

BRAKES AUTO (INDIA) LIMITED



ANNUAL REPORT
2008 - 2009



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Annual Report – 2008-2009

BOARD OF DIRECTORS

1. Mr. Suresh Sharma	-	Managing Director
2. Mr. Daljeet Singh Matharu	-	Executive Director
3. Mr. Indresh Khanna	-	Executive Director
4. Mr. Rajen Navnitlal	-	Independent Director
5. Mr. Giriraj Prasad Sharma	-	Independent Director
6. Mr. Sachin Sharma	-	Independent Director

AUDITORS

Maheshwari & Co.
Chartered Accountants,
3rd Floor, Esplande House,
3, Amrut Keshav Naik Marg, (Bestain Road),
Next to New Empire Cinema,
Fort, Mumbai – 400 001
Tel. No. 022-22072620

REGISTERED OFFICE

1011, Embassy centre,
207, Nariman Point,
Mumbai- 400 021
Tel. No. - 022 – 22823367 / 68
Fax: - 022 - 22832445
E -mail: sales@brakesautoindia.com

CORPORATE OFFICE

1011, Embassy Centre,
207, Nariman Point ,
Mumbai – 400 021
Tel. No. - 022 – 22823367 / 68
Fax: - 022 – 22832445

NEW PROJECT LOCATION

Plot No. – T-6, MIDC,
Nardhana Industrial Area,
Nardhana, Dhule,
Maharashtra.

REGISTER AND SHARE TRANSFER AGENT

Purva Sharegistry India Pvt. Ltd.
Unit No. – 9, Shiv Shakti Industrial Estate,
Ground Floor, Sitaram Mills Compound,
J.R. Boricha Marg, Lower Parel (East),
Mumbai – 400 011.
Ph.022-23018261 Fax:-022-23012517

ANNUAL GENERAL MEETING

Date : 12th September 2009
Day : Saturday
Time : 09.30 A.M.
Place : 1011, Embassy Centre,
207, Nariman Point,
Mumbai – 400 021, Maharashtra



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NOTICE:

NOTICE is hereby given that the **Annual General Meeting** of the members of BRAKES AUTO (INDIA) LIMITED will be held on Saturday, the 12th September, 2009 at 09.30 a.m. at 1011, Embassy Centre, 207, Nariman Point, Mumbai – 400 021, Maharashtra to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Rajen Navnitlal, Mr. Giriraj Prasad Sharma, Mr. Sachin Sharma who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration and this regard to consider and if thought fit to pass, with without modification (s) the following resolution as an ordinary resolution:

"RESERVED THAT M/s. Maheshwari & Co, Chartered Accountants, in place of B. Vithalani & Co Chartered Accountants Mumbai, we and is hereby appointed as auditor of the company, to hold office from the conclusion on 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".

SPECIAL BUSINESS:

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

"**RESOLVED THAT** Mr. Rajen Navnitlal, Mr. Giriraj Prasad Sharma and Mr. Sachin Sharma who were appointed as an additional Director of the Company and who holds office upto date of this Annual General meeting pursuant to the provisions of section 260 of the Companies Act, 1956 and being eligible for reappointment and in respect of whom the Company has received notice in accordance with provisions of section 257 of the Companies Act, 1956 from a member of the Company proposing his candidature for appointment as Director of the Company be and is hereby appointed as Director of the Company liable to retire by rotation."

**By Order of the Board
For Brakes Auto (India) Limited**

Sd/-

**Suresh Sharma
Managing director**

Date: 10/08/2009
Place: Mumbai

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books will remain closed from Tuesday, the 8th September, 2009 to Friday, the 11th September, 2009. (Both days inclusive).
3. Members are requested to bring their copies of the Annual Report to the meeting. Members / Proxies attending the meeting should bring the attendance Slip, duly filled, for handing over at the venue of the meeting.
4. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect to the Special Business under Item No.5 to be transacted at the meeting is annexed to this notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956***Item No. 5***

In the meeting of the Board of Director on 19/02/2009, Mr. Rajen Navnitlal, Mr. Giriraj Prasad Sharma, Mr. Sachin Sharma were appointed as an additional Director of the Company. Mr. Rajen Navnitlal, Mr. Giriraj Prasad Sharma, and Mr. Sachin Sharma hold office only upto the date of the forthcoming Annual General Meeting. A notice in writing has been received from the members of the Company under section 257 of the Companies Act, 1956, proposing candidature of Mr. Rajen Navnitlal, Mr. Giriraj Prasad Sharma and Mr. Sachin Sharma for the office of Director.

