

***27th
Annual Report
2008-2009***

**BEE ELECTRONIC
MACHINES LIMITED**



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
Ms. Karuna K Shaikh
Mr. K. Sudesh Kumar Acharya

Whole time Director
Director
Director

REGISTERED OFFICE

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

BANKERS

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

AUDITORS

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

REGISTRARS & TRANSFER AGENTS

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

FACTORIES

Unit – 1:

G-17, MIDC Industrial Area
Tarapur
Maharashtra

Unit – 3:

Raghunath Industrial Estate
College Road, Wadkun
Dahanu Road, Maharashtra

Unit - 2

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

BEE ELECTRONIC MACHINES LIMITED

NOTICE

Notice is hereby given that the Twenty Seventh 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 Wednesday, September 30, 2009 at 11AM to transact the following business:

- 1) To receive, consider and adopt the Balance Sheet as at March 31, 2009 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 Mr. K Sudeshkumar Acharya, 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.

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution
"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and other applicable provisions, if any read with schedule XIII of the Companies Act, 1956, Ms. Abhilasha Bhargava be and is hereby re-appointed as WHOLE TIME DIRECTOR of the company for a period of five years till 30th September, 2014 on the following remuneration: -

- a) Salary of RS 5,000/- per month with power to the Board of Directors to increase the salary from time to time subject to a ceiling of Rs 15,000 per month.
- b) Perquisites: In addition to the salary, the Wholetime Director shall be entitled to perquisites like housing, accommodation or house rent allowance, maid servant at the residence, gas, electricity water or furnishings at residence, reimbursement of medical expenses and / or medical insurance for self and family, leave travel, club membership, personal accident premium and such perquisites as per the rules of the company.
- c) Notwithstanding anything contained hereinabove, where in any financial year the company has no profits or its profits are inadequate the company shall pay to the Whole time Director, the above remuneration not exceeding the ceiling limit prescribed in schedule XIII to the Companies Act, 1956.
- d) The Whole time Director shall also be entitled to following perquisites which shall not be included in the computation of the ceiling on remuneration specified hereinabove.
 - 1) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together does not exceed the taxable limits under the Income Tax Act, 1961.
 - 2) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
 - 3) Encashment of leave at the end of the tenure
- e) Provision of car with Driver for business of the company and telephone at residence shall not be treated as perquisites. However, the company to the Whole time Director shall bill car and long distance telephone calls for personal use.

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 Friday, the 25th September 2009 to Wednesday, the 30th September 2009 (both days inclusive).

By order of the Board

Registered Office:
266 Dr. Annie Besant Road,
Worli, Mumbai 400 030.
Date: August 27, 2009

K. Sudesh Kumar Acharya
Director

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT FOR ITEM NO. 4

(Pursuant to Section 173(2) of The Companies Act, 1956)

Item No. 4:

Ms Abhilasha Bhargava is proposed to be reappointed as the Whole time Director of the company for a period of 5 years till 30.09.2014 on the remuneration which is required to be approved by the shareholders at the General meeting of the company. Miss Abhilasha Bhargava is interested in the above resolution. The resolution at item 4 of this accompanying notice is therefore proposed for your approval.

Memorandum of Interest:

None of the Directors are interest in the resolution except Ms. Abhilasha Bhargava

By order of the Board

K. Sudeshkumar Acharya
Director

Registered office:

266 Dr. Annie Besant Road,

Worli, Mumbai 400 030

Date: August 27, 2009

DECLARATION

The Members of Bee Electronic Machines Ltd.

This is to declare that the Code of Conduct envisaged by the Company for members of the Board and Sr. Management Personnel have been complied with by all the members of the Board and Sr. Management Personnel respectively.

