

DIRECTORS' REPORT

Dear Members,

The Board of Directors take pleasure in presenting the 44th Annual Report and Accounts for the period ending 31st March, 2004.

YEAR IN RETROSPECT

Performance-wise, the year 2003-2004 had been an impressive year for your Corporation. Turnover increased by 33.70% from Rs.4940.95 million to RS.6606.19 million and profit before tax increased by 43.66% from RS.74.30 million to RS.106.74 million in comparison to the performance achieved in the previous year. The positive working results continuously over the previous three years, has given encouragement for fixing higher growth targets in future. Your Directors take pleasure in informing you that your Corporation has a workload in hand of RS.12053.61 million. During the year under report, new business of Rs 6910.00 million was secured and major share of business comprises of (i) works awarded by the Ministry of Urban Development under non-lapsable fund valued at RS.1766.10 million in the North Eastern States, (ii) Indo-Bangladesh Fencing works awarded by the Ministry of Home Affairs worth RS.1250.00 million in Northern Sector from Ranga to Shivbani 84 KM in Tripura, and (iii) Site leveling work package amounting to RS.1180.00 million of Barh Super Thermal Power Project, Bihar from NTPC.

BUSINESS OUTLOOK

In traditional areas, the construction industry has a very low return on investment involving severe competition. On the other hand, high value infrastructure projects with competition from

companies of NBCC's size have good potential' for earning higher profit margins. In large value infrastructure projects, entering into tie-up arrangements with established global players is generally a pre-requisite. Considering this fact, your Corporation is continuing to explore all opportunities for new consortiums and business arrangements. NBCC has formed a joint venture with a Malaysian firm viz. IJM for executing work for DMRC. Efforts are also continuing to look for overseas business opportunities specially in Asia-Pacific & African Regions as development of physical infrastructure in this part is in its infancy. Discussions are going on to have joint venture with MIs BAGIS Construction Import Export Trade Company for execution of large scale civil construction projects in Turkey.

In the current fiscal, your Corporation bagged the single largest Engineering, Procurement and Construction (EPC) contract from BHEL of RS.1622.00 million of Civil, Structural and Architectural work of Transformer Yard to Chimney for 2x250MW Unit at Korba, Chattishgarh. Moreover, in this case re-reinforcement steel and structure steel is being issued free of cost by BHEL. With this, NBCC will become an EPC Contractor for Power Plants and would be in a position to bid for such projects in future on its own. In the financial year 2004-05, additional works of Rs. 5488.11 million have also been secured. Few of the important projects secured are as follows:

Name of the work	Value (Rs. in million)
Construction of Rural Roads in West Tripura District under Pradhan Mantri Gram Sadak Yojana (PMGSY)- 757 KMs	2250.00
Construction of Border Fencing in Western Sector from Kamla Sagar to Nirbhayapur 75.60 Km in Tripura for Ministry of Home Affairs.	1300.00
Supply of Pre-fabricated Super Structure of CRC and IARH at Imphal for Manipur Sericulture Project	592.40
Construction of Nagaland University at Nagaland	450.00
Three nos. Chimney and Chimney Elevator Packages for Thermal Power Project for NT PC	365.67

OPERATIONAL PERFORMANCE

Following projects were successfully completed during the year and handed-over to our esteemed

