



ANNUAL REPORT 2011-12

*BRAKES AUTO (INDIA) LIMITED*

# **BRAKES AUTO (INDIA) LIMITED**

**ANNUAL REPORT 2011 - 2012**



## **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 & Compony  
Chartered Accountants  
12, Civil Lines, Opp, BJP Office,  
Chamunda Complex  
Dewas – 455 001.  
Tel. No. 0722 – 252823/252833

### **REGISTERED OFFICE**

1011, Embassy Centre,  
207, Nariman Point,  
Mumbai 400 021  
Tel. No. 022 22823367/22823368  
Fax No. 022 – 22832445  
Email: [sales@brakesautoindia.com](mailto:sales@brakesautoindia.com)

### **NEW PREJECT LOCATION**

Plot No. T – 6, M I D C ,  
Nardhana Industrial Area,  
Nardhana, Dist. Dhule.  
Maharashtra

### **REGISTRAR AND SHARE TRANSFER AGENT**

M/s Purva Sharegistry (India) Pvt. Ltd.  
9. Shiv Shakti Industrial Estate,  
J. R. Boricha Marg, Off N. M. Joshi Marg,  
Near Lodha Excelus, Lower Parel (East)  
Mumbai – 400 011.  
Tel. No. 022 - 23016761/23018261  
Fax No. 022 – 022 23012517

### **ANNUAL GENERAL MEETING**

Date: - Friday, 28<sup>th</sup> September 2012.  
Time: - 10.00 A.M.  
Place: - 1011, Embassy Centre,  
207, Nariman Point,  
Mumbai – 400 021.



## **NOTICE**

NOTICE is hereby given that the next Annual General Meeting of the members of **Brakes Auto (India) Limited**, will be held at its Registered Office of the Company at 1011, Embassy Centre ,207, Nariman Point, Mumbai - 400021 on Friday, 28<sup>th</sup> September 2012 at 10.00 a.m. to transact the following business:-

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the P&L a/c. for the year ended that date together with the Reports of Auditor's and Director's thereon.
2. To appoint a Director in place of **Mr. Suresh Sharma**, who retires by rotation and being eligible, offers for re-appointment?
3. To appoint a Director in place of **Mr. Giriraj Prasad Sharma**, who retires by rotation and being eligible, offers for re-appointment?
4. To appoint **M/s. Ashish Vyas & Co., Chartered Accountants, Dewas** as Auditors of the company to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

### **NOTES:**

A Member entitled to attend and vote at the meeting to appoint a proxy to attend and vote instead of himself / herself. A proxy need not to be a member of the Company. Proxies, in order to be effective, must be received at the Company's registered office not less than forty-eight hours before the commencement of the meeting.

Shareholders are requested to intimate change in their address, if any, immediately.

The Register of Member and Share Transfer Book of the Company will remain closed from 24<sup>th</sup> September 2012 to 27<sup>th</sup> September 2012 (both days inclusive).

Members are requested to notify change in address, if any, in case of shares held in Electronic Form to the concerned Depository Participant and in case of Physical shares to their share Transfer Agent.

Members / Proxy Holders are requested to produce at the entrance, the attached admission slip for admission into the meeting hall.

By Order of the Board of Directors

Suresh Sharma  
Chairman

Place: Mumbai  
Date: 1<sup>st</sup> September 2012.

Registered Office:-  
1011, Embassy Centre,  
207, Nariman Point,  
Mumbai - 400 021.



## **DIRECTORS REPORT**

To,  
The Members,  
**Brakes Auto (India) Limited.**  
Mumbai,  
Maharashtra

Your Directors have pleasure in presenting before you the Annual Reports of the Company for the year ended 31<sup>st</sup> March 2012 together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2011.

