



**BHAGHEERATHA ENGINEERING LIMITED**

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**27<sup>th</sup>**  
**ANNUAL REPORT**  
**2002 – 2003**

**BOARD OF DIRECTORS**

Shri. V. C. ANTONY	Chairman
Shri. K. T. CHANDY	
Shri. K. C. JOSEPH	
Shri. P. C. CHACKO	Alternate to Prof. J. Philip
Shri. T. T. JOSEPH	
Prof. J. PHILIP	
Shri. TOMY C. MADATHIL	Managing Director
Shri. JORTIN ANTONY	
Shri. SUNNY C. MADATHIL	Director (Projects)
Shri. A.L. THOMAS	
Shri. P. C. CYRIAC	

**COMPANY SECRETARY**

Mr. M. S. NAMBIAR

**AUDITORS**

M/s. P. C. Varghese & Co.  
Chartered Accountants  
41/804 A, Old Railway Station Road  
Cochin – 682 018

**BANKERS**

STATE BANK OF INDIA  
SYNDICATE BANK  
UNION BANK OF INDIA  
DENA BANK

**REGISTERED & HEAD OFFICE**

XII/971-B, M. K. K. Nair Road  
Vazhakkala, Kakkanad P. O.  
Kochi-682 030, Kerala, India  
Telephone : 0484-2427105 (8 Lines)

Fax : 0484-2425434/2427639  
E-mail : belkochi@satyammail.com  
Website : www.bhagheeratha.co.in

**CONTENTS**

	Page No.
Notice	2
Directors' Report	5
Management Discussion & Analysis	8
Report on Corporate Governance	10
Auditors' Report	18
Balance Sheet	20
Profit & Loss Account	21
Schedules to Balance Sheet	22
Schedules to Profit & Loss Account	25
Notes on Accounts	27
Cash Flow Statement	31
Statement Pursuant to Sec. 212	32
Accounts of Subsidiaries	34
Consolidated Accounts	43

AN ISO – 9001-2000  
COMPANY

## BHAGHEERATHA ENGINEERING LTD.

## NOTICE

NOTICE is hereby given that the 27<sup>th</sup> Annual General Meeting of BHAGHEERATHA ENGINEERING LIMITED will be held at "Versailles", Hotel Renaissance, Palarivattom, Ernakulam on Tuesday, the 30<sup>th</sup> September, 2003 at 3.00 P.M. to transact the following business:

**ORDINARY BUSINESS**

1. To receive and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2003, and the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri. T.T. Joseph, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Prof. J. Philip, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. A.L. Thomas, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to fix their remuneration. M/s. P.C. Varghese and Company, Chartered Accountants, Cochin, retiring Auditors being eligible, offer themselves for re-appointment.

**SPECIAL BUSINESS****6. Appointment of Director**

To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT, due notice in writing signifying the intention of a member to propose Shri. P. C. Chacko as a Director having been received pursuant to Section 257 of the Companies Act, 1956, Shri. P. C. Chacko, be and is hereby appointed as a Director of the Company liable to retire by rotation".

**7. Re-appointment of Managing Director**

To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Company hereby accord its approval and consent under Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (The Act) and all other applicable statutory provisions, if any, to the reappointment of and to the payment of remuneration, benefit and amenities to Shri. Tomy C. Madathil, as Managing Director of the Company for the tenure from 17<sup>th</sup> September, 2003 till the Annual General Meeting to be held in 2006 upon the terms and conditions and stipulations and on the remuneration and perquisites as set out herein below:

- a) Salary - Rs. 35,000/- per month
- b) Perquisites, Retirement Benefits, Leave will be in accordance with the Serve Rules applicable to the whole-time Directors of the Company, and

with authority and power to the Board of Directors of the Company (The Board) to alter and vary the terms and conditions, referred above, from time to time in such manner as may be in consonance with the Rules and Regulations of the Company and the applicable provisions of law and as

may be agreed to by and between the Board and Shri. Tomy C. Madathil".

"RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, Shri. Tomy C. Madathil shall be entitled to be paid remuneration by way of salary, perquisites and any other allowance as referred to above, not exceeding the limits specified under Section II of Part II of Schedule XIII to the Act as may be amended from time to time or any equivalent statutory enactment(s) thereof".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to this resolution".

