



NCC Limited

*(formerly Nagarjuna Construction Company Limited)*

[www.nclimited.com](http://www.nclimited.com)

NCC LIMITED | 2010-11  
ANNUAL REPORT

Taking the steps to a **brighter  
world**

# Corporate information

Padma Shri Awardee

**Dr. A V S Raju**, Chairman Emeritus

## Board of Directors

**Sri P. Abraham**, IAS (Retd.)

Director

**Sri P. C. Laha**

Director

**Sri S. Venkatachalam**

Director

**Sri R. V. Shastri**

Director

**Sri Akhil Gupta**

Nominee Director

M/s. Blackstone Group

**Sri Rakesh R Jhunjhunwala**

Director

**Sri A. J. Jaganathan**

Director

**Sri Amit Dixit**

Alternate Director

to Sri Akhil Gupta

**Sri Utpal Sheth**

Alternate Director to

Sri Rakesh R Jhunjhunwala

**Sri N. R. Alluri**

Director

**Sri J. V. Ranga Raju**

Wholetime Director

**Sri A. V. N. Raju**

Wholetime Director

**Sri A. S. N. Raju**

Wholetime Director

**Sri A. G. K. Raju**

Executive Director

**Sri A. A. V. Ranga Raju**

Managing Director

## Chief Financial Officer

**Sri R. S. Raju**

Sr. Vice President (F&A)

## Company Secretary &

**Sr. Vice President (Legal)**

**Sri M. V. Srinivasa Murthy**

## Joint Statutory Auditors

**1) M/s. M. Bhaskara Rao & Co**

Chartered Accountants,

6-3-652 5-D, Fifth Floor 'KAUTILYA',

Amrutha Estates, Somajiguda,

Hyderabad - 500 082

**2) M/s. Deloitte Haskins & Sells**

Chartered Accountants

1-8-384 & 385, 3rd Floor Gowra Grand,

Sardar Patel Road, Secunderabad - 500 003

## Bankers

State Bank of India

Canara Bank

Andhra Bank

State Bank of Hyderabad

Syndicate Bank

Indian Overseas Bank

Allahabad Bank

ICICI Bank

Standard Chartered Bank

## Registered office

41, Nagarjuna Hills,

Punjagutta

Hyderabad – 500 082

Tel: +91 40 2335 1753

Fax: +91 40 2335 0214

www.ncclimited.com

e-mail: ho.secr@nccltd.in

## Registrar and Share Transfer Agents

**M/s Sathguru Management**

**Consultants Pvt. Ltd.,**

Plot No.15, Hindi Nagar,

Punjagutta,

Hyderabad - 500 034

Phone: 040 – 30160333

Fax: 040 – 40040554

e-mail: sta@sathguru.com

## 21st Annual General Meeting

on Friday the 12th August, 2011,

at 3.30 p.m.

at Bharatiya Vidya Bhavan

5-9-1105, Basheerbagh

King Koti

Hyderabad-500029

# Our journey towards a brighter tomorrow

## Philosophy

### Vision

To be a world-class construction and infrastructure enterprise committed to quality, timely completion, customer satisfaction, continuous learning and enhancement of stakeholder value.

### Quality policy

NCC strives to achieve enhanced customer satisfaction by delivering the quality products through timely completion with safe working environments. We dedicate ourselves for continual improvement in all fields of our business.

### Mission

- To build a strong future ensuring increased returns to shareholders and enhanced support to associates
- To adopt the latest technologies in the field of engineering, construction, operation and maintenance of infrastructure projects
- To encourage innovation, professional integrity, upgradation of knowledge and skills of employees and a safe working environment
- To be a responsible corporate citizen committed to the social cause

### Quality objectives

- To consistently deliver quality products by adhering to the set specifications, contractual, regulatory and statutory requirements
- To achieve enhanced customer satisfaction through cost-effective and timely completion
- To motivate and train staff for continual improvement of quality standards
- To update and implement the procedures complying with international standards

### Values

- Openness and trust
- Integrity and reliability
- Team work and collaboration
- Commitment
- Creativity

## Performance

### Revenue (gross)

**23%**

Compounded annual growth rate (CAGR) over the five-year period leading to 2010-11

### Operating profit

**24%**

Compounded annual growth rate (CAGR) over the five-year period leading to 2010-11

### Cash profit

**14%**

Compounded annual growth rate (CAGR) over the five-year period leading to 2010-11

begins now...

## Pride

- Three decades of rich track record in asset and nation building
- Diversified business portfolio; present across eleven industry sectors comprising buildings and housing, water and environment, transportation, international businesses, irrigation, electrical, metals, oil and gas, power, mining and railways.
- Headed by an experienced and dedicated management team
- Possesses a skilled workforce comprising 5,241 members

## Presence

- Headquartered at Hyderabad, Andhra Pradesh
- Extensive regional presence with offices in Delhi, Ahmedabad, Bhubaneswar, Kolkata, Mumbai, Bhopal, Lucknow, Chennai and Bangalore
- International footprint with offices in Dubai (United Arab Emirates) and Muscat (Sultanate of Oman)
- Listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) in India

## Portfolio

- National Highways Authority of India (NHAI) ▪ State Public Works Departments (across various Indian states) ▪ Karnataka Road Development Corporation ▪ Irrigation and CAD departments (various Indian states) ▪ Hyderabad Metropolitan Water Supply and Sewerage Board ▪ Gujarat Water Supply and Sewerage Board ▪ Chennai Metropolitan Water Supply and Sewerage Board ▪ State Electricity Board (across various Indian states) ▪ Maharashtra Airport Development Company, Mumbai ▪ Government of West Bengal, PHE Office, Kolkata ▪ Sahara India Commercial Corporation Limited, Pune ▪ Hindustan Aeronautics Limited ▪ Bharat Heavy Electricals Limited ▪ National Thermal Power Corporation Limited ▪ Reliance Industries Limited ▪ Karnataka Housing Board ▪ Andhra Pradesh Housing Board ▪ Sports Authority of Andhra Pradesh ▪ Zuari Cements ▪ Bennett, Coleman & Company Limited ▪ Patni Computers ▪ Delhi Metro Rail Corporation Limited ▪ Sriram Properties Private Limited ▪ Reserve Bank of India ▪ Muscat Municipality, Sultanate of Oman ▪ Steel Authority of India Limited ▪ Wipro Limited ▪ Armed Forces Medical College

### Profit before tax

**16%**

Compounded annual growth rate (CAGR) over the five-year period leading to 2010-11

### Book value per share

**15%**

Compounded annual growth rate (CAGR) over the five-year period leading to 2010-11

### Order book

**24%**

Compounded annual growth rate (CAGR) over the five-year period leading to 2010-11



Our Group Companies





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### Our new logo

Inspired by the idea of progress and positive impact, our logo is a vivid, energetic and memorable mark. It is a confident symbol of our progress and that of our stakeholders'. The logo with its rich colours cue corporate scale and vibrancy. It has been handcrafted for us, to reflect the unique way in which we collaborate with our stakeholders, to shape progress and outcomes, by bringing together many elements – teams, resources, businesses, services, skills and stakeholder interest – in a perfectly united and unified way.

### Our new name

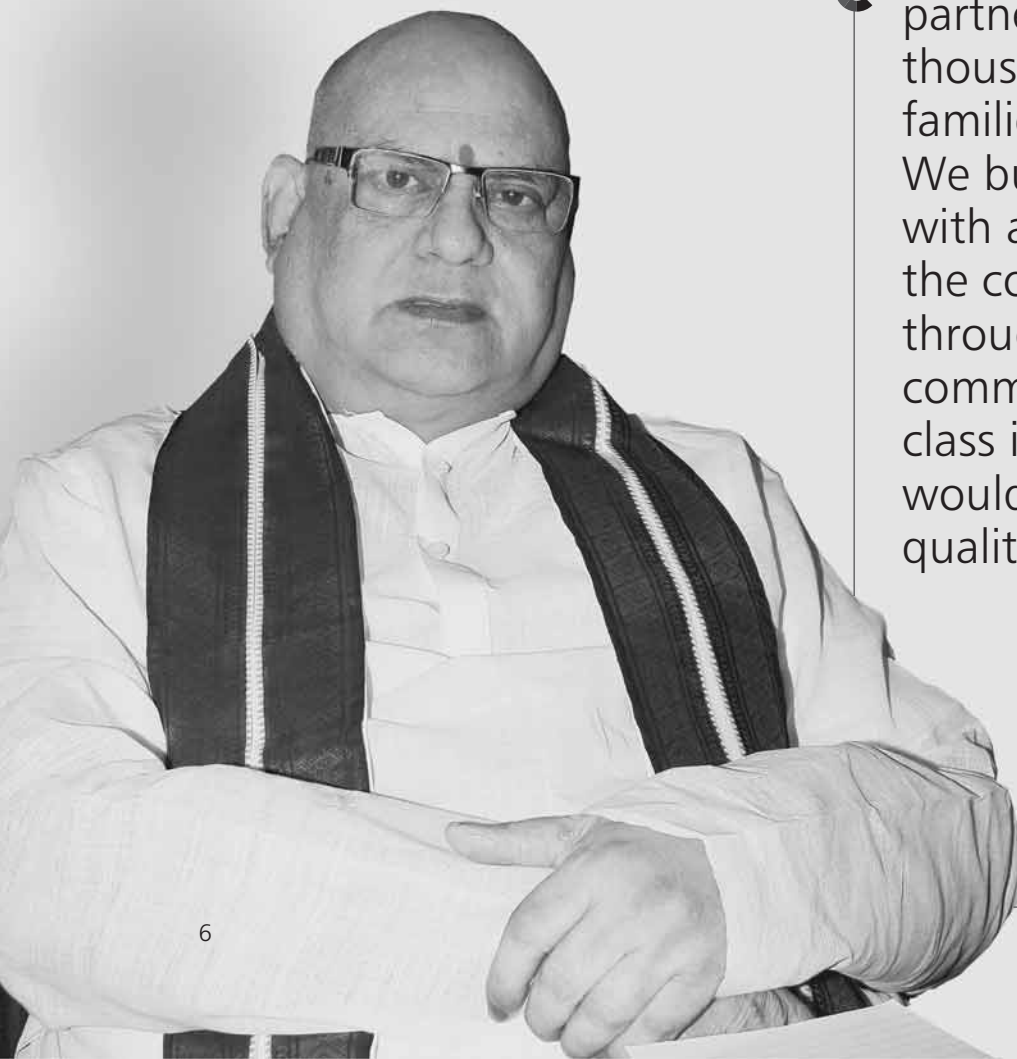
We started our journey with the name Nagarjuna Construction Company Limited. With this beginning, we have progressed and have created significant value for all our stakeholders. In every company's history, there comes a time when we need to future proof the identity of our brand to serve unfolding business opportunities. Today we are not just a construction company. We are a company that contributes to India's progress through landmark infrastructure projects which are beyond just the realm of construction.

Therefore, we found a compelling need for changing our name as well. We have evolved as a leading mother brand with BOT, realty and international businesses. To build a better link between the parent company and the group companies, we have opted for a change of name as NCC Limited which encompasses all that we do today and aspire to do in the future.

*Dear fellow Stakeholders,*

**Nagarjuna Construction  
Company Limited is  
now NCC Limited!**

At NCC, we understand that we play an important role as an engine of growth and a partner in success for thousands of individuals, families and businesses. We built this company with a focus on serving the common man through the commissioning of world-class infrastructure that would enhance life quality.



Having emerged from the economic crisis, we now have the opportunity to address a question that I often hear: "What is NCC doing towards strengthening infrastructural asset creation?"

My answer is that we are improving our ability to support the well-being of those we serve. To provide solutions that spread the largest good to the widest number.

Taking a decisive step in this direction and in order to build a strong brand for the Company, we changed our name from Nagarjuna Construction Company Limited to NCC Limited.

### New name, new identity

At NCC, this evolved identity will reinforce commitment to our vision, values and principles. Our employees are energised to grow our businesses. Our brand is stronger and more recognisable. Our insights into managing large-scale infrastructural projects are deeper than before. Our order book is healthier than before. A new NCC is taking shape.

The year 2010-11 was one of investment – a time to rebuild our brand and infrastructure with a view to generate sustainable growth. The timing was just right on account of challenges like a slowdown in public and private sector orders, delayed financial closure for most large projects, land acquisition issues and hardening interest rates, even as long-term fundamentals remained robust.

In this context, our renewed brand identity reinvigorated us and will enable

us to address the opportunities of a brighter tomorrow.

### Economy

The Indian economy grew at 8.6% in 2010-11, the fastest in the last three years. The fiscal deficit stood at 4.7% of GDP, which is well within the revised target of 5.1% of GDP, owing to better tax collection, government expenditure cuts and BWA license auction. Going forward, in 2011-12, the economy is expected to grow at 9%, though concerns for inflationary pressures and tightening monetary control by RBI, slowing down of the economy persists.

Going forward we expect increased government spending in the infrastructure sector.

The investment in infrastructure is likely to be about 7.55% of GDP during the Eleventh Five Year Plan (2007-12). A preliminary assessment suggests that investment in infrastructure during the Twelfth Five Year Plan (2012-17) would need to be of the order of about USD 1,025 billion to achieve a share of 9.95% as a proportion of GDP, according to the Planning Commission. At least 50% of the investment should come from the private sector. The Twelfth Plan, therefore, would require a huge participation from the private sector to create and maintain newer infrastructure, particularly in road, power, airport and seaport sectors.

This presents a huge opportunity for all

private sector infrastructure enterprises, including our Company.

A number of initiatives were taken in the course of the Eleventh Plan to accelerate the pace of investment in infrastructure. In particular, the government undertook several initiatives for standardising documents and processes for structuring and award PPP projects in a transparent and competitive manner.

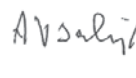
The Union Budget 2011-12, allocated USD 48.78 billion for infrastructure, an increase of 23.3% over 2010-11. The Planning Commission already projected an investment of USD 459.12 billion for the Eleventh Plan, which was more than twice the investment during the Tenth Plan.

These figures clearly indicate the government's emphasis on infrastructure development as one of the inevitable instruments for changing the face of growing India.

### Final words

In closing, I wish to thank our employees for their commitment. We will continue to deliver value in the hands of all those who own a part of us, invest in us, work with us and depend upon us. We promise to grow our topline and bottomline in 2011-12 and beyond.

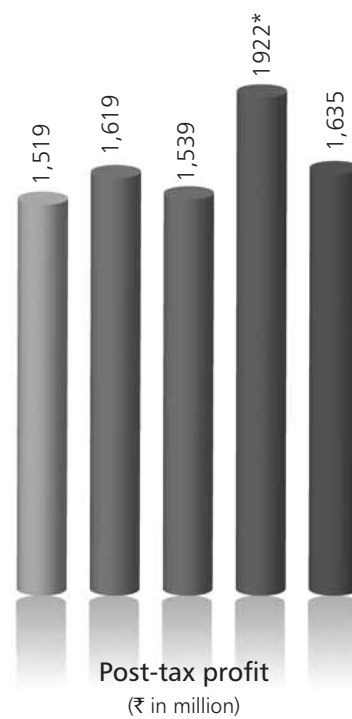
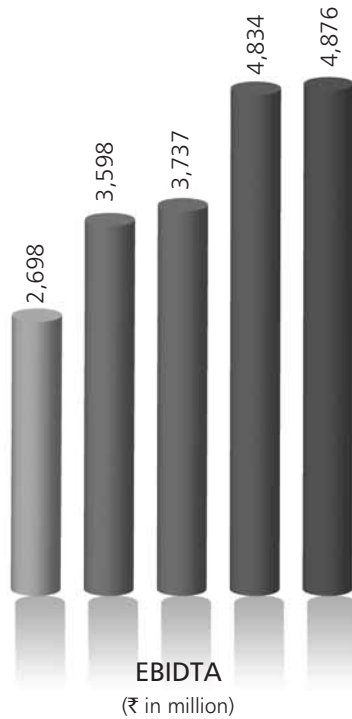
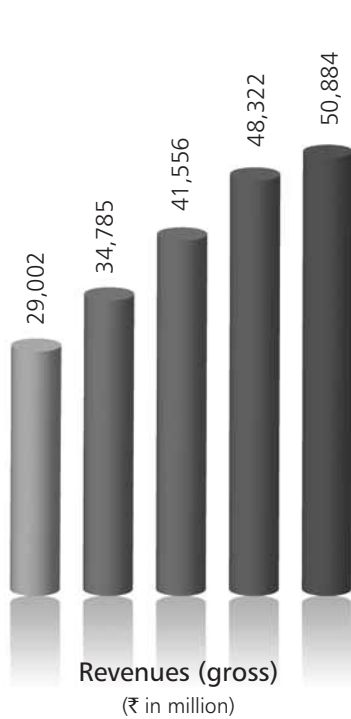
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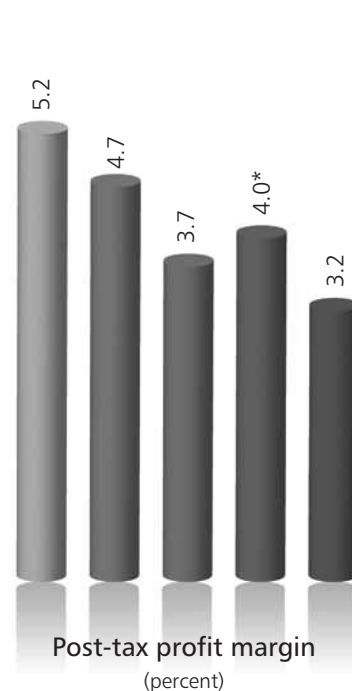
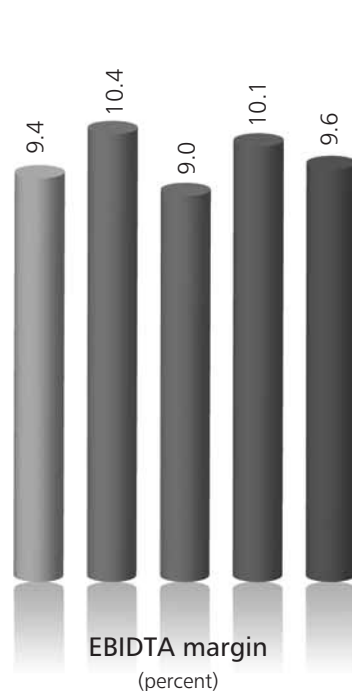
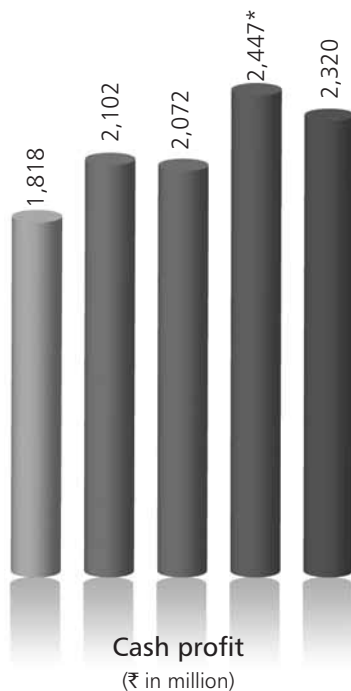
**Dr. A.V.S. Raju**  
*Chairman Emeritus*  
**NCC Limited**



# A bright past. A brighter future.



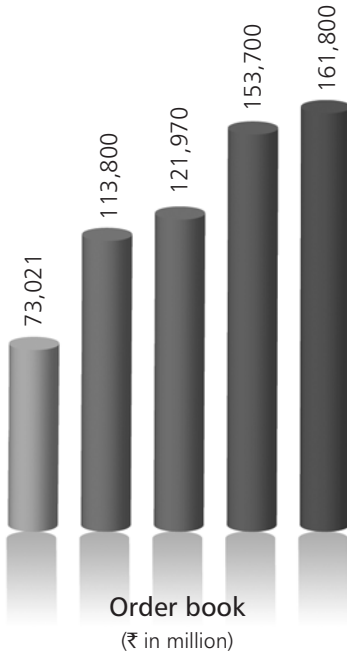
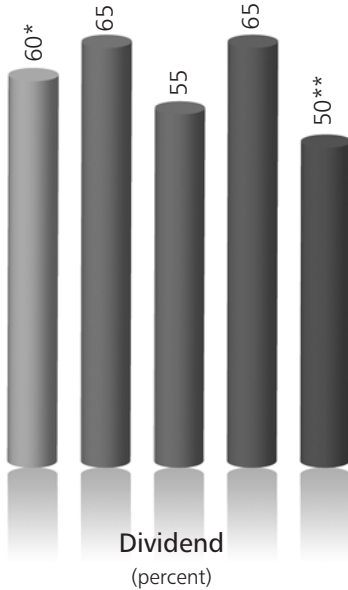
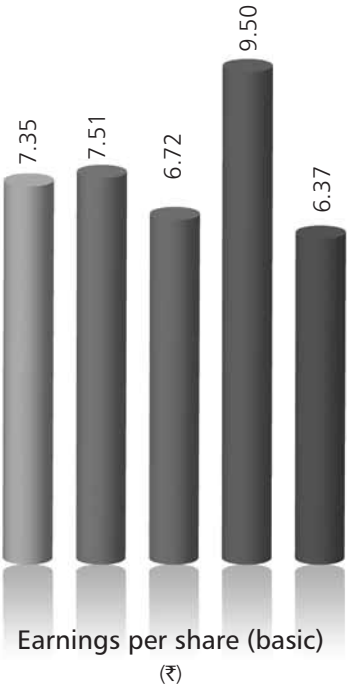
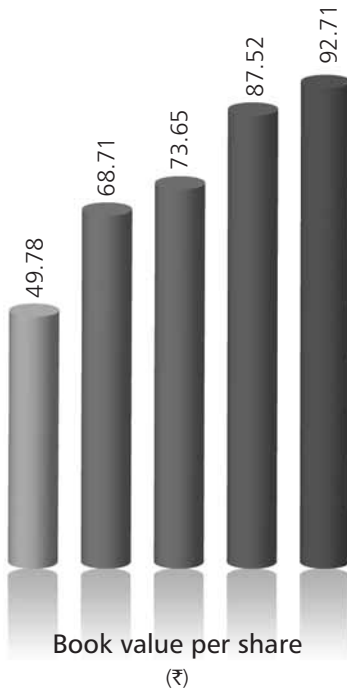
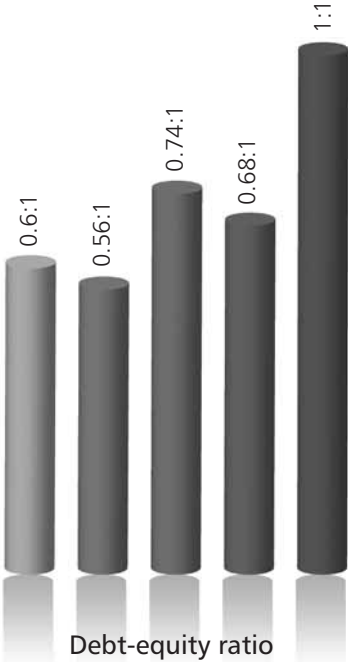
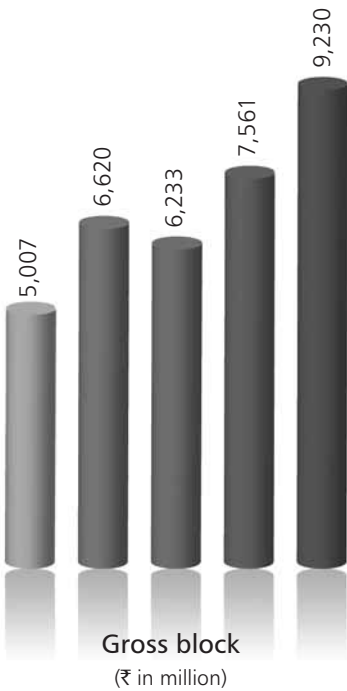
\*Excluding gain on sale of investment



\*Excluding gain on sale of investment

\*Excluding gain on sale of investment

2006-07    2007-08    2008-09    2009-10    2010-11



\*Dividend on enlarged capital after the 1:1 bonus.  
\*\*Proposed



“Despite a challenging environment, we executed ₹ 60,170 million worth of projects in 2010-11 and accelerated topline growth by 6% to ₹ 62,299 million. This momentum is expected to be sustained.”

**A.A.V. Ranga Raju, Managing Director, NCC Limited, looks back to look ahead.**

**Q.** What are the macro challenges faced by the infrastructure industry at present?

**A.** Though the Indian infrastructure sector will continue to retain its importance as a critical economy driver, a number of macro-level changes will continue to alter its nature. With nearly USD 1 trillion expected to be invested in the sector over the Twelfth Plan, the average ticket size of projects will increase with the following implications:

- Critical planning will become supremely important even before the first brick is laid
- Proper policy-level intervention will be critical for complete land acquisition for projects
- All project stakeholder views will need to be aligned for unifying direction
- A strong focus will be needed for project financial closure
- Consortium-level bidding will gain traction for larger complex projects
- Revenue forecasts will need to be more precise to strengthen the investment climate
- Ecology will need to be aligned with economy

A fresh mindset will be required to capitalise on these changing realities.

**Q.** What was the rationale in effecting an identity change?

**A.** Challenging times call for creative responses. The external sectoral environment faced strong headwinds on account of an order slowdown by public and private sector enterprises, land acquisition challenges, rising interest rates and high inflation. We believe these are temporary blips; the long-term prospects of the infrastructure and construction industries remain bright.

We felt that a new mindset was necessary to address these challenges. In view of this, we changed our name to NCC Limited and introduced a new logo. NCC will now represent a holistic infrastructure institution with an encompassing presence across the construction pie. NCC will also stand as our corporate umbrella over our infrastructure division (NCC Infra; 100% owned by NCC), real estate (NCC Urban; 80% held by NCC and the rest by NCC promoters) and international businesses (NCC International; 100% owned by NCC).

**Q.** What were some of the principal highlights of 2010-11?

**A.** In the face of slowing orders, we strengthened our execution skills to capitalise on the rebound. As a result, we

reported a 6% growth in our gross turnover to ₹ 6,230 cr in 2010-11.

In a significant development, we operationalised our first BOT toll road project, the Bangalore elevated toll way, during the year under review.

We also bought 55% stake in a 1,320 MW merchant power project at Krishnapatnam, which has a capex of ₹ 7,000 cr and 3:1 debt-equity ratio. We fully tied-up the debt for the project and expect significant EPC orders to flow into our power division.

**Q.** What is your future growth strategy?

**A.** At NCC, we are implementing four growth strategies.

Rewiring the organisation for growth
Reframing our categories
Exploit our operational capabilities
Drive down costs without compromising quality

Rewiring the organisation: Having the right people, processes and structures are critical to support our other strategies.

We strengthened our talent pool through recruitment. We are planning to link annual bonuses and long-term incentive plans with revenues and incomes.

**Reframing our categories:** We created more self-contained business units with greater accountability. We now have 11 business divisions focused on capturing value from their respective sectors. We are creating business plans for each to enhance their overall performance.

**Exploit our operational capabilities:** We are emphasising a lot on planning, strengthening our employee base and training them. Also, we are adding state-of-the-art equipment, thus putting newer technologies at work, which strengthens our execution capabilities. This also helps to increase the overall project quality, along with scheduled delivery of the project.

**Drive down costs without compromising quality:** Material and finance costs rose last year, and with a tightening monetary policy, it appears that prices will rise further. We do not have much control over it. Therefore, we need to cut down on costs without compromising on the quality of work, in order to remain competitive. We pursued various measures to control cost like improving asset utilisation, better inventory management, controlling overheads to keep it as low as possible and also by

exercising better working capital management, which we hope will reap good results going forward.

**Q.** What is the basis for your sectoral optimism?

**A.** It is interesting to note that in the approach paper for the Twelfth Five-Year Plan period (2012-17), infrastructure investments are being estimated at an unprecedented USD 1 trillion, almost double the investment committed for the Eleventh Plan. New initiatives are expected to be rolled out in terms of enhanced public-private partnership projects (PPP), build-operate-transfer (BOT) and build-own-operate-transfer (BOOT) projects.

At NCC, we are attractively placed to capitalise on this potential. Our net worth of ₹ 23,787 million as on 31 March 2011, strengthens our pre-qualification capability for large, complex and margin-accretive projects. With an order book of ₹ 16,180 cr (as on 31 March 2011), and attractive opportunities unfolding in our space, we expect to grow our turnover by 15% to ₹ 7,200 cr on a consolidated basis in 2011-12.

# Directors' Report

To the members,

Your Directors take pleasure in presenting the 21st Annual Report together with the audited statement of accounts for the year ended March 31, 2011.

## Financial results (on standalone basis)

(₹ in millions)

	2010-11	2009-10
Turnover	50,737.32	47,778.22
Profit before interest and depreciation	5,022.79	5,378.23
Less: Interest and financial charges	1,681.64	1,322.42
Profit before depreciation	3,341.15	4,055.81
Less: Depreciation	685.31	525.45
<b>Profit before tax</b>	2,655.84	*3,530.36
Provision for tax	1,021.34	1,204.21
<b>Profit after tax</b>	1,634.50	2,326.15
Profit brought forward	2,552.91	1,735.72
<b>Profit available for appropriation</b>	4,187.41	4,061.87
<b>Appropriations</b>		
Proposed Dividend at ₹ 1.00 per share (50%)	256.58	333.56
Dividend tax on Proposed dividend	41.63	55.40
Transfer to General Reserve	750.00	1,000.00
Transfer to Debenture Redemption Reserve	400.00	100.00
Transfer to Contingency Reserve	20.00	20.00
Balance carried forward	2,719.20	2,552.91
Paid up Capital	513.17	513.17
Reserves and Surplus	23,273.64	21,943.39

(\* includes an exceptional item of ₹ 495.60 Million representing gain arising on sale of investments held in Gautami Power Limited).

## Operational performance

### A. Standalone

You will be glad to note that your Company registered a growth of 6% in turnover from ₹ 47,778.22 Million in 2009-10 to ₹ 50,737.32 Million in 2010-11. Gross Profit increased from ₹ 4,882.63 Million (before gain on sale of investment) in 2009-10 to ₹ 5,022.79 Million in 2010-2011 before interest and depreciation. After deducting interest of ₹ 1,681.64 Million, providing a sum of ₹ 685.31 Million towards depreciation and income tax provision of ₹ 1,021.34 Million, the operations resulted in a net profit of ₹ 1,634.50 Million as against ₹ 1,921.92 Million in 2009-10 (before gain on sale of investment).

### B. Consolidated

During the year under the review your Company earned a consolidated turnover of ₹ 62,298.66 Million as against ₹ 58,973.11 Million in the previous fiscal registering a growth of 6%. Your Company has earned a consolidated gross profit of ₹ 7,371.71 Million before interest and depreciation as against ₹ 6,753.40 Million (before gain on sale of investment) in the previous year, after deducting interest of ₹ 2,763.74 Million, providing for depreciation of ₹ 1,360.33 Million and

provision for tax of ₹ 1,029.85 Million, the operations resulted in a net profit of ₹ 2,217.79 Million as against ₹ 2,440.70 Million (before gain on sale of investment) in the previous year.

During the year the Company, on consolidated basis, bagged new orders valued around ₹ 68,267 Million and executed projects worth ₹ 60,168 Million. The order book position as on March 31, 2011 stood at ₹ 1,61,801 Million.

### Proposed Dividend

Your Directors take pleasure in recommending equity dividend of ₹ 1/- per share of ₹ 2 face value (50%) on the paid-up equity share capital) for the approval of the members for the financial year 2010-11.

The dividend, if approved, at the 21st Annual General Meeting by the members, will be paid to all those equity shareholders whose names appear in the Register of Members as on 30th July, 2011 and also to those, whose names, as beneficial owners, are furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited.

### Share Capital

The Paid up Capital of the Company is

₹ 513.17 Million divided into 25, 65, 83,810 Equity Shares of ₹ 2/- each.

### Issue of unsecured redeemable non-convertible debentures

During the year the Company raised ₹ 2000 Million through issue of Unsecured Redeemable Non-Convertible Debentures to ICICI Bank Limited in the form of Separately Transferable Redeemable Principal Parts (STRPPS) having the Face value of ₹ 10.00 lakh each on private placement basis. The Unsecured Redeemable Non-Convertible Debentures issued by the Company are listed on the 'Wholesale Debt Market Segment' (WDM) of the National Stock Exchange of India.

### Change in the Name of the Company & the Logo

You will be glad to note that after securing the approval of the members of the Company through Postal Ballot and that of the Central Government, the name of the Company has been changed to "NCC Limited".

Inspired by the idea of progress and positive impact the logo of the company has also undergone a change. The new

logo with its rich colours cue corporate scale and vibrancy.

## Directors' responsibility statement

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:

■ in the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanations relating to material departures;

■ we have selected such accounting policies and applied them consistently 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 as at March 31, 2011 and of the profit for the year ended on that date;

■ we 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 and

■ the accounts for the year ended March 31, 2011 have been prepared on a going concern basis.

## Disclosures

### Deposits

During the year, the Company did not accept any public deposits.

## Conservation of energy, technology absorption and foreign exchange earnings and outgo

### A. Conservation of energy

The Company's core activity is civil construction which is not power intensive. The Company is making every effort to conserve the usage of power.

### B. R&D and technology absorption:

Not applicable

### C. Foreign exchange earnings and outgo

Foreign exchange earnings - Nil

#### Foreign exchange outgo

- Towards travel – ₹ 5.04 million
- Towards import of capital goods – ₹ 157.54 million
- Towards material purchases - ₹ 6.94 million
- Others ₹ NIL

## Particulars of Employees

Details in respect of remuneration paid to employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended forms part of this report. However, in pursuance of the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, this Report is being sent to all the members of the Company excluding the aforesaid information, The members interested in obtaining such

details may please write to the Company Secretary at the registered office of the Company.

## Directors

Sri P.Abraham, Sri R.V.Shastri and Sri A.V.N.Raju Directors, are liable to retire by rotation, at the ensuing Annual General Meeting and are eligible for being reappointed as the Directors of the Company. The term of office of Sri AVN Raju, Wholetime Director expired on 29.05.2011 and subject to the approval of the shareholders, the Board of Directors, at its meeting held on 30th May 2011 re-appointed Sri A.V.N.Raju as Wholetime Director of the Company for a further period of 5 (five) years with effect from 30.05.2011 on the remuneration determined and recommended by the HR & Compensation Committee of the Board of Directors. Brief profiles of the proposed appointees together with other disclosures in terms of Clause 49 of the Listing Agreement are part of the Annexure to the Notice of the Annual General Meeting.

Sri R.N.Raju, Wholetime Director of the Company resigned from the Board effective 31st March, 2011 and your Board reluctantly accepted the resignation The Board places on record its appreciation of the valuable services rendered by Sri R.N.Raju during his long association with the Company

## Joint Statutory Auditors and their report

The Joint Statutory Auditors of the

Company viz., M/s. M Bhaskara Rao & Co., Chartered Accountants, and M/s. Deloitte Haskins and Sells, Chartered Accountants retire at the conclusion of the 21st Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Joint Statutory Auditors, if reappointed. Your Board of Directors have recommended their reappointment, based on the recommendation of the Audit Committee to the shareholders for their approval at the forthcoming Annual General Meeting of the Company, to hold office from the conclusion of the 21st Annual General Meeting up to the conclusion of the 22nd Annual General Meeting.

The Joint Statutory Auditors Report to the shareholders of the Company does not contain any qualification(s) or adverse observations.

### Awards (SAFA AWARD)

You will be glad to note that, during the year under review, NCCs Annual Report and Accounts for the year ended 31st March, 2009 has been adjudged as Best Presented Accounts by the South Asian Federation of Accountants [SAFA] an apex body of SAARC, and has been awarded the "Certificate of Merit" The committee of SAFA evaluated and selected the companies for the said award on the criteria of "*improvement in transparency, accountability and governance*". You are aware that previously our Company's Annual Report for the year 2008-09 was also awarded

the Silver Shield by The Institute of Chartered Accountants of India (ICAI) for "*Excellence in Financial Reporting*".

### Subsidiary companies

The Company has forty two (42) subsidiaries (including step down subsidiaries) as on March 31, 2011. There was no material change in the nature of the business of the subsidiaries. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2011 is included in the Annual Report.

The brief profiles of the major subsidiaries of the Company which are into infrastructure development, real estate & urban infrastructure development, power and the international subsidiaries are detailed here in below.

### NCC Infrastructure Holdings Limited (NCC INFRA)

NCC Infra is an infrastructure development company promoted by your Company as a wholly owned subsidiary for undertaking investments in infrastructure projects and also for development of Infrastructure Projects independently and through Government concessions, largely focusing on long term infrastructure projects with stable revenue streams. NCC Infra has made investments in the Energy and Transportation sectors. Currently NCC Infra has five road projects, two Hydro Power Projects and one Thermal Power project under its fold. Out of the five

road projects, four projects were completed and the fifth project is on the verge of completion. During the year NCC Infra has participated in the bids for new Road Projects and Transmission Lines Projects under BOT/BOOT/BOOM basis.

### NCC Urban Infrastructure Limited (NCC URBAN)

NCC Urban is a Subsidiary of your Company primarily focusing on Urban Infrastructure Projects such as development of Residential & Commercial complexes, SEZs, Integrated Townships and Complexes with advanced building techniques. The Company has been certified for: ISO 9001 : 2000, ISO 14001 : 2004 & OHSAS 18001 : 1999.

