

# 65th Annual Report 2011-2012

Bright Brothers Limited

The logo for Brite, featuring the word "Brite" in a white, italicized serif font with a small star above the letter 'i', set against a red oval background.

## New Manufacturing Facility



*State of the art Plant Unit II at Puducherry inaugurated on 19th April 2012.*

**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** : Friday, 3rd August, 2012

**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

Mallittal, Bhimtal,

Nainital-263136

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## NOTICE

Notice is hereby given that the SIXTY-FIFTH ANNUAL GENERAL MEETING of the 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 Friday, the 3rd day of August 2012 at 3.00 pm to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Statement of Profit and Loss for the financial year ended 31st March, 2012 and the Balance Sheet as at that date together with the Report of the Directors' and Auditors' Report thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To appoint a director in place of Mr. K.P. Rao, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint M/s. Desai Saxsena & Associates, Chartered Accountants, Mumbai, (Firm Registration No 102358W) as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

The retiring Auditors M/s Dhody & Associates, Chartered Accountants (Firm Registration No. 003837C) have informed the Company that they do not wish to seek reappointment as Auditors of the Company at the ensuing Annual General Meeting.

### 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** pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the said Act) as amended and subject to the approval of the Central Government and such other approvals as may be required, approval of the Company be and is hereby accorded for the re-appointment of Mr. Suresh Bhojwani as Managing Director of the Company for a further period of 3 years with effect from 1st February, 2012 up to and including 31st January, 2015, who shall not be liable to retire by rotation, upon such terms and conditions including remuneration as set out in the agreement entered into by the Company and Mr. Suresh Bhojwani and as detailed in the explanatory statement annexed hereto and forming part of this notice.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the Company will pay to the Managing Director the remuneration by way of Salary, benefits, perquisite and allowances as set out in the explanatory statement as minimum remuneration for that year.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and are hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper in the best interests of the Company."

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the said Act) as amended and such other consents and approvals as may be required, consent of the Company be and is hereby accorded for the re-appointment of Mrs. Hira T. Bhojwani, as a "Whole-time Director —

Commercial” for a further period of 3 years with effect from 1st April, 2013, who shall not be liable to retire by rotation, on terms and conditions as contained in an agreement to be entered into between the Company and Mrs. Hira T. Bhojwani, with authority to the Board of Directors (which term shall be deemed to include the Remuneration Committee constituted by the Board), to alter and vary the terms and conditions as may be permissible under law in the best interest of the Company and on the terms as to remuneration and perquisites as set out in the explanatory statement.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profit in any financial year comprised in the period of appointment, the Company will pay to the Whole time Director, remuneration in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to this resolution”.

**7. To consider and, if thought fit, to pass with or without modifications, the following as a Special Resolution:-**

“RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded for the payment of commission to the Directors of the Company, (other than the Whole time director and Managing Director) a sum not exceeding 1% of the net profits of the Company as determined in accordance with the provisions of Sections 198, 349, 350 and other applicable provisions if any, of the Companies Act, 1956 for a period of five years commencing from 1st January, 2013, to be distributed amongst them in a manner and to the extent as the Board of Directors may determine from time to time.

RESOLVED FURTHER THAT the aforesaid commission shall be in addition to the sitting fees etc payable to such directors.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be considered necessary, desirable or expedient for giving effect to this resolution.”

**NOTES:**

- (1) The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business to be transacted at the meeting is annexed hereto.
- (2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER.

The Instrument appointing a proxy in order to be effective must be received at the Registered office of the Company not less than forty-eight hours before this Annual General meeting. Proxy shall not have the right to speak at the meeting.

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

- (3) Book Closure:

The Register of Members and Share Transfer Books shall remain closed from 23rd July 2012 to 27th July 2012 (both days inclusive).

- (4) Payment of Dividend:

Dividend, if declared at the Annual General Meeting, will be paid as under:

- (a) To all Beneficial Owners at the close of business hours on 20th July, 2012 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 form after giving effect to the valid share transfer lodged with the Company on or before the book closure.
- (c) In order to avail 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) In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
- (6) 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 (IEPF) of Government of India. No claim shall lie against the IEPF or the Company for the amount so transferred nor shall any payment be made in respect of such claim.
- (7) Members are requested to bring their copy of the Annual Report to the meeting.
- (8) Members desiring any information as regards accounts are requested to write to the Company at the registered office of the Company at least seven days in advance so as to enable the management to keep the information ready at the meeting.
- (9) Pursuant to the provisions of Section 109A of Companies Act, 1956, facility for making nomination is now available for individual members. Therefore, the Shareholders holding shares in physical form and willing to avail this facility may make an nomination in form 2B, which may be send on request. However in case of demat holding the shareholders should approach their respective depository participants for making nominations.
- (10) **The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by issuing circulars allowing paperless compliances by Company through electronic mode. Further, in line with recent circular issued by Securities and Exchange Board of India (SEBI) and consequent changes in the listing agreement, Companies can send Annual Report in electronic mode to Members who have registered their e-mail address for the purpose. Members who have not registered their e-mail address with the Company can now register the same by submitting the enclosed registration form to M/s. Sharepro Services (India) Pvt. Ltd. The Members of the Company who have registered their e-mail address are entitled to receive such communication in physical form, upon request.**

By Order of the Board of Directors

**TUSHAR NAIK**  
CFO & Company Secretary

Place : Mumbai  
Date : 24th May 2012

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



## ANNEXURE TO THE NOTICE

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

#### Item No 5:

At the 61st Annual General Meeting of the Company held on 27th June 2008, the Members had approved the appointment and remuneration of Managing Director subject to the terms and conditions set out in the resolution passed at that meeting read with explanatory statement.

Since then the Company has made remarkable progress in spite of challenging environment, both at the micro and macro level. During the year 2011-12 the Company has started a new plant for manufacturing tooth brush handles for meeting the requirements of global FMCG Company and has also added new capacity at both the plants i.e Puducherry and Faridabad to meet the requirement of customers. Considerable progress has been made in the current year on account of branded products and considering the opportunities available in the market, the Company has put up a strategic plan for this division which includes new product launch, exploring the new segments and a drive to establish robust distribution network.

The Company is also exploring the opportunity of inorganic growth in the related segment in order to increase product portfolio and customer base. All these involve managing complexities and working out simplified structure to manage the business to sustain a profitable growth. Considering the above, it is proposed to revise the existing limit of remuneration payable to Managing Director. The enhanced limit of remuneration will however be subject of Central Government approval, if any.

The Board of Directors at their meeting held on 14th February 2012 has appointed Mr. Suresh Bhojwani as Managing Director subject to the approval of Central government and members for a further period of three years.

The terms and conditions of appointment and remuneration of Mr. Suresh Bhojwani as the Managing Director of the company shall be as under:

Period of Agreement: As may be determined by the Board but not exceeding three years.

The company shall pay the following remuneration during the continuance of this agreement:—

(a)	Basic Salary	₹ 2,50,000/- p.m. (Two Lakhs fifty Thousand only)
	Perquisites as under:	
(b)	House Rent Allowance	60% of the Basic Salary
(c)	Leave Travel Assistance	One month's Basic Salary
(d)	Medical Benefits	One month's Basic Salary
(e)	Gas, Electricity, Water and Furnishing	The expenditure incurred shall be evaluated as per the applicable Income tax Rules. In the absence of any specific rule the same shall be valued on actual payment.
(f)	Club Fees	Membership of two clubs (excluding admission and life membership fee).
(g)	Entertainment, Traveling and Other Business Expenses	Reimbursement as per the rules of the Company

(h)	Car & Telephone	The Company shall provide car with driver and telephone at the residence of Managing Director, for Company's business.
(i)	Leave encashment	As per the rules of the Company.
(j)	Provident Fund contribution	Contribution to Provident Fund shall be as per the rules of the Company.
(k)	Other allowances, benefits and perquisites.	Any other allowances, benefits and perquisites admissible to the senior Officers of the Company as per Rules of the Company from time to time.

Commission @ 1% of the Net Profits of the Company, calculated as per Sec. 349 and 350 of the Companies Act, 1956

For the purpose of calculation of minimum remuneration the following shall not be considered part of the remuneration: Provision of chauffeur driven car and telephone facility at his residence for official use, payment of Company's Contribution to Provident Fund, encashment of leave (at the end of the tenure).

**Minimum Remuneration:** Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the Managing Director, in the event of loss or inadequacy of profits, the Company will pay remuneration by way of basic salary, perquisites and allowances as specified above as minimum remuneration subject to such approvals as may be required.

The Board shall have the discretion and authority to modify the foregoing terms of remuneration within the parameters of the applicable provisions of the Act.

Considering the valuable contribution made by Mr. Suresh Bhojwani, Managing Director, to the growth of the Company over the years, the Board recommends that his re-appointment and remuneration as set forth above be approved.

The abstract of the terms of re-appointment and memorandum of interest was circulated to the members on 01/03/2012 pursuant to Section 302 of the Companies Act, 1956.

**Memorandum of Interest:-**

Except for Mr. Suresh Bhojwani and Mrs. Hira T. Bhojwani, being a relative of Mr. Suresh Bhojwani, no other Directors are concerned or interested in the said resolution.