They have very vast knowledge of Accounts, auditing, taxation, restructuring, management information system etc. They are associated with the group companies in various capacities and have acquired knowledge and experience in management of the company. Their continuation on the Board will be beneficial and an asset to the Company.

Your directors recommend passing of the ordinary resolution.

**By Order of the Board
For BrakesAuto(India) Limited**

Sd/-	Sd/-
Suresh Sharma	Daljeet Singh Matharu
Managing director	Director

Date: 10/08/2009
Place: Mumbai



DIRECTOR'S REPORT

To
The Members,

The Directors have pleasure in presenting the Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS:

(Amount in Rs)

Sr. No.	Particulars	31.03.2009	31.03.2008
1.	Income	235,803,202	402,160,634
	Total Expenditure	232,198,482	400,986,469
2.	i) Cost of goods sold	228,926,198	399,431,920
	ii) Administrative Expenses	2,506,445	1,04,867
	iii) Depreciation	748,839	442,420
3.	Profit / (Loss) Before Tax	3,604,720	1,181,427
4.	Provision for Taxation	375,000	153,359
	Provision for FBT	17,000	7,262
	Provision for Deferred Tax Liabilities	686,456	-
5.	<u>Profit After Tax</u>	<u>2,543,264</u>	<u>1,020,806</u>

DIVIDEND:

Keeping in mind the expansion plans of the Company and also to conserve the resources of the Company and to utilize the resources for the new industry at Nardhana, Dhule, the Board of Directors does not recommend a dividend for the financial year 2008-09.

REVIEW OF OPERATIONS:

During the year under review the sales turnover reduced from Rs.399,867,937 to Rs.239,099,640. The Company has concentrated on its goals of consolidating and strengthening its marketing network, delivering quality products and cutting cost wherever possible. The profit after tax for the year was Rs. 2,543,264 as compared to Rs.1,020,806 in the previous year.

Your directors are hopeful of better results for the Company in the Current financial year.

Company has land Registered at its name at MIDC, Nardhana Industrial Estate Area, Dist. Dhule. Company had taken initiative for development of land which is complete now. After 3 years worth effort MIDC has arranged power and water facility thus manufacturing activities will start where we will get exemption from taxes for the period of 7 consecutive years.

**DIRECTORS:-**

Mr. Rajen Navnitlal who was appointed as additional director on February 26, 2009 is proposed to be appointed as director who is liable to retire by rotation.

Mr. Giriraj Prasad Sharma who was appointed as additional director on March 27, 2009 is proposed to be appointed as director who is liable to retire by rotation.

Mr. Sachin Sharma who was appointed as additional director on February 26, 2009 is proposed to be appointed as director who is liable to retire by rotation.

Mr. V.S. Rohtagi resigned as Director on 05-05-2009.

DIRECTOR'S RESPONSIBILITY STATEMENT:

The Directors state that: -

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- ii. The Directors had selected such accounting policies and applied them consistently and made judgment 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 covered under this Report and of the profit of the Company for the year.
- iii. The Directors had 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.
- iv. The Directors had prepared the annual accounts on a going concern basis.

FIXED DEPOSITS:

The Company has not accepted/ renewed any Fixed Deposits from the Public under section 58A of the Companies Act, 1956.

AUDITORS:

M/s. B. Vithalani & Co., Chartered Accountants, Mumbai; resigned as Auditor on 07-10-2008.

M/s. Maheshwari & Co. Chartered Accountants, Mumbai; Auditors has expressed their willingness to be appointed as the Statutory Auditors, who if appointed, will hold office from the conclusion of this Annual General Meeting till conclusion of next Annual General Meeting.



PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

This Information required to be given under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988 is annexed herewith.

