

91 Annual Report 2003-04



BRADY HOUSE



W.H.BRADY & CO. LIMITED


W.H. BRADY & CO. LIMITED
BOARD OF DIRECTORS
MR. PAVAN G. MORARKA

Chairman & Managing Director

MR. KAUSHIK D. SHAH
MR. PINAKI MISRA
MR. PRAKASH MEHTA
CHIEF EXECUTIVE
MR. K.K. KRISHNAN
COMPANY SECRETARY
MR. M.K. SHAH
CHIEF OPERATING OFFICER
MR. GANESH R. IYER
AUDITORS
C. L. Dalal & Co.

Chartered Accountants

SOLICITORS
Hariani & Co., Mumbai.
BANKERS
BANK OF BARODA, MUMBAI
ABN-AMRO BANK N.V., MUMBAI
UTI BANK LTD., MUMBAI.
REGISTERED OFFICE

"Brady House"

12/14, Veer Nariman Road

Fort, Mumbai 400001.

REGISTRAR & SHARE TRANSFER AGENT
BIGSHARE SERVICES PVT. LTD.

E-2/3, Ansa Industrial Estate,

Sakivihar Road, Saki Naka, Andheri (E),

Mumbai 400 072.

Tel No. 2858 3474 / 2856 0652

Fax. 2852 5207

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NOTICE

NOTICE is hereby given that the Ninety first Annual General Meeting of the Members of W. H. BRADY & CO. LTD., will be held on Saturday, August 14, 2004 at 11.30 a.m. or immediately after the conclusion of Annual General Meeting of its Subsidiary Company M/s. Brady & Morris Engineering Company Limited at Alexandra Girls' English Institution, 31, Hazarimal Somani Marg, Mumbai 400001, to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2004, Profit & Loss Account for the year ended on that date and the Director's and Auditors' report there on.
2. To appoint a Director in place of Mr. K. D. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.
4. To declare dividend on equity shares.

SPECIAL BUSINESS :

5. To consider and if though fit to pass with or without modifications the following Resolution as an Ordinary Resolution :-

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule-XIII thereto as amended up to date and all guidelines issued by the Central Government from time to time and subject to such other approvals, as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr. Pavan G. Morarka as Chairman and Managing Director of the Company for a further period of five years w.e.f. 1st January 2004 on the remunerations and upon the terms and conditions as set out in the explanatory statement.

"FURTHER RESOLVED that where in any financial year, the Company has no profits or its profits are inadequate during the term of office of Mr. Pavan G. Morarka, the remuneration aforesaid shall be the minimum remuneration."

"FURTHER RESOLVED that Mr. Pavan G. Morarka, as Chairman and Managing Director, shall look after the day to day management of the Company and its affairs and shall exercise all powers exercisable by the Chairman and Managing Director as per Articles of Association of the Company and under the provisions of the Companies Act, 1956"

"FURTHER RESOLVED that the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writing as may be required to give effect to the aforesaid Resolutions."



6. To declare the result of the following Special Resolution to be passed by Postal Ballot in accordance with the provisions of the Companies(Passing of resolutions by postal ballot) Rules,2001. Notice in respect of which along with postal ballot form and prepaid self addressed envelope will be posted to shareholders under postal certificate by 30th June, 2004 as required under the said Rules.

"RESOLVED THAT the object clause III of the Memorandum of Association of the Company be and are hereby altered in the following manner".

- i) Insert the following Sub-Clauses as No. 38 and 39 after the existing SubClause No. 37 of Clause-III of the Memorandum.
38. To carry on in India and abroad the business of builder, developer, constructor, contractor, architect, decorator, own, manage, broker of all types of houses, apartments, residential & industrial complexes, offices, godowns, shops, warehouses, sheds, hotels, holiday and marina resorts, hospitals, shopping complexes, business centres, and for that purpose erect, buy and sell movable and immovable properties for development or for resale and to construct buildings, roads, bridges, dams, ports and dealers in all kind of building materials including bricks, tiles, marbles, hardware, cement, sanitary goods, road making materials and of acting as estate agent, broker, manager of estates and properties and of acquiring premises on lease and giving them on sub-lease.
39. To carry on in India and abroad the business of buying, selling, diverting, exchange, subscribe or otherwise deal in shares, securities, bonds, debentures, warrants, premium notes, commercial paper, debt instruments, futures, derivatives, indexes, commodities, either by way of direct subscription, through exchange, brokers, on line, dealers or otherwise and to become member of Stock Exchange, Commodities Exchange or other recognized Exchanges.