<b>FINANCIAL RESULTS</b>	<b>2011-2012</b>	<b>2010-2011</b>
Income	22,59,55,045	38,81,74,419
Total Expenditure		
i) Cost of Goods Sold	22,46,76,326	38,77,36,830
ii) Administrative Expenses	3,66,136	1,43,622
iii) Depreciation	11,74,884	11,74,886
<b>Profit (Loss) Before Tax</b>	<b>-7,27,699</b>	<b>-7,87,571</b>
Provision for Taxation(Deferred Tax)	(38,548)	(7,70,250)
Profit (Loss) After Tax	(689,151)	(17,321)

### **DIVIDEND**

Due to loss incurred during the year the Board of Directors do not recommend a dividend for the Financial Year 2011-12

### **RESERVE**

Reserves and surpluses after transfer of loss of Rs.6,89,151 to the general reserve during the year 2011-12 stood at Rs.19,606,851.

### **OPERATIONAL HIGHLIGHTS.**

During the year under review the sales turnover of Rs 225,955,045/- as compared to previous year of Rs.388,174,419/-. The company has concentrated its goal of consolidating and strengthening its marketing network, delivering quality products and cutting of cost wherever possible. The net loss after tax of Rs.689151 as compared to previous year loss of Rs.17321

### **NEW PLANT**

Your company is undertaking continuous endeavors for expansion of its domestic and overseas customer base by implementing new facilities. For establishing manufacturing facilities, your company started work of its Nardhana plant. The company already purchased land situated at MIDC, Nardhana. The power and water reached to the site and the Company will start building construction activity there. The company expects to start production activity there in the current financial year 2012-13.

### **PUBLIC DEPOSITS**

During the period under review the Company did not accept deposits in terms of Section 58A of the Companies Act, 1956 and pursuant to the provision of the Non-Banking Financial Companies (Reserve Bank) Direction 1997.

**DIRECTORS**

Mr. Suresh Sharma and Mr. Giriraj Prasad Sharma, Directors of the company retire by rotation at this Annual General Meeting and being eligible, offers themselves for re-appointment. The brief resume and other details of directors, who are to be re-appointed as stipulated under clause 49 of the listing agreement, are furnished in the corporate Governance Report forming part of the Annual Report. During the year there were no changes had taken place in the constitution of the Board of Directors of the Company.

**AUDITORS**

**M/s. Ashish Vyas & Co, Chartered Accountants, Dewas**, the Auditors of the Company retire at the conclusion of this Annual General Meeting. They are eligible for reappointment and indicated their willingness to act as an Auditor, if appointed and the appointment shall be in the limits prescribed under the provision of the Companies Act, 1956.

**AUDITORS REPORT**

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

**PARTICULARS OF EMPLOYEES**

There was no employee in the Company whose particulars are required to be furnished as per section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended up to date.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING/OUTGO.**

This information required to be given under section 217(1) ( c ) of the Companies act, 1956 read with the companies(Discloser of the report of the Director) Rules 1988 is annexed herewith.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby report that:

- (a) in the preparation of annual accounts, the applicable accounting standards have been followed;
- (b) appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are responsible 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 ended 31<sup>st</sup> March 2012;
- (c) 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;
- (d) Annual accounts have been prepared on a going concern basis.

**LISTING**

Your Company continues to be listed on the Stock Exchange Mumbai where the Company's share is being traded. The Company has paid listing fees for the year 2012-13

**CORPORATE GOVERNANCE AND COMPLIANCE**

A report on corporate governance along with Management Discussion and Analysis is annexed to this report as Annexure A. A certificate from Statutory Auditors with regards to the compliance of the corporate governance, as stipulated in Clause 49 of the Listing Agreement, by the company is annexed to this report.



The company has fully complied with all mandatory requirements prescribed under Clause 49 of the listing agreement. In addition, the company has also implemented some of the non mandatory provisions of Clause 49.

### **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 Board of Directors takes the opportunity to thank the Bankers and Government for the Co-operations and support by them from time to time in the operation of the company during the year. The Board also places on record its deep appreciation for the contribution made by the employees at all levels.