Sl. No	Name of the Project	Clients	Value (Rs. in Million)
1.	Indo Bangladesh Border Fencing Work - Tripura Western Sector(O) & (A) and Northern Sector(A)	Min. of Home Affairs	1330.29
2.	Providing of Project Management Service for Construction of flats and Development Works in NOIDA (UP)	New Okhla Industrial Development Authority	1012.68
3.	Modernisation of Currency Note Press Nasik Road	CNP/Min. of Finance	409.16
4.	Construction of Staff Quarters & Hostel Building for LBS - CAMSAR at Sewree, Mumbai	LBS CAMSAR (under DG Shipping)	243.00
5.	MEPZ SDF III Works, Chennai(83 Modules)	MEPZ Chennai- MOC	207.16
6.	CAU Works, Imphal	CentraiAgriculture University	159.76
7.	NIFT Works, Bangalore	NIFT New Delhi	113.02
8.	HAL sa Works, Bangalore	HAL Bangalore	100.04
9.	Talcher Chimney Works	HSCL	83.77
10.	Construction of (a) Class Rooms, Community Halls, . Social Welfare Centre, Dispensaries in Rajkot & Kutch Distt. (b) I.T.I. Bhuj Dist. Kutch	Parliament Secretariat	75.90
11.	Construction of Parking Lot-cum-Shopping Complex at Police Bazar, Shillong	MOUD&PA	75.30
12.	Airport Works, Chennai	AAI Chennai	75.28
13.	Renovation of New P.G. Section at India Security Press at Nasik Road	ISP/Min. of Finance	56.07
14.	EPFO sa Works Nizamabad	EPFO New Delhi.	52.45'
15.	Laying of OFC cable from Baroda to Nasik	GAIL	50.00

A tripartite agreement between O IDC, NBCC and RITES, was entered into in December, 2003 for restoration of the collapsed bridge across Daman Ganga River on cost plus percentage basis. N BCC was engaged as an executing agency while RITES was retained to provide consultancy services for the project. After completion of the work, the same was handed over to O IDC and the bridge was opened for traffic in June 2004. But unfortunately, due to unprecedented and unexpected heavy ~ischarge of water on 2nd, 3rd & 5th August, 2004 from Madhuban Dam on Daman Ganga River about 35KM upstream resulted in collapse of the bridge. A Committee was appointed by RITES to make on

the spot assessment which gave its findings that bridge had collapsed due to extra-ordinary heavy pressure of water and not because of any technical fault.

FINANCIAL RESULTS

During the period under review, your Corporation achieved a turnover of Rs 6606.19 million as against Rs.4940.95 million in the previous year and earned profit before tax of RS.1 06.74 million as against RS.74.30 million in the previous year.

Comparative financial results during past two consecutive years are given below:

	(Rs. in million)	
	2003-2004	2002-2003
INCOME		
<u>Turnover</u>		
- Domestic	6587.63	4907.70
- Overseas	18.56	33.25
Other receipts	269.69	162.92
Increase/(Decrease) in stock	(215.33)	(122.80)
Prior Period adjustment (Net)	12.85	32.09
Total (1)	6673.40	5013.16
EXPENDITURE		
Prime Cost	5679.61	3914.25
<u>Overheads</u>		530.04
i) Salary and wages	444.88	
ii) Ex-gratia	29.01	25.26
Hi) Write off Sundry Debtors	.70.88	35.27
iv) Others	295.04	257.56
Total (2)	6519.42	476.38,
Gross Margin (1-2)	153.98	250.78
Less: Depreciation	41.17	57.64
Less: Interest	6.07	118.84

Net Profit before Tax (PBT)	106.74	74.30
Less:		
i) Income Tax (Overseas) ii)	1.04	2.46
Provision for Current Tax	14.36	
Add:		
iii) Provision for Deferred Tax	58.38	
Net Profit AfterTax (PAT)		
- Forthe year	149.72	71.84
- Cumulative	(-) 898.26	(-)
New Business secured	6910.00	1047.98
Balance work in hand	12053.61	10153.90
		11749.80

DIVIDEND

As per the provision of Section 205 of the Companies Act, 1956, a company can not declare! pay dividend out of its profits for the current year unless the accumulated losses incurred to the extent of unabsorbed depreciation are set off. Thereof, your Directors have not recommended declaration of any dividend for the financial year 2003-2004.

ORDER BOOK

To the opening balance of Rs11749.80 million in the beginning of the year, new works of RS.691 0.00 million were added and works of Rs. 6606.19 million were executed during the year under report. Thus, leaving a closing balance of Rs.12,053.61 million at the close of the financial year 2003-2004.

