



ITD Cementation India Limited



A N N U A L R E P O R T 2 0 1 2





Dry Dock at Kolkata



Development of Sabarmati River Front, Ahmedabad



Pune-Satara Road work, Maharashtra



Wet Basin at Mumbai





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 |

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Auditors

Walker, Chandio & Co., Mumbai

Legal Advisers

Udawadia Udeshi & Argus Partners, Mumbai

Registrars and Share Transfer Agents

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

Registered Office

National Plastic Building,
A-Subhash Road, Paranjape B Scheme,
Vile Parle (East), Mumbai - 400 057.

Area Offices

Mumbai
Kolkata
Delhi
Chennai

R & D Location

Kolkata

Annual General Meeting
Friday, 10th May, 2013, 3.00 p.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, 2012.

FINANCIAL RESULTS

| | (Rupees in Lakhs) | |
|----------------------------------------------------|-------------------|-------------------|
| | Year 2012 | Year 2011 |
| Total Income | <u>130,711.49</u> | <u>131,035.22</u> |
| Gross Profit before depreciation and bad debts | <u>6,922.49</u> | 6,631.96 |
| Less: Depreciation on fixed assets | <u>3,604.91</u> | <u>3,422.83</u> |
| Profit before provision for doubtful debts | <u>3,317.58</u> | 3,209.13 |
| Less: Provision for doubtful debts | <u>645.21</u> | <u>1,006.47</u> |
| Profit before Taxation | <u>2,672.37</u> | 2,202.66 |
| Less: Provision for Taxation/(deferred Tax Credit) | <u>474.60</u> | (54.92) |
| Profit after Taxation | <u>2,197.77</u> | 2,257.58 |
| Add : Surplus of previous year brought forward | <u>4,519.85</u> | 2,698.60 |
| Add: Corporate dividend tax written back | - | 0.67 |
| Amount available for appropriation | <u>6,717.62</u> | <u>4,956.85</u> |
| Directors' recommendation for appropriation: | | |
| Proposed Dividend | <u>230.32</u> | 230.32 |
| Dividend Distribution Tax | <u>37.36</u> | 37.36 |
| Transfer to General Reserve | <u>164.83</u> | 169.32 |
| Balance carried to Balance Sheet | <u>6,285.11</u> | <u>4,519.85</u> |
| | <u>6,717.62</u> | <u>4,956.85</u> |

DIVIDEND

The Directors are pleased to recommend dividend of ₹2.00 per share (2011– ₹2.00 per share), on 11,515,790 equity shares of ₹10 each fully paid. The above dividend, together with tax thereon, if approved, will represent 12% of distributable profits of ₹2,197.77 Lakh for the year.

REVIEW OF OPERATIONS

Revenue for the year at ₹128,053 Lakh has declined by ₹1,000 Lakh from ₹129,053 Lakh in the year 2011. Consolidated revenue for the year was also lower at ₹163,380 Lakh as compared to ₹170,845 Lakh for the year 2011, a decline of about 4% over the previous year.

The Company's profit before tax, however, improved by 21% to ₹2,672 Lakh compared to a profit before tax of ₹2,203 Lakh for the year 2011.

During the last quarter of the year October 2012 to December 2012, we experienced some delays and slowdown in some projects, which affected our performance in the quarter.

The Consolidated profit before tax for the year was ₹3,107 Lakh compared to profit before tax of ₹2,817 Lakh for the year 2011, an increase of about 10%.

The profit after tax for the year at ₹2,198 Lakh was slightly lower by ₹ 60 Lakh in comparison with 2011 because of one time deferred tax credit that was available in 2011.

After a review of the position of outstanding debts, your Directors have decided to write-off bad debts amounting to ₹450.16 Lakh (2011– ₹1,235.44 Lakh).

Total value of new contracts secured during the year aggregated ₹143,502 Lakh (2011 – ₹113,206 Lakh). Major contracts include-

- Piling work in Mahanadi River for Water Pipeline at Cuttak City, Orissa.
- Piling, Civil and Temporary Construction facility works for GIR Project at Dahej, Gujarat.
- Construction of North Cargo Berth II at VOC Port, Tuticorin, Tamil Nadu.
- Marine Civil works for development of Gangavaram Port Expansion Phase II at Visakhapatnam, Andhra Pradesh.
- Construction of Berth No.15 at Kandla Port, Gujarat.
- Construction of Landside structure for Ship Repair facility at Jaigad, Maharashtra.
- Civil works for Approach and Jetty for the development of Dry Bulk Terminal at Tuna, Kandla, Gujarat.

