



ITD Cementation India Limited



ANNUAL
REPORT
2011





1. Track work for Bangalore Metro.
2. Tank Foundation at Paradip, Orissa.
3. Launching of Tunnel Boring Machine for Kolkata Metro.
4. Elevated via duct for Jaipur Metro.



ITD Cementation India Limited

Committees of Directors

Audit Committee

P. Hofvander
D.E. Udawadia
P. Chakornbundit

Remuneration Committee

D.E. Udawadia
P. Karnasuta
P. Chakornbundit
P. Hofvander

Shareholders/Investors' Grievance Committee

P. Chakornbundit
A. Saraban

Board of Directors

P. Karnasuta, Chairman
P. Chakornbundit, Vice Chairman
A. Saraban, Managing Director
D.E. Udawadia
P. Hofvander
D.P. Roy

Chief Financial Officer

S. Ramnath

Company Secretary

R.C. Daga

Bankers

Allahabad Bank	Punjab National Bank
Axis Bank Limited	Standard Chartered Bank
Bank of Baroda	State Bank of India
Central Bank of India	The Federal Bank Limited
IDBI Bank Limited	Union Bank of India

Auditors

S.R. Batliboi & Associates, Mumbai

Legal Advisers

Udawadia & Udeshi, Mumbai

Registrars and Share Transfer Agents

Karvy Computershare Private Limited
Plot No. 17 to 24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081.

Registered Office

1st floor, Dani Wooltex Compound,
158, Vidyanagari Marg,
Kalina, Santacruz (East),
Mumbai - 400 098.

Area Offices

Mumbai
Kolkata
Delhi
Chennai

R & D Location

Kolkata

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Annual General Meeting
Friday, 4th May, 2012, 11.00 a.m.
Rama Watumull Auditorium, Mumbai - 400 020.

ITD Cementation India Limited

DIRECTORS' REPORT

The Directors present herewith their Report and Statement of Accounts for the year ended 31st December, 2011.

FINANCIAL RESULTS

	(Rupees in Lakhs)	
	Year 2011	Year 2010
Total Income	131,035.22	109,573.75
Gross Profit before depreciation and bad debts	6,631.96	5,795.59
Less: Depreciation on fixed assets	3,422.83	3,075.15
Net Profit before provision for doubtful debts	3,209.13	2,720.44
Less: Provision for doubtful debts	1,006.47	1,496.95
Profit before Taxation	2,202.66	1,223.49
Less: Provision for Taxation/(deferred Tax Credit)	(54.92)	284.98
Profit after Taxation	2,257.58	938.51
Add : Surplus of previous year brought forward	2,698.60	2,008.00
Add: Corporate dividend tax written back	0.66	0.45
Amount available for appropriation	4,956.84	2,946.96
Directors' recommendation for appropriation:		
Proposed Dividend	230.32	172.74
Dividend Distribution Tax	37.36	28.69
Transfer to General Reserve	169.32	46.93
Balance carried to Balance Sheet	4,519.84	2,698.60
	4,956.84	2,946.96

DIVIDEND

The Directors are pleased to recommend dividend of ₹2.00 per share (2010-₹1.50 per share), on 11,515,790 equity shares of ₹10 each fully paid. The above dividend, together with tax thereon, if approved, will represent 11.86 % of distributable profits of ₹2,257.58 Lakhs for the year.

REVIEW OF OPERATIONS

Revenue for the year was ₹129,745 Lakhs compared to ₹107,193 Lakhs for the year 2010 an increase of 21% over the previous year. Consolidated revenue for the year was ₹171,219 Lakhs as compared to ₹146,216 Lakhs for the year 2010, an increase of 17% over the previous year.

For the year 2011, the Company made a profit before tax of ₹2,203 Lakhs compared to a profit of ₹1,223 Lakhs for the year 2010, showing an increase of 80%.

The increase in profit before tax was primarily due to improved contribution especially from marine, foundation and specialist projects.

The Consolidated profit before tax for the year was ₹2,817 Lakhs compared to profit before tax of ₹2,075 Lakhs for the year 2010, an increase of 36%.

The Directors have reviewed the outstanding debts and have decided to write-off ₹1,235.44 Lakhs (2010 – ₹1,125.28 Lakhs).

Total value of new contracts secured during the year aggregated ₹113,206 Lakhs (2010 – ₹193,139 Lakhs). Major contracts include-

- Construction of Ship Repair facility at Lavgan, Maharashtra.
- Road Project (6 laning of Pune – Satara Road – Phase 1) Maharashtra.
- Construction of Terminal 12 Berth at Mundra, Gujarat.
- Piling work at Cuddalore for 2 x 600 MW Power Project in Tamil Nadu.
- Construction of Diaphragm Wall and Capping Beam for proposed residential complex at Wadala, Mumbai, Maharashtra.
- Piling work for multi-storeyed residential complex at Jaypee Greens, Noida.

During the year under report a number of contracts were completed including-

- Civil works for Iron Ore Port Terminal at Ennore Port, Chennai.
- Various Piling and Civil Works in Uttar Pradesh, Orissa, Gujarat, and Andhra Pradesh.

With regard to paragraphs 5(vi) (a) and 5 (vi) (b) of the Auditors' Report, your Directors state that:

- (a) Sundry Debtors at December 31, 2011 include variation claims of ₹3,455 Lakhs, which are disputed by the customer. Out of this, claims amounting to ₹2,346 Lakhs are the subject matter of arbitration. The Company has received arbitration awards in its favour in respect of the balance amount of ₹1,109 Lakhs, which have since been challenged by the customer. Based on the legal advice from Company's counsel in the matter, the management is reasonably confident of recovery of the amounts.
- (b) Sundry Debtors at December 31, 2011 include ₹3,384 Lakhs representing interim work bills for work done which have not been certified by customers beyond normal periods of certification. The management is reasonably confident of the certification and recovery of the same progressively on these contracts based on past experience of the Company, assessment of work done and the fact that these amounts are not disputed by the customer.

ISO 9001:2008, ISO 14001 : 2004 AND OHSAS-18001:2007

Your Company has established at all offices project sites and depots Quality Management System (QMS) conforming to ISO 9001:2008, Environmental Management System (EMS) conforming to ISO 14001:2004 and Occupational Health and Safety Management System (OHSMS) conforming to OHSAS 18001:2007.

During the year the Company's accreditation has been audited and re-certified by Det Norske Veritas (DNV).

Your Company is amongst a few construction companies who have established an Integrated Management System comprising QMS, EMS and OHSMS covering all project sites.

OUTLOOK

Your Company has gained from the successful execution of underground and elevated sections of metro projects at Delhi, which has helped it to obtain other similar projects at Jaipur, Kolkata and Bangalore.

Your Company has a significant presence in marine projects, mass rapid transport system (MRTS), airports, roads and foundation and specialist engineering. This has resulted in award of prestigious marine contracts from Lavgan and Mundra and a large road project in Maharashtra.

However, the pressure of high interest rates that prevailed throughout last year is likely to continue at least in the first half of the current year. The upward trend in commodity prices is also likely to continue during the year ahead. For your Company, lack of orders during the year under report, is also a cause of concern.

ITD Cementation India Limited

Nevertheless, the medium and long term scenario seems to be positive. Government of India is emphasizing infrastructure projects. Total planned investment in infrastructure sector during the Twelfth Five Year Plan is estimated to be twice that in the Eleventh Five Year Plan. Your Company, therefore, looks forward with cautious optimism to a period of growth.

PARENT COMPANY

Italian-Thai Development Public Company Limited (ITD) is engaged in the business of civil and infrastructure construction and development and has been a major builder of Thailand's infrastructure for over 50 years. It had an annual consolidated revenue for the year 2010 of approximate Baht 39,143 million (about ₹6,759.10 Crores) which puts it in the lead position amongst contractors in Thailand. In 2010, ITD had a skilled work force of around 21,362 employees, including around 1,338 qualified engineers. An experienced in-house training division provides its employees with continuous training in safety and construction skills. The business operations of ITD are in nine major categories namely: buildings; industrial plants; pipelines and utility works; highways, railways, bridges and expressways; airports, ports and marine works; dams, tunnels and power plants; mining; steel structures and telecommunications.

SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

A Statement pursuant to Section 212 of the Companies Act, 1956 ("the Act") containing the details of Company's subsidiary is attached.

As required under the Listing Agreements with the Stock Exchanges, Consolidated Financial Statements of the Company and its subsidiary are attached. The Consolidated Financial Statements have been prepared in accordance with Accounting Standards 21 and 27 issued by The Institute of Chartered Accountants of India and show the financial resources, assets, liabilities, income, profits and other details of the Company, its subsidiary and its share in joint ventures.

Pursuant to the provisions of Section 212(8) of the Act, Ministry of Corporate Affairs vide its General Circular No. 2/2011 dated 8th February, 2011 has granted a general exemption subject to certain conditions to Holding Companies from complying with the provisions of Section 212 of the Act which requires attaching of its Balance Sheet, Profit and Loss Accounts and other documents of its Subsidiary Company to its Balance Sheet. Accordingly, the said documents are not included in this Annual Report. The main financial summary of the Company's Subsidiary for the year ended 31st December, 2011 is included in the Annual Report. The Annual Accounts of the Subsidiary Company will be made available to any Member of the Company seeking such information at any point of time and are also available for inspection by any Member of the Company at the Registered Office of the Company on any working day during business hours.

RESEARCH AND DEVELOPMENT

The Company lays significant emphasis on improvements in methods and processes in its areas of construction and operations. The Research & Development Division of the Company continues to enjoy recognition by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. The primary focus of research is to continually refine the frequently used systems at our project sites to derive optimization, reduction in the breakdowns and improve effectiveness and efficiency of use, through the introduction of new and improved techniques.

PARTICULARS OF EMPLOYEES AND OTHER ADDITIONAL INFORMATION

Information as per Section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to the conversion of energy, technology absorption, foreign exchange earnings and outgoings respectively, is attached hereto and forms part of this Report.

Particulars of employees pursuant to Section 217 (2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is set out in the annexure and forms part of this Report. However, in pursuance of Section 219 (1) (b) (iv) of the Act, the Report and Accounts is being sent to all the Members of the Company excluding the aforesaid information and the said particulars will be made available on request and also made available for inspection at the Registered Office of the Company. Any Member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors state that in the preparation of the annual accounts the applicable accounting standards have been followed and proper explanations have been provided for material departures, wherever applicable. The Board of Directors also confirm that the Directors 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 at the end of the financial year and of the profit of the Company for the year under report. It is further stated that the Board of Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. It is further confirmed that the Directors have prepared the annual accounts on a going concern basis.

DEPOSITORY SYSTEM

It is mandatory that the shares of the Company are traded in electronic form. The Company has entered into Agreements with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Reports on Management Discussion and Analysis and on Corporate Governance alongwith a certificate of compliance from the Auditors are attached hereto and form part of this Report.

DIRECTORS

Mr. Peshwan Jehangir resigned as Director of the Company with effect from 28th February, 2012. Directors placed on record their sincere appreciation of the valuable contribution made by Mr. Jehangir during his tenure as Director of the Company.

Mr. Per Hofvander and Mr. D.E. Udwardia retire by rotation and, being eligible, offer themselves for re-appointment.

AUDITORS

Messrs S.R. Batliboi & Associates, the retiring auditors of the Company, have expressed their inability to seek re-appointment as the statutory auditors of the Company. In view thereof the Board has appointed, subject to approval of the shareholders, Messrs Walker, Chandiook & Co., Chartered Accountants, Mumbai, as the statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting.

The Directors placed on record their appreciation of the valuable services rendered by Messrs S.R. Batliboi & Associates as Auditors.

INDUSTRIAL RELATIONS

Relations with staff and labour remained peaceful and cordial during the year under review.

ACKNOWLEDGEMENT

The Directors thank ITD for its continued support extended and the guidance provided to your Company.

The Directors thank all employees for their contribution and the shareholders, customers and bankers for their continued support.

For and on behalf of the Board

Premchai Karnasuta
Chairman

February 29, 2012

ITD Cementation India Limited

Annexure to the Directors' Report

Statement Pursuant to Section 217(1)(e) of the Companies Act, 1956.

RESEARCH AND DEVELOPMENT

The Company lays significant emphasis on improvements in methods and processes in its areas of construction and operations. The Research & Development Division of the Company continues to enjoy recognition by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. The primary focus of research is to continually refine the frequently used systems at our project sites to derive optimization, reduction in the breakdowns and improve effectiveness and efficiency of use, through the introduction of new and improved techniques.

A) Conservation of Energy

(a) Energy Conservation Measures Taken:

- Vehicles over 15 years vintage are being phased out.
- Two or more DG sets at multiple load centre locations with heavy power demands are synchronized using load sharing Engine Generator Control Package (EGCP). One generator is stopped when load stabilizes (non peak loads). At our Kolkata Airport Project, 16 generators have been replaced by 3 generators with only one running at any time, thus saving fuel.
- Generators are stopped during non peak hours like lunch period.
- New machines of Euro III and IV engines only are being purchased to avoid pollution and increase in efficiency.

(b) Additional Investments and Proposals, if any, being implemented for reduction in Consumption of Energy:

Energy efficiency has been one of the major criterion for selection of new plant for 2011. Machines with higher power / torque: weight will be planned for purchase in 2012 to save fuel.

(c) Impact of the Measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Decrease in diesel consumption per unit work done.

We optimize fleet size and productivity thus resulting in savings in fuel consumption and pressure on environment.

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the annexure to the Rules in respect of industries specified in the Schedule thereto:

Not applicable

(e) Fuel Reduction During Pre-boring Operations

In pre-boring operations for a site near Delhi, rotary piling rigs commonly used in India were being used during initial phases of the project. No rigs were then available in India that could provide economical solution for small depth pre-boring operations. In an effort to save the fuel consumption, two mini rigs, CF-6 and CF-2.5 were specially imported and deployed for the first time in India. These rigs were ideally suited for pre-boring operations and compared to the conventional rig, saving in high speed diesel accrued was to the tune of 10 liters/hour of use. Apart from savings and reduction in diesel consumption, the mini rig had greater maneuverability, and could be shifted and operated much faster resulting in an increased productivity and at a much lower energy cost.

B) Technology Absorption

Research & Development (R & D)

1. Temperature Monitoring as a Crack Controlling Measure

Mass concreting was carried out for critical units of a Thermal Power Project at U.P. Stringent crack control measures during concreting included maintaining water temperature at 4°C; adding ice during concrete mixing operations; spraying cold water on coarse aggregates every 30 minutes, among many others. Temperature

monitoring in concrete was undertaken by embedding two sets of thermocouples at the bottom, centre and at the top portion of the concrete section having thickness in excess of 1m. By strict measures, temperature gradient in the concrete section was maintained within 20° C and this ensured crack free structures. These crack controlling and monitoring measures are considered as adoption of better technology for similar concreting works in the future.

2. Use of Pre-stressed Spun Concrete Piles

Peculiar conditions at a site near Chennai demanded unique piling solution. The Company, after elaborate interactions with the Clients used pre-stressed, spun concrete piles on a trial basis. Since this technology was not available in India, these piles were imported from China and Malaysia. Apart from 40 to 50% saving in material, these piles fulfilled the capacity requirements and required lesser energy for handling and driving. Driving and stress analyses were specially carried out for these piles using *GRLWEAP* software which could simulate driving conditions on the spun piles. Success of the trials has established utility of a technology which has potential to save construction material to the tune of 40 to 50%. In future, the technology can be adopted on large projects to achieve economy and to reduce consumption of valuable resources.

Technology Absorption, Adaption and Innovation

1. Polymer Based Slurry System for Borehole Stability

In the year 2010, an experiment was undertaken to study techno and economic benefits of Polymer based borehole stability fluids for bored piles. Following success of the trials, technology absorption of this study was formalized with its use for borehole stabilization at one of the sites near Delhi. Benefits of synthetic slurry with commercial name of *Polymud* were confirmed in areas of artesian flow where conventional bentonite based system was found to be largely ineffective. Apart from effectiveness, *Polymud* system does not require borehole flushing and its disposal is environmentally compliant.

2. Excavator mounted Boring Machine for Special Site Conditions

Low head room conditions at a site at Jaipur denied use of conventional rotary rigs for piling. This site in question demanded boring operations below existing bridge with headroom of barely 9m. These site limitations were overcome by deploying an excavator mounted piling rig which could conveniently drill pile holes upto 1500mm diameter to a depth of 21 m and could operate conventional boring tools and buckets to its advantage. This drilling rig, essentially a modified version of crawler mounted excavator has now proven potential uses for sites which had otherwise been considered inaccessible for a rotary rig.

3. Steel Guide Wall

T-shaped barrettes were proposed for a residential tower project at Mumbai. The sub-surface conditions at site comprised very soft clay underlain by top fill layer which posed serious stability problems involving construction of conventional RCC guide wall. The stability problem was overcome by employing a specially fabricated steel guide walls. The steel guide walls were laid on a PCC bed and were firmly anchored by rods to provide necessary stability. Apart from addressing stability requirements, the steel guide wall facilitated effective tremie concreting for T-panels and could be shifted after use and hence facilitated full material utilization. Such fabricated guide walls offer promise for barrettes with unconventional shapes.

C) Foreign Exchange Earnings and Outgo

- 1) The Company did not have any export during the year under the report.
- 2) The Company secured an overseas contract in its specialist activities. However execution of order awaits the achievement of financial closure.
- 3) There were no earnings in foreign exchange from construction and related activities during the year under report and the outgo on account of travelling, ECB and interest on ECB, royalty, dividend, professional fees, membership subscription, import of raw materials, consumables, capital goods, tools and spare parts aggregated to ₹6,386.27 Lakhs.

For and on behalf of the Board

Premchai Karnasuta
Chairman

February 29, 2012

ITD Cementation India Limited

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on Corporate Governance

Your Company believes that good corporate governance is an important constituent in enhancing stakeholder value. The Company has in place processes and systems whereby the Company complies with the requirements of Clause 49 on Corporate Governance in the Listing Agreement issued by the Stock Exchanges. Your Company is committed in its responsibility towards the community and environment in which it operates, towards its employees and business partners and towards society in general.

2. Board of Directors

(i) Composition

The Board has an optimum combination of Executive and Non-Executive Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements with the stock exchanges on which the Company's Shares are listed. As on date the Company has six (6) Directors with a Non- Executive Chairman: of the six (6) Directors, five (5) are Non- Executive Directors out of which three (3) are Independent Directors.

(ii) The names and categories of the Directors on the Board, their attendance at Board Meetings and at Annual General Meeting held during the year and the number of Directorships and Committee Chairmanships/ Memberships held by them in other companies are given below:

Name of the Directors	Category	No of Board Meetings held during the Year 2011		Last AGM attended	No. of Directorships held in other Indian Public Limited Companies including as an alternate Director	Total No. of *Memberships/ Chairmanships of Committees of Directors held in other Indian Public Limited Companies
		Held	Attended			
Mr. Premchai Karnasuta (Chairman)	Non-Independent, Non- Executive	5	2	Yes	Nil	Nil
Mr. Pathai Chakorbundit (Vice Chairman)	Non-Independent, Non- Executive	5	3	No	Nil	Nil
Mr. D. E. Udawadia	Independent, Non- Executive	5	5	Yes	13	9 (includes 1 Chairmanship)
Mr. Per Hofvander	Independent, Non- Executive	5	5	Yes	Nil	Nil
Mr. D. P. Roy	Independent, Non- Executive	5	5	Yes	4	2
Mr. Peshwan Jehangir ¹	Independent, Non- Executive	5	5	Yes	Nil	Nil
Mr. Adun Saraban (Managing Director)	Executive	5	5	Yes	1	Nil

*Excludes membership / chairmanship of non-mandatory committees.
¹ceased to be a director w.e.f. 28.02.2012

(iii) Number of Board meetings held, dates on which held

Five (5) meetings of the Board were held during the Company's financial year ended 31st December, 2011. The dates on which the meetings were held are as follows: 14th January, 24th February, 28th April, 28th July and 27th October, 2011.