K Sudeshkumar Acharya
Director

Place: Mumbai

Date: August 27, 2009

REPORT OF THE DIRECTORS

Dear Members,

The Directors present their 27th Annual Report on the business and operations of your Company and the Audited Statement of Accounts for the financial year ended 31st March, 2009

1. FINANCIAL RESULTS:

	2008-09	(Rs. in Lakhs) 2007-08
Sales & Other Income	39.83	23.66
Gross Profit / (Loss)	13.38	(6.74)
Depreciation	13.21	(16.05)
Profit / (Loss) before tax	0.17	(22.79)
Less: Tax	(0.10)	(0.07)
Profit / (loss) after tax	0.07	(22.86)

2. OPERATIONS:

The Company has achieved the sales and other income of Rs. 39.83 Lacs against Rs. 23.66 lacs reported last year. There was a profit after tax at Rs.0.07 lacs during the year under review as compared to a loss Rs.22.86 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:

Mr. K. Sudesh Acharya, Director retires by rotation at the ensuing Annual General meeting and being eligible offers himself for re-appointment.

Ms. Abhilasha Bhargava's tenure as the Whole time Director of the Company ends on 02.10.2009. It is proposed to reappoint her as the Whole time Director of the Company for a further period of 5 years w. e. f. 30.09.2009. Necessary resolution for approval of said reappointment by the shareholders will be proposed at the forthcoming AGM of the Company.

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.

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
Director

Place: Mumbai

Date: August 27, 2009

BEE ELECTRONIC MACHINES LIMITED

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, 2009)

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 2008 – March 2009, 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, 2008	3	3
2	31 st July, 2008	3	3
3	28 th August, 2008	3	3
4	31st October, 2008	3	3
5	31st January, 2009	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

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	:	Mr K. Sudeshkumar Acharya
Qualification	:	Engineering in Electronics and Telecommunications
Expertise	:	25 yrs + experience in office Automation Industry
Other Directorship	:	None
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 conform 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, 2009):

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

The Chair person of the Audit committee is Smt Karuna Kotian Shaikh

Number of Committee meetings held during the year -

During the year April 2008 to March 2009, the audit committee met 5 (five) times as follows

Sr. no	Date of the meeting	Board Strength	Directors present
1	30th April, 2008	3	3
2	31 st July, 2008	3	3
3	28 th August, 2008	3	3
4	31st October, 2008	3	3
5	31st January, 2009	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
Shri 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

BEE ELECTRONIC MACHINES LIMITED

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 2008 to March 2009, the remuneration committee met on one occasion i.e on 31st January, 2009.

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
Shri 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 2008-09 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 31st, 2009, no complaints were received for non-receipt of Annual report, delay in transfer of shares etc;.

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
2005-06	30-Sep-06 Worli, Mumbai 400 030	266, Dr. Annie Besant Road,	11.30 am
2006-07	29-Sep-07 Worli, Mumbai 400 030	266, Dr. Annie Besant Road,	11.30 am
2007-08	30-Sep-08 Worli, Mumbai 400 030	266, Dr. Annie Besant Road,	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 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 holders

No. The results of the Company are 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

None

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

30th September, 2009 at 11.00 am at 266, Dr. Annie Besant Road, Worli, Mumbai 30

Financial Calendar

April 2009 to March 2010

1st Quarter result - 31st July 2009

2nd Quarter result - last week of October 09

3rd Quarter result - last week of January 10

4th Quarter result - last week of April 10.

Date of Book closure

25th September 2009 to 30th September 2009 (both days inclusive)

BEE ELECTRONIC MACHINES LIMITED

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, 1st 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 450 with an avg interval
Of 15 days between approvals

Distribution of Shareholding as on date

Share holding of nominal value of	Shareholders		Share Amount		
	No. of shareholders	% of shareholders to total	Number of Shares	Nominal value of shares Rs.	% of share amount to total
Upto Rs 5000	6,533	93.72%	8,93,982	89,39,820	28.11%
5001 – 10000	258	3.70%	2,18,864	21,88,640	6.88%
10001 – 20000	116	1.66%	1,79,970	17,99,700	5.66%
20001 – 30000	24	0.34%	60,970	6,09,700	1.92%
30001 – 40000	14	0.20%	49,825	4,98,250	1.57%
40001 – 50000	9	0.13%	43,214	4,32,140	1.36%
50001 – 100000	6	0.09%	53,750	5,37,500	1.69%
100000 and above	11	0.16%	16,79,425	1,67,94,250	52.81%
Total	6971	100.00%	3,180,000	31,800,000	100.00%

