

THE BRAITHWAITE BURN AND JESSOP CONSTRUCTION COMPANY LIMITED

Directors' Report

To

The Shareholders

Your Directors have pleasure in presenting the 73rd Annual Report on the Company's Operation and Performance together with Audited Accounts for the financial year ended 31st March, 2008.

2.0 HIGHLIGHT

2.1 During the year under review, orders aggregating to ***Rs 2964.65*** Lakhs have been received.

Your company, in its endeavor to increase order book for construction of Steel Bridges was successful in securing contracts for Bridge No 14 Bogibeel Approach under N.F.Railways for Rs 628.21 Lakhs. The execution of projects for Re-Girding of Ulhas Bridge , Baitarani Bridge etc from Indian Railways progressed satisfactorily . Both the project being technically challenging, received appreciation from the clients. The contract for construction of Second Bridge over Mahanadi in the State of Orissa from RVNL, valued at Rs.121.29 crores being executed by your company jointly with Gammon India Limited through BBJ-Gammon Joint Venture, stood nearing completion to the satisfaction of the clients.

The potential market for Steel Bridge is likely to pick up with the Railways preparing for construction of Rail-cum-road Bridges over River Ganga in Patna and Munger. Your company amid stiff competition, participated in the bidding process with all its Technology, know-how and years of experience.

Your Company successfully completed the Plate Girder Work under East Coast Railways besides Erection Consultancy work received by your company from Srilanka. Amongst the few, your Company was able to complete the construction of Market Complex at Kak Dwip and Food Park at Sultanpur with the satisfaction of the Govt of West Bengal and expecting further Order of this nature in the near future.

Your Company completed yet another year of excellent performance. The Gross earnings of your company for the year ended 31st March, 2008 stood at Rs. 8090.13 lakhs as against Rs 7376.98 Lakhs in the corresponding previous year and thus registered a growth of more than 9.67 % over the last year.

During the year under review, the company achieved Pre tax profit (before extra ordinary and prior period items) of Rs. 247.84 Lakhs and registered impressive growth of more than 36.08% over previous year while Post tax net profit increased to Rs 162.39 Lakhs from corresponding previous year at Rs 122.40 Lakhs in the last year.

3.0 FINANCIAL PERFORMANCE

3.01 A summary of Financial Performance of the company for the financial year 2007-2008 vis-à-vis 2006-2007 is given below:-

| PARTICULARS | Rs./Lakhs | |
|--|-----------|-----------|
| | 2007-2008 | 2006-2007 |
| Gross Earnings | 8090.13 | 7376.98 |
| Gross Margin | 306.83 | 240.95 |
| Depreciation | 20.42 | 21.66 |
| Profit before Government & other interest | 286.41 | 219.29 |
| Government & other Interest: | 38.57 | 37.16 |
| Profit/(Loss) for the year (before Prior Period adjustment & Extra-Ordinary items) | 247.84 | 182.13 |
| Prior Period adjustment | (0.50) | (0.78) |
| Extra Ordinary Item | (62.97) | (42.47) |
| Net Profit Before Tax | 184.37 | 138.88 |
| Tax(Incl. Fringe Benefit Tax) | 21.98 | 16.48 |
| Net Profit After Tax | 162.39 | 122.40 |

4.0 FINANCIAL AND CAPITAL STRUCTURE

4.1 The capital structure of the Company as on 31st March,2008 compared to the previous year is indicated below:-

| PARTICULARS | Rs.in lakhs | |
|--|--------------------|--------------------|
| | As on 31-3-2008 | As on 31-3-2007 |
| Authorised capital | <u>2000.00</u> | <u>2000.00</u> |
| <u>SOURCES:</u> | | |
| <u>Own</u> | | |
| Issued and subscribed capital (includes shares pending allotment) | 1851.50 | 1701.50 |
| Reserves & surplus | (357.21) | (519.60) |
| <u>Borrowed</u> | | |
| Zero rate debentures (Pending allotment) | 1214.62 | 1214.62 |
| Loan from Govt. of India/ BBUNL | 100.00 | 100.00 |
| Interest Accrued & Due | 29.12 | 13.27 |
| Secured Loan From Bank | 220.34 | 857.90 |
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5.0 ORDER BOOK

5.1 The Orders in hand as on 1.4.2008 stood at Rs.7477.62 Lakhs. During the year, under review orders worth Rs.7973.83 Lakhs billable were executed. Steps have been taken to further improve the order Book for the year 2008-2009

6.0 DIVERSIFICATION & FUTURE OUT LOOK

6.1 Your company continued to make efforts to explore the potentials in the area of construction of marine structures and other civil projects.

6.2 The Construction work for the contract of nine Storied Building from Benfish Govt. of West Bengal progressed satisfactorily and is nearing completion along with construction of 2nd Workers Quarters at ISFPC at Chakgaria . With these cumulative experience, your company is successful in securing contract for construction of other Building Construction Project . The above contracts indeed gave a new dimension of growth for your Company in the new area altogether. With receipt of contract for construction of multistoried Office Building for Allahabad Bank, your Company efforts to explore other jobs of similar nature in future. Renewed thrust on diversification for construction of Riverine / Marine structure were given with jetty in Kakdeep a project under Govt of West Bengal nearing completion with required credence.