(iv) Code of Conduct

The Company has adopted Codes of Ethical Conduct for (a) Directors and Senior Management personnel and (b) Executive Directors and Employees of the Company. The Managing Director of the Company has given a declaration to the effect that all the Directors and Senior Management personnel of the Company have given their affirmation of compliance with the Codes of Ethical Conduct.

(v) During the year information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement had been placed before the Board.

3. Audit Committee

Audit Committee of the Directors was constituted by the Company in March 1994. Terms of reference of Audit Committee were last amended on 31st January, 2009.

(i) Composition, number of meetings held and attendance of Directors thereat

Audit Committee comprises three (3) non-executive directors of which two, namely Mr. Per Hofvander and Mr. D. E. Udawadia are Independent Directors. During the financial year ended 31st December, 2011 the Audit Committee had held four meetings. Meetings were held on 24th February, 28th April, 28th July and 27th October, 2011. Attendance of directors was as under:

Name of the Directors	No. of Meetings held	No. of Meetings attended
Mr. Per Hofvander, Chairman	4	4
Mr. D.E. Udawadia	4	4
Mr. Pathai Chakorbundit	4	2

Mr. Per Hofvander, the Chairman of Audit Committee, was present at the last Annual General Meeting.

Mr. R.C. Daga, Company Secretary, attended the meetings of Audit Committee held during the year 2011.

(ii) Terms of reference are broadly as under:

- Overview of the Company's financial reporting process and disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, fixation of the audit fees and also approval for payment of any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing with management the quarterly / annual financial statements before submission to the Board, focusing primarily on:

- Directors' Responsibility Statement to be included in Board's Report;
- any changes in accounting policies and practices;
- major accounting entries involving estimates based on exercise of judgment by management;
- qualifications in draft audit report;
- significant adjustment arising out of audit;
- compliance with accounting standards;
- any related party transactions as per Accounting Standard 18;
- compliance with listing and other legal requirements concerning financial statements;
- reviewing with the management, external and internal auditors, the adequacy of internal control system;
- reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- discussion with the internal auditors of any significant findings and follow-up thereon;
- reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board and
- looking into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Review the functioning of the Whistle Blower mechanism.
- The Minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

4. Subsidiary Company

As on 31st December, 2011, the Company has one wholly owned non material unlisted subsidiary namely ITD Cementation Projects India Limited. The Financial Statements are reviewed by the Audit Committee. All minutes of the meetings of the subsidiary are placed before the Company's Board regularly.

5. Remuneration Committee

Remuneration Committee of Directors was constituted in March 1994. Terms of reference of the Remuneration Committee were last amended on 26th October, 2010.

(i) Composition, names of members and Chairman and attendance during the year

Remuneration Committee comprises of four (4) Non-Executive Directors namely Mr.D.E. Udwardia, Mr. Premchai Karnasuta, Mr. Pathai Chakornbundit and Mr. Per Hofvander. Mr. D.E. Udwardia and Mr. Per Hofvander are Independent Directors. The Committee held two (2) meetings during the year 2011 i.e. on 24th February, 2011 and 27th October, 2011.

Name of the Directors	No. of Meetings held	No. of Meetings attended
Mr. D.E. Udwardia, Chairman	2	2
Mr. Premchai Karnasuta	2	-
Mr. Pathai Chakornbundit	2	1
Mr. Per Hofvander	2	2

(ii) Brief description of terms of reference

Committee to determine Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment from time to time. To determine the minimum remuneration to executive directors as required under Schedule XIII of the Companies Act, 1956.

(iii) Remuneration Policy

Remuneration Policy takes into account the remuneration trends for similar positions in national market within the same industry and across various industries with a view to attract and retain the right talent.

(iv) Details of Remuneration to the Directors

Executive Directors are paid remuneration by way of salary, commission, perquisites and retirement benefits as recommended by the Remuneration Committee and approved by the Board and shareholders of the Company.

The Company does not have any Stock Options Scheme.

No severance pay is payable on termination of appointments.

Non-executive Directors are paid remuneration by way of sitting fees for attending the meetings of the Board and Committees thereof. The remuneration of the Non-Executive Directors by way of commission is determined by the Board in terms of the special resolution passed by the shareholders at the Annual General Meeting held on 27th April, 2007.

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Non-Executive Directors do not hold any shares in the paid-up share capital of the Company.

The Company paid ₹14,60,732/- to M/s. Udwardia & Udeshi, Solicitors & Advocates, Mumbai, as fees for professional services that were provided by the said firm to the Company on specific legal matters entrusted to them from time to time. Mr. D. E. Udwardia is a partner of the above firm. The Board does not consider the firms' association with the Company to be of a material nature so as to affect the independence of judgement of Mr. D. E. Udwardia as a Director of the Company.

Details of remuneration payable to Executive and Non-Executive Directors of the Company for the year ended 31st December, 2011 are given below:

	Name of the Director	Service Contract Years/months	Salary ₹	Commission ₹	Perquisites and cost of providing furnished residential accommodation ₹	Retirement Benefits ₹	Total sitting fees ₹
(a)	Executive Director						
1.	Mr. Adun Saraban	40 months and 20 days from 12.08.2009 to 31.12.2012	2,640,000	800,000	2,684,000	316,800	NIL
Notes: (1) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. (2) Retirement benefits comprise Provident Fund and Gratuity.							
(b)	Non-executive Directors						
1.	Mr. D.E. Udwardia	-	NIL	200,000	NIL	NIL	115,000
2.	Mr. D. P. Roy	-	NIL	200,000	NIL	NIL	25,000
3.	Mr. Peshwan Jehangir	-	NIL	200,000	NIL	NIL	40,000
	Total	-	2,640,000	1,400,000	2,684,000	316,800	180,000

Notes: Sitting fees are paid for attendance by Non-Executive Directors at meetings of the Board and of Committees of the Board.

6. Shareholders Committee

6.A. Shareholders / Investors' Grievance Committee

Shareholders / Investors' Grievance Committee of Directors was constituted on 2nd March, 2001 in terms of Clause 49 of the Listing Agreement. Terms of reference of Shareholders / Investors' Grievance Committee were last amended on 11th January, 2010.

(i) Composition, names of members and attendance during the year

Shareholders/Investors' Grievance Committee comprises two (2) Directors and the Committee is headed by Mr. Pathai Chakornbudit, a Non-Executive Director. The Committee held two (2) meetings during the year 2011 on 24th February, 2011 and 28th July, 2011.

Name of the Directors	No. of Meetings held	No. of Meetings attended
Mr. Pathai Chakornbudit	2	2
Mr. Adun Saraban	2	2

(ii) Brief description of terms of reference

Shareholders/Investors' Grievance Committee to look into redressing of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, etc.

(iii) Number of shareholders' complaints received and resolved to the satisfaction of the shareholders

During the financial year ended 31st December, 2011, twenty-two (22) complaint letters were received from the shareholders which were replied/resolved to the satisfaction of shareholders. No complaints remained unresolved at the end of the year.

6.B. Share Transfer Committee

Share Transfer Committee of Directors was constituted in 1980. Terms of reference of Share Transfer Committee were last amended on 11th January, 2010. During the financial year ended 31st December, 2011 the Committee had twenty-four (24) meetings.

(i) Terms of reference

(a) The Committee is authorised to approve share transfers and transmissions, change and transposition of names, demat / remat of shares, rectification of entries, renewal/split/consolidation of share certificates and issue of duplicate share certificates and also to issue share certificates in respect thereof under the Common Seal of the Company.

(b) Quorum for a meeting shall be any two members present, except that the quorum for the purpose of authorising issue of duplicate certificates shall be any three (3) members present at the meeting.

(ii) Name and designation of Compliance Officer

Mr. R.C. Daga, Company Secretary, is the Compliance Officer.

(iii) Number of pending share transfers

As on 31st December, 2011 there was nil pending request/letter involving transfer of shares.

(iv) Pursuant to Clause 49 (iv)(G) of the Listing Agreement, the particulars of directors who are proposed to be appointed / re-appointed at the 34th Annual General Meeting ('AGM') have been provided in the notice of the said AGM.

7. General Body Meetings

- (i) Last three annual general meetings were held as under:

For Financial year ended	Date, Time and Location	Special Resolutions passed	
		Nos.	Nature
31.12.2010	27.04.2011 3.00 p.m Chavan Centre – Auditorium Yashwantrao Chavan Pratishthan, Mumbai.	None	
31.12.2009	27.04.2010 3.00 p.m Jaihind College, 'A' Road, Churchgate, Mumbai	None	
31.12.2008	29.04.2009 3.00 p.m Patkar Hall, S.N.D.T. Women's University, Mumbai	3	Payment of remuneration to the Executive Directors under Sections 198, 309 and other applicable provisions of the Companies Act, 1956.

- (ii) No special resolution was required to be passed through postal ballot last year and there is no proposal for this financial year.

8. Disclosures

- (i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

In the ordinary course of business, the Company participates in joint venture / consortium / subcontracting arrangements with the Promoter i.e. Italian-Thai Development Public Company Limited, Bangkok, Thailand, on identified projects based on customers' requirements and business considerations.

Work on such projects is performed by the Company and is paid for at market rates for similar work.

Necessary disclosures have been made in financial accounts in this regard under Related Party Transactions.

There were no transactions of material nature with the Directors or with bodies which have shareholding of management and their relatives during the year that may have potential conflict with the interests of the Company at large.

- (ii) Details of non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years: none
- (iii) Whistle Blower Policy
The Company has adopted Whistle Blowing and Prevention of Sexual Harassment Policy and Procedures and it affirms that no personnel has been denied access to the Audit Committee.
- (iv) The Company has complied with the mandatory requirements of the Clause 49 of the Listing Agreement.

- (v) CEO/CFO Certification

A Certificate from the CEO/CFO of the Company in terms of Clause 49(v) of the Listing Agreement was placed before the Board at its meeting held on 29th February, 2012 to approve the Audited Annual Accounts for the year ended 31st December, 2011.

9. Means of Communication

- (i) The quarterly Unaudited Consolidated Financial Results and Audited Annual Consolidated Financial Results are published in prominent daily newspapers. Such Financial Results were published in the Financial Express and Dainik Mumbai Lakshdeep. Quarterly Unaudited Standalone Financial Results and Audited Annual Standalone Financial Results are available on Company's website www.itdcem.co.in.
- (ii) Half yearly results are not sent to the shareholders. Annual Report and Financial Statements are sent to all the shareholders at their addresses registered with the Company.
- (iii) Code of Conduct is available on the Company's Website www.itdcem.co.in.
- (iv) Copy of the Chairman's statement circulated to the members of the Company at the Annual General Meeting of the shareholders is sent to all shareholders after the Meeting for information.
- (v) No presentations have been made to institutional investors or to analysts.
- (vi) Management Discussion and Analysis (MD&A)
Statement on Management Discussion and Analysis forms part of the Annual Report to the shareholders of the Company.

10. General Shareholders' information

- (i) Annual General Meeting

Date : 4th May, 2012

Time : 11.00 a.m.

Venue : Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Vachha Road, Mumbai - 400 020.

- (ii) Dates of Book Closure

The Company's Register of Members and Share Transfer Books will remain close from Friday, 27th April, 2012 to Friday 4th May, 2012 (both days inclusive).

- (iii) Financial Year of the Company

1st January to 31st December

- (iv) Date of Dividend Payment

Dividend for 2011, if any, that may be declared at the Annual General Meeting will be paid on 10th May, 2012.

- (v) Registered Office

1st Floor, Dani Wooltex Compound,
158, Vidyanagari Marg, Kalina, Santacruz (East),
Mumbai - 400 098.

ITD Cementation India Limited

(vi) Stock Exchanges

Shares of the Company are listed on Bombay Stock Exchange Limited, The Calcutta Stock Exchange Association Limited and National Stock Exchange of India Limited.

The listing fees for financial year 2011-2012 (upto 31.3.2012) of all these stock exchanges have been paid.

(vii) Stock Code

Bombay Stock Exchange Limited (BSE): 509496

The Calcutta Stock Exchange Association Limited (CSE): 30112

The National Stock Exchange of India Limited (NSE): ITDCEM

(viii) Market Price Data

Table below gives the monthly highs and lows of the Company's shares with corresponding Sensex at Bombay Stock Exchange Limited (BSE), showing performance of Company's share prices vis-a-vis BSE Sensex (closing):

High and Low prices of the Company's shares at BSE with corresponding BSE Sensex January to December 2011						
Months	High (₹)		Low (₹)		Close (₹)	
	ITD Cem price	BSE Sensex	ITD Cem price	BSE Sensex	ITD Cem price	BSE Sensex
January	258.85	20664.80	211.00	18038.48	211.30	18327.76
February	220.45	18690.97	174.00	17295.62	191.00	17823.40
March	239.00	19575.16	182.00	17792.17	194.35	19445.22
April	240.00	19811.14	191.05	18976.19	208.70	19135.96
May	220.00	19253.87	150.00	17786.13	159.90	18503.28
June	165.95	18873.39	145.00	17314.38	159.45	18845.87
July	177.50	19131.70	156.85	18131.86	169.60	18197.20
August	171.45	18440.07	142.00	15765.53	146.00	16676.75
September	159.00	17211.80	142.10	15801.01	147.10	16453.76
October	161.95	17908.13	138.05	15745.43	157.00	17705.01
November	170.00	17702.26	127.50	15478.69	133.20	16123.46
December	137.80	17003.71	111.00	15135.86	119.20	15454.92

(ix) Registrars and Share Transfer Agents

M/s. Karvy Computershare Private Limited, Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 are the Registrars and Share Transfer Agents of the Company.

(x) Share Transfer Systems

Share lodged for transfers are registered and duly transferred Share Certificates are despatched to the lodger within a period of thirty days from the date of receipt, if the documents are otherwise in order.

The Share Transfer Committee meets as often as possible to approve transfers and related matters as may be required by the Registrars and Share Transfer Agents.

(xi) Dematerialisation of Shares

The shares of the Company are in compulsory demat segment and are available for trading in the Depository System. Under the Depository System, the International Security Investigation Number (ISIN) allotted to the Company's name is INE686A01018.

As on 31st December, 2011, out of the 9918 shareholders 7746 shareholders have opted for dematerialisation of their shares aggregating to 11333407 shares i.e. around 98.42% of the total paid-up capital of the Company.

(xii) Shareholding Pattern as on 31st December, 2011

Particulars	No. of Shares held	Percentage to total share capital
Promoter – Italian-Thai Development Public Company Limited	8011318	69.57
General Public	2945022	25.58
Nationalised Banks	330	0.00
Mutual Funds	283946	2.47
Corporate Bodies	221599	1.92
NRI/OCB/FII	50779	0.44
Clearing Members	2796	0.02
Total	11515790	100.00

(xiii) Distribution of Shareholdings as on 31st December, 2011

No. of Equity Shares	No. of Share holders	% of Shareholders	No. of Shares	% of Shares
1-500	9214	92.90	978262	8.49
501-1000	378	3.81	276399	2.40
1001-2000	164	1.66	238055	2.07
2001-3000	47	0.48	122771	1.07
3001-4000	33	0.33	116739	1.01
4001-5000	19	0.19	87972	0.76
5001-10000	33	0.33	233290	2.03
10001 & above	30	0.30	9462302	82.17
Total	9918	100.00	11515790	100.00

(xiv) Investor correspondence

All enquiries, clarifications and correspondence should be addressed to Registrars and Share Transfer Agents or to the Compliance Officer at the following addresses:

Registrars and Share Transfer Agents:	Compliance Officer:
Karvy Computershare Private Limited Unit: ITD Cementation India Limited Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081. Tel: +91 40 44655000 Fax: +91 40 23420814 Emails: einward.ris@karvy.com svraju@karvy.com	Mr. R.C. Daga Company Secretary ITD Cementation India Limited 1 st Floor, Dani Wooltex Compound, 158, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai - 400 098. Tel : + 91 22 66931600/67680600 Fax: + 91 22 66931628/67680841 Emails: rc.daga@itdcem.co.in investors.relation@itdcem.co.in
and/or Branch Office at: 7, Andheri Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai - 400 053. Tel: +91 22 2673 0153 / 2673 0799 Fax: +91 22 2673 0152 Email: mumbaiandheri@karvy.com	

Certificate of Compliance with the Corporate Governance requirements under Clause 49 of Listing agreement

Auditors' Certificate

To

The Members of ITD Cementation India Limited

We have examined the compliance of conditions of corporate governance by ITD Cementation India Limited, ('the Company') for the year ended on December 31, 2011, 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 was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For S.R. Batliboi & Associates
Firm registration number: 101049W
Chartered Accountants

Per Amit Majumdar
Partner
Membership No.: 36656

Mumbai
February 29, 2012

ITD Cementation India Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Company Review

As a leading player in the Engineering, Procurement and Construction (EPC) area of the construction industry and with a presence in India since 1931, your Company is involved in construction of a wide variety of structures like maritime structures, mass rapid transport systems (MRTS), dams & tunnels, airports, highways, bridges & flyovers and other foundations and specialist engineering work.

Indian Economy

According to the latest economic data released by the Central Statistical Organisation, the estimated Gross Domestic Product (GDP) growth in 2011-12 is 6.9% against the 8.4% growth achieved last year.

In the Second Quarter Review (SQR) of October, 2011, the Reserve Bank of India (RBI) projected a GDP growth of 7.6% for 2011-2012, with significant downward risks. RBI in its Monetary Quarterly Report (MQR) of December, 2011 had indicated that the GDP growth will be affected due to risks, such as increase in global uncertainty, weak industrial growth, slowdown in investment activity and deceleration in resource flow to the commercial sector.

According to Press Information Bureau (PIB), Quarterly GDP at factor cost at constant (2004-2005) prices for Q2 of 2011-2012 is estimated at ₹1,227,254 crore as against ₹1,148,472 crore in Q2 of 2010-2011, showing a growth rate of 6.9% over the corresponding quarter of previous year.

Headline wholesale price index (WPI) inflation, which averaged 9.7% (y-o-y) during April, 2011-October, 2011, moderated to 9.1% in November, 2011 and further to 7.5% in December, 2011 and to 6.55% in January, 2012. The decline in inflation was driven largely by a reduction in primary food and non food articles inflation. Fuel group inflation remained high at 14.9% in December, 2011, reflecting the impact of high global crude oil prices and rupee depreciation.

RBI cumulatively raised cash reserve ratio (CRR) by 100 basis points and the policy rate (the repo rate) by 375 basis points in order to curtail inflation. This has resulted in increase in interest rates and slowdown in growth.

Industrial Structure and Developments – Construction

The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has in its report stated that the construction sector is estimated to show a growth rate of 4.8% during 2011-2012 as against growth of 8% in the previous year.

With improvement in macroeconomic conditions and the growing emphasis of the Government of India (GoI) on improving infrastructure in the country, construction companies have benefited in the past few years. However, during the year 2011, the infrastructure sector has had to face twin challenges of lower order flow coupled with rising interest rates, leading to shrinking order backlog and decline in profitability.

