

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2005**

The Directors have pleasure in presenting their Annual Report and Statement of Audited Accounts for the financial year ended 31st March, 2005.

PERFORMANCE :

The Company achieved a turnover of Rs. 455.65 Crore being 15% higher than Rs. 395.90 Crore achieved during the previous year. The pre-tax profit for the year is Rs. 1.49 Crore as compared to Rs. 3.18 Crore in the previous year.

Activity-wise performance is reported below :

PROJECT DIVISION :

The value of work done in the Project Division during the year is Rs. 433 Crore as compared to Rs. 372 Crore last year. Important projects which are successfully completed during the year include –



Workshop at Khyber Pass Depot of Delhi Metro Railway Corporation

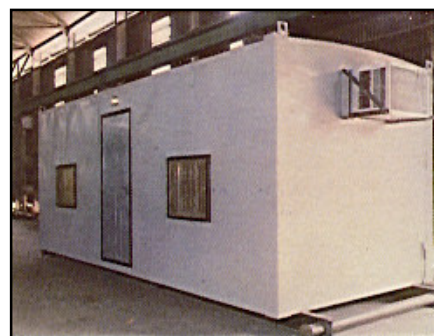
Description	Location	Client	Value (Rs. Crores)
Civil, Structural & Architectural Work of Main Power House Building, Elevator at 1 x 210 MW Mejia TPS (Unit-IV)	Mejia	BHEL	21.77
Civil works related to Piling and Foundation including Supply of all Materials (4 x 30.5 MW GTG, 4 x 110 TPH HRSG & 2 x 235 TPH) Utility Boilers of Integrated Power Project	Panipat	BHEL	18.54
Link Road from Kazi Nazrul Islam Avenue at Tegharia to Bridge over Krishnapur Canal passing through project area from North to South of proposed New Town	Rajarhat, Kolkata	WBHD	65.72
Development of 100 Hectares of Land in Action Area-IIB, New Town	Rajarhat, Kolkata	WBHIDCL	10.99
Site Grading & Road works	Panipat	IOCL	12.45
Construction, Testing and Commissioning of Khyber Pass Depot and Workshop including property development deck work	Delhi	DMRC	91.84
Structural and Underground Piping Works for Utilities & Offsites for Refinery Modernization Project (Strl.-2300 MT)	Mahul	BPCL	23.92
Design, Engineering, Procurement, fabrication, Construction of Foundations for 10 Nos. Tank, Tank Pads, Erection, testing, Painting, Insulation & Commissioning of Floating, Cone & Cone Cum Floating Roof Tank	Chennai	CPCL	25.51
Design, Fabrication, Transportation and Erection of 14 x 45.7 M riveted through girder with allied work for Bridge No. 462, 77 Rail Link Project	Bilaspur	S. E. Railway	13.03
Mechanical, Piping, Insulation & Painting Works for Utilities & Offsites of Refinery Modernization Project	Mahul	BPCL	14.97

HOWRAH WORKS :

During the year 2004-2005 value of production is Rs. 16.93 Crore. Production at Howrah Works suffered due to considerable delay in placement of order by Railway Authority for Wagon manufacturing and supply and also due to cash flow problem as both Tripura PWD and Arunachal PWD Authorities are not releasing Company's due payment since long.

OPERATING RESULTS :

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



Bunk House for ONGC manufactured at Howrah Works

	(Rs. Crore)	
	2004-2005	2003-2004
Income (including waiver of interest on Govt. Loan – Rs. 31.91 Crore)	487.56	395.90
Gross Margin	18.39	16.84
Interest	11.27	8.13
Depreciation	5.64	5.53
Net Profit (Before Tax)	1.49	3.18
Provision for Taxation	0.55	2.00
Profit After Tax	0.94	1.18

CAPITAL :

As on 31.03.2005 paid up capital of the company stands at Rs. 1397.50 Lakhs comprising 1,39,75,000 equity shares of Rs. 10/- each, of which 1,36,15,000 equity shares are held by the Holding Company, Bharat Yantra Nigam Ltd.

