



## **CHAIRMAN'S ADDRESS :**

**39th Annual General Meeting of Braithwaite & Co. Ltd. on 18th September, 2015.**

Dear Shareowners,

Good afternoon and a warm welcome to the 39th Annual General Meeting of your Company. On behalf of all Braithwaite'ites, I thank you all for your continued trust, encouragement and support to the Company and its management.

The Annual Report for the year ended 31st March, 2015 along with the AGM notice, Directors' Report and the audited Annual Accounts of the Company have been circulated to you. With your permission, I take them as read. I would like to dwell on the developments in the Indian economy, wagon industries and consequent thereto your Company's performance.

### **Economic Scenario and Braithwaite**

BCL is primarily a wagon manufacturer company and its performance presently depends on inflow of orders from a single customer viz. Indian Railways. The wagon manufacturing industry as a whole suffered in the recent period due to scarcity of wagon procurement orders from the Railways and BCL has also not been an exception.

Though the macro and micro economic factors warrant greater demand for wagons, with the expansion of freight network, the requirement of rolling stock will increase substantially. A range of technological solutions are being implemented by Indian Railways for improvement the quality of wagons and advanced technology capable of carrying enhanced axle loads of 25 tonnes.■

The present downturn may be viewed as a temporary phase and long term outlook appears to be satisfactory subject to ability of BCL to keep pace with the new technology and changing market. Upcoming Dedicated Freight Corridor is expected to give a much needed boost in demand for freight wagons.

Apart from Wagons, other major Heavy Engineering items produced by BCL include Steel Girders and other Structural items, Foundry items etc. growth potential of these products also is linked to some of the industries like steel, Power industries and Infrastructure Sector which are also expected to carry forward the growth momentum in the coming years.

Maintenance and renovation of cranes at the ports and supplying of critical spares have been found as an opportunity for growth and this business is expected to grow at a modest rate in coming years.

### **Company's Development**

The Indian Railways have been increasing its plan outlay for cost effective movement of cargo by its railway network. In this field BCL had been chosen over its peers for development of High Speed, Low Tare Weight BTFNLN Wagons for the Ministry. It has been successfully manufactured for commercial usage in the country. Now BCL has once again been chosen by the MoR, for such developmental project. Accordingly it has been bestowed upon with the responsibility for manufacture of BOXN 25 Design B Open Type Wagon, for the first time in India. The Macro and the Micro economic factors warrant greater demand for such specialized Wagons on implementation of the Dedicated Freight Corridor Project.

Hence, your directors expect to execute such wagons in the years to come, which would provide a source for steady flow of Revenue.

In this context it may be noted that the MoR as a handholding measure is in the process of releasing bulk order for repairing old worn out wagons to BCL. This would ensure continuous flow of Order to the company in future.

Moreover your Directors have put in place future plans to eradicate over dependence on a single customer by scouting for Wagon Orders from Non Railway sector also and the company has been already able to capture 145 Nos Wagon orders from M/s NTPC. Further Wagon orders are also expected from a host of PSUs viz. NTPC, HPCL, Coal India, etc.

Your Directors are also in the process of planning for product diversification to structural, cranes and projects to meet future challenges to the company.

In this context, the company is in the process of attaining AAR (American Association of Railroads) certification through M/s Lloyds, INC. A firm order of 1000 wagons is expected after AAR compliance and it will also enable the company to get Wagon Export Orders from the European & American markets. Besides the company is also entering into MoU with M/s RITES and others, for acquiring Wagon Export Orders from African & Asian countries.

On the Structural front the company is expected to receive



order on nomination basis from the Uttarakhand Government. Again the company is in the midst of dialogues for securing some power plant project jobs, coming up in Madhya Pradesh & Chhattisgarh.

### Highlights / Operating Performance

1. Production of Bogie of 1514 Nos. is the highest ever achieved Bogie production in a particular financial year. Bogie production of 190 Nos., in the month of March 2015, is the highest ever achieved in a particular month after installation of steel foundry.
2. Successfully completed 859 Nos. BOXNHL Wagons order for Indian Railways.
3. BCL has started getting orders from customers other than Indian Railways like NTPC (Rs 42.87 Cr), RITES (Rs 18.76 Cr), BESCO (Rs 16.03 Cr) etc.
4. The Chairman & Managing Director has been declared winner of Gold Award for outstanding achievement as Leading CEO of the year 2014 by Greentech Foundation.
5. Company has been awarded Silver Award for outstanding achievements in Training Excellence in HR of the year 2014 by Greentech Foundation.
6. The Company has been awarded "Special Award For Turnaround Category 2015" by Bureaucracy Today.