In order to sustain the economic growth momentum, GoI has been focusing on increasing infrastructure investment in the

last few Five Year Plans. Accordingly, total investment planned in the infrastructure sector during the Twelfth Five Year Plan is estimated to be double that in the Eleventh Five Year Plan.

Opportunities

The Planning Commission has projected the investment requirement for the Infrastructure Sector for the Twelfth Five Year Plan (2012 – 2017) (Twelfth Plan) to be of the order of ₹4,099,240 crore, which cannot be met by the public sector alone due to fiscal constraints. This poses a mammoth financing task. The Twelfth Plan will need to be funded by both public and private sectors. Despite the increase in participation of the private sector in bridging the infrastructure gap, public investment still has to play a significant role.

The Planning Commission in its paper on Issues for the Approach to the Twelfth Plan has proposed a growth target of 9.0% – 9.5%.

The Ministry of Finance expects the overall economy to grow in 2012-13 at a faster rate than during the current year, although not substantially higher.

Infrastructure including ports, urban infrastructure, airports, roads, irrigation and power, has emerged as an asset class with long term growth.

Ports

According to projections made by the Ministry of Shipping, overall traffic at all ports (including minor ports) is expected to grow at a Compound Annual Growth Rate (CAGR) of 9%, from 761 million MT in 2008-09 to 1166 million MT in 2013-14. These projections are lower than the figures projected by the Task Force on Financing Plan due to the fact that the growth rate is expected to be slower than the previous 5-year period, where the CAGR was 11.5%, in an exceptionally strong economic environment. This growth will be led by coal and container traffic. Major and Non-Major Ports will continue to experience growth in traffic in next few years, with the latter likely to witness a higher growth rate of 16.1% whereas Major Ports are likely to grow at a CAGR of 5.3%.

Traffic at Major Ports is expected to grow from 530 million MT in 2008-09 to 673 million MT in 2013-14. On the other hand, traffic at Non-Major Ports is expected to grow from 231 million MT in 2008-09 to 493 million MT in 2013-14. In terms of share in total traffic, Non-Major Ports are expected to grow from 30% in 2008-09 to 41% by 2013-14.

Maritime Agenda has set a target of 3130 MT Port capacity for the year 2020. More than 50% of this capacity is to be created in Non-Major Ports. The total proposed investment in Major and Non-Major Ports by 2020 is expected to be around ₹296,000 crore. Most of this investment is expected from the private sector.

MRTS/Urban Infrastructure

The urban sector has historically suffered and has been neglected over the years, with policy and resources directed mainly towards the rural sector. However, with nearly 70% of GDP contributed by the urban sector, and the recent population projections of India moving towards 40% of urbanization in the coming decades, there is a clear need to focus attention towards the urban sector. Recently a Report on Indian Urban Infrastructure and Services

(2011) of High Powered Expert Committee of Gol has estimated urban investment requirements for the 20 year period from 2012–2013 to 2031–2032 at ₹3,918,670 crore which includes investment of ₹449,426 crore on mass transit. The Working Group estimates that about 13–23% of the total investment requirement over the next Plan Period can potentially come through PPPs including annuity models.

According to India Infrastructure Research, investments of over ₹161,200 crore are planned for rail-based mass transit projects by 2021. This includes investment for implementation of monorail systems in Delhi and Bangalore and light rail system in Kolkata.

Airports

Passengers carried by domestic airlines during January, 2011 - November, 2011 were 55.03 million as against 46.81 million during the corresponding period in the previous year thereby registering a growth of 17.6%, according to data released by Directorate General of Civil Aviation (DGCA). Planning Commission in its Report on Civil Aviation for formation of the Twelfth Plan stated that passenger terminal capacity in all airports put together is expected to be 370 million by 2017 as per investment plans of the operators. Estimates received from Airport Authority of India and the industry indicate that Indian airports would require an investment of ₹67,500 crore during the Twelfth Plan of which around ₹50,000 crore is likely to be contributed by the private sector. Air traffic forecast projects the domestic and international cargo growth at 12% and 10% respectively during the Twelfth Plan. Cargo growth presently being witnessed will necessitate investment in specialized cargo terminals and equipments. Thus, growth in passenger and cargo traffic requires significant investments in terms of construction of new airports, expansion and modernisation of existing airports, improvement in connecting infrastructure (road, metro, sea link, etc.) and better airspace management.

Roads

India's roads are already congested, and getting more so. Annual growth is projected at over 12% for passenger traffic and over 15% for cargo traffic. India has an extensive road network of 4.24 million km – the second largest in the world. The National Highways have a total length of 71,772 km and carries over 40% of the total traffic across the length and breadth of the country.

Ministry of Roads, Transport and Highways (MORT&H) has prepared a Master Plan for the National Expressways Network for a total length of about 18,637 km. This is in addition to the initiatives taken up under National Highway Development Programme (NHDP). NHDP is being implemented under several phases.

The Working Group on road sector for Twelfth Plan in its report stated that ongoing phases of NHDP – I, II, III and V involving upgradation to four or more lanes of about 32,750 km to be completed within the Twelfth Plan at an estimated fund requirement of ₹323,774 crore. Further it is proposed that existing National Highway Network of 71,772 km may be increased to about 85,000 km in the Twelfth Plan, for the development of regions which are currently not connected by National Highways.

For the first time, a Tribal Sub-Plan (TSP) component was included in the Central Roads Sector Scheme of MORT&H at the behest of Planning Commission and Ministry of Tribal Affairs. During the Twelfth Plan, Phase I of the programme would require a budgetary investment of ₹2,400 crore to develop 2,200 km length of roads.

Irrigation

Irrigation use is the most critical parameter in water management. The Planning Commission has constituted Steering Committee and Working Groups related to water resources and sanitation and on Major & Medium Irrigation and Command Area Development for the Twelfth Plan. The Working Group identified new proposals for 28 major, 32 medium and 25 Environmental Resources Management (ERM) projects to be taken up in the Twelfth Plan at an estimated cost of ₹37,672 crore. In addition to the new projects, the number of projects likely to spill over into the Twelfth Plan works out to 337 including 155 major, 147 medium and 35 ERM projects. The overall financial requirements for the major, medium and ERM projects have been assessed as ₹184,000 crore during the Twelfth Plan. Major contract opportunities will come from the construction of water treatment plants, sewerage treatment plants, dams, stormwater drains, pumping stations and motor houses.

Power

The Central Electricity Authority (CEA) has assessed the requirement of additional capacity during the Twelfth Plan at 90,000 MW to meet all India peak demand and energy requirements to the Twelfth Plan. This includes the commissioning of hydro capacity of 30,920 MW. Out of 30,920 MW, commissioning of additional hydro capacity of 25,316 MW seem feasible during the Twelfth Plan period. The fund requirements for commissioning of 25,316 MW hydro capacity would be of the order of ₹82,972 crore.

OUTLOOK

Your Company has gained from the successful execution of underground and elevated sections of metro projects at Delhi, which has helped it to obtain other similar projects at Jaipur, Kolkata and Bangalore.

Your Company has a significant presence in marine projects, mass rapid transport system (MRTS), airports, roads and foundation and specialist engineering. This has resulted in award of prestigious marine contracts from Lavgan and Mundra and a large road project in Maharashtra.

However, the pressure of high interest rates that prevailed throughout last year is likely to continue at least during the first half of the current year. The upward trend in commodity prices is also likely to continue during the year ahead. For your Company, lack of orders during the year under report, is also a cause of concern.

Nevertheless, the medium and long term scenario seems to be positive. Gol is emphasizing infrastructure projects. As stated above, total planned investment in infrastructure sector during the Twelfth Plan is estimated to be twice that in the Eleventh Five Year Plan. Your Company, therefore, looks forward with cautious optimism to a period of growth.

ITD Cementation India Limited

Threats, Risks and Concerns

The construction industry is an integral part of the economy, contributing more than 8% to the GDP. It is the second largest employer (33 million people) after the agriculture sector. However, many key issues have constrained development of this industry and it is imperative to address these issues. The implementation of infrastructure projects is often affected by a series of pre-construction and post construction delays.

- Delays in pre-construction and post-construction activities.
Delays in pre-construction and post-construction activities such as land acquisition, statutory clearance including environment and forest clearance, right-of-way, shifting of utilities, rehabilitation / resettlement issues, frequent changes in project design and law and order problems, have resulted in losses and delays in commissioning and execution of projects.
- Deficiencies in contract documents.
Contract documents are drafted on age old norms and are in need of modernisation.
- Delay in decision making process.
Delays in decision making on matters such as technical / design related issues, change of methodology, settlement of extra items or deviations, resolving disputes with contractors, etc., delay construction and cause cost overruns.
- Limited availability of skilled and unskilled manpower.
There is an acute shortage of both skilled and unskilled manpower. The industry as a whole needs to focus on skill enhancement. More vocational training institutes are required to be set up for imparting training to unskilled labour, at least at a basic level of education.
- Inflation.
The country has had to bear the brunt of inflation, particularly in food and fuel. Tightening of monetary supply by RBI has resulted in higher interest rates which in turn increased production costs and have affected capital accumulation. Further, rupee depreciation has resulted in increase in cost of imported capital goods.

Internal Control Systems

The Company has in place an internal control system commensurate with its size and nature of business. In accordance with the internal policy of the Company, delegation of authority is exercised at various levels of management. An internal audit cell operating through the year conducts audits to test the adequacy of internal systems and suggest continual improvements.

Internal Audit reports, progress in improvement action and adequacy of internal controls are reviewed by the Board's Audit Committee on a regular basis.

Financial Performance

Your Company's performance for 2011 compared with the earlier two years is as under:

	(₹ crore)		
	2011	2010	2009
Total Revenue	1,297.45	1,071.93	979.67
Profit before Tax	22.03	12.23	7.66

Total Revenue for the year was ₹1,297.45 crore as compared to ₹1,071.93 crore last year, an increase of 21% over the previous year. Profit before tax increased from ₹12.23 crore to ₹22.03 crore showing an increase of 80% over the previous year. The increase in profit before tax was primarily due to improved contribution especially from marine, foundation and specialist projects.

The work-in-hand as on 31st December, 2011 works out to approximately ₹2,907 crore including share in joint venture projects.

Consolidated Financial Performance:

Consolidated financial result for 2011 compared with earlier two years is as under:

	(₹ crore)		
	2011	2010	2009
Total Revenue	1,712.19	1,462.16	1474.64
Profit before Tax	28.17	20.75	15.91

The Consolidated profit before tax for the year was ₹28.17 crore compared to profit before tax of ₹20.75 crore for the year 2010, an increase of 36%.

Human Resources Development and Safety

This is a focus area for your Company's operations as its employees are a key asset. Your Company encourages a performance oriented culture through employee appraisal systems leading upto succession planning, training needs and skill enhancement programs. Your Company believes in providing a professional, congenial, safe and environment friendly work place coupled with opportunities for personal growth and development. Your Company strives to make construction sites injury free. As on 31st December, 2011, there were 1752 employees in your Company's regular employment and 1610 employees on project based engagement.

Caution Note

The statement in management discussions and analysis describing your Company's operations and expectations are "forward looking statements". Actual results may differ owing to environmental dynamics.

AUDITORS' REPORT

To

The Members of ITD Cementation India Limited

1. We have audited the attached balance sheet of ITD Cementation India Limited ('the Company') as at December 31, 2011 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. 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 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. As required by the Companies (Auditor's Report) Order, 2003 (as amended) 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. Without qualifying our report, we draw attention to :
 - i. Schedule 20 (x)(a) and (b) of the financial statements which states that sundry debtors at December 31, 2011 include Rs. 1,449 lakhs (previous year Rs. 2,964 lakhs) relating to price escalation and variation claims which are disputed by the customer. These claims are in various stages of litigation and the realisability of these amounts is dependent upon these matters being finally resolved in favour of the Company.
 - ii. Schedule 20(xi) of the financial statements which states that work-in-progress at December 31, 2011 includes Rs 2,757 lakhs (previous year Rs 2,757 lakhs) in respect of a contract which has been rescinded by the Company and Rs 5,929 lakhs (previous year Rs 5,929 lakhs) in respect of another contract where the Company has received a notice from the customer withdrawing from the Company the balance works to be executed under the contract; besides the Company has also issued guarantees aggregating Rs. 616 lakhs (previous year Rs 616 lakhs) and Rs. 2,227 lakhs (previous year Rs. 2,227 lakhs) for these contracts respectively. The Company has made claims against the customer to recover these amounts and intends to pursue these matters, if necessary, through legal action. Based upon legal advice received, management is reasonably confident of recovery of these amounts of work in progress and consequently no changes have been made to the values and classification of these amounts in the financial statements. The recovery of these amounts is dependent upon these matters ultimately being resolved in favour of the Company.
5. Further to our comments in the Annexure referred to above, we report that:
 - i. 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;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on December 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December

ITD Cementation India Limited

31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- vi. a. *As described in Schedule 20(xii) to the financial statements, sundry debtors at December 31, 2011 include variation claims of Rs. 3,455 lakhs (previous year Rs. 3,910 lakhs) which are disputed by the customer. Out of this, claims amounting to Rs. 2,346 lakhs (previous year Rs. 2,346 lakhs) are a subject matter of arbitration. The Company has received arbitration awards in its favour in respect of the balance amount of Rs. 1,109 lakhs (previous year Rs. 1,564 lakhs) which have since been challenged by the customer (previous year Rs. 1,109 lakhs challenged by the customer). Our audit report on the financial statements for the year ended December 31, 2010 was also qualified in respect of this matter;*
- b. *As described in Schedule 20(xiii) to the financial statements, sundry debtors at December 31, 2011 include Rs. 3,384 lakhs (previous year Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification. Our audit report on the financial statements for the year ended December 31, 2010 was also qualified in respect of this matter;*
- c. *In our view there is an uncertainty in respect of realisability of the claims and receivables described in paragraphs vi (a) and (b) above. Accordingly, pending the ultimate outcome of these disputes, arbitration and related matters and certification, we are unable to comment on the adjustments, if any, that may be necessary to revenue, sundry debtors, the profit before tax, reserves and earnings per share reported in the financial statements for the years ended December 31, 2011 and December 31, 2010;*
- vii. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in the manner so required and, *subject to our comments in paragraph 5 (vi) above, the impact of which on the financial statements cannot be ascertained*, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2011;
 - (b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai

February 29, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: ITD Cementation India Limited ('the Company')

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
 - (c) There was no substantial disposal of fixed assets during the year.
- (ii)
 - (a) The inventory comprising of construction material, tools and equipments and machinery spares has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory of construction material, tools and equipments and machinery spares. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- (iii) As informed, the Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clause 4(iii)(a) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v)
 - (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the services rendered by the Company.
- (ix)
 - (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the Company.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - (c) According to the records of the Company, there are no dues of wealth-tax, service tax, customs duty and cess which have not been deposited with the appropriate authorities on account of any dispute. According to information and explanations given to us, the following are the outstanding dues of sales tax, excise duty, service tax and income tax that have not been deposited by the Company on account of a dispute:

ITD Cementation India Limited

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act / Works Contract Tax Act	Tax	1,659,990	Year ended March 31, 1995	Revision Board (Tribunal) Kolkatta
Sales Tax Act / Works Contract Tax Act	Tax	33,914	Year ended March 31, 2004	Assistant Commissioner of Sales Tax
Sales Tax Act / Works Contract Tax Act	Tax and Penalty	2,255,469	Year ended March 31, 2005	Assistant Commissioner of Commercial Taxes
Sales Tax Act / Works Contract Tax Act	Tax	408,950	Year ended March 31, 1998	Deputy Commissioner of Commercial Taxes
Sales Tax Act / Works Contract Tax Act	Tax	18,500	Year ended March 31, 2006	Assistant Commissioner, Rajasthan
Sales Tax Act / Works Contract Tax Act	Penalty	15,450	Year ended March 31, 2000	Assistant Commissioner of Commercial Taxes
Sales Tax Act / Works Contract Tax Act	Tax	4,236,447	Year ended March 31, 2007	Excise and Taxation Officer, Punjab
Sales Tax Act / Works Contract Tax Act	Tax	3,196,927	Year ended March 31, 2005	Assistant Commissioner of Commercial Taxes, Bihar
Sales Tax Act / Works Contract Tax Act	Tax	5,667,105	Year ended March 31, 2007	Deputy Commissioner of Commercial Taxes, West Bengal
Sales Tax Act / Works Contract Tax Act	Tax	1,112,354	Year ended March 31, 2004	Commercial Tax Officer, Tamil Nadu
Sales Tax Act / Works Contract Tax Act	Tax	295,916	Period from April 1, 2007 to March 31, 2009	Commercial Tax Officer, Tamil Nadu
Sales Tax Act / Works Contract Tax Act	Tax	2,254,954	Year ended March 31, 2004	Asst Commissioner of Commercial Taxes, Bihar
Sales Tax Act / Works Contract Tax Act	Tax	26,325,047	Year ended March 31, 2008	Commercial Tax Officer, West Bengal
Central Sales Tax	Tax	49,788	Year ended March 31, 2008	Commercial Tax Officer, West Bengal
Sales Tax Act / Works Contract Tax Act	Tax	152,480,520	Period from March 2007 to September 2010	Deputy Commissioner of Commercial Taxes, Andhra Pradesh
Sales Tax Act / Works Contract Tax Act	Penalty	75,438,787	Period from March 2007 to September 2010	Assistant Commissioner of Commercial Taxes, Andhra Pradesh
Sales Tax Act / Works Contract Tax Act	Tax	3,252,481	Year ended March 2009	Assistant Commissioner of Commercial Taxes, Bihar
Sales Tax Act / Works Contract Tax Act	Tax	20,076	Period from April 2007 to December 2007	Assistant Commissioner of Commercial Taxes, Uttar Pradesh
Sales Tax Act / Works Contract Tax Act	Tax	136,241,989	Year ended March 2008	Excise and Taxation Officer, Haryana
Sales Tax Act / Works Contract Tax Act	Tax	4,528,910	Year ended March 2006	Joint Commissioner of Commercial Taxes, Bihar
Sales Tax Act / Works Contract Tax Act	Tax	2,890,752	Year ended March 2009	Deputy Commissioner of Commercial Taxes, West Bengal
Central Excise Duty	Duty	5,169,538	Period from May 1998 to January 1999	Commissioner of Central Excise
Income Tax Act, 1961	Tax demanded on assessment u/s 144	53,030,830	Year ended March 31, 2004	Commissioner of Income Tax – (Appeals)
Income Tax Act, 1961	Tax demanded on assessment u/s 143(3)	151,511,711	Year ended March 31, 2005	ITAT

