

57th Annual Report 2002-2003



Bright Brothers Limited

Brite

Board of Directors

Mr. T.W. Bhojwani
Mr. Suresh T. Bhojwani
Mrs. Hira T. Bhojwani
Mr. D.S. Mulla
Mr. K.P. Rao
Dr. T.S. Sethurathnam
Mr. Byram Jeejeebhoy
Mrs. Shalini N. Shah

- Chairman & Managing Director
- Vice-Chairman & Whole-time Director
- Whole-time Director

- Nominee of ICICI Bank Ltd.
(Nomination withdrawn w.e.f. 01/08/2003)

COMPANY SECRETARY & GENERAL MANAGER FINANCE

Mr. Tushar B. Naik

BANKERS

BANK OF BARODA
CANARA BANK
STATE BANK OF INDIA

STATUTORY AUDITORS

M/s. Dhody & Associates,
Chartered Accountants

REGISTERED OFFICE

304, Nirman Kendra, Famous Studio Lane,
Dr. E. Moses Road, Mahalaxmi
Mumbai-400 011.
Tel.: 022 24905323/24905324
E Mail : ho@brightbrothers.co.in

REGISTRARS & SHARE TRANSFER AGENTS

Sharepro Services
Satam Estate, 3rd Floor, Above Bank of Baroda
Chakala, Andheri (East), Mumbai-400 099.
Tel.: 022 28215168/28215991 • Fax No.: 022-28375646

WORKS

186, Pithampur Industrial Area,
Sector 1, Pithampur Dist.
Dhar (M. P.)

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

Plot No. 1/1 to 1/4,
Thirubhuvanai, Mannadipet Commune,
Pondicherry-605 107.

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

Plot No. 16-17, Sector 24,
Faridabad-121 005.

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

WEBSITE

www.brightbrothers.co.in

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Notice

NOTICE IS HEREBY GIVEN THAT the Fifty-Seventh Annual General Meeting of the Members of BRIGHT BROTHERS LIMITED will be held as under:

Day : Monday
Date : 29th December, 2003
Time : 4.00 p.m.
Venue : Jai Hind College,
A Road, Churchgate,
Mumbai-400 020.

to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Statements of Accounts for the year ended 30th June, 2003 and the Reports of the Auditors and Directors thereon.
2. To elect Director in place of Mr. D.S. Mulla, who retires by rotation, but being eligible, offers himself for re-appointment.
3. To elect Director in place of Dr. T.S. Sethurathnam, who retires by rotation, but being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and to authorise the Audit Committee to fix their remuneration. In this connection, to consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. Dhody & Associates, Chartered Accountants, the Statutory Auditors of the Company, who retires at this meeting, be and are hereby re-appointed Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration, as may be approved by the Audit Committee in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

Registered Office:
304, Nirman Kendra,
Dr. E. Moses Road,
Mahalaxmi, Mumbai-400 011.

Dated: 26th November, 2003

By Order of the Board of Directors
For BRIGHT BROTHERS LIMITED

TUSHAR B. NAIK
Company Secretary

NOTES:

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE PROXY FORM IS ENCLOSED HEREWITH.
- (2) As a result of the amendments introduced through Section 205 to 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid and/or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to a fund called Investor Education and Protection Fund (IEPF) set up by Central Government. Members who have not yet encashed the dividend warrant(s) so far for the year 1996-1997 onwards, are requested to make their claims to the Company at its Registered Office without any delay. **It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, as stated herein, no claim shall lie in respect thereof.**
- (3) 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 of India, if not furnished earlier.
- (4) Under the provisions of the Companies Act, 1956 as amended with effect from 31st October 1998, Members may file nomination Forms in respect of their shareholdings. Any Member willing to avail this facility may submit to the Company the prescribed Form 2B or write to or contact the Company Secretary of the Company for assistance.
- (5) As a measure of economy, copies of Annual Reports will not be distributed at the Annual General Meeting. Members are requested to bring their copy of the Annual Report to the meeting.
- (6) The Register of Members and Share Transfer Books of the Company will remain closed from 22nd December, 2003 to 29th December, 2003 (both days inclusive).
- (7) Members desirous of getting any information about the accounts of the Company are requested to send their queries so as to reach at least seven (7) days before the meeting at the Registered Office of the Company, so that the information required can be made readily available at the meeting.
- (8) Members are requested to intimate change in their address immediately to Sharepro Services, the Company's Registrar and Share Transfer Agents, at their office at "Satam Estate, 3rd Floor, Above Bank of Baroda, Chakala, Andheri (East), Mumbai-400 099".
- (9) Members who are holding Company's Shares in dematerialised form are requested to bring details of their Depository Participant's and Client Identity numbers.

