

59th Annual Report 2004-2005



Bright Brothers Limited

Brite

DIRECTORS

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

Chairman & Managing Director
 Vice-Chairman & Whole Time Director
 Whole Time Director
 Director
 Director
 Director
 Director

GENERAL MANAGER— FINANCE & COMPANY SECRETARY

Mr. Tushar Naik

BANKERS

Bank of Baroda
 Canara Bank
 State Bank of India

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 2490 5323/2490 5324
 Fax: 022 2490 5325
 E-Mail: ho@brightbrothers.co.in

WEBSITE

www.brightbrothers.co.in

FACTORIES

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.

Plot No. 4, Roz-Ka-Meo Industrial 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.

S. No./Ghat No. 1225, Sanaswadi, Pune Nagar Road,
 Taluka Shirur, Dist. Pune-412 208.

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fifty-Ninth Annual General Meeting of the Shareholders of BRIGHT BROTHERS LIMITED will be held on Tuesday, the 27th day of December, 2005 at 11.30 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai 400 001 to transact the following business:

Ordinary Business :

1. To consider and adopt the Audited Balance Sheet as at 30th June, 2005 and Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. K. P. Rao who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors for the year 2005-06 to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Audit Committee of the Company in addition to the reimbursement of travelling and other out of pocket expenses actually incurred by them in connection with the Audit.

Special Business:

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the relevant provisions of the Articles of Association of the Company, all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to the approval of the Central Government and such other approvals as may be required, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Suresh Bhojwani as Whole Time Director of the Company, whose term of office is liable to retire by rotation, for a further period of 3 (three) years with effect from 1st February, 2006, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation to Schedule XIII or any provisions of Companies Act and to Income Tax Act, Income Tax Rules or issue of any notification under the aforesaid Acts/Rules, the Board of Directors (which term shall be deemed to include Remuneration Committee), be and is hereby authorised to alter and vary the terms and conditions of the said appointment and increase the remuneration and to sign/execute necessary agreement, deeds, etc. and to take all such steps, deeds, matters and things as may be considered necessary on behalf of the Company to give effect to the above resolution."

By Order of the Board
For **BRIGHT BROTHERS LIMITED**

TUSHAR NAIK
General Manager — Finance & Company Secretary

Place : Mumbai
Date : 25th November, 2005

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member of the Company.** In order to be valid, proxy forms duly complete in all respects, shall be lodged with the Company at its Registered Office atleast 48 hours before the commencement of the Annual General Meeting. A blank proxy form is enclosed.
2. An Explanatory Statement as required under Section 173 of the Companies Act, 1956 in respect of the business under item No. 4 of the Notice is annexed hereto.
3. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 20th December, 2005 to Tuesday, 27th December, 2005 (both days inclusive).
4. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, followed by the issue of Investor Education & Protection Fund (awareness and protection of the investors) Rules, 2001, dividend for the financial year ended 30th June, 1995 and thereafter, which remains unpaid or unclaimed for a period of seven years from the date of transfer to unpaid dividend account have to be transferred by the Company to Investor Education & Protection Fund (IEPF) of the Central Government. Accordingly, the amount of unpaid/unclaimed dividend lying in the unpaid dividend account for the year ended 30th June, 1997 have been transferred to IEPF.

The shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 30th June, 1998 are requested to make their claim at the Registered Office of the Company. It may also be noted that once the unclaimed dividend is transferred to IEPF, as above, no claim shall lie in respect thereof. Unpaid/unclaimed dividend for the year 1997-98 is due for transfer to IEPF.
5. Members/Beneficial Owners are requested to quote their Folio No./Depository Participant (DP) & Client ID Numbers, as the case may be, in all correspondence with the Company. Members holding shares in physical mode are requested to promptly inform M/s. Sharepro Services (India) Private Limited, the Registrars and Share Transfer Agents of the Company about the change in their address, pin code, bank account details, nomination, power of attorney, etc. Beneficial owners holding shares in demat form are requested to send their instructions regarding change of address, pin code, bank account details, nomination, power of attorney, etc., directly to their DP as the same are maintained by them.
6. Members seeking any information with regard to the Accounts and Operations of the Company are requested to write to the Company atleast seven days in advance so as to enable the Company to keep the information ready.
7. The facility of making nomination is available to the shareholders in respect of the shares held by them. Interested shareholders can obtain the Nomination Form from the Company's Registrars and Share Transfer Agents.
8. Members/proxies should bring the Attendance Slip sent herewith, duly filled in and signed and hand over the same at the entrance of the hall for attending the meeting. Members who holds shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for easier identification.
9. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copy of the 59th Annual Report to the meeting.
10. Additional Information pursuant to Clause 49 of the Listing Agreement(s) with the Stock Exchanges, on Directors recommended for re-appointment at the forthcoming Annual General Meeting, are given in the Annexure to the Notice.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4

Mr. Suresh Bhojwani was appointed as Whole Time Director of the Company for a period of 5 (five) years from 1st February, 2001 to 31st January, 2006. The appointment and remuneration of Mr. Suresh Bhojwani as Whole Time Director was approved by the shareholders at the Fifty Fourth Annual General Meeting held on 16th March, 2001.

The Remuneration Committee reviewed the performance of Mr. Suresh Bhojwani and re-appointed him as Whole Time Director of the Company for a period not exceeding 3 (three) years effective from 1st February, 2006. The Remuneration Committee fixed the remuneration, subject to the approval of the Shareholders at the General Meeting and the Central Government.

The material provisions of the draft Agreement relating to Mr. Suresh Bhojwani's re-appointment referred to in the resolution at item No. 4 of the Notice are as under :

PERIOD	3 (three) years with effect from 1st February, 2006.
BASIC SALARY	Rs. 75,000 per month.
PERQUISITES	Rs. 9,00,000 per year which will include housing either as a Company Lease or HRA not exceeding 60% of the Basic Salary, furnishings, gas, electricity and water, Medical Benefits, Leave Travel concessions for self and family, Personal Accident Cover and Club Membership Fees. The amount to be paid towards Medical Benefits, Leave Travel Concession, Personal Accident Cover and Club Membership Fees would be decided by the Remuneration Committee within the overall ceiling of perquisites approved. Provision of use of Company's car for official duties and telephone at residence shall not be included in computation of perquisites and allowances for the purpose of calculating the said ceiling. Payment of Company's Contribution to Provident Fund/Pension Fund/Superannuation Fund/Gratuity Fund and encashment of leave (at the end of the tenure) shall not be included in the computation of remuneration or perquisites aforesaid.

In the year of inadequate profits, the Whole Time Director would be entitled to all the above remuneration.

The above appointment will be terminable by 6 months notice from either side.

A copy of the said draft agreement will be available for inspection by the shareholders at the Registered Office of the Company from Monday to Friday upto the date of the 59th Annual General Meeting between 10.00 a.m. and 12.30 p.m.

A brief resume of Mr. Suresh Bhojwani, nature of his expertise and names of the Companies in which he holds directorship and membership/chairmanship of the Board Committees as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s), is provided in the Annexure to the Notice.

Mr. Suresh Bhojwani is interested in the resolution at item No. 4 since it relates to his re-appointment as Whole Time Director and to the remuneration proposed to be paid to him.

Mr. T. W. Bhojwani, Chairman and Managing Director and Mrs. Hira T. Bhojwani, Whole Time Director, being relative of Mr. Suresh Bhojwani, may also deemed to be concerned or interested in the said resolution.

The above extract is a Notice under Section 302 of the Companies Act, 1956.

The Board recommends the resolution set out at item No. 4 of the Notice for your approval.