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax demanded on assessment u/s 144	21,746,692	Year ended March 31, 2006	ITAT
Income Tax Act, 1961	TDS tax demanded on assessment	7,737,391	Year ended March 31, 2007 to March 31, 2009	Commissioner of Income Tax – (Appeals)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to its bankers or financial institutions. The Company did not have any outstanding debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by an unincorporated joint ventures of which the Company is a member, from bank, the terms and conditions whereof, in our opinion, are not prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money from public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. Batliboi & Associates
 Firm Registration No. 101049W
 Chartered Accountants

per Amit Majmudar
 Partner
 Membership No.: 36656
 Mumbai
 February 29, 2012

ITD Cementation India Limited

Balance Sheet

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

	Schedules	2011	2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	1,151.58	1,151.58
Reserves and surplus	3	36,965.60	34,975.04
		<u>38,117.18</u>	<u>36,126.62</u>
Loan funds			
Secured loans	4	48,113.67	50,499.99
Unsecured loans	5	15,228.99	1,967.72
		<u>63,342.66</u>	<u>52,467.71</u>
		<u>101,459.84</u>	<u>88,594.33</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	1.3 & 6	39,457.54	32,227.11
Less: Accumulated depreciation		19,660.98	16,464.51
Net block		<u>19,796.56</u>	<u>15,762.60</u>
Capital work-in-progress (including capital advances)		332.90	1,192.82
		<u>20,129.46</u>	<u>16,955.42</u>
Investments	1.5 & 7	4,083.17	3,730.58
Deferred tax asset / (liabilities), (net)	8	758.00	-
Current assets, loans and advances			
Inventories	1.6 & 9	16,954.77	13,318.84
Unbilled work-in-progress	1.7	24,639.21	22,382.33
Sundry debtors	1.8 & 10	55,673.25	49,112.78
Cash and bank balances	1.16 & 11	2,305.41	3,477.79
Loans and advances	12	20,489.68	13,134.16
		<u>120,062.32</u>	<u>101,425.90</u>
Current liabilities and provisions			
Current liabilities	1.8 & 13	42,302.39	32,676.16
Provisions	14	1,270.72	841.41
		<u>43,573.11</u>	<u>33,517.57</u>
Net current assets		<u>76,489.21</u>	<u>67,908.33</u>
		<u>101,459.84</u>	<u>88,594.33</u>
Significant accounting policies	1		
Notes to accounts	20		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date
For S.R. Batliboi & Associates
 Firm registration number: 101049W
 Chartered Accountants

per Amit Majmudar
 Partner
 Membership No.: 36656

Mumbai
 February 29, 2012

For and on behalf of the Board of Directors
Adun Saraban *Managing Director*

P. Chakornbundit *Director*

S. Ramnath *Chief Financial Officer*

R. C. Daga *Company Secretary*

Mumbai
 February 29, 2012

Profit and Loss Account
for the year ended 31 December 2011
(Currency : Indian Rupee in lakhs)

	Schedules	2011	2010
INCOME			
Revenue	1.7 & 15	129,744.76	107,193.42
Company's share of profit (net of tax) of unincorporated joint ventures		542.28	1,424.04
Other income	16	748.18	956.29
		131,035.22	109,573.75
EXPENDITURE			
Site and administrative expenses	17	115,124.30	96,002.53
Interest and finance expenses	18	9,278.96	7,775.63
Depreciation	1.3 & 7	3,422.83	3,075.15
Provision for doubtful debts	19	1,006.47	1,496.95
		128,832.56	108,350.26
Profit for the year, before tax		2,202.66	1,223.49
Provision for taxation	1.11		
Current tax		(704.00)	(503.00)
Excess / (Short) provision for tax for earlier years		0.92	218.02
Deferred tax credit / (charge)		758.00	-
Net profit after tax		2,257.58	938.51
Profit and loss account, beginning of year		2,698.60	2,008.00
Corporate dividend tax written back		0.66	0.45
Amount available for appropriation		4,956.84	2,946.96
APPROPRIATIONS			
Transfer to general reserve		169.32	46.93
Proposed dividend		230.32	172.74
Tax on proposed dividend		37.36	28.69
Balance carried forward to balance sheet		4,519.84	2,698.60
		4,956.84	2,946.96
Basic and diluted earnings per share [Nominal value per share of Rs. 10/- each (2010 - Rs. 10/- each)]		19.60	8.15
Significant accounting policies	1		
Notes to accounts	20		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date
For S.R. Batliboi & Associates
 Firm registration number: 101049W
 Chartered Accountants

per Amit Majmudar
 Partner
 Membership No.: 36656

Mumbai
 February 29, 2012

For and on behalf of the Board of Directors
Adun Saraban *Managing Director*

P. Chakornbundit *Director*

S. Ramnath *Chief Financial Officer*

R. C. Daga *Company Secretary*

Mumbai
 February 29, 2012

ITD Cementation India Limited

Cash Flow Statement

for the year ended 31 December, 2011

(Currency: Indian Rupee in lakhs)

	2011	2010
Cash flow from operating activities		
Net profit before taxation	2,202.66	1,223.49
Adjustments for:		
Depreciation	3,422.83	3,075.15
Interest and finance expenses	9,278.96	7,775.63
Interest income	(331.81)	(362.38)
Provision for doubtful debts	1,006.47	1,496.95
Provision for doubtful advances	-	(1.51)
Profit on sale of fixed assets (net)	(7.91)	(41.05)
Share of profit in Joint Ventures	(542.28)	(1,424.04)
Sundry balances written back	(73.06)	(22.20)
Operating profit before working capital changes	14,955.86	11,720.04
Movement in working capital		
Decrease/(Increase) in Inventories	(3,635.93)	(1,168.78)
Decrease/(Increase) in Sundry debtors	(7,566.93)	(9,295.81)
Decrease/(Increase) in Unbilled work in progress	(2,256.89)	700.89
Decrease/(Increase) in Loans and advances	(8,540.79)	2,436.66
Increase/(Decrease) in Trade creditors and other liabilities	9,521.85	4,511.36
Increase/(Decrease) in Provisions	363.06	31.81
Cash generated from operations	2,840.23	8,936.17
Direct taxes (paid) / refunds received	482.18	2,183.75
Net cash generated from operating activities	3,322.41	11,119.92
Cash flow from investing activities		
Purchase of investment	-	(0.26)
Proceeds from investment in joint venture	189.69	-
Purchase of fixed assets	(6,660.93)	(4,036.23)
Sale of fixed assets	71.97	65.33
Fixed deposit with bank (maturity beyond three months)	(185.00)	(0.97)
Proceeds from fixed deposit with bank (maturity beyond three months)	16.79	-
Interest received	331.81	362.38
Net cash used in investing activities	(6,235.67)	(3,609.75)
Cash flow from financing activities		
Proceeds from / (Repayment of) short term borrowings from banks (net)	5,920.13	4,236.53
Proceeds from short term borrowings from financial institution	3,000.00	3,000.00
Repayment of short term borrowings from financial institution	(3,000.00)	(3,000.00)
Proceeds from long term borrowing	5,000.00	-
Repayment of long term borrowings	(111.11)	(1,444.45)
Interest and finance expenses paid	(9,036.13)	(7,754.31)
Dividend paid	(171.53)	(114.97)
Tax on distributed profits	(28.69)	(19.57)
Net cash inflow / (outflow) from financing activities	1,572.67	(5,096.77)
Net increase / (decrease) in cash and cash equivalents	(1,340.59)	2,413.40
Cash and cash equivalents, beginning of year	3,461.00	1,047.60
Cash and cash equivalents, end of year*	2,120.41	3,461.00
* includes Rs. 3.99 lakhs (2010 – Rs. 3.44 lakhs) are not available for use by the Company as they represent corresponding unpaid dividend liabilities. Reconciliation of cash and bank balances in the balance sheet with the amounts considered above is summarised below:		
Cash and bank balances	2,305.41	3,477.79
Less: Fixed deposit with bank (maturity beyond three months)	185.00	16.79
	2,120.41	3,461.00
As per our report of even date For S.R. Batliboi & Associates Firm registration number: 101049W Chartered Accountants per Amit Majmudar Partner Membership No.: 36656 Mumbai February 29, 2012	For and on behalf of the Board of Directors Adun Saraban <i>Managing Director</i> P. Chakornbundit <i>Director</i> S. Ramnath <i>Chief Financial Officer</i> R. C. Daga <i>Company Secretary</i> Mumbai February 29, 2012	

Schedules forming part of the Balance Sheet and the Profit and Loss Account

as at 31 December 2011

1 Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements are prepared under the historical cost convention, on an accrual basis of accounting. The accounting policies applied are consistent with those used in the previous year.

1.2 Accounting estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.3 Fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation is provided as per the written-down value method for assets acquired on or after April 1, 1993, and as per the straight-line method for assets acquired up to March 31, 1993. On additions and disposals, depreciation is provided for from/upto the date of addition/disposal. The rates of depreciation are determined on the basis of

useful lives of the assets estimated by the management, which are at rates specified in schedule XIV to the Companies Act, 1956.

Leasehold improvements are depreciated over the lease period of 5 years, which is lower of the period of the lease or their estimated useful lives as determined by management.

1.4 Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.
- ii. Depreciation on impaired assets is provided on the revised carrying amount of the assets over its remaining useful life.
- iii. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

1.5 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

ITD Cementation India Limited

Schedules forming part of the Balance Sheet and the Profit and Loss Account (Continued)

as at 31 December 2011

1.6 Inventories

Construction materials are valued at cost. Identified direct materials remaining on completion of contract are valued at their estimated scrap value. Cost is determined on a first-in, first-out method and comprises the purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities).

Tools and equipment are stated at cost less the amount amortised. Tools and equipment are amortised over their estimated useful lives ranging from 3 to 10 years. Cost is determined by the weighted average method.

Machinery spares are valued at lower of cost and net realisable value. Cost is determined by the weighted average method.

1.7 Revenue recognition

– On contracts

Contracts are either of fixed contract price or of fixed rate per unit of output and are at times subject to price escalation clauses. Revenue from contracts is recognised on the basis of percentage completion method, the level of completion depends on the nature and type of each contract and is measured based on the physical proportion of the contract work including:

- Unbilled work-in-progress valued at lower of cost and net realisable value upto the stage of completion. Cost includes direct material, labour cost and appropriate overheads; and
- Amounts recoverable in respect of the price and other escalation, bonus claims adjudication and variation in contract work required for performance of the contract to the extent that it is probable that they will result in revenue.

In addition, if it is expected that the contract will make a loss, the estimated loss is provided for in the books of account.

Contractual liquidated damages, payable for delays in completion of contract work or for other causes, are accounted for as costs when such delays and causes are attributable to the Company or when deducted by the client.

– On insurance claims

Insurance claims are recognized as revenue based on certainty of receipt.

1.8 Advances from customers, progress payments and retention

Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract.

Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed.

Amounts retained by the customers until the satisfactory completion of the contracts are recognised as receivables. Where such retention has been released by customers against submission of bank guarantees, the amount so released is adjusted against receivable from customers and the value of bank guarantees is disclosed as a contingent liability.

1.9 Foreign currency transactions

i. Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are reported using the closing rate. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii. Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Schedules forming part of the Balance Sheet and the Profit and Loss Account (Continued)

as at 31 December 2011

Exchange differences arising in respect of fixed assets acquired from outside India before accounting period commencing on or after December 7, 2006 are capitalized as a part of fixed asset.

- iv. Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the profit and loss account in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

1.10 Retirement and other employee benefits

Retirement benefits in the form of superannuation is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. The Company does not have any other obligations in respect of superannuation.

The Company has a provident fund scheme, a defined benefit plan, for employees and a group gratuity and life assurance scheme for employees. The Life assurance scheme is the gratuity benefits payable towards unexpired period of service in case of death. The group gratuity and life assurance scheme are defined benefit obligations and are provided for, on the basis of an independent actuarial valuation on projected unit credit method made at the end of each financial year.

Provision for leave encashment, is made based on an independent actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

1.11 Taxation

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

ITD Cementation India Limited

Schedules forming part of the Balance Sheet and the Profit and Loss Account (Continued)

as at 31 December 2011

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

1.12 Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

1.13 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liability is disclosed in case of:

- i. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.

- ii. a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized nor disclosed.

Contingent Liabilities and Contingent Assets are reviewed at each balance sheet date.

1.14 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.15 Accounting for Joint Venture Contracts

In respect of contract executed in Integrated Joint Ventures under profit sharing arrangement (assessed as AOP under Income Tax laws), the services rendered to the Joint Ventures is accounted as income on accrual basis. The share of profit / loss is accounted based on the audited financial statements of Joint Ventures and is reflected as Investments.

1.16 Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Schedules forming part of the Balance Sheet (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

	2011	2010
2 SHARE CAPITAL		
Authorised		
1,50,00,000 (2010 – 1,50,00,000) equity shares of Rs.10/ – each	1,500.00	1,500.00
6,00,00,000 (2010 – 6,00,00,000) redeemable preference shares of Rs.10/ – each	6,000.00	6,000.00
	7,500.00	7,500.00
Issued		
1,15,18,316 (2010 – 1,15,18,316) equity shares of Rs.10/ – each	1,151.83	1,151.83
Subscribed, called and fully paid-up		
1,15,15,790 (2010 – 1,15,15,790) equity shares of Rs.10/ – each	1,151.58	1,151.58
Of these shares:		
80,11,318 (2010 – 80,11,318) equity shares of Rs.10/ – each are held by Italian-Thai Development Public Company Limited, Thailand (ITD), the holding company.		
17,60,220 (2010 – 17,60,220) equity shares of Rs.10/ – each have been allotted as fully paid-up bonus shares by way of capitalisation of the general reserve.		
Note:		
2,526 (2010 – 2,526) equity shares of Rs.10/ – each have been kept in abeyance pending final settlement in respect of shares issued in rights issue.		
3 RESERVES AND SURPLUS		
Securities premium account	31,957.39	31,957.39
General reserve		
Balance brought forward	319.05	272.12
Add: Transfer from profit and loss account	169.32	46.93
	488.37	319.05
Profit and loss account balance	4,519.84	2,698.60
	36,965.60	34,975.04
4 SECURED LOANS		
From Banks		
- Working capital demand loan	1,507.60	1,506.99
- Overdraft – repayable on demand	37,867.30	39,539.54
- External commercial borrowings (Buyer's Credit) (entirely repayable in one year)	4,081.73	4,027.31
From Financial Institutions		
- Short term loan – repayable in one year	3,000.00	3,000.00
- Long term loan [repayable in one year Rs. Nil (2010 – Rs. 111.11 lakhs)]	-	111.11
Plant and vehicle loan [repayable in one year Rs. 841.25 lakhs (2010 – Rs. 847.63 lakhs)]	1,634.89	2,295.75
Interest accrued and due [on working capital demand loan Rs. 21.71 lakhs (2010 – Rs. 19.29 lakhs) and on overdraft Rs. 0.44 lakhs (2010 – Nil)]	22.15	19.29
	48,113.67	50,499.99
Security for Secured Loans:		
- Bank loans, Buyer's Credit & Long term loan from Financial Institution are secured by hypothecation of book debts, inventory, other current assets and movable plant and machinery, both present and future.		
- Plant and vehicle loans are secured by specific plant and vehicle respectively.		
- Short term loan from financial institution is secured by subservient charge on moveable plant and machinery, movable assets and current assets of the Company, both present & future also irrevocable and unconditional corporate guarantee by Italian-Thai Development Public Company Limited.		

ITD Cementation India Limited

Schedules forming part of the Balance Sheet (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

		2011	2010							
5	UNSECURED LOANS									
	From Banks									
	- Overdraft – repayable on demand	4,165.93	1,967.72							
	- Long term loan [repayable in one year Rs. Nil (2010 – Nil)]	5,000.00	–							
	- Other loan – repayable in one year	6,000.00	–							
	- Interest accrued and due (on other loans)	63.06	–							
		15,228.99	1,967.72							
6	FIXED ASSETS									
		Freehold land	Buildings	Plant and Machinery	Earth-moving Machinery	Office Equipment & Furniture	Vehicles	Leasehold Improvements	Total	Previous Year
	Gross Block									
	As at January 1, 2011	15.32	221.94	24,248.07	5,896.07	1,344.87	187.70	313.14	32,227.11	29,370.65
	Additions during the year	–	–	7,011.27	367.15	82.66	31.77	27.99	7,520.84	3,002.21
	Disposals during the year	–	–	(232.43)	(12.73)	(25.11)	(20.14)	–	(290.41)	(145.75)
	As at December 31, 2011	15.32	221.94	31,026.91	6,250.49	1,402.42	199.33	341.13	39,457.54	32,227.11
	Accumulated Depreciation									
	As at January 1, 2011	–	100.34	11,256.74	3,620.43	1,088.99	141.11	256.90	16,464.51	13,510.83
	Charge for the year	–	5.41	2,512.60	765.72	81.71	16.62	40.77	3,422.83	3,075.15
	Disposals during the year	–	–	(175.09)	(12.69)	(23.25)	(15.33)	–	(226.36)	(121.47)
	As at December 31, 2011	–	105.75	13,594.25	4,373.46	1,147.45	142.40	297.67	19,660.98	16,464.51
	Net block									
	As at December 31, 2011	15.32	116.19	17,432.66	1,877.03	254.97	56.93	43.46	19,796.56	15,762.60
	As at December 31, 2010	15.32	127.23	12,608.58	2,683.17	266.37	65.64	93.51	15,859.82	
	Note: Buildings include Rs. 0.09 lakhs (2010 – Rs. 0.09 lakhs) being the cost of shares in co-operative housing societies.									
7	INVESTMENTS	2011	2010							
	Long term (stated at cost):									
	A. In equity shares (unquoted, trade) of wholly owned subsidiary company									
	ITD Cementation Projects India Limited *	5.00	5.00							
	50,000 (2010 - 50,000) Equity Shares of Rs. 10/- each fully paid									
	B. In Unincorporated Joint Ventures (unquoted)									
	ITD Cemindia JV	(463.52)	(29.78)							
	ITD - ITDCem JV	2,827.88	2,380.54							
	ITD - ITDCem JV (Consortium of ITD - ITD Cementation)	1,713.55	1,374.56							
	Current investment (at lower of cost and market value):									
	AVR Infra Pvt. Ltd.	0.26	0.26							
	2,600 (2010 - 2,600) Equity Shares (unquoted, trade) of Rs. 10/- each fully paid									
		4,083.17	3,730.58							
	* Company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.									

Schedules forming part of the Balance Sheet (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

	2011	2010
INVESTMENTS (continued)		
The Company has a 80% share in ITD Cemindia JV, 49% share in ITD-ITDCem JV and 40% share in ITD-ITDCem JV (Consortium of ITD-ITDCementation). These joint ventures are jointly controlled entities formed in India. The extent of investment in these unincorporated joint ventures represents entirely the Company's share of profits /(losses) after tax in the joint ventures from inception to date, as reduced by the distribution of profit by the joint venture, if any.		
8 DEFERRED TAX ASSETS / (LIABILITIES), (net)		
Deferred tax liabilities		
Difference between book depreciation and depreciation under the Income tax Act, 1961	-	39.00
	-	39.00
Deferred tax assets		
Effect of expenditure debited to Profit and Loss Account but allowed for tax purposes in following years	744.00	39.00
Difference between book depreciation and depreciation under the Income tax Act, 1961	14.00	-
	758.00	39.00
Deferred tax assets / (liabilities), (net)	758.00	-
9 INVENTORIES		
Construction materials (at cost)	11,095.22	7,827.37
Tools and equipment (at amortised cost)	4,024.88	3,836.27
Machinery spares (at lower of cost and net realisable value)	1,834.67	1,655.20
	16,954.77	13,318.84
10 SUNDRY DEBTORS		
(unsecured)		
[refer notes 20 (x), (xii) & (xiii)]		
Debts outstanding for a period exceeding six months		
- Considered good	21,763.34	25,106.17
- Considered doubtful	1,340.53	1,569.50
	23,103.87	26,675.67
Less: Provision for doubtful debts	1,340.53	1,569.50
	21,763.34	25,106.17
Other debts, considered good	33,909.91	24,006.61
	55,673.25	49,112.78
Sundry debtors include:		
- Retention monies of Rs. 6,804.51 lakhs (2010 - Rs. 6,332.82 lakhs) due subsequent to completion of the contracts as per the contractual terms.		
- Debts outstanding for a period not exceeding six months include receivable from Italian Thai Development Public Company Limited, Thailand, the holding company, Rs. 63.00 lakhs (2010 - Rs. 266.08 lakhs). Maximum amount due during the year Rs. 789.16 lakhs (2010 - Rs. 850.82 lakhs).		