**8. Re-appointment of Director (Projects)**

To consider and, if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution:

"RESOLVED THAT the Company hereby accord its approval and consent under Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (The Act) and all other applicable statutory provisions, if any, to the reappointment of and to the payment of remuneration, benefit and amenities to Shri. Sunny C. Madathil, as Director (Projects) of the Company for the tenure from 30<sup>th</sup> September, 2003 till the Annual General Meeting to be held in 2006 upon the terms and conditions and stipulations and on the remuneration and perquisites as set out herein below:

- a) Salary - Rs. 25,000/- per month
- b) Perquisites, Retirement Benefits, Leave will be in accordance with the Serve Rules applicable to the whole-time Directors of the Company, and

with authority and power to the Board of Directors of the Company (The Board) to alter and vary the terms and conditions, referred above, from time to time in such manner as may be in consonance with the Rules and Regulations of the Company and the applicable provisions of law and as may be agreed to by and between the Board and Shri. Sunny C. Madathil".

"RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, Shri. Sunny C. Madathil shall be entitled to be paid remuneration by way of salary, perquisites and any other allowance as referred to above, not exceeding the limits specified under Section II of Part II of Schedule XIII to the Act as may be amended from time to time or any equivalent statutory enactment(s) thereof".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to this resolution".

(By Order of the Board of Directors)

Kochi  
30<sup>th</sup> August, 2003

M. S. NAMBIAR  
Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the special business to be transacted at the meeting is annexed hereto.
4. Register of Members and Share Transfer Books of the Company will remain closed from 26<sup>th</sup> September, 2003 to 30<sup>th</sup> September, 2003 (both days inclusive) in connection with the Annual General Meeting.
5. Members are requested to intimate Share Transfer Agents, M/s. Integrated Enterprises (India) Limited, Kences Towers, No. 1, Ramakrishna Street, T. Nagar, Chennai-600 017, Tamil Nadu, any change in their address immediately for future communication at the correct addresses or to their respective depository participant (DP) in case the shares are held in demat form.
6. Members holding shares in physical form can avail of the Nomination facility by filing Form 2 B (in duplicate) with the company or its Share Transfer Agents. In case of shares held in demat form, the nomination has to be lodged with your Depository Participant (DP).
7. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend for the financial year ended 31<sup>st</sup> March, 1996 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said fund is given below:

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31-03-1997	19-09-1997	18-09-2004	18-10-2004
31-03-1998	25-09-1998	24-09-2005	24-10-2005
31-03-1999	17-09-1999	16-09-2006	16-10-2006
31-03-2000	22-09-2000	21-09-2007	21-10-2007
31-03-2001	20-09-2001	19-09-2008	19-10-2008

The unclaimed dividend in respect of the financial year 1995-96 due for transfer on 5<sup>th</sup> September, 2003 is being transferred to Investor Education and Protection Fund.

8. As per Clause 49 of the Listing Agreement with Stock Exchanges, the brief background, functional expertise of the directors proposed for reappointment are furnished below along with details of companies in which they are Directors and the Board Committees of which they are members.

Shri. T.T. Joseph, aged 73 years, is B.E. He was Director (Projects) of Steel Authority of India Limited. Shri. T.T. Joseph has been on the Board of the Company since December, 1991.

Details of other Directorship/Committee Memberships held by him:

Directorship	Committee Membership
<b>Director</b> Bhagheeratha Development Finance Company Limited	Member, Share Transfer & Grievance Committees and Member, Audit Committee (Bhagheeratha Engineering Limited)

Prof. J. Philip, aged 69 years, is currently Vice Chairman & Director of Xavier Institute of Management and Entrepreneurship (AIME), Bangalore, which is one of the fastest growing business schools in South India. He has Director of Indian Institute of Management, Bangalore during 1985-91. Prof. J. Philip started his career at Xavier Institute (XLRI), Jamshedpur in 1960, where he came Dean and Professor of Management in March, 1970. He was one of the founders of the MBA Programme of XLRI. Prof. J. Philip left XLRI in 1971 to join Steel Authority of India Limited as the Principal of the Company's Central Management College in Ranchi. In January, 1980 he joined Oberoi Hotels Group as its Vice President (Human Resources). He was with the Oberoi Group of Companies for over five years managing its Human Resources function world-wide. Prof. J. Philip has been on the Board of the Company since December, 1991. He is a member of Remuneration Committee of the Company. He is not a Director in any other company.