**Item No 6.**

Mrs. Hira Bhojwani was reappointed as Wholetime Director-Commercial of the Company in terms of the resolution passed at the Annual General Meeting held on 26th June, 2009 for a period of three years with effect from 1st April, 2010. Her term expires on 31st March, 2013. The Board of Directors at its meeting held on 24th May, 2012 on the basis of the recommendation of the Remuneration committee has renewed the terms of appointment of Mrs. Hira Bhojwani, as Wholetime Director of the Company for a period of three years with effect from 1st April, 2013 and the details of remuneration are set out hereunder:

(a)	Basic Salary	₹. 50,000/- p.m. (Fifty Thousand only) with such increment(s) as may be decided from time to time
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	<b>Perquisites as under:</b>	
(b)	House Rent Allowance	₹ 21,000/- p.m.
(c)	Gas, Electricity, Water and Furnishing	The expenditure incurred shall be evaluated as per the applicable Income tax Rules. In the absence of any specific rule the same shall be valued on actual payment.
(d)	Medical Expenses	One month's basic or overall ceiling of three month's basic for a period of three years.
(e)	Leave Travel Expenses	Once in a year for self subject to a ceiling of one month's basic salary.
(f)	Club Fees	Membership of two clubs (excluding admission and life membership fee)
(g)	Entertainment, Traveling and Other Business Expenses	Reimbursement as per the rules of the Company
(h)	Personal Accident Insurance	Amount not exceeding ₹ 10000/- per annum
(i)	Car & Telephone	The Company shall provide car with driver and telephone at the residence of Whole time director, for Company's business.
(j)	Leave encashment	As per the rules of the Company.
(k)	Provident Fund contribution	Contribution to Provident Fund shall be as per the rules of the Company.
(l)	Other allowances, benefits and perquisites.	Any other allowances, benefits and perquisites admissible to the senior Officers of the Company as per Rules of the Company from time to time.

Notwithstanding, where in any financial year during the currency of the tenure of the Wholtime Director, the Company has no profits or its profits are inadequate the Company will pay remuneration including benefit in accordance with the provisions of Schedule XIII of the Act.

She has been associated with the Company for more than three decades and handled important assignments in the areas of Administration. Apart from her considerable experience in the industry, she is well conversant with the affairs of the Company. The Company is suitably utilizing her experience and expertise during her association with the Company in various capacities.

There is no change in terms of remuneration drawn by her in comparison with her previous appointment and the terms of appointment as stated above may be regarded as an abstract u/s 302 of the Companies Act, 1956.

The proposal as set out in the notice is placed for your consideration and approval.

**Memorandum of Interest:-**

Except for Mrs. Hira T. Bhojwani and Mr. Suresh Bhojwani, being a relative of Mrs. Hira T. Bhojwani, no other Directors are concerned or interested in the said resolution.

**Item No 7.**

Section 309(4) of the Companies Act, 1956 provides for payment of Commission to Non- Executive Directors. At present, the Non-Executive Directors are paid a sitting fee of ₹ 15000/- for each meeting of the Board, ₹ 5000/- for each meeting of the Audit Committee and ₹ 1000/- for other Committee meetings.

The members at their meeting held on 27th June 2008 have passed special resolution to remunerate the non executive directors out of the profits of the Company for each year for a period of five years commencing from 1st January 2007. The said period will expire on 31st December, 2012. Considering the substantial time and professional expertise being rendered by the Non-Executive Directors for the growth of the Company and increased responsibility on account of compliance of various legal requirements, the Board of Directors has recommended, subject to the approval of members, the payment of Commission not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of the Companies Act for a further period of 5 years commencing from 1st January, 2013.

**Memorandum of Interest:-**

All the non executive directors are concerned or interested in the resolution to the extent of the commission payable to them from time to time.

By Order of the Board of Directors

**TUSHAR NAIK**  
CFO & Company Secretary

Place : Mumbai  
Date : 24th May, 2012

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

**PROFILE OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT  
THE FORTHCOMING ANNUAL GENERAL MEETING.**

**(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)**

<b>Name of the Director</b>	<b>Mr. Suresh Bhojwani</b>	<b>Mrs. Hira T. Bhojwani</b>	<b>Mr. K.P. Rao</b>
Date of Birth	16th Apr. 1948	03rd Jan. 1923	11th Sept. 1927
Qualifications	Graduate in Engineering and Management (Boston University)	B Sc (Hons), from Government College Lahore, Stood first in the University and M Sc (Hons), from Government College Lahore.	B. Com. F. C. A.
Expertise	More than four decades of experience in the Plastics Industry.	Wide managerial experience	In areas of Audit, Finance & Taxation, Management Consultancy in Business Restructuring.
Directorship held in other Public Ltd. Companies as on 31st March 2012	Nil	Nil	Nil
Membership/Chairperson of Committee in other Companies as on 31st March 2012	Nil	Nil	Nil
Shareholding in the Company (As at 31/3/2012)	1283418	370310	Nil

## DIRECTORS' REPORT

To,  
The Members,

The Board of Directors have great pleasure in presenting to you the 65th Annual Report on the business and operations of your Company together with the Audited statement of accounts for the year ended 31st March, 2012.

### Financial Performance:

(₹ in Lakhs)

Particulars	Year Ended March-2012	Year Ended March-2011
<b>Net Sales and Operating Income</b>	<b>12004.07</b>	12739.22
Less: Expenses	<b>11439.40</b>	12013.71
Operating Profit	<b>564.68</b>	725.52
Add: Other Non-operational Income	<b>373.15</b>	378.91
<b>Earning Before Interest, Depreciation and Taxes</b>	<b>937.83</b>	1104.43
Financial Expenses	<b>312.60</b>	326.55
Depreciation	<b>326.84</b>	277.71
<b>Profit Before Tax</b>	<b>298.39</b>	500.16
Tax Expenses	<b>69.28</b>	346.21
<b>Profit After Tax</b>	<b>229.11</b>	153.95
Balance brought forward from previous year	<b>1401.84</b>	1395.36
Balance available for Appropriation	<b>1630.95</b>	1549.31
<b>Apropriations :</b>		
Transfer to General Reserve	<b>20.00</b>	15.00
Proposed Dividend on Equity Shares	<b>113.60</b>	113.60
Tax on Dividend	<b>18.43</b>	18.87
Profit & Loss balance carried forward to balance sheet	<b>1478.92</b>	1401.84

### Dividend:

Your Directors are pleased to recommend a dividend of ₹ 2/- per equity share for the year ended 31st March, 2012 on 56,80,235 equity shares of ₹ 10/- each subject to the approval of the members at the ensuing Annual General Meeting. The said Dividend, if approved by the Members, would involve a cash flow of ₹ 132.03 lakhs including tax on dividend, as against ₹ 132.47 lakhs for the previous year.

### Operational & Financial Highlights:

The operational working of the Company and units are discussed in detail in the Management Discussion and Analysis forming part of this report.

The turnover of the Company has shown a marginal decrease of 5.76% in value terms but in volume terms it has shown a 15% reduction. The Company operations suffered due to fire at Faridabad Unit in the month of April-2011 which has resulted in loss of capacity. In addition to this, the Refrigerator business has declined during the year by 15% due to a demand slump. These two factors have resulted in lower turnover and volume growth. The operational profit during the year has reduced by 22% due to higher operational costs.

**Fixed Deposit:**

The Company has no unpaid/unclaimed deposits on 31st March, 2012. The amount of fixed deposits held by the Company as on 31st March, 2012 was ₹ 322.15 lakhs of which ₹ 144.90 lakhs are from Directors.

**Directorate:**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Mr. K.P. Rao, 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:**

During the year, the Insurance Company has settled the claim on account of fire in respect of our Faridabad plant. The loss on account of Stock was ₹ 32 lakhs whereas in case of Fixed Assets the Company has received an excess amount over WDV of ₹ 38 lakhs.

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

**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 and that there is no material departure.
- (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 true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period.
- (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:**

The retiring Auditors M/s. Dhody & Associates, Chartered Accountants, (Firm Regn. No. 003837C) have informed the Company that they do not wish to seek reappointment as Auditor at the ensuing Annual General Meeting. The Board of Directors of the Company on the recommendation of the Audit Committee, at its meeting held on 24th May, 2012 proposed the appointment of M/s. Desai Saxena & Associates, Chartered Accountants (Firm Regn. No. 102358W), Mumbai, as Statutory Auditors for the year 2012-13 in place of retiring auditors.

**Cost Auditor:**

The Ministry of Corporate Affairs, Cost Audit Branch, Government of India has issued an Order on 24th January 2012. In terms of this order, Companies whose shares are listed on the Stock Exchange or whose turnover is more than ₹ 100 crs in the immediately preceding financial year and engaged in specific industries are required to have the Cost accounting records audited by a Cost Accountant or a firm of Cost Accountants effective 1st April, 2012.

Accordingly the Board at their meeting held on 24th May, 2012, had on the recommendation of Audit committee of directors appointed M/s. Gangan & Company, Mumbai as Cost Auditors. They will audit the cost records for the year 2012-13.

**Particulars of Employees:**

During the year, there were no employees, who drew remuneration more than the limits specified under the provisions of Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees), Rules 1975, as amended.

**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. The Directors specially thank the shareholders for the confidence reposed by them in the Company.

For and on behalf of the Board

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

*Place : Mumbai*

*Date : 24th May 2012*



## 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 consumption.

Continuous study and analysis for energy conservation, installation of energy efficient equipments has resulted in lower units of power consumption per kg.

