

# **BRAKES AUTO (INDIA) LIMITED**



**ANNUAL REPORT**  
**2010 – 2011**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Suresh Sharma	- Managing Director
Mr. Daljeet Singh Matharu	- Executive Director
Mr. Sachin Sharma	- Executive Director
Mr. Indresh Khanna	- Independent Director
Mr. Rajen Navnital	- Independent Director
Mr. Giriraj Prasad Sharma	- Independent Director

### AUDITORS

Ashish Vyas & Co.  
Chartered Accountant  
12, Civil Lines, Opp. BJP Office,  
Chamunda Complex,  
Dewas – 455 001  
Tel. No. 0722 - 252833

### REGISTERED OFFICE

1011, Embassy Centre,  
207, Nariman Point,  
Mumbai – 400021  
Tel: 022-22823367/68  
Fax: 022-2283 2445  
Email: sales@brakesautoindia.com

### NEW PROJECT LOCATION

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

### REGISTRAR AND SHARE TRANSFER AGENT

Computronics Financial Services (I) Ltd.  
1, Mittal Chambers,  
Nariman Point,  
Mumbai – 400 021.  
Tel: 022- 22882960  
Fax: 022- 22873314 / 66351032

### ANNUAL GENERAL MEETING

Date: Thursday, 29<sup>th</sup> September 2011  
Time: 10.30 A.M.  
Place: 1011, Embassy Centre,  
207, Nariman Point,  
Mumbai-400 021



## **NOTICE**

Notice is hereby given that the Annual General Meeting of M/s **BRAKES AUTO (INDIA) LIMITED** will be held on Thursday the 29<sup>th</sup> September 2011 at 10.30 a.m. at the Registered Office of the Company at 1011, Embassy Centre, 207, Nariman Point, Mumbai – 400021 to transact the following business: -

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2011 and the Profit & Loss Account of the Company for the year ended on that date along with the Reports of Auditors and Directors thereon.
2. To appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.
3. To appoint a Director in place of Shri Rajen Navnitlal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Sachin Sharma who retires by rotation and being eligible offers himself for reappointment

**By Order of the Board**

Place: Mumbai

Dated: 20/08/2011

**Suresh Sharma**

**Chairman**

### **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/ HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING.
3. MEMBERS ARE REQUESTED TO NOTIFY IMMEDIATELY CHANGE IN ADDRESS, IF ANY, TO THE COMPANY.

**DIRECTORS' REPORT**

To

The Members,

We have pleasure in presenting to you the Annual Report along with the audited accounts for the year ended on 31<sup>st</sup> March 2011.

**FINANCIAL RESULTS**

(Amount in Rs.)

Sr. No.	Particulars	31.03.2011	31.03.2010
1.	Income	38,82,67,767	37,32,37,439
2.	Total expenditure		
	(i) Cost of Goods Sold	387736830	36,98,81,400
	(ii) Administrative Expenses	1 43,622	9,23,537
	(iii) Depreciation	11,74,886	11,74,886
3.	<b>Profit/(Loss) before tax</b>	<b>(7,87,571)</b>	<b>12,57,616</b>
	Provision for Taxation	-----	2,10,000
	Provision of FBT	-----	-----
	Provision for Deferred tax liabilities	(7,70,250)	12,86,631
5.	<b>Profit after tax</b>	<b>(17,321)</b>	<b>(2,39,014)</b>

**DIVIDEND**

Due to loss during the year the Board of Directors does not recommend a dividend for the financial year 2010-11.

**CAPITAL & RESERVES**

Authorised and Paid-up Capital:

The Authorised Capital of the company is Rs. 13,000,000 and the paid-up capital is Rs. 39,157,000

**RESERVES:**

With the transfer loss of Rs. 17321 to General Reserve during the year 2010-11 the total Reserves position as on 31.3.2011 stood at Rs. 20,296,002.

**REVIEW OF OPERATION AND FUTURE PROSPECTS**

During the year under review the sales turnover of Rs. 388,174,419/- as compared to previous years of Rs. 370,473,542/-. The Company has concentrated its goal of consolidating and strengthening its marketing network, delivering quality products and cutting cost wherever possible. The net loss after tax of Rs. 17,321 as compared to previous year loss of Rs. 239,014.

**NEW PLANT**

Your Company is undertaking continuous endeavors for expansion of its domestic and overseas customers by implementing new facilities. For establishing manufacturing facilities, your Company has started work for its Nardhana Plant. the Company has already purchased land situated at MIDC, Nardhana Industrial Area, Dist. Dhule and taking off possession from MIDC Authorities. The power and water has reached to the site and the Company will start building construction activity there. The company will expected to start production activity their in the current Financial year 2011-12, awaiting for water..



#### **DIRECTORS**

Shri Sachin Sharma and Shri Rajen Navnitlal are being liable for retire by rotation and offer them to appoint further as Directors of the Company.