ITD Cementation India Limited

Schedules forming part of the Balance Sheet (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

	2011	2010
11 CASH AND BANK BALANCES		
Cash in hand	159.98	200.39
Balance with scheduled banks		
- current accounts	1,956.44	3,253.31
- dividend bank accounts	3.99	3.44
- funds in transit	-	3.86
- deposit account	185.00	16.79
	2,305.41	3,477.79
12 LOANS AND ADVANCES		
(unsecured)		
Considered good		
Advances recoverable in cash or in kind or for value to be received	2,667.29	1,507.23
Current Account in Joint Ventures	12,054.25	6,797.52
Deposits	1,712.17	1,402.67
Taxes paid [net of provision for taxation - Rs. 1,594.65 lakhs (2010 - Rs. 1,346.15 lakhs) (include tax deducted at source of Rs. 1,369.49 lakhs (2010 - Rs. 686.29 lakhs), for which the certificates are yet to be received from the customers].	4,055.97	3,426.74
	20,489.68	13,134.16
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	444.24	444.24
	20,933.92	13,578.40
Less: Provision for doubtful loans and advances	444.24	444.24
	20,489.68	13,134.16
13 CURRENT LIABILITIES		
Acceptances	5,653.80	4,776.52
Sundry creditors - other than Micro and Small Enterprises [refer note 20 (xv)]	10,196.02	8,887.72
Advances from customers	13,024.76	10,317.46
Unclaimed dividends *	3.99	3.44
Interest accrued but not due on loan	202.76	25.85
Payable to Italian-Thai Development Public Company Limited [Royalty payable Rs. 270.89 lakhs (2010 - Rs. 246.93 lakhs)]	270.89	246.93
Other liabilities	12,950.17	8,418.24
	42,302.39	32,676.16
* Not due for credit to Investors Education & Protection Fund		
14 PROVISIONS		
Gratuity	386.29	174.90
Leave benefits	497.97	373.88
Provision for provident fund	118.78	91.20
Proposed dividend	230.32	172.74
Provision for tax on proposed dividend	37.36	28.69
	1,270.72	841.41

Schedules forming part of the Profit and Loss Account (Continued)

for the year ended 31 December 2011

(Currency : Indian Rupee in lakhs)

	2011	2010
15 REVENUE		
Turnover	126,795.80	107,334.13
Movement in unbilled work in progress	2,256.89	(700.89)
Service income from unincorporated Joint Ventures	692.07	560.18
	129,744.76	107,193.42
16 OTHER INCOME		
Profit on sale of assets (net)	7.91	41.05
Sundry creditors' balances written back	73.06	22.20
Bad debts recovered	82.05	38.94
Interest		
- on bank deposits [tax deducted at source of Rs. Nil (2010 - Rs. 0.10 lakhs)]	0.31	1.20
- on income tax refund	80.49	302.86
- on sales tax refund	139.16	-
- from customer on settlement [tax deducted at source Rs. Nil (2010 - Rs. Nil)]	192.15	361.18
- others	0.18	-
Insurance claim	127.41	147.25
Miscellaneous income	45.46	41.61
	748.18	956.29
17 SITE AND ADMINISTRATIVE EXPENSES		
Personnel costs:		
Salaries, wages and bonus	11,097.90	9,183.72
Contribution to provident fund, gratuity and other funds	1,133.61	892.24
Staff welfare expenses	221.57	173.52
	12,453.08	10,249.48
Construction materials	46,311.04	41,813.11
Sub-contract costs	18,989.69	12,795.62
Plant hire expenses [refer note 20 (xvi)]	10,214.57	6,818.52
Power and fuel	6,805.85	6,399.49
Sales tax on works contracts	3,115.49	2,472.84
Miscellaneous expenses	1,848.55	1,594.67
Travel	595.53	460.52
Tools and equipment	1,536.21	1,107.74
Site transport and conveyance	2,612.28	1,965.39
Repairs and maintenance:		
- Plant & machinery	716.86	796.00
- Others	141.73	120.03
Insurance	659.95	626.51
Professional fees	820.84	611.17
Rental expenses [refer note 20 (xvi)]	2,095.23	2,104.58
Spares consumed	1,170.07	1,055.63
Security charges	385.79	293.88
Temporary site installations	741.26	892.50
Postage, telephone and telegram	157.84	141.79
Water charges	395.35	356.37
Printing and stationery	103.00	93.21
Fees and subscription	64.14	50.87
Infotech expenses	137.87	129.94
Service tax	1,457.89	1,529.26
Labour cess	539.81	702.93
Auditors' remuneration [refer note 20 (v) c]	46.44	50.69
Royalty expense	633.98	536.67
Exchange loss (net)	372.16	230.47
Directors' fees	1.80	2.65
	115,124.30	96,002.53

ITD Cementation India Limited

Schedules forming part of the Balance Sheet and the Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

	2011	2010
18 INTEREST AND FINANCE EXPENSES		
Interest on bank borrowings		
- on working capital demand loan	362.75	422.79
- on overdraft	6,070.49	4,914.29
- on short term loan	824.85	299.00
- on external commercial borrowings (buyer's credit)	127.72	88.68
- on letter of credit	65.00	12.26
Interest on long term loan from financial institution	1.23	101.73
Interest on advances from customers	212.05	348.82
Interest on others	274.89	463.73
Bank charges and guarantee commission	1,339.98	1,124.33
	9,278.96	7,775.63
19 PROVISION FOR DOUBTFUL DEBTS		
Bad debts written off during the year	1,235.44	1,125.28
Add: Provision for doubtful debts, end of year	1,340.53	1,569.50
Less: Provision for doubtful debts, beginning of year	1,569.50	1,197.83
Net provision for doubtful debts	1,006.47	1,496.95
20 NOTES TO ACCOUNTS		
(i) COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	1,410.22	2,262.53
(ii) CONTINGENT LIABILITIES		
a) Guarantees given by banks in respect of normal contracting commitments given in the normal course of business.	25,694.20	17,767.28
b) Corporate Guarantee given to bank on behalf of Joint Venture.	29,000.00	29,000.00
c) The Company has a number of claims on customers for price escalation and / or variation in contract work. In certain cases which are currently under arbitration, the customers have raised counter-claims. The Company has received legal advice that none of the counter-claims are legally tenable. Accordingly no provision is considered necessary in respect of these counter claims.	21,044.14	21,058.14
d) Sales tax matters pending in appeals	4,223.84	505.05
e) Income tax matters pending in appeals	2,340.26	2,262.89
f) Excise matter pending in appeal	52.00	52.00

Schedules forming part of the Balance Sheet and the Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

(iii) PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURES AT THE BALANCE SHEET DATE

Buyers credit, Sundry creditors & Acceptances	2011			2010		
	Foreign Currency	Exchange Rate	INR in lakhs	Foreign Currency	Exchange Rate	INR in lakhs
Euro Exposure	722,525	69.76	504.03	700,037	60.45	423.17
US Dollar Exposure	-	-	-	11,440	45.28	5.18
TOTAL			504.03			428.35

(iv) GRATUITY AND OTHER POST EMPLOYMENT BENEFITS

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the Balance Sheet for the respective plans.

Profit and Loss Account

The net employee benefit expense (recognised in personnel cost) during the year is as follows:

Current Service Cost

Interest Cost

Expected return on Plan Assets

Net Actuarial (Gains) / Losses for the period

Past Service Cost

Net benefit expense

Actual return on plan assets

Balance Sheet

The details of provision for gratuity is summarised below:

Defined benefit obligation

Fair value of plan assets

Less unrecognised past service cost

Plan liability / (asset)

There is no unrecognised past service cost

Changes in the present value of the defined benefit obligations during the year are as follows:

Defined Benefit Obligation at beginning of the period

Current Service Cost

Interest Cost

Net Actuarial Loss

Benefit Payments

Present value of Defined Benefit Obligation at end of period

Gratuity	
2011	2010
145.50	127.58
101.77	74.29
(97.99)	(81.21)
137.11	91.24
-	-
286.39	211.90
(10.94)	94.90
1,467.43	1,260.30
1,081.14	1,085.40
-	-
386.29	174.90
1,260.30	1,027.51
145.49	127.58
101.77	74.29
28.18	104.95
(68.31)	(74.03)
1,467.43	1,260.30

ITD Cementation India Limited

Schedules forming part of the Balance Sheet and the Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

Changes in the fair value of the plan assets of the gratuity plan, during the year are as follows:

	2011	2010
Plan assets at beginning of the period	1,085.40	814.01
Expected return on Plan Assets	97.98	81.21
Contributions by employer	75.00	250.50
Benefit Paid	(68.31)	(74.03)
Actuarial Gain on Plan Assets	(108.93)	13.71
Fair value of Plan Assets at end of the period	1,081.14	1,085.40

The Company expects to contribute Rs. 75.00 lakhs to gratuity in the next year (2010 - Rs. 75.00 lakhs)

The amount of defined benefit obligation, plan assets, the deficit thereof and the experience adjustments on plan assets and plan liabilities for the current and previous four years are as follows:

	2011	2010	2009	2008	2007
Defined Benefit Obligation	1,467.43	1,260.30	1,027.51	918.54	655.26
Plan Assets	1,081.14	1,085.40	814.01	539.53	425.80
Deficit	(386.29)	(174.90)	(213.50)	(379.01)	(229.46)
Experience adjustments on plan assets	(108.93)	13.71	-	-	-
Experience adjustment on plan liabilities	(28.18)	(104.95)	-	-	-

The information on the allocation of the gratuity fund into major asset classes and the expected return on each major class is not readily available. However, the gratuity fund is invested in a Group Gratuity policy invested with the Life Insurance Corporation and Birla Sunlife Insurance. The fair value of plan assets with Life Insurance Corporation and Birla Sunlife Insurance at December 31, 2011 are Rs. 0.06 lakhs (2010 - Rs. 21.24 lakhs) and Rs. 1,081.08 lakhs (2010 - Rs. 1,064.16 lakhs) respectively. The management understands that the assets in these portfolios are well diversified and as such the long term return thereon is expected to be higher than the rate of return on Government Bonds.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining the gratuity obligations are as follows:

	2011	2010
Discount rate	8.80%	8.30%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	5.50%	5.50%
Attrition rate	2%	2%
Withdrawal rates	Upto age 44 - 2% 45 years & above - 1%	Upto age 44 - 2% 45 years & above - 1%
Expected average remaining service	22.37 years	22.13 years

The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

In respect of provident funds, the Guidance issued by the Accounting Standards Board ('ASB') of ICAI on implementing AS 15 states that provident funds trust is set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as a defined benefit plan. The Company's provident fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment), pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the same.

The Company's expense for the superannuation, a defined contribution plan aggregates Rs.233.43 lakhs during the year ended December 31, 2011 (2010 - Rs.191.61 lakhs)

The Company's expense for the provident fund aggregates Rs. 613.80 lakhs during the year ended December 31, 2011 (2010 - Rs. 488.72 lakhs)

Schedules forming part of the Balance Sheet and the Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)	2011	2010
(v) SUPPLEMENTARY PROFIT AND LOSS INFORMATION		
a) Managerial remuneration for Directors included in the profit and loss account comprises:		
Remuneration to Directors:		
Salaries	26.40	24.00
Perquisites (at monetary value)	17.16	15.60
Gratuity & leave encashment- paid to retired director	-	-
Rent	9.68	9.68
Contribution to Provident fund and Superannuation fund	3.17	2.88
Commission to non executive directors	6.00	6.00
	62.41	58.16
 Note: As the liability for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.		
Computation of net profits in accordance with the Companies Act, 1956		
Profit before taxation per profit and loss account	2,202.66	1,223.49
Add: Directors' remuneration (including Managing Director)	62.41	58.16
Directors' fees	1.80	2.65
Provision for doubtful debts	1,006.47	1,496.95
Depreciation provided in the books	3,422.83	3,075.15
	6,696.17	5,856.40
Less: Depreciation under Section 350 of the Companies Act,1956	3,422.83	3,075.15
Less: Bad debts written off	1,235.44	1,125.28
	4,658.27	4,200.43
Net Profit under Section 198 of the Companies Act, 1956	2,037.90	1,655.97
Salaries, perquisites and commission to managing and wholetime directors at 5% of the net profit as calculated above	101.89	82.80
Remuneration	62.41	58.16
Commission to Non-executive directors at 1% of the net profit as calculated above	20.38	16.56
Restricted by the Board of Directors of the Company to	6.00	6.00
b) Expenditure in foreign currency: (on cash basis)		
Foreign travel	9.74	5.07
Professional and consultancy fees	1.64	0.08
Interest on external commercial borrowings	135.08	119.95
Membership & subscription	0.91	-
Software	1.17	-
Bank Guarantee commission	-	1.10
Royalty expense	543.19	415.67
	691.73	541.87
c) Payment to Auditor:		
As auditor:		
Audit fee	22.48	22.85
Tax audit fee (including tax accounts)	9.96	9.97
Limited review	11.62	11.62
Out-of-pocket expenses	0.23	1.03
In other manner:		
Certification	2.15	5.22
	46.44	50.69

ITD Cementation India Limited

Schedules forming part of the Balance Sheet and the Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

	2011	2010
d) Amount remitted in foreign currency for dividend:		
Number of non-resident shareholders	1	1
Number of shares held (Equity shares of Rs. 10/- each)	8,011,318	8,011,318
Dividend Remitted	120.17	80.11
Year to which dividend relates	2010	2009
e) Value of imports on CIF basis:		
Spare parts	57.87	65.00
Tools and equipments	108.93	263.61
Construction materials	108.51	581.09
Capital goods (including capital work-in-progress)	4,471.64	2,201.38
	4,746.95	3,111.08

f) Consumption of spare parts, tools & equipment and raw materials:

	2011		2010	
	%	Value	%	Value
Spare parts				
Imported	4.95	57.87	6.16	65.00
Indigenous	95.05	1,112.20	93.84	990.63
	100.00	1,170.07	100.00	1,055.63
Tools and equipment				
Imported	7.09	108.93	23.80	263.61
Indigenous	92.91	1,427.28	76.20	844.13
	100.00	1,536.21	100.00	1,107.74
Construction material				
Imported	0.23	108.51	1.39	581.09
Indigenous	99.77	46,202.53	98.61	41,232.02
	100.00	46,311.04	100.00	41,813.11

(vi) SEGMENT REPORTING

The activities of the Company comprise only one business segment viz Construction. The Company operates in only one geographical segment viz India. Hence the Company's financial statements also represents the segmental information

(vii) RELATED PARTY TRANSACTIONS

(a) Name of related parties where control exists irrespective of whether transactions have occurred or not.

Italian-Thai Development Public Company Limited - Holding Company
ITD Cementation Projects India Limited - Wholly Owned Subsidiary Company

(b) Other entities with whom transactions have taken place

Name of Related Parties

ITD Cemindia JV
ITD - ITDCem JV
ITD - ITDCem JV (Consortium of ITD - ITD Cementation)
AVR Infra Pvt. Ltd.

Nature of Relationship

Joint Venture
Joint Venture
Joint Venture
Associate

(c) Remuneration to Key Management Personnel

	2011	2010
1) Mr. Adun Saraban – Managing Director	56.41	52.16
2) Mr. S. Ramnath - Chief Financial Officer	22.26	-
3) Mr. P. B. Patwardhan - Chief Financial Officer (resigned on 30th April 2011)	22.28	38.30
	100.95	90.46

Schedules forming part of the Balance Sheet and the Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

(d) Transactions with Related Parties, referred to in items (a) and (b) above

Previous year figures are given in brackets

Nature of Transactions	Holding Company	Joint Venture	Associate
Revenues earned from contract execution	878.43 (980.08)		
Balance receivables for contract execution	112.17 (795.53)		
Dividend paid	120.17 (80.11)		
Plant hire charges		806.65 (611.61)	
Salary and related expenses of the employees deputed to Joint Ventures		356.80 (388.52)	
Sale of construction material & spares		14.77 (21.59)	
Purchase of construction material & spares		275.30 (499.49)	
Sale of fixed assets		- (28.08)	
Purchase of fixed assets		404.08 (155.34)	
Share of profit net of tax in joint ventures (included in investments)		542.28 (1,424.04)	
Investment in equity shares			- (0.26)
Royalty expense	633.98 (536.67)		
Balance royalty payable	270.89 (246.93)		
Balances on current account with joint ventures		12,054.25 (6,797.52)	
Balance receivable			
Corporate guarantee issued by	3,000.00 (3,000.00)		
Corporate guarantee issued on behalf of ITD-ITDCem JV (Consortium of ITD-ITD Cementation)		29,000.00 (29,000.00)	

The Company has not given any loans or advances in the nature of loans to its subsidiary or to firms/companies in which directors are interested.

