

53rd Annual Report 1998-99



Bright Brothers Limited

Brite

Board of Directors

Mr. T. W. Bhojwani	— Chairman & Managing Director
Mr. S. T. Bhojwani	— Vice-Chairman
Mrs. Hira T. Bhojwani	
Mr. D. S. Mulla	
Mr. K. P. Rao	
Dr. T. S. Sethurathnam	
Mr. N. B. Kamble	— Nominee Director ICICI Ltd.

COMPANY SECRETARY

Mr. Prakash Bhawe

AUDITORS

N. S. Gubbi & Co.
Chartered Accountants,
Mumbai-400 023

BANKERS

BANK OF BARODA
CANARA BANK
THE BANK OF NOVA SCOTIA

REGISTRARS & TRANSFER AGENTS

PCS Industries Ltd.
Hyfa Bldg., No. 2, 1st Floor,
Safed Pool (Near Johnson & Johnson),
Kurla-Andheri Road,
Andheri (E),
Mumbai-400 072
Tel. : 8511520/8510647

REGISTERED OFFICE

L.B.S. Marg,
Kanjurmarg (West)
Mumbai-400 078
Tel.: 5786533 (5 lines)

WORKS

B-54, Road No. 33,
Wagle Industrial Estate,
Thane 400 604

B-7/3, B. Road,
MIDC, Tarapur, Boisar,
Thane-401 506

No. 4, Roz Ka Meo Ind. Area,
Sohna-122 103
Dist. Gurgaon
Haryana

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Notice

NOTICE is hereby given that the Fifty Third Annual General Meeting of the members of BRIGHT BROTHERS LIMITED will be held at Amar Gian Grover Auditorium, The Lala Lajpat Rai College Building, Haji Ali, Mumbai 400 034 on Friday the 17th December, 1999 at 4.00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the period ended 30th June, 1999, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Preference dividend for the year ended 30th June, 1999.
3. To declare Equity dividends for the year ended 30th June, 1999.
4. To appoint a Director in place of Mr. S. T. Bhojwani, who retires by rotation, but being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. T. S. Sethurathnam, who retires by rotation, but being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office
L. B. S. Marg,
Kanjurmarg (W),
Mumbai-400 078
Dated: 22nd September, 1999

By Order of the Board of Directors
For Bright Brothers Limited

Prakash Bhawe
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 3rd December, 1999 to 17th December, 1999 (both days inclusive) for the purpose of payment of dividend.
3. The dividend as recommended by the Board of Directors, if declared at the meeting, will be paid to those Members whose names appear in the Register of Members of the Company as on 17th December, 1999.
4. Non-resident Indian Shareholders are requested to inform the Company immediately:
 - (a) the change in the Residential status on return to India for permanent settlement.
 - (b) the particulars of NRE Bank Account in India, if not furnished earlier.

Members are requested to intimate the Company under the signature of the Sole/First Joint Holder the Account Number, Type of Account — Saving (SB) or Current (CA), Name and address of the Bank, in which they intend to deposit the Dividend Warrant, so that the same can be printed on Dividend Warrant, to avoid the incidence of fraudulent encashment of the instrument.

Registered Office
L. B. S. Marg,
Kanjurmarg (W),
Mumbai-400 078
Dated: 22nd September, 1999

By Order of the Board of Directors
For Bright Brothers Limited

Prakash Bhawe
Company Secretary

Bright Brothers Limited

Brite

Report of the Directors

Your Directors have pleasure in presenting their Fifty Third Annual Report with the Audited Accounts for the year ended 30th June, 1999.

FINANCIAL RESULTS

The Financial highlights are summarised below:

	Year ended 30th June 1999	(Rs. in lacs) Year ended 30th June 1998
Gross Income	9632.54	9281.04
Profit before Interest and Depreciation	1595.97	1412.16
Depreciation	652.84	487.45
Interest	736.55	728.66
Profit before Tax	206.58	196.05
Income Tax of earlier years adjusted	15.23	—
Provision for Taxation	14.95	21.00
Profit after Tax	176.40	175.05
Add: Debenture Redemption Reserve	17.00	—
Add: Surplus brought forward from Previous Year	238.18	174.48
Less: Capital redemption reserve created during the year	100.00	—
	<u>138.18</u>	<u>—</u>
Amount available for Appropriations	<u>331.58</u>	<u>349.53</u>
Appropriations:		
Tax on Dividend	9.74	8.53
Proposed Dividend on — Equity Shares	75.00	75.00
— Preference Shares	13.50	10.32
General Reserve	17.50	17.50
Balance carried forward in the Profit & Loss Account	215.84	238.18
	<u>331.58</u>	<u>349.53</u>

THE ECONOMY AND ITS EFFECTS ON COMPANY'S OPERATIONS

The economic situation continued to be under pressure throughout the year. The well conceived budget for the year 1999-2000 brought inflation under control. Although the growth in agricultural production continued from the previous year, industrial growth continued to stagnate.

The period from November 1998 to February 1999 was the most difficult for the Automotive industry, in terms of volume. Generally, manufacturers of passenger Cars and Consumer durables had to give a boost to retail buying by adopting "price-driven" policies. This policy yielded good results, albeit from March 1999 onwards. On the other hand, the Commercial Vehicles and Multi Utility Vehicles sector saw a negative growth and the Company's investment in the Safari project for Telco imposed downward pressure on the Company's profitability.

MEETING THE CHALLENGE IN ITS OPERATIONS

The Company was successful in completing the first step of its restructuring exercise in the year 1998-99. As a part of the Cost Management exercise, the Company announced a Voluntary Retirement Scheme for its unionised employees at its factory in Mumbai. The Company was able to achieve total success in this area, as all the employees within this category availed the offer.

