



Nagarjuna Construction Company Limited

An ISO-9001-2000 Company

Annual Report 2009-10



India's infrastructure
awakening!

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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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 Rakesh Jhunjunwala
Director

Sri Akhil Gupta
Nominee Director
M/s. Blackstone Group

Sri Amit Dixit
Alternate Director
to Sri Akhil Gupta

Sri R. V. Shastri
Director

Sri A. J. Jaganathan
Director

Sri Utpal Sheth
Alternate Director to
Sri Rakesh Jhunjunwala

Sri N. R. Alluri
Director

Sri J. V. Ranga Raju
Wholtime Director

Sri R. N. Raju
Wholtime Director

Sri A. V. N. Raju
Wholtime Director

Sri A. S. N. Raju
Wholtime Director

Sri A. G. K. Raju
Executive Director

Sri A. A. V. Ranga Raju
Managing Director

Company Secretary & 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,
Punjabgutta
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,
Punjabgutta,
Hyderabad - 500 034
Phone: 040 – 23356507
Fax: 040 – 40040554
e-mail: sta@sathguru.com

20th Annual General Meeting

on Tuesday 10th August,
2010, at 3.00 p.m
at Bharatiya Vidya Bhavan
5-9-1105, Basheerbagh
King Koti
Hyderabad-500029

Vision

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

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

Values

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

Quality policy

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

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

Key financials, 2009-10

Revenue growth		EBIDTA growth		Profit after tax growth		Cash profit growth	
16 percent		29 percent		51 percent		38 percent	
2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
Rs 4,156 cr	Rs 4,832 cr	Rs 374 cr	Rs 483.4 cr	Rs 154 cr	Rs 233 cr	Rs 207 cr	Rs 285 cr

Legacy

India's leading infrastructure conglomerate with over three decades-rich robust record in asset and nation building.

Activity

Diversified and derisked business portfolio with presence spanning across eleven industry sectors – buildings and housing, transportation, water and environment, irrigation, electrical, oil and gas, metals, power, mining, railways and international.

Locations

Headquartered at Hyderabad, Andhra Pradesh, the Company enjoys an extensive regional presence with offices in Delhi, Ahmedabad, Bhubaneswar, Kolkata, Mumbai, Bhopal, Lucknow, Chennai and Bangalore. Internationally, it has offices in Dubai (United Arab Emirates) and Muscat (Sultanate of Oman).

Listing

Listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) in India.

Team

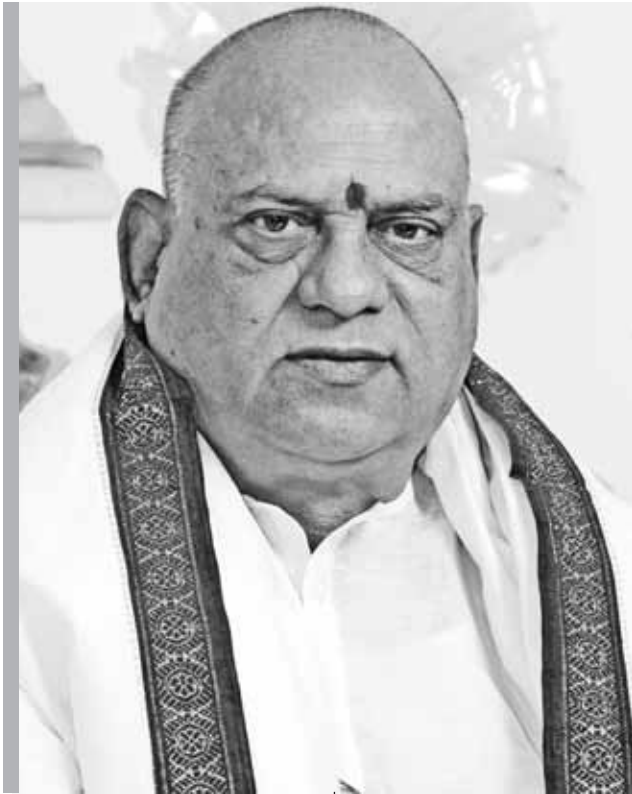
4,173 members as on 31 March 2010.

Clientele

- 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
- Indian Oil Corporation
- Bharat Heavy Electricals Limited
- National Thermal Power Corporation Limited
- Karnataka Housing Board
- Andhra Pradesh Housing Board
- Sports Authority of Andhra Pradesh
- 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
- National Institute of Technology
- Mazgaon Docks Limited

EBIDTA margin growth		Net margin growth		RONW growth		ROCE growth (excluding investments)	
110 bps		110 bps		230 bps		390 bps	
2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
9.0 percent	10.1 percent	3.7 percent	4.8 percent	9.5 percent	11.8 percent	19.2 percent	23.1 percent

Corporate statement by the Chairman Emeritus



Dear Shareholders,

**INDIA'S CHOICES IN
INFRASTRUCTURE
MANAGEMENT WILL HAVE
A PROFOUND IMPACT
FOR THE WORLD'S
SECOND LARGEST
POPULATION CLUSTER.**

For instance, it is now widely recognised that India's policy will need to be wider and deeper with rural resonance. It will need to be benchmarked with the best global standards. It will need to be implemented with speed. It will need to translate into life-enriching standards.

Whatever the imperatives, the most important bottomline is that India will need to continue to invest in its infrastructure to relieve the common man of urban congestion, power shortages and queues.

On the move

The biggest reality in India's infrastructure space is that surging growth and employment will urbanise the country faster than ever, from 290 mn in 2001 to an estimated 340 mn in 2008 and a projected 590 mn by 2030. It took India's urban population almost 40 years (1971 to 2008) to rise by 230 mn; it could take half that time to add another urban 250 mn!

This urbanisation speed presents unprecedented opportunities. As per a report released by the McKinsey Global Institute, India will need to spend

USD 2.2 trillion (Rs 97.35 lakh cr at current exchange rates) on its cities by 2030. Nearly USD 1.2 trillion (Rs 53.1 lakh cr) will need to be invested in water, sewage, transport and housing infrastructure as 40 percent of India's estimated 1.47 bn population will reside in urban areas by 2030. As a percentage of the gross domestic product (GDP), urban infrastructure spending will need to rise from 0.5 percent to 2 percent.

The projected spending is estimated at around USD 30 bn through 2015, rising to USD 60 bn annually by 2020 and USD 90 bn annually by 2030. The good news is that nearly 80 percent of the capex requirement can be generated internally, especially in tier-I and tier-II cities. For example, against a per capita requirement of USD 134, USD 127 can be generated through four sources – monetising land, debt and public-private partnership engagements, the rest through a 20 percent share in the goods and services tax collected by governments. Funding gaps can be plugged by the centre and states through a systematic formula rather than ad-hoc grants. For the smaller cities, an annual grant of per capita USD 20 was suggested.

Going ahead, the majority populations of at least five states – Tamil Nadu, Gujarat, Maharashtra, Punjab and Karnataka – will be living in urban areas. Besides, 70 percent of the net new jobs created in the country would be in cities by 2030.

Being here or there or walking the middle path

India is barely engaged in the management of this national shift. We are still deliberating whether India's future lies in its villages or its cities when in reality both are interdependent. India's urban economy is expected to contribute 85 percent of total tax revenues, which will be used for strengthening the entire nation including prospects for 200 mn living on the fringes of India's 70 largest cities. Interestingly, around 75 percent of urban India earns a paltry Rs 80 per day, so strengthening urban infrastructure is not an option but a national imperative.

Gulf presence

Nagarjuna Construction leveraged its engineering and construction expertise to grow its presence in UAE and Oman. This was done from a strategic perspective that extended beyond immediate scope: an international exposure opened up revenue streams, widened bidding scope, facilitated the bagging of larger global projects, derisked from a single geography presence and facilitated a more complete asset (human and capital) utilisation. Besides, the markets of the UAE and GCC are much like those of India, enhancing business familiarity. At the end of 2009-10, nearly 21 percent of our order backlog of Rs 15,370 cr was derived from these international markets.



Closing thoughts

Going ahead, we expect to focus on the following:

- The value of cash liquidity at all times.
- The importance of speed and flexibility with a particular emphasis on the diversity of service offerings.
- The need to maintain a balance between risk and reward.
- The absolute focus on disciplined financial management.

I am optimistic that we will generate a topline of Rs 7,300 cr in 2010-11, continuing to enhance value for all those who invest in us, work with us and depend on us. On behalf of the entire NCC's team, I thank you for your continued support.

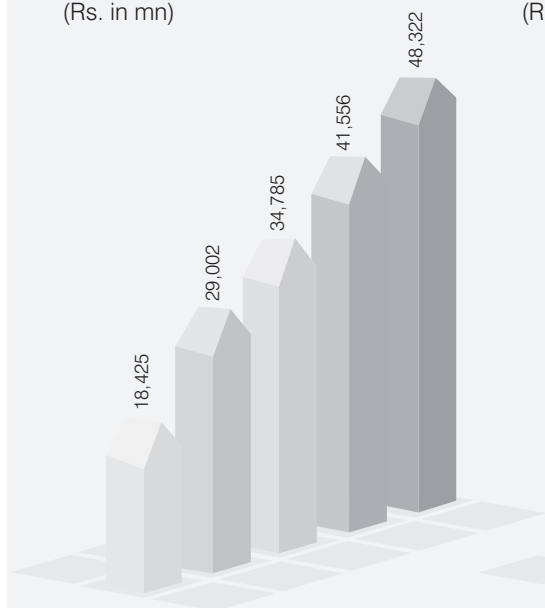
Sincerely,

Dr. A.V.S. Raju
Chairman Emeritus

Built on the foundation of strong numbers

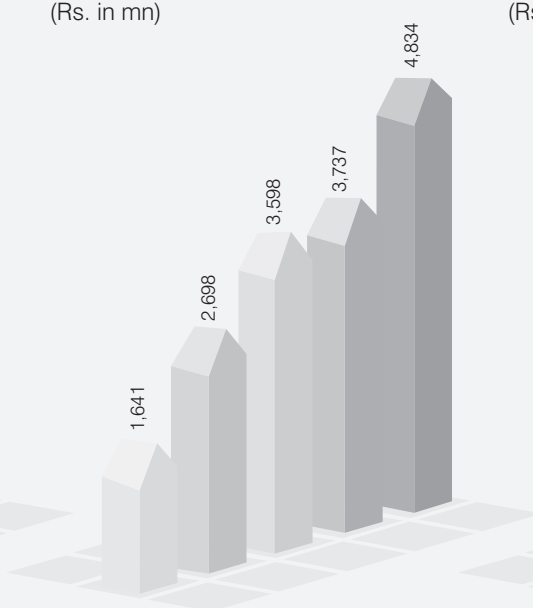
Revenues (gross)

(Rs. in mn)



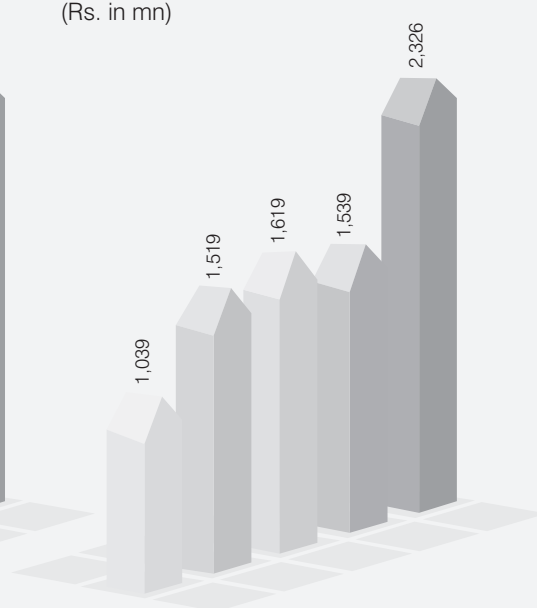
EBIDTA

(Rs. in mn)



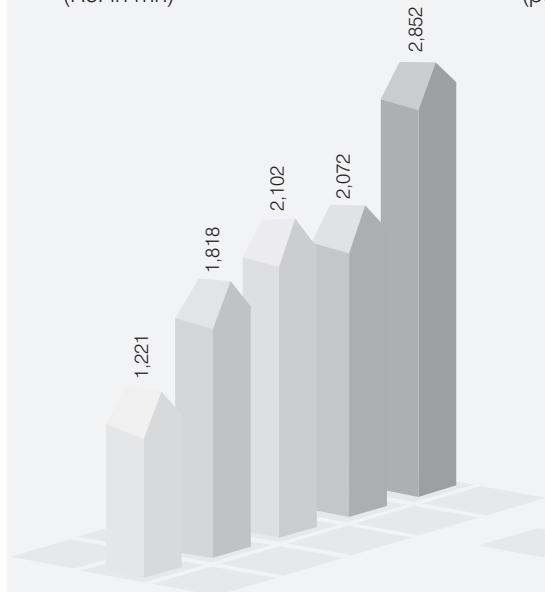
Post-tax profit

(Rs. in mn)



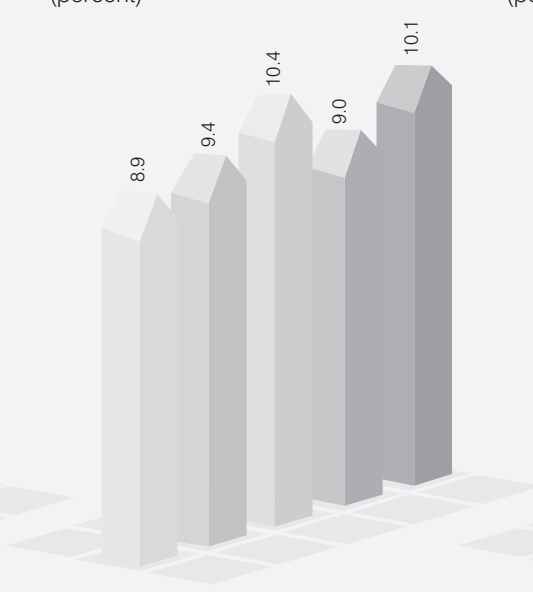
Cash profit

(Rs. in mn)



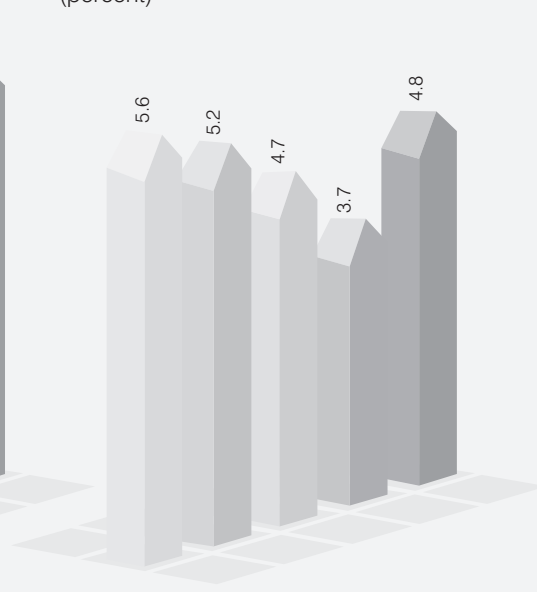
EBIDTA margin

(percent)



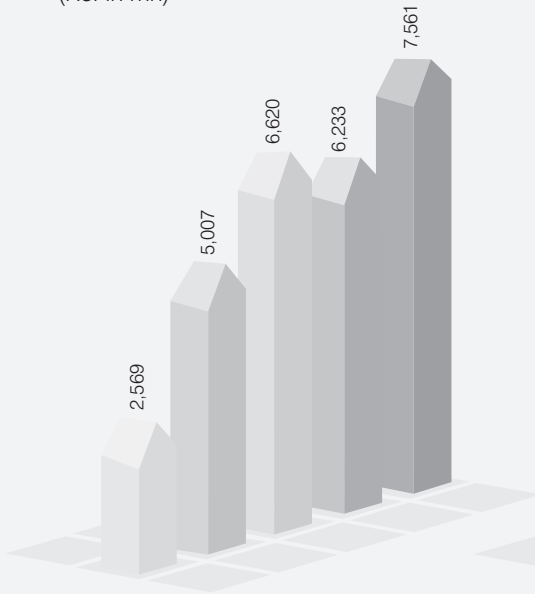
Post-tax profit margin

(percent)

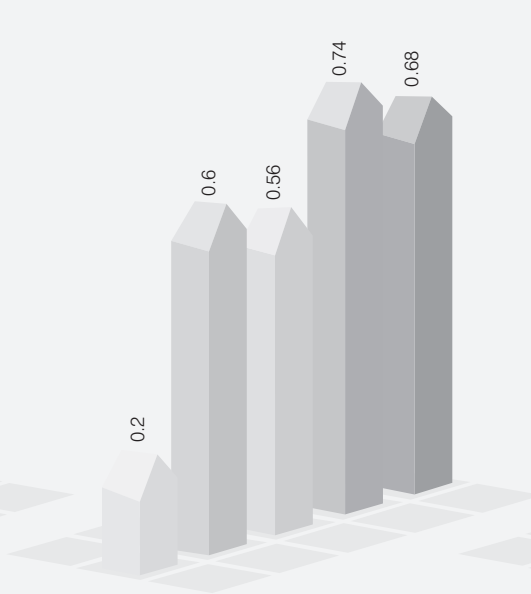




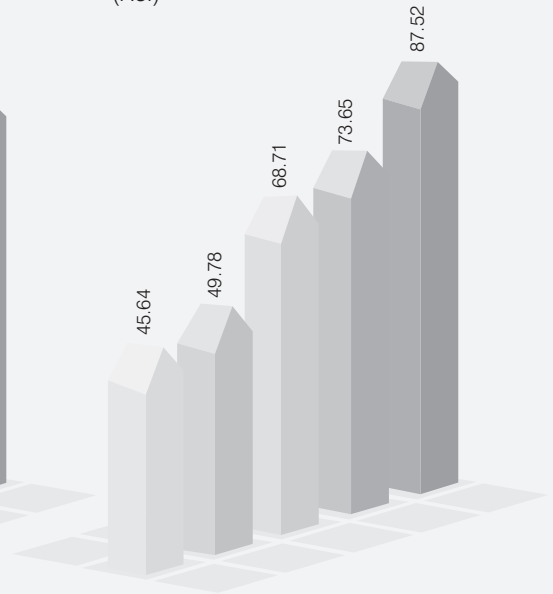
Gross block
(Rs. in mn)



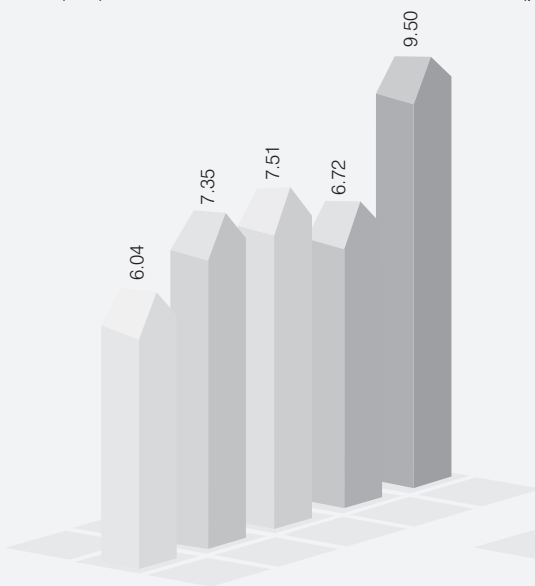
Debt-equity ratio



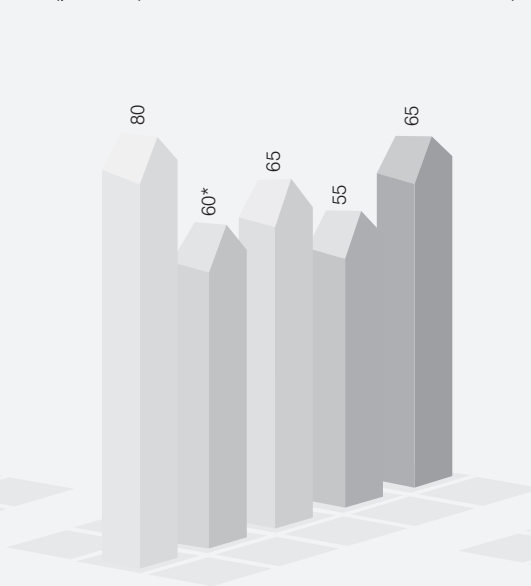
Book value per share
(Rs.)



Earnings per share (basic)
(Rs.)

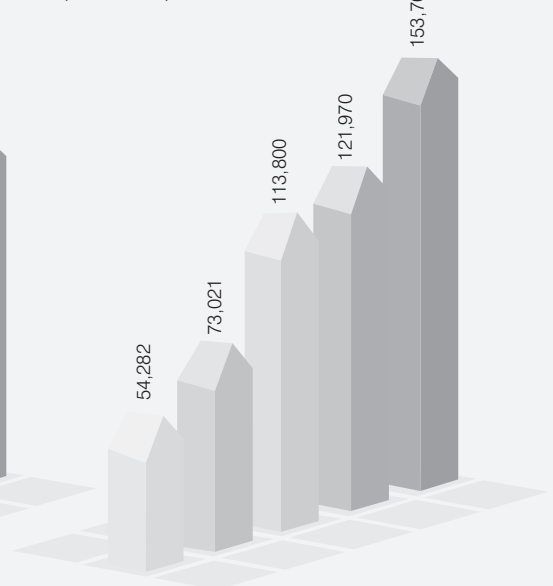


Dividend
(percent)



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

Order book
(Rs. in mn)



Answering shareholders' questions



"In 2009-10, we entered the billion dollar club in terms of standalone gross turnover, order book accretion and market capitalisation. We intend to capitalise on India's Infrastructure awakening and add the next billion in turnover in quicker time."

Says Mr A.A.V. Ranga Raju,
Managing Director

Q. Congratulations on the first billion dollars in turnover. Is this performance in line with the overall strategic blueprint?

A Our business represents a faithful proxy of what is happening in the infrastructure space. The Country's urgent need for new and upgraded infrastructure – roads, buildings, bridges, flyovers, airports, seaports, water pipelines, power utilities, industries and railway lines, among others – can be distilled into a single number, our highest-ever order book accretion of Rs 8,900 cr during 2009-10. Our order inflow during this period was 41 percent higher than our guidance, derived from our ability to bid for and bag larger and more complex projects in India and abroad. With this accretion, our order

book stood at Rs 15,370 cr as on 31 March 2010, two-and-a-half times our consolidated turnover of Rs 5,964 cr in 2009-10.

Q. What was the most significant business development of 2009-10?

A Our company going international and the healthy order book of our power vertical. Our Indian operations have provided us with significant scale and competence; our projects in other geographies represent a replication of our India success. We are present in United Arab Emirates and the Sultanate of Oman with significantly larger project sizes; correspondingly, we bagged our largest single project of Rs 1,600 cr in that geography in December 2009,

covering the construction of a 66-km expressway linking Al-Falaj with Khatmalah in Muscat.

Looking at the immense opportunities available in the EPC power business, we have adequately strengthened our power division to undertake BOP (Balance of Plant) works of various power plants that are coming up in the country. I am glad to inform that our power vertical has recently bagged its first EPC order of Rs. 900 cr. I foresee a bright future for this vertical.

Q. What were the other reportable developments of 2009-10?

A Quite a few.

- We closed a qualified institutional placement of USD 75 mn in September 2009, subscribed within 20 minutes of opening and oversubscribed by 73 percent when the global economy was just recovering. The issue attracted quality investors like Helbis (HSBC fund) and Reliance Capital, among other marquee financial institutions. We utilised these funds for our long-term BOT projects and working capital needs.

- We placed Rs 100 cr of five-year non-convertible debentures with banks and financial institutions. We used these proceeds for retiring costly debt and for other corporate requirements.

- Our standalone gross turnover, order book accretion and market capitalisation

(as on 31 March 2010) touched the landmark USD 1 bn.

- We divested our stake in Gautami Power and realised Rs 112.62 cr with an attractive post-tax profit.

- We embarked upon the construction of our thermal merchant power plant with a targeted capacity of 2,640 MW to be executed across two phases. Located in Srikakulam, this project entails investments of Rs 7,000 cr in Phase I (1320 MW), the financial closure for which will soon be achieved.

- We operationalised our first BOT toll project, the 10-km long Bangalore Elevated Tollway Road Project in January 2010.

- Our 2008-09 annual report received the Silver Shield Award from the Institute of Chartered Accountants of India.

- Our Chairman Emeritus received the prestigious "Padma Shri" for his outstanding contribution to India's infrastructure sector under the category 'Trade and Industry'.

Q. How do you expect to enhance value in the hands of the Company's shareowners?

A I think our entire focus is on completing projects faster without compromising on quality. Quicker project completion will not only free resources to be mobilised in other locations but also quicken cash inflow.

This is already reflected in our consolidated turnover (24 percent growth to Rs 5,964 cr in 2009-10). A focus on cost management and efficiency increase will strengthen margins, which was reflected in increasing EBIDTA margins by 70 basis points to 11.2 percent in 2009-10 and post-tax profit 4.8 percent to Rs 283 cr during the period under review. This performance will eventually reflect in our dividend payment and share price appreciation.

In 2009-10, we proposed a dividend of Rs 1.30 per equity share of face value of Rs 2.

Q. What does the future hold?

A In 2010-11, four BOT road projects will be operationalised leading to quality turnover, cash flow and profitability accretion. A stronger focus on our emerging verticals (railways, oil and gas, metals and mining) will add substantially to our turnover and profitability, derisking our dependence on specific sectors and verticals. We also expect to receive orders worth over Rs 15,000 cr, increasing our total order book position to around Rs 23,000 cr at the close of 2010-11. With a focus on a faster order book completion, we are targeting a topline of Rs. 7,300 cr on consolidated basis in 2010-11.

