

## Directors' Report

To  
The Shareholders

Your Directors have pleasure in presenting the 75<sup>th</sup> Annual Report on the Company's Operation and Performance together with Audited Accounts for the financial year ended 31<sup>st</sup> March, 2010.

### 2.0 HIGHLIGHT

2.1 The year gone by in 2009-2010 was indeed challenging. The economic scenario both at National and International level were largely affected by global economic Crisis and spiraling effect of recession and inflation. Amid the down turn, the Govt, by dint of its astute policy regulation and application of time tested control mechanism could avert the looming crisis of recession and minimize its impact on Indian Industries and optimize the Industrial Production at the desired level. Under pressing competition and market force, your Company with its meager means of Capital and Manpower, could maintain its momentum in terms of growth and development.

Amongst others, your company, in its continued pursuit to excel in Marketing and execution, was successful in securing Orders for Mahananda, Jaldhaka- Torsha, and Gandak Bridge etc. Besides progressive execution of projects for Ganga Bridge at Munger in Bihar, Design and Fabrication work for Mumbai- Metro also progressed satisfactorily as per planned schedule. The projects being technically challenging, the progress made by your Company in execution received appreciation from the clients.

Besides progressive completion of the construction of Allahabad Bank Building and Benfish Building at SaltLake- Kolkata, construction work for Building Project and Drainage work at Tripura are all set to be accomplished as per planned schedule with satisfaction of the Clients. Your Company expects further Order of the like nature in the near future from these Clients.

Your Company completed yet another year of excellent performance. The Gross earnings of your company for the year ended 31<sup>st</sup> March, 2010 stood at Rs. 8420.65 lakhs as against Rs 6732.53 Lakhs in the corresponding previous year registering growth of 25%.

During the year under review, the company achieved Gross Profit of Rs. 588.82 Lakhs before charging Interest, Prior Period Charges, Extra-Ordinary Items, Tax and Depreciation. The Net Profit After Tax stood however recorded at Rs 275.98 Lakhs and registered impressive growth over previous year at Rs 253.18 Lakhs with incremental Post Tax Net Profit of Rs 22.80 Lakhs over the last year. As part of Re-Structuring, Govt of India had approved Merger of the Company and Bharat Bhari Udyog Nigam Limited (BBUNL).

### 3.0 FINANCIAL PERFORMANCE

3.01 A summary of Financial Performance of the company for the financial year 2009-2010 vis-à-vis 2008-2009 is given below:-

PARTICULARS	(Rs. in Lakhs) *	
	2009-2010	2008-2009
Gross Earnings	8420.65	6732.53
Gross Margin	588.82	410.30
Depreciation	71.58	34.00
Profit before Government & other interest, EOI & Prior Period Items	517.24	376.30
Government & other Interest:	70.97	17.64
Profit/(Loss) for the year (before Prior Period adjustment & Extra-Ordinary items)	446.27	358.66
Prior Period adjustment	(17.24)	(0.15)
Extra Ordinary Item	(96.54)	(71.81)
Net Profit After Tax	275.98	253.18

**4.0 FINANCIAL AND CAPITAL STRUCTURE**

4.1 The capital structure of the Company as on 31<sup>st</sup> March,2010 compared to the previous year is indicated below:-

(Rs. in Lakhs)

PARTICULARS	As on 31-3-2010	As on 31-3-2009
Authorised capital	<u>3000.00</u>	<u>3000.00</u>
<b>SOURCES:</b>		
<b>Own</b>		
Issued and subscribed capital	2026.50	2026.50
Reserves & surplus	166.12	(104.03)
<b>Borrowed:</b>		
Zero rate debentures (Pending allotment)	1214.62	1214.62
Loan from Govt. of India	275.00	275.00
Interest Accrued & Due	85.09	46.57
Secured Loan From Bank	772.79	233.30
<b>TOTAL:</b>	<u>4540.12</u>	<u>3691.96</u>
<b>Represented by:</b>		
Net Fixed Assets	641.01	419.76
Net Current Assets	3898.51	3271.60
Investment	0.60	0.60
<b>TOTAL:</b>	<u>4540.12</u>	<u>3691.96</u>

**DIVIDEND**

4.2 Notwithstanding the above performance, the Board of Directors of your Company at it's 110<sup>th</sup> Meeting held on September 04, 2010 recommended for declaration of dividend of Rs 5.00 Lakhs on the Paid up Capital of the Company as on 31-03-2010 subject to your approval of the same in the ensuing Annual General Meeting and compliance of the provisions of the Companies Act 1956 and the Rules made there under. This is indeed a new beginning for your Company to become a Dividend Paying Govt Company.