Shri. A.L. Thomas, aged 69 years, is B.Tech. (Hons) - Civil from IIT Khargpur - 1957 Batch. He has worked with Companies such as Bhilai Steel Plant, Hindustan Steel in Senior positions during 1957 to 1981. Joined the Company as Deputy General Manager in 1982. Retired as General Manager from the services on 31-05-1999. Shri. A.L. Thomas has been on the Board of the Company since October, 1999. He is a member of Audit Committee of the Company. He does not hold any other Directorship.

Shri. P. C. Chacko, aged 71 years, has vast experience of over 45 years in the field of construction with proficiency in mechanized operations. He is the one of the promoter Directors of the Company. At present he is an Alternate Director for Prof. J. Philip. The Company has received notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Shri. P. C. Chacko as a Director at the ensuing annual general meeting. Apart from Shri. P. C. Chacko, none of the Directors are interested in the proposed resolution. He is a Director of Bhagheeratha Builders Limited and Skilled Construction Company Limited.

**EXPLANATORY STATEMENT  
UNDER SEC. 173 (2) OF THE COMPANIES ACT, 1956**

**Item No. 6**

The Company has received notice in writing along with a deposit of Rs. 500/- from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Shri. P. C. Chacko as a Director at the ensuing annual general meeting. Shri. P. C. Chacko, aged 71 years, has vast experience of over 45

## BHAGHEERATHA ENGINEERING LTD.

years in the field of construction with proficiency in mechanized operations. He is the one of the promoter Directors of the Company.

The Directors recommend the appointment of Shri. P. C. Chacko as Director.

Apart from Shri. P. C. Chacko, none of the Directors are interested in the proposed resolution.

**Item No. 7**

The Members of the Company in the General Meeting held on 20<sup>th</sup> September, 2001 had approved the reappointment of Shri. Tomy C. Madathil, as Managing Director for a period of two years. Subsequently, the Board of Directors at its meeting held on 30<sup>th</sup> August 2003 has recommended to the shareholders to re-appoint Shri. Tomy C. Madathil as Managing Director for a further tenure from 17<sup>th</sup> September, 2003 till the Annual General Meeting to be held in 2006.

Shri. Tomy C. Madathil, is 45 years of age, and holds a Degree in Civil Engineering and a Post Graduate Degree in Construction Management. He has had 20 years experience in the Company of which during the initial 14 years, he was in the over-all-charge of construction activities of several projects of the Company and at different sites and thereafter in co-ordinating matters at the Head Office. In the light of his experience, he was made Managing Director six years back and he has discharged his functions with considerable ability and care and he is now well versed with the affairs of the Company. Considering his experience and contribution, the Board of Directors of the Company has recommended his re-appointment as Managing Director of the Company for a further tenure from 17<sup>th</sup> September, 2003 till the Annual General Meeting to be held in 2006.

The main terms of re-appointment of Shri. Tomy C. Madathil, Managing Director are as stated in the resolutions.

(For items not separately specified herein below, the rules of the Company shall be applicable).

Shri. Tomy C. Madathil will hold office as Managing Director for a further tenure from 17<sup>th</sup> September, 2003 till the Annual General Meeting to be held in 2006.

In the absence of or inadequacy of profits of the Company in any year, Shri. Tomy C. Madathil, Managing Director will be entitled to the remuneration stated in the resolutions by way of minimum remuneration.

Pursuant to the provisions of Sections 269 and 309 of the Companies Act, 1956 read with Schedule XII to the said Act, the aforesaid terms required approval of the members in General Meeting.

Excepting, Shri. Tomy C. Madathil, Managing Director who is interested in his re-appointment and the remuneration payable to him and Shri. Sunny C. Madathil, Director (Projects) [being related to Shri. Tomy C. Madathil]; no other Director is concerned or interested in the said re-appointment or payment of remuneration.

The Resolutions set out in item No. 7 may be considered accordingly and the Board of Directors recommend the same for your approval.

A copy of the Service Rules for Whole-time Director of the Company effective from 1<sup>st</sup> April, 1995 is available for inspection by the Members of the Company at the Registered Office between 9.00 a.m. to 11.00 a.m. on any working day of the Company.

This may also be treated as an abstract of the terms and conditions of and remuneration payable under Section 302 of the Companies Act, 1956.