During the year, your Company's Joint Venture, ITD-ITD Cem Joint Venture, has received a contract from Delhi Metro Rail Corporation for Part Design and Construction of Elevated viaduct including entry exit lane, ramp to depot and 8 elevated stations including architectural finishing, water supply, sanitary installation and drainage works of stations, Delhi – value ₹54,600 Lakh.

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

- Design and Construction of Container Terminal at South Port, Mundra, Gujarat.
- Construction of Integrated Cargo Terminal facility at Jaigad, Maharashtra.
- Construction of Cargo Berth No.9 for Tuticorin Port , Tamil Nadu.
- Construction of Impounded Wet Basin at Mazagaon Dock, Mumbai, Maharashtra.
- Construction of Diaphragm Wall and Anchor Slab with special fill at Sabarmati, Gujarat.
- Various Piling and Civil works in Gujarat; Chhattisgarh; Orissa; Sikkim; Uttar Pradesh; Tamil Nadu; Punjab; Haryana and Maharashtra.

ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007

The Company has established Integrated Management System comprising of Quality Management System conforming to ISO 9001:2008, Environmental Management System (EMS) conforming to ISO 14001: 2004 and Occupational Health and Safety Management System conforming to OHSAS 18001:2007 at all offices, project sites and depots. During the year, the Company's accreditation has been audited and compliance to the requirements of the Standards has been confirmed by Det Norske Veritas (DNV).

The Company is amongst a few construction companies who have established an Integrated Management System and maintaining the system with proper customer satisfactions along with continual improvement of the system.

OUTLOOK

The outlook for the world economy is not encouraging. Most forecasts predict the growth for the world economy for 2013 to be at about 3.2%. As far as India is concerned, the GDP growth in 2012-2013 is likely to fall below the Reserve Bank's baseline projection of 5.8%. Advance estimates of National Income, 2012-2013, estimates the GDP growth for 2012-2013 at 5%.

Your Company continues to pursue opportunities in marine, foundation and specialist engineering and mass rapid transport system (MRTS) projects, where it has built strong capability over the years. Your Company is also looking to enhance its presence in civil works for industrial projects, where hitherto it was mainly involved in piling and foundation work. Delays in finalization of orders on account of non-receipt of environment clearances and /or financial closure on some major prospects and lack of orders in certain areas are some matters of concern. This situation is likely to continue for some more time which, in turn, may impact your Company's performance in the current year.

ITD Cementation India Limited

Although RBI expects inflation to moderate below its baseline projection of 7.5%, suppressed inflation continues to pose a threat and, consequently, RBI maintains a cautious approach to interest rate reduction. But recent actions by RBI to reduce CRR and repo rates have raised expectations on lower interest rates by the middle of the year.

Despite short term challenges faced by the infrastructure sector as a whole, your Company is cautiously optimistic about the future prospects for the sector.

PARENT COMPANY

Italian-Thai Development Public Company Limited (ITD) is engaged in the business of civil engineering 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 2011 of approximately Baht 44,945 million (about ₹7,701.10 crore) which puts it in the lead position amongst contractors in Thailand. In 2011, ITD had a skilled work force of around 22,318 employees, including around 1,403 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, 2012 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 also confirms 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 has 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. Premchai Karnasuta and Mr. Pathai Chakornbundit retire by rotation and, being eligible, offer themselves for re-appointment.

AUDITORS

The retiring Auditors, Walker, Chandiok & Co., Chartered Accountants, Mumbai, offer themselves for re-appointment.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

The Directors thank ITD for the continued support extended by it 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 28, 2013

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:

- 1) Power generation at site is being optimized by synchronizing D G sets resulted saving in fuel.
- 2) Fuel consumption is being monitored per capita value of work and sites have been guided how to reduce consumption by creative utilization thus saving fuel.
- 3) Turbo-Cooling of Diesel Machines

Diesel Generator sets and concrete pumps are installed with turbo-cooling facilities to improve their performance and fuel efficiency. *After cooled Turbo Charger* engines are fuel efficient and saved about 20% diesel with improved efficiency. Phase wise increase in use of such Diesel machines are proposed for substantial conservation in the diesel consumption.