**By Order of the Board of Directors**

**Suresh Sharma**  
**Chairman**

**Place: Mumbai**

**Date: 1<sup>st</sup> September 2012.**

**ANNEXURE –A to the Director's Report for the year ended 31<sup>st</sup> March, 2012.****REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY**

The Company firmly believes that corporate governance and compliance practices are of paramount importance in order to maintain the trust and confidence of the stakeholders and clients of the Company and the unquestioned integrity of all personnel involved or related to the Company. To ensure transparency, fairness and objectivity in an organisation's functioning, the Company has proactively adopted best practices with regard to corporate governance and compliance, which are ahead of regulatory requirements. The Company's policy on compliance with external regulatory requirements is backed by stringent internal policies and principles to ensure, inter alia, priority to clients' interest over proprietary interest, maintenance of confidentiality of client information and prevention of insider trading.

**2. BOARD OF DIRECTORS**

The Board of Directors of the Company consists of Six Directors including Managing Director, 3 independent directors and 2 executive directors. The Company does not have any pecuniary relation or transaction with Non-Executive Independent Directors during the year under review.

**Appointment/Reappointment of Directors**

Mr. Suresh Sharma and Mr. Giriraj Prasad Sharma, Directors of the company retire by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment. The brief resume and other details of directors seeking appointment are given below.

**Mr. Suresh Sharma:** Mr. Suresh Sharma, aged about 60 years is a post Graduate in Management stream and have more than 35 years of experience in the diversified management areas. His profile includes management experience in varied industries in various capacities.

**Mr. Giriraj Prasad Sharma:** Mr. Giriraj Prasad Sharma aged around 48 years is a Post Graduate in commerce and have an experience of more than 15 years in the field of Finance, administration and general management.

**Board Procedure**

A detailed Agenda folder was sent to each Director in advance (generally before 7 to 10 days) of Board and committee meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director briefed the Board at every meeting on the financial performance of the Company up to last completed month as against the budget/revised budget of the year. Presentations are made by the Managing Director about the financial, operational performance and market scenario. The Board also reviewed:

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment plans of the company
- Compliance with statutory/regulatory requirements and review of major legal issues.
- Adoption of quarterly / half yearly / annual results (after recommendation of Audit Committee where required).
- Significant labour problems
- Major accounting provisions and write-offs.
- Details of joint venture or Collaboration Agreement

**Composition, Category of Directors and their other directorship and Membership / Chairmanship of Committees.**

Sr. No.	Name of the Director	Category	Number of other		
			Director-ships	Committee Memberships	Committee Chairmanships
1	DALJEET SINGH MATHARU	EXECUTIVE DIRECTOR	5	1	0
2.	SACHIN SHARMA	EXECUTIVE DIRECTOR	5	1	1
3.	INDRESH KHANNA	NON.EXECUTIVE INDE. DIRECTOR	0	0	0
4	RAJEN NAVNITLAL	NON.EXECUTIVE INDE. DIRECTOR	3	0	0
5	GIRIRAJ PRASAD SHARMA	NON.EXECUTIVE INDE. DIRECTORE	2	2	1
6	SURESH SHARMA	MANAGING DIRECTOR	18	2	1

During the year 5 Board Meetings were held on 30/05/2011, 13/08/2011, 20/08/2011, 14/11/2011, and 14/02/2012 The Board was present with the relevant and necessary information. None of the Director is a member of more than 10 committees or acting as Chairman of more than 5 committees across all companies in which he is a director. The attendance at the Board Meeting during the year and at the last Annual General Meeting was as follows:

SR.NO	NAME OF DIRECTORS	NO. OF BOARD MEETING ATTENDED	ATTENDANCE AT THE AGM HELD ON 18-09-2011
1	DALJEET SINGH MATHARU	3	Present
2	SACHIN SHARMA	3	Present
3	INDRESH KHANNA	5	No
4	RAJEN NAVNITLAL	2	No
5	GIRIRAJ PRASAD SHARMA	5	Present
6	SURESH SHARMA	4	Present

**3. AUDIT COMMITTEE**

The audit committee consists of 3 Directors. All members of Audit Committee are financially literate and 2 Directors out of 3 has financial management expertise as required for member of Audit Committee as stipulated in Clause 49 of the Listing Agreement. The Details of Audit Committee meetings held during the year April 2011 to March 2012 and the attendance of the Audit Committee Members are as under:





