

Chairman's Address



Dear Shareholders,

It gives me great pleasure to extend a warm welcome to all of you at the 51st Annual General Meeting of your Company. The Audited Accounts for the Financial Year ended on March 31, 2011 has already been circulated and with your permission, I take them as read.

Construction Industry Outlook

In the wake of global financial turmoil during last fiscal, the construction sector too witnessed adverse impact on the volume of business and development of infrastructure. As against the target laid down by the Government of India for achieving 9% average GDP growth during 11th Plan period, the GDP growth during financial year 2010-11 was around 8.5%. The fall in the GDP was primarily on account of increase in interest rates by the Reserve Bank of India, resulting in low demand for fresh borrowings adversely, exerted tremendous pressure on business houses to postpone their investment decisions and future growth plans. Despite the global economy remaining in a slow-down mode, your Company still managed to book new orders worth of ₹ 3055.82 crore during the fiscal 2010-11. Mainly project management consultancy services works were secured from our esteemed clients like Ministry of Home Affairs and ESIC.

Financial Performance

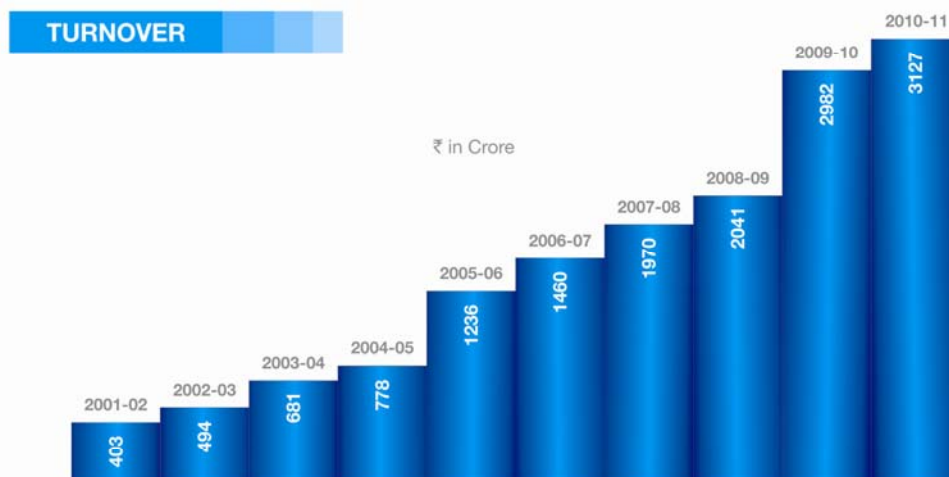
During the financial year 2010-11, your Company achieved income of ₹ 3231.45 crore (previous year ₹ 3020.25 crore) an increase of 7% and earned a net profit before tax of ₹ 209.63 crore (previous year ₹ 174.59 crore) an increase of 20%, after providing depreciation of ₹ 3.21 crore (previous year ₹ 3.12 crore) and interest of ₹ 4.32 crore (previous year ₹ 4.87 crore). During the year under review, project management consultancy segment registered growth in both

turnover as well as operating profit. Lower turnover and lower operating profit were registered in Real Estate development & construction and Civil Infrastructure for power sector segment. In Real Estate, lower turnover and lower operating profit were attributable to projects being in initial stages and not as yet ready for allotment. In Civil Infrastructure for power sector segment, there was decline in turnover and operating profit due to higher establishment cost incurred on chimney project at Paricha.

In accordance with Government directives, the Board of Directors have recommended dividend @ 20% on profit after tax (as it was higher than that required for declaring the minimum 20% dividend on paid up equity share capital) amounting to ₹32.73 crore including dividend distribution tax of ₹ 4.66 crore. Total payout ratio (excluding dividend tax) works out to 31.2% of the paid up share capital for the year 2010-11 as compared to 25.9% in the previous year. Likewise previous year, in the year under consideration, the Comptroller and Auditor General had no comments to offer on accounts for the financial year 2010-11.