BY ORDER OF THE BOARD OF DIRECTORS

M. K. SHAH
COMPANY SECRETARY

Dated : 21st June, 2004



**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2)
OF THE COMPANIES ACT, 1956**

ITEM NO: 5

At the meeting of the Board of Directors of the Company held on 27.11.2003, Mr.Pavan G Morarka was re-appointed as Chairman & Managing Director of the Company for a period of five years with effect from 1st January 2004 to 31st December 2008 subject to the approval of the members at the ensuing Annual General meeting.

In that meeting it was also resolved by the Board that remuneration so approved shall be effective from 01.01.2004 to 30.09.2004 and after that the Board will review the remuneration for revision from 01.10.2004 to 31.12.2008. In view of this in the meeting of the Remuneration Committee held on 21st June 2004, the said Committee revised and approved remuneration of Chairman & Managing Director. Accordingly, the Board of Directors / Remuneration Committee of the Board commend passing of the Resolution as set out in item No.5 of the Notice from 01.01.2004 to 30.09.2004 and revised remuneration from 1.10.2004 to 31.12.2008 as follows:-

Salary :-

- (i) Rs.40,000/- per month from 01.01.2004 to 30.09.2004 and thereafter, Rs.60,000/- per month from 1.10.2004 to 31.12.2008 including D.A.

Allowance :-

- (ii) House Rent Allowance Rs.10,000/- p.m. from 1.1.2004 to 30.9.2004 and thereafter Rs.15,000/- p.m. from 1.10.2004 to 31.12.2008.

In addition to above salary and allowance he will be entitled to the following perquisites with effect from 01.01.2004 till the end of his tenure i.e. 31.12.2008.

- (iii) Gratuity as per rules of the Company but should not exceed half a month's salary for each completed year of service.
- (iv) Company's contribution towards Provident Fund and Superannuation Pension Fund as per Rules of the Company, but the same shall not exceed 25% of the salary, subject to the condition that the contribution to Provident Fund and Superannuation Pension Fund to the extent these, either singly or put together are not taxable under the Income Tax Act, 1961.
- (v) Leave unavailed of, will be allowed to be encashed at the end of the tenure of his present term.
- (vi) Medical Reimbursement for self and family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

**W.H.BRADY & CO. LIMITED**

- (vii) Leave Travel Concession for self and family, once in a year incurred in accordance with the rules of the Company.
- (viii) Club Fees subject to a maximum of two clubs excluding admission and life membership fees.
- (ix) Personal Accident Insurance Premium for the period 01.01.2004 to 30.9.2004 subject to maximum of Rs.1,000/- per annum and for the period 1.10.2004 to 31.12.2008 Rs.9,000/- per annum.
- (x) Car & Telephone - Car for use on Company's business and Telephone at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
- (xi) Termination - The appointment can be terminated by three months' notice on either side.

Except Mr Pavan G Morarka who being interested in this Resolution did not participate in the discussion and abstained from voting, none of the other Directors are interesting in this Resolution.

Board of Directors recommend passing of this Resolution.

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 the 7th day of August to 14th day of August 2004 (both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares.
- (c) Members are requested to notify immediately changes, if any, in their registered address to the Company specifying full address in Block Capitals with Pin Code of the Post Office.
- (d) Members desirous of getting any information on the accounts or operations of the Company are requested to forward their queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
- (e) Members are requested to bring their copy of Annual Report and the attendance slip duly completed and signed and hand it over at the entrance.
- (f) Members are requested to quote Folio Numbers and in case their shares are held in dematerialised form, they must quote their D.P.I.D. and client I.D. Number in all their correspondence.



- (g) A recent amendment to the Companies Act, 1956 has introduced provisions for nomination by shareholders. The prescribed nomination form can be obtained from the Company's Registered Office at 'Brady House' 12-14 Veer Nariman Road, Fort, Mumbai-400001. Members may take benefit of this provision.
- (h) 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, it is beneficial & in the interest of the members to dematerialise their shares at the earliest.
- (i) Explanatory Statement under section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the meeting is given here in above.

BY ORDER OF THE BOARD OF DIRECTORS

M. K. SHAH
COMPANY SECRETARY

Dated : 21st June, 2004

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**W.H. BRADY & CO. LIMITED****DIRECTORS' REPORT****TO THE MEMBERS OF W.H. BRADY & CO. LTD.**

Your Directors present their Ninety first Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2004.

