

CHAIRMAN'S ADDRESS



Dear Shareholders,

I extend you all a very warm welcome at the 44th 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.

CONSTRUCTION SCENARIO

Construction Industry is the second largest economic activity, both public sector and private sector are actively engaged in its growth. The public sector continues to be the growth engine even today as major building infrastructure and mega capitalintensive projects are taken up for execution by the

public sector companies barring few exceptions in the private sector. It is expected that the construction activity in India will triple from its present level of \$ 35 billion to \$ 117 billion during the next ten years. As per Central Government statistics, estimated investment of \$11.3 billion on housing; \$37.6 billion for providing safe water & sanitation; \$ 59.1 billion for the transport infrastructure and \$ 43 billion in power sector is expected.

INTROSPECTION

On my joining the NBCC family on 2nd April, 2001, a road map for success of the Corporation was drawn. Emphasis was placed on adopting a commercial approach and creating a favourable business environment while taking care of the needs of clients, associates, suppliers and contractors.

Working at project sites then required further improvement and 'pro-active' approach. It was, therefore, impressed upon all to work as a cohesive business unit to earn income for the organisation without compromising on the aspect of customer satisfaction. Following this approach, in its day to day working, the Performance of the Corporation has improved significantly during the last three financial years which by no means; is a small achievement as visible from the following audited results:

(Rs.in crore)

	2000-2001	2001-2002	2002-2003	2003-2004
Turnover	310.69	402.98	494.09	660.62
Net profit	2.49	3.70	7.18	14.97
Net worth	(-).4.03	8.02	15.20	30.17
Business Development	387.38	436.56	1015.39	691.00
Earning per share (in Rupees)	30.46	41.08	79.83	166.36

Now, I would expect your Corporation to become a thousand crore company by the end of next financial year.

GOVERNMENT SUPPORT

I take this opportunity to extend my sincere gratitude for the assistance provided to your Corporation especially by the Ministry of Urban Development in awarding infrastructure and development deposit works of Rs.426.66 crores in the North East Region & the Ministry of Home Affairs in entrusting projects worth Rs.600 crores for the construction of fencing

along the Indo-Bangladesh/Indo-Pakistan Border. With assured workload in hand and continuing support available from the Administrative Ministry, NBCC focussed its attention for securing high value profitable projects on selective basis. It is heartening to inform, that your Corporation secured an Engineering, Procurement & Construction (EPC) of complete civil, structural and architectural work of Transformer Yard to Chimney for BHEL at Korba(East), Chhatisgarh. The total value of the EPC package is RS.162.20 crores inclusive of consultancy service charges while reinforcement steel and structural steel to be issued free of cost by the client. Further, efforts are on to secure more EPC jobs in future. Today, NBCC is recognised as a harbinger of growth and development in North East Region. Some of the projects in the North East Region have already been successfully completed and handed over to clients. The Ministry of Defence has awarded NBCC projects for construction of Married Accommodation of Armed Forces at 13 different locations valuing Rs.450 crores (approx.).

PERFORMANCE

During the financial year 2003-04, your Corporation registered an all time highest ever turnover of RS.660.62 crores (previous year Rs.494.09 crores)'. Net profit after tax during the corresponding period was RS.14.97 crores (previous year RS.7.18 crores). The overall working of the Corporation during the financial year 2003-04 was impressive. Huge overseas outstanding dues amounting to RS.151.45 crores

(Rs. 70.01 crores from Iraq and RS.81.44 crores from Libya) could not be realised despite all efforts made at the diplomatic & Government level and it continues to remain a cause of great concern.

Based on the audited result, the performance of the Corporation has been rated as 'Excellent' during the financial year 2003-04 viz-a-viz MOU parameters assigned by the Government.

Development of new business in the overseas market continued to elude your Corporation. Overseas turnover remained insignificantly low at RS.1.86 crores in Turkey (Rs.1.32 crores) and Mauritius (Rs.0.54 crores). There are ample overseas business opportunities in Asia Pacific and African Regions as development of physical infrastructure in this part is in its infancy. Your Corporation will continue to scout for overseas business in this region and lay special emphasis on this area in the coming year. Your Corporation applied for pre-qualification for the consultancy services for construction, supervision and management for civil works of Second Basic Education Project in Turkey. I am pleased to inform you that NBCC has been pre-qualified by the Ministry of National Education, Government of Turkey' for the Package NO.II. Construction Engineering Services (CES) has been associated as a joint venture partner to enhance its capabilities. The tender is due for submission in first week of October, 2004.

RE-ORGANISATION SET UP

Under the re-organised working set up five Regional Business Groups (RBG) with equitable distribution of workload have been set up in the Organisation. It is aimed at achieving a twin objective of: effective co-ordination by Regional Business Group Heads with the Corporate Office on one side; and proper Client interaction and monitoring of progress of projects by the Regional Business Group Heads through their designated Zonal Heads.

All RBG Heads are headquartered in Delhi and their responsibility is to help in maintaining co-ordinated interaction between the Corporation with its Clients