Among others, NCC Urban has developed the National Games Housing Complex Project in Ranchi, Jharkhand. The Company has also acquired lands in and around Bangalore, Chennai, Goa, Gurgaon, Hyderabad, Kakinada, and Raipur for its Real Estate projects.

### NCC Power Projects Limited (NCCPPL)

The 2X 660MW Thermal Power Project being developed by NCCPPL at Sompeta has suffered a temporary setback on account of local issues. The environmental clearance granted for the project was quashed and the Company has filed a review petition before the National Green Tribunal and the Company is hopeful of a favourable outcome.



Keeping in view the coal linkage and other infrastructural facilities already available the Company has taken necessary steps for acquiring Nelcast Energy Corporation Ltd., (NEL) which has received majority of the requisite approvals for setting up 2X660MW Thermal Power Project at Krishnapatnam near Nellore. The Project is being jointly developed by NCC and Gayatri Groups. The total project cost is estimated to be ₹ 7,047 crores and is to be funded with an equity of ₹ 1,762 crores and debt of ₹ 5 285 crores. NEL is in the process of being merged with NCCPPL.

### **Himachal Sorang Power Limited**

Himachal Sorang Power Limited is a subsidiary of the Company and is engaged in the implementation of the 100 MW run of the River Hydro Electric Project by utilizing the waters of the River Sorang, a tributary of the river Sutlej. The project is under execution and the commercial operations are expected to commence by the end of March, 2012.

### **International Presence**

Your Company has created a niche in infrastructure markets of the GCC, within a short time, through its subsidiaries in the Sultanate of Oman and UAE. Creation of equipment & competent manpower resources proactively since inception has been well received by the Government departments in these countries, enabling the Subsidiaries garner major

construction contracts in the Transportation, Water Pipelines and Buildings sectors aggregating over ₹ 6,000 crores within a short period. The international business is carried on through two flagship entities viz., Nagarjuna Construction Company International LLC in Oman and Nagarjuna Contracting Company LLC., in Dubai.

The major projects executed / being executed by the above subsidiaries of your Company include DEWA Water Pipeline, Dubai, Villas at Al Alin, Abu Dhabi, Al Batina Coastal Road, Al Amerat Quriyat Road, Wadi Adai Amerat Road and several villas at Quriyat City.

### **Subsidiary Financials**

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will be kept open for inspection at the Registered office of the Company and that of the respective subsidiary companies.

### **Consolidated financial statements**

In compliance with Clause 32 of the

Listing Agreement entered into with the Stock Exchanges by the Company and in compliance with the Accounting Standards AS-21 and AS-27 on consolidated financial statements, read with the Accounting Standard AS-23 on Accounting for Investments in Associates, your Directors have pleasure in attaching the consolidated financial statements for the financial year ended March 31,2011, which form a part of this Annual Report.

A separate report on Management Discussion and Analysis pursuant to the Clause 49 of the Listing Agreement forms part of this Annual Report.

### **Secretarial Audit Report**

As a measure of good corporate governance practice, the Company has appointed M/s. KSR & Co, Practising Company Secretaries to conduct Secretarial Audit of records and the documents of the Company. The Secretarial Audit Report for the Financial Year ended 31st March, 2011 is provided in the Annual Report.

### **Group**

The names of the promoters and the entities comprising the 'Group' are disclosed in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations,1997.

### **Corporate Governance**

In pursuance of Clause 49 of the Listing Agreement entered into with the stock exchanges, a separate section on Corporate Governance has been

incorporated in the Annual Report for the information of the shareholders, A certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under the said Clause 49 also forms a part of this Annual Report.

### **Corporate Social Responsibility**

You will be glad to note that your Company has established a public

charitable trust, "NCC Foundation" as part of its Corporate Social Responsibility. NCC Foundation has joined hands with the Govt. of A.P and has constructed 155 houses at Antervedipalem, East Godavari District, Andhra Pradesh for the poor and the needy under the 'Indiramma Housing Scheme.

### **Acknowledgements**

Your Directors wish to place on record their sincere appreciation and thanks for the valuable cooperation and support received from the employees of the Company at all levels, Company's Bankers, Financial Institutions, Central and State Government Authorities, J. V. partners, clients, consultants, suppliers, and the Members of the Company and look forward for the same in greater measure in the coming years.

**For and on behalf of the Board**

Place: Hyderabad  
Date: May 30, 2011

**P. Abraham**  
*Director*

**A. A. V. Ranga Raju**  
*Managing Director*

# Management discussion and analysis

## Economy

India's GDP growth for FY2010-11 is estimated to be 8.5% on account of lower than expected 7.8% GDP growth in the quarter ended March 2011, which is the lowest in the past five quarters. In fact, there has been consistent deceleration in the pace of growth from robust 9.4% in the quarter ended March 2010 to 9.3% in the quarter ended June 2010, which gave way for 8.9% growth in the quarter ended September 2010 and 8.3% in the quarter ended December 2010. Now, even 8% is broken down, and the country has settled with mere 7.8% growth in GDP in the quarter ended March 2011.

The growth which is fastest in three years has come on the back of a sharp recovery in farm output, but high inflation remains an area of concern. A growing economy would help the country's annual per capita income which expanded by 17.9 per cent to ₹ 54, 835 at current prices in 2010-11, as compared to the Quick Estimates for the year 2009-10 of ₹ 46,492.

GDP at factor cost at current prices in the year 2010-11 is estimated at ₹ 73,06,990 crore, showing a growth rate of 19.1 per cent over the Quick Estimates of GDP for the year 2009-10 of ₹ 61,33,230 crore, released on 31st January 2011.

GDP at factor cost at constant (2004-05) prices in the year 2010-11 is now estimated at ₹ 48, 77,842 crore (as against ₹ 48, 79,232 crore estimated earlier on 7th February, 2011), showing a growth rate of 8.5 per cent (as against 8.6 per cent in the Advance Estimates) over the Quick Estimates of GDP for the year 2009-10 of ₹ 44, 93,743 crore,

While services such as trade, hotel, transport and communications improved to 11% in 2010-11 from 9.7% in 2009-10, the manufacturing remains static at 8.8% year on year.

Mining and quarrying has been estimated to grow by 6.2%, compared to 6.9% a year ago, while electricity, gas and water production has grown up by 5.1%, as against 6.4% in the previous fiscal.

Gross Fixed Capital Formation (GFCF) at current prices is estimated at ₹ 23,22,097 crore in 2010-11 as against ₹ 20,16,186 crore in 2009-10.

In 2010-11, India's trade deficit was of the order of US\$ 104 billion. According to revised estimates, fiscal deficit in 2010-11 is pegged at 4.7 percent of GDP and was lower than the government's revised target of 5.1 percent due to 3G/BWA spectrum windfall, strong export growth performance and increased tax realizations. The original target was 5.5 percent projected earlier.

As regards GDP growth in the year 2011-12, initial estimates provided by the Finance Ministry indicate that the economy would better its performance and touch the 9 percent mark.

However, as things stand today, meeting this target looks increasingly difficult. What is particularly worrisome is the negative growth seen in case of the capital goods segment in the last three months.

With the RBI making it clear that it would maintain its anti-inflationary stance, some amount of growth will have to be sacrificed if inflation is to be brought under control in a more sustainable manner. Besides the tight monetary policy stance, the other major downside risk to GDP growth in 2011-12 is further escalation in global oil prices. Given the evolving situation, we can expect GDP growth in 2011-12 to be in the range of 8 to 8.5 percent.

## **Construction & Infrastructure**

The construction sector in 2010-11 stood at ₹ 591,864 crores at current prices by economic activity, showing a growth of 18 percent over previous year's ₹ 501,706. But the overall contribution to the GDP decreased marginally to 8.1 percent compared to 8.2 percent last year.

At the constant prices (2004-05), the construction sector showed a growth of 8.1 percent in 2010-11 compared to 7 percent growth in 2009-10. It

contributed ₹ 384,629(7.9 percent) to the GDP at constant prices.

In 2010-11, the topline growth was subdued for most construction companies. In addition, the rise in cost of debt hit earnings growth.

The increase in competitive pressure is taking a toll on operating margins while a rising cost of debt would further dent earnings. At the same time, the current challenging situation has had positive fallout in that companies have renewed their focus on cash management, leading to working capital reduction.

Monetary tightening over the past couple of months along with volatility in commodity prices has induced delays in capex decisions. Once the macro environment begins to improve, government sector and private sector capex activity will pick up.

We also expect state government investment to gather pace, now that elections in some large states are over. However, the focus on containing the fiscal deficit (both at the central and state level) is likely to limit such spends. In terms of central government outlay, we expect the momentum in road project awards to continue and hope for speedier investment activity from the railways (given its far-reaching

implications on the Indian economy) in FY12.

## **A. INDUSTRY OVERVIEW Roads**

Roads are a vital infrastructure, and despite improvements, the sector still needs efforts to upgrade the quality as well as the length of India's national highway network.

Last year the ministry managed to award roughly 5,083 km of highway projects but could only push construction to 1,780 km against a target of 2,500 km. This translates to construction of about 5 km a day, which falls short of the 20 km a day target that the government eventually wants to meet in the coming years. Since 2004-05, 26,883 km of national highways have been completed against 8,918 km in the 5 years preceding this period.

This year NHAI is targeting to award around 7,300 kms out of which approximately 1,000 kms has already been awarded and is geared to award another 800kms per month in the next quarter.

Prime Minister Mr. Manmohan Singh has urged the Road Ministry that it should work towards a target of

awarding 10,000kms of roads ever year by building a shelf of 10,000 km of projects and ensure that it prepares a detailed project report of another 15,000 km for the year.

NHAI also plans to introduce e-tendering in August 2011, and launch project monitoring through GIS-based satellite imagery from September 2011 which will help in faster awarding of project and will also ensure that timelines of the project are adhered to.

The Planning Commission provided an outlay of ₹ 1,06,659 cr for roads in the Eleventh Plan.

The outlay for 2011-12 is ₹ 27,500 cr as against ₹ 25,465 cr for 2010-11 and ₹ 18,632.75 cr for 2009-10.

Therefore, going forward we can witness increased activity in awarding of road projects.

## Buildings and housing & Real Estate

The residential real estate segment accounts for about 5-6 percent of the country's GDP. Despite this, the country's housing shortage is estimated at 26.53 million houses in the Eleventh Five Year Plan.

In the Union Budget 2011-12, the government increased urban development allocation from ₹ 30.6 bn to ₹ 54 bn, allocation to Housing and Urban Poverty Alleviation was raised from ₹ 8.5 bn to ₹ 10 bn, allocation to Indira Awas Yojna was increased to ₹ 100 bn and for Rajiv Awas Yojna from ₹ 1.5 bn to ₹ 12.7 bn.

The relaxed FDI rules implemented by

Indian government have attracted more foreign investors and real estate in India. The revised investor friendly policies allowed foreigners to own property, and dropped the minimum size for housing estates built with foreign capital to 25 acres (10 hectares) from 100 acres (40 hectares). The overseas firms welcomed these modifications and they can now put up commercial buildings as long as the projects surpass 50,000 square meters (538,200 square feet) of floor space.

Affordable housing will be a key factor in driving the sector. 2011 is expected to be a positive year for the real estate sector. The revival is expected to be driven by infrastructure growth, which in turn, can accelerate real estate activities both in the residential as well as commercial spaces

## Water & Environment

In 2010 India generated about 60 million tonnes of municipal solid waste and 51,723.8 million litres of liquid waste per day, a significant opportunity for water supply, sanitation and waste management projects. By January 2011, 565 water supply, 70 solid waste management, 73 sewerage and 79 storm water drainage projects had been approved by Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT).

Under the JNNURM scheme, some 151 water supply, 42 solid waste management, 111 sewerage and 71 storm water drainage projects had been approved.

Water supply and sanitation projects

approved under the JNNURM (as on December 2010)

(₹ billion)		
Sector	Projects sanctioned	Sanctioned project cost
Water supply	151	1,957.00
Sewerage	111	1,483.41
Stormwater drainage	71	847.11
Solid waste management	42	224.53
<b>Total</b>	<b>375</b>	<b>4,512.06</b>

## Irrigation

For 2011-12, the Ministry of Water Resources proposed an annual outlay of ₹ 14,000 cr for Accelerated Irrigation Benefit Programme (AIBP) with a view to complete ongoing irrigation/multipurpose projects and create an additional irrigation potential of 1.05 million hectares and 15 major/medium projects. A sum of ₹ 500 cr was proposed for command area development and water management programmes.

Under the National Mission on Micro Irrigation (NMMI) a total area of 8.22 lakh ha. has been covered under irrigation. The outlay under this scheme increased from ₹ 1,000 cr in 2010-11 to ₹ 1150.00 cr in 2011-12

## Electrical

The total power generating capacity in India reached 173.6 GW as on March 2011. The Ministry of Power targets to increase power capacity from 78,700 MW in the 11th Five Year Plan to 100,000 MW in the 12th Five-Year Plan, of which around 60 percent will be derived from the private sector. The

huge addition to power generation capacity opens opportunities for EPC contractors.

The transmission substation size in India increased from 46,621 MVA during VI Plan to 316,112 MVA during 12th Plan. By 2012, the power transmission lines are estimated to reach 2, 93,372 ckm and sub-station capacity is estimated to increase about 41 percent to 428,000 MVA to address capacity constraints.

Further, investment in the T&D sector is expected to increased from ₹ 4, 27,000 cr in the Eleventh Plan to ₹ 6, 40,000 cr in the Twelfth Plan respectively

## B. OPPORTUNITIES AND STRENGTHS

The company at present has eleven verticals comprising the following:

1. Buildings and Housing
2. Transportation
3. Water and Environment
4. Electrical
5. Irrigation
6. Oil & Gas
7. Metals
8. Power
9. International
10. Mining
11. Railways

We have one of the most diversified business portfolios which will help us in mitigating the risk of slowdown in any one particular segment. With the starting of the four new verticals comprising of oil and gas, metals, power and mining, the business mix of the company has under gone a substantial modification. During the last

30 years, we executed various construction projects all over the country. The client list of the Company includes reputed organizations in public and private sectors. The Company has developed excellent engineering, planning and project execution skills during this period. It is well recognized for quality consciousness and timely completion of the projects without cost over-run. The track record of the Company and proven skills of its employees at various levels will be useful in further improving the performance of the Company in the years to come.

During the year under review, the company has bagged new orders valued at ₹ 68 billion and executed projects worth ₹ 60 billion. The order book of the company as on 31st March 2011 stood at ₹ 161.8 billion.

## C. RISK AND CONCERNS

### *Overview*

NCC has launched the Enterprise Risk Management (ERM) Process which is a holistic, integrated, structured and disciplined approach to managing risks with the objective of maximizing shareholder's value. It aligns strategy, processes, people & culture, technology and governance with the purpose of evaluating and managing the uncertainties faced by the organization while creating value. Effective risk management allows NCC to:

1. have increased confidence in achieving its desired goals and objectives;
2. effectively constrain threats to acceptable levels;

3. take informed decisions about exploiting opportunities

NCC realizes the need to better understand, anticipate and mitigate business risks in order to minimize the frequency and impact of risks. As the Company contends with the new responsibility for risk management, it is looking for greater assurance that there is a system in place, with well-documented, effective mitigation plans and accountability, which provides relevant information for decision making to the appropriate people in a timely manner.

### *Guiding Principles for NCC's Risk Management Framework*

The ERM is based on the following key principles:

1. **Shareholder value based:** Risk management will be focused on sustaining the creation of shareholder value and protecting the same against erosion.
2. **Embedded:** Risk management will be embedded in existing business processes to facilitate management of risks across processes on an ongoing basis.
3. **Supported and Assured:** Risk management will provide support in establishing appropriate processes to ensure that current risks are being managed appropriately and assurance is provided to the relevant stakeholders over the effectiveness of these processes.
4. **Reviewed:** The effectiveness of the risk management program will be

reviewed on a regular basis to ensure its relevancy in a dynamic and changing business environment.

### **Risk Management Process**

The Risk Management process adopted by NCC comprises of the following steps –

1. Risk Identification with focus on Strategic, Operational Financial, and Compliance
2. Risk Prioritization to identify the key risks for the business
3. To nominate Risk Champions who will own and monitor the risks on an ongoing basis
4. To develop a robust monitoring mechanism at the enterprise level to monitor the mitigation plans

During the year, the Board has reviewed the process and the Risks that have been identified for the business.

A process has been institutionalized in the organization through which Internal Audit will review the implementation of the Mitigation plans and update the Board periodically.

### **D. INTERNAL CONTROL SYSTEM**

The Company has adequate and robust system of internal controls to help management review the effectiveness of the financial and operating controls and assurance about adherence to company's laid down systems and procedures. Checks and balances are in place and are reviewed at regular intervals to ensure that transactions are properly authorized and reported

correctly. The Board and the management periodically review the findings and recommendations of the Auditors and take necessary corrective actions whenever necessary.

### **E. FINANCIAL PERFORMANCE (NCCL STAND ALONE)**

**1) Turnover:** During the year under review, the Company has achieved a turnover of ₹ 50.74 billion, registering a growth of 6% over last year's turnover of ₹ 47.78 billion (excluding Other Income) The turnover comprises ₹ 50.66 billion from project division, ₹ 0.08 billion from the real estate division.

**2) Share capital:** During the year there is no change in Share Capital.

**3) Reserves and surplus:** The Reserves and surplus of the Company has gone up from ₹21.94 billion to ₹ 23.27 billion in 2010-11 and the entire increase is on account of profits made in 2010-11.

**4) Net worth:** The Company's net worth increased from ₹ 22.46 billion to ₹ 23.79 billion on account of internal generation of profits.

**5) Secured/Unsecured loans:** There was an increase in loans from ₹ 15.30 billion to ₹ 24.84 billion. The increase was partly due to term-loan borrowings for procurement of machinery and partly due to working capital needs and investment in the SPVs..

**6) Fixed assets:** The Company's fixed assets (gross block and Capital WIP) increased by ₹ 1.71 billion in 2010-11

from ₹ 7.99 billion to ₹ 9.70 billion. The net block including Capital WIP stands at ₹ 7.21 billion as of 31.03.2011 as against ₹ 5.97 billion.

**7) Investments:** The investments increased by ₹ 2.6 billion, from ₹ 9.41 billion to ₹ 12.01 billion on account of investments made in subsidiaries and Associate Cos during the year 2010-11

#### **8) Current assets**

**a) Inventories:** The Company's inventories stand at ₹ 8.96 billion as against ₹ 7.54 billion of previous year

**b) Sundry debtors:** There has been an increase in sundry debtors, translating into a rise in the out standings from ₹ 12.99 billion to ₹ 14.54 billion and the collection period increased from 99 to 105 days.

**c) Loans and advances:** Loans and advances increased from ₹ 18.52 billion to ₹ 24.47 billion during the year under review. The increase represents the advances made to subsidiaries besides increase in retention money and advance taxes.

### **F. OPERATIONAL PERFORMANCE**

**a) Income:** There has been an increase in the gross income of the Company from ₹ 47.78 billion to ₹ 50.74 billion, registering a growth of 6% over the previous year.

**b) Direct cost:** The direct cost for the year under review works out to 82.98% of the turnover as against 83.93% last year.

**c) Overheads:** Overheads, comprising

salaries and administrative expenses, work out to ₹ 3.64 billion for the year under review as against ₹ 2.80 billion in the previous year.

**d) Interest cost:** The interest cost is stated after adjusting interest income. During the year under review, there was an increase in the interest cost from ₹ 1.32 billion to ₹ 1.68 billion.

The interest cost has gone up from 2.77% of turnover to 3.3% and the increase was partly on account of increase in the quantum of loans and partly on account of increase in the rate of interest.

**e) Depreciation:** The Company's

depreciation for the year has increased from ₹ 525 million, to ₹ 685 million.

**f) Provision for tax:** The Company has provided for a sum of ₹ 969 million as current tax and ₹ 53 million as deferred tax liability for the year.

**g) Net profit:** The Company's operations during the year under review have resulted in a net profit of ₹ 1.63 billion as against ₹ 1.92 billion in the previous year (excl. exceptional item).

**h) Dividend:** The Board of Directors have recommended a dividend of ₹ 1 per share (50%) and the total payout works out to ₹ 257 million as

against ₹ 334 million in the previous year.

## **G. HUMAN RESOURCES & INDUSTRIAL RELATIONS**

Human resources continued to be one of the biggest assets of the Company. The Management has been paying special attention to various aspects like training, welfare and safety and thereby further strengthening the human resources. Relations with the employees remained cordial throughout the year. The total employee strength as of 31st March, 2011 stood at 5,241.



# Corporate Governance Report

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In compliance with Clause 49 of the Listing Agreement entered into with the stock exchanges (NSE & BSE), the Company hereby submits the report on the matters as mentioned in the said Clause and practices followed by the Company.

## 1. Philosophy of the Company on the Code of Governance

The Company aims at achieving transparency, accountability and equity in all facets of its operations on a continuous basis and in all interactions with the stakeholders, including the shareholders, employees, government, lenders and other constituents while fulfilling the role of a responsible corporate representative committed to good corporate practices. The Company is committed to achieve the good standards of Corporate Governance on a continuous basis by laying emphasis on ethical corporate citizenship and establishment of good corporate cultures which aim at true Corporate Governance.

The Company believes, all its operations and actions must result in enhancing the overall shareholder value in terms of maximization of shareholder's benefits, among others, over a sustained period of time.

## 2. Board of Directors

As on March 31, 2011 the Company's Board of Directors comprised a judicious mix of fifteen Directors, consisting of five Executive Directors, Five Non-Executive Directors (including two Alternate Directors) and Five Independent Directors as defined under the Listing Agreement with Indian stock exchanges. The table below gives the composition of the Company's Board, category, number of Board Meetings held during the year, attendance of each Director at the Board Meeting and the last Annual General Meeting and other Directorships and memberships of Committees held by each of the Director during the financial year.

Name	Category	Designation	No. of Board meetings held during the financial year	No. of Board meetings attended	Other Directorships#	Committee Memberships##	Chairmanship in Committees###	Attendance of each Director at last AGM
Sri P. Abraham	Non-Executive and Independent Director	Director	5	4	13	4	-	No
Sri S. Venkatachalam	Non-Executive and Independent Director	Director	5	2	2	2	1	Yes
Sri P. C. Laha	Non-Executive and Independent Director	Director	5	4	-	1	-	Yes
Sri Rakesh R. Jhunjunwala	Non-Executive and Non-Independent Director	Director	5	-	8	-	-	No
Sri R. N. Raju*	Promoter/ Executive Director	Wholetime Director	5	1	-	-	-	No
Sri A. S. N. Raju	Promoter/ Executive Director	Wholetime Director	5	5	3	2	1	Yes
Sri N. R. Alluri	Promoter/ Non-Executive Director	Director	5	4	5	2	-	Yes
Sri J. V. Ranga Raju	Promoter/ Executive Director	Wholetime Director	5	2	1	-	-	No
Sri A. V. N. Raju	Promoter/ Executive Director	Wholetime Director	5	3	1	1	-	No
Sri A. G. K. Raju	Promoter/ Executive Director	Executive Director	5	5	3	5	1	Yes
Sri A. A. V. Ranga Raju	Promoter/ Executive Director	Managing Director	5	5	2	2	-	Yes
Sri R. V. Shastri	Non-Executive and Independent Director	Director	5	5	3	6	1	Yes
Sri Akhil Gupta	Non-Executive/Non Independent Director	Nominee Director\$	5	3	3	2	-	No
Sri A J Jaganathan	Non-Executive and Independent Director	Director	5	5	-	-	-	Yes
Sri Amit Dixit	Non-Executive / Non Independent Director	Alternate Director\$\$	5	2	3	-	-	Yes
Sri Utpal Sheth	Non-Executive /Non Independent Director	Alternate Director\$\$\$	5	2	8	-	-	No

\*Sri R N Raju resigned w.e.f March 31,2011.

\$Nominee of Blackstone Group

\$\$ Alternate Director to Sri Akhil Gupta, Non-Executive and Non Independent Director

\$\$\$ Alternate Director to Sri. Rakesh R. Jhunjunwala, Non-Executive and Non Independent Director

# Other Directorships (directorships other than NCC) are those on the Boards of public limited companies in terms of

Section 275 of the Companies Act, 1956.

## Membership/ Chairmanship in Audit and Investors' / Shareholders' Grievance Committees of public limited companies (including NCC) only

The Company's Board met Five times with the maximum time gap of four months between any two Board Meetings on May 25, 2010, August 10, 2010, November 10, 2010, February 4, 2011 and March 4, 2011. The Company convened one Board Meeting in each quarter as required under the Companies Act, 1956 and the Listing Agreement.

As mandated by the Clause 49, the Independent Directors on the Company's Board-

- Apart from receiving sitting fee for attending meetings, did not have any material or pecuniary relationships or transactions with the Company, its promoters, Directors, senior management or its holding company, subsidiaries and associates which may affect the independence of the Director.

- Are not related to the promoters or persons occupying management positions at the Board level or at one level below the Board.

- Have not been executives of the Company in the immediate preceding three financial years

- Are not partners or executives or were not so during the preceding three years of -

Statutory audit firm or the internal audit firm associated with the Company.

Legal firm (s) and consulting firm (s) having material association with the Company

- Are not material suppliers, service providers or customers or lessors or lessees of the Company, affecting their

independence

- Are not substantial shareholders of the Company i.e. do not own 2% or more of the block of voting shares.

- Independent Directors are not related to each other and to the other Directors of the Company in terms of Section 6 read with Schedule IA of the Companies Act, 1956.

The Promoter Directors namely Sri A. A. V. Ranga Raju, Sri A. S. N. Raju, Sri A. G. K. Raju, Sri N. R. Alluri, Sri A. V. N. Raju and Sri J. V. Ranga Raju are related to each other in terms of the definition 'relative' under Section 6 read with Schedule IA of the Companies Act, 1956. Dr. A. V. S. Raju, Chairman Emeritus is the father of Sri A. A. V. Ranga Raju, Sri A. S. N. Raju, Sri A. G. K. Raju, Sri N. R. Alluri and Sri A. V. N. Raju and father in law of Sri J. V. Ranga Raju. The aforementioned Promoter Directors are not related to the other Board members.

#### **Board Procedure**

The Company plans and prepares the schedule of the Board and Committee Meetings for the year in advance by fixing the calendar of the meetings. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

The meetings are held at the Company's Registered office at 41, Nagarjuna Hills, Punjagutta, Hyderabad-500082.

All divisions/departments of the Company are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion/approval/decision at the Board/Board Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the agenda for the Board/Committee meetings.

Notice convening the Board and Committee Meetings are issued to the Board of Directors by the Secretary of the Company in consultation with the Managing Director and the detailed agenda along with the notes being pre circulated to facilitate the Board of Directors informed of the business to be transacted at such meetings.

The Board is given presentations covering business areas of the Company including business opportunities, business strategy and the risk management practices before taking on record the quarterly/annual financial results of the Company.

The Secretary of the Company as a part of the Governance process disseminate the outcome of the Board with necessary approvals and permissions/authorizations accorded to the Heads of the divisions/ Regions and Subsidiary Companies and there is a post meeting compliance mechanism by which the necessary follow-ups, review and reporting process for actions taken/pending on the approval so accorded by the Board/ Committees and the same will be part of the agenda of the Board/ Committee at its subsequent meeting.

### Information supplied to the Board

As a policy measure, all the major decisions which involve new investments and capital expenditure, in addition to the matters which statutorily require Board approval, are put up for consideration of the Board, Inter-alia, the following information is regularly provided to the Board as part of the agenda papers well in advance of the Board meetings or is tabled at the Board Meeting.

- Annual operating plans, budgets & any updates
- Capital budgets and any updates
- Quarterly, half-yearly and annual results of the Company and its operating divisions and minutes/ financial statements of the unlisted subsidiary companies
- Minutes of the meetings of the Audit Committee and other Committees of the Board
- Show cause, demand, prosecution notices and penalty notices which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the Company, or substantial non-payment by clients
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can

have negative implications on the Company

- Details of any joint venture/ collaboration agreement.
- Non-compliance with any regulatory, statutory or listing requirement and shareholders service such as non-payment of dividend, delay in share transfer, among others.

### Code of Conduct

The Board of Directors of the Company laid a Code of Conduct for Directors and senior management personnel. The Code of Conduct is posted on the Company's web-site [www. ncclimited. com](http://www.ncclimited.com). All Directors and designated personnel in the senior management affirmed compliance with the Code for the year under review. The declaration to this effect, signed by Sri A. A. V. Ranga Raju, Managing Director, is annexed to this report.

### Board Committees

The Company has six Board level Committees, namely the Audit Committee, the HR and Compensation Committee, the Shareholders/Investors' Grievance Committee, the Executive Committee, the Allotment Committee and the Corporate Governance Committee.

### 3. Audit Committee of the Board

The Audit Committee presently comprises Four Non-Executive Directors, of which three are Independent Directors viz., Sri R.V. Shastri, (Chairman of the Committee), Sri P. Abraham, Sri S Venkatachalam and Sri Akhil

Gupta, Nominee Director of M/s. Blackstone who is a Non-Executive and Non-independent Director. The members of the Committee are financially literate and bring in expertise in the fields of finance, strategy, banking, energy and management. Sri R. V. Shastri, Independent Director has accounting and related financial management expertise.

The Audit Committee met four times during the year on May 25, 2010, August 10, 2010, November 10, 2010 and February 4, 2011. The Company is in compliance with the requirements of Clause 49 in terms of time gap between any two Audit Committee Meetings. Sri R.V. Shastri, Chairman of the Committee, was present at the last Annual General Meeting of the Company held on August 10, 2010.

Sri R. V. Shastri was present for all the meetings held on May 25, 2010, August 10, 2010, November 10, 2010 and February 4, 2011 and Sri P. Abraham was present for the meetings held on May 25, 2010, November 10, 2010, February 4, 2011, Sri S Venkatachalam was present for the meetings held on August 10, 2010, November 10, 2010. Sri Akhil Gupta was present for the meetings held on May 25, 2010 and November 10, 2010. The terms of reference as stipulated by the Board to the Audit Committee include

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information
- b. Recommending the appointment and removal of external auditors,

fixation of audit fee and also approval for payment for any other services

c. Reviewing with the management, the annual financial statements prior to the submission to the Board, with key focus on:

- Changes in accounting policies and practices
- Major accounting entries based on exercise on judgment by management
- Qualifications, if any in the draft audit report
- Significant adjustments arising out of audit
- Going concern assumption
- Compliance with Accounting Standards
- Compliance with stock exchange and legal requirements concerning financial statements
- Disclosure of any related party transactions

d. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems

e. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval

f. Discussion with internal auditors regarding any significant findings and follow up there on

g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board

h. Discussion with statutory auditors before the audit commences, about the

nature and scope of audit as well as post-audit discussion to ascertain any area of concern

i. Carrying out any other function as mentioned in the terms of reference of the Audit Committee

The Company Secretary is the Secretary to the Audit Committee.

#### 4. HR and Compensation Committee

The HR and Compensation Committee of the Board comprises of four Non-Executive Directors, of which three are Independent Directors Viz., Sri P. C. Laha (Chairman of the Committee), Sri S, Venkatachalam and Sri P. Abraham and Sri Akhil Gupta, Nominee Director of M/s. Blackstone who is a Non-Executive and Non-independent Director. The Committee met on May 25, 2010. All members except Sri S Venkatachalam were present at that meeting.

The HR and Compensation Committee reviews the remuneration of the managerial personnel viz., Managing Director and Wholtime Directors apart from administering and implementing the stock option plans to the Company's employees. The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is to be in consonance with the existing industry practices. The Committee also considers and approves issues relating to manpower planning, attrition, training and review of appraisal norms in relation to the employees, among others.

#### 5. Shareholders'/Investors' Grievance Committee

The constitution of the Shareholders' / Investors' Grievance Committee of the Board comprises five Directors viz., Sri S. Venkatachalam, (Chairman of the Committee), Sri P. C. Laha, Sri R. V. Shastri, Sri Akhil Gupta and Sri A. G. K. Raju as its members.

The Committee primarily focuses on shareholder grievances, inter-alia, approves the issue of duplicate share certificates and oversees and reviews all matters connected with servicing of investors. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall quality improvement of investor services. The Chairman of the Committee is an Independent Director and the Company Secretary is the Secretary of the Committee. Sri M.V. Srinivasa Murthy, Company Secretary and Sr. Vice-President (legal) was designated as the Compliance Officer.

The Committee met four times during the year i.e. on May 25, 2010, August 10, 2010, November 10, 2010 and February 4, 2011. Sri S. Venkatachalam was present for the meetings held on August 10, 2010 and November 10, 2010, Sri Akhil Gupta was present for the meetings held on May 25, 2010 and November 10, 2010, and Sri P C Laha and Sri A. G. K. Raju were present for all the meetings held as above.

The Company received 26 complaints from the shareholders/investors during 2010-11. All the complaints were promptly attended to and outstanding complaints as on March 31, 2011 were

nil. The Company received 26 requests for share transfer and 101 requests for dematerialization of shares during the year. All the requests were approved and dealt with and there were no pending requests as on March 31, 2011. The Company designated a separate email id for investor grievances reachable at [ho.secr@ncltd.in](mailto:ho.secr@ncltd.in).

## 6. Corporate Governance Committee.

During the year the Company constituted "Corporate Governance

Committee" to review and recommend the best practices of Board processes, disclosure practices, policies on the code of conduct and business ethics. The constitution of the Committee consists of Sri Akhil Gupta (Chairman), Sri P Abraham, Sri A J Jaganathan, Sri A A V Ranga Raju and Sri A G K Raju. The Committee met on November 10, 2010 and February 4, 2011. Sri Akhil Gupta was present for the meeting held on November 10, 2010. Sri P Abraham, Sri A J Jaganathan, Sri A A V Ranga Raju and Sri A G K Raju

were present for all the meetings held as above.

### Details of remuneration/ sitting fee paid to the Directors for the year

The details of remuneration covering salary and other benefits paid for the year ended March 31, 2011 to the Chairman, Managing Director, Executive Director and the Wholetime Directors of the Company including the commission and the details of the sitting fee paid to the Non-Executive Directors are as follows-

(Amount in ₹)

Name of the Director	Salary	Other benefits (including perquisites, allowances)	Commission	Sitting fee	Total
Sri A. A. V. Ranga Raju	9,600,000	11,559,965	28,145,600	-	49,305,565
Sri A. G. K. Raju	4,800,000	6,038,503	14,072,800	-	24,911,303
Sri A. S. N. Raju	4,800,000	6,020,642	14,072,800	-	24,893,442
Sri R. N. Raju *	8,400,000	10,002,568	-	-	18,402,568
Sri J. V. Ranga Raju	8,400,000	10,301,753	-	-	18,701,753
Sri A. V. N. Raju	4,800,000	5,151,467	14,072,800	-	24,024,267
Sri P. C. Laha	-	-	-	90,000	90,000
Sri S. Venkatachalam	-	-	-	60,000	60,000
Sri P. Abraham	-	-	-	100,000	100,000
Sri R. V. Shastri	-	-	-	130,000	130,000
Sri A J Jaganathan	-	-	-	70,000	70,000
Sri Akhil Gupta / @					
Sri Amit Dixit	-	-	-	110,000	110,000
Sri Utpal Sheth	-	-	-	20,000	20,000

\*Ceased to be the director of the company effective 31.03.2011

@ Sitting fees was paid to M/s. Blackstone Advisor India Private Limited.

Besides the above remuneration, the Managing Director, Executive Director and the Wholetime Directors are also eligible for gratuity and encashment of leave at the end of their respective tenures as per the rules of the Company.

The Independent and Non-Executive Directors of the Company receive sitting fee for attending the Board and Committee Meetings at the rate of ₹ 10,000 per Board/ Committee Meeting attended.

## Shares held by Non-Executive Directors as on March 31, 2011

Name of the Director	Number of shares held	% of the paid-up capital of the Company
Sri S Venkatachalam	8,760	0.003
Sri Rakesh R Jhunjhunwala	50,00,000	1.950
Sri N R Alluri	40,88,680	1.594
Sri A J Jaganathan	22,698	0.009

### 7. Initiatives on prevention of insider trading practices

In compliance with the SEBI regulations on prevention of insider trading, the Company framed a comprehensive Code of Conduct for its Directors and designated employees. The Code lays down guidelines, which advises the Directors and the designated employees on the procedures to be followed and disclosures to be made, while dealing with shares of the Company, and consequences of violations if any.

### 8. Subsidiary Companies

All the subsidiary companies of the

Company are Board managed with their Board having the rights and obligations to manage such companies in the best interest of their stakeholders. There are no material non-listed Indian subsidiary companies under the Company to nominate its Directors on such subsidiaries.

As a majority shareholder, the Company has its representatives on the Boards of the subsidiary companies and monitors the performance of such companies, inter-alia, by the following means

- Financial statements and particulars of investments made by the unlisted

subsidiary companies are reviewed quarterly by the Audit Committee of the Company

- Minutes of the meetings of the unlisted subsidiary companies are placed before the Company's Board regularly

- A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board.

