



**BRADY & MORRIS ENGINEERING COMPANY LIMITED**

**65<sup>th</sup> ANNUAL REPORT 2010-11**

## BRADY & MORRIS ENGG. CO. LTD.

### BOARD OF DIRECTORS

**MR. PAVAN G. MORARKA** Chairman

**MR. KAUSHIK D. SHAH**

**MR. GAUTAM DIVAN**

**MR. MAHENDRA K. SHAH**

### 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 400001.

Tel : 22048361-5 • Fax : 22041855

Email : bradys@mtnl.net.in

Website: www.bradys.in

### WORKS

1. GIDC Industrial Estate  
Vatva, Ahmedabad - 382 445
2. Bareja, Sarsa Patia Village, District Kheda

### REGISTRAR & SHARE TRANSFER AGENTS

BIGSHARE SERVICES PVT. LTD.

E-2/3, Ansa Industrial Estate.

Sakivihar Road, Saki Naka, Andheri (E)

Mumbai - 400 072

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## NOTICE

**NOTICE** is hereby given that 65th Annual General Meeting of the Members of **Brady & Morris Engineering Company Limited** will be held on Friday, August 12, 2011 at 11.15 a.m. at Maharashtra Chambers of Commerce Trust, Babasaheb Dhanukar Sabhagriha, Oricon House 6th Floor, 12, K Dubash Marg, Fort, Mumbai - 400001 to transact the following businesses:-

1. To Consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To appoint Director in place of Mr. Pavan G. Morarka, who retires from office by rotation, and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. C. L. Dalal & Co., Chartered Accountants, Mumbai, having firm registration no. 102026W, be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company.”

### **SPECIAL BUSINESS:**

To Consider and if thought fit, to pass with or without modification(s), the following Resolutions:

#### **4. AS AN ORDINARY RESOLUTION:**

“RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from present Rs. 500,00,000/- [ Rupees Five Crores Only ] divided into 50,00,000 [Fifty Lacs] Equity Shares of Rs. 10/- [Rupees Ten only] each to Rs. 15,00,00,000/- [ Rupees Fifteen Crores Only ] divided into 50,00,000 [Fifty Lacs] Equity Shares of Rs. 10/- [ Rupees Ten Only ] each and 100,00,000 [One Crore] Preference Shares of Rs. 10/- [ Rupees Ten Only ] and that Clause V of the Memorandum of Association of the Company be altered accordingly.”

#### **5. A SPECIAL RESOLUTION:**

“RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the existing guidelines issued by the Securities & Exchange Board of India (SEBI) and subject to all necessary approvals, consents, permission and/or sanctions of the Government of India, Reserve Bank of India, Foreign Investment Promotion Board, Secretariat of Industrial Approvals under the Foreign Exchange Management Act, 1999 (including any statutory modification or re-enactment thereof, for the time being in force) and other applicable laws, and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchange where the shares of the Company are listed and subject to such terms and conditions as may be determined by the Board of Directors of the Company ( hereinafter referred to as “the Board” which expression shall include any committee constituted for the time being in force, thereof ) and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions or sanctions and agreed to by the Board. The consent and approval of the Company be and is hereby accorded to the Board and the Board be and is hereby authorized to offer, issue and allot on preferential basis upto 1,00,00,000 [One Crore] Preference Shares of face value of Rs.10/- each at an exercise price (Including Premium) to be decided by the Board of Directors.

“RESOLVED FURTHER THAT Mr. Pavan G. Morarka, Director of the Company be and is hereby severally authorized to take all such steps and sign all such documents as may be deemed necessary to give effect to this resolution and to delegate all or any of the powers herein conferred to any officer or officers of the Company to give effect to the aforesaid resolution or to legal experts, consultants and to pay any fees, commission, remuneration, incur expenses and take such further steps as required for the above.”

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**PAVAN G. MORARKA**  
Chairman

### **Registered Office:**

Brady House  
12-14, Veer Nariman Road,  
Fort, Mumbai - 400 001.  
Maharashtra, India.  
June 24, 2011

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from 09.08.2011 to 12.08.2011 (both days inclusive).
3. Pursuant to the provision of Section 205(A) of the Companies Act, 1956, Members are hereby informed that Dividends which remain unclaimed/ unencashed over a period of 7 years have to be transferred by the Company to The Investors Education & Protection Fund, constituted by the Central Government under Sections 205(A) & 205(C) of the Companies Act, 1956.