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

Nature of Transactions / Related Parties	2011	2010
Plant hire charges		
ITD Cemindia JV	-	377.79
ITD-ITDCem JV	562.28	95.08
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	269.13	138.74
Purchases of Construction materials and spares		
ITD Cemindia JV	216.87	-
ITD-ITDCem JV	-	254.60
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	56.87	196.67

ITD Cementation India Limited

Schedules forming part of the Balance Sheet and the Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

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

Nature of Transactions / Related Parties	2011	2010
Sale of Construction materials and spares		
ITD-ITDCem JV	14.77	10.36
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	-	9.64
Salary and related expenses of the employees deputed to joint ventures		
ITD Cemindia JV	131.22	388.50
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	221.55	-
Sale of fixed assets		
ITD-ITDCem JV	-	28.08
Purchase of fixed assets		
ITD Cemindia JV	188.61	-
ITD-ITDCem JV	-	155.34
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	215.47	-
Share of profit net of tax in joint ventures(included in investments)		
ITD-ITDCem JV	447.34	638.32
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	528.69	796.86
Balances on current account with joint ventures		
- Balance receivable		
ITD Cemindia JV	7,907.71	8,111.98
ITD-ITDCem JV	4,170.75	-
- Balance payable		
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	24.21	-
ITD-ITDCem JV	-	1,348.26

(viii) DETAILS OF JOINT VENTURES

a) Details of Joint Ventures entered into by the Company

Name of the Joint Venture	% of Participation as at December 31, 2011	% of Participation as at December 31, 2010	Nature of business
ITD Cemindia JV	80%	80%	Construction
ITD - ITDCem JV	49%	49%	Construction
ITD - ITDCem JV (Consortium of ITD - ITD Cementation)	40%	40%	Construction

All the above are unincorporated jointly controlled entities in India

b) Details of share of Assets, Liabilities, Income, Expenditure, Capital Commitments and Contingent Liabilities in Joint Ventures

Previous year figures are given in brackets

	ITD Cemindia JV	ITD - ITDCem JV	ITD-ITDCem JV (Consortium of ITD-ITD Cementation)
Share of Assets	5,799.49 (6,398.30)	6,712.85 (3,164.47)	1,704.35 (2,188.19)
Share of Liabilities	6,263.01 (6,428.08)	3,884.97 (783.92)	(9.20) (813.64)
Share of Income	392.68 (7,048.14)	15,772.10 (15,981.47)	25,842.42 (16,872.42)
Share of Expenditure	826.42 (7,059.28)	15,324.76 (15,343.15)	25,313.72 (16,075.56)
Share of Capital Commitment	- (-)	94.82 (194.29)	- (3.44)
Share of Contingent Liabilities	235.82 (-)	982.48 (900.91)	3,629.00 (3,808.40)

Schedules forming part of the Balance Sheet and the Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

(ix) EARNINGS PER SHARE

	2011	2010
a) Net Profit after taxation	2,257.58	938.51
b) Calculation of weighted average number of equity shares of Rs. 10/- each		
Number of shares at the beginning of the year	11,515,790	11,515,790
Number of shares issued during the year	-	-
Number of shares at the end of the year	11,515,790	11,515,790
Weighted average number of equity shares outstanding during the year	11,515,790	11,515,790
c) Basic and diluted earnings per share nominal value of Rs. 10/- each (2010 - nominal value Rs. 10/- each))	19.60	8.15

- (x) (a) Sundry debtors at December 31, 2011 include Rs. 1,140 lakhs (December 31, 2010 - Rs. 1,140 lakhs) relating to price escalation claims which are disputed by the customer. The Company has received favourable verdict from Dispute Redressal Board and also thereafter in Arbitration in respect of these claims. The Customer has appealed against the Arbitration Award. Management is reasonably confident of recovery of this amount based on the above and independent legal advice from eminent legal counsel in the matter. These contracts have been completed and hence during the year ended December 31, 2011, the Company has not recognised any turnover or escalation claims on these road contracts.
- (b) Sundry debtors at December 31, 2011 include variation claims of Rs. 309 lakhs (December 31, 2010 - Rs. 309 lakhs) for which the Company had received an arbitration award in its favour which has subsequently been upheld by the district court. The Customer has challenged this Court Order. However on the basis of above arbitration award and Court Order management is reasonably confident of recovering of these amounts.
- (xi) Work-in-progress at December 31, 2011 include Rs. 2,757 lakhs (December 31, 2010 - Rs. 2,757 lakhs), in respect of a contract which has been rescinded by the Company and Rs. 5,929 lakhs (December 31, 2010 - Rs. 5,929 lakhs) in respect of another contract where the Company has received a notice from the customer withdrawing from the Company the balance works to be executed under the contract; besides the Company has also issued guarantees aggregating Rs. 616 lakhs (December 31, 2010 - Rs. 616 lakhs) and Rs. 2,227 lakhs (December 31, 2010 - Rs. 2,227 lakhs) for these contracts respectively. The Company has made claims against the customer to recover these amounts and intends to pursue these matters, if necessary, through legal action. Based upon legal advice received, management is reasonably confident of recovery of these amounts of work in progress and consequently no changes have been made to the values and classification of these amounts in the financial statements.
- (xii) Sundry debtors at December 31, 2011 include variation claims of Rs. 3,455 lakhs (December 31, 2010 - Rs. 3,910 lakhs) recognised upto December 31, 2011, which are disputed by the customer. Out of this, claims amounting to Rs. 2,346 lakhs (December 31, 2010 - Rs. 2,346 lakhs) are a subject matter of arbitration. The Company has received arbitration awards in its favour in respect of the balance amount of Rs. 1,109 lakhs (December 31, 2010 - Rs. 1,564 lakhs) which have since been challenged by the customer (December 31, 2010 - Rs. 1,109 lakhs). During the year ended December 31, 2011, no variation claim was recognised by the Company. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is reasonably confident of recovery of the same.
- (xiii) Sundry debtors at December 31, 2011 include Rs. 3,384 lakhs (December 31, 2010 - Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification provided in the respective contracts. The management is reasonably confident of the certification and recovery of the same progressively on these contracts based on past experience of the Company, assessment of work done and the fact that these amounts are not disputed by the customer.

ITD Cementation India Limited

Schedules forming part of the Balance Sheet and the Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

(xiv) The disclosures as per provisions of Clauses 38, 39 and 41 of Accounting Standard 7 'Construction Contracts' notified by the Companies (Accounting Standards) Rules 2006, (as amended) are as under:

	2011	2010
a) Contract revenue recognised as revenue in the period Clause 38 (a)	129,052.69	106,633.24
b) Aggregate amount of costs incurred and recognised profits up to the reporting date on Contract under progress Clause 39 (a)	360,477.94	341,646.66
c) Advance received on Contract under progress Clause 39 (b)	13,024.76	10,317.46
d) Retention amounts on Contract under progress Clause 39 (c)	6,804.51	6,332.82
e) Gross amount due from customers for contract work as an asset Clause 41 (a)	31,124.49	29,865.54
f) Gross amount due to customers for contract work Clause 41 (b)	-	-

(xv) As per the information available with the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal or interest.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

(xvi) OPERATING LEASES

- a. The Company has taken various residential/commercial premises and construction equipments on cancellable operating leases. These lease agreements are normally renewed on expiry. Rental expenses in the profit and loss account for the year includes lease payments towards premises of Rs. 1,596.13 lakhs (2010 - Rs. 1,077.54 lakhs). Plant hire expense relates to the lease payments for construction equipments.
- b. The Company, in addition to the above, has taken construction equipments on lease (non-cancellable operating leases), the future minimum lease payments in respect of which at 31 December 2011 are as follows:

Minimum Lease Payments

- i. Payable not later than 1 year
- ii. Payable later than 1 year and not later than 5 years
- iii. Payable later than 5 years

Total

	2011	2010
i. Payable not later than 1 year	27.34	390.32
ii. Payable later than 1 year and not later than 5 years	3.11	30.46
iii. Payable later than 5 years	-	-
Total	30.45	420.78

These leases have no escalation clauses.

Rental expenses in the statement of profit and loss for the year includes Rs. 499.09 lakhs (2010 - Rs. 1,027.04 lakhs) towards such leases.

- c. General descriptions of non-cancellable lease terms :
 - i. Lease rentals are charged on the basis of agreed terms.
 - ii. Assets are taken on lease over a period of 3-5 years.
 - iii. The Company did not sublease any of its assets and hence did not receive any sub lease payments during the current or previous year.

(xvii) Prior year figures have been reclassified wherever necessary to confirm to the current year's presentation.

As per our report of even date
For S.R. Batliboi & Associates
 Firm registration number: 101049W
 Chartered Accountants

per Amit Majmudar
 Partner
 Membership No.: 36656

Mumbai
 February 29, 2012

For and on behalf of the Board of Directors
Adun Saraban *Managing Director*

P. Chakornbundit *Director*

S. Ramnath *Chief Financial Officer*

R. C. Daga *Company Secretary*

Mumbai
 February 29, 2012

Balance Sheet Abstract And Company's General Business Profile

a) Registration Details			
Registration No.	<input type="text" value="20435"/>	State code	<input type="text" value="11"/>
Balance sheet date	<input type="text" value="31/12/2011"/>		
b) Capital raised during the year			
Public Issue	<input type="text" value="Nil"/>	Right Issue	<input type="text" value="Nil"/>
Bonus Issue	<input type="text" value="Nil"/>	Private Placement	<input type="text" value="Nil"/>
c) Position of mobilisation and deployment of funds			
	Total Liabilities and share holders funds	Total assets	
	<input type="text" value="101,459.84"/>	<input type="text" value="101,459.84"/>	
Source of funds	Paid-up capital	Reserves and surplus	
	<input type="text" value="1,151.58"/>	<input type="text" value="36,965.60"/>	
	Secured loans	Unsecured loans	
	<input type="text" value="48,113.67"/>	<input type="text" value="15,228.99"/>	
Application of funds	Net fixed assets	Investments	
	<input type="text" value="20,129.46"/>	<input type="text" value="4,083.17"/>	
	Net current assets	Miscellaneous expenditure	
	<input type="text" value="76,489.21"/>	<input type="text" value="Nil"/>	
	Deferred tax assets	Accumulated losses	
	<input type="text" value="758.00"/>	<input type="text" value="Nil"/>	
d) Performance of the Company			
	Turnover/(including other income)	Total expenditure	
	<input type="text" value="131,035.22"/>	<input type="text" value="128,832.56"/>	
	Profit before tax	Profit after tax	
	<input type="text" value="2,202.66"/>	<input type="text" value="2,257.58"/>	
	Basic and diluted earnings per share in Rs.	Dividend rate %	
	<input type="text" value="19.60"/>	<input type="text" value="20%"/>	
e) Generic names of three principal products / Services of the Company			
Item code No.(ITC code)	<input type="text" value="Nil"/>		
Product Description	<input type="text" value="Civil, Mining, Marine and Specialist engineering Construction"/>		
Item code No (ITC code)	<input type="text" value="Nil"/>		
Product Description	<input type="text" value="Foundation engineering and construction"/>		
Itemcode No. (ITC code)	<input type="text" value="Nil"/>		
Product Description	<input type="text" value="Roads and Bridges Construction"/>		
		For and on behalf of the Board of Directors	
		Adun Saraban	<i>Managing Director</i>
		P. Chakornbundit	<i>Director</i>
		S. Ramnath	<i>Chief Financial Officer</i>
		R. C. Daga	<i>Company Secretary</i>
		Mumbai	
		February 29, 2012	

ITD Cementation India Limited

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company as at 31 December 2011 (Currency : Indian Rupee in lakhs)

Sr. No.	Name of the Subsidiary	ITD Cementation Projects India Ltd.
1	The financial year of the subsidiary Company ended on	31st December, 2011
2	Shares of the subsidiary Company held by holding Company as on the above date	
	(i) Number	50,000 Equity shares of Rs. 10/- each
	(ii) Extent of holding	100%
3	Date from which it became a subsidiary	21st June, 2007
4	The net aggregate amount of Profits/(Losses) of the subsidiary so far as they concern the member of the holding Company.	
	(a) Dealt within the holding Company's accounts	
	(i) for the financial year of the subsidiary (Rs.)	Nil
	(ii) for the previous financial years of the subsidiary since it became the holding Company's subsidiary (Rs.)	Nil
	(b) Not dealt within the holding Company's accounts	
	(i) for the financial year of the subsidiary (Rs.)	(0.06)
	(ii) for the previous financial years of the subsidiary since it became the holding Company's subsidiary (Rs.)	(0.19)

Details of Subsidiary Company Pursuant to the General Circular under Section 212(8) of the Companies Act, 1956

Sr. No.	Particulars	ITD Cementation Projects India Ltd.
(a)	Capital	5.00
(b)	Reserves	Nil
(c)	Total Assets	5.11
(d)	Total Liabilities	0.11
(e)	Investments	Nil
(f)	Turnover	Nil
(g)	Profit/(Loss before Taxation)	(0.06)
(h)	Provision for Taxation	0.00
(i)	Profit after Taxation	(0.06)
(j)	Proposed Dividend	Nil

For and on behalf of the Board of Directors
Adun Saraban *Managing Director*
P. Chakornbundit *Director*
S. Ramnath *Chief Financial Officer*
R. C. Daga *Company Secretary*

Mumbai
February 29, 2012

Auditors' Report

To

The Members of ITD Cementation India Limited

1. We have audited the attached consolidated balance sheet of ITD Cementation India Limited group ('ITD group'), as at December 31, 2011 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the ITD'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 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. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
 4. Without qualifying our report, we draw attention to :
 - i. Schedule 20 (x)(a) and (b) of the consolidated financial statements which states that sundry debtors at December 31, 2011 include Rs 1,449 lakhs (previous year Rs 2,964 lakhs) relating to price escalation and variation claims which are disputed by the customer. These claims are in various stages of litigation and the realisability of these amounts is dependent upon these matters being finally resolved in favour of the Company.
 - ii. Schedule 20(xi) of the consolidated financial statements which states that work-in-progress at December 31, 2011 includes Rs 2,757 lakhs (previous year Rs 2,757 lakhs) in respect of a contract which has been rescinded by the Company and Rs 5,929 lakhs (previous year Rs 5,929 lakhs) in respect of another contract where the Company has received a notice from the customer withdrawing from the Company the balance works to be executed under the contract; besides the Company has also issued guarantees aggregating Rs 616 lakhs (previous year Rs 616 lakhs) and Rs 2,227 lakhs (previous year Rs 2,227 lakhs) for these contracts respectively. The Company has made claims against the customer to recover these amounts and intends to pursue these matters, if necessary, through legal action. Based upon legal advice received, management is reasonably confident of recovery of these amounts of work in progress and consequently
- no changes have been made to the values and classification of these amounts in the consolidated financial statements. The recovery of these amounts is dependent upon these matters ultimately being resolved in favour of the Company.
5. We further report that:
 - i. As described in Schedule 20(xii) to the consolidated financial statements, sundry debtors at December 31, 2011 include variation claims of Rs 3,455 lakhs (previous year Rs 3,910 lakhs) which are disputed by the customer. Out of this, claims amounting to Rs 2,346 lakhs (previous year Rs 2,346 lakhs) are a subject matter of arbitration. The Company has received arbitration awards in its favour in respect of the balance amount of Rs 1,109 lakhs (previous year Rs 1,564 lakhs) which have since been challenged by the customer (previous year Rs 1,109 lakhs challenged by the customer). Our audit report on the consolidated financial statements for the year ended December 31, 2010 was also qualified in respect of this matter;
 - ii. As described in Schedule 20(xiii) to the consolidated financial statements, sundry debtors at December 31, 2011 include Rs 3,384 lakhs (previous year Rs 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification. Our audit report on the consolidated financial statements for the year ended December 31, 2010 was also qualified in respect of this matter;
 - iii. In our view there is an uncertainty in respect of realisability of the claims and receivables described in paragraphs 5 (i) and (ii) above. Accordingly, pending the ultimate outcome of these disputes, arbitration and related matters and certification, we are unable to comment on the adjustments, if any, that may be necessary to revenue, sundry debtors, the profit before tax, reserves and earnings per share reported in the consolidated financial statements for the years ended December 31, 2011 and December 31, 2010.
 6. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements *subject to our comments in paragraph 5 above, the impact of which on the consolidated financial statements cannot be ascertained*, 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 ITD group as at December 31, 2011;
 - ii. in the case of the consolidated profit and loss account, of the profit of ITD group for the year ended on that date; and
 - iii. in the case of consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Place: Mumbai
Date: February 29, 2012

ITD Cementation India Limited

Consolidated Balance Sheet

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

	Schedules	2011	2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	1,151.58	1,151.58
Reserves and surplus	3	36,965.35	34,974.84
		38,116.93	36,126.42
Loan funds			
Secured loans	4	49,942.00	52,715.85
Unsecured loans	5	15,228.99	1,967.72
		65,170.99	54,683.57
		103,287.92	90,809.99
APPLICATION OF FUNDS			
Fixed assets			
	1.3 & 6		
Gross block		46,117.59	38,560.76
Less: Accumulated depreciation		23,245.40	19,470.21
Net block		22,872.19	19,090.55
Capital work-in-progress (including capital advances)		2,393.35	3,123.34
		25,265.54	22,213.89
Investments	7	0.26	0.26
Deferred tax assets / (liabilities), (net)	8	1,263.59	497.60
Current assets, loans and advances			
Inventories	1.5 & 9	20,504.00	16,221.59
Unbilled work-in-progress	1.6	31,654.30	31,058.52
Sundry debtors	1.7 & 10	66,492.42	57,817.72
Cash and bank balances	11	3,802.65	4,906.06
Loans and advances	12	15,023.96	10,981.52
		137,477.33	120,985.41
Current liabilities and provisions			
Current liabilities	1.7 & 13	59,409.68	52,012.50
Provisions	14	1,309.76	875.31
		60,719.44	52,887.81
Net current assets		76,757.89	68,097.60
Miscellaneous expenditure (to the extent not written off or adjusted)		0.64	0.64
		103,287.92	90,809.99
Significant accounting policies	1		
Notes to accounts	20		

The schedules referred to above and notes to accounts form an integral part of the Consolidated Balance Sheet.

As per our report of even date

For S.R. Batliboi & Associates

Firm registration number: 101049W

Chartered Accountants

per Amit Majmudar

Partner

Membership No.: 36656

Mumbai

February 29, 2012

For and on behalf of the Board of Directors

Adun Saraban

Managing Director

P. Chakornbundit

Director

S. Ramnath

Chief Financial Officer

R. C. Daga

Company Secretary

Mumbai

February 29, 2012

Consolidated Profit and Loss Account
for the year ended 31 December 2011
(Currency : Indian Rupee in lakhs)

	Schedules	2011	2010
INCOME			
Revenue	1.6 & 15	171,218.57	146,215.67
Other income	16	965.21	1,397.96
		172,183.78	147,613.63
EXPENDITURE			
Site and administrative expenses	17	153,560.74	130,680.91
Interest and finance expenses	18	10,595.96	9,176.88
Depreciation	1.3 & 7	4,203.61	4,184.30
Provision for doubtful debts	19	1,006.47	1,496.95
		169,366.78	145,539.04
Profit for the year, before tax		2,817.00	2,074.59
Provision for taxation	1.10		
Current tax		(1,326.38)	(1,448.08)
Provision for tax for earlier years written back		0.92	218.03
Deferred tax credit/(charge)		765.99	93.97
Net profit after tax		2,257.53	938.51
Profit and loss account, beginning of year		2,698.41	2,007.81
Corporate dividend tax written back		0.66	0.45
Amount available for appropriation		4,956.60	2,946.77
Appropriations			
Transfer to general reserve		169.32	46.93
Proposed dividend		230.32	172.74
Tax on proposed dividend		37.36	28.69
Balance carried forward to balance sheet		4,519.60	2,698.41
		4,956.60	2,946.77
Basic and diluted earnings per share [Nominal value per share of Rs. 10/- each (2010 - Rs. 10/- each)]		19.60	8.15
Significant accounting policies	1		
Notes to accounts	20		

The schedules referred to above and notes to accounts form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date
For S.R. Batliboi & Associates
 Firm registration number: 101049W
 Chartered Accountants

per Amit Majmudar
 Partner
 Membership No.: 36656

Mumbai
 February 29, 2012

For and on behalf of the Board of Directors
Adun Saraban *Managing Director*

P. Chakornbundit *Director*

S. Ramnath *Chief Financial Officer*

R. C. Daga *Company Secretary*

Mumbai
 February 29, 2012

ITD Cementation India Limited
Consolidated Cash Flow Statement
for the year ended 31 December, 2011
(Currency: Indian Rupee in lakhs)

	2011	2010
Cash flow from operating activities		
Net profit before taxation	2,817.00	2,074.59
Adjustments for:		
Depreciation	4,203.61	4,184.30
Interest and finance expenses	10,595.96	9,176.88
Interest income	(465.37)	(529.42)
Provision for doubtful debts	1,006.47	1,496.95
Provision for doubtful advances	-	(1.51)
Profit on sale of fixed assets (net)	(14.02)	(68.88)
Sundry balances written back	(107.12)	(22.20)
Operating profit before working capital changes	18,036.53	16,310.71
Movement in working capital		
Decrease/(Increase) in Inventories	(4,282.41)	(90.51)
Decrease/(Increase) in Sundry debtors	(9,681.16)	(11,460.32)
Decrease/(Increase) in Unbilled work in progress	(595.78)	(2,986.08)
Decrease/(Increase) in Loans and advances	(5,601.44)	(1,789.87)
Increase/(Decrease) in Trade creditors and other liabilities	7,326.83	10,158.19
Decrease/(Increase) in Provisions	368.20	49.23
Cash generated from operations	5,570.77	10,191.35
Direct taxes (paid) / refunds received	233.55	2,030.65
Net cash generated from operating activities	5,804.32	12,222.00
Cash flow from investing activities		
Purchase of investment	-	(0.26)
Purchase of fixed assets	(7,592.65)	(7,504.52)
Proceeds from sale of fixed assets	351.41	259.60
Fixed deposit with bank (maturity beyond three months)	(479.00)	(1.48)
Proceeds from fixed deposit with bank (maturity beyond three months)	17.29	-
Interest received	465.37	529.42
Net cash used in investing activities	(7,237.58)	(6,717.24)
Cash flow from financing activities		
Proceeds from / (Repayment of) short term borrowings from banks - net	5,532.61	6,076.45
Proceeds from short term borrowings from financial institution	3,000.00	3,000.00
Repayment of short term borrowings from financial institution	(3,000.00)	(3,000.00)
Proceeds from long term borrowings	5,000.00	-
Repayment of long term borrowings	(111.11)	(1,444.45)
Interest and finance expenses paid	(10,353.13)	(9,155.55)
Dividend paid	(171.53)	(114.97)
Tax on distributed profits	(28.69)	(19.57)
Net cash inflow / (outflow) from financing activities	(131.85)	(4,658.09)
Net increase / (decrease) in cash and cash equivalents	(1,565.11)	846.67
Cash and cash equivalents, beginning of year	4,885.24	4,038.57
Cash and cash equivalents, end of year *	3,320.13	4,885.24
* includes Rs. 3.99 lakhs (2010 - Rs. 3.44 lakhs) are not available for use by the Company as they represent corresponding unpaid dividend liabilities.		
Reconciliation of cash and bank balances in the consolidated balance sheet with the amounts considered above is summarised below:		
Cash and bank balances	3,802.65	4,906.06
Less: Fixed deposit with bank (maturity beyond three months)	482.52	20.82
	3,320.13	4,885.24

As per our report of even date.

