

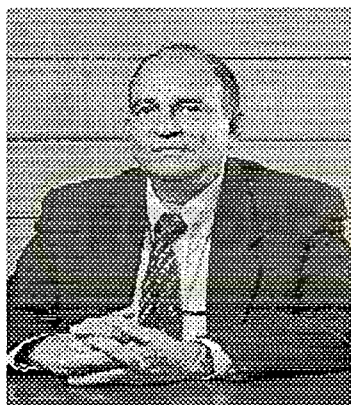
National Buildings Construction Corporation Ltd



BOARD OF DIRECTORS AS ON 30-06-2007



SHRI ARUP ROY CHOUDHURY
Chairman-cum-Managing Director



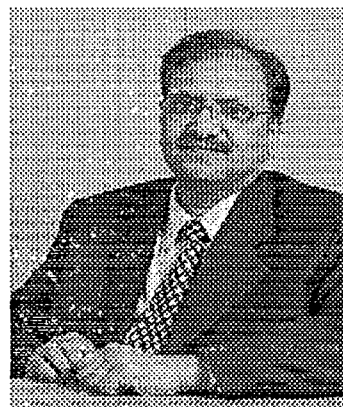
SHRI S.M. ACHARYA
Additional Secretary
Ministry of Urban Development



DR. R.K. VATS
Joint Secretary
Ministry of Urban Development



SHRI V.P. DAS
Director (Projects)



SHRI AJAY K. GARG
Director (Finance)

CHAIRMAN'S ADDRESS



Dear Shareholders,

It gives me immense pleasure to welcome you to the 47th Annual General Meeting of your Corporation. The Annual Accounts together with the Directors' Report have already been circulated. At the outset, I would like to share with you the good news that your Corporation joined the select band of dividend paying Central public sector undertakings for the first time since its inception in the year 1960.

Economic Scenario

Indian economy registered an impressive GDP growth rate of 8.9% in the first quarter of current fiscal. Construction sector in the country contributes about 6% of GDP and is growing @ 9.5%, which is comparatively higher than GDP. Considering that ours is a developing economy, much higher investment into construction and building activity is required. Construction activity remains the second largest activity after agriculture and accounts for 50% of the total investment in infrastructure. The report on the 11th Five Year Plan (2007-12) states the need to give high priority to infrastructure development in both urban and rural areas. Domestic construction sector is expected to grow @15% per annum. During the last decade, there has been a phenomenal change in 'Real Estate' and it has emerged as a lucrative incentive activity for a company like yours. The other major sector seeking larger investment is the Power Sector and your company is already making inroads in that sector.

Your Corporation has grown at a higher rate in the last six years and has decided to explore the power sector and tap opportunities for growth in real estate so as to maintain its lead in the future.

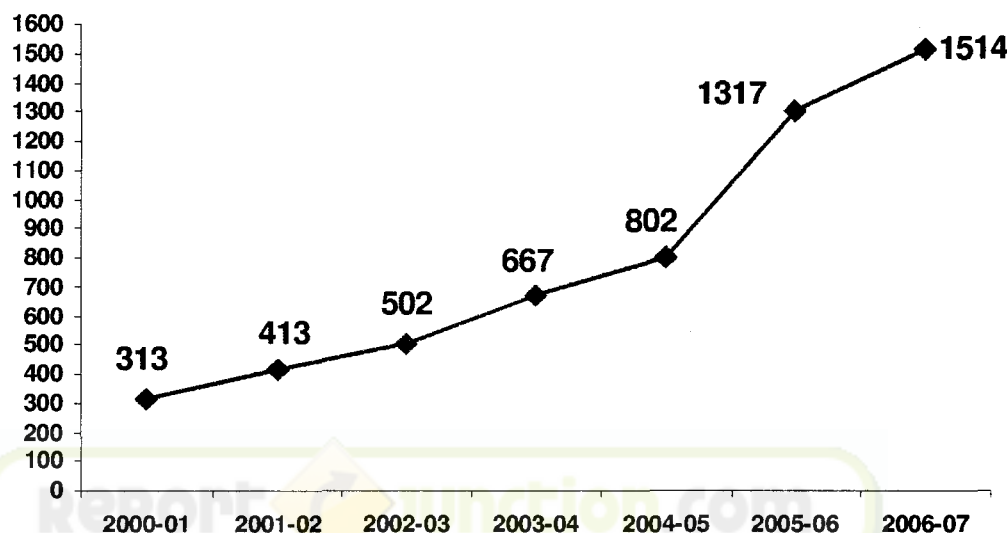
Financial Performance

The performance of your Corporation during the year 2006-07 was remarkable in as much as the highest turnover ever of Rs.1514 crore was recorded. Gross margin improved by 149% and Net Profit after tax registered an increase of 189% over the previous year and all the accumulated losses have been wiped out. Further on appropriation of profits, a Capital Redemption Reserve of Rs.30 crore has been created for redemption of preference shares. In view of the improved financial results

continuously over the past six years, the stage has reached where your Directors have recommended dividend, both on the equity shares and preference shares. Therefore, your approval is now sought to pay dividend @ 1% on equity shares and @7% on redeemable preference shares in the Annual General Meeting.