### Financial Performance:

It was a challenging year for the Company and recorded a turnover of Rs. 124.11 Crores in 2014-15 as against Rs 367.12 Crores in 2013-14, a shortfall of 66.19% during the year, mainly due to adverse product mix and delay in receipt of Orders from MoR. The Company has incurred a Net Loss of Rs. 44.61 Crores in 2014-15 against a net profit of Rs. 10.43 crores in 2013-14.

The present Issued and Subscribed Capital stands as Rs. 24.60 crores as in the previous year. The Net Fixed Assets and Investment was Rs. 22.39 crores.

The gross block has been increased by Rs. 4.20 crores. Due to huge loss incurred, Net Worth stood at a mere Rs. 2.70 Crores as on 31-03-2015 in comparison to Rs. 47.31 Crores as on 31-03-2014.

The current fiscal being an accidental year for BCL and on account of the huge loss suffered by BCL of Rs. 44.61 Crore,

during the year 2014-15, the consistent improved performances of the company, achieved during the course of last 10 years got eroded.

### BCL's Plan Outlay

At the time of transfer of administrative control of Braithwaite & Co. Ltd. from Ministry of Heavy Industries & Public Enterprise to Ministry of Railways, a sanction of Rs 20 Crore was received to replace outdated and broken down Plant & Machineries of BCL. Accordingly, a Detailed Project Report (DPR) was approved from the Board of BCL which envisaged expenditure of Rs 20 Crore in two phases - Rs 12 Crore in Phase-I & balance Rs 8 Crore in Phase-II. Subsequently, an amount of Rs 12 Crore has been received from Ministry of Railways on 30.09.2011.

In respect of Capital Project of Rs 12 Crore under Phase-I, BCL already released Purchase Orders for Rs 11.02 Crore (approx) till date and ordering for further jobs are in progress. The jobs under progress mainly include replacement/renovation of EOT cranes in different bays of Clive works. Capital Project under Phase – II will mainly include renovation of Foundry in Angus works.

Besides, keeping in view necessity and urgent requirements, the Company has also taken actions for renovation of Rail Track facilities inside the plant, installation of new CNC machines, repairing of roads & boundary walls from internally generated funds to improve infrastructure & to facilitate technological upgradation. Also, a large number of old desktops have been replaced with latest generation PCs to facilitate day to day working.

Besides maintaining quality, BCL has given maximum emphasis towards building a cleaner & healthier environment & has been certified with ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007. Drive is being made to install solar power plant in works of BCL.

### BCL's Initiative

The Company received order for manufacturing of 145 nos BOBRN wagons for NTPC which shall be executed during 2015-16. This is a product which the Company has last manufactured in 2001. Similarly, Company has started dialogue with Indian Railways & with reputed PSUs in Oil sector to secure orders in Tank wagons, especially LPG wagons which also have not been manufactured by the Company in last 15 years. The Company envisages huge growth potential in the



export market for export of Railway wagons & accordingly, attempts are constantly being made to secure export orders. It is expected that AAR certification will be done in this year which will open door for us to enter into European & American market as well. Tremendous opportunity is lying in the area of repairing & rehabilitation of Railway wagons in the domestic market as huge number of wagons are lying in different Railway yards in defective condition.

As regards new businesses in other sectors, BCL is hopeful to secure orders of structural & civil infrastructure projects for which vigorous efforts are being made. In line with the look east policy of the GOI, BCL sees an opportunity in the SAARC countries and is making sincere efforts to penetrate in these areas.

### **Research & Development**

With the available resources and technological/infrastructural facilities prevailing in the Company, we are confident that your Company will further diversify and develop other new types of wagons as well as other areas for meeting national requirement.

### **Vigilance Activities**

The Vigilance Department continues to keep its vigil on various activities in the Company towards prevention of corruption. Along with the preventive vigilance measures, investigations were also carried out by the Vigilance Department in various departments and punitive actions were also taken against the employees who were found guilty.

During the year 2014-15, Vigilance Awareness Week was observed from 27th October, 2014 to 1st November, 2014 holding various programs, with the objective of eradicating corruption in public life. Efforts are being undertaken to bring about better vigilance awareness among the employees.

The Department also took necessary steps for compliance of instructions issued by CVC from time to time.