Directors' Report

To the members,

Your Directors take pleasure in presenting the 20th Annual Report together with the audited statement of accounts for the year ended March 31, 2010,

Financial results (on standalone basis)

	<i>(Rs in million)</i>	
	2009-10	2008-09
Gross income	48,321.99	41,555.71
Profit before interest and depreciation	5,378.23	3,778.34
Less: Interest and financial charges	1,322.42	963.59
Profit before depreciation	4,055.81	2,814.75
Less: Depreciation	525.45	533.02
Profit before tax	*3,530.36	2,281.73
Provision for tax	1,204.21	743.14
Profit after tax	2,326.15	1,538.59
Profit brought forward	1,735.72	1,311.65
Profit available for appropriation	4,061.87	2,850.24
Appropriations		
Dividend at Rs.1.30 per share (65 %)	333.56	251.74
Dividend tax	55.40	42.78
Transfer to General Reserve	1,000.00	550.00
Transfer to Debenture Redemption Reserve	100.00	250.00
Transfer to Contingency Reserve	20.00	20.00
Balance carried forward	2,552.91	1,735.72
Paid up Capital	513.17	457.70
Reserves and Surplus	21,943.39	16,397.81

(* includes an exceptional item of Rs.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 16% in turnover from Rs. 41,555.71 Million in 2008-09 to Rs. 48,321.99 Million in 2009-10. Gross Profit increased from Rs. 3,778.34 Million in 2008-09 to Rs. 5,378.23 Million in 2009-10 before interest and depreciation. After deducting interest of Rs. 1,322.42 Million, providing a sum of Rs. 525.45 Million towards depreciation and income tax provision of Rs. 1,204.21 Million, the operations resulted in a net profit of Rs. 2,326.15 Million as against Rs. 1,538.59 Million. The net profit earned for the year 2009-10 includes an exceptional item of Rs. 404.23 Million (Net of Tax) representing gain arising on sale of investments held in Gautami Power Limited.

You will be glad to note that your Company has become for the first time a Billion Dollar Company based on Standalone Turnover in 2009-10.

B. Consolidated

During the year under the review your Company earned a consolidated turnover of Rs. 59,639.34 Million as against Rs. 48,023 Million in the previous fiscal registering a growth of

24%. Your Company has earned a consolidated gross profit of Rs. 7,248.99 Million before interest and depreciation as against Rs. 5,202.50 Million in the previous year, after deducting interest of Rs. 2,211.38 Million, providing for depreciation of Rs. 965.65 Million and provision for tax of Rs. 1,211.28 Million, the operations resulted in a net profit of Rs. 2,860.68 Million as against Rs. 1,850.26 Million in the previous year. The company reported an aggregate net profit after tax Rs. 2,860.68 Million (including an exceptional item of Rs. 419.98 Million (Net of Tax) representing gain on investments), resulting on account of sale of investment in Gautami Power Limited and Machilipatnam Port Limited.

During the year the Company, on consolidated basis, bagged new orders valued around Rs. 89,000.08 Million and executed projects worth Rs. 57,271.50 Million. The order book position as on March 31, 2010 stood at Rs. 153,702.60 Million.

Dividend

Your Directors take pleasure in recommending equity dividend of Rs. 1.30 per share of Rs. 2 face value (65% on the paid-up equity share capital) for the approval of the members for the financial year 2009-10.

The dividend, if approved, at the 20th Annual General Meeting by the members, will be paid to all those equity shareholders whose names appear in the Register of Members as on 31st July, 2010, 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

You will be glad to note that during the year under review, your Company successfully raised funds aggregating to Rs. 3,673.50 Million by issue of 277,32,900 Equity Shares of Rs. 2/- each at a premium of Rs. 130.46 to Qualified Institutional Buyers under the Qualified Institutional Placement. The Paid up Capital of the Company now stands increased to Rs. 513.17 Million divided into 25,65,83,810 Equity Shares of Rs. 2/- each.

Issue of secured redeemable non-convertible debentures

During the year the Company raised Rs. 1000 Million through issue of Secured Redeemable Non-Convertible Debentures to Commercial Banks and GIC in the form of Separately Transferable Redeemable Principal

Parts of (STRPPS) having the Face value of Rs. 1.00 lakh each on private placement basis. You will note that CRISIL accorded a rating of AA-/Stable for the long-term borrowings of the Company up to Rs. 2,000 Million. The Secured Redeemable Non-Convertible Debentures issued by the Company are listed on the 'Wholesale Debt Market Segment' (WDM) of the National Stock Exchange of India.

Directors' responsibility statement

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

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby state that

- in the preparation of the annual accounts for the year ended March 31, 2010, 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, 2010 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, 2010 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

- a. Towards travel – Rs. 2.25 Million
- b. Towards import of capital goods – Rs.122.95 Million
- c. Towards material purchases - Rs.224.40 Million
- d. Others Rs. 2.61Million

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

You will be proud as well as happy to note that in recognition of the valuable services rendered by our Founder Chairman and Chairman Emeritus Dr. A. V. S. Raju, has been conferred one of the country's highest civilian awards "Padma Shri", in the Trade and Industry category by the Government of India.. Your Board congratulates Dr A V S Raju, Chairman Emeritus for this distinction.

During the year under review, Sri Utpal Sheth was appointed as an Alternate Director to Sri Rakesh Jhunjunwala, Director of the Company effective October 31, 2009 pursuant to the provisions of Section 313 of the Companies Act, 1956.

Sri Amit Dixit, Alternate Director to Sri Akhil Gupta, Nominee Director of Blackstone, ceased to be an Alternate Director pursuant to the provisions of Section 313 of the Companies Act, 1956 and was reappointed as an Alternate Director to Sri Akhil Gupta.

Sri P.C.Laha, Sri S. Venkatachalam and Sri Rakesh Jhunjunwala, 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. Brief profile 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.

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 20th 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 20th Annual General Meeting of the Company, to hold office from the conclusion of the 20th Annual General Meeting up to the conclusion of the 21st Annual General Meeting.

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

Awards (Silver shield awarded by ICAI)

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 2nd best under the category "Infrastructure & Construction" by the Institute of Chartered Accountants of India (ICAI) for excellence in Financial Reporting and was awarded Silver Shield.

Subsidiary companies

The Company has thirty eight subsidiaries (including step down subsidiaries) as on March 31, 2010. There was no material change in the nature of the business of the subsidiaries. A statement pursuant to Section 212(1) (e) and (3) of the Companies Act, 1956, containing the details of the subsidiaries of the Company, is appended as **Annexure - A** to this 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 which are into operations 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 development of Infrastructure Projects independently and through Government concessions, largely focusing on long term infrastructure projects with stable revenue streams. NCC Infra is among the first few companies in India to be modelled as an infrastructure developer-cum-holding company with investments spread across 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, two projects were completed and three

projects are under execution and are expected to be completed in the current fiscal 2010-11. 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, Serviced Apartments, 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 is developing the prestigious 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 Urban has targeted to deliver 12.8 million sft. of built up area spread over 286 acres in the next three years.

NCC Power Projects Limited (NCCPPL)

NCCPPL is a wholly owned Subsidiary of your Company which is developing the 4 x 660 MW (2640 MW) coal-fired Thermal Power Project using super-critical technology at Sompeta, Srikakulam District, Andhra Pradesh in two phases of 1320 MW each. The first phase of 2 x 660 MW is being taken up

in the first instance. NCCPPL has acquired almost the entire land required for the power project from the Govt. of A.P. Land acquisition from private parties is under progress. Overall, nearly 80% of land acquisition, (required for Phase I and II) is completed. NCCPPL has received Coal Linkage to the extent of 70% of the Coal requirement in respect of the 1st phase from the Ministry of Coal, Govt. of India. The balance 30% of coal is proposed to be imported from other countries. The Project company has also received almost all the clearances/approvals from the concerned authorities (Environmental Clearance from MoEF, Govt of India, Sea Water drawl from Govt of AP, Rail Transport Clearance from the Ministry of Railways, Stack Height Clearance from the Airports Authority of India etc.) The project is now poised to achieve the Financial Closure.

Himachal Sorang Power Limited

Himachal Sorang Power is an SPV formed as a subsidiary for implementation of the 100 MW run of the River Hydro electric Project by utilising 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 around November, 2011.

International Presence

Your Company has created a niche in infrastructure markets of the GCC, within a brief time horizon of three

years, through its subsidiaries in 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 Rs. 6,000 crores within a short period. The international business is carried on through two flagship entities viz., NCC International LLC in Oman and Nagarjuna Contracting Company LLC., in the UAE.

The prestigious projects 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.

Investment in Paschal Formwork (India) Pvt. Ltd.

M/s. Paschal-Werk G.Maier GmbH, based in Germany, is one of the leading producers of formwork and shoring systems for use in construction sites and your Company being a vital player in the construction industry and in view of the mass concrete pouring requirement for fast and quality construction in current scenario, your Company tied up with the Paschal, Germany for establishing a form work unit viz., Paschal Formwork (India) Pvt. Ltd (PFWPL) with a production capacity

of 50,000 sq mts p.a at Visakhapatnam, Andhra Pradesh. Your Company holds 26% stake in the Equity of PFWPL. The commercial operations of PFWPL have commenced on 1st April, 2010.

Subsidiary Financials

The Ministry of Corporate Affairs, Government of India, vide its letter. Dated.25th March, 2010 accorded the approval under the provisions of Section 212(8) of the Companies Act, 1956, exempting the Company from attaching the annual accounts of the Subsidiary Companies for the year ended March 31, 2010 with that of your Company.

A statement, disclosing the details pertaining to the subsidiaries of the Company as on March 31, 2010, pursuant to Section 212 is appended as **Annexure - B** to this Report,

Consolidated financial statements

In compliance with 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 31,2010, which form a part of this Annual Report.

The Company will make available the Annual Reports of the aforesaid subsidiaries upon request by any member/investor of the Company /

subsidiary company(s). Further, the Annual Reports of the subsidiary companies will also be kept open for inspection by any member/investor at the Company's registered office and that of the subsidiaries concerned.

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

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.

The Ministry of Corporate Affairs has announced the Corporate Governance Voluntary Guidelines 2009. The preamble sets the tone for a set of good practices which may be voluntarily adopted by the Corporates which are addition to the existing laws but recommendatory in nature.

Simultaneously, the Ministry of

Corporate Affairs has also issued the Corporate Social Responsibility Voluntary Guidelines 2009 which sets out the background for CSR activities which are purely voluntary and beyond any statutory requirement or obligation.

Your Company has reviewed the said guidelines and the Board of Directors of your Company has constituted a Committee called as "Corporate Governance Committee" to look into the regulatory framework under the said guidelines to ensure the adherence of the same voluntarily in line with the requirements best suited to your Company and the Industry to which your Company belongs.

Corporate Social Responsibility

An essential component to your Company's Corporate Social responsibility is to care for the community. Your Company endeavours to make a positive contribution towards social cause by supporting a wide range of socio-economic and educational initiatives and committed to address important societal needs extends through philanthropic outreach programs under the aegis of NCC Foundation.

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 and has contributed Rs.85.25 lakhs for this project.

During the year under review,. your Company contributed a sum of Rs.50.00 Lakhs (Rupees Fifty Lakhs) to the Chief Minister's Relief Fund of the Govt. of Andhra Pradesh which has been setup for providing relief to the Flood Victims in Andhra Pradesh.

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 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 25, 2010

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

Annexure - A

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies

Sl. No.	Name of the subsidiary company	Financial year of the subsidiary company ended on	Date on which they became subsidiary company	Number of shares held at the end of the financial year of the subsidiary companies	Extent of interest of holding company at the end of the financial year of the subsidiary company	The net aggregate amount of the subsidiary companies' profit/(loss), so far as it concerns the members of the holding company ²	
						i) Dealt with holding company's accounts	(ii) Not dealt with in the holding company's accounts
						(a) For the financial year ended March 31, 2010 (b) For previous financial years of the subsidiary company since it became holding company's subsidiary	(a) For the financial year ended March 31, 2010 (b) For previous financial years of the subsidiary company since it became holding company's subsidiary
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	NCC Infrastructure Holdings Ltd.	31.03.2010	27.05.2005	10,42,52,140 equity shares of Rs. 10 each	100%	–	a) Rs.0.80 million b) Rs.11.12 million
2	Patnitop Ropeway & Resorts Ltd.	31.03.2010	13.02.2007	21,25,300 equity shares of Rs. 10 each	100%	–	a) Rs.(0.45) million b) Rs. Nil
3	Naftogaz Engineering Pvt. Ltd.	31.03.2010	28.08.2007	50,000 equity shares of Rs. 10 each	100%	–	–
4	NCC Urban Infrastructure Ltd.	31.03.2010	08.12.2005	12,00,00,000 equity shares of Rs. 10 each	80%	–	a) Rs. (134.67) million b) Rs. 71.29 million
5	NCC Vizag Urban Infrastructure Ltd.	31.03.2010	25.01.2006	4,98,75,000 equity shares of Rs. 10 each	95%	–	a) Rs. (1.12) million b) Rs. (6.32) million
6	O B Infrastructure Ltd.	31.03.2010	17.10.2006	75,48,281 equity shares of Rs. 10 each	51.15%	–	a) Rs. (1.54) million b) Rs. Nil
7	Dhatri Developers & Projects Pvt. Ltd.	31.03.2010	13.02.2006	– ⁽¹⁾	100% ⁽³⁾	–	a) Rs. (0.017) million b) Rs. (0.090) million
8	Sushanti Avenues Pvt. Ltd.	31.03.2010	13.02.2006	– ⁽¹⁾	100% ⁽³⁾	–	a) Rs. (0.017) million b) Rs. (0.057) million
9	Sushruta Real Estates Pvt. Ltd.	31.03.2010	13.02.2006	– ⁽¹⁾	100% ⁽³⁾	–	a) Rs. (0.017) million b) Rs. (0.054) million
10	PRG Estates Pvt. Ltd.,	31.03.2010	19.12.2006	– ⁽¹⁾	100% ⁽³⁾	–	a) Rs. (0.012) million b) Rs. (0.035) million
11	Thriekya Real Estates Pvt. Ltd.	31.03.2010	1.12.2006	– ⁽¹⁾	100% ⁽³⁾	–	a) Rs. (0.017) million b) Rs. (0.165) million
12	Varma Infrastructures Pvt. Ltd.	31.03.2010	1.12.2006	– ⁽¹⁾	100% ⁽³⁾	–	a) Rs. (0.016) million b) Rs. 1.393 million
13	Nandyala Real Estates Pvt. Ltd.	31.03.2010	1.12.2006	– ⁽¹⁾	100% ⁽³⁾	–	a) Rs. (0.017) million b) Rs. (0.287) million
14	Kedarnath Real Estates Pvt. Ltd.	31.03.2010	28.12.2006	– ⁽¹⁾	100% ⁽³⁾	–	a) Rs. (0.017) million b) Rs. (0.196) million
15	AKHS Homes Pvt. Ltd.	31.03.2010	12.02.2007	– ⁽¹⁾	100% ⁽³⁾	–	a) Rs. (0.011) million b) Rs. (0.045) million

Sl. No.	Name of the subsidiary company	Financial year of the subsidiary company ended on	Date on which they became subsidiary company	Number of shares held at the end of the financial year of the subsidiary companies	Extent of interest of holding company at the end of the financial year of the subsidiary company	The net aggregate amount of the subsidiary companies' profit/(loss), so far as it concerns the members of the holding company ²	
						i) Dealt with holding company's accounts	(ii) Not dealt with in the holding company's accounts
						(a) For the financial year ended March 31, 2010 (b) For previous financial years of the subsidiary company since it became holding company's subsidiary	(a) For the financial year ended March 31, 2010 (b) For previous financial years of the subsidiary company since it became holding company's subsidiary
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
16	JIC Homes Pvt. Ltd.	31.03.2010	12.02.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.011) million b) Rs. (0.042) million
17	Sushanti Housing Pvt. Ltd.	31.03.2010	12.02.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.011) million b) Rs. (0.042) million
18	CSVS Property Developers Pvt. Ltd.	31.03.2010	13.02.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.012) million b) Rs. (0.042) million
19	Vera Avenues Pvt. Ltd.	31.03.2010	13.02.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.011) million b) Rs. (0.041) million
20	Sri Raga Nivas Property Developers Pvt. Ltd.	31.03.2010	17.02.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.011) million b) Rs. (0.043) million
21	VSN Property Developers Pvt. Ltd.	31.03.2010	17.02.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.011) million b) Rs. (0.042) million
22	M. A. Property Developers Pvt. Ltd.	31.03.2010	17.02.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.011) million b) Rs. (0.042) million
23	Sri Raga Nivas Ventures Pvt. Ltd.	31.03.2010	07.03.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.011) million b) Rs. (0.038) million
24	Vara Infrastructure Pvt. Ltd.	31.03.2010	09.03.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.010) million b) Rs. (0.038) million
25	Mallelavanam Property Developers Pvt. Ltd.	31.03.2010	15.03.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.011) million b) Rs. (0.038) million
26	Sradha Real Estates Pvt. Ltd.	31.03.2010	16.03.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.010) million b) Rs. (0.039) million
27	Siripada Homes Pvt. Ltd.	31.03.2010	03.04.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.010) million b) Rs. (0.038) million
28	NJC Avenues Pvt. Ltd.	31.03.2010	09.04.2007	— ⁽¹⁾	100% ⁽³⁾	—	a) Rs. (0.121) million b) Rs. (0.059) million
29	Himachal Sorang Power Ltd.	31.03.2010	01.11.2007	— ⁽¹⁾	94.89% ⁽³⁾	—	a) Rs.1.17 million b) Rs. Nil
30	Nagarjuna Construction Company International LLC	31.03.2010	17.01.2007	1,000,000 Shares of Omani Rials 1/- each	100%	—	a) Rs.131.90 million b) Rs.170.44 million

Sl. No.	Name of the subsidiary company	Financial year of the subsidiary company ended on	Date on which they became subsidiary company	Number of shares held at the end of the financial year of the subsidiary companies	Extent of interest of holding company at the end of the financial year of the subsidiary company	The net aggregate amount of the subsidiary companies' profit/(loss), so far as it concerns the members of the holding company ²	
						i) Dealt with holding company's accounts	(ii) Not dealt with in the holding company's accounts
						(a) For the financial year ended March 31, 2010 (b) For previous financial years of the subsidiary company since it became holding company's subsidiary	(a) For the financial year ended March 31, 2010 (b) For previous financial years of the subsidiary company since it became holding company's subsidiary
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
31	NCC Infrastructure Holdings Mauritius PTE Ltd.	31.03.2010	27.04.2006	2,176,508 shares of USD 10/- each	100%	–	a) Rs.15.28 million b) Rs.151.90 million
32	Nagarjuna Construction Company Limited & Partners – LLC	31.03.2010	11.05.2005	1,50,000 Shares of Omani Rials 1/- each	100%	–	a) Rs.(49.81) million b) Rs.(124.57) million
33	Nagarjuna Contracting Co. LLC	31.03.2010	01.02.2008	300 Shares of AED 1000/- each	100%	–	a) Rs.435.87 million b) Rs.120.63 million
34	Liquidity Limited	31.03.2010	20.06.2006	126,917 shares of USD 1/- each	100%	–	a) Rs.(0.45) million b) Rs.(1.44) million
35	NCC Urban Lanka (P) Ltd.	31.03.2010	22.03.2007	– ⁽¹⁾	100% ⁽³⁾	–	–
36	Al Mubarakia Contracting Co. LLC	31.03.2010	02.04.2008	– ⁽¹⁾	100% ⁽³⁾	–	a) Rs. 0.05 million b) Rs. 6.13 million
37	NCC Power Projects Ltd	31.03.2010	12.06.2008	50,000 equity shares of Rs. 10/- each	100%	–	a) Rs. .(2.16) million b) Rs. Nil
38	NCC International Convention Centre Ltd.	31.03.2010	05.12.2008	10,00,000 equity shares of Rs.10/- each	100%	–	a) Rs.(4.95) million b) Rs. Nil

⁽¹⁾ Step down subsidiary company ⁽²⁾ The amounts shown in column number (6 and 7) represent the net aggregate amount of profits/(losses) of the subsidiary attributable to the direct holding of the Company ⁽³⁾ Percentage of holding referred in the column number 5 is held through the subsidiary companies

For and on behalf of the Board

M. V. Srinivasa Murthy
Company Secretary & VP (legal)

A. A. V. Ranga Raju
Managing Director

Place: Hyderabad
Date: May 25, 2010

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

A. G. K. Raju
Executive Director

Annexure - B

Statement disclosing the details in aggregate pertaining to subsidiaries/step down subsidiaries of Nagarjuna Construction Company Ltd as on 31.03.2010

(Rs. in million)

Sl. No.	Name of the Company	Capital	Reserves	Total Assets	Total Liabilities	Details of investment (except in case of investment in subsidiaries)	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed dividend
1	NCC Infrastructure Holdings Ltd.	1042.52	2290.87	3400.64	3400.64	1568.20	68.01	2.95	2.15	0.80	–
2	Patnitop Ropeway & Resorts Ltd.	21.25	–	21.77	21.77	–	–	(0.45)	–	(0.45)	–
3	Naftogaz Engineering Pvt. Ltd.	0.50	–	0.48	0.48	–	–	–	–	–	–
4	NCC Urban Infrastructure Ltd.	1,500.00	–	7315.34	7315.34	714.99	1222.96	(136.13)	(1.46)	(134.67)	–
5	NCC Vizag Urban Infrastructure Ltd.	525.00	5.25	1251.43	1251.43	–	–	(1.13)	–	(1.13)	–
6	O B Infrastructure Ltd.	147.57	1314.61	5524.92	5524.92	–	0.135	(1.540)	–	(1.540)	–
7	Dhatri Developers & Projects Pvt. Ltd.	1.00	–	63.99	63.99	–	–	(0.017)	–	(0.017)	–
8	Sushanti Avenues Pvt. Ltd.	1.00	–	46.86	46.86	–	–	(0.017)	–	(0.017)	–
9	Sushruta Real Estates Pvt. Ltd.	1.00	–	17.80	17.80	–	–	(0.017)	–	(0.017)	–
10	PRG Estates Pvt. Ltd.	0.10	34.00	54.97	54.97	–	–	(0.012)	–	(0.012)	–
11	Thriplekya Real Estates Pvt. Ltd.	1.15	26.40	44.65	44.65	–	–	(0.017)	–	(0.017)	–
12	Varma Infrastructures Pvt. Ltd.	0.10	49.59	67.20	67.20	–	–	(0.016)	–	(0.016)	–
13	Nandyala Real Estates Pvt. Ltd.	1.16	26.36	57.45	57.45	–	–	(0.017)	–	(0.017)	–
14	Kedarnath Real Estates Pvt. Ltd.	1.71	31.75	49.12	49.12	–	–	(0.017)	–	(0.017)	–
15	AKHS Homes Pvt. Ltd.	.50	–	31.11	31.11	–	–	(0.011)	–	(0.011)	–
16	JIC Homes Pvt. Ltd.	.50	–	18.30	18.30	–	–	(0.011)	–	(0.011)	–
17	Sushanti Housing Pvt. Ltd.	.50	–	17.42	17.42	–	–	(0.011)	–	(0.011)	–
18	CSVs Property Developers Pvt. Ltd.	.50	–	18.35	18.35	–	–	(0.012)	–	(0.012)	–
19	Vera Avenues Pvt. Ltd.	.50	–	14.08	14.08	–	–	(0.011)	–	(0.011)	–
20	Sri Raga Nivas Property Developers Pvt. Ltd.	.50	–	33.55	33.55	–	–	(0.011)	–	(0.011)	–
21	VSN Property Developers Pvt. Ltd.	.50	–	33.59	33.59	–	–	(0.011)	–	(0.011)	–
22	M. A. Property Developers Pvt. Ltd.	.50	–	17.42	17.42	–	–	(0.011)	–	(0.011)	–
23	Sri Raga Nivas Ventures Pvt. Ltd.	.50	–	0.53	0.53	–	–	(0.010)	–	(0.010)	–
24	Vara Infrastructure Pvt. Ltd.	.50	–	0.53	0.53	–	–	(0.010)	–	(0.010)	–

(Rs. in million)

Sl. No.	Name of the Company	Capital	Reserves	Total Assets	Total Liabilities	Details of investment (except in case of investment in subsidiaries)	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed dividend
25	Mallelavanam Property Developers Pvt. Ltd.	.50	–	9.89	9.89	–	–	(0.011)	–	(0.011)	–
26	Sradha Real Estates Pvt. Ltd.	.50	–	0.53	0.53	–	–	(0.010)	–	(0.010)	–
27	Siripada Homes Pvt. Ltd.	.50	–	0.53	0.53	–	–	(0.010)	–	(0.010)	–
28	NJC Avenues Pvt. Ltd.	.50	–	1278.71	1278.71	–	–	(0.121)	–	(0.121)	–
29	Himachal Sorang Power Ltd.	43.07	664.26	4036.32	4036.32	–	2.75	1.17	–	1.17	–
30	Nagarjuna Construction Company International LLC	595.85	377.35	7400.05	7382.43	–	3132.56	145.64	–	145.64	–
31	NCC Infrastructure Holdings Mauritius Pte Ltd.	978.99	179.45	1894.48	1894.48	884.25	77.94	15.72	0.44	15.28	–
32	Nagarjuna Construction Co Ltd. & Partners LLC	17.53	(190.85)	119.27	119.27	–	113.85	(49.81)	–	(49.81)	–
33	Nagarjuna Contracting Co. LLC	3.68	502.15	6373.30	6373.30	–	7769.50	435.87	–	435.87	–
34	Liquidity Limited	5.71	(1.87)	5.40	5.40	5.37	–	(0.45)	–	(0.45)	–
35	NCC Urban Lanka (P) Ltd.	.000007	–	.000007	–	–	–	–	–	–	–
36	Al Mubarikia Contracting Co. LLC	12.25	4.32	471.77	471.77	–	22.05	0.10	–	0.10	–
37	NCC Power Projects Ltd	0.50	–	685.03	685.03	–	0.027	(2.161)	–	(2.161)	–
38	NCC International Convention Centre Ltd	10.00	–	54.95	54.95	–	–	(4.945)	–	(4.945)	–

Note:

1) Exchange rate as on 31.03.2010: * Rial Omani = Rs.116.834, AED = Rs.12.25, US\$ = Rs.44.98

2) The above statement has been prepared and furnished in compliance of the stipulation contained in letter bearing no. No. 47/112/2010-CL-III, dated 25th March, 2010 vide which Ministry of Corporate Affairs, Government of India, accorded approval under Section 212(8) of the Companies Act, 1956 for the year ended on 31.03.2010.

For and on behalf of the Board

M. V. Srinivasa Murthy
Company Secretary & VP (legal)

A. A. V. Ranga Raju
Managing Director

Place: Hyderabad
Date: May 25, 2010

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

A. G. K. Raju
Executive Director

Management Discussion and Analysis

India's GDP grew by 7.4% in 2009-10, on account of whopping 8.6% growth in the 4th quarter of FY2009-10. The GDP growth rate had slowed to 6.7% in 2008-09 following the global economic crisis, after topping 9% in the previous three years. In the backdrop of the slow recovery in the global economy, the strong growth is a testimony to India's vibrant domestic markets. The main driver is the manufacturing sector, which grew at 16.3% in the fourth quarter, against 0.6%. The 7.4% growth in 2009-10 also showed that stimulus provided by government have yielded results. The manufacturing sector, which bore the brunt of slowdown and had grown 3.8% in 2008-09, bounced back and posted 10.8% growth in 2009-10.