**Item No. 8**

The Members of the Company in the General Meeting held on 30<sup>th</sup> September, 2002 had approved the reappointment of Shri. Sunny C. Madathil, as Director (Projects) for a period of one year. Subsequently, the Board of Directors at its meeting held on 30<sup>th</sup> August, 2003 has recommended to the shareholders to reappoint Shri. Sunny C. Madathil as Director (Projects) for a further tenure from 30<sup>th</sup> September, 2003 till the Annual General Meeting to be held in 2006.

Shri. Sunny C. Madathil, is 38 years of age, and is a B.Tech. (Civil) First Rank holder and Gold Medalist of Kerala University and holds a Post Graduate Diploma in Management from Xavier Institute of Management, Bhubaneswar. He has considerable exposure to construction industry. He has been associated with this Company since last 8 years. In the light of his experience, he was made Director (Projects) three years back and he has discharged his functions with considerable ability and care and he is now well versed with the affairs of the Company. Considering his experience and contribution, the Board of Directors of the Company has recommended his re-appointment as Director (Projects) of the Company for a further tenure from 30<sup>th</sup> September, 2003 till the Annual General Meeting to be held in 2006.

The main terms of re-appointment of Shri. Sunny C. Madathil, Director (Projects) are as stated in the resolutions.

(For items not separately specified herein below, the rules of the Company shall be applicable)

Shri. Sunny C. Madathil will hold office as Director (Projects) for a further tenure from 30<sup>th</sup> September, 2003 till the Annual General Meeting to be held in 2006.

In the absence of or inadequacy of profits of the Company in any year, Shri. Sunny C. Madathil, Director (Projects) will be entitled to the remuneration stated in the resolutions by way of minimum remuneration.

Pursuant to the provisions of Sections 269 and 309 of the Companies Act, 1956 read with Schedule XIII to the said Act, the aforesaid terms require the approval of the members in General Meeting.

Excepting, Shri. Sunny C. Madathil, Director (Projects) who is interested in his re-appointment and the remuneration payable to him and Shri. Tomy C. Madathil, Managing Director (being related to Shri. Sunny C. Madathil), no other Director is concerned or interested in the said re-appointment or payment of remuneration.

The resolutions set out in item No. 8 may be considered accordingly and the Board of Directors recommend the same for your approval.

A copy of the Service Rules for Whole-time Directors of the Company effective from 1<sup>st</sup> April, 1995 is available for inspection by the Members of the Company at the Registered Office between 9.00 a.m. and 11.00 a.m. on any working day of the Company.

This may also be treated as an abstract of the terms and conditions of and remuneration payable under Section 302 of the Companies Act, 1956.

(By Order of the Board of Directors)

Kochi  
30<sup>th</sup> August, 2003

M.S. NAMBIAR  
Company Secretary



## DIRECTORS' REPORT

### To the Members

Your Directors present the 27<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2003.

### Operating Results

The value of total work done during the year under review was Rs.134 Crores as compared to Rs.134 Crores in the previous year. The Company has made a small profit of Rs.34 Lakhs as against a loss of Rs. 201 Lakhs in the previous year. Due to significant improvement in the operational efficiency, coupled with better project management, the overall operation of the Company during the year under review reflected significant improvement. Further, with more effective monitoring of working capital and closer review of all major projects, there would be a significant savings in the finance costs for the Company during the current year. With the increased quantum of work to be achieved in the coming years and although margins are under pressure, the profitability of the Company would stand to improve with the completion of the ongoing exercise on improved operational efficiency.

### Dividend

In view of the low profit during the year under review, the Directors regret their inability to recommend any Dividend.

### Fixed Assets

The Company has added to its fleet of Construction equipments wide variety of high-tech equipments like computer controlled concrete batching plants, hydraulic piling rigs, state of art crushing equipments, concrete pumps. The Company is aiming at better utilization and better productivity of its equipments and optimizing its procurement efficiency. As a Construction Company, it has invested heavily into construction equipments for timely and effective implementation of all its projects. During the year under review the company added to its fleet of construction machinery by acquisition of new equipments at a total cost of Rs.10.54 Crores and continued maintaining the competence of the existing machinery through proper repairs and maintenance.

### ISO. 9002 Certification

As reported earlier, the Company had implemented the Quality System as per ISO 9002 in various new project sites in 2000 by M/s. Det Norske Veritas (DNV). The Quality System was

upgraded to the new version of ISO 9001:2000 IN 2001 by the same agency. M/s.DNV have certified the Company for the service ranges in "Civil Construction of Infrastructural and Industrial Projects" and "continual improvement" is the main objective of this Version. There has been one surveillance audit since the Company's certification and that audit is completed to the satisfaction of the Certifying Agency.