### 9. General Body Meetings

The below detailed Special Resolutions were passed on show of hands with requisite majority in the Annual General Meetings held during the last three years

Year	Type of meeting	Location	Date	Time	Special resolutions passed
2007-08	AGM	Sri Satya Sai Nigamagamam 8-3-987/2, Srinagar Colony, Hyderabad 500073	31-07-2008	3.00 p.m	■ No special resolutions was passed
2008-09	AGM	Bharatiya Vidya Bhavan, 5-9-1105, Basheerbagh, KingKoti, Hyderabad 500029	30-07-2009	3.00 p.m	<ul style="list-style-type: none"> <li>■ Reappointment of Sri A S N Raju as Wholetime Director.</li> <li>■ Reappointment of Sri R N Raju as Wholetime Director</li> <li>■ Issue of Equity Shares/Securities to the Qualified Institutional Buyers</li> </ul>
2009-10	AGM	Bharatiya Vidya Bhavan, 5-9-1105, Basheerbagh, KingKoti, Hyderabad 500029	10-08-2010	3.00 p.m	■ No special resolutions was passed

**Postal Ballot:** The Company had successfully completed the process of obtaining the approval of its members by way of a special resolution dated 19th January, 2011 through Postal Ballot for according approval in respect of the change of name of the Company from “Nagarjuna Construction Company Limited” to “NCC Limited” and also the resolutions pertaining to alteration of the Name Clause appearing in the Memorandum of Association and the Articles of Association to reflect the new name of the Company viz., NCC Limited. The procedure for conducting the Postal Ballot was carried out as notified in the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and general circulars in this regard

issued by the Central Government. Mr. A. Ravi Shankar, Practising Company Secretary was appointed as the Scrutinizer, who carried out the Postal Ballot process in a fair and transparent manner. The results were announced on 19th January, 2011.

#### Voting Pattern and Procedure for Postal Ballot

- The Board of Directors at its meeting held on 10th November, 2011 appointed Mr. A. Ravi Shankar, Practising Company Secretary as Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner.
- Notice along with Postal Ballot form was posted on 9th December 2010 and

last date of receipt of Postal Ballot was 17th January, 2011.

- The postal Ballot forms had been kept under safe custody in sealed postal ballot boxes before commencement of scrutiny.
- All postal ballot forms received upto the close of working hours on 17th January 2011, the last date fixed for receipt of the postal ballot forms, had been considered in scrutiny.
- The Scrutinizer after due verification of Postal Ballot forms, submitted his report to the Chairman of the Company on 19th January, 2011.
- The results of the Postal Ballot were announced on 19th January, 2011 at the Registered Office of the Company.

The summary of the Postal Ballot Resolution is as given below:

Description of the Resolution		Special Resolution for “Change of Company’s name		
Sl No.	Particulars	No. of Postal Ballot Forms	No. of Equity Shares of ₹ 2/- each	% of valid votes received
1	Total Postal Ballots received	1,185	81,225,481	
2	No. of invalid Postal Ballots received	54	49,089	
3	Net valid Postal Ballot received	1,131	81,176,392	100.00
4	Votes cast in favour of the Resolution	1,114	81,034,013	99.82
5	Votes cast against the Resolution	17	142,379	0.18

Accordingly, the Special Resolution as set out in the Notice dated 9th December 2010 had been duly approved by the requisite majority of the Shareholders of the Company to effect the proposed change of name as NCC Limited.

## 10. Disclosures

During 2010-11 certain transactions were entered into with related parties. The details thereof are given under note number 11 of Schedule IX ‘Accounting

Policies and Notes on Accounts’ forming part of financial statements.

- There were no occasions of non-compliance by the Company and no penalties or strictures were imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to Capital markets, during the last three years.
- The Company has no written whistle blower policy.

- During the year, there were no transactions which were not in compliance with the prescribed Accounting Standards as required under Section 211(3C) of the Companies Act, 1956.
- A report on risk management forms a part of the Management Discussion and Analysis in this Annual Report.
- This Annual Report has a detailed section on Management Discussion and Analysis.



■ The information in respect of the appointment/ re-appointment of Directors and their brief profiles are disclosed in the Notice of the ensuing Annual General Meeting for the information of shareholders.

### Group for Inter-Se Transfer of shares

Persons constituting group coming within the definition of "group" for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include, Sarva Shri Alluri Venkata Satyanarayana Raju, Alluri Ananta Venkata Ranga Raju, Alluri Srimannarayana Raju, Alluri Gopala Krishnam Raju, Alluri Venkata Narasimha Raju, Alluri Kodanda Harinatha Sri Rama Raju, Alluri Srinivasa Rama Raju, Alluri Narayana Raju, Alluri Venkata Satyanarayanamma, Alluri Shyama, Alluri Suguna, Alluri Subhadra Jyothirmayi, Sri Harsha Varma Alluri, Alluri Bharathi., Alluri Arundhati, Jampana Sridevi, Jampana Venkata Ranga Raju, Rudraraju Narayana Raju, Bhupathi Raju Kausalya, Rudraraju Parvathi, Jampanna Krishna Chaitanya Varma, Alluri Sridevi, Alluri Swehta, Alluri Nilavathi Devi, Rudraraju Lavanya, Rudraraju Ravi Varma, Rudraraju Rajendra Verma, Rudraraju Aruna, Jampanna Sowjanya, and M/s. AVSR Holdings Private Limited

### 11. Means of communication

The Company has 60,873 shareholders as on March 31, 2011. The main channel of communication to the shareholders is through the annual report which inter alia includes the Statement of Chairman Emeritus, the Directors' Report, the Report of the

Board of Directors on Corporate Governance, Management Discussion and Analysis Report, the Consolidated Group financial statements along with the Auditors Report, Social Initiatives and Shareholders Information.

The Annual General Meeting (AGM) is the principal forum for interaction with shareholders, where the board answers specific queries raised by the shareholders. The Board acknowledges its responsibility towards its shareholders and encourages open and active dialogue with all its shareholders- be it individuals, domestic institutional investors or foreign investors.

The Company communicates with its institutional shareholders through meetings with analysts. The presentations made to the analysts is uploaded on the Company's website [www.nclimited.com](http://www.nclimited.com).

Regular communication with shareholders ensures that the Company's strategy is being clearly understood. Details relating to quarterly performance and financial results are disseminated to the shareholders through press releases and are also uploaded on the Company's website.

### Quarterly results

The quarterly results of the Company are published in leading newspapers such as *The Economic Times*, *Eenadu/Andhra Prabha* (regional language), along with the official press releases. Dates of publication of quarterly results-

- 1st quarter ended June 30, 2010 : August 11, 2010
- 2nd quarter ended September 30, 2010 : November 11, 2010
- 3rd quarter ended December 31, 2010 : February 5, 2011

- 4th quarter ended March 31, 2011: May 31, 2011

## 12. General shareholders' information

### 21st Annual General Meeting

Day, date and time: Friday the 12th day of August, 2011 at 3.30 pm Venue: Bhrtiya Vidya Bhavan, 5-9-1105, Basheerbagh, King Koti, Hyderabad-500029

### Financial calendar for the Financial Year 2011-12 (tentative)

- Results for quarter ending June 30, 2011 : August 15, 2011
- Results for quarter ending September 30, 2011 : November 15, 2011
- Results for quarter ending December 31, 2011 : February 15, 2012
- Results for year ending March 31, 2012 : May 30, 2012

**Book closure date:** July 25, 2011 to July 30, 2011 (both days inclusive) for payment of dividend.

**Dividend payment date:** 18th to 28th August, 2011 (subject to approval of shareholders at AGM)

### Listing on stock exchanges and stock codes

#### Equity shares

Bombay Stock Exchange Limited (BSE): 500294

National Stock Exchange of India Limited (NSE): NCC

Listing fee for the financial year(s) 2010-11 and 2011-12 has been paid to the stock exchanges.

#### Global depository receipts (GDR)

The Company's GDRs are listed on the Luxembourg Stock Exchange.

### Debt Securities

The Company's Debt Securities are listed on the National Stock Exchange of India Ltd.

### Debenture Trustee

IDBI Trusteeship Services Ltd  
Regd off: Asian Building, Ground Floor,  
17, R.Kamani Marg, Ballard Estate,  
Mumbai-400001

### International Securities Identification Number (ISIN)

The Company's ISIN for equity shares is INE868B01028 (to be quoted on all transactions related to dematerialized equity shares of the Company).

ISIN for 1000 rated taxable secured

redeemable non-convertible debentures of face value of ₹ 10 lakh each aggregating to ₹ 100 Crore issued to Life Insurance Corporation of India is INE868B07017. [To be quoted on all transactions related to dematerialised non-convertible debentures of the Company].

ISIN for 1000 Secured, Redeemable Non-Convertible Debentures having the Face Value of ₹ 10.00 lakhs in the form of Separately Transferable Redeemable Principal Parts of (STRPPS) having the Face value of ₹ 1.00 lakh each aggregating to ₹ 100 crores issued by the Company to various investors are as follows; INE868B07025,

INE 868B07033 and INE868B07041. [To be quoted on all transactions related to dematerialised non-convertible debentures of the Company].

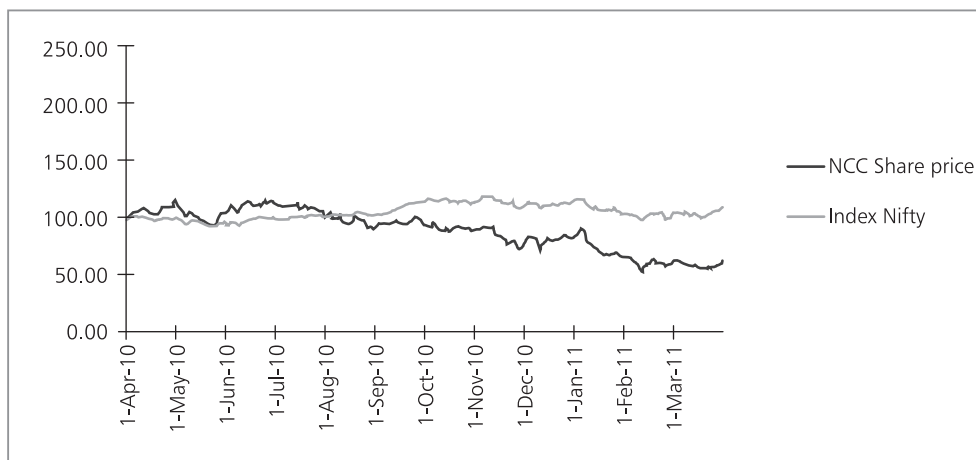
ISIN for 500 Unsecured, Redeemable Non-Convertible Debentures having the Face Value of ₹ 40.00 lakhs in the form of Separately Transferable Redeemable Principal Parts of (STRPPS) having the Face value of ₹ 10.00 lakh each aggregating to ₹ 200 crores issued to ICICI Bank Ltd are INE868B09013, INE868B09021, INE868B09039 and INE868B09047. [To be quoted on all transactions related to dematerialised non-convertible debenture of the Company].

### Market price data

The monthly high and low stock quotations during the last financial year and performance in comparison to BSE and NSE are given below-

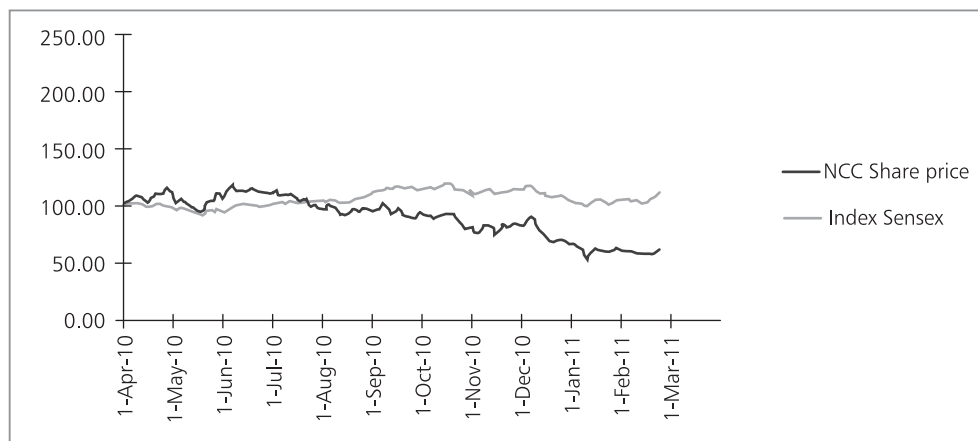
Month	BSE			NSE		
	High price ₹	Low price ₹	No. of shares traded	High price ₹	Low price ₹	No. of shares traded
Apr 2010	195.00	161.65	3,294,511	198.10	162.30	24,593,540
May 2010	193.00	151.60	1,725,456	192.00	152.05	16,391,691
Jun 2010	197.00	171.55	2,152,935	195.45	172.05	17,049,993
Jul 2010	193.90	171.05	2,014,655	193.95	171.00	14,557,220
Aug 2010	177.00	132.00	2,836,346	177.50	148.80	25,622,039
Sept 2010	171.80	152.20	2,770,863	171.00	152.10	19,206,247
Oct 2010	164.95	144.25	5,312,427	164.90	144.25	36,583,792
Nov 2010	157.90	115.00	2,287,656	159.00	114.60	22,358,318
Dec 2010	144.70	116.00	2,955,929	144.25	120.35	24,805,666
Jan 2011	153.80	102.30	4,875,938	153.45	102.45	23,034,671
Feb 2011	112.90	86.35	3,321,205	113.50	86.00	24,366,750
Mar 2011	108.50	92.00	4,742,379	108.80	92.65	20,245,718

**Performance in comparison to broad based indices such as Index Nifty (NSE) and Index Sensex (BSE)**  
**Movement of NCC share price in 2010-11 on NSE**



- Notes:**
1. All values are indexed to 100 as on April 1, 2010.
  2. S&P CNX Nifty is a well diversified 50 stock index accounting for 24 sectors of the economy.

**Movement of NCC (500294) share price in 2010-11 on BSE**



- Notes:**
1. All values are indexed to 100 as on April 1, 2010.
  2. Sensex involves dividing the free-float market capitalization of 30 companies in the Index by the Index Divisor.

**Share transfer system**

The share transfers which are received in physical form are processed and the share certificates are returned within a period of 10 to 15 days from the date of receipt, subject to the documents being found valid and complete in all respects. The Company appointed M/s. Sathguru

Management and Consultants Pvt. Ltd. w.e.f. April 1, 2003 as the Registrar and Transfer Agents for dealing with all the activities connected with both physical and demat segments pertaining to the share transactions of the Company.

**Registrar and Transfer Agents**

Sathguru Management Consultants Pvt. Ltd.,  
 Plot No 15, Hindi Nagar, Punjagutta,  
 Hyderabad - 500034  
 Phone: 040-30160333  
 Fax: 040-40040554  
 Email: sta@sathguru.com

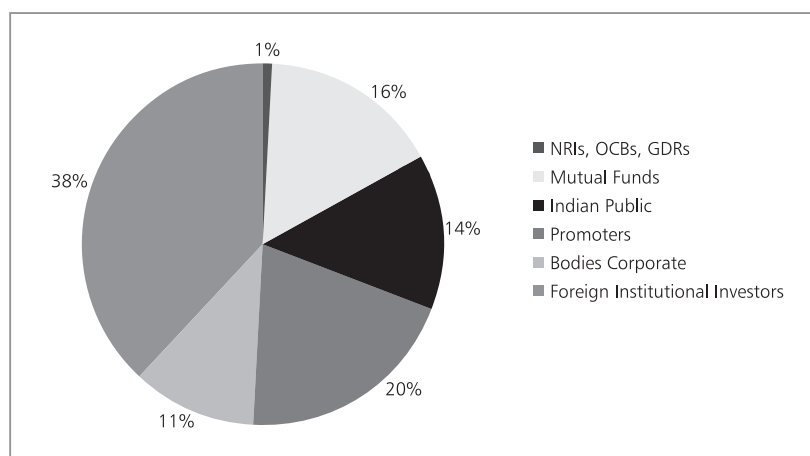
**Distribution of shareholding as on March 31, 2011**

No. of shares held	Number of shareholders		Details of shareholding	
	No.	Percentage	No. of shares	Percentage
1 - 5000	59,366	97.52	12,470,555	4.86
5001 - 10000	807	1.33	2,882,595	1.12
10001 - 20000	304	0.50	2,275,730	0.89
20001 - 30000	81	0.13	1,037,878	0.40
30001 - 40000	35	0.06	633,011	0.25
40001 - 50000	24	0.04	544,139	0.21
50001 - 100000	68	0.11	2,543,179	0.99
100001 and above	188	0.31	234,196,723	91.28
<b>Total</b>	<b>60873</b>	<b>100.00</b>	<b>256,583,810</b>	<b>100.00</b>

**Shareholding pattern as on March 31,2011**

Category	No of Shares of ₹ 2/- each	Percentage
Promoters	51,422,613	20.04
Indian Institutional Investors	495,474	0.19
Bodies Corporate	27,711,759	10.80
Foreign Institutional Investors	98,467,684	38.38
NRIs, OCBs, GDRs	1,411,698	0.55
Mutual Funds	40,417,380	15.75
Indian Public	36,657,202	14.29
	256,583,810	100.00

**Shareholding Pattern of NCC as on 31st March 2011**



## Equity History

Date	Particulars	No. of Equity Shares	
		Issued	Cumulative
23.03.1990	Subscription to the Memorandum	81	81
27.06.1990	Issued to promoters	999,919	1,000,000
09.09.1992	Public Issue	2,311,200	3,311,200
01.06.1996	Rights Issue	4,139,000	7,450,200
01.03.2002	Warrants issued to Promoters on preferential basis which were converted into equity shares of ₹ 10 each	2,000,000	9,450,200
21.02.2004	Equity shares issued to select investors on preferential basis	2,000,000	11,450,200
01.12.2004	Equity shares issued to select investors on preferential basis	2,950,000	14,400,200
29.03.2005	Warrants issued to select investors on preferential basis which were converted into equity shares of ₹ 10 each	700,000	15,100,200
31.03.2005	Warrants issued to Promoters on preferential basis which were converted into equity shares of ₹ 10 each	800,000	15,900,200
31.08.2005	Splitting of shares of ₹ 10 each into shares of ₹ 2 each	79,501,000	79,501,000
19.09.2005	Issue of shares under NCC-ESOP plan-2004	7,150	79,508,150
19.12.2005	Issue of 20,547,940 equity shares underlying GDR's	20547940	100,056,090
05.01.2006	Issue of 2,935,420 equity shares underlying GDRs under Green Shoe Option	2935420	102,991,510
11.02.2006	Issue of shares under NCC – ESOP Plan – 2004	320,150	103,311,660
11.04.2006	Issue of shares under NCC – ESOP Plan – 2004	48,350	103,360,010
22.08.2006	Issue of shares under NCC – ESOP Plan – 2004	8,520	103,368,530
23.09.2006	Issue of bonus shares in the ratio of 1:1	103,368,530	206,737,060
14.02.2007	Issue of shares under NCC – ESOP Plan – 2004.	709,800	207,446,860
30.03.2007	Issue of shares under NCC – ESOP Plan – 2004.	1,064,040	208,510,900
23.07.2007	Issue of shares under NCC – ESOP Plan – 2004	11,380	208,522,280
03.10.2007	Equity shares issued preferential basis to M/s. Blackstone Group	20,246,900	228,769,180
07.01.2008	Issue of shares under NCC – ESOP Plan – 2004	4,740	228,773,920
13.02.2008	Issue of shares under NCC – ESOP Plan – 2004	64,800	228,838,720
01.08.2008	Issue of shares under NCC – ESOP Plan – 2004	7,530	228,846,250
02.03.2009	Issue of shares under NCC – ESOP Plan – 2004	4,660	228,850,910
03.09.2009	Issue of shares to QIB's under QIP	27,732,900	256,583,810

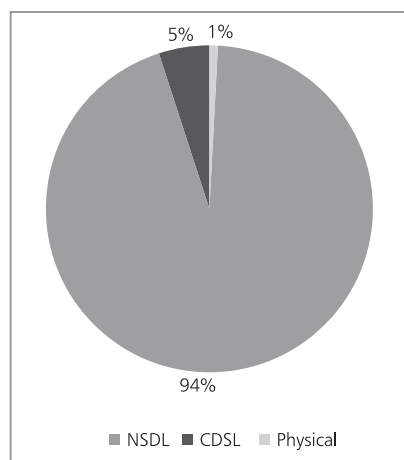
### Dematerialization of shares and liquidity

Over 99.27% of the outstanding shares were dematerialized up to March 31,

2011. Trading in equity shares of the Company is permitted only in dematerialized form w.e.f. January 29, 2001 as per notification issued by the Securities and Exchange Board of India

(SEBI). The Company's shares are liquid and actively traded. The monthly volume of the Company's shares traded on the Indian stock exchanges is a part of this report.

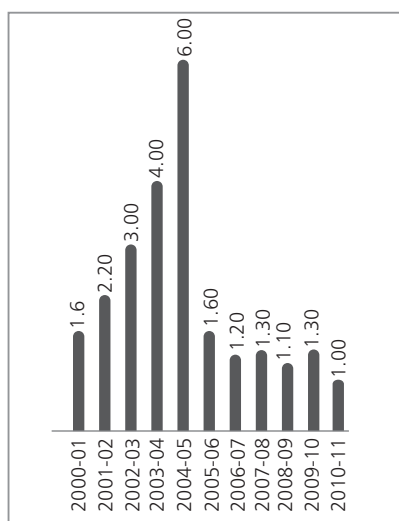
**Demat Status as on 31st March 2011**



**GDR & their impact on equity shares**

As on March 31, 2011, there were approximately 52,750 GDRs pending for conversion. The overseas depository is Deutsche Bank Trust Company Americas at 60 Wall Street New York NY 10005, USA and the custodian is ICICI Bank Ltd, securities processing division, North Tower, II floor, ICICI towers, Bandra Kurla Complex, Mumbai - 400051, India.

**Dividends history since 2000-01**



31.08.2005: Split of shares from ₹ 10 per share to ₹ 2 per share (\*2005-06) 23.09.2006: Issue of bonus shares in the ratio 1:1 Dividend for the financial year 2010-11 subject to shareholders' approval

**ECS Facility**

The Company is providing facility of "Electronic Clearing Service" (ECS) for payment of dividend to shareholders who are requested to provide details of their bank account for availing ECS facility. Further, ECS facility is also available to the beneficial owners of

shares held in electronic form. Those desirous of availing the ECS facility may provide their mandate to the Company in writing, in the form which is annexed to the notice convening the annual general meeting of the Company or can be obtained from the Company's Registrar and Transfer Agents M/s.Sathguru Management Consultants Private Limited.

**Unclaimed dividend**

In terms of Section 205A and 205C of the Companies Act, 1956, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unclaimed dividend account to the Investor Education and Protection Fund (IEPF)/ Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer to the Investor Education and Protection Fund. In compliance with Section 205A (6) & (7) of the Companies Act, 1956, the Company transferred on 27-11-2010 the unclaimed dividend amounting to ₹ 3,88,935 pertaining to the year 2002-2003 to the Investor Education and Protection Fund.

**Due dates for transfer of dividend unclaimed to IEPF**

Financial year	Type of dividend	Date of declaration	Amount of unclaimed dividend outstanding as on 31.3.2011 (₹)	Due date for transfer to IEPF
2003-2004	Final	25.09.2004	3,57,200.00	30.11.2011
2004-2005	Final	30.07.2005	3,40,120.00	04.10.2012
2005-2006	Final	31.08.2006	5,45,178.00	05.11.2013
2006-2007	Interim	21.03.2007	6,80,220.00	26.05.2014
2006-2007	Final	30.07.2007	3,74,726.80	04.10.2014
2007-2008	Final	31.07.2008	9,64,109.90	05.10.2015
2008-2009	Final	30-07-2009	9,29,284.80	04.10.2016
2009-2010	Final	10-08-2010	10,26,478.70	15.10.2017

## Top ten shareholders of the Company as on March 31, 2011

Sl. No.	Name of the shareholder	Number of shares	% of shareholding
1.	Blackstone GPV Capital Partners Mauritius V-A Ltd	25,399,699	9.90
2.	HSBC Global Investment Funds MauritiusLtd-GDR	18,900,000	7.37
3.	A V S R Holdings Private Limited	17,967,167	7.00
4.	Government Pension Fund Global	17,518,719	6.83
5.	HDFC Trustee Company Limited/HDFC Top 200	10,278,099	4.01
6.	Rekha Jhunjhunwala	8,950,000	3.49
7.	Reliance Capital Trustee Co. Ltd-Reliance Long term Equity Fund	6,923,529	2.70
8.	ICICI Prudential Life Insurance Company Ltd	6,251,489	2.44
9.	Copthall Mauritius Investment Limited	6,228,247	2.43
10.	Reliance Life Insurance Company Ltd	6,200,208	2.42

### Corporate benefits to investors

Bonus issue of fully paid-up equity shares in the 2006-07 in the ratio of 1:1

### Investor's correspondence

#### Physical/Electronic mode

Sathguru Management Consultants Pvt. Ltd.,

Plot No 15, Hindi Nagar,  
Punjagutta, Hyderabad 500034

Phone: 040-30160333

Fax: 040-40040554

Email- [sta@sathguru.com](mailto:sta@sathguru.com)

### Shareholders general correspondence

Secretarial Department,  
41, Nagarjuna Hills, Punjagutta,  
Hyderabad-500082,

Phone : 040-23255200

Fax : 040-23356260

E-Mail : [ho.secr@nccltd.in](mailto:ho.secr@nccltd.in)

### Compliance with Clause 5 A of the Listing Agreement

As per Clause 5A (II) of the Listing Agreement, three reminders were issued for shares issued in physical form in both public issue and Bonus issue, which remain unclaimed. These shares will be transferred to 'Unclaimed Suspense Account' in due course.

### Compliance with Clause 49 Mandatory requirements

The Company complied with all the applicable mandatory requirements of Clause 49 of the listing agreement and is also submitting a quarterly compliance report duly certified by compliance officer of the company to the stock exchanges within the time frame prescribed under regulations.

### Non-mandatory requirements

■ The Company constituted the HR and Compensation Committee of the Board of Directors. Necessary details are provided under the section "HR and Compensation Committee of the Board."

■ As a measure of good corporate governance practice, the Company has appointed M/s.KSR&Co, Practicing Company Secretaries to conduct Secretarial Audit of records and documents of the Company.

■ The Company did not adopt other non-mandatory requirements.

## Declaration of compliance with the Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct for Board members and senior management personnel in respect of the financial year ended March 31, 2011.

For NCC Limited

Place: Hyderabad

Date: May 30, 2011

A. A. V. Ranga Raju  
Managing Director

## Chief Executive Officer and Chief Financial Officer Certification

### Under Clause 49 of The Listing Agreement with the Stock Exchanges

In relation to the Audited Financial Accounts of the Company as at March 31, 2011, we hereby certify that

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad  
Date: 30th May, 2011

**A.A.V. Ranga Raju**  
*Managing Director*  
*(Chief Executive Officer)*

**R. S. Raju**  
*Sr. Vice President (F&A)*  
*(Chief Financial Officer)*



## Auditors Certificate on Corporate Governance

**M. Bhaskara Rao & Co.**  
*Chartered Accountants*  
5D, Fifth Floor  
6-3-352, Somajiguda  
Hyderabad – 500 082

**Deloitte Haskins & Sells**  
*Chartered Accountants*  
1-8-384 & 385, 3rd Floor  
Gowra Grand, S.P.Road  
Secunderabad – 500 003

To the members of  
**NCC Limited** (formerly Nagarjuna Construction Company Ltd.)

We have examined the compliance of conditions of Corporate Governance by NCC Limited (formerly Nagarjuna Construction Company Ltd.), for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the condition of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness, with which the management has conducted the affairs of the Company.

For **M. Bhaskara Rao & Co.**  
*Chartered Accountants*  
(Regn. No. 000459S)

For **Deloitte Haskins & Sells**  
*Chartered Accountants*  
(Regn. No. 008072S)

**M. V Ramana Murthy**  
*Partner*  
Membership No. 206439

**Ganesh Balakrishnan**  
*Partner*  
Membership No. 201193

Place: Hyderabad  
Date: May 30, 2011

## Corporate Secretarial Audit Report

The Members,  
NCC Limited,  
41, Nagarjuna Hills,  
Hyderabad – 500 082

We have conducted, the Secretarial Audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by the NCC Limited (the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our examination of the registers, records, books and papers of the Company as required to be maintained as per the following Acts, Regulations, Guidelines, Rules made there under and the Memorandum and Articles of Association of the Company and the compliances required to be made in respect of the same by the Company for the financial year 2010-2011 ended on 31st March 2011(the period).

1. The Companies Act, 1956 and the Rules made under that Act;
2. The Depositories Act, 1996 and the SEBI (Depositories and Participants) Regulations, 1996;
3. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made under that Act; and
  - e. The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the Debt Listing Agreements with National Stock Exchange of India Limited.
- A. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents and authorized representatives during the conduct of our Secretarial Audit, we report in respect of the aforesaid period, the Company has complied with reference to the Companies Act, 1956, and all Rules and Regulations made there under, as reported hereunder :
  - a. The Company has maintained the statutory registers and has made necessary entries therein;
  - b. The Company has filed forms, returns, documents required to be filed with the Registrar of Companies and Central Government wherever applicable;
  - c. The Company has properly effected service of documents on its Members, Stock Exchanges where its shares and debentures are listed;
  - d. The Board of Directors of the Company is duly constituted and retirement by rotation and re-appointment of directors have been properly made.
  - e. The Managing Director and Whole-time Directors of the Company have been properly appointed and the remuneration paid to them are within the statutory limits.
  - f. The Company has not appointed any person whose appointment requires obtaining necessary approvals from the Board of Directors, members and previous approval of the Central Government pursuant to Section 314 of the Act wherever applicable

- g. The Company has properly served the notice of Board meetings and Committee meetings of Directors and has properly convened and conducted the meetings;
  - h. The Company has properly passed resolutions by circulation and properly recorded the same;
  - i. The Company has properly closed its Register of Members;
  - j. The Company has complied with the provisions of Section 217 as regards disclosure of information in the Report of the Board of Directors.
  - k. The Company has properly convened and held the Annual General Meeting on August 10, 2010;
  - l. The proceedings of the meetings of the Board of Directors, Committees of the Board, the Executive Committee and also the meeting of the members have been properly minuted;
  - m. The Company has obtained the approvals of the Members, the Board of Directors, the Committees of Directors and Regulatory Authorities, wherever required;
  - n. The appointment of Statutory Auditors have been properly made and remuneration paid as per terms of appointment;
  - o. The Company has properly effected the transfers and transmissions of the Company's shares, issue and allotment of debt securities and issue and delivery of duplicate certificates of shares;
  - p. The declaration and payment of dividends has been properly made including the transfer of certain amounts as required under the Act to the Investor Education and Protection Fund;
  - q. Borrowings and registration, modification and satisfaction of charges have made properly made;
  - r. Investment of the Company's funds including inter corporate loans and investments and loans to others including giving guarantees in connection with loans taken by subsidiaries and associate companies have been properly made;
  - s. The balance sheet and the profit and loss account and the disclosures in the notes on accounts confirms to Schedule VI to the Act have been properly made;
  - t. The name of the Company has been properly changed from Nagarjuna Construction Company Limited to NCC Limited and the publication of name of the Company is proper;
  - u. The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings/ debenture holdings and directorships in other companies and interests in other entities;
  - v. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being Independent and compliance with the Company's Code of Conduct and Code of Conduct for Prevention of Insider Trading.
  - w. The Company has generally complied with all the applicable provisions of the Act and the Rules and Regulations made there under and has also obtained the necessary approvals where ever applicable therein.
- B. We further report that the Company has complied with the provisions of the Depositories Act, 1996 with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
- C. We further report that:
- a. the Company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, Debt Listing Agreement with National Stock Exchange of India Limited;

- b. the Company has complied with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 in respect of issue of Debt Securities;
  - c. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
  - d. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations; and
- D. No prosecution was initiated against or show cause notice received by the Company or by its Directors and Officers and no fines or penalties were imposed on the Company during the year under review under the Companies Act, 1956 Securities and Exchange Board of India Act, 1992, Securities Contracts (Regulation) Act, 1956, Depositories Act, 1956, Listing Agreements executed with the Stock Exchanges in which shares of the Company are listed and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers.

for **KSR & Co.**,  
*Company Secretaries*

Place: Coimbatore,  
Date: 30th May, 2011

**Dr.K.S.Ravichandran**  
*Managing Partner.*  
(FCS:3675; CP:2160)

# Auditors' Report

The members of

**NCC LIMITED**

(Formerly Nagarjuna Construction Company Limited)

1. We have audited the attached Balance Sheet of NCC Limited (Formerly Nagarjuna Construction Company Limited) as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed thereto, in which are incorporated the returns from Oman and Nepal branches and certain Joint Ventures ("the Branches") audited by other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Branches not visited by us. The Branch Auditors Reports have been forwarded to us and appropriately dealt with;
- c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the Branches;
- d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
  - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

for **M. Bhaskara Rao & Co.**  
*Chartered Accountants*  
(Registration No. 000459S)

**M V Ramana Murthy**  
*Partner*  
Membership No. 206439

Hyderabad, May 30, 2011

for **Deloitte Haskins & Sells**  
*Chartered Accountants*  
(Registration No. 008072S)

**Ganesh Balakrishnan**  
*Partner*  
Membership No. 201193

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - (b) The fixed assets were physically verified during the year by the management in accordance with a programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventories:
  - (a) According to the information and explanations given to us, the Management has physically verified the inventory during the year. In our opinion, having regard to the nature of business and location of stocks, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has granted secured or unsecured loans repayable as per the terms, aggregating ₹ 1147.06 million to six parties during the year covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 5558.68 million (seven parties) and the year end balance of the loans granted to such parties was ₹ 5476.10 million (seven parties).
  - (b) In our opinion and according to the information given to us, the terms and conditions of such loans are prima facie not prejudicial to the interests of the Company.
  - (c) The receipts of principal amounts and interest have been regular during the year.
  - (d) Based on the revised contractual terms in respect of inter corporate loans, there are no overdue amounts.
  - (e) According to the information and explanations given to us, the Company has not taken loans, secured or unsecured from Companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs (iii) (e) (f) and (g) of CARO are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal system.
- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in section 301 that need to be entered in to the register, maintained under the said section have been so entered.
  - (b) In our opinion, the transactions (excluding loans reported under paragraph (iii) above) exceeding the value of ₹ 5 lakhs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, where such market prices are available.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, the provisions of para 4(vi) of CARO are not applicable to the Company.
- (vii) In our opinion, the internal audit function carried out during the year by firms of Chartered Accountants appointed by the management have been commensurate with the size of the company and the nature of its business.

## Annexure to the Auditors' Report (Contd.)

(viii) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any of the products or activity of the company.