INCOME FOR THE LAST SIX YEARS

Value in Rs. Crore



Business Outlook

A five-years' Corporate Plan (2007-2012) has been drawn under which the present turnover is slated to witness a three fold rise from a turnover of Rs.1514 crore to over Rs.4500 crore in the year 2011-12. With these projections in mind, the Corporation's endeavour will constantly remain on development of adequate business in potential areas such as Real Estate and Power Sector apart from other traditional areas. Simultaneously, all efforts will be continued for executing more real estate projects to reap the benefit of booming market. The private players occupy the dominant role in the real estate sector, competing with them in quality of product while maintaining affordable pricing will be a major challenge to your company in times to come. You will be glad to know that the first such module launched by your company at the New Township Kolkatta has been a runaway success with more than 600 flats being sold in less than half a day. You will also be glad to know that 50% of these flats have been offered to central/state government and public sector employees at discounted rate despite the fact that the launch rates were 30 % lower than the market.

Your Corporation has been awarded works of more than Rs1,500 crore for construction / upgradation of rural roads under the Bharat Nirman in states of Bihar and Tripura where the task is progressing well. Further, a project valued at Rs.2,000 crore has been signed with the Haryana Government to implement Jawaharlal Nehru National Urban Renewal Mission (JNNURM) schemes of urban infrastructure and basic services for urban poor over a period of five years. Other State Governments like Assam, Meghalaya, Jammu and Kashmir and Tripura are in advance stage of project formulation under the JNNURM schemes.

Awards from the Prime Minister



Your Corporation bagged the SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management under the Special Institutional (Turnaround) Categories for the year 2005-06 and this award was presented to the Corporation by the Hon'ble Prime Minister of India on 8.3.2007.

Your Corporation performed excellent on all the MOU parameters and found place amongst the Top Ten Central Public Sector Enterprises and earned MOU Excellence Award of the Government of India for the years 2004-05 and 2005-06 where this achievement was also recognized by the Hon'ble Prime Minister of India by presenting 'MOU Excellence Award' for both the years on 08.03.2007.

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. Project Management &

Consultancy work of ONGC Energy Centre and Corporate Office of ONGC Group of Companies is also being executed by NBCC. PMC Services entails implementation of the projects from Concept to Commissioning by ensuring Cost & Quality competitiveness.

Computerization and Transparency

Towards establishing good corporate practices for total transparency, timely decision making and avoiding redundancy / duplicity, emphasis is on the development of ERP Software System. LAN has already been implemented in the Corporate Office, RBG / SBG Offices and majority of the Zonal Offices. Critical projects are monitored through Web. Existing web site of your Corporation has been re-developed and 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.

Recently your Corporation has successfully used the e-auction for real estate projects, resulting in record realization in a most transparent manner.

Towards Customer Satisfaction

Emphasis of the Corporation during the last couple of years has been towards meeting the stated & implied confidence of the customers and we thank our customers for reposing their confidence time & again.

Your company's approach is towards Total Customer Management (TCM) in a very structured form. It is compulsory that in every project a customer feedback is taken at a regular interval. Your Company's priority is to provide value addition to clients by implementing the projects within time and cost while maintaining high level of quality. This has resulted in customers having reposed their confidence on your Corporation time and again by awarding repeat order to 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

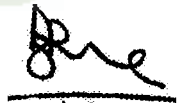
work for the earthquake affected people of J&K and victims of Tsunami in Andaman & Nicobar Islands.

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 also extend my thanks and deep appreciation to all the predecessors and the present colleagues on the Board for their valuable participation and mature advice in the decision making processes of your Corporation.

Last but not the least I would like to thank the entire spectrum of the employees of the Corporation for their devotion and team spirit, resulting in achievement of new milestones every year, for the Corporation.



(Arup Roy Choudhury)
Chairman-cum-Managing Director

Place: New Delhi

Dated: August 17, 2007

DIRECTORS' REPORT**To****The Members,**

The Directors have pleasure in presenting the 47th Annual Report of your Corporation together with audited accounts for the year ended 31st March, 2007.