RELEVANT INFORMATION OF THE DIRECTORS SEEKING REAPPOINTMENT

(In pursuant of Clause 49 of the Listing Agreement)

1. Shri D.S. Mulla, Technocrat, B.Sc. Engineering (London University) is a Chartered Engineer UK, and a Fellow of the Institute of Engineers of India. He has been on the Board of Directors of Bright Brothers Ltd., since 1994. He has extensive industry experience and has been a Consulting Engineer and Technical Advisor to a number of machine tools and other engineering undertakings. He has also served as a Consultant on the advisory committees of various banks and financial institutions and on government bodies and panels.

The details of the other Directorship/Membership of Committee/and Chairmanship of the Committee held by Shri D.S. Mulla are given as follows:

Directorship	Audit Committee	Shareholders/Investors Grievance Committee
Balkrishna Industries Limited	Member	—
Hindustan Hardy Spicer Limited	Member	—
Mukand Limited	Chairman	Chairman
Mukand Engineers Limited	Chairman	—
Taparia Tools Limited	Member	—
Uni Abex Alloy Products Limited	Member	—
XLO India Limited	Member	—

2. Dr. T. S. Sethurathnam, B.A. M.Com. LL.B, AMIE (P), FCAI is a retired Chairman of Madhya Pradesh Electricity Board. After his retirement he held many important portfolios – Director/Chairman of BSES Ltd., Consultant to Power Finance Corporation, Consultant to Houston Industries, Houston Texas, USA, Consultant to Smith Cogeneration (India) Pvt. Unltd., USA., Consultant to Ahmedabad Electricity Company Ltd., Consultant to Arthur Anderson.

He is a Fellow Member in Management Consultancy of Turin, Canada and also a Visiting faculty member of Management Development Institute Gurgaon, Institute Engineers India & Rural Electrification Training Centre.

The details of the other Directorship/Membership of Committee/and Chairmanship of the Committee held by Dr. T.S. Sethurathnam are given as follows:

Directorship	Audit Committee	Remuneration Committee	Shareholders/Investors Grievance Committee
Oil Country Tubular Ltd. , Hyderabad	Chairman	Chairman	Chairman
Kamineni Hospital Ltd. Hyderabad	—	—	—
Suraj Holding Ltd., New Delhi	—	—	—
Shriram City Union Finance Ltd., Chennai	—	—	—
Shriram Investment Ltd., Chennai	—	—	—
GI Wind Farm Ltd., New Delhi	Chairman	—	—

Report of the Directors

Dear Members,

Your Directors take pleasure in presenting the Fifty-Seventh Annual Report together with the Audited Accounts of your Company for the financial year ended 30th June, 2003.

FINANCIAL RESULTS:

The Financial highlights are summarised below:

		(Rs. in Lacs)
Particulars	2002-2003	2001-2002
Income from Operations	14560.49	13558.79
Profit before Depreciation, Interest and Tax (PBDIT)	1360.18	1111.59
Interest & Financial Charges	973.07	1045.55
Depreciation	909.80	921.48
Profit/(Loss) before Non-Operating Income	(522.69)	(855.44)
Non-Operating Income	25.73	245.32
Profit/(Loss) for the year	(496.96)	(610.12)
Provision for Deferred Tax	247.38	55.83
Profit/(Loss) after Tax	(249.58)	(554.29)

OVERALL PERFORMANCE AND OUTLOOK:

The Income from operations for the year under review at Rs. 14560.49 Lacs was higher than the previous year (Rs. 13558.79 Lacs). The resurgence in demand in the Automotive Sector was evident during the last quarter of the year. This is likely to continue, as the Company is a supplier of Components to the small car segment. The Consumer Durable sector, with the exception of CTV, remained flat. The Company's branded product segment will receive the required thrust in the ensuing year.

