



ANNUAL REPORT - 2006-07



BRADY & MORRIS ENGINEERING COMPANY LIMITED

BOARD OF DIRECTORS

MR. PAVAN G. MORARKA Chairman

MR. K. D. SHAH

MR. A. P. HARIANI

MR. K. K. KRISHANAN (upto 13.05.07)

MR. M. K. SHAH (w.e. f. 29.06.07)

AUDITORS

C. L. Dalal & Co.

Chartered Accountants

SOLICITORS

Hariani & Co., MUMBAI

BANKERS

UNION BANK OF INDIA

REGISTERED OFFICE

"Brady House"

12/14, Veer Nariman Road,

Fort, Mumbai - 400 001.

WORKS

GIDC Industrial Estate,

Vatva, Ahemedabad - 382 445

REGISTTrar & Transfer Agents

Bigshare Services Pvt. Ltd.

E-2, Ansa Industrial Estate,

Sakivihar Road, Saki Naka. Andher (E)

Mumbai - 400 072

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BRADY & MORRIS ENGG. CO. LTD.


NOTICE

NOTICE is hereby given that the Sixty-first Annual General Meeting of the Members of BRADY & MORRIS ENGINEERING CO. LTD., will be held on Thursday, the 27th September, 2007 at 11.30 a.m. at Maharashtra Chamber of Commerce Trust, Babasaheb Dahanukar Sabhagriha, Orion House, 6th Floor, 12, K. Dhubhash Marg, Fort, Mumbai -400001, to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended on that date together with Directors' and Auditors' Reports thereon.
2. To declare a Dividend.
3. To elect a Director in place of Mr. K. D. Shah, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution :

"RESOLVED THAT Authorised Share Capital of the Company be and is hereby increased to Rs.5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty lacs) Equity Shares of Rs.10/- (Rupees Ten) each by creation and addition of further 25,00,000 (Twenty Five lacs) Equity Shares of Rs.10/- (Rupees Ten) each to the existing capital of the Company".

6. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Clause 5 of the Company's Memorandum of Association be and is hereby altered by substituting the words and figures "Rs.5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty lacs) Equity Shares of Rs.10/- (Rupees Ten) each" in place and stead of the existing words and figures "Rs.2,50,00,000/-(Rupees Two Crores Fifty Lacs only) divided into 25,00,000 (Twenty Five lacs) Equity Shares of Rs.10/- (Rupees Ten) each".

FOR AND ON BEHALF OF THE BOARD

PAVAN G. MORARKA
Chairman

Registered Office:
Brady House,
12-14, Veer Nariman Road,
Fort, Mumbai - 400 001.
Dated : 29th June, 2007

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 INSTRUMENT APPOINTING PROXY DULY STAMPED COMPLETED AND SIGNED SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) The Register of Members and the Share Transfer Books of the Company will remain closed from 20th September 2007 to 27th September, 2007 (both days inclusive).
- (c) Members holding shares in physical form are requested to advise any change of address with complete details and other related matters immediately to Company's Registrar & Transfer Agents, Bigshare Services Pvt. Ltd. Members holding shares in Electronic form should advise their respective Depository Participants about change in address and other related matters and not to the Company or to R & T Agents.
- (d) The dividend on Equity Shares, as recommended by the Board of Directors for the year ended 31st March, 2007, if declared at the meeting, will be paid within 30 days of the date of the Meeting to those members whose names appear on the Register of Members of the Company as on record date which is fixed as 19.09.2007. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as on 21.09.2007 as per details furnished by National Security Depository Ltd. and Central Depository Service (India) Ltd. for the purpose.
- (e) The Company proposes to disburse dividend now recommended through ECS, wherever said facility is available. Hence, members holding shares in electronic mode are requested to initiate requisite steps with their respective depository Participant (DP), to update their bank account details and also to intimate all changes with respect to their nomination, power of attorney, change of address, etc. to their respective DP only.
- (f) Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall. Members who hold shares in electronic form and desirous of attending the meeting are requested to bring alongwith them Client ID and DP ID numbers for easy identification.
- (g) Members are requested to send their queries at least seven days in advance of the meeting so that the information can be made available at the meeting.
- (h) Members are requested to quote Folio Numbers in all their correspondence.
- (i) Members are requested to bring their copy of the Annual Report along with them to the Annual General Meeting.
- (j) Consequent upon amendment of Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India.
- (k) Members who have not encashed their dividend warrant(s) for the financial year ended 31.03.2000 and thereafter may approach the Registered Office for revalidation of the Dividend Warrants as the amount of dividend remaining unpaid for a period of seven years shall be transferred to Investor Education & Protection Fund as per the provisions of Section 205A of the Companies Act, 1956. It may be noted that once the



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unclaimed dividend is transferred to the Central Government as above, no claim shall lie in respect thereof.