#### 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 and servo drives.

### B. Technology Absorption, Adaptation and Innovation

NOT APPLICABLE

### C. Foreign Exchange Earnings and Outgo:

The particulars of foreign exchange utilised during the year is as given below:

	<u>₹ in lacs</u>
(a) Foreign Exchange Earnings	Nil
(b) Foreign Exchange Outgo:	
Foreign Travel	4.94
Raw materials & Traded goods	272.56
Machineries & Moulds	369.18

For and on behalf of the Board

**SURESH BHOJWANI**

*Chairman & Managing Director*

Place : Mumbai

Date : 24th May 2012

## Annexure-I

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Economic Environment-Macro and Micro :

2011-12 was a year of uncertainty, volatility and turbulence in the economies of the developed world. This has impacted the growth of the Indian economy as well. The crisis in the world economy was intensified by the Euro zone's sovereign-debt crisis, rise in crude oil prices, the earthquake in Japan and the continuing uncertainty in the economic outlook for the US.

The estimated GDP growth for the Indian economy for the year 2011-12 is 6.8% after having grown at the rate of 8.4% in the preceding two years with the Agriculture and Service sectors remaining as frontrunners. The performance of the manufacturing sector during the year remained subdued. The contribution by the service sector was commendable in spite of global uncertainty.

The Central bank of India had a daunting task of balancing inflation, growth and liquidity. Its policy of sacrificing growth and pursuing a tight monetary policy for reducing inflation considerably affected the investment and consumption climate. However, in the last quarter of the year, there was a slight policy shift from controlling inflation to growth considering the fall in the inflation rate.

A weak currency, higher fiscal and current account deficit, lack of political will to implement reform, higher import of oil, weak global appetite, implementation of GAAR in the budget and a credit rating downgrade by rating agency Standard and Poor were some of the factors that affected the growth of the economy.

#### Industry Structure and Development

The past trend of the plastic industry reveals that growth in plastics consumption is generally twice the growth of its GDP. Currently, considering the newer application of plastics in agriculture, automotive and logistics, the industry is expected to grow at 12% p.a.

Your Company's results are largely influenced by the growth in the Consumer Durable Industry. Factors such as high inflation, high input cost, low disposable income and high interest cost has affected the growth of consumer durables, which in turn has resulted in lower turnover of the Company during the year under review.

#### PRODUCT GROUPWISE TURNOVER:

Category	Percentage Share in Total Turnover
CONSUMER DURABLE COMPONENTS	89.00%
BRITE BRANDED PRODUCTS	11.00%

#### OPERATIONAL PERFORMANCE:

##### Puducherry Unit:

After one and half year of implementation of TPM (Total Productive Maintenance) programme, the unit has done reasonably well on improving plant efficiency. With the better availability of grid power and better product mix, the unit has performed well compared to the previous year. During the year the unit has invested in increasing the capacity of the existing plant in order to reduce its dependence on third party manufacturing and to meet the enhanced requirement of branded products.

During the last quarter of the year the Company has set up a State of the art unit on its existing campus for manufacturing tooth brush handles to meet the global requirements of a Multinational Company.

MHD (Material Handling Division-Crates) business has increased during the year under review. The strategy of a focused approach in marketing has started yielding results and will further improve in the current year. The Company has added several new models to increase its product range.

**Faridabad Unit:**

As the unit supplies Refrigerator components, the overall sluggishness in the market has affected the business of the unit. Loss of capacity due to a fire in the month of April-2011, which got restored in the latter part of the year has also affected the turnover. The overall power scenario has remained unsatisfactory and the unit has to depend upon generated power. Paucity of labour and increase in minimum wages has also had an impact on margin. Increase in repo rate by RBI continuously during the year has resulted in higher finance cost. The above factors have adversely affected the performance of the current year both in the top line and the bottom line.

**Bhimal Unit:**

The performance of the unit is satisfactory in spite of reduction in tonnage processed due to better control over productivity parameters. As the unit exclusively supplies water purifier components, it is directly affected by the performance of the customer. The entry of multinationals in the market has resulted in a price war which has put pressure on margins. The new initiative by our customer to take on the new entrants should result in better business during the current year.

**Consumer Division /Hair Care division:**

The Division continues to remain in red, incurring cash losses. The turnover of Hair care division has doubled compared to the previous year but due to higher promotional and selling expenses, the division could not break even during the year. In order to increase the turnover the division has started procuring low cost products including plastic combs. The rupee depreciation has resulted in higher cost of imported items which has put pressure on the margin. More emphasis is being placed on organized retail to give higher sales volume.

**GROWTH DRIVERS:**

Considering the immense potential available in MHD (Material handling Division), the Company has decided to strengthen the existing network of distributors and to appoint new dealers in untapped markets. Presently, the majority of the business is generated from the southern market. The objective is to capitalize the brand in newer areas.

In order to meet the mass production of multinational companies who are into FMCG segment, the Company has set up new plant at Puducherry in the existing campus. This will help the Company to garner continuous business.

The above strategy will help the Company to de-risk the existing business model by moving to branded category where better returns are expected and become a supplier to the FMCG segment through multinational Companies.

The other value driver will be to climb the ladder of value added items instead of pure processing of materials and to introduce innovation and automation to combat the increasing cost of labour as also the paucity of labour.

**OPPORTUNITIES:**

- Considering the low penetration of Refrigerators and Washing machines, there still exists unexplored areas for tapping this market.
- Changing lifestyle, rise in disposable income and a young demography in our country offers immense growth.
- Vast untapped market especially in MHD. Due to its multiple applications, there remains enough opportunity for growth.
- Foray into mass production items with multinationals will help in future to get additional business from other players.
- Devaluation of rupee has resulted in export becoming more competitive and has resulted in making India as a hub for meeting global requirements.

**THREATS:**

- Due to higher overheads and erratic schedules from OEM's the margin remains under pressure.
- Currency devaluation has forced the OEM customers to increase the product price which may hamper the growth of Consumer Durable Industry.
- Higher inflation along with higher interest rates remains a big threat as it will reduce the disposable income and keep the finance costs higher thereby affecting the growth of consumer durable industry which thrives on easy availability of finance.
- OEM's in order to protect their margin will in turn resort to margin reduction from suppliers.
- Due to major concentration of business with Consumer Durables it restricts maneuverability and may result in underutilization of capacity.
- Entry of new players and reduction in customs duty may lead to cut throat competition and erosion in margin.
- In Hair care division since the entire trading is based upon imported goods, currency depreciation will result in higher prices of the items which can affect the turnover.
- Change in the oil pricing policy by government will have a cascading effect on inflation and will put further pressure on margin due to higher fuel cost.
- Sovereign downgrading of Europe, will result in flight of capital which will affect the inflow of foreign direct investment.
- Central Bank of India policy of intervening in the market to save the currency depreciation will result in tight liquidity and hamper private sector investment.

**OUTLOOK:**

Considering both the macro and micro economic indicators, the outlook remains very cautious on account of uncertainty in the euro zone and US economy. The segment in which your Company is having larger exposure continues to reel under pressure due to fall in the disposable income from rural segment as compared to last two years, austerity measures announced by the government to fight the inflation and protect the rupee.

In comparison with the Consumer durable segment the outlook remains positive in the branded segment due to its newer applications and the demand largely remaining unaffected by the external factors. In order to protect against the erratic demand in the consumer durable segment, the Company will continue to focus more aggressively in the branded segment.

As the present scenario improves gradually, the Company will benefit through its balanced business model and cost leadership through operational efficiency.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has proper and adequate system of internal controls commensurate with its size and nature of its operations. The internal control system is integral to the Company's corporate governance.

To supplement and also to monitor the internal control system, the Company has put in place an effective internal audit department which is empowered by the Audit Committee to assess internal control systems and statutory requirements. The internal audit function monitors effectiveness of internal controls and also provides an independent and objective assessment of the overall governance process in the Company. The Internal Audit Department reports its findings and observations to the Audit Committee which met four times during the year to review the audit issues and to follow up implementation of corrective actions. Successful usage of ERP-SAP has facilitated the management's objective of establishment of the accurate, reliable and speedy compilation of financial information, safeguarding the assets and interest of the Company and ensuring compliance with laws and regulations.

**Financial Performance:**

Financial performance of the Company has been summarised in the table below followed by explanatory remarks for significant changes in 2011-12 compared to previous year.

(₹ in lacs)

	2011-12	2010-11	Change*	% Change	Remarks
Total income (Net)	<b>12004.08</b>	12739.22	(735.14)	(5.77)	1
(Increase)/Decrease in Finished Goods & Stock-in-trade	<b>(31.56)</b>	(23.24)			
Consumption of Material	<b>8375.73</b>	8970.12			
Purchase of Traded Goods	<b>99.35</b>	95.37			
Employee cost	<b>832.27</b>	721.62	(110.65)	(15.33)	2
Operating & Other expenses	<b>2171.60</b>	2258.82	87.23	3.86	3
Earning Before Depreciation, Finance cost & Tax (EBDIT)	<b>556.68</b>	716.52	(159.84)	(22.31)	3
Other Non-operational Income	<b>381.15</b>	387.90			
Depreciation & Amortisation expenses	<b>326.84</b>	277.71	(49.13)	(17.69)	4
Finance Cost	<b>312.60</b>	326.55			
Profit Before tax	<b>298.39</b>	500.16			
Tax expenses	<b>69.28</b>	346.21			
Profit After Tax	<b>229.11</b>	153.95			
Earning per share ₹	<b>4.03</b>	2.71			
Reserves & Surplus	<b>5521.69</b>	5424.61			
Current Liabilities	<b>2198.10</b>	2109.16	(88.94)	(4.22)	5
Fixed Assets (Incl. CWIP)	<b>3600.51</b>	2924.53			
Current Assets	<b>4694.50</b>	5268.36	(573.86)	(10.89)	6

\* Figures within bracket denote adverse change.

