

# 64th Annual Report 2010-2011

**Bright Brothers Limited**



**Board of Directors****Chairman & Managing Director**

Mr. Suresh Bhojwani

**Whole Time Director**

Mrs. Hira T. Bhojwani

**Directors**

Mr. Byram Jeejeebhoy

Mr. K. P. Rao

Dr. T. S. Sethurathnam

**CFO & Company Secretary**

Mr. Tushar Naik

**Banker**

Bank of Baroda

**Auditors**

M/s. Dhody & Associates, Bhilai

Chartered Accountants

**Registered Office**

610-611, Nirman Kendra,

Famous Studio Lane,

Dr. E. Moses Road,

Mahalaxmi,

Mumbai-400 011.

Tel.: 022 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

**Registrar and Share Transfer Agent**

M/s. Sharepro Services (India) Private Limited

**Venue** : Walchand Hirachand Hall, 4th Floor

Indian Merchant Chamber Building

IMC Marg, Churchgate

Mumbai 400 020

**Date** : Thursday, 4th August, 2011

**Time** : 3.00 p.m.

**Factories**

Plot No. 1/1 to 1/4,

Thirubhuvanai,

Mannadipet Commune,

Puducherry-605 107.

Plot No. 16-17, Sector 24,

Faridabad-121 005.

Hiltron Electronic Complex,

Plot No. C, D, E, F & G

Mallital, Bhimtal,

Nainital-263136

**CONTENTS****Page No.**

Notice.....	2
Directors' Report.....	6
Management Discussion and Analysis .....	11
Corporate Governance.....	14
Auditors' Report .....	24
Balance Sheet .....	28
Profit & Loss Account.....	29
Cash Flow Statement.....	30
Schedules A to R.....	31
Significant Accounting Policies and Notes on Accounts .....	42

## NOTICE

The Sixty-Fourth ANNUAL GENERAL MEETING of Members of BRIGHT BROTHERS LIMITED will be held at "Walchand Hirachand Hall", 4th Floor, Indian Merchant Chamber Building, IMC Marg, Churchgate, Mumbai 400 020 on Thursday, the 4th day of August 2011 at 3.00 pm to transact the following business: -

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date, together with the Reports of the Directors and Auditors' thereon.
2. To declare dividend on Equity shares for the financial year 2010-11.
3. To appoint a Director in place of Mr. Byram Jeejeebhoy who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Dhody & Associates, Chartered Accountants, Registration No. 003837C, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to authorise Audit Committee of the Board of Directors to fix their remuneration.

### 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 the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, hypothecation, charges, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company in favour of the banks/ financial institutions/or any lender to secure Rupee Term Loans/foreign currency loans, Working capital facilities or any other borrowing proposed to be availed by the Company which includes interest, additional interest, liquidated damages, commitment charges, premium on pre-payment, costs, expenses and any charges payable by the Company to the concerned lenders, not exceeding ₹ 50 crores.

RESOLVED FURTHER that, the Board of Directors be and is hereby authorised to finalize the documents and deeds as may be applicable for creating appropriate mortgage and/or charge on such of the immovable and/or movable properties of the Company on such terms and conditions as may be decided by the Board of Directors, and perform all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage/charges as aforesaid."

By Order of the Board of Directors

**TUSHAR NAIK**  
CFO & Company Secretary

Place : Mumbai  
Date : 8th June, 2011

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

**NOTES:**

- (1) The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business is annexed hereto.

(2) Proxies

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

Proxy submitted on behalf of limited companies, societies, partnership firms etc. must be accompanied by appropriate resolution/authority as applicable, issued on behalf of the nominating organization.

(3) Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, August 1, 2011 to Thursday, August 4, 2011 (both days inclusive).

(4) Payment of Dividend

The Dividend as recommended by the Board, if declared at the Annual General Meeting, will be paid as under:

- a) To all Beneficial Owners at the close of business hours on Friday 29th July, 2011 as per the list to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. in respect of shares held in demat form.
- b) To all Members in respect of shares held in physical after giving effect to the valid shares transfer lodged with the Company on or before the close of business hours on Friday 29th July 2011.
- c) In order to avail of the Electronic Clearing System (ECS) for receiving direct credit of the dividend to his/their respective account with the Bank(s), the members holding shares in physical form are requested to provide bank account details to the Company's Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Pvt. Ltd.
- d) Members holding shares in dematerialized form are requested to update and advise change, if any, in their bank details/ ECS mandates to their respective Depository Participant immediately to enable the Company to pay the dividend accordingly.

(5) Unclaimed Dividend

Members who wish to claim dividend, which remains unclaimed are requested to either correspond with the Corporate Secretarial Department at the Company's registered office or the Company's Registrar and Share Transfer Agent (RTA) (Sharepro Services (India) Pvt. Ltd.). Members are requested to note that dividends which remain unclaimed, as per Section 205A (5) read with Section 205C of the Companies Act, 1956, will be transferred to the Investor Education and Protection Fund of Government of India.

- (6) Members are requested to bring their copy of the Annual Report to the meeting.

- (7) Members desiring any information on the Accounts are requested to write to the Company Secretary at the registered office of the Company at least seven days in advance so as to enable the Company to keep the information ready.

- (8) Pursuant to the provisions of Section 109A of Companies Act, 1956, the facility for making nomination is now available for members in respect of shares held by them. The Nomination Form 2B as prescribed can be obtained from the Company's Registrar and Share Transfer Agent or the Secretarial Department of the Company at its Registered Office.

## ANNEXURE TO THE NOTICE

### Explanatory Statement Pursuant To Section 173(2) Of Companies Act, 1956.

#### ITEM No.: 5

As on the date of Balance sheet the Company does not have any substantial secured debt. The unsecured debt comprised of fixed deposit accepted from Directors and their relatives. In order to achieve future sustainable growth, the Company is exploring various options by way of acquisition or setting up of new project to widen its product portfolio and customer base. In order to fund the capital expenditure for new projects and the increased working capital requirement due to high turnover, the Company is exploring the various options of raising the funds from banks, financial institutions and other lenders. Taking into consideration the inflationary situation and RBI's policy to strengthen the interest rate, it would be prudent for the Company to tie up with a banker for availing the above-mentioned facility

As per Section 293(1)(a), creation of mortgage, hypothecation and charges as stated above may be deemed to be a disposal of the Company's properties/undertaking in certain events of default. Accordingly, the Ordinary Resolution set out under Item No. 5 of the notice is submitted to the members for their approval.

None of the Directors are interested in the resolution.

By Order of the Board of Directors

**TUSHAR NAIK**  
*CFO & Company Secretary*

Place : Mumbai

Date : 8th June, 2011

*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 Exchange)**

<b>Name of Director</b>	<b>Mr. Byram Jeejeebhoy</b>
Date of Birth	12th June 1945
Date of Appointment	27th June 2008
Educational Qualification	B.A. (Econ.) Hons, Business Management course from London School of Economics, LTCL (Lon.), FRGS
Experience	More than three-decades experience in property development in India and abroad.
Expertise in specific functional area	Wide experience in financial advisory, Real Estate business and Property Development.
No. of Equity shares held in the Company (Both on ownership basis or held by any other person on a beneficial basis)	12,500
List of Public Companies in which outside Directorships held as on 31st March 2011	Nil
Chairman /Member of the Committees of the Board of the Companies in which he is a Director as on 31st March 2011	Nil
Relationship with other Directors of the Company	Nil

## DIRECTORS' REPORT

To,  
The Members,

Your Directors have great pleasure in presenting to you the 64th Annual Report together with Audited statement of Financial Accounts for the financial year ended 31st March 2011.

### Financial Performance:

(₹ in Lakhs)

Particulars	Year Ended March-2011	Year Ended March-2010
<b>Net Sales and Operating Income</b>	<b>12739.22</b>	9892.16
Less: Expenses	<b>12013.70</b>	9458.01
Operating Profit	<b>725.52</b>	434.15
Add: Other Income	<b>378.91</b>	341.27
<b>Profit Before Interest, Depreciation and Taxes</b>	<b>1104.43</b>	775.42
Financial Expenses	<b>326.55</b>	272.04
Depreciation	<b>277.71</b>	197.98
<b>Profit Before Tax</b>	<b>500.16</b>	305.39
Less: Provision for tax (Including Deferred Tax)	<b>80.22</b>	20.00
Wealth Tax	<b>2.00</b>	2.23
Tax for prior period	<b>263.99</b>	—
<b>Profit After Tax</b>	<b>153.95</b>	283.16
Balance brought forward from previous years	<b>1395.36</b>	1266.02
Adjustments for prior period	—	(2.95)
Balance available for Appropriation	<b>1549.32</b>	1546.23
<b>Appropriations :</b>		
Transfer to General Reserve	<b>15.00</b>	15.00
Proposed Dividend on Equity Shares	<b>113.60</b>	116.13
Corporate Tax on Dividend	<b>18.86</b>	19.74
Balance carried to Balance Sheet	<b>1401.84</b>	1395.36

### Dividend:

Your Directors are pleased to recommend a dividend of ₹ 2/- per Equity share for the year ended 31st March 2011 on 56,80,235 Equity Shares of ₹ 10/- each subject to the approval of the Shareholders' at the ensuing AGM. The Dividend payout, including tax on dividend of ₹ 18.86 lakhs will be ₹ 132.47 lakhs compared to ₹ 135.86 lakhs in the previous year.

### Operational & Financial Highlights:

Up to third quarter of 2010-11, the Indian economy in general and Consumer Durable industry in particular has displayed growth and buoyancy but from the end of third quarter onwards the high finance cost, surging commodity prices and inflation kept the market conditions fiercely competitive and exerted relentless pressure on margins.

During the year the gross turnover has increased from ₹ 106.78 cr to ₹ 139.09 cr an increase of 30.25%. The operating profit has increased from ₹ 4.34 cr. to ₹ 7.25 cr., increase of 67%. The operational performance has improved mainly due to higher turnover, full year operation of Bhimtal unit compared to eight months operation for the previous year and better control on operational parameters.

In spite of reduction in investible surplus fund, due to higher yield from investment in Inter Corporate Deposit and units of mutual fund from third quarter onwards, the other income has increased from ₹ 3.41 cr. to ₹ 3.79 cr.

On working capital front, the Company continues to focus on the efficient management of stock and sundry debtors.

Based on the future projected requirements by our existing customers and to meet the requirements of Material handling Division, the Company has carried out major capital expansion at both the plants i.e. Faridabad and Puducherry, mainly for increasing the installed capacity and partly for replacement of old machines with a view to increase the productivity and reduce the power cost. The funding for the same has been met from a mixture of internal generation and surplus funds. This expansion will help us in reducing dependency on third party for job work and improve the responsiveness to meet the timely requirement of the customers.

Higher payout ratio of dividend and utilization of reserve for buy back of equity shares has resulted in marginal increase in free reserve by ₹ 27 lakhs.

#### **Management Discussion and Analysis:**

A detailed Management Discussion and Analysis of operations for the year under review, as stipulated under Clause 49(F) of the Listing Agreement with the Stock Exchange, is provided in annexure to this report.

#### **Buy-Back of Shares:**

During the year the Company completed the buyback of Equity shares on June 25, 2010, which had commenced on December 29, 2009. In the current year the Company bought back 1,26,332 shares for a sum of ₹ 61.02 lakhs (Excluding brokerage and other charges). On completion of the buyback process the total number of Equity shares bought back were 2,95,295 shares for ₹ 142 lakhs (excluding brokerage and other charges), which represented 31.55% of the total Buy-back size of ₹ 450 lakhs.

#### **Fixed Deposit:**

The Company has no unpaid/unclaimed deposits on 31st March 2011. The amount of fixed deposits held by the Company as on 31st March 2011 was ₹ 363.75 lakhs of which ₹ 140.45 lakhs are from Directors.

#### **Directorate:**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Mr. Byram Jeejeebhoy, Director of the Company retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

#### **Corporate Governance:**

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



**Insurance:**

All the insurable interests and risks of your Company including Inventories, Buildings, Plant & Machineries and other fixed assets are adequately insured against risk of fire and other risks.

On 16th April 2011 there was a major fire at our Faridabad unit which has substantially burnt our Finished goods and Work in progress stock, physical records, Computer hardware and software and other electrical installations. The damage to plant & machinery was not substantial due to which the Company could normalize the operation within a week.

The Company has filed the claim and the Board is confident of getting substantial relief from the Insurance Company.