Shareholding pattern as on date

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	15,32,138	48.17%
Private Corporate Bodies	84,361	2.65%
NRI/OCB's	6,550	0.21%
In Transit	0	0%
GRAND TOTAL	3,180,000	100.00%

Dematerialisation of Shares and liquidity

71.65 % of the paid up share Capital Comprising of 22,78,600 shares has been dematerialized as on date.

**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**

BEE ELECTRONIC MACHINES LIMITED

AUDITORS REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Bee Electronic Machines Limited as at 31st March, 2009 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.

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 31.03.2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31.03.2009 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.1,31,261 being accounted for on clearance basis;

Note No. 4(b) Non provision of interest on Excise duty payable of Rs 48,300 (upto PY Rs 241,500)

Note No 4(c) Non provision of property tax of Rs 67,751 (upto PY Rs 291,663)

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 accrued and due of Rs. 374.24 lacs approximately, Accumulated non-provision of Interest Rs 2853.50 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. 9,94,08,049 as against the reported profit figure of Rs 7,031 and the accumulated loss would have been Rs 34,90,48,003 as against the reported figure of Rs.24,96,32,923 the information required by the Companies Act, 1956 in the manner so required, give a true and fair view: -

- (1) in the case of balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- (2) in the case of the profit and loss account, of the profit 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

S.L Agrawal
Partner
Membership No 72184

Place : Mumbai
Date: 27th August, 2009

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 2009.

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 39,71,277 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.**
- 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.**

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
- It has accumulated losses at the end of the financial year of Rs 24,96,32,923
 - It has made a cash profit during the financial year covered by our audit but cash loss in the immediately preceding financial year of Rs 681,350.
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 5352.96 lacs to the financial institutions and banks. (including Rs 2853.50 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 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

Place: Mumbai
Date: 27th August, 2009

S.L. Agrawal
Partner
Membership No 72184

BEE ELECTRONIC MACHINES LIMITED

Balance Sheet as on 31st March, 2009

Particulars	Schedules	Amount (Rs.)	As on 31st March, 2009 Amount (Rs.)	Amount (Rs.)	As on 31st March, 2008 Amount (Rs.)
Sources of Funds					
Shareholders' fund					
A. Share capital	1	31,793,145		31,793,145	
B. Reserves and surplus	2	13,168,145	44,961,290	13,168,145	44,961,290
Loan funds					
A. Secured loans	3	249,946,182		249,946,182	
B. Unsecured loans	4	4,603,183	254,549,365	4,383,183	254,329,365
Total Rupees			299,510,655		299,290,655
Application of funds					
A. Fixed assets	5				
Gross block (at cost)		61,829,584		61,829,584	
Less: depreciation		49,349,174		48,029,504	
Net block			12,480,410		13,800,080
B. Investments	6		27,000		27,000
C. Net current assets					
Current Assets, Loans & Advances	7	45,823,961		46,042,508	
Less : Current Liabilities	8	8,453,639		10,219,662	
			37,370,322		35,822,846
D. Profit and loss Account			249,632,923		249,640,730
Total Rupees :			299,510,655		299,290,655
Significant Accounting Policies & notes to accounts	14				