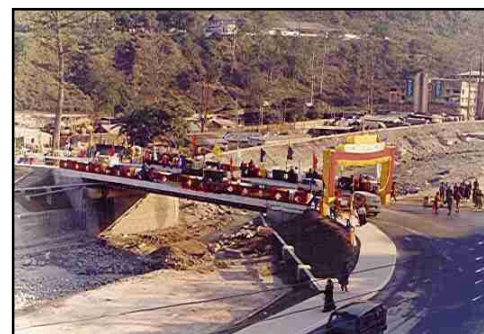
Consequent upon the sanction of capital restructuring scheme of the company by Government of India, the Government of India loan of Rs. 1101.22 Lakhs outstanding on 31.03.2004 have been converted into equity and shown as "Capital Suspense" pending allotment of shares. Steps have been taken to increase the authorized share capital of the company accordingly.

CAPITAL EXPENDITURE :

Company has made capital expenditure of Rs. 415.87 Lakhs during the year mainly for purchase of construction equipment.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

Foreign Exchange earnings of the Company during the year were Rs. 63.14 Lakh. The expenditure in foreign currency for import of raw materials etc. amounted to Rs. 147.53 Lakh as indicated in Notes Forming part of the Accounts – Schedule 8.2,(1)(d), (e) and (f).



Construction of RCC Prestressed Bridge over River Dhutikhloa at Phuentsholing for Royal Govt. of Bhutan

ORDER BOOKING POSITION :

The Company has secured orders valued at Rs. 446.48 Crores during the year 2004-2005. Some of prestigious orders secured during the year are :-

PROJECTS :

Description	Location	Client	Value (Rs. Crores)
Mechanical, Piping, Insulation, Painting, Fire Proofing works for CDU/VDU, Offsite-II, Sulphur Block.	Panipat	IOCL	60.16
Civil, Structural, Fabrication, Erection, Road, Bridge etc. works for Integrated Steel Plant Project	Meramandali	BSSL	60.00
Design, Fabrication, Erection of 8 Nos. 60,000 KL Capacity each Double Deck Floating Roof Crude Oil Storage Tanks including Soil Densification	Paradip	IOCL	66.29
Design, Fabrication, Erection of Addl. 4 Nos. 60,000 KL Capacity each Double Deck Floating Roof Crude Oil Storage Tanks including Rim-Seal Fire Protection System	Mundra	IOCL	22.11
Part of Civil works for Main Plant Civil Package of 2 x 250 MW Unit V & VI at Meija Thermal Power Station	Meija	BHEL	53.50
Civil Work, in Part-A in Main Plant Area for 2 x 250 MW (Stage-II) Unit 3 & 4, Guru Hargovind Thermal Project of PSEB at Lehra Mohabbat, Bhatinda	Bhatinda	BHEL	26.13
Erection, Testing, Commissioning of Complete Boiler including ESP, Piping etc. of Unit-V at 250 MW DVC Meija TSP	Meija	BHEL	12.04
Pile Foundations of Packages – A & B for LILO of 440 KV D/C Dadri – Ballabgarh Transmission Line at Maharaniabagh, New Delhi associated with Tata Hydro Electric Project for Power Grid Corporation of India Ltd.	Maharaniabagh	PGCIL	13.19



Structural Works for Sanjay Gandhi Thermal Power Plant at BHEL, Birsinghpur



Upper Dam Diversion Culvert Works for Purulia Pumped Storage Project for Taisei at Purulia, W.B.

HOWRAH WORKS :

Description	Client	Value (Rs. Crores)
Supply & Fabrication of 8 Wheeler BG Bogie Railway Wagons Type BOXN-HS, BOBYN	Ministry of Railways, Govt. of India	9.66
Manufacture, Supply of Bailey Bridges for State PWD's at different location.	PWD of different States	1.92
Bunk Houses	Different Location in India	0.79
Technological Structural Items.	Different Location in India	0.98

ENERGY CONSERVATION :

Efforts to conserve energy were intensified through implementation of various measures during the last couple of years based on the energy audits conducted by external experts leading to considerable savings.

Apart from above, different measures have been taken to save energy :-

- (a) Regular person to person campaign to put off light, fan, A.C. machines, wherever possible.
- (b) Systematic periodical overhauling of all electrically operated machines.
- (c) Replacement of Halogen lamps by Metal Halide lamps.



Regirdering Work in progress over River Diana For N.F. Railway

TECHNOLOGY, R&D AND QUALITY :

In the present competitive market, the need to continuously update technology and upgrade the quality, along with R&D efforts, has been recognized by the Company as of supreme importance and the activities in these areas are being pursued with great strength. The Company with its sustained efforts has been continuing to develop new products, update technology and upgrade quality standards.

The Company has already established successful operation in the diversified areas such as : Pot and Pot-Superstructure for Aluminum Smelter, Highways and Expressways, Furnaces and Heaters, Main Boiler work in Thermal Power Station, Manufacturing of Railway Wagons, Cross-country Pipeline, Storage Silos for Alumina, etc.

The Company is now trying to diversify in other areas such as : Pumped Storage / Hydel Projects, Fire Fighting System, LPG Bullet Tank, Flyover Construction, Construction of Higher Diameter Storage Tanks (Above 79 M).

The Company has already been awarded ISO:9001-2000 with respect to Tank Construction and Manufacture of Bailey Bridge and Wagons. The Surveillance Audit has been carried out successfully by External Auditor, M/s. DNV.



Construction of Flyover over NH-2 at Durgapur for National Highways Authority of India

In compliance with the requirements of Section 217(1)(e) of Companies Act, 1956, the particulars of Research & Development, Technology Absorption and Adaptation are appended in Schedule (Form B) forming part of this report.

HUMAN RESOURCE DEVELOPMENT :

Company's philosophy on corporate governance is guided by a strong emphasis on transparency, accountability and integrity which is being practiced over the years. All employees are bound by a code of conduct which sets forth Company's policies on all important issues including its relationship with customers and Government Agencies. This message has been drilled down to all levels of employees. Since a right mixture of what Company expects from the employees and what employees desire from the Company, is constantly formulated through interactive and participative relationship between Management and Employees has developed in all spheres of activities and a sense of belongingness amongst its employees is being developed progressively.

Training is an integral part of the Company's business strategy. As reported in past years, most of the employees have been imparted training on specified identified training needs in respective sphere of work; resultantly, skills have been improved. This year, in terms of ISO 9000-2000 norm, training identification need is being converted to competency based to develop attitude towards process development and customer oriented services.

REPRESENTATION OF SC/ST, OBC AND DISABLED PERSONS :

There is no virtual overall change in the position of representation of Scheduled cast and Scheduled Tribe, OBC and Disabled persons in the total employment strength, as reported during past years, since no fresh induction is being made over the years. Backlog position will be taken up for consideration if and when process of recruitment resumes.

PROGRESSIVE USE OF HINDI :

The Company through its Official Language Implementation Committee is constantly endeavoring to enhance awareness of employees regarding 'Progressive Use of Hindi' in official works and to fulfill various other requirements as per Government directives. OLIC meetings are held regularly to review and monitor the progress achieved in this regard. Regular Hindi classes are conducted in the Office premises for imparting Hindi training to the non-Hindi knowing employees. "Hindi Fortnight" was observed from 14th to 28th September, 2004. On this occasion various programmes / competitions etc. were conducted.

AUDIT COMMITTEE :

Keeping in view the present position of non-availability of requisite number of Non-executive (Part time Non-official) Directors on the Board of the Company, Audit Committee of the Company could not be reconstituted until Part time Non-official Directors are appointed in the board of the Company by the Administrative Ministry.

However, the Board of Directors at its 78th Meeting held on September 06, 2005 reconstituted the Audit Committee comprising Shri Manoj Kr. Singh, Part-time Official Director representing Administrative Ministry (HI&PE), Government of India, Shri Mukesh Jha, Director (Finance) and Shri Subhojit Dutta, Director (Project Management).

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, 2005, 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 fraud and other irregularities;
4. that they had prepared the annual accounts on a going concern basis.

DIRECTORS :

Pursuant to Order No. 3(13)/2001-PE-IV dated 31.03.2005 received from Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, Government of India, New Delhi, Shri R.N. Basuray was relieved of the additional charge of the post of Managing Director of the Company on superannuation with effect from 31st March, 2005 (Afternoon).



Pursuant to Order No. 3(2)/2003-PE-IV dated 31/03/2005 issued by Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, Government of India, Shri P.K. Biswas, Chief General Manager (Civil)-East was entrusted with the additional charge of the post of Managing Director of the Company with effect from 1st April, 2005.

Pursuant to Order No.3(8)/2002-PE-IV dated 01.04.2005 received from Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, Government of India, New Delhi Shri Mukesh Jha was appointed as Director (Finance) of the Company with effect from 1st April, 2005.

Pursuant to Order No.3(4)/2004-PE-IV dated 12.04.2005 received from Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, Government of India, New Delhi Shri Subhojit Dutta was appointed as Director (Project Management) of the Company with effect from 12th April, 2005.

REVIEW OF ACCOUNTS BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA :

Review of accounts of the Company for the year ended 31st March, 2005 by the Comptroller & Auditor General of India is annexed to this report.

STATUTORY AUDITORS :

The Government of India appointed M/s. Abhijit Biswas & Associates, Chartered Accountants, Kolkata and M/s. Rashmi & Co., Chartered Accountants, Kolkata as Joint Statutory Auditors of the Company for the Accounting Year 2004-2005 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, Ministry of Heavy Industries & Public Enterprises, State Government, Bankers, the Holding Company (BYN) and valued clients, Comptroller & Auditor General of India and above all for the dedication and commitment of the employees. The Directors are confident of receiving their continued support and co-operation in the coming years.

On behalf of the Board

Satish C. Gupta

Chairman

P.K. Biswas

Managing Director

Kolkata

Dated : 28th September, 2005

ANNEXURE TO THE DIRECTORS' REPORT

FORM 'B'

RESEARCH, DEVELOPMENT AND DIVERSIFICATION – YEAR 2004-2005

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

- Pot and Pot-Superstructure for Aluminum Smelter
- Highways and Expressways
- Furnaces and Heaters
- Main Boiler Work in Thermal Power Station
- Manufacturing of Railway Wagons
- Cross-country Pipeline
- Storage Silos for Alumina



Erection of Stack at IOCL Gujarat Refinery During Shutdown

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

- Receiving Order for Pot and Pot-Superstructure
- Receiving Order for Highways and Expressways
- Receiving Order for Furnaces and Heaters
- Receiving Order for Soil Densification by Vibro-Flot Method
- Receiving Order for Main Boiler Work
- Receiving Order for different types of Wagon
- Receiving Order for Bailey Bridge
- Receiving Order for Cross-country Pipeline



Finished POT Assembly for BALCO at Korba

3. Future R&D Plan :

- Pumped Storage/Hydel Projects
- Fire Fighting System
- LPG Bullet Tank
- Flyover Construction
- Construction of Higher Diameter Tanks (Above 79 M)



Cone Roof Tank at Kandla F.S.T. for IOCL

4. Expenditure in R&D in 2004-2005 :

Capital	Rs. 66,300.00
Revenue	Rs. 39,000.00
	<u>Rs. 1,05,300.00</u>

5. Technology Absorption and Adaptation :

Design of Superstructure for Spillway Bridges for Pumped Storage Project	Our associate is Stup Consultants P. Ltd.	Technology Absorption is in progress
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