**Directors' Responsibility Statement:**

Pursuant to Section 217(2A) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to the material departures.
- (b) Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended 31st March 2011 and of the profits made by the Company for that financial year.
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Annual Accounts have been prepared on a going concern basis.

**Auditors Report:**

Under para 4 of the Auditor's Report the Auditor's have qualified the report in respect of Faridabad Unit for non-availability of accounting records due to fire at the unit on 16th April, 2011.

In this respect, the Board would like to state that as a result of the fire, the management could not produce the relevant vouchers and other records for verification. However, based on the Internal Audit Report for Stock Audit as on 31st March, 2011, accounting data which was available upto the date of fire and subsequent reconciliation with the parties, the management submitted the financial statements which reflect the true and fair view of the accounts of the Company. The Board assumes full responsibility for incorporating the said financial statements in the Annual Accounts.

**Auditors:**

The Company's Auditors, M/s. Dhody & Associates, Chartered Accountants, bearing Firm Registration No. 003837C hold office upto the conclusion of the forthcoming Annual General Meeting and being eligible are recommended for reappointment, on terms to be negotiated by the Audit Committee of the Board of Directors. They have furnished the requisite certificate that their re-appointment, if effected, will be in accordance with Sec. 224(1B) of the Companies Act, 1956

**Particulars of Employees:**

The Industrial relations during the year remained peaceful and cordial

As per provisions of Section 219(1)(b)(iv) of the Act, the Directors' Report and Accounts are being sent to the members excluding the statement giving particulars of employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 as amended. Any Member interested in obtaining a copy of the statement may write to the Company Secretary.

**Internal Control Systems:**

The Company has in place adequate system of Internal Control to ensure compliance with policies and procedures. Internal Audit of all the units of the Company are regularly carried out to review the internal control systems and the Internal Audit Reports along with implementation and recommendations contained therein are constantly reviewed by the Audit Committee of the Board.

The Company has undertaken a detailed exercise to revisit its control system in technical and other non-financial area to align them properly with Management Information System. The maintenance of proper accounting records, safeguarding assets against loss and misappropriations, compliance of applicable law, rules and regulations and providing reasonable assurance against fraud will continue to remain central point of the entire control system.

**Other Information:**

The particulars relating to conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

**Acknowledgements:**

The Board of Directors wishes to express its gratitude and sincere appreciation for the commitment and dedicated efforts put in by all the employees of the Company in achieving the results of the Company. The Directors also acknowledge and are grateful to its customers, members, suppliers, bankers, business partners and Central and State Governments for their continued support and confidence in the performance of the Company.

On behalf of the Board of Directors

**SURESH BHOJWANI**  
*Chairman & Managing Director*

*Place : Mumbai*

*Date : 8th June, 2011*

## 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.

### A. Conservation of Energy:

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

Continuous study and analysis for energy conservation, installation of energy efficient equipments has resulted in 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.
- All new equipments are procured with energy efficient induction motor.

### B. Technology Absorption, Adaptation and Innovation

NOT APPLICABLE

### C. Foreign Exchange Earnings and Outgo:

The particulars of foreign exchange utilised during the year are given in Clause e, f and h of Point No. 6 of Schedule S to the Accounts.

For and on behalf of the Board

**SURESH BHOJWANI**  
*Chairman & Managing Director*

*Place* : Mumbai

*Date* : 8th June, 2011

**Annexure-I****MANAGEMENT DISCUSSION AND ANALYSIS****ECONOMIC OVERVIEW:**

While the world economy was slowly emerging from one of the worst financial crisis of this era, the Indian economy sustained a high growth momentum during the year 2010-11 despite inflationary pressures for most of the year. In spite of a subdued performance by the service sector, the growth in Agriculture and Industry has contributed substantially in achieving 8.6% growth rate in 2010-11. The slowdown in capital goods sector and lower investment spending resulted in a lower growth rate in IIP during the later part of the year.

To combat inflation, the RBI has been continuously raising the repo and reverse repo rates. Despite this, it has not succeeded in bringing down the inflation rate and has projected that inflation will start moderating only from the third quarter of 2011-12. The above measures indicate that the RBI will temporarily sacrifice growth in order to control inflation and maintain price stability.

For the year 2011-12, the risk to global growth consists of sovereign debt problems in the Euro area, high commodity prices especially oil prices, rise in interest rates in advanced countries, and inflationary pressures in emerging economies. As per the market reports, oil prices will remain high throughout the year 2011-12. This will hurt growth and also impact the fiscal deficit target which is linked to the subsidy burden stemming from high international crude prices.

**INDUSTRY STRUCTURE AND DEVELOPMENT:**

The Company's manufacturing activity falls in the processed plastic segment, mainly fulfilling just in time requirements of customers for their plastic products and components. The Company directly supplies to OEM's (hereinafter referred to as Original Equipment Manufacturers) of Washing machines, Refrigerators, Vacuum Cleaners, Water purifiers and Air Conditioners. The other segment consists of manufacturing Material Handling Products (MHD) and Traded products for the Consumer household and Hair Care sectors. The Company markets its MHD, Consumer household products using the "Brite" brand and its Hair Care products using the "Divo" brand.

The growth of the Consumer Durable Industry where the Company supplies 90% of its production is directly related to growth of GDP, disposable income, easy availability of finance and low interest rates. In spite of high inflation during the year 2010-11, a higher growth rate in agriculture has resulted in higher disposable income, which in turn has kept the growth momentum going especially for the Consumer Durable Industry. The interest rate scenario, which has increased during the second half of 2010-11 has affected the demand pattern in the last quarter.

With the government's commitment to implement GST, Direct Tax code w.e.f. 01/04/2012 and liberalise the FDI regime, the Country is hopeful of attracting new investment in the Consumer Durable Industry, which should result in sustainable growth in the future business of the Company.

**OPERATIONAL PERFORMANCE:****Puducherry Plant:**

The implementation of TPM (Total Productive Maintenance) programme has resulted in a systematic approach towards improving productivity and controlling cost. The management will roll out this programme to other plants during the year 2011-12.

The performance of the unit remained subdued during the first half of the year with major improvements coming in the second half. The improved availability of power from the grid and control on operational costs has resulted in improved margins.

Marketing efforts in the MHD division have started yielding results and the division is expected to do better in the coming year.

#### **Faridabad Plant:**

During the year, our customer has achieved record production of Refrigerators, which has directly resulted in top line growth for the unit but due to high operational costs in the area of contract labour and power, the margin has not kept pace with the rise in sale.

In order to improve the productivity and save costs associated with power, the management has decided to replace the old machineries in a phased manner.

Considering the demand in respect of MHD in the northern states, the management is exploring the possibility of tapping this market especially in the food and vegetable segment.

#### **Bhimal Plant:**

The unit is situated in the State of Uttarakhand and enjoys fiscal incentives by way of exemption of income tax and excise duty.

Due to introduction of new products and additional business from the customer the unit has substantially improved its performance over previous year.

Partial shifting of the business by our customer to its new manufacturing facility at Dehradun, increased wage bill due to implementation of minimum wage and high cost arising out of third party job work has partially affected the performance.

In order to face future competition and maintain market share, our customer is developing new products mainly for rural segments and is planning to improve upon the existing product range.

#### **Consumer Household and Hair Care Products:**

Due to low turnover, the Consumer Household Division made a marginal loss during the year. High cost of raw materials and absence of escalation clause in respect of supplies to Canteen Stores Department (CSD) has led the management to take a decision to supply only those items, which are profitable. The revival of the business depends upon ongoing price negotiations with CSD and softening of raw material prices.

In the Divo Hair Care product division, test marketing was carried out in respect of certain fast moving items and based on the market response; it is expected to result in good contribution during the next year. In order to make the brand more visible, the Division continues to invest in new marketing channels, new distribution network and participate in malls and exhibitions. The management is confident that with a proper product mix, the Division will break even during the next year.

#### **OPPORTUNITIES AND THREATS:**

##### **Opportunities:**

- Reserve bank of India in its Quarterly Review of Monetary policy in May, 2011 has projected a GDP growth of 8% for the year 2011-12 based on the assumption of normal monsoon and crude oil prices averaging \$110 a barrel.
- Consumption trend continue to be strong due to demography story and higher rural income.

- The linkage of wages under the National Rural Employment Guarantee Act (NREGA) to inflation and increased rural income due to growth in agriculture and service sector growth will support consumption.
- Huge market considering the low penetration in rural segment.
- Non-compete clause entered at the time of sale of Automotive business has come to an end in the current year, which will open up new opportunities to foray into this business.
- Thrust on improving infrastructure especially in area of power and water, growth in housing and expansion of organized retail beyond metros are also positive signs, which will help in larger penetration of the Consumer Durable Segment and in turn will boost our business with OEM's.

**Threats:**

- Inflation remains the key concern. Rising input cost to be a serious threat to industry especially with respect to rising fuel prices and prevailing higher international commodity prices.
- Interest rates regime is on the verge of entering into double digit with seven consecutive increases in rates by RBI in order to control inflation.
- Combination of ballooning household expenditure and negative real interest rates threaten to adversely affect the saving potential, which may impact the demand for Consumer Durables.
- Higher raw material prices may impact the margin on branded products.
- Unabated price pressures from OEM's may result in margin pressure if there is no growth.
- Shortage of power from grid and expected rise in diesel price will substantially raise power bill.
- Underutilization of capacity due to low growth.

**OUTLOOK:**

- GDP estimate of 8% is reasonable considering the world economy outlook.
- Enlarged middle class demography effect will give impetus on account of higher disposable income.
- Saving ratio of 33% is better than other countries, which will support the consumption.
- Deceleration of growth in China and low growth in developed economy may result in lower commodity prices, which will help in maintaining margin.
- Indian economy, which is powered more by indigenous demand will be more resistant to setbacks.

**Annexure-II**  
**REPORT ON CORPORATE GOVERNANCE**  
(Clause 49 of the Listing Agreement)

**1. Company's Philosophy on Code of Corporate Governance:**

The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and in meeting its obligations to stakeholders. The Company believes in transparency, professionalism and accountability, the three pillars of Corporate Governance and also aims to achieve excellence through regular review of the Board processes and the management system for further improvement.

**2. Board of Directors:**

(a) *Composition and size of the Board:*

- (i) The composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement with Stock Exchange and the number of Non-Executive Directors is more than 50% of the total number of Directors. There are three Non Executive Independent Directors and two Executive Directors. The Chairman, Mr. Suresh Bhojwani, is an Executive Director and a member of Promoter Group.
- (ii) During the financial year ended 31-3-2011, four Board meeting were held on 28-05-2010, 28-07-2010, 28-10-2010 and 28-01-2011 and the gap between two Board meetings did not exceed four months. The Agenda for the Board meeting containing relevant information and supporting data as may be required, are circulated at least three days in advance and is also made available at the Board meeting to enable the Board to take informed decisions.

When deemed expedient, the Board also approves by Circular Resolution urgent items of business as permitted under the Companies Act, 1956, which cannot be deferred till the next Board Meeting.

Attendance of each Directors at the Board Meetings held during the year and at last Annual General Meeting and the number of Directorship and Chairmanship /Membership of committee in other Companies (as on the date of Directors' Report):

Name of the Director	No. of Meetings held & attended during the year *(4)	Category of Directorship	Attendance at last AGM	No. of Directorship(s) in other public companies		No. of Committee position held in other Public Companies	
				Chairman	Member	Chairman	Member
Mr. Suresh Bhojwani (Chairman & Managing Director)	4	Promoter Executive	Yes	Nil	Nil	Nil	Nil
Mrs. Hira T. Bhojwani (Whole-time Director)	4	Promoter Executive	Yes	Nil	Nil	Nil	Nil
Mr. K. P. Rao	4	Non-Executive & Independent	Yes	Nil	Nil	Nil	Nil
Dr. T. S. Sethurathnam	4	Non-Executive & Independent	Yes	Nil	1	1	Nil
Mr. Byram Jeejeebhoy	2	Non-Executive & Independent	No	Nil	Nil	Nil	Nil

\* The figure mentioned in the bracket denotes the number of Board meetings held during the year from 01/04/2010 to 31/03/2011.

(b) *Board's functioning and Procedure:*

The Board of Directors being an apex body constituted by the Shareholders, play an important role in ensuring good governance and functioning of the Company. All statutory and significant information as mentioned in Annexure IA of Clause 49 of the Listing Agreement is placed before the Board to enable it to discharge its responsibility of providing strategic direction to the Company. The Members of the Board have complete freedom to express their opinion, and decisions are taken after detailed discussions.