1. FINANCIAL HIGHLIGHTS :

	2003-2004 (Rs.in Lacs)	2002-2003 (Rs.in Lacs)
a) Operating Profit before Interest and Depreciation	188.76	136.85
b) Less : Interest	57.51	93.44
c) Profit Before Depreciation	131.25	43.41
d) Less : Depreciation	29.40	22.98
e) Less: Bad Debts & Sundry Balances written off	18.77	4.97
f) Less: Loss on Fixed Assets discarded, etc.	0.35	0.03
g) Less: Loss on sale of Fixed Assets	3.58	-
h) Add : Credit balances written back	1.48	5.60
i) Profit before Tax	80.61	21.03
j) Less : Tax for the year - Current	5.60	1.66
- Deferred	20.06	11.29
k) Profit after Tax	54.95	8.08
l) Prior year adjustments (Net)	3.38	(0.02)
m) Profit for the year	58.33	8.06
n) Less: Miscellaneous Expenditure written off	(1.45)	-
o) Profit/(Loss) available for appropriation	56.88	8.06
p) Appropriations:-		
i) Proposed Dividend on Equity Shares	20.40	-
ii) Tax on proposed Dividend	2.61	-
iii) Transfer to General Reserve	1.40	-
q) Balance brought forward from the previous year	271.10	263.04
r) Surplus (Deficit) carried to Balance Sheet	303.57	271.10
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2. OVERVIEW

The Indian economy staged a smart recovery, after witnessing a sluggish growth phase during last three years.

Buoyed by good monsoon, robust spending in infrastructure sector by the Govt. and strong industrial and service sector activity, the economy clocked an impressive growth of 8% for the fiscal 2003-04 against only 4% in the previous year.

This led to over all revivals and improved demand amongst related business.



Regardless, each of your Company's business had its own challenges and limitations like 11 days nationwide transporters strike, volatility in input costs, intense competition and threat of cheaper imports. Viewed against this back drop overall performance of your company has been satisfactory.

Though revenue have reduced from Rs. 917.44 lacs in the previous year to Rs. 696.75 lacs, profit before taxes and extra ordinary items is higher at Rs. 80.6 lacs against previous years figure of Rs.21.03 lacs even after writing off of bad debts to the extent of Rs. 18.77 lacs.

As mentioned above reasons for such higher profits is mainly attributed to sound restructuring on trading line by eliminating non remunerative products, branch restructuring leading to reduced man power, economizing communication, traveling and general expenses and reduced finance cost.

3. WORKING RESULTS :

The company restructured its marketing activities and continued to have effective returns by utilizing its properties. It has selectively given up products, which have become non-attractive and have increased its other income by way of contractual selling in which your Company received Commission Income. In view of this the sales turn over of the Company is lower at Rs.372 lacs compared to Rs.589 lacs last year. However, it has increased its profit after tax to Rs.54.96 lacs as compared to Rs.8.08 lacs in the previous year.

4. FUTURE OUTLOOK :

Having restructured its operations leading to better profitability the Company is embarking on a plan to improve its working further.

The Company continues to pursue its objective by looking for opportunities in new avenues in marketing, foreign agency representation and properties.

It is in a position to raise resources to meet any requirement for growth.

5. DIVIDEND :

Your Directors are pleased to recommend dividend @12% on the paid up equity capital of the Company .

6. 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. K.D. Shah retires by rotation and being eligible offers himself for re-appointment.

7. 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 had been followed along with proper explanation relating to material departures;
- (b) The Directors had 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 had 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 had prepared the annual accounts on a going concern basis.

8. PERSONNEL :

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

The Company's relations with its officers and employees continue to be cordial.

9. SUBSIDIARY OF THE COMPANY :

The Balance Sheet and Profit & Loss Account of Brady & Morris Engineering Co. Ltd. (the subsidiary of the Company) for the year ended 31st March 2004 along with the Directors' Report are annexed for information of the shareholders.

10. AUDITORS' REPORT :

With regard to the remark of the Auditors in their Report regarding setting off of accumulated losses against revaluation reserve, the Company has been advised that there is no prohibition in law to do so, as mentioned in our earlier reports.

Rest of the observations made in their report are self explanatory and need no comments.

11. 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-1 and forms part of this Report.

12. COMPLIANCE CERTIFICATE :

Pursuant to provisions of Section 383 A of the Companies Act, 1956 and the rules made thereunder, Compliance Certificate issued by Practising Company Secretary, Ms. Lalita Lath is attached herewith.