### Personnel

The Company has 1047 employees out of which 410 belong to management and other staff and 637 skilled personnel employed at various project sites. All aspects of Human Resources Development including training, safety and incentive etc. continued to be given its due importance. The relation between the Management and the labour were cordial throughout the year under review.

### Business Prospects

Road sector is the potential segment for growth of your Company's business with timely implementation of various projects such as Golden Quadrangle, North - South East - West Corridor; National Highway Authority of India's projects for upgradation of Roads and Bridges. The importance of infrastructure development will thus lead to growth in construction activities all round for the next few years. The Company is currently executing a number of major road projects and also continue to secure valuable orders.

The Company was awarded a contract by National Highway Authority of India during April 2002, for a total value of Rs. 324 Crores, known as Etawah IC - Project, in joint venture with PATI, Malaysia. Our Company's share of Joint Venture is Rs.162 Crores. Mobilization work has been completed. The work is taken up since October, 2002 in respect of areas handed over to us. During November 2002, the Company was awarded by Kerala State Transport Project, in a Joint Venture with PATI, Malaysia, improvement and upgradation of certain sectors of Highways in Kerala for a total value of Rs.215 Crores. Our Company's share of Joint Venture is Rs.107 Crores. Mobilization activities are in progress. This involves upgradation of State Highway across the State of Kerala in three packages. Our work relate to KSTP-1 Package. The Company has also been awarded a contract by Kerala State Transport Project (KSTP) for upgradation of Feeder Canals: Kottayam - Vaikkom, Alappuzha - Kottayam and Alappuzha - Changanassery for the Contract Price of Rs. 60.91 Crores. The total value of the balance domestic works on hand as on 31<sup>st</sup> March, 2003 is Rs. 614 Crores including work

## BHAGHEERATHA ENGINEERING LTD.

valued at Rs.265 Crores in Joint Ventures as mentioned above. Further, subsequent to March, 2003, the Company was awarded work order valued at Rs.60.91 Crores as mentioned above.

We have received a small trial order for Rs. 20 Crores for a Road Construction work at Sultanate of Oman. Prospects in this area will improve on completion of this trial order.

#### **Iraq Claim - Compensation**

During the financial year under review, the Company received Rs.361 Lakhs as compensation from UN Commission against Company's claim relating to its project executed in Iraq and forced to abandon during Kuwait War.

#### **Information Technology**

In order to attain a competitive advantage, the Company has recognized the utility of Information Technology. It has invested in making itself an IT driven company. Your Company has installed software packages in all its key project sites to achieve increased efficiency, reduce costs and for a better flow of Management Information.

Modules for Machinery and Inventory Management, developed in-house, have been successfully put in use for the past one-year. Modules for other functional areas are also being developed.

#### **Fixed Deposit**

The Company had collected Rs.2.86 Crores as deposits, as at the end of the year under review and as on 31<sup>st</sup> March 2003 there was one deposit of Rs.15,552/- (maturity value), which has matured and is still not claimed.

#### **Directors**

Shri T. T. Joseph, Prof. J. Philip and Shri A. L. Thomas will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. As required, the details concerning the Directors are included in the Notice convening the Annual General Meeting.

Notice in writing alongwith a deposit of Rs. 500/- has been received from a member signifying his intention to propose Shri. P. C. Chacko as Director of the Company at this Annual General Meeting.

The Board of Directors have recommended the reappointment of Shri Tomy C. Madathil as Managing Director from 17<sup>th</sup> September, 2003 and Shri Sunny C. Madathil as Director (Projects) from 30<sup>th</sup> September, 2003 and necessary resolutions have been incorporated in the Notice of the Annual General Meeting of the Company.

On 15<sup>th</sup> November 2002, Shri James Joseph, a Director of the Company passed away. Your Directors place on record its profound sense of sorrow and grief on the sad and untimely demise of Shri James Joseph, who was closely associated with the Company as a Promoter Director and had rendered valuable services to the Company. The Board places on record with gratitude its appreciation of the valuable contribution and service rendered by him during his tenure with the Company.

