



ANOOP KUMAR MITTAL
Chairman-cum-Managing Director

CHAIRMAN'S ADDRESS

Dear Shareholders,

As India inches towards being the third largest economy in the world with over five-fold growth to over 12 trillion dollars by 2030, your company NBCC is well placed for a quantum jump in line with India's emergence as a global economic powerhouse. This has been made possible with policy reforms and overall improvement in your company's performance over the last five years.

At this juncture, I am delighted to welcome you all to the 58th Annual General Meeting of NBCC (India) Limited. The Annual Report for financial year ending March 31, 2018 along with the Directors' Report, Audited Annual Accounts and Auditor's Report of your Company are with you and, with your permission, I take them as read.

We are living in an era of disruptive change, with technology and digitisation rewriting every rule of the book. As the winds of change impact every aspect of our lives – social, economic, political and environmental, it cannot be business as usual. As the old order changes and gives way to the new, we have no choice but to reinvent ourselves and evolve in this new landscape.

Economic Scenario, Industry Outlook and NBCC

India required bold reforms to achieve its vision of becoming a global economic leader. The Goods and Services Tax (GST), the Insolvency and Bankruptcy Code, Remonetisation and the Real Estate Regulation and Development Act (RERA) were just among several initiatives taken to change the old order, and usher in an era of new opportunities and inclusive growth. This has been acknowledged across including by the Bretton Wood twins IMF and World Bank, both of which have predicted India's ascendance on the global ladder.

NBCC wants to be part of this glorious journey. Your Company, over the decades of its existence, has kept pace with technological developments as well as the evolving socio-economic needs of the country. Our diversity and our collective ability to learn, adapt, evolve and collaborate have enabled us to absorb disruptive forces, emerge stronger and survive in the face of challenging business scenario.

Your Company has emerged as the building block of the Nation. We are an environment-conscious Corporate, a world-class integrated engineering, construction and project management consultant with accelerated focus on sustainability, excellence and transparent governance. Our vision is to execute high-value, mega projects across the globe.

The infrastructure growth is also getting strong support from the government's flagship programmes like the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), the National Rural Health Mission, Pradhan Mantri Awas Yojana, Ayushman Bharat, Housing for All by 2022 and will invite considerable budget allocation from the Government. NBCC as Project Management Consultant with 90% of its business in the segment, has always been a major player in the development of Nation's Infrastructure and therefore, these flagship programmes would bring in fresh opportunities for your company in upcoming years providing huge impetus to its growth.

Performance

I am delighted to share with you another year of strong business performance by your Company across its three areas of business – Project Management Consultancy, Real Estate and Engineering Procurement & Construction.

Driven by robust operational performance and sound fundamentals, your Company recorded a 20% growth in PBT in the last financial year (2017-18) over the previous one year period. The Net Profit during 2017-18 is higher by 11.55% from the previous year.

We have continued to create wealth for our investors and shareholders. The total dividend proposed for the FY 2017-18 is 83.50% which includes Interim Dividend of 27.50% already paid.

The performance has enabled your Company to emerge as a valuable player in the construction industry. With improved liquidity, small investors have a chance to participate in the Company's growth. Your Company is further set for accelerated growth due to improved business climate, a healthy order book, technology investments, strategic alliances, wide customer base and a talented workforce.

Value Creation & Recognition

We have performed with a CAGR of 21% over the past 10 years. I take this opportunity to reaffirm our commitment to create profits for our shareholders and investors.

Our quarterly results, regulatory filings, media presentations and schedule of investor interactions are available at the website.

Our investor relation is not just restricted to reporting financial results in a timely manner. We regularly organise investor meets to update them on all major initiatives taken by your Company, and provide a consistent message to enable them to take well-informed investment decisions.

In recognition of your Company's Excellent Performance spanning over almost six decades and its Contribution towards Nation's Development, Department of Post, Ministry of Communication, issued a Postage Stamp and Special Cover on NBCC under the title 'My Stamp' on its 57th Foundation Day on 15th November, 2017.

Business Opportunities and Projects

Your Company has made tremendous progress in the past five years and undertaken several prestigious projects within and outside the country. We fulfilled the promise of reaching new geographies to execute mega projects. We are going global in a major way and have expanded our footprint to 15 countries.

Your Company has received large orders from the Maldives, Mauritius, Turkey and African countries. On the domestic front, we are flawlessly executing various mega projects such as World Trade Centre at New Delhi and International Exhibition-cum-Convention Centre at Pragati Maidan. Your Company is also a prime mover in country's healthcare infrastructure and has undertaken the execution of several significant projects such as hospitals, medical colleges, health care facilities pan India.

Besides, we have also been tasked with the construction of civilian bunkers along the International Border (IB) and Line of Control (LoC) to protect the residents from cross-border firing and shelling. NBCC has been engaged in fencing work along the Indo-Pak and Indo-Bangla borders for the last over 15 years. Reaffirming our commitment to increasing our environmental footprint, all projects are designed and executed on the principles of green architecture with enhanced levels of safety, security, convenience, efficiency and conservation around the premises, while retaining the architectural flavour of the project site.