The brief particulars of all directors, for which approval of members for their appointment or re-appointment are sought, have been provided in the Notice of Annual General Meeting pursuant to Clause 49 of the Listing Agreement relating to Corporate Governance.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Sec 217(2AA) of Companies Act, 1956, the directors state that:

that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.

that 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 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 that period.

that the directors have taken proper and sufficient care of 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.

that the directors have prepared the annual accounts on a going concern basis.

#### **DEPOSITS**

The company has not accepted any deposit from the public attracting the provisions of Sec 58A of the Companies Act 1956.

#### **AUDITORS**

The retiring Auditors, M/s. Ashish Vyas & Co. Chartered Accountants, Dewas, being eligible, offer themselves for appointment. They have furnished a certificate to the effect that their appointment if made, would be within the prescribed limits under Sec 224(1B) of the Companies Act 1956.

#### **AUDITORS' REPORT**

Report of the auditors and their observations and notes to the accounts of the company for the year under review are attached herewith which are self-explanatory and do not require further explanation.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION & FOREIGN EXCHANGE EARNING AND OUTGO**

This information required to be given under section 217 (1) (c) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Director) Rules 1988 is annexed herewith.

#### **PARTICULARS OF EMPLOYEES**

The information required under Sec 217(2A) of the Companies Act 1956 is not given as there was no employee in receipt of remuneration during the year, exceeding the limits prescribed by the Companies (Particulars of Employees) Rules, 1975 as revised.



#### **LISTING**

You 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 2010-11.

#### **CORPORATE GOVERNANCE**

Your Company is committed in following the highest standards of Corporate Governance. In this pursuit, your Company has a structure of corporate governance in place that ensures compliance of the provisions of Clause 49 of the Listing Agreement.

For fiscal 2011, the compliance report is provided in the Corporate Governance Report section of this annual report.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

Pursuant to clause 49 of the Listing Agreement, Management discussion and analysis Report which forms part of this report is annexed.

#### **ACKNOWLEDGEMENT**

The company has developed a very cordial, warm and close relationship with the investors, various government and semi-government departments, banks and financial institutions, customers, suppliers and other service providers. The Board of Directors wish to gratefully acknowledge the co-operation, assistance and guidance received from all of them. The company could make the progress it has in these years due to the dedication and creativity of its staff at all levels. The Board of Directors wishes to place on record its warm appreciation for these efforts.

Date:20-08-2011

Place: Mumbai

For and on behalf of the Board of Directors

(Suresh Sharma)  
Managing director



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENT.

Government of India in consultation with SIAM and ACMA, published the Automotive Mission Plan 2016 which envisions India:

“To emerge as the destination of choice in the world for design & manufacture of automobiles and auto components with output reaching a level of US\$ 145 billion, accounting for more than 10 per cent of the GDP and providing additional employment to 25 million people by 2016.”

ACMA in its Vision 20:20:1 forecasts that the Indian auto component industry will achieve domestic turnover of US\$ 20 billion, export turnover of US\$ 20 billion and in the process create additional 1 million jobs by 2016. These figures reflected significant potential of growth in auto components industry both for the domestic market and exports from India.

Overall, India's gross domestic product (GDP) growth is now expected to reach a higher-than-expected 8.0 percent during 2010-11, despite the downturn in agriculture. The contribution of the automobile industry to overall economic growth cannot be denied as it provides 4.5 percent of the GDP.

The Indian automobile industry has come under global focus, ranking second only to China as the fastest growing market in the world. The spate of new launches by the auto majors and rising sales graphs over the past few months indicate that the fiscal stimulus seems to have worked wonders for this industry.

### OUTLOOK, OPPORTUNITIES AND THREATS

Opportunities are available both in the domestic and overseas markets. Your Company, to explore opportunities with existing and new customers, has developed dedicated account teams to focus on each customer. Your Company's expansion plans are very much a foot.

Your Company is undertaking continuous endeavors for expansion of its domestic and overseas customers by implementing new facilities. For establishing manufacturing facilities, your Company has started work for its Nardhana Plant. the Company has already purchased land situated at MIDC, Nardhana Industrial Area, Dist. Dhule and taking off possession from MIDC Authorities. The power and water has reached to the site and the Company will start building construction activity their. The company will expected to start production activity their in the Financial year 2011-12, as soon as water is available by the MIDC.

Your Company to address the concerns relating to rising interest rate, material cost, energy cost, availability of power and volatility in foreign exchange is taking steps to reduce the adverse impact on the profitability. Your Company is meeting the challenge at a global level by focusing on complex higher value adding products, design & development capabilities and entering into alliances .

### 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 compliances 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 Audit Committee.

#### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The key performance indicators providing an insight into the performance of the company vis a vis previous year performance is presented below:

#### PERFORMANCE

(Amount in Rs.)