#### **Directors' Responsibility Statement pursuant to Section 217 (2AA) of the Companies Act, 1956.**

The Directors hereby confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed, alongwith proper explanation relating to material departures, if any;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the directors have taken proper and sufficient care 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; and
- iv) that the directors have prepared the annual accounts on a going concern basis.

#### **Management Discussion & Analysis Report and Report on Corporate Governance**

As required in terms of the Listing Agreement with Stock Exchanges, a Management Discussion and Analysis Report and a Report on Corporate Governance, are annexed.

**Particulars of Employees**

During the year 2002-03, none of the employees of the Company was in receipt of remuneration, in excess of the limit prescribed in Sub-Section (2A) of Section 217 of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

**Audit Observation**

As regards, observation of the Auditors, attention are drawn towards Notes No. 20 & 21 of the Notes to the Annual Accounts, which is self-explanatory.

**Auditors**

M/s P.C.Varghese & Company, Chartered Accountants, Auditors of the Company who retire at the forthcoming Annual General Meeting are eligible for re-appointment and have expressed their willingness to accept office, if re-appointed. They have given a certificate to the effect that the re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

**Subsidiary Companies**

As required under Section 212 of the Companies Act, 1956, the Audited Accounts together with Directors' Report and Auditors' Report for the year ended 31<sup>st</sup> March, 2003 in respect of the subsidiary namely; Bhagheeratha Energy Controls Limited is annexed.

**Bankers**

The Consortium of Bankers, consisting of the State Bank of India, Syndicate Bank, Union Bank of India and Dena Bank continued to provide their valuable support for meeting the increasing credit requirements of your Company. Your Directors wish to place on record their appreciation to them for the trust they have reposed in your Company.

**New Corporate Office**

In the 27<sup>th</sup> year of its existence, your Company has moved during May, 2003 into its own Corporate Office at Vazhakkala, Kakkanad, Kochi. All the offices of the Company in Kochi are now situated in one building to its great advantage. It was a momentous day in the history of your Company. This is also the Registered Office of the

Company. Your Company is operating from its own premises in respect of its Regional offices at New Delhi and Mumbai.

**Particulars pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988:****A. Conservation of Energy**

Energy conservation measures are taken in all activities of the Company by constant monitoring and implementation of measures for optimisation of energy consumption.

**B. Technology Absorption**

In view of the nature of operations, and the fact that there is no technology to be absorbed, no significant efforts have been considered.

**C. Foreign Exchange earnings and outgo**

Total foreign exchange used and earned during the year.

	Current year Rupees in Lakhs	Previous year Rupees in Lakhs
Foreign Exchange used	47.68	680.3
Foreign Exchange earned	Nil	Nil

**Acknowledgement**

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Government at the Centre and in the States. Your Directors also gratefully acknowledge the continued support and co-operation from financial institutions, other financing agencies and Stock Exchanges. Your Directors take this opportunity to acknowledge the dedicated efforts made by sub-contractors and their staff, consultants, clients and shareholders, which has enabled the Company to achieve the progress recorded herein. Your Directors wish to convey their gratitude and appreciation to all the employees of the company for their valuable contributions during the year.

On behalf of the Board of Directors

Place : Kochi  
Date : 30<sup>th</sup> August, 2003

**V. C. Antony**  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry Structure & Developments:

The Government of India while recognizing the need for better infrastructure have formulated measures including announcing of various projects such as the Golden Quadrangle, North - South East - West Corridor; Highways Development Programmes. Further, Government policies are aimed at providing infrastructural development through liberalization of policies and various fiscal incentives offered to this sector.

### 2. Opportunities & Threats:

Bhagheeratha Engineering Limited (BEL) is one of the reputed players in the field of civil engineering construction. The Company has a strong foot hold in various fields of civil engineering construction by executing several prestigious projects. These includes construction of major tunnels, bridges, ROBs, Dams, Canals and the like, of national importance for various Government and quasi Government organizations. The Construction industry will grow depending upon the measures taken by the Government of India to make investments in infrastructure sector attractive through fiscal incentive.

The investments proposed by Government of India for infrastructure development for the coming years continue to be substantial and BEL is certain to grab its share of the market. The long expertise and experience gained in the field of civil engineering construction would enable BEL to win construction contracts of bigger magnitude. This would enable the Company to elevate its position in the list of the top players in construction field.

BEL has through diversification positioned itself remarkably well in various civil engineering segments like Transportation engineering, energy projects, Hydraulic projects, tunnel engineering, bulk storage and public utility structures, industrial structures, pipe line projects etc.