- (1) Reduction in total income is mainly due to lower processing of material and lower turnover in respect of Refrigerator business.
- (2) Increase in Employees cost during the year is primarily due to increase in salary and wages.
- (3) Higher operational cost and additional provision of ₹ 27 lakhs in respect of past liability of Bombay Sales tax has resulted in reduction of operational profit.
- (4) Due to substantial addition made during the year in respect of Plant & Machinery for installation of new capacity and investment in moulds in respect of Material Handling Division, it has resulted in higher depreciation.
- (5) Increase in current liabilities is mainly due to provision made against indirect taxes.
- (6) Reduction in current assets is on account of liquidation of short-term loans and advances which has been used for funding Working capital and Capital expenditure.

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

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

Transparency and accountability are the basic tenets of Corporate Governance. Bright is proud to belong to a group whose founder lived his life with ethical values and built the business enterprise on a foundation of good governance. The Company firmly believes that management must have executive freedom and this freedom must be exercised within the framework of accountability to meet stakeholder's aspirations and society expectations. The Company has always upheld the core values of integrity, responsibility, empowerment and accountability. The Company is committed to conducting business in the right way which means taking decisions and acting in a way that is ethical and compliant with the legal requirements. It will endeavour to continuously improve its corporate governance to earn trust and respect of all stakeholders.

**2. Board of Directors:**

- (i) The Board of Directors along with its Committees provide leadership, guidance to the Company's Management and directs, supervises and controls performance of the Company. The Composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement with Stock Exchange. There are three Non Executive Independent Directors and two Executive Directors. The Chairman, Mr. Suresh Bhojwani, is an Executive Director and a member of the Promoter Group. The details of the Directors seeking re-appointment have been attached alongwith the notice of the Annual General Meeting.
- (ii) During the year under review, four Board meeting were held on 08-06-2011, 04-08-2011, 09-11-2011 and 14-02-2012 and the gap between two 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 to take informed decisions.

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

Names and categories of Directors on the Board, their attendance at the Board Meetings held during the year and at the last Annual General Meeting and the number of Directorship and Chairmanship/Membership of committee in other Companies is given below:

Name of the Director	No. of Meetings held & attended during the year	Category of Directorship	Attendance at last AGM	No. of Directorship(s) in other public companies		No. of Committee position held in other Public Companies	
	Attended			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	3	Nil
Mr. Byram Jeejebhoy	1	Non-Executive & Independent	No	Nil	Nil	Nil	Nil



(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. The detailed agenda and background notes/papers are sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every Meeting of the overall performance of the Company, followed by presentations by the Chief Financial Officer. 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. The composition of the committee is in accordance with the requirements of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956. The Company Secretary acts as the Secretary to the Committee.

During the financial year ended 31-03-2012, four Audit Committee meeting were held on 08-06-2011, 04-08-2011, 09-11-2011 and 14-02-2012.

All the Members of the Audit committee attended the four meetings. The Chairman of the committee Mr. K.P. Rao, was present at the last Annual General Meeting of the Company.

- **Terms of Reference:**

The Terms of Reference of the Audit Committee have been reviewed from time to time and is in accordance with Section 292A of the Companies Act, 1956, which briefly are as follows:

- (a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) Reviewing with the management the annual financial statements before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report.

- (c) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- (d) To consider the appointment or re-appointment of the statutory auditors, the audit fee, any questions of resignation or dismissal and payment to statutory auditors for any other services rendered by them;
- (e) Reviewing with the management, performance of statutory and internal auditors and adequacy of internal control systems.
- (f) Reviewing findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (g) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (h) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(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.

Mr. K. P. Rao acts 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 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 2012 are as follows

(₹)

Particulars	Managing Director	Wholetime Director
Salary	18,00,000	6,00,000
Perquisites & Allowances	13,59,580	4,05,808
Contribution to PF	2,16,000	72,000
Commission	3,00,000	Nil
<b>Total</b>	<b>36,75,580</b>	<b>10,77,808</b>

The Remuneration Committee decides on the commission payable to the Managing Directors.

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

	Mr. Suresh Bhojwani	Mrs. Hira T. Bhojwani
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, Non-executive Directors are paid commission collectively up to 1% of the net profits 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 and contribution made at the Board meeting.
- Presently the Company has no stock option scheme.

Details of Sitting fees and Commission paid to Independent and Non-Executive Directors for attending Board / Committee Meetings for the period 01/04/2011 to 31/03/2012 are as follows:

(₹)

Sr. No.	Name of the Non-Executive Director	Board Meetings	Committee Meetings	Commission
1.	Mr. K. P. Rao	60,000	34,000	1,25,000
2.	Dr. T. S. Sethurathnam	60,000	22,000	1,25,000
3.	Mr. Byram Jeejeebhoy	15,000	1,000	50,000

- 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 Investors' Grievance Committee for 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:

Name of the Director	Designation	Category
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

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31st March 2012 was 15. There were no outstanding complaints as on 31st March 2012.

#### 4. General Body Meetings:

Particulars of last three AGMs.:

AGM	Year	Location of the Meeting	Date	Time	Special Resolution
64th AGM	2010-2011	Walchand Hirachand Hall IMC, 4th Floor, IMC Marg, Churchgate, Mumbai 400 020	04/08/2011	3.00pm	Nil
63rd AGM	2009-2010	Walchand Hirachand Hall IMC, 4th Floor, IMC Marg, Churchgate, Mumbai 400 020	29/7/2010	11:30 a.m.	<ol style="list-style-type: none"> <li>1. For re-appointment of Ms. Ruchika Bhojwani as "Manager Hair Care Division."</li> <li>2. For re-appointment of Mr. Karan Bhojwani as "Manager Brite Branded Products"</li> <li>3. For Alteration of Articles of Association.</li> </ol>
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."

No special resolution was passed by Postal Ballot during the Financial Year 2011-12.

#### Extraordinary General meeting:

No Extraordinary General Meeting was held during the year 2011-12

#### 5. Disclosures:

##### Compliance with Mandatory Requirements

- **Related Party Transaction:**

Details of related party transactions entered into by the Company are included in the notes to the Financial Statements.

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.

- **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:**

<b>Annual General Meeting</b>		
• <b>Date and Time</b>	:	3rd August 2012 at 3.00 p.m.
• <b>Venue</b>	:	Walchand Hirachand Hall, 4th Floor IMC Bldg., IMC Marg, Churchgate, Mumbai- 400 020
• <b>Dividend Payment date</b>	:	13th August, 2012
<b>Date of Book Closure</b>	:	23rd July 2012 to 27th July, 2012
<b>Financial Calendar for 2012-13</b>	:	
Reporting for June 2012 quarter	:	On or before 15th August 2012
Reporting for Sept 2012 quarter	:	On or before 15th November 2012
Reporting for Dec 2012 quarter	:	On or before 15th February 2013
Reporting for quarter & year ended March 2013	:	On or before 31st May 2013

**Listing :**

The Equity shares of the Company are listed on Bombay Stock Exchange Limited.

The Company has paid the Annual Listing Fee for the year 2012-13.

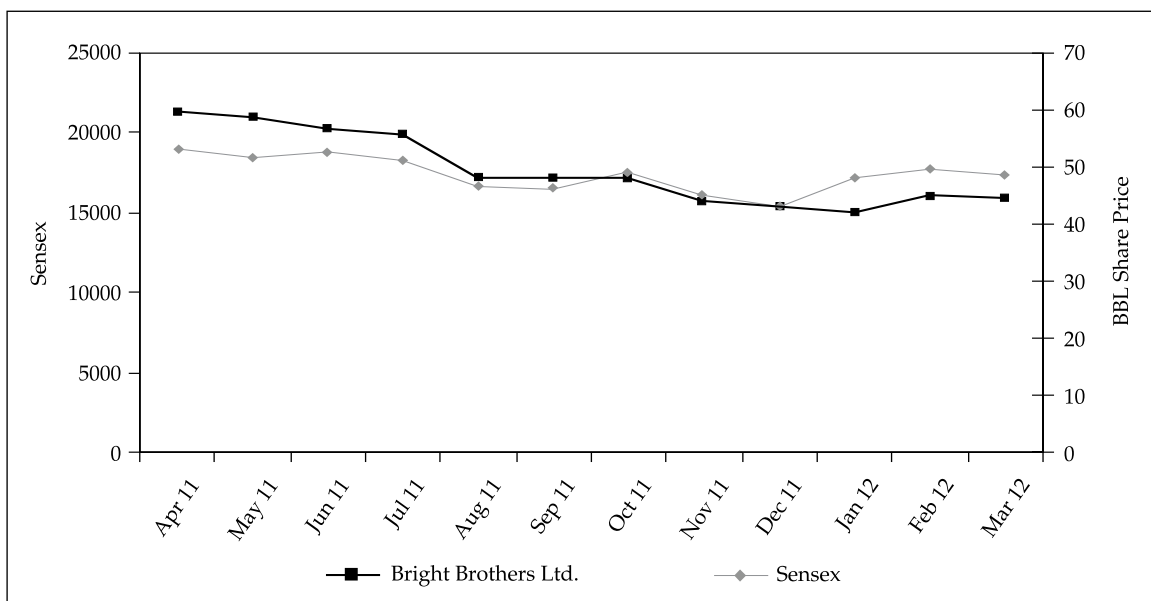
• <b>Stock Code</b>	:	526731
• <b>ISIN No. for NSDL and CDSL</b>	:	INE630D01010
• <b>Scrip ID</b>	:	BRIGHTBR
• <b>CIN No.</b>	:	L25209MH1946PLC005056

