

23rd
Annual Report
2004-2005

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**BEE ELECTRONIC
MACHINES LIMITED**

Board of Directors

Ms. Abhilasha Bhargava, Whole time director
 Mr. Bhasker Bhargava, Director
 Smt. Karuna Kotian Shaikh, Director

Bankers

Canara Bank
 Standard Chartered 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:**

G-17 / 2, MIDC Industrial Estate
 Tarapur, Maharashtra

Unit 2:

Raghunath Industrial Estate
 College Road, Wadkun,
 Dahanu Road, Maharashtra

Unit 3:

Plot no 12, Gamtalao,
 Dabhel Industrial Estate,
 Dabhel, Nani Daman,
 Daman 396210

Registrars and Share transfer agent

Adroit Corporate Services Ltd
 19, Jaferbhai Industrial Estate,
 Makwana Road, Marol Naka,
 Mumbai 400 059

Branch Offices**Gujrat**

3B, Ashok Chambers, Mithakali,
 6 Raasta, Ahmedabad -06

Maharashtra

89, New Sadashiv Peth,
 Parvati Bldg, Ganjwe Chowk,
 LBS Marg, Pune - 30

Madhyapradesh

G-1, Krishna Apts, P.B No B-70,
 Bhopal 462023

Karnataka

29, M.M. Industrial Estate
 Vedyur, K R Road, Bangalore -82

BEE ELECTRONIC MACHINES LIMITED

NOTICE

Notice is hereby given that the Twenty Third 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, 30th September, 2005 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, 2005 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. Bhaskar B. Bhargava who retires by rotation, and is eligible for reappointment.
- 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.

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 THE 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 shall remain closed from Wednesday, the 28th September 2005 to Friday, the 30th September 2005 (both days inclusive).

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: 27th August, 2005

DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2005

Dear Members,

Your Directors submit their Report together with the Audited Accounts of the Company for the Financial year ended 31st March, 2005.

1. FINANCIAL RESULTS:

| | (Rs. in Lakhs) | |
|-------------------------|----------------|---------|
| | 2004-05 | 2003-04 |
| Sales & Other Income | 132.15 | 220.02 |
| Gross Loss | 118.13 | 151.35 |
| Add: Interest | 203.33 | 203.53 |
| Depreciation | 16.99 | 18 |
| Loss before tax | 338.45 | 373.25 |
| Less: Provision for tax | NIL | NIL |
| Loss after tax | 338.45 | 373.25 |

2. OPERATIONS:

The Company has achieved sales and other income of Rs. 132.15 lacs against Rs.220.02 lacs reported last year. There was a loss after tax at Rs. 338.45 lacs during the year under review as compared to Rs.373.25 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 2004-05.

DIRECTORS:

Mr. Bhasker Bhargava retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

5. REMARKS OF THE AUDITORS:

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 is making efforts to recover the doubtful debts & loans and advances, hence no provisions have been made.

6. 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.

7. CORPORATE GOVERNANCE:

As required under Clause 49 of the Listing Agreement, your Company was required to implement Corporate Governance by 31st March, 2005. The Company has taken necessary steps to comply with the provisions of Corporate Governance to the extent possible. However, as the Company has been un-successful in identifying additional non-executive &

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independent directors to join the Board of Directors of the Company, the Committees so formed consist of the Board of Directors in the present strength of the Board.

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

As 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 also nil.

9. 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, 2005 and of the loss of the Company for the year ended March 31st, 2005.
- 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: August 27, 2005

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 on 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 |
|--------------------------|--------------------------------------|
| Smt Karuna Kotian Shaikh | 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 2004 – March 2005, 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, 2004 | 3 | 3 |
| 2 | 31st July, 2004 | 3 | 3 |
| 3 | 4th October, 2004 | 3 | 3 |
| 4 | 31st October, 2004 | 3 | 3 |
| 5 | 31st January, 2005 | 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 Ltd. in which he is a member) |
|--------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------------|---|
| Smt Karuna Kotian Shaikh | 5 | 5 | Present | 0 | 0 |
| Shri Bhasker B Bhargava | 5 | 5 | Present | 3 | 0 |
| Ms Abhilasha Bhargava | 5 | 5 | Present | 5 | 0 |