(ix) In respect of statutory dues:

(a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it

with the appropriate authorities during the year.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, details of disputed, income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess which have not been deposited as on March 31, 2011 on account of any dispute are given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ in Million)
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	Hon'ble High Court of Andhra Pradesh	1994-95	1.67
	Sales Tax	Sales Tax Appellate Tribunal	1999-00	1.23
	Sales Tax	Sales Tax Appellate Tribunal	2000-01	5.93
	Sales Tax	Sales Tax Appellate Tribunal	2002-03	1.27
	Sales Tax	Sales Tax Appellate Tribunal	2003-04	14.27
Uttar Pradesh Value Added Tax Act, 2008	Sales Tax	Appellate Deputy Commissioner Appeal 1	2007-08	10.53
	Sales Tax	Additional Commissioner of Sales Tax (Appeals)	2008-09	72.07
Assam Value Added Tax act, 2003	Sales Tax	Deputy Commissioner of Sales tax (Appeals)	2005-06	144.41
Jharkand Value Added Tax Act, 2005	Sales Tax	Commissioner of Commercial taxes	2005-06	11.58
	Sales Tax	Commissioner of Commercial taxes	2006-07	8.67
	Sales Tax	Commissioner of Commercial taxes	2007-08	7.99
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	Hon'ble High Court of Tamil Nadu.	2006-07	4.36
The Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise, Tirupathi	1997-98	28.23
	Excise Duty	CESTAT, Bangalore	2008-09	1.17
Finance Act, 1994	Service Tax	CESTAT, Bangalore	2005-06	24.05
	Service Tax	Hon'ble High Court of Andhra Pradesh	2005-11	83.77
	Service Tax	CESTAT, Bangalore	2007-09	207.90

## Annexure to the Auditors' Report (Contd.)

- (x) The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions and debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares and debentures and other securities. Accordingly, the provisions of para 4(xii) of the CARO are not applicable to the Company.
- (xiii) In our opinion, the Company is not a Chit Fund or a Nidhi or Mutual Benefit Fund/Society. Accordingly, the provisions of clause 4(xiii) of CARO are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments. Accordingly, the provisions of para 4(xiv) of the CARO are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have, prima facie, not been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of share during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us and records examined by us, securities have been created in respect of the debentures issued.
- (xx) During the year covered by our audit report, the company has not raised any money by public issues.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

for M. Bhaskara Rao & Co.  
*Chartered Accountants*  
(Registration No. 000459S)

**M V Ramana Murthy**  
*Partner*  
Membership No. 206439

Hyderabad, May 30, 2011

for Deloitte Haskins & Sells  
*Chartered Accountants*  
(Registration No. 008072S)

**Ganesh Balakrishnan**  
*Partner*  
Membership No. 201193



## Balance Sheet as at March 31, 2011

(₹ in million)

	Schedule	As at March 31, 2011		As at March 31, 2010	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	I	513.17		513.17	
Reserves and Surplus	II	23,273.64		21,943.39	
			<b>23,786.81</b>		<b>22,456.56</b>
<b>Loan Funds</b>					
Secured Loans	III	13,120.65		10,499.26	
Unsecured Loans	IV	11,720.01		4,802.56	
			24,840.66		15,301.82
Deferred Tax Liability (Net) (Refer note 10 of II of Schedule IX)			307.60		254.90
<b>Total</b>			<b>48,935.07</b>		<b>38,013.28</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	V	9,230.46		7,560.92	
Less : Depreciation / Amortization		2,485.11		2,022.75	
Net Block		6,745.35		5,538.17	
Capital Work in Progress		469.42		434.17	
			7,214.77		5,972.34
Investments	VI		12,007.98		9,411.67
<b>Current Assets, Loans and Advances</b>					
Inventories	VII	8,960.28		7,539.45	
Sundry Debtors		14,536.01		12,994.55	
Cash and Bank Balances		1,397.14		1,996.76	
Other Current Assets		92.89		32.01	
Loans and Advances		24,469.03		18,519.92	
		49,455.35		41,082.69	
Less : Current Liabilities and Provisions	VIII				
Liabilities		19,030.64		17,496.59	
Provisions		712.39		956.83	
		19,743.03		18,453.42	
<b>Net Current Assets</b>			<b>29,712.32</b>		<b>22,629.27</b>
<b>Total</b>			<b>48,935.07</b>		<b>38,013.28</b>
Accounting Policies and Notes on Accounts	IX				

Schedules referred to above form an integral part of the accounts

In terms of our report attached

For M. BHASKARA RAO & CO.  
Chartered Accountants

For DELOITTE HASKINS & SELLS  
Chartered Accountants

For and on behalf of the Board

M. V. Ramana Murthy  
Partner

Ganesh Balakrishnan  
Partner

M. V. Srinivasa Murthy  
Company Secretary &  
Sr. V.P (Legal)

A. A. V. Ranga Raju  
Managing Director

Place: Hyderabad  
Date: May 30, 2011

R. S. Raju  
Sr. Vice President (F&A)

A. G. K. Raju  
Executive Director

## Profit and Loss Account for the year ended March 31, 2011

(₹ in million)

	Schedule	Year ended March 31, 2011		Year ended March 31, 2010	
<b>INCOME</b>					
Turnover	A	50,737.32		47,778.22	
Other Income	B	146.43		537.29	
			50,883.75		48,315.51
<b>EXPENDITURE</b>					
Construction and Other Expenses	C	42,221.15		40,133.11	
Establishment Expenses	D	3,639.81		2,804.17	
Interest and Financial Charges	E	1,681.64		1,322.42	
Depreciation / Amortization	V	685.31		525.45	
			48,227.91		44,785.15
<b>Profit Before Tax</b>			2,655.84		3,530.36
Provision for Taxation					
– Current Tax*		968.64		1,105.29	
– Deferred Tax		52.70		98.92	
*[including ₹ 47.79 million (31.03.2010 ₹ 40.56 million) of earlier years]			1,021.34		1,204.21
<b>Profit After Tax</b>			1,634.50		2,326.15
Balance in Profit and Loss Account brought forward			2,552.91		1,735.72
Balance Available for Appropriation			4,187.41		4,061.87
<b>Appropriations</b>					
Debenture Redemption Reserve		400.00		100.00	
Proposed Dividend		256.58		333.56	
Dividend Tax		41.63		55.40	
Transfer to General Reserve		750.00		1,000.00	
Transfer to Contingency Reserve		20.00		20.00	
			1,468.21		1,508.96
<b>Balance carried to Balance Sheet</b>			2,719.20		2,552.91
<b>Earnings per share of face value of ₹ 2/- each.</b>					
Basic and Diluted (Refer Note 14 of II of Schedule IX)			6.37		9.50
Accounting Policies and Notes On Accounts	IX				

Schedules referred to above form an integral part of the accounts

In terms of our report attached

For M. BHASKARA RAO & CO.  
Chartered Accountants

For DELOITTE HASKINS & SELLS  
Chartered Accountants

For and on behalf of the Board

M. V. Ramana Murthy  
Partner

Ganesh Balakrishnan  
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M. V. Srinivasa Murthy  
Company Secretary &  
Sr. V.P (Legal)

A. A. V. Ranga Raju  
Managing Director

Place: Hyderabad  
Date: May 30, 2011

R. S. Raju  
Sr. Vice President (F&A)

A. G. K. Raju  
Executive Director

## Cash Flow Statement for the year ended March 31, 2011

(₹ in million)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>A) Cash Flow from operating activities</b>		
Net Profit before tax	2,655.84	3,530.36
<u>Adjustments for</u>		
Depreciation / Amortisation	685.31	525.45
Loss on Sale of Fixed Assets	24.61	9.55
Profit on Sale of Fixed Assets	(48.63)	(6.48)
Interest and financial charges	1,681.64	1,322.42
Profit on Sale of Investment	(34.00)	(495.60)
Dividend Income	(27.14)	–
<b>Operating Profit before Working Capital Changes</b>	<b>4,937.63</b>	<b>4,885.70</b>
<u>Adjustments for changes in</u>		
Trade and Other Receivables	(5,716.85)	(5,075.96)
Inventories	(1,420.83)	(43.99)
Trade Payables and Other Liabilities	1,459.88	1,775.15
Cash from/(used in) Operations	(740.17)	1,540.90
Taxes paid	(1,600.31)	(1,302.40)
<b>Net Cash from/(used in) operating activities</b>	<b>(2,340.48)</b>	<b>238.50</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets and other capital expenditure	(2,092.19)	(1,789.98)
Proceeds from sale of Fixed Assets	188.47	162.43
Investment in subsidiaries	(2,528.20)	(2,147.60)
Investment in other companies	(81.13)	(401.08)
Loans to subsidiaries, associates and other corporates	(1,394.29)	(1,305.13)
Foreign Exchange Translation adjustment (arising on translation of Foreign branch transactions)	0.97	52.46
Interest received	826.48	635.54
Proceeds from sale of Investment	136.14	1,121.36
Tax paid on Sale of Investment	–	(91.37)
<b>Net Cash used in Investing Activities</b>	<b>(4,943.75)</b>	<b>(3,763.37)</b>

## Cash Flow Statement (Contd.)

(₹ in million)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from Issue of Shares	–	3,579.53
Proceeds from Issue of Debentures	1,992.99	1,000.00
Long Term Funds borrowed	2,621.39	635.43
Unsecured Loans - Banks (repaid)/ borrowed (net)	4,917.45	1,227.56
Interest paid	(2,458.53)	(1,971.81)
Dividend and Dividend Tax paid	(388.69)	(294.13)
<b>Net Cash from Financing Activities</b>	<b>6,684.61</b>	<b>4,176.58</b>
<b>Net change in cash and cash equivalents (A+B+C)</b>	<b>(599.62)</b>	<b>651.71</b>
Cash and Cash Equivalents as at April 1 (Opening Balance)	1,996.76	1,345.05
Cash and Cash Equivalents as at March 31 (Closing Balance)	1,397.14	1,996.76

**Note:** 1) The Cash Flow Statement is prepared in accordance with the indirect method stated in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.

2) Cash and Cash Equivalents consist of cash and bank balances which include ₹ 88.76 million (31.03.2010 : ₹ 240.56 million) in Margin money Deposits lodged with Banks against letters of guarantee issued and ₹ 5.22 Million (31.03.2010 ₹ 4.95 Million) in Unclaimed Dividend Account.

3) Figures in brackets represent cash outflows.

4) Notes on accounts stated in Schedule IX form an integral part of the Cash Flow Statement.

### In terms of our report attached

For **M. BHASKARA RAO & CO.**  
*Chartered Accountants*

For **DELOITTE HASKINS & SELLS**  
*Chartered Accountants*

For and on behalf of the Board

**M. V. Ramana Murthy**  
*Partner*

**Ganesh Balakrishnan**  
*Partner*

**M. V. Srinivasa Murthy**  
*Company Secretary &  
Sr. V.P (Legal)*

**A. A. V. Ranga Raju**  
*Managing Director*

Place: Hyderabad  
Date: May 30, 2011

**R. S. Raju**  
*Sr. Vice President (F&A)*

**A. G. K. Raju**  
*Executive Director*

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in million)

		As at March 31, 2011	As at March 31, 2010
Schedule	<b>I SHARE CAPITAL</b>		
<b>Authorised :</b>			
300,000,000 Equity Shares of ₹ 2/- each (31.03.2010 : 300,000,000 Equity Shares of ₹ 2/- each)		600.00	600.00
<b>Issued :</b>			
256,833,810 Equity Shares of ₹ 2/- each (31.03.2010 : 256,833,810 Equity Shares of ₹ 2/- each)		513.67	513.67
<b>Subscribed and Paid up :</b>			
256,583,810 Equity Shares of ₹ 2/- each fully paid up (31.03.2010 : 256,583,810 Equity Shares of ₹ 2/- each)		513.17	513.17
<b>Of above:</b>			
(a) 1,000,000 Equity Shares of ₹ 2/- each were allotted in 1990-91 as fully paid Equity Shares pursuant to a contract without payment being received in cash			
(b) 103,368,530 Equity Shares of ₹ 2/- each were allotted in 2006-07 as fully paid up Bonus shares in the ratio of 1:1 by capitalising ₹ 206.74 million from General Reserve			
<b>Total</b>		<b>513.17</b>	<b>513.17</b>

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in million)

	As at March 31, 2011		As at March 31, 2010	
Schedule II RESERVE AND SURPLUS				
<b>Capital Reserve</b>				
As per last Balance Sheet		54.33		54.33
<b>Securities Premium</b>				
As per last Balance Sheet	14,656.36		11,100.43	
Add : On shares issued	–		3,618.03	
	14,656.36		14,718.46	
Less : Debenture / Share Issue Expenses (Net of Deferred Tax Asset of ₹ Nil (31.03.2010: ₹ 31.85 million))	7.01		62.10	
		14,649.35		14,656.36
<b>Debenture Redemption Reserve</b>				
As per last Balance Sheet	350.00		250.00	
Add : Transfer from Profit and Loss Account	400.00		100.00	
		750.00		350.00
<b>Contingency Reserve</b>				
As per last Balance Sheet	200.00		180.00	
Add : Transfer from Profit and Loss Account	20.00		20.00	
		220.00		200.00
Foreign Currency Translation Reserve		(83.83)		(84.80)
<b>General Reserve</b>				
As per last Balance Sheet	4,214.59		3,214.59	
Add : Transfer from Profit and Loss Account	750.00		1,000.00	
		4,964.59		4,214.59
Profit and Loss Account		2,719.20		2,552.91
<b>Total</b>		<b>23,273.64</b>		<b>21,943.39</b>

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in million)

	As at March 31, 2011		As at March 31, 2010	
<b>Schedule III SECURED LOANS</b>				
11.95% Redeemable, Non-convertible Debentures (Refer Note 3 A(a) of II of Schedule IX)	1,000.00		1,000.00	
10.50% Redeemable, Non-convertible Debentures (Refer Note 3 A(b) of II of Schedule IX)	1,000.00		1,000.00	
		2,000.00		2,000.00
<b>Loans From Banks :</b>				
Term Loans - Rupee Loan (Refer Note 3 A(d) of II of Schedule IX)	805.50		594.30	
Working Capital Demand Loan (Refer Note 3 A(e) of II of Schedule IX)				
– Rupee Loan	7,349.64		6,021.00	
– Foreign Currency Loan	1,250.22		478.39	
Cash Credit (Refer Note 3 A(e) of II of Schedule IX)	903.34		469.24	
		10,308.70		7,562.93
<b>From Others :</b>				
Term Loans (Refer Note 3 A(d) of II of Schedule IX)	763.31		895.37	
Vehicle Loans (Refer Note 3 A(f) of II of Schedule IX)	48.64		40.96	
		811.95		936.33
<b>Total</b>		<b>13,120.65</b>		<b>10,499.26</b>
Installments falling due within next 12 months		973.44		622.01

### Schedule IV UNSECURED LOANS

9.50% Redeemable, Non-convertible Debentures (Refer Note 3 B(b) of II of Schedule IX)		2,000.00		–
<b>Short Term Loans</b>				
From Banks		9,325.00		3,325.00
Commercial Paper	400.00		1,500.00	
Less: Unamortized Discount (Refer Note 3 B(a) of II of Schedule IX)	4.99		22.44	
		395.01		1,477.56
<b>Total</b>		<b>11,720.01</b>		<b>4,802.56</b>

## Schedules forming part of the Balance Sheet as at March 31, 2011

Particulars	Schedule V FIXED ASSETS (₹ in million)									
	GROSS BLOCK(AT COST)			DEPRECIATION/AMORTIZATION			NET BLOCK			
	As at March 31, 2010	Additions	Deductions/ Adjustments	As at March 31, 2011 <sup>2</sup>	Up to March 31, 2010	For the year	Deductions/ Adjustments	Up to March 31, 2011	As at March 31, 2011 <sup>2</sup>	As at March 31, 2010
Land	107.91	11.50	22.95	96.46	-	-	-	-	96.46	107.91
Buildings <sup>1</sup>	345.24	154.05	0.02	499.27	36.45	9.96	0.00	46.41	452.86	308.79
Plant and Machinery	3,592.10	967.79	181.78	4,378.11	700.32	194.34	74.55	820.11	3,558.00	2,891.78
Construction Accessories	1,508.48	741.58	131.69	2,118.37	822.50	271.61	115.12	978.99	1,139.38	685.98
Tools and Equipment	87.61	25.44	3.12	109.93	19.25	4.86	1.45	22.66	87.27	68.36
Office Equipment	237.42	53.66	2.86	288.22	109.48	27.04	2.04	134.48	153.74	127.94
Furniture and Fixtures	44.99	5.50	1.31	49.18	14.06	2.92	1.06	15.92	33.26	30.93
Construction Vehicles	1,255.99	23.59	28.90	1,250.68	201.64	136.23	21.61	316.26	934.42	1,054.35
Office Vehicles	365.97	71.51	16.15	421.33	111.76	36.40	8.50	139.66	281.67	254.21
Intangible Assets	15.21	3.70	-	18.91	7.29	3.33	-	10.62	8.29	7.92
<b>Total</b>	<b>7,560.92</b>	<b>2,058.32</b>	<b>388.78</b>	<b>9,230.46</b>	<b>2,022.75</b>	<b>686.69</b>	<b>224.33</b>	<b>2,485.11</b>	<b>6,745.35</b>	<b>5,538.17</b>
Less: Depreciation Capitalised						1.38				
Depreciation as per Profit and Loss Account						685.31				
As at March 31, 2010	6,232.78	1,638.34	310.20	7,560.92	1,640.62	526.83 <sup>4</sup>	144.70	2,022.75	5,538.17	4,592.16
Capital Work in Progress <sup>3</sup>	-	-	-	-	-	-	-	-	469.42	434.17

### Note :

- 1) Includes Lease Hold Improvements of ₹ 2.94 million (31.03.2010: ₹ 5.73 million) amortized over the period of lease.
- 2) Joint Venture Assets included in Gross Block of ₹ 493.58 million (31.03.2010: ₹ 570.25 million) and Net Block of ₹ 219.35 million (31.03.2010: ₹ 294.14 million).
- 3) Capital Work in Progress includes capital advances ₹ 12.57 million (31.03.2010: ₹ 66.29 million) and interest on borrowings capitalized during the year ₹ 4.98 million (31.03.2010: ₹ 4.78 million).
- 4) Includes depreciation capitalized during the financial year 2009-10 of ₹ 1.38 million



## Schedules forming part of the Balance Sheet as at March 31, 2011

Schedule	As at March 31, 2011		As at March 31, 2010	
	Nos.	₹ in million	Nos.	₹ in million
<b>Schedule VI INVESTMENTS</b>				
<b>Long Term (At Cost)</b>				
<b>In Trade Investments (Unquoted)</b>				
<b>A. IN SUBSIDIARIES</b>				
<i>In Equity Shares of ₹ 10/- each, fully paid up</i>				
NCC Infrastructure Holdings Limited (Purchased during the year 38746820 shares)	142998960	5,646.27	104252140	3,321.47
NCC Urban Infrastructure Limited <sup>1</sup>	120000000	1,200.00	120000000	1,200.00
NCC Vizag Urban Infrastructure Limited (Purchased during the year 125000 shares)	50000000	500.00	49875000	498.75
OB Infrastructure Limited <sup>2</sup>	7548281	745.78	7548281	745.78
Patnitop Ropeway & Resorts Limited (Purchased during the year 130000 shares)	2255300	22.56	2125300	21.25
Naftogaz Engineering Private Limited	50000	0.50	50000	0.50
Himachal Sorang Power Limited <sup>3</sup>	3400	0.03	3400	0.03
NCC Power Projects Limited (Purchased during the year 100000 shares)	150000	10.50	50000	0.50
NCC International Convention Centre Limited	1000000	10.00	1000000	10.00
NCC Oil & Gas Limited (Purchased during the year 40000 shares)	40000	0.40	–	–
<i>In Shares of Omani Rials one each fully paid up</i>				
Nagarjuna Construction Company Limited and Partners LLC, Oman <sup>4</sup>	150000	17.01	150000	17.01
Nagarjuna Construction Company International LLC, Oman	5100000	611.69	5100000	611.69
<i>In Shares of US \$ 10 each, fully paid up</i>				
NCC Infrastructure Holdings Mauritius PTE. Ltd. (Purchased during the year 15000 shares)	2191508	969.25	2176508	962.15
In Shares of 'AED' 1000 each fully paid up				
Nagarjuna Contracting Company Limited, LLC, Dubai <sup>5</sup>	300	3.44	300	3.44
<b>B. IN OTHER COMPANIES</b>				
<i>In Equity Shares of ₹ 10/- each, fully paid up (Unquoted)</i>				
Brindavan Infrastructure Company Limited <sup>6</sup> (Sold during the year 2500000 shares)	7499725	75.00	9999725	100.00
SNP Real Estates Private Limited	396875	3.97	396875	3.97
SNP Infrastructures Private Limited	7365453	73.65	7365453	73.65
SNP Developers and Projects Private Limited	533404	5.33	533404	5.33
SNP Ventures Private Limited (Purchased during the year 1276284 shares)	4066284	40.66	2790000	27.90
SNP Property Developers Private Limited (Purchased during the year 919400 shares)	1303400	13.03	384000	3.84
NAC Infrastructure Equipment Limited	1499900	15.00	1499900	15.00
Western UP Tollway Limited <sup>7</sup>	225000	2.25	225000	2.25
Jubilee Hills Land Mark Projects Limited	2500000	25.00	2500000	25.00
Bangalore Elevated Tollway Limited <sup>8</sup>	80400	0.80	80400	0.80
Tellapur Techno City Private Limited	14702600	147.03	14702600	147.03
Pondichery Tindivanam Tollway Limited <sup>9</sup>	1775250	168.53	1775250	168.53
Tellapur Town Centre Private Limited	2600	0.03	2600	0.03
Tellapur Tech. Park Private Limited	2600	0.03	2600	0.03
Paschal Form Work (I) Private Limited (Purchased during the year 780000 shares)	5486000	54.86	4706000	47.06
Paschal Technology (I) Private Limited (Purchased during the year 52000 shares)	546000	5.46	494000	4.94

## Schedules forming part of the Balance Sheet as at March 31, 2011

Schedule	As at March 31, 2011		As at March 31, 2010	
	Nos.	₹ in million	Nos.	₹ in million
<b>VI INVESTMENTS (Contd.)</b>				
<i>In Equity Shares of ₹ 25/- each, fully paid up (Unquoted)</i>				
Akola Urban Co-operative Bank Limited	4040	0.10	4040	0.10
<i>In Shares of 'AED' 1000 each fully paid up</i>				
Nagarjuna Facilities Management Services LLC, Dubai	147	1.72	147	1.72
<i>In 9% Redeemable cumulative Preference Shares of ₹ 100/- each fully paid up</i>				
Brindavan Infrastrucutre Company Limited <sup>6</sup> (Redeemed during the year 500000 shares)	–	–	500000	50.00
<i>In 2% Redeemable Preference Shares of ₹ 100/- each fully paid up</i>				
Jubilee Hills Land Mark Projects Limited	4274999	427.50	4274999	427.50
<i>In Debentures of ₹ 100/-, fully paid up (Unquoted)</i>				
Jubilee Hills Land Mark Projects Limited (Purchased during the year 2929075 debentures)	5092252	509.23	2163177	216.32
<i>In Debentures of ₹ 1/-, fully paid up (Unquoted)</i>				
Tellapur Techno City Private Limited (Purchased during the year 3267568 debentures)	701368092	701.37	698100524	698.10
<b>C. OTHER INVESTMENTS (Quoted)</b>				
<i>In Equity Shares of ₹ 10/- each, fully paid up</i>				
NCC Finance Limited (Value ₹ 90)	9	–*	9	–*
<b>Total</b>		<b>12,007.98</b>		<b>9,411.67</b>
Aggregate amount of Quoted Investments		-		-
Aggregate amount of Unquoted Investments		12,007.98		9,411.67
Aggregate market value of Quoted Investments		–*		–*

\* Market value of ₹ 30.24 (31.03.2010: ₹ 22.00)

### Note:

- Of these 36,000,000 (31.03.2010: 36,000,000) equity shares aggregating to ₹ 360.00 million (31.03.2010: ₹ 360.00 million) have been pledged to Bank of India for the term loan availed by NCC Urban Infrastructure Limited. Further shares to the extent of 83,400,000 (31.03.2010: 83,400,000) aggregating in value to ₹ 834.00 million (31.03.2010: ₹ 834.00 million) are subject to non-disposal undertaking furnished and under lien with the bank.
- The shares are subject to non-disposal undertaking furnished in favour of consortium of bankers for term loans availed by OB Infrastructure Limited
- Of these 2, 652 (31.03.2010: 2,652) equity shares aggregating in value to ₹ 0.02 million (31.03.2010: ₹ 0.02 million) have been pledged with Axis Bank and 748 (31.03.2010: 748) equity shares aggregating in value to ₹ 0.01 million (31.03.2010: ₹ 0.01 million) have been pledged with IDBI Trustee Ship Services Limited for the term loan availed by Himachal Sorang Power Limited.
- Of these 45,000 (31.03.2010: 45,000) equity shares are held by the joint venture partner under trust for NCC Limited (formerly Nagarjuna Construction Company Limited)
- Of these 153 (31.03.2010: 153) equity shares are held by the joint venture partner under trust for NCC Limited (formerly Nagarjuna Construction Company Limited)
- Of these 7,499,725 (31.03.2010: 9,999,725) equity shares aggregating ₹ 74.99 million (31.03.2010: ₹ 99.99 million) and Nil (31.03.2010: 500,000) redeemable cumulative preference shares aggregating Nil (31.03.2010: ₹ 50.00 million) have been pledged in favour of Infrastructure Development Finance Company Limited for the term loan availed by Brindavan Infrastructure Company Limited
- Of these 224,600 (31.03.2010: 224,600) equity shares aggregating in value to ₹ 2.25 million (31.03.2010: ₹ 2.25 million) have been pledged to the consortium of bankers for the term loan availed by Western UP Tollway Limited
- Of these 40,800 (31.03.2010: 40,800) equity shares aggregating in value to ₹ 0.40 million (31.03.2010: ₹ 0.40 million) have been pledged to the consortium of bankers for the term loan availed by Bangalore Elevated Tollway Limited
- Of these 95,696 (31.03.2010: 95,696) equity shares aggregating in value to ₹ 9.57 million (31.03.2010: ₹ 9.57 million) have been pledged to IDBI Trustee Ship Services Limited and 83,416 (31.03.2010: 83,416) equity shares aggregating to ₹ 5.73 million (31.03.2010: ₹ 5.73 million) have been pledged to Axis Bank for the term loan availed by Pondichery - Tindivanam Tollway Limited

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in million)

	As at March 31, 2011	As at March 31, 2010
Schedule VII CURRENT ASSETS, LOANS AND ADVANCES		
<b>A. CURRENT ASSETS</b>		
<b>i) Inventories</b>		
Materials	3,497.62	3,225.56
Finished Goods	4.89	4.89
Work-in-progress	5,121.45	3,978.15
Property Development Cost (Refer Note 4 of II of Schedule IX)	336.32	330.85
a)	8,960.28	7,539.45
<b>ii) Sundry Debtors (Unsecured)</b>		
Over Six months		
Considered Good	3,959.47	2,611.31
Considered Doubtful	65.00	50.00
	4,024.47	2,661.31
Others, Considered Good	10,576.54	10,383.24
	14,601.01	13,044.55
Less : Provision for doubtful debts	65.00	50.00
b)	14,536.01	12,994.55
<b>iii) Cash and Bank Balances : (Refer Note 5 of II of Schedule IX)</b>		
<b>Cash on hand</b>	12.35	12.45
<b>Bank Balance :</b>		
In Current Accounts		
With Scheduled Banks (includes ₹10.16 million (31.03.2010: ₹28.59 million) remittance in transit)	1,058.66	1,636.07
With Others	18.35	84.10
In Deposit Accounts		
With Scheduled Banks		
Margin Money Deposits (Lodged with Banks against Guarantees / letters of credit issued)	93.52	240.56
Fixed Deposits	213.10	17.86
With Others	1.16	5.72
c)	1,397.14	1,996.76
<b>OTHER CURRENT ASSETS</b>		
Interest Accrued on Deposits	92.89	32.01
d)		

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in million)

	As at March 31, 2011		As at March 31, 2010	
Schedule VII CURRENT ASSETS, LOANS AND ADVANCES (Contd.)				
<b>B. LOANS AND ADVANCES</b>				
(Unsecured and Considered good unless otherwise stated) (Refer Note 6 of II of Schedule IX)				
Advances to				
Subsidiaries	5,406.10		4,328.85	
Associates	70.58		10.05	
Other Body Corporates	339.77		82.68	
(Includes ₹ 64.81 million (31.03.2010: ₹ 62.68 million) secured by equitable mortgage of immovable properties of a body Corporate)				
		5,816.45		4,421.58
Advances to Suppliers, Sub-contractors and Others (Refer Note 7 of II of Schedule IX)				
Considered Good	7,756.91		5,295.02	
Considered Doubtful	78.50		61.00	
	7,835.41		5,356.02	
Less : Provision for doubtful advances	78.50		61.00	
		7,756.91		5,295.02
Advances recoverable in cash or in kind or for value to be received		1,095.55		554.82
Advance towards Share Application Money		211.80		273.78
Retention Money		6,690.00		5,528.04
Deposits with Clients and Others		441.05		434.47
Prepaid Expenses		122.35		118.70
Advance Taxes and Tax Deducted at Source (Net of Provisions of ₹ 2,441.20 million (31.03.2010: ₹ 2,142.32 million))		2,334.92		1,893.51
e)		24,469.03		18,519.92
<b>Total (a + b + c + d + e)</b>		<b>49,455.35</b>		<b>41,082.69</b>

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in million)

	As at March 31, 2011	As at March 31, 2010
Schedule VIII CURRENT LIABILITIES AND PROVISIONS		
a) LIABILITIES		
Sundry creditors		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 8 of II of Schedule IX)	34.10	6.34
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	8,279.35	9,051.41
Mobilisation Advance	5,463.69	4,793.18
Material Advance	922.83	452.88
Advances from Customers/Others	732.73	180.05
Liability towards Investor Education and Protection Fund (Represents unclaimed dividend required to be transferred to the said fund on completion of seven years. No such amount is due as on the Balance Sheet date)	5.22	4.95
Other Liabilities	3,426.71	2,952.24
Interest Accrued but not due on loans	166.01	55.54
		19,030.64
		17,496.59
b) PROVISIONS		
Taxation (Net of Advance Taxes of ₹ 2,441.20 million (31.03.2010: ₹ 2,142.32 million))	194.86	385.12
Proposed Dividend	256.58	333.56
Dividend Tax	41.63	55.40
Employee Benefits	219.32	182.75
		712.39
		956.83
<b>Total</b>	<b>19,743.03</b>	<b>18,453.42</b>

## Schedules forming part of the Profit and Loss Account for the year ended March 31, 2011 (₹ in million)

	Year ended March 31, 2011		Year ended March 31, 2010	
<b>Schedule A TURNOVER</b>				
Project Division		50,656.93		47,637.17
Other Divisions		80.39		141.05
<b>Total</b>		<b>50,737.32</b>		<b>47,778.22</b>
<b>Schedule B OTHER INCOME</b>				
Profit on Sale of Long Term Trade Investments		34.00		495.60
Dividend from Long Term Trade Investments		27.14		–
Profit on Sale of Fixed Assets (Net)		24.02		–
Miscellaneous Income		61.27		41.69
<b>Total</b>		<b>146.43</b>		<b>537.29</b>
<b>Schedule C CONSTRUCTION AND OTHER EXPENSES</b>				
<b>Material Consumption</b>				
Cement	2,121.39		1,039.03	
Steel	7,575.37		7,883.55	
Bitumen	499.50		940.81	
Other Construction Material	8,339.67		7,685.57	
Stores and Spares	165.60		113.21	
		18,701.53		17,662.17
Power and Fuel		65.22		53.67
Sub-contractors Work Bills		13,786.04		12,713.68
Labour Charges		6,023.54		4,501.09
Transport Charges		756.72		798.19
Rates and Taxes				
Value Added Tax	1,011.35		1,160.51	
Service Tax	232.95		186.60	
		1,244.30		1,347.11
Repairs and Maintenance				
Machinery	679.60		599.66	
Others	86.81		74.07	
		766.41		673.73
Hire Charges for Machinery and others	1,030.33		995.62	
Technical Consultation	166.71		140.60	
Royalties, Seigniorage and Cess	239.06		174.23	
Watch and Ward	119.62		84.62	
Property Development Cost	4.20		33.50	
Other Expenses	454.76		547.40	
		2,014.68		1,975.97
<b>(Increase) / Decrease in Work-in-Progress / Finished Goods</b>				
Opening Balance (Net of ₹ Nil (31.03.2010: ₹ 164.39 million) on account of Projects taken over from Joint Ventures)	3,983.04		4,390.54	
Closing Balance	5,120.33	(1137.29)	3,983.04	407.50
<b>Total</b>		<b>42,221.15</b>		<b>40,133.11</b>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2011  
(₹ in million)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>Schedule D ESTABLISHMENT EXPENSES</b>		
(a) Employees Remuneration and Benefits		
Salaries and Other Benefits	2,216.96	1,666.85
Contribution to Provident Fund and Other Funds	184.36	120.72
Staff Welfare Expenses	37.11	53.72
<b>Total (a)</b>	<b>2,438.43</b>	<b>1,841.29</b>
(b) Administrative Expenses		
Rent	265.90	174.79
Rates and Taxes	27.72	46.12
Office Maintenance	106.51	78.76
Electricity Charges	41.91	36.40
Postage, Telegrams and Telephones	51.12	44.75
Travelling and Conveyance	300.58	225.24
Printing and Stationery	34.42	29.67
Insurance	40.73	33.71
Advertisement	19.23	8.68
Tender Documents	17.25	8.92
Legal and Professional Charges	58.82	42.59
Miscellaneous Expenses	88.92	67.52
Auditors' Remuneration	10.36	11.02
Directors' Sitting Fees	0.58	0.58
Bad Debts / Advances Written off	16.05	36.05
Provision for Doubtful Debts / Advances	32.50	42.00
Consultation Charges	81.48	54.60
Donations	7.30	18.41
Loss on Assets sold/discarded/written off (Net)	–	3.07
<b>Total (b)</b>	<b>1,201.38</b>	<b>962.88</b>
<b>Total (a + b)</b>	<b>3,639.81</b>	<b>2,804.17</b>

**Schedule E INTEREST AND FINANCIAL CHARGES**

Interest on		
Debentures	345.79	197.21
Term Loans	724.00	478.60
Working Capital Demand Loans and Cash Credit	893.70	746.26
Mobilisation Advance	294.60	243.19
Vehicle Loans	3.77	4.75
Others	62.68	73.79
	<b>2,324.54</b>	<b>1,743.80</b>
Less: Interest Capitalised	4.98	4.78
Less: Interest Income - from Bank and other Accounts - Gross (Tax Deducted at Source ₹ 83.58 million (2009-10 : ₹ 16.80 million))	887.36	637.75
	<b>1,432.20</b>	<b>1,101.27</b>
Financial Charges		
Commission on – Bank Guarantees	159.63	136.86
– Letters of Credit	59.72	62.75
Bank charges	30.09	21.54
	<b>249.44</b>	<b>221.15</b>
<b>Total</b>	<b>1,681.64</b>	<b>1,322.42</b>

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### I. SIGNIFICANT ACCOUNTING POLICIES

a) The Accounts have been prepared on accrual basis under historical cost convention in accordance with the Generally Accepted Accounting Principles in India and the provisions of the Companies Act, 1956.

#### b) Fixed Assets and Depreciation

Fixed Assets are stated at cost of acquisition, less accumulated depreciation thereon. Depreciation is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 except for construction accessories which are depreciated at 20% p.a. based on useful life determined by the Management. Leasehold improvements are amortised over the period of lease. Intangible assets are amortised over a period of five years

Fixed assets in joint venture operations, which are accounted to the extent of the Company's interest in the venture, are depreciated on Straight Line Method / Written Down Value Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or at higher rates as stated below:

	Description	Straight Line Method	Written Down Value Method
1)	Plant and Machinery	4.75%	15% - 25%
2)	Furniture and Fixtures	6.33%	10% - 20%
3)	Office Equipments	4.75%	15% - 25%
4)	Computers	16.21%	60%
5)	Tools and Equipments	4.75%	15% - 25%
6)	Construction Vehicles	–	15% - 25%
7)	Construction Accessories	20%	15% - 25%
8)	Office Vehicles	9.50%	15% - 25%

#### c) Borrowing Costs:

Borrowing Costs that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time i.e., more than 12 months to get ready for its intended use. All other borrowing costs are charged to revenue.

#### d) Impairment of Assets:

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

#### e) Investments:

Investments are classified as long term and current investments. Long Term Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

#### f) Inventories

##### Raw Materials:

Raw Materials, construction materials and stores & spares are valued at weighted average cost. Cost excludes refundable duties and taxes.

##### Work in Progress:

- i) Project Division: Work-in-Progress is valued at the contract rates less profit margin / estimates.
- ii) Light Engineering Division: Work-in-Progress is valued at lower of cost and net realisable value.



## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- iii) Property Development: Properties under development are valued at cost. Cost comprises all direct development expenditure, administrative expenses and borrowing costs. Land held for resale is valued at lower of cost and net realisable value.

#### Finished Goods:

Finished goods of Light Engineering Division are valued at lower of cost and net realisable value.

#### g) Employee Benefits

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 'Employee Benefits' notified by the Companies (Accounting Standards) Rules, 2006

#### Defined Benefit Plan

##### i) Gratuity

In accordance with the Payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible employees. Liability on account of gratuity is:

- covered partially through a recognised Gratuity Fund managed by Life Insurance Corporation of India and contributions are charged to revenue; and
- balance is provided on the basis of valuation of the liability by an independent actuary as at the year end.

##### ii) Compensated Absences

Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end.

In respect of Oman branch employees, end of service benefit is accrued in accordance with terms of employment. Employee entitlements to annual leave and gratuity are recognized on actual basis and charged to profit and loss account

#### Defined Contribution Plan

##### iii) Superannuation

The Company makes monthly contribution to an approved superannuation fund covered by a policy with Birla Sunlife Insurance Company Limited. The Company has no further obligation beyond the monthly contribution.

##### iv) Provident Fund

Contribution to Provident fund (a defined contribution plan) made to Regional Provident Fund Commissioner are recognised as expense.

#### h) Revenue Recognition

- i) Project Division: Revenue from construction contracts is recognised by reference to the percentage of completion of the contract activity. The stage of completion is determined by survey of work performed and / or on completion of a physical proportion of the contract work, as the case may be, and acknowledged by the contractee. Future expected loss, if any, is recognised as expenditure.

- ii) Property Development: Revenue is recognised when the Company enters into an agreement for sale with the buyer and all significant risks and rewards have been transferred to the buyer and there is no uncertainty regarding realisability of the sale consideration.

##### i) Joint Venture Projects:

- i) In respect of Joint Venture Contracts in the nature of jointly controlled operations, the assets controlled, liabilities incurred, the share of income and expenses incurred are recognized in the agreed proportions under respective heads in the financial statements.
- ii) Assets, Liabilities and Expenditure arising out of contracts executed wholly by the Company pursuant to a joint venture contract are recognised under respective heads in the financial statements. Income from the contract is accounted net of joint venturer's share under turnover in these financial statements.

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

iii) Share of turnover attributable to the Company in respect of contracts executed by the other joint venture partners pursuant to Joint Venture Agreement, is accounted under Turnover in these financial statements.