China is the only large economy with a higher growth rate at 11.9% in the January-March quarter. The rest of the world is witnessing a fragile recovery, which is now under threat due to the brewing Euro-zone crisis. The sixteen developed countries in the Euro-zone expanded by just 0.2% in the quarter. At the same time, the Organisation for Economic Cooperation and Development (OECD) — a grouping of mostly developed countries including Europe that account for over 60% of the global economy — grew at only 0.7% in the quarter, against 0.9% in the previous quarter. US and Japan grew at 0.8% and 1.2% respectively.

For 2010-11 the growth is pegged at 8.5%.

The average income of Indians has grown by 10.5% to Rs 44,345 in 2009-10 as against Rs 40,141 in 2008-09, at the current price. The per capita income at fixed price, a measure of average income of a citizen, went up 5.6 per cent to Rs. 33,588 per annum during 2009-10 from Rs.31, 821 per annum in 2008-09.

At market price, size of the economy rose to Rs 62,31,171 crore in 2009-10, up 11.8% from Rs 55,74,449 crore in 2008-09. At 2004-05 prices, the size of GDP stood at Rs 44,64,081 crore in 2009-10 as against Rs. 41,54,973 crore in 2008-09.

The Indian construction industry grew by 6.5 % in the last fiscal against 5.9% growth in 2008-09.

The construction industry is an integral part of the Indian economy. It is the second largest industry of the country after agriculture. The investment in construction accounts for nearly 11 percent of India's Gross Domestic Product (GDP) and nearly 50 percent of its Gross Fixed Capital Formation (GFCF). The construction sector is set to grow at a 15 percent growth rate. Anything from \$320bn to \$485bn has been suggested as the figure that is needed to build a viable infrastructure and replace, upgrade and renew India's roads, railways, ports, airports and power stations.

As an industry, the growth of the construction sector exceeds that of India's national projected GDP growth, creating a myriad of possibilities for development in the near future. The industry employs approximately 31 million people throughout India.

Involvement from foreign investors has helped to cultivate the industry to what it is today, and the construction industry is only expected to grow. In fact, the industry is estimated to be worth \$120 billion U.S. dollars by the year 2010.

The key factors behind this growth are continuing government investment in infrastructure creation, as well as real estate construction to meet the demands for residential and commercial real estate, but the fact remains that infrastructure bottlenecks, particularly in energy and roads, remain the constraining factors for stepping up growth to a higher level.

A. Industry overview

Roads

India has the world's second largest road network, aggregating over 3.34 million kilometers (km). According to the Planning Commission, the road freight industry will be growing at a compound annual growth rate (CAGR) of 9.9 per cent from 2007-08 to 2007-12. A target of 1,231 billion tonne km (BTK) has been put on road freight volumes for 2011-12. According to Crisil Research's annual review of the roads and highways sector published in August 2009, the potential investment in the sector is expected to be to the tune of US\$ 107 billion between 2009-10 and 2013-14. The Indian Government has launched the ambitious National Highway Development Programme (NHDP) involving a total investment of US\$ 50 billion up to 2012.

The government has also started the Bharat Nirman Programme that aims to cover every village having a population of over 1,000 or over 500 in hilly and tribal areas, with all-weather roads.

According to the Press Information Bureau, in the third week of December 2009, the government approved four-laning 384 km of highways with an investment of US\$ 669.2 million.

Moreover, in January 2010, the government approved road projects worth US\$ 1.4 billion in five states for upgrading nearly 562 km of four-lane highways into six lanes, according to the Press Information Bureau.

In the first week of April, the Cabinet Committee on Infrastructure approved highway construction works worth over US\$ 981.4 million in various states including Bihar and Rajasthan, according to the Press Information Bureau.

The Tamil Nadu government has allocated US\$ 2.25 billion for a project envisaging laying of roads of international standard in 11 cities.

The World Bank has agreed to provide a US\$ 3 billion loan for developing national highways. The World Bank assistance will be utilised for converting 6,372 km of one-lane highways to two-lane, out of the total of 19,702 km of single lane highways in the country.

In The Union Budget 2010-11, the allocation for road transport has been increased by over 13 per cent from US\$ 3.8 billion to US\$ 4.3 billion.

Moreover as per the Economic Survey, the Ministry of Road Transport and Highways, with a view to expediting the progress of the NHDP, has set a target of completion of 20 km of national highways per day, which translates to 35,000 km at the rate of 7,000 km per year during the next five years (2009-14).

Looking Ahead

The Minister of State for Road Transport and Highways has informed the Rajya Sabha that highway projects worth about US\$ 23.8 billion will be executed in the country over the next three years.

Furthermore, the Minister for Road Transport and Highways has said that India expects a big investment of US\$ 5 billion from Canada in the Country's road development programme over the next three to four years.

Building and housing & Real Estate

India leads the pack of top real estate investment markets in Asia for 2010, according to a study by Pricewaterhouse Coopers (PwC) and Urban Land Institute, a global non-profit education and research institute, released in December 2009. According to the report of the Technical Group on Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a big investment opportunity.

According to the data released by the Department of Industrial Policy and Promotion (DIPP), housing and real estate sector including cineplex, multiplex, integrated townships and commercial complexes etc, attracted a

cumulative foreign direct investment (FDI) worth US\$ 8.4 billion from April 2000 to March 2010 wherein the real estate and the housing sector witnessed FDI amounting US\$ 2.8 billion in the fiscal year 2009-10.

In the Union Budget 2010-11, the Finance Minister made the following announcements with regard to the real estate sector:

Allocation for urban development were increased by more than 75 per cent from US\$ 660.3 million to US\$ 1.17 billion in 2010-11

Allocation for housing and urban poverty alleviation were raised from US\$ 183.4 million to US\$ 215.8 million in 2010-11

Scheme of 1 per cent interest subvention on housing loan up to US\$ 21,576 where the cost of the house does not exceed US\$ 43,153 announced in the last Budget has been extended up to March 31, 2011 and US\$ 151 million has been earmarked for this scheme for 2010-11

US\$ 274 million has been allocated for Rajiv Awas Yojna, as compared to US\$ 32.4 million last year

According to the Confederation of Real

Estate Developers' Associations of India (CREDAI), the affordable housing segment is set to play an important role in India's real estate sector in 2010 on the back of substantial demand.

Moreover, 2010 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 and environment

According to the Ministry of Urban Development, the proportion of the urban population is expected to increase from 30 percent to 40 percent by 2030. The Eleventh Plan aims at covering 100 percent of the urban population for drinking water, sanitation and waste management. There is a substantial increase in the estimates because the total funds requirement for the Eleventh Plan is Rs.1,276 billion, 6.3 times the Tenth Plan allocation. Almost 55 percent of this outlay is scheduled to be met through the Jawaharlal Nehru Urban Renewal Mission (JNNURM) and the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT).

The Planning Commission estimates total investments of Rs. 2,343 billion in water supply and sanitation sector over five years. Out of this, around Rs. 1,438 billion has been earmarked for water supply and the rest for the sanitation sector.

Irrigation

In the Tenth Plan, 8.8 million hectares of irrigation potential was created compared with 16.7 million hectares initially planned. The Eleventh Plan estimate of 16 million hectares is aggressive. The outlay under the Accelerated Irrigation Benefit Programme (AIBP) is likely to increase by 72 percent in the Eleventh Plan. AIBP is the flagship scheme through which the Central Government provides assistance to States for major irrigation projects.

The Planning Commission targeted a total investment of Rs. 2,625 billion in the Eleventh Plan. However, in a recent consultation paper, the Planning Commission estimates a targeted investment of Rs. 2,231 billion (a 15 percent cut from initial estimates of Rs. 2,625 billion).

Irrigation – investments planned

	Major and medium irrigation	Minor irrigation	Command area development	Flood control	Watershed development	Total
2007-08	197	46	18	15	42	318
2008-09	256	58	21	17	45	398
2009-10	334	74	26	19	48	501
2010-11	435	93	33	22	52	635
2011-12	567	83	41	26	56	772
Total	1,789	354	139	99	243	2,625

Source: The Planning Commission document

Electrical

According to the Ministry of Power, power supply growth needs to be over 15% annually in order to support GDP growth of around 7 percent per annum. In view of rising power consumption, the Ministry of Power has projected demand requirement of 157,000 MW for the Eleventh Five-Year Plan.

Demand forecast

Plan	Plan demand (MW)
10th Plan (2000-07)	1,15,705
11th Plan (2007-12)	1,57,107
12th Plan (2012-17)	2,12,725

Source: Working plan document, The Ministry of Power

The Eleventh Plan document envisages a capacity addition of around 78,000 MW during the Eleventh Plan period (around 58,000 megawatts under construction). This creates a huge opportunity for the private sector to capitalise upon.

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. Irrigation
5. Electrical
6. Oil & Gas
7. Metals
8. Power
9. Railways
10. International
11. Mining

We have one of the most diversified business portfolio which will help us in mitigating the risk of slow down in any one particular segment. With the starting of the five new verticals comprising of oil and gas, metals, power, railways and mining, the business mix of the company has undergone 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 organisations in public and private sectors. The Company has developed excellent engineering, planning and project execution skills during this period. It is well recognised 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 Rs. 89 billion and executed projects worth Rs. 47.78 billion. The order book of the Company as on 31st March 2010 stood at Rs.153.70 billion.

C. Risks and Concerns

NCC follows a process of risk management that comprises risk identification, risk analysis and measurement followed by the design of suitable risk mitigation or management frame work covering control activities/procedures. The key risks identified by the business and accompanied mitigation plans include the following:

To review periodically the operating

effectiveness of the internal controls, the company has an internal audit process which is commensurate to the size and nature of the business. Corrective actions, wherever necessary, are taken to further strengthen the internal control mechanism.

Industry Risk

Risk Impact

Growth and demand is dependent on general economic conditions and a deceleration can adversely affect the Company's business and its earnings.

Risk Mitigation

Buoyant macroeconomic conditions in India have been encouraging Governments to continue economic reforms, encourage large investments in infrastructure and construction industries (The industry is the second largest contributor to GDP growth). In addition, a targeted double digit growth by the end of the Eleventh Plan period (2007-2012) only suggests an increased spending by the Government on infrastructure, which bodes well for the Company. Besides, NCC has diversified across several verticals within the construction industry, reducing its excessive dependence on any single sector.

Strategy Risk

Risk Impact

Skewed business strategy may result in lost opportunities.

Risk Mitigation

An average top line growth of 40% over the past 5 years depicts company's clear vision and mission. Annual business plans and the long-term business strategy are discussed thoroughly before vetting by the Board

of Directors. In addition, mid-term reviews of the business strategy and the annual plans ensure that the Company initiates a mid-course correction should the situation so warrant. The long-term business strategy comprises of:

- a. Fortifying the Company's presence in the select verticals;
- b. Focusing on the quality of the Company's products;
- c. Diversifying presence in different sectors and in different countries to reduce cyclical risk;
- d. Expansion in international markets that fit the Company's strategic vision;
- e. Increasing focus on BOT and BOOT projects in Transportation and Hydropower;

All the above measures resulted in a top line growth of 32% y-o-y over the last five years.

Competition Risk

Risk Impact

Increasing competition from domestic and international construction companies affecting market share and profitability

Risk Mitigation

To overcome the hurdle of increasing competition, NCC has and will continue to:

- i. Use newer technologies, methods and providing better services to the clients.
- ii. Forge alliances with large domestic and international players in bidding for large national and international projects.

- iii. Shift business strategy from bidding for small projects where risk of larger reduction in price exists, to larger projects befitting the size and scale of NCC.

Liquidity Risk

Risk Impact

To a large extent the Cash Flow is dependent on the credit terms extended to the clients and effective recovery of dues from them. Delays in recovery of dues has a direct impact on the liquidity position which will affect the operations and earnings of the company.

Risk Mitigation

- a) The company takes effective measures to collect the old dues from clients and effective follow up for collection of dues from them.
- b) A close follow-up with government departments (the major debtors) and with others to ensure smooth flow of funds. Short term gaps are bridged by additional working capital facilities from banks

Government Policy Risk

Risk Impact

Uncertainties with government policies can significantly affect operations

Risk Mitigation

The Government has been giving a significant priority to infrastructure investments, limiting the inherent policy risk. The residual risk is managed by seeking opportunities to control costs to limit the adverse policy changes and taking proactive actions to the needs and priorities of the governments to adapt and insulate the company's business from adverse policy changes.

Assets & Inventory Risk

Risk Impact

Risk of accidents, fire, theft, etc., to Company's properties & stocks will affect the company's operations affecting profitability. Similarly, the breakdowns to the company's machinery will affect operations and profitability.

Risk Mitigation

The company undertakes the required steps which provide security to its assets and inventory by taking appropriate insurance policies, etc., to avoid or mitigate the above risks. The company also undertakes preventive maintenance for all its equipments according to a predefined schedule to avoid breakdowns.

Operational Risk

Risk Impact

- a) Competence gaps, affecting Company's operations
- b) Equipment Breakdowns
- c) Health and safety risks

Risk Mitigation

- (a) i) NCC provides adequate training to all of its staff on operating procedures and policies as well as honing of project management skills
ii) In addition, the staff is encouraged to upgrade their skill sets and multi tasking through job rotation.
- (b) NCCs operating procedures for maintenance include (a) preventive maintenance of all equipments according to predefined schedules and (b) adequate training for maintenance staff for compliance with operating procedures.

- (c) i) Projects are executed using standard quality certified equipment and materials benchmarked against global standards.
- ii) Crisis management teams have been established at all project sites to manage any eventuality.
- iii) The project operating procedures institute the most effective accident prevention measures across all stages of construction activity.

Price Inflation Risk

Risk Impact

- a) Volatility in prices of inputs and / or changes in assumptions may cause cost overruns affecting the profitability
- b) Delay in completion of project could result in liquidated damages and / or additional costs affecting profitability

Risk Mitigation

- a) Many of the contracts have inbuilt escalation clauses, which ensure to compensate these increases in input cost. In case of non escalation contracts, the bid estimate process is being carried out in such a way, to insulate the possible increase in the inputs of the contracts. Further, the Company implemented adequate procurement procedures that include long-term contracts to cover prices volatilities, regular augmentation of storage facilities for stocking of materials and a careful review and monitoring of the

carrying cost of raw materials. In addition, NCC has a system of proper price estimate of contracts, which will minimise the impact of cost overrun.

- b) NCC undertake adequate controls on daily management of project process and adequate monitoring controls of project execution for achieving set milestones and alerting the clients for delays. Sophisticated project management tools are extensively used to control schedules.

D. Internal Control Systems

The Company has adequate system of internal controls to ensure that all the assets are safeguarded and are productive. Checks and balances are in place and are reviewed at regular intervals to ensure that transactions are properly authorised and reported correctly.

E. Financial Performance (NCCL Stand alone)

1) Turnover: During the year under review, the company has achieved a turnover of Rs. 47.78 billion, registering a growth of 15% over last year turnover of Rs. 41.51 billion. The turnover comprises Rs. 47.64 billion from project division, Rs. 0.14 billion from the real estate division.

2) Share Capital: The company has

allotted 27.73 million equity shares during the year under QIP Issue resulting in the paid up share capital of 256.58 million equity shares of Rs. 2 each.

3) Reserves and Surplus: The reserves and surplus of the Company has gone up from Rs. 16.40 billion to Rs. 21.94 billion in 2009-10 and the increase on account of profits made in 2009-10 and 3.56 billion on a/c of share premium on issue of shares against QIP Issue.

4) Net Worth: The Company's net worth increased from Rs. 16.86 billion to Rs. 22.46 billion partly on account of internal generation of profits and partly on account of receipt of share premium in QIP Issue.

5) Secured/Unsecured loans: There was an increase in loans from Rs. 12.44 billion to Rs. 15.30 billion. The increase was partly due to term- loan borrowings for procurement of machinery and partly due to working capital needs.

6) Fixed Assets: The Company's fixed assets (gross block and Capital WIP) increased by Rs. 1.49 billion in 2009-10 from Rs. 6.51 billion to Rs. 8.00 billion. The net block including Capital WIP stands at Rs. 5.97 billion as against Rs. 4.87 billion as of 31.03.2009.

7) Investments: The investments increased by Rs. 2.01 billion from Rs. 7.40 billion to Rs. 9.41 billion in 2009-10 on account of investments made in subsidiaries and Associates.

8) Current Assets

- a) **Inventories:** The Company's inventories stand at Rs. 7.54 billion as against Rs.7.50 billion of previous year and shows no increase despite an increase in volume by 15%.
- b) **Sundry debtors:** There has been an increase in sundry debtors, translating into a rise in the outstandings from Rs. 10.26 billion to Rs. 12.99 billion and the collection period increased from 90 to 99 days.
- c) **Loans and advances:** Loans and advances increased from Rs. 14.27 billion to Rs. 18.52 billion during the year under review. The increase represents the advances made to subsidiaries besides increase in retention money and advance taxes which, in turn, were due to increase the volume of activity.

F. Operational Performance

- a) **Income:** There has been an increase in the gross income of the Company from Rs. 41.51 billion to Rs. 47.78 billion, registering a growth of 15% over the previous year.

- b) **Direct Cost:** The direct cost for the year under review works out to 83.99% of the turnover as against 84.24% last year.

- c) **Overheads:** Overheads, comprising salaries and administrative expenses, work out to Rs.2.810 billion for the year under review as against Rs.2.805 billion in the previous year.

- d) **Interest cost:** The interest cost in stated after adjusting interest income. During the year under review, there was an increase in the interest cost from Rs.964 million to Rs. 1,322 million. The interest cost has gone up from 2.32% to 2.77% and the increase was on account of increase in the quantum of loans.

- e) **Depreciation:** The Company's depreciation for the year has come down from Rs. 533 million to Rs. 525 million

- f) **Provision for tax:** The Company has provided for a sum of Rs. 1,105.29 million as current tax and Rs.98.92 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 Rs.1.93 billion as against Rs. 1.54 billion in the previous year. The company earned an exceptional income of Rs.0.4 billion on sale of investments thus totalling profit after tax to Rs.2.33 billion.

- h) **Dividend:** The Board of Directors have recommended a dividend of Rs. 1.30 per share (65%) and the total pay out works out to Rs. 389 million as against Rs. 295 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 March 31, 2010 stood at 4,173.

Corporate Governance Report

In compliance with Clause 49 of the Listing Agreement entered into with the stock exchanges, 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 Corporate Governance process and systems have gradually strengthened over the years.

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

2. Board of Directors

As on March 31, 2010 the Company's Board of Directors comprised a judicious mix of sixteen Directors, consisting of Six Executive/ Promoter Directors, Five Non-Executive Directors (including two Alternate Directors) and Five Independent Directors as defined under the Listing Agreement with Indian stock exchanges. The below table gives the composition of the Company's Board, category, number of Board Meetings held during the year, attendance of each Director at the Board Meetings 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	7	6	12	4	–	Yes
Sri S. Venkatachalam	Non-Executive and Independent Director	Director	7	4	2	2	1	Yes
Sri P. C. Laha	Non-Executive and Independent Director	Director	7	5	–	1	–	No
Sri Rakesh R. Jhunjunwala	Non-Executive and Non-Independent Director	Director	7	–	9	1	–	No
Sri R. V. Shastri	Non-Executive and Independent Director	Director	7	7	3	4	1	Yes
Sri Akhil Gupta	Non-Executive /Non Independent Director	Nominee Director\$	7	3	3	3	–	No
Sri A J Jaganathan*	Non-Executive and Independent Director	Director	7	6	–	–	–	Yes
Sri Amit Dixit	Non-Executive /Non Independent Director	Alternate Director\$\$	7	4	–	–	–	No
Sri Utpal Sheth**	Non-Executive /Non Independent Director	Alternate Director	7	1	7	–	–	No
Sri A. A. V. Ranga Raju	Promoter/ Executive Director	Managing Director	7	7	3	2	–	Yes
Sri A. G. K. Raju	Promoter/ Executive Director	Executive Director	7	7	4	5	1	No
Sri A. S. N. Raju	Promoter/ Executive Director	Wholetime Director	7	6	2	2	–	Yes
Sri N. R. Alluri	Promoter/ Non-Executive Director	Director	7	5	4	2	–	Yes
Sri J. V. Ranga Raju	Promoter/ Executive Director	Wholetime Director	7	–	1	–	–	No
Sri R. N. Raju	Promoter/ Executive Director	Wholetime Director	7	3	–	–	–	No
Sri A. V. N. Raju	Promoter/ Executive Director	Wholetime Director	7	2	2	2	–	No

* Appointed as an Additional Director w.e.f May 28, 2009 and regularised as a Director at the 19th AGM held on July 30, 2009.

** Appointed as an Alternate Director to Sri Rakesh Jhunjunwala, Non Executive Director and Non Independent Director

w.e.f., October 31, 2009.

Other Directorships (directorships other than NCC) are those on the Boards of public limited companies in terms of Section(s) 275 of the Companies Act, 1956.

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

\$ Nominee Director of Blackstone Group

\$\$ Alternate Director to Sri Akhil Gupta

The Company's Board met seven times with the maximum time gap of four months between any two Board Meetings on May 28, 2009, June 29, 2009, July 30, 2009, October 7, 2009, October 31, 2009, January 27, 2010 and March 30, 2010. The Company convened one Board Meeting in each quarter as required under the Companies Act, 1956 and the Listing Agreement.

As mandated by the revised 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 calendar year in advance by fixing the calendar of the meetings well in advance of the commencement of the calendar year.

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 Secretary of the Company as a part of the Governance process disseminate the outcome of the Board

with necessary approvals and permissions/authorisations 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. 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 five Board level Committees, namely the Audit Committee, the HR and Compensation Committee, the Investors/Shareholders' Grievance Committee, the Executive Committee and the Allotment Committee. During the year under review the Board of Directors of the Company discussed the need for a separate Committee in relation to the

Governance of the Corporate and accordingly constituted "Corporate Governance Committee" to review and recommend the best practices of Board processes, disclosure practices, policies on code of conduct and business ethics.

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 (Member w.e.f., May 28, 2009) 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 or related financial management expertise.

The Audit Committee met four times during the year on May 28, 2009, July 30, 2009, October 31, 2009 and January 27, 2010. 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 July 30, 2009.

Sri R. V. Shastri was present for all the meetings held on May 28, 2009, July 30, 2009, October 31, 2009 and January 27, 2010 and Sri P. Abraham was present for the meetings held on

May 28, 2009, July 30, 2009, October 31, 2009, Sri S Venkatachalam was present for the meetings held on July 30, 2009, October 31, 2009 Sri Akhil Gupta was present for the meeting held on January 27, 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 before submission to the Board, focusing primarily on-

- Any changes in accounting policies and practices

- Major accounting entries based on exercise of judgment by management

- Qualifications in the draft audit report

- Significant adjustments arising out of audit

- The 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 HR and Compensation Committee reviews the remuneration of the managerial personnel like 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.

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, 2010 to the Managing Director, Executive Director and the Wholtime Directors of the Company including the commission and the details of the sitting fee paid to the Non-Executive Directors are as under -

(Amount in Rs.)

Name of the Director	Salary	Other benefits (including perquisites, allowances)	Commission	Sitting fee	Total
Sri A. A. V. Ranga Raju	96,00,000	1,13,43,598	3,23,16,000	–	5,32,59,598
Sri A. G. K. Raju	48,00,000	60,87,644	1,61,58,000	–	2,70,45,644
Sri A. S. N. Raju	48,00,000	59,80,632	1,61,58,000	–	2,69,38,632
Sri R. N. Raju	48,00,000	57,85,175	–	–	1,05,85,175
Sri J. V. Ranga Raju	48,00,000	62,45,701	–	–	1,10,45,701
Sri A. V. N. Raju	48,00,000	50,07,597	1,61,58,000	–	2,59,65,597
Sri P. C. Laha	–	–	–	80,000	80,000
Sri S. Venkatachalam	–	–	–	1,00,000	1,00,000
Sri P. Abraham	–	–	–	90,000	90,000
Sri R. V. Shastri	–	–	–	1,50,000	1,50,000
Sri A J Jaganathan	–	–	–	60,000	60,000
Sri Akhil Gupta / Sri Amit Dixit*	–	–	–	90,000	90,000
Sri Utpal Sheth	–	–	–	10,000	10,000

* The sitting fee was paid to M/s Blackstone Advisors India Pvt. Ltd.

Besides the above remuneration, the Managing Director, Executive Director and the Wholtime 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 Rs.10,000/- per Board / Committee Meeting attended.

Shares held by Non-Executive Directors as on March 31, 2010

Name of the Director	Number of shares held	% of the paid-up capital of the Company
Sri S. Venkatachalam	9,960	0.004
Sri Rakesh Jhunjunwala	50,00,000	1.950
Sri N. R. Alluri	40,88,680	1.594

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 Vice-President (legal) has been designated as the Compliance Officer.

The Committee met four times during the year i.e. on May 28, 2009, July 30, 2009, October 31, 2009 and January 27, 2010. Sri S. Venkatachalam was present for the meetings held on July 30, 2009, October 31, 2009 and January 27, 2010, Sri P. C. Laha was present for the meetings held on May 28, 2009, October 31, 2009 and January 27, 2010

and Sri R. V. Shastri and Sri A. G. K. Raju were present for all the meetings held as above. Sri Akhil Gupta, Nominee Director of M/s. Blackstone Group, was present for the meeting held on January 27, 2010.

During the year the Company received 93 complaints from the shareholders/ investors. All the complaints were promptly attended to and outstanding complaints as on March 31, 2010 were nil. The Company received 15 requests for share transfer and 83 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, 2010. The Company designated a separate email id for investor grievances reachable at ho.secr@nccltd.in.

6. 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 cautions them on consequences of violations.

7. Subsidiaries

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.

8. General Body Meetings

The below detailed resolutions were passed on show of hands with requisite majority. There were no postal ballot resolutions passed during the year and there is no proposal to conduct postal ballot for any matter in the ensuing Annual General Meeting.