As per our Annexed Report

For Shankarlal Jain & Associates
Chartered Accountants

S.L. Agrawal
Partner

Abhilasha Bhargava
Wholetime Director

K Sudeshkumar
Director

Place : Mumbai
Dated : 27th August, 2009

Profit and Loss account for the year ended 31st March, 2009

Particulars	Schedules	Amount (Rs.)	As on 31st March, 2009 Amount (Rs.)	Amount (Rs.)	As on 31st March, 2008 Amount (Rs.)
Income					
Sales and services	9	1,950,087	3,982,665	1,687,965	2,365,708
Other income	10	2,032,578		677,743	
Expenditure					
Decrease in Stock	11	(32,002)	3,965,634	101,447	4,645,140
Cost of stores, spares and consumable	12	1,011,827		1,195,945	
Operating, administrative & other exps	13	1,666,138		1,742,666	
Loss on Impairment of Fixed Assets		22,599		-	
Depreciation		1,297,072		1,605,082	
Net Profit / (loss) before tax			17,031		(2,279,432)
Less: Provision for Fringe Benefit Tax			(10,000)		(7,000)
Net (Profit) / loss for the year			7,031		(2,286,432)
Add: Loss brought forward			(249,640,730)		(247,354,298)
Add /(less) Earlier Year tax adjustments			776		
Loss carried to balance sheet			(249,632,923)		(249,640,730)
Significant Accounting Policies & notes to accounts	14				

As per our Annexed Report

For and on behalf of the Board

For Shankarlal Jain & Associates
Chartered AccountantsS.L. Agrawal
PartnerAbhilasha Bhargava
Wholetime DirectorK Sudeshkumar
DirectorPlace : Mumbai
Dated : 27th August, 2009

BEE ELECTRONIC MACHINES LIMITED

Cash Flow Statement for the year ended 31st March, 2009

	2008-09	2007-08
A. Cash Flow from Operating Activities		
Net profit / (loss) before Tax and extraordinary items	17,031	(2,279,432)
Adjustments		
Depreciation & Impairment Loss	1,319,670	1,605,082
Interest income	(40,733)	(30,175)
Operating profit before Working Capital changes	1,295,968	(704,525)
Adjustment for :		
Trade and other receivables	136,471	317,982
Inventories	135,330	270,690
Trade payables	(1,766,023)	(351,387)
Others	(0)	88,046
Extra ordinary items		
Earlier Years tax & Fringe benefit tax adjustments	(9,224)	(7,000)
Cash Generation from Operations	(207,477)	(386,194)
Direct taxes adjustments	(58,115)	(80,914)
Cash inflow / (used) in operating activities (a)	(265,592)	(467,108)
(B) Cash from Investing activities		
Interest income	40,733	30,175
Cash Surplus / (utilised) cash from investing activities (b)	40,733	30,175
(C) Cash Flow from Financing activities		
Unsecured Loans taken / (repaid)	220,000	370,000
Cash inflow / (used) in financial activities (c)	220,000	370,000
Net (Decrease) / Increase in cash and cash equivalent (a+b+c)	(4,860)	(66,934)
Cash and cash equivalent as at 1st April, 2008 (Opening Balance)	636,231	703,165
Cash and cash equivalent as at 31st March, 2009 (Closing Balance)	631,371	636,231

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 Shankarlal Jain & Associates
Chartered Accountants

S.L. Agrawal
Partner

Place : Mumbai
Dated : 27th August, 2009

For and on behalf of the Board

Abhilasha Bhargava
Wholetime Director

K Sudeshkumar
Director

Schedules annexed to the balance sheet as on 31st March, 2009

	Amount Rs.	As on 31st March, 2009	Amount Rs.	As on 31st March, 2008
Schedule 1 :				
Authorised capital 50,00,000 (PY 50,00,000) equity shares of Rs 10/- each		50,000,000		50,000,000
Issued and subscribed 31,80,000 (PY 31,80,000) equity shares of Rs 10/- each Less: allotment money in arrears	31,800,000 6,855		31,800,000 6,855	
		31,793,145		31,793,145
		31,793,145		31,793,145
Total Rupees :				
Schedule 2 :				
Reserves and surplus				
Share premium account As per last balance sheet Less: premium money in arrears	13,175,000 6,855	13,168,145	13,175,000 6,855	13,168,145
Total Rupees		13,168,145		13,168,145
Schedule 3 :				
Secured loans				
Debentures 125,000 14% privately placed non Convertible debentures of Rs 100/- each to Unit Trust of India (refer note 7) Premium on redemption of debentures Interest accrued and due	12,500,000 625,000 13,869,692		12,500,000 625,000 13,869,692	
		26,994,692		26,994,692
Working capital facilities (Secured by hypothecation of stock of raw Materials, finished goods, stores and Spares and collateral security of book Debts and personally guaranteed by the Whole time director of the company) Interest accrued and due [Refer Note no 9(e)]	105,325,582 117,625,908		105,325,582 117,625,908	
		222,951,490		222,951,490
Total Rupees :		249,946,182		249,946,182
Schedule 4 :				
Unsecured loan (overdue)				
Inter Corporate Loans		2,046,802		2,046,802
From Directors		1,655,417		1,435,417
Other loans		900,964		900,964
Total Rupees :		4,603,183		4,383,183