Despite the pressure on selling price, the Company has improved its Operating Margin by focusing on costs. As a result, the PBDIT (before non-operating income) has increased from 8.20% to 9.34%.

The Company has restructured its Term Loans from the Lending Institutions, enabling the Company to reduce the pressure on Working Capital and reduce the finance cost.

DIVIDEND:

In view of loss incurred by the Company in the year under review, your Directors do not recommend any dividend on Equity Shares as well as on Preference Shares.

DIRECTORS:

Mr. D.S. Mulla and Dr. T.S. Sethurathnam, Directors of the Company will retire by rotation, and being eligible, offer themselves for reappointment. With effect from 01st August, 2003, ICICI Bank Ltd. has withdrawn the nomination of Mrs. Shalini Shah as Nominee Director. The Directors place on record their appreciation for the services rendered by Mrs. Shalini Shah.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditor's Certificate regarding compliance of the conditions of the Corporate Governance, are made part of the Annual Report.

INSURANCE:

All the assets of your Company, including Plant and Machinery, Buildings, Equipments etc. have been adequately insured.

DEPOSITORY:

All the members are aware, that your Company's Shares are required to be traded compulsorily in electronic form. Your Company has established connectivity with both the depositories, i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of the dematerialisation.

AUDITORS:

The Auditors M/s. Dhody & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and express their willingness to continue, if so appointed.

DIRECTORS RESPONSIBILITY STATEMENT:

As required under Section 217(2AA) of the Companies Act, 1956 with respect to the Director's Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of Annual Accounts for the year ended 30th June, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That 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 ended 30th June, 2003 and of the Loss of the company for the period under review.
- (iii) That 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.
- (iv) That the Directors had prepared the Annual Accounts for the financial year ending 30th June, 2003, on a "going concern" basis.

STATUTORY STATEMENTS:

1. Fixed Deposits as on 30th June, 2003 were Rs. 385.85 Lacs which includes deposits from Directors amounting to Rs. 50.50 Lacs.
2. There is no employee drawing remuneration in excess of amount specified under section 217(2)(a) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.
3. Information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo under Section 217(1)(e) of the Companies Act, 1956 is annexed.

APPRECIATION:

The Directors wish to place on record their sincere appreciation for the encouragement and the co-operation received by the Company from its Employees, Shareholders, Financial Institutions, Banks, Dealers, Customers and Vendors during the year.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 26th November, 2003

S.T. BHOJWANI
Vice-Chairman

Annexure (A)

CONSERVATION OF ENERGY:

The Company uses generators as well as electrical power and has installed energy saving devices like power capacitors during the year to improve the power factor and thereby reducing the power consumption wherever possible. Efforts are being made to achieve further improvement in the direction of effective and optimum utilisation of energy. The requirement of disclosure regarding conservation of energy vide Section 217(1)(e) of the Companies Act, 1956 is not applicable to the Company.

TECHNOLOGY ABSORPTION:

Research & Development (R&D):

- (1) Specific areas in which R & D carried out by the company:
 - (a) Reduction in cost of conversion by:
 - (1) Evaluation of the alternative raw material mix / compounds / use of filters / additives etc.
 - (2) Modify the process parameters keeping the end quality in mind.
 - (3) By getting the maximum finished goods out of the per Kg. raw material input.
 - (b) We have also modified wherever possible the toolings / dies to have higher production of improved quality.
- (2) Benefits derived as a result of above R & D:
 - (a) Improved productivity.
 - (b) Cost Reduction.
 - (c) Improvement in quality.
 - (d) Process innovation / conservation of raw material.
 - (e) Addition to the existing range of products.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign Exchange earned and used:

	(Rs. in Lacs)
Foreign Exchange Earned:	9.02
Foreign Exchange Used:	164.96

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 26th November, 2003

S.T. BHOJWANI
Vice-Chairman

Management Discussion and Analysis

Industry Structure and Developments: Your company manufactures plastic components for the Automotive, Consumer Durable and Television Industries. Your company also manufactures and markets Crates, Rigid Containers and Household Products under the brand name of "Brite". During the year, the negative growth in the Agricultural Sector had an adverse impact on the country's growth rate which has resulted into negative growth in the consumption of plastics. Another point worth noting is that there is an increasing tendency towards consolidation in the plastic industry where small units are getting merged with medium or large-scale units to take advantage of economies of scale as well as technology.