MAJOR WORKS SECURED DURING THE FINANCIAL YEAR 2003-2004 ARE AS UNDER :

~ S.No.	Name of the Project	Clients	Value (Rs. in millions)
1	Construction of Border Fencing in Northern Sector from Ranga to Shivbani 84 KM in Tripura.	Ministry of Home Affairs	1250.00
2.	Site leveling work package for Barh Super Thermal Power Project, Bihar.	NTPC	1180.00
3.	Construction of Elevated Viaduct from KM 0.62 to KM 0.80 on Barakhamba Road - Connaught Place - Dwarka Section (Line-3) (Total project cost RS.1532.87 million, Executed through a joint venture of IJM- VRM & NBCC's share being 30% of the totarCost).	DMRC	460.00

4.	Construction of Patent Office Complex at Delhi, Kolkata, Chennai & Mumbai.	Ministry of Commerce	450.00
5.	Construction of Flyover near Maharani Bridge, Imphal.	MOUD&PA	249.30
6.	Scheme for Storm Water disposal for Noonmati Areas, Guwahati	MOUD&PA	246.90
7.	HVAC, Electrical, Interior works of ONGC Office Complex at Dharavi, Mumbai.	ONGC	235.00
8.	Storm Drainage Development Scheme for DimapurTown, Phase-II, Nagaland.	MOUD&PA	209.40
9.	Construction of Market for Urban Poor Unemployed Youth & Women Vendors at Purana Bazar, Manipur.	MOUD&PA	197.80
10..	Construction of Bus Station at Aizawl, Mizoram.	MOUD & PA	183.70
11.	Construction and maintenance of work Central Kalahari and KUTSE Game Reserve Facilities at Botswana.	Govt. of Botswana	170.00
12.	Construction of Market for Urban Poor Unemployed Youth & Women Vendors at New Market Manipur.	MOUD & PA	153.20
13.	Sports Complex at Kankar Bagh (Bihar).	Govt. of Bihar	140.00
14.	Construction of City Centre at Aizawl, Mizoram	MOUD&PA	123.70
15.	Construction of 350 Seater Boys Hostel, Building for PG Courses, Administrative Block, Open Air Theatre, Instructional Building, Hostel, Guest House, Teacher Flats, Sports Complex, Residence and Auditorium Building at National Institute of Technology, Kurukshetra.	National Institute of Technology, Deemed University, Kurukshetra	123.60
16.	Construction of Shopping Centre at Champhai, Mizoram	MOUD&PA	118.80
17.	Construction of 4 nos. 169 Men Barracks at Jamshedpur.	Central Reserve Police Force	109.50
18.	Chimney and Chimney Elevator Package for Vindhyachal Super Thermal Power Project Stage-III (2x500 MW)	National Thermal Power Corpn.	102.50
19.	Construction of Market for Urban Poor Un-Employed Youth & Women Vendors at Lakshmi Market Manipur.	MOUD&PA	102.20
20.	Construction of Sports Authority of India, Sub-Centre at Hazaribagh	Sports Authority of India	100.00

DUES OUTSTANDING

The position in respect of realisation of outstanding dues from Iraq amounting to RS.700.14 million and Libya RS.814.38 million remain unchanged from the previous year. Necessary assistance at the Government and Diplomatic level was sought for realisation of these dues, but so far positive results have not been achieved.

As against the completed works of RS.6606.19 million during the year, major portion of dues have been realised and efforts are being made to ensure that at least current dues do not run into arrears. However, outstanding dues in respect of domestic operations carried out in the past continues alarmingly high. The amount outstanding is of the order of RS.2324.63 million (previous year Rs. 2213.07 million), mostly against the Government Departments and other Agencies. At Zonal Offices, for realisation of old outstanding dues, a separate Cell has been constituted. Progress of realisation in various Zones is being monitored at regular intervals at the Functional Director level in the Corporate Office for appropriate action. Whenever it is considered necessary, assistance from the Government is also obtained.

