

## REPORT OF THE DIRECTORS

### Dear Members,

The Directors have pleasure in presenting the 54th Annual Report together with audited accounts of the Company for the year ended 31st March, 2011.

### FINANCIAL HIGHLIGHTS

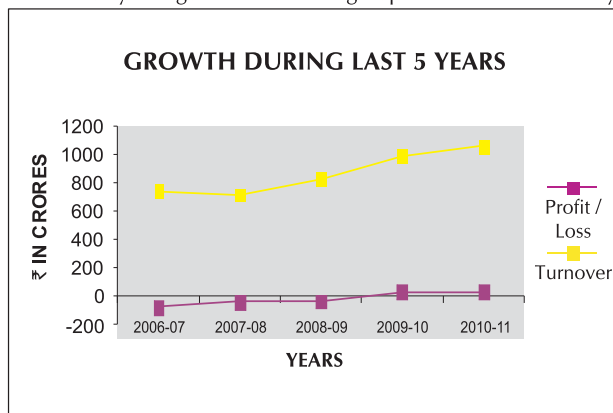
During the year 2010-11, your Corporation has achieved a turnover of Rs.1082.42 crores as against Rs.1002.92 crores last year showing an increase of 7.93%. The Corporation has earned the net profit after tax of Rs.32.09 crores as against Rs.30.97 crores in previous year.

The summarized financial results of the Company are given below :

₹ in Crores

| Particulars                          | 2010-11        | 2009-10 |
|--------------------------------------|----------------|---------|
| Turnover including other income      | <b>1082.42</b> | 1002.92 |
| Construction & Work expenses         | <b>1008.38</b> | 926.37  |
| Operational profit                   | <b>74.04</b>   | 76.55   |
| Administrative Overhead etc.         | <b>53.59</b>   | 44.06   |
| Profit/(Loss) for the year after Tax | <b>32.09</b>   | 30.97   |

\* Previous year figure have been regrouped wherever necessary



### CAPITAL RESTRUCTURING

The process of capital restructuring as approved by Government of India in December'08 has been completed in December'10. Accordingly, Authorized Capital and Paid-up Capital of your Company at the end of the financial year is Rs.700 crores and Rs.94.53 crores respectively.

### BUSINESS DEVELOPMENT SENARIO

During the year 2010-11, your Corporation has secured new works valuing Rs.595.75 crores. The

order book position is Rs.3699.43 crores as on 31st March 2011 against the previous year's figure of Rs. 4148 crores as on 31st March 2010. Looking the strong order book position as on 31st March 2010, no target was fixed by the ministry for securing new business during the year 2010-11.

During the year, your Corporation had made improvement in terms of quality & speedy implementation of PMGSY works (now known as Bharat Nirman) on PMC basis in the State of Bihar & Jharkhand and MHA works. Based on performance of the Corporation, Indira Gandhi National Tribal University (IGNTU) has entered in MOU with NPCC for implementation of whole University campus at Amarkantak, M.P. valuing Rs.250 crores and Manipur. Govt. of NCT of Delhi awarded the works for Seven no. Schools, Govt. of Arunachal Pradesh & Govt. of Mizoram awarded the works of Housing under JNNURM scheme, Govt. of Nagaland entered in MOU for implementation of Water bodies and Govt. of Arunachal Pradesh entered in MOU for development of Hospitals, ANM & GNM schools.

In addition, your Corporation has secured repeat orders from Deptt. of Ayush, Ministry of Health, Govt. of India, Govt. of Jharkhand, IGNOU, Assam Rifles etc.

Your Corporation has achieved customer satisfaction rating more than 92% which is helping in securing repeat orders from esteemed clients.

### BUSINESS STRATEGY

1. Proactive approach with constant touch and liaison with the clients.
2. Introduction of Computerized Project Management & Monitoring System.
3. Introduction of Project Implementation Document (PID) to control the cost of the project.

By implementation of the above system, NPCC is completing its projects on time with quality and within approved cost and achieving greater customers' satisfaction which is helping in securing repeat orders from esteemed clients.

Your Company is attempting to secure business in different locations to achieve optimum utilization of existing resources.

## CONSTRUCTION SAFETY MANAGEMENT

Management is fully committed to ensure safe working conditions at all the project sites of the Corporation. Officers are imparted training from time to time on 'Safety Management'.

## MOU WITH THE MINISTRY

Your Corporation has already entered into a MOU with the Ministry setting an ambitious target for the year 2011-12. The results of major MOU parameters achieved during 2010-11 are as under :-



₹ in Crores

| S. No. |              | MOU Budget target (Parameter for the year 2010-11) | Achieved |
|--------|--------------|----------------------------------------------------|----------|
| 1.     | Turnover     | 895                                                | 1061.30  |
| 2.     | Gross Margin | 14.11                                              | 32.62    |
| 3.     | Net-Profit   | 11.86                                              | 32.09    |

During the year 2010-11, the Corporation is likely to achieve 'Very Good' rating.

