

DIRECTORS' REPORT

To

The Members,

The Directors have pleasure in presenting the 48th Annual Report on the performance of your Corporation during the financial year ended on March 31, 2008 along with audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India for the reporting period.

During the year 2007-2008, the turnover of your Corporation increased from Rs.1459.93 crores to Rs. 1969.99 crore representing an increase of 35% over the previous year. Gross margin increased by 226% to Rs. 421.54 crore (previous year Rs. 129.42 crore). Net Profit before tax has risen from Rs. 124.35 crore to Rs. 414.89 crore and Net Profit after tax is Rs. 279.83 crore (previous year Rs.80.88 crore).

FINANCIAL RESULTS

(Rs. in crore)

INCOME	2006-2007	2007-2008
<u>Turnover</u>		
Domestic	1459.93	1969.99
Overseas	--	--
Other Income	71.03	123.55
Increase/(Decrease) in stock	(17.48)	(68.57)
Prior Period Income	0.83	(0.08)
Total (1)	1514.31	2024.89
<u>EXPENDITURE</u>		
Prime Cost	1246.33	1421.59
<u>Overheads</u>		
i) Salary and wages	44.77	76.35
ii) Ex-gratia	1.51	0.80
iii) Write off Sundry Debtors	8.98	44.17
iv) Others	83.30	60.44
Total (2)	1384.89	1603.35
Gross Margin (1-2)	129.42	421.54
Less : Depreciation	2.94	3.09
Less: Interest	2.13	3.56
Net Profit Before Tax (PBT)	124.35	414.89
Less :		
i) Income Tax (Overseas)	--	--
ii) Provision for Current Tax	42.96	132.87
iii) Shortfall in provision for Income Tax in previous year	0.20	--
iv) Provision for Fringe Benefit Tax	0.22	0.34

v)	Provision for Deferred Tax	0.09	1.85
Net Profit After Tax (PAT)			
	- For the year	80.88	279.83
	New Business secured	2198.35	2772.20
	Balance work in hand	3430.13	4233.26

DIVIDEND

Your Corporation declared a maiden dividend on equity shares during the previous year. Your directors have recommended a dividend of Rs. 55.97 crore in the reporting year (Previous year Rs. 0.90 crore). The dividend will be paid after approval by the shareholders at the Annual General Meeting.

MOU PERFORMANCE

MOU for the year 2008-09 has been signed with the Ministry of Urban Development on 28.3.2008 and following targets have been laid down in the MOU:

	<u>Rs. in Crore</u>
Turnover	: 1950.00
Order Book	: 4660.00
Gross Margin	: 150.00
Net Profit	: 92.34

During the year 2007-08, your Corporation is likely to achieve 'excellent' rating in keeping with the track record since 2003-04.

ORDER BOOK

Opening balance of workload in hand was Rs. 3430.13 crore. During the year, works of Rs 2772.20 crore were secured and works of Rs. 1969.07 crore were executed. Workload in hand at the close of the financial year ended 31.3.2008 was Rs. 4233.26 crore.

VISION

- Our vision is to be a widely admired and preferred construction services company by setting the highest standards in customer service, reliability, safety and environment stewardship, and cost containment.

MISSION

- To supply customers with practical, secure, innovative and cost-efficient construction products and services that meet their needs as well as providing the necessary supporting infrastructure.
- To act in a socially responsible way to contribute to national wealth, whilst upholding our responsibility for the environment and promoting the well-being of our customers, employees, shareholders and other stakeholders.
- To achieve a premier position by developing and adopting best practices and state-of-the art technology in construction services and related activities for gaining a competitive advantage.
- To deliver value to projects through cost and planning optimization and effective risk management.
- To retain our status as the first ranked company of the Government of India in the field of Contract and Construction Services.
- To become a Mini Ratna company with international standards of excellence.
- To become a Rs. 4,500 crore company by 2011-12.

BUSINESS STRATEGIES

Timely completion of projects, quality assurance, cost reduction have resulted in achieving greater customer satisfaction and generated business on repeat order basis from the clients. Following business strategies have been adopted by your Corporation :

1. Implementation of the concept of "Cost to Completion" (CTC).

2. Introduction of Computerised Project Management and Web based 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. Implementation of Funds Management at the Corporate level for effective utilisation and exercising better control on financial resources.
6. Introduction of 'Labour in Prime Cost' concept, making it obligatory on contractor to engage departmental labour resulting in utilisation of surplus labour and reducing overheads on account of idle wages.

ISO CERTIFICATION

ISO 9001 Certification has been awarded to your Corporation for its Project Management and Consultancy Divisions. The Corporate Mission enshrines building a high degree of customer satisfaction and providing services conforming to ISO 9001: 2000 series. Licence for quality management system issued by the Bureau of Indian Standards is valid upto 29.3.2011.

CONSULTANCY DIVISION

Consultancy Division at the Corporate Office, a separate profit centre is equipped with latest software for drafting and designing. Recently, the Consultancy Division diversified its activities into Environmental Engineering field, designed water supply scheme for the State of Tripura and infrastructure projects for the State of Jammu & Kashmir and submitted DPR for projects of over Rs.700 crores. Against target of Rs.2 crores, turnover achieved by the Consultancy Division during the reporting period was Rs.2.41 crores.