**5.0 ORDER BOOK:**

The Orders in hand as on 1.4.2010 stood at Rs 90,176.50 Lakhs. During the year under review, orders worth Rs. 7790.08 Lakhs were executed and billed. Steps have been taken to further improve the order book for the year 2010-2011

**6.0 DIVERSIFICATION & FUTURE OUTLOOK**

6.1 With limited means, your company amid all constraints made relentless efforts to diversify into the other related area civil projects of varied nature. Construction of Buildings, Drainage Work and infrastructure work etc. became predominantly important for your Company in terms of its inherent contribution and Profitability.

6.2 In move to this direction, construction work for the contract of Multi storied Building for Allahabad Bank is nearing completion with satisfaction of the Client. Advancement of construction of Civil jobs in pace with the schedule marked a note of achievement for your Company for the year under review. The cumulative experience in execution of these projects is expected to lead your company in the related field with greater value addition in bottom line and Brand image in the years to come.

Introduction of PPP (Public Private Partnership) Model by Railways in execution of Railways related Infrastructure Project being hailed by Industries, your company with time tested technology, commitment and vision, be it alone or in the form of JV is committed to join the mission of the Govt and pledged to work for it for the service of the nation.

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6.3 The exposure of your Company in developing various Infrastructure Projects under Railways so also under the State Govt would go a long way to help your Company to secure more Projects.

6.4 Your Company is in the process of implementation of integrated computerization.

### 7.0 HUMAN RESOURCES

This is yet another year marked with success in maintaining cordial relationship with all sections of employees being core assets and lifeline of your Company.

Your Company has always encouraged the ethical standards and Intrinsic values of the employees to build a bond with your Company in the way of work. Training being continuous activity was imparted for skill development of the employees.

It was therefore possible for your Company to maintain good Industrial relation during the year under review. A number of measures taken by your company to encourage welfare activities have been hailed by the employees.

### 8.0 CORPORATE GOVERNANCE

The Board of Directors of your Company at its 110<sup>th</sup> Meeting held on September 04, 2010 adopted DPE - Corporate Governance Guidelines to secure higher levels of accountability, transparency, responsibility and fairness in all aspects of operations.

Your Company remained committed towards ensuring observance of Corporate Governance Guidelines together with the writ and principles in pursuit of excellence in Business Plan, Operations and strategy to enhance shareholders value and good Governance.

The information stipulated under Corporate Governance Guidelines is given in the Annexure and forms part of the Report.

#### 8.01 AUDIT COMMITTEE

As a part of Corporate Governance process and following the principles of ensuring transparency, accountability, integrity and compliance of various laws, the company constituted The Audit Committee of the Board as constituted in the year 2006 as a part of Corporate Governance process met four times during the year to review the Internal Audit Plan and Issues of financial and operational and other statutory issues vested with it under the Companies Act 1956 and the Guidelines of Corporate Governance.

#### 8.02 ENVIRONMENT AND POLLUTION CONTROL

Environment and Pollution Control has been a major thrust area for your Company. Besides periodical check, a system is in operation to monitor the level of Carbon emission from the Plants in use at Sites. The emission level in Carbon is minimized through process of calibration, re-scaling and Carbon precipitation mechanism.

Your Company during the course of the year did not receive any notice or complaint from the Statutory Authorities alleging non compliance of relevant Laws and remained eco-friendly to the people at large.