SR.NO	DIRECTOR NAME	CATEGORY	NO OF MEETING HELD ATTENDED
1	GIRIRAJ PRASAD SHARMA	Chairman	5
2	SURESH SHARMA	Member	5
3	INDRESH KHANNA	Member	5

**Terms of Reference:-**

The terms of reference for the audit committee as laid down by the Board include the following:-

- (i) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (ii) Recommending the appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- (iii) Reviewing with management, the quarterly, half yearly and annual financial statements before submission to the Board, focusing primarily on any changes in accounting policies and practices; major accounting entries based on exercise of judgment by management; qualifications in draft audit report; significant adjustments arising out of audit; the going concern assumption; compliance with accounting standards; compliance with stock exchange and legal requirements' concerning financial statements; any related party transaction i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of Company at large.
- (iv) Reviewing with the management, statutory and internal auditors, the adequacy of internal control system and ensuring compliance therewith.
- (v) Discussions with statutory auditors before the commencement of the audit about the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern.
- (vi) Reviewing the Company's financial and risk management policies.
- (vii) To review the functioning of the Whistle Blower Policy adopted by the Company.
- (viii) To review report on Management Discussion & Analysis of Financial Condition and Results of operation, to be included in the Company's Annual Report to its Shareholders.

**4. REMUNERATION COMMITTEE**

This is a non-mandatory requirement. The company has constituted a Remuneration Committee to decide and fix payment of remuneration and sitting fees to the Directors of the Company.

The Remuneration Committee consists of Mr. Giriraj Prasad Sharma, Chairman, Mr. Suresh Sharma and Mr. Indresh Khanna, Members of the committee.

No meeting was required to be held by this committee

**DETAILS OF REMUNERATION TO DIRECTORS;**

We are pleased to inform that the Chairman and board of Directors not withdrawn any amount against their remuneration due to requirement of funds in the company

**5. SHARE HOLDER'S GRIEVANCE AND SHARE TRANSFER COMMITTEE****Composition:-**

The said committee comprises of Mr. Suresh Sharma, Chairman of the said committee, Mr. Daljeet Singh Matharu and Mr. Indresh Khanna Member of the committee.



During the year committee meets time to time to resolve to grievances pertaining to transfer of shares, non receipt of dividend, dematerialization of shares, complaint letter received from stock exchange, SEBI etc

The Committee has delegated the authority to an officer of the Company who attends to share transfer formalities at least once in a fortnight.

**Terms of reference:-**

To look into the redressed of the share holders complaints in respect of any matter including transfer of shares non receipt of annual report, non receipt of declared dividend etc.

**Compliance Officer:-**

The company has designated Mr. Hemant Kokatay as Compliance Officer.

**Summary of Investors' Complaints:-**

During the year no complaints were received from the share holders.

**Annual General Meeting:-**

The Annual General Meeting (AGMs) of the company have been held at the following places in the last three years.

YEAR	DATE	TIME	VENUE
2008 – 09	12-09-2009	9.30 A.M	<b>REGD. OFFICE</b> –1011,Embassy Centre,207,Nariman Point,Mumbai-400021,
2009 – 10	09-06-2010	9.30 A.M	<b>REGD. OFFICE</b> – 1011,Embassy Centre,207,Nariman Point,Mumbai-400021,
2010 – 11	29-09-2011	10.30 A.M	<b>REGD. OFFICE</b> – 1011,Embassy Centre,207,Nariman Point,Mumbai-400021,

No special resolution passed through postal ballot during the year.

No special resolution on matters requiring postal ballot are placed for share holder's approval at this meeting.

**6. DISCLOSURES REGARDING RELATED PARTY TRANSACTIONS:-**

There was some transactions by the company with related parties and the same in view of the management are in ordinary course of business and are done at arm length price.

The company has complied with the requirement of the regulatory authorities on capital markets and no penalties/strictures have been imposed against it in the last three years

**7. MEANS OF COMMUNICATION:**

The quarterly and yearly financial result of the company is published in the prominent daily newspapers having circulation in region where the registered office of the company is situated. The quarter/yarely financial results are also regularly sent to the Mumbai stock exchange where the Company's Share is listed as soon as are approved and taken on record by the board of directors of the company.