3. **Committees of the Board of Directors**

The Board has constituted Committees of Directors to deal with matters to monitor the activities falling within the terms of reference as follows:

(i) **Audit Committee:**

The Audit committee comprises of three directors, Mr. K. P. Rao, Dr. T. S. Sethurathnam and Mr. Suresh Bhojwani as its members. Mr. K. P. Rao, Chartered Accountant is the Chairman of the Committee. All the members except Mr. Suresh Bhojwani are Non-Executive Independent Directors. The composition of the committee is in accordance with the requirements Section 292A of the Companies Act, 1956.

During the financial year ended 31-03-2011 four meetings of the Committee were held on 28-05-2010, 28-07-2010, 28-10-2010 and 28-01-2011

All the Members of the Audit committee attended the four meetings. The Chairman of the committee Mr. K.P. Rao, was present at the Annual General Meeting of the Company held on 29/07/2010.

The Company Secretary acts as the Secretary to the Committee

- **Terms of Reference:**

The Terms of Reference of the Audit Committee have been reviewed from time to time and are in accordance with those specified in Clause 49 of the Listing agreement and Section 292A of the Companies Act, 1956.

(ii) **Remuneration Committee:**

The Board has constituted the Remuneration Committee, which has been mandated to recommend to the Board, salary (including annual increments), perquisites and commission to be paid to the Company's Executive Directors and other senior personnel.

The composition of the Committee consists of Mr. K. P. Rao as the Chairman of the Committee with Mr. Byram Jeejeebhoy and Dr. T. S. Sethurathnam being the other members. All three members of the committee are non-executive and independent directors.

- Remuneration of Managerial Personnel:

Details of remuneration paid/payable to Managing Director and Whole-time Director for the financial year ended 31st March 2011 are as follows

(₹)

Particulars	Managing Director	Wholetime Director
Salary	18,00,000	6,00,000
Perquisites & Allowances	9,04,339	3,09,452
Contribution to PF	2,16,000	72,000
Commission	5,00,000	Nil
<b>Total</b>	<b>34,20,339</b>	<b>9,81,452</b>



The additional information in respect of Executive Directors is as under:

	<b>Mr. Suresh Bhojwani</b>	<b>Mrs. Hira T. Bhojwani</b>
Service contract	Three years	Three years
Notice period	Six months	Six months
Severance fees	Not applicable	Not applicable

- Independent and Non-Executive Directors are paid sitting fees of ₹ 15,000/- per Board meeting, ₹ 5,000/- per Audit Committee meeting and ₹ 1,000/- for every other Committee meeting. No sitting fees is payable to Executive Directors.
- In addition to this, the shareholders, at the 61st Annual General Meeting held on 27th June 2008 have approved the payment of commission to the Company's Non Executive Directors, collectively up to 1% of the net profits, for a period of five years, computed in the manner provided in Section 309(5) of the Companies Act, 1956. The amount of Commission payable is determined after assigning weightage to the attendance at the Board meeting.

Details of Sitting fees and commission paid to Independent and Non-Executive Directors for attending Board/Committee Meetings for the period 01/04/2010 to 31/03/2011 are as follows:

(₹)

<b>Sr. No.</b>	<b>Name of the Non-Executive Director</b>	<b>Board Meetings</b>	<b>Committee Meetings</b>	<b>Commission</b>
1.	Mr. K. P. Rao	60,000.00	35,000.00	2,00,000.00
2.	Dr. T. S. Sethurathnam	60,000.00	21,000.00	2,00,000.00
3.	Mr. Byram Jeejeebhoy	30,000.00	1,000.00	1,00,000.00

- Mr. Byram Jeejeebhoy – Non-Executive Director of the Company holds 12,500 Equity Shares of the Company. None of the other Non Executive Directors hold any shares of the Company.

(iii) **Investors' Grievance Committee:**

The Board has constituted Shareholders' Grievance Committee to oversee the redressal of Shareholders complaints like transfer/transmission of shares, duplicate issue of share certificates, non-receipt of annual report, dividends, notices etc.

The composition of committee is as follows:

<b>Name of the Director</b>	<b>Designation</b>	<b>Category</b>
Mr. K. P. Rao	Chairman	Independent, Non-Executive
Mr. Suresh Bhojwani	Member	Non-Independent, Executive
Mrs. Hira T. Bhojwani	Member	Non-Independent, Executive

The Company Secretary acts as the Secretary to the Committee.

Name, designation and address of the Compliance Officer:

Mr. Tushar Naik      610/611 Nirman Kendra,  
Famous Studio Lane,  
Dr. E. Moses Road,  
Mahalaxmi, Mumbai 400 011  
e-mail : invcom@brightbrothers.co.in

Details of complaints received, disposed off and pending during the year April 1, 2010 to March 31, 2011 are as under:

Sr. No	Nature of complaint	No. of complaints received	Disposed off
1	Non-receipt of Dividend	14	Yes
2	Miscellaneous	05	Yes
3	Securities and Exchange Board of India	04	Yes
	<b>Total</b>	<b>23</b>	

Number of complaints as on 31/03/2011 pending with the Company : Nil

#### 4. General Body Meetings:

Particulars of last three AGMs.:

AGM	Year	Location of the Meeting	Date	Time	Special Resolution
63rd AGM	2009-2010	Walchand Hirachand Hall IMC, 4th Floor, IMC Marg, Churchgate, Mumbai 400 020	29/7/2010	11:30 a.m.	1. For re-appointment of Ms. Ruchika Bhojwani as "Manager Hair Care Division." 2. For re-appointment of Mr. Karan Bhojwani as "Manager Brite Branded Products" 3. For Alteration of Articles of Association.
62nd AGM	2008-2009	M. C. Ghia Hall Bhogilal Hargovindas Bldg., 2nd Floor, 18/20, K. Dubash Marg, Mumbai 400 001	27/6/2009	11:30 a.m.	For re-appointment of Mrs. Hira T. Bhojwani as "Wholetime Director."
61st AGM	2006-2007	Walchand Hirachand Hall IMC, 4th Floor, IMC Marg, Churchgate, Mumbai 400 020	27/6/2008	11:30 a.m.	1. For appointment of Ms. Ruchika Bhojwani as "Manager-Hair Care Division." 2. For payment of Commission to Independent and Non-Executive Directors.

No special resolution was passed by Postal Ballot during the Financial Year.

At the forthcoming Annual General Meeting there is no proposal for any Special Resolution to be passed by Postal Ballot.

#### 5. Disclosures:

##### Compliance with Mandatory Requirements

- **Related Party Transaction:**

The Company has entered into transactions with related parties during the current year, which are in the regular course of business. It places all relevant details before the Audit Committee from time to time. Full disclosure of related party transaction is given under Note No. O of Schedule S of the Notes to Accounts. All the transactions covered under the related party transaction are fair, transparent and at arms length. No significant material transactions have been made with the Non-Executive Directors vis-a-vis the Company during the year.

- **Disclosure of Risk Management:**

The Company has laid down the procedures for informing the Board about risk assessment and minimization. The risk minimization procedures have been reviewed periodically to ensure that risks are controlled through properly defined management process.

- **Disclosure of Accounting Standards:**

The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and Company (Accounting Standards) Rules 2006.

**Others**

- The Company does not have any subsidiaries.
- The Company has complied with the requirements of Listing Agreement/Regulations/Guidelines/Rules of the Stock Exchanges/SEBI and other Statutory Authorities. Consequently there has been no strictures/penalties imposed on the Company during the last three years.

**6. Compliance with Non-Mandatory requirements:**

Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement are being reviewed by the Board from time to time and implemented as per the need of the Company.

**7. Means of Communication:**

- The quarterly, half yearly and annual results are generally published in "The Free Press Journal" (English) and "Nav-Shakti" (Marathi) in Mumbai edition. The results are also submitted on a timely basis in such a form to the Stock Exchange where the Equity shares of the Company are listed so as to enable it to put it on its website.
- A Management Discussion and Analysis Report is being presented as a part of the Annual Report.

**8. General Shareholders Information:**

- Annual General Meeting : Date : Thursday, 04th August 2011  
Date, Time and Venue : Time : 3.00 p.m.  
Venue: Walchand Hirachand Hall, 4th Floor IMC Bldg.,  
IMC Marg, Churchgate, Mumbai 400 020
- Dividend payment date : on or before 3rd September 2011.

The tentative Financial Calendar is as follows:

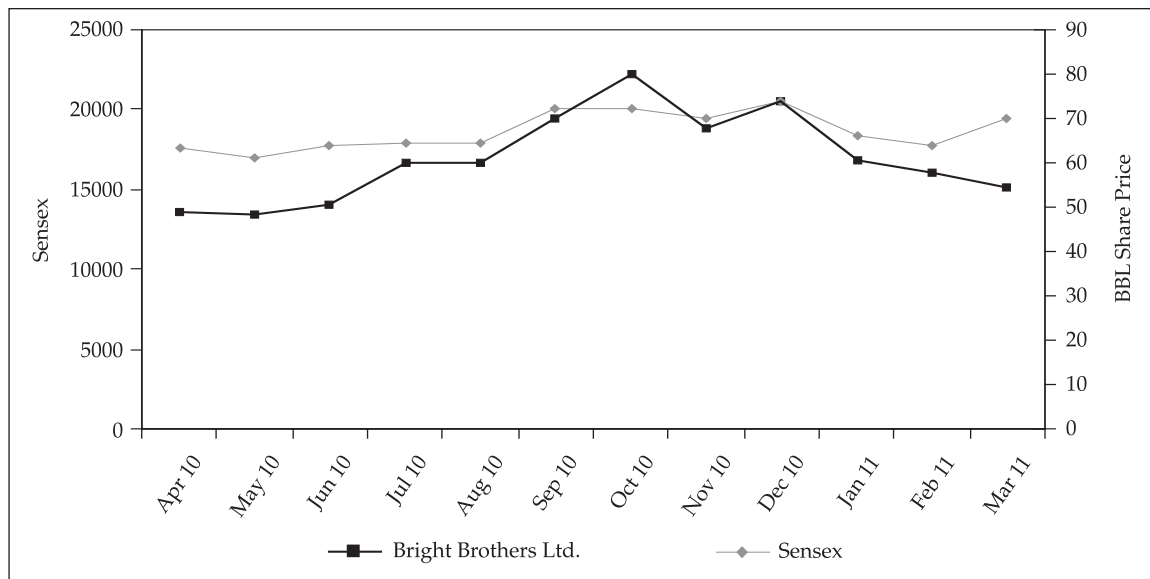
- Financial calendar for 2011-12 : 30th June 2011 — on or before 15th August, 2011  
30th September 2011 — on or before 15th November, 2011  
31st December 2011 — on or before 15th February, 2012  
31st March 2012 — on or before 31st May, 2012
- Book Closure : 1st August to 4th August 2011  
(both days inclusive)
- Listing on Stock Exchange : Bombay Stock Exchange Limited
- Annual Listing fees : The Company has paid the Annual listing fees.
- Stock Code : 526731 on Bombay Stock Exchange Limited
- ISIN No. for NSDL and CDSL : INE630D01010
- Group : "B"
- Scrip ID : BRIGHTBR

- **Stock Market Data (BSE):**

Monthly high and low quotations of shares and volume of Equity Shares traded on Bombay Exchange Limited are as follows:

Month	High (in ₹)	Low (in ₹)	Closing (in ₹)	Volume (in Nos.)	Sensex
April 2010	50.00	47.50	48.75	602	17558.71
May 2010	57.20	45.55	48.50	318	16944.63
June 2010	54.95	48.00	50.75	397	17700.90
July 2010	77.00	53.30	60.00	8988	17868.29
August 2010	64.65	52.45	60.00	1464	17971.12
September 2010	73.60	60.50	69.80	1734	20069.12
October 2010	94.00	67.30	79.90	2123	20032.34
November 2010	90.00	65.35	68.00	490	19521.25
December 2010	79.10	56.10	74.00	711	20509.09
January 2011	76.10	53.00	60.30	284	18327.76
February 2011	63.00	48.25	57.95	161	17823.40
March 2011	61.55	50.00	54.35	138	19445.22

**Share Performance of the Company in Comparison to BSE Sensex  
BSE Sensex Vs. BBL Share Price. (Monthly Closing Price)**