### 9.0 CORPORATE SOCIAL RESPONSIBILITIES

- Corporate Social Responsibilities being an important area, the steps taken by the Company are reviewed at the Corporate level from time to time. Besides organizing Medical Camp, your Company pursuant to the Govt directive remained visionary and responsive. During the course of the year Educational Kits, other Aids and Utilities were distributed amongst the Students in the Blind Schools and Nobel Mission, association of Visually and Mentally challenged persons.
- Your Company expects to increase its voluntary activities in the other area within the means available in the years to come in repaying its social commitment.

**9.01 ENCOURAGEMENT / ASSISTANCE TO MSME**

Like previous years, your Company, in accordance with Govt Guidelines has been procuring items from MSME's. Supports by whatever name called were extended to the Social Welfare Organisations through selective sourcing / procurement of materials and services from them in need based manner.

**10.0 CONSERVATION OF ENERGY AND TECHNOLOGY**

Your Company, by means of a laid down Policy has taken policy initiative for conservation of Energy through new or improved means being a major thrust area. Regular maintenance of Plants at Site and other operational equipments received perpetual attention through improved process and maintenance practices. Amongst others, reduction of fuel consumption and corresponding enhancement of fuel efficiency received impetus.

The information stipulated 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 is given in the Annexure and forms part of the Report.

**11.0 FOREIGN EXCHANGE EARNINGS AND OUTGO**

The additional information on Foreign Exchange earnings and outgo stipulated Under Section 217 (1)(e) of the Companies Act,1956 is set out in the annexed statement and forms part of this report..

**12.0 VIGILANCE**

During the year under review, vigilance activities were managed effectively under supervision of Bharat Bhari Udyog Nigam Limited, the holding company.

**13.0 REPORT OF THE STATUTORY AUDITORS & COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF 2009-2010**

**AUDITORS**

13.01 M/s. I. B. Chakraborty & Co., Chartered Accountants, Kolkata were appointed as Statutory Auditors of the Company for the year 2009-2010 by the Comptroller and Auditor General of India as per provision of Section 619(2) of the Companies Act,1956.

13.02 The observations of the Statutory Auditors on the Accounts for the year 2009-2010 are self explanatory and have been adequately explained in the notes on accounts.

13.03 The Comptroller & Auditor General of India by letter dated September 15, 2010 has given comments on the Accounts of your Company for the Financial Year 2009 - 2010 under section 619 (4) of the Companies Act,1956 and conveyed it's decision not to review the Report of the Statutory Auditors on the Accounts of the Company for the year as aforesaid. The letter received from them is annexed to this report.

**14.0 PARTICULARS OF EMPLOYEES U/S 217 OF THE COMPANIES ACT,1956 & DIRECTORS' RESPONSIBILITY STATEMENT**

None of the employees are covered by the provisions of Section 217 (2A) of the Companies Act,1956.

**15.0 DIRECTORS' RESPONSIBILITY STATEMENT**

15.01 Pursuant to Section 217(2AA) of the Companies Act,1956 and on the basis of explanation and information given by the executives of the Company and on the basis of discussion with the Statutory Auditors, your Directors' subscribed to the Directors' Responsibility Statement and declare that:

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- (1) in preparation of the Annual Accounts the applicable Accounting standards had been followed along with proper explanation relating to material departures.
- (2) the Directors had selected such accounting policies and applied them consistently and made judgment 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 2009-2010 and the Profit & Loss Account for the said period.
- (3) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.
- (4) the annual accounts had been prepared on going concern basis.

### 16.0 IMPLEMENTATION OF RAJBHASHA

The implementation of Rajbhasha through different in house programmes remained to be the core area. Besides few programmes, efforts were taken by your company to do more in the coming year.

### 17.0 BOARD OF DIRECTORS

Sri Pramod Kumar continued to remain as Director and Ex-Officio Chairman of the Board of your Company.

Sri S. Baul remained as Managing Director of your company during the year under review along with Sri Shashank Goel, Director, Department of Heavy Industries, Ministry of Heavy Industries and Public Enterprises, Govt. of India appointed as Director.

Sri S. P. Mehta, former General Manager, Northern Railways ceased to be Director in the Board of your Company during the year.