Members should note that no claim can be made by the shareholders for the unclaimed Dividends which have been transferred to the credit of 'The Investors Education & Protection Fund' of the Central Government under the amended provisions of section 205(B) of the Companies Act, 1956.

Details of unclaimed Dividend with it's due date of transfer to Investors education and protection Fund is as below:

Sr. No.	Year ended	Date of Declaration	Due date of transfer to IEPF
1.	31.03.2004	14.08.2004	13.09.2011
2.	31.03.2005	27.08.2005	26.09.2012
3.	31.03.2006	23.09.2006	22.10.2013
4.	31.03.2007	27.09.2007	26.10.2014
5.	31.03.2008	30.08.2008	29.09.2015
6.	31.03.2009	19.09.2009	18.10.2016
7.	31.03.2010	18.09.2010	17.10.2017

4. Members desirous of seeking any information concerning the Accounts of the Company are requested to address their queries in writing to the Company at least seven days before the date of the meeting so that the requested information can be made available at the time of the meeting.  
Members are requested to visit the website of the Company 'www.bradys.in' for viewing the quarterly & annual financial results and for more information on the Company.
5. Members / Proxies are requested to please bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.
6. The Company has listed its shares on The Bombay Stock Exchange Limited, Mumbai.
7. a. The Company has appointed M/s. BIGSHARE SERVICES PRIVATE LIMITED as Common Registrar & Share Transfer Agent of the Company for physical as well as demat mode of transfers. Members are therefore requested to send their grievances to them for early disposal at the address as given below.  
b. Members holding Shares in physical form are requested to notify immediately any change in their address with PIN CODE to the Registrar and Share Transfer Agent of the Company at the address given below AND in case their shares are held in demat, this information should be passed on directly to their respective Depository Participants and not to the Company.

### M/S. BIGSHARE SERVICES PRIVATE LIMITED

Unit: [BRADY & MORRIS ENGINEERING COMPANY LIMITED]  
E-2/3, Ansa Industrial Estate, Saki Vihar Road,  
Saki Naka, Andheri [East], Mumbai - 400 072.  
Tel: 022 2847 0652 / 4043 0200  
Email: info@bigshareonline.com

8. All documents referred to in the Notice are open for inspection at the registered office of the Company during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
9. Members/Proxies are requested to fill the enclosed attendance slip and handover the same at the entrance with signature. In the absence thereof, they may not be admitted to the meeting venue.
10. Members who are holding shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification at the meeting.
11. In all correspondence with the Company, Registrar and Share Transfer Agent, Members are requested to quote their Folio No. and in case their shares are held in demat form; they must quote their DP ID and Client ID Number.
12. **The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with M/S. BIGSHARE SERVICES PRIVATE LIMITED.**
13. Explanatory statement pursuant to Section 173(2) in respect of item no. 4 & 5 is annexed herewith.

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**PAVAN G. MORARKA**  
Chairman

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

June 24, 2011

## ANNEXURE TO THE NOTICE

**Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956.**

**ITEM NO. 4:**

The Authorised Share Capital of the Company presently stands at Rs. 500,00,000/- [Rupees Five Crores Only] divided into 50,00,000 [Fifty Lacs] Equity Shares of Rs. 10/- [Rupees Ten only] each. The Company proposes to increase its Authorised Share Capital from Rs. 5,00,00,000/- (Rupees Five Crores only) to Rs.15,00,00,000/- (Rupees Fifteen Crores only) divided into 50,00,000 [Fifty Lacs] Equity Shares of Rs. 10/- [Rupees Ten Only] each and 100,00,000 [One Crore] Preference Shares of Rs. 10/- [Rupees Ten Only] each.

The proposed increase of the Authorised Share Capital of the Company requires approval of the members in General Meeting. Consequently, upon the increase in Authorised Share Capital of the Company, its Memorandum will require alteration so as to reflect the increase in share capital. The Articles of Association of the Company is not required to be amended as the corresponding Article provides that the Authorised Share Capital is as per the corresponding Clause in Memorandum of Association.

The Board recommends the Resolution.

None of the Directors of the Company are concerned or interested in the Resolution.

**ITEM NO. 5:**

The Company has been taking loans and advances from its parent Company M/s W.H. Brady & Co. Ltd. from time to time to meet its working capital requirements. Due to losses in the current year and to improve its net worth, the Company has requested the Parent Company to convert major part of its loans and advances into Preference capital. We are pleased to inform that the parent company has agreed for the same.

All documents referred to above are open for inspection at the registered office of the Company during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

The Board recommends the Resolution.