For S.R. Batliboi & Associates

Firm registration number: 101049W

Chartered Accountants

per Amit Majmudar

Partner

Membership No.: 36656

Mumbai

February 29, 2012

For and on behalf of the Board of Directors

Adun Saraban

Managing Director

P. Chakornbundit

Director

S. Ramnath

Chief Financial Officer

R. C. Daga

Company Secretary

Mumbai

February 29, 2012

Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account

as at 31 December 2011

1 Significant accounting policies

1.1 Basis of preparation and Principles of Consolidation

- Basis of preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements are prepared under the historical cost convention, on an accrual basis of accounting. The accounting policies applied are consistent with those used in the previous year.

- Principles of Consolidation

The consolidated financial statements relate to ITC Cementation India Ltd. ('the Company'), its subsidiary company, and its unincorporated Joint Ventures in the form of Jointly controlled entities (collectively referred to as the 'Group'). The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the company, its subsidiary company 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 intra-group transactions resulting in unrealized profit or unrealized cash losses in accordance with Accounting Standard (AS) - 21 "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006, (as amended).
- ii. The Interests in Joint Ventures which are in the nature of jointly controlled entities have been consolidated by using the proportionate consolidation method on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in group unrealized profit or unrealized cash losses as per the Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" notified by the Companies (Accounting Standards) Rules, 2006, (as amended).
- iii. Consolidated financial statements are prepared using uniform policies for like transaction and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.
- iv. Significant accounting policies and schedules to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Company. Recognising this purpose, the Company has disclosed only such policies and schedules from the individual financial statements, which fairly presents the needed disclosure.
- v. The difference between the cost to the Group

of investment in subsidiary and joint ventures and the proportionate share in the equity of the investee company as at the date of the acquisition of stake is recognized in the consolidated financial statements as goodwill or capital reserve, as the case may be. Goodwill arising on consolidation is tested for impairment annually.

1.2 Accounting Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.3 Fixed Assets & Depreciation

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation is provided on the written-down value method for assets acquired on or after April 1, 1993, and on the straight-line method for assets acquired up to March 31, 1993. On additions and disposals, depreciation is provided for from/upto the date of addition/disposal. The rates of depreciation are determined on the basis of useful lives of the assets estimated by the management, which are at rates specified in schedule XIV to the Companies Act, 1956.

Leasehold improvements are depreciated over the lease period of 5 years, which is lower of the period of the lease or their estimated useful lives as determined by management.

1.4 Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value and the risks specific to the assets.
- ii. Depreciation on impaired assets is provided on the revised carrying amount of the assets over its remaining useful life.
- iii. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after

ITD Cementation India Limited

Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (Continued)

as at 31 December 2011

reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

1.5 Inventories

Construction materials are valued at cost. Identified direct materials remaining on completion of contract are valued at their estimated scrap value. Cost is determined on a first-in, first-out method and comprises the purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities).

Tools and equipment are stated at cost less the amount amortised. Tools and equipment are amortized over their estimated useful lives ranging from 3 to 10 years. Cost is determined by the weighted average method.

Machinery spares are valued at lower of cost and net realisable value. Cost is determined by the weighted average method.

1.6 Revenue Recognition

- On contracts

Contracts are either of fixed contract price or of fixed rate per unit of output and are at times subject to price escalation clauses. Revenue from contracts is recognized on the basis of percentage completion method, the level of completion depends on the nature and type of each contract and is measured based on the physical proportion of the contract work including:

- i. Unbilled work-in-progress valued at lower of cost and net realizable value upto the stage of completion. Cost includes direct material, labour cost and appropriate overheads; and
- ii. Amounts recoverable in respect of the price and other escalation, bonus claims adjudication and variation in contract work required for performance of the contract to the extent that it is probable that they will result in revenue.

In addition, if it is expected that the contract will make a loss, the estimated loss is provided for in the books of accounts.

Contractual liquidated damages, payable for delays in completion of contract work or for other causes, are accounted for as costs when such delays and causes are attributable to the Group or when deducted by the client.

- On insurance claims

Insurance claims are recognized as revenue based on certainty of receipt.

1.7 Advances from customers, progress payments and retention

Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract.

Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed.

Amounts retained by the customers until the satisfactory completion of the contracts are recognized as receivables. Where such retention has been released by customers against submission of bank guarantees, the amount so released is adjusted against receivable from customers and the value of bank guarantees is disclosed as a contingent liability.

1.8 Foreign Currency Transactions

i. Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are reported using the closing rate. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii. Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India before accounting period commencing on or after December 7, 2006 are capitalized as a part of fixed asset.

iv. Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the profit and loss account in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

1.9 Retirement and other employee benefits

Retirement benefits in the form of superannuation is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. The Company does not have any other obligations in respect of superannuation.

The Company has a provident fund scheme, a defined benefit plan, for employees and a group gratuity and life assurance scheme for employees. The life assurance scheme is the gratuity benefits payable towards unexpired period of service in case of death. The group gratuity and life assurance scheme are defined benefit obligations and are provided for, on the basis of an independent actuarial valuation on

Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (Continued)

as at 31 December 2011

projected unit credit method made at the end of each financial year.

Provision for leave encashment, is made based on an independent actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

1.10 Taxation

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer

convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

1.11 Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

1.12 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liability is disclosed in case of

- i. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- ii. a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized nor disclosed.

Contingent Liabilities and Contingent Assets are reviewed at each balance sheet date.

1.13 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.14 Cash and cash equivalents

Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

ITD Cementation India Limited

Schedules forming part of the Consolidated Balance Sheet as at 31 December 2011

(Currency : Indian Rupee in lakhs)

	2011	2010
2 SHARE CAPITAL		
Authorised		
1,50,00,000 (2010 - 1,50,00,000) equity shares of Rs.10/- each	1,500.00	1,500.00
6,00,00,000 (2010 - 6,00,00,000) redeemable preference shares of Rs.10/- each	6,000.00	6,000.00
	7,500.00	7,500.00
Issued		
1,15,18,316 (2010 - 1,15,18,316) equity shares of Rs.10/- each	1,151.83	1,151.83
Subscribed, called and fully paid-up		
1,15,15,790 (2010 - 1,15,15,790) equity shares of Rs.10/- each	1,151.58	1,151.58
Of these shares:		
80,11,318 (2010 - 80,11,318) equity shares of Rs.10/- each are held by Italian-Thai Development Public Company Limited, Thailand (ITD), the holding company.		
17,60,220 (2010 - 17,60,220) equity shares of Rs.10/- each have been allotted as fully paid-up bonus shares by way of capitalisation of the general reserve.		
Note:		
2,526 (2010 - 2,526) equity shares of Rs.10/- each have been kept in abeyance pending final settlement in respect of shares issued in rights issue.		
3 RESERVES AND SURPLUS		
Securities premium account	31,957.38	31,957.38
General reserve		
Balance brought forward	319.05	272.12
Add: Transfer from profit and loss account	169.32	46.93
	488.37	319.05
Profit and loss account balance	4,519.60	2,698.41
	36,965.35	34,974.84
4 SECURED LOANS		
From Banks		
- Working capital demand loan	1,507.60	1,506.99
- Overdraft - repayable on demand	39,695.63	41,755.40
- External commercial borrowings (Buyer's Credit) (entirely repayable in one year)	4,081.73	4,027.31
From Financial Institutions		
- Short term loan - repayable in one year	3,000.00	3,000.00
- Long term loan [repayable in one year Rs. Nil (2010 - Rs. 111.11 lakhs)]	-	111.11
Plant and vehicle loan [repayable in one year Rs. 841.25 lakhs (2010 - Rs. 847.63 lakhs)]	1,634.89	2,295.75
Interest accrued and due [on working capital demand loan Rs. 21.71 lakhs (2010 - Rs. 19.29 lakhs) and on overdraft Rs. 0.44 lakhs (2010 - Nil)]	22.15	19.29
	49,942.00	52,715.85
Security for Secured Loans:		
- Bank loans, Buyer's Credit and Long term loan from Financial Institution are secured by hypothecation of book debts, inventory, other current assets and movable plant and machinery, both present and future.		
- Plant and vehicle loan are secured by specific plant and vehicle respectively.		
- Short term loan from financial institution is secured by subservient charge on movable plant and machinery, movable assets and current assets of the Company both present & future also irrevocable and unconditional corporate guarantee by Italian-Thai Development Public Company Limited.		
5 UNSECURED LOANS		
From Banks		
- Overdraft - repayable on demand	4,165.93	1,967.72
- Long term loan [repayable in one year Rs. Nil (2010 - Nil)]	5,000.00	-
- Other loans -repayable in one year	6,000.00	-
- Interest accrued and due (on other loans)	63.06	-
	15,228.99	1,967.72

Schedules forming part of the Consolidated Balance Sheet (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

6. FIXED ASSETS	Freehold land	Buildings	Plant and Machinery	Earth-moving Machinery	Office Equipment & Furnitures	Vehicles	Leasehold Improvements	Total	Previous Year
Gross Block									
As at January 1, 2011	15.32	221.94	30,060.08	6,060.37	1,609.22	280.69	313.14	38,560.76	34,310.17
Additions during the year	-	-	7,795.91	369.19	97.79	31.77	27.99	8,322.64	4,767.09
Disposals during the year	-	-	(708.85)	(12.73)	(24.09)	(20.14)	-	(765.82)	(516.50)
As at December 31, 2011	15.32	221.94	37,147.14	6,416.83	1,682.91	292.32	341.13	46,117.59	38,560.76
Accumulated Depreciation									
As at January 1, 2011	-	100.34	13,924.94	3,718.36	1,292.82	176.85	256.90	19,470.21	15,611.68
Charge for the year	-	5.41	3,241.48	778.38	108.04	29.53	40.77	4,203.61	4,184.30
Disposals during the year	-	-	(377.94)	(12.69)	(22.46)	(15.33)	-	(428.42)	(325.77)
As at December 31, 2011	-	105.75	16,788.48	4,484.05	1,378.40	191.05	297.67	23,245.40	19,470.21
Net block									
As at December 31, 2011	15.32	116.19	20,358.67	1,932.78	304.51	101.27	43.46	22,872.19	19,090.55
As at December 31, 2010	15.32	121.60	16,135.14	2,342.01	316.40	103.84	56.24	19,090.55	
Note: Buildings include Rs.0.09 lakhs (2010 - Rs.0.09 lakhs) being the cost of shares in co-operative housing societies.									
2011									
2010									
7 INVESTMENTS									
Current investment (at lower of cost and market value):									
AVR Infra Pvt. Ltd.									
2,600 (2010 - 2,600) Equity Shares (unquoted, trade) of Rs. 10/- each fully paid									
								0.26	0.26
								0.26	0.26
8 DEFERRED TAX ASSETS / (LIABILITIES), (net)									
Deferred tax liabilities									
Difference between book depreciation and depreciation under the Income tax Act, 1961									
								6.01	77.78
								6.01	77.78
Deferred tax assets									
Effect of expenditure debited to profit and loss account but allowed for tax purposes in following years									
								744.00	-
Unabsorbed tax depreciation									
								464.98	-
Difference between book depreciation and depreciation under the Income tax Act, 1961									
								60.62	575.38
								1,269.60	575.38
Deferred tax assets / (liabilities), (net)								1,263.59	497.60
9 INVENTORIES									
Construction materials (at cost)									
								13,752.21	9,675.85
Tools and equipment (at amortised cost)									
								4,870.41	4,815.43
Machinery spares (at lower of cost and net realisable value)									
								1,881.38	1,730.31
								20,504.00	16,221.59

ITD Cementation India Limited

Schedules forming part of the Consolidated Balance Sheet (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

	2011	2010
10 SUNDRY DEBTORS		
(unsecured)		
[refer notes 20 (x), (xii) & (xiii)]		
Debts outstanding for a period exceeding six months		
- Considered good	25,558.69	27,021.89
- Considered doubtful	1,340.53	1,569.50
	26,899.22	28,591.39
Less: Provision for doubtful debts	1,340.53	1,569.50
	25,558.69	27,021.89
Other debts, considered good	40,933.73	30,795.83
	66,492.42	57,817.72
Sundry debtors include:		
- Retention monies of Rs. 7,653.21 lakhs (2010 - Rs. 6,724.81 lakhs) due subsequent to completion of the contracts as per the contractual terms.		
Debts outstanding for a period not exceeding six months include receivable from Italian-Thai Development Public Company Limited, Thailand, the holding company, Rs. 63.00 lakhs (2010 - Rs. 266.08 lakhs). Maximum amount due during the year Rs. 789.16 lakhs (2010 - Rs. 850.82 lakhs).		
11 CASH AND BANK BALANCES		
Cash in hand	174.04	219.06
Balance with scheduled banks		
- current accounts	2,740.31	4,364.89
- dividend bank accounts	3.99	3.44
- funds in transit	-	3.86
- deposit account	884.31	314.81
	3,802.65	4,906.06
12 LOANS AND ADVANCES		
(unsecured)		
Considered good		
Advances recoverable in cash or in kind or for value to be received	4,829.66	3,709.43
Receivable from Italian-Thai Development Public Company Limited	3,478.92	747.59
Deposits	1,997.75	1,691.62
Taxes paid [net of provision for taxation - Rs. 5,171.67 lakhs (2010 - Rs. 4,431.87 lakhs) include tax deducted at source Rs. 1,447.43 lakhs (2010 - Rs. 1,070.78 lakhs) , for which the certificates are yet to be received from the customers]	4,717.63	4,832.88
	15,023.96	10,981.52
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	444.24	444.24
	15,468.20	11,425.76
Less: Provision for doubtful loans and advances	444.24	444.24
	15,023.96	10,981.52

Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

	2011	2010
13 CURRENT LIABILITIES		
Acceptances	5,653.80	4,776.52
Sundry creditors - Other than Micro and Small Enterprises [refer note 20 (xv)]	13,044.76	11,254.30
Advances from customers	21,833.38	20,979.22
Unclaimed dividends *	3.99	3.44
Interest accrued but not due on loan	202.76	25.85
Other liabilities	18,670.99	14,973.17
	59,409.68	52,012.50
* Not due for credit to Investors Education & Protection Fund		
14 PROVISIONS		
Gratuity	392.18	180.62
Leave benefits	501.49	376.09
Provision for provident fund	148.41	117.17
Proposed dividend	230.32	172.74
Provision for tax on proposed dividend	37.36	28.69
	1,309.76	875.31
15 REVENUE		
Turnover	170,248.72	143,036.06
Movement in unbilled work in progress	595.78	2,986.08
Service income from unincorporated Joint Ventures	374.07	193.53
	171,218.57	146,215.67
16 OTHER INCOME		
Profit on sale of assets (net)	14.02	68.88
Sundry creditors' balances written back	107.12	22.20
Bad debts recovered	82.05	38.94
Interest		
- on bank deposits [tax deducted at source of Rs. 0.31 lakhs (2010 - Rs. 10.40 lakhs)]	130.62	168.23
- on income tax refund	90.02	302.86
- on sales tax refund	85.16	-
- from customer on settlement [tax deducted at source Rs. Nil (2010 - Rs. Nil)]	192.15	361.18
- other interest	57.44	-
Insurance claim	132.06	393.85
Miscellaneous income	74.57	41.82
	965.21	1,397.96
17 SITE AND ADMINISTRATIVE EXPENSES		
Personnel costs:		
Salaries, wages and bonus	15,598.70	13,374.36
Contribution to provident, gratuity and other funds	1,363.58	1,088.56
Staff welfare expenses	403.02	357.02
	17,365.30	14,819.94
Construction materials	59,379.41	59,184.62
Sub-contract costs	32,483.46	18,273.89
Plant hire expenses [refer note 20 (xvi)]	11,563.85	7,791.57
Power and fuel	7,594.84	7,673.41
Sales tax on works contracts	3,980.11	3,332.88
Miscellaneous expenses	2,491.57	2,189.30
Travel	746.45	639.69
Tools and equipment	1,901.93	1,698.24
Site transport and conveyance	2,889.04	2,283.46
Repairs and maintenance:		
- Plant and machinery	780.22	940.79
- Others	161.16	132.84

ITD Cementation India Limited

Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

	2011	2010
SITE AND ADMINISTRATIVE EXPENSES (continued)		
Insurance	862.36	1,101.07
Professional fees	2,215.81	1,389.75
Rental expenses [refer note 20 (xvi)]	2,446.24	2,527.93
Spares consumed	1,214.33	1,127.99
Security charges	532.16	395.98
Temporary site installations	909.66	1,212.79
Postage, telephone and telegram	186.75	181.44
Water charges	399.48	363.35
Printing and stationery	129.99	120.79
Fees and subscription	64.07	53.21
Infotech expenses	149.68	146.24
Service tax	1,458.35	1,530.16
Soil testing expenses	17.51	38.15
Labour cess	568.20	739.30
Auditors' remuneration	67.40	77.70
Royalty expenses	633.98	536.67
Exchange loss (net)	365.63	175.11
Directors' fees	1.80	2.65
	<u>153,560.74</u>	<u>130,680.91</u>
18 INTEREST AND FINANCE EXPENSES		
Interest on bank borrowings		
- on working capital demand loan	464.60	422.79
- on overdraft	6,070.49	5,036.76
- on short term loan	824.85	299.00
- on external commercial borrowings (buyer's credit)	127.72	88.68
- on letter of credit	75.51	19.20
Interest on long term loan from financial institution	1.23	101.73
Interest on advances from customers	878.53	880.10
Interest on others	574.16	772.80
Bank charges and guarantee commission	1,578.87	1,555.82
	<u>10,595.96</u>	<u>9,176.88</u>
19 PROVISION FOR DOUBTFUL DEBTS		
Bad debts written off during the year	1,235.44	1,125.28
Add: Provision for doubtful debts, end of year	1,340.53	1,569.50
Less: Provision for doubtful debts, beginning of year	1,569.50	1,197.83
Net provision for doubtful debts	<u>1,006.47</u>	<u>1,496.95</u>

Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

20 NOTES TO ACCOUNTS	2011	2010
(i) COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	1,505.04	2,460.26
(ii) CONTINGENT LIABILITIES		
a) Guarantees given by banks in respect of normal contracting commitments given in the normal course of business.	30,305.68	22,476.59
b) Corporate Guarantee given to bank on behalf of Joint Venture.	29,000.00	29,000.00
c) The Company has a number of claims on customers for price escalation and / or variation in contract work. In certain cases which are currently under arbitration, the customers have raised counter-claims. The Company has received legal advice that none of the counter-claims are legally tenable. Accordingly no provision is considered necessary in respect of these counter claims.	21,044.14	21,058.14
d) Sales tax matters pending in appeals	4,223.84	505.05
e) Income tax matters pending in appeals	2,368.76	2,407.70
f) Excise matter pending in appeal	52.00	52.00
g) Entry tax matters pending in appeal	207.32	207.32

(iii) PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURES AT THE BALANCE SHEET DATE

Buyers credit, Sundry creditors & Acceptances	2011			2010		
	Foreign Currency	Exchange Rate	INR in lakhs	Foreign Currency	Exchange Rate	INR in lakhs
Euro Exposure	722,525	69.76	504.03	700,037	60.45	423.17
US Dollar Exposure	-	-	-	11,440	45.28	5.18
TOTAL			504.03			428.35

(iv) GRATUITY AND OTHER POST EMPLOYMENT BENEFITS

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the Balance Sheet for the respective plans.