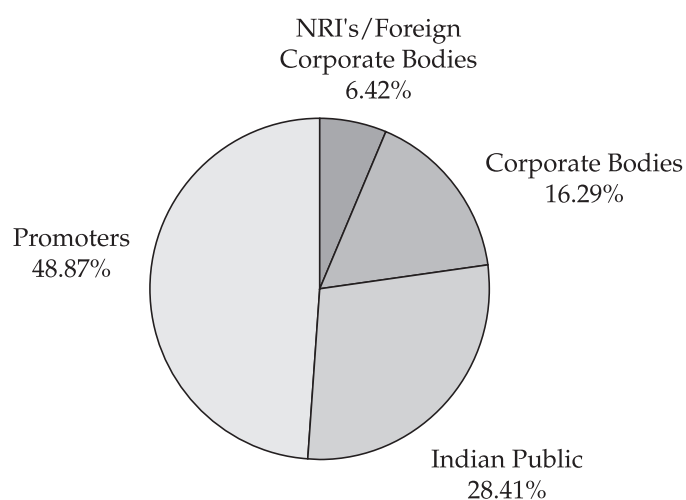
**Pattern of Shareholding as on 31st March 2011:**

Category	No. of Shares held	Percentage of Shareholding
** Promoters	27,75,861	48.87
Non-Promoters	29,04,374	51.13
a. NRIs/Foreign Corporate Bodies	3,64,611	6.42
b. Mutual Funds/Banks/Financial Institutions	350	0.01
c. Private Corporate Bodies	9,25,323	16.29
d. General Public	16,14,090	28.41
<b>Grand Total</b>	<b>56,80,235</b>	<b>100.00</b>

Note: None of the Promoters have pledged their shares as on March 31, 2011

\*\* Promoter holdings comprised in "Promoter and Promoter Group" as defined in Clause 40A of the Listing Agreement is as follows

Sr. No	Name of the shareholder	No. of Shares
1	M/s. T. W. Bhojwani Leasing Pvt. Ltd.	785653
2	Mr. Suresh Bhojwani	1283418
3	Mrs. Hira T. Bhojwani	370310
4	T. W. Bhojwani - HUF	240430
5	Mrs. Devika S. Bhojwani	41050
6	S. T. Bhojwani - HUF	20000
7	Ms. Ruchika S. Bhojwani	17500
8	Mr. Karan S. Bhojwani	17500
		<b>2775861</b>



**Distribution of Shareholding as on 31st March, 2011:**

Range of Shares held	No. of Shares held	% of Total shares
up to 500	505616	8.901
501-1000	107962	1.901
1001-2000	99288	1.748
2001-3000	63560	1.119
3001-4000	42830	0.754
4001-5000	77319	1.361
5001-10000	62540	1.101
10001 and above	4721120	83.115
<b>Total</b>	<b>5680235</b>	<b>100.000</b>

**Share Transfer Agent (STA) & Share Transfer System:**

The Company has appointed M/s. Sharepro Services (India) Private Limited as its Registrar and Share Transfer Agents to process all the matters related to transfers in physical form. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents if the documents are complete in all respects. All requests for dematerialization of shares, which are in order, are processed within 7 days from the receipt of request and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

**Dematerialisation and Liquidity:**

The shares of the Company are required to be traded in compulsorily dematerialised form. 50,67,754 Equity Shares representing 89.22% of the total Equity Capital of the Company are held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on 31st March, 2011.

**Outstanding GDRs/ADRs/Warrants or any convertible instrument, conversion date and likely impact on equity:**

The Company has not issued any of these instruments so far.

**Plant locations:**

<b>Puducherry:</b> Plot No. 1/1 to 1/4, Thirubhuvanai, Mannadipet Commune, Puducherry - 605 107. Phone No : 0413 2640105 0413 2640368	<b>Faridabad:</b> Plot No. 16-17, Sector 24, Faridabad - 121 005 Phone No : 0219 2232049 0219 5021455
<b>Bhimtal:</b> Hiltron Electronic Complex, Plot No. C, D, E, F & G Mallittal, Bhimtal Nainital - 263136 Telephone No: 05942 247219/212	

**Address for Investor's correspondence:**

For all matters relating to shares, dividends, Annual Reports:	M/s. Sharepro Services (India) Pvt. Ltd. Samhita Warehousing Complex, 13AB, Gala No. 52, 2nd Floor, Nr. Sakinaka Telephone Exchange, Off. Kurla Andheri Road, Sakinaka, Mumbai 400 072 Contact person: Mr. Pravin G.	Phone : 022 67720300 Fax : 022 2837 5646 Email : sharepro@shareproservices.com
For any other general matters	Company Secretary Bright Brothers Limited 610/611, Nirman Kendra, Famous Studio Lane, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011	Phone : 022 25838333 Fax : 022 25837051

**9. CEO/CFO Certification:**

The Managing Director (CEO) and Chief Financial Officer (CFO) have in respect of the financial year ended 31st March, 2011 certified to the Board regarding compliances of covenants contained in Clause 49(V) of the Listing Agreement.

**10. Compliance Certificate of the Auditors:**

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. The Certificate is annexed hereto.

**11. Compliance with the Code of Conduct:****DECLARATION**

As provided under Clause 49 I(D) of the Listing Agreement with the Stock Exchange, I hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the Code of conduct for the year ended 31st March, 2011.

For Bright Brothers Ltd.

**Suresh Bhojwani**  
*Chairman & Managing Director*

Place : Mumbai

Date : 8th June, 2011

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS  
OF CORPORATE GOVERNANCE**

TO THE MEMBERS OF  
BRIGHT BROTHERS LIMITED

We have examined the compliance of conditions of Corporate Governance by Bright Brothers Limited for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Registrars & Transfer Agents and reviewed by the Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **DHODY & ASSOCIATES**  
Firm Registration No.: 003837C  
*Chartered Accountants*

per **RAKESH DHODY**  
*Partner*  
Membership No. 72621

*Place* : Mumbai  
*Date* : 8th June, 2011



## Auditors' Report To The Members of Bright Brothers Limited

- (1) We have audited the attached Balance Sheet of BRIGHT BROTHERS LIMITED, as at 31st March, 2011, the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956', of India (the Act) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (4) Further to our comments in the Annexure referred to in the and para-3 above, we report that:  
*Except in respect of Faridabad unit, due to fire on 16th April, 2011, destroying part of fixed assets, stock and all financial records which has resulted in non availability of sufficient records, we have relied up on the information submitted by the management for preparation of financial accounts. Based on this event we reserve our opinion to comment on the profitability of Faridabad unit.*
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Act; and
  - (e) On the basis of the written representations received from the directors as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, together with the notes thereon and attached thereto, give in the prescribed manner the information required by the Act, and give a true and fair view in conformity with accounting principles generally accepted in India.
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **DHODY AND ASSOCIATES**  
Firm Registration No.: 003837C  
Chartered Accountants  
**per RAKESH DHODY**  
Partner  
Membership No.: 72621

Place : Mumbai  
Date : 8th June, 2011

### **Annexure to Auditor's Report:**

**(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Bright Brothers Ltd. on the financial statements for the year ended 31st March, 2011)**

- (1)
  - (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.
  - (b) As explained to us, the Management in accordance with the phased program of verification has physically verified these fixed assets, which in our opinion is reasonable considering the size of the Company and nature of its assets. The frequency of verification is reasonable and no material discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanation given to us, a substantial part of its fixed assets has not been disposed of by the Company during the year.
  - (d) The loss on account of fire at Faridabad unit has in no way affected the going concern of the company as a whole.
- (2)
  - (a) As explained to us the inventories have been physically verified during the year by the Management and internal auditors. In respect of inventories lying with third parties confirmations have been obtained for a major portion of inventories. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. In our opinion, the discrepancies noticed on verification between physical stocks and book stocks were not material.
- (3)
  - (a) The Company has not granted any loans secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly clause (iii)(b) to (d) of paragraph 4 of the order are not applicable to the Company for the current year.
  - (b) The Company has not taken any loans secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly clause (iii)(f) to (g) of paragraph 4 of the order are not applicable to the Company during the current year.
- (4) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets for the sale of goods and services. Further on the basis of our examination of the books and records of the Company and according to information and explanation given to us, we have neither come across nor have been informed of any instance of major weakness in the aforesaid internal control system.
- (5) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that needs to be entered in the register maintained under section 301 of the Companies Act, have been so entered in the register.
- (6) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and Companies Acceptance of Deposit Rules, 1975 and the rules framed. According to the information and explanation given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

- (7) In our opinion, the Company has internal audit system commensurate with the size and nature of its business.
- (8) The Central Government has not prescribed for the maintenance of cost record under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956.
- (9) (a) According to the information and explanations given to us and records of the Company examined by us, in our opinion the Company is generally regular in depositing, undisputed statutory dues including provident fund, employees' state insurance, service-tax, custom duty, wealth tax, excise duty, sales tax and income tax cess and other materially statutory dues as applicable with the appropriate authorities.
- (b) According to the records of the Company examined by us and information and explanation given to us the following are the particulars of the disputed amount payable in respect of Sales Tax, Income Tax, Excise Duty, Entry Tax, Service Tax, as at 31st March, 2011, which have not been deposited on account of disputes are as follows:

Sr. No.	Name of the Statute	Nature of dispute	Period to which the amount relates	Amount in dispute (₹. in lacs)	Forum where dispute is pending
1.	Central Excise Act, 1944	Duty, Service tax and Penalty	1993-1997 1996-1999	64.50	Custom, Excise and Service Tax Appellate Tribunal
			1997-2003 2008-2010 2009-2010	68.80	First Appellate Authorities
2.	Bombay Sales Tax Act	Duty, Interest & Penalty	1987-1989 1998-1999 1999-2000	38.93	Maharashtra Sales Tax Tribunal
			1992-1993 1998-1999 2000-2001 2001-2002 2003-2004 2005-2006 2006-2007 2007-2008	79.62	First appellate Authorities
3.	Wealth Tax Act	Valuation	2003-2004	3.31	First appellate Authorities
4.	The Income Tax Act, 1961	Income Tax Liability	2008-2009	503.86	First appellate Authorities

- (10) The Company has no accumulated losses as at 31st March, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (11) The Company did not have borrowings from financial institutions and banks and it has not issued any debentures. Therefore, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.

- (12) According to the information and explanation given to us, the Company has granted inter corporate loans on the basis of security by way of pledge of shares.
- (13) The provisions of special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- (14) According to the information and explanation given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions during the year.
- (15) In our opinion and according to the information and explanation given to us, the Company has not obtained any term loan during the year.
- (16) On the basis of overall examination of the balance sheet of the Company, in our opinion and according to the information and explanation given to us, we report that there are no funds raised on short term basis which have been used for long term investment.
- (17) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (18) The Company has not issued any debenture during the year.
- (19) The Company has not raised any money through public issues during the year.
- (20) Based on the audit procedures performed for the purpose of reporting true and fair view of the financial statement and as per the information and explanation given by the Management, we have neither come across any instance of material fraud on or by the Company, reported or reported during the year nor we have been informed of such case by management as has been noticed or reported during the course of our audit.

For **DHODY AND ASSOCIATES**

Firm Registration No.: 003837C

*Chartered Accountants*

per **RAKESH DHODY**

*Partner*

Membership No.: 72621

*Place* : Mumbai

*Date* : 8th June, 2011

## Balance Sheet as at 31st March, 2011

	Schedule	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	A	56,757,350	58,020,670
(b) Reserves and Surplus	B	542,461,038	545,152,559
<b>2. LOAN FUNDS</b>			
(a) Secured Loans	C	1,413,750	1,671,380
(b) Unsecured Loans	D	36,347,826	34,027,826
<b>3. DEFERRED TAX LIABILITY (NET)</b>			
<b>Total</b>	E	9,279,192	7,074,213
		<u>646,259,156</u>	<u>645,946,648</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
(a) Gross Block	F	760,885,134	695,886,918
(b) Less: Accumulated Depreciation		496,669,316	469,116,689
(c) Net Block		264,215,818	226,770,229
(d) Capital work-in-progress including capital advance		28,236,980	7,392,437
		<u>292,452,798</u>	<u>234,162,666</u>
<b>2. INVESTMENTS</b>			
<b>3. CURRENT ASSETS, LOANS AND ADVANCES</b>			
(a) Inventories	H	130,731,094	109,567,379
(b) Sundry Debtors	I	59,727,195	64,923,144
(c) Cash and Bank Balances	J	25,049,732	36,263,410
(d) Other Current Assets, Loans and Advances	K	287,540,031	298,378,816
	(a)	503,048,052	509,132,749
Less: CURRENT LIABILITIES AND PROVISIONS	(b) L	194,047,203	186,931,254
<b>NET CURRENT ASSETS</b>	(a-b)	309,000,849	322,201,495
<b>Total</b>		<u>646,259,156</u>	<u>645,946,648</u>
<b>Significant Accounting Policies and Notes on Accounts</b>	S		

The schedules A to L referred to herein above and Notes on Accounts form an integral part of the Financial Statements.