Business Strategy

Your Company's segment-wise turnover can be categorised into three categories viz. (i) Project management consultancy(PMC), (ii) Real Estate development and Construction and (iii) Civil infrastructure for power sector. The Project Management Consultancy accounts for more than 90% share in the total turnover of your Company, as has been witnessed in the past. We intend to continue to focus on performance and quality project execution in order to seek maximum customer satisfaction in our PMC services, civil infrastructure for power sector and real estate development and construction businesses. To improve upon the bottom line, your Company's exposure on completion of on-going projects in real estate may contribute in realizing higher operating profits upon commencement of sales of projects reaching marketable stage in the next financial year. In our PMC services segment and civil infrastructure projects segment, we intend to focus on undertaking projects having a high order value, which we consider to be projects above ₹ 100 crore in value. We also intend to take advantage of opportunities in the infrastructure space by bidding for BOT/BOLT/BOOM projects and schemes by developing our capability of evaluating the technical and commercial feasibility of such projects and schemes.



Disinvestment Programme of Government

In terms of the Government policy frame work for disinvesting its equity in CPSEs having positive Networth, no accumulated losses and those recorded net profits in three preceding consecutive years, your Company also received directions for disinvestment of 10% of Government equity through book building process. The Cabinet Committee on Economic Affairs in its meeting held on August 11, 2011 has approved the proposal for disinvestment of 10% equity (9,00,00,000 shares* at a face value of ₹ 10/-each) held by the Government of India in your Company through an IPO. Your company is in the process of preparing for the IPO and subsequent to the various regulations and laws being complied with; the Company would be listed on the Stock Exchanges The Listing Agreement between your Company and Stock Exchanges requires the induction of Independent Directors on the Board of your company, which we believe will enhance the image and positively impact the company.

In connection with the proposed IPO by way of an offer for sale, in the Extra Ordinary General Meeting of the Company held on May 24, 2011, the Shareholders approved inter-alia (i) sub-division of face value of each equity share from Rs.1000/- to Rs.10/- each, and (ii) conversion of your company from Private Limited into a Public Limited company.

In the Annual Accounts together with the notes of accounts for the financial year 2010-11 duly audited by the Statutory Auditors, the basic and diluted earnings per equity share of face value of Rs.1000/- was shown Rs.1559.32. With change in the face value of each equity share of Rs.10/- each, the basic and diluted earnings per share has become Rs.15.59 in compliance with the provisions of Accounting Standard -20.

Introduction of ERP System

Your Company has taken ERP initiatives to cover most of e-Governance mechanism. The major thrust areas under ERP are Financial Accounting, Payroll, Project Accounting, Project Billing and e-Payments which have since been completed and commissioned. Besides, e-Investment (Treasury Management), Bill Watch System, Vendor Registration and e-Tendering are under advanced stage of completion.

Commitment To CSR & Global Compact Principles

Your Company is committed to support the principles of global compact and is a member of the global network. A comprehensive CSR Policy frame work has been adopted by your Company for undertaking CSR activities in line with the guidelines issued by the Department of Public Enterprises for Central Public Sector Undertakings. The purpose of your Company's initiatives is to generate awareness at all levels in the Organisation about CSR activities and integration of social processes with business processes. CSR budget for the financial year 2010-11 provides for an outlay of Rs. 3.49 crore (being 3% of Rs. 116.50 crore of profit after tax during 2009-10) with a provision that unspent amount during an year will be carried forward for utilization in the next financial year. Geographically coverage of areas for CSR initiatives identified is: poor and needy section of society; social activities in close proximity to company's project sites; and special emphasis on remote rural areas & women empowerment programs.

(* To be increased in the event of issue of fully paid bonus shares)



Safety Management

Your Company has adopted a Corporate Safety Policy and constituted a Corporate Safety Management Cell which from time to time reiterates importance of ensuring safe working conditions at project site to avoid any untoward accidents/incidents. Your Company is committed to the principles that progress cannot be at the cost of safety of men, material, machineries and the structure under construction; as safety is of paramount importance. Endeavor always remains on ensuring safe work practices and observing statutory provisions on safety. Safety and Health pledge was administered on March 4, 2011 on the occasion of National Safety Day at the Corporate Office and in field offices.

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, various Departments of the Government of India/State Governments and various client Organizations, PSUs etc. for continuously reposing their faith in NBCC. I sincerely express my appreciation and gratitude to all members of the Board for their invaluable support and guidance in the decision making process of your Company. I would also like to place on record my appreciation for the effective contribution made by the employees at all levels without whose support it would not have been possible to achieve the corporate targets.

New Delhi

Dated: 26th Sept. 2011


(Vishnu P. Das)

Chairman-cum-Managing Director