

76th Annual Report 2022-2023

Bright Brothers Limited



Our Valued Customers



COMPANY INFORMATION

Board of Directors

Mr. Suresh Bhojwani – *Chairman & Managing Director*

Mrs. Devika Bhojwani – *Whole-time Director*

Mr. Karan Bhojwani – *Whole-time Director*

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

Mr. Anil Kumar Bhandari – *Independent Director*

Mr. K. Viswanath – *Independent Director*

(w.e.f. 27th May, 2022)

Mr. Indru Advani – *Independent Director*

(w.e.f. 1st April, 2023)

Board Committees

Audit Committee

Mr. Anil Kumar Bhandari – *Chairman*

Dr. T. S. Sethurathnam

Mr. K. Viswanath

Mr. Suresh Bhojwani

Mr. Indru Advani (w.e.f. 24th May, 2023)

Stakeholders Relationship Committee

Dr. T. S. Sethurathnam – *Chairman*

Mr. Suresh Bhojwani

Mrs. Devika Bhojwani

Mr. Karan Bhojwani

Mr. Anil Kumar Bhandari (w.e.f. 13th February, 2023)

Nomination and Remuneration Committee

Dr. T. S. Sethurathnam – *Chairman*

Mr. Anil Kumar Bhandari

Mr. K. Viswanath

Chief Financial Officer

Mr. Chirag Shah

Company Secretary & Compliance Officer

Mrs. Sonali Pednekar

Banker

Kotak Mahindra Bank Ltd.

YES Bank Limited

Auditors

M/s. GMJ & Co,

Chartered Accountants

Registrar and Transfer Agent

M/s. Link Intime India Private Limited

C 101, 247 Park, L. B. S. Marg,

Vikhroli West, Mumbai - 400083

76th Annual General Meeting

Day and Date : Friday, 15th September, 2023

Time : 11.30 a.m.

Venue of the meeting:

“Walchand Hirachand Hall”, 4th Floor, Indian Merchant Chamber Building, IMC Marg, Churchgate, Mumbai - 400 020

Registered Office

Office no. 91, 9th Floor,

Jolly Maker Chambers No. 2,

225, Nariman Point, Mumbai - 400 021

Tel.: 8828204635

E-Mail: invcom@brightbrothers.co.in

CIN: L25209MH1946PLC005056

ISIN: INE630D01010

Website: 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, Mallittal, Bhimtal, Nainital Uttarakhand - 263 136.
- Khasara No. 3962, 3963, 3946 & 3947, Lal Tapper Industrial Area, Majri Grant, Dehradun, Uttarakhand - 248 140.
- Plot No. 28-29 Sector-2 Ranipur, SIDCUL, Haridwar, Uttarakhand - 249 403.
- Plot No. E-11-A, SIPCOT Phase-2, Expansion-1, Moranapalli, Hosur, Tamil Nadu - 635 126.
- Global Industrial Park, Plot No. 4P, Gat No. 180P, 188 to 192, 193P, 194, Village Fulgaon, Taluka Haveli, Pune, Maharashtra - 412 216

CONTENTS

	Page No.
Directors' Report.....	2
Secretarial Audit Report.....	17
Annual Secretarial Compliance Report...	20
Management Discussion and Analysis...	30
Report on Corporate Governance.....	35
Standalone Financial Statements.....	54
Consolidated Financial Statements.....	111

DIRECTORS' REPORT

Dear Shareholders (Members),

On behalf of the Board of Directors, it is our pleasure to present the 76th Annual Report together with the Audited Statement of Accounts of Bright Brothers Limited ("the Company") for the year ended 31st March, 2023.