### 18.0 ACKNOWLEDGEMENT

- 18.01 Your Directors wish to place on record their gratitude and sincere thanks to the various Ministries of the Govt. of India, particularly, the Department of Heavy Industry, Ministry of Heavy industries and Public Enterprises, Indian Railways, Kolkata Port Trust, Rail Vikash Nigam Ltd. and Govt. of West Bengal, Govt. of Tripura for their continued co-operation and valuable assistance provided to the company.
- 18.02 Your Directors wish to place on record their appreciation of the continued support and guidance provided by Bharat Bhari Udyog Nigam Ltd., the holding company, and the assistance received from other sister subsidiaries.
- 18.03 Your Directors are happy to acknowledge the co-operation and commitments of all employees and their contribution in improving the performance of your company. Their unstinted support has been and continues to be integral to your Company's ongoing success and holding its premier position in the field of Bridge Construction Industry at the national level.

For and on behalf of the Board of Directors  
**(Pramod Kumar)**  
*Chairman*

**(S. Baul)**  
*Managing Director*

Kolkata  
Dated: September 14, 2010

**ANNEXURE TO THE DIRECTORS' REPORT**

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 and forming part of the Directors' Report for the year ended March 31, 2010.

**A. CONSERVATION OF ENERGY:**

- |  |  |
|--|--|
| (a) Energy Conservation measures taken:  | (a) The Company has framed Energy Conservation Policy. The Policy ensures Regular and Preventive maintenance of Plants & Equipments at Sites. The Policy is reviewed at periodical interval at the Corporate level |
| (b) Additional investment and proposals, if any being implemented for reduction of consumption of energy:                                      | (b) Nil  |
| (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : | (c) Adoption of measures stated under a above was responsive as it contributed overall savings in the energy cost of the Company at relevant point of time .   |

**B. TECHNOLOGY ABSORPTION:**

- (a) Your company was certified as a ISO 9002 company in respect of site erection of Steel Bridges.
- (b) EXPENDITURE ON R&D

	<u>Current Year</u> Rs. Lakhs	<u>Previous Year</u> Rs. Lakhs
Capital	Nil	Nil
Revenue	Nil	Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	<u>Current Year</u> Rs. Lakhs	<u>Previous Year</u> Rs. Lakhs
Earnings on account of exports etc.	Nil	Nil
Outgo on account of imports, Training etc.	4.15	Nil

## ANNEXURE TO THE DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE :

This Report is in accordance with the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Govt Of India, Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry in May 2010.

<p><b>Company's Philosophy on Guidelines on Corporate Governance</b></p>	<p>The Company's Philosophy on Corporate Governance is aimed at :</p> <p>Enhancing long term Shareholders value and Company's wealth generating capacity through</p> <ul style="list-style-type: none"> <li>• Assisting top Management in taking sound business decisions and prudent Financial Management</li> <li>• Achieving transparency and professionalism in all decisions and activities of the Company</li> <li>• Adhering to disclosure Compliances</li> <li>• Achieving excellence in Corporate Governance by :                             <ol style="list-style-type: none"> <li>1. conforming to the prevalent guidelines on Corporate Governance and excelling in wherever possible</li> <li>2. Setting high ethical standards in conduct of business complying with laws and regulations</li> <li>3. Reviewing periodically the existing system and controls for further improvements</li> </ol> </li> </ul>			
<p><b>Board of Directors</b></p>	<p>All Directors of the Board of the Company are appointed by the President of India.</p> <p>The total numbers of Directors on the Board of the Company are given hereunder. Reference has been made to the Govt for appointment of Directors to bring the Board in line with the Govt Guidelines for Corporate Governance</p>			
<p><b>Board Composition</b></p>	<p>Numbers of Directors</p>	<p>Three</p>		
	<p>Name</p>	<p>Shri Pramod Kumar Director &amp; Ex-Officio Chairman</p>		
		<p><b>Shri S.Baul</b> Managing Director</p>		
		<p>Shri Shashank Goel Director- DHI, Govt Nominee</p>		
		<p>Shri S. P. Mehta, Director (Ceased to be Director w.e.f March 26, 2010)</p>		
<p><b>Meetings Held (Board &amp; Audit Committee)</b></p>	<p>Board Meeting Held During the year</p>	<p>01</p>	<p>April 02, 2009</p>	
		<p>02</p>	<p>July 01, 2009</p>	
		<p>03</p>	<p>Sept 22, 2009</p>	
		<p>04</p>	<p>Nov 10, 2009</p>	
		<p>05</p>	<p>Mar 06, 2010</p>	
		<p>01</p>	<p>April 02, 2009</p>	
	<p>Audit Committee Meeting Held During the year</p>	<p>02</p>	<p>July 01, 2009</p>	
		<p>03</p>	<p>Sept 22, 2009</p>	
		<p>04</p>	<p>Mar 06, 2010</p>	