**j) Foreign exchange translation and foreign currency transactions**

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transactions. Gains and losses resulting from settlement of such transactions are recognised in the Profit and Loss account.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account.

Foreign branches are classified as non-integral foreign operations. Assets and Liabilities (both monetary and non-monetary) are translated at the closing rate at the year end. Income and expenses are translated at the monthly average rate at the end of the respective month. All resulting exchange differences are accumulated in a separate account 'Foreign Currency Translation Reserve' till the disposal of the net investments.

**k) Leases**

The Company's leasing arrangements are mainly in respect of operating leases for premises and construction equipment. The leasing arrangements range from 11 months to 10 years generally and are usually cancellable /renewable by mutual consent on agreed terms. The aggregate lease rents payable are charged as rent in the Profit and Loss Account.

**l) Taxes**

i) Current Tax: Provision for Current Tax is made based on taxable income computed for the year under the Income Tax Act, 1961.

ii) Deferred Taxes: Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred tax assets are recognized and carried forward only to the extent that there is a certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized

**m) Contingency Reserve**

The Company transfers to Contingency Reserve out of the Profit and Loss Appropriation Account such amounts as the Management considers appropriate based on their assessment to meet any contingencies relating to substantial expenditure incurred during the maintenance period of a contract, non-realisation of contract bills earlier recognised as income and claims, if any, lodged by the contractees or by sub-contractors or by any third party against the Company in respect of completed projects for which no specific provision has been made.

**n) Earnings per Share**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20, Earnings Per Share notified by the Companies (Accounting Standards) Rules, 2006. Basic earnings per equity share is computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti dilutive

**o) Provisions, Contingent Liabilities and Contingent Assets**

The Company recognises provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made in the notes on accounts when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognised nor disclosed in the financial statements.

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### II. NOTES ON ACCOUNTS

##### 1. Contingent liabilities not provided for:

- a) Letters of credit - ₹ 1,674.00 million (31-03-2010: ₹ 1,605.34 million).
- b) Counter Guarantees given to the Bankers – ₹ 23,719.43 million (31-03-2010: ₹ 20,216.47 million).
- c) Performance guarantees, given on behalf of Subsidiaries and Associates ₹ 39.66 million (31-03-2010: ₹ 39.66 million).
- d) Corporate Guarantees given to Banks and Financial institutions for financial assistance extended to Subsidiaries, Associates and Joint Ventures ₹ 15,286.62 million (31-03-2010: ₹ 16,911.20 million).
- e) Disputed income tax liability for which the Company preferred appeal ₹ Nil (31-03-2010: ₹ 73.38 million).
- f) Disputed sales tax liability for which the Company preferred appeal ₹ 315.01 million (31-03-2010: ₹ 134.85 million).
- g) Disputed central excise duty relating to cement plant, which was sold in earlier year, for which the Company has filed an appeal to CESTAT, Bangalore ₹ 29.73 million (31-03-2010: ₹ 29.73 million)
- h) Disputed central excise duty relating to clearance of goods of LED division in favour of Developers of SEZ, for which the Company has filed an appeal to CESTAT, Bangalore ₹ 1.17 million (31-03-2010: ₹ 1.17 million).
- i) Disputed service tax liability for which the Company preferred appeal ₹ 318.22 million (31-03-2010: ₹ 297.99 million)
- j) Disputed sole arbitrator award of ₹ 30.00 million in case of counter claim by Bhartiya Reserve Bank Note Mudran Private Limited, against which the Company has filed appeal before City Civil Court, Bangalore. (31-03-2010: ₹ 30.00 million)
- k) Claims against the Company not acknowledged as debts ₹ 3.63 million (31-03-2010: ₹ 3.63 million).
- l) Joint and several liability in respect of joint venture projects and liquidated damages in respect of delays in completion of projects – amount not ascertainable.
- m) Levy of labour cess @ 1% (w.e.f. July 2007) on the construction contracts executed by the Company in the State of Andhra Pradesh contested before the Hon'ble High Court of Andhra Pradesh - amount not ascertainable.
- n) Future Export commitments on account of import of machinery and equipments at concessional rate of duty under EPCG scheme is ₹ 517.90 million (31-3-2010: ₹ 534.05 million).

##### 2. Capital commitments :

(₹ in million)

Particulars	As at March 31,	
	2011	2010
i) Estimated amount of unexecuted capital contracts [net of advances ₹ 12.57 million (₹ 24.51 million)]	72.17	311.75
ii) Commitment towards investment in companies [net of advances ₹ 17,909.87 million (₹ 14,044.19 million)]	12,206.87	7,411.78

##### 3. Loan Funds

###### A. Secured Loans

###### a) 11.95% Redeemable Non Convertible Debentures:

- i) 11.95% Redeemable Non Convertible Debentures numbering to 1,000 having a face value of ₹ 1 million each aggregating to ₹ 1,000 million privately placed with Life Insurance Corporation of India are secured by first charge in favour of IDBI Trusteeship Services Limited, trustees to the debenture holders:
  - a) by way of hypothecation of the Company's movable properties specified in the Schedule-2 of Memorandum of Hypothecation dated 25th April, 2009;
  - b) first charge by way of equitable mortgage by deposit of title deeds of the Company's immovable property situated

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

at Gujarat as specified in first schedule to the Debenture Trust Deed dated 23rd April, 2009;

- c) equitable mortgage by deposit of title deeds of Company's immovable properties situated at Hyderabad, Bangalore, Mumbai and New Delhi as specified in Schedule-A of Declaration and Undertaking dated 25th April, 2009.
- ii) These debentures numbering to 1,000 having a face value of ₹ 1 million each aggregating to ₹ 1,000 million are to be redeemed at par in 3 instalments in the ratio of 25:25:50 commencing at the end of 3rd year from the date of allotment i.e., 4th February, 2012 onwards.

**b) 10.50% Redeemable Non Convertible Debenture:**

- i) 10.50% Redeemable Non Convertible Debentures numbering to 1,000 having a face value of ₹ 1 million each comprising of 10 Detachable and Separately Transferable, Redeemable Principle Parts ("STRPPS") aggregating to ₹ 1,000 million privately placed during the year with various banks & financial institution are secured by first charge in favour of IDBI Trusteeship Services Limited, trustees to the debenture holders, by way of equitable mortgage of the title deeds in respect of the company's immovable property situated at Kadi taluka, Mehasana district, Gujarat as specified in the first schedule to the Debenture Trust Deed dated 15th September, 2009 and by way of equitable mortgage by deposit of title deeds of the immovable properties of the Company and its subsidiary and its step-down subsidiaries, situated at Hyderabad as specified in Schedule-A to I of Declaration and Undertaking dated 12th October, 2009.
- ii) These debentures numbering to 1,000 having a face value of ₹ 1 million each comprising of 10 STRPPS aggregating to ₹ 1,000 million are to be redeemed at par in 3 instalments in the ratio of 30:30:40 commencing at the end of 3rd year from the date of allotment i.e., 24th July, 2012 onwards.

- c) The company has created debenture redemption reserve for both the above redeemable non-convertible debentures.

**d) Term Loans**

Term Loans availed from banks and others are secured by hypothecation of specific assets, comprising plant and machinery and construction equipment, acquired out of the said loans and personal guarantee of a Director.

- e) Working Capital Facilities: Cash Credit facilities and Working Capital Demand Loans from consortium of banks are secured by:

- i) Hypothecation against first charge on stocks, book debts and other current assets of the Company, both present and future, ranking parri passu with consortium banks
- ii) Hypothecation against first charge on all unencumbered fixed assets of the Project Division and Light Engineering Division of the Company both present and future ranking parri passu with consortium banks.
- iii) Equitable mortgage of three properties (Land & Buildings).
- iv) Personal guarantee of certain Directors.
- v) Working Capital Demand Loan in foreign currency is secured either/and or as:
  - Exclusive First hypothecation charge of project assets pertaining to the Al Amerat Quriyat road project.

- f) **Vehicle Loans:** Vehicle loans availed are secured by hypothecation of vehicles acquired out of the said loans.

**B. Unsecured Loan**

- a) Commercial Paper: Commercial paper represents ₹ 400 million (31.03.2010: ₹ 1,500 million) due within one year. The maximum amount of Commercial paper outstanding at any time during the year was ₹ 1,500 million (31.03.2010: ₹ 1,500 million).
- b) 9.50 % Unsecured Redeemable Non-Convertible Debentures:
  - i) 9.50 % Unsecured Redeemable Non-Convertible Debentures numbering to 500 having face value of ₹ 4 million each comprising of four (4) Detachable and Separately Transferable Redeemable principal parts ("STRPPS") of face value of ₹ 1 million each aggregating to ₹ 2,000 million privately placed during the year with ICICI Bank and Trust Investment Advisors Private Limited.

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- ii) These Debentures numbering to 500 having a face value of ₹ 4 Million each comprising of four (4) STRPPS aggregating to ₹ 2,000 Million are to be redeemed at par in four equated instalments commencing at the end of second year from the date of allotment i.e 11th August, 2012 onwards.
- iii) The company has created debenture redemption reserve for the above redeemable non-convertible debentures.

#### 4. Inventories

##### Property Development Cost

Property Development Cost includes ₹ 16.55 million (31-3-2010: ₹ 16.55 million) representing the cost of acquisition of land from a land owner, for which the Company holds General Power of Attorney to deal with such land including registration of the sale in the name of the Company.

#### 5. Cash and Bank balances

a) Cash on hand includes ₹ 0.61 million (31.03.2010: ₹ 0.24 million) held in foreign currency.

b) Balance with banks in current account & deposit account includes balance with non- scheduled banks as follows:

(₹ in million)

Bank	Balance as at		Maximum Balance any time during the year	
	31.03.2011	31.03.2010	2010-11	2009-10
<u>In Current account</u>				
Standard Chartered Bank, Oman	20.02	31.60	1277.77	561.71
Bank Muscat, Oman	0.66	1.44	106.63	126.35
Nepal SBI Ltd.	(0.01)	41.74	41.74	42.34
Urban Co-operative Bank	–	–	–	–
NDB Sri Lanka	(12.42)	6.95	48.17	6.95
Hatton National Bank PLC, Sri Lanka	10.10	2.37	81.71	2.37
<b>Total</b>	<b>18.35</b>	<b>84.10</b>	<b>–</b>	<b>–</b>
<u>In Deposit account –Margin Money Bank Muscat, Oman</u>				
	1.16	5.72	6.00	16.48
<b>Total</b>	<b>1.16</b>	<b>5.72</b>	<b>–</b>	<b>–</b>

#### 6. Particulars of Loans and Advances in the nature of loans as required by clause 32 of the Listing Agreement

(₹ in million)

Name of the Company	Balance as at		Maximum outstanding during	
	31.03.2011	31.03.2010	2010-11	2009-10
<b>A. Subsidiaries</b>				
NCC Urban Infrastructure Limited	3,344.13	2,635.66	3,378.64	2,635.66
NCC Vizag Urban Infrastructure Limited	819.19	719.59	829.96	719.59
NCC Power Projects Limited	603.77	513.94	605.72	513.94
OB Infrastructure Limited	112.25	112.26	112.25	112.26
Nagarjuna Contracting Company LLC	526.76	347.40	549.36	347.40
<b>B. Associates</b>				
Jubilee Hills Landmark Projects Limited	0.58	0.05	0.58	234.79
Himalayan Green Energy Private Limited.	70.00	10.00	70.00	10.00
<b>C. Advances in the nature of Loans where there is no repayment schedule</b>				
	64.81	62.68	64.81	62.68

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Particulars of Loans and Advances in the nature of loans as required by clause 32 of the Listing Agreement (Contd.)

(₹ in million)

Name of the Company	Balance as at		Maximum outstanding during	
	31.03.2011	31.03.2010	2010-11	2009-10
<b>D. Advances in the nature of Loans where no interest is charged or interest is below section 372A of Companies Act, 1956</b>				
NCC Blue Water Products Limited	64.81	62.68	64.81	62.68
Nagarjuna Contracting Company LLC	526.76	347.40	549.36	347.40
<b>E. Advances in the nature of Loans to firms / companies in which directors are interested:</b>				
NCC Blue Water Products Limited	64.81	62.68	64.81	62.68

7. **Loans and Advances** – Advances to Suppliers, Sub-contractors and others, include ₹ 2,256.50 million (31-3-2010: ₹ 1,431.79 million) representing amounts withheld by contractees.

8. Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the company and the required disclosures are given below:

(₹ in million)

	31.03.2011	31.03.2010
i) Principal amount remaining unpaid on 31st March, 2011	34.10	6.34
ii) Interest due thereon as on 31st March, 2011	0.08	0.03
iii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	–	–
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	–	–
v) Interest accrued and remaining unpaid as at 31st March, 2011	–	–
vi) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	–	–

#### 9. Employee Benefits

a) Liability for retiring gratuity as on March 31, 2011 is ₹ 78.79 million (31-3-2010: ₹ 48.72 million) of which ₹ 28.04 million (31-3-2010: ₹ 18.45 million) is funded with the Life Insurance Corporation of India. The balance of ₹ 50.75 million (31-3-2010: ₹ 30.27 million) is included in Provision for Gratuity. The Liability for Gratuity and Cost of Compensated absences has been actuarially determined and provided for in the books.

b) Details of the company's post-retirement gratuity plans for its employees including whole time directors are given below, which is certified by the actuary and relied upon by the auditors

#### Amount to be recognised in Balance Sheet

(₹ in million)

	Year ended 31.03.2011	Year ended 31.03.2010
Present Value of Funded Obligations	78.79	48.72
Fair Value of Plan Assets	(28.04)	(18.45)
Net Liability	50.75	30.27

**Note:** In accordance with the payment of Gratuity Act, 1972 the company provides for gratuity covering eligible employees.

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

The liability on account of gratuity is covered partially through a recognized Gratuity Fund managed by Life Insurance Corporation of India and balance is provided on the basis of valuation of the liability by an independent actuary as at the year end. The management understands that LIC's overall portfolio of assets is well diversified and as such, the long term return on the policy is expected to be higher than the rate of return on Central Government bonds.

#### Expenses to be recognized in statement of Profit and Loss account

(₹ in million)

	Year ended 31.03.2011	Year ended 31.03.2010
Current Service Cost	11.99	11.36
Past service cost	3.74	-
Interest on Defined Benefit Obligation	3.90	2.27
Expected Return on Plan assets	(2.70)	(2.62)
Net Actuarial Losses / (Gains) Recognised in Year	17.35	1.94
Total, included in "Employee Benefit Expenses"	34.28	12.94
Actual Return on Plan Assets	-	-

#### Reconciliation of benefit obligation and plan assets for the year

(₹ in million)

	Year ended 31.03.2011	Year ended 31.03.2010
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	48.72	37.82
Past Service Cost	3.74	-
Current Service Cost	11.99	11.36
Interest Cost	3.90	2.27
Actuarial Losses / (Gain)	17.35	1.94
Benefits Paid	(6.91)	(4.66)
Closing Defined Benefit Obligation	78.79	48.72
Opening Fair Value of Plan assets	18.45	10.96
Expected Return on Plan Assets	2.70	2.62
Actuarial Gain / (Losses)	-	-
Contributions by Employer	12.43	8.21
Benefits Paid	(5.54)	(3.34)
Closing Fair Value of Plan Assets	28.04	18.45
Expected Employer's Contribution Next Year	20.79	12.43

#### Summary of principal actuarial assumptions

	Year ended 31.03.2011	Year ended 31.03.2010
Discount rate (p.a)	8%	6%
Expected Rate of Return on Assets (p.a)	9.25%	9.25%
Salary Escalation Rate (p.a)	8%	12%
Attrition Rate	20%	20%

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- a) **Discount Rate:**  
The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.
- b) **Expected Rate of Return on Plan Assets:**  
This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.
- c) **Salary Escalation Rate:**  
The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

IV. Asset information	31.03.2011	31.03.2010
<b>Category of Assets</b>		
Insurer Managed Funds –Life Insurance Corporation of India	100%	100%
(Amount – ₹ in million)	28.04	18.45

Experience Adjustments	(₹ in million)			
	2010-11	2009-10	2008-09	2008-07
Defined Benefit Obligations	78.79	48.72	37.82	33.30
Plan Assets	28.04	18.45	10.96	5.91
Surplus/(Deficit)	(50.75)	(30.27)	(26.86)	(27.39)
Experience Adjustments on Plan Liabilities	–	–	–	–
Experience Adjustments on Plan Assets	2.70	2.62	–	–

#### 10. Deferred Tax

Deferred Tax Liability as at March 31, 2011 comprises the following:

	(₹ in million)	
	31.03.2011	31.03.2010
<b>(A) Deferred Tax Asset on timing differences due to:</b>		
a) Provision for Gratuity and Leave Encashment	56.18	44.68
b) Provision for Doubtful Debts/Advances	41.69	25.24
c) Issue Expenses	–	31.85
<b>Total</b>	<b>97.87</b>	<b>101.77</b>
<b>(B) Deferred Tax Liability on timing difference due to:</b>		
a) Depreciation	405.47	356.67
<b>Total</b>	<b>405.47</b>	<b>356.67</b>
<b>Net Deferred Tax Liability (B-A)</b>	<b>307.60</b>	<b>254.90</b>



## Schedules forming part of the Accounts

Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

### 11. Related Party Transactions

Following is the list of related parties and relationships:

Sl. no.	Particulars	Sl. no.	Particulars
<b>A) Subsidiaries</b>		49)	NCC – PNC
1)	NCC Infrastructure Holdings Limited	50)	NCC – SJRIPL
2)	NCC Urban Infrastructure Limited	51)	Himachal JV
3)	NCC Vizag Urban Infrastructure Limited	52)	NCC – KNR
4)	Nagarjuna Construction Co.Ltd and Partners LLC	53)	NCC – NEC – Maytas
5)	OB Infrastructure Limited	54)	NCC – VEE
6)	NCC Infrastructure Holdings Mauritius Pte. Limited	55)	NCC – MSKEL
7)	Nagarjuna Construction Co. International LLC	56)	NG – NCC
8)	Nagarjuna Contracting Co.LLC	<b>D) Associates</b>	
9)	Patnitop Ropeway and Resorts Limited	57)	Paschal Form Work (I) Private Limited
10)	Naftogaz Engineering Private Limited	58)	Paschal Technology (I) Private Limited
11)	NCC International Convention Centre Limited	59)	Nagarjuna Facilities Management Services LLC
12)	NCC Oil & Gas Limited	60)	Himalayan Green Energy Private Limited
<b>B) Step-down Subsidiaries</b>		61)	Jubilee Hills Landmark Projects Limited
13)	Liquidity Limited	62)	Varaprada Real Estates Private Limited
14)	Dhatri Developers & Projects Private Limited	63)	Machilipatnam Port Limited
15)	Sushanti Avenues Private Limited	64)	Tellapur Technocity (Mauritius)
16)	Sushruta Real Estates Private Limited	65)	Tellapur Technocity Private Limited
17)	PRG Estates Private Limited	66)	Tellapur Town Centre Private Limited
18)	Thrilekya Real Estates Private Limited	67)	Tellapur Tech Park Private Limited
19)	Varma Infrastructure Private Limited	68)	Gulbarga Airport Developers Private Limited
20)	Nandyala Real Estates Private Limited	69)	Shimoga Airport Developers Private Limited
21)	Kedarnath Real Estates Private Limited	<b>E) Key Management Personnel</b>	
22)	AKHS Homes Private Limited	70)	Dr AVS Raju
23)	JIC Homes Private Limited	71)	Sri AAV Ranga Raju
24)	Sushanthi Housing Private Limited	72)	Sri NR Alluri
25)	CSVS Property Developers Private Limited	73)	Sri JV Ranga Raju
26)	Vera Avenues Private Limited	74)	Sri AGK Raju
27)	Sri Raga Nivas Property Developers Private Limited	75)	Sri ASN Raju
28)	VSN Property Developers Private Limited	76)	Sri RN Raju
29)	M A Property Developers Private Limited	77)	Sri AVN Raju
30)	Vara Infrastructure Private Limited	<b>F) Relatives of Key Management Personnel</b>	
31)	Sri Raga Nivas Ventures Private Limited	78)	Smt. A.Neelavathi
32)	Mallelavanam Property Developers Private Limited	79)	Smt. A.Bharathi
33)	Sradha Real Estates Private Limited	80)	Smt.B.Kausalya
34)	Siripada Homes Private Limited	81)	Smt.A.Satyanarayanamma
35)	NJC Avenues Private Limited	82)	Smt.J.Sridevi
36)	NCC Urban Lanka (Private) Limited.	83)	Smt. Sowjanya
37)	Himachal Sorang Power Limited	84)	Smt. A.Arundathi
38)	Al Mubarakia Contracting Company LLC	<b>G) Enterprises owned or significantly influenced by key management personnel or their relatives</b>	
39)	Nelcast Enegr Corporation Limited	85)	NCC Blue Water Products Limited
40)	Samashti Gas Energy Limited	86)	Swetha Estates
41)	NCC Power Projects Limited*	87)	R.R.V. Infra Limited
42)	Western UP Tollway Limited*	88)	NCC Finance Limited
<b>C) Joint Ventures</b>		89)	Swetha Capital Private Limited
43)	Brindavan Infrastructure Company Limited	90)	Sirisha Memorial Charitable Trust
44)	Bangalore Elevated Tollway Limited	91)	Shyamala Agro Farms Private Limited
45)	Pondicherry Tindivanam Tollway Limited	92)	Ranga Agri Impex Private Limited
46)	Premco – NCC	93)	NCC Foundation
47)	NCC – MAYTAS	94)	Suryakumari Abraham Memorial Foundation
48)	SDB – NCC – NEC	95)	Sirisha Projects Private Limited

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Related Party transactions during the year ended March 31, 2011 are as follows:

(₹ in million)

Sl. no.	Particulars	Subsidiaries	Associates	Joint Ventures	Key Management Personnel and relatives	Enterprises owned or significantly Influenced by Key Management Personnel or their Relatives
1)	Share / Debenture Application Money pending allotment	202.62 12.31	4.76 228.27	- -	- -	- -
2)	Investments	2,337.76 2,123.11	304.49 132.93	- 113.76	- -	- -
3)	Loans granted	1,064.16 1,707.11	60.00 23.20	- -	- -	- -
4)	Loan Repayment Received	1.83 181.78	- -	- -	- -	- -
5)	Advances granted / (received)	28.65 244.08	6.66 2.21	0.17 230.79	- -	- (11.41)
6)	Purchase of Assets	- 35.80	-	-	-	-
7)	Redemption of Preference shares	- -	- -	50.00 -	- -	- -
8)	Buy back of shares by JCE	- -	- -	25.00 -	- -	- -
9)	Share of Profit/ (Loss)	- -	- -	(83.97) 62.03	- -	- -
10)	Works Contract Receipt	186.53 878.87	- -	1,288.26 1,984.74	- -	- -
11)	Other Operating Income	- 4.26	- -	- -	- -	- -
12)	Other Income	552.74 409.81	70.88 0.90	45.28 57.21	- -	- -
13)	Sub-Contract Jobs	159.11 74.76	- -	- -	- -	199.40 173.25
14)	Remuneration	- -	- -	- -	160.24 154.84	- -
15)	Rent paid/ (received)	- (0.53)	- -	- -	3.07 2.54	35.22 7.25
16)	Hire charges paid	253.08 422.64	- -	- -	- -	- -
17)	Other Expenses	559.85 612.94	- -	- -	- -	- -
18)	Donations	- -	- -	- -	- -	1.10 9.20
19)	Debit Balances outstanding as at 31.03.2011	-	-	-	-	-
	NCC Urban Infrastructure Limited	3,350.83 2,678.07	- -	- -	- -	- -
	NCC Vizag Urban Infrastructure Limited	819.19 719.59	- -	- -	- -	- -
	NCC Infrastructure Holdings Mauritius Pte.Limited	71.00 46.07	- -	- -	- -	- -

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Related Party transactions during the year ended March 31, 2011 are as follows:

(₹ in million)

Sl. no.	Particulars	Subsidiaries	Associates	Joint Ventures	Key Management Personnel and relatives	Enterprises owned or significantly Influenced by Key Management Personnel or their Relatives
	Nagarjuna Contracting Company LLC	526.76 <i>347.40</i>	-	-	-	-
	Nagarjuna Construction Company & Partners LLC	2.42 <i>2.42</i>	-	-	-	-
	Nagarjuna Construction Company International LLC	72.62 <i>44.94</i>	-	-	-	-
	OB Infrastructure Limited	112.26 <i>63.34</i>	-	-	-	-
	Himalayan Green Energy Private Limited	-	74.30 <i>14.30</i>	-	-	-
	NCC Power Projects Limited	603.77 <i>513.94</i>	-	-	-	-
	Himachal Sorang Power Limited	6.37 <i>5.81</i>	-	-	-	-
	Jubilee Hills Landmark Projects Limited	-	0.58 <i>1.18</i>	-	-	-
	RRV Infra Limited	-	-	-	-	15.26 <i>15.26</i>
	NCC Blue Water Products Limited	-	-	-	-	64.81 <i>62.68</i>
	Bangalore Elevated Tollway Limited	-	-	2.04 <i>61.72</i>	-	-
	Tellapur Technocity Private Limited	-	31.76 <i>31.76</i>	-	-	-
	Western UP Tollway Limited	212.43 <i>-</i>	-	- <i>21.02</i>	-	-
	Smt. Sowjanya	-	-	-	<i>1.00</i>	-
<b>20)</b>	<b>Credit Balances outstanding as at 31.03.2011</b>					
	Nagarjuna Contracting Company LLC	14.98 <i>13.20</i>	-	-	-	-
	Pondicherry Tindivanam Tollway Limited	-	-	48.73 <i>48.92</i>	-	-

Figures in italics represent previous year's figures

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year. (₹ in million)

Particulars	2010-11	2009-10
<b>Share / Debenture Application Money pending allotment</b>		
- OB Infrastructure Limited	-	4.31
- NCC Infrastructure Holdings Limited	201.76	-
- Jubilee Hills Landmark Projects Limited	-	221.38
<b>Investments</b>		
- NCC Infrastructure Holdings Limited	2,324.80	1,476.33
- Nagarjuna Construction Company International LLC	-	499.69
- Tellapur Technocity Private Limited	-	20.38
- Jubilee Hills Landmark Projects Limited	292.91	83.93
- Paschal Form Work (I) Private Limited	-	23.94
- Pondicherry Tindivanam Tollway Limited	-	113.76
<b>Loans Granted</b>		
- Nagarjuna Contracting Company LLC	179.36	519.42
- NCC Urban Infrastructure Limited	694.72	532.58
- Jubilee Hills Landmark Projects Limited	-	13.20
- Himalayan Green Energy Private Limited	-	10.00
- NCC Power Projects Limited	-	427.00
<b>Loan Repayment Received</b>		
- Nagarjuna Contracting Company LLC	-	172.02
- NCC Power Projects Limited	1.83	-
<b>Advances granted / (Received)</b>		
- Nagarjuna Contracting Company LLC	-	(8.52)
- Nagarjuna Construction Company International LLC	-	25.37
- OB Infrastructure Limited	-	150.74
- NCC. Infrastructure Holdings Mauritius Pte. Limited	24.93	31.22
- Himalayan Green Energy Private Limited	4.94	1.08
- Bangalore Elevated Tollway Limited	-	8.90
- Western UP Tollway Limited	-	103.15
- Pondicherry Tindivanam Tollway Limited	-	157.00
- NCC Power Projects Limited	8.56	-
- NCC Urban Infrastructure Limited	13.75	-
- NCC International LLC Oman	(19.19)	-
<b>Purchase of Assets</b>		
- NCC Urban Infrastructure Limited	-	35.80
<b>Share of Profit / (Loss)</b>		
- MAYTAS-NCC JV	10.13	-
- NG-NCC JV	(125.40)	31.98
- NCC-VEE JV	30.16	24.85

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year. (Contd.)

(₹ in million)

Particulars	2010-11	2009-10
<b>Work Contract Receipt</b>		
- NCC Urban Infrastructure Limited	83.58	204.55
- OB Infrastructure Limited	105.55	674.32
- Bangalore Elevated Tollway Limited	127.35	459.28
- Western UP Tollway Limited	269.26	636.25
- Pondicherry Tindivanam Tollway Limited	1,023.49	889.21
<b>Other Operating Income</b>		
- Nagarjuna Construction Company International LLC	-	4.26
<b>Other Income</b>		
- NG-NCC JV	45.28	57.21
- Jubilee Hills Landmark Projects Limited	65.38	-
- Himalayan Green Energy Private Limited	-	0.90
- NCC Urban Infrastructure Limited	357.47	279.10
- NCC Vizag Urban Infrastructure Limited	107.77	92.20
- NCC Power Projects Limited	73.59	-
<b>Sub Contract Jobs</b>		
- RRV Infra Limited	199.40	173.25
- NCC Urban Infrastructure Limited	159.12	74.76
<b>Rent paid/ (Received)</b>		
- Swetha Estates	5.89	5.41
- Shyamala Agro Farms Private Limited	-	1.60
- Smt. Sowjanya	1.53	1.37
- Mr. A.G.K. Raju	-	0.53
- Smt.A Arundathi	-	0.36
- NCC Urban Infrastructure Limited	-	(0.53)
- Sirisha Projects Private Limited	27.31	-
<b>Hire charges paid</b>		
- Nagarjuna Construction Company International LLC	253.08	422.64
<b>Other Expenses</b>		
- Nagarjuna Construction Company International LLC	559.85	612.94
<b>Donations</b>		
- NCC Foundation	1.10	9.20

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

12. The Company's interest in Jointly Controlled Entities as on March 31, 2011 and its proportionate share in the Assets, Liabilities, Income and Expenditure of the Jointly Controlled Entities as on March 31, 2011 are given below: *(₹ in million)*

Name of the Company	NCCL %	Subsidiary Company %	Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenditure
Bangalore Elevated Tollway Ltd.	0.45%	34.99%	3,269.52	3,269.52	6.00	-	207.22	468.13
	<i>0.45%</i>	<i>34.99%</i>	<i>3,235.93</i>	<i>3,235.93</i>	<i>31.23</i>	<i>52.73</i>	<i>0.05</i>	<i>0.63</i>
Brindavan Infrastructure Co.Ltd.	33.33%	-	524.61	524.61	-	-	200.09	158.44
	<i>33.33%</i>	<i>-</i>	<i>614.37</i>	<i>614.37</i>	<i>22.85</i>	<i>-</i>	<i>198.63</i>	<i>167.56</i>
Pondicherry Tindivanam Tollway Ltd.	25.04%	22.76%	1,544.46	1,544.46	-	62.19	-	0.04
	<i>25.04%</i>	<i>22.76%</i>	<i>1,239.93</i>	<i>1,239.93</i>	<i>40.87</i>	<i>414.42</i>	<i>0.59</i>	<i>0.38</i>

Figures in italics represent previous year's figures

13. **Segment Reporting:** The Company's operations predominantly consist of construction / project activities. Hence there are no reportable segments under Accounting Standard – 17. During the year under report, substantial part of the Company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary. The Company's operations outside India do not qualify as reportable segments as the operations are not material.

#### 14. Earning Per Share

Sl. no.	Particulars	2010-11	2009-10
a)	Net Profit after tax available for equity shareholders (₹ in million)	1,634.50	2,326.15
b)	Weighted Average number of equity shares for Basic EPS (Nos)	256,583,810	244,806,825
	Add: Adjustment for outstanding share options (Nos)	-	-
c)	Weighted Average number of equity shares for Diluted EPS (Nos)	256,583,810	244,806,825
d)	Face value per share (₹)	2.00	2.00
e)	Basic & Diluted EPS * (₹)	6.37	9.50

\* The company has no dilutive instruments during the year ended March 31, 2011. As such Dilutive Earnings per share equals to Basic Earnings per share.

#### 15. Auditors' Remuneration

*(₹ in million)*

Sl. no.	Particulars	2010-11	2009-10
a)	Statutory Audit fee	9.78	9.92
b)	Tax Audit fee	0.53	0.36
c)	Certification fee	0.05	0.20
d)	Other Services *	-	9.04
	<b>Total</b>	<b>10.36</b>	<b>19.52</b>

Excluding service tax and education cess thereon.

\* Professional charges of ₹ 8.50 million paid during the year ended March 31, 2010 in connection with issue of equity shares through Qualified Institutional Placement treated as share issue expenses and adjusted to securities premium account.

16. **Managerial Remuneration:** Remuneration to the Managing Director, Executive Director, Whole-time Directors and Non-Executive Directors. *(₹ in million)*

Particulars	2010-11	2009-10
Salaries	69.36	57.12
Perquisites	10.22	8.58
Commission	70.36	80.79
Sub-total	149.94	146.49
Sitting Fee	0.58	0.58
Contribution to Provident Fund & Superannuation Fund	10.30	8.35
<b>Total</b>	<b>160.82</b>	<b>155.42</b>

**Note:** The above figures does not include provision for gratuity and compensated absences liability actuarially valued as separate figures are not available

## Schedules forming part of the Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956			(₹ in million)
Particulars	2010-11	2009-10	
Profit before Taxation	2,655.84	3,530.36	
Add: Managerial Remuneration	160.24	154.84	
Provision for Doubtful Debts / Advances	32.50	42.00	
	2,848.58	3,727.20	
Less: Profit on Sale of Shares / Debentures	34.00	495.60	
Profit for the year as per Section 349	2,814.58	3,231.60	
Commission to Managing Director @1%	28.14	32.32	
Commission to Directors @1.5% (0.5% each)	42.22	48.47	
<b>Total</b>	<b>70.36</b>	<b>80.79</b>	

#### 17. Expenditure / Remittance in Foreign Currency

			(₹ in million)
Particulars	2010-11	2009-10	
On account of Travel	5.04	2.25	
On account of Material Purchases	6.94	224.40	
On account of Capital Goods	157.54	122.95	

#### 18. Remittance in foreign currencies for dividend

The company has not remitted any amount in foreign currencies on account of dividends during the year and does not have any information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made to/on behalf of non resident share holders. The particulars of dividend paid to non resident shareholders during the year ended March 31, 2011 are as under:

			(₹ in million)
Particulars	2010-11	2009-10	
a) Number of non-resident shareholders	900	1,115	
b) Number of equity shares held by them	901,202	58,223,215	
c) i) Amount of dividend paid (Gross) (₹ in million)	1.17	64.05	
ii) Tax deducted at source	–	–	
iii) Year to which dividend relates	2009-10	2008-09	

#### 19. Disclosure pursuant to Accounting Standard – 7 “Construction Contracts”

			(₹ in million)
Sl. no.	Particulars	2010-11	2009-10
1)	Amount of contract revenue recognised as revenue in the period	44,051.51	40,510.75
2)	Aggregate amount of costs incurred and recognised profits (less recognised losses) up to the reporting date	43,974.01	40,485.25
3)	Amount of advances received	6,359.87	3,851.44
4)	Amount of retention	6,690.00	4,120.64

## Schedules forming part of the Accounts

Schedule **IX** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

### 20. Consumption of Materials – Projects Division

(₹ in million)

	2010-11		2009-10	
	Qty. (Nos.)	Value	Qty. (Nos.)	Value
Value of Imported and Indigenous material Consumed and % of each to total consumption				
a) Raw Materials				
Imported		6.94	1.28%	224.40
Indigenous	100%	18,528.99	98.72%	17,324.56
b) Stores & Spares				
Imported	-	-	-	-
Indigenous	100%	165.60	100%	113.21

### 21. Derivative Instruments

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:  
(₹ in million)

	As at 31.03.2011		As at 31.03.2010	
	US Dollar Equivalent	INR Equivalent	US Dollar Equivalent	INR Equivalent
A. Amounts receivable in foreign currency on account of the following:				
Loans receivable	11.80	526.76	7.72	347.40
Advances receivable	3.27	145.96	2.79	125.44
B. Amounts payable in foreign currency on account of the following:				
Foreign Currency Loan	28.33	1250.22	10.52	478.39
Sundry Creditors	0.38	16.77	0.33	15.00

22. Figures of previous year have been regrouped / rearranged / reclassified wherever necessary to conform to the current year presentation.

Signatures to Schedules I to IX and A to E

For and on behalf of the Board

M. V. Srinivasa Murthy  
Company Secretary & Sr. V.P (Legal)

A. A. V. Ranga Raju  
Managing Director

R. S. Raju  
Sr. Vice President (F&A)

A. G. K. Raju  
Executive Director



## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No.

