

22nd
Annual Report
2003-2004

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**BEE ELECTRONIC
MACHINES LIMITED**

BOARD OF DIRECTORS	:	Ms. Abhilasha Bhargava - Whole Time Director Mr. Bhaskar Bhargava - Director Mr. N. K. Patel Director
BANKERS	:	Canara Bank The Sakura Bank The Bank of Tokyo - Mitsubishi Ltd.,
AUDITORS	:	Shankarlal Jain & Associates 12, Engineer Building, 265, Princess Street, Mumbai - 400 002.
REGISTERED OFFICE	:	266, Dr. Annie Besant Road, Opp, Passport Office, Worli Mumbai - 400 030

FACTORIES

Unit-1 : K-25, MIDC, Industrial Area, Tarapur, Maharashtra	Unit - 3 : Raghunath Industrial Estate, College Road, Wadkun, Dahanu Road, Maharashtra
Unit-2 : G-17/2, MIDC, Industrial Area, Tarapur, Maharashtra	Unit 4 : Plot No. 12, Gamtalao Dabhel Industrial Co-op. Ltd. Dabhel, Nani Daman, Daman - 396 210

REGISTRARS & TRANSFER AGENT	:	Adroit Corporate Services Pvt. Ltd., 19, Jafarbhay Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Mumbai - 59 Tel.: 2859 0942/28503748 Fax : 28590942/ E-mail : adroits@vsnl.net
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BRANCH OFFICES

KARNATAKA
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NEW DELHI
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MADHYA PRADESH
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GUJARAT
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WEST BENGAL
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MAHARASHTRA
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Pune@beeelectronic.com

Kolhapur Cell: 98225 99367

Nashik Cell : 98225 99362 /63

Aurangabad Cell : 98225 99365 / 64

Nanded Cell : 98225 99366

BEE ELECTRONIC MACHINES LIMITED

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of BEE ELECTRONIC MACHINES LIMITED will be held at the Registered office of the Company at 266 Dr. Annie Besant Road, Worli, Mumbai 400 030 on Friday, 31st December, 2004 at 11.30 A. M. to transact the following business.

Ordinary Business

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Ms. Abhilasha Bhargava who retires by rotation, and is eligible for reappointment.
- 3) To appoint Auditors 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

- 4) To consider &, if thought fit, to pass with or without modifications the following resolutions as a special resolution.

"RESOLVED THAT, in supersession of the resolution passed at the twentieth Annual General Meeting of the Company held on 28th November, 2002, the Board of Directors be and is hereby authorized in accordance with section 293 (1) (d) and all other applicable provisions, if any, of the Companies Act, 1956 to borrow any sum or sums of money from time to time at its discretion for the purpose of business of the company, which together with the monies already borrowed by the company (apart from the temporary loans obtained by the company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed shall not exceed the limit of RS 50 crores (Rupees Fifty Crores)

- 5) To appoint Smt. Karuna Kotian Shaikh as a Director of the Company who was appointed as an additional Director of the Company by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting in accordance with Section 260 of the Companies Act, 1956 but who is eligible for appointment and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956 in writing proposing her candidature for the office of Director.

- 6) 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, Miss Abhilasha Bhargava be and is hereby re-appointed as WHOLE TIME DIRECTOR of the company for a period of five years w.f. 2nd October 2004 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 any thing contained hereinabove, where in any financial year the company has no profits or its profits are inadequate the company shall pay to the wholetime Director, the above remuneration not exceeding the ceiling limit prescribed in schedule XIII to the Companies Act, 1956.
- d) The Wholetime 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 months 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 VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORMS, IN ORDER TO BE VALID, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b) The Register of members and the Share Transfer Book of the Company remained closed from Tuesday, the 28th September 2004 to Thursday, the 30th September 2004 (both days inclusive).
- c) The relative explanatory statement under Section 173 of the Companies Act, 1956 in respect of the business at item No. 4 is annexed hereto.