CORPORATE VISION-2010

The Corporate Vision is as under:

To improve the USP of the Corporation which delivers high quality projects in time and within cost.

To improve the customer relationship and strive for customer satisfaction by proactive approach.

To improve the liquidity and bankability of the Corporation by a four pronged approach:

- i) Expansion of business in Project Management & Consultancy by capitalizing

on ISO-9001 accreditation. Thus, further improving credibility of the Organisation as a techno professional body.

- ii) Striving hard for developing real estate projects for fruitful commercial exploitation of available land so as to generate handsome profit, off-set overhead cost and accumulated losses.

- iii) Selectively take works on tendered basis.

- iv) Building a highly receptive, informative and professionally charaed Oraanisation by introducing modern project management concepts and exploiting development in information technology sector by introducing Web based monitorina and communication systems, LAN based information sharing systems, SAP based financial and personnel management system.

To improve the rating of the Corporation both in terms of specified and implied needs of the customer by regular modernization, training, interactive session and lateral induction of ideas and thoughts.

To instil a commitment in the Organisation to make it more transparent, dynamic and result-oriented.

CORPORATE GOVERNANCE

Towards good governance practices, emphasis is being laid in the Corporation on facets of observing transparency, accountability and proper disclosure. Accordingly, appropriate changes have been brought in various formats devised for Management Information System. The Project Incharges and other functionaries in the Corporation are required to comply with provisions of the works manual. Guidelines are also being issued by the Vigilance

Division for proper execution of works at project sites.

SIGNING OF MOU

A Memorandum of Understanding for the year 2004-2005 has been executed between your Corporation and the Ministry of Urban Development. The MOU envisages accelerated target growth in gross profit by 11 %. The following targets have been laid down in the MOU:

	Rs. in million
Turnover	5500.00
Business Development	14000.00
Gross Margin	280.00
Net Profit	55.00

Your Corporation is likely to achieve 'Excellent' rating for the financial year 2003-2004 based on MOU parameters.

ISO CERTIFICATION

NBCC obtained ISO 9001 Certification for its Project Management and Consultancy Divisions. The Corporate Mission enshrines building a high degree of customer confidence and providing of services conforming to ISO 9001.

TECHNOLOGY ABSORPTION

In the liberalised, globalised and competitive business scenario, there is a continuous need for employing sophisticated techniques and mechanised form of construction for timely, speedier and quality execution of projects. NBCC continues to adopt Trenchless Technology for laying of underground utility services; Slip-form Technology for construction of high rise structures like'

chimneys and cooling towers; UASB Technology for sewage treatment plants and incremental launching of girders for construction of bridges. NBCC acquired adequate knowledge about the' equipment and technology involved in Construction of Mass Housing Units during its association Vv'ith an Earthquake Rehabilitation Project in Turkey where 3600 dwelling units were completed in a record time of eight months.

BUSINESS STRATEGIES

Towards customers satisfaction and timely execution of projects, following business strategies have been adopted:

1. Introduction of the concept of "Cost to Completion" (CTC).
2. Computerised monitoring through LAN and Web based online monitoring system.
3. 'A', 'B') 'C' categorisation of projects and close monitoring of projects. depending upon their criticality.
4. Proactive approach and constant liaison with clients.
5. Funds Management for the present has been introduced at Zonal level and it is ultimately to be centralized at Corporate level for effective utilisation and better control of available financial resources at a given point of time with the Corporation. .

IT PLAN

Your Corporation is fully aware of the fact that authentic access to information has become a necessity in modern times which helps the organisation in taking quick decisions. Today, NBCC is equipped with office automation facilities both at the Corporate Office and Zonal Offices.

It has been decided at the Corporate Management level to adopt web based technology in its functions. Corporation started Project Monitoring functions through web in a few critical projects to begin with and now extended to all PMGSY works. In the second phase, PIMS application will be put on web so that the zonal offices could update personnel information in the centralised database.