BEL is one of the major active players in the field of construction of bridges in the country. From segmental

construction of bridges to balanced cantilever and prestressed concrete to precast prestressed concrete bridges, BEL's capabilities cover almost all the spectrum of technological advances being adopted in the country. BEL is winner of national award Five times, for construction of outstanding bridges, BEL has successfully completed prestigious bridges for Indian Railways, MOST, Konkan Railway, and the like.

### 3. Performance:

Over a period of time BEL has acquired expertise and experience in executing Energy Projects both hydel and thermal BEL's contribution in completing the projects like Sanjay Gandhi Super Thermal project for MPEB, Harangi Hydro Electric project in Karnataka, Doyang Hydro electric project for NEEPCO, etc., are the testimony of its capacity in executing energy projects.

In the field of construction of Dams and Irrigation Projects and tunnel, BEL has made outstanding contribution by completing projects like Narmada main canal, Kakatiya canal, Birsinghpur dam, Rock fill Doyang dam, Vadakkupachayar dam, Konkan Railway tunnels etc., Rengali canal project in Orissa.

Road Sector is the potential segment for growth of your Company's business with timely implementation of various projects such as Golden Quadrangle, North - South East - West Corridor; National Highway Authority of India's projects for upgradation of Roads and Bridges. The importance of infrastructure development will thus lead to growth in construction activities all round for the next few years. The Company is currently executing a number of major road projects and also continue to secure valuable orders.

The Company's on hand projects are mainly in the Road and Bridge Sectors. Strategic tie-up with PATI, Malaysia for participation in large value contracts is in place for the last two years. This has resulted in Company bagging two large prestigious projects. The total value of the balance domestic works on hand as on 31<sup>st</sup> March, 2003 is Rs. 614 Crores

including work valued at Rs.265 Crores (our share) in Joint Ventures as mentioned above. Further, subsequent to March, 2003, the Company was awarded work order valued at Rs.60.91 Crores for upgrading of Feeder Canals. We have received a small trial order for Rs.20 Crores for a Road Construction work at Sultanate of Oman. Prospects in this area will improve on completion of this trial order.

#### 4. Outlook

During last few years main thrust is being given to construction activities in the Infrastructure Sector viz. Roads, Power and Ports. NHAI is developing main National Highways. State governments are also planning to develop the state highways. This in turn would give more opportunities to the contractors in this field.

In the Energy Sector, both NHPC and NTPC are planning to increase the power production substantially by taking up new projects which would increase the business potential multifold in this sector also.

The company has been active in all these fields and is confident of securing projects under each of these segments.

#### 5. Risk & Concerns:

The Company's business growths are dependent upon the resources made available by the Government towards implementation of its policies for economic and industrial growth. Any delay in funding of such projects will affect the business prospects of the Company. The Company's business prospects also depend on successful bidding for tenders and the award thereafter.

#### 6. Internal Control Systems and their adequacy:

The Company has proper and adequate system of internal controls in order to ensure that all assets are safeguarded against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly. Regular internal audits and checks are carried out to ensure that responsibilities are executed effectively and that adequate systems are in place. An Audit Committee

headed by a non-executive independent Director is in place to review various areas of the control systems.

#### 7. Material developments with Human Resources:

During the year under review, special attention was given to training and development for various levels of employees. Employee/Employer relations continue to be cordial as always.

#### 8. Financial Performance with respect to Operational Performance

The value of total work done during the year under review was Rs.134 Crores as compared to Rs. 134 Crores in the previous year. The company has turned a small profit of Rs. 34 Lakhs against a loss of Rs.201 Lakhs in the previous year.

The Company has over dozen projects on hand where work is proceeding and slow down in one will not affect the overall performance of the Company. The details of the financial performance of the Company appear in the Balance Sheet, Profit and Loss Account and other financial statements.

#### 9. Fixed Assets

During the year under review the company added to its fleet of construction machinery by acquisition of new equipments at a total cost of Rs. 10.54 Crores and continued maintaining the competence of the existing machinery through proper repairs and maintenance and optimizing its utilization.

#### 10. Cautionary Statement

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statement" within the meaning of applicable securities laws and regulations. Actual result could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include changes in Government regulations, tax regimes, economic developments, and delay or lack of funds with Government and their agencies, within India and other incidental factors.