By order of the Board

Abhilasha Bhargava
Whole time Director

Registered Office:
266 Dr. Annie Besant Road,
Opp. Passport Office,
Worli, Mumbai 400 030.

Dated: 30th November 2004

BEE ELECTRONIC MACHINES LIMITED

EXPLANATORY STATEMENT PURSUANT TO THE PROVISION OF SECTION 173 (2) OF THE COMPANES ACT, 1956**Item No. 4 of the Agenda:**

As per the provisions of Section 293 (1)(d) of the Companies Act, 1956 the Board of Directors of a public limited company cannot, except with the consent of such public company, in general meeting, borrow money in excess of the paid up share capital of the company and its free reserves. The Company at the 20th Annual General Meeting held on 28th November, 2002 passed an ordinary resolution under section 193 (1) (d) of the Companies Act, 1956, authorizing the Board of Directors of the company to borrow money in excess of the paid up capital of the company and its free reserves upto Rs 30 crores. The company is registered as a sick industrial company and may need to raise additional funds for rehabilitation of the company. It is therefore considered appropriate to increase the borrowing power of the Board upto a limit of Rs 50 crores and hence a resolution at item 4 of the accompanying notice is proposed for approval of the shareholders. The Directors commend the same for approval. None of the Directors of the Company are in any way concerned or interested in the said Resolution.

Item no 5

The Board of Directors appointed Smt. Karuna Kotian Shaikh as additional Director on 30th November 2004. Pursuant to the provisions of section 260 of the Companies Act 1956, she would hold office of the Director upto the date of forthcoming AGM of the company. The Company has received notice alongwith a deposit of RS 500/- under section 257 of the Companies Act, 1956 from a member proposing the appointment of Smt. Karuna Kotian Shaikh as the Director of the Company.

Smt. Karuna Kotian Shaikh is interested in the said item as it relates to her own appointment.

Item no 6

Ms Abhilasha Bhargava was reappointed as the whole time Director of the company for a period of 5 years w.f. 02.10.2004 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 6 of this accompanying notice is therefore proposed for your approval,

By order of the Board

Abhilasha Bhargava
Whole time Director

Registered Office:
266 Dr. Annie Besant Road,
Opp. Passport Office,
Worli, Mumbai 400 030.

Dated: 30th November 2004

DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2004

Dear Members,

Your Directors submit their Report together with the Audited Accounts of the Company for the Financial year ended 31st March, 2004.

1. FINANCIAL RESULTS:

	2003-04	(Rs. in Lakhs) 2002-03
Sales & Other Income	220.02	440.13
Gross Loss	151.35	159.23
Add: Interest	203.53	204.10
Depreciation	18.37	19.58
Loss before tax	373.25	382.91
Less: Provision for tax	NIL	NIL
Loss after tax	373.25	382.91

2. OPERATIONS:

The Company has achieved the sales and other income of Rs 220.02 lacs against Rs.440.13 lacs reported last year. There was a loss after tax at Rs. 373.25 lacs during the year under review as compared to Rs.382.91 Lacs reported during the previous year.

3. SICK INDUSTRIAL COMPANY:

The Company's application for Registration as a Sick Industrial Undertaking is before 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 for the year 2003-04.

5. DIRECTORS:

Mr. N. K. Patel resigned as Director of the company on 30th November 2004. The Board places on record its appreciation of the valuable advice and guidance given by Shri N K Patel during his long tenure as Director with the company.

Smt Karuna Kotian Shaikh was appointed as an additional director by the Board on 30th November, 2004. She would hold office upto the date of the forthcoming AGM and is eligible for reappointment

Ms. Abhilasha Bhargava was reappointed as the Whole time Director of the company for a period of 5 years w.e.f. 02.10.2004. Necessary resolution for approval of said reappointment by the shareholders will be proposed at the forthcoming AGM of the company. She retires by rotation and is eligible for reappointment.