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<b>Attendance to the Meetings (Board &amp; Audit Committee)</b>	<b>Name</b>	<b>Number of Meeting Attended</b>		<b>Attendance at the last Annual General Meeting held on Nov. 10, 2009</b>
		Board	Audit Committee	
	Shri Pramod Kumar	05	04	Yes
	Shri S. Baul	05	04	Yes
	Shri Shashank Goel	05	04	Yes
	Shri S. P. Mehta	04	03	No
<b>Committee of Board of Directors</b>		The Board has only Audit Committee for the time being. The details of such Committee are as under		
<b>Audit Committee</b>	<b>Role and the Terms of Reference:</b>	Matters specified under para 4.2 of the Guideline on Corporate Governance for Public Enterprises. The Committee acts as link among the Management, the Statutory and Internal Auditors and the Board of Directors and assesses financial reporting system.		
<b>Composition, Meetings &amp; Attendance</b>	<b>Name of Directors</b>	<b>Meeting attended – 2009-2010</b>		
	Shri Pramod Kumar	Meeting held – 04	Attended – 04	
	Shri S. Baul	Meeting held – 04	Attended – 04	
	Shri Shashank Goel	Meeting held – 04	Attended – 04	
	Shri S. P. Mehta	Meeting held – 04	Attended – 03	
<b>Code of Conduct</b>	The Draft Code of Conduct for Members of the Board and Senior Management is laid down by the Board is under process of implementation.			
<b>General Body Meetings  Particulars of last three Annual General Meetings</b>	<b>Fin Year</b>	<b>Date</b>	<b>Time &amp; Venue</b>	<b>Special Resolution(s) if any</b>
	2006-2007	Oct. 10, 2007	12:30 Hours BBUNL Alipore Kolkata	Nil
	2007-2008	Sept. 29, 2008	15:00 Hours BBUNL Alipore Kolkata	Nil
	2008-2009	Nov. 10, 2009	15:00 Hours BBUNL Alipore Kolkata	Nil
<b>Disclosures</b>	Transactions of material nature with Directors or their relatives that may have potential conflict with the Interest of the Company.			Nil
	Related Party Transactions (AS 18)			Disclosed in appropriate Schedule attached to Accounts for the year ended March 31, 2010
	Details of non-compliances by Company or strictures imposed on it			Nil

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	Whistle Blower Policy and affirmation that no personnel has been denied access to Audit Committee	The Company being not listed, does not have Whistle Blower Policy. No personnel has been denied access to Audit Committee
	Details of Compliance of the requirements of these Guidelines	Compiled. Appointment of required numbers of Independent Directors has been taken up with the Govt.
	Details of Presidential Directives issued by Central Govt. & their Compliance during the year & last three years	No Directives are pending for compliance
	Items of Expenses debited in Books of Accounts not for business purposes	Nil
	Expenditure incurred which are personal in nature and incurred for the Board of Directors & Top Management	Nil
<b>Means of Communications</b>	Shares issued by the Company being not listed in any Stock Exchange, quarterly Results are not published in the News Papers. Annual Audited Financial Results are displayed on the Company's website <b>Address for Correspondence</b> 27, Sir Rajendra Nath Mukherjee Road, Kolkata-700 001	
<b>Audit Qualifications</b>	The effort of the Company is to move towards a regime of unqualified Financial Statements	
<b>Training of Board Members</b>	The Company proposes to consider this in future	
<b>Whistle Blower Policy</b>	The Company proposes to consider this for employees in future	