BEE ELECTRONIC MACHINES LIMITED

Schedule 5: Fixed Assets Annexed to and forming part of the Balance Sheet as on 31st March, 2009

Fixed Assets as on 31.03.2009 Particulars	Gross Block (AT COST)				Depreciation					Net Block	
	As on 01.04.2008 Rupees	Additions Rupees	Deletions Rupees	Total as on 31.03.2009 Rupees	Upto 01.04.2008 Rupees	For the Year Rupees	Deductions Rupees	Impairment Rupees	Upto 31.03.2009 Rupees	As on 31.03.2009 Rupees	As on 31.03.2008 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	53,990	2,359	0	0	56,349	167,751	170,110
Building	13,130,139	0	0	13,130,139	7,056,002	420,869	0	0	7,476,871	5,653,268	6,074,137
Plant and Machinery	24,666,763	0	0	24,666,763	23,550,404	217,780	0	4,477	23,772,661	894,102	1,116,359
Electrical Installation	855,400	0	0	855,400	765,436	11,281	0	2,705	779,421	75,979	89,964
Office Equipment	4,801,831	0	0	4,801,831	3,077,160	196,757	0	3,749	3,277,666	1,524,165	1,724,671
Computer	4,294,443	0	0	4,294,443	4,242,750	17,776	0	2,290	4,262,816	31,627	51,693
Furniture and Fixture	5,589,824	0	0	5,589,824	4,647,983	133,235	0	9,377	4,790,594	799,230	941,841
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	3,488,382	297,014	0	0	3,785,396	2,467,535	2,764,549
Total Rupees	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
Previous Year	61,829,584	0	0	61,829,584	46,424,424	1,605,080	0	0	48,029,504	13,800,080	15,405,160

Schedules annexed to the balance sheet as on 31st March, 2009

	Amount Rs.	As on 31st March, 2009	Amount Rs.	As on 31st March, 2008
Schedule 6 :				
Investments (long term)				
Unquoted				
Six year NSC VIII issue		27,000		27,000
(Pledged with government authorities)				
(Overdue Rs 25,000/- (P.Y. 25,000))		27,000		27,000
Total Rupees :				
Schedule 7 :				
(A) Current Assets :				
<u>Inventories</u>				
(As taken, valued and certified by the Management)				
Raw materials	18,753,555		18,753,555	
Spares	17,427,280		17,594,613	
Finished goods	6,524,451		6,492,449	
Work in progress	1,358,132		1,358,132	
		44,063,418		44,198,749
<u>Sundry debtors</u>				
(Unsecured, considered good except				
Otherwise stated Separately)				
Outstanding for more than six months	-		93,750	
Others	78,417		121,138	
		78,417		214,888
<u>Cash & bank balances</u>				
Cash in hand	8,134		8,915	
Balances with scheduled banks				
Current accounts	125,796		158,881	
Fixed deposits	306,426		301,663	
(Pledged with banks)				
Interest accrued on fixed deposits	191,015		166,772	
		631,371		636,231
Total Rupees		44,773,206		45,049,868
(B) loans and advances :				
(Unsecured, considered good except otherwise				
stated Separately)				
Loans to employees	18,402		18,402	
Advances recoverable in cash or in kind or				
For value to be received	82,633		82,633	
Deposits	772,243		772,243	
Advance tax & tax deducted at source	177,477	1,050,755	119,362	992,640
Total Rupees :		45,823,961		46,042,508