SAFETY MANAGEMENT

Management is fully committed to ensure safe working conditions at all work sites. A full fledged and dedicated "Safety Management Cell" is operational at the Corporate Office to spread the awareness of "Safety" in all spheres of activity.

The statutory requirement for ensuring safe working conditions at the construction sites, is being propagated to all NBCC Officials. Lectures/Presentations on "Safety" were organized in the "Annual Review Meeting" attended by all Zonal Heads and Heads of Strategic Business Group & Regional Business Group.

CORPORATE GOVERNANCE

Your Corporation is engaged in implementing the best practices on Corporate Governance with philosophy based on transparency, disclosures and reporting which conforms fully with laws, regulations and guidelines. Objective is to create value for the stakeholders while being a responsible corporate citizen. In preparation of Annual Report, the Accounting Standards issued by the Institute of the Chartered Accountants of India have been followed. Project Incharges and other functionaries in the Corporation are required to comply with provisions of the works manual. In view of the organizational changes, Delegation of Powers have been suitably modified from time to time. Guidelines are also being issued by the Vigilance Division for proper execution of works at project sites. On matters of strategic importance involving high stakes, the Sub-committee of Directors with association of experts/consultants have been constituted.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

As a policy, your Corporation is committed to support the principles of Global Compact. Several initiatives in this direction have been taken for execution of works in remote and difficult areas & providing job avenues to the locals; rehabilitation/reconstruction of infrastructure works in areas

devastated by natural calamities; border fencing works for national security; and construction of water supply distribution system etc.

TECHNOLOGY UPGRADATION

Your Corporation for successful execution of various construction projects has adopted the following technologies:

- Upflow Anaerobic Sludge Blanket Technology for Sewage Treatment Plant.
- Slip-form & Sliding form technology for high rise structures.
- Incremental launching of girder for bridges and elevated tracks.
- Segmental construction of superstructure in bridges.
- Use of hydraulic rig for piling.
- Use of Tunnel Form Technology for mass housing.
- Horizontal slipping for large dia circular cast-in-situ pipes.
- Adoption of ready mix concrete for major construction projects.

CONSERVATION OF ENERGY

While engaged in service sector, there is limited scope for energy conservation. Emphasis is being laid on employing techniques which result in conservation of energy, such as 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 using UASB technology without any moving parts helps in conservation of electricity.

MANAGEMENT DISCUSSION AND ANALYSIS

Real Estate continues to be a major thrust area for increased volume of turnover and improvement in the profitability. Development of a full fledged ERP system is under implementation covering Corporate and Zonal activities with respect to various functions viz., Finance, HR, Projects, Business Development, Real Estate, Consultancy and Contracts etc. Use of IT systems will enable further transparency, better governance and effective control in the organisation. Five Years Corporate Plan has been drawn for the period 2007-2012.

HUMAN RESOURCE DEVELOPMENT & TRAINING

Human Resource Development continued to be accorded high priority with emphasis on improving skill, competence and knowledge through regular training and professional development programmes. A total of 962 training man-days, covering 577 man-days under in-house training programmes and 385 man-days under external training programmes were achieved during the year. During the year, 71 workshops/seminars/lectures and programmes were conducted through in-house and external agencies on different subjects in which 719 officials were trained

MANPOWER

Total strength of regular employees of the Corporation as on 31.3.2008 stood at 2388. The category-wise position in respect of regular employees is as under:

GROUP-A	GROUP-B	GROUP-C	GROUP-D	TOTAL
660	164	990	574	2388
(36)	(13)	(27)	(27)	(103)

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

RESERVATION OF SCHEDULED CASTES AND SCHEDULED TRIBES/ OTHER BACKWARD 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.

Statistical information in this regarding is given below :-

1. Category wise details of SC/ST employees in the Corporation is as under :-

Group	General	SC	% of SC	ST	% of ST	Total No. of employees
A	523	123	18.63%	14	2.12%	660
B	117	40	24.39%	07	4.26%	164
C	842	140	14.14%	08	0.80%	990
D(Excluding Sweepers)	481	75	13.36%	05	0.89%	561
D (Sweepers)	-	13	100%	-	-	13
Total	1963	391	16.37	34	1.42%	2388

PROGRESSIVE USE OF HINDI

During the year 2007-2008, efforts continued in the Corporation towards progressive use of Hindi. OLIC quarterly meetings were also held to review the progress of official language in the Corporation. September, 2007 was observed as HINDI encouragement month in which various activities and competition were conducted. Vishwa Hindi Diwas was observed on 10.1.2008. On 18.3.2008, a regional official language workshop was organised at Guwahati. During the year, several workshops to promote the use of Hindi were held and also computer training was imparted for work in Hindi language. Inspections were conducted by the Hindi Cell in RBG/Zones and various divisions at the Corporate Office to oversee the extent of use of official language in day to day working.