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

| | | |
|-----------------------------|---|---------------------|
| Name | : | Mr Bhasker Bhargava |
| Qualification | : | Engineer |
| Expertise | : | Industrialist |
| Other Directorships | : | 03 |
| Other Committee Memberships | : | Nil |

3) Committees of Directors:

Non executive / Independent Directors provide guidance to operating management on policy matters and also in the monitoring 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 information and ideas between the Non-Executive Directors and the operating management. The Board has accordingly constituted three committees that comply with the requirements of clause 49 of the listing agreement with the stock exchanges and the applicable provisions of The Companies (Amendment) Act, 2000.

a) AUDIT COMMITTEE:

Composition of the audit committee

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

- Smt Karuna Kotian Shaikh, Non Executive Independent Director
- Shri Bhasker B Bhargava, Non Executive Independent Director
- Ms Abhilasha Bhargava, Wholetime Director

The Chairperson of the Audit committee is Shri Bhasker B Bhargava

Number of Committee meetings held during the year

During the year April 2004 to March 2005, the audit committee met 5 (five) times as follows

| Sr. No. | Date of Meeting | Board Strength | Directors present |
|---------|--------------------|----------------|-------------------|
| 1 | 30th April, 2004 | 3 | 3 |
| 2 | 31st July, 2004 | 3 | 3 |
| 3 | 4th October, 2004 | 3 | 3 |
| 4 | 31st October, 2004 | 3 | 3 |
| 5 | 31st January, 2005 | 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 |
|--------------------------|--------------------------------|------------------------------------|
| Smt Karuna Kotian Shaikh | 5 | 5 |
| Shri Bhasker B Bhargava | 5 | 5 |
| Ms. Abhilasha Bhargava | 5 | 5 |

Terms of reference:

The terms of reference of the Audit committee cover the matter specified under clause 49 of the listing agreement as well as in Section 29A of The Companies Act, 1956

b) **REMUNERATION COMMITTEE****Composition of the Remuneration Committee**

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

Number of committee meetings held in the year

During the year April 2004 to March 2005, the remuneration committee met on one occasion i.e on 31st January, 2005.

Attendance of members at the remuneration committee meeting

| Name of the Directors | No. of Committee meetings held | No. of Committee meetings attended |
|--------------------------|--------------------------------|------------------------------------|
| Smt Karuna Kotian Shaikh | 1 | 1 |
| Shri Bhasker B Bhargava | 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 2003-04 are as under

| S. No. | Name of Director | Salary | P. F. | Sitting Fees |
|--------|--|--------|-------|--------------|
| 1 | Ms. Abhilasha Bhargava Wholetime Director | 84,000 | 7,200 | 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 Bhaskar B Bhargava. 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, 2005, no complaints were received for non-receipt of Annual report, delay in transfer of shares etc;.

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4) GENERAL BODY MEETINGS :

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

| Financial Year | Date | Location of the meeting | Time |
|------------------------|-----------|--|----------|
| Annual General Meeting | | | |
| 2001-02 | 28-Nov-02 | Shakti Art Gallery, 1st Floor T K Kotecha Estate, Malad (w) Mumbai 400 064 | 11.30 am |
| 2002-03 | 31-10-03 | 266, Dr. Annie Besant Road, Worli, Mumbai 400 030 | 11.30 am |
| 2003-04 | 31-Dec-04 | 266, Dr. Annie Besant Road, Worli, Mumbai 400 030 | 11.30 am |

5) Disclosures:

Disclosure on materially significant related party transactions i.e. transactions of the company of material 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.17 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 published in newspapers as per the Listing Agreements.

Quarterly Results

As above

Any website where displayed

None

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 are made during the year.

Newspapers in which results are usually published

The Financial Express and Lok Sanket

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, 2005 at 11.30 am at 266,
Dr. Annie Besant Road, Worli, Mumbai 30

Financial Calendar

April 2005 to March 2006

1st Quarter result - last week of July 2005

2nd Quarter result - last week of October 05

3rd Quarter result - last week of January 06

4th Quarter result - last week of April 06.