This is the Balance sheet referred to in our report of even date.

As per our Report of even date  
For Dhody & Associates  
Firm Registration No.: 003837C  
Chartered Accountants

per Rakesh Dhody  
Partner  
Membership No. 72621

Mumbai, 8th June, 2011

Tushar B. Naik  
CFO & Company Secretary

For and on behalf of the Board

Mr. Suresh Bhojwani      *Chairman &  
Managing Director*  
Mrs. Hira T. Bhojwani      *Whole-time Director*  
Mr. K. P. Rao  
Dr. T. S. Sethurathnam } *Directors*

## Profit and Loss Account for the year ended 31st March, 2011

	Schedule	Year Ended 31st March, 2011 ₹	Year Ended 31st March, 2010 ₹
<b>INCOME</b>			
Gross Sales and Operating Income	M	1,390,934,483	1,067,844,407
Less: Excise Duty		117,012,606	78,628,562
Net Sales and Operating Income		1,273,921,877	989,215,845
<b>EXPENDITURE</b>			
Materials	O	904,224,893	698,812,139
Personnel Expenses	P	72,162,448	58,605,127
Operating & other expenses	Q	224,982,476	188,383,709
<b>Profit before Other Income, Interest, Depreciation &amp; Tax</b>		72,552,060	43,414,870
Other Income	N	37,890,577	34,126,624
<b>Profit before Interest, Depreciation &amp; Tax</b>		110,442,637	77,541,494
Financial Expenses	R	32,655,348	27,203,792
<b>Profit before Depreciation &amp; Taxation</b>		77,787,289	50,337,702
Depreciation		27,771,467	19,798,424
<b>Profit before Tax</b>		50,015,822	30,539,278
Provision for Wealth Tax		200,500	223,492
Tax for current year		5,816,642	3,933,696
Deferred tax (Refer Note No. R of Schedule S)		2,204,979	(1,933,653)
Tax for earlier year (Refer Note No. 12 of Schedule S)		26,398,514	—
<b>Profit after Tax</b>		15,395,187	28,315,743
Balance brought forward from Previous year		139,536,330	126,602,026
Prior Year Adjustments		—	(294,653)
<b>Profit available for Appropriation</b>		154,931,517	154,623,116
Less: Transferred to General Reserve		1,500,000	1,500,000
<b>Profit available for Distribution</b>		153,431,517	153,123,116
Proposed Dividend		11,360,470	11,613,134
Corporate Dividend Tax		1,886,832	1,973,652
<b>Balance carried to Balance Sheet</b>		140,184,215	139,536,330
Earning per share (Ref. Note No. P of Schedule S) (Face value per Equity Share ₹ 10 each)		₹ 2.71	₹ 4.77

### Significant Accounting Policies and Notes on Accounts

S

The schedules M to R referred to herein above form an integral part of the financial statements.

This is the Profit and Loss referred to in our report of even date.

For and on behalf of the Board

As per our Report of even date  
For Dhody & Associates  
Firm Registration No.: 003837C  
Chartered Accountants

Mr. Suresh Bhojwani *Chairman &  
Managing Director*

per Rakesh Dhody  
Partner

Tushar B. Naik  
CFO & Company Secretary

Mrs. Hira T. Bhojwani *Whole-time Director*

Membership No. 72621

Mr. K. P. Rao  
Dr. T. S. Sethurathnam } *Directors*

Mumbai, 8th June, 2011

## Cash Flow Statement for the year ended 31st March, 2011

	(₹ in lacs)	
	For the year ended 31-03-2011	For the year ended 31-03-2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	500.16	305.39
Prior period adjustment	—	(2.94)
<b>Net Profit before Tax after prior period adjustment</b>	<b>500.16</b>	<b>302.45</b>
Adjustments for:		
Depreciation	277.71	197.98
Financial Expenses	326.55	272.04
Profit on Sale of Fixed Assets	(0.30)	(0.29)
Dividend	(18.11)	(38.56)
Capital Gain on Mutual Fund units	(0.86)	—
Interest Income	(337.54)	(284.71)
<b>Operating Profit before Working Capital Changes</b>	<b>747.61</b>	<b>448.91</b>
Adjustments for (increase)/Decrease in Working capital		
Sundry Debtors, Loans and Advances	79.58	(351.80)
Inventories	(211.64)	(278.90)
Trade and other payables	(201.57)	672.03
<b>Cash Generated from Operations</b>	<b>413.98</b>	<b>490.24</b>
Direct Tax/Wealth Tax paid	(297.78)	(7.23)
<b>Net Cash Flow from/(used in) Operating Activities</b>	<b>(A) 116.20</b>	<b>483.01</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(863.77)	(1,037.36)
Sale of Fixed Assets	3.45	0.85
Interest Income	337.54	284.71
(Increase)/Decrease in Inter-Corporate Deposits	327.57	(2,505.00)
(Increase)/Decrease in Investments	447.77	2,604.38
Short Term Capital Gain on Mutual Fund units	0.86	—
Dividend Income	18.11	38.56
<b>Net Cash from (used in) Investing Activities</b>	<b>(B) 271.53</b>	<b>(613.86)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Financial Expenses	(326.55)	(272.04)
Buy-back of Equity Shares	(61.03)	(81.22)
Dividend Paid	(116.13)	(119.51)
Corporate Dividend Tax	(16.78)	(20.31)
Increase/(Decrease) in Loans (Net)	20.62	(171.25)
Capital Subsidy	—	15.00
<b>Net Cash from (used in) Financing Activities</b>	<b>(C) (499.87)</b>	<b>(649.33)</b>
<b>Net Decrease in Cash &amp; Cash Equivalents</b>	<b>(A+B+C) (112.14)</b>	<b>(780.18)</b>
<b>Cash &amp; Cash Equivalents at the beginning of year (01/04/2010)</b>	<b>362.63</b>	<b>1,142.81</b>
<b>Cash &amp; Cash Equivalents at the end of the year (31/03/2011)</b>	<b>*250.49</b>	<b>362.63</b>

\*Includes ₹ 13.76 lacs (P.Y. ₹ 11.83 lacs) on account of unpaid dividend which are not available for use by the Company.

This is the Cash Flow Statement referred to in our report of even date.

As per our Report of even date  
For Dhody & Associates  
Firm Registration No.: 003837C  
Chartered Accountants

per Rakesh Dhody  
Partner  
Membership No. 72621

Mumbai, 8th June, 2011

Tushar B. Naik  
CFO & Company Secretary

For and on behalf of the Board

Mr. Suresh Bhojwani      *Chairman &  
Managing Director*  
Mrs. Hira T. Bhojwani      *Whole-time Director*  
Mr. K. P. Rao  
Dr. T. S. Sethurathnam      } *Directors*

**Schedules**  
**Forming Part of Balance Sheet as at 31st March, 2011**

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
<b>SCHEDULE – A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
7,000,000 Equity Shares of ₹ 10/- each	70,000,000	70,000,000
3,000,000 Redeemable Preference Shares of ₹ 10/- each	30,000,000	30,000,000
<b>ISSUE</b>		
5,975,530 Equity Shares of ₹ 10/- each fully paid up	59,755,300	59,755,300
<b>SUBSCRIBED AND PAID-UP</b>		
5,680,235 Equity Shares of ₹ 10/- each fully paid up	58,065,670	59,755,300
<i>Less: Calls in Arrears</i>	(45,000)	(45,000)
<i>Less: Buy-back of Equity Shares – C.Y. 1,26,332 shares (P.Y. 1,68,963 shares)</i>	1,263,320	1,689,630
	56,757,350	58,020,670

**Notes: Of the above**

- (1) 16,05,000 Equity Shares of ₹ 10/- each were issued as fully paid-up bonus shares by capitalisation of General Reserves and Revaluation Reserves.
- (2) 4,000 Equity Shares of ₹ 10/- each were issued for consideration other than cash.
- (3) 13,20,025 Equity Shares of ₹ 10/- each issued as fully paid-up pursuant to the scheme of amalgamation.



## Schedules Forming Part of Balance Sheet (Contd.)

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
<b>SCHEDULE – B</b>		
<b>RESERVES AND SURPLUS</b>		
<i>Capital Reserve</i>		
Opening Balance	15,682,804	2,014,804
Add: Bhimtal unit acquisition	—	13,668,000
Closing Balance	<u>15,682,804</u>	<u>15,682,804</u>
<i>Capital Redemption Reserve</i>		
Opening Balance	21,689,630	20,000,000
Add: Transfer from Share Premium	1,263,320	1,689,630
Closing Balance	<u>22,952,950</u>	<u>21,689,630</u>
<i>Share Premium Account</i>		
Opening Balance	102,803,400	110,926,450
Less: Transferred to Capital Redemption Reserve	1,263,320	1,689,630
Less: Utilized for buy-back of Shares	4,839,405	6,433,420
Closing Balance	<u>96,700,675</u>	<u>102,803,400</u>
<i>Capital Investment Subsidy</i>		
Opening Balance	4,000,000	4,000,000
Less: Transferred to General Reserve	4,000,000	—
Closing Balance	<u>—</u>	<u>4,000,000</u>
<i>Revaluation Reserve</i>		
	8,478,581	8,478,581
<i>General Reserve</i>		
Opening Balance	239,061,564	237,561,564
Add: Transferred from Profit & Loss Account	1,500,000	1,500,000
Add: Transferred from Capital Investment Subsidy	4,000,000	—
Closing Balance	<u>244,561,564</u>	<u>239,061,564</u>
<i>Amalgamation Reserve</i>		
	13,900,250	13,900,250
<i>Surplus as per Profit and Loss Account</i>		
	<u>140,184,214</u>	<u>139,536,330</u>
	<u><u>542,461,038</u></u>	<u><u>545,152,559</u></u>

## Schedules Forming Part of Balance Sheet (Contd.)

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
<b>SCHEDULE – C</b>		
<b>SECURED LOANS</b>		
Car Loan	1,413,750	1,671,380
	<u>1,413,750</u>	<u>1,671,380</u>
Note: Secured against hypothecation of Vehicles.		
 <b>SCHEDULE – D</b>		
<b>UNSECURED LOANS</b>		
Fixed Deposits (Includes ₹ 140.45 lacs from Directors) (Previous Year ₹ 140.55 lacs)	36,347,826	34,027,826
	<u>36,347,826</u>	<u>34,027,826</u>
 <b>SCHEDULE – E</b>		
<b>DEFERRED TAX LIABILITY (NET)</b>		
Differences in block of fixed assets as per tax books and financial books	12,599,756	11,043,950
Total (a)	<u>12,599,756</u>	<u>11,043,950</u>
Unabsorbed Business loss	—	2,018,923
Other item giving rise to timing difference.	3,320,564	1,950,814
Total (b)	<u>3,320,564</u>	<u>3,969,737</u>
Deferred Tax Liability (Net)	(a-b) <u>9,279,192</u>	<u>7,074,213</u>

## Schedules Forming Part of Balance Sheet (Contd.)

### SCHEDULE - F FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK	
	As at 31.03.2010	Additions	Sales/ Adjustments	As at 31.03.2011	As at 31.03.2010	Sales/ Adjustments	For the Year	As at 31.03.2011	As at 31.03.2010
<b>Intangible Assets</b>									
Trade Marks	2,195,755	—	—	2,195,755	731,917	—	731,917	1,463,834	1,463,838
<b>Tangible Assets</b>									
Land – Leasehold	12,522,185	—	—	12,522,185	—	—	—	—	12,522,185
Land – Freehold	20,968,818	—	—	20,968,818	—	—	—	—	20,968,818
Factory Buildings	54,020,443	1,359,955	—	55,380,398	14,513,972	—	1,815,621	16,329,593	39,506,471
Plant & Machinery	335,839,338	58,299,077	(533,939)	393,604,476	215,396,612	(218,840)	20,236,175	235,413,947	158,190,529
Moulds	211,996,026	76,000	—	212,072,026	205,000,531	—	1,042,717	206,043,248	6,995,495
Electrical Installations	15,492,823	329,382	—	15,822,205	11,565,663	—	545,833	12,111,496	3,927,160
Furniture & Fixtures	16,261,777	505,555	—	16,767,332	8,498,167	—	814,175	9,312,342	7,763,610
Office Equipments	5,271,366	117,792	—	5,389,158	3,812,116	—	104,934	3,917,050	1,459,250
Vehicles	13,196,694	2,477,993	—	15,674,687	3,434,426	—	1,509,440	4,943,866	9,762,268
Computers	8,121,693	2,366,401	—	10,488,094	6,163,285	—	970,655	7,133,940	1,958,408
<b>Total</b>	695,886,918	65,532,155	(533,939)	760,885,134	469,116,689	(218,840)	27,771,467	496,669,316	264,215,818
Previous Year Total	585,420,734	110,966,325	(500,141)	695,886,918	449,765,871	(447,606)	19,798,424	469,116,689	135,654,863
Capital W.I.P. (including Capital Advances)									28,236,980
									7,392,437

Note: LAND - Leasehold comprises of lease rights in respect of the land in the possession of the Company under Lease Agreement with UP Hill Electronics Corporate Limited at Nainital, State of Uttarakhand.