VIGILANCE ACTIVITIES

The Vigilance Division at Corporate Office is headed by Chief Vigilance Officer, an officer on deputation at the level of Director in the Government of India. Vigilance Division undertakes inquiry into transaction in which employee is suspected or alleged to have acted for an improper corrupt purpose or cause such an inquiry or investigation to be made into any complaint of corruption, gross negligence, misconduct, recklessness, lack of integrity or other kind of malpractices or misdemeanors on one's part.

With an ultimate aim of eradicating corruption, a four pronged strategy is followed, which has also been appropriately incorporated in the Annual Action Plan relating to anti-corruption measures viz. (1) Preventive Vigilance, (2) Detective Vigilance & surveillance, (3) Punitive Vigilance & (4) Use of IT innovations to curb malpractices and ensure transparency.

'Vigilance Awareness Week' was observed in the Corporation from 12.11.2007 to 16.11.2007 and a souvenir containing important circulars of the CVC, was brought out by the Vigilance Division.

PUBLIC RELATIONS

Public Relations Division continued its sustained efforts to project the image of the Corporation through effective use of print and electronic Media. Films on operational activities of the Corporation have been produced. House journals, brochures, booklets, event specific folders, pamphlets are being regularly published. A few corporate campaigns have also been done as a part of image building exercise.

EVENTS AND OTHER ACTIVITIES

During the year, following events and activities have been organised:

- Foundation Stone laying by Shri Anand Sharma, Hon'ble Minister of State for External Affairs for construction of Transit Accommodation for Ministry of External Affairs in June 1, 2007.
- Organising Maiden Dividend paying event on August 22, 2007.
- Organising JNNURM Conference in Delhi on 9.10.2007.
- Foundation Stone laying by Prof. R S Dhankar, Vice Chancellor of MD University for Faculty of Performing & Visual Arts at the University Campus, Rohtak (Haryana) on 20.10.2007.
- Inauguration of a 3-Day Seminar from 15-17th November, 2007 on Solid Waste Management by H.E. Shri Gaj Singh Ji, former Maharaja of Jodhpur at Jodhpur (Rajasthan)
- Inauguration of B.T. Road Flyover at Imphal (Manipur) by Shri S S Sidhu, H.E. Governor of Manipur on 30.11.2007.
- Inauguration of Married Accommodation Project for Defence personnel at Nasik by Major General R K Hooda, GOC, MG & Area on 6.12.2007.
- Foundation Stone laying for construction of CRPF Group Centre at Greater Noida (UP) by Shri S I S Ahmed, IPS, Director General of CRPF on 10.12.2007.
- Regular coverage of business activities, achievements etc. of the Corporation as also interviews of Chief Executive in the print and electronic media have been arranged.

SERVICE MEMENTOS

Service Mementos were presented to employees on completion of their 25 years of service in the Corporation.

BOARD MEETINGS

During the year Shri Ajay K Garg, appointed as Director(Finance) w.e.f. 19.4.2007. Dr. R K Vats, Joint Secretary & Financial Adviser, Ministry of Urban Development appointed as Director on the Board of the Corporation vice Shri Raghbir Singh, Addl. Secretary & Financial Adviser (Health) & Financial Adviser (UD), who ceased to be Director w.e.f. 4.5.2007.

During the year under report, 9 meetings of the Board of Directors were held on 13.4.07, 17.5.07, 6.7.07, 17.8.07, 3.9.07, 5.9.07, 25.9.07, 18.12.07 and 12.2.08.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors hereby report as under :-

- a) that in the preparation of annual accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departure;
- b) that the selected Accounting Policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation as at 31st March, 2008 and of the profit and loss accounts for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities; and
- d) that the Annual Accounts have been prepared on a going concern basis.

AUDITORS

M/s Dinesh Mehta & Co., Chartered Accountants, New Delhi were appointed as Statutory Auditors of the Corporation for the year 2007-2008.

PARTICULARS OF EMPLOYEES

Pursuant to the provision of Section 217 (2A) of the Companies Act, 1956, read with the Companies' (Particulars of Employees) Rules, 1975, as amended from time to time, none of the employees of the Corporation was in receipt of remuneration of more than Rs.24 lacs per annum or Rs.2,00,000/- per month.

ACKNOWLEDGEMENTS

Your Directors sincerely acknowledge the support and co-operation provided by the Ministry of Urban Development, Ministry of Finance, Ministry of Home Affairs, Ministry of Defence, Ministry of Commerce, Ministry of External Affairs and various other Government agencies.

The Directors also wish to thank CAG of India, Chairman & Members of Audit Board, Statutory Auditors for their co-operation and guidance and Corporation's bankers, RBI, Exim Bank, Embassies, Protector of Emigration, Passport authority for their continued support.

Your Directors also take this opportunity to place on record their sincere appreciation for the hard work and efforts put in by all the members of NBCC family towards the growth and progress of the Corporation.

For & on behalf of the
Board of Directors

Place : New Delhi
Dated:

(Arup Roy Choudhury)
Chairman-cum-Managing Director