Year	Type of meeting	Location	Date	Time	Special resolutions passed
2006-07	AGM	Sri Satya Sai Nigamagamam 8-3-987/2, Srinagar Colony, Hyderabad 500073	30-07-2007	4.00 pm	<ul style="list-style-type: none"> ■ Reappointment of Sri A. A. V. Ranga Raju as the Managing Director ■ Reappointment of Sri A. G. K. Raju as the Executive Director ■ Reappointment of Sri J. V. Ranga Raju as the Wholetime Director ■ Revision in the remuneration payable to Sri R. N. Raju, Wholetime Director ■ Revision in the remuneration payable to Sri A. S. N. Raju , Wholetime Director ■ Revision in the remuneration payable to Sri A. V. N. Raju, Wholetime Director ■ Amendment of Articles of Association ■ Payment of commission to Sri A. V. S. Raju, Chairman ■ Approval of ESOP 2007 plan and ESOPs to employees of subsidiary companies
2007-08	AGM	Sri Satya Sai Nigamagamam 8-3-987/2, Srinagar Colony, Hyderabad 500073	31-07-2008	3.00 pm	<ul style="list-style-type: none"> ■ No special resolutions was passed
2008-09	AGM	Bharatiya Vidya Bhavan, 5-9-1105, Basheerbagh, KingKoti, Hyderabad 500029	30-07-2009	3.00 pm	<ul style="list-style-type: none"> ■ Reappointment of Sri A S N Raju as Wholetime Director. ■ Reappointment of Sri R N Raju as Wholetime Director ■ Issue of Equity Shares/Securities to the Qualified Institutional Buyers

9. Disclosures

■ During 2009-10 certain transactions were entered into with related parties. The details thereof are given under note number 13 forming a part of notes on accounts.

■ 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 was no treatment of any transaction different from that of prescribed in the 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.

■ During the year, the Company issued 27,732,900 Equity Shares of Rs.2/- each at a premium of Rs. 130.46 per share by way of Qualified Institutional Placement(QIP) basis to the Qualified Institutional Buyers.(QIBs)

■ This Annual Report has a detailed section on Management Discussion and Analysis.

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

10. Means of communication

The Company has 51,703 shareholders as on March 31, 2010. The main channel of communication to the shareholders is through the annual report which inter alia includes the statement of the Chairman Emeritus/Managing Director, the Directors' Report, the Report of the Board of Directors on Corporate Governance, Management Discussion and Analysis Report, the Consolidated Group Accounts with the Auditors Report 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 therefore encourages open and active participation of all its shareholders be it individual domestic institutional investors or foreign investors.

The Company communicates with its institutional shareholders through meetings with analysts. The presentation made to institutional investors is uploaded on the Company's website www.ncclimited.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 Jyothi* etc., (regional language), along with the official news/press releases. Dates of publication of quarterly results-

1st quarter ended June 30, 2009:
July 31, 2009

2nd quarter ended September 30, 2009: November 2, 2009

3rd quarter ended December 31, 2009: January 28, 2010

4th quarter ended March 31, 2010:
May 26, 2010

11. General shareholders' information

20th Annual General Meeting

Day, date and time:

Tuesday, August 10, 2010 at 3.00 pm

Venue:

Bharatiya Vidya Bhavan, 5-9-1105, Basheerbagh, King Koti, Hyderabad - 500029

Financial calendar (Tentative)

Results for the quarter ending June 30, 2010: August 10, 2010

Results for the quarter ending September 30, 2010: November 10, 2010

Results for the quarter ending December 31, 2010: February 15, 2011

Results for year ending March 31, 2011: May 30, 2011

Annual General Meeting for the financial year 2011: August 10, 2011

Book closure date

July 26, 2010 (Monday) to July 31, 2010 (Saturday) (both days inclusive) for payment of dividend.

Dividend payment date

On or after August 14, 2010 subject to approval of shareholders at the AGM

Listing on stock exchanges and stock codes

Equity shares

Bombay Stock Exchange Limited (BSE): 500294

National Stock Exchange of India Limited (NSE): NAGARCONST

Listing fee for the financial year(s) 2009-10 and 2010-11 has been paid to the Indian stock exchanges.

Global depositary receipts (GDR)

The Company's GDRs are listed on the Luxembourg Stock Exchange and traded on portal platform of NASDAQ as permitted securities.

Debt Securities & Debenture Trustee

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

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 Rs.10 lakh each aggregating to Rs.100 Crore issued to Life Insurance Corporation of India (LIC) is INE868B07017 (to be quoted on all transactions related to

dematerialized non-convertible debentures of the Company)

ISIN's for 1000 Secured, Redeemable Non-Convertible Debentures in the form of Separately Transferable Redeemable Principal Parts of (STRPPS) of face value of Rs.1.00 lakh each aggregating to Rs.100 crores to Investors including Commercial Banks and GIC on private placement basis are INE868B07025, INE 868B07033 and INE868B07041 (to be quoted

on all transactions related to dematerialized non-convertible debentures of the Company)

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: 40-23356507/23356975
Fax: 040-40040554
Email: sta@sathguru.com

Market price data

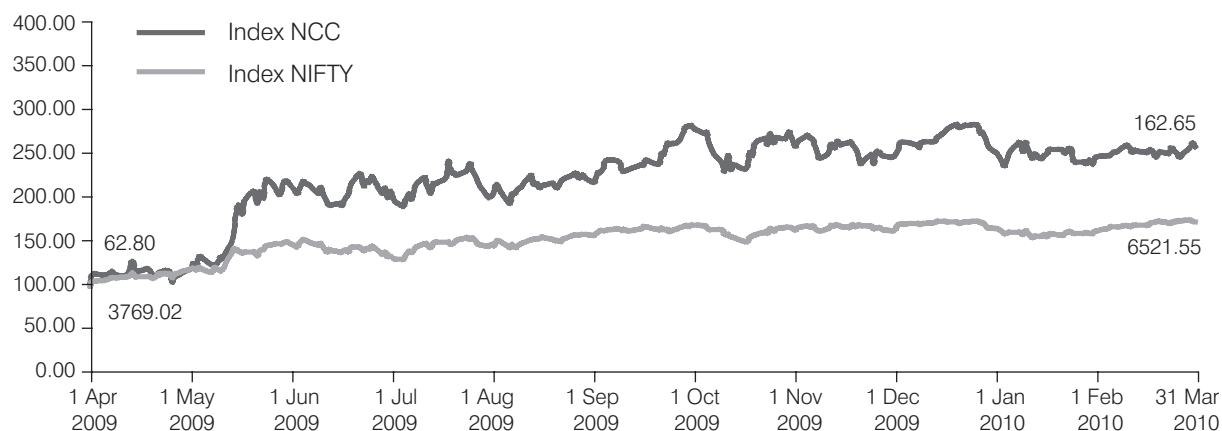
The monthly high and low stock quotations during the last financial year and performance in comparison to BSE and NSE are given below-

High, low and number of shares traded during each month on BSE and NSE in the last financial year

Month	BSE			NSE		
	High price Rs.	Low price Rs.	No. of shares traded	High price Rs.	Low price Rs.	No. of shares traded
Apr 2009	83.75	59.50	10,234,908	83.75	58.50	36,588,520
May 2009	144.40	70.65	16,301,257	145.00	70.55	59,798,712
Jun 2009	146.50	116.00	16,176,863	147.00	115.10	68,071,941
Jul 2009	159.10	113.50	11,170,024	159.25	113.30	46,470,054
Aug 2009	151.90	119.20	6,887,716	151.90	119.15	33,168,744
Sept 2009	157.80	132.50	9,100,113	157.40	132.55	38,022,354
Oct 2009	183.80	139.20	9,655,788	184.00	139.30	45,313,406
Nov 2009	175.45	142.05	6,602,501	175.40	140.35	32,045,043
Dec 2009	169.50	149.00	6,548,672	169.00	149.20	27,459,896
Jan 2010	182.45	146.30	2,596,973	182.20	146.55	17,608,874
Feb 2010	168.40	148.20	2,176,774	168.00	148.10	14,357,566
Mar 2010	167.80	151.25	1,982,590	168.40	151.85	14,561,515

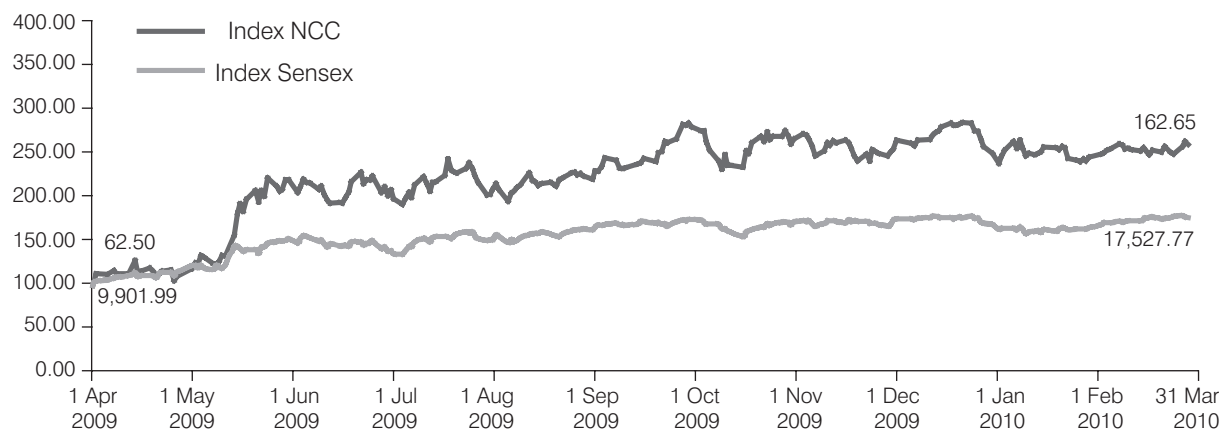
Performance in comparison to broad based indices such as Index Nifty (NSE) and Index Sensex (BSE)

Movement of NCC share price in 2009-10 on NSE



- Notes:**
1. All values are indexed to 100 as on April 1, 2009
 2. S&P CNX Nifty is a well diversified 50 stock index accounting for 22 sectors of the economy

Movement of NCC share price in 2009-10 on BSE



- Notes:**
1. All values are indexed to 100 as on April 1, 2009
 2. Sensex involves dividing the free-float market capitalisation of 30 companies in the Index by the Index Divisor.

Distribution of shareholding as on March 31, 2010

No. of shares held		Number of shareholders		Details of shareholding	
From	To	No.	%	No. of shares	%
1	- 5000	50286	97.26	10,616,138	4.14
5,001	- 10,000	730	1.41	2,628,422	1.02
10,001	- 20,000	282	0.55	2,138,603	0.83
20,001	- 30,000	77	0.15	992,694	0.39
30,001	- 40,000	31	0.06	555,614	0.22
40,001	- 50,000	24	0.04	549,325	0.22
50,001	- 1,00,000	57	0.11	2,140,055	0.83
1,00,001	- and above	216	0.42	236,962,959	92.35
Total		51703	100.00	256,583,810	100.00

Shareholding pattern as on March 31, 2010

Category	No of Shares of 2/- each	%
Promoters	51,806,687	20.19
Indian Institutional Investors	258,524	0.10
Bodies Corporate	20,278,141	7.90
Foreign Institutional Investors	92,201,906	35.93
NRIs, OCBs, GDRs	1,421,304	0.55
Mutual Funds	55,776,138	21.74
Indian Public	34,841,110	13.59
Total	256,583,810	100.00

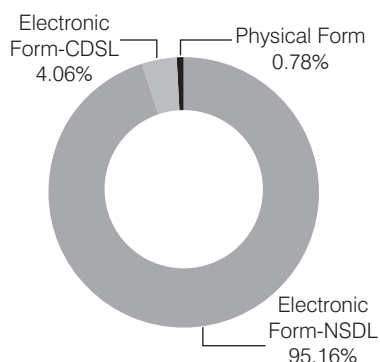
Equity History

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 Rs. 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 Rs. 10 each	700,000	15,100,200
31.03.2005	Warrants issued to Promoters on preferential basis which were converted into equity shares of Rs. 10 each	800,000	15,900,200
31.08.2005	Splitting of shares of Rs. 10 each into shares of Rs. 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 equity shares underlying GDR's	20,547,940	100,056,090
05.01.2006	Issue of equity shares underlying GDRs under Green Shoe Option	2,935,420	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

Date	Particulars	Issued	Cumulative
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 on 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	277,32,900	256,583,810

Dematerialisation of shares and liquidity

Over 99.22% of the outstanding shares were dematerialized up to March 31, 2010. 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.

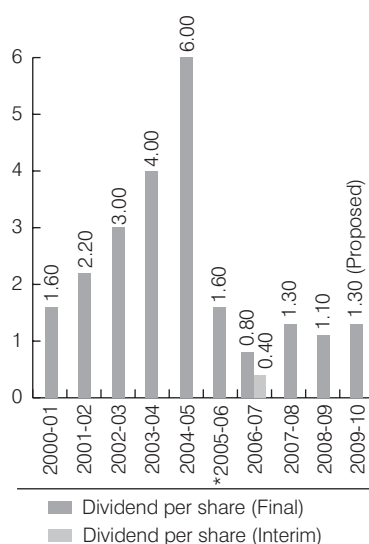


Outstanding GDRs and their impact on equity shares

As on March 31, 2010, there were approximately 42,550 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.

Dividend history since 2000-01



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 Sections 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 24.11.2009 the unclaimed dividend amounting to Rs. 3,52,503 pertaining to the year 2001-2002 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 31.3.2010 (Rs.)	Due date for transfer to IEPF
2002-2003	Final	26.09.2003	4,22,902.50	31.10.2010
2003-2004	Final	25.09.2004	3,74,041.00	30.10.2011
2004-2005	Final	30.07.2005	3,68,098.00	03.09.2012
2005-2006	Final	31.08.2006	5,76,726.00	05.10.2013
2006-2007	Interim	21.03.2007	7,21,661.00	25.04.2014
2006-2007	Final	30.07.2007	3,96,920.00	03.09.2014
2007-2008	Final	31.07.2008	10,66,471.90	04.09.2015
2008-2009	Final	30.07.2009	10,25,982.70	03.09.2016

Top ten shareholders of the Company as on March 31, 2010

Sl. No.	Name of the shareholder	Number of shares	% of shareholding
1.	Blackstone GPV Capital Partners Mauritius V-A Ltd	21,375,135	8.33
2.	HSBC Global Investment Funds A/C HSBC Global Investment Funds Mauritius Limited	18,700,000	7.29
3.	A V S R Holdings Private Limited	18,167,167	7.08
4.	HDFC Trustee Company Limited/CHDFC Growth Fund	16,160,168	6.30
5.	Mrs Rekha Jhunjhunwala	10,150,000	3.96
6.	Bajaj Allianz Life Insurance Company Ltd	9,977,672	3.89
7.	Birla Sun Life Trustee Company Pvt Limited A/c Birla Infrastructure Fund	9,253,326	3.61
8.	SBIMF Magnum Sector Fund Umbrella Contra	6,053,966	2.36
9.	Reliance Capital Trustee Co Ltd A/C –Reliance regular savings Fund-Equity Option	5,964,529	2.32
10.	Mr.Alluri Ananta Venkata Ranga Raju	5,931,740	2.31

Regional Offices

The details of the Regional Offices of the company spread through out the Country and also abroad is part of the Annual Report.

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: 040-23356507, 040-23356975
Fax: 040-40040554
E mail- 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

**Compliance with Clause 49
Mandatory requirements**

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

Adoption of 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."
- During the year under review, the Joint Statutory Auditors of the Company has not reported any qualifications in terms of the financial statements reviewed by them.
- The Company has no written Whistle Blower Policy and the Company did not adopt other non-mandatory requirements as detailed above other than HR and Compensation Committee.

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, 2010.

For Nagarjuna Construction Company Limited

Place: Hyderabad
Date: May 25, 2010

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, 2010, 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: May 25, 2010

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

R. S. Raju
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

Nagarjuna Construction Company Limited

We have examined the compliance of conditions of Corporate Governance by Nagarjuna Construction Company Limited, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions 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

Place: Hyderabad

Date: May 25, 2010

Ganesh Balakrishnan

Partner

Membership No. 201193

Hyderabad

May 25, 2010

Auditors' Report

THE MEMBERS OF

NAGARJUNA CONSTRUCTION COMPANY LIMITED

1. We have audited the attached Balance Sheet of **Nagarjuna Construction Company Limited** as at March 31, 2010, the Profit and Loss Account for the year ended on that date 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 sub-section (4A) of section 227 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 sub-section (3C) of section 211 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, 2010;
 - (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 for the year ended on that date.
5. On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 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 25, 2010

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)

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|---|--|
| <p>i) In respect of its fixed assets:</p> <p>a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.</p> <p>b) A major portion of the fixed assets have been 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 having regard to the size of the Company and the nature of its assets. 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.</p> <p>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.</p> <p>ii) In respect of its inventories:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 Rs.921.11 million to four parties during the year covered in the Register maintained under</p> | <p>Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 4,524.16 (seven parties) million and the year end balance of the loans granted to such parties was Rs.4,289.43(seven parties) million.</p> <p>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.</p> <p>c) The receipts of principal amounts and interest have been regular during the year.</p> <p>d) There is no overdue amount in respect of inter corporate loans.</p> <p>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.</p> <p>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.</p> <p>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:</p> <p>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.</p> <p>b) In our opinion, the transactions (excluding loans reported under paragraph (iii) above) exceeding the value of Rs.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.</p> |
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Annexure to the Auditors' Report (Contd.)

- 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.
- 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, 2010 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 sales tax, income tax, customs duty, service tax, excise duty and cess which have not been deposited as on March 31, 2010 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 (Rupees in Millions)
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	1998-99	17.32
	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	2.49
	Sales Tax	Sales Tax Appellate Tribunal	2003-04	14.27
Uttar Pradesh Value Added Tax Act, 2008	Sales Tax	Additional Commissioner of Sales Tax (Appeals)	2008-09	72.07
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	Commissioner of Excise (Appeals)	2008-09	1.17
Finance Act, 1994	Service Tax	CESTAT, Bangalore	2005-06	26.55
	Service Tax	Hon'ble High Court of Andhra Pradesh	2005-10	63.55
	Service Tax	CESTAT, Bangalore	2007-09	207.90
Indian Income Tax Act, 1961	Income Tax	Commissioner of Income tax (Appeals)	2004-05	11.79
	Income Tax	Commissioner of Income tax (Appeals)	2005-06	58.92
	Income Tax	Commissioner of Income tax (Appeals)	2006-07	2.67

Annexure to the Auditors' Report (Contd.)

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| <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> | <p>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.</p> <p>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.</p> <p>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.</p> <p>xix) According to the information and explanations given to us and records examined by us, securities/charges have been created in respect of debentures issued.</p> <p>xx) During the year covered by our audit report, the company has not raised any money by public issues.</p> <p>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.</p> |
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for M. Bhaskara Rao & Co.
Chartered Accountants
(Registration No. 000459S)

M V Ramana Murthy
Partner
Membership No. 206439

Hyderabad, May 25, 2010

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

Ganesh Balakrishnan
Partner
Membership No. 201193

Balance Sheet as at March 31, 2010

(Rs. in million)

Schedule		As at March 31, 2010		As at March 31, 2009	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	I	513.17		457.70	
Reserves and Surplus	II	21,943.39		16,397.81	
			22,456.56		16,855.51
Loan Funds					
Secured Loans	III	10,499.26		8,863.83	
Unsecured Loans	IV	4,802.56		3,575.00	
			15,301.82		12,438.83
Deferred Tax Liability (Net)			254.90		187.84
(Refer note 12 of II of Schedule IX)					
Total			38,013.28		29,482.18
APPLICATION OF FUNDS					
Fixed Assets		V			
Gross Block		7,560.92		6,232.78	
Less : Depreciation / Amortization		2,022.75		1,640.62	
Net Block		5,538.17		4,592.16	
Capital Work in Progress		434.17		281.15	
			5,972.34		4,873.31
Investments	VI		9,411.67		7,402.49
Current Assets, Loans and Advances		VII			
Inventories		7,539.45		7,495.46	
Sundry Debtors		12,994.55		10,260.34	
Cash and Bank Balances		1,996.76		1,345.05	
Other Current Assets		32.01		29.80	
Loans and Advances		18,519.92		14,272.60	
		41,082.69		33,403.25	
Less : Current Liabilities and Provisions		VIII			
Liabilities		17,496.59		15,541.47	
Provisions		956.83		655.40	
		18,453.42		16,196.87	
Net Current Assets			22,629.27		17,206.38
Total			38,013.28		29,482.18
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 &
V.P (Legal)

A. A. V. Ranga Raju
Managing Director

Place: Hyderabad
Date: May 25, 2010

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

A. G. K. Raju
Executive Director

Profit and Loss Account for the year ended March 31, 2010

(Rs. in million)

	Schedule	Year ended March 31, 2010		Year ended March 31, 2009	
INCOME					
Turnover	A	47,778.22		41,514.08	
Other Income	B	543.77		41.63	
			48,321.99		41,555.71
EXPENDITURE					
Construction and Other Expenses	C	40,133.11		34,971.93	
Establishment Expenses	D	2,810.65		2,805.44	
Interest and Financial Charges	E	1,322.42		963.59	
Depreciation / Amortization	V	525.45		533.02	
			44,791.63		39,273.98
Profit Before Tax					
Provision for Taxation - Current Tax (including Rs. 40.56 million of earlier years)		1,105.29	3,530.36	707.90	2,281.73
- Deferred Tax		98.92		20.83	
- Fringe Benefit Tax		-		14.41	
			1,204.21		743.14
Profit After Tax					
Balance in Profit and Loss Account brought forward			2,326.15		1,538.59
Balance Available for Appropriation			1,735.72		1,311.65
Appropriations			4,061.87		2,850.24
Debenture Redemption Reserve		100.00		250.00	
Proposed Dividend		333.56		251.74	
Dividend Tax		55.40		42.78	
Transfer to General Reserve		1,000.00		550.00	
Transfer to Contingency Reserve		20.00		20.00	
			1,508.96		1,114.52
Balance carried to Balance Sheet			2,552.91		1,735.72
Earnings per share of face value of Rs. 2/- each.					
Basic and Diluted			9.50		6.72
(Refer Note 16 of II of Schedule IX)					
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 &
V.P (Legal)

A. A. V. Ranga Raju
Managing Director

Place: Hyderabad
Date: May 25, 2010

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

A. G. K. Raju
Executive Director

Cash Flow Statement for the year ended March 31, 2010

(Rs. in million)

	Year ended March 31, 2010	Year ended March 31, 2009
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	3,530.36	2,281.73
<u>Adjustments for</u>		
Depreciation / Amortisation	525.45	533.02
Loss on Sale of Fixed Assets	9.55	10.76
Profit on Sale of Fixed Assets	(6.48)	(2.82)
Interest and financial charges	1,322.42	963.59
Profit on Sale of Investment	(495.60)	-
Employee Compensation Expense	-	(0.66)
Operating Profit before Working Capital Changes	4,885.70	3,785.62
<u>Adjustments for changes in</u>		
Trade and Other Receivables	(5,075.96)	(1,915.09)
Inventories	(43.99)	(2,002.72)
Trade Payables and Other Liabilities	1,775.15	(36.89)
Cash from/(used in) Operations	1,540.90	(169.08)
Taxes paid	(1,302.40)	(1,319.14)
Net Cash from/(used in) operating activities	238.50	(1,488.22)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and other capital expenditure	(1,789.98)	(1,613.14)
Proceeds from sale of Fixed Assets	162.43	1,538.36
Investment in subsidiaries	(2,147.60)	(1,107.35)
Investment in other companies	(401.08)	(241.28)
Refund of share application money	-	582.82
Loans to subsidiaries, associates and other corporates	(1,305.13)	(818.84)
Foreign Exchange Translation adjustment (arising on translation of Foreign branch transactions)	52.46	(111.89)
Interest received	635.54	689.05
Proceeds from sale of Investment	1,121.36	-
Tax paid on Sale of Investment	(91.37)	-
Net Cash used in Investing Activities	(3,763.37)	(1,082.27)

Cash Flow Statement (Contd.) for the year ended March 31, 2010

(Rs. in million)

	Year ended March 31, 2010	Year ended March 31, 2009
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	3,579.53	0.22
Proceeds from Issue of Debentures	1,000.00	1,000.00
Long Term Funds borrowed	635.43	675.56
Unsecured Loans - Banks (repaid)/ borrowed (net)	1,227.56	1,825.00
Interest paid	(1,971.81)	(1,567.34)
Dividend and Dividend Tax paid	(294.13)	(347.74)
Net Cash from Financing Activities	4,176.58	1,585.70
Net change in cash and cash equivalents (A+B+C)	651.71	(984.79)
Cash and Cash Equivalents as at April 1 (Opening Balance)	1,345.05	2,329.84
Cash and Cash Equivalents as at March 31 (Closing Balance)	1,996.76	1,345.05

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 Rs.240.56 million (31.03.2009 : Rs.266.94 million) in Margin money Deposits lodged with Banks against letters of guarantee issued and Rs.4.95 Million (31.03.09 Rs.4.56 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 &
V.P (Legal)

A. A. V. Ranga Raju
Managing Director

Place: Hyderabad
Date: May 25, 2010

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

A. G. K. Raju
Executive Director

Schedules forming part of the Balance Sheet as at March 31, 2010

(Rs. in million)

	As at March 31, 2010		As at March 31, 2009	
SCHEDULE I SHARE CAPITAL				
Authorised				
30,00,00,000 Equity Shares of Rs.2/- each (31.03.2009: 30,00,00,000 Equity Shares of Rs. 2/- each)		600.00		600.00
Issued				
25,68,33,810 Equity Shares of Rs.2/- each (31.03.2009: 22,91,00,910 Equity Shares of Rs. 2/- each)		513.67		458.20
Subscribed and Paid up				
25,65,83,810 Equity Shares of Rs 2/- each fully paid up (31.03.2009: 22,88,50,910 Equity Shares of Rs. 2/- each) (Refer note 3 of II of Schedule IX)		513.17		457.70
Of above:				
(a) 10,00,000 Equity Shares of Rs.2/- each were allotted in 1990-91 as fully paid Equity Shares pursuant to a contract without payment being received in cash				
(b) 10,33,68,530 Equity Shares of Rs.2 each were allotted in 2006-07 as fully paid up Bonus shares in the ratio of 1:1 by capitalising Rs. 206.74 million from General Reserve				
Total		513.17		457.70

Schedules forming part of the Balance Sheet as at March 31, 2010

(Rs. in million)