## Schedules

### Forming Part of Balance Sheet (Contd.)

			As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
<b>SCHEDULE – G</b>				
<b>INVESTMENTS</b>				
Current Investments				
Quoted Investments				
<b>Trade (Fully Paid-up Equity Shares)</b>				
<b>Quoted:</b>				
No. of Shares	Face value (₹)	Equity Shares		
22,100	10	Equity Shares of ₹ 10/- each of Indusind Bank Ltd. (P. Y. 22100 units)	305,000	305,000
5,000	1	Equity Shares of ₹ 10/- each of Ashok Leyland Ltd. (P. Y. 5000 units)	246,906	246,905
1,728	10	Equity Shares of ₹ 10/- each of Bannari Amman Spinning Ltd. (P. Y. 1000 units)	203,901	115,599
150	10	Equity Shares of ₹ 1000/- each of Bharat Electronics Ltd. (P. Y. 100 units)	293,947	202,557
10,000	1	Equity Shares of ₹ 10/- each of TVS Motors Ltd. (P. Y, 5000 units)	394,534	394,533
2,000	10	Equity Shares of ₹ 10/- each of Rama Phosphates Ltd. (P. Y. NIL)	139,635	—
1,100	10	Equity Shares of ₹ 10/- each of International Travel House Ltd. (P. Y. NIL)	262,865	—
10,000	1	Equity Shares of ₹ 10/- each of Sundaram Fastners Ltd. (P. Y. NIL)	510,643	—
500	10	Equity Shares of ₹ 10/- each of Rane Holdings Ltd. (P. Y. NIL)	115,100	—
5,000	1	Equity Shares of ₹ 10/- each of Sona Koyo Steering Ltd. (P. Y. NIL)	94,817	—
500	2	Equity Shares of ₹ 10/- each of Banco Products Ltd. (P. Y. NIL)	52,103	—
1,000	10	Equity Shares of ₹ 10/- each of Tata Sponge and Iron Ltd. (P. Y. NIL)	376,470	—
2,000	5	Equity Shares of Rs. 10/- each of Sundaram Clayton Ltd. (P.Y. NIL)	426,261	—
94	10	Equity Shares of ₹ 10/- each of Manganese Ore and Iron Ltd. (P. Y. NIL)	35,250	—
225	10	Equity Shares of ₹ 10/- each of Lakshmi Machine Works Ltd. (P. Y. NIL)	509,722	—
2,000	1	Equity Shares of ₹ 10/- each of Eid Parry (India) Ltd. (P. Y. NIL)	478,383	—
700	10	Equity Shares of ₹ 10/- each of Hindustan Petroleum Corporation Ltd. (P. Y. NIL)	255,456	—
750	10	Equity Shares of ₹ 10/- each of SRF Ltd. (P. Y. NIL)	242,781	—
725	2	Equity Shares of ₹ 10/- each of Cipla Ltd. (P. Y. NIL)	251,558	—

## Schedules Forming Part of Balance Sheet (Contd.)

		As at 31st March, 2011 ₹	As at 31st March, 2010 ₹	
<b>SCHEDULE – G (Contd.)</b>				
<b>INVESTMENTS</b>				
700	2	Equity Shares of ₹ 10/- each of Bharat Forge Ltd. (P. Y. NIL)	248,603	—
860	10	Equity Shares of ₹ 10/- each of Sarda Energy & Minerals Ltd. (P. Y. NIL)	251,862	—
1,250	10	Equity Shares of ₹ 10/- each of Dolphin Offshore Enterprises (India) Ltd. (P. Y. NIL)	247,348	—
200	10	Equity Shares of ₹ 10/- each of Jindal Southwest Holdings Ltd. (P. Y. NIL)	252,918	—
		(Market value ₹ 11,336,271/-)	(a) <u>6,196,063</u>	<u>1,264,594</u>
<b>Non-Trade(Fully Paid-up)</b>				
Unquoted:	No			
1,000	10	Equity Shares of ₹ 10/- each of The Saraswat Co-op. Bank Ltd. (P. Y. 1,000 units)	10,000	10,000
1,666	300	Equity Shares of ₹ 300/- each of Shalimar Infotech Ltd. (P. Y. 1666 units)	499,800	499,800
			(b) <u>509,800</u>	<u>509,800</u>
<b>Mutual Funds Units</b>				
Quoted	No.			
446,318	10	Units of ₹ 10/- each of Kotak Quarterly Interval Plan Series 9 – Growth (P. Y. NIL)	5,197,244	—
41,501	10	Units of ₹ 10/- each of UTI Fixed Income Interval Fund (Half Yearly Plan) (P. Y. NIL)	21,258,653	—
6,200	10	Units of ₹ 10/- each of Taurus Short Term Bond Fund (P. Y. NIL)	6,210,312	—
50,000	10	Units of ₹ 10/- each of UTI – Infrastructure Advantage Fund	—	500,000
1,000,000	10	Birla Sunlife Interval Income Fund – INSTL – Quarterly – Series 1 – Growth	—	10,057,100
841,919	10	UTI – Short Term Income Fund	—	10,014,958
2,011,269	10	UTI – Fixed Income Interval Fund – Series II – Quarterly Interval Plan V	—	20,119,525
3,011,597	10	LIC MF Saving Plus Fund	—	44,073,510
Unquoted:	No			
1,189	1,000	Ambit Pragma Fund Scheme I Units of ₹ 1,000/- each (P. Y. 1,189 units)	5,433,437	3,043,000
			(c) <u>38,096,646</u>	<u>87,808,093</u>
			(a)+(b)+(c) <u>44,805,509</u>	<u>89,582,487</u>

## Schedules

### Forming Part of Balance Sheet (Contd.)

Details of Investments		No. of Units	Cost (Rs.)
<b>Purchased during the year</b>			
10	UTI - Fixed Income Interval Fund - Half Yearly Interval Plan - II - Institutional Dividend Plan	2,028,946.80	20,289,468.05
10	Kotak Quarterly Interval Plan Series 9 - Growth	446,318.36	5,000,000.00
<b>Sold during the year</b>			
10	UTI - Infrastructure Advantage Fund - Series I - Growth Plan	50,000.00	426,500.00
10	UTI Short Term Income Fund - Income Option - Payout	841,918.55	10,012,263.80
10	B864G BSL Interval Income Fund - INSTL - Quarterly - Series 1 - Growth	1,000,000.00	10,150,000.00
<b>Purchased and redeemed during the year</b>			
1000	<i>Taurus Ultra Short Term Bond Fund - Institutional Daily Dividend Plan</i>		
	Purchase during the year	44,921.98	45,000,000.00
	Sold during the year	38,932.38	39,000,000.00
10	<i>Kotak Quarterly Interval Plan Series 7 - Growth</i>		
	Purchase during the year	1,330,211.77	15,000,000.00
	Sold during the year	1,330,211.77	15,570,074.54
10	<i>Kotak Quarterly Interval Plan Series 1 - Growth</i>		
	Purchase during the year	793,106.10	10,000,000.00
	Sold during the year	793,106.10	10,222,039.09
10	<i>UTI - Infrastructure Fund - Growth Plan</i>		
	Purchase during the year	12,731.34	426,500.00
	Sold during the year	12,731.34	425,354.17
10	<i>B512WD Birla Sun Life Floating Rate Fund - Retail - Long Term - Weekly Dividend</i>		
	Purchase during the year	1,014,056.92	10,150,000.00
	Sold during the year	1,038,099.71	10,392,477.48
10	<i>B322G Birla Sun Life Savings Fund Instl. - Growth</i>		
	Purchase during the year	4,379,539.58	79,500,000.00
	Sold during the year	4,379,539.58	79,806,452.33
10	<i>UTI - Fixed Income Interval Fund - Quarterly Interval Plan - V - Institutional Dividend Plan</i>		
	Purchase during the year	999,720.07	10,000,000.00
	Sold during the year	3,022,086.81	30,221,272.60
10	<i>LICMF Savings Plus Fund - Growth Plan</i>		
	Purchase during the year	8,658,976.31	129,000,000.00
	Sold during the year	13,515,685.95	201,953,057.36
1000	<i>UTI Floating Rate Fund</i>		
	Purchase during the year	30,213.05	30,236,335.62
	Sold during the year	30,282.86	30,306,201.00
10	<i>1471 ICICI Prudential Ultra Short Term Plan Premium Growth</i>		
	Purchase during the year	949,875.09	10,000,000.00
	Sold during the year	949,875.09	10,116,454.68
10	<i>M577DM Fortis Fixed Term Fund Ser 18B Div on Maturity</i>		
	Purchase during the year	2,000,000.00	20,000,000.00
	Sold during the year	2,000,000.00	20,000,000.00
10	<i>M34 Fortis Short Term Income Fund - Institutional Daily Dividend</i>		
	Purchase during the year	999,690.09	10,000,000.00
	Sold during the year	1,017,797.19	10,181,127.14
1000	<i>UTI Treasury Advantage Fund - Institutional Plan (Daily Dividend Option) - Re-investment</i>		
	Purchase during the year	9,997.85	10,000,000.00
	Sold during the year	10,092.47	10,094,634.80

## Schedules Forming Part of Balance Sheet (Contd.)

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
<b>SCHEDULE – H</b>		
<b>INVENTORIES</b>		
Finished Goods (Manufactured)	27,526,540	21,735,128
Work-in-Process	4,501,890	5,446,883
Raw Material	63,034,066	45,260,540
Finished Goods (Trading)	22,872,037	25,394,777
Moulds	138,800	862,000
Stores, Components and Packing Materials	12,657,761	10,868,051
	<u>130,731,094</u>	<u>109,567,379</u>
 <b>SCHEDULE – I</b>		
<b>SUNDRY DEBTORS (Unsecured)</b>		
Considered Good		
(a) Debts outstanding for a period of exceeding six months	10,389,668	7,469,730
(b) Other debts	49,337,527	57,453,414
	<u>59,727,195</u>	<u>64,923,144</u>
 <b>SCHEDULE – J</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	528,840	378,921
With Scheduled Banks (on Current/FD Account)	23,144,084	34,701,143
Unpaid Dividend Accounts	1,376,808	1,183,346
	<u>25,049,732</u>	<u>36,263,410</u>

## Schedules Forming Part of Balance Sheet (Contd.)

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
<b>SCHEDULE – K</b>		
<b>OTHER CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>(Unsecured, Considered good unless otherwise stated)</b>		
Deposits – Others	6,273,383	6,005,298
Balance with Central Excise and Service Tax Authorities	3,763,048	5,200,689
Advances recoverable in Cash or in Kind or for value to be received	26,008,564	32,531,757
Advance Tax	27,000,000	1,179,680
MAT Credit Entitlement	6,752,200	2,961,392
Inter Corporate Deposits – Secured	217,742,836	200,500,000
Inter Corporate Deposits – Unsecured	—	50,000,000
	<u>287,540,031</u>	<u>298,378,816</u>
<b>SCHEDULE – L</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
Sundry Creditors for Materials, Expenses and Capital goods	106,202,383	118,832,120
Slump sale consideration payable	2,588,389	17,891,846
Advance from Customers	871,614	222,464
Unclaimed Dividend**	1,376,808	1,183,346
Directors' Current Accounts	463,058	463,058
Proposed Equity Dividend	11,360,470	11,613,134
Corporate Dividend Tax	1,886,832	1,973,652
Provision for taxation (Income Tax and Wealth Tax)	34,507,611	6,895,088
Other Liabilities	34,790,038	27,856,546
	<u>194,047,203</u>	<u>186,931,254</u>

\*\*Note: Out of the above, nothing is due and outstanding to be credited to Investor Education and Protection Fund.