State Code :

Balance Sheet Date

### II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue

Bonus Issue

Right Issue

Private Placement/ Others  
(including share premium)

### III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities

Sources of Funds

Paid Up Capital

Share Application Money:

ESOP Outstanding

Unsecured Loans

Application of Funds

Net Fixed Assets

Net Current Assets

Accumulated Losses

Total Assets

Reserves and Surplus

Secured Loans:

Deferred Tax Liability

Investments

Misc. Expenditure

### IV Performance of the Company (Amount in ₹ Thousands)

Turnover

Profit / (Loss) before Tax

Earning per Share (₹)

Total Expenditure

Profit / (Loss) after Tax

Dividend Rate (%)

### V. Generic Names of Principal Products / Services of the Company (As per monetary terms)

ITC Code No. (ITC Code)

Not allotted

Product Description

Construction Activity

## Auditors' Report

THE BOARD OF DIRECTORS OF  
NCC LIMITED (Formerly Nagarjuna Construction Company Limited)

1. We have audited the attached Consolidated Balance Sheet of NCC Limited (Formerly 'Nagarjuna Construction Company Limited') ('the Company'), its subsidiaries and jointly controlled entities (collectively referred as 'the Group') as at March 31, 2011 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date both annexed thereto in which are incorporated the returns from the Oman and Nepal branches and certain Joint Ventures, audited by other auditors. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard-23 (Accounting for Investments in Associates in Consolidated Financial Statements) and jointly controlled entities accounted in accordance with Accounting Standard-27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) As stated in Note 2 (a) of II of Schedule X, the financial statements of one subsidiary and one jointly controlled entity have not been considered in preparation of consolidated financial statements, for reasons stated therein.  
(b) We did not audit the financial statements of certain subsidiaries and three jointly controlled entities, whose financial statements reflect Group's share of total assets of ₹ 13,528.48 million as at March 31, 2011, Group's share of total revenue of ₹ 10,263.01 million, Group's share of net cash flows of ₹ 656.08 million for the year ended on that date as considered in the Consolidated Financial Statements and associates whose financial statements reflect the Group's share of loss of ₹ 0.36 million for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and jointly controlled entities is based solely on the report of other auditors.
- (c) As stated in Note 2 (b) of II of Schedule X, the financial statements of two Jointly Controlled entities and a partnership firm, whose financial statement reflect Group's share of total assets of ₹ 1,205.91 million as at March 31, 2011, Group's share of total revenue of ₹ 3.74 million, Group's share of net cash flows of ₹ (29.82) million for the year ended on that date as considered in the Consolidated Financial statements on the basis of financial statements prepared by the management.
- (d) As stated in Note 2 (c) of II of Schedule X, the financial statements of six associates, whose financial statement reflect Group's share of profit of ₹ 8.20 million for the year then ended have been considered on the basis of financial statements prepared by the management.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard-21 (Consolidated Financial Statements), Accounting Standard-23 (Accounting for Investments in Associates in Consolidated Financial Statements), and Accounting Standard-27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries, joint ventures and associates and to the best of our information and according to the explanations given to us, subject to paragraph 3 (a), 3(c) and 3(d) above and note 16 of II of schedule X, in our opinion the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

for M. Bhaskara Rao & Co.  
Chartered Accountants  
(Registration No. 000459S)

M V Ramana Murthy  
Partner  
Membership No. 206439

Hyderabad, May 30, 2011

for Deloitte Haskins & Sells  
Chartered Accountants  
(Registration No. 008072S)

Ganesh Balakrishnan  
Partner  
Membership No. 201193

# Consolidated Balance Sheet as at March 31, 2011

(₹ in million)

	Schedule	As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	I	513.17	513.17
Reserves and Surplus	II	25,174.11	22,560.72
		25,687.28	23,073.89
Minority Interest		1,790.92	861.50
<b>Loan Funds</b>			
Secured Loans	III	32,946.78	26,634.48
Unsecured Loans	IV	12,793.97	5,884.13
		45,740.75	32,518.61
Deferred Tax Liability (Net) (Refer Note 15 of II of Schedule X)		311.34	261.29
<b>Total</b>		<b>73,530.29</b>	<b>56,715.29</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	V	20,971.16	12,789.76
Less : Depreciation / Amortization		4,032.91	2,947.69
Net Block		16,938.25	9,842.07
Capital Work in Progress		19,978.26	16,083.82
		36,916.51	25,925.89
<b>Goodwill on Consolidation</b>		1,514.55	281.99
<b>Investments</b>	VI	2,733.36	2,408.14
Deferred Tax Asset (Net) (Refer Note 15 of II of Schedule X)		0.94	0.62
<b>Current Assets, Loans and Advances</b>			
Inventories	VII	17,065.12	14,249.88
Sundry Debtors		17,280.41	15,906.37
Cash and Bank Balances		2,861.10	4,391.21
Other Current Assets		119.16	39.77
Loans and Advances		26,184.94	21,764.61
		63,510.73	56,351.84
Less : Current Liabilities and Provisions	VIII		
Liabilities		30,213.65	27,131.30
Provisions		932.57	1,121.95
		31,146.22	28,253.25
Net Current Assets		32,364.51	28,098.59
Miscellaneous Expenditure (To the extent not written off or adjusted)	IX	0.42	0.06
<b>Total</b>		<b>73,530.29</b>	<b>56,715.29</b>
<b>Accounting Policies And Notes On Accounts</b>	X		

Schedules referred to above form an integral part of the accounts

In terms of our report attached

For M. BHASKARA RAO & CO.  
Chartered Accountants

For DELOITTE HASKINS & SELLS  
Chartered Accountants

For and on behalf of the Board

M. V. Ramana Murthy  
Partner

Ganesh Balakrishnan  
Partner

M. V. Srinivasa Murthy  
Company Secretary &  
Sr. V.P (Legal)

A. A. V. Ranga Raju  
Managing Director

Place: Hyderabad  
Date: May 30, 2011

R. S. Raju  
Sr. Vice President (F&A)

A. G. K. Raju  
Executive Director

## Consolidated Profit and Loss Account for the year ended March 31, 2011

(₹ in million)

	Schedule	Year ended March 31, 2011		Year ended March 31, 2010	
<b>INCOME</b>					
Turnover	A	62,298.66		58,973.11	
Other Income	B	221.93		659.75	
			62,520.59		59,632.86
<b>EXPENDITURE</b>					
Construction and Other Expenses	C	49,357.20		48,036.06	
Establishment Expenses	D	5,791.68		4,347.81	
Interest and Financial Charges	E	2,763.74		2,211.38	
Depreciation / Amortization	V	1,360.33		965.65	
			59,272.95		55,560.90
<b>Profit Before Tax</b>			<b>3,247.64</b>		<b>4,071.96</b>
Provision for Taxation					
– Current Tax*		980.13		1,114.33	
– Deferred Tax		49.72		96.95	
*(including ₹ 47.89 million (31.03.2010: ₹ 40.56 million) of earlier years)			1,029.85		1,211.28
Profit After Tax Before Minority Interest			2,217.79		2,860.68
Share of (Profit) / Loss transferred to Minority Interest			(3.47)		27.03
Profit After Tax After Minority Interest			2,214.32		2,887.71
Share of Profit / (Loss) from Associate Companies (Net of Tax)			7.57		(60.28)
<b>Net Consolidated Profit</b>			<b>2,221.89</b>		<b>2,827.43</b>
Balance in Profit and Loss Account brought forward		2,901.75		1,823.85	
Less: Adjustment (Refer Note 16 of II of Schedule X)		6.30	2,895.45	224.39	1,599.46
Balance Available for Appropriation			5,117.34		4,426.89
<b>Appropriations</b>					
Debenture Redemption Reserve		400.00		100.00	
Proposed Dividend		256.58		333.56	
Dividend Tax		46.13		55.40	
Transfer to General Reserve		750.00		1,000.00	
Transfer to Legal Reserve		43.09		13.79	
Transfer to Reserve Fund		-		2.39	
Transfer to Contingency Reserve		20.00		20.00	
			1,515.80		1,525.14
<b>Balance carried to Balance Sheet</b>			<b>3,601.54</b>		<b>2,901.75</b>
Earnings per share of face value of ₹ 2/- each.					
Basic and Diluted (Refer Note 19 of II of Schedule X)			8.66		11.55
<b>Accounting Policies And Notes On Accounts</b>	X				

Schedules referred to above form an integral part of the accounts

In terms of our report attached

For M. BHASKARA RAO & CO.  
Chartered Accountants

For DELOITTE HASKINS & SELLS  
Chartered Accountants

For and on behalf of the Board

M. V. Ramana Murthy  
Partner

Ganesh Balakrishnan  
Partner

M. V. Srinivasa Murthy  
Company Secretary &  
Sr. V.P (Legal)

A. A. V. Ranga Raju  
Managing Director

Place: Hyderabad  
Date: May 30, 2011

R. S. Raju  
Sr. Vice President (F&A)

A. G. K. Raju  
Executive Director

## Consolidated Cash Flow Statement for the year ended March 31, 2011

(₹ in million)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>A) Cash Flow from operating activities</b>		
Net Profit before tax	3,247.64	4,071.96
<u>Adjustments for</u>		
Depreciation / Amortisation	1,360.36	965.78
Loss on Sale of Fixed Assets	8.88	9.85
Profit on Sale of Fixed Assets	(25.54)	(6.48)
Profit on Sale of Long term Investment	(11.05)	(511.41)
Interest and financial charges	2,763.74	2,211.38
Dividend from current investments	(1.91)	(0.52)
<b>Operating Profit before Working Capital Changes</b>	<b>7,342.12</b>	<b>6,740.56</b>
<u>Adjustments for changes in</u>		
Trade and Other Receivables	(5,354.22)	(7,516.58)
Inventories	(2,815.24)	(495.26)
Trade Payables and Other Liabilities	3,047.19	5,230.16
Cash from Operations	<b>2,219.85</b>	<b>3,958.88</b>
Taxes paid	(1,607.88)	(1,339.72)
<b>Net Cash from operating activities</b>	<b>611.97</b>	<b>2,619.16</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets and other capital expenditure	(9,451.65)	(8,524.80)
Proceeds from sale of Fixed Assets	401.28	583.23
Proceeds from Sale of Long term Investments	86.05	1,160.26
Investment in other companies including share application money	(74.47)	(242.17)
Advances to/(from) Associates & other body corporates	(322.33)	262.21
Foreign Exchange Translation adjustment ( arising on consolidation)	16.13	(155.40)
Interest received	490.28	286.26
Income from current investments	1.91	0.52
Tax paid on Sale of Investment	–	(91.37)
<b>Net Cash used in Investing Activities</b>	<b>(8,852.80)</b>	<b>(6,721.26)</b>

## Consolidated Cash Flow Statement (Contd.)

(₹ in million)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from Issue of Shares	–	3,751.61
Proceeds from Issue of Debentures	2,487.99	1,000.00
Share Application Money received from Minority Shareholders	271.08	–
Capital Grant received	245.89	144.42
Long Term Funds borrowed	2,450.30	3,020.74
Unsecured Loans - Banks borrowed-(net)	4,860.34	1,523.56
Interest paid	(3,216.19)	(2,504.51)
Dividend and Dividend Tax paid	(388.69)	(294.13)
<b>Net Cash from Financing Activities</b>	<b>6,710.72</b>	<b>6,641.69</b>
<b>Net change in cash and cash equivalents (A+B+C)</b>	<b>(1,530.11)</b>	<b>2,539.59</b>
Cash and Cash Equivalents as at April 1 (Opening Balance)	4,391.21	1,851.62
Cash and Cash Equivalents as at March 31 (Closing Balance)	2,861.10	4,391.21

**Note:** 1) The Consolidated Cash Flow Statement is prepared in accordance with the indirect method stated in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.

2) Cash and Cash Equivalents consist of cash and bank balances which include ₹ 161.57 million (31.03.2010: ₹ 276.07 million) in margin money deposits lodged with Banks against letters of guarantee issued and ₹ 5.22 million (31.03.2010: ₹ 4.95 million) in unclaimed dividend account.

3) Figures in brackets represent cash outflows.

4) Notes on accounts stated in Schedule X form an integral part of the Consolidated Cash Flow Statement.

### In terms of our report attached

For M. BHASKARA RAO & CO.  
*Chartered Accountants*

For DELOITTE HASKINS & SELLS  
*Chartered Accountants*

For and on behalf of the Board

M. V. Ramana Murthy  
*Partner*

Ganesh Balakrishnan  
*Partner*

M. V. Srinivasa Murthy  
*Company Secretary &  
Sr. V.P (Legal)*

A. A. V. Ranga Raju  
*Managing Director*

Place: Hyderabad  
Date: May 30, 2011

R. S. Raju  
*Sr. Vice President (F&A)*

A. G. K. Raju  
*Executive Director*

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011 (₹ in million)

		As at March 31, 2011	As at March 31, 2010
Schedule	<b>I SHARE CAPITAL</b>		
<b>Authorised :</b>			
300,000,000 Equity Shares of ₹ 2/- each (31.03.2010 : 300,000,000 Equity Shares of ₹ 2/- each)		600.00	600.00
<b>Issued :</b>			
256,833,810 Equity Shares of ₹ 2/- each (31.03.2010 : 256,833,810 Equity Shares of ₹ 2/- each)		513.67	513.67
<b>Subscribed and Paid up :</b>			
256,583,810 Equity Shares of ₹ 2/- each fully paid up (31.03.2010 : 256,583,810 Equity Shares of ₹ 2/- each)		513.17	513.17
<b>Of above:</b>			
(a) 1,000,000 Equity Shares of ₹ 2/- each were allotted in 1990-91 as fully paid Equity Shares pursuant to a contract without payment being received in cash			
(b) 103,368,530 Equity Shares of ₹ 2/- each were allotted in 2006-07 as fully paid up Bonus shares in the ratio of 1:1 by capitalising ₹ 206.74 million from General Reserve			
<b>Total</b>		<b>513.17</b>	<b>513.17</b>

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011 (₹ in million)

	As at March 31, 2011		As at March 31, 2010	
Schedule II RESERVE AND SURPLUS				
<b>Capital Reserve</b>				
As per Last Balance Sheet	311.07		166.65	
Add: Received during the year - Grant from NHAI	138.34		–	
	449.41		166.65	
Add: Share from Jointly Controlled Entities (Refer Note 3 (m) of I of Schedule X)	107.55		144.42	
		556.96		311.07
<b>Securities Premium</b>				
As per last Balance Sheet	14,656.36		11,100.43	
Add : On Shares issued	–		3,618.03	
Add : On Debentures issued	445.50		–	
	15,101.86		14,718.46	
Less : Debenture / Share Issue Expenses (Net of Deferred Tax Asset of ₹ Nil (31.03.2010: ₹ 31.85 million))	7.01		62.10	
		15,094.85		14,656.36
<b>Debenture Redemption Reserve</b>				
As per last Balance Sheet	350.00		250.00	
Add : Transfer from Profit and Loss Account	400.00		100.00	
		750.00		350.00
<b>Legal / Statutory Reserve</b>				
As per last Balance Sheet	39.85		29.48	
Add : Transfer from Profit and Loss Account	43.09		13.79	
Add / (Less) : On Account of Foreign Currency Fluctuation (Refer Note 5 of II of Schedule X)	(0.26)		(3.42)	
		82.68		39.85
<b>Reserve Fund Under Section 45 - IC of RBI Act, 1934</b>				
As per last Balance Sheet	2.39		–	
Add : Transfer from Profit and Loss Account	–		2.39	
		2.39		2.39
<b>Contingency Reserve</b>				
As per last Balance Sheet	200.00		180.00	
Add : Transfer from Profit and Loss Account	20.00		20.00	
		220.00		200.00
<b>Foreign Currency Translation Reserve</b>		(105.74)		(122.13)
<b>General Reserve</b>				
As per last Balance Sheet	4,221.43		3,221.43	
Add : Transfer from Profit and Loss Account	750.00		1,000.00	
		4,971.43		4,221.43
Profit and Loss Account		3,601.54		2,901.75
<b>Total</b>		<b>25,174.11</b>		<b>22,560.72</b>



## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011 (₹ in million)

	As at March 31, 2011		As at March 31, 2010	
<b>Schedule III SECURED LOANS</b>				
11.95% Redeemable, Non-convertible Debentures (Refer Note 6 A (a) of II of Schedule X)	1,000.00		1,000.00	
10.50% Redeemable, Non-convertible Debentures (Refer Note 6 A (b) of II of Schedule X)	1,000.00		1,000.00	
		2,000.00		2,000.00
<b>Loans From Banks :</b>				
Term Loans (Refer Note 6 A (d) of II of Schedule X)				
– Rupee Loan	13,534.91		8,285.41	
– Foreign Currency Loan	2,212.42		1,926.49	
Working Capital Demand Loan (Refer Note 6 A (e) of II of Schedule X)				
– Rupee Loan	7,349.65		6,021.00	
– Foreign Currency Loan	2,013.88		1,268.03	
Cash Credit (Refer Note 6 A (e) of II of Schedule X)				
– Rupee Loan	944.52		898.80	
– Foreign Currency Loan	708.91		774.23	
		26,764.29		19,173.96
<b>From Others :</b>				
Term Loans (Refer Note 6 A (d) of II of Schedule X)	763.30		895.37	
Vehicle Loans (Refer Note 6 A (f) of II of Schedule X)				
– Rupee Loan	51.48		53.85	
– Foreign Currency Loan	32.68		63.01	
		847.46		1,012.23
		29,611.75		22,186.19
Share from Jointly Controlled Entities		3,335.03		4,448.29
<b>Total</b>		<b>32,946.78</b>		<b>26,634.48</b>
<b>Schedule IV UNSECURED LOANS</b>				
9.50% Redeemable, Non-convertible Debentures (Refer Note 6 (B)(a) of II of Schedule X)		2,000.00		–
Zero Coupon Irredeemable Fully Convertible Debentures (Refer Note 6 (B)(b) of II of Schedule X)		49.50		–
<b>Short Term Loans</b>				
From Banks		10,349.28		4,406.57
Commercial Paper	400.00		1,500.00	
Less: Unamortized Discount (Refer Note 6 (B)(c) of II of Schedule X)	4.99		22.44	
		395.01		1,477.56
		12,793.79		5,884.13
Share from Jointly Controlled Entities		0.18		–
<b>Total</b>		<b>12,793.97</b>		<b>5,884.13</b>

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

Particulars	Schedule V FIXED ASSETS											
	GROSS BLOCK(AT COST)					DEPRECIATION/AMORTIZATION					NET BLOCK	
	As at March 31, 2010	Additions	Deductions/ Adjustments <sup>5</sup>	As at March 31, 2011 <sup>2</sup>	Up to March 31, 2010	For the year	Deductions/ Adjustments <sup>5</sup>	Up to March 31, 2011	As at March 31, 2011 <sup>2</sup>	As at March 31, 2010		
Land	607.93	1,354.01	3.94	1,958.00	-	-	-	-	1,958.00	607.93		
Buildings <sup>1</sup>	352.45	154.05	0.02	506.48	40.66	11.69	0.00	52.35	454.13	311.79		
Plant and Machinery	5,667.54	1,142.77	299.82	6,510.49	860.13	297.34	87.89	1,069.58	5,440.91	4,807.41		
Construction Accessories	2,032.66	883.85	192.18	2,724.33	965.88	387.82	139.15	1,214.55	1,509.78	1,066.78		
Tools and Equipment	118.86	34.78	4.14	149.50	22.03	6.99	1.57	27.45	122.05	96.83		
Office Equipment	322.04	85.54	6.49	401.09	125.63	37.54	2.24	160.93	240.16	196.41		
Furniture and Fixtures	69.46	14.45	1.26	82.65	20.75	5.71	0.60	25.86	56.79	48.71		
Construction Vehicles	2,180.23	70.02	114.12	2,136.13	362.21	243.49	46.24	559.46	1,576.67	1,818.02		
Office Vehicles	541.43	147.25	37.68	651.00	150.71	57.96	13.91	194.76	456.24	390.72		
Intangible Assets	15.21	4.41	-	19.62	7.29	3.35	-	10.64	8.98	7.92		
Sub-Total	11,907.81	3,891.13	659.65	15,139.29	2,555.29	1,051.89	291.60	3,315.58	11,823.71	9,352.52		
Share from Jointly Controlled Entities	881.95	4,957.41	7.49	5,831.87	392.40	315.85	(9.08)	717.33	5,114.54	489.55		
<b>Total</b>	<b>12,789.76</b>	<b>8,848.54</b>	<b>667.14</b>	<b>20,971.16</b>	<b>2,947.69</b>	<b>1,367.74</b>	<b>282.52</b>	<b>4,032.91</b>	<b>16,938.25</b>	<b>9,842.07</b>		
Less: Depreciation Capitalised (including JCE's ₹ 0.14 million (31.03.2010: ₹ 3.28 million))						7.41						
Depreciation as per Profit and Loss Account					1,360.33							
<b>As at March 31, 2010</b>	<b>11,406.40</b>	<b>2,158.02</b>	<b>774.66</b>	<b>12,789.76</b>	<b>2,163.11</b>	<b>972.64<sup>4</sup></b>	<b>188.06</b>	<b>2,947.69</b>	<b>9,842.07</b>	<b>9,243.29</b>		
Capital Work in Progress <sup>3</sup>	-	-	-	-	-	-	-	-	19,965.13	10,122.11		
Share from Jointly Controlled Entities	-	-	-	-	-	-	-	-	13.13	5,961.71		
<b>Total</b>									<b>19,978.26</b>	<b>16,083.82</b>		

### Note :

- 1) Includes Lease Hold Improvements of ₹ 2.94 million (31.03.2010: ₹ 5.73 million) amortized over the period of lease.
- 2) Joint Venture Assets included in Gross Block of ₹ 493.58 million (31.03.2010: ₹ 570.25 million) and Net Block of ₹ 219.35 million (31.03.2010: ₹ 294.14 million).
- 3) Capital Work in Progress includes capital advances ₹ 12.57 million (31.03.2010: ₹ 66.29 million) and interest and financial charges capitalized during the year ₹ 1438.04 million (31.03.2010: ₹ 930.11 million).
- 4) Includes depreciation capitalized during the financial year 2009-10 of ₹ 6.99 million
- 5) Includes Gross Block of ₹ 24.98 million (31.03.2010: ₹ 462.92 million) and Depreciation of ₹ 9.74 million (31.03.2010: ₹ 44.21 million) on account of foreign currency translation relating to overseas branch and subsidiaries.

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

	As at March 31, 2011		As at March 31, 2010	
	Nos.	₹ in million	Nos.	₹ in million
<b>Schedule VI INVESTMENTS</b>				
<b>I. Long Term (At Cost)</b>				
<b>A. In Trade Investments (Unquoted)</b>				
<b>(I) In Subsidiaries</b>				
<b>In Equity Shares of "LKR" 10/- each, fully paid up (Unquoted)</b>				
NCC Urban Lanka Private Limited (Value in ₹ 7) (Refer Note 2 (a) of II of Schedule X)	2	-	2	-
<b>(II) In Other Companies</b>				
<b>In Equity Shares of ₹ 10/- each, fully paid up (Unquoted)</b>				
SNP Real Estates Private Limited	396875	3.97	396875	3.97
SNP Infrastructure Private Limited	7365453	73.65	7365453	73.65
SNP Developers and Projects Private Limited	533404	5.33	533404	5.33
SNP Ventures Private Limited (Purchased during the year 1276284 shares)	4066284	40.66	2790000	27.90
SNP Property Developers Private Limited (Purchased during the year 919400 shares)	1303400	13.03	384000	3.84
NAC Infrastructure Equipment Limited	1499900	15.00	1499900	15.00
Himalayan Green Energy Private Limited	1000000	117.31	1000000	118.49
Jubilee Hills Land Mark Projects Limited	2500000	24.40	2500000	24.57
Tellapur Techno City Private Limited	14702600	-	14702600	-
Tellapur Town Centre Private Limited	2600	-	2600	-
Tellapur Tech. Park Private Limited	2600	-	2600	-
Paschal Form Work (I) Private Limited (Purchased during the year 780000 shares)	5486000	43.21	4706000	47.06
Paschal Technology (I) Private Limited (Purchased during the year 52000 shares)	546000	0.88	494000	4.94
Machilipatnam Port Limited (Sold during the year 10000 shares) <sup>1</sup>	1000	0.01	11000	0.11
Gulbarga Airport Developers Private Limited	3700	0.04	3700	0.04
Shimoga Airport Developers Private Limited	3700	0.04	3700	0.04
<b>In Equity Shares of ₹ 25/- each, fully paid up (Unquoted)</b>				
Akola Urban Co-operative Bank Limited	4040	0.10	4040	0.10
<b>In Shares of 'AED' 1000 each fully paid up</b>				
Nagarjuna Facilities Management Services, LLC, Dubai	147	3.89	147	3.99
<b>In Shares of US \$ one each fully paid up</b>				
Tellapur Technocity (Mauritius)	17140129	764.23	17140129	770.49
<b>In 2% Redeemable Preference Shares of ₹ 100/- each fully paid up</b>				
Jubilee Hills Land Mark Projects Limited	4274999	427.50	4274999	427.50
<b>In Debentures of ₹ 100/- each, fully paid up (Unquoted)</b>				
Jubilee Hills Land Mark Projects Limited (Purchased during the year 2929075 debentures)	5092252	509.23	2163177	216.32
<b>In Debentures of ₹ 1/- each, fully paid up (Unquoted)</b>				
Tellapur Techno City Private Limited (Purchased during the year 3267568 debentures)	701368092	544.37	698100524	522.24

(Contd.)

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

	As at March 31, 2011		As at March 31, 2010	
	Nos.	₹ in million	Nos.	₹ in million
Schedule VI INVESTMENTS (Contd.)				
(iii) Other Investments (Quoted)				
<b>In Equity Shares of ₹ 10/- each, fully paid up</b>				
NCC Finance Limited (Book Value ₹ 90)	9	-	9	-
<b>B. In Non - Trade Investments (Quoted)</b>				
IVR Prime Urban Developer Limited (Book Value ₹ 1,648)	10	-	10	-
Jaiprakash Power Ventures Limited (Book Value ₹ 688)	10	-	10	-
JSW Energy Limited (Book Value ₹ 1,053)	10	-	10	-
Reliance Industries Limited (Book Value ₹ 4,949)	5	0.01	5	0.01
Reliance Infrastructure Limited (Book Value ₹ 9,989)	10	0.01	10	0.01
Reliance Power Limited (Book Value ₹ 697)	5	-	5	-
<b>In Equity Shares of ₹ 2/- each, fully paid up</b>				
Gammon India Limited (Book Value ₹ 1,108)	5	-	5	-
Gammon Infrastructure Projects Limited (Book Value ₹ 256)	10	-	10	-
IVRCL Infrastructure & Projects Limited (Book Value ₹ 1,621)	10	-	10	-
Jaiprakash Associates Limited (Book Value ₹ 1,353)	10	-	10	-
Larsen & Toubro Limited (Book Value ₹ 7,936)	5	0.01	5	0.01
<b>In Equity Shares of ₹ 1/- each, fully paid up</b>				
GMR Infrastructure Limited (Book Value ₹ 275)	5	-	5	-
GVK Power & Infrastructure Limited (Book Value ₹ 444)	10	-	10	-
Hindustan Construction Company Limited (Book Value ₹ 678)	5	-	5	-
Patel Engineering Limited (Book Value ₹ 2,206)	5	-	5	-
<b>II. Short Term (At lower of cost or fair value)</b>				
<b>In Mutual Funds</b>				
Axis Treasury Advantage Fund (Purchased during the year)	100433782	100.44	-	-
		2,687.32		2,265.61
Share from Jointly Controlled Entities		46.04		142.53
<b>Total</b>		<b>2,733.36</b>		<b>2,408.14</b>

Aggregate amount of Quoted Investments	0.03	0.03
Aggregate amount of Unquoted Investments	2,733.33	2,408.11
Aggregate market value of Quoted Investments	0.03	0.04

**Note:**

- 1) Held on behalf of the buyer and are transferable on fulfillment of certain conditions

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011 (₹ in million)

	As at March 31, 2011		As at March 31, 2010	
Schedule VII	<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>A. CURRENT ASSETS</b>				
<b>i) Inventories</b>				
Materials	4,064.70		3,788.25	
Finished Goods	4.89		4.89	
Work-in-progress	9,183.60		7,040.84	
Property Development Cost (Refer Note 7 of II of Schedule X)	3,797.89		3,402.08	
		17,051.08		14,236.06
Share from Jointly Controlled Entities		14.04		13.82
	a)	17,065.12		14,249.88
<b>ii) Sundry Debtors (Unsecured) (Refer Note 8 of II of Schedule X)</b>				
Over Six months				
Considered Good	5,817.67		4,130.66	
Considered Doubtful	84.93		50.00	
	5,902.60		4,180.66	
Others, Considered Good	11,311.51		11,619.90	
	17,214.11		15,800.56	
Less : Provision for doubtful debts	84.93		50.00	
		17,129.18		15,750.56
Share from Jointly Controlled Entities		151.23		155.81
	b)	17,280.41		15,906.37
<b>iii) Cash and Bank Balances :</b>				
Cash on hand	16.37		20.68	
Bank Balance :				
In Current Accounts				
With Scheduled Banks	1,288.94		3,890.03	
With Others	1,118.58		84.10	
In Deposit Accounts				
With Scheduled Banks				
Margin Money Deposits (Lodged with Banks against Guarantees / letters of credit issued)	96.27		276.07	
Fixed Deposits				
With Others (Refer Note 11 of II of Schedule XI)	226.95		29.95	
	71.22		5.72	
		2,818.33		4,306.55
Share from Jointly Controlled Entities		42.77		84.66
	c)	2,861.10		4,391.21
<b>Other Current Assets</b>				
Interest Accrued on Deposits	99.15		32.01	
Share from Jointly Controlled Entities	20.01		7.76	
	d)	119.16		39.77

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011 (₹ in million)

	As at March 31, 2011		As at March 31, 2010	
Schedule VII CURRENT ASSETS, LOANS AND ADVANCES (Contd.)				
<b>B. LOANS AND ADVANCES</b>				
(Unsecured and Considered good unless otherwise stated)				
Advances to				
Associates				
(Net of Doubtful Advances ₹ 3.77 million (31.03.2010: Nil))	75.29		10.05	
Other Body Corporates	339.77		82.68	
(Includes ₹ 64.81 million (31.03.2010: ₹ 62.68 million) secured by equitable mortgage of immovable properties of a body Corporate)				
		415.06		92.73
Advances to Suppliers, Sub-contractors and Others				
Considered Good	12,225.05		9,907.37	
Considered Doubtful	78.50		61.00	
	12,303.55		9,968.37	
Less : Provision for doubtful advances	78.50		61.00	
		12,225.05		9,907.37
Advances recoverable in cash or in kind or for value to be received		1,386.39		817.14
Advance towards Share Application Money		18.37		342.84
Retention Money		8,184.97		6,947.47
Deposits with Clients and Others		933.10		1,007.91
Prepaid Expenses		483.59		471.61
Advance Taxes and Tax Deducted at Source (Net of Provision for taxes )		2,400.66		1,958.37
		26,047.19		21,545.44
Share from Jointly Controlled Entities		137.75		219.17
e)		26,184.94		21,764.61
<b>Total (a + b + c + d + e)</b>		<b>63,510.73</b>		<b>56,351.84</b>

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011 (₹ in million)

	As at March 31, 2011		As at March 31, 2010	
Schedule VIII	<b>CURRENT LIABILITIES AND PROVISIONS</b>			
a) LIABILITIES				
Sundry creditors				
– total outstanding dues of Micro Enterprises and Small Enterprises	34.10		6.34	
– total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	13,957.48		11,857.07	
Mobilisation Advance	7,550.30		7,985.24	
Material Advance	1,182.98		655.06	
Advances from Customers/Others	2,394.74		739.12	
Liability towards Investor Education and Protection Fund (Represents unclaimed dividend required to be transferred to the said fund on completion of seven years. No such amount is due as on the Balance Sheet date)	5.22		4.95	
Other Liabilities	4,697.03		5,504.38	
Interest Accrued but not due on loans	189.46		72.24	
		30,011.31		26,824.40
Share from Jointly Controlled Entities		202.34		306.90
	a)	30,213.65		27,131.30
b) PROVISIONS				
Taxation (Net of Advance Taxes)	237.84		432.53	
Proposed Dividend	256.58		333.56	
Dividend Tax	46.13		55.40	
Employee Benefits	367.48		285.15	
		908.03		1,106.64
Share from Jointly Controlled Entities		24.54		15.31
	b)	932.57		1,121.95
<b>Total (a + b)</b>		<b>31,146.22</b>		<b>28,253.25</b>

### Schedule IX MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)

Preliminary Expenses	0.06		0.19	
Add : Incurred during the year	0.39		–	
	0.45		0.19	
Less : Written off / Adjusted during the year	0.03		0.13	
<b>Total</b>		<b>0.42</b>		<b>0.06</b>

Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2011  
(₹ in million)

	Year ended March 31, 2011		Year ended March 31, 2010	
<b>Schedule A TURNOVER</b>				
Project Division		60,182.78		57,410.41
Other Divisions		1,710.72		1,363.06
		61,893.50		58,773.47
Share from Jointly Controlled Entities		405.16		199.64
<b>Total</b>		<b>62,298.66</b>		<b>58,973.11</b>
<b>Schedule B OTHER INCOME</b>				
Profit on Sale of Investment		11.05		511.41
Dividend from Current Investments		1.91		0.52
Profit on Sale of Fixed Assets (Net)		25.54		-
Miscellaneous Receipts		181.28		144.81
		219.78		656.74
Share from Jointly Controlled Entities		2.15		3.01
<b>Total</b>		<b>221.93</b>		<b>659.75</b>
<b>Schedule C CONSTRUCTION AND OTHER EXPENSES</b>				
<b>Material Consumption</b>				
Cement	2,333.85		1,924.83	
Steel	8,167.02		8,340.47	
Bitumen	501.27		1,135.31	
Other Construction Material	10,194.28		9,791.47	
Stores and Spares	303.95		159.10	
		21,500.37		21,351.18
Power and Fuel		79.71		65.48
Sub-contractors Work Bills		17,518.84		15,992.73
Labour Charges		6,234.10		4,988.03
Transport Charges		788.80		827.52
Rates and Taxes				
Value Added Tax	1,011.35		1,160.50	
Service Tax	232.94		186.60	
		1,244.29		1,347.10
<b>Repairs and Maintenance</b>				
Machinery	1,291.22		1,104.76	
Others	179.81		141.52	
		1,471.03		1,246.28
Hire Charges for Machinery and others	1,375.14		1,289.29	
Technical Consultation	208.94		149.04	
Royalties, Seigniorage and Cess	258.65		177.47	
Watch and Ward	128.71		90.46	
Property Development Cost	316.20		175.45	
Other Expenses	639.96		692.04	
		2,927.60		2,573.75
<b>(Increase) / Decrease in Work-in-Progress / Finished Goods</b>				
Opening Balance	9,427.20		9,135.10	
Closing Balance	11,814.46		9,427.20	
	(2,387.26)		(292.10)	
Less: Translation Difference	5.97		(8.88)	
		(2,393.23)		(283.22)
		49,371.51		48,108.85
Less: Transfer to Capital work in progress		14.31		72.79
<b>Total</b>		<b>49,357.20</b>		<b>48,036.06</b>



Schedules forming part of the Profit and Loss Account for the year ended March 31, 2011  
(₹ in million)

	Year ended March 31, 2011	Year ended March 31, 2010
Schedule <b>D</b> ESTABLISHMENT EXPENSES		
(a) Employees Remuneration and Benefits		
Salaries and Other Benefits	3,422.64	2,523.88
Contribution to Provident Fund and Other Funds	241.74	155.82
Staff Welfare Expenses	240.15	146.82
<b>Total (a)</b>	<b>3,904.53</b>	<b>2,826.52</b>
(b) Administrative Expenses		
Rent	446.93	332.93
Rates and Taxes	54.77	71.38
Office Maintenance	131.79	95.82
Electricity Charges	58.95	45.96
Postage, Telegrams and Telephones	78.85	66.15
Travelling and Conveyance	410.45	304.84
Printing and Stationery	48.68	40.82
Insurance	134.65	114.77
Advertisement	33.01	15.42
Tender Documents	41.76	29.46
Legal and Professional Charges	202.77	90.04
Miscellaneous Expenses	219.97	139.08
Auditors' Remuneration	13.72	13.42
Directors' Sitting Fees	0.61	0.62
Bad Debts / Advances Written off	16.05	36.05
Provision for Doubtful Debts / Advances	56.42	47.01
Consultation Charges	139.33	208.99
Donations	7.30	18.61
Loss on Assets sold/discarded/written off (Net)	8.88	3.37
Miscellaneous Expenditure written off		
Preliminary Expenses	0.03	0.13
<b>Total (b)</b>	<b>2,104.92</b>	<b>1,674.87</b>
<b>TOTAL (a + b)</b>	<b>6,009.45</b>	<b>4,501.39</b>
Share from Jointly Controlled Entities	78.77	58.40
	6,088.22	4,559.79
Less: Transfer to Capital work in progress	296.54	211.98
<b>Total</b>	<b>5,791.68</b>	<b>4,347.81</b>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2011  
(₹ in million)

	Year ended March 31, 2011		Year ended March 31, 2010	
Schedule <b>E</b> INTEREST AND FINANCIAL CHARGES				
<b>Interest</b>				
Debentures	345.79		197.21	
Term Loans	1,782.35		662.78	
Working Capital Demand Loans and Cash Credit	1,383.10		1,554.92	
Mobilisation Advance	294.61		243.19	
Vehicle Loans	9.55		12.78	
Others	227.58		70.94	
	4,042.98		2,741.82	
Less: Interest Income - from Bank and other Accounts - Gross (Tax Deducted at Source ₹ 83.58 million (2009-10 : ₹ 16.80 million))	569.67		287.07	
		3,473.31		2,454.75
<b>Financial Charges</b>				
Commission on - Bank Guarantees	270.29		216.62	
- Letters of Credit	88.75		119.46	
Bank Charges	136.60		79.59	
	495.64		415.67	
Share from Jointly Controlled Entities	232.83		271.07	
		728.47		686.74
<b>Total</b>		<b>4,201.78</b>		<b>3,141.49</b>
Less: Transfer to Capital work in progress		1,438.04		930.11
		2,763.74		2,211.38

# Schedules forming part of the Consolidated Accounts

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Schedule **X** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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## I. SIGNIFICANT ACCOUNTING POLICIES

### 1. Principles of Consolidation

The consolidated financial statements relate to NCC Limited (formerly Nagarjuna Construction Company Limited) (“the Company”), its subsidiary companies and jointly controlled entities (the “Group”). The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits or losses on intra-group transactions as per Accounting Standard (AS) 21 - “Consolidated Financial Statements” notified by the Companies (Accounting Standards) Rules, 2006.
- b) Interest in jointly controlled entities have been consolidated by using the ‘proportionate consolidation’ method as per Accounting Standard (AS) 27 - ‘Financial Reporting of Interests in Joint Ventures’ notified by the Companies (Accounting Standards) Rules, 2006.
- c) In case of associates where the Company directly or indirectly through its subsidiaries holds more than 20% of equity, Investments in associates are accounted under the equity method as per Accounting Standard (AS) 23 - “Accounting for Investments in Associates in Consolidated Financial Statements” notified by the Companies (Accounting Standards) Rules, 2006.
- d) The financial statements of the subsidiaries, the jointly controlled entities and the associates used in the consolidation are drawn up to the same reporting date as that of the Company, i.e. March 31, 2011 except one Associate.
- e) The excess of cost to the Company, of its investment in the subsidiaries and the jointly controlled entities over the Company’s share of equity is recognised in the financial statements as Goodwill and tested for impairment annually.
- f) The excess of the Company’s share of equity of the subsidiaries and jointly controlled entities on the acquisition date, over its cost of investment is treated as Capital Reserve.
- g) Minority interest in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet separately from current liabilities and equity of the company.  
Minority Interest in the net assets of consolidated subsidiaries consists of:
  - i) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
  - ii) The minorities’ share of movements in the equity since the date the parent subsidiary relationship came into existence.
- h) Minority interest in the net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- i) Intra-group balances and intra-group transactions and resulting unrealised profits/loss has been eliminated.
- j) In case of foreign subsidiaries being non-integral foreign operations, revenue items are consolidated at monthly average of exchange rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in “Foreign Currency Translation Reserve”.
- k) The consolidated financial statements are prepared to the extent possible using uniform accounting policies for like transactions and other events in similar circumstances and are presented to extent possible, in the same manner as the Company’s separate financial statements.