	As at March 31, 2010		As at March 31, 2009	
SCHEDULE II RESERVES AND SURPLUS				
Capital Reserve				
As per Last Balance Sheet	54.33		0.08	
Add : Forfeiture of Share Warrants	-		54.25	
		54.33		54.33
Securities Premium				
As per last Balance Sheet	11,100.43		11,098.23	
Add : On shares issued	3,618.03		2.20	
	14,718.46		11,100.43	
Less : Share Issue Expenses (Net of Deferred Tax Asset of Rs. 31.85 million)	62.10		-	
		14,656.36		11,100.43
Debenture Redemption Reserve				
As per last Balance Sheet	250.00		-	
Add : Transfer from Profit and Loss Account (Refer Note 4 A(b) of II of Schedule IX)	100.00		250.00	
		350.00		250.00
Contingency Reserve				
As per last Balance Sheet	180.00		160.00	
Add : Transfer from Profit and Loss Account	20.00		20.00	
		200.00		180.00
Foreign Currency Translation Reserve		(84.80)		(137.26)
General Reserve				
As per last Balance Sheet	3,214.59		2,664.59	
Add : Transfer from Profit and Loss Account	1,000.00		550.00	
		4,214.59		3,214.59
Profit and Loss Account		2,552.91		1,735.72
Total		21,943.39		16,397.81

Schedules forming part of the Balance Sheet as at March 31, 2010

(Rs. in million)

	As at March 31, 2010		As at March 31, 2009	
SCHEDULE III SECURED LOANS				
11.95% Redeemable, Non-convertible Debentures (Refer Note 4 A(a) of II of Schedule IX)	1,000.00		1,000.00	
10.50% Redeemable, Non-convertible Debentures (Refer Note 4 A(b) of II of Schedule IX)	1,000.00		-	
		2,000.00		1,000.00
Loans From Banks :				
Term Loans - Rupee Loan (Refer Note 4 A(d) of II of Schedule IX)	594.30		743.86	
Working Capital Demand Loan (Refer Note 4 A(e) of II of Schedule IX)				
- Rupee Loan	6,021.00		4,003.00	
- Foreign Currency Loan	478.39		469.16	
Cash Credit (Refer Note 4 A(e) of II of Schedule IX)	469.24		2,267.23	
		7,562.93		7,483.25
From Others :				
Term Loan (Refer Note 4 A(d) of II of Schedule IX)	895.37		332.30	
Vehicle Loans (Refer Note 4 A(f) of II of Schedule IX)	40.96		48.28	
		936.33		380.58
Total		10,499.26		8,863.83
Installments falling due within next 12 months		622.01		460.94

SCHEDULE IV UNSECURED LOANS

Short Term Loans				
From Banks		3,325.00		3,575.00
Commercial Paper	1,500.00		-	
Less: Unamortized Discount (Refer Note 4 B of II of Schedule IX)	22.44		-	
		1,477.56		-
Total		4,802.56		3,575.00

Schedules forming part of the Balance Sheet as at March 31, 2010

SCHEDULE V FIXED ASSETS

(Rs. in million)

Particulars	GROSS BLOCK(AT COST)			DEPRECIATION/AMORTIZATION				NET BLOCK		
	As at March 31, 2009	Additions	Deductions/ Adjustments	As at March 31, 2010 ²	Up to March 31, 2009	For the year	Deductions/ Adjustments	Up to March 31, 2010	As at March 31, 2010 ²	As at March 31, 2009
Land	106.29	1.62	-	107.91	-	-	-	-	107.91	106.29
Buildings ¹	319.87	25.37	-	345.24	25.25	11.20	-	36.45	308.79	294.62
Plant and Machinery	3,102.12	639.23	149.25	3,592.10	592.73	171.95	64.36	700.32	2,891.78	2,509.39
Construction Accessories	1,363.23	197.52	52.27	1,508.48	651.40	202.31	31.21	822.50	685.98	711.83
Tools and Equipment	77.37	14.13	3.89	87.61	15.81	4.23	0.79	19.25	68.36	61.56
Office Equipment	219.01	23.81	5.40	237.42	88.17	23.52	2.21	109.48	127.94	130.84
Furniture and Fixtures	42.00	3.21	0.22	44.99	11.47	2.69	0.10	14.06	30.93	30.53
Construction Vehicles	638.84	685.93	68.78	1,255.99	162.14	74.73	35.23	201.64	1,054.35	476.70
Office Vehicles	349.37	46.99	30.39	365.97	89.32	33.24	10.80	111.76	254.21	260.05
Intangible Assets	14.68	0.53	-	15.21	4.33	2.96	-	7.29	7.92	10.35
Total	6,232.78	1,638.34	310.20	7,560.92	1,640.62	526.83	144.70	2,022.75	5,538.17	4,592.16
Less: Depreciation Capitalised						1.38				
Depreciation as per Profit and Loss Account						525.45				
As at March 31, 2009	6,620.37	1,474.58	1,862.17	6,232.78	1,423.47	533.02	315.87	1,640.62	4,592.16	5,196.90
Capital Work in Progress ³	-	-	-	-	-	-	-	-	434.17	281.15

Note :

- 1) Includes Lease Hold Improvements of Rs. 5.73 million (31.03.2009: Rs. 5.42 million) amortized over the period of lease.
- 2) Joint Venture Assets included in Gross Block of Rs.570.25 million (31.03.2009: Rs. 785.37 million) and Net Block of Rs. 294.14 million (31.03.2009: Rs. 482.81 million).
- 3) Capital Work in Progress includes capital advances Rs. 66.29 million (31.03.2009: Rs. 24.50 million) and interest on borrowing costs during the year Rs. 4.78 million (31.03.2009: Rs. 1.25 million).

Schedules forming part of the Balance Sheet as at March 31, 2010

	As at March 31, 2010		As at March 31, 2009	
	Nos.	Rs. in million	Nos.	Rs. in million
SCHEDULE VI INVESTMENTS				
Long Term (At Cost)				
In Trade Investments (Unquoted)				
In Subsidiaries				
<i>In Equity Shares of Rs. 10/- each, fully paid up</i>				
NCC Infrastructure Holdings Limited	104252140	3,321.47	78208970	1,758.87
(Purchased during the year 26043170 shares)				
NCC Urban Infrastructure Limited ¹	120000000	1,200.00	120000000	1,200.00
NCC Vizag Urban Infrastructure Limited	49875000	498.75	49875000	498.75
OB Infrastructure Limited ² (Purchased during the year 1297000 shares)	7548281	745.78	6251281	616.08
Patnitop Ropeway & Resorts Limited	2125300	21.25	1913000	19.13
(Purchased during the year 212300 shares)				
Naftogaz Engineering Private Limited	50000	0.50	50000	0.50
Himachal Sorang Power Limited ³	3400	0.03	3400	0.03
NCC Power Projects Limited	50000	0.50	50000	0.50
NCC International Convention Centre Limited	1000000	10.00	1000000	10.00
<i>In Shares of Omani Rials one each fully paid up</i>				
Nagarjuna Construction Company Limited and Partners LLC, Oman ⁴	150000	17.01	150000	17.01
Nagarjuna Construction Company International LLC, Oman	5100000	611.69	1000000	112.00
(Purchased during the year 4100000 shares)				
<i>In Shares of US \$ 10 each, fully paid up</i>				
NCC Infrastructure Holdings Mauritius PTE. Ltd.	2176508	962.15	2136514	943.33
(Purchased during the year 39994 shares)				
<i>In Shares of 'AED' 1000 each fully paid up</i>				
Nagarjuna Contracting Company Limited, LLC, Dubai ⁵	300	3.44	300	3.44
IN OTHER COMPANIES				
<i>In Equity Shares of Rs. 10/- each, fully paid up (Unquoted)</i>				
Gautami Power Limited (Sold during the year)	-	-	52196367	521.97
Brindavan Infrastructure Company Limited ⁶	9999725	100.00	9999725	100.00
SNP Real Estates Private Limited (Transferred to SNP Infrastructure	396875	3.97	809950	8.10
Private Limited during the year 413075 shares)				
SNP Infrastructure Private Limited	7365453	73.65	2290000	22.90
(Purchased/transferred during the year 5075453 shares)				
SNP Developers and Projects Private Limited (Transferred to SNP	533404	5.33	567451	5.67
Infrastructure Private Limited during the year 34047 shares)				
SNP Realtors Private Limited (Transferred)	-	-	792331	7.92
SNP Ventures Private Limited	2790000	27.90	340000	3.40
(Purchased during the year 2450000 shares)				
SNP Property Developers Private Limited	384000	3.84	340000	3.40
(Purchased during the year 44000 shares)				
NAC Infrastructure Equipment Limited	1499900	15.00	1499900	15.00
Western UP Tollway Limited ⁷	225000	2.25	225000	2.25
Jubilee Hills Land Mark Projects Limited	2500000	25.00	2500000	25.00
Bangalore Elevated Tollway Limited ⁸	80400	0.80	80400	0.80
Tellapur Techno City Private Limited	14702600	147.03	14702600	147.03
Pondichery Tindivanam Tollway Limited ⁹	1775250	168.53	624105	53.41
(Purchased during the year 1151145 shares)				
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	4706000	47.06	1624725	16.25
(Purchased during the year 3081275 shares)				

Schedules forming part of the Balance Sheet as at March 31, 2010

	As at March 31, 2010		As at March 31, 2009	
	Nos.	Rs. in million	Nos.	Rs. in million
SCHEDULE VI INVESTMENTS (Contd.)				
Paschal Technology (I) Private Limited (Purchased during the year 466527 shares) <i>In Equity Shares of Rs. 25/- each, fully paid up (Unquoted)</i>	494000	4.94	27473	0.27
Akola Urban Co-operative Bank Limited <i>In Shares of 'AED' 1000 each fully paid up</i>	4040	0.10	4040	0.10
Nagarjuna Facilities Management Services, LLC, Dubai <i>In 9% Redeemable cumulative Preference Shares of Rs. 100/- each fully paid up</i>	147	1.72	147	1.72
Brindavan Infrastructure Company Limited ⁶ <i>In 2% Redeemable Preference Shares of Rs. 100/- each fully paid up</i>	500000	50.00	500000	50.00
Jubilee Hills Land Mark Projects Limited <i>In Debentures of Rs. 100/-, fully paid up (Unquoted)</i>	4274999	427.50	4274999	427.50
Jubilee Hills Land Mark Projects Limited (Purchased during the year 839345 debentures) <i>In Debentures of Rs. 1/-, fully paid up (Unquoted)</i>	2163177	216.32	1323832	132.38
Tellapur Techno City Private Limited (Purchased during the year 20384000 debentures)	698100524	698.10	677716524	677.72
OTHER INVESTMENTS (Quoted) <i>In Equity Shares of Rs. 10/- each, fully paid up</i> NCC Finance Limited (Value Rs.90)	9	_*	9	-
Total		9,411.67		7,402.49
Aggregate amount of Quoted Investments		-		-
Aggregate amount of Unquoted Investments		9,411.67		7,402.49
Aggregate market value of Quoted Investments		_*		-
* Market value of Rs. 22.00 (31.03.2009: Rs. 23.00)				

Note:

- Of these 36,000,000 (31.03.2009: 36,600,000) equity shares aggregating Rs.360.00 million (31.03.2009: Rs.366 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 (31.03.2009: 83,400,000) aggregating in value to Rs. 834.00 million (31.03.2009: Rs.834 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 (31.03.2009: 1,734) equity shares aggregating in value to Rs 0.02 million (31.03.2009: Rs. 0.02 million) have been pledged with Axis Bank and 748 (31.03.2009: Nil) equity shares aggregating in value to Rs. 0.01 million (31.03.2009: Nil) have been pledged with IDBI Trustee Ship Services Limited for the term loan availed by Himachal Sorang Power Limited.
- Of these 45,000 (31.03.2009: 45,000) equity shares are held by the joint venture partner under trust for Nagarjuna Construction Company Limited.
- Of these 153 (31.03.2009: 153) equity shares are held by the joint venture partner under trust for Nagarjuna Construction Company Limited.
- Of these 9,996,425 (31.03.2009: 9,999,725) equity shares aggregating Rs. 99.96 million (31.03.2009: Rs. 100 million) and 5,00,000 (31.03.2009: 5,00,000) redeemable cumulative preference shares aggregating Rs. 50 million (31.03.2009: Rs. 50 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 (31.03.2009: 224,600) equity shares aggregating in value to Rs. 2.25 million (31.03.2009: Rs. 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 (31.03.2009: 40,800) equity shares aggregating in value to Rs. 0.4 million (31.03.2009: Rs. 0.4 million) have been pledged to the consortium of bankers for the term loan availed by Bangalore Elevated Tollway Limited.
- Of these 95,696 (31.03.2009: 95,696) equity shares aggregating in value to Rs.9.57 million (31.03.2009: Rs. 9.57 million) have been pledged to IDBI Trustee Ship Services Limited and 83,416 (31.03.2009: Nil) equity shares aggregating to Rs. 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, 2010

(Rs. in million)

	As at March 31, 2010		As at March 31, 2009	
SCHEDULE VII CURRENT ASSETS, LOANS AND ADVANCES				
A. Current Assets				
i) Inventories				
Materials	3,225.56		2,607.84	
Finished Goods	4.89		1.29	
Work-in-progress	3,978.15		4,553.64	
Property Development Cost (Refer Note 6 of II of Schedule IX)	330.85		332.69	
a)		7,539.45		7,495.46
ii) Sundry Debtors (Unsecured)				
Over Six months				
Considered Good	2,611.31		1,867.82	
Considered Doubtful	50.00		30.00	
	2,661.31		1,897.82	
Others, Considered Good	10,383.24		8,392.52	
	13,044.55		10,290.34	
Less : Provision for doubtful debts	50.00		30.00	
b)		12,994.55		10,260.34
iii) Cash and Bank Balances (Refer Note 7 of II of Schedule IX)				
Cash on hand	12.45		23.86	
Bank Balance :				
In Current Accounts				
With Scheduled Banks (includes Rs.28.59 million				
(31.03.2009: Rs. 0.26 million) remittance in transit)	1,636.07		1,019.52	
With Others	84.10		7.55	
In Deposit Accounts				
With Scheduled Banks				
Margin Money Deposits	240.56		266.94	
(Lodged with Banks against Guarantees /				
letters of credit issued)				
Fixed Deposits	17.86		10.70	
With Others	5.72		16.48	
c)		1,996.76		1,345.05
Other Current Assets				
Interest Accrued on Deposits		32.01		29.80

Schedules forming part of the Balance Sheet as at March 31, 2010

(Rs. in million)

		As at March 31, 2010		As at March 31, 2009	
SCHEDULE VII CURRENT ASSETS, LOANS AND ADVANCES (Contd.)					
B. Loans and Advances					
(Unsecured and Considered good unless otherwise stated)					
(Refer Note 8 of II of Schedule IX)					
Advances to					
Subsidiaries		4,328.85		2,803.52	
Associates		10.05		232.00	
Other Body Corporates		82.68		80.93	
(Includes Rs. 62.68 million (31.03.2009: Rs. 60.93 million)					
secured by equitable mortgage of immovable properties					
of a body Corporate)					
Advances to Suppliers, Sub-contractors and Others			4,421.58		3,116.45
(Refer Note 9 of II of Schedule IX)					
Considered Good		5,295.02		4,336.45	
Considered Doubtful		61.00		39.00	
Less : Provision for doubtful advances		5,356.02		4,375.45	
		61.00		39.00	
Advances recoverable in cash or			5,295.02		4,336.45
in kind or for value to be received			554.82		461.30
Advance towards Share Application Money			273.78		360.03
Retention Money			5,528.04		4,247.34
Deposits with Clients and Others			434.47		254.70
Prepaid Expenses			118.70		78.06
Advance Taxes and Tax Deducted at Source (Net of Provisions					
of Rs. 2,142.32 million (31.03.2009: Rs. 1,801.66 million))			1,893.51		1,418.27
e)			18,519.92		14,272.60
Total (a + b + c + d + e)			41,082.69		33,403.25

Schedules forming part of the Balance Sheet as at March 31, 2010

(Rs. in million)

	As at March 31, 2010		As at March 31, 2009	
SCHEDULE VIII CURRENT LIABILITIES AND PROVISIONS				
a) Liabilities				
Sundry creditors				
Total outstanding dues of Micro Enterprises and Small Enterprises	6.34		2.76	
(Refer Note 10 of II of Schedule IX)				
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	9,051.41		6,357.12	
Mobilisation Advance	4,793.18		4,661.86	
Material Advance	452.88		561.54	
Advances from Customers/Others	180.05		1,044.84	
Liability towards Investor Education and Protection Fund	4.95		4.56	
(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)				
Other Liabilities	2,952.24		2,841.61	
Interest Accrued but not due on loans	55.54		67.18	
		17,496.59		15,541.47
b) Provisions				
Taxation (Net of Advance Taxes of Rs. 2,142.32 million (31.03.2009: Rs. 1,801.66 million))	385.12		197.23	
Proposed Dividend	333.56		251.74	
Dividend Tax	55.40		42.78	
Employee Benefits	182.75		162.52	
Fringe Benefit Tax	-		1.13	
		956.83		655.40
Total		18,453.42		16,196.87

Schedules forming part of the Profit and loss Account for the year ended March 31, 2010

(Rs. in million)

	Year ended March 31, 2010		Year ended March 31, 2009	
SCHEDULE A TURNOVER				
Project Division		47,637.17		41,249.27
Other Divisions		141.05		264.81
Total		47,778.22		41,514.08

SCHEDULE B OTHER INCOME

Profit on Sale of Long Term Investment		495.60		-
Profit on Sale of Fixed Assets		6.48		2.82
Miscellaneous Income		41.69		38.81
Total		543.77		41.63

SCHEDULE C CONSTRUCTION AND OTHER EXPENSES

Material Consumption				
Cement	1,039.03		1,561.09	
Steel	7,883.55		5,134.74	
Bitumen	940.81		918.02	
Other Construction Material	7,685.57		6,661.84	
Stores and Spares	113.21		144.67	
		17,662.17		14,420.36
Power and Fuel		53.67		57.84
Sub-contractors Work Bills		12,713.68		14,027.69
Labour Charges		4,501.09		3,922.75
Transport Charges		798.19		472.15
Rates and Taxes				
Value Added Tax	1,160.51		885.92	
Service Tax	186.60		147.22	
		1,347.11		1,033.14
Repairs and Maintenance				
Machinery	599.66		764.13	
Others	74.07		77.79	
		673.73		841.92
Hire Charges for Machinery and others	995.62		831.10	
Technical Consultation	140.60		88.41	
Royalties, Seigniorage and Cess	174.23		140.66	
Watch and Ward	84.62		71.65	
Property Development Cost	33.50		32.51	
Other Expenses	547.40		410.00	
		1,975.97		1,574.33
(Increase) / Decrease in Work-in-Progress / Finished Goods				
Opening Balance (Net of Rs. 164.39 Million on account of projects taken over from Joint Ventures)	4,390.54		3,176.68	
Closing Balance	3,983.04		4,554.93	
		407.50		(1378.25)
Total		40,133.11		34,971.93

Schedules forming part of the Profit and loss Account for the year ended March 31, 2010

(Rs. in million)

	Year ended March 31, 2010		Year ended March 31, 2009	
SCHEDULE D ESTABLISHMENT EXPENSES				
(a) Employees Remuneration and Benefits				
Salaries and Other Benefits	1,666.85		1,705.91	
Contribution to Provident Fund and Other Funds	120.72		113.53	
Staff Welfare Expenses	53.72		67.16	
Employee Compensation Expense - stock options	-		(0.66)	
Total (a)		1,841.29		1,885.94
(b) Administrative Expenses				
Rent	174.79		155.44	
Rates and Taxes	46.12		52.33	
Office Maintenance	78.76		84.24	
Electricity Charges	36.40		39.62	
Postage, Telegrams and Telephones	44.75		46.45	
Travelling and Conveyance	225.24		196.22	
Printing and Stationery	29.67		30.90	
Insurance	33.71		39.65	
Advertisement	8.68		9.87	
Tender Documents	8.92		22.18	
Legal and Professional Charges	42.59		58.34	
Miscellaneous Expenses	67.52		69.28	
Auditors' Remuneration	11.02		9.46	
Directors' Sitting Fees	0.58		0.66	
Bad Debts / Advances Written off	36.05		1.25	
Provision for Doubtful Debts / Advances	42.00		40.57	
Consultation Charges	54.60		46.35	
Donations	18.41		5.93	
Loss on Assets sold/discarded/written off	9.55		10.76	
Total (b)		969.36		919.50
Total (a + b)		2,810.65		2,805.44

SCHEDULE E INTEREST AND FINANCIAL CHARGES

Interest on				
Debentures	197.21		18.33	
Term Loans	478.60		525.06	
Working Capital Demand Loans and Cash Credit	746.26		709.46	
Mobilisation Advance	243.19		167.50	
Vehicle Loans	4.75		5.71	
Others	73.79		19.48	
	1,743.80		1,445.54	
Less: Interest Capitalised	4.78		1.25	
Less: Interest Income - from Bank and other Accounts - Gross (Tax Deducted at Source Rs. 16.80 million (2008-09 :Rs. 118.36 million))	637.75		657.90	
		1,101.27		786.39
Financial Charges				
Commission on - Bank Guarantees	136.86		108.55	
- Letters of Credit	62.75		49.21	
Bank charges	21.54		19.44	
		221.15		177.20
Total		1,322.42		963.59

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 Standard) Rules, 2006

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) 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.

iii) Provident Fund

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

iv) 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.

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 reliability 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.
- 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.

Schedules forming part of the Accounts

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

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 5 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 - Rs.1,605.34 million (31.03.2009: Rs.367.21 million).
- b) Counter Guarantees given to the Bankers – Rs. 20,216.47 million (31.03.2009: Rs.15,269.51 million).
- c) Performance guarantees, given on behalf of Subsidiaries and Associates Rs.39.66 million (31.03.2009: Rs.95.76 million).
- d) Corporate Guarantees given to Banks and Financial institutions for financial assistance extended to Subsidiaries, Associates and Joint Ventures Rs.16,911.20 million (31.03.2009: Rs.16,731.69 million).
- e) Disputed income tax liability for which the Company preferred appeal Rs.73.38 million (31.03.2009: Rs. 69.77 million).
- f) Disputed sales tax liability for which the Company preferred appeal Rs.134.85 million (31.03.2009: Rs. 49.11 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 Rs.29.73 million (31.03.2009: Rs.28.23 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 Rs.1.17 million (31.03.2009: Rs.Nil).
- i) Disputed service tax liability for which the Company preferred appeal Rs.297.99 million (31.03.2009: Rs. 186.12 million).
- j) Disputed sole arbitrator award of Rs.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. (31.03.2009: Rs. 30.00 million)
- k) Claims against the Company not acknowledged as debts Rs.3.63 million (31.03.2009: Rs. 519.51 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 Rs.534.05 million (31.03.2009: Rs.483.04 million).

2. Capital commitments :

(Rs. in million)

Particulars	As at March 31,	
	2010	2009
i) Estimated amount of unexecuted capital contracts [net of advances Rs. 24.51 million (Rs.60.62 million)]	311.75	88.06
ii) Commitment towards investment in companies [net of advances Rs.14,044.19 million (Rs.10,907.38 million)]	7,411.78	5,699.62

3. Share Capital

Pursuant to a resolution passed by the members of the Company at the Annual General Meeting held on July 30, 2009 and the provisions of Sec 81 (1A) and other applicable provisions of the Companies Act, 1956 the Company has issued 27,732,900 Equity Shares of Rs.2/- each at a premium of Rs.130.46 per share aggregating to Rs. 3,673.50 million to Qualified Institutional Buyers ("QIBs") under Qualified Institutional Placement ("QIP").

Schedules forming part of the Accounts

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

The amount raised Rs. 3,597.35 million (net of issue expenses) has been utilized in the following manner as on March 31, 2010:

(Rs. in million)

Sl. no.	Particulars	Amount
1.	Investment in SPV/BOT Projects & Subsidiary Companies	1,941.30
2.	Short Term Loan Repayment	750.00
3.	Capital Expenditure	253.80
4.	Working Capital	652.25
	Total	3,597.35

4. 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 Rs.1 million each aggregating to Rs.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 Rs.1 million each aggregating to Rs. 1,000 million are to be redeemed at par in 3 installments 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 Rs.1 million each comprising of 10 Detachable and Separately Transferable, Redeemable Principle Parts ("STRPPS") aggregating to Rs.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 Rs.1 million each comprising of 10 STRPPS aggregating to Rs. 1,000 million are to be redeemed at par in 3 installments 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.

Schedules forming part of the Accounts

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

- 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

Commercial Paper: Commercial paper represents Rs. 1,500 million (31.03.2009: Nil) due within one year.

The maximum amount of Commercial paper outstanding at any time during the year was Rs. 1,500 million (31.03.2009: Nil).

5. Fixed Assets

Fixed assets include Rs.262.96 million (31.03.2009: Rs.418.32 million) at written down value representing assets of a Joint Venture on which a second charge has been created in favour of M/s.3i Infotech Trustship Services Limited.(a subsidiary of ICICI Bank Limited) for working capital demand loan of USD 17.60 million sanctioned by ICICI Bank Limited, Bahrain to Nagarjuna Contracting Company LLC , Dubai , a wholly owned subsidiary of the Company.

6. Inventories

Property Development Cost

Property Development Cost includes Rs.16.55 million (31.03.2009: Rs.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.

7. Cash and Bank balances

- a) Cash on hand includes Rs.0.24 million (31.03.2009: Rs.0.33 million) held in foreign currency.
- b) Balance with banks in current account & deposit account includes balance with non- scheduled banks as follows:

(Rs. in million)

Bank	Balance as at		Maximum Balance any time during the year	
	31.03.2010	31.03.2009	2009-10	2008-09
<u>In Current account</u>				
Standard Chartered Bank, Oman	31.60	3.88	561.71	1636.67
Bank Muscat, Oman	1.44	2.78	126.35	126.93
Nepal SBI Ltd.	41.74	0.89	42.34	45.51
Urban Co-operative Bank	-	-	-	0.39
NDB Sri Lanka	6.95	-	6.95	-
Hatton National Bank PLC, Sri Lanka	2.37	-	2.37	-
Total	84.10	7.55	-	-
<u>In Deposit account – Margin Money</u>				
Bank Muscat, Oman	5.72	16.48	16.48	16.48
Total	5.72	16.48	-	-

Schedules forming part of the Accounts

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

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

(Rs. in million)

Name of the Company	Balance as at		Maximum outstanding during	
	31.03.2010	31.03.2009	2009-10	2008-09
A. Subsidiaries				
NCC Urban Infrastructure Limited	2,635.66	2,103.80	2,635.66	2,103.80
NCC Vizag Urban Infrastructure Limited	719.59	603.74	719.59	603.74
NCC Power Projects Limited	513.94	95.98	513.94	95.98
OB Infrastructure Limited	112.26	-	112.26	-
Nagarjuna Contracting Company LLC	347.40	-	347.40	-
B. Associates				
Jubilee Hills Landmark Projects Limited	0.05	222.00	234.79	222.00
Himalayan Green Energy Private Limited.	10.00	10.00	10.00	10.00
Brindavan Infrastructure Company Limited	-	-	-	24.26
C. Advances in the nature of Loans where there is no repayment schedule	62.68	60.93	62.68	60.93
D. Advances in the nature of Loans where no interest is charged or interest is below section 372A of Companies Act, 1956				
NCC Blue Water Products Limited	62.68	60.93	62.68	60.93
Nagarjuna Contracting Company LLC	347.40	-	347.40	-
E. Advances in the nature of Loans to firms / companies in which directors are interested:				
NCC Blue Water Products Limited	62.68	60.93	62.68	60.93

9. **Loans and Advances** – Advances to Suppliers, Sub-contractors and others, include Rs. 1,431.79 million (31.03.2009: Rs. 459.67 million) representing amounts withheld by contractees.