- Stock Market Data (BSE):**

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

Month	High (in ₹)	Low (in ₹)	Closing (in ₹)	Volume (in Nos.)	Sensex
April 2011	61.80	54.30	60.00	8479	19135.96
May 2011	60.30	54.40	59.00	10213	18503.28
June 2011	63.90	53.00	56.95	11717	18845.87
July 2011	59.95	52.55	55.75	35099	18197.20
August 2011	57.35	46.30	48.60	6902	16676.75
September 2011	53.40	46.50	48.35	4196	16453.76
October 2011	50.00	44.15	48.00	2902	17705.01
November 2011	50.45	43.15	44.00	2689	16123.46
December 2011	44.45	39.05	42.95	3793	15454.92
January 2012	46.30	40.00	42.40	2257	17193.55
February 2012	50.40	41.75	45.30	50557	17752.68
March 2012	47.90	42.50	45.00	24926	17404.20

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





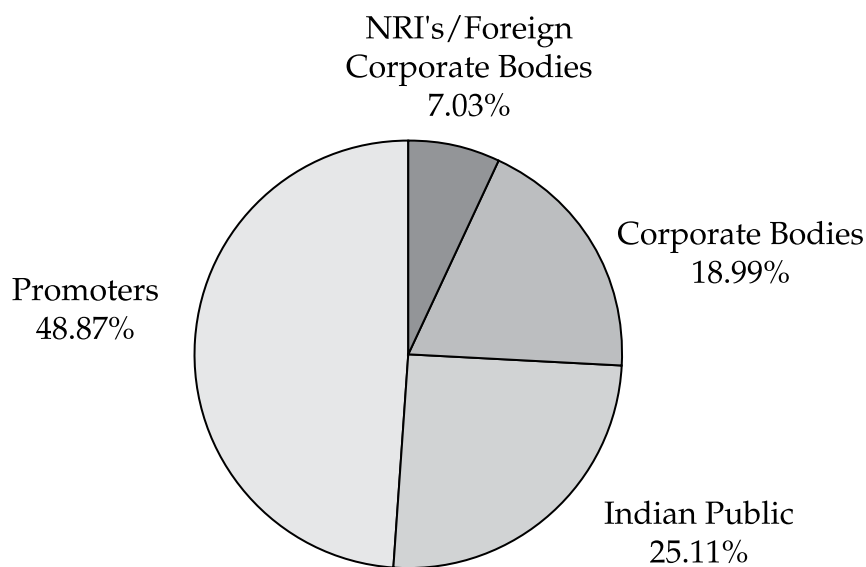
**Pattern of Shareholding as on 31st March 2012:**

Category	No. of Shares	Percentage of Shareholding
** Promoters	27,75,861	48.87
Non-Promoters	29,04,374	51.13
a. NRIs/Foreign Nationals/Foreign Corporate Bodies	3,99,481	7.03
b. Mutual Funds/Banks/Financial Institutions	350	0.01
c. Private Corporate Bodies	10,78,408	18.98
d. General Public	14,26,135	25.11
<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, 2012.

\*\* 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, 2012:**

Range of Shares held	No. of Folios	No. of Shares held	% of Total shares
1 to 500	4142	494565	8.707
501-1000	133	107506	1.893
1001-2000	63	94888	1.670
2001-3000	26	69736	1.228
3001-4000	10	36150	0.636
4001-5000	14	68941	1.214
5001-10000	13	96444	1.698
10001 and above	55	4712005	82.954
<b>Grand Total</b>	<b>4456</b>	<b>5680235</b>	<b>100.000</b>

**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 compulsorily traded in dematerialised form. 53,36,734 Equity Shares representing 93.95% of the total Equity Capital of the Company are held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on 31st March, 2012.

**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. Laxman Poojary. Email. laxmanp@shareproservices.com	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 25828486 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, 2012 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, 2012.

For Bright Brothers Ltd.

**Suresh Bhojwani**  
*Managing Director*

*Place* : Mumbai  
*Date* : 24<sup>th</sup> May, 2012

## 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, 2012 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* : 24<sup>th</sup> May, 2012

## 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, 2012, 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 para-3 above, we report that:
  - (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, Statement of Profit and Loss 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, Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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, 2012;
    - (b) in the case of the Statement of Profit and Loss, 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 : 24th May 2012

**Annexure to Auditor's Report:**  
(Referred to in paragraph 3 of the Auditors' Report of even date)

- (1)
  - a. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
  - b. As explained to us, in accordance with the phased program of verification the management has physically verified the 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. There was no substantial disposal of fixed assets during the year.
- (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 and no major discrepancies were noticed on physical verification.
- (3) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company we have not observed any major weakness in the aforesaid internal control system of the Company in respect of these areas.
- (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.
- (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. 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 an internal audit system commensurate with the size and nature of its business.
- (8) We have broadly reviewed the books of account maintained by the Company in respect of products where, in pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (9) According to the information and explanations given to us in respect of statutory dues:
  - a. The Company is regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Income tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty and Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.



- c. Details of dues of Income tax, Sales tax, Service tax, Customs duty, Wealth tax, Excise duty and Cess which have not been deposited as at 31st March, 2012 on account of any dispute are given below

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	1996-1999	64.50	CESTAT
			1997-2003, 2008-2009	65.24	First Appellate Authorities
		Disallowance of Input credit (service tax) & Penalty	2007-2008	51.50	First Appellate Authorities
2.	Bombay Sales Tax Act	Duty, Interest & Penalty	1987-1989, 1992-1993, 1998-1999, 1999-2000	36.90	MST
			1992-1993, 2001-2002, 2003-2004, 2006-2007	36.70	First appellate Authorities

- (10) The Company has no accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the current financial year and 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 statutes applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order 2003 (as amended) are not applicable to the Company.
- (14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
- (15) 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.
- (16) In our opinion and according to the information and explanation given to us, the Company has not obtained any term loan during the year.
- (17) On the basis of overall examination of the balance sheet of the Company, we report that there are no funds raised on short term basis which have been used for long term investment.
- (18) 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.
- (19) The Company has not issued any debentures during the year.
- (20) The Company has not raised any money by public issues during the year and accordingly the provisions of clause 4 (xx) of the Companies (Auditors' Report) Order 2003 (as amended) are not applicable to the Company.
- (21) 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 report that no fraud on or by the Company has been noticed or reported during the course of the audit.

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

per **RAKESH DHODY**  
Partner

Membership No.: 72621

Place : Mumbai  
Date : 24th May 2012

## Balance Sheet as at 31st March, 2012

	Notes	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	1	56,760,350	56,757,350
(b) Reserves and Surplus	2	552,169,008	542,461,038
<b>Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	11,871,547	20,107,975
(b) Deferred Tax Liabilities (Net)	4	12,231,226	9,279,192
(c) Long-Term Provisions	5	4,371,273	3,785,943
<b>Current Liabilities</b>			
(a) Short-Term Borrowings	6	21,078,600	17,653,600
(b) Trade Payables		119,106,391	106,063,886
(c) Other Current Liabilities	7	51,793,205	39,444,199
(d) Short-Term Provisions	8	27,832,031	47,754,913
<b>Total</b>		<b>857,213,631</b>	<b>843,308,096</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets	9		
(i) Tangible Assets		317,892,048	263,483,894
(ii) Intangible Assets		—	731,922
(iii) Capital Work-in-Progress		42,159,458	28,236,980
(b) Non-Current Investments	10	8,833,800	5,943,237
(c) Long-Term Loans and Advances	11	18,877,819	18,075,166
<b>Current Assets</b>			
(a) Current Investments	12	7,616,078	38,862,272
(b) Inventories	13	131,108,832	130,731,094
(c) Trade Receivables	14	80,699,035	59,727,195
(d) Cash and Cash Equivalents	15	30,394,219	22,824,226
(e) Short-Term Loans and Advances	16	219,632,342	274,692,110
<b>Total</b>		<b>857,213,631</b>	<b>843,308,096</b>
Significant Accounting Policies and other Notes forming part of the financial statements	25		

The accompanying notes referred to herein form an integral part of the financial statements