During the year 2006-2007, the turnover of your Corporation increased from Rs.1235.70 crores to Rs. 1459.93 crore representing an increase of 18.15% over the previous year. Net Profit after tax has shown significant improvement of 188.55% over the previous year as the increase is from Rs. 28.03 crore to Rs. 80.88 crore.

| FINANCIAL PERFORMANCE | | (Rs. in crore) |
|---|------------------|------------------|
| INCOME | 2006-2007 | 2005-2006 |
| Turnover | | |
| Domestic | 1459.93 | 1235.70 |
| Overseas | -- | |
| Other Income | 71.03 | 84.64 |
| Increase/(Decrease) in stock | (17.48) | (3.90) |
| Prior Period Income | 0.83 | 0.28 |
| Total (1) | 1514.31 | 1316.72 |
| EXPENDITURE | | |
| Prime Cost | 1246.33 | 1106.57 |
| Overheads | | |
| i) Salary and wages | 44.77 | 45.94 |
| ii) Ex-gratia | 1.51 | 1.21 |
| iii) Write off Sundry Debtors | 8.98 | 52.75 |
| iv) Others | 83.30 | 58.20 |
| Total (2) | 1384.89 | 1264.67 |
| Gross Margin (1-2) | 129.42 | 52.05 |
| Less : Depreciation | 2.94 | 4.50 |
| Less: Interest | 2.13 | 7.88 |
| Net Profit Before Tax (PBT) | 124.35 | 39.67 |
| Less : | | |
| i) Income Tax (Overseas) | -- | 0.05 |
| ii) Provision for Current Tax | 42.96 | 9.72 |
| iii) Shortfall in provision for Income Tax in previous year | 0.20 | 0.61 |
| iv) Provision for Fringe Benefit Tax | 0.22 | 0.20 |
| v) Provision for Deferred Tax | 0.09 | 1.06 |

| | | |
|---|---------|-----------|
| Net Profit After Tax (PAT) | | |
| - For the year | 80.88 | 28.03 |
| Profit available for Appropriation | | |
| Preference Share Redemption Reserve | 30.00 | -- |
| Proposed Dividend on Preference Shares | 2.10 | -- |
| Proposed Dividend on Equity Share | 0.90 | -- |
| Dividend Distribution Tax | 0.51 | -- |
| Balance carried forward to Balance Sheet | 47.37 | 28.03 |
| Cumulative | (+)1.04 | (-) 46.33 |
| New Business secured | 2198.35 | 1250.11 |
| Balance work in hand | 3430.13 | 2691.71 |

Gross margin increased by 148.65% to Rs. 129.42 crore (previous year Rs. 52.05 crore). During the same period Net Profit before tax has risen from Rs. 39.67 crore to Rs.124.35 crore.

DIVIDEND

For the first time in the history, your Corporation would be declaring a dividend. Your Directors have recommended dividend of 7% on Redeemable Preference Shares. The dividend will be paid after approval of the Shareholders in the Annual General Meeting. Reserve has been created for redemption of Preference Shares of Rs. 300 million during the financial year 2006-07.

TURNAROUND AWARD

Your Corporation won the **SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management - Special Institutional (Turnaround) Category 2005-06**. The Scope Award was presented by the Hon'ble Prime Minister of India on 8.3.2007.

ORDER BOOK

Opening balance of workload in hand was Rs. 2691.71 crore. Works of Rs 2198.35 crore were secured from Ministry of Home Affairs, Ministry of Urban Development, Ministry of Information & Broadcasting, Ministry

of Women & Child Welfare; other State Governments Ministries/Departments and public sector undertakings viz. BHEL, ONGC & NTPC. Works of Rs. 1459.93 crore were executed during the year 2006-07. Workload in hand at the close of the financial year ended 31.3.2007 was Rs. 3430.13 crore.

OVERSEAS DUES

The outstanding dues in respect of works executed in Libya amounting to Rs. 22.64 crore and have not been realised due to US Sanctions. Outstandings from Iraq of Rs. 48.53 crore are due against Deferred Payment Agreement Projects and Cash Contracts. Sequel to the meeting held at Delhi in May, 2007 between the Petroleum Ministers of Iraq and India, information desired for settlement of Project Exporters claims has since been submitted to the Ministry of Petroleum.

MEMORANDUM OF UNDERSTANDING

Your Corporation has been selected amongst the Top Ten Central Public Sector Enterprises by the Ministry of Heavy Industries and Public Enterprises for **MoU Excellence Award** of the Government of India for the years 2004-05 and 2005-06. The Hon'ble Prime Minister of India presented the award to the Chairman-cum-Managing Director on 8.3.2007 in New Delhi.

MOU for the year 2007-08 has been signed with the Ministry of Urban Development on 19.3.2007. Targets laid down in the MOU are as under:-

(Rs. in crore)

| | |
|--------------|-------|
| Turnover | 1650 |
| Order Book | 3856 |
| Gross Margin | 70.98 |
| Net Profit | 40.38 |

During the year 2006-07, the Corporation is likely to achieve 'excellent' rating.