10. 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:

(Rs. in million)

	31.03.2010	31.03.2009
i) Principal amount remaining unpaid on 31st March, 2010	1.93	-
ii) Interest due thereon as on 31st March, 2010	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, 2010	-	-
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.	-	-

Schedules forming part of the Accounts

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

11. Employee Benefits

- a) Liability for retiring gratuity as on March 31, 2010 is Rs.48.72 million (31.03.2009: Rs.37.82 million) of which Rs.18.45 million (31.03.2009: Rs.10.96 million) is funded with the Life Insurance Corporation of India. The balance of Rs.30.27 million (31.03.2009: Rs.26.86 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

(Rs. in million)

	Year ended 31.03.2010	Year ended 31.03.2009
Present Value of Funded Obligations	48.72	37.82
Fair Value of Plan Assets	(18.45)	(10.96)
Net Liability	30.27	26.86

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

(Rs. in million)

	Year ended 31.03.2010	Year ended 31.03.2009
Current Service Cost	11.36	9.12
Interest on Defined Benefit Obligation	2.27	2.00
Expected Return on Plan assets	(2.62)	-
Net Actuarial Losses / (Gains) Recognised in Year	1.94	(3.10)
Total, included in "Employee Benefit Expenses"	12.94	8.02
Actual Return on Plan Assets	-	-

Reconciliation of benefit obligation and plan assets for the year

(Rs. in million)

	Year ended 31.03.2010	Year ended 31.03.2009
<u>Change in Defined Benefit Obligation</u>		
Opening Defined Benefit Obligation	37.82	33.30
Current Service Cost	11.36	9.12
Interest Cost	2.27	2.00
Actuarial Losses / (Gain)	1.94	(3.10)
Benefits Paid	(4.66)	(3.51)
Closing Defined Benefit Obligation	48.72	37.82
Opening Fair Value of Plan assets	10.96	12.81
Expected Return on Plan Assets	2.62	-
Actuarial Gain / (Losses)	-	-
Contributions by Employer	8.21	-
Benefits Paid	3.34	1.85
Closing Fair Value of Plan Assets	18.45	10.96
Expected Employer's Contribution Next Year	12.43	8.21

Schedules forming part of the Accounts

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

Summary of principal actuarial assumptions

(Rs. in million)

	Year ended 31.03.2010	Year ended 31.03.2009
Discount rate (p.a)	6%	6%
Expected Rate of Return on Assets (p.a)	9.25%	9.25%
Salary Escalation Rate (p.a)	12%	5%
Attrition Rate	20%	20%

Note: Previous year figures have been regrouped and reclassified

i) **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.

ii) **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.

iii) **Salary Escalation Rate:**

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Asset information	31.03.2010	31.03.2009
Category of Assets		
Insurer Managed Funds –Life Insurance Corporation of India	100%	100%
Amount – Rs.in million	18.45	10.96

12. Deferred Tax

Deferred Tax Liability as at March 31, 2010 comprises the following:

(Rs. in million)

	31.03.2010	31.03.2009
(A) Deferred Tax Asset on timing differences due to:		
a) Provision for Gratuity and Leave Encashment	44.68	42.38
b) Provision for Doubtful Debts/Advances	25.24	31.10
c) Issue Expenses	31.85	-
Total	101.77	73.48
(B) Deferred Tax Liability on timing difference due to:		
Depreciation	356.67	261.32
Total	356.67	261.32
Net Deferred Tax Liability (B-A)	254.90	187.84

Schedules forming part of the Accounts

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

13. Related Party Transactions

Following is the list of related parties and relationships:

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

Schedules forming part of the Accounts

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

Related Party transactions during the year ended March 31, 2010 are as follows:

(Rs. 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	12.31 1,078.40	228.27 (453.24)	- 35.00	- -	- -
2)	Investments	2,123.11 10.00	132.93 -	113.76 -	- -	- -
3)	Loans granted	1,707.11 892.04	23.20 25.65	- -	- -	- -
4)	Loan Repayment Received	181.78 69.55	- 15.70	- 24.26	- -	- -
5)	Deposits Received	- -	- -	- -	- -	- 3.00
6)	Advances granted / (received)	244.08 (128.27)	2.21 (1.71)	230.79 -	- 1.00	(11.41) 28.11
7)	Purchase of Assets	35.80 -	- -	- -	- -	- -
8)	Sale of Fixed Assets	- 1,630.03	- -	- -	- -	- -
9)	Share of Profit	- -	- -	62.03 143.64	- -	- -
10)	Works Contract Receipt	878.87 -	- -	1,984.74 199.03	- -	- -
11)	Hire Income	- 128.08	- -	- -	- -	- -
12)	Other Operating Income	4.26 71.02	- -	- -	- -	- -
13)	Other Income	409.81 358.94	0.90 26.04	57.21 75.23	- -	- -
14)	Sub-Contract Jobs	74.76 -	- -	- -	- -	173.25 309.78
15)	Remuneration	- -	- -	- -	154.84 143.06	- -
16)	Rent paid/ (received)	(0.53) (0.35)	- -	- -	2.54 2.10	7.25 7.14
17)	Interest paid	- -	- -	- -	- -	- 0.17
18)	Hire charges paid	422.64 -	- -	- -	- -	- -
19)	Other Expenses	612.94 -	- -	- -	- -	- -
20)	Donations	- -	- -	- -	- -	9.20 3.91

Schedules forming part of the Accounts

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

Related Party transactions during the year ended March 31, 2010 are as follows (Contd.):

(Rs. 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
21)	Debit Balances outstanding as at 31.03.2010					
	NCC Urban Infrastructure Limited	2,678.07	-	-	-	-
		<i>2,103.80</i>	-	-	-	-
	NCC Vizag Urban Infrastructure Limited	719.59	-	-	-	-
		<i>603.74</i>	-	-	-	-
	NCC Infrastructure Holdings Mauritius Pte.Limited	46.07	-	-	-	-
		<i>14.84</i>	-	-	-	-
	Nagarjuna Contracting Company LLC	347.40	-	-	-	-
		<i>8.52</i>	-	-	-	-
	Nagarjuna Construction Company Ltd. & Partners LLC	2.43	-	-	-	-
		<i>2.86</i>	-	-	-	-
	Nagarjuna Construction Company International LLC	44.94	-	-	-	-
		-	-	-	-	-
	OB Infrastructure Limited	63.34	-	-	-	-
		-	-	-	-	-
	Himalayan Green Energy Private Limited	-	14.30	-	-	-
		-	<i>13.23</i>	-	-	-
	NCC Power Projects Limited	513.94	-	-	-	-
		<i>95.99</i>	-	-	-	-
	Himachal Sorang Power Limited	5.81	-	-	-	-
		<i>3.07</i>	-	-	-	-
	Jubilee Hills Landmark Projects Limited	-	1.18	-	-	-
		-	<i>222.00</i>	-	-	-
	RRV Infra Limited	-	-	-	-	15.26
		-	-	-	-	<i>53.74</i>
	NCC Blue Water Products Limited	-	-	-	-	62.68
		-	-	-	-	<i>60.93</i>
	NCC International Convention Centre Limited	-	-	-	-	-
		<i>0.30</i>	-	-	-	-
	Bangalore Elevated Tollway Limited	-	-	61.72	-	-
		-	-	-	-	-
	Western UP Tollway Limited	-	-	21.02	-	-
		-	-	-	-	-
	Smt. Sowjanya	-	-	-	1.00	-
		-	-	-	<i>1.00</i>	-
22)	Credit Balances outstanding as at 31.03.2010					
	Nagarjuna Construction Company International LLC	-	-	-	-	-
		<i>141.82</i>	-	-	-	-
	Nagarjuna Contracting Company LLC	13.20	-	-	-	-
		-	-	-	-	-
	Pondicherry Tindivanam Tollway Limited	-	-	48.92	-	-
		-	-	-	-	-

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. (Rs. in million)

Particulars	2009-10	2008-09
Share / Debenture Application Money pending allotment		
- OB Infrastructure Limited	4.31	123.35
- NCC Infrastructure Holdings Limited	-	848.02
- Tellapur Technocity Private Limited	-	(524.29)
- Jubilee Hills Landmark Projects Limited	221.38	71.05
- Pondicherry Tindivanam Tollway Limited	-	35.00
Investments		
- NCC Infrastructure Holdings Limited	1,476.33	-
- NCC International Convention Centre Limited	-	9.84
- Nagarjuna Construction Company International LLC	499.69	-
- Tellapur Technocity Private Limited	20.38	-
- Jubilee Hills Landmark Projects Limited	83.93	-
- Paschal Form Work (I) Private Limited	23.94	-
- Pondicherry Tindivanam Tollway Limited	113.76	-
Loans Granted		
- Nagarjuna Contracting Company LLC	519.42	-
- NCC Vizag Urban Infrastructure Limited	-	99.16
- NCC Urban Infrastructure Limited	532.58	696.11
- Jubilee Hills Landmark Projects Limited	13.20	25.65
- Himalayan Green Energy Private Limited	10.00	-
- NCC Power Projects Limited	427.00	96.57
Loan Repayment Received		
- Jubilee Hills Landmark Projects Limited	-	5.69
- Nagarjuna Contracting Company LLC	172.02	-
- NCC Vizag Urban Infrastructure Limited	-	18.10
- NCC Urban Infrastructure Limited	-	50.67
- Brindavan Infrastructure Company Limited	-	24.26
Deposits Received		
- NCC Finance Limited	-	3.00
Advances granted / (Received)		
- Nagarjuna Contracting Company LLC	(8.52)	-
- Nagarjuna Construction Company International LLC	25.37	(143.76)
- RRV Infra Limited	-	28.41
- OB Infrastructure Limited	150.74	-
- NCC Foundation	-	(0.31)
- NCC Infrastructure Holdings Mauritius Pte. Limited	31.22	14.22
- Himalayan Green Energy Private Limited	1.08	1.26
- Machilipatnam Port Limited	-	(2.97)
- Bangalore Elevated Tollway Limited	8.90	-
- Western UP Tollway Limited	103.15	-
- Pondicherry Tindivanam Tollway Limited	157.00	-
Purchase of Assets		
- NCC Urban Infrastructure Limited	35.80	-

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.). (Rs. in million)

Particulars	2009-10	2008-09
Sale of Fixed Assets		
- Nagarjuna Construction Company International LLC	-	1,630.03
Share of Profit		
- MAYTAS-NCC JV	-	39.49
- NG-NCC JV	31.98	70.34
- NCC-VEE JV	24.85	19.45
Work Contract Receipt		
- Brindavan Infrastructure Company Limited	-	199.03
- NCC Urban Infrastructure Limited	204.55	-
- OB Infrastructure Limited	674.32	-
- Bangalore Elevated Tollway Limited	459.28	-
- Western UP Tollway Limited	636.25	-
- Pondicherry Tindivanam Tollway Limited	889.21	-
Hire Income		
- Nagarjuna Construction Company International LLC	-	118.13
Other Operating Income		
- Nagarjuna Construction Company International LLC	4.26	71.02
Other Income		
- NG-NCC JV	57.21	73.67
- Jubilee Hills Landmark Projects Limited	-	25.14
- Himalayan Green Energy Private Limited	0.90	-
- NCC Urban Infrastructure Limited	279.10	260.42
- NCC Vizag Urban Infrastructure Limited	92.20	79.86
Sub Contract Jobs		
- RRV Infra Limited	173.25	309.78
- NCC Urban Infrastructure Limited	74.76	-
Rent paid/ (Received)		
- Swetha Estates	5.41	5.47
- Shyamala Agro Farms Private Limited	1.60	1.45
- Smt. Sowjanya	1.37	1.18
- Mr. A.G.K. Raju	0.53	0.48
- Smt.A Arundathi	0.36	-
- NCC Urban Infrastructure Limited	(0.53)	(0.35)
Interest Paid		
- NCC Finance Limited	-	0.17
Hire charges paid		
- Nagarjuna Construction Company International LLC	422.64	-
Other Expenses		
- Nagarjuna Construction Company International LLC	612.94	-
Donations		
- NCC Foundation	9.20	-

Schedules forming part of the Accounts

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

14. The Company's interest in Jointly Controlled Entities as on March 31, 2010 and its proportionate share in the Assets, Liabilities, Income and Expenditure of the Jointly Controlled Entities as on March 31, 2010 are given below: *(Rs. in million)*

Name of the Company	NCCL %	Subsidiary Company %	Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenditure
Western UP Tollway Ltd.	2.23%	29.93%	1,784.38	1,784.38	28.88	600.63	0.37	0.67
	<i>2.75%</i>	<i>27.25%</i>	<i>1,262.04</i>	<i>1,262.04</i>	<i>10.89</i>	<i>501.39</i>	-	-
Bangalore Elevated Tollway Ltd.	0.45%	34.99%	3,235.93	3,235.93	31.23	52.73	0.05	0.63
	<i>0.45%</i>	<i>34.99%</i>	<i>2,545.80</i>	<i>2,545.80</i>	<i>27.47</i>	<i>292.20</i>	-	-
Brindavan Infrastructure Co.Ltd.	33.33%	-	614.37	614.37	22.85	-	198.63	167.56
	<i>33.33%</i>	-	<i>684.31</i>	<i>684.31</i>	<i>49.69</i>	-	<i>199.03</i>	<i>164.03</i>
Pondicherry Tindivanam Tollway Ltd.	25.04%	22.76%	1,239.93	1,239.93	40.87	414.42	0.59	0.38
	<i>9.44%</i>	<i>39.56%</i>	<i>556.90</i>	<i>556.90</i>	<i>41.90</i>	<i>793.62</i>	-	-

Figures in italics represent previous year's figures

15. 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.

16. Earning Per Share

Sl. no.	Particulars	31.03.2010	31.03.2009
a)	Net Profit after tax available for equity shareholders (Rs. in million)	2,326.15	1,538.59
b)	Weighted Average number of equity shares for Basic EPS (Nos)	244,806,825	228,844,116
	Add: Adjustment for outstanding share options (Nos)	-	5,691
c)	Weighted Average number of equity shares for Diluted EPS (Nos)	244,806,825	228,849,807
d)	Face value per share (Rs.)	2.00	2.00
e)	Basic & Diluted EPS * (Rs.)	9.50	6.72

* The company has no dilutive instruments during the year ended March 31, 2010. As such Dilutive Earnings per share equals to Basic Earnings per share.

17. Auditors' Remuneration

(Rs. in million)

Sl. no.	Particulars	2009-10	2008-09
a)	Statutory Audit fee	9.92	9.00
b)	Tax Audit fee	0.36	0.33
c)	Certification fee	0.20	0.13
d)	Other Services*	9.04	-
	Total	19.52	9.46

Excluding service tax and education cess thereon.

* Professional charges of Rs.8.50 million paid in connection with issue of equity shares through Qualified Institutional Placement treated as share issue expenses and adjusted to securities premium account.

Schedules forming part of the Accounts

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

18. Managerial Remuneration

Remuneration to the Managing Director, Executive Director, Whole-time Directors and Non-Executive Directors.

(Rs. in million)

Particulars	2009-10	2008-09
Salaries	57.12	57.12
Perquisites	8.58	7.75
Commission	80.79	69.84
Sub-total	146.49	134.71
Sitting Fee	0.58	0.66
Contribution to Provident Fund & Superannuation Fund	8.35	8.35
Total	155.42	143.72

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

Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956

(Rs. in million)

Particulars	2009-10	2008-09
Profit before Taxation	3,530.36	2,281.73
Add: Managerial Remuneration	154.84	143.06
Provision for Doubtful Debts / Advances	42.00	40.57
	3,727.20	2,465.36
Less: Profit on Sale of Shares / Debentures	495.60	-
Adjustments / Bad debts written off against the provision created earlier	-	0.59
Profit for the year as per Section 349	3,231.60	2,464.77
Commission to Non-executive Directors @1% *	-	8.22
Commission to Managing Director @1%	32.32	24.65
Commission to Directors @1.5% (0.5% each)	48.47	36.97
Total	80.79	69.84

* For the period April 1, 2008 to July 31, 2008.

19. Expenditure / Remittance in Foreign Currency

(Rs. in million)

Particulars	2009-10	2008-09
On account of Travel	2.25	2.43
On account of Material Purchases	224.40	378.70
On account of Capital Goods	122.95	124.83

20. 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, 2010 are as under:

Particulars	2009-10	2008-09
a) Number of non-resident shareholders	1,115	893
b) Number of equity shares held by them	58,223,215	73,005,018
c) i) Amount of dividend paid (Gross) (Rs in million)	64.05	94.91
ii) Tax deducted at source	-	-
iii) Year to which dividend relates	2008-09	2007-08

Schedules forming part of the Accounts

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

21. Disclosure pursuant to Accounting Standard – 7 “Construction Contracts” (Rs. in million)

Sl. no.	Particulars	2009-10	2008-09
1)	Amount of contract revenue recognised as revenue in the period	40,510.75	37,949.95
2)	Aggregate amount of costs incurred and recognised profits (less recognised losses) up to the reporting date	40,485.25	37,877.95
3)	Amount of advances received	3,851.44	3,735.39
4)	Amount of retention	4,120.64	3,724.89

22. Additional information pursuant to provisions of Para 3, 4C and 4D of Part - II of Schedule VI of Companies Act, 1956 in respect of Light Engineering Division (Rs. in million)

	31.03.2010		31.03.2009	
	Qty. (Nos.)	Value	Qty. (Nos.)	Value
Capacity Production				
Sales & Stocks				
1. Capacity				
a) Licensed Capacity	NA		NA	
b) Installed Capacity (as certified by Management and relied upon by Auditors, being a technical matter)	376,000		376,000	
2. Production				
Cylinders	-	-	-	-
3. Sales				
Cylinders	-	-	-	-
4. Opening Stock				
Cylinders	360	0.05	360	0.05
5. Closing Stock				
Cylinders	360	0.05	360	0.05
6. Particulars of Raw Material Consumed				
Steel (MT)	-	-	-	-
LPG Components	-	-	-	-
7. Value of Imported and Indigenous material Consumed and % of each to total consumption				
a) Raw Materials				
Imported	-	-	-	-
Indigenous	-	-	-	-
b) Stores & Spares				
Imported	-	-	-	-
Indigenous	-	-	-	-

Schedules forming part of the Accounts

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

23. Consumption of Materials – Projects Division

(Rs. in million)

	2009-10		2008-09	
	Qty. (Nos.)	Value	Qty. (Nos.)	Value
Value of Imported and Indigenous material Consumed and % of each to total consumption				
a) Raw Materials				
Imported	1.28%	224.40	2.65%	378.70
Indigenous	98.72%	17,324.56	97.35%	13,896.99
b) Stores & Spares				
Imported	-	-	-	-
Indigenous	100%	113.21	100%	144.67

24. Derivative Instruments

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

(Rs. in million)

	As at 31.03.2010		As at 31.03.2009	
	US Dollar Equivalent	INR Equivalent	US Dollar Equivalent	INR Equivalent
A. Amounts receivable in foreign currency on account of the following:				
Loans receivable	7.72	347.40	-	-
Advances receivable	2.79	125.44	1.73	77.78
B. Amounts payable in foreign currency on account of the following:				
Sundry Creditors	0.33	15.00	2.85	128.35

25. 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 & V.P (Legal)

A. A. V. Ranga Raju
Managing Director

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

A. G. K. Raju
Executive Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. L72200AP1990PLC011146

State Code : 01

Balance Sheet Date 31 03 2010

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

Public Issue

 N I L

Bonus Issue

 N I L

Right Issue

 N I L

Private Placement/ Others
(including share premium)

 3 6 7 3 5 0 0

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

Total Liabilities

3 8 0 1 3 2 8 0

Sources of Funds

Paid Up Capital

 5 1 3 1 7 0

Share Application Money:

 N I L

ESOP Outstanding

 N I L

Unsecured Loans

 4 8 0 2 5 6 0

Application of Funds

Net Fixed Assets

 5 9 7 2 3 4 0

Net Current Assets

2 2 6 2 9 2 7 0

Accumulated Losses

 N I L

Total Assets

3 8 0 1 3 2 8 0

Reserves and Surplus

2 1 9 4 3 3 9 0

Secured Loans:

1 0 4 9 9 2 6 0

Deferred Tax Liability

 2 5 4 9 0 0

Investments

 9 4 1 1 6 7 0

Misc. Expenditure

 N I L

IV Performance of the Company (Amount in Rs. Thousands)

Turnover

4 8 3 2 1 9 9 0

Profit / (Loss) before Tax

 3 5 3 0 3 6 0

Earning per Share (Rs.)

 9 . 5 0

Total Expenditure

4 4 7 9 1 6 3 0

Profit / (Loss) after Tax

 2 3 2 6 1 5 0

Dividend Rate (%)

 6 5

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 NAGARJUNA CONSTRUCTION COMPANY LIMITED

1. We have audited the attached Consolidated Balance Sheet of Nagarjuna Construction Company Limited ('the Company'), its subsidiaries and jointly controlled entities (collectively referred as 'the Group') as at March 31, 2010 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, one jointly controlled entity and two associates 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 a jointly controlled entity, whose financial statements reflect Group's share of total assets of Rs. 19,613.82 million as at March 31, 2010, Group's share of total revenue of Rs. 10,188.52 million, net cash flows of Rs. 1,583.10 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 Rs. 0.27 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 entity is based solely on the report of other auditors.

Auditors' Report (Contd.)

- (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 statements reflect Group's share of total assets of Rs.1,956.61 million as at March 31, 2010, Group's share of total revenue of Rs. 3.60 million, net cash flows of Rs.63.00 million for the year ended on that date as considered in the Consolidated Financial Statements have been considered 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 three associates, whose financial statement include Group's share of loss of Rs.59.64 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 18 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, 2010;
 - (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 25, 2010

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

Ganesh Balakrishnan
Partner
Membership No. 201193

Consolidated Balance Sheet as at March 31, 2010

(Rs. in million)

	Schedule	As at March 31, 2010		As at March 31, 2009	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	I	513.17		457.70	
Reserves and Surplus	II	22,560.72		16,801.69	
			23,073.89		17,259.39
Minority Interest			861.50		716.47
Loan Funds					
Secured Loans	III	26,634.48		22,613.74	
Unsecured Loans	IV	5,884.13		4,360.57	
			32,518.61		26,974.31
Deferred Tax Liability (Net)			261.29		195.68
(Refer note 17 of II of Schedule X)					
Total			56,715.29		45,145.85
APPLICATION OF FUNDS					
Fixed Assets	V				
Gross Block		12,789.76		11,406.40	
Less : Depreciation / Amortization		2,947.69		2,163.11	
Net Block		9,842.07		9,243.29	
Capital Work in Progress		16,083.82		9,739.47	
			25,925.89		18,982.76
Goodwill on Consolidation			281.99		252.49
Investments	VI		2,408.14		3,069.58
Deferred Tax Assets (Net)			0.62		0.11
(Refer note 17 of II of Schedule X)					
Current Assets, Loans and Advances		VII			
Inventories		14,249.88		13,754.62	
Sundry Debtors		15,906.37		12,511.58	
Cash and Bank Balances		4,391.21		1,851.62	
Other Current Assets		39.77		38.96	
Loans and Advances		21,764.61		17,429.89	
		56,351.84		45,586.67	
Less : Current Liabilities and Provisions		VIII			
Liabilities		27,131.30		21,958.50	
Provisions		1,121.95		787.53	
		28,253.25		22,746.03	
Net Current Assets			28,098.59		22,840.64
Miscellaneous Expenditure	IX		0.06		0.27
(To the extent not written off or adjusted)					
Total			56,715.29		45,145.85
Accounting Policies and Notes on Accounts		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 &
V.P (Legal)

A. A. V. Ranga Raju
Managing Director

Place: Hyderabad
Date: May 25, 2010

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

A. G. K. Raju
Executive Director

Consolidated Profit and Loss Account for the year ended March 31, 2010

(Rs. in million)

	Schedule	Year ended March 31, 2010		Year ended March 31, 2009	
INCOME					
Turnover	A	58,973.11		47,864.59	
Other Income	B	666.23		158.41	
			59,639.34		48,023.00
EXPENDITURE					
Construction and Other Expenses	C	48,036.06		38,817.41	
Establishment Expenses	D	4,354.29		4,003.09	
Interest and Financial Charges	E	2,211.38		1,736.70	
Depreciation / Amortization	V	965.65		822.89	
			55,567.38		45,380.09
Profit Before Tax			4,071.96		2,642.91
Provision for Taxation - Current Tax (including Rs. 41.85 million of earlier years)		1,114.33		753.01	
- Deferred Tax		96.95		24.32	
- Fringe Benefit Tax		-		15.32	
			1,211.28		792.65
Profit After Tax Before Minority Interest			2,860.68		1,850.26
Share of (Profit) / Loss transferred to Minority Interest			27.03		(11.57)
Profit After Tax After Minority Interest			2,887.71		1,838.69
Share of Loss from Associate Companies (Net of Tax)			60.28		25.28
Net Consolidated Profit			2,827.43		1,813.41
Balance in Profit and Loss Account brought forward		1,823.85		1,160.37	
Less: Adjustment (Refer Note 18 of II of Schedule X)		224.39	1,599.46	15.17	1,145.20
Balance Available for Appropriation			4,426.89		2,958.61
Appropriations					
Debenture Redemption Reserve		100.00		250.00	
Proposed Dividend		333.56		251.74	
Dividend Tax		55.40		42.78	
Transfer to General Reserve		1,000.00		550.85	
Transfer to Legal Reserve		13.79		19.39	
Transfer to Reserve Fund		2.39		-	
(Including Rs. 2.23 million for previous years)					
Transfer to Contingency Reserve		20.00		20.00	
			1,525.14		1,134.76
Balance carried to Balance Sheet			2,901.75		1,823.85
Earnings per share of face value of Rs. 2/- each.					
Basic and Diluted (Refer Note 21 of II of Schedule X)			11.55		7.92
Accounting Policies and Notes on Accounts		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 &
V.P (Legal)

