

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2006

The Directors have pleasure in presenting their Annual Report and Statement of Audited Accounts for the financial year ended 31st March, 2006.

PERFORMANCE :

The Company achieved a turnover of Rs. 510.32 crore during the year 2005-2006, being 12% higher than Rs.455.65 crore achieved during the previous year. The Profit Before Tax is Rs. 3.11 crore as compared to Rs. 1.49 crore in the previous year. Owing to stiff competition, the turnover and profit margins were under tremendous pressure but the Company with its sustained effort was able to achieve a better performance compared to last year.

Activity-wise performance is reported below :

PROJECT DIVISION :

Value of work done in the Project Division during the year is Rs. 495.74 crore as compared to Rs. 433.00 crore last year. Important projects which have been successfully completed during the year include -



T. G. Top Deck of 13.50 M Height of Power House at BHEL Bakreswar Thermal Power Project

Description	Location	Client	Value (Rs. Crore)
Civil, Structural and Underground work for Offsites-1 for Panipat Refinery Expansion Project .	Panipat	IOCL	45.76
Main Civil Works for the Purulia Pumped Storage Project at Upper Dam, Lower Dam, Power Intake, Tailrace Outlet and other incidental work.	Purulia	TAISEI	30.09
Mechanical, Piping, Insulation, Painting and Fire Proofing for CDU/VDU for Panipat Refinery Expansion Project.	Panipat	IOCL	37.46
Structural Work for CDU/VDU for Panipat Refinery Expansion Project.	Panipat	IOCL	21.85
Civil, Structural and Underground Piping work for DCU for Panipat Refinery Expansion Project.	Panipat	IOCL	17.06
Fabrication, Installation, Alignment & Testing of the Pots, Supporting Beams & Other Associated Parts and Installation of free issue items/equipment supplied by BALCO.	Korba	BALCO	16.29
Construction of Group Gathering Station GGS-VIII on Turnkey Basis.	Gandhar Field	ONGC	15.77
Civil Works for 110 MLD Sewage Treatment Plant for CMWSSB.	Chennai	VATECH	12.16

HOWRAH WORKS :

During the year 2005-2006 value of production was Rs. 10.78 crore as compared to last year Rs. 16.93 crore. Production at Howrah Works suffered mainly due to the following reasons :

- » considerable delay in placement of order by Railway Authority for Wagon manufacturing.
- » non-supply of free issue matching steel sections and wheels as per job requirement by Railway Authority.
- » Non-supply of Bogies and Couplers in time by Railway approved vendors.
- » Placement of Wagon order by Railways for two types of Wagon out of three types of wagon for which the Company is authorized manufacturer.
- » Considerable reduction in demand of Bailey Bridges by State PWDs and DGBR.
- » Cash-flow problem as both Arunachal PWD and Tripura PWD did not release outstanding payments as per terms of work order.



Launching of 180 ft. Span Bailey Type Unit Bridge over river Sutlej for Naptha Jhakri Power Corporation, HP.

To deal with the situation, Howrah Works started opening new fronts and secured jobs of Railway Bridge Girders of Bangladesh, Technological Piping/Duct system of Vizag Steel Plant, Pot Shell of NALCO etc.

OPERATING RESULTS :

Salient features of Company's financial performance for the year under report vis-à-vis last year are as under :

	(Rs. in Crore)	
	2005-2006	2004-2005
Income	510.32	455.65
Gross Margin	20.51	18.39
Interest	11.37	11.27
Depreciation	6.03	5.64
Profit Before Tax	3.11	1.49
Provision for Taxation	1.73	0.55
Profit After Tax	1.38	0.94

DIVIDEND :

The Directors recommend a dividend of 0.25% (zero point two five percent) per Equity Share of Rs. 10/- each for the financial year ended 31st March, 2006, which if approved at the forthcoming Annual General Meeting, will be paid to all those Equity Shareholders whose names appear in the Register of Members as on 30th September, 2006.

CAPITAL :

Authorized capital of the company has been increased from Rs. 18 crore to Rs. 60 crore consisting of 6 crore Equity Shares of Rs. 10/- each.

Paid-up capital of the company as on 31st March, 2006, stands at Rs. 39.99 crores comprising of 3,99,87,155 equity shares of Rs. 10/- each, of which 3,96,27,155 equity shares are held by the Holding Company, Bharat Yantra Nigam Ltd.