Sr. No.	Particulars	31.03.2011	31.03.2010
1.	Income	38,82,67,767	37,32,37,439
2.	Total expenditure		
	(i) Cost of Goods Sold	38,77,36,830	36,98,81,400
	(ii) Administrative Expenses	1,43,622	9,23,537
	(iii) Depreciation	11,74,886	11,73,103
3.	<b>Profit/(Loss) before tax</b>	<b>(7,87,571)</b>	<b>12,59,400</b>
	Provision for Taxation	-----	2,10,000
	Provision of FBT	-----	-----
	Provision for Deferred tax liabilities	(7,70,250)	12,86,631
5.	<b>Profit after tax</b>	<b>(17,321)</b>	<b>(2,37,231)</b>

#### MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT

The industrial relations remained good across all locations. Human resource continued to be recognized as the most valued asset. The company is adequately manned with professionals in the field of Engineering, Finance and Administration etc. In order to meet the challenge of growth and new product line, the company has organized in-house training of its staff and workmen to improve soft skills, technical knowledge, work culture and efficient manufacturing practices.

The Company has formed work committee in order to increase workers participation in the management. This initiative has paid dividends and the Company has experienced improvement in efficiencies, overall workmen satisfaction and stability.

#### CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include raw material availability and prices, cyclical demand and pricing in the company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the company conducts business and other incidental factors.



**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY:**

Corporate Governance aims to maximize long-term stakeholder's value. It is a combination of many factors to achieve the objectives of transparency, full disclosure, a system of checks and balances between the shareholders, directors, auditors and the management.

Your Company's Board comprises of not only promoter Directors, but professionally competent non-executive and independent Directors who have effective control over the affairs of the Company. The Board on a continuous basis monitors implementation of decisions taken and at the same time provides management and employees a stable environment to plan and execute strategy.

The compliance report on the Corporate Governance is given below:

**2. BOARD OF DIRECTORS:**

## a) Composition of the Board

In compliances with Corporate Governance norms, the Board comprises of 6 Directors with a Managing Director, 2 Executive Director and 3 Non-executive Independent Directors. None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49 of the Listing Agreement), across all the Companies in which he is a Director.

## b) Number of Board meetings, attendance of Director at Board Meeting and at the Annual General Meeting, outside directorship and Board Committee membership:

During the financial year 2010-11, the Board of Directors of the Company met 6 times 23/04/2010, 08/05/2010, 13/08/2010, 30/10/2010, 15/11/2010 and 14/02/2011. The interval between any two successive meetings did not exceed four calendar months.

Name of Director	Category	Attendance		No. of Directorships held in other Companies	
		Board	Last AGM	Public	Private
Shri Suresh Sharma	Managing Director	4	Present	05	15
Shri Daljeet Singh Matharu	Executive Director	3	Present	03	02
Shri Sachin Sharma	Executive Director	4	Present	03	0
Shri Indresh Khanna	Non Executive Independent Director	2	Present	0	0
Shri Giriraj Prasad Sharma	Non Executive Independent Director	4	Present	05	0
Shri Rajen Navnitlal	Non Executive Independent Director	2	Present	02	01



**c) Code of Conduct**

The Board of Directors has adopted a code of conduct for the Board members and senior management of the company. The said code has been circulated to the Directors and members of the Senior Management. The code has also been posted on the Company's website. The declaration by Shri Suresh Sharma, Chairman of the company, regarding compliance by the Board members and Senior Management personnel with the said code of conduct is attached to this report.

**3. COMMITTEE OF THE BOARD**

**A. Audit Committee**

**I. Composition :**

The Audit Committee comprises 3 director out of which 2 (Two) are Non-executive Independent Directors and 1 (One) Executive Director. The members of the Committee including its Chairman are as follows:

Shri Daljeet Singh Matharu	Chairman
Shri Suresh Sharma	Member
Shri Indresh Khanna	Member

**II. Reference:**

The powers role and terms of reference of the audit committee covers the area as mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. These include oversight of company's financial reporting process and disclosures of financial information, reviewing the adequacy of the Internal Audit team, reviewing with management the quarterly / annual financial statements before submission to the Board, recommending the appointment of statutory auditors and fixation of their remuneration.

Apart from the above, the Committee also reviews Management discussion and analysis, statement of related party transactions and the management letters and the response thereto by the management.

**III. Meetings and attendance:**

During the year 2010-11 the Audit Committee met 5 times on 23/04/2010, 08/05/2010, 13/08/2010, 30/10/2010 and 14/02/2011. The attendance of members at the meetings was as follows:

**B. REMUNERATION COMMITTEE:**

**I. Composition :**

The Remuneration Committee comprises 3 director out of which 2 (Two) are Non-executive Independent Directors and 1 (One) Executive Director. The members of the Committee including its Chairman are as follows:

**II. Reference:**

- To review, access and recommend the appointment of managing/whole time directors
- To periodically review the remuneration package of managing/whole time directors and next level and recommended suitable revision to the Board.