Financial Performance:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Net Sales and Operating Income	20,673.60	23,025.35	20,673.60	23,025.35
Less: Expenses	20,549.91	21,718.69	20,585.74	21,718.69
Operating Profit	123.69	1,306.66	87.86	1,306.66
Add: Other Income	182.46	132.05	182.46	132.05
Profit before Depreciation, Finance Cost and Tax	306.15	1,438.71	270.32	1,438.71
Less: Finance Costs	378.82	471.37	378.84	471.37
Less: Depreciation and amortization expenses	580.64	621.23	580.64	621.23
Profit/(Loss) before tax	(653.31)	346.11	(689.16)	346.11
Add: Exceptional items	–	3,506.85	–	3,506.85
Less: Tax expense	(311.10)	657.00	(311.10)	657.00
Profit/(Loss) after tax	(342.21)	3,195.96	(378.06)	3,195.96
Other comprehensive income	0.20	(21.35)	(0.98)	(21.35)
Total Comprehensive Income/(Loss)	(342.01)	3,174.61	(379.04)	3,174.61

Summary of Financial Operations

The Standalone Financial Performance provides details on revenue and expenditure of Bright Brothers Limited during the period under review i.e. the financial year (FY) 2022-23, whereas, the Consolidated Financial Performance includes the details on expenditure incurred for incorporating and setting up the wholly-owned subsidiary (WOS) namely, Bright Brothers LLC in United States of America. During the period under review, there is no corresponding revenue generation in the WOS as the commercial production would begin from the current financial year 2023-24.

Standalone Financial Summary:

On a standalone basis, the revenue from operations was ₹ 20,673.60 lakhs in the FY 2022-23 as against ₹ 23,025.35 lakhs in the previous year. The Profit before Depreciation, Finance Cost and Tax for the year ended 31st March, 2023 was recorded at ₹ 306.15 lakhs as against ₹ 1,438.71 lakhs in the previous year.

Consolidated Financial Summary:

On a consolidated basis, the revenue from operations is same as revenue recorded in the standalone financial statements as the WOS had not begun its commercial production during the year under review. The capital and revenue expenditure incurred for incorporating the WOS, setting up the factory, purchase of fixed assets, employee benefit expense, etc. has been considered while preparing the consolidated financial statements. Therefore, the Profit before Depreciation, Finance Cost and Tax for the year ended 31st March, 2023 was recorded at ₹ 270.32 lakhs as against ₹ 1,438.71 lakhs in the previous year.

Capital Expenditure

During the year under review, on a standalone basis, the Company has spent ₹ 1,903.42 lakhs towards capital expenditure. This mainly comprises of capital expenditure incurred by the Company for setting up of new manufacturing units in India.

The Year in Retrospect/ Brief description of Company's working during the year

During the year under review, your Company has set-up 3 additional manufacturing units at Haridwar (Uttarakhand), Hosur (Tamil Nadu) and Pune (Maharashtra). The Haridwar and Hosur units are engaged in the business of manufacturing plastic components used by Original Equipment Manufacturers (OEMs) in Consumer Durable Industry. These components are manufactured using injection moulding process.

The manufacturing units at Haridwar and Hosur began their commercial production in February, 2023 and April, 2023 respectively. The Company took this strategic decision of establishing new units in order to cater its existing customers and also enhance its customer base by engaging new customers. In order to have an advantage over the economies of scale, the Company has shifted its manufacturing unit from Dehradun to Haridwar. Consequently, the Dehradun unit will be closed in the current financial year.

Whereas, the Pune unit is engaged in composite business wherein the products will be manufactured using Hand Lay Up (HLU), LRTM (Light Resin Transfer Moulding) and Vacuum Infusion Process (VIP) technology. The Pune unit will commence its commercial production in the second quarter of the FY 2023-24 and will supply products to domestic and international market. Further, the products manufactured at this unit will be supplied to customers in United States of America (USA) through our WOS.

The details of business undertaken by every division of the Company during the year is provided below:

i. Manufacturing division:

The Company is primarily engaged in manufacturing plastic components for the OEMs and it also manufactures Crates. During the year under review, the total sales turnover of the manufacturing division was lower than projected. The decrease in market share and demand of OEM products in the Consumer Durable segment had a direct impact on the Company's business. Despite this impact, the Company has widened its customer base and added manufacturing of new products as the Company has a clear vision to expand its business and explore business opportunities in the coming years.

ii. Tooling division:

The tooling division manufactures plastic injection moulds for its customers. During the year under review, your Company received orders for manufacturing moulds. These moulds are either utilised by the Company for manufacturing its customer's products or they are directly sold to the customer.

iii. Haircare and Beauty Division:

This division is engaged in the business of sales and marketing of hair and beauty accessories under its brand named Divo, to both general and professional market. The products are used by hair stylists, fashion designers and hairdressers along with college students and young working professionals. During the FY 2022-23, there has been an increase in sales by 20% as the division has increased the

product range by adding a new range of professional products as well as expanding into environmentally friendly products. The brand endeavours to cater to all the age groups and have also added a few products that are exclusively for male grooming. Furthermore, this division continues to expand the business by undertaking new private-label business wherein they supply products to companies who sell them under their own brand names.