## Schedules

### Forming Part of Profit & Loss Account

	Year ended 31st March, 2011 ₹	Year ended 31st March, 2010 ₹
<b>SCHEDULE – M</b>		
<b>GROSS SALES AND OPERATING INCOME</b>		
Manufactured	1,248,148,318	959,529,914
Excise Duty	117,012,606	78,628,562
Traded Goods	15,600,700	15,247,219
Moulds	3,902,274	2,934,525
Job Work	6,032,391	11,276,785
Royalty	238,194	227,402
	<u>1,390,934,483</u>	<u>1,067,844,407</u>
<b>SCHEDULE – N</b>		
<b>OTHER NON-OPERATIONAL INCOME</b>		
Dividend	1,811,059	3,856,394
Interest Income	33,754,739	28,471,990
Miscellaneous Income	2,208,372	1,769,040
Profit on sale of shares (Short Term)	86,335	—
Profit on Sale of Assets	30,072	29,200
	<u>37,890,577</u>	<u>34,126,624</u>
<b>SCHEDULE – O</b>		
<b>MATERIALS</b>		
(a) Raw Materials Consumption	(A) 755,924,440	586,109,646
(b) Purchase of Traded Goods	(B) 7,827,257	8,758,342
(c) Mould Development Cost	(C) 1,709,576	2,375,805
(d) Increase/Decrease in FG & WIP	(D) (2,323,678)	(1,553,951)
(e) Consumption of Packing, Components, Paints	(E) 141,087,298	103,122,297
	(A+B+C+D+E) <u>904,224,893</u>	<u>698,812,139</u>
<b>SCHEDULE – P</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries, Wages, Bonus, Contribution to PF, FPF and Superannuation Fund	65,789,410	52,409,228
Staff Welfare	1,971,247	1,529,180
Managerial Remuneration	4,401,791	4,666,719
	<u>72,162,448</u>	<u>58,605,127</u>

**Schedules**  
**Forming Part of Profit & Loss Account (Contd.)**

	Year ended 31st March, 2011 ₹	Year ended 31st March, 2010 ₹
<b>SCHEDULE – Q</b>		
<b>OPERATING AND OTHER EXPENSES</b>		
Consumption of Spares and Consumables	7,535,957	6,562,460
Power, Fuel and Water charges	54,025,586	46,888,529
Sub-contract and Contract Labour charges	82,332,034	61,625,839
Repairs and Maintenance – Building	1,010,299	265,235
Repairs and Maintenance – Plant & Machinery, Moulds & others	14,389,112	13,571,347
Rent, Rates and Taxes	8,375,815	8,173,260
Insurance	1,184,217	1,440,279
Legal & Professional Fees	2,615,802	2,950,444
Audit and other Certification Fees	350,000	350,000
Directors' Sitting Fees and Commission	704,000	498,000
Sales Commission and Discount	1,328,872	1,419,762
Freight and forwarding charges	12,840,000	12,978,260
Travelling and Conveyance	8,473,941	6,593,325
Advertisement and Sales Promotion	3,398,348	4,577,005
Other expenses	26,418,493	20,489,964
	<u>224,982,476</u>	<u>188,383,709</u>
 <b>SCHEDULE – R</b>		
<b>FINANCIAL EXPENSES</b>		
Interest, Discounting and Bank charges	32,655,348	27,203,792
	<u>32,655,348</u>	<u>27,203,792</u>

**SCHEDULE S:****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****1. ACCOUNTING STANDARDS:****(A) DISCLOSURE OF ACCOUNTING POLICIES (AS-1):**

The financial statements have been prepared under the historical cost convention on an accrual basis and comply in all material aspects with the applicable Accounting Standards notified under sub-section (3c) of Section 211 of the Companies Act, 1956 of India (the Act) and the relevant provisions of the Act. The Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**(B) VALUATION OF INVENTORIES (AS-2):**

Inventories are valued at lower of cost or net realisable value. The general practice adopted by the Company for valuation of inventory is as follows:

- |                      |   |   |
|----------------------|---|---|
| (a) Raw Material     | : | At cost (FIFO)                            |
| (b) Work-in-Progress | : | At lower of cost and net realizable value |
| (c) Finished Goods   | : | At lower of cost and net realizable value |
| (d) Trading Goods    | : | At lower of cost and net realizable value |
| (e) Moulds           | : | At cost                                   |
| (f) Stores & Spares  | : | At cost (FIFO)                            |
| (g) Packing Material | : | At cost (FIFO)                            |

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

**(C) CASH FLOW STATEMENT (AS-3):**

The cash flow statement is prepared under "Indirect Method" and the same is annexed.

**(D) CONTINGENCIES AND EVENTS OCCURRING AFTER BALANCE SHEET DATE (AS-4):**

On 16th April, 2011 there was a fire at Faridabad Unit, which has partially resulted in damage/destroyed to stock, plant & machinery, furniture & fixture, computer hardware and software and electrical installation. Since it has not affected the going concern concept, no provision has been given in these financial statements in the line with the Accounting Standard-4.

**(E) NET PROFIT AND LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGES IN ACCOUNTING POLICIES (AS-5):**

Nil.

**(F) DEPRECIATION ACCOUNTING (AS-6):**

- (i) Depreciation has been provided using the straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956.
- (ii) Asset individually costing of ₹ 5,000 or less are fully depreciated in the year of acquisition.
- (iii) In respect of assets added/sold during the year, pro rata depreciation has been provided.
- (iv) Leasehold land and improvements is amortised over the period of lease.
- (v) Intangible Assets are amortised for a period not exceeding three years.
- (vi) SAP software licence have been amortised over a period of five years.

**SCHEDULE S: (Contd.)****(G) REVENUE RECOGNITION (AS-9):**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The sale comprised of plastic components, moulds and traded goods. Sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyers.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.

Dividend income has been accounted on receipt basis.

Profit on sale of investment is recognized only at the time when the investments are realised.

**(H) ACCOUNTING FOR FIXED ASSETS (AS-10):**

Fixed assets are stated at cost including expenditure incurred in bringing them to usable condition as reduced by Central Value Added Tax Credit (CENVAT), Value Added Tax (VAT) less accumulated depreciation. Cost of lands includes land acquired under lease. Building includes building constructed on leaseholds lands. Fixed Assets acquired under Hire Purchase Scheme are capitalized at their present value and hire charges are expensed. Intangible assets like trademarks and SAP licence are amortized over a period of three years and five years respectively.

**(I) ACCOUNTING FOR THE EFFECT IN FOREIGN EXCHANGE RATE (AS-11):**

Foreign Currency transactions:

Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. In respect of fixed assets, the exchange rate difference has been adjusted in the cost of assets and in respect of other transactions are recognized in the Profit and Loss Account.

**(J) ACCOUNTING FOR GOVERNMENT GRANTS (AS-12):**

Government subsidy is accounted under Capital subsidy under the head Reserves and Surplus.

**(K) ACCOUNTING FOR INVESTMENT (AS-13):**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. Investments are valued at Cost. However, provision for diminution in value, if any, is made to recognize a decline other than temporary in nature in the value of investments.

**(L) ACCOUNTING FOR RETIREMENT BENEFITS (AS-15):**

Disclosure is made as per the requirements of the standard and the same is furnished below:

**Short-term employees benefits:**

All employees benefits payable wholly within twelve months are classified as short-term employees benefits. Benefits such as salaries, wages, performance incentives etc. are recognized at actual amount due in the period in which the employees rendered the related service.

**Post employment benefits:***Defined Contribution plan:*

Provident Fund: Contribution to Provident Fund is made to Employees Provident Fund administered by Regional Provident Fund Commissioner. There are no other obligations other than the contribution payable to the funds.

**SCHEDULE S: (Contd.)**

Superannuation Fund: The Company makes contribution to a scheme administered by the Life Insurance Corporation of India (LIC) to discharge superannuating liabilities to the employees. The annual contribution is charged to Profit & Loss Account.

*Defined Benefits Plan:*

Gratuity: The Company makes contribution to a scheme administered by Life Insurance Corporation of India (LIC) to discharge gratuity liabilities to the employees. Company's annual contribution to the scheme is charged to Profit & Loss Account.

Leave Encashment: The Company provides for the encashment of leave with pay subject to certain rules. Employees are entitled to accumulate leave. The liability is based upon the number of days of unutilized leave at each balance sheet date.

**(M) BORROWING COST (AS-16):**

The borrowing cost has been treated in accordance with the Accounting Standard on borrowing cost (AS-16). During the year, there were no borrowings attributable to qualifying assets and hence, no borrowing cost has been capitalized.

**(N) SEGMENT REPORTING (AS-17):**

The Company operates in one Business Segment of Processed Plastics Products and accordingly this is the only primary segment as per Accounting Standard AS-17.

**(O) RELATED PARTY DISCLOSURE (AS-18):**

Information on Related Party Transactions furnished in this report was complied based on the guidelines issued by The Institute of Chartered Accountants of India, under Accounting Standard on Related Party Transactions (AS-18).

The following are the related parties with whom transactions have been entered into during the year:

**Key Management Personnel**

Mrs. Hira T. Bhojwani – Whole Time Director

Mr. Suresh Bhojwani – Chairman & Managing Director

**Relatives of Key Management Personnel**

Mr. Karan S. Bhojwani

Ms. Ruchika S. Bhojwani

**Enterprises in which Key Management Personnel have significant influence**

M/s. Quality Plastics

M/s. T. W. Bhojwani Leasing Pvt. Ltd.

Summary of the monetary value of the Transaction with related parties are as follows:

	2010-11	(₹ in Lacs) 2009-10
<b>(A) Rent Paid</b>		
— Enterprises in which Key Management Personnel have significant influence	14.40	14.40
<b>(B) Remuneration Paid</b>		
— Key Management Personnel	44.02	46.67
— Relatives of Key Management Personnel	18.72	12.62

**SCHEDULE S: (Contd.)**

	2010-11	(₹ in Lacs) 2009-10
<b>(C) Royalty received</b>		
— Enterprises in which Key Management Personnel have significant influence	2.38	2.27
<b>(D) Loans Accepted/(Repaid)</b>		
— Key Management Personnel	(0.10)	Nil
— Relatives of Key Management Personnel	28.30	53.00
— Enterprises in which Key Management Personnel have significant influence	Nil	Nil
<b>(E) Outstanding Balance Payable by the Company</b>		
— Key Management Personnel	148.84	148.93
— Relatives of Key Management Personnel	200.34	171.16

**(P) ACCOUNTING FOR LEASE (AS-19):**

Disclosure as required by Accounting Standard 19, "Leases", issued by The Institute of Chartered Accountant of India, are given below:

- The Company has taken various factory premises, office premises and guest house under operating lease agreement. These are generally cancellable and are renewable on mutually agreed terms. Operating lease payments are recognized as an expenses in the profit and loss account on a straight line basis over the lease term.

2.	Particulars	2010-11	2009-10
	The total of future minimum lease payments under a non-cancellable operating leases for each of the following periods:		
	Not later than one year	68.82	52.22
	Later than one year but not later than five years	54.76	22.50

**(Q) EARNING PER SHARE (AS-20):**

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to Equity shareholders by the weighted average number of equity shares outstanding during the year as under:

Disclosure is made in the profit & loss account as per the requirements of the standard.

	2010-11	(₹ in Lacs) 2009-10
Net Profit after tax attributable to Equity shareholders	153.95	283.15
Weighted average number of Equity shares	5,683,967	5,937,687
Earning Per Share (Nominal value of share ₹ 10/- paid-up)	₹ 2.71	₹ 4.77

Note: The reduction in number of equity shares is on account of buy back and working is based on weighted average number of Equity shares outstanding.

**(R) ACCOUNTING FOR TAXES ON INCOME (AS-22):**

Tax expenses comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities and determined on the profit of the year in

**SCHEDULE S: (Contd.)**

accordance with the provisions of Income Tax Act, 1961. Deferred tax is calculated at tax rates and the laws that have been enacted or substantially enacted by the Balance Sheet date and is recognized on timing difference that originates in one period and capable of reversal in one or more subsequent periods. Deferred tax assets, is recognized subject to consideration of prudence, and carried forward only to the extent that they can be realized. In situation where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profit.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal tax during the specified period. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal tax during the specified period.