The acceptance of the VRS by the Workmen at the Mumbai factory enabled the Company to disperse the operations to its different locations. This exercise was completed during the period 01.01.99 and 31.05.99. Whilst this exercise did affect the Company's sales and profitability during the period, it will have positive impact hereafter.

As a result the Company will be able to bring about a cost reduction in the areas of personnel, octroi, use of resources and overheads, etc. Needless to mention, the VRS exercise imposed a burden on the Company's resources. To overcome this and to augment its long term working capital, the Company has sold its office property in Mumbai during the Company's financial year. The Head Office has now relocated at the Company's Kanjur Marg Premises in Mumbai.

The second part of the restructuring exercise is that of cost reduction through a concerted Value Addition/Value Engineering exercise and focused core group activities. This effort has started from April, 1999 and will continue through the year 1999-2000.

BUSINESS PROSPECTS IN THE CURRENT YEAR

The signs in the current year are very positive. The passenger car industry is showing a growth of 40%, the consumer electronics industry at 25% and the White goods industry at 15%. All this augurs well for the Company. The Company's order position is strong and the capacity is in place to handle the demand. The Company is also planning to adopt new technologies to meet the growing demand.

A strong order book will enable the Company to take strategic decisions of selecting from its order profile those businesses which give improved contribution. It will drive overall manufacturing effectiveness, thus yielding better capacity utilisation. Once capacity is under demand, we will invest in the required equipments which will balance the capacity utilisation more efficiently.

LOOKING TO THE FUTURE

In order to become a stronger player at the national level, it is proposed that Brite Automotive and Plastics Ltd., which is in the same business, but in different locations, be merged into the Company. The merger will give strength in respect of cost, size, customer service, managerial control etc.

The Stock Exchanges have already been informed in this regard and the details of the merger are being worked out. The same shall be put forth for approval in due course.

DIVIDEND

The Board of Directors recommend a Dividend of 20 per cent on the Equity Share Capital, subject to the approval of the shareholders at the Annual General Meeting. The Board also recommends dividend on 13 ¹/₂ % Redeemable Cumulative Preference Shares.

The outgo on account of dividend payment will amount to Rs. 88.50 lakhs. The tax payable by the Company on dividend works out to Rs. 9.74 lakhs.

FIXED DEPOSITS

Fixed Deposits as on 30th June, 1999 were Rs. 112.28 lakhs. A sum of Rs. 0.33 lakh remained unclaimed as on that date, for want of instructions from depositors.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Director Mr. S. T. Bhojwani and Dr. T. S. Sethurathnam retire from office by rotation, and being eligible, offers themselves for re-appointment.

AUDITORS

The Auditors M/s. N. S. Gubbi & Co. retire and offer themselves for re-appointment.

PERSONNEL

Industrial Relations in the Company continued to be cordial.

The information required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and under Section 217(1)(e) of the said Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in the Annexure included in this report (which forms a part of this report). As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report together with Accounts is being sent to the shareholders of the Company, excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

CONSERVATION OF ENERGY

As per the requirements of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the details required under Form A regarding Conservation of Energy, is not applicable to the Company. However the Company is well aware of the importance of energy conservation and is making continuous efforts in this direction.

TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars with respect of Technology absorption etc. required as per 217(1)(e) of the Companies Act, 1956 are annexed hereto.

THE YEAR 2000 COMPLIANCE (Y2K)

The Company has in place a comprehensive plan to achieve Y2K compliance. All non-compliant systems are being changed and some new systems are being purchased to suit the Y2K requirement and all system are expected to be Y2K compliant by 30th November 1999 at an estimated cost of Rs. 25 lakhs.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the continued co-operation of the employees to achieve the goals of the Company. The Directors are also pleased to take this opportunity to express their sincere gratitude for the assistance and continued co-operation extended by the Financial Institutions — ICICI, IDBI, SICOM, UTI and LIC. Banks — Bank of Baroda, Canara Bank, Bank of Nova Scotia and Government Authorities, Shareholders, Suppliers and Customers. The Company looks forward to their continued support in the current year also.

On behalf of the Board of Directors

T. W. BHOJWANI
Chairman & Managing Director

Mumbai

Dated : 22nd September, 1999

FORM B**DISCLOSURE OF PARTICULARS WITH RESPECT OF TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT (R & D)**

1. Specific areas in which R & D carried out by the Company:
— Substantial emphasis has been laid in the use of auxiliary equipment.
2. Benefits derived as a result of the above R & D:
— This increase the productivity of the plant.
3. Future plan of action:
— The Company will continue the said effects.
4. Expenditure on R & D

	1999 <u>Rs.</u>	1998 <u>Rs.</u>
(a) Capital	3,79,203	29,58,083
(b) Recurring	1,36,450	3,64,600
(c) Total	5,15,653	33,22,683
(d) Total R & D expenditure as a percentage of total turnover	0.06%	0.36%

TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
N.A.
2. Benefits derived as a result of the above efforts:
N.A.
3. Imported technology:
N.A.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars with regard to Foreign Earnings and outgo appears in Schedule (Items No. (v), (vi), (viii), (ix) to of Note No. 12) of the Annual Report and Accounts.

Report of the Auditors to the Members of Bright Brothers Limited on the Accounts for the Year Ended 30th June, 1999

We have audited the attached Balance Sheet of Bright Brothers Limited, as at 30th June, 1999 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1999 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annexe hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order:
2. Further to our comments in the Annexure referred to in paragraph 1 above.
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of such books;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - (1) In case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 1999;
 - (2) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

Report



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For N. S. GUBBI & CO.
Chartered Accountants

Mumbai

Dated: 22nd September, 1999

C. N. de Sa
Partner