Your Company is also working on developing projects on surplus land parcels owned by PSUs and Governments as part of its plans to monetize land assets. We would be commencing work on some of the projects to develop townships, affordable housing projects by the end of the year.

Your company's stake in development and re-development projects is now not limited to Delhi but has expanded to cities across the country. We have been associated with prestigious projects like development of large parcels of land in Mumbai's Wadala area, and the redevelopment of Manora MLA Hostel at Nariman Point.

As a responsible corporate, your Company is also exploring options to help realtors under financial or other stress to complete their projects and deliver homes to the buyers on time. Besides, we also intend to enter into collaborations and joint ventures as a co-developer and implementing agency for project management consultancy, project branding, sales, marketing on the licensed land owned by private firms or government agencies.

Strategic Alliances

We have already acquired Hindustan Steelworks Construction Limited (HSCL) to benefit from its versatile infrastructure portfolio and expertise in the implementation of integrated steel plants, and are set to acquire more PSUs to enhance our reputation as a construction behemoth, providing end-to-end services for project management consultancy and construction services under one roof.

Sustainable Development

As a government entity and construction leader, we have taken a pledge to lead by example and adopt environment friendly and sustainable technologies.

In fact, I, as your representative, took the pledge in presence of the Prime Minister to construct 'zero energy infrastructure' by 2022, as part of India's Global Environmental commitments by ensuring all the water and solid wastes are recycled and reused to make projects nature friendly.

We say 'No' to use of plastic at all our workplaces and construction sites. Adoption of dry construction, modular products and other technologies along with skilling and reskilling of workforce is undertaken to minimise dust pollution as our contribution towards creation of clean and green infrastructure in the country. In an ongoing green initiative, we have conducted plantation drives across all our project sites around the country and have planted thousands and thousands of trees.

This is coupled with the objective of setting up gold standards for environmental and waste management practices that has set your company on the road to become a truly national infrastructure entity. Time has come for your company to now expand into the global arena with Indian pride of being the best.

Human Capital

You would be pleased to note that your company has the lowest attrition rate amongst its peers and we have been able to not just attract talent from outside but also have brought down the average age of the organisation to 42 years, which in my opinion, is a landmark achievement as this would provide fresh impetus to the growth of the organization.

Your Company understands and values the role of its human capital in successfully executing a project. We have in place, a strong human resource policy to induct and retain talent.

Thanks to our progressive Human Resource policies and initiatives, the productivity per employee has grown significantly, which proves that NBCC is now much leaner and an efficient organisation. The growth in operating margin during this period is a testimony to that.

Corporate Governance

Your Company has been a forerunner in adopting the best practices of corporate governance to create ethical wealth on the back of values of transparency, digitalisation, empowerment, accountability and ethical corporate citizenship.

Our large-scale sustainability programmes are in alignment with the government guidelines and our social investment initiatives also make a meaningful contribution towards meeting the objectives.

While we are driven by profit, we are equally committed for creating social and environmental wealth with special focus on empowerment of communities, inclusive socio-economic growth, environment protection, and promotion of green and energy efficient technologies.

Social Capital

NBCC believes in doing business with social responsibility. Our customers, investors and communities are integral to our journey. The projects of national security demonstrate our intent in this regard.

We have taken many steps to further cement our social relationships. Your Company is committed to serve the society for the larger good. To preserve our national heritage, we have undertaken the responsibility of renovating the Purana Qila in New Delhi. We sponsor education and sports for the underprivileged children, facilitate skill development to empower the youth and inculcate clean habits in communities as part of the Swatch Bharat Mission.

We have also implemented the construction of Sahara hostel for widows of Indian naval personnel who lost their lives in the line of duty for the Nation.

Going Forward

To recall the journey of the last five years ending March 31, 2018, your company has recorded an impressive 105% growth from 2012-13 in income per employee, near doubling of net worth and substantial increases in revenue and profits before and after taxes during the same period. This comes amid value creation for every stakeholder.

In future, NBCC will evolve PMC as a strong business model based on sustainability through a light-asset model that focuses on cost consolidation using low capital expenditures. Your company will rejig its project portfolio to increase scale of operations. The aim is to take up more and more high-value projects while consequently cutting down on the number of smaller projects. To that end, your company has already adopted many a new technologies and engaged skilled manpower in order to ensure faster construction of its projects with quality. This initiative is also fetching good dividend in terms of avoiding cost overrun.

Let me conclude by saying that your Company sustained its position as one of the fastest growing Indian companies in the construction sector, leveraging a robust portfolio of orders, a deep understanding of customer landscape, and long-term investments in automation, technology and business development activities to increase productivity per employee.

It is our goodwill that has helped us become the most favoured partner for all prestigious government projects. We have a strong order book pipeline that should help us achieve a growth rate of more than 30%. Going forward, we will work towards enhancing our brand value while aggressively pursuing high-value projects in domestic and overseas markets.

With nearly six decades of expertise and experience, operational command, committed workforce and entrepreneurial excellence, I am confident, we will conquer new territories and rise from strength to strength.



Anoop Kumar Mittal
Chairman-cum-Managing Director