Subsidiary

During the year, the Company incorporated a WOS, namely, Bright Brothers LLC in Delaware, USA. The manufacturing unit of this WOS has been set up in the state of Wisconsin, USA. This unit will be engaged in the manufacture of Fiberglass Composites using multiple processes like Light Resin Transfer Moulding (LRTM) and Hand Lay up (HLU). It will be engaged in the manufacture and assembly of large and complex parts as per customer's requirements. The unit will begin its commercial production during Second quarter of the current FY 2023-24.

A report on the performance and financial position of WOS has been provided in Form AOC-1 as per Section 129(2) of the Companies Act, 2013 (the Act) annexed to this Report.

Consolidated Financial Statements (CFS)

In accordance with the provisions of the Act, Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and applicable Indian Accounting Standards ("Ind AS"), the audited CFS of the Company for the FY 2022-23, together with the Auditor's Report forms part of this Annual Report. In accordance with Section 136 of the Act, the audited financial statements, including the CFS and related information of the Company and the separate financial statements of its Subsidiary Company, is available on the Company's website at https://brightbrothers.co.in/pdf/pdf_545.pdf. Any member desirous of inspecting or obtaining copies of the audited financial statements, including the CFS may write to the Company Secretary at invcom@brightbrothers.co.in.

Outlook for the Current Financial Year 2023-24

During the current year, it is expected that the newly established manufacturing units will assist to increase the overall sales turnover of the Company. Further, it is also projected that the overseas manufacturing unit established by the WOS would align with international customers for making customised products.

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 FY 2022-23 and the date of this report. There has been no change in the nature of business of the Company during the financial year.

Revision in financial statements and Board's Report, if any, for the preceding financial years

There was no revision of financial statements and Board's Report of the Company for the preceding financial years, during the year under review.

Directors and Key Managerial Personnel

Board of Directors

i. Appointment/ Re-appointment of Directors:

Pursuant to the recommendation given by the Nomination and Remuneration Committee, Board of Directors and approval by members of the Company, the following Directors were appointed/ re-appointed during the year:

- a. Mr. Karan Bhojwani (DIN 06423542) was appointed as a Whole-time Director w.e.f. 1st April, 2022 for a period of five years;

- b. Mr. Kuchimanchi Viswanath (DIN 00547132) was appointed as an Independent Director w.e.f. 27th May, 2022 for a period of five years;
- c. Mr. Suresh Bhojwani (DIN 00032966) was re-appointed as Chairman and Managing Director w.e.f. 1st February, 2023 for period of five years;
- d. Ms. Devika Bhojwani (DIN 08355381) was re-appointed as Whole-time Director w.e.f. 1st October, 2022 for period of five years;
- e. Mr. Indru Advani (DIN 02036028) was appointed as an Independent Director w.e.f. 1st April, 2023 for a period of five years.

ii. Retirement by rotation and subsequent re-appointment:

In accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Ms. Devika Bhojwani, Whole-time Director (DIN 08355381) of the Company is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment. Pursuant to Listing Regulations and Secretarial Standard – 2 issued by Institute of Company Secretaries of India (ICSI), the details pertaining to re-appointment are contained in the accompanying Notice convening the ensuing Annual General Meeting of the Company.

Key Managerial Personnel

Mr. Suresh Bhojwani, Chairman and Managing Director, Mr. Karan Bhojwani, Whole-time Director, Ms. Devika Bhojwani, Whole-time Director, Mr. Chirag Shah, Chief Financial Officer and Ms. Sonali Pednekar, Company Secretary are Key Managerial Personnels of the Company.

Transfer to Reserves

The Company does not propose to transfer any profits to its reserves and the entire amount of profit for the FY 2022-23 forms part of Retained Earnings.