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

per Rakesh Dhody  
Partner  
Membership No. 72621

Mumbai, 24th May, 2012

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*  
Mr. Byram Jeejeebhoy

## Statement of Profit and Loss for the year ended 31st March, 2012

	Notes	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
Revenue from Operations (Net)	17	1,200,407,748	1,273,921,877
Other Income	18	38,114,798	38,790,578
<b>Total Revenue</b>	<b>(I)</b>	<b>1,238,522,546</b>	<b>1,312,712,455</b>
Expenses:			
Cost of Materials Consumed	19	837,573,959	897,011,737
Purchases of Stock-in-Trade	20	9,935,124	9,536,833
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	(3,156,422)	(2,323,678)
Employee Benefits Expense	22	83,226,730	72,162,449
Finance Costs	23	31,259,826	32,655,349
Depreciation and Amortization Expenses		32,684,290	27,771,467
Other Expenses	24	217,159,865	225,882,475
<b>Total Expenses</b>	<b>(II)</b>	<b>1,208,683,372</b>	<b>1,262,696,632</b>
<b>Profit Before Tax</b>	<b>(I-II)</b>	<b>29,839,174</b>	<b>50,015,823</b>
Tax Expenses:			
(1) Current Tax		—	—
(2) Deferred Tax		2,952,034	2,204,979
(3) Provision for Wealth Tax		194,000	200,500
(4) MAT		5,853,736	9,607,450
(5) MAT Credit Entitlement		(1,288,738)	(3,790,808)
(6) Tax for Earlier Year		(783,250)	26,398,514
<b>Profit for the year after Tax</b>		<b>22,911,392</b>	<b>15,395,188</b>
Earning per Equity Share in (₹)			
Nominal Value of Equity Shares		10	10
Basic and Diluted		4.03	2.71
Significant Accounting Policies and other Notes forming part of the financial statements	25		

The accompanying notes referred to herein form an integral part of the financial statements

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

per Rakesh Dhody  
Partner  
Membership No. 72621

Mumbai, 24th May, 2012

Tushar B. Naik  
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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  
Mr. Byram Jeejeebhoy      } *Directors*

## Cash Flow Statement for the year ended 31st March, 2012

	Year ended 31st March, 2012	Year ended 31st March, 2011
(₹ in lacs)		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	298.39	500.16
Non Cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation/Amortization	326.84	277.71
Financial Costs	312.59	326.55
Profit on Sale of fixed Assets	(0.50)	(0.30)
Dividend from Mutual funds/Shares	(6.94)	(18.11)
Profit on sale of investments	—	(0.86)
Capital Gain on Mutual Fund	(12.71)	—
Bad debts	1.44	—
Insurance claim-Fixed Assets	(32.08)	—
Interest Income	(317.11)	(337.54)
<b>Operating Profit before Working Capital Changes</b>	<b>569.92</b>	<b>747.61</b>
Adjustments for (Increase)/Decrease in Working Capital		
Sundry Debtors, Loans and Advances	(219.64)	57.33
Inventories	(3.77)	(211.64)
Trade Payable, Other Liabilities & Provisions	203.34	(201.57)
<b>Cash Generated from Operations</b>	<b>549.85</b>	<b>391.73</b>
Direct Tax/Wealth Tax paid	(95.25)	(297.78)
<b>Net Cash Flow from/(used in) Operating Activities (A)</b>	<b>454.60</b>	<b>93.95</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(1,055.97)	(863.77)
Sale of Fixed Assets	85.72	3.45
Interest Income	317.11	337.54
Decrease in Short term Loans & Advances	464.19	327.57
Capital Gain on mutual fund	12.71	0.86
Purchase/(Redemption) of Non Current and Current Investments	283.56	447.77
Dividend from Mutual funds/Shares	6.94	18.11
<b>Net Cash from (used in) Investing Activities (B)</b>	<b>114.26</b>	<b>271.53</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Financial Costs	(312.59)	(326.55)
Proceeds From Sale of Shares	—	(61.03)
Dividend Paid	(113.60)	(116.13)
Corporate Dividend Tax	(18.86)	(16.78)
Increase/(Decrease) in Long term & Short term Borrowings	(48.11)	20.62
<b>Net Cash from (used in) Financing Activities (C)</b>	<b>(493.16)</b>	<b>(499.87)</b>
<b>Net Increase Cash &amp; Cash Equivalent (A+B+C)</b>	<b>75.70</b>	<b>(134.39)</b>
<b>Cash &amp; Cash Equivalents at the beginning of year (01/04/2011)</b>	<b>228.24</b>	<b>362.63</b>
<b>Cash &amp; Cash Equivalents at the end of the year (31/03/2012)</b>	<b>303.94</b>	<b>228.24</b>

(1) The above statement has been prepared in indirect method.

(2) Cash and cash equivalent include cash and bank balances. Closing cash and cash equivalent includes ₹ 15.14 (previous year ₹ 13.77) towards unpaid dividend account which are meant for settlement of unpaid dividend amount.

(3) Previous year's figures have been reclassified to conform to current year's presentation.

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

per Rakesh Dhody  
Partner  
Membership No. 72621

Mumbai, 24th May, 2012

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*  
Mr. Byram Jeejeebhoy

## Notes to Financial Statements for the year ended 31st March, 2012

	As at 31st March, 2012		As at 31st March, 2011	
	Number	₹ Amount	Number	₹ Amount
<b>Note 1</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
Equity Shares of ₹ 10/- each	7,000,000	70,000,000	7,000,000	70,000,000
Redeemable Preference Shares of ₹ 10/- each	3,000,000	30,000,000	3,000,000	30,000,000
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>				
Equity Shares of ₹ 10/- each fully paid up	5,680,235	56,802,350	5,680,235	56,802,350
Less: Calls in arrears		42,000		45,000
		<u>56,760,350</u>		<u>56,757,350</u>

### (Terms/Rights and Restriction attached to Shares):

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each Shareholder is eligible for one vote per share. In the event of liquidation, equity shareholders will be eligible to receive the assets of the Company after distribution of all preferential amounts, in proportion to number of Equity shares held by the shareholders.

The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting except in the case of Interim Dividend.

### Preference Shares:

The Company has the power to issue preference shares. In the event of liquidation, the Preference shareholders of the Company have the preference over equity shares when it comes to payment of dividend and return of capital.

### Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Number	₹ Amount	Number	₹ Amount
Shares outstanding at the beginning of the year	5,680,235	56,802,350	5,806,567	58,065,670
Shares Issued during the year	—	—	—	—
Shares bought back during the year	—	—	126,332	1,263,320
Shares outstanding at the end of the year	5,680,235	56,802,350	5,680,235	56,802,350

### Details of Shareholders holding more than 5 percent of the aggregate equity shares in the Company.

Name of Shareholder	As at 31-3-2012		As at 31-3-2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Suresh Bhojwani	1,283,418	22.59	1,283,418	22.59
Mrs. Hira T. Bhojwani	3,70,310	6.52	3,70,310	6.52
M/s. T. W. Bhojwani Leasing Pvt. Ltd.	7,85,653	13.83	7,85,653	13.83
M/s. Patton International Limited	3,20,000	5.63	3,20,000	5.63

### Unpaid Calls

	As at 31-3-2012	As at 31-3-2011
By Directors	Nil	Nil
By Others	42,000	45,000

## Notes to Financial Statements for the year ended 31st March, 2012

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
<b>Note 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>a. Capital Reserves</b>		
As per last Balance sheet	<u>15,682,804</u>	<u>15,682,804</u>
<b>b. Capital Redemption Reserve</b>		
Opening Balance	22,952,950	21,689,630
Add: Transfer from Share Premium	—	1,263,320
Closing Balance	<u>22,952,950</u>	<u>22,952,950</u>
<b>c. Securities Premium Reserve</b>		
Opening Balance	96,700,675	102,803,400
Less: Transferred to Capital Redemption Reserve	—	1,263,320
Less: Utilized for Buy-Back of Shares	—	4,839,405
Closing Balance	<u>96,700,675</u>	<u>96,700,675</u>
<b>d. Revaluation Reserve</b>		
As per last Balance sheet	<u>8,478,581</u>	<u>8,478,581</u>
<b>e. General Reserve</b>		
As per last Balance sheet	244,561,564	239,061,564
Add: Amount transferred from Surplus in the Statement of Profit and Loss	2,000,000	1,500,000
Amount Transferred from Capital Investment Subsidy	—	4,000,000
Closing Balance	<u>246,561,564</u>	<u>244,561,564</u>
<b>f. Amalgamation Reserve</b>		
As per last Balance sheet	<u>13,900,250</u>	<u>13,900,250</u>
<b>g. Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	140,184,214	139,536,330
Add: Profit for the year	22,911,392	15,395,186
Less: Appropriations		
(a) Proposed Dividends	11,360,470	11,360,470
(b) Tax on Dividends	1,842,952	1,886,832
(c) Transfer to General Reserve	2,000,000	1,500,000
Balance at the end of the year	<u>147,892,184</u>	<u>140,184,214</u>
<b>Total Reserves and Surplus</b>	<u><u>552,169,008</u></u>	<u><u>542,461,038</u></u>

## Notes to Financial Statements for the year ended 31st March, 2012

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
<b>Note 3</b>		
<b>LONG TERM BORROWINGS</b>		
<b>SECURED</b>		
<b>Term loans</b>		
From Finance Company	56,550	735,150
(Secured By hypothecation of Vehicles)		
	<u>56,550</u>	<u>735,150</u>
<b>UNSECURED</b>		
<b>Deposits</b>	<b>11,814,997</b>	<b>19,372,825</b>
	<u>11,814,997</u>	<u>19,372,825</u>
<b>Total</b>	<b>11,871,547</b>	<b>20,107,975</b>
	<u><u>11,871,547</u></u>	<u><u>20,107,975</u></u>

**Note 4****DEFERRED TAX LIABILITY (NET)****(a) Deferred Tax Liabilities (Net)**

- (i) Fixed Assets: Impact of difference between Tax Depreciation and Depreciation / Amortization charged for the financial reporting.