By Order of the Board
For **BRIGHT BROTHERS LIMITED**

TUSHAR NAIK
General Manager — Finance & Company Secretary

Place : Mumbai
Date : 25th November, 2005

Information on Directors seeking re-appointment at the forthcoming Annual General Meeting

(In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Suresh Bhojwani	Mr. K. P. Rao
Date of Birth	16th April, 1948	11th September, 1927
Date of Appointment	5th May, 1987	7th August, 1990
Expertise in specific functional area	General Management and Engineering	Finance and Audit
Qualification	Bachelor of Engineering (Boston University)	B. Com., F. C. A.
Position held in other Companies/ Organisations	Ex-Chairman of Organisation of Plastic Processors of India Member of Executive Committee of Indian Centre for Plastics and Environment Member of Executive Committee of the Automotive Component Manufacturer's Association Senior member of the Society of Plastic Engineers, USA Life member of the Indian Plastic Institute	Senior partner of K. P. Rao & Co. Ex-Director of State Bank of India First Chairman of State Bank of India - Audit Committee Ex-Director of General Insurance Corporation First Trustee of State Bank of India Mutual Fund Member of Governing Committee of NIBM
Directorship held in other Public Companies (excluding foreign and private companies)	None	None
Membership/Chairmanship of Committees in other Public Companies	None	None
Shareholding in the Company	7,69,050 Equity Shares	Nil

DIRECTORS' REPORT

To,
The Members

Your Directors present their Fifty-Ninth Annual Report and Statement of Accounts for the year ended 30th June, 2005.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	01-07-2004 to 30-06-2005	01-07-2003 to 30-06-2004
Gross Sales and Operating Income	14,817.32	14,265.33
Earning before Depreciation, Interest and Tax (EBDIT)	988.34	1,312.08
Financial Charges	849.78	863.39
Depreciation	684.52	788.92
Loss before Non-Operating Income	(545.96)	(340.23)
Non-Operating Income	33.07	20.54
Loss for the year	(512.89)	(319.69)
Provision for Tax		
— Fringe Benefit Tax	(5.21)	—
— Deferred Tax	45.64	99.13
Loss after Tax	(472.46)	(220.56)

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate statement in the Annual Report.

DIVIDEND

In view of the loss incurred during the year, the Directors do not propose to recommend any dividend for the year ended 30th June, 2005.

DIRECTORATE

The present term of Mr. Suresh Bhojwani as Whole Time Director of the Company will expire on 31st January, 2006. The Board of Directors at its meeting held on 25th November, 2005 re-appointed Mr. Suresh Bhojwani as Whole Time Director for a further period of 3 (three) years with effect from 1st February, 2006 on the terms and conditions including the remuneration mentioned in the Explanatory Statement annexed to the Notice convening the meeting.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. K. P. Rao, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Necessary resolution in this regard has been incorporated in the notice for the 59th Annual General Meeting.

PREFERENCE SHARE CAPITAL

During the year under review, the Company has allotted 10,00,000 6% Redeemable Cumulative Preference Shares of Rs. 10/- each to an NRI. The proceeds of these shares were utilised to redeem the 13.5% Redeemable Cumulative Preference Shares.

PREFERENTIAL ALLOTMENT OF SHARES

Pursuant to the Special Resolution passed by the members at the Extraordinary General Meeting held on 17th June, 2005, the Board of Directors on 27th June, 2005, made a Preferential Allotment of 5,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. 40/- per share aggregating Rs. 2 crores.

The Equity Shares were allotted to the Promoter Directors and an NRI and these shares are under lock-in for the period as mentioned under the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

The amount of Rs. 2 crores raised by the Company from the Preferential Allotment of shares was partly utilised to meet the Working Capital requirements and partly to meet the Capital Expenditure requirements of the Company.

CORPORATE GOVERNANCE

The Company has set up a system of Corporate Governance. A separate report on Corporate Governance is enclosed as a part of this Report. The certificate of the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is annexed.

In terms of the directives of SEBI, the Stock Exchanges have amended the Clause 49 of the Listing Agreement regarding the conditions of Corporate Governance. Extension of time has been granted by SEBI for compliance of the provisions of amended Clause 49 upto 31st December, 2005. Your Company has been complying with most of the provisions of the amended Clause 49 of the Listing Agreement and steps have already been initiated for compliance of the remaining provisions of Clause 49 of the Listing Agreement well within the extended time of 31st December, 2005.

INSURANCE

All the insurable interests and risks of your Company including inventories, buildings, plant and machinery are adequately insured against risk of fire and other risks.

LISTING OF EQUITY SHARES

Your Company's equity shares continued to be listed on the Bombay Stock Exchange Limited and the Delhi Stock Exchange Association Limited during the year under review.

Your Company has initiated necessary action to delist its equity shares from the Madhya Pradesh Stock Exchange pursuant to the resolution passed at the Annual General Meeting of the Company held on 27th February, 2003 and the same is under consideration by them. The equity shares of your Company will continue to be listed on the Bombay Stock Exchange Limited which has nationwide trade terminals and also on the Delhi Stock Exchange Association Limited.

Your Company has received an in-principle approval from the Bombay Stock Exchange Limited for the 5,00,000 Equity Shares issued on Preferential Basis to the Promoter Directors and an NRI. The final listing approval is awaited from the Bombay Stock Exchange Limited and thereafter the Delhi Stock Exchange Association Limited will accord its approval for trading of these shares.

AUDITORS

M/s. Dhody & Associates, Chartered Accountants, the Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment on terms to be negotiated by the Audit Committee of the Company. The Company has received a certificate from them that their re-appointment, if made, would be within the limits under Section 224(1)(B) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- (i) Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- (ii) the Accounting Policies selected and applied on a continuous basis give a true and fair view of the affairs of the Company at the end of the financial year ended 30th June, 2005 and of the loss of the Company for that year;
- (iii) proper and sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;
- (iv) Annual Accounts have been prepared on a going concern basis.

STATUTORY STATEMENTS

The amount of Fixed Deposits held by the Company as on 30th June, 2005 was Rs. 368.77 lacs. Fixed Deposits received from the Directors amounted to Rs. 20.55 lacs.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars regarding Conversation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in an Annexure to this report.

SECRETARIAL AUDIT

In compliance with the directives issued by the Securities and Exchange Board of India (SEBI), Secretarial Audit is being conducted by a practising Company Secretary at specified periodicity and the reports are being submitted to Stock Exchanges.

HUMAN RESOURCE DEVELOPMENT

As part of HR initiatives, thrust is given for Leadership Development to meet the aspirations and long term goals of your Company. Your Company has also laid down qualitative objectives to maximise profits and overall growth. Emphasis is being placed on building a cohesive workforce to maximise returns to all stakeholders. Focused attention was given for knowledge updating and application of new technologies available, to reduce costs and to meet the business challenges. The Industrial relations during the year under review were harmonious and cordial.

PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the name and other particulars of the employee is to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation to financial institutions, consortium bankers and business associates for their continued support and co-operation.

Your Directors also wish to place on record their appreciation of the co-operation, active involvement and dedication of the employees, which enabled the management to contribute to the growth of your Company.

For and on behalf of the Board

T. W. BHOJWANI
Chairman

Place : Mumbai

Date : 25th November, 2005

ANNEXURE TO DIRECTORS' REPORT

Information given as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

A. CONVERSATION OF ENERGY

During the year, the Company has installed on trial basis VFD, at certain locations. Based on the initial success, the management has decided to make substantial investment in these equipments. The Company expects sizeable saving from this capital expenditure.

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

The Company carries out research with respect to development for better yield from raw materials and utilities, cost of reduction of production and improving product quality. Exploring of possibilities of further processing of by-products, intermediate products is being done.

Benefits derived as a result of above R & D

Customers are beginning to see the strengths that come from the Company's long-term commitment to R&D and are examining the role that the Company can play in evolving their own long-term technology options.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has not earned any foreign exchange during the year under review. There has been foreign exchange outgo of Rs. 121.30 lacs (Previous year Rs. 106.12 lacs)

For and on behalf of the Board

T. W. BHOJWANI
Chairman

Place : Mumbai

Date : 25th November, 2005