A. A. V. Ranga Raju
Managing Director

Place: Hyderabad
Date: May 25, 2010

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

A. G. K. Raju
Executive Director

Consolidated Cash Flow Statement for the year ended March 31, 2010

(Rs. in million)

	Year ended March 31, 2010	Year ended March 31, 2009
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	4,071.96	2,642.91
<u>Adjustments for</u>		
Depreciation / Amortisation	965.65	822.89
Miscellaneous expenditure written off	0.13	-
Loss on Sale of Fixed Assets	9.85	11.03
Profit on Sale of Fixed Assets	(6.48)	(2.82)
Profit on Sale of Investment	(511.41)	-
Interest and financial charges	2,211.38	1,736.70
Income from current investments	(0.52)	-
Employee Compensation Expense	-	(0.66)
Operating Profit before Working Capital Changes	6,740.56	5,210.05
<u>Adjustments for changes in</u>		
Trade and Other Receivables	(7,516.59)	(5,788.06)
Inventories	(495.26)	(3,595.64)
Trade Payables and Other Liabilities	5,230.17	2,085.26
Cash from/(used in) Operations	3,958.88	(2,088.39)
Taxes paid	(1,339.72)	(1,350.25)
Net Cash from/(used in) operating activities	2,619.16	(3,438.64)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and other capital expenditure	(8,524.88)	(7,051.76)
Proceeds from sale of Fixed Assets	583.23	48.07
Proceeds from Sale of Investments	1,160.26	-
Investment in other companies including share application money	(242.17)	(675.47)
Advances to/(from) Associates & other body corporates	262.21	(38.36)
Incorporation expenses	0.08	0.01
Foreign Exchange Translation adjustment (arising on consolidation)	(155.40)	151.19
Interest received	286.26	365.15
Income from current investments	0.52	-
Tax paid on Sale of Investment	(91.37)	-
Net Cash used in Investing Activities	(6,721.26)	(7,201.17)

Consolidated Cash Flow Statement (Contd.) for the year ended March 31, 2010

(Rs. in million)

	Year ended March 31, 2010	Year ended March 31, 2009
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	3,751.61	80.18
Proceeds from Issue of Debentures	1,000.00	1,000.00
Capital Grant received	144.42	112.32
Long Term Funds borrowed	3,020.74	8,349.76
Unsecured Loans - Banks (repaid)/borrowed (net)	1,523.56	2,143.57
Interest paid	(2,504.51)	(2,024.07)
Dividend and Dividend Tax paid	(294.13)	(347.74)
Net Cash from Financing Activities	6,641.69	9,314.02
Net change in cash and cash equivalents (A+B+C)	2,539.59	(1,325.79)
Cash and Cash Equivalents as at April 1 (Opening Balance)	1,851.62	3,177.41
Cash and Cash Equivalents as at March 31 (Closing Balance)	4,391.21	1,851.62

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 Rs.276.07 million (31.03.2009; Rs. 269.56 million) in margin money deposits lodged with Banks against letters of guarantee issued and Rs.4.95 million (31.03.2009; Rs. 4.56 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 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 &
V.P (Legal)

A. A. V. Ranga Raju
Managing Director

Place: Hyderabad
Date: May 25, 2010

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

A. G. K. Raju
Executive Director

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

(Rs. in million)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE I SHARE CAPITAL		
Authorised		
30,00,00,000 Equity Shares of Rs.2/- each (31.03.2009:30,00,00,000 Equity Shares of Rs. 2/- each)	600.00	600.00
Issued		
25,68,33,810 Equity Shares of Rs.2/- each (31.03.2009 : 22,91,00,910 Equity Shares of Rs. 2/- each)	513.67	458.20
Subscribed and Paid up		
25,65,83,810 Equity Shares of Rs 2/- each fully paid up (31.03.2009:22,88,50,910 Equity Shares of Rs. 2/- each) (Refer note 5 of II of Schedule X)	513.17	457.70
Of the above		
(a) 10,00,000 Equity Shares of Rs.2/- each were allotted in 1990-91 as fully paid Equity Shares pursuant to a contract without payment being received in cash		
(b) 10,33,68,530 Equity Shares of Rs.2 each were allotted in 2006-07 as fully paid up Bonus shares in the ratio of 1:1 by capitalising Rs. 206.74 million from General Reserve		
Total	513.17	457.70

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

(Rs. in million)

	As at March 31, 2010		As at March 31, 2009	
SCHEDULE II RESERVES AND SURPLUS (Contd.)				
Capital Reserve				
As per Last Balance Sheet	166.65		0.08	
Add: Forfeiture of Share Warrants	-		54.25	
Add: Share from Jointly Controlled Entities - Grant from NHAI	144.42		112.32	
(Refer note 3 (m) of I of Schedule X)				
		311.07		166.65
Securities Premium				
As per last Balance Sheet	11,100.43		11,098.23	
Add : On shares issued	3,618.03		2.20	
	14,718.46		11,100.43	
Less : Share Issue Expenses	62.10		-	
(Net of Deferred Tax Asset of Rs. 31.85 million)				
		14,656.36		11,100.43
Debenture Redemption Reserve				
As per last Balance Sheet	250.00		-	
Add : Transfer from Profit and Loss Account	100.00		250.00	
(Refer Note 7 (c) of II of Schedule X)				
		350.00		250.00
Legal Reserve				
As per last Balance Sheet	29.48		7.95	
Add : Transfer from Profit and Loss Account	13.79		19.39	
Add / (Less) : On Account of Foreign Currency Fluctuation	(3.42)		2.14	
(Refer Note 6 of II of Schedule X)				
		39.85		29.48
Reserve Fund Under Section 45 - IC of RBI Act, 1934				
Transfer from Profit and Loss Account		2.39		-
Contingency Reserve				
As per last Balance Sheet	180.00		160.00	
Add : Transfer from Profit and Loss Account	20.00		20.00	
		200.00		180.00
Foreign Currency Translation Reserve		(122.13)		29.85
General Reserve				
As per last Balance Sheet	3,221.43		2,665.60	
Add : Transfer from Profit and Loss Account	1,000.00		550.85	
Add : Transfer from Minority Interest	-		4.98	
		4,221.43		3,221.43
Profit and Loss Account		2,901.75		1,823.85
Total		22,560.72		16,801.69

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

(Rs. in million)

	As at March 31, 2010		As at March 31, 2009	
SCHEDULE III SECURED LOANS				
11.95% Redeemable, Non-convertible Debentures (Refer Note 7 A (a) of II of Schedule X)	1,000.00		1,000.00	
10.50% Redeemable, Non-convertible Debentures (Refer Note 7 A (b) of II of Schedule X)	1,000.00		-	
		2,000.00		1,000.00
Loans From Banks :				
Term Loan - Rupee Loan	8,285.41		5,349.79	
- Foreign Currency Loan (Refer Note 7 A (d) of II of Schedule X)	1,926.49		2,757.77	
Working Capital Demand Loan (Refer Note 7 A (e) & (g) of II of Schedule X)				
- Rupee Loan	6,021.00		4,472.16	
- Foreign Currency Loan	1,268.03		1,433.17	
Cash Credit (Refer Note 7 A (e) & (f) of II of Schedule X)				
- Rupee Loan	898.80		2,792.15	
- Foreign Currency Loan	774.23		181.13	
		19,173.96		16,986.17
From Others :				
Term Loan (Refer Note 7 A (d) of II of Schedule X)	895.37		949.74	
Vehicle Loans - In Rupees	53.85		52.40	
- In Foreign Currency (Refer Note 7 A (g) of II of Schedule X)	63.01		47.24	
		1,012.23		1,049.38
Share from Jointly Controlled Entities		4,448.29		3,578.19
Total		26,634.48		22,613.74

SCHEDULE IV UNSECURED LOANS

Short Term Loans				
From Banks		4,406.57		4,341.40
Commercial Paper	1,500.00		-	
Less: Unamortized Discount (Refer Note 7 B of II of Schedule X)	22.44		-	
		1,477.56		-
Share from Jointly Controlled Entities		-		19.17
Total		5,884.13		4,360.57

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

(Rs. in million)

SCHEDULE V FIXED ASSETS

Particulars	GROSS BLOCK (ATCOST)			DEPRECIATION / AMORTIZATION					NET BLOCK	
	As at March 31, 2009	Additions	Deductions/ Adjustments ⁴	As at March 31, 2010 ²	Up to March 31, 2009	For the year	Deductions/ Adjustments ⁴	Up to March 31, 2010	As at March 31, 2010 ²	As at March 31, 2009
Land	378.29	229.64	-	607.93	-	-	-	-	607.93	378.29
Buildings ¹	326.73	25.72	-	352.45	27.73	12.93	-	40.66	311.79	299.00
Plant and Machinery	5,322.86	742.26	397.58	5,667.54	663.03	273.94	76.84	860.13	4,807.41	4,659.83
Construction Accessories	1,857.62	279.23	104.19	2,032.66	704.79	301.96	40.87	965.88	1,066.78	1,152.83
Tools and Equipment	106.28	19.75	7.17	118.86	17.52	5.57	1.06	22.03	96.83	88.76
Office Equipment	287.82	45.92	11.70	322.04	97.75	31.13	3.25	125.63	196.41	190.07
Furniture and Fixtures	63.69	7.45	1.68	69.46	15.84	5.46	0.55	20.75	48.71	47.85
Construction Vehicles	1,628.45	751.26	199.48	2,180.23	231.05	182.13	50.97	362.21	1,818.02	1,397.40
Office Vehicles	541.87	52.08	52.52	541.43	114.33	50.82	14.44	150.71	390.72	427.54
Intangible Asset	14.68	0.53	-	15.21	4.33	2.96	-	7.29	7.92	10.35
Total	10,528.29	2,153.84	774.32	11,907.81	1,876.37	866.90	187.98	2,555.29	9,352.52	8,651.92
Share from Jointly Controlled Entities	878.11	4.18	0.34	881.95	286.74	105.74	0.08	392.40	489.55	591.37
Total	11,406.40	2,158.02	774.66	12,789.76	2,163.11	972.64	188.06	2,947.69	9,842.07	9,243.29
Less: Depreciation Capitalised (including JCE's Rs. 3.28 million)						6.99				
Depreciation as per Profit and Loss Account						965.65				
As at March 31, 2009	8,340.81	3,143.54	77.95	11,406.40	1,635.62	827.18	299.69	2,163.11	9,243.29	6,705.19
Capital Work in Progress ³	-	-	-	-	-	-	-	-	10,122.11	5,987.47
Share from Jointly Controlled Entities	-	-	-	-	-	-	-	-	5,961.71	3,752.00

Note :

- 1) Includes Lease Hold Improvements of Rs. 5.73 million (31.03.2009: Rs. 5.42 million) amortized over the period of lease.
- 2) Joint Venture Assets included in Gross Block of Rs.570.25 million (31.03.2009: Rs. 785.37 million) and Net Block of Rs. 294.14 million (31.03.2009: Rs. 482.81 million).
- 3) Capital Work in Progress includes capital advances Rs. 66.29 million (31.03.2009: Rs. 1,034.76 million), interest on borrowings during the year Rs. 4.78 million (31.03.2009: Rs. 1.25 million) and expenditure incurred during construction period pending capitalisation Rs. 1,216.31 million (31.03.2009: Nil)
- 4) Includes gross block of Rs. 462.92 million (31.03.2009: Rs. 44.07 million) and depreciation of Rs. 44.21 million (31.03.2009: Rs. 1.04 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, 2010

	As at March 31, 2010		As at March 31, 2009	
	Nos.	Rs. in million	Nos.	Rs. in million
SCHEDULE VI INVESTMENTS				
Long Term (At Cost)				
In Trade Investments (Unquoted)				
In Subsidiaries				
<i>In Equity Shares of Rs. 10/- each, fully paid up</i>				
NCC International Convention Centre Limited	-	-	1000000	10.00
<i>In Equity Shares of "LKR" 10/- each, fully paid up (Unquoted)</i>				
NCC Urban Lanka Private Limited (Value in Rs.7)	2	-	2	-
(Refer Note 2 (a) of II of Schedule X)				
In Other Companies				
<i>In Equity Shares of Rs. 10/- each, fully paid up (Unquoted)</i>				
Gautami Power Limited (Sold during the year)	-	-	52196367	521.96
SNP Real Estates Private Limited	396875	3.97	809950	8.10
(Transferred to SNP Infrastructure Private Limited during the year 413075 shares)				
SNP Infrastructure Private Limited	7365453	73.65	2290000	22.90
(Purchased/transferred during the year 5075453 shares)				
SNP Developers and Projects Private Limited (Transferred to SNP Infrastructure Private Limited during the year 34047 shares)	533404	5.33	567451	5.67
SNP Realtors Private Limited	-	-	792331	7.92
(Transferred to SNP Infrastructure Private Limited)				
SNP Ventures Private Limited	2790000	27.90	340000	3.40
(Purchased during the year 2450000 shares)				
SNP Property Developers Private Limited	384000	3.84	340000	3.40
(Purchased during the year 44000 shares)				
NAC Infrastructure Equipment Limited	1499900	15.00	1499900	15.00
Himalayan Green Energy Private Limited	1000000	118.49	1000000	134.24
Jubilee Hills Land Mark Projects Limited	2500000	24.57	2500000	24.68
Tellapur Techno City Private Limited	14702600	-	14702600	108.14
Tellapur Town Centre Private Limited	2600	-	2600	0.01
Tellapur Tech. Park Private Limited	2600	-	2600	0.01
Paschal Form Work (I) Private Limited	4706000	47.06	1624725	16.25
(Purchased during the year 3081275 shares)				
Paschal Technology (I) Private Limited	494000	4.94	27473	0.27
(Purchased during the year 466527 shares)				
Machilipatnam Port Limited (Sold during the year 19000 shares)	11000	0.11	30000	0.30
Gulbarga Airport Developers Private Limited	3700	0.04	3700	0.04
Shimoga Airport Developers Private Limited	3700	0.04	3700	0.04
<i>In Equity Shares of Rs. 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	3.99	147	4.09
<i>In Shares of US \$ one each fully paid up</i>				
Tellapur Technocity (Mauritius)	17140129	770.49	17140129	871.87
<i>In 2% Redeemable Preference Shares of Rs. 100/- each fully paidup</i>				
Jubilee Hills Land Mark Projects Limited	4274999	427.50	4274999	427.50

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

	As at March 31, 2010		As at March 31, 2009	
	Nos.	Rs. in million	Nos.	Rs. in million
SCHEDULE VI INVESTMENTS (Contd.)				
<i>In Debentures of Rs. 100/- each fully paid up (Unquoted)</i>				
Jubilee Hills Land Mark Projects Limited (Purchased during the year 839345 debentures)	2163177	216.32	1323832	132.38
<i>In Debentures of Rs. 1/-, fully paid up (Unquoted)</i>				
Tellapur Techno City Private Limited (Purchased during the year 20384000 debentures)	698100524	522.24	677716524	677.72
Other Investments (Quoted)				
<i>In Equity Shares of Rs. 10/- each, fully paid up</i>				
NCC Finance Limited (Value Rs.90)	9	—*	9	—
IVR Prime Urban Developer Limited (Value Rs. 1,648) (Purchased during the year)	10	—	—	—
Jaiprakash Power Ventures Limited (Value Rs. 688) (Purchased during the year)	10	—	—	—
JSW Energy Limited (Value Rs. 1,053) (Purchased during the year)	10	—	—	—
Reliance Industries Limited (Value Rs. 4,949) (Purchased during the year)	5	0.01	—	—
Reliance Infrastructure Limited (Value Rs. 9,989) (Purchased during the year)	10	0.01	—	—
Reliance Power Limited (Value Rs. 697) (Purchased during the year)	5	—	—	—
<i>In Equity Shares of Rs. 2/- each, fully paid up</i>				
Gammon India Limited (Value Rs. 1,108) (Purchased during the year)	5	—	—	—
Gammon Infrastructure Projects Limited (Value Rs. 256) (Purchased during the year)	10	—	—	—
IVRCL Infrastructure & Projects Limited (Value Rs. 1,621) (Purchased during the year)	10	—	—	—
Jaiprakash Associates Limited (Value Rs. 1,353) (Purchased during the year)	10	—	—	—
Larsen & Toubro Limited (Value Rs. 7,936) (Purchased during the year)	5	0.01	—	—
<i>In Equity Shares of Rs. 1/- each, fully paid up</i>				
GMR Infrastructure Limited (Value Rs. 275) (Purchased during the year)	5	—	—	—
GVK Power & Infrastructure Limited (Value Rs. 444) (Purchased during the year)	10	—	—	—
Hindustan Construction Company Limited (Value Rs. 678) (Purchased during the year)	5	—	—	—
Patel Engineering Limited (Value Rs. 2,206) (Purchased during the year)	5	—	—	—
		2,265.61		2,995.99
Share from Jointly Controlled Entities		142.53		73.59
Total		2,408.14		3,069.58
Aggregate amount of Quoted Investments		0.03		—
Aggregate amount of Unquoted Investments		2,408.11		3,069.58
Aggregate market value of Quoted Investments		0.04		—
* Market value of Rs. 22.00 (31.03.2009: Rs. 23.00)				

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

(Rs. in million)

	As at March 31, 2010		As at March 31, 2009	
SCHEDULE VII CURRENT ASSETS, LOANS AND ADVANCES				
A. Current Assets				
i) Inventories				
Materials	3,788.25		3,305.51	
Finished Goods	4.89		1.29	
Work-in-progress	7,040.84		7,060.15	
Property Development Cost (Refer Note 8 of II of Schedule X)	3,402.08		3,343.32	
Share from Jointly Controlled Entities	13.82		44.35	
	a)	14,249.88		13,754.62
ii) Sundry Debtors (Unsecured) (Refer Note 9 of II of Schedule X)				
Over Six months				
Considered Good	4,130.66		2,820.23	
Considered Doubtful	50.00		30.00	
		4,180.66		2,850.23
Others, Considered Good	11,619.90		9,596.66	
		15,800.56		12,446.89
Less : Provision for doubtful debts	50.00		30.00	
		15,750.56		12,416.89
Share from Jointly Controlled Entities	155.81		94.69	
	b)	15,906.37		12,511.58
iii) Cash and Bank Balances				
Cash on hand	20.68		35.60	
Bank Balance :				
In Current Accounts				
With Scheduled Banks (includes Rs.28.59 million (31.03.2009: Rs. 0.26 million) remittances in transit)	3,890.03		1,154.56	
With Others	84.10		137.17	
In Deposit Accounts				
With Scheduled Banks				
Margin Money Deposits (Lodged with Banks against Guarantees / letters of credit issued)	276.07		269.56	
Fixed Deposits	29.95		10.79	
With Others	5.72		54.56	
		4,306.55		1,662.24
Share from Jointly Controlled Entities	84.66		189.38	
	c)	4,391.21		1,851.62
Other Current Assets				
Interest Accrued on Deposits	32.01		29.80	
Share from Jointly Controlled Entities	7.76		9.16	
	d)	39.77		38.96

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

(Rs. in million)

	As at March 31, 2010		As at March 31, 2009	
SCHEDULE VII CURRENT ASSETS, LOANS AND ADVANCES (Contd.)				
B. Loans and Advances				
(Unsecured and Considered good unless otherwise stated)				
Advances to				
Associates	10.05		274.01	
Other Body Corporates	82.68		80.93	
(Includes Rs. 62.68 million (31.03.2009: Rs. 60.93 million) secured by equitable mortgage of immovable properties of a body Corporate)				
		92.73		354.94
Advances to Suppliers, Sub-contractors and Others				
Considered Good	9,907.37		8,453.02	
Considered Doubtful	61.00		39.00	
	9,968.37		8,492.02	
Less : Provision for doubtful advances	61.00		39.00	
		9,907.37		8,453.02
Advances recoverable in cash or in kind or for value to be received		817.14		537.96
Advance towards Share Application Money		342.84		372.75
Retention Money		6,947.47		4,904.72
Deposits with Clients and Others		1,007.91		756.14
Prepaid Expenses		471.61		488.75
Advance Taxes and Tax Deducted at Source (Net of Provision for taxes)		1,958.37		1,453.32
Share from Jointly Controlled Entities		219.17		108.29
e)		21,764.61		17,429.89
Total (a + b + c + d + e)		56,351.84		45,586.67

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

(Rs. in million)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE VIII CURRENT LIABILITIES AND PROVISIONS		
a) Liabilities		
Sundry creditors		
Total outstanding dues of Micro Enterprises and Small Enterprises	6.34	2.76
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	11,857.07	8,915.10
Mobilisation Advance	7,985.24	6,971.84
Material Advance	655.06	883.26
Advances from Customers/Others	739.12	1,044.92
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)	4.95	4.56
Other Liabilities	5,504.38	4,044.83
Interest Accrued but not due on loans	72.24	78.30
	26,824.40	21,945.57
Share from Jointly Controlled Entities	306.90	12.93
		27,131.30
		21,958.50
b) Provisions		
Taxation (Net of Advance Taxes)	431.64	247.48
Proposed Dividend	333.56	251.74
Dividend Tax	55.40	42.78
Employee Benefits	285.15	233.46
Fringe Benefit Tax	0.89	2.51
	1,106.64	777.97
Share from Jointly Controlled Entities	15.31	9.56
		1,121.95
		787.53
Total		28,253.25
		22,746.03

SCHEDULE IX MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)			
Preliminary Expenses	0.19		0.16
Add : Incurred during the year	-		0.03
	0.19		0.19
Less : Written off / Adjusted during the year	0.13		-
		0.06	0.19
Share from Jointly Controlled Entities		-	0.08
Total		0.06	0.27

Schedules forming part of the Consolidated Profit and loss Account for the year ended March 31, 2010

(Rs. in million)

	Year ended March 31, 2010		Year ended March 31, 2009	
SCHEDULE A TURNOVER				
Project Division		57,410.41		46,000.06
Others		1,363.06		1,665.51
Share from Jointly Controlled Entities		199.64		199.02
Total		58,973.11		47,864.59
SCHEDULE B OTHER INCOME				
Profit on Sale of Investment		511.41		-
Dividend from Current Investments		0.52		-
Profit on Sale of Fixed Assets		6.48		2.82
Miscellaneous Receipts		144.81		155.59
Share from Jointly Controlled Entities		3.01		-
Total		666.23		158.41
SCHEDULE C CONSTRUCTION AND OTHER EXPENSES				
Material Consumption				
Cement	1,924.83		2,792.56	
Steel	8,340.47		5,528.88	
Bitumen	1,135.31		918.39	
Other Construction Material	9,791.47		6,783.60	
Stores and Spares	159.10		182.17	
		21,351.18		16,205.60
Power and Fuel		65.48		68.54
Sub-contractors Work Bills		15,992.73		15,846.40
Labour Charges		4,988.03		4,208.52
Transport Charges		827.52		495.36
Rates and Taxes				
Value Added Tax	1,160.50		885.92	
Service Tax	186.60		147.22	
		1,347.10		1,033.14
Repairs and Maintenance				
Machinery	1,104.76		1,045.89	
Others	141.52		117.31	
		1,246.28		1,163.20
Hire Charges for Machinery and others	1,289.29		1,201.87	
Technical Consultation	149.04		110.61	
Royalties, Seigniorage and Cess	177.47		143.70	
Watch and Ward	90.46		75.91	
Property Development Cost	175.45		32.51	
Other Expenses	692.04		465.76	
		2,573.75		2,030.36
(Increase) / Decrease in Work-in-Progress / Finished Goods				
Opening Balance (net of Rs. 164.39 million on account of projects taken over from Joint Ventures)	7,046.71		4,977.39	
Closing Balance	7,329.93		7,211.10	
		(283.22)		(2,233.71)
Total		48,108.85		38,817.41
Less: Transfer to Capital work in progress		72.79		-
Total		48,036.06		38,817.41

Schedules forming part of the Consolidated Profit and loss Account for the year ended March 31, 2010

(Rs. in million)

	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE D ESTABLISHMENT EXPENSES		
(a) Employees Remuneration and Benefits		
Salaries and Other Benefits	2,523.88	2,307.16
Contribution to Provident Fund and Other Funds	155.82	139.43
Staff Welfare Expenses	146.82	144.60
Employee Compensation Expense - stock options	-	(0.66)
Total (a)	2,826.52	2,590.53
(b) Administrative Expenses		
Rent	332.93	308.13
Rates and Taxes	71.38	75.89
Office Maintenance	95.82	94.28
Electricity Charges	45.96	46.43
Postage, Telegrams and Telephones	66.15	61.17
Travelling and Conveyance	304.84	223.37
Printing and Stationery	40.82	38.52
Insurance	114.77	79.29
Advertisement	15.42	33.95
Tender Documents	29.46	26.07
Legal and Professional Charges	90.04	72.64
Miscellaneous Expenses	139.08	133.54
Auditors' Remuneration	13.42	11.46
Directors' Sitting Fees	0.62	0.73
Bad Debts / Advances Written off	36.05	1.25
Provision for Doubtful Debts / Advances	47.01	40.57
Consultation Charges	208.99	139.58
Donations	18.61	6.05
Loss on Assets sold/discarded/written off	9.85	11.03
Miscellaneous Expenditure written off		
Preliminary Expenses	0.13	-
Share from Jointly Controlled Entities	58.40	8.61
Total (b)	1,739.75	1,412.56
Total (a + b)	4,566.27	4,003.09
Less: Transfer to Capital work in progress	211.98	-
Total	4,354.29	4,003.09

Schedules forming part of the Consolidated Profit and loss Account for the year ended March 31, 2010

(Rs. in million)

	Year ended March 31, 2010		Year ended March 31, 2009	
SCHEDULE E INTEREST AND FINANCIAL CHARGES				
Interest				
Debentures	197.21		18.33	
Term Loans	662.78		707.30	
Working Capital Demand Loans and Cash Credit	1,554.92		772.84	
Mobilisation Advance	243.19		167.50	
Vehicle Loans	12.78		10.82	
Others	70.94		59.16	
	2,741.82		1,735.95	
Less: Interest capitalised	4.78		1.25	
Less: Interest Income - from Bank and other Accounts - Gross (Tax Deducted at Source Rs. 16.80 million (2008-09:Rs. 118.36 million))	287.07		339.51	
Less: Share from Jointly Controlled Entities	-		3.65	
		2,449.97		1,391.54
Financial Charges				
Commission on - Bank Guarantees	216.62		134.32	
- Letters of Credit	119.46		62.09	
Bank Charges	79.59		97.13	
Share from Jointly Controlled Entities	271.07		51.62	
		686.74		345.16
Total		3,136.71		1,736.70
Less: Transfer to Capital work in progress		925.33		-
Total		2,211.38		1,736.70

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation

The consolidated financial statements relate to 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, 2010 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 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.