BEE ELECTRONIC MACHINES LIMITED

Schedules annexed to the balance sheet as on 31st March, 2009

	Amount Rs.	As on 31st March, 2009	Amount Rs.	As on 31st March, 2008
Schedule 8 :				
Current Liabilities :				
Sundry creditors (other than SSI)		7,326,103		9,049,786
(Include payable to a director Rs 943,607 Rs 871,907)				
Deposits received		571,400		571,400
Other liabilities		556,137		598,476
Total Rupees :		8,453,639		10,219,662

Schedules annexed to and forming part of the Profit & Loss account for the year ended 31st March, 2009

	Amount Rs.	For the year ended 31st March, 2009	Amount Rs.	For the year ended 31st March, 2008
Schedule 9:				
Sales and services		1,893,751		1,592,054
Sales		56,336		95,911
Service charges		1,950,087		1,687,965
Total Rupees :				
Schedule 10 :				
Other income				
Interest	35,296		30,175	
Bank (gross)				
(TDS Rs 6,290 Previous Year Rs.5,786)	5,437	40,733	-	30,175
On others		27,063		33,620
Service tax Refund		1,596,312		215,808
Miscellaneous income		368,470		398,140
Compensation charges Received				
(TDS Rs. 83,497 Previous Year Rs.72,092)		2,032,578		677,743
Total Rupees :				
Schedule 11 :				
Decrease in Stock				
Opening stock		18,753,555		18,753,555
Raw materials		6,492,449		6,593,895
Finished goods		1,358,132		1,358,132
Work in progress		26,604,136.00		26,705,582
Total Rupees - (A):				
Closing stock		18,753,555		18,753,555
Raw materials		6,524,451		6,492,449
Finished goods		1,358,132		1,358,132
Work in progress		26,636,138		26,604,136
Total Rupees - (B):				
Decrease in Stock (A-B)		(32,002)		101,447
Schedule 12 :				
Cost of stores, spares & consumable		195,000		282,563
Purchase for resale		17,594,613		17,763,857
Opening stock		649,495		744,138
Add : purchases		17,427,280		17,594,613
Less : closing stock		1,011,827		1,195,945

BEE ELECTRONIC MACHINES LIMITED

Schedules annexed to and forming part of the Profit & Loss account for the year ended 31st March, 2009

	Amount Rs.	For the year ended 31st March, 2009	Amount Rs.	For the year ended 31st March, 2008
Schedule 13 :				
Operating, administrative & other expenses				
Payment to and provisions for employees				
Salaries, wages and bonus etc	404,991		783,229	
Contribution to provident fund				
and other funds	40,104		109,905	
Staff welfare expenses	5,400		7,216	
		450,495		900,350
Rent, Rates and Taxes				
Rent	31,316		41,724	
Rates and taxes	-	31,316	2,188	43,912
Travelling and conveyance		10,843		27,078
Postage, telephone and telex charges		72,405		66,335
Printing and Stationary		33,750		35,719
Repairs and maintenance to others		33,246		17,730
Directors remuneration		266,520		91,200
Legal and professional charges		266,235		99,550
Electricity		48,541		34,381
Packing and forwarding		7,416		28,316
Sales tax		165,227		108,260
Service tax		45,516		42,464
Miscellaneous expenses		234,628		247,371
Total Rupees :		1,666,138		1,742,666

SCHEDULE – 14:

NOTES FORMING PARTS OF ACCOUNTS AS ON 31ST MARCH 20091) 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 01.04.1986 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
iii) 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 2,49,40,220 (PY Rs. 2,51,23,646)