2. Investments in subsidiaries, jointly controlled entities and associates not considered for consolidation have been accounted as per Accounting Standard (AS) 13- “Accounting for Investments” notified by Companies (Accounting Standards) Rules, 2006.

### 3. Other significant accounting policies:

- a) The Consolidated Accounts have been prepared on accrual basis under historical cost convention in accordance with the Generally Accepted Accounting Principles in India and accounting standards prescribed in Companies (Accounting Standards) Rules, 2006 to the extent applicable.
- b) **Fixed Assets and Depreciation:** Fixed Assets are stated at cost of acquisition, less accumulated depreciation thereon. Depreciation is provided on straight line method / written down value method (in respect of one subsidiary) at the rates

## Schedules forming part of the Consolidated Accounts

Schedule **X** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

prescribed in Schedule XIV of the Companies Act, 1956 except for construction accessories which are depreciated at 20% p.a. based on useful life determined by the Management. Leasehold improvements are amortised over the period of lease. Intangible assets are amortised over a period of five years.

Fixed assets in joint venture operations, which are accounted to the extent of the Company's interest in the venture, are depreciated on Straight Line Method / Written Down Value Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or at higher rates as stated below:

	Description	Straight Line Method	Written Down Value Method
1)	Plant and Machinery	4.75%	15% - 25%
2)	Furniture and Fixtures	6.33%	10% - 20%
3)	Office Equipments	4.75%	15% - 25%
4)	Computers	16.21%	60%
5)	Tools and Equipments	4.75%	15% - 25%
6)	Construction Vehicles	-	15% - 25%
7)	Construction Accessories	20%	15% - 25%
8)	Office Vehicles	9.50%	15% - 25%

The Cost of Concessionaire Asset of a jointly controlled entity is amortised over the period of 8 years as per the concession agreement entered into with the Public Works Department, Government of Karnataka and Karnataka Road Development Corporation Limited.

**Capital Work in Progress:** In respect of "Concessionaire Assets" all costs incurred towards construction are accumulated under capital work in progress till the completion of construction.

- c) **Borrowing Costs:** Borrowing Costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time i.e., more than 12 months to get ready for its intended use. All other borrowing costs are charged to revenue.
- d) **Impairment of Assets:** The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.
- e) **Investments:** Investments are classified as long term and current investments. Long Term Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.
- f) **Inventories**
  - Raw Materials:**  
Raw Materials, construction materials and stores & spares are valued at weighted average cost. Cost excludes refundable duties and taxes.
  - Work in Progress:**
    - i) **Project Division:** Work-in-Progress is valued at the contract rates less profit margin / estimates.
    - ii) **Light Engineering Division:** Work-in-Progress is valued at lower of cost and net realisable value.
    - iii) **Property Development:** Properties under development are valued at cost. Cost comprises all direct development expenditure, administrative expenses and borrowing costs. Land held for resale is valued at lower of cost and net realisable value.
    - iv) **Real Estate Projects:**
      - 1) Completed properties held for sale are stated at the actual cost or net realizable value, whichever is lower.
      - 2) Construction Work-in-progress is valued at cost. Cost is sale value less profit margin.

## Schedules forming part of the Consolidated Accounts

Schedule X ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

### Finished Goods:

Finished goods of Light Engineering Division are valued at lower of cost and net realisable value.

### g) Employee Benefits

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 'Employee Benefits' notified by the Companies (Accounting Standards) Rules, 2006

#### Defined Benefit Plan

##### i) Gratuity

In accordance with the Payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible employees. Liability on account of gratuity is

– covered partially through a recognised Gratuity Fund managed by Life Insurance Corporation of India and contributions are charged to revenue; and

– balance is provided on the basis of valuation of the liability by an independent actuary as at the year end.

##### ii) Compensated Absences

Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end.

In respect of Oman branch employees, end of service benefit is accrued in accordance with terms of employment. Employee entitlements to annual leave and gratuity are recognized on actual basis and charged to profit and loss account

#### Defined Contribution Plan

##### iii) Superannuation

The Company makes monthly contribution to an approved superannuation fund covered by a policy with Birla Sunlife Insurance Company Limited. The Company has no further obligation beyond the monthly contribution.

##### iv) Provident Fund

Contribution to Provident fund (a defined contribution plan) made to Regional Provident Fund Commissioner are recognised as expense.

### h) Revenue Recognition

i) **Project Division:** Revenue from construction contracts is recognised by reference to the percentage of completion of the contract activity. The stage of completion is determined by survey of work performed and / or on completion of a physical proportion of the contract work, as the case may be, and acknowledged by the contractee. Future expected loss, if any, is recognised as expenditure.

ii) **Annuity Income:** Annuity is recognised on accrual basis in accordance with the provisions of the concession agreement.

iii) **Toll Income:** Fee collection from the users of the facility is accounted for as and when the amount is due and recovery is certain. Revenue from sale of passes to local traffic is accounted for as and when such passes are sold.

iv) **Real Estate Project:** Revenue from the sale of properties is recognised on transfer of all significant risks and rewards of ownership to the buyers, which coincides with the entering into a legally binding agreement and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However, if at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on the basis of percentage completion method, measured on the basis of percentage of actual cost incurred including proportionate land cost bears to the total estimated cost of the project under execution. Revenue comprises the aggregate amount of sale price as per the terms of the agreement entered into with the customers. The recognition is subject to reaching 25% of physical progress measured in terms of estimated cost. The estimate of cost and saleable areas is reviewed periodically by the management and any effect of changes in estimates is recognised in the period of changes. Further, on periodical review if any project is expected to incur loss, the entire loss is recognised immediately.

Cost in relation to the above includes cost of land, development cost, project over heads, borrowing cost and all cost

## Schedules forming part of the Consolidated Accounts

### Schedule X ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

incurred for bringing the property to marketable condition or its intended use.

v) **Management fees:** Management fee is accounted on accrual basis in accordance with the terms of the agreement.

i) **Joint Venture Projects:**

i) In respect of Joint Venture Contracts in the nature of jointly controlled operations, the assets controlled, liabilities incurred, the share of income and expenses incurred are recognised in the agreed proportions under respective heads in the financial statements.

ii) Assets, Liabilities and Expenditure arising out of contracts executed wholly by the Company pursuant to a joint venture agreement are recognised under respective heads in the financial statements. Income from the contract is accounted net of joint venturer's share under turnover in these financial statements.

iii) Share of turnover attributable to the Company in respect of contracts executed by the other joint venture partners pursuant to Joint Venture Agreement, is accounted under Turnover in these financial statements.

j) **Foreign exchange translation and foreign currency transactions**

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transactions. Gains and losses resulting from settlement of such transactions are recognised in the Profit and Loss account.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account.

Foreign branches are classified as non-integral foreign operations. Assets and Liabilities (both monetary and non-monetary) are translated at the closing rate at the year end. Income and expenses are translated at the monthly average rate at the end of the respective month. All resulting exchange differences are accumulated in a separate account 'Foreign Currency Translation Reserve' till the disposal of the net investments.

k) **Leases**

The Company's leasing arrangements are mainly in respect of operating leases for premises and construction equipment. The leasing arrangements range from 11 months to 10 years generally and are usually cancellable/renewable by mutual consent on agreed terms. The aggregate lease rents payable are charged as rent in the Profit and Loss Account.

l) **Taxes**

i) **Current Tax:** Provision for Current Tax is made based on taxable income computed for the year under the applicable tax laws.

ii) **Deferred Taxes:** Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised.

m) **Grants**

Equity support received from National Highways Authority of India for meeting capital cost of the project is treated as Capital Reserve.

n) **Contingency Reserve**

The Company transfers to Contingency Reserve out of the Profit and Loss Appropriation Account such amounts as the Management considers appropriate based on their assessment to meet any contingencies relating to substantial expenditure incurred during the maintenance period of a contract, non-realisation of contract bills earlier recognised as income and claims, if any, lodged by the contractees or by sub-contractors or by any third party against the Company in respect of completed projects for which no specific provision has been made.

o) **Earnings per Share**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20, Earnings Per Share notified by the Companies (Accounting Standards) Rules, 2006. Basic earnings per equity share is computed by

## Schedules forming part of the Consolidated Accounts

### Schedule X ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

#### p) Provisions, Contingent Liabilities and Contingent Assets

The Company recognises provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made in the notes on accounts when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognised nor disclosed in the financial statements.

## II. NOTES ON ACCOUNTS

- The Subsidiaries, Jointly Controlled Entities and Associate companies considered in the Consolidated financial statements are:

Name of the Entity	Country of incorporation	Proportion of Ownership Interest	
		Current Year	Previous Year
<b>Subsidiaries of the Company</b>			
NCC Urban Infrastructure Limited	India	80%	80%
NCC Infrastructure Holdings Limited	India	100%	100%
NCC Vizag Urban Infrastructure Limited	India	95%	95%
OB Infrastructure Limited	India	64.02%	64.02%
Nagarjuna Construction Co.Ltd & Partners LLC	Sultanate of Oman	100%	100%
Nagarjuna Construction Co. International LLC	Sultanate of Oman	100%	100%
NCC Infrastructure Holdings Mauritius Pte.Limited	Mauritius	100%	100%
Patnitop Ropeway & Resorts Limited	India	100%	100%
Nagarjuna Contracting Company LLC	Dubai	100%	100%
Naftogaz Engineering Private Limited	India	100%	100%
NCC Power Projects Limited #	India	-	100%
NCC International Convention Centre Limited.	India	100%	100%
NCC Oil & Gas Limited @@	India	80%	-
<b>Subsidiaries of NCC Urban Infrastructure Limited</b>			
Dhatri Developers & Projects Private Limited	India	100%	100%
Sushanti Avenues Private Limited	India	100%	100%
Sushruta Real Estates Private Limited	India	100%	100%
PRG Estates Private Limited	India	100%	100%
Thrilekya Real Estates Private Limited.	India	100%	100%
Varma Infrastructure Private Limited	India	100%	100%
Nandyala Real Estates Private Limited	India	100%	100%
Kedarnath Real Estates Private Limited	India	100%	100%
AKHS Homes Private Limited	India	100%	100%
JIC Homes Private Limited	India	100%	100%
Sushanthi Housing Private Limited	India	100%	100%
CSVs Property Developers Private Limited	India	100%	100%
Vera Avenues Private Limited	India	100%	100%
Sri Raga Nivas Property Developers Private Limited	India	100%	100%
VSN Property Developers Private Limited	India	100%	100%

## Schedules forming part of the Consolidated Accounts

Schedule **X** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Name of the Entity	Country of incorporation	Proportion of Ownership Interest	
		Current Year	Previous Year
M A Property Developers Private Limited	India	100%	100%
Vara Infrastructure Private Limited	India	100%	100%
Sri Raga Nivas Ventures Private Limited	India	100%	100%
Mallelavanam Property Developers Private Limited	India	100%	100%
Sradha Real Estates Private Limited	India	100%	100%
Siripada Homes Private Limited	India	100%	100%
NJC Avenues Private Limited	India	100%	100%
<b>Jointly Controlled Entity of NCC Urban Infrastructure Limited</b>			
Varaprada Real Estates Private Limited	India	40%	40%
Next Green Infrastructure Private Limited	India	26%	-
<b>Partnership Firm</b>			
NR Avenues	India	100%	100%
<b>Subsidiary of NCC Infrastructure Holdings Limited</b>			
Himachal Sorang Power Limited	India	94.89%	94.89%
NCC Power Projects Limited #	India	100%	-
Western UP Tollway Limited @	India	51%	32.16%
<b>Subsidiary of NCC Power Projects Limited</b>			
Samashti Gas Energy Limited @@	India	100%	-
Nelcast Energy Corporation Limited @@	India	100%	-
<b>Subsidiary of NCC Infrastructure Holdings Mauritius Pte.Limited</b>			
Liquidity Limited	Mauritius	100%	100%
Al Mubarakia Contracting Co.LLC	Dubai	100%	100%
<b>Jointly Controlled Entities of the Company</b>			
Brindavan Infrastructure Company Limited	India	33.33%	33.33%
Bangalore Elevated Tollway Limited	India	35.44%	35.44%
Pondicherry Tindivanam Tollway Limited	India	47.80%	47.80%
<b>Associates of the Company</b>			
Jubilee Hills Landmark Projects Limited	India	25%	25%
Himalayan Green Energy Private Limited	India	50%	50%
Nagarjuna Facilities Management Services LLC	Dubai	49%	49%
Tellapur Technocity (Mauritius)	Mauritius	26%	26%
Tellapur Technocity Private Limited	India	26%	26%
Tellapur Town Centre Private Limited	India	26%	26%
Tellapur Tech Park Private Limited	India	26%	26%
Paschal Form Work (I) Private Limited	India	26%	26%
Paschal Technology (I) Private Limited	India	26%	26%

@ Has become a subsidiary with effect from 30 June 2010

@@ Acquired during the year.

# Has become a step-down subsidiary during the year



## Schedules forming part of the Consolidated Accounts

### Schedule X ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

2. a) In respect of subsidiary NCC Urban Lanka (Private) Limited, there are no transactions during the year, hence not considered for consolidation. In respect of NCCUIL – Prayash Joint Venture the accounts have not been considered for consolidation since the company has decided to exit the project.
- b) In respect of the following Jointly Controlled Entities and a Partnership Firm, the consolidation has been made on the basis of accounts compiled by the management:
- Varaprada Real Estates Private Limited
  - Next Green Infrastructure Private Limited
  - NR Avenues
- c) In respect of the following Associate Companies, the consolidation has been made on the basis of accounts compiled by the management:
- Tellapur Technocity Private Limited
  - Tellapur Town Centre Private Limited
  - Tellapur Tech Park Private Limited
  - Jubilee Hills Landmark Projects Limited
  - Paschal Form Work (I) Private Limited
  - Paschal Technology (I) Private Limited

#### 3. Contingent liabilities not provided for:

- a) Letters of credit - ₹ 2,894.96 million (31.03.2010: ₹ 2,280.86 million).
- b) Counter Guarantees given to the Bankers - ₹ 46,226.47 million (31.03.2010: ₹ 45,276.91 million).
- c) Disputed income tax liability for which the Company preferred appeal ₹ 16.38 million (31.03.2010: ₹ 73.38 million).
- d) Disputed Sales Tax Liability for which the Company preferred appeal ₹ 315.01 million (31.03.2010: ₹ 134.85 million).
- e) Disputed central excise duty relating to cement plant, which was sold in earlier year, for which the Company has filed an appeal to CESTAT, Bangalore ₹ 29.73 million (31.03.2010: ₹ 29.73 million.)
- f) Disputed central excise duty relating to clearance of goods of LED division in favour of Developers of SEZ, for which the Company has filed an appeal to CESTAT, Bangalore ₹ 1.17 million (31.03.2010: ₹ 1.17 million).
- g) Disputed service tax liability for which the Company preferred appeal ₹ 318.22 million (31.03.2010: ₹ 297.99 million )
- h) Disputed Sole arbitrator award of ₹ 30.00 million in case of counter claim by Bhartiya Reserve Bank Note Mudran Private Limited, against which the Company has filed an appeal before City Civil Court, Bangalore (31.03.2010: ₹ 30.00 million)
- i) Claims against the Company not acknowledged as debts ₹ 93.43 million (31.03.2010: ₹ 35.63 million).
- j) Joint and several liability in respect of joint venture projects and liquidated damages in respect of delays in completion of projects – amount not ascertainable.
- k) Levy of labour cess @ 1% (w.e.f. July 2007) on the construction contracts executed by the Company in the State of Andhra Pradesh contested before the Honourable High Court of Andhra Pradesh - amount not ascertainable.
- l) Future Export commitments on account of import of machinery and equipments at concessional rate of duty under EPCG scheme is ₹ 517.90 million (31.03.2010: ₹ 534.05 million).
- m) Company's share of arrears of dividend on cumulative preference shares of jointly controlled entities ₹ 6.00 Million (31.03.2010: ₹ 22.87 Million)

#### 4. Capital commitments :

(₹ in million)

Particulars	As at March 31,	
	2011	2010
i) Estimated amount of unexecuted capital contracts [net of advances ₹ 256.50 million (₹ 2,593.50 million)]	1,804.40	3,520.88
ii) Commitment towards investment in companies [net of advances ₹ 17,909.87 million (₹ 14,482.61 million)]	12,206.87	7,847.41

## Schedules forming part of the Consolidated Accounts

Schedule X ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

### 5. Legal / Statutory Reserve

As per Article 106 of the Commercial law of 1974 in the Sultanate of Oman, 10% of a Company's Net Profit is required to be transferred to a non-distributable legal reserve until the amount of the legal reserve equals one-third of the Company's issued share capital. Similarly, as per the provisions of the UAE Commercial Companies Act, 10% of a Company's Net Profit is required to be transferred to a non-distributable statutory reserve until the amount of the statutory reserve equals 50% of the Company's paid up share capital. Accordingly, the company has transferred an appropriate amount to the legal reserve.

### 6. Loan Funds

#### A. Secured Loans

#### a) 11.95% Redeemable Non Convertible Debentures:

- i) 11.95% Redeemable Non Convertible Debentures numbering to 1,000 having a face value of ₹ 1 million each aggregating to ₹ 1,000 million privately placed with Life Insurance Corporation of India are secured by first charge in favour of IDBI Trusteeship Services Limited, trustees to the debenture holders:
  - (a) by way of hypothecation of the Company's movable properties specified in the Schedule-2 of Memorandum of Hypothecation dated 25th April, 2009;
  - (b) first charge by way of equitable mortgage by deposit of title deeds of the Company's immovable property situated at Gujarat as specified in first schedule to the Debenture Trust Deed dated 23rd April, 2009;
  - (c) equitable mortgage by deposit of title deeds of Company's immovable properties situated at Hyderabad, Bangalore, Mumbai and New Delhi as specified in Schedule-A of Declaration and Undertaking dated 25th April, 2009.
- ii) These debentures numbering to 1,000 having a face value of ₹ 1 million each aggregating to ₹ 1,000 million are to be redeemed at par in 3 instalments in the ratio of 25:25:50 commencing at the end of 3rd year from the date of allotment i.e., 4th February, 2012 onwards.

#### b) 10.50% Redeemable Non Convertible Debentures:

- i) 10.50% Redeemable Non Convertible Debentures numbering to 1,000 having a face value of ₹ 1 million each comprising of 10 Detachable and Separately Transferable, Redeemable Principle Parts ("STRPPS") aggregating to ₹ 1,000 million privately placed during the year with various banks & financial institution are secured by first charge in favour of IDBI Trusteeship Services Limited, trustees to the debenture holders, by way of equitable mortgage of the title deeds in respect of the company's immovable property situated at Kadi taluka, Mehasana district, Gujarat as specified in the first schedule to the Debenture Trust Deed dated 15th September, 2009 and by way of equitable mortgage by deposit of title deeds of the immovable properties of the Company and its subsidiary and its step-down subsidiaries, situated at Hyderabad as specified in Schedule-A to I of Declaration and Undertaking dated 12th October, 2009.
- ii) These debentures numbering to 1,000 having a face value of ₹ 1 million each comprising of 10 STRPPS aggregating to ₹ 1,000 million are to be redeemed at par in 3 instalments in the ratio of 30:30:40 commencing at the end of 3rd year from the date of allotment i.e., 24th July, 2012 onwards.

c) The company has created debenture redemption reserve for both the above redeemable non-convertible debentures.

#### d) Term Loans

Rupee Term Loans availed from banks and others are secured:

- (a) by hypothecation of specific assets, comprising plant and machinery, and construction equipment, acquired out of the said loans and personal guarantee of a Director.
- (b) by hypothecation of all movable assets, save and except the project assets, current assets both present and future, of OB Infrastructure Limited including annuity receivable from National Highways Authority of India.

Foreign Currency Term Loans and Working Capital Loans are secured:

- (a) First charge on fixed assets of value OMR.16.56 million equivalent to ₹ 1,922.14 million.
- (b) Assignment of project receivables.
- (c) Corporate Guarantees to the extent of Omani Rials (R.O) 44.064 million and USD 80.00 million equivalent to ₹ 8,684.95 million

## Schedules forming part of the Consolidated Accounts

### Schedule X ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- (d) Assignment of insurance policies.
  - (e) Mortgage over vehicles, machinery and equipment
  - (f) Second charge on specific movable assets of NCC Limited (formerly Nagarjuna Construction Company Limited).
  - e) **Working Capital Facilities:** Cash Credit facilities and Working Capital Demand Loans from consortium of banks are secured by:
    - i) Hypothecation against first charge on stocks, books debts and other current assets of the Company, both present and future, ranking parri passu with consortium banks.
    - ii) Hypothecation against first charge on all unencumbered fixed assets of the Project Division and Light Engineering Division of the Company both present and future ranking parri passu with consortium banks.
    - iii) Equitable mortgage of three properties (Land & Buildings).
    - iv) Working Capital facilities of ₹ 95 million for the Façade division is secured by
      - Equitable mortgage of Ac.8.30 and Ac.9.60 of lands of Dhatri Developers and Projects Private Limited and Sushruta Real Estates Private Limited respectively.
      - First charge on the Fixed and Current Assets of the Façade division by way of hypothecation.
      - The facilities are further secured by Corporate Guarantee issued by couple of subsidiary companies namely Dhatri Developers & Projects Private Limited and Sushruta Real Estates Private Limited.
    - v) Personal guarantee of certain Directors.
    - vi) Working Capital Demand Loan in foreign currency is secured either/and or as:
      - Exclusive First hypothecation charge of project assets pertaining to the Al Amerat Quriyat road project.
  - f) **Vehicle Loans:** Vehicle loans availed are secured by hypothecation of vehicles acquired out of the said loans.
- B. Unsecured Loan**
- a) **9.50 % Unsecured Redeemable Non-Convertible Debentures:**
    - i) 9.50 % Unsecured Redeemable Non-Convertible Debentures numbering to 500 having face value of ₹ 4 million each comprising of four (4) Detachable and Separately Transferable Redeemable principal parts ("STRPPS") of face value of ₹ 1 million each aggregating to ₹ 2,000 million privately placed during the year with ICICI Bank and Trust Investment Advisors Private Limited.
    - ii) These Debentures numbering to 500 having a face value of ₹ 4 Million each comprising of four (4) STRPPS aggregating to ₹ 2,000 Million are to be redeemed at par in four equated instalments commencing at the end of second year from the date of allotment i.e 11th August, 2012 onwards.
    - iii) The company has created debenture redemption reserve for the above redeemable non-convertible debentures.
  - b) **Zero coupon irredeemable fully convertible Debentures:**
    - i) A subsidiary has issued Unsecured Irredeemable fully convertible Debentures numbering 8,070,229 having the value of ₹ 10 each allotted at a premium of ₹ 90 each of which Debentures numbering 4,950,000 have been issued to entities outside the Group.
    - ii) These Debentures carry zero percent interest and are convertible after two years from the Commercial Operation Date (COD) in the fixed proportion of One Debenture per One Equity share of the company.
  - c) **Commercial Paper:** Commercial paper represents ` 400 million (31.03.2010: ₹ 1,500 million ) due within one year. The maximum amount of Commercial paper outstanding at any time during the year was ₹ 1,500 million (31.03.2010: ₹ 1,500 million).

#### 7. Inventories

##### Property Development Cost

Property Development Cost includes ₹ 286.55 million (31.03.2010: ₹ 16.55 million) representing the cost of acquisition of land from different land owners, for which the Company holds General Power of Attorney to deal with such land including registration of the sale in the name of the Company.

8. **Sundry debtors** include ₹ 29.48 million (31.03.2010: ₹ 7.00 million) debts due from directors of a subsidiary company and

## Schedules forming part of the Consolidated Accounts

### Schedule X ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

maximum outstanding during the year is ₹ 29.48 million (31.03.2010: ₹ 7.00 million).

#### 9. Loans and Advances

(a) Advances to Suppliers, Sub-contractors and others includes:

- i. ₹ 2,256.50 million (31.03.2010: ₹ 1,431.79 million) representing amounts withheld by contractees.
- ii. Advance to Joint Venture ₹ 33.92 million (31.03.2010: ₹ 33.92 million) paid towards development of Villas Project at Raipur jointly with Prayash Developers Pvt Ltd ("Prayash") under the name "NCCUIL - Prayash Joint Venture – Mahavir Executive Enclave" ("the Project"). The Project has acquired the acres 20.54 of land which was registered in joint name of the Company and Prayash. The construction of 31 villas is in progress. Keeping in view the present market scenario, the company has decided to exit from joint development and discussion with Prayash is in progress regarding settlement. Pending outcome of discussions, the accounts of "NCCUIL-Prayash Joint Venture – Mahavir Executive Enclave" have not been considered for consolidation.

(b) Advance towards share application money includes ₹ 8.33 million (31.03.2010: ₹ 8.33 million) advance against Purchase of shares of Gulbarga Airport Developers Private Limited (GADPL) and Shimoga Airport Developers Private Limited (SADPL), in respect of which post dated cheques have been received from the Strategic investor cum developer for the said amount.

(c) Deposits – Joint Development ₹ 332.21 million (31.03.2010: ₹ 405.30 million) represents deposits with respective land owners against registered Joint Development Agreements. The land under respective development agreements are in the possession of the company. The company is assessing the present market scenario and accordingly execute the project/s at an appropriate time.

10. In respect of subsidiary NCC International Convention Centre Limited the Government of Andhra Pradesh vide G.O. MS No.8 dated 20.02.2009 cancelled the Letter of Award dated 06.10.2008 for Development of Andhra Pradesh International Centre at New Delhi, on Public-Private –Partnership basis. The Company challenged the said cancellation and filed a writ petition before the High Court of Andhra Pradesh which was dismissed by an Order of the Single Judge. The company has filed a Writ Appeal challenging the dismissal of writ petition.

Further, as stay of operation of the Order of the Single Judge was not granted, Infrastructure Corporation of Andhra Pradesh (INCAP) encashed the Bank Guarantee for ₹ 50.00 million provided towards Bid Security. The company filed a petition for refund of Project Development Fee of ₹ 50.00 million paid as INCAP was not entitled to retain/appropriate Project Development Fee, as per the contract.

The appeal and the petitions are to be listed for final hearing. Based on the legal council's opinion that the company has fair chances of success in the Writ Appeal, the management is confident of recovering the Project Development fee of ₹ 50.00 million paid to INCAP.

Pending outcome of the Writ Appeal, the accounts of the subsidiary company have been drawn up on going concern basis and ₹ 50.00 million paid towards Project Development Fee has been treated as receivable from INCAP and is included under loans and advances.

11. In respect of subsidiary Nagarjuna Construction Company Limited and Partners LLC as at 31.03.2011 the company had accumulated losses of R.O. 1.57 million equivalent to ₹ 182.38 million and net liabilities of R.O.1.40 million equivalent to ₹ 162.76 million. These factors, amongst others, indicate that the Company shall require continued financial support from its members. The financial statements have been prepared on the going concern basis on the assumption that the Members of the Company will continue to provide the necessary financial support.

The Company's Members have confirmed that they shall continue to support and provide the necessary financial assistance to the Company and on the strength of this assurance, the financial statements have been prepared on the going concern basis.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

12. In respect of subsidiary NCC Infrastructure Holdings Limited, for the investments and the advance towards share application money made in NCC Power Projects Limited (NCCPPL) amounting to ₹ 430.00 million (31.03.2010: Nil) and ₹ 2055.79 million

## Schedules forming part of the Consolidated Accounts

### Schedule X ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

(31.03.2010: ₹ 155.06 million) respectively, no provision for diminution is considered necessary at this stage as the management is confident that the project is viable and will be executed as scheduled.

In this connection, NCCPPL will be implementing the power projects either on its own or through its subsidiaries and agreement for equity tie-up with a strategic partner, fuel linkage for part requirement from Ministry of Coal, sale of part of power generated to Power Company of Karnataka Limited, acquiring substantial land required for the project are already in place. Moreover, the project is in the advanced stage of obtaining environmental clearance.

Further, any diminution in the book value of investments before commencement of operations by the company is not considered as a permanent diminution.

13. In respect of subsidiary NCC Power Projects Limited (NCCPPL), the financial statements have been drawn up on a going concern basis, based on the assessment of the progress made in setting-up / execution of the power project at Krishnapatnam, Nellore district, Andhra Pradesh and the management's perception regarding the recoverability of investment made in setting up the power project at Somapeta, Srikakulam district, Andhra Pradesh.

#### 14. Employee Benefits

- a) Liability for retiring gratuity as on March 31, 2011 is ₹ 78.79 million (31.03.2010: ₹ 48.72 million) of which ₹ 28.04 million (31.03.2010: ₹ 18.45 million) is funded with the Life Insurance Corporation of India. The balance of ₹ 50.75 million (31.03.2010: ₹ 30.27 million) is included in Provision for Gratuity. The Liability for Gratuity and Cost of Compensated absences has been actuarially determined and provided for in the books.
- b) The liability for retiring gratuity as on March 31, 2011 in respect of subsidiary companies NCC Infrastructure Holdings Limited is ₹ 3.21 million (31.03.2010: ₹ 0.50 million), NCC Urban Infrastructure Limited is ₹ 3.74 million (31.03.2010: ₹ 2.33 million), Himachal Sorang Power Limited is ₹ 1.38 million (31.03.2010: ₹ 0.60 million), OB Infrastructure Limited is ₹ 0.14 million (31.03.2010: Nil), NCC Power Projects Limited ₹ 1.00 Million (31.03.2010 : ₹ 0.36 Million) and Western UP Tollway Limited ₹ 0.39 Million (31.03.2010: Nil).

#### 15. Deferred Tax

Deferred Tax Liability as at March 31, 2011 comprises of the following:

(₹ in million)

	31.03.2011	31.03.2010
<b>(A) Deferred Tax Assets on timing differences due to:</b>		
a) Provision for Gratuity and Compensated absences	60.02	47.20
b) Provision for Doubtful Debts/Advances	41.69	25.24
c) Issue expenses	–	31.85
<b>Total</b>	<b>101.71</b>	<b>104.29</b>
<b>(B) Deferred Tax Liabilities on timing difference due to:</b>		
a) Depreciation	412.00	363.20
b) Deferred Tax Liability on depreciation (opening balance)	0.11	0.11
<b>Total</b>	<b>412.11</b>	<b>363.31</b>
<b>Net Deferred Tax Liability (B-A)</b>	<b>310.40</b>	<b>259.02</b>
<b>Share of JCE</b>	<b>–</b>	<b>1.65</b>
<b>Total Deferred Tax Liability</b>	<b>310.40</b>	<b>260.67</b>
<b>(C) Disclosure</b>		
Deferred Tax Liability (Net)	311.34	261.29
Deferred Tax Asset (Net)	0.94	0.62
	<b>310.40</b>	<b>260.67</b>

## Schedules forming part of the Consolidated Accounts

Schedule **X** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

16. Adjustment to Net Consolidated Profit for the year represents the difference in the net profit after tax between the management accounts and the audited accounts in respect of a JCE and an associate to the extent of ₹ 6.30 million (31.03.2010: ₹ 224.39 million) relating to the previous year. Had this amount been accounted as current year expenditure the profit after tax would have been lower by ₹ 6.30 million (31.03.2010: ₹ 224.39 million) and correspondingly EPS (both basic and diluted) would have been ₹ 8.63 (31.03.2010: ₹ 10.63) as against ₹ 8.66 (31.03.2010: ₹ 11.55).

### 17. Related Party Transactions

Following is the list of related parties and relationships:

Sl. no.	Particulars	Sl. no.	Particulars
<b>A) Subsidiary</b>		<b>D) Key Management Personnel</b>	
1)	NCC Urban Lanka Private Limited	33)	Dr AVS Raju
<b>B) Jointly Controlled Entities / Joint Ventures</b>		34)	Sri AAV Ranga Raju
2)	Brindavan Infrastructure Company Limited	35)	Sri NR Alluri
3)	Bangalore Elevated Tollway Limited	36)	Sri JV Ranga Raju
4)	Western UP Tollway Limited *	37)	Sri AGK Raju
5)	Pondicherry Tindivanam Tollway Limited	38)	Sri ASN Raju
6)	Premco – NCC	39)	Sri RN Raju
7)	NCC – MAYTAS	40)	Sri AVN Raju
8)	SDB – NCC – NEC	<b>E) Relatives of Key Management Personnel</b>	
9)	NCC – PNC	41)	Smt. A.Neelavathi
10)	NCC – SJRIPL	42)	Smt. A.Bharathi
11)	Himachal JV	43)	Smt.B.Kausalya
12)	NCC – KNR	44)	Smt.A.Satyanarayanamma
13)	NCC – NEC – Maytas	45)	Smt. A.Arundathi
14)	NCC – VEE	46)	Smt.J.Sridevi
15)	NCC – MSKEL	47)	Smt. J. Sudha
16)	NG- NCC	48)	Smt. M. Swetha
17)	Maytas Infra Limited	49)	Miss. A. Deepthi
18)	Soma Enterprises Limited	50)	Miss A. Nikita
19)	KMC Constructions Limited	51)	Smt. J. Sowjanya
20)	Maytas-NCC-SSJV Consortium	52)	Sri. J. Krishna Chaitanya
21)	Gayatri Projects Limited	<b>F) Enterprises owned or significantly influenced by key management personnel or their relatives</b>	
22)	Gayatri Infra Ventures Limited	53)	NCC Blue Water Products Limited
<b>C) Associates</b>		54)	Swetha Estates
23)	Nagarjuna Facilities Management Services LLC	55)	R.R.V. Infra Limited
24)	Himalayan Green Energy Private Limited	56)	NCC Finance Limited
25)	Jubilee Hills Landmark Projects Limited	57)	Swetha Capital Private Limited
26)	Varaprada Real Estates Private Limited	58)	Sirisha Memorial Charitable Trust
27)	Tellapur Technocity Private Limited	59)	Shyamala Agro Farms Private Limited
28)	Tellapur Town Centre Private Limited	60)	Ranga Agri Impex Private Limited
29)	Tellapur Tech Park Private Limited	61)	NCC Foundation
30)	SSJV Projects Private Limited	62)	AVSR Holding Private Limited
31)	Paschal Form Work (I) Private Limited	63)	Suryakumari Abraham Memorial Foundation
32)	Paschal Technology (I) Private Limited	64)	NCC Urban Infrastructure Company Limited - Dubai
		65)	Sirisha Projects Private Limited

\* Has become a subsidiary with effect from 30 June 2010.