	Gratuity	
	2011	2010
<u>Profit and Loss Account</u>		
The net employee benefit expense (recognised in personnel cost) during the year is as follows:		
Current Service Cost	146.62	128.71
Interest Cost	101.95	77.63
Expected return on Plan Assets	(97.99)	(81.21)
Net Actuarial (Gains) / Losses for the period	137.11	90.79
Past service cost	-	-
Net benefit expense	287.68	215.92
Actual return on plan assets	(10.94)	94.90
<u>Balance Sheet</u>		
The details of provision for gratuity is summarised below:		
Defined benefit obligation	1,473.32	1,266.02
Fair value of plan assets	1,081.14	1,085.40
Plan Liability	392.18	180.62

ITD Cementation India Limited

Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

There is no unrecognised past service cost

Changes in the present value of the defined benefit obligations during the year are as follows:

	2011	2010
Defined benefit obligation at beginning of the period	1,266.02	1,029.29
Current Service Cost	146.62	128.71
Interest Cost	101.95	77.63
Net Actuarial Loss	27.20	104.50
Benefit Payments	(68.48)	(74.11)
Present value of Defined Benefit Obligation at end of period	1,473.32	1,266.02

Changes in the fair value of the plan assets of the gratuity plan, during the year are as follows:

Plan assets at beginning of the period	1,085.40	814.01
Expected return on Plan Assets	97.98	81.21
Contributions by employer	75.17	250.58
Benefit Paid	(68.48)	(74.11)
Actuarial Gain on Plan Assets	(108.93)	13.71
Fair value of Plan Assets at end of the period	1,081.14	1,085.40

The Company expects to contribute Rs. 75.00 lakhs to gratuity in the next year (2010 - Rs. 75.00 lakhs)

The amount of defined benefit obligation, plan assets, the deficit thereof and the experience adjustments on plan assets and plan liabilities for the current and previous four years are as follows:

	2011	2010	2009	2008	2007
Defined Benefit Obligation	1473.32	1,266.02	1,029.29	918.54	655.26
Plan Assets	1081.14	1,085.40	814.01	539.53	425.80
Deficit	(392.18)	(180.62)	(215.28)	(379.01)	(229.46)
Experience adjustments on plan assets	(108.93)	13.71	-	-	-
Experience adjustments on plan liabilities	(27.20)	(104.50)	-	-	-

The information on the allocation of the gratuity fund into major asset classes and the expected return on each major class is not readily available. However, the gratuity fund is invested in a Group Gratuity policy invested with the Life Insurance Corporation and Birla Sunlife Insurance. The fair value of plan assets with Life Insurance Corporation and Birla Sunlife Insurance at December 31, 2011 are Rs. 0.06 lakhs (2010 - Rs. 21.24 lakhs) and Rs. 1,081.08 lakhs (2010 - Rs. 1,064.16 lakhs) respectively. The management understands that the assets in these portfolios are well diversified and as such, the long term return thereon is expected to be higher than the rate of return on Government Bonds.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining the gratuity obligations are as follows:

	2011	2010
Discount rate	8.80%	8.30%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	5.50%	5.50%
Attrition rate	2%	2%
Withdrawal rates	Upto age 44 - 2% 45 years & above - 1%	Upto age 44 - 2% 45 years & above - 1%
Expected average remaining service	22.37 years	22.13 years

Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

In respect of provident funds, the Guidance issued by the Accounting Standards Board ('ASB') of ICAI on implementing AS 15 states that provident funds trust is set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as a defined benefit plan. The Company's provident fund does not have any exiting deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment), pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the same.

The Company's expense for the superannuation, a defined contribution plan aggregates Rs. 257.91 lakhs during the year ended December 31, 2011 (2010 - Rs. 206.09 lakhs)

The Company's expense for the provident fund aggregates Rs. 823.71 lakhs during the year ended December 31, 2011 (2010 - Rs. 646.07 lakhs)

(v) SUBSIDIARIES

The following Subsidiary Company (incorporated in India) has been consolidated in the consolidated financial statement applying Accounting Standard (AS) - 21:

Name of the Subsidiary	2011		2010	
	Proportion of Ownership Interest	Voting Power	Proportion of Ownership Interest	Voting Power
ITD Cementation Projects India Ltd	100%	100%	100%	100%

(vi) JOINTLY CONTROLLED ENTITIES

The following Jointly Controlled Entities have been consolidated applying Accounting Standard (AS) - 27 ("Financial Reporting of Interests in Joint Ventures").

Name of the Jointly Controlled Entities	% of Participation as at December 31, 2011	% of Participation as at December 31, 2010
ITD Cemindia JV	80%	80%
ITD-ITDCem JV	49%	49%
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	40%	40%

All the above are unincorporated jointly controlled entities in India

The proportionate share of assets, liabilities, income and expenditure of the Joint Ventures, consolidated in the accounts is tabulated hereunder:

BALANCE SHEET ITEMS	As at December 31, 2011		As at December 31, 2010	
Assets				
Fixed Assets	6,660.05		6,333.66	
Less : Accumulated depreciation	3,584.42		3,005.71	
		3,075.63		3,327.95
Capital work-in-progress		2,060.45		1,930.52
Deferred tax assets		505.59		497.60

ITD Cementation India Limited

Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

Current Assets			
Inventories	3,549.23		2,902.74
Unbilled work-in-progress	7,015.09		8,676.20
Sundry debtors	10,819.17		8,704.94
Cash and bank balances	1,493.32		1,424.11
Loans and advances	3,109.30		3,897.07
Total Current Assets (A)		25,986.11	25,605.06
Current Liabilities (B)		17,417.10	19,616.99
Net Current Assets (A-B)		8,569.01	5,988.07
Total Assets		14,210.68	11,744.14
Liabilities			
Loan Funds :			
Secured loans		1,828.33	2,215.85
Reserves & Surplus			
Opening balance of retained earnings	3,535.62		2,301.27
Add : Profit for the period	542.28		1,424.04
		4,077.90	3,725.31
Total Liabilities		5,906.23	5,941.16
REVENUE ITEMS			
Turnover	41,791.81		39,388.91
Other Income	215.38		441.36
		42,007.19	39,830.27
Less : Expenses			
Site and administration expenses	38,752.75		35,044.74
Interest and finance expenses	1,317.00		1,401.24
Depreciation	780.78		1,109.15
Total expenses		40,850.53	37,555.13
Profit before tax		1,156.66	2,275.14
Provision for tax		622.37	945.07
Deferred tax credit		(7.99)	(93.97)
Profit after tax		542.28	1,424.04
Capital commitment		94.82	197.73
Contingent liabilities		4,847.30	4,709.31

(vii) SEGMENT REPORTING

The activities of the Group comprise only one business segment viz Construction. The Group operates in only one geographical segment viz India. Hence the Group financial statements also represent the segmental information

(viii) RELATED PARTY TRANSACTIONS

(a) Name of related parties where control exists irrespective of whether transactions have occurred or not.

Italian-Thai Development Public Company Limited - Holding Company

Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (Continued)
as at 31 December 2011
(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

(b) Other entities with whom transactions have taken place

Name of Related Parties	Nature of Relationship
ITD Cemindia JV	Joint Venture
ITD-ITDCem JV	Joint Venture
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	Joint Venture
AVR Infra Pvt. Ltd.	Associate

	2011	2010
(c) Remuneration to Key Management Personnel		
1) Mr. Adun Saraban – Managing Director	56.41	52.16
2) Mr. S. Ramnath - Chief Financial Officer	22.26	38.30
3) Mr. P. B. Patwardhan - Chief Financial Officer (resigned on 30th April 2011)	22.28	-
	<u>100.95</u>	<u>90.46</u>

(d) Transactions with related parties

Previous year figures are given in brackets.

Nature of Transactions	Holding Company	Associate
Revenues earned from contract execution	878.43 (980.08)	
Balance receivables for contract execution	112.17 (795.53)	
Royalty expense	633.98 (536.67)	
Dividend paid	120.17 (80.11)	
Investment in equity shares		- (0.26)
Balance receivable at the year end	3,478.92 (747.59)	
Corporate guarantee issued by	3,000.00 (3,000.00)	

Note: The Group has not given any loans or advances in the nature of loans to its subsidiary or to firms/companies in which directors are interested.

(ix) EARNINGS PER SHARE

	2011	2010
a) Net Profit after taxation	2,257.53	938.51
b) Calculation of weighted average number of equity shares of Rs.10/- each		
Number of shares at the beginning of the year	11,515,790	11,515,790
Number of shares issued during the year	-	-
Number of shares at the end of the year	11,515,790	11,515,790
Weighted average number of equity shares outstanding during the year	11,515,790	11,515,790
c) Basic and diluted earnings per share nominal value of Rs. 10/- each (2010 - nominal value of Rs. 10/- each)	19.60	8.15

- (x) (a)** Sundry debtors at December 31, 2011 include Rs. 1,140 lakhs (December 31, 2010 - Rs. 1,140 lakhs) relating to price escalation claims which are disputed by the customer. The Company has received favourable verdict from Dispute Redressal Board and also thereafter in Arbitration in respect of these claims. The Customer has appealed against the Arbitration Award. Management is reasonably confident of recovery of this amount based on the above and independent legal advice from eminent legal counsel in the matter. These contracts have been completed and hence during the year ended December 31, 2011, the Company has not recognised any turnover or escalation claims on these road contracts.

ITD Cementation India Limited

Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (Continued)

as at 31 December 2011

(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

- (b) Sundry debtors at December 31, 2011 include variation claims of Rs. 309 lakhs (December 31, 2010 - Rs. 309 lakhs) for which the Company had received an arbitration award in its favour which has subsequently been upheld by the district court. The Customer has challenged this Court Order. However on the basis of above arbitration award and Court Order management is reasonably confident of recovering of these amounts.
- (xi) Work-in-progress at December 31, 2011 include Rs. 2,757 lakhs (December 31, 2010 - Rs. 2,757 lakhs), in respect of a contract which has been rescinded by the Company and Rs. 5,929 lakhs (December 31, 2010 - Rs. 5,929 lakhs) in respect of another contract where the Company has received a notice from the customer withdrawing from the Company the balance works to be executed under the contract; besides the Company has also issued guarantees aggregating Rs. 616 lakhs (December 31, 2010 - Rs. 616 lakhs) and Rs. 2,227 lakhs (December 31, 2010 - Rs. 2,227 lakhs) for these contracts respectively. The Company has made claims against the customer to recover these amounts and intends to pursue these matters, if necessary, through legal action. Based upon legal advice received, management is reasonably confident of recovery of these amounts of work in progress and consequently no changes have been made to the values and classification of these amounts in the financial statements.
- (xii) Sundry debtors at December 31, 2011 include variation claims of Rs. 3,455 lakhs (December 31, 2010 - Rs. 3,910 lakhs) recognised upto December 31, 2011, which are disputed by the customer. Out of this, claims amounting to Rs. 2,346 lakhs (December 31, 2010 - Rs. 2,346 lakhs) are a subject matter of arbitration. The Company has received arbitration awards in its favour in respect of the balance amount of Rs. 1,109 lakhs (December 31, 2010 - Rs. 1,564 lakhs) which have since been challenged by the customer (December 31, 2010 - Rs. 1,109 lakhs). During the year ended December 31, 2011, no variation claim was recognised by the Company. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is reasonably confident of recovery of the same.
- (xiii) Sundry debtors at December 31, 2011 include Rs. 3,384 lakhs (December 31, 2010 - Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification provided in the respective contracts. The management is reasonably confident of the certification and recovery of the same progressively on these contracts based on past experience of the Company, assessment of work done and the fact that these amounts are not disputed by the customer.
- (xiv) The disclosures as per provisions of Clauses 38, 39 and 41 of Accounting Standard-7 'Construction Contracts' notified by the Companies (Accounting Standards) Rules' 2006, (as amended) are as under:

	2011	2010
a) Contract revenue recognised as revenue in the period Clause 38 (a)	170,844.49	146,022.14
b) Aggregate amount of costs incurred and recognised profits up to the reporting date on Contract under progress Clause 39 (a)	516,968.75	455,845.99
c) Advance received on Contract under progress Clause 39 (b)	21,833.38	20,979.22
d) Retention amounts on Contract under progress Clause 39 (c)	7,653.21	6,724.81
e) Gross amount due from customers for contract work as an asset Clause 41 (a)	38,945.71	38,919.16
f) Gross amount due to customers for contract work Clause 41 (b)	-	-

- (xv) As per the information available with the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (Continued)
as at 31 December 2011
(Currency : Indian Rupee in lakhs)

NOTES TO ACCOUNTS (continued)

(xvi) Operating Lease

- a. The Company has taken various residential/commercial premises and construction equipments on cancellable operating leases. These lease agreements are normally renewed on expiry. Rental expenses in the consolidated profit and loss account for the year include lease payments towards premises of Rs.1,819.43 lakhs (2010 - Rs. 1,360.60 lakhs). Plant hire expenses relates to the lease payments for construction equipments.
- b. The Company, in addition to the above, has taken construction equipments on leases (non-cancellable operating leases). The future minimum lease payments in respect of which at 31 December 2011 are as follows:

Minimum Lease Payments

- i. Payable not later than 1 year
- ii. Payable later than 1 year and not later than 5 years
- iii. Payable later than 5 years

Total

	2011	2010
	27.34	504.35
	3.11	30.46
	-	-
	30.45	534.81

These leases have no escalation clauses.

Rental expenses in the statement of consolidated profit and loss for the year include Rs. 570.84 lakhs (2010 - Rs. 1,167.33 lakhs) towards such leases.

- c. General descriptions of lease terms
- i. Lease rentals are charged on the basis of agreed terms.
- ii. Assets are taken on lease over a period of 3-5 years.
- iii. The Company did not sub lease any of its assets and hence did not receive any sub lease payments during the current or previous year.

(xvii) Prior year figures have been reclassified wherever necessary to confirm to the current year's presentation.

As per our report of even date
For S.R. Batliboi & Associates
 Firm registration number: 101049W
 Chartered Accountants

per Amit Majmudar
 Partner
 Membership No.: 36656

Mumbai
 February 29, 2012

For and on behalf of the Board of Directors
Adun Saraban *Managing Director*

P. Chakornbundit *Director*

S. Ramnath *Chief Financial Officer*

R. C. Daga *Company Secretary*

Mumbai
 February 29, 2012

ITD Cementation India Limited

FINANCIAL HIGHLIGHTS

(Currency : Indian Rupee in lakhs)

FINANCIAL RESULT										
Particulars	STANDALONE					CONSOLIDATED				
	12 months to 31-12-07	12 months to 31-12-08	12 months to 31-12-09	12 months to 31-12-10	12 months to 31-12-11	12 months to 31-12-07	12 months to 31-12-08	12 months to 31-12-09	12 months to 31-12-10	12 months to 31-12-11
Total Income	79,753.21	97,961.41	99,711.25	109,573.75	131,035.22	92,815.75	134,343.34	148,598.73	147,613.63	172,183.78
Profit/(Loss) before Tax	1,294.00	644.01	766.32	1,223.49	2,202.66	1,493.89	1,463.56	1,590.69	2,074.60	2,817.00
Profit after Tax	904.74	549.93	540.53	938.51	2,257.58	904.58	549.87	540.56	938.51	2,257.53
Dividend	269.46	134.73	134.73	201.43	267.68	269.46	134.73	134.73	201.43	267.68
Retained Earnings	635.28	415.20	405.80	737.08	1,989.90	635.12	415.14	405.83	737.08	1,989.85
Gross Block	17,497.71	22,863.90	29,370.65	32,227.11	39,457.54	18,633.93	27,718.54	34,310.17	38,560.76	46,117.59
Net Block	8,727.85	12,282.66	15,859.82	15,762.60	19,796.56	9,726.86	16,577.12	18,698.49	19,090.55	22,872.19
Total Net Assets	42,827.13	76,481.86	85,052.64	88,594.33	101,459.84	43,169.97	78,505.91	85,428.38	90,809.99	103,287.92
Share Capital	1,151.58	1,151.58	1,151.58	1,151.58	1,151.58	1,151.58	1,151.58	1,151.58	1,151.58	1,151.58
Reserves	33,481.64	33,831.70	34,237.50	34,975.04	36,965.60	33,481.48	33,831.48	34,237.31	34,974.84	36,965.35
Borrowings	8,193.91	41,498.58	49,663.56	52,467.71	63,342.66	8,536.91	43,522.85	50,039.49	54,683.57	65,170.99
Deferred tax Assets/(Liabilities)	Nil	Nil	Nil	Nil	758.00	320.79	(24.30)	403.63	497.60	1,263.59
Total Fund	42,827.13	76,481.86	85,052.64	88,594.33	101,459.84	43,169.97	78,505.91	85,428.38	90,809.99	103,287.92
Earnings per Share (Rs.)	12.55	4.78	4.69	8.15	19.60	12.55	4.77	4.69	8.15	19.60
Dividend per Share (Rs.)	2.00	1.00	1.00	1.50	2.00	2.00	1.00	1.00	1.50	2.00
Book Value per Share (Rs.)	300.74	303.78	307.31	313.71	330.99	300.74	303.78	307.31	313.71	330.99



1



2

1. Box Pushing at Bhatinda, Punjab.
2. Cryogenic Ethylene Storage Tank at Gujarat.
3. Industrial Raft Foundation at Paradip, Orissa.
4. Underground Power House at Umtru, Meghalaya.



3



4



Marine Projects

Highways

Bridges

Hydroelectric Power

Tunneling

Dams & Irrigation

Industrial Structures

**Foundation &
Specialist Engineering**

Urban Transport

Airports

Pictures on cover

1. Road Project at Pathankot, Punjab.
2. Airside view of Kolkata Airport.
3. Construction of Coal Berth at Karaikal, Pondicherry.
4. Pipe laying for water supply for Kolkata Municipal Corporation.



ITD Cementation India Limited

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