Dividend

Your Directors are pleased to recommend a dividend @10% (i.e. Re. 1 per Equity Share) on 56,80,235 Equity Shares of ₹ 10 each for the FY ended 31st March, 2023. The said dividend, if approved by the members, would involve a cash outflow ₹ 56.80 lakhs. The dividend will be paid subject to the approval of members of the Company at the ensuing Annual General Meeting to those members whose names appear as Beneficial Owners in the list of Beneficial Owners on the record date i.e. 8th September, 2023 furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) and whose names appear as a member in the Register of Members of the Company as on the record date.

As per the Income Tax Act, 1961, dividends paid or distributed by the Company shall be taxable in the hands of the shareholders. Accordingly, the Company makes the payment of the dividend after deduction of tax at source.

Share Capital

The paid-up Equity Share Capital as on 31st March, 2023 was ₹ 568.02 lakhs. During the year under review, 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 FY 2022-23. 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 ₹ 158 lakhs from its Directors as on 31st March, 2023.

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 transaction are provided in Note No. 48 of the Standalone Notes to accounts and Note no. 47 of the Consolidated 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 and also before the Board for approval. Omnibus approval is 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

During the year under review, there is no outstanding unsecured loan as on 31st March, 2023.

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 there is an existence of proper systems to ensure compliance with the provisions of applicable laws and Company's internal financial controls were adequate, efficient and effective during financial year 2022-23.

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 annexed to this Report.

Corporate Governance

A separate report on Corporate Governance is annexed to this Report.

As required by Schedule V of the Listing Regulations, the Auditor's Certificate on Corporate Governance received from our statutory auditor forms part of this Annual Report.

Meetings of the Board and its Committees

During the year 2022-23, the Board met four times on 27th May 2022, 9th August 2022, 10th November, 2022 and 13th February, 2023. The gap between two meetings did not exceed 120 days. The details of the Board meetings and various Committee meetings have been mentioned in the Report of Corporate Governance annexed to this Report.

Committees

As on 31st March, 2023, the Board has 3 Committees namely, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. During the year, all recommendations of the Committees of the Board have been accepted by the Board.

A detailed note on the composition of the Board and its Committees, meetings held during the year and its terms of reference is provided in the Corporate Governance Report forming part of this Annual Report. The composition and terms of reference of all the Committees of the Board of Directors of the Company is in line with the provisions of the Act and the Listing Regulations.

Corporate Social Responsibility

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year in the format prescribed in the Companies (CSR Policy) Rules, 2014 is annexed to this Report. The Policy is available on Company's website at URL: http://www.brightbrothers.co.in/pdf/pdf_455.pdf

Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013, the Annual Return in Form MGT-7 as on 31st March, 2023, is available on Company's website at www.brightbrothers.co.in.

Statutory Auditors

M/s. GMJ & Co, Chartered Accountants (Firm Registration No. 103429W) were appointed as the Statutory Auditors of the Company for a period of five years at the Annual General Meeting (AGM) of the Company held on 24th August, 2022, to hold office from the conclusion of the 75th AGM till the conclusion of the 80th AGM to be held in the year 2027.

Report of the Statutory Auditors and Notes to Financial Statements

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. There are no instances of fraud reported by the Auditors.

Cost Audit

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, 2024.

The Board of Directors, on recommendation of the Audit Committee, has appointed M/s. S. R. Singh & Co., Cost Accountants, Registration no. 003403 as Cost Auditor to audit the cost accounts of the Company for the financial year 2023-24 at a remuneration of ₹ 1,50,000/- 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.

The Cost Audit Report for the financial year 2022-23 does not contain any qualification, reservation or adverse remark.

Secretarial Audit

In terms of Section 204 of the Act and Rules made there under, Ms. Purnima Shetty, Practicing Company Secretary (Registration no. FCS-9089, COP-14933) has been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor for the financial year 2022-23 is enclosed herewith.

The Report is self-explanatory and does not call for any further comments. It does not contain any qualification, reservation or adverse remark.

Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial year 2022-23 for all applicable compliances as per SEBI Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by Ms. Purnima Shetty, Practicing Company Secretary has been submitted to the Stock Exchange and is annexed to this Report.

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.