

Chairman's Address



Dear Shareholders,

It gives me great pleasure to welcome you to the 48th Annual General Meeting of your Corporation. The Annual Accounts together with the Directors' Report have already been circulated and with your permission I take them as read

Economic Scenario

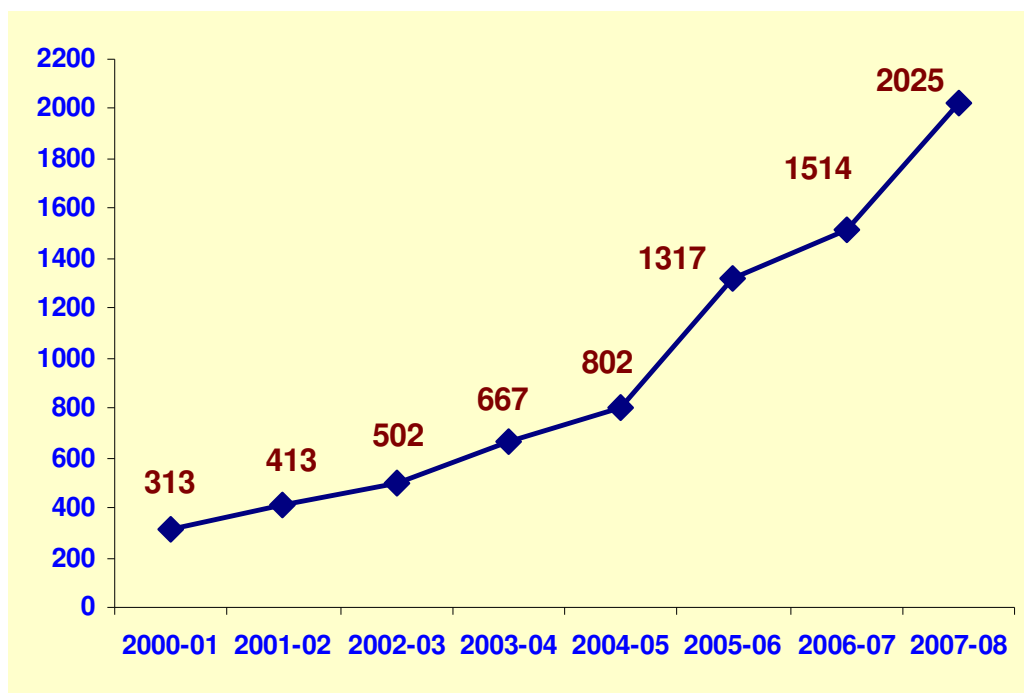
In the financial year 2007-08, the Indian Economy pegged GDP growth at 9%. Despite a global slowdown, the Construction Industry remains a booming industry with immense potentials for heavy and civil engineering projects including both residential as well as commercial complexes. With inflation rate hovering around 12% and measures taken by the government to contain the money supply resulting in hike in interest rates and unprecedented rise in prices of cement and steel, the construction industry is in a state of flux. The contractors are finding it difficult to deliver the projects in time as their cash flows have gone hay-wire and on the other side the customers are wary on making investment decisions. The situation is unlikely to stabilize in the near future. This is a matter of great concern since most of the projects are getting delayed or heading towards disputes. Your Company has taken proactive steps and certain innovative decisions have been taken in the Board to ensure that projects do not suffer and credibility of your Corporation and the profitability remain intact.

Financial Performance

Despite the above environment, your Corporation achieved an all time high turnover (sales) of Rs.1969.99 crore (US \$ 500 million approx.) in the year 2007-08, thus registering an increase of 35% over the previous year turnover which was Rs.1459.93 crore. You will also feel proud to note that the gross margins (profits) surged by 226% from Rs.129.42 crore to Rs.421.54 crore (US \$ 100 million approx.) while net profit after tax enhanced by 245.98% from Rs.80.88 crore to Rs. 279.83 crore. Your Corporation today is a 'no-debt' company having cleared all the old liabilities till date. In view of the spectacular performance, your Directors have recommended a dividend @ 20% of profit after tax amounting to Rs. 55.96 crore, which is 62% of the paid up capital of Rs.90 crores.

