

61st Annual Report 2006-2007

Report  Junction.com

Bright Brothers Limited

Brite

DIRECTORS

Mr. Suresh Bhojwani	Chairman & Whole Time Director
Mrs. Hira T. Bhojwani	Whole Time Director
Mr. Byram Jeejeebhoy	Director
Mr. K. P. Rao	Director
Dr. T. S. Sethurathnam	Director

**CFO &
COMPANY SECRETARY** Mr. Tushar Naik

BANKER Bank of Baroda

AUDITORS M/s. Dhody & Associates
Chartered Accountants

REGISTERED OFFICE 610-611, Nirman Kendra,
Famous Studio Lane,
Dr. E. Moses Road,
Mahalaxmi,
Mumbai-400 011.
Tel.: 022 24905323 / 2490 5324
Fax : 022 2490 5325
E-Mail: ho@brightbrothers.co.in

CORPORATE OFFICE B-54, Road No. 33,
Gynaeshwar Nagar,
Wagle Industrial Estate,
Thane-400 604.
Tel.: 022-2583 5158

WEBSITE www.brightbrothers.co.in

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

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

CONTENTS	Page No.
Notice.....	2-7
Directors' Report.....	8-11
Management Discussion and Analysis	12-14
Corporate Governance	15-25
Auditors' Report	26-29
Balance Sheet	30
Profit & Loss Account	31
Cash Flow Statement.....	32
Schedules.....	33-39
Significant Accounting Policies and Notes to the Accounts.....	40-48
Balance Sheet Abstract	49-50
Proxy / Attendance Slip	51

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 61st Annual General Meeting of the Shareholders of BRIGHT BROTHERS LIMITED will be held at Walchand Hiranand Hall, IMC 4th Floor, IMC Marg, Churchgate, Mumbai 400 020 on Friday, 27th June 2008 at 11.30 a.m, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December 2007 and Profit & Loss Account for the year ended 31st December 2007 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Byram Jeejeebhoy who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint 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 and to authorize the Board to fix their remuneration. The retiring auditors M/s. Dhody & Associates, Chartered Accountants, are eligible for re-appointment.
4. To confirm the Interim dividend as Final dividend.

SPECIAL BUSINESS:

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

RESOLVED THAT:

– In partial modification of the resolution passed at the Annual General Meeting of the Company held on 27th Dec. 2005 and pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the relevant provisions of the Articles of Association of the Company, and subject to Central Government approval and such other approvals as may be required, the consent of the Company be and is hereby accorded to the re-designation of Mr. Suresh Bhojwani as Company's Chairman & Managing Director, effective from 1st January, 2008, for the remainder of his term and to increase his remuneration as set out in the supplemental agreement to be entered into between the Company and Mr. Suresh Bhojwani, a draft whereof is placed before this meeting and initialed by the Chairman for the purpose of identification.

– The consent of the Company be and is hereby accorded also to the reappointment of the said Chairman & Managing Director, subject to applicable provisions of the Companies Act, 1956 and subject to Central Government approval and such other approval as may be required, for a further period of 3(three) years with effect from 1st February 2009, whose term of office is not liable to retire by rotation, on the terms and conditions and remuneration as set out in the agreement, to be entered into between the Company and Mr. Suresh Bhojwani, the draft of which is initialed by the Chairman for the purpose of identification and placed before this meeting.

– The said Chairman & Managing Director be subject to superintendence, control and direction of the Board and shall have such powers and duties as may be vested in him from time to time by the Board."

– The Board of Directors be and is hereby authorized to alter and vary the terms and conditions of 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."

6. To consider and if thought fit, to pass with or without modification the following resolution as a **Special resolution**:

"RESOLVED THAT pursuant to the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, consent of the members be and are hereby given to the appointment

of Ms. Ruchika Bhojwani, to hold and continue to hold an office of profit as a "Manager-Hair Care Division" (not a Manager for the purpose of the Companies Act, 1956) in the Company with effect from 1st October, 2007 on the following terms of remuneration:

- a. Consolidated salary of Rs. 47,500/- p.m with such increment(s) as may be decided by the Board of Directors of the Company within the limit of Sec 314(1) of the Companies Act, 1956.
- b. In addition to the above the following benefits will be provided as per the policy of the company:
 - Contribution to the Provident Fund and Superannuation Fund.
 - Health insurance policy as per Company's rules.
 - Personal Accident Insurance cover as per the rule of the Company.
 - Leave Travel allowance Rs. 7,500/- p.a.
 - Bonus as per the policy of the Company.
 - Gratuity as per Payment of Gratuity Act, 1972.

The appointee shall be eligible for reimbursement of expenses actually and properly incurred by her for the business of the Company.

7. To consider and, if thought fit, to pass, with or without modification(s), if any, the following resolution as a **Special Resolution**:

RESOLVED THAT:

– Pursuant to the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the payment of Commission to Non-Executive Director(s) of the Company, a sum not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of Section 349 & 350 of the Companies Act, 1956, to be distributed amongst them in such manner as the Board of Directors may determine from time to time and such payment shall be for a period not more than five years commencing from 1st January 2008.

– The aforesaid commission shall be in addition to the sitting fees and/or out of pocket expenses payable to the Directors for attending Meetings of the Board of Directors or any Committee thereof.

By order of the Board of Directors
For **BRIGHT BROTHERS LIMITED**

TUSHAR NAIK
Company Secretary

Place : Mumbai,
Date : 24th May, 2008

Registered Office:
610-611, Nirman Kendra,
Dr. E. Moses Road,
Famous Studio Lane,
Mahalaxmi,
Mumbai 400 011.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the registered office of the Company at least 48 hours before the commencement of the meeting. A blank Proxy Form is enclosed.
3. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, setting out the material facts in respect of the special business is annexed hereto.
4. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from 20/06/2008 to 27/06/2008.
5. Members seeking any information with regard to the Accounts and Operations of the Company are requested to write to the Company at least seven days in advance so as to enable the Company to keep the information ready.
6. 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 Registrar and Share Transfer Agent.
7. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting.
8. 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.

Report Junction.com

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 173(2) of Companies Act, 1956.

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the items of Special business as mentioned above and the same should be taken as forming part of the Notice.

Item No 5: (Ordinary Resolution)

Mr. Suresh Bhojwani was appointed as Whole Time Director of the Company for a period of 3 (three) years from 1st February 2006 to 31st January 2009. The appointment and remuneration of Mr. Suresh Bhojwani as Whole Time Director was approved by the shareholders at the Fifty Ninth Annual General Meeting held on 27th December 2005 and subsequently consent was also accorded by the Central Government.

The Business restructuring exercise during the year has resulted in the change of organizational structure. With the CEO of the Company joining the purchasing Company and the position of the CMD remaining vacant after the demise of late Mr. T. W. Bhojwani, the time and responsibility of managing the affairs of the Company has assumed far more importance. In order to shoulder this additional responsibility, the Board of Directors at its meeting held on 24th May 2008 proposed to redesignate Mr. Suresh Bhojwani as Company's Chairman & Managing Director.

The Board on the recommendation of the Remuneration Committee proposed to revise the salary of Mr. Suresh Bhojwani for the remainder of his existing term and also to extend the terms of his appointment for a further period not exceeding 3 (three) years effective from 1st February 2009, subject to the approval of the Shareholders at the General Meeting and consent of the Central Government.

The material provisions of the said supplemental agreement (for revision of existing salary) and draft Agreement relating to Mr. Suresh Bhojwani's re-appointment referred to in the resolution at item No. 5 of the Notice are as under :

BASIC SALARY Rs. 1,50,000/- per month in the Salary Scale of Rs. 1,50,000-50,000-2,00,000/- per month with the authority to the Board of Directors to determine his salary within the scale from time to time.

PERQUISITES In addition to the basic salary, perquisites will be restricted to Rs. 12 lacs. Perquisites will include House rent allowance which will be 60% of the basic salary and other expenditure on gas, electricity and water, Medical Benefits, Leave Travel concessions for self and family, Personal Accident Cover and Club Membership Fees (subject to a maximum of 2 clubs and not including admission and life membership fees).

In addition to the above he will be eligible for provision of company car with driver for official duties and telephone at his residence for official purposes. Payment of Company's Contribution to Provident Fund/Pension Fund/Superannuation Fund/Gratuity Fund and encashment of leave (at the end of the tenure). These amounts will not form part of the perquisites.

COMMISSION 1% of the net profit calculated as per Sec. 349 & 350 of the Companies Act, 1956.

The expenditure incurred by the Company on the aforesaid perquisite shall be valued as per the Income Tax Rules 1962, wherever applicable and "family" means the spouse and dependent children of the said Chairman and Managing Director.

In the event of inadequacy or absence of profits under Sec. 349 and 350 of the said Act, in any financial year or years, the Chairman & Managing Director would be entitled to the remuneration as specified herein.

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

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 Annual Report.

The above along with the resolution, may also be treated as an abstract of the terms of appointment of Mr. Suresh Bhojwani, pursuant to Section 302 of the Companies Act, 1956.

None of the directors other than Mr. Suresh Bhojwani and Mrs. Hira T. Bhojwani being relatives are concerned or interested in the resolution.

Item No 6: (Special Resolution)

Ms. Ruchika Bhojwani, d/o Mr. Suresh Bhojwani, had been appointed as "Executive-Corporate Communication" w.e.f. 3rd October 2006. Prior to this she had worked with a Company M/s. Marketing Challenges, New York, as Business Development Manger for a period of three years

During the year, the Company has ventured into "Hair Care Division" for which she had been given an additional portfolio for development of this Division which includes market research, product designing and development, setting up of distribution chain and branding exercise.

The Company is ready to launch these products in the market in the 2nd quarter of 2008-09 initially in the metro cities under the brand name "DIVOS". In order to shoulder the additional responsibility, she has been designated as "Manager-Hair Care" to head this division independently.

Since Ms. Ruchika Bhojwani is related to Promoter Directors, the member's approval is required by way of Special Resolution u/s 314(1) of the Companies Act, 1956.

Mr. Suresh Bhojwani and Mrs. Hira T. Bhojwani being relatives are deemed to be concerned or interested in the Resolution

Item No 7: (Special Resolution)

Section 309(4) of the Companies Act, 1956 of the Company provides for payment of commission to non-whole time directors of the Company. At present the non-whole time directors are paid a sitting fee of Rs. 15,000/- for each meeting of the Board, Rs. 5,000/- for each meeting of the Audit Committee and Rs. 2,000/- for other Committee meetings.

The Non-Executive Directors are required to devote more time and attention more so with the requirements of the revised Corporate Governance Policies. The Board therefore recognizes the need to suitably remunerate the non-whole time directors by way of commission not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of the Act for a period of 5 years commencing from 1st January 2008

By order of the Board of Directors
For **BRIGHT BROTHERS LIMITED**

TUSHAR NAIK
Company Secretary

Place : Mumbai,
Date : 24th May, 2008

Registered Office:
610-611, Nirman Kendra,
Dr. E. Moses Road,
Famous Studio Lane,
Mahalaxmi,
Mumbai 400 011.

**Details of the Directors seeking re-appointment at the forthcoming Annual General Meeting.
(Pursuant to Clause 49(IV)(G)(i) of the Listing Agreement with the Stock Exchanges):**

Name of Director	Mr. Byram Jeejeebhoy	Mr. Suresh Bhojwani
Date of Birth	12th June 1945	16th April 1948
Date of Appointment	28th December 2004	1st February 2006
Expertise in specific area	Wide experience in Real Estate business and Property Development, Financial and Investment expertise.	More than four decades of experience in Plastics industry. Elected Member of Automotive Component Manufacturers Association (ACMA) Executive Committee. Chairman of ACMA Raw Materials Committee Past President and Elected Member of the Organisation of Plastic Processors of India (O.P.P.I) Executive Committee.
Qualification	B.A. (Econ) Hons LTCL (Lon) FRGS FRSA	Graduate in Engineering and Management (Boston University)
No of Equity shares held in the Company as on 31st December 2007	12500	1267150
List of outside Companies Directorship held (Excluding Pvt. Limited Companies)	Nil	Nil
Chairman/Member of the Committees of the Board of Directors of the Company.	Member of Remuneration Committee.	Member of Audit & Shareholders/Investor Grievance Committee.
Chairman/Members of the Committee of the Other Companies in which he/she is a Director.	Nil	Nil
(a) Audit Committee	Nil	Nil
(b) Shareholders/Investor Grievance Committee/Share Transfer committee.	Nil	Nil

DIRECTORS' REPORT

To,
The Shareholders,

The Directors herewith present the 61st Annual Report on the business and operations of the Company and the audited accounts for the year ended 31st December 2007.

FINANCIAL HIGHLIGHTS:

(Rs. in lakhs)

Particulars	July 06 to Dec. 07	July 05 to June 06
Gross Sales/Income from Operation	32829.13	17573.69
Total Expenditure	30908.29	16308.73
Operating Profit	1920.84	1264.96
Add: Other Non-Operational Income	160.70	127.45
Profit before Interest, Depreciation and tax	2081.54	1392.41
Interest & Financial charges	1959.14	886.18
Depreciation	1237.30	664.10
Profit/(Loss) before tax	-1114.9	-157.88
Exceptional item	8015.74	—
Profit/(Loss) after Exceptional Item	6900.84	(157.88)
Provision for Fringe Benefits	(23.81)	(21.46)
Provision for Tax including Deferred Tax	1326.30	33.10
Profit/(Loss) After Tax	5550.72	(161.18)

BUSINESS RESTRUCTURING:

During the 18 months period ending 31st Dec. 2007, the Company sold off its five manufacturing units situated at Sohna (Gurgaon), Sriperumbudur (Chennai), Pithampur (Indore), Sanaswadi (Pune) and Satpur (Nasik) by way of slump sale to Bright Autoplast Pvt. Ltd., a subsidiary of Sintex Industries Ltd. for a consideration of Rs. 148.90 crores w.e.f. 6th Dec. 2007. The Company had received the total consideration before Dec.-07 and has paid off all the secured loans of Banks and Financial Institutions and a majority of the unsecured high interest bearing loans. The Company has also partially redeemed the cumulative redeemable preference shares, which were overdue for redemption.

With the repayment of the secured loans, the Company has exited from the Corporate Debt Restructuring Scheme.

OPERATIONS AND PERFORMANCE:

The operations of the Company for the year under review consist of 18 months from July-06 to Dec.-07. The business of the Company has been divided on the basis of the Industry segment to which it caters which comprises of Automotive, Consumer Durable and Branded Products.

The units mainly catering to the Automotive Industry have been sold off during the year under review. The performances of these units were satisfactory except for the unit at Pithampur (Indore) wherein the performance was affected due to significant reduction in volume from the customers end. In respect of other units, the buoyancy in the demand for passenger cars, LCVs, HCVs and SUVs has led to an overall satisfactory performance.

The Company, with a good presence in the Consumer Durable Industry has been able to post good volumes in line with the past trends, but the rising cost of overheads has put a heavy pressure on margins during the year as they are not fully compensated by the customers.

The Branded segment has suffered due to low volumes in household items. Plastic crates and pallets division have performed well during the year.

Overall, the increases in overheads, personnel cost, power cost etc. during the year have partially affected the margin.

DIVIDEND:

The Board of Directors at their meeting held on 31st Jan. 2008 declared an interim dividend of Rs. 10/- per Equity share (i.e. 100%) for the year ending 31st Dec. 2007, absorbing a sum of Rs. 5.87 crs which has been paid to the shareholders in the year 2008-09.

In the year 2008-09 the company has also paid arrears of preference dividend on cumulative preference shares.

PREFERENTIAL ALLOTMENT:

In accordance with the consent of the shareholders granted at the Extraordinary General Meeting held on 28th Sept. 2006, the Committee of Directors in their meeting held on 15th November 2006, has allotted equity shares to the following shareholders, on preferential basis:

Details of Equity Shares Allotted

Sr. No.	Name of the Allottees	No of Equity shares Allotted (Face Value Rs. 10/- per share)	Issue price per Share
1.	Mr. A. Biddu Apaiah	67567	37/-
2.	M/s T. W. Bhojwani Leasing Pvt. Ltd.	202703	37/-
3.	M/s Heritage Estates Pvt. Ltd.	135135	37/-

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management's Discussion and Analysis of operations for the year under review of the Company, as stipulated under clause 49(IV)(F) of the listing agreement with the stock exchanges is provided in the annexure attached to this report.

INSURANCE:

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

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Associations of the Company, Mr. Byram Jeejeebhoy, Director of the Company, retires by rotation at the ensuing Annual General meeting and being eligible offers himself for re-appointment. The resolution in respect of revised remuneration and reappointment of Mr. Suresh Bhojwani has been included in the Notice.

FIXED DEPOSITS:

The amount of fixed deposits held by the Company as on 31st Dec. 2007 was Rs. 508.77 lacs. Out of this the fixed deposits received from the Directors amounted to Rs. 140.55 lacs.