BEE ELECTRONIC MACHINES LIMITED

- 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. 1,31,261 (Rs. 262,522).
 - (b) Interest on Excise duty payable of Rs 289,800/- (Rs 241,500/-) has not been provided for.
 - (c) Property tax has not been provided for Rs 359,414/- (PY Rs. 291,663/-)
- 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 10,31,250 has not been provided for
- 7) Sundry Debit, credit balances and secured loans from UTI and banks are subject to confirmation, reconciliations and adjustments, required, if any.
- 8)
 - a) Sundry debtors include doubtful debts of Rs Nil (Rs.93,750)
 - b) Loans and advances include doubtful advances of Rs 611,279 (Rs. 611,279). However, no provision has been made.
- 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 687.53 lacs (PY 515.65 lacs), 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 374.24 lacs (P.Y. Rs 341.83 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 441.42 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 285,350,129 (PY Rs 230,738,063) not provided for.
- 10) Inventories of finished goods, Raw materials and Spares include value of old slow moving stocks of Rs. 431.60 lacs, The realizable value of this stock is estimated at Rs. 31.60 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) <u>Auditors remuneration:</u>	<u>Current Year</u>	<u>Pervious Year</u>
Audit fees	27,575	28,090
Out of pocket expenses	4,560	5,460
Total Rs.	<u>32,135</u>	<u>33,550</u>

12) (a) <u>Managerial remuneration includes</u>		
Salaries	141,000	60,000
Perquisites	125,520	31,200
Total remuneration	<u>266,520</u>	<u>91,200</u>
Number of directors	2	1

(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, 2009.

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: -

- 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.
- 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.

- Associate: -
Fuji Electronics Private Limited
Kaka Company Private Limited
Flexcord Cables Private Limited
- Key Management Personnel (KMP): -
Ms. Abhilasha Bhargava, Whole time Director
Mr Umesh Phalorh - Chief Financial Officer
Mr. K Sudeshkumar - Director
- Relative: -
Late Shri K K Bharava - Ex Managing Director

Transaction with related parties

Particulars	Associate	KMP	Relative
Remuneration	0 (0)	544,800 (379,200)	0 (0)
Loans Taken	20,46,802 (20,46,802)	16,55,417 (14,35,417)	269,058 (269,058)
Balance Payable	0 (0)	954,267 (872,201)	0 (0)
Balance Receivable	52,633 (52,633)		

BEE ELECTRONIC MACHINES LIMITED

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

	2008-09	2007-08
Profit / (Loss) apportioned to Equity Shareholders	7,031	(-) 22,86,432
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	0.002	(-) 0.72

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 22,599 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	53,96,082	6	195,000	6	273,000	45	54,28,084
		(48)	(54,96,528)	(8)	(282,563)	(11)	(657,077)	(45)	(53,96,082)
Others	Nos.	0	10,96,367	0			16,20,751		10,96,367
		(0)	(10,97,367)	(0)			(934,977)		(10,96,367)
Total Rs.			64,92,449		195,000		18,93,751*		64,92,449
			(65,93,894)		(282,563)		(15,92,054) *		(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	10,11,827 (11,95,945)	100.00% (100.00%)
Total Rs.	10,11,827 (11,95,945)	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	25033	State Code: 11
	Registration No.	31.03.2009	
	Balance Sheet date		
I	Capital raised during the Year (in Rs.)		
	Public Issue	Right Issue	
	Ni	Ni	
	Bonus Issue	Private Placement	
	Ni	Ni	
■	Position of Mobilization and Deployment of Funds (in Rs 000's)		
	Total Liabilities	Total Assets	
	299511	299511	
	Sources of Funds		
	Paid-up Capital	Reserve & Surplus	
	31,793	13,168	
	Secured Loans	Unsecured Loans	
	249946	4603	
	Application of Funds		
	Net Fixed Assets	Investments	
	12480	27	
	Net Current Assets		
	37370		
	Profit and Loss Accounts		
	249633		
IV	Performance of Company (in Rs 000's)		
	Turnover	Total Expenditure	
	3983	3965	
	Profit before Tax	Profit after Tax	
	17	07	
	Earning per Share in Rs. 0.002	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

S.L. Agrawal
Partner

Place : Mumbai
Date: 27th August, 2009

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

Abhilasha Bhargava
Wholetime Director

K Sudeshkumar
Director