	20,294,237	12,599,756
<b>Gross Deferred Tax Liability</b>	<b>(A) 20,294,237</b>	<b>12,599,756</b>
	<u>20,294,237</u>	<u>12,599,756</u>

**(b) Impact of Expenditure charged to the statement of Profit and Loss in the current year but allowed for tax purpose on payment basis**

- (i) Other item giving rise to timing difference
- (ii) Unaborsed business loss

	4,712,654	3,320,564
	3,350,357	—
<b>Gross Deferred Tax Assets</b>	<b>(B) 8,063,011</b>	<b>3,320,564</b>
	<u>8,063,011</u>	<u>3,320,564</u>
<b>Net Deferred Tax Liabilities</b>	<b>(A-B) 12,231,226</b>	<b>9,279,192</b>
	<u><u>12,231,226</u></u>	<u><u>9,279,192</u></u>

**Note 5****LONG TERM PROVISIONS****PROVISION FOR EMPLOYEE BENEFITS**

Leave Encashment (unfunded)	4,371,273	3,785,943
	<u>4,371,273</u>	<u>3,785,943</u>
<b>Total</b>	<b>4,371,273</b>	<b>3,785,943</b>
	<u><u>4,371,273</u></u>	<u><u>3,785,943</u></u>

## Notes to Financial Statements for the year ended 31st March, 2012

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
<b>Note 6</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>SECURED</b>		
<b>Loans Repayable on Demand</b>		
From Finance Company (Secured By hypothecation of Vehicles)	678,600	678,600
	<u>678,600</u>	<u>678,600</u>
<b>UNSECURED</b>		
<b>Deposits</b>	20,400,000	16,975,000
	<u>20,400,000</u>	<u>16,975,000</u>
<b>Total</b>	<u><u>21,078,600</u></u>	<u><u>17,653,600</u></u>
<b>Note 7</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Interest accrued and due on borrowings	760,489	858,391
Unpaid dividends	1,513,940	1,376,808
Other Liabilities	49,518,776	37,209,000
<b>Total</b>	<u><u>51,793,205</u></u>	<u><u>39,444,199</u></u>
<b>Note 8</b>		
<b>SHORT TERM PROVISIONS</b>		
Proposed Equity Dividend	11,360,470	11,360,470
Tax on Dividend	1,842,952	1,886,832
Provision for taxation (Income Tax and Wealth Tax)	14,628,609	34,507,611
<b>Total</b>	<u><u>27,832,031</u></u>	<u><u>47,754,913</u></u>





## Notes to Financial Statements for the year ended 31st March, 2012

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
<b>Note 10</b>		
<b>NON-CURRENT INVESTMENTS</b>		
<b>A. Other Investments (Refer A below)</b>		
(a) Investment in Equity Instruments	509,800	509,800
(b) Other Non-Current Investments	8,324,000	5,433,437
<b>Total</b>	<b>8,833,800.00</b>	<b>5,943,237.00</b>
Aggregate amount of Unquoted Investments at fair value ₹	8,360,563	5,108,835

### A. Details of Other Investments

Sr. No. Corporate	No. of Shares/ Units		Amount	
	2011-12	2010-11	2011-12 ₹	2010-11 ₹
<b>(a) Investment in Equity Instruments (At Cost-unquoted)</b>				
The Saraswat Co-op. Bank Ltd.	1,000	1,000	10,000	10,000
Shalimar Infotech Ltd.	1,666	1,666	499,800	499,800
<b>(b) Other Non-Current Investments (Units of Venture Fund)</b>				
Ambit Pragma Fund Scheme I	8,324	1,189	8,324,000	5,433,437
<b>Total</b>			<b>8,833,800</b>	<b>5,943,237</b>

### Note 11

#### LONG TERM LOANS AND ADVANCES

Fixed Deposits with Bank (With Maturity more than 12 months)	2,575,505	2,225,505
Deposits Others	9,141,298	8,773,383
Advances Recoverable in Cash or in Kind or for Value to be received (Unsecured, considered good)	7,161,016	7,076,278
<b>Total</b>	<b>18,877,819</b>	<b>18,075,166</b>

## Notes to Financial Statements for the year ended 31st March, 2012

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
<b>Note 12</b>		
<b>CURRENT INVESTMENTS</b>		
Particulars	<b>2011-12</b>	2010-11
(a) Investment in Equity Instruments	<b>7,616,078</b>	6,196,063
(b) Investments in Mutual Funds	—	32,666,209
Total	<b>7,616,078</b>	<b>38,862,272</b>
Aggregate amount of Quoted Investments (Market value in ₹)	<b>13,498,577</b>	11,336,184
Aggregate amount of Unquoted Investments (in ₹)	—	32,666,209

### Details of Investments

Sr. No.	Name of the Body Corporate	No. of Shares/ Units		Amount	
		2011-12	2010-11	2011-12 ₹	2010-11 ₹
<b>(a) Investment in Equity Instruments (At Cost-quoted)</b>					
	Indusind Bank Ltd.	22,100	22,100	305,000	305,000
	Ashok Leyland Ltd.	10,000	5,000	246,905	246,905
	Bannari Amman Spinning Ltd.	1,500	1,728	175,297	203,901
	Bharat Electronics Ltd.	150	150	293,946	293,946
	TVS Motors Company	8,000	10,000	287,222	394,534
	Rama Phosphates Ltd.	2,000	2,000	139,635	139,635
	International Travel Ltd.	1,100	1,100	262,864	262,864
	Sundaram Fastener Ltd.	10,000	10,000	510,642	510,642
	Rane Holdings Ltd.	500	500	115,100	115,100
	Sona Koyo Steering Ltd.	5,000	5,000	94,817	94,817
	Banco Products Ltd.	500	500	52,103	52,103
	Tata Sponge Iron Ltd.	1,000	1,000	376,470	376,470
	Sundaram Clayto Ltd.	2,500	2,000	510,892	426,261
	Moil Ltd.	94	94	35,062	35,250
	Lakshmi Machine Works Ltd.	225	225	509,722	509,722
	Eid Parry (India) Ltd.	2,000	2,000	478,382	478,382
	Hindustan Petroleum Corporation Ltd.	—	700	—	255,455
	SRF Ltd.	—	750	—	242,781
	CIPLA Ltd.	—	725	—	251,558
	Bharat Forge Ltd.	2,100	700	709,336	248,603
	Sarda Energy & Minerals Ltd.	62	860	12,777	251,862
	Dolphin Offshore Enterprises (India) Ltd.	2,500	1,250	355,745	247,348
	Jindal Southwest Holdings Ltd.	200	200	252,918	252,918

## Notes to Financial Statements for the year ended 31st March, 2012

Sr. No.	Name of the Body Corporate	No. of Shares/ Units		Amount	
		2011-12	2010-11	2011-12 ₹	2010-11 ₹
<b>(a) Investment in Equity Instruments (At Cost-quoted) (Contd.)</b>					
	Indian Hotels Co. Ltd.	1,000	—	88,696	—
	JSW Steel Ltd.	900	—	680,023	—
	Carborundum Universal Ltd.	4,000	—	485,000	—
	Fulford (India) Ltd.	5	—	4,554	—
	Finolex Industries Ltd.	1,200	—	124,609	—
	Asahi India Glass Ltd.	1,200	—	124,089	—
	State Bank of India	100	—	196,221	—
	Atul Ltd.	1,250	—	188,051	—
				<u>7,616,078</u>	<u>6,196,063</u>
<b>(b) Investments in Mutual Funds</b>					
	Kotak Quarterly Interval Plan Series 9 - Growth	—	446,318	—	5,197,244
	Uti Fixed Income Interval Fund (Half Yearly Plan)	—	41,501	—	21,258,653
	Taurus Short Term Bond Fund	—	6,200	—	6,210,312
				<u>—</u>	<u>32,666,209</u>
	<b>Total</b>			<u><u>7,616,078</u></u>	<u><u>38,862,272</u></u>

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
<b>Note 13</b>		
<b>INVENTORIES</b>		
Raw Materials	61,618,279	63,034,066
Finished Goods/Work in Progress	35,514,820	32,028,430
Stock-in-Trade (Trading)	22,680,869	28,967,223
Stores, Spares and Components	8,659,863	3,913,910
Packing Materials	2,635,001	2,787,465
<b>Total</b>	<u><u>131,108,832</u></u>	<u><u>130,731,094</u></u>

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
<b>Note 14</b>		
<b>TRADE RECEIVABLES</b>		
Unsecured and considered good		
Outstanding for a period less than six months from the date they are due for payment	67,759,957	49,337,527
Outstanding for a period exceeding six months from the date they are due for payment	12,939,078	10,389,668
<b>Total</b>	<u><u>80,699,035</u></u>	<u><u>59,727,195</u></u>

## Notes to Financial Statements for the year ended 31st March, 2012

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
<b>Note 15</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
a. Balances with banks	19,749,304	19,545,388
Includes:		
Unpaid Dividend Account	1,513,940	
Margin Money	85,000	
b. Cheques/drafts on hand	10,267,493	
c. Cash on hand*	377,422	528,838
d. Others (ESCROW A/C)	—	2,750,000
	<u>30,394,219</u>	<u>22,824,226</u>
Total	<u><u>30,394,219</u></u>	<u><u>22,824,226</u></u>