## PROPAGATION OF RAJ BHASHA

Your Corporation continued to make sincere efforts to increase the use of Hindi in Official Work and implementation of the provisions of Official Language Act and Rules framed therein. Various incentive schemes regarding the propagation of official language-Hindi were continued during the year including incentive Scheme for children of NPCC employees on securing higher percentage of marks in Hindi in Secondary and Senior Secondary Examinations. An overwhelming response was received to this scheme.

Various competitions viz Samanya Hindi Vyavhar Pratiyogita, Hindi Patra & Tippan Lekhan Pratiyogita and Chathurth Shreni Karmcharyon ke liye Pratiyogita were organized during the Hindi

Divas/Pakhwara at Corporate Office in which Officers and Staff actively participated.

## VIGILANCE ACTIVITIES

The Company has a full fledged Vigilance Division. It is fulfilling its responsibilities in bringing necessary awareness among the work force about elimination of irregularities and corruption. Vigilance Division is also creating the awareness about the CVC guidelines by circulating the same from time to time to ensure prevention of irregularities and corruption in the Organization.

Vigilance Division functioned under Shri S.K. Ahuja , CVO, WAPCOS as an additional charge upto 29.06.2010 . Shri S.C. Garg, Jt. General Manager, NPCC looked after the work of Chief Vigilance Officer since 29.06.2010 as an additional charge upto 05.04.2011 when Shri A.N. Prasad, IFS, Joined as full fledged CVO on 05.04.2011.

Apart from organizing various workshops and training programmes, vigilance awareness week was observed in the Company from 25th October, 2010 to 1st November, 2010

NPCC Vigilance Department also circulated guideline of CVC in a book form to make the guidelines readily available to the executives especially working in the North East and in remote areas.

## RIGHT TO INFORMATION ACT

In compliance to the various provisions of Right to Information Act, 2005, Company has placed various documents/records at its website. The application received were handled promptly and information was provided to the applicant. Besides, APIO, PIO and Appellate Authority-I, one senior level officer has been designated as Transparency Officer. While providing the information utmost transparency is kept in mind. Information received from all over the country is dealt centrally under single window system of the Corporation.

## SCHEDULED CASTE, SCHEDULED TRIBE AND OTHER BACKWARD CLASSES

The Company endeavors to provide various privileges under the policies and directives of Government with regard to Scheduled Castes, Scheduled Tribes, Other Backward classes and handicapped persons

**PROJECT MANAGEMENT AND CO-ORDINATION**

There is an independent division at corporate level headed by GM(PM&C) which monitors all running projects and provides necessary support in execution of projects. This division also coordinates with various Ministries including MOWR, State Govt. and Central Govt.'s project authorities for implementation of projects within sanctioned cost and schedule time adhering specifications. For greater customer satisfaction Project Management & Co-ordination Division also makes efforts in resolving the complaints from clients as well as Project site and interact with Zonal Managers. This division also suggests ways and means for continuous improvement of system and processing for faster accomplishment of objective.

**PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)**

The information regarding particulars of employees in receipt of remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act,1956 and the rules framed there under during the year is NIL.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

The detail of particulars required under Section 217(1)(e) of the Companies Act,1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988 are NIL.

**INDUSTRIAL RELATIONS**

The overall Industrial Relations between the Management and the employees remained harmonious and cordial during the year despite various constraints. Every effort is being made to settle the grievance of employees in order to maintain the industrial harmony. Wage negotiations for 6th/7th round were settled and signed during the year under review

**HUMAN RESOURCES AND DEVELOPMENT**

Employees are the most precious asset of an Organisation and a favourable environment is necessary to encourage creativity, innovation and performance excellence among them. The Corporation focused its efforts to enhance competent,

trained and multi-disciplinary human capital in NPCC so as to meet the challenging assignments.

The Company is investing in people development on a consistent basis. Employees are deputed to a variety of training and competency development programs to build and sustain desired level of collective knowledge asset.

At the close of the financial year 2010-11 there were 1743 employees on the rolls of the Corporation with details given hereunder :

| DESCRIPTION   | MALE | FEMALE | TOTAL |
|---------------|------|--------|-------|
| Executive     | 302  | 12     | 314   |
| Non-Executive | 320  | 40     | 360   |
| Workmen       | 1060 | 9      | 1069  |
| Total         | 1682 | 61     | 1743  |

**CORPORATE OFFICE BUILDING**



Shri Salman Khurshid, Hon'ble Union Minister of Water Resources laid foundation stone of Office Complex of your Company at Gurgaon on 22nd March, 2011. He was accompanied by Shri Vincent H Pala, Hon'ble Minister of State for Water Resources, Shri Dhruv Vijai Singh, Secretary, Ministry of Water Resources.

**MOU SIGNED WITH OTHER PSU**

During the year under review, your Corporation has





signed MOU with TCIL for participating in identified tenders in civil infrastructure such as bridges, flyovers, buildings and townships, roads, dams, irrigation canals and in power sector for joint execution by TCIL and NPCC and on award of these contracts, both parties shall execute the same jointly on mutually exclusive basis.

