current year.

14) 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.

Particulars

Related party transactions

Details of related parties:

Description of relationship

Names of related parties

Associates

- a) Fuji Electronics Private Limited
- b) Kaka Company Private Limited
- c) Flexcord Cables Private Limited

Key Management Personnel (KMP)

- a) Ms Abhilasha Bhargava - Wholetime Director
- b) Mr. Umesh K Phalorh - Chief Financial Officer
- c) Mr. K Sudeshkumar - Director

Relative

Late Shri Krishna Kumar Bhargava - Ex Managing Director

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013:

	Associates	KMP	Relatives of KMP	Total
Remuneration		554,520		554,520
		(554,520)		(554,520)
Loans Taken		56,41,000		56,41,000
		(39,55,583)		(39,55,583)
Balance Payable	-	29,327	-	29,327
	-	(11,427)	-	(11,427)
Balance receivable	52,633			52,633
	(52,633)			(52,633)
Loans repaid	-	-	-	-
	(20,46,802)	-	(269,058)	(23,15,860)

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

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Earnings per share		
<u>Basic</u>		
<u>Continuing operations</u>		
Net profit / (loss) for the year from continuing operations		
attributable to the equity shareholders	(801,368)	130,684,612
Weighted average number of equity shares	3,180,000	3,180,000
Par value per share	10	10
Earnings per share from continuing operations - Basic	(0.25)	41.10
<u>Continuing operations</u>		
Net profit / (loss) for the year from continuing operations	(801,368)	130,684,612
Weighted average number of equity shares - for diluted EPS	3,180,000	3,180,000
Par value per share	10	10
Earnings per share, from continuing operations - Diluted	(0.25)	41.10
<u>Basic (excluding extraordinary items)</u>		

BEE ELECTRONIC MACHINES LIMITED

Continuing operations

Net profit / (loss) for the year from continuing operations	(801,368)	130,684,612
Add / (Less): Extraordinary items (net of tax) relating to continuing operations	-	-
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders, excluding extraordinary items	(801,368)	130,684,612
Weighted average number of equity shares	3,180,000	3,180,000
Par value per share	10	10
Earnings per share from continuing operations, excluding extraordinary items - Basic	(0.25)	41.10

Diluted (excluding extraordinary items)

Continuing operations

Net profit / (loss) for the year from continuing operations	(801,368)	130,684,612
Add / (Less): Extraordinary items (net of tax)	-	-
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders, excluding extraordinary items	(801,368)	130,684,612
Profit / (loss) from continuing operations attributable to equity shareholders (on dilution)	(801,368)	130,684,612
Weighted average number of equity shares for Basic EPS	3,180,000	3,180,000
Par value per share	10	10
EPS from continuing operations, excluding extraordinary items - Diluted	(0.25)	41.10

As at
31 March, 2013

As at
31 March, 2012

16 Contingent liabilities (to the extent not provided for)

Contingent liabilities

(a) Claims against the Company not acknowledged as debt	25,028,538	25,028,538
(b) Disputed Excise Duty Liability	51,284,133	50,892,793
(c) Disputed Sales tax Liability	4,021,385	4,021,385

17. Details of consumption of imported and indigenous items

		For the year ended 31 March, 2013	
		Amount	%
<u>Indigenous</u>			
Spare parts		361,382	100%
		(417,712)	(100%)
18) Details regarding Non Resident Shareholders			
i)	Number of non-resident shareholders	16	
ii)	Number of Shares held	6450	
iii)	Amount of Dividend remitted in Indian Rupees	0	
18) Previous Year figures have been regrouped, rearranged, and recasted wherever necessary on account of the changes required in the new format under schedule VI of The Companies Act, 1956.			
19) Figures within the brackets for previous year.			

In terms of our report attached.

For and on behalf of the Board of Directors

For Shankarlal Jain & Associates

Chartered Accountants

Firm Registration No 109901W

Sd/-

S.L. Agrawal

Partner

Place : Mumbai

Dated : 30th May, 2013

Sd/-

Abhilasha Bhargava
Wholetime Director

Sd/-

Umesh R. Phalorh
Chief Financial Officer

Sd/-

K Sudeshkumar Acharya
Director

Sd/-

Venugopal R. Coontoor
Director

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 THIRTY FIRST ANNUAL GENERAL MEETING of the company at 266 Dr. Annie Besant Road, Worli, Mumbai 400030 on 30.09.2013 at 10.00 a.m.

.....
Signature

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

Folio No.

.....
Signature

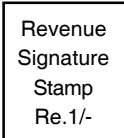
Full Name of the Proxy
(in block capital)

BEE ELECTRONIC MACHINES LIMITED

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

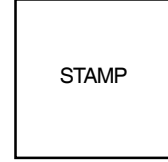
I/Weofbeing a member/members of the above named Company, hereby appoint on my / our behalf at the THIRTY FIRST Annual General Meeting of the company to be held on 30.09.2013 at 10.00 a.m and at any adjournment thereof.

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.

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

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31st
Annual Report
2012-2013

**BEE ELECTRONIC
MACHINES LIMITED**