ORGANISATIONAL CHANGES

To further streamline the functioning of the Corporation, five Regional Business Groups (RBG) have been constituted with emphasis on equitable distribution of workload. All their respective Headquarters are headquartered in Delhi with the dual objective viz., (i) effective co-ordination with the Corporate Office and (ii) properly monitoring of progress of works at project sites of the Corporation. Under the re-organised set up, modified sub-delegation of powers have been given to various functionaries for smooth discharge of their functions and duties',

HUMAN RESOURCE DEVELOPEMNT

The H RD Division of the Corporation assist employees to upgrade their skills, knowledge and ability to take up higher responsibilities on continuous basis, This activity is undertaken by organising in-house lectures/training programmes and also nominates officials for external training programmes/workshops etc., organised by various training institutions/Govt. Organisations. The employees management relations continued to remain harmonious during the year under report. The morale of the employees was high and this

contributed positively in the progress of the Corporation,

'MDC Journal', an inhouse magazine covering articles on management, case studies, legal and allied topics is also being published,

Training Activity	No. of man-days
a) In-house Executive training	137
b) External training.	389
c) <u>Employees Technical Training</u>	2880
Total	3406

A Unit Incharge Conclave was organised from 14th to 16th November, 2003 at SCOPE Convention Centre, SCOPE Complex for the first time in the history of the Corporation. All Unit Incharges and past Chief Executives of the Corporation besides other senior officers attended the conclave. Several

contractors associated with the Corporation were also invited. This three day event happened to be a great success and it inculcated a spirit of togetherness for achieving the goal of the Corporation through a unified effort.

MANPOWER

At the close of the financial year 2003-2004, the manpower strength of the Corporation stood at 2700 employees (2692 regular and 08 NMR/WE employees). The category-wise position in respect of regular employees is indicated below:

has	GROUP-A	GROUP-B	GROUP-C	GROUP-D	TOTAL
	629	295	735	1041	2700
	(18)	(24)	(21)	(43)	(106)

(The figure in brackets is in respect of female employees).

FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Corporation earned Rs 27.53 million and incurred an expenditure of Rs. 21.38 million in foreign exchange as per details furnished in Item No. 32 D&E Notes to the Accounts (Schedule 21) forming part of the Accounts.

CONSERVATION OF ENERGY

- NBCC, engaged in service sector, has limited scope for energy conservation. Emphasis is being laid on employing techniques which result in conservation of energy, such as the use of solar energy devices in buildings. At work place, emphasis is more on installation of energy efficient lights and using natural light to a maximum extent. Sewage Treatment Plants executed by NBCC using UASB technology without any moving parts helps in conservation of electricity.

PROGRESSIVE USE OF HINDI

During the year 2003-2004, efforts continued in the Corporation towards progressive use of Hindi. The Official Language Implementation Committee (OLIC) quarterly meetings were held to

review the progress of official language in Corporation. "HINDI DIWAS" was celebrated on 15.9.2003 in place of 14.9.2003 (being holiday).

"Hindi Pakhwara" was organised from 6.9.2003 to 20.9.2003 and Hindi competitions were conducted in which employees and their family members took active part. Cash prizes were later on awarded to the winners. In House Journal "Bhawan Lochan" is being published in Hindi language. During the year under report, several inspections were conducted by the Hindi Cell in Zones and various Divisions at the Corporate Office to oversee the extent of use of official language in day to day working.

RESERVATION OF SCHEDULED CASTES AND SCHEDULED TRIBES/ OTHER BAKWARD CLASSES:

Directives issued by the Government of India from time to time for filling up of vacancies for SC/ST/ OBC/Ex-servicemen/Physically Handicapped have been followed in the Corporation.

Category-wise details in respect of SC/ST employees is given below :

Category of employees	General	SC	%age of SC	ST	%age of ST	Total no. of employees
Group-A	514	105	16.69%	10	1.6%	629
Group-B	215	69	23.38%	11	3.72%	295
Group-C	634	96	13.06%	5	0.68%	735
Group-D	887	149	14.38%	5	0.49%	1041
Grand Total	2250	419		31		2700