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

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:**
 - i) Completed properties held for sale are stated at the actual cost or net realizable value, whichever is lower.
 - ii) Construction Work-in-progress is valued at cost. Cost is sale value less profit margin.

Finished Goods

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

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

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.

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) 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.

iii) Provident Fund

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

iv) 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 certain overseas branch and subsidiaries employees, end of service benefit is accrued in accordance with terms of employment. Employee entitlements to annual leave and gratuity are recognised on accrual basis and charged to profit and loss account.

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

iv) **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

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

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 5 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 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.

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

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
Subsidiaries of the Company			
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%	67.85%
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%	100%
NCC International Convention Centre Limited	India	100%	100%
Subsidiaries of NCC Urban Infrastructure Limited			
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%
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%
Jointly Controlled Entity of NCC Urban Infrastructure Limited			
Varaprada Real Estates Private Limited	India	40%	40%
Partnership Firm			
NR Avenues	India	100%	100%
Subsidiary of NCC Infrastructure Holdings Limited			
Himachal Sorang Power Limited	India	94.89%	90%
Subsidiary of NCC Infrastructure Holdings Mauritius Pte.Limited			
Liquidity Limited	Mauritius	100%	100%
Al Mubarakia Contracting Co.LLC	Dubai	100%	100%

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

1. 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
Jointly Controlled Entities of the Company			
Brindavan Infrastructure Company Limited	India	33.33%	33.33%
Western UP Tollway Limited	India	32.16%	30%
Bangalore Elevated Tollway Limited	India	35.44%	35.44%
Pondicherry Tindivanam Tollway Limited	India	47.80%	49%
Associates of the Company			
Jubilee Hills Landmark Projects Limited	India	25%	25%
Machilipatnam Port Limited*	India	11%	50%
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%	20%
Paschal Technology (I) Private Limited	India	26%	20%

* Ceased to be an associate during the year

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. In respect of associates Paschal Form Work (I) Private Limited and Paschal Technology (I) Private Limited, there are no significant transactions during the year, hence not considered for consolidation.
- 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:
- Pondicherry Tindivanam Tollway Limited
 - Varaprada Real Estates 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
3. **Contingent liabilities not provided for:**
- a) Letters of credit - Rs. 2,280.86 million (31.03.2009: Rs.1,565.41 million).
- b) Counter Guarantees given to the Bankers – Rs.45,276.91 million (31.03.2009: Rs.37,143.18 million).
- c) Corporate Guarantees given to Banks and Financial institutions for financial assistance extended to Associates and Joint Ventures Rs. Nil (31.03.2009: Rs.8.82 million).
- d) Disputed income tax liability for which the Company preferred appeal Rs.73.38 million (31.03.2009: Rs. 69.77 million).
- e) Disputed Sales Tax Liability for which the Company preferred appeal Rs.134.85 million (31.03.2009: Rs.49.11 million).
- f) 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 Rs.29.73 million (31.03.2009: Rs.28.23 million).
- g) 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 Rs.1.17 million (31.03.2009: Rs.Nil).

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- h) Disputed service tax liability for which the Company preferred appeal Rs.297.99 million (31.03.2009: Rs. 186.12 million).
- i) Disputed Sole arbitrator award of Rs.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 (31.03.2009: Rs.30.00 million).
- j) Claims against the Company not acknowledged as debts Rs.35.63 million (31.03.2009: Rs.512.04 million).
- k) Joint and several liability in respect of joint venture projects and liquidated damages in respect of delays in completion of projects – amount not ascertainable.
- l) 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.
- m) Future Export commitments on account of import of machinery and equipments at concessional rate of duty under EPCG scheme is Rs.534.05 million (31.03.2009: Rs. 483.04 million).
- n) Company's share of arrears of dividend on cumulative preference shares of jointly controlled entities Rs. 22.87 Million (31.03.2009: Rs. 18.36 Million).

4. Capital commitments :

(Rs. in million)

Particulars	As at March 31,	
	2010	2009
i) Estimated amount of unexecuted capital contracts [net of advances Rs.2593.50 million (Rs.1,013.83 million)]	3520.88	3,113.38
ii) Commitment towards investment in companies [net of advances Rs.14,482.61 million (Rs.10,907.38 million)]	7,847.41	5,699.62

5. Share Capital

Pursuant to a resolution passed by the members of the Company at the Annual General Meeting held on July 30, 2009 and the provisions of Sec 81 (1A) and other applicable provisions of the Companies Act, 1956 the Company has issued 27,732,900 Equity Shares of Rs.2/- each at a premium of Rs.130.46 per share aggregating to Rs.3,673.50 million to Qualified Institutional Buyers ("QIBs") under Qualified Institutional Placement ("QIP").

6. Legal 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.

7. 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 Rs.1 million each aggregating to Rs.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.

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- ii) These debentures numbering to 1,000 having a face value of Rs.1 million each aggregating to Rs. 1,000 million are to be redeemed at par in 3 installments 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 Rs.1 million each comprising of 10 Detachable and Separately Transferable, Redeemable Principle Parts ("STRPPS") aggregating to Rs.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 Rs.1 million each comprising of 10 STRPPS aggregating to Rs. 1,000 million are to be redeemed at par in 3 installments 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 USD 10 million equivalent to Rs.449.80million.
 - (b) Commercial pledge on Machinery.
 - (c) First Exclusive charge on project receivables.
 - (d) Corporate Guarantee of Omani Rials (R.O.)26.56 million equivalent to Rs. 3,103.11 million.
 - (e) Joint Registration / Commercial Mortgage charge for R.O.6.5 million equivalent to Rs.759.42 million over identified assets of a subsidiary company.
 - (f) Corporate Guarantee.
 - (g) Bank Guarantee for USD 24 million equivalent to Rs. 1,079.52 million from Standard Chartered Bank, India.
 - (h) Assignment of insurance policies.
 - (i) Mortgage over vehicles, machinery and equipment.
 - (j) Second charge on specific movable assets of 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, 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) Mortgage of development rights to the extent of 9,86,266 Square feet comprising of Company's share of 322 flats (8,23,740 Square Feet) and 337 car parking slots (1,62,526 Square Feet).
 - v) Personal guarantee of certain Directors.

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- 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) Foreign currency working capital demand loan to the extent of USD 17.60 million equivalent to Rs.791.65 million (31.03.2009: USD 15 million equivalent to Rs. 763.20 million) is secured by a second charge created in favour of M/s.3i Infotech Trustship Services Limited (a subsidiary of ICICI Bank Limited) on fixed assets Rs.262.96 million (31.03.2009:Rs. 418.32 million) at written down value, of a Joint Venture for loans sanctioned by ICICI Bank Limited Bahrain.

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

B. Unsecured Loan

Commercial Paper: Commercial paper represents Rs.1,500 million (31.03.2009: Nil) due within one year. The maximum amount of Commercial paper outstanding at any time during the year was Rs.1,500 million (31.03.2009: Nil).

8. Inventories

Property Development Cost

Property Development Cost includes Rs.16.55 million (31.03.2009: Rs.286.55 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.

- 9. **Sundry debtors** include Rs.7.00 million (31.03.2009: Rs. 4.08 million) debts due from directors of a subsidiary company and maximum outstanding during the year is Rs.7.00 million (31.03.2009: Rs. 4.08 million).

10. Loans and Advances

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

- i. Rs.1,431.79 million (31.03.2009: Rs.459.67 million) representing amounts withheld by contractees and Rs.758.68 million (31.03.2009:Rs.754.41 million) paid towards outright purchase of land and / or joint development. The acquisition proceedings of land including registration in favour of the Company are at various stages of completion. However, the Company is having custody of title deeds and is in possession of land in many cases. In respect of Joint Developments, the Company is assessing the present market scenario and accordingly execute the project/s at an appropriate time.
- ii. Advance to Joint Venture Rs.33.92 million (31.03.2009:Rs.3.52million) 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:

- i. Advance against Purchase of Shares Rs.84.30 million paid by a subsidiary "NCC Infrastructure Holdings Limited" to Dynamic Ventures Limited (DVL) a Company duly incorporated under the laws of Mauritius and having its registered office at St. James Court, Suite 308, St.Denis Street, Port Louis, Republic of Mauritius for acquiring the 100% stake in AG Visions Limited, Mauritius in respect of which the company has entered into a rescission agreement on 26.05.2009 for withdrawal of amount paid. In terms of the said agreement, DVL has agreed to pay back the advance by the agreed date i.e. 31.03.2010. which is awaited. Consequent to the rejection of the subsidiary's application for cancellation of Certificate of Registration as Non Banking Financial Company, the subsidiary has been advised to obtain post facto approval of the proposed investment in AG Visions Limited.
- ii. Rs.8.33 million (31.03.2009: Rs.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 the negotiations with a strategic investor cum developer interested to take over the said projects is in the advanced stage of finalization.

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

11. **Sundry Creditors** include Rs.266.50 million (31.03.2009: Rs.296.16 million) application money received by a subsidiary towards Unsecured fully convertible zero coupon rate debentures of Rs.100/- each.
12. **Other Income:** Miscellaneous receipts include Rs.5.35 million (31.03.2009:Rs.21.40 million) management fee received by NCC Infrastructure Holdings Limited from a jointly controlled entity. In terms of the Common Rupee Loan Agreement – 'A' dated August 30, 2006 entered into by the jointly controlled entity with the Lenders, the management fee is payable to a subsidiary company from the date of commencement of commercial operations of the jointly controlled entity from the available balance, if any, under the head "contingencies". Pending commencement of commercial operation the subsidiary has recognized the management fee.
13. 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 Rs.50.00 million provided towards Bid Security. The company filed a petition for refund of Project Development Fee of Rs. 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. Pending outcome of the Writ Appeal, the accounts of the subsidiary company have been drawn up on going concern basis and Rs. 50.00 million paid towards Project Development Fee has been treated as receivable from INCAP and is included under loans and advances.
14. In respect of subsidiary "Nagarjuna Construction Company Limited and Partners LLC" as at 31.03.2010 the company had accumulated losses of R.O. 1.54 million equivalent to Rs.174.38 million and net liabilities of R.O.1.38 million equivalent to Rs.154.61 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.
15. The subsidiary NCC Infrastructure Holdings Limited, vide letter dated 01.04.2008 had surrendered the Non – Banking Financial Company (NBFC) licence to the Reserve Bank of India (RBI) and had requested for cancellation of certificate of registration (CoR). Pending disposal of cancellation of CoR by RBI, the Company was advised that the regulations relating to NBFC were not applicable upto 31st March 2009. However, the RBI rejected the request for cancellation of CoR vide its letter Dt. 17/07/2009. Accordingly, the Company has applied the regulations applicable to NBFC for the year ended 31.03.2010.
16. **Employee Benefits**
 - a) Liability for retiring gratuity as on March 31, 2010 is Rs.48.72 million (31.03.2009: Rs.37.82 million) of which Rs.18.45 million (31.03.2009: Rs.10.96 million) is funded with the Life Insurance Corporation of India. The balance of Rs.30.27 million (31.03.2009: Rs.26.86 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

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Amount to be recognised in Balance Sheet		(Rs. in million)
	Year ended 31.03.2010	Year ended 31.03.2009
Present Value of Funded Obligations	48.72	37.82
Fair Value of Plan Assets	(18.45)	(10.96)
Net Liability	30.27	26.86

Note: In accordance with the payment of Gratuity Act, 1972 the company provides for gratuity covering eligible employees. 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		(Rs. in million)
	Year ended 31.03.2010	Year ended 31.03.2009
Current Service Cost	11.36	9.12
Interest on Defined Benefit Obligation	2.27	2.00
Expected Return on Plan assets	(2.62)	-
Net Actuarial Losses / (Gains) Recognised in Year	1.94	(3.10)
Total, included in "Employee Benefit Expenses"	12.94	8.02
Actual Return on Plan Assets	-	-

Reconciliation of benefit obligation & plan assets for the period		(Rs. in million)
	Year ended 31.03.2010	Year ended 31.03.2009
<u>Change in Defined Benefit Obligation</u>		
Opening Defined Benefit Obligation	37.82	33.30
Current Service Cost	11.36	9.12
Interest Cost	2.27	2.00
Actuarial Losses / (Gain)	1.94	(3.10)
Benefits Paid	(4.66)	(3.51)
Closing Defined Benefit Obligation	48.72	37.82
Opening Fair Value of Plan assets	10.96	12.81
Expected Return on Plan Assets	2.62	-
Actuarial Gain / (Losses)	-	-
Contributions by Employer	8.21	-
Benefits Paid	3.34	1.85
Closing Fair Value of Plan Assets	18.45	10.96
Expected Employer's Contribution Next Year	12.43	8.21

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Summary of principal actuarial assumptions

	Year ended 31.03.2010	Year ended 31.03.2009
Discount rate (p.a)	6%	6%
Expected Rate of Return on Assets (p.a)	9.25%	9.25%
Salary Escalation Rate (p.a)	12%	5%
Attrition Rate	20%	20%

Note: Previous year figures have been regrouped and reclassified

i) **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.

ii) **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.

iii) **Salary Escalation Rate:**

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Asset information	31.03.2010	31.03.2009
<i>Category of Assets</i>		
Insurer Managed Funds –Life Insurance Corporation of India	100%	100%
Amount – Rs.in million	18.45	10.96

- c) The liability for retiring gratuity as on March 31, 2010 in respect of subsidiary companies NCC Infrastructure Holdings Limited is Rs.0.50 million (31.03.2009: Rs.0.48 million), NCC Urban Infrastructure Limited is Rs.2.33 million (31.03.2009: Rs.2.13 million), Himachal Sorang Power Limited is Rs.0.60 million (31.03.2009: Nil) and OB Infrastructure Limited is Rs.0.36 million (31.03.2009: Nil).

17. Deferred Tax

Deferred Tax Liability as at March 31, 2010 comprises of the following:

(Rs. in million)

	31.03.2010	31.03.2009
(A) Deferred Tax Assets on timing differences due to:		
a) Provision for Gratuity and Leave Encashment	47.20	43.21
b) Provision for Doubtful Debts/Advances	25.24	31.10
c) Issue expenses	31.85	0.09
Total	104.29	74.40
(B) Deferred Tax Liabilities on timing difference due to:		
a) Depreciation	363.20	267.93
b) Reversal Deferred Tax Assets created on unabsorbed business loss	-	0.39
c) Deferred Tax Liability on depreciation (opening balance)	0.11	-
Total	363.31	268.32
Net Deferred Tax Liability (B-A)	259.02	193.92
Share of JCE	1.65	1.65
Total Deferred Tax Liability*	260.67	195.57

*net of Rs.0.62 million (31.03.2009: Rs.0.11 million) of deferred tax asset relating to NCC Infrastructure Holdings Limited.

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

18. Adjustment represents the difference in the net profit after tax between the management accounts and the audited accounts in respect of an associate to the extent of Rs.224.39 million (31.03.2009: Rs.15.17 million) relating to the previous year. Had this amount been accounted as current year expenditure the profit after tax would have been lower by Rs.224.39 million (31.03.2009: Rs.15.17 million) and correspondingly EPS (both basic and diluted) would have been Rs.10.63 as against Rs.11.55.

19. Related Party Transactions

Following is the list of related parties and relationships:

Sl. no.	Particulars	Sl. no.	Particulars
A) Subsidiary		D) Key Management Personnel	
1)	NCC International Conventional Centre Limited	35)	Dr AVS Raju
2)	NCC Urban Lanka Private Limited	36)	Sri AAV Ranga Raju
B) Jointly Controlled Entities / Joint Ventures		37)	Sri NR Alluri
3)	Brindavan Infrastructure Company Limited	38)	Sri JV Ranga Raju
4)	Western UP Tollway Limited	39)	Sri AGK Raju
5)	Bangalore Elevated Tollway Limited	40)	Sri ASN Raju
6)	Pondicherry Tindivanam Tollway Limited	41)	Sri RN Raju
7)	Premco – NCC	42)	Sri AVN Raju
8)	NCC – MAYTAS	E) Relatives of Key Management Personnel	
9)	SDB – NCC – NEC	43)	Smt. A.Neelavathi
10)	NCC – PNC	44)	Smt. A.Bharathi
11)	NCC – SJRIPL	45)	Smt.B.Kausalya
12)	Himachal JV	46)	Smt.A.Satyanarayanamma
13)	NCC – KNR	47)	Smt. A.Arundathi
14)	NCC – NEC – Maytas	48)	Smt.J.Sridevi
15)	NCC – VEE	49)	Smt. J. Sudha
16)	NCC – MSKEL	50)	Smt. M. Swetha
17)	NG- NCC	51)	Miss. A. Deepthi
18)	Maytas Infra Limited	52)	Miss A. Nikita
19)	Soma Enterprises Limited	53)	Smt. J. Sowjanya
20)	KMC Constructions Limited	54)	Sri. J. Krishna Chaitanya
21)	Maytas-NCC-SSJV Consortium	F) Enterprises owned or significantly influenced by key management personnel or their relatives	
22)	Gayatri Projects Limited	55)	NCC Blue Water Products Limited
23)	Gayatri Infra Ventures Limited	56)	Swetha Estates
C) Associates		57)	R.R.V. Infra Limited
24)	Nagarjuna Facilities Management Services LLC	58)	NCC Finance Limited
25)	Himalayan Green Energy Private Limited	59)	Swetha Capital Private Limited
26)	Jubilee Hills Landmark Projects Limited	60)	Sirisha Memorial Charitable Trust
27)	Varaprada Real Estates Private Limited	61)	Shyamala Agro Farms Private Limited
28)	Machilipatnam Port Limited	62)	Ranga Agri Impex Private Limited
29)	Tellapur Technocity Private Limited	63)	NCC Foundation
30)	Tellapur Town Centre Private Limited	64)	AVSR Holding Private Limited
31)	Tellapur Tech Park Private Limited	65)	Suryakumari Abraham Memorial Foundation
32)	SSJV Projects Private Limited	66)	NCC Urban Infrastructure Company Limited
33)	Paschal Form Work (I) Private Limited		- Dubai
34)	Paschal Technology (I) Private Limited		

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Related Party transactions during the year ended March 31, 2010 are as follows:

(Rs. in million)

Sl. no.	Particulars	Subsidiaries	Associates	Jointly controlled entities/ 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	- -	228.27 (453.24)	- -	- -	- -
2)	Investments	- 10.00	132.93 -	113.76 -	- -	- -
3)	Loans granted	- -	23.20 25.65	- -	- -	- -
4)	Loan Repayment Received	- -	- 15.70	- 24.26	- -	- -
5)	Deposits Received	- -	- -	- -	- -	- 3.00
6)	Advances granted / (received)	- 0.30	14.57 (1.71)	- -	- 1.00	(11.41) 28.11
7)	Share of Profit	- -	- -	62.03 143.64	- -	- -
8)	Works Contract Receipt	- -	- -	1,984.74 1,944.95	- -	- 524.86
9)	Real Estate Sales	- -	- -	- -	9.20 15.28	- -
10)	Other Income	- -	0.90 26.04	57.21 78.15	- -	- -
11)	Sub-Contract Jobs	- -	- -	- -	- -	173.25 309.78
12)	Remuneration	- -	- -	- -	154.84 194.70	- -
13)	Rent paid	- -	- -	- -	2.54 2.10	7.25 7.14
14)	Interest paid	- -	- -	- -	- -	- 17.31
15)	Reimbursement of Expenses	- -	- -	- -	- -	- 3.11
16)	Management Fees	- -	- -	- 21.40	- -	- -
17)	Donations	- -	- -	- -	- -	9.20 3.91

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Related Party transactions during the year ended March 31, 2010 are as follows:

(Rs. in million)

Sl. no.	Particulars	Subsidiaries	Associates	Jointly controlled entities/ Joint Ventures	Key Management Personnel and relatives	Enterprises owned or significantly Influenced by Key Management Personnel or their Relatives
18)	Debit Balances outstanding as at 31.03.2010					
	Himalayan Green Energy Private Limited	-	68.43	-	-	-
		-	13.23	-	-	-
	Jubilee Hills Landmark Projects Limited	-	1.18	-	-	-
		-	222.00	-	-	-
	RRV Infra Limited	-	-	-	-	15.26
		-	-	-	-	28.41
	NCC Blue Water Products Limited	-	-	-	-	62.68
		-	-	-	-	60.93
	NCC International Convention Centre Limited	-	-	-	-	-
		0.30	-	-	-	-
	Pondicherry Tindivanam Tollway Limited	-	-	-	-	-
		-	-	16.78	-	-
	Soma Enterprises Limited	-	-	-	-	-
		-	-	2.47	-	-
	Maytas Infra Limited	-	-	-	-	-
		-	-	29.76	-	-
	KMC Constructions Limited	-	-	35.05	-	-
		-	-	-	-	-
	Key Management Personnel & their relatives	-	-	-	8.00	-
		-	-	-	27.09	-
	NCC Urban Infrastructure Limited - Dubai	-	-	-	-	2,335.13
		-	-	-	-	2,305.56
19)	Credit Balances outstanding as at 31.03.2010					
	KMC Constructions Limited	-	-	-	-	-
		-	-	105.43	-	-
	Western UP Tollway Limited	-	-	-	-	-
		-	-	147.10	-	-
	Nagarjuna Facilities Management Services LLC	-	-	-	-	-
		-	21.94	-	-	-
	Key management Personnel & their relatives	-	-	-	-	-
		-	-	-	1.35	-

Figures in italics represent previous year's figures

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ 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. (Rs. in million)

Particulars	2009-10	2008-09
Share / Debenture Application Money pending allotment		
- Tellapur Technocity Private Limited	-	(524.29)
- Jubilee Hills Landmark Projects Limited	221.38	71.05
Investments		
- NCC International Convention Centre Limited	-	10.00
- Tellapur Technocity Private Limited	20.38	-
- Jubilee Hills Landmark Projects Limited	83.93	-
- Paschal Form Work (I) Private Limited	23.94	-
Loans Granted		
- Jubilee Hills Landmark Projects Limited	13.20	25.65
- Himalayan Green Energy Private Limited	10.00	-
Loan Repayment Received		
- Jubilee Hills Landmark Projects Limited	-	5.70
- Brindavan Infrastructure Company Limited	-	24.26
- Himalayan Green Energy Private Limited	-	10.00
- AVSR Holding Private Limited	-	(110.00)
Deposits Received		
- NCC Finance Limited	-	3.00
Advances granted / (Received)		
- RRV Infra Limited	-	29.11
- NCC Foundation	-	(0.31)
- Himalayan Green Energy Private Limited	13.44	1.26
- Machilipatnam Port Limited	-	(2.97)
Share of Profit		
- MAYTAS-NCC JV	-	39.49
- NG-NCC JV	31.98	70.34
- NCC-VEE JV	24.85	19.45
Work Contract Receipt		
- Brindavan Infrastructure Company Limited	-	199.03
- Bangalore Elevated Tollway Limited	459.28	530.75
- Western UP Tollway Limited	636.25	549.26
- Pondicherry Tindivanam Tollway Limited	889.21	665.91
- NCC Urban Infrastructure Limited - Dubai	-	524.86
Real Estate Sales		
- Key management Personnel & their relatives	9.20	15.28
Other Income		
- NG-NCC JV	57.21	73.67
- Himalayan Green Energy Private Limited	0.90	-
Sub Contract Bills		
- RRV Infra Limited	173.25	309.78

Schedules forming part of the Consolidated Accounts

SCHEDULE ☒ 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. (Rs. in million)

Particulars	2009-10	2008-09
Rent paid/ (Received)		
- Swetha Estates	5.41	5.47
- Shyamala Agro Farms Private Limited	1.60	1.45
- Smt. Sowjanya	1.37	1.18
- Mr. A.G.K. Raju	0.53	0.48
- Smt.A Arundathi	0.36	-
Interest Paid		
- AVSR Holding Private Limited	-	17.14
Donations		
- NCC Foundation	9.20	-
- Suryakumari Abraham Memorial Foundation	-	3.91

20. Segmental 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.

21. Earning Per Share

Sl. no.	Particulars	31.03.2010	31.03.2009
a)	Net Profit after tax (Rs. in million)	2,860.68	1,850.26
	Minority Interest (Rs. in million)	27.03	(11.57)
	Profit from Associate Companies (Rs. in million)	(60.28)	(25.28)
b)	Profit after tax attributable to Equity Shareholders (Rs. in million)	2,827.43	1,813.41
c)	Weighted Average number of equity shares for Basic EPS (Nos)	244,806,825	228,844,116
	Add: Adjustment for outstanding options (Nos)	-	5691
d)	Weighted Average number of equity shares for Diluted EPS (Nos)	244,806,825	228,849,807
e)	Face value per share (Rs.)	2	2
f)	Basic & Diluted EPS * (Rs.)	11.55	7.92

* The company has no dilutive instruments during the year ended March 31, 2010. As such Dilutive Earnings per share equals to Basic Earnings per share.

22. 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 & V.P (Legal)

A. A. V. Ranga Raju
Managing Director

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

A. G. K. Raju
Executive Director

Regional Offices

■ Ahmedabad

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Opp. Rajpath Club
Sarkhej – Gandhi Nagar Highway
Ahmedabad - 380 054
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Kumara Park East
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email: ro.blr@nccltd.in

■ Bhopal

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Kolar Road, Chuna Bhatti
Bhopal - 462 016
Tel.: 91-0755-2428784
email: ro.bhopal@nccltd.in

■ Bhubaneswar

3rd Floor, 98, Keshari Complex,
Kharavela Nagar,
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■ Chennai

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Poonamalle High Road, Kilpauk
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Tel.: 91-44-25323030
email: ro.chennai@nccltd.in

■ Delhi

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■ Kolkata

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■ Kochi

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Gomthi Nagar, Near Sahara
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Suren Lane, Andheri (E),
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■ Ranchi

351-A, Road No.5, Ashok Nagar,
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Overseas Offices

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■ Muscat

Nagarjuna Construction Company Ltd
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During the year under review, NCC's Annual Report and Accounts for the year ended 31st March, 2009 has been adjudged 2nd best and was awarded Silver Shield under the category "Infrastructure & Construction" by the Institute of Chartered Accountants of India (ICAI) for excellence in Financial Reporting.



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