### **Corporate Social Responsibility**

During the year under review, the Company has implemented the Project on Corporate Social Responsibilities (CSR) as stipulated in MOU 2014-15. Ambulance along with Life saving Equipments was provided to Netaji Subhas Chandra Bose Cancer Research Institute, Kolkata which was inaugurated, by Shri Sunil Kumar Rishi, Chairman & Managing Director of

Braithwaite & Co. Ltd on 30.07.2014, for operational use for rural cancer patients with low economic background. Target set MoU 2014-15 was complied.

The Annual Report on Corporate Social Responsibilities activities are given in the prescribed format as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 in Annexure – VI of Director's Report.

### **Corporate Governance**

BCL remains committed to achieving the highest standards of Corporate Governance. The Company has complied with the requirements of Corporate Governance as stipulated in the provision notified by the Department of Public Enterprises, Government of India.

As an important catalyst in its Corporate Governance Structure, Vigilance Dept. focuses on proactive and preventive efforts to promote and further good governance and ethical standards in all business process in the organization.

### **Man Power - Our Assets**

I wish to state with immense joy and pride that BCL has a team of committed, competent employees who strive for excellence all the time. Through their exemplary endeavours, innovation and zeal for excellence, there have been continual improvement in productivity and other aspects of corporate growth. The employees are integral to Company's growth and give shape to corporate vision in a realistic manner.

We firmly believe that the prosperity of our business depends on successfully developing an integrated community of motivated and innovative employees, who possess a high level of morale by availing opportunity for challenging work, personal development growth and recognition. Accordingly, we nurture an environment to sustain a positive culture and core values which would continuously inspire human resources to achieve excellence in all endeavors.

### **Health, Safety, Security & Environment**

Upholding the 'Safety First Must' mantra, your Company continues to take workplace Health, Safety, Security & Environment as an integral component of its business policies and plans. To ensure smooth and safe operations are reviewed regularly and their monitoring and governance practices were strengthened along with bringing clarity in responsibilities and accountabilities.



### Accolades & Recognitions

Your Company has been consistently receiving recognitions in various spheres of its activities. The significant recognitions received in the recent past are :

S.No	Parameter	Achievements
1	Special Award For Turnaround Category 2015	The Company has been awarded "Special Award for Turnaround Category 2015" by Bureaucracy Today.
2	Leading CEO of the year 2014	CMD has been declared winner of Gold Award for outstanding achievement as Leading CEO of the year 2014 by Greentech Foundation
3	Training Excellence in HR of the year 2014	Silver Award for outstanding achievements in Training Excellence in HR of the year 2014 by Greentech Foundation.

### Auditor's Comments

The Statutory Auditors' Report has already been circulated to all the shareholders. I am glad to inform you that the C&AG after having reviewed your Company's accounts for the year ending 31st March, 2015 have decided not to review the report of the Statutory Auditors on the accounts of Braithwaite & Co. Limited for the year ended 31st March, 2015 and as such have no comment to make under section 143 (6) of the Companies Act, 2013.

### Acknowledgement

At the end, I extend my sincere thanks to you - for your confidence and valuable support to me, to the entire Board of

Directors and to the Company as a whole. I take this opportunity, to express my gratitude to all the shareholders of the Company for their continued trust in the Board of Directors and the Management of the Company. On behalf of the Company, I would also like to thank all our Vendors, Customers and Business Associates who have extended their support in the development and growth of your Company. Before I conclude, I wish to thank the Government especially Ministry of Railways, Deptt. of Public Enterprises, Statutory Auditors, CAG, State Government, Banks, and all other stakeholders for their cooperation and support. I also thank my colleagues on the Board for their advice and support in guiding the Company through various challenges. Especially, I would like to thank the Government Directors, Shri A Rastogi and Shri Vinod Kumar for bringing in their vast experience in diversified areas and providing invaluable inputs and support.

I wish to place on record the appreciation of services and guidance rendered by Shri P K Mukhopadhyay and Shri Vinod Kumar during their tenure as Director (Production) & Govt. Director of the Company respectively.

On behalf of the Board, and on my behalf, I acknowledge the dedication, commitment and tireless efforts of our employees and their family members, during the challenging time of the Company. Your Company reiterates its commitment to professionalism business ethics and corporate governance to excel in all its endeavors and look for your continued support and guidance.

Thank you, □

**Sunil Kumar Rishi**  
Chairman & Managing Director

**Date : 18th September, 2015.**

**Place: Kolkata.**