The above includes 1,50,00,000 equity shares issued against Rs. 15 crore Plan Equity received from Govt., vide Ministry's sanction letter No. 3(11)/2005-PE.IV dated 05.12.2005 and 3(11)/2005-PE.IV(ii) dated 09.01.2006.



Work in Progress at Open Sea for Sea Water Intake Pipeline for Power Plant of State Electric Co., Maldives

CAPITAL EXPENDITURE

Company has made capital expenditure of Rs. 7.99 crore during the year mainly towards purchase of construction equipment.

FOREIGN EXCHANGE EARNINGS & OUTGO

Foreign Exchange earnings of the Company during the year were Rs. 44.67 Lakh. The expenditure in Foreign Currency for import of raw materials etc. amounted to Rs. 304.29 lakh as indicated in Notes forming part of the accounts, Schedule 8.2, 1(d), (e) and (f).

LOANS

Pursuant to the capital restructuring scheme sanctioned by Govt. on 02.09.2005 for the Company, Rs. 30 crore Plan Assistance has been received from Govt. Rs. 15 crore as Plan Equity and Rs. 15 crore as Plan Loan during the year.

ORDER BOOKING POSITION :

Despite severe competition mainly from Private Sector companies, the Company with its sustained effort secured orders worth Rs. 708.88 crore during the year 2005-2006 compared to Rs. 446.48 crore in previous year.

Major Orders booked during the year :



Manufacture of 20ft x 8ft all steel dry cargo containers as per ISO standards in progress at Workshop



Science City Complex at Kolkata for National Council of Science Museums

PROJECTS :

Description	Location	Client	Value (Rs. Crore)
Rehabilitation, Strengthening & 4-laning of Jalandhar-Pathankot Section (Km 26.00 to Km 70.00) on NH1A .	Punjab	NHAI	201.00
Fabrication, Erection, Testing & Commissioning of Floating Roof, Internal Floating Roof, Open Top Vertical tanks and Under Ground Tanks including Cathodic Protection and Civil Works including Sand Pad Foundations for Storage of Petroleum Products, Ethanol and Water for Bahadurgarh (Package I & II)	Bahadurgarh	HPCL	31.96
Composite Work (Mechanical, Electrical & Instrumentation) for terminals and Stations (Part-A) of Mundra- Delhi Pipeline Project	Mundra Santalpur Palanpur	HPCL	29.38
Fabrication, Erection, Testing and Commissioning of Storage Tanks for Petroleum Products, Ethanol and Water (including Civil foundation, Cathodic Protection and Rim Seal Fire Protection work) at Mundra I & II (6 Nos. 64 M dia x 13 M ht. DDFR, 3 Nos. 44 M dia x 13 M ht. SDFR, 2 Nos. 35 M dia x 13 M ht. SDFR).	Mundra.	HPCL	25.40
Civil & Structural Work for Terminals and Stations of Mundra-Delhi Pipeline Project Part-I.	Mundra Santalpur Palanpur	HPCL	23.54
Civil, Architectural & Structural Steel works for Coal Handling Plant Package of 2 x 250 MW Mejia TPP Unit-V & VI	Mejia	BHEL	23.42

Description	Location	Client	Value (Rs. Crore)
Development of Container Parking Yard, Construction of Heavy Duty Pavement with connected Road Infrastructure and Drainage inside general Cargo Berth of Haldia Dock Complex	Haldia	KPT	20.67
Supply, Fabrication & Erection of Flare Headers for Green Fuel & Emission Control Project	Mahul	HPCL	20.37
Mechanical Works-III, Part-A (NSU/NHT/CCR/PSA Units) for Green Fuel & Emission Control Project	Mahul	HPCL	19.64
Civil, Structural, Architectural & Finishing Work of BOP Auxiliaries for 2 x 250 MW Units 1 & 2	Korba	BHEL	19.33
Civil, Mechanical, Electrical & Instrumentation Work and Laying of Product/Hydrant Line	Chittaurgarh	IOCL	19.00
Civil Work for Unit-2 (Part-B) at Mahul for GFEC Project	Mahul	HPCL	18.59
Erection, Testing & Commissioning of Boiler including Structures, Pressure Parts, Non-Pressure Parts, Air Pre-Heater & Piping of 2 x 210 M.W. Unit 4 & 5	Bakreswar	BHEL	18.33
Mechanical Works-II (including insulation & painting) for Prime G+ Unit, LPG Treater Unit & SWS/ARU for Green Fuel Emission Control Project	Mahul	HPCL	15.70
Turnkey execution of 2 Nos. of Crude Oil Storage Tanks Fixed Roof Type of capacity 10,000 Cum. each at Mehasana CTF comprising Civil, Structural, Mechanical, Piping, Instrumentation, Electrical and Fire-fighting work, etc. including Design and Detailed Engineering (dia 34 M x 12 M ht.)	Mehsana	ONGC	14.65
Erection, Testing & Commissioning of Boiler including structures, Pressure Parts, Non-Pressure Parts, Electrostatic Precipitator, Rotating Machines, Piping etc. finish painting, assistance for conducting PG test up to handing over of Unit No. 6, 1 x 250 M.W. Unit at Mejia (15.772 M.T.)	Mejia	BHEL	12.76
Construction of 30,000 M ³ Floating Roof Tank at Desalter Plant	Nawagam	ONGC	12.00

HOWRAH WORKS :

Description	Client	Value (Rs. Crore)
Supply and Manufacturing of 30 Nos. POT Shells	National Aluminium Co. Ltd.	6.64
Manufacture and Supply of 116 Nos. BTPN Wagon	Indian Railways.	5.65
Manufacture and Supply of Bailey Bridges	different locations in India.	4.39
Bunk House at different locations in India and Bhutan	NTPC, IOCL, etc..	2.93
Manufacture & Supply of 19 Nos. 40 ft. clear span MGML Standard Riveted Girder	Kaluka Inter Exports.	0.87

ENERGY CONSERVATION :

Continuous efforts to conserve energy with the help of Energy Audits conducted by External Experts were made. In order to save energy various measures like person to person campaign to put off light, fan, A.C. Machine etc., wherever possible, systematic periodical overhauling of all electrically operated machines and replacement of Halogen Lamps by Metal Halide Lamps were adopted.

TECHNOLOGY, R&D AND QUALITY :

The Company has been continuing to develop new Products, Technologies and to upgrade Quality Standard. It has already established successful operation in many diversified areas such as Furnaces and Heaters, LSTK Projects, Cross-country Pipeline, Highways and Expressways, Bailey bridge, Railway Wagons, Main Boiler work in Thermal Power Station, Metro Rail at Delhi, Storage Silos for Alumina, Water Supply and Sewerage Systems, Flyovers.

In compliance of the requirements of Section 217(1)(e) of Company's Act 1956, the particulars of Research and Development, Technology absorption and adaptation are appended in Schedule (Form B) forming part of this report.

HUMAN RESOURCE DEVELOPMENT :

Company's corporate policy of digging out the inherent and unlimited potential of its human resources to learn and grow continues to fuel its training and development activities in order to blend organizational priorities with individual aspirations of its employees. Conflicting concept of "wage" as an income of employee as also cost to the Company eases out by introducing such policy through improved productivity and level of efficiency.

Identification of training needs made on the basis of competency levels of individual employees for developing attitude towards process development and customer oriented services has now become integral part of company's HRD policy.

For creating result oriented services, employees from all major project sites were imparted in-house safety and environmental training, conducted by the National Safety Council, Mumbai, at our Howrah Works.

REPRESENTATION OF SC/ST :

Representation of Scheduled Caste, Scheduled Tribe, OBC and Disabled persons in the overall employee strength continued to be maintained approximately at the same levels as reported during past years barring some minor changes occurring due to attritions and upgradation of employees.

PROGRESSIVE USE OF HINDI :

The Company through its Official Language Implementation Committee is constantly endeavouring to enhance awareness of employees regarding 'Progressive Use of Hindi' in official work and to fulfill various requirements as per Ministry's Annual Programme and other Govt. Directives received from time to time. OLIC Meetings are held regularly to review and monitor the progress achieved in this regard. Regular Hindi classes are conducted in the Company's premises for imparting Hindi training to the Non-Hindi knowing employees of all levels. So far, 285, 262 and 224 employees had passed the Hindi 'Prabodh', 'Praveen' and 'Pragya' examinations respectively. Cash awards and personal pay are granted to the employees for passing the Hindi Examinations, as per Government norms. To create interest amongst employees, one Hindi word/phrase with its English equivalent is written on boards and displayed at prominent places in the office premises. Hindi fortnight was observed from 14th to 28th September, 2005. On this occasion, various programmes/competitions etc. were conducted.



Strengthening and Paving of shoulders of SH 16 & 6 :
Dholka to Bagdogra (Km 0.000 to Km. 23.000) and
Wataman to Pipri (Km. 69.600 to Km. 94.000)



BTPN Type Railway Tank Wagon
manufactured at B&R's Workshop, Howrah

AUDIT COMMITTEE :

The Board of Directors constituted an Audit Committee comprising Shri Manoj Kumar Singh, Part-time Official Director representing Administrative Ministry (HI&PE), Government of India, Shri Mukesh Jha, Director (Finance), Shri Subhojit Dutta, Director (Project Management) and Shri M. Pal Chaudhuri, Part-time Non-official Director as Chairman of the Audit Committee. Audit Committee was again reconstituted in December, 2005 after appointment of Dr. C.R. Samadder as Part-time Non-official Director. Only one meeting of the Audit Committee could be held in March 2006.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state as follows :

1. that in the preparation of the Annual accounts for the financial year ended March, 31, 2006, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that they had selected such accounting policies and applied them consistently and made judgments 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;
3. that they 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 frauds and other irregularities;
4. that they had prepared the annual accounts on a going concern basis.

DIRECTORS :

Shri P.K.Datta, Chairman & Managing Director of Scooters India Ltd., was entrusted the additional charge for the post of Chairman & Managing Director of Bharat Yantra Nigam Ltd. with effect from 28.11.2005.

Shri P.K. Biswas was appointed as Managing Director of the Company with effect from 07.10.2005 till the date of his superannuation.

Shri M. Pal Chaudhuri and Dr. C.R. Samadder were appointed as Part-time Non-official Director on the Board with effect from 21.10.2005 and 11.05.2006 for a period of 3 years.

Shri Manoj Kumar Singh and Shri M. Pal Chaudhuri retire by rotation and being eligible offer themselves for re-appointment.

STATUTORY AUDITORS :

The Government of India appointed M/s. Abhijit Biswas & Associates, Chartered Accountants, Kolkata and M/s. Rashmi & Co. Chartered Accountants, Kolkata as Statutory Auditors of the Company for the Accounting Year 2005-2006 under Section 619(2) of the Companies Act, 1956.

ACKNOWLEDGEMENT :

The Board takes this opportunity to express its deep sense of appreciation and gratitude for the support, guidance and assistance received from the Department of Heavy Industry, the Ministry of Heavy Industries & Public Enterprises, State Government, Bankers, the Holding Company (BYN) and valued clients, customers, Comptroller & Auditor General of India and above all to the employees for their dedication and commitment. The Directors are confident of receiving their support and co-operation in the coming years.

On behalf of the Board

P. K. Datta
Chairman

Kolkata
Dated : 23rd August, 2006

ANNEXURE TO THE DIRECTORS' REPORT

FORM 'B'

RESEARCH, DEVELOPMENT AND DIVERSIFICATION FOR THE YEAR 2005-2006

1. Specific areas where Research, Development and Diversification carried out

- Highway and Expressways
- Storage Silos for Alumina
- Main Boiler Work in Thermal Power Station
- Manufacturing of Railway Wagons
- Furnaces and Heaters



Strengthening and Paving of Shoulders of SH 16 & 6 : Dholka to Bagodara (Km. 0.000 to Km. 23.000) and Wataman to Pipri (Km. 69.600 to Km. 94.000) for Govt. of Gujarat

2. Benefits derived as a result of Research, Development and Diversification :

- Receiving Order for Highways and Expressways
- Receiving Order for Furnaces and Heaters
- Receiving Order for Soil Densification by Vibro-Float Method
- Receiving Order for Main Boiler Work
- Receiving Order for Bailey Bridge
- Receiving Order for different types of Wagon



ROW & Welded pipes for cross country pipe line project at GAIL/KG Basin, Phase - II

3. Future R & D Plan

- Flyover Construction
- LPG Bullet Tank
- Cross-country Pipeline
- Fire Fighting System

4. Expenditure in R & D in 2005-2006

Capital	Rs. 79,773.00
Revenue	Rs. Nil
	<u>Rs. 79,773.00</u>



Double Deck Floating Roof Tank, 79 Mtr. Dia. X 13.5 Mtr. Ht. at IOCL, Mundra

5. Technology Absorption and Adaptation

Pumped Storage Project	Our associate is Stup Consultants P. Ltd.	Technology absorption is in progress
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