Mr. Pavan Morarka & Mr. Kaushik D. Shah, being common Directors may be deemed to be interested.

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**PAVAN G. MORARKA**  
Chairman

**Registered Office:**

Brady House  
12-14, Veer Nariman Road,  
Fort, Mumbai - 400 001.  
Maharashtra, India.

June 24, 2011

## DIRECTORS' REPORT 2010-2011

TO,

THE MEMBERS

Your Directors have pleasure in presenting the Sixty Fifth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2011.

### 1. FINANCIAL RESULTS:

	<b>2010 – 2011</b> <b>(Rs.in Lacs)</b>	2009-2010 (Rs.in Lacs)
a) Gross Turnover	<b>3024.57</b>	2861.74
b) Operating Profit/(Loss) before interest and Depreciation	<b>(63.09)</b>	280.93
c) Less: Interest	<b>134.97</b>	124.22
d) Profit/(Loss) Before Depreciation	<b>(198.06)</b>	156.71
e) Less: Depreciation	<b>95.41</b>	103.35
f) Profit/(Loss) Before Tax	<b>(293.47)</b>	53.36
g) Less: Tax for the Year		
(i) Current	—	16.25
(ii) Deferred	<b>8.13</b>	3.53
(iii) Fringe Benefit Tax		
Sub - total	<b>8.13</b>	19.78
h) Profit/(Loss) After Tax	<b>(301.60)</b>	33.58
i) Add / (Less): Prior Year's adjustment	<b>2.68</b>	(0.15)
j) Profit/(Loss) for the year	<b>(298.92)</b>	33.43
k) Add: Balance brought forward from the previous year	<b>126.36</b>	134.42
l) Add: Transfer from General Reserve	<b>29.00</b>	—
m) Profit/(Loss) available for Appropriations	<b>(143.56)</b>	167.85
n) Less : Appropriations -		
Proposed Dividend	—	33.75
Tax on Dividend	—	5.74
Transfer to General Reserve	—	2.00
Sub - total	—	41.49
Balance carried to Balance Sheet	<b>(143.56)</b>	126.36
EPS	<b>(13.40)</b>	1.49

### 2. DIVIDEND:

In view of the losses incurred by the Company, your Directors express their inability to recommend any dividend for the year ended 31st March, 2011.

### 3. WORKING RESULTS:

The Company has incurred losses during the year mainly due to substantial increase in input costs, wages, financial costs, etc. The management is continuously taking appropriate steps to reduce the costs and work out new strategies to become profitable.

### 4. FUTURE OUTLOOK:

Although, the current year working is likely to be better than the previous year, the impact may only be visible from the 3rd quarter. The management has reworked the marketing strategies and increased efforts to reduce the costs. This would result into improvement of overall performance of the Company.

### 5. BOARD OF DIRECTORS:

In accordance with the provisions of Section 256 of the Companies Act 1956 and the Articles of Association of the Company, Mr. Pavan Morarka, Director retires from his office by rotation and being eligible offers himself for re-appointment.

### 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:

- (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 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 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. INCREASE IN AUTHORISED SHARE CAPITAL:**

The present Authorised share capital of the company is Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 5000000 (Fifty Lacs) equity shares of Rs.10/- (Rupees Ten only) each.

Your Board recommends to enhance the Authorised Capital of the Company from Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 5000000 (Fifty Lacs) equity shares of Rs.10/- (Rupees Ten only) each to Rs.15,00,00,000/- (Rupees Fifteen crores only) divided into 5000000 (Fifty Lacs) Equity shares of Rs.10/- (Rupees Ten only) each and 10000000 [One Crore] Preference Shares of Rs. 10/- [Rupees Ten Only].

It is therefore, proposed to increase the authorized capital from Rs. 5,00,00,000/- (Rupees Five Crores only) to Rs.15,00,00,000/- (Rupees Fifteen crores only) by creation of 10000000 [One Crore] Preference Shares of Rs. 10/- [Rupees Ten Only].

Consequently, Clause V of the Memorandum of Association of the Company is proposed to be altered.

In terms of the provisions of Section(s) 16 and 94 consent of the Members is required for any alteration in Memorandum and Articles of Association of the Company. The Board recommends the Resolutions for your approval.

**8. PERSONNEL & PARTICULARS OF EMPLOYEES:**

None of the employees of the Company is in receipt of remuneration drawing in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with (Particulars of Employees) Rules, 1975 as amended and hence no information is furnished thereto.