6.3 Your company already started providing consultancy services for Bridge erection and dismantling work and executed a consultancy job in Srilanka for USD 90000. Efforts were being made by your Company to secure more contracts of the similar nature.

6.4 Steps have been taken already by your company for integrated computerization of the process of accounts and it's related functions.

7.0 HUMAN RESOURCES

7.1 The Industrial relation in the company at all levels during the year under review remained cordial through out the year. Though in small, the Experienced compliments of man power of your company were acknowledged with it's instinct and intrinsic values. A number of measures have been taken by your company to encourage welfare activities for taking care of them. Your Company continued to recognize the people as core assets and lifeline of your Organisation . The manpower as on 31.3.2008 was 93 No as against 93 No as on 31.3.2007.

8.0 CONSERVATION OF ENERGY AND TECHNOLOGY

8.1 Energy conservation being a major thrust area received perpetual attention through improved process and maintenance practices. Reduction of fuel consumption and corresponding enhancement of fuel efficiency received impetus amongst all by judicious use of fuel and preventive maintenance of plants at erection sites.

9.0 FOREIGN EXCHANGE EARNINGS AND OUTGO

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

10.0 VIGILANCE

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

11.0 REPORT OF THE STATUTORY AUDITORS & COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF 2007-2008 AUDITORS

11.01 M/s. B.Jain & Co., Chartered Accountants, Kolkata were appointed as Statutory Auditors of the Company for the year 2007-2008 by the Comptroller and Auditor General of India as per provision of Section 619(2) of the Companies Act,1956.

11.02 The observations of the Statutory Auditors on the Accounts for the year 2007-2008 are self explanatory and have been adequately explained in the notes on accounts.

11.2 The Comptroller & Auditor General of India has given Report and comments on the Accounts of your Company for the Financial Year 2007 – 2008 under section 619 (4) of the Companies Act,1956 as conveyed by their letter annexed to this report.

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

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

DIRECTORS RESPONSIBILITY STATEMENT

12.2 In terms of Section 217(2AA) of the Companies Act,1956 your Directors subscribed to the Directors Responsibility Statement and declare that:

- (i) in preparation of the Annual Accounts the applicable Accounting standards had been followed along with proper explanation relating to material departures.
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgement 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 2007-2008 and the Profit & Loss Account for the said period.
- (iii) 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.
- (iv) the annual accounts had been prepared on going concern basis.

13.0 IMPLEMENTATION OF RAJBHASHA

13.1 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

14.0 BOARD OF DIRECTORS

14.1 Sri Kallol Datta continued to remain as Chairman of your company upto 31-07-08 . Sri Pramod Kumar was appointed as Chairman by the Govt vide order no 8(6)/93. PE III Dated 27-08-08 and continued to remain Chairman in the Board of your Company

Sri S. Baul remained as Managing Director of your company during the year under review. Sri Shashank Goel , Director, Department of Heavy Industries, Ministry of Heavy Industries & Public Enterprises, Govt. of India appointed as Director by Govt. vide Order No. 8(3)/97-PE-III (Vol-II) dated

21-11 -07. Sri S.P.Mehta , Formar General Manager, Northern Railways continued as Director in the Board of your Company during the year

Sri Kallol Datta , Chairman ceased the office as such with effect from 01-08-08 . Sri Vikram Gulati , Director DHI ceased office with effect from 21-11-07 ratified by your Board .

15.0 ACKNOWLEDGEMENT

15.1 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 for their continued co-operation and valuable assistance provided to the company.

15.2 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.

15.3 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

Dated; September 29, 2008

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, 2008.

A. CONSERVATION OF ENERGY:

| | |
|--|--|
| (a) Energy Conservation measures taken: |) |
| |) |
| |) |
| (b) Additional investment and proposals, if any being implemented for reduction of consumption of energy: |) Energy conservation has been given a special thrust. Actions have been taken to reduce fuel consumption by judicious use and preventive maintenance of plants at erection sites. |
| (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 : |) |
| |) |
| |) |
| |) |

B. TECHNOLOGY ABSORPTION

Your company has been certified as a ISO 9002 company in respect of site erection of Steel Bridges.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (Rs in Lakhs)

| | Current Year <u>Rs.Lakhs</u> | Previous Year <u>Rs.Lakhs</u> |
|-------------------------------------|------------------------------------|-------------------------------------|
| Earnings on account of exports etc. | 2813 | Nil |
| Outgo on account of imports etc. | <u>Nil</u> | <u>Nil</u> |

Details of payment made to the National Exchequer

| | | |
|-------------------|---------------|---------------|
| Sales Tax/ WC Tax | 254.35 | 184.03 |
| Rates & Taxes | 49.60 | 14.89 |
| Total | 303.95 | 198.92 |