### Note 16

#### SHORT-TERM LOANS AND ADVANCES

Inter Corporate Loans (Secured, considered good)	171,557,143	217,975,628
Prepaid Expenses	2,601,480	2,676,330
Advances recoverable in Cash or in Kind or for value to be received	5,249,308	8,213,732
Loan & Advances to Employees	1,482,188	2,089,595
Balance with Central Excise and Service Tax Authorities	12,739,414	3,603,883
Interest accrued on Deposits	1,233,177	1,284,752
Advance Income Tax	16,728,694	32,095,990
MAT Credit	8,040,938	6,752,200
	<u>219,632,342</u>	<u>274,692,110</u>
Total	<u><u>219,632,342</u></u>	<u><u>274,692,110</u></u>

## Notes to Financial Statements for the year ended 31st March, 2012

	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
<b>Note 17</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of products	1,289,415,614	1,380,761,624
Other operating income	10,463,713	10,172,859
Less:		
Excise duty	99,471,579	117,012,606
Total	<u>1,200,407,748</u>	<u>1,273,921,877</u>

<b>Note 18</b>		
<b>OTHER INCOME</b>		
Interest Income	31,711,940	33,754,739
Dividend Income	694,235	1,811,059
Net gain/(loss) on sale of investments	1,271,832	86,335
Other non-operating income	4,436,791	3,138,445
Total	<u>38,114,798</u>	<u>38,790,578</u>

<b>Note 19</b>			
<b>COST OF MATERIALS CONSUMED</b>			
Opening Stock of R.M.		63,034,067	45,260,540
Add: Purchases		721,490,931	773,697,967
Less: Closing Stock		61,618,278	63,034,067
Consumption of R.M.	(A)	<u>722,906,720</u>	<u>755,924,440</u>
Consumption of Packing, Components	(B)	<u>114,667,239</u>	<u>141,087,297</u>
	(A+B)	<u>837,573,959</u>	<u>897,011,737</u>

<b>Note 20</b>			
<b>PURCHASES OF STOCK-IN-TRADE</b>		9,935,124	9,536,833

<b>Note 21</b>			
<b>CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>			
Opening Stock :			
Finished Goods/Work-in-Progress		55,039,267	52,576,789
Closing Stock :			
Finished Goods/Work-in-Progress		58,195,689	54,900,467
Total		<u>(3,156,422)</u>	<u>(2,323,678)</u>

## Notes to Financial Statements for the year ended 31st March, 2012

	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
<b>Note 22</b>		
<b>EMPLOYEE BENEFITS EXPENSES</b>		
(a) Salaries, Wages, bonus, Contribution to P.F, gratuity and super annuation fund	80,916,938	70,191,202
(b) Staff welfare expenses	2,309,792	1,971,247
Total	<u>83,226,730</u>	<u>72,162,449</u>

### Note 23

#### FINANCE COSTS

Interest and bill-discount expenses	31,259,826	32,655,349
Total	<u>31,259,826</u>	<u>32,655,349</u>

### Note 24

#### OTHER EXPENSES

Consumption of stores and spares	7,621,540	7,535,957
Power and fuel	47,223,695	54,025,586
Contract Labour & Sub contract Charges	75,603,381	82,332,034
Rent	9,123,156	9,275,815
Repairs and maintenance to buildings	1,022,219	1,010,299
Repairs and maintenance to machinery	13,566,611	14,389,112
Insurance	2,019,427	1,184,217
Directors Sitting Fees & Commission	492,000	704,000
Audit Fees	360,000	350,000
Travelling and Conveyance	9,678,359	8,472,941
Freight and Forwarding Charges	11,273,008	12,840,000
Loss of Stock (Fire)	3,881,279	—
Advertisement and Sales Promotions	4,597,623	3,398,347
Miscellaneous expenses	30,697,567	30,364,167
Total	<u>217,159,865</u>	<u>225,882,475</u>

**Note 25:****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****1. ACCOUNTING STANDARDS:****(A) DISCLOSURE OF ACCOUNTING POLICIES (AS-1):****BASIS OF PREPARATION**

The financial statements have been prepared to comply in all material respects with the applicable Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956 of India (the Act). The accounting policies followed in the preparation of financial statements are consistent with those of previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Schedule VI to the Companies Act, 1956. Based on the nature of service rendered by the Company and the time incurred between the cost incurred for rendering the service and their cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

The adoption of revised Schedule VI does not impact recognition and measurement principle followed for preparation of financial statements. However it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current 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) Finished Goods/Work-in-Progress | : | At lower of cost and net realizable value |
| (c) Trading Goods/Moulds            | : | At lower of cost and net realizable value |
| (d) Stores & Spares                 | : | At cost (FIFO)                            |
| (e) 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):**

N.A.

**(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 is fully depreciated in the year of acquisition.



**Note 25: (Contd.)**

- (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 programme have been amortised over a period of 5 years.

**(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 Company collects sales tax and Value added tax (VAT) on behalf of the Government and therefore, these are not economic benefits flowing to the Company. Hence they are excluded from revenue.

Revenue from the sale of goods is recognized in the statement of profit & loss account when the significant risk and reward of ownership have been transferred to the buyer. Excise duty deducted from the turnover (gross) is the amount that is the amount that is included in the amount of turnover (gross) and not the entire amount of liability that arose during the year.

Income from services is recognized upon completion of the contract, in accordance with the specific terms of the contract with the customer.

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

Dividend income has been accounted on receipt basis.

**(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 are amortized over a period of three years.

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

Foreign Currency translation:

Income and expenses in foreign currencies are recorded 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.

**Note 25: (Contd.)****(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 employee's 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.

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 Standards on borrowing cost (AS -16) issued by The ICAI. 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 there 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 The 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 – Managing Director

**Relatives of Key Management Personnel**

Mr. Karan Bhojwani

Ms. Ruchika Bhojwani

**Note 25: (Contd.)****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:

	(₹ In Lacs)	
	2011-12	2010-11
<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	47.53	44.02
— Relatives of Key Management Personnel	33.66	18.72
<b>(C) Royalty received</b>		
— Enterprises in which Key Management Personnel have significant influence	3.24	2.38
<b>(D) Loans Accepted/(Repaid) Key Management Personnel</b>	4.45	(0.10)
— Relatives of Key Management Personnel	NIL	(0.25)
— Enterprises in which Key Management Personnel have significant influence	NIL	NIL
<b>(E) Outstanding Balance</b>		
— Payable by the Company		
— Key Management Personnel	3.00	5.00
— Enterprises in which Key Management Personnel have significant influence	1.20	1.20

**(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.

(₹ In Lacs)

2. Particulars	2011-12	2010-11
Future minimum lease payments under a Non-cancellable operating leases for each of the following periods:		
Not later than one year	46.32	68.82
Later than one year but not later than five years.	4.22	54.76

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

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**Note 25: (Contd.)**

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

(₹ In Lacs)

	2011-12	2010-11
Net Profit after tax attributable to Equity shareholders	229.10	153.95
Weighted average number of Equity shares	5,680,235	5,683,967
Earning Per Share (Nominal value of share ₹ 10/- paid up)	₹ 4.03	₹ 2.71

**(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 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 at 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 there is a reasonable certainty that sufficient future taxable income will be available against which deferred taxes will be utilized. 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.

**(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 not capitalized any sum towards intangible assets.

**(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):**

- 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.
- Contingent Liabilities not provided for are disclosed in the notes to the accounts given below and Contingent assets are not recognized.

Capital commitment

Estimated amount of Contract remaining to be executed on Capital account and not provided for ₹ 61.18 lacs (Previous Year - ₹ 72.78 Lacs) — (net of advance).

**Note 25: (Contd.)**

## (c) Contested liabilities and Contingencies:

₹ in lacs

Liabilities not provided for	As at 31-3-2012	As at 31-3-2011
Service tax	51.50	Nil
Excise duty	129.74	133.30
Wealth Tax	Nil	3.31
Income Tax	Nil	503.86
Bombay Sales Tax	73.60	118.55
Stamp Duty	36.75	36.75

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

## (d) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

**2. AUDITORS REMUNERATION:**

Particulars	2011-12 (₹ In Lacs)	2010-11 (₹ In Lacs)
Audit Fees	3.60	3.25
Tax Audit	—	0.25
	<u>3.60</u>	<u>3.50</u>

**3. ADDITIONAL INFORMATION**

## (a) C. I. F. Value of Imports [Para 4D (a)]:

	2011-2012 (₹ In Lacs)	2010-2011 (₹ In Lacs)
Raw Materials	245.61	0.00
Traded Goods	26.95	10.19
Machinery & Spares	421.45	404.81

## (b) Expenditure in Foreign Currency [Para 4 (D) (b)]:

Foreign Travel	4.94	12.89
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## (c) Raw Materials Consumed:

(in ₹)

	Raw Materials	
	2011-2012	2010-2011
Imported	24,560,637	Nil
Percentage to Total Consumption	3.40%	Nil
Indigenous	698,346,083	755,924,440.00
Percentage to Total Consumption	96.60%	100%
Total	722,906,720	755,924,440.00
	100%	100%

**Note 25: (Contd.)****(d) Remittance in foreign currency on account of Dividend:****Description**

	<b>2010-11</b>	2009-10
Year to which dividend relates		
Number of non-resident share holders	<b>Nil</b>	1
Number of equity shares held by them	<b>Nil</b>	20000
Amount remitted (₹ in lacs)	<b>Nil</b>	0.40

4. 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.
5. 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.
6. 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.
7. The Company has recognized ₹ 12.88 lacs as on 31st March, 2012 as Minimum Alternate Tax Credit Entitlement (Previous Year ₹ 37.90 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.
8. Previous year figures have been regrouped/rearranged wherever necessary.