## Schedules forming part of the Consolidated Accounts

### Schedule IX ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Related Party transactions during the year ended March 31, 2011 are as follows:

(₹ in million)

Sl. no.	Particulars	Associates	Joint Ventures	Key Management Personnel and relatives	Enterprises owned or significantly Influenced by Key Management Personnel or their Relatives
1)	Share / Debenture Application Money pending allotment	4.76 228.27	- -	- -	- -
2)	Investments	304.49 132.93	- 113.76	- -	- -
3)	Loans granted	60.00 23.20	- -	- -	- -
4)	Loan Repayment Received	12.99 -	- -	- -	- -
5)	Advances granted / (received)	6.66 14.57	0.17 -	- -	- (11.41)
6)	Redemption of Preference shares	- -	50.00 -	- -	- -
7)	Buy back of shares by JCE	- -	25.00 -	- -	- -
8)	Transfer of fixed assets	2.15 -	- -	- -	- -
9)	Share of Profit/ (Loss)	- -	(83.97) 62.03	- -	- -
10)	Works Contract Receipt	- -	1,288.26 1,984.74	- -	- -
11)	Hire Income	5.49 21.19	- -	- -	- -
12)	Real Estate Sales	- -	- -	- 9.20	- -
13)	Other Income	70.88 0.90	45.28 57.21	- -	- -
14)	Sub-Contract Jobs	- -	- -	- -	199.40 173.25
15)	Remuneration	- -	- -	160.24 154.84	- -
16)	Rent paid/ (received)	- -	- -	3.07 2.54	35.22 7.25
17)	Donations	- -	- -	- -	1.10 9.20
18)	Debit Balances outstanding as at 31.03.2011				
	Himalayan Green Energy Private Limited	74.30 68.43	- -	- -	- -
	Jubilee Hills Landmark Projects Limited	0.58 1.18	- -	- -	- -
	RRV Infra Limited	- -	- -	- -	15.26 15.26

## Schedules forming part of the Consolidated Accounts

Schedule **IX** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Related Party transactions during the year ended March 31, 2011 are as follows: (Contd.)

(₹ in million)

Sl. no.	Particulars	Associates	Joint Ventures	Key Management Personnel and relatives	Enterprises owned or significantly Influenced by Key Management Personnel or their Relatives
	NCC Blue Water Products Limited	-	-	-	64.81
		-	-	-	62.68
	KMC Constructions Limited	-	-	-	-
		-	35.05	-	-
	Bangalore Elevated Tollway Limited	-	2.04	-	-
		-	-	-	-
	Tellapur Technocity Private Limited	31.76	-	-	-
		31.76	-	-	-
	Key Management Personnel & their relatives	-	-	-	-
		-	-	8.00	-
	NCC Urban Infrastructure Limited - Dubai	-	-	-	3,313.03
		-	-	-	2,335.13
	Nagarjuna Facilities Management Services LLC	6.18	-	-	-
		6.18	-	-	-
	NCC International UAE LLC, Abu Dhabi	-	-	-	0.09
		-	-	-	-
	NCC International LLC, Kuwait	-	-	-	0.42
		-	-	-	-
19)	Credit Balances outstanding as at 31.03.2011				
	Pondicherry Tindivanam Tollway Limited	-	48.73	-	-
		-	48.92	-	-

Figures in italics represent previous year's figures



## Schedules forming part of the Consolidated Accounts

Schedule **X** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year. (₹ in million)

Particulars	2010-11	2009-10
<b>Share / Debenture Application Money pending allotment</b>		
– Jubilee Hills Landmark Projects Limited	-	221.38
<b>Investments</b>		
– Tellapur Technocity Private Limited	-	20.38
– Jubilee Hills Landmark Projects Limited	292.91	83.93
– Paschal Form Work (I) Private Limited	-	23.94
<b>Loans Granted</b>		
– Jubilee Hills Landmark Projects Limited	-	13.20
– Himalayan Green Energy Private Limited	60.00	10.00
<b>Advances granted / (Received)</b>		
– Himalayan Green Energy Private Limited	4.94	13.44
– Jubilee Hills Landmark Projects Limited	1.72	-
<b>Redemption of Preference shares</b>		
– Brindavan Infrastructure Company Limited	50.00	-
<b>Buy back of shares by JCE</b>		
– Brindavan Infrastructure Company Limited	25.00	-
<b>Transfer of fixed assets</b>		
– Brindavan Infrastructure Company Limited	2.15	-
<b>Share of Profit / (Loss)</b>		
– MAYTAS-NCC JV	10.13	-
– NG-NCC JV	(125.40)	31.98
– NCC-VEE JV	30.16	24.85
– NEC-NCC-MAYTAS –JV	0.89	-
<b>Work Contract Receipt</b>		
– Bangalore Elevated Tollway Limited	127.35	459.28
– Pondicherry Tindivanam Tollway Limited	1,023.49	889.21
<b>Real Estate Sales</b>		
– Key Management Personnel & their relatives	-	9.20
<b>Other Income</b>		
– NG-NCC JV	45.28	57.21
– Jubilee Hills Landmark Projects Limited	65.38	-
– Himalayan Green Energy Private Limited	-	0.90
<b>Sub Contract Jobs</b>		
– RRV Infra Limited	199.40	173.25
<b>Donations</b>		
– NCC Foundation	1.10	9.20

## Schedules forming part of the Consolidated Accounts

Schedule **X** ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

### 18. Segment Reporting

The Company's operations predominantly consist of construction / project activities. Hence there are no reportable segments under Accounting Standard – 17. During the year under report, substantial part of the Company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary. The Company's operations outside India do not qualify as reportable segments as the operations are not material.

### 19. Earning Per Share

Sl. no.	Particulars	31.03.2011	31.03.2010
a)	Profit after tax attributable to Equity Shareholders (₹in million)	2,221.89	2,827.43
b)	Weighted Average number of equity shares for Basic EPS (Nos)	256,583,810	244,806,825
c)	Weighted Average number of equity shares for Diluted EPS (Nos)	256,583,810	244,806,825
d)	Face value per share (₹)	2.00	2.00
e)	Basic & Diluted EPS * (₹)	8.66	11.55

\* The Parent company has no dilutive instruments. The zero coupon irredeemable fully convertible Debentures were issued by a subsidiary. As such Dilutive Earnings per share equals to Basic Earnings per share.

20. Figures of previous year have been regrouped / rearranged / reclassified wherever necessary to conform to the current year presentation.

For and on behalf of the Board

M. V. Srinivasa Murthy  
Company Secretary & Sr. V.P (Legal)

A. A. V. Ranga Raju  
Managing Director

R. S. Raju  
Sr. Vice President (F&A)

A. G. K. Raju  
Executive Director

## Financial information of Subsidiary Companies for the year ended 31st March, 2011

SL No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Details of investment in case of investment in subsidiaries	Turnover/ Total Income	Profit before taxation/ Loss	Provisions for taxation	Profit after taxation / Loss	Proposed dividend
1.	NCC Infrastructure Holdings Ltd	1429.99	4175.95	5824.73	218.79	1491.54	69.98	(52.57)	(0.30)	(52.26)	-
2.	Patnitop Ropeway & Resorts Ltd	22.55	(1.86)	20.86	0.17	-	-	(1.42)	-	(1.42)	-
3.	Naftogaz Engineering Pvt Ltd	0.50	-	0.50	-	-	-	-	-	-	-
4.	NCC Urban Infrastructure Ltd	1500.00	(33.71)	6829.68	5363.39	715.02	1652.71	31.13	1.46	29.67	-
5.	NCC Vizag Urban Infrastructure Ltd	526.25	(2.43)	1354.14	830.32	-	-	(0.23)	-	(0.23)	-
6.	O B Infrastructure Ltd	147.57	1311.21	6109.04	4650.26	-	-	(1.76)	(0.10)	(1.86)	-
7.	Dhatri Developers & Projects Pvt Ltd	1.00	(0.12)	63.90	63.02	-	-	(0.01)	-	(0.01)	-
8.	Sushanti Avenues Pvt Ltd	1.00	(0.07)	46.64	45.71	-	0.02	0.004	-	0.004	-
9.	Sushruta Real Estates Pvt Ltd	1.00	(0.09)	17.73	16.82	-	-	(0.01)	-	(0.01)	-
10.	PRG Estates Pvt. Ltd	0.10	33.96	54.94	20.88	-	0.02	-	-	-	-
11.	Thirilekya Real Estates Pvt. Ltd	1.15	26.23	44.49	17.11	-	0.02	0.003	-	0.003	-
12.	Varma Infrastructures Pvt. Ltd	0.10	49.60	67.23	17.53	-	0.02	0.006	-	0.006	-
13.	Nandyala Real Estates Pvt. Ltd	1.16	26.04	57.15	29.95	-	0.02	(0.02)	-	(0.02)	-
14.	Kedamath Real Estates Pvt. Ltd	1.71	31.53	48.92	15.68	-	0.02	-	-	-	-
15.	AKHS Homes Pvt. Ltd	0.50	(0.06)	31.08	30.64	-	0.02	(0.008)	-	(0.008)	-
16.	JIC Homes Pvt. Ltd	0.50	(0.04)	18.27	17.81	-	0.02	0.01	-	0.01	-
17.	Sushanti Housing Pvt. Ltd	0.50	(0.04)	17.39	16.93	-	0.02	0.01	-	0.01	-
18.	CSVS Property Developers Pvt. Ltd	0.50	(0.04)	18.32	17.86	-	0.02	0.01	-	0.01	-
19.	Vera Avenues Pvt. Ltd	0.50	(0.04)	14.05	13.59	-	0.02	0.005	-	0.005	-
20.	Sri Raga Nivas Property Developers Pvt. Ltd	0.50	(0.07)	33.51	33.08	-	0.02	(0.01)	-	(0.01)	-
21.	VSN Property Developers Pvt. Ltd	0.50	(0.07)	33.55	33.12	-	0.02	(0.01)	-	(0.01)	-
22.	M. A. Property Developers Pvt. Ltd	0.50	(0.04)	17.39	16.93	-	0.02	0.01	-	0.01	-
23.	Sri Raga Nivas Ventures Pvt. Ltd	0.50	(0.30)	0.71	0.51	-	-	(0.30)	-	(0.30)	-
24.	Vara Infrastructure Pvt. Ltd	0.50	(0.06)	0.48	0.04	-	-	(0.01)	0.01	(0.01)	-
25.	Malleavanam Property Developers Pvt. Ltd	0.50	(0.05)	9.85	9.40	-	0.01	-	-	-	-
26.	Sradha Real Estates Pvt. Ltd	0.50	(0.06)	0.48	0.04	-	-	(0.01)	-	(0.01)	-
27.	Siripada Homes Pvt. Ltd	0.50	(0.06)	0.48	0.04	-	-	(0.01)	-	(0.01)	-
28.	NJC Avenues Pvt. Ltd	0.50	(0.74)	1279.23	1279.47	-	-	(0.56)	-	(0.56)	-
29.	Himachal Sorang Power Ltd	43.66	1395.68	5612.97	4173.63	100.44	2.06	(0.21)	-	(0.21)	-
30.	Nagarjuna Construction Company International LLC,	591.96	817.35	8572.16	7162.85	-	6094.88	432.60	-	432.60	-

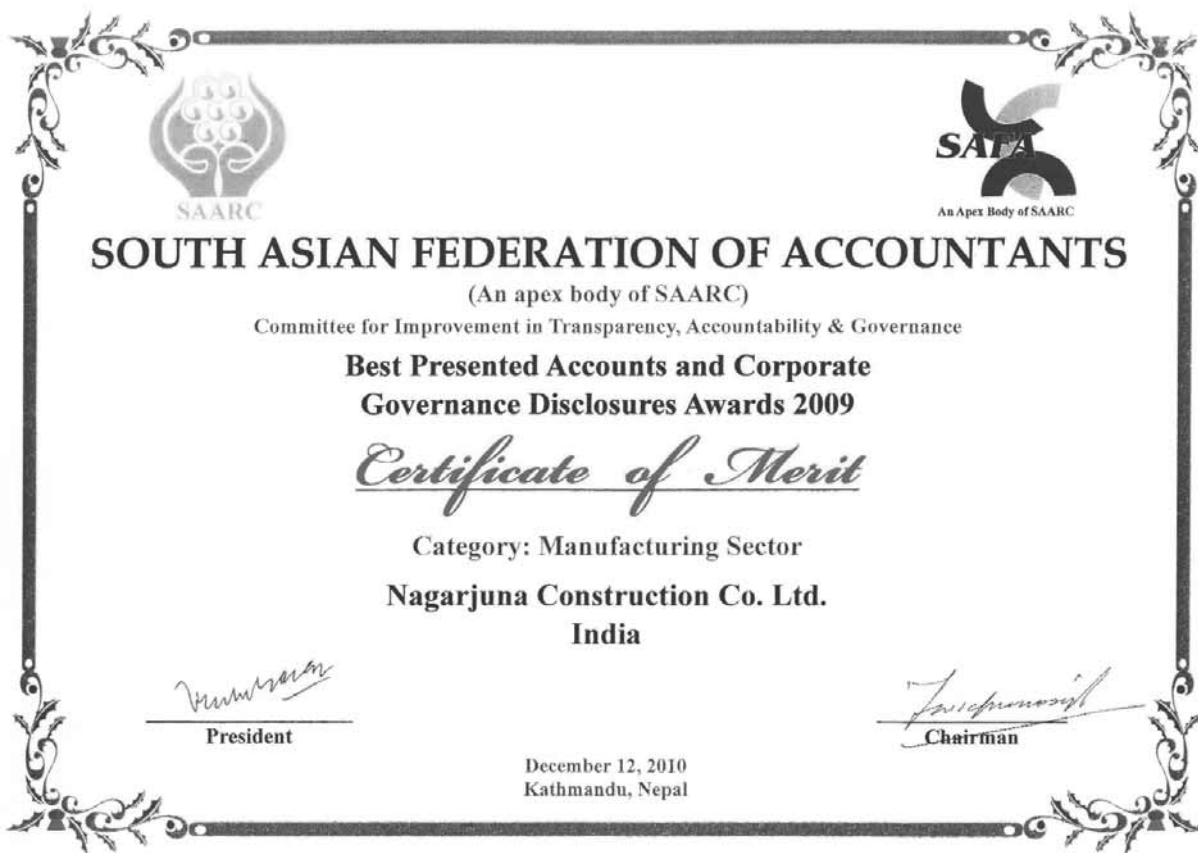
(₹ in million)

## Financial information of Subsidiary Companies (Contd.) for the year ended 31st March, 2011 (₹ in million)

SL No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Details of investment (except in case of investment in subsidiaries)	Turnover/ Total Income	Profit before taxation/ Loss	Provisions for taxation	Profit after taxation / Loss	Proposed dividend
31.	NCC Infrastructure Holdings Mauritius PTE Ltd	978.07	200.00	2663.27	1485.20	877.37	89.46	23.38	0.68	22.70	-
32.	Nagarjuna Construction Company Limited & Partners – LLC	17.41	(180.17)	79.44	242.20	-	51.52	(3.12)	-	(3.12)	-
33.	Nagarjuna Contracting Co. LLC	3.65	769.18	4652.85	3880.02	-	3918.14	267.03	-	267.03	-
34.	Liquidity Limited	5.66	(2.33)	5.40	2.07	5.33	-	(0.48)	-	(0.48)	-
35.	NCC Urban Lanika (P) Ltd	.000007	-	.000007	-	-	-	-	-	-	-
36.	Al Mubarkia Contracting Co. LLC	12.15	13.21	995.57	970.21	-	539.56	4.08	-	4.08	-
37.	NCC Power Projects Ltd	44.50	385.67	3945.79	3515.62	0.02	-	(8.17)	-	(8.17)	-
38.	NCC International Convention Centre Ltd	10.00	(4.98)	50.08	45.06	-	-	(0.03)	-	(0.03)	-
39.	Western UP Tollway Ltd.,	100.75	1397.67	7181.87	5683.45	-	-	(4.46)	--	(4.46)	-
40.	Samashti Gas Energy Limited	0.50	(0.49)	2.00	1.99	-	-	(0.49)	-	(0.49)	-
41.	NCC Oil & Gas Limited	0.50	(0.09)	0.43	0.02	-	-	(0.08)	-	(0.08)	-
42.	Nelcast Energy Corporation Ltd	1466.30	-	1576.51	110.21	-	-	-	-	-	-

**Note:**

1) Exchange rate as on 31.03.2011: \* Rial Omani = ₹ 116.071, AED = ₹ 12.15, US\$ = ₹ 44.63



Our Annual Report and Accounts for the year 2008-09 has been awarded Certificate of Merit the "Best Presented Accounts and Corporate Governance Disclosures Awards 2009" by The South Asian Federation of Accountants (SAFA)

## Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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### ■ Chennai

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email: ro.lucknow@nccltd.in

### ■ Mumbai

B-402 Dipti Classic, Off. M. V. Road,  
Suren Lane, Andheri (E),  
Mumbai - 400 093  
Tel.: 91-022-26826790  
email: ro.mumbai@nccltd.in

### ■ Ranchi

351-A, Road No.5, Ashok Nagar,  
Ranchi – 834 002  
Tel:91-0651–2241818  
email: ro.ranchi@nccltd.in

## Overseas Offices

### ■ Dubai

Nagarjuna Contracting Company LLC  
1606, Al-Attar Tower,  
Sheikh Zayad Road  
P O Box : 117333, Dubai, U A E  
Tel: 00971-4-3250052  
email: admin@ncc-ltd.ae

### ■ Muscat

Nagarjuna Construction Company  
International LLC  
Hafeez House The Building No. 161,  
Plot No.161, Ground & Mezzanine  
Floor, Block No. 135, Way No. 3526,  
CBD Area, Ruwi, Muscat,  
Sultanate of Oman  
Tel : 00968-96824810990  
nccoman@omantel.net.om

# NCC LIMITED

Regd.Office:41, Nagarjuna Hills, HYDERABAD – 500 082

## Notice

**Notice** is hereby given that the 21<sup>st</sup> Annual General Meeting of the members of **NCC Limited** will be held on Friday, the 12<sup>th</sup> day of August, 2011, at 3.30p.m at Bharatiya Vidya Bhavan, 5-9-1105, Basheerbagh, King Koti, Hyderabad-500029 to transact the following business:

### I. Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended 31<sup>st</sup> March, 2011.
3. To appoint a Director in place of Sri P.Abraham, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri R.V.Shastri, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Sri A.V.N.Raju, who retires by rotation and being eligible, offers himself for reappointment.
6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** M/s. M Bhaskara Rao & Co., Chartered Accountants (Registration No. 000459S) and M/s. Deloitte Haskins and Sells, Chartered Accountants (Registration No.008072S), the retiring Joint Statutory Auditors of the Company, be and are hereby re-appointed as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be determined by the Board of Directors of the Company”.

### II. Special Business:

#### 7. Reappointment of Sri A V N Raju as Wholetime Director:

To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** in pursuance of the provisions of Sections 198, 269, 309, 310, 311,314 and other applicable

provisions, if any, of the Companies Act, 1956 (including any statutory modification (s) or re-enactment thereof, for the time being in force (hereinafter referred to as the **“Act”**), read with Schedule XIII to the Act and subject to such other approvals, consents as may be required, the consent of the Members of the Company be and is hereby accorded for the re-appointment of Sri A V N Raju as a Wholetime Director of the Company for a period of 5 (five) years with effect from 30-05-2011 on the terms & conditions of remuneration as set out in the Explanatory Statement annexed to the notice convening the meeting with liberty to the Board of Directors (hereinafter referred to as **“the Board”** which term shall be deemed to include the HR & Compensation Committee constituted by the Board) to alter and vary the terms & conditions of the said appointment and / or the remuneration, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto”.

**“RESOLVED FURTHER THAT** in pursuance of the provisions of Section 198(4) and other applicable provisions, if any, of the Companies Act, 1956, Sri A V N Raju, Wholetime Director, may be paid the above mentioned remuneration as minimum remuneration in the event of absence or inadequacy of profits in any financial year during his term of office as Wholetime Director, in accordance with the provisions of Schedule XIII to the Companies Act, 1956”.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### 8. According approval for enhancement in borrowing powers

To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** in supersession of the resolution passed by the Members of the Company at the Annual General Meeting held on 31<sup>st</sup> August 2006 concerning borrowing powers, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the **‘Board’**, which

term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) in pursuance of the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) for borrowing from time to time such sum(s) of money in any manner, either in Rupee Currency and/or in Foreign Currency, including Foreign Currency Convertible Bonds etc., with or without security and on such terms and conditions as the Board may in its absolute discretion deem fit, notwithstanding the fact that the moneys to be so borrowed together with the moneys already borrowed by the Company (apart from temporary loans from the Company's Banker's in the ordinary course of business) may exceed the aggregate for the time being of the Paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of the moneys to be so borrowed by the Company together with the moneys already borrowed (apart from temporary loans obtained from the Company's banker's in the ordinary course of business) and outstanding at any time shall not exceed the sum of ₹15,000 crores (Rupees Fifteen Thousand Crores only) and the Board be and is hereby authorised, in its absolute discretion as it may think fit, to do all such acts, deeds and things which are necessary or incidental for the implementation of the said resolution.

**9. According approval for enhancing the limits for charging/mortgaging the properties of the Company**

To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** in supersession of the resolution passed by the Members of the Company at the Annual General Meeting held on 31<sup>st</sup> August 2006 concerning mortgaging/charging of properties of the Company, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the 'Board', which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) in pursuance of the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) for mortgaging and/or charging on such applicable terms and conditions for borrowings upto ₹15,000 crores (Rupees Fifteen thousand Crores only) at such time or times and from time to time and in such form or manner as the Board may in its absolute discretion deem fit, the whole or substantially the whole of the Company's any one or more of the undertakings including the present and/or future properties, whether movable or immovable comprised in any undertaking(s) of the Company, as the case may be, in favour of the banks,

financial institutions, agent(s), trustee(s), Companies government(s) / other agencies or any other person(s), entities located in India or abroad, for the purpose of securing the borrowings of the Company already availed / to be availed including by way of loan(s) and securities (including fully / partly convertible debentures / Foreign Currency Convertible Bonds and / or non-convertible debentures / Bonds with or without warrants or other debt instruments) issued / to be issued by the Company from time to time, together with interest at the respective agreed rates, additional interest, compounded interest, accumulated interest, commitment charges, liquidated damages, premia on prepayment, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses including any increase as a result of fluctuation in the rates of exchange and all other monies payable by the Company in terms of Loan Agreement(s) / Heads of Agreement(s), Debenture Trust Deed(s) or any other documents, entered into / to be entered into between the Company and the Lender(s) / Agent(s) and Trustee(s), in respect of the said loans/borrowings/debentures / Bonds and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lender(s) / Agent(s) / Trustee(s) and the Board be and is hereby authorised to finalise, settle and authorize execution of such documents / deeds / agreements / papers etc. in this respect as and when necessary, and to do, in its absolute discretion as it may think fit, all such acts, deeds and things which are necessary or incidental for implementation of the said resolution.

**10. Commencement of Business covered under the “Other Objects” clause**

To consider and if thought fit, to pass with or without modification the following resolution as a **Special Resolution**;

**RESOLVED THAT** pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956 the approval of the shareholders be and is hereby accorded to the Company for commencement of business as specified in the Sub-clause 3 of Clause III-C (Other Objects) of the Memorandum of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may consider necessary / appropriate for implementing the aforesaid decision of the members.

**By Order of the Board**

**M V Srinivasa Murthy**  
**Company Secretary &**  
**Sr Vice President (Legal)**

**Place: Hyderabad**  
**Date:30th May, 2011**



## **NOTES:**

1. **Explanatory Statement pursuant to Section 173 (2) of the Companies Act,1956 in respect of the business under item No(s).7 to 10 set out above is annexed hereto.**
2. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m upto the date of the Annual General Meeting.
3. **A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself/ herself and the proxy need not be a member of the Company. The instrument appointing the proxy, in order to be effective should reach the registered office of the Company at least forty-eight hours before the time of the meeting.**
4. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Registered Office of the Company, a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. **The Register of Members and the Share Transfer Books of the Company will be closed from 25<sup>th</sup> July,2011 (Monday) to 30<sup>th</sup> July,2011 (Saturday) (both days inclusive).**
6. The dividend for the year ended March 31, 2011 as recommended by the Board, if approved at the Meeting, will be payable to those members whose names appear on the Company’s Register of Members on 30th July, 2011.
7. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 as amended, read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules 2001, dividend which remains unpaid or unclaimed for a period of 7(seven) years will be transferred to the Investor Education and Protection Fund. Shareholders / Investors who have not encashed the dividend warrant(s) so far are requested to make their claim by specifying their Folio No./ DP ID and Client ID to the Secretarial Department, 41, Nagarjuna Hills, Punjagutta, Hyderabad – 500 082. Shareholders are requested to please note that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie in respect thereof.
8. Members are requested to notify immediately any change of address or bank mandates to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Registrars of the Company i.e. M/s.Sathguru Management Consultants Pvt. Ltd., Plot No.15, Hindi Nagar, Punjagutta, Hyderabad – 500 034 in respect of their physical share folios, if any.
9. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting and are requested to sign at the place provided on the attendance slip and hand it over at the entrance to the venue.
10. **A member desirous of seeking any information on the accounts or operations of the Company is requested to forward his / her query in writing to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.**
11. In order to service the shareholders effectively and for administrative convenience, members are requested to notify multiple folios standing in their name for consolidation, if any, to the Secretarial Department at the Registered Office of the Company immediately.
12. Members who wish to make nomination for the shares held in the Company may kindly send the details in the form 2B as prescribed under the Companies Act, 1956 to the Registrars of the Company.
13. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or M/s.Sathguru Management Consultants Pvt. Ltd., (RTA) for assistance in this regard.
14. **Appointment/Re-appointment of Directors**  
At the ensuing Annual General Meeting, Sri P.Abraham, Sri R.V.Shastri and Sri A V N Raju Directors retire by rotation and being eligible offer themselves for re-appointment. The relevant information as required under Clause 49 of the Listing Agreement concerning Corporate Governance Code in respect of the re-appointment of Directors is given below for the information of the Members:
  - a. **Sri P Abraham IAS (Retd.)** is a Non-Executive Independent Director on the Board of the Company and joined the Board in January, 2006. Sri P Abraham

has held senior positions in the Govt, of India including that of Secretary - Ministry of Power, Govt. of India. He retired as Member - Union Public Service Commission. During his tenure in the civil services he was in several important and responsible positions in both Central and State Governments. He was a United Nations Industrial Development Organization Fellow on Industrial Development. He functioned as Chairman - Maharashtra State Electricity Board and had the unique distinction of being the first Chairman of any State Electricity Board in the country, to ever become Power Secretary to Government of India. He was instrumental in the formulation and finalization of the Common Minimum National Plan for Power (CMNPP). He held various executive positions in Industrial Promotion and Development, inter alia including as Commissioner of Industries - Government of Andhra Pradesh, Iron and Steel Controller - Ministry of Steel, Government of India and Chairman and Managing Director - Maharashtra State Textile Corporation

Sri P Abraham is also on the Boards of GVK Power and Infrastructure Ltd, Taj GVK Hotels & Resorts Ltd, Power Trading Corporation Ltd, JSW Energy Ltd , Vijay Electricals Ltd, Lanco Infratech Limited, PTC Financial Service Ltd, Visaka Industries Ltd, NCC Infrastructure Holdings Ltd, Lanco Power Ltd, Raj West Power Ltd, Orient Green Power Company Ltd.

Sri P Abraham is a member of the Audit, HR & Compensation and Corporate Governance Committees of the Board of Directors of the Company and also the member of Audit/ Remuneration Committees of the Board of Directors of GVK Power and Infrastructure Limited, JSW Energy Limited, member of Audit Committee of the Board of Vijay Electricals Limited and also a member of Remuneration committee of the Board of NCC Infrastructure Holdings Limited. He does not hold any shares in the Company.

- b. **Sri R.V.Shastri** is a Non-Executive Independent Director on the Board of the Company and joined the Board in the year 2006. He was the former Chairman & Managing Director of Canara Bank and Indian Overseas Bank. He holds a Masters Degree in Economics. He served in various Banks in top Executive Grade positions and has rich and varied experience in finance, banking and other related areas.

He is also a Director on the Board of Karnataka Bank Limited, National Housing Bank and Religare Trustee Co. Limited. He is a member / Chairman of the Audit Committee, member of the Investors Grievance Committee of the Board of Directors of the Company and also the member of Audit, Executive and Integrated Risk Management and Investor Grievances Committee of the Board of Karnataka Bank Limited, a member of the Executive Committee of the Board of National Housing Bank and a member on the Audit/ Risk Management/ Investor Services Committees of the Board of Religare Trustee Co. Limited. He does not hold any shares in the Company.

- c. **Sri A V N Raju** is a promoter Director serving as a Wholtime Director on the Board of the Company since 2006 . He holds a Bachelor's Degree in Arts. He has over 22 years of industry experience. He also serves on the Board of NCC Vizag Urban Infrastructure Limited and Bay-Park Hotel & Resorts Private Limited. He is a member of the Audit Committee of the Board of NCC Vizag Urban Infrastructure Limited. He holds 36,85,750 equity shares of the Company representing 1.44 % of the paid up equity share capital of the Company. He is related to the promoter Directors on the Board of the Company.

**By Order of the Board**

**M V Srinivasa Murthy**  
**Company Secretary &**  
**Sr Vice President (Legal)**

**Place: Hyderabad**  
**Date: 30th May, 2011**

## **ANNEXURE TO NOTICE:**

### **Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956.**

As required under Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the items of Special Business specified in item no's 7 to 10 of the Notice of the Meeting.

#### **Item No.7**

The Board of Directors of the Company ("the Board") at its meeting held on 30<sup>th</sup> May,2011 on the recommendation of the HR & Compensation Committee and subject to the approval of the members, accorded their approval for re-appointment of Sri A V N Raju, as Wholtime Director for a further period of 5 (five) years with effect from May 30,2011 on the same terms of remuneration as he was drawing previously.

The broad particulars of remuneration proposed to be paid to the said Wholetime Director during the term of his office are as under

Name and Designation	Salary (Per month)	Perquisites and allowances	Exgratia	Commission
Sri A.V.N.Raju Wholetime Director of the Company	₹4.00 lakhs per month in the scale of ₹4.00 lakhs to ₹10.00 lakhs	75% of the monthly salary	As per the rules of the Company	0.5% of the net profits of the company computed in accordance with Section 349 &350 of the Companies Act, 1956

The perquisites and allowances payable to the aforesaid Wholetime Director shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, medical reimbursement; leave travel concession for self and family including dependents; club fees, accident / medical insurance, encashment of leave and such other perquisites and / or allowances, upto the amounts specified above and in addition he shall be eligible for reimbursement of actual expenses incurred towards utilization of gas, electricity, water, furnishing and repairs subject however to the condition that the overall remuneration paid is within the overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956.

Provision of car with chauffer for the purpose of Company's business and telephone as per the rules of the Company and the same would not be considered as perquisites.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However, the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act 1961, and gratuity payable and encashment of Leave at the end of the tenure as per the rules of the Company shall not be included in the computation of limits for the remuneration which includes salary, perquisites and allowances.

The terms and conditions set out for re-appointment and payment of remuneration specified herein may be altered and varied from time to time by the Board of Directors "the Board" which term shall be deemed to include the HR & Compensation Committee constituted by the Board of the Company as it may, at its discretion deem fit. The Board is also entitled to revise the salary, perquisites and allowances payable to the said Wholetime Director of the Company at any time, such that the overall yearly remuneration payable to the said Wholetime Director shall not exceed the limits specified under Section 309 read with Schedule XIII to the Companies Act, 1956. (Including any statutory modification (s) or re-enactment thereof for the time being force) or any amendment made thereto.

The above may also be treated as an abstract of the terms of the contract between the Company and Sri A.V.N.Raju, Wholetime Director pursuant to Section 302 of the Companies Act, 1956.

None of the Directors is interested either directly or indirectly in the aforesaid resolutions excepting Sri.A.V.N.Raju, Sri.A.A.V.Ranga Raju, Sri.A.G.K. Raju, Sri.J.V.Ranga Raju, Sri. A.S.N.Raju, and Sri.N.R.Alluri.

The Board of Directors recommend the resolution as set out at item No. 7 of the Notice for your approval.

#### **Item Nos.8 & 9**

The Members of the Company at the Annual General Meeting held on 31<sup>st</sup> August, 2006 have authorized the Board of Directors of the Company to borrow and create charge for securing the loans/borrowings availed from time to time from the lenders/banks/institutions etc., such sum or sums of money which together with the monies already borrowed by the company may exceed the aggregate of the Paid-up Capital of the Company and its free reserves, provided that the total amount so borrowed and outstanding at any time shall not exceed ₹10,000 Crores (Rupees Ten Thousand Crores Only).

In order to meet the increasing long term working capital requirements and for financing the present and future projects of the company, the Board of Directors request the Members to accord their consent to borrow monies and create charge for securing the loans/borrowings availed from time to time from the lenders/banks/institutions etc., to such extent upto a maximum limit of ₹15,000 crores (Rupees Fifteen thousand Crores only) as per the provisions of the Companies Act, 1956.

Under Section 293 (1) (d) and (a) of the Companies Act,1956 consent of the Members is necessary to enable the Board of Directors to borrow monies and create charge, which will exceed the aggregate of the Paid-up Capital of the Company and its free reserves.

The Board of Directors recommend the resolutions as set out at item No's.8 & 9 of the Notice for your approval.

None of the Directors of the Company is in any way concerned or interested in the resolutions.

**Item No.10**

Your company is presently engaged mainly in the business of construction, engineering and related infrastructure development works/contracts. The Mining Division of the company has been executing the contracts relating to removal of over burden awarded by the Singareni Colories and Mahanadi Coal Fields. Keeping in view the opportunities for growth for private sector players in the coal mining industry and especially in the business relating to mining of coal and coal washeries, the Company proposes to expand its area of operations in the mining sector. The present sub clause 3 of Clause III (C) (Other Objects) of the Memorandum of Association permits the Company to take up the proposed activities.

Under Section 149 (2A) of the Companies Act 1956 approval of the shareholders of the Company is necessary by way of a special resolution before commencement of any of the activities mentioned under the "Other Objects" [Clause III (c)] contained in the Memorandum of Association of the Company.

The Board of Directors recommend the resolution as set out at item No. 10 of the Notice for your approval.

None of the Directors of the Company is in any way concerned or interested in the resolution.

**By Order of the Board**

**Place: Hyderabad  
Date: 30th May, 2011**

**M V Srinivasa Murthy  
Company Secretary &  
Sr Vice President (Legal)**

### **Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Registrar and Share Transfer Agent (RTA) M/s. Sathguru Management Consultants Pvt. Ltd. Unit: NCC Limited. Plot No.15, Hindi Nagar, Punjagutta, HYDERABAD- 500034. **E-mail id: sta@sathguru.com**

**NCC LIMITED**

Regd.Office:41, Nagarjuna Hills, HYDERABAD – 500 082

**ATTENDANCE SLIP**

**21ST ANNUAL GENERAL MEETING of the Company to be held on Friday, the 12th day of August, 2011, at 3.30p.m at, Bharatiya Vidya Bhavan, 5-9-1105, Basheerbagh, King Koti, Hyderabad-500029**

Folio No .....	DP ID No.....	Client No: .....
Name of the Shareholder / Proxy : .....		
Signature of the Shareholder / Proxy : .....		
(only shareholders/proxies are allowed to attend the meeting)		

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of, \_\_\_\_\_ being a member/ members of **NCC Limited** hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him/ her, \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my / our proxy to attend and vote for me/us on my / our behalf at the 21st Annual General Meeting of the Company to held on Friday, the 12th day of August, 2011, at 3.30 p.m at Bharatiya Vidya Bhavan, 5-9-1105, Basheerbagh, King Koti, Hyderabad and at any adjournment thereof.

Folio No .....	DP ID No .....	Client A/c No : .....
No. of shares held .....		<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">                     Affix ₹1/- Revenue Stamp                 </div>
Signed this .....day of .....2011		

**Notes:**

- The Proxy form duly completed must be deposited with the Secretarial Department at the Registered Office of the Company at 41, Nagarjuna Hills, Hyderabad-500082, not less than 48 hours before the time for holding the meeting, Proxy need not be a Member.**
- Corporate members intending to attend the meeting through their authorised representative(s) are requested to send a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.**

**BANK ACCOUNT PARTICULARS / ECS MANDATE FORM**

I/We .....do hereby authorize NCC Limited

- \* To Print the following details on my / our dividend warrant
- \* To Credit my dividend amount directly to my Bank account by ECS / Direct Credit in.....Bank A/c (if any).
- (\* Strike out whichever is not applicable)

**My / Our Folio No:** .....

Particulars of Bank Account:	DP ID No.....	Client A/c No.....
A. Bank Name	:	
B. Branch Name & Address (for Mandate only)	:	
C. 9 Digit Code number of the bank & branch as appearing on the MICR cheque (Please attach cancelled cheque)	:	
D. Account Type (Saving/Current)	:	
E. Account No. as appearing on the cheque book	:	
F. STD Code & Telephone No.	:	

I/ we shall not hold the Bank responsible if the ECS could not be implemented or the Bank discontinue(s) the ECS, for any reason.

Please send the BANK ACCOUNT particulars/ ECS MANDATE FORM to: **M/s. Sathguru Management Consultants Pvt. Ltd.** Unit: NCC Limited. Plot No.15, Hindi Nagar, Punjagutta, HYDERABAD- 500034 or to **your Depository Participant** if you hold shares in electronic form.

Date :

Place:

**Signature of the Shareholder**