- (l) Members holding shares in physical form can avail of the nomination facility by filing Form 2B (in duplicate) with the Company or its Registrar & Share Transfer Agents. Nomination Forms will be made available on request. In case of shares held in demat form the nomination has to be lodged with the Depository Participant.
- (m) In addition to National Securities Depository Limited (NSDL), your Company has an arrangement with Central Depository Services (India) Limited (CDSL) to provide Members with flexibility when trading in the Company's shares in electronic form. The Company's shares are compulsorily required to be traded in dematerialised form and therefore members will find it beneficial to dematerialise their shares at the earliest.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 5 & 6

ITEM NO. 5 & 6

It is necessary to increase the authorized Share Capital of the Company from Rs.2,50,00,000/- (Rupees Two Crores Fifty Lacs only) to Rs.5,00,00,000/- (Rupees Five Crores only) to enable the Company to issue further capital, whenever it is necessary to meet the growing needs of the Company. The increase in authorized share capital of the Company will also necessitate consequential amendment of the respective capital clause in Memorandum of Association of the Company.

None of the Directors of the Company is/are interested in the said Resolution. Your Directors recommend the Resolutions for your approval.

FOR AND ON BEHALF OF THE BOARD

PAVAN G. MORARKA
Chairman

Registered Office:
Brady House,
12-14, Veer Nariman Road,
Fort, Mumbai-400 001.

Dated : 29th June, 2007

*61th Annual Report 2006-07***DIRECTORS' REPORT**

To,

The Members,

Your Directors take pleasure in presenting the Sixty First Annual Report & Audited Accounts for the year ended 31st March, 2007. Your Company continues to maintain its growth and results are :

1. FINANCIAL RESULTS :

	2006-2007	Rs. In lacs 2005-2006
a) Gross Sales	1500.68	1089.76
b) Operating Profit before Interest and Depreciation	181.19	86.96
c) Less : Interest	23.43	16.75
d) Profit Before Depreciation	157.76	70.21
e) Less : Depreciation	33.91	24.69
f) Profit for the year before Taxation	123.85	45.52
g) Less Provision for Taxation		
(i) Current	40.40	14.35
(ii) Deferred	0.77	0.94
(iii) Fringe Benefit Tax	1.65	2.36
	<u>42.82</u>	<u>17.65</u>
h) Profit after Taxation	81.03	27.87
i) Add : Prior Year's adjustment	0.18	0.30
j) Net Profit	81.21	28.17
k) Add : Profit Brought Forward (Balance as on 1.4.06 Rs.176.76 lacs Less: Rs.75.00 lacs Utilised out of accumulated profits for issue of Bonus shares @ 1:1)	101.76	162.82
	<u>182.97</u>	<u>190.99</u>
l) Amount available for appropriations		
m) Less : Appropriations		
i) Proposed Dividend	22.50	11.25
ii) Tax on Dividend	3.82	1.58
iii) Transfer to General Reserve	9.75	1.40
	<u>36.07</u>	<u>14.23</u>
n) Balance Profit carried to Balance Sheet	<u>146.90</u>	<u>176.76</u>
	=====	=====

2. DIVIDEND :

Your Directors are pleased to recommend for the approval of the shareholders Dividend @ 15% for the year ended 31st March, 2007 on enhanced share capital of Rs.150 Lacs subsequent to the issue of Bonus Shares in the ratio of 1:1 on 28.12.2006.



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3. WORKING RESULTS :

The expansion of the manufacturing facility at Ahmedabad started by your Company last year is almost complete except for some portion of the Buildings. The new machineries inducted into the system to enhance productivity and operational efficiencies are almost operational.

The above expansion is reflected in the turnover of the Company increasing to Rs.1500.68 Lacs against Rs.1089.76 Lacs recording a growth of nearly 38%. The impact of this is also seen in our Profit before Tax which is at Rs.123.78 Lacs this year as against Rs.45.52 Lacs in the previous year recording a growth of 172%, despite volatility in input cost of metals, market competition, disruption due to implementation of the expansion programme and interruption in production due to inundation in shop floor caused by severe cyclonic winds blowing off the roof of the factory.

The change in the product mix brought in by your Company was well received by Clients / Customers and the market.

4. FUTURE OUTLOOK :

The Pending Order position of your Company continues to be very healthy and at an all time high.

With the expansion of first stage almost complete at Ahmedabad, your Company has plans to improvise the existing facilities at Ahmedabad to include a State of the Art Research, Design and Development Centre for Material Handling Equipments and other products.

Another Factory premises near Ahmedabad has been taken on lease to manufacture larger capacity cranes. Your Company intends to purchase this plot to augment growth.

In respect of the proposal to set up a Manufacturing base in Eastern India in Orissa particularly to cater to Eastern and Southern Indian Markets, we are glad to inform you that Orissa Industrial Infrastructure Development Corporation (IDCO) has allotted Land of 15 acres. Payment has been made for the purchase of the land and we would soon receive the possession of the land.