(₹ in lacs)

Provision for Deferred Tax	Opening as at 01.04.10	Charge (credit) during the year	Closing as at 31.03.2011
Liability (Depreciation)	110.44	15.55	125.99
Others	(39.70)	6.50	(33.20)
Deferred Tax Liability (net)	70.74	22.05	92.79

**(S) INTERIM FINANCIAL REPORTING (AS-25):**

The Company has elected to publish quarterly financial results which were subject to limited review by the statutory auditors.

**(T) INTANGIBLE ASSETS (AS-26):**

During the year the Company has capitalized a sum of ₹ 13.76 lacs for SAP licence which is written off over a period of 5 years.

**(U) IMPAIRMENT OF ASSETS (AS-28):**

The cash generating units are evaluated at the Balance Sheet date to ascertain the estimated recoverable amounts/value in use as against the Written Down Value. Impairment loss, if any, is recognized whenever the Written Down Value exceeds estimated recoverable amounts/ value in use.

**(V) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (AS-29):**

- (a) The liability in respect of warranty attached to the products are to the extent of replacement of products. No specific provision has been made in the accounts.
- (b) Contingent Liabilities not provided for are disclosed in the notes to the accounts given below and Contingent assets are not recognized.
- (c) Capital commitment  
Estimated amount of Contract remaining to be executed on Capital account and not provided for ₹ 72.78 lacs (net of advance)
- (d) Contested liabilities and Contingencies:
  - Stamp duty ₹ 36.75 lacs
  - Sales Tax ₹ 118.55 lacs
  - Excise duty ₹ 133.30 lacs
  - Wealth tax ₹ 3.31 lacs
  - Income Tax ₹ 503.86 lacs
  - ESIC ₹ 7.65 lacs

Note: In respect of Stamp Duty the Company has deposited the entire amount payable under Protest.

**SCHEDULE S: (Contd.)****2. BUYBACK OF EQUITY SHARES:**

- (a) During the year the Company bought back 126,332 shares under the buy back programme for a sum of ₹ 60.78 lacs. The buy back programme was closed on June 25, 2010 which had commenced on December 29, 2009. On completion of the buy-back programme total number of Equity shares bought back were 295,295 shares and the amount spend was ₹ 142 lacs (excluding brokerage and other charges), which represented 31.55% of the total Buy-back size of ₹ 450 lacs.
- (b) Pursuant to the above transaction, the paid up Equity Share Capital of the Company reduced by ₹ 1,263,320/- during the year.

**3. RESERVES & SURPLUS:**

Pursuant to the above buy back programme, Capital Redemption Reserve has been created out of Share Premium for ₹ 1,263,320/- being the nominal value of shares bought back under the buy back programme in terms of Section 77AA of the Companies Act, 1956.

**4. MANAGERIAL REMUNERATION:**

Computation of Managerial Remuneration u/s 309(5) read with Section 198 & 349 of the Companies Act, 1956.

Particulars		₹ in Lacs
Profit before Taxation		500.15
<i>Add:</i>		
Remuneration to Managerial Directors	44.02	
Directors' Sitting fees and Commission	7.04	
Depreciation	277.71	
Total		328.77
<i>Less:</i> Depreciation as per Section 350 of the Act	277.71	
Profit on Sale of Assets	0.30	
Total		278.01
Net Profit for the purpose of Section 349		<b>550.91</b>

Commission to Managing Director @ 1% of the Net Profit  
(Restricted to ₹ 5 lacs)

5.51 Lacs

Commission to Non-executive Directors under Section 309 (4) @ 1%  
(Restricted to ₹ 5 lacs)

5.51 Lacs

Particulars	2010-2011 (₹ in Lacs)	2009-2010 (₹ in Lacs)
<b>Managerial Remuneration:</b>		
Salaries	24.00	24.00
Perquisites	12.14	16.29
Contribution to P.F.	2.88	2.88
Commission	5.00	3.50
	44.02	46.67



**SCHEDULE S: (Contd.)****5. AUDITORS REMUNERATION:**

Particulars	2010-2011	2009-2010
	(₹ in Lacs)	(₹ in Lacs)
Audit Fees	3.25	3.25
Tax Audit	0.25	0.25
	<u>3.50</u>	<u>3.50</u>

**6. ADDITIONAL INFORMATION**

Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

**(a) Turnover [Para 3 (i) (a)]**

Items	Quantity (Nos.)		Gross Value (₹)	
	2010-2011	2009-2010	2010-2011	2009-2010
Manufactured	30,771,551	26,151,961	1,365,160,924	1,038,158,476
Finished Goods – Traded	636,250	516,093	15,600,700	15,247,219
Job Work	NA	NA	6,032,391	11,276,785
Total	31,407,801	26,668,054	1,386,794,015	1,064,682,480

**(b) Consumption of Raw Materials [Para 3 (ii) (a) (1)]**

Items	Quantity (Tons)		Value (₹)	
	2010-2011	2009-2010	2010-2011	2009-2010
HDPE, LLDPE ABS & Others	2,664.55	2,471.06	280,581,549	221,371,876
PP/HIPS/GPPS	6,393.36	5,334.57	475,342,849	364,737,770
Total	9,057.91	7,805.63	755,924,398	586,109,646

**(c) Stock of Finished Goods and Trading Goods [Para 3 (ii) (a) (2)]**

Items	Quantity (Nos.)	
	2010-2011	2009-2010
<b>Opening Stock of:</b>		
Injection Moulded Product	528855	181826
Traded Goods	314638	370985
<b>Closing Stock of:</b>		
Injection Moulded Product	607667	528855
Traded Goods	452036	314638

Note: Though production for Injection Moulded Plastics goods are expressed in tons, their opening and closing stock, turnover are shown in pieces as it is not practicable to disclose it in tons.

**SCHEDULE S: (Contd.)****(d) Information of each class of goods manufactured [Para 4C (a) (b) & (c)]**

Class of Goods	Production 2010-2011 (M.T.)	Production 2009-2010 (M.T.)
Injection Moulded Goods	8,980.00	7,648.00

**(e) C. I. F. Value of Imports [Para 4D (a)]**

	2010-2011 (₹ in Lacs)	2009-2010 (₹ in Lacs)
Raw Materials	—	191.80
Traded Goods	10.19	—
Machinery & Spares	404.81	93.96

**(f) Expenditure in Foreign Currency [Para 4 (D) (b)]**

Foreign Travel	12.89	0.86
----------------	-------	------

**(g) Raw Materials Consumed:**

	Raw Materials	
	2010-2011	2009-2010
Imported	Nil	25,252,770
Percentage to Total Consumption	Nil	4.31%
Indigenous	755,924,398	560,856,876
Percentage to Total Consumption	100%	95.69%
Total	755,924,398	586,109,646
	100%	100%

**(h) Remittance in foreign currency on account of Dividend**

Description	Current Year 2009-2010	Previous Year 2008-2009
Year to which dividend relates	2009-2010	2008-2009
Number of non-resident shareholders	1	1
Number of Equity shares held by them	20,000	20,000
Amount remitted (₹ in lacs)	0.40	0.40

7. The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. As the Company has not received any information from its suppliers as on date regarding their status under the above said Act, no disclosure has been made.
8. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business. The provisions for all the known and determined liabilities are adequate and not in excess of the amounts reasonably required.

**SCHEDULE S: (Contd.)**

9. Capital work-in-progress includes capital advances of ₹ 278.12 lacs.
10. The unsold portion of Freehold land at Bhandup was revalued on 30th June, 1993 on the Market Value/Replacement basis using the standard indices as assessed by the approved valuer. The revalued amount of freehold land remains substituted for the historical cost in the gross block of fixed assets amounting to ₹ 150.39 lacs. In respect of the said land, MOU entered by the company in the past had expired with the efflux of time and has become null and void. The other party to MOU had filed a case against the company which is contested by the Company and the matter is pending with Bombay High Court.
11. The Company has recognized ₹ 28.94 lacs as on 31st March, 2011 as Minimum Alternate Tax (MAT) Credit Entitlement (Previous Year ₹ 29.61 lacs), which represents the credit of MAT liability which would be available based on the provisions of Section 115JAA of the Income Tax Act, 1961. The Management based on the future profitability projections and also on profit earned during the year is confident that there would be sufficient taxable profit available in future which will enable the Company to utilize the above MAT Credit Entitlement.
12. Under the Income tax Act, 1961 in respect of Income Tax assessment completed for A.Y. 2008-09, against demand raised by the Income tax authority of ₹ 754 lacs, the Company has made provision for ₹ 250 lacs under the head tax for earlier years against which the Company has made payment of ₹ 200 lacs. The remaining balance of Rs. 503 lacs was shown under contingent liability.  
Tax for earlier years also includes wealth tax paid for ₹ 16.69 lacs.
13. Previous year figures have been regrouped/rearranged wherever necessary.

**SCHEDULE S: (Contd.)****14. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956

**I. Registration Details:**Registration No. 

		0	0	5	0	5	6
--	--	---	---	---	---	---	---

State Code 

1	1
---	---

Balance Sheet Date 

3	1
---	---

0	3
---	---

1	1
---	---

  
Date Month Year**II. Capital raised during the year (Amount in ₹ Thousands)**Public Issue  

				N	I	L
--	--	--	--	---	---	---

Rights Issue  

				N	I	L
--	--	--	--	---	---	---

Bonus Issue  

				N	I	L
--	--	--	--	---	---	---

Private Placement  

				N	I	L
--	--	--	--	---	---	---

**III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)**Total Liabilities  

	8	4	0	3	0	6
--	---	---	---	---	---	---

Total Assets  

	8	4	0	3	0	6
--	---	---	---	---	---	---

**Sources of Funds**Paid Capital  

	5	6	7	5	7
--	---	---	---	---	---

Reserves & Surplus  

	5	4	2	4	6	1
--	---	---	---	---	---	---

Secured Loans  

			1	4	1	4
--	--	--	---	---	---	---

Unsecured Loans  

		3	6	3	4	8
--	--	---	---	---	---	---

Deferred Tax Liabilities  

			9	2	7	9
--	--	--	---	---	---	---

Current Liabilities & Provisions  

	1	9	4	0	4	7
--	---	---	---	---	---	---

**Application of Funds**Net Fixed Assets  

	2	9	2	4	5	3
--	---	---	---	---	---	---

Investments  

		4	4	8	0	5
--	--	---	---	---	---	---

Current Assets, Loans & Advances  

	5	0	3	0	4	8
--	---	---	---	---	---	---

Miscellaneous Expenditure  

				N	I	L
--	--	--	--	---	---	---

**IV. Performance of Company (Amount in ₹ Thousands)**

Turnover (Sales &amp; Other Income)

1	3	1	1	8	1	2
---	---	---	---	---	---	---

Total Expenditure

1	2	6	1	7	9	7
---	---	---	---	---	---	---

Profit/(Loss) Before Tax

		5	0	0	1	5
--	--	---	---	---	---	---

Profit/(Loss) After Tax

		1	5	3	9	5
--	--	---	---	---	---	---

Dividend per Equity Share (₹)

						2
--	--	--	--	--	--	---

Earnings per Share

			2	.	7	1
--	--	--	---	---	---	---

**SCHEDULE S: (Contd.)****V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No. 

8	4	5	0	.	9	0	1	0											
---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--

Product 

P	A	R	T	S		O	F		W	A	S	H	I	N	G				
---	---	---	---	---	--	---	---	--	---	---	---	---	---	---	---	--	--	--	--

  
Description 

M	A	C	H	I	N	E													
---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--

Item Code No. 

8	4	1	8	.	9	9	0	0											
---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--

Product 

P	A	R	T	S		O	F												
---	---	---	---	---	--	---	---	--	--	--	--	--	--	--	--	--	--	--	--

  
Description 

R	E	F	R	I	G	E	R	A	T	O	R								
---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--

Item Code No. 

8	4	2	1	.	2	1	2	0											
---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--

Product 

H	O	U	S	E	H	O	L	D		T	Y	P	E						
---	---	---	---	---	---	---	---	---	--	---	---	---	---	--	--	--	--	--	--

  
Description 

F	I	L	T	E	R														
---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

---

For and on behalf of the Board

As per our Report of even date  
For Dhody & Associates  
Chartered Accountants  
Firm Registration No. 003837C  
per Rakesh Dhody  
Partner  
Membership No. 72621

Tushar Naik  
CFO & Company Secretary

Mr. Suresh Bhojwani      *Chairman &  
Managing Director*  
  
Mrs. Hira T. Bhojwani      *Whole time Director*  
  
Mr. K. P. Rao  
Dr. T. S. Sethurathnam } *Directors*

Mumbai, 8th June, 2011