6. REMARKS OF THE AUDITORS:

The observations in the Auditor's Reports are dealt with in the note to accounts at appropriate places and are self explanatory. The Management has made and is making efforts to recover the doubtful debts & loans and advances, hence no provisions have been made.

7. PARTICULARS OF EMPLOYEES:

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.

BEE ELECTRONIC MACHINES LIMITED

8. CORPORATE GOVERNANCE:

As required under Clause 49 of the Listing Agreement, your Company was required to implement Corporate Governance by 31st March, 2004. The Company has taken necessary steps to comply with all the provisions of Corporate Governance to the extent possible. However since the Company has been unsuccessful 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.

9. SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956:

Required steps are being taken to conserve energy at all levels. There was no technology absorption during the year under review. The foreign exchange earning during the year was nil and foreign exchange outgo was Rs 3.26 lacs

10. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

- I. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- II. Appropriate accounting policies have been selected and applied consistently, and have made judgements 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 ended as at March 31st, 2004 and of the loss of the Company for the year ended March 31st, 2004.
- III. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- IV. The Annual Accounts have been prepared on a going concern basis.

10. AUDITORS:

M/s. Shankarlal Jain & Associates, Auditors of the Company, retire at the end of the ensuing Annual General meeting and are eligible for reappointment. You are requested to appoint Auditors and fix their remuneration.

11. ACKNOWLEDGEMENT:

Our thanks are due to our valued customers, suppliers, bankers, team members and the shareholders of the company for their continued co-operation and support.

For and on behalf of the Board

Abhilasha Bhargava
Whole time Director

Bhasker B Bhargava
Director

Place: Mumbai

Date: November 30, 2004

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 Board comprises of three Directors of whom one director holds an executive position and the other two are non-executive Directors. The Executive Director is part of the promoter Group.

a) Composition of the Board

Name of the Director	Status
Shri N K Patel	Non executive Director - Independent
Shri Bhasker B Bhargava	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 at 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 2003 – March 2004, the Board of Directors met 5 (five) times on the following dates:

Sr. No.	Date of Meeting	Board strength	No. of Directors present
1	30th April, 2003	3	2
2	31st July, 2003	3	2
3	4th October, 2003	3	2
4	31st October, 2003	3	2
5	31st January, 2004	3	2

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 Ltd. in which he is a member)
Shri N K Patel	5	0	absent	5	0
Shri Bhasker B Bhargava	5	5	present	3	0
Ms Abhilasha Bhargava	5	5	present	5	0

BEE ELECTRONIC MACHINES LIMITED

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

Name	:	Ms Abhilasha Bhargava
Qualification	:	B.Com., FMBA
Expertise	:	Industrialist
Other Directorship	:	05
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 formalised through constitution of designated committees of the Board. The committees are intended to provide regular exchange of informations and ideas between the non executive Directors and the operating management. The Board has accordingly constituted three committees which comply with the requirements of clause 49 of the listing agreement with the stock exchanges and the applicable provisions of The Companies (Amendment) Act, 2000.

a) Audit committee:

Composition of the audit committee

The Audit committee comprises of the following members of the Board:

- Shri N K Patel, Non Executive Independent Director
- Shri Bhasker B Bhargava, Non Executive Independent Director
- Ms Abhilasha Bhargava, Wholetime Director

The Chair person of the Audit committee is Shri Bhasker B Bhargava

Number of Committee meetings held during the year

During the year April 2003 to March 2004, the audit committee met 5 (five) times as follows

Sr. No.	Date of Meeting	Committee Strength	No. of members present
1	30th April, 2003	3	2
2	31st July, 2003	3	2
3	4th October, 2003	3	2
4	31st October, 2003	3	2
5	31st January, 2004	3	2

Attendance of the members at the Audit Committee Meeting

Name of the Member	No. of Committee meetings held	No. of Committee meetings attended
Shri N K Patel	5	0
Shri Bhasker B Bhargava	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