EMPLOYEES:

There are no employees drawing remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975.

LISTING ARRANGEMENT:

Your Company continues to be listed on the Stock Exchange, Mumbai where the Company's Shares are being traded. The Company has paid Listing Fees for the year 2008-2009.

CORPORATE GOVERNANCE:

Your Company believes that Corporate Governance is a voluntary code of self-discipline. In line with this policy, the Board of Directors strongly believes that it is very important that the Company follows healthy Corporate Governance practices and reports to the shareholders the progress made on the various measures undertaken. Therefore, your directors have been reporting the initiatives on Corporate Governance measures adopted by your Company.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis Report is annexed hereto

ACKNOWLEDGEMENTS:

We record our gratitude to the Banks and others for their assistance and co-operation during the year. We also wish to place on record our appreciation for the dedicated services of the employees of the Company. We are equally thankful to our esteemed investors for their co-operation extended to and confidence reposed in the management.

**By Order of the Board
For Brakes Auto (India) Limited**

Sd/-
Suresh Sharma
Managing Director

Date: 10/08/2009
Place: Mumbai



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. RISKS & CONCERNS:-

In the normal course of business, the Company is exposed to demand fluctuations for its products, internal risks such as variations in operational efficiency and external business risks. External business risks are in the nature of cyclical demand, regulatory and environmental laws, etc. The Company is also exposed to financial risks in the form of foreign exchange fluctuations and interest rate variations.

The Company is attempting to guard itself against these risks by appropriate product positioning strategy, product positioning strategy, product improvements and performance measurement system for operational efficiency. The Company adopts a strategic business-planning model along with annual budgets, periodic review meetings and action plans for identified areas to improve the overall performance.

2. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:-

The Company has established internal control systems, which provide reasonable assurance with regard to safeguarding of the Company's assets, promoting operational efficiency and ensuring compliance with various statutory provisions. The Internal Audit Department reviews internal control systems in various business processes and also verifies compliance of the laid down policies and procedures. Reports of the internal auditor are reviewed by the senior management and are placed before the Audit Committee of the Directors. The statutory auditors also review their findings with the senior management and the Audit Committee.

3. COMPANY'S FINANCIAL PERFORMANCE:-

HIGHLIGHTS:-

PARTICLARS	2008-2009 (Amount in Rs.)	2007-2008 (Amount in Rs.)
Income:		
Sales:	239,099,640	399,867,937
Other Income	352,456	265,875
Increase/(Decrease) in stock (A)	(3,648,894)	2,026,822
	<u>235,803,202</u>	<u>402,160,634</u>
(Less):- Expenditure		
Cost of Goods Sold	228,926,198	399,431,920
Administrative Expenses	2,506,445	1,104,867
Depreciation	748,839	442,420
Misc. Expenditure W/Off.	-	-
(B)	<u>232,181,482</u>	<u>400,979,207</u>
Profit/Loss for the year	3,604,720	1,174,165
Less:-Provision for Tax	375,000	153,359
Less:-Provision for FBT	17,000	7,262
Less:-Provision for DTL	686,456	-
Net Profit /(Loss) for the year	<u>2,543,264</u>	<u>1,020,806</u>

**4. HUMAN RESOURCES DEVELOPMENT/INDUSTRIAL RELATIONS:-**

The Company recognizes the need for continuous growth and development of its employees in order to provide greater job satisfaction and also equip them to meet growing organizational challenges. Industrial relations have continued to be harmonious at all units throughout the year. Measures for safety of employees, welfare and development continue to receive top priorities.

5. CAUTIONARY STATEMENT:-

Statements in this report on Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking statements within the meaning of applicable security laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however differ materially from those expressed or implied.

Important factors that could make a difference to the Company's operation include demand and supply conditions, finished goods prices, raw material costs and availability, changes in Government regulation and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigations and Industrial relations of India.

The Company assumes no responsibility in respect of forwarded looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events of the Company.



**By Order of the Board
For Brakes Auto (India) Limited**

Sd/-
**Suresh Sharma
Managing Director**

Date: 10/08/2009

Place: Mumbai