The sustained growth in Order Booking and the strategic investments in Manpower, Infrastructure and Machinery augur well for the future.

5. BOARD OF DIRECTORS :

In accordance with the requirements of the Companies Act, 1956, and Articles of Association of the Company, Mr. K. D. Shah retires by rotation and is eligible for reappointment.

Your Directors regret to inform about the sad demise of Mr. K. K. Krishnan on 14th May, 2007. He was a Director on the Board of your Company since April 2000. The Directors place on record the valuable guidance and support extended by him during his tenure as a Director.

Your Directors have co-opted Mr. M. K. Shah, Company Secretary of Holding Company, W. H. Brady & Co. Ltd., as a Director of the Company on 29.06.2007 in the casual vacancy caused by sad demise of Mr. K. K. Krishnan. Mr. M. K. Shah will hold office till the date on which Mr. K. K. Krishnan would ordinarily have retired by rotation.

6. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

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- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) The Directors have selected such accounting policies and applied them consistently and 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 and of the profit of the Company for the period;
- (c) The Directors have taken proper and sufficient care 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;
- (d) The Directors have prepared the annual accounts on a going concern basis.

7. PERSONNEL & PARTICULARS OF EMPLOYEES :

During the year under review, Industrial Relations in the Company continued to be satisfactory. The Directors place on record their appreciation of the services rendered by members of staff at all levels.

During the year under report, none of the employees of the Company was in receipt of remuneration in excess of the ceilings prescribed under Section 217(2A) of the Companies Act, 1956.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUT GO :

The information as required under Section 217 (1) (e) of the Companies Act, 1956 and forming part of this report is given in the Annexure 'A'.

9. COMPLIANCE CERTIFICATE :

Pursuant to provisions of Section 383 A of the Companies Act, 1956 and the rules made thereunder, the Company has obtained a Compliance Certificate from Practicing Company Secretary, Ms. Lalitha Lath. The same is attached herewith.

10. APPOINTMENT OF AUDITORS :

M/s. C. L. Dalal & Co., Chartered Accountants, hold office till the conclusion of this Annual General Meeting. Pursuant to Section 224(1) of the Companies Act, a Certificate has been furnished by M/s. C. L. Dalal & Co. that their appointment, if made, will be in accordance with the limit specified in sub-section (1-B) of the said Section 224. The members are requested to appoint Auditors for the year from the conclusion of the ensuing Annual General Meeting till the conclusion of the subsequent Annual General Meeting and fix their remuneration.

- 11. Members are informed that information about the Company and its Directors are furnished in Annexure B to this Report.

12. ACKNOWLEDGEMENT :

The Directors wish to place on record their appreciation of the co-operation and assistance received from Bankers, Customers and Suppliers.

FOR AND ON BEHALF OF THE BOARD

PAVAN G. MORARKA
Chairman

Mumbai : 29th June, 2007

**ANNEXURE 'A' TO THE DIRECTORS' REPORT**

STATEMENT UNDER SECTION 217 (1) (E) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2007.

A) CONSERVATION OF ENERGY :

- a) Company's operations involve low energy consumption . Wherever possible energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimise the use of energy through improved operational methods and other means will continue.
- b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy : NIL.
- c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods : Efforts made by us to economise consumption of power had a marginal impact on cost of production.
- d) Total energy consumption per unit of production as per Form – A of the Annexure in respect of industries specified in the Schedule thereto : NOT APPLICABLE.

B) TECHNOLOGY ABSORPTION :

Efforts made in Technology Absorption as per Form – B

FORM – B**1. Research & Development (R & D)**

- | | | |
|---|---|------|
| a) Specified areas in which R & D carried out by the Company | } | |
| b) Benefits derived as a result of above R & D | } | |
| c) Future plans of action | } | |
| d) Expenditure on R & D | } | NONE |
| i. Capital | } | |
| ii. Recurring | } | |
| iii. Total | } | |
| iv. Total R & D Expenditure as a percentage of total turnover | } | |

2. Technology Absorption, Adaptation and Innovation :

- | | | |
|---|---|------|
| a) Efforts in brief made towards technology Absorption, . | } | |
| Adaptation and Innovation | } | |
| b) Benefits derived as a result of the above efforts | } | NONE |
| e.g. product improvement , cost reduction, | } | |
| product development, import substitution etc. | } | |

3. Imported Technology :

During the last five years no technology has been imported hence this is not applicable.

C) FOREIGN EXCHANGE EARNINGS AND OUTGOINGS :

Please refer Notes No. 16 to 18 of the Notes on Accounts.

FOR AND ON BEHALF OF THE BOARD

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PAVAN G. MORARKA
Chairman

Mumbai : 29th June, 2007