

THE BRAITHWAITE BURN And JESSOP CONSTRUCTION COMPANY LTD

Directors' Report

To

The Shareholders

Your Directors have pleasure in presenting the 71st Annual Report on the Company's Operation and Performance together with Audited Accounts and the Auditors' Report for the financial year ended 31st March, 2006.

2.0 HIGHLIGHT

2.1 During the year under review, orders aggregating to Rs 43.03 Crores have been received during the year..

Your company, in its endeavor to explore market potential for construction of Steel Bridges was successful in securing contracts for Kunwari Bridge and Buri Gandak Bridge valuing Rs 8.96 Crores and Rs 5.83 Crores from North Central and East Central Railways respectively. 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, is in progress.

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 is poised to participate in the bidding process with all its Technology, know-how and the years of experience .

Your Company successfully completed the prestigious Delhi – Metro Rail projects during the year leaving a land mark in the area of construction of steel bridges over busy crossings involving application of

technology and know how and expect to undertake similar projects in future with conviction and renewed confidence.

2.2 Your Company posted yet another year of impressive results. The Gross sales of your company for the year ended 31st March,2006 at Rs.5500.44 lakhs as against Rs.4249.78 lakhs in the corresponding previous year, mirror a growth by 29 % over the last year.

During the year under review, the Pre tax profit (before extra ordinary and prior period items) stood at Rs. 87.56 Lakhs and registered a growth of 65% over previous year while Post tax net profit increased by 48% to Rs 48.97 Lakhs from last year.

The Restructuring Plan as approved by the Department of Heavy Industry Under Ministry of Heavy Industries and Public Enterprises, Govt. of India by Order No. 12(4)/04-PE-III dated 4-7-05 was successfully implemented in your Company during the year.

3.0 FINANCIAL PERFORMANCE

3.1 A summary of Financial Performance of the company for the financial year 2005-2006 vis-à-vis 2004-2005 is given below:-

PARTICULARS	Rs./Lakhs	
	2005-2006	2004-2005
Gross Sales	5500.44	4249.78
Gross Margin	119.04	75.55
Depreciation	17.46	16.50
Profit before Government & other interest	101.58	59.05

Government & other Interest:	14.02	5.93
Profit/(Loss) for the year (before Prior Period adjustment & Extra-Ordinary items)	87.56	53.12
Prior Period adjustment	(0.62)	1.13
Extra Ordinary Item	(32.95)	(21.15)
Net Profit Before Tax	53.99	33.10
Tax(Incl.Fringe Benefit Tax)	5.02	-
Net Profit After Tax	48.97	33.10

4.0 FINANCIAL AND CAPITAL STRUCTURE

4.1 The capital structure of the Company as on 31st March,2006 compared to the previous year is indicated below:-

PARTICULARS	Rs.in lakhs	
	As on 31-3-2006	As on 31-3-2005
Authorised capital	<u>2000.00</u>	<u>300.00</u>
<u>SOURCES:</u>		
<u>Own</u>		
Issued and subscribed capital (includes shares pending allotment)	1701.50	1601.50
Reserves & surplus	(642.00)	(690.97)
<u>Borrowed</u>		
Zero rate debentures (Pending allotment)	1214.62	1214.62
Loan from Govt. of India/ BBUNL	100.00	-
Advance from holding company	-	30.00

Secured Loan From Bank	227.45	211.71
TOTAL:	2601.57	2366.86
Represented by:		
Net fixed assets	186.63	98.35
Net current assets	2346.64	2267.91
Investment	0.60	0.60
Deferred Revenue Expenditure (Not written off/adjusted)	67.70	-
TOTAL:	2601.57	2366.86

5.0 ORDER BOOK

5.1 The Orders in hand as on 1.4.2006 stood at Rs.123.17 Crores. During the year, under review orders worth Rs.57.89 Crores were executed.

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 company's continued efforts as such enabled it to secure contract for construction of Market Complex and Tourist Complex at Berhampur/Kakdwip and Food Park at Sultanpur at aggregated contract price of Rs. 17.27 crores (approx.) from Benfish Under Govt. of West Bengal. This experience will enable the company to explore other jobs of similar nature in future.

6.3 With the current rate of production, the company is expected to make every endeavor to achieve the BRPSE target of Rs.95.00 crores during the year 2006-2007.

6.4 Steps have been taken by your company for integrated computerisation of the process of accounts and other important functions. Your company is expected to be benefited upon customisation of the same.

7.0 HUMAN RESOURCES

7.1 The cordial industrial relation in the company prevailed at all levels during the year under review. Your company continued to recognise its people as core assets and life line of your organisation. A number of measures have been taken by your company to encourage welfare activities. The manpower as on 31.3.2006 was 91 Nos as against 91 Nos as on 31.3.2005.

8.0 CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

8.1 Energy conservation with special thrust is under continuous process through improved maintenance practices. Actions have been taken to reduce fuel consumption by judicious use 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 2005-2006

AUDITORS

11.1 M/s. Bhunia & Associates., Chartered Accountants, Kolkata were re-appointed as Statutory Auditors of the Company for the year 2005-2006 by the Comptroller and Auditor General of India as per provision of Section 619(2) of the Companies Act,1956.

11.2 The observations of the Statutory Auditors on the Accounts for the year 2005-2006 are self explanatory and have been adequately explained in the notes on accounts. Management's replies on the Report of the Statutory Auditors are Annexed to this report.

11.3 The Comptroller & Auditor General of India has given non review certificate to the Auditors Report of the company U/S 619 (4) of the Companies Act,1956 on the accounts of the company for the year ended 31-3-2006 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.

12.2 In terms of Section 217(2AA) of the Companies Act,1956 your Directors subscribed to the Directors Responsibility Statement and confirmed 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 2005-2006 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 company continued its efforts on the implementation of Rajbhasha through different in house programmes. They were organised at regular intervals during the year.

14.0 BOARD OF DIRECTORS

14.1 Sri D. Ray Moulik, Chairman & Managing Director, Bharat Bhari Udyog Nigam Ltd., continued to look after the duties of Managing Director of your Company upto 16-05-05 and remained as Chairman of your company. Sri S. Baul assumed the charge of Managing Director of your company with effect from 17-05-05 as appointed by the Govt of India vide Order No. 12(1)/2002.PE-III dated 16-5-05. Sri Mukul Kumar, Director, Department of Heavy Industries, Ministry of Heavy Industries & Public Enterprises, Govt. of India appointed as Director by Govt. vide Order No. 8(3)/87-PE-III (Vol-II) dated 26-5-05 has ceased office with effect from 21-07-06 ratified by the Board at it's meeting held on 21-07-06. Sri A.K.Bhattacharyya, and Sri S.P.Mehta, Directors ceased office with effect from 22-09-05. Sri Gopal Singh, Dy. Secretary Department of Heavy

Industries, Ministry of Heavy Industries & Public Enterprises, Govt. of India appointed as Director by Govt. vide Order No. 8(3)/87-PE-III (Vol-II) dated 28-08-06.

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, Hooghly River Bridge Commissioners and Govt. of West Bengal for their 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

S.BAUL

MANAGING DIRECTOR

D. RAY MOULIK

CHAIRMAN

Dated the 30th August ,2006

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, 2006.

A. CONSERVATION OF ENERGY:

- (a) Energy Conservation measures taken:)
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- (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 :)
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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:

	Current Year <u>Rs.Lakhs</u>	Previous Year <u>Rs.Lakhs</u>
Earnings on account of exports etc.	Nil	Nil
Outgo on account of imports etc.	<u>Nil</u>	<u>18.62</u>