INCOME OVER THE LAST SEVEN YEARS

Value Rs. in Crores



Here, I would like to make a special mention about the overall growth of your Corporation during the past seven years. The compounded average growth rate (CAGR) has shown upward movement in net worth by 90%, turnover has risen by 30% and profit after tax has shown increase of 106%. With this achievement, your company has now become the largest Public Sector Company in the Construction Industry.

I am delighted to inform you that your Corporation has made a successful presentation before the Public Enterprises Selection Board on 23rd July, 2008 and is likely to be bestowed with Schedule 'A' status shortly. Formalities for grading your company as a Mini-Ratna have already been completed and the categorization is expected soon.

Business Outlook

Your Corporation aims to achieve a turnover target of Rs.4500 crore by 2012. Keeping this in view, the Corporation will continue to focus on development of business in Real Estate, Power and Environmental Sectors with its core competency lying in Construction, Consultancy, Project Management, Real Estate Development and EPC Contracts. Your Corporation has already completed some large value real estate projects and presently is undertaking prestigious projects in Delhi and Kolkata. Ministry of Rural Development has selected your Corporation as an executing agency for construction of Rural Roads in Bihar & Tripura under Pradhan Mantri Gram Sadak Yojna. Works for construction of rural roads have been awarded of 944.71 kms in Bihar and 1750 kms. in Tripura. Similarly, your Corporation has been appointed as an executing agency by the Government of Haryana for executing projects under JNNURM. Your Corporation is also making efforts to expand its operations overseas in consortium with other companies.

Project Management & Consultancy Services

Your Corporation is working as an extended arm of Ministry of Urban Development, Ministry of Housing & Urban Poverty Alleviation, Ministry of Defence, Ministry of Home Affairs and various other Central/State Government Ministries. PMC Services entails implementation of the projects from Concept to Commissioning by ensuring Cost & Quality competitiveness. Your Corporation is executing infrastructure developmental projects in North East Region, Indo-Pak & Indo-Bangla Border Fencing works, Defence Housing Sector Projects at different stations and Solid Waste Management at different Airfield Towns all over India.

Computerization and Transparency

Your Corporation is continuing to observe good corporate practices aiming at total transparency and development of ERP Software System is in progress. Web site of your Corporation has been hosted on the Government portal 'nbccindia.gov.in' which is linked with the website of Ministry of Urban Development, Sarkari website, GOI directory and also major search Engines viz. google, yahoo and msn. The website has dynamic link with NIC Tender Portal to facilitate posting of all tenders/NITs on web. The web site has secured web based e-mail facility. E-auction has been resorted to for real estate projects, resulting in record realization in a most transparent manner.

Customer Satisfaction

Your company's approach is towards Total Customer Management (TCM) in a structured form. In every project a customer feedback is taken at regular interval. Your Company's priority is to provide value addition to clients by implementing the projects within time and cost while ensuring high level of quality. Customers have reposed their confidence by placing repeat order on your Corporation.

Social Responsibilities


NBCC is committed to the principles of Corporate Social Responsibilities and continuing its membership with the Global Compact Society. In case of any disaster, our staff is always ready to move in any affected part of the country for providing rehabilitation services to the needy. In the past, your Corporation has undertaken the rehabilitation work for the earthquake affected people of J&K and victims of Tsunami in Andaman & Nicobar Islands.

Acknowledgements

I would like to place on record my sincere thanks to the Ministry of Urban Development, Ministry of Housing & Urban Poverty Alleviation, Ministry of Home Affairs, Ministry of Defence, Ministry of Rural Development, Ministry of Commerce, Ministry of Finance, Ministry of Information & Broadcasting, and various Departments of the Government of India and the State Governments and various client Organisations, PSUs etc. for continuously reposing their faith in NBCC. I must mention the trust, support and encouragement that I have received from the Hon'ble Urban Development Minister and the Secretary, Urban Development.

I sincerely express my appreciation and gratitude to all members of the Board for their invaluable support and guidance in the decision making processes of your Corporation.

Last but not the least I would also like to place on record my appreciation for the whole hearted contribution made by the employees at all levels without whose support it would not have been possible in achieving new milestones every year, for the Corporation.



(Arup Roy Choudhury)
Chairman-cum-Managing Director

Place: New Delhi

Dated: August 14, 2008