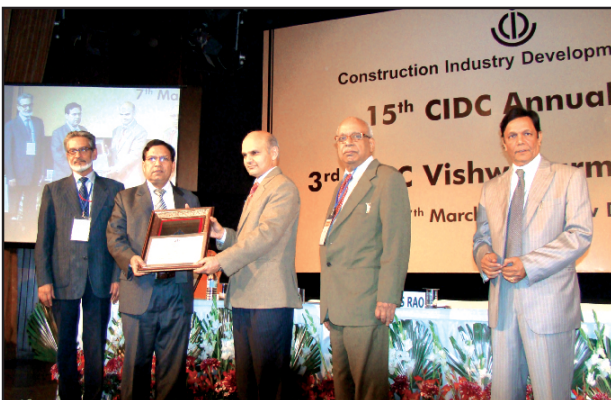
Another MOU was signed with WAPCOS for identifying and bidding jointly, infrastructure projects



in India & abroad relating to Irrigation, flood control, water supply projects etc. and on award, executing the same jointly.

#### **AWARD**

Construction Industry Development Council (CIDC) established by Planning Commission has adjudged your Corporation as the “Best Professionally Managed Company” and presented it in its “3rd Vishwakarma Award 2011” function held on 07th March, 2011 at India Habitat Centre, New Delhi. The award was received by the Chairman of your Corporation Shri A. K. Jhamb.



#### **RISKS & CONCERNS**

In construction industry, major concern is cost inflation, timely completion of projects and change in Govt policies due to which there is risk of time and

cost overruns which are seldom compensated by clients thereby putting your company into losses.

The Company’s employees and projects have been exposed and are exposed to risks and threats of life, liberty and property while operating in risky geographical areas. It, however, takes pride in executing prestigious works in the national building task. The Company has taken measures to provide adequate safety, facilities and also insurance coverage in such places.

#### **OUTLOOK FOR FUTURE**

Government of India has allocated huge funds for infrastructure in 11th Plan. A large portion of investments by Government of India is in Bharat Nirman, Development of NER, Metro, Airport and Border works etc. but due to Global Financial Turmoil, it is not certain whether Govt. of India will be releasing the fund as per approved plans. Your Company has executed and is executing projects for various Ministries/Government Department/Organisations as their “Extended Engineering Arm”. Your Company is also assisting Ministry of Rural Development, Ministry of Home Affairs, Ministry of Health, MOFPI, Central Universities as well as State Governments for speedy utilization of planned funds for the projects. Your Company is also planning to diversify in new areas like real estate, water treatment plant, sewerage treatment plant, solid waste management projects, new and renewable energy resources.

#### **CONSTRAINTS**

Although every Organisation has to work within a certain legal framework, your Corporation as a public sector Company faces certain constraints (not applicable to private sector companies) which put it at disadvantage in a competitive market. Like business from private companies (even though multinational companies) slow decision making process came in way of availing new business opportunities promptly.

In spite of being turned around from red to green in last two years, the net worth of your Company is still negative and has no BG limits due to which Company is not able to take advantage as large portion of works is in PPP basis

#### **DIRECTOR’S RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, Directors of the

Company confirm that:

- In preparation of the Annual Accounts the applicable accounting standards have been followed along with proper explanation to material departures;
- The Directors have selected such Accounting Policies and applied them consistently with departures disclosed appropriately and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the Annual Accounts on a 'going concern basis;

#### AUDITORS

For Audit of the Accounts of the Corporation for the year 2010-11 M/s L.C. Kailash & Associates, Chartered Accountants, have been appointed as Statutory Auditors. M/s Padam Jain & Company., Chartered Accountants have been appointed as Branch Auditors for Guwahati. M/s Varadarajan & Company, Chartered Accountants Chennai, M/s Kay & Kay Associates, Chartered Accountants, Kolkatta, West

Bengal, continue to be Branch Auditors

The reply to the observations made by the Statutory Auditors and the Comments of Comptroller & Auditor General of India on the Accounts of the Corporation for the financial year 2010-11 have been placed in the separate Annexure forming part of the Report.

#### ACKNOWLEDGEMENT


Your Directors sincerely acknowledge the support, cooperation and guidance received from the Ministry of Water Resources and other Ministries and Organizations of Govt. of India and the State Governments.

Your Directors express their gratitude to CAG of India, Statutory Auditors, Branch, Auditors, Bankers' for their valued cooperation. The Board of Directors acknowledges with deep sense of appreciation, the cooperation received from the Ministry of Home Affairs, Ministry of Finance, Ministry of Rural Development, Ministry of Health, Planning Commission, Cabinet Secretariat, Department of Public Enterprises, Ministry of Corporate Affairs and Registrar of Companies.

Your Directors also wish to thank consultants, contractors, sub-contractors, vendors for their contribution in implementation of various projects with the Corporation.

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

For and on behalf of the Board of Directors



(A.K. Jhamb)  
Chairman & Managing Director

Date : 05.12.2011