**9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:**

Information required in terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure A and forms part of this Report.

**10. COMPLIANCE CERTIFICATE:**

Pursuant to provisions of Section 383A of the Companies Act, 1956 and the rules made thereunder, the Company has obtained a Compliance Certificate from GMJ & Associates, Company Secretaries. The same is attached herewith.

**11. CORPORATE GOVERNANCE:**

Though Provisions of Clause 49 of the Listing Agreement of the Stock Exchange do not apply to the Company, the Company has adopted best practices prevailing for internal regulations and for good Corporate Governance. A small note on Corporate Governance Practices adopted by the Company voluntarily is attached as Annexure B to the Directors Report.

**12. 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.

**13. INSURANCE:**

All the properties of the Company including Factory Building Plant & Machinery, Stocks, etc. are adequately insured.

**14. ACKNOWLEDGEMENT:**

The Directors acknowledge the invaluable support extended to the Company by the financial institutions, bankers, employees of the Company, staff and management of the parent company.

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**PAVAN G. MORARKA**  
Chairman

Mumbai: 24th June, 2011.



## 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, 2011.

### 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 optimize 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 the 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) Benefit derived as a result of above R & D
- c) Future plan of action
- d) Expenditure on R & D
  - i. Capital
  - ii. Recurring
  - iii. Total
  - iv. Total R & D Expenditure as a percentage of total turnover.

NONE

#### 2. Technology Absorption, Adaptation and innovation:

- a) Efforts in brief made towards technology Absorption, Adaptation and innovation
- b) Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

NONE

#### 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. 17 to 19 of the Notes on Accounts.

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

**PAVAN G. MORARKA**  
Chairman

Mumbai: 24th June, 2011

**ANNEXURE B TO DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2011 VOLUNTARY REPORT ON CORPORATE GOVERNANCE**

Corporate Governance is the system by which Companies are directed and controlled by the management in the best interest of the Shareholders and others; ensuring greater transparency and better and timely financial reporting. Corporate Governance therefore generates long term economic value for its Shareholders.

Your Company believes that the implementation of Corporate Governance principles generates public confidence in the corporate system. With this belief, your Company has initiated significant measures for compliance with Corporate Governance.

**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

Brady & Morris Engineering Company Limited ("the Company") is committed to adhere to the corporate governance code as prescribed by the SEBI and Stock Exchange and has accordingly implemented various aspects of the code.

To implement the Corporate Governance practice, the Company has a well defined policy consisting of the following:

- Ensure that the Quality and frequency of Financial and Managerial Information's, which the Management shares with the Board, fully placed before the Board Members in control of the Company's affairs.
- Ensure that the Board exercises its Fiduciary responsibilities towards Shareowners and Creditors, thereby ensuring high accountability.
- Ensure that the extent to which the information is disclosed to present and potential investors is maximized.
- Ensure that the decision-making is transparent and documentary evidence is traceable through the minutes of the meetings of the Board/Committees thereof.
- Ensure that the Board, the Management, the Employees and all the other stakeholders are fully committed to maximizing long-term value to the shareowners and to the Company.
- Ensure that the core values of the Company are protected.

**BOARD OF DIRECTORS:**

The details of composition of the Board, category, attendance of Directors at Board Meetings during the financial year and last Annual General Meeting, number of other Directorships and other Committee Memberships are given below:

Name of Director	Category	Date of Appointment	No. of Board Meeting attended	Attendance at last AGM
Mr. Pavan G. Morarka	Chairman	27.02.1985	6	YES
Mr. Kaushik D. Shah	Director	19.05.1994	6	YES
Mr. Mahendra K. Shah	Director	29.06.2007	6	YES
Mr. Gautam R. Divan	Director	28.07.2007	5	YES

During the financial year ended March 31, 2011, 6 [SIX] Board meetings were held on 30.04.2010, 31.05.2010, 31.07.2010, 18.09.2010, 28.10.2010 and 12.02.2011.

**INFORMATION SUPPLIED TO THE BOARD**

The Board has complete access to all information with the Company & to any of the employee of the Company. The Board is provided with all the relevant information on the important matters affecting the working of the Company as well as the related details required deliberations by the members of the board.

Among others, this includes:

- Annual operating plans, capital budgets and updates.
- Quarterly results of the Company and its operating divisions.
- Minutes of meeting of audit committee and other committees.
- Information on recruitment and remuneration of senior officers just below the board level.
- General notices of interests.
- Materially important show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences.