

# 73rd Annual Report 2019-2020

Bright Brothers Limited



# Our Valued Customers

**EUREKA FORBES**  
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## COMPANY INFORMATION

### Board of Directors

Mr. Suresh Bhojwani – *Chairman & Managing Director*

Mrs. Devika Bhojwani – *Whole-time Director*

Smt. Hira Bhojwani – *Non-executive Director*

Mr. K. P. Rao – *Independent Director*

Dr. T. S. Sethurathnam – *Independent Director*

Mr. Byram Jeejeebhoy – *Independent Director*  
(upto 9th June, 2020)

Mr. Anil Kumar Bhandari – *Additional Independent Director*  
(w.e.f. 9th September, 2020)

### Board Committees

#### Audit Committee

Mr. K. P. Rao – *Chairman*

Dr. T. S. Sethurathnam

Mr. Suresh Bhojwani

#### Stakeholders Relationship Committee

Mr. K. P. Rao – *Chairman*

Mr. Suresh Bhojwani

Mrs. Devika Bhojwani

Smt. Hira Bhojwani

#### Nomination and Remuneration Committee

Mr. K. P. Rao – *Chairman*

Dr. T. S. Sethurathnam

Mr. Anil Kumar Bhandari

#### Chief Financial Officer

Mr. Chirag Shah

#### Company Secretary & Compliance Officer

Mrs. Sonali Pednekar

#### Banker

Kotak Mahindra Bank Ltd., Bank of Baroda

#### Auditors

M/s. Desai Saksena & Associates,  
Chartered Accountants

#### Registrar and Transfer Agent

Link Intime India Private Limited  
C 101, 247 Park, L. B. S. Marg,  
Vikhroli West, Mumbai- 400 083

#### 73rd Annual General Meeting

[Through Video conferencing / Other Audio Visual Means]

**Day and Date** : Thursday 12<sup>th</sup> November, 2020

**Time** : 11.00 a.m. (IST)

#### Deemed Venue of the meeting:

Registered office of the company

#### Registered Office

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

Tel.: 022 2490 5324

E-Mail: [invcom@brightbrothers.co.in](mailto:invcom@brightbrothers.co.in)

CIN: L25209MH1946PLC005056

ISIN: INE630D01010

Website: [www.brightbrothers.co.in](http://www.brightbrothers.co.in)

#### Corporate Office

B-54, Road No. 33,  
Gyaneshwar Nagar,  
Wagle Industrial Estate,  
Thane-West,  
Maharashtra-400 604.

#### Factories:

- Plant I, II and III,  
Plot No. 1/1 to 1/4,  
Thirubhuvanai,  
Mannadipet Commune,  
Puducherry-605 107.
- Plot No. 16-17, Sector 24,  
Faridabad, Haryana-121 005.
- Hiltron Electronic Complex,  
Plot No. C, D, E, F & G,  
Mallital, Bhimtal, Nainital  
Uttarakhand-263 136.
- Khasara No. 3962, 3963, 3946 & 3947,  
Lal Tapper Industrial Area,  
Majri Grant, Dehradun,  
Uttarakhand-248 140.

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## DIRECTORS' REPORT

Dear Shareholders (Members),

On behalf of the Board of Directors, it is our pleasure to present the 73rd Annual Report together with the Audited Statement of Accounts of **Bright Brothers Limited** ("the Company") for the year ended 31st March, 2020.

### Financial Performance:

(₹ in Lakhs)

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
<b>Net Sales and Operating Income</b>	<b>21,787.11</b>	23,078.64
Less: Expenses	<b>20,208.43</b>	21,711.35
<b>Operating Profit</b>	<b>1,578.68</b>	1,367.29
Add: Other Income	<b>14.68</b>	41.24
<b>Profit before Depreciation, Finance Cost and Tax</b>	<b>1,593.36</b>	1,408.53
Finance Costs	<b>542.15</b>	621.67
Depreciation and amortization expenses	<b>590.45</b>	576.75
<b>Profit before tax</b>	<b>460.76</b>	210.11
Less: Tax expense	<b>115.21</b>	9.80
<b>Profit after tax</b>	<b>345.55</b>	200.31
Other comprehensive income	<b>(34.89)</b>	(7.59)
<b>Total Comprehensive Income</b>	<b>310.66</b>	192.72

### Summary of Operations

The total operational income of your company for the year ended 31st March, 2020 stood at ₹ 1,578.68 lakhs as against ₹ 1,367.29 lakhs in the previous year resulting in an increase of ₹ 211.39 lakhs as compared to the previous year.

The Operating Profit before Depreciation, Finance Cost and Tax for the year ended 31st March, 2020 amounted to ₹ 1,593.36 lakhs as against ₹ 1,408.53 lakhs in the previous year.

### The Year in Retrospect and impact of Global health pandemic due to COVID-19

During the first three quarters of the financial year 2019-20, your Company has recorded increase in profits as compared to the previous financial year. However, during the last quarter, the spread of COVID-19 in our country had affected the functioning of the manufacturing units located at different places in India. The nationwide lockdown in the last week of March had put a major roadblock before the economy. The coronavirus pandemic is not the only trouble behind the country's growth, instead, it is superimposed on the previous trouble of a longer-than-anticipated slowdown in the country.

### Outlook for the Current Year

A major fall in economic activities due to the coronavirus-led nationwide lockdown in the first quarter of the current financial year caused the quarterly GDP to nosedive. Two out of three months of the first quarter had witnessed a nationwide lockdown and the slight hopes of recovery were for June, 2020 as

the Government had decided to lift the lockdown by the end of May, 2020. Even as the Government had partially allowed economic activities from 20th April 2020, disruption in overall businesses and supply chains did not let the economy rebound.

Though the outlook for the first quarter was highly pessimistic, expectations from the second quarter are giving some relief. As the coronavirus pandemic had brought businesses to a standstill, various States came forward with amendments in labour laws and industrial policies to keep the wheels of the economy moving.

**Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year till the date of report**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2019-20 and the date of this report. However, due to the outbreak of COVID-19, the Government of India had declared a lockdown and there was a resultant impact on the Company's operations. These operations were resumed gradually after seeking required permissions. The Company has also performed a sensitivity analysis on the assumptions used and based on current indicators of future economic conditions; the Company expects to recover the carrying amount of these assets. As per the prevailing market conditions, the Company expects that the financial position would be normal after improvement of the business cycle.

There has been no change in the nature of business of the Company.

**Dividend and Reserves**

Your Directors had declared an Interim Dividend for the financial year 2019-20 at its Board Meeting held on 9th March, 2020. The said dividend has been paid to the shareholders of the Company whose names were appearing in the Register of Members as on 18th March, 2020. This dividend shall be considered as the Final Dividend for the financial year 2019-20.

**Share Capital**

The paid up Equity Share Capital as on 31st March, 2020 was ₹ 567.60 lakhs. During the year, the Company has not issued any shares.

**Loans, guarantees or investments**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes accompanying the financial statements.

**Fixed Deposits**

Your Company has not accepted any deposits from public and its members during the financial year 2019-20. There has been no deposit which was unpaid or unclaimed as at the end of the year. There has not been any default in repayment of deposits or payment of interest thereon during the year. The Company is holding deposits of ₹ 318 lakhs from its Directors as on 31st March, 2020.

**Related party transactions**

All transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business and the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus, disclosure in AOC-2 is not required. The details of transactions are provided in Note No. 42 of the Notes to Accounts. Further, there are no material related party transactions during the year under review with the Promoters, Directors, and Key Managerial Personnel.

All Related Party Transactions are placed before the Audit Committee as also before the Board for approval. Omnibus approval was obtained for transactions which are repetitive in nature. A statement giving details of all the transactions entered into pursuant to omnibus approval are placed before the Audit Committee and Board for a review.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company. None of the Directors have any pecuniary relationships or transactions vis-a-vis the Company.

#### **Insurance**

All the assets of the Company are fully insured against major risks.

#### **Unsecured Loan**

The company has obtained unsecured loan from the following Director to meet the short term requirements of the Company:

- i. ₹ 460 lakhs from Smt. Hira Bhojwani, Non-Executive Director and
- ii. ₹ 10 lakhs from Mrs. Devika Bhojwani, Whole-time Director

The total outstanding loan as on 31st March, 2020 is ₹ 470 lakhs.

#### **Internal financial controls**

The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company. The Company has appointed Internal Auditors who periodically audit the adequacy and effectiveness of the internal controls laid down by the management and suggest improvements. The Audit Committee periodically approves the audit reports, implementation of audit recommendations, if any and adequacy of internal controls. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors, the Board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2019-20.

#### **Significant and material orders passed by the Regulators**

During the year under review, no significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations.

#### **Directors' Responsibility Statement**

Pursuant to the requirement of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments 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 and loss of the Company for that period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Management Discussion and Analysis**

Management Discussion and Analysis of the financial conditions and result of operations of the Company for the period under review as required under Regulation 34(2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in a separate statement in the Annual Report as Annexure I.

### **Corporate Governance**

A separate report on Corporate Governance is set out in Annexure II.

### **Meetings of the Board and its Committees**

The details of the Board meetings and various Committee meetings have been mentioned in the Report of Corporate Governance annexed as Annexure II.

### **Extract of Annual Return**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the annual return in the form of MGT-9 is available on Company weblink: [www.brightbrothers.co.in](http://www.brightbrothers.co.in) [Downloads → Investors → Annual Report → MGT-9 (FY 2019-20)].

### **Report of the Statutory Auditors and Notes to Financial Statements**

At the 70th Annual General Meeting held on 10th August, 2017, the members had appointed M/s. Desai Saksena & Associates, Chartered Accountants as Statutory Auditors of the Company from the conclusion of the 70th Annual General Meeting till the conclusion of the 75th Annual General Meeting. As per the Companies (Amendment) Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

Further, the Report of the Statutory Auditors alongwith notes to Schedules is enclosed to this report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. The observations made in the Auditor's Report are self-explanatory and therefore, do not call for any further comments.

### **Cost Audit**

As per the requirement of the Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company needs to conduct a Cost Audit for the financial year ending on 31st March, 2021.

The Board of Directors, on recommendation of the Audit Committee, has appointed M/s. S. R. Singh & Co., Cost Accountants, as Cost Auditor to audit the cost accounts of the Company for the financial year 2020-21 at a remuneration of ₹ 75,000/- plus tax as applicable and reimbursement of out of pocket expenses. As required under Companies Act, 2013, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening Annual General Meeting.

### **Secretarial Audit**

In terms of Section 204 of the Act and Rules made there under, Ms. Purnima Shetty, Practicing Company Secretary has been appointed Secretarial Auditor of the Company. The report of the Secretarial Auditor for the financial year 2019-20 is enclosed as Annexure III to this Report.

The Report is self-explanatory and does not call for any further comments.

### **Whistle Blower Policy**

Pursuant to the requirement of the Act, the Company has approved its Whistle Blower Policy which is also called as vigil mechanism. It is uploaded on website of the company.



This mechanism enables directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

### **Risk Management Policy**

The Company has developed and implemented the Risk Management Policy.

The Company considers ongoing risk management to be a core component of the Management of the Company and understands that the Company's ability to identify and address risk is central to achieving its corporate objectives.

The policy is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 hereinafter referred to as "Listing Regulations" and provisions of the Companies Act, 2013 which requires the Company to lay down procedures about risk assessment and risk minimization.

### **Change in Directorate**

On 9th June, 2020, Late Mr. Byram Jeejeebhoy (DIN: 00033204), Independent Director of the Company left for heavenly abode due to cardiac arrest. He was associated with the Company since April, 2001. During his tenure as a Director, the Company had immensely benefitted from his wide experience and expertise in the field of business and finance. The Board places on record his invaluable guidance and contribution that the Company received during his tenure.

### **Declaration by Independent Directors**

Mr. K. P. Rao and Dr. T. S. Sethurathnam are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfil the conditions specified in Section 149 of the Act and the Rules made thereunder and Regulations 16(1)(b) of Listing Regulations about their status as Independent Directors of the Company.

There has been no change in the circumstances affecting their status as Independent Directors of the Company. During the year under review, the Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

### **Company's Policy on Appointment and Remuneration**

The objective of Remuneration Policy is to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing interest of stakeholders.

### **Formal Annual Evaluation by the Board of its own performance and that of its Committees and individual Directors**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees. The evaluation process inter alia considers attendance of Directors at Board and Committee meetings, participation at meetings, domain knowledge, cohesion the Board's meetings, awareness and observance of governance, etc.

The Board carried out performance evaluation of the Board, Board committees, individual Directors and Chairperson.

### **Familiarisation programme**

The Company has put in place an induction and familiarization programme for all its Directors including the Independent Directors. The familiarization programme for Independent Directors in terms of provisions of Regulation 46(2) of Listing Regulations is uploaded on the website of the company.



### **Transfer of Unclaimed dividend and underlying shares to Investor Education and Protection Fund (IEPF)**

In accordance with the applicable provisions of Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund ) Rules, 2016 ("IEPF Rules"), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority. During the financial year 2019-20, the Company had transferred ₹ 2,55,738/- to IEPF as unclaimed dividend relating to financial year 2011-12. Further, the Company has transferred 4,550 equity shares of the Company to IEPF as the shareholders had not claimed dividend on those shares for the consecutive period of seven years.

Pursuant to the provisions of IEPF Rules, the Company has filed the necessary forms and uploaded the aforesaid details on IEPF website ([www.iepf.gov.in](http://www.iepf.gov.in)).

### **Compliance with Secretarial Standards issued by the Institute of Company Secretaries of India**

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

### **Particulars of Employees**

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure forming part of the Annual Report.

Having regard to the provisions of Section 136(1) read with its relevant proviso of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary.

None of the employees of the Company is falling under the criteria as set out in Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 regarding remuneration.

### **Human Resources**

Your Company treats its "human resources" as one of its most important assets.

Your Company is focused on the promotion of talent internally through job rotation and job enlargement.

### **Prevention, Prohibition and Redressal of Sexual Harassment at Workplace**

The Company has formulated a policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. It has also formulated Internal Complaints Committee under the Act. During the year under review, no complaints were filed under the said Act.

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

Information given as required under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

#### **A. Conservation of Energy:**

Continuous monitoring and awareness amongst employees has helped to avoid wastage of energy. Various investments in reducing the consumption of energy has helped the Company to reduce the overall power consumption.

Continuous study and analysis for energy conservation, installation of energy efficient equipments has resulted into lower units of power consumption per kg production of finished products. Energy Conservation measures taken:

- Installation of Variable Frequency Drives (VFD) to reduce the power consumption of old machines.
- Energy efficient pump for cooling tower.
- Installation of servo drives in injection moulding machines to reduce power consumption.
- Replacement of higher HP motor with lower HP motor.
- Replacement of CFL with LED lights

**B. Technology Absorption, Adaptation and Innovation:**

NOT APPLICABLE

**C. Foreign Exchange Earnings and Outgo:**

Foreign Exchange Earnings: ₹ Nil

Foreign Exchange Outgo: ₹ 118.41 lakhs

**Acknowledgement**

Your Directors place on record their appreciation for employees at all levels who have contributed to the growth and performance of your Company.

Your Directors also thank the clients, vendors, bankers, shareholders and advisers of the Company for their continued support.

Your Directors also thank the Central and State Government and other statutory authorities for their continued support.

For and on behalf of the Board,  
BRIGHT BROTHERS LIMITED

**Suresh Bhojwani**  
*Chairman & Managing Director*  
DIN: 00032966

*Place* : Mumbai

*Date* : 29th June, 2020