The stage is set for the plastic industry to show sustained growth in the years to come. Falling interest rates, increased spending on infrastructure, rising exports and growing foreign exchange reserves are key drivers for a growing economy.

India's per capita polymer consumption is still one of the lowest in the world and continues to lag behind our Asian counterparts.

4 kgs. per person/per year compared to
115 kgs. per person/per year in USA,
24 kgs. per person/per year world per capita consumption,
13 kgs. per person/per year for Asia.

As consumer demand rises and export growth continues, the per capita consumption of polymers is bound to increase. This is most evident in the Automotive Sector where your company is a key player. India is emerging as a key-sourcing hub for Automotive Components with an attractive domestic market for automotive majors across the world. There is also an increasing trend to source automobiles manufactured in India for world markets. The year under review saw intense competition in the Domestic market due to vast overcapacity, prevailing in the automotive industry. This led to price wars and severe price pressure on the components manufacturers from the Original Equipment Manufacturers. The increase in volumes in the future coupled with cost-reduction and quality improvements through emphasis on Total Quality Management should balance out the pressures on pricing.

On the macro economic front the industrial and manufacturing sector had a growth of 6.1% in the year 2002-2003. Due to severe drought conditions growth in agricultural output fell by 3.1%. The negative growth in the agricultural sector has adversely affected the spending capacity of the rural sector, which in turn has directly affected the sales of consumer durables, four wheelers and two wheelers.

Product Group:

Group	Products
1. Industrial	Parts for automobiles, consumer durable and CTV segment.
2. Branded	Material Handling crates, rigid packaging and household items.

1. **Industrial:** The off-take by CTV and automobile manufacturers has increased during the year 2002-03 compared to 2001-02. But in respect of washing machines and other consumer durables the requirements were reduced due to negative trend. The scooter segment has also shown negative growth.

2. **Branded:** Due to high raw material prices and volatility, the margin under this group remained under pressure and due to heavy competition the company could not pass on the price increase to customers.

Opportunities and Threats: As volumes increase and new models in two wheelers and four wheelers are introduced, your company has excellent opportunities to increase its share of the automotive component business. Your company has a blue chip Original Equipment Manufacturers portfolio consisting of Maruti, Hyundai, Tata Motors, Visteon, Honda, Kinetic, Whirlpool and Sony whilst new

customers are always being added. Further, the easy availability of finance at low interest rates to fund automotive and consumer durable purchases will ensure that these sectors continue to grow. The continuous pressure from Original Equipment Manufacturers to reduce price, even as the cost of inputs have been steadily increasing, as well as the reduction of import duties under the World Trade Organisation regime are some of the perceived threats to the Company.

Business trend for the future: The Automotive Sector, per se, is on a growth track. It is growing at the rate of 17% this year, and is expected to continue on a double-digit growth over the next two years. This has mainly come about due to robust local demand, lower excise duty and availability of finance. Additionally, the major players are focusing on using India as a base, for the export of small cars. On the other hand, the Consumer Durable sector is showing single digit growth. With the addition of new players, this market is getting fragmented.

In light of this, the Company is re-orienting its strategy, with a greater focus on the Automotive Component Sector. To this end the Company is a supplier to the majors in the small car segment. The Company's manufacturing system is being overhauled to meet competitive demands.

Furthermore, the Company will continue to lay emphasis to "Brite" branded goods, as these are good prospects for growth especially in the area of Crates for material handling.

Internal Control Systems: The Company has effective internal control systems covering all areas of operations. These are being periodically reviewed by the auditors of the company and continuous improvements are being made in the same.

Risk and Concerns: Fall in the GDP growth rate, volatility in the demand and volatility in Polymer prices are the major causes of concern. Your company's performance gets adversely affected if there is any slow down in the automobile and consumer durables industry as 80% of the company's revenue is earned from the automobile and consumer durable industry.

Human Relations and Industrial Relations: The relationship between the management and employees remained cordial during the year. The Directors place on record their appreciation for the sincere and efficient services rendered by the executives, staff and workmen of the Company.

Cautionary Statement: Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include cost of raw materials, interest and power cost, tax laws, and economic development within the country and such other factors.