- 4) Use of De-Sanders at Sites

De-Sanders are provided at bored piling and diaphragm wall sites. This equipment reduces the load on the diesel operated pumps and increases the number of cycles of re-use of bentonite slurry. Diesel saved by such installation is to the tune of 15% and it also minimizes environmental impact of bentonite disposal. There are more than 23 units of De-Sanders currently deployed at sites.

Instead of importing, the Company by manufacturing De-Sanders at its own depot saved foreign exchange.

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

Energy efficiency continued to remain one of the major criterion for selection of new plant for 2012 *and also for the year 2013.*

(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

B) Technology Absorption

Research & Development (R & D)

- 1) Flowable Concrete

To facilitate execution at sites involving mass pour of concrete, a trial research was carried out using a high performance super plasticizer. When added in a range of 0.6% to 0.7% of dry cementitious weight, it imparts flowable characteristics to the concrete and also assists in slump retention for more than one hour. Outcome of this research is expected to eliminate use of vibrators for concrete compaction even while it retains its desired compressive strength. The research results would also assist in reducing shuttering stages and minimize overall concreting time.

- 2) Standard Penetration Test within Pile Bore

Standard Penetration Test (SPT) inside the pile bore is intended as a unique attempt to confirm the density of strata below the bore during piling operation. Otherwise, carried out in a low diameter bore, the present study extended the codal provisions to confirm degree of disturbance of pile base after boring operations. This test was conducted in a 1000mm diameter pile bore at a Kolkata site on trial basis, wherein the SPT rods were provided with specially fabricated

spacers to retain their stiffness. This test would assist in confirming the strength of pile base during their field execution and while serving as a quality control measure, it would also validate the design pile capacity.

Technology Absorption, Adaption and Innovation

- 1) Designed and developed form work to cast 2 level Elevated Metro Corridor and two layer pier and pier cap at C-2 - Jaipur Metro Projects .
- 2) River Front / sheet pile / cofferdam at Garden Reach site, Kolkata.
A full scale inhouse designed and constructed sheet pile cofferdam system at Garden Reach Shipyard project at Kolkata to effectively retain 10m water height to facilitate the Dry Dock construction and installation of Dock Gates in dry conditions.
- 3) Concrete Cofferdam at Mazagaon Dock, Mumbai.
A full scale inhouse designed and constructed concrete cofferdam at Mazagaon Dock, Mumbai to effectively dewater and dry out the Wet Basin Constructed inside Sea for a water height of 12 metre and to facilitate installation of Wet Basin Gate. Project commissioned.
- 4) Cofferdam / Bund Construction at Kargal, Karnataka
Drawing motivation from previous projects on cut-off walls, a temporary bund was constructed to isolate a power channel at a site at Kargal and hence facilitate repair work of canal walls in dry condition. Bund construction was achieved in a novel way using gabion boxes filled with sand bags. In this arrangement, water tightness was achieved by pouring specially designed plastic concrete into a trench sandwiched between outer gabion walls. The concrete hardened to form impermeable cut-off barrier. This arrangement could retain 6m head of water which could be pumped out and eliminated water seepage at its downstream end.
- 5) Reverse Circular Drill (RCD) for large dia piling inducted in Marine Project to add-on Rock Boring capability.
- 6) Seepage Control Measures for Shoring Piles at Mumbai
At a residential tower project at Mumbai, shoring piles were opted for retaining deep excavation. There was a compulsive requirement of arresting water seepage by plugging the space between each of these piles. This problem was overcome by installing a 150mm micropile between the intervening piles, filled with a specially conceived cement-sand grout of high workability. This innovative step resulted in the most effective and economical retention system thus, saving valuable cost of installation of de-watering system.
- 7) Gabion Boxes for Arresting Soft Ground Movement at Kandla
Rammed stone columns were being installed at sloping ground at Kandla. The resulting driving operations resulted in adverse movement of very weak, soft and deep seated clay towards the creek. To arrest this movement, an innovative Gabion retaining wall scheme was laid in a well-designed configuration at the toe of the sloping ground. Stone filled gabion boxes of sizes 2m x 1m x 1m were placed in a planned interlocking manner and had improved the stability factor of the ground. Provision of gabion walls proved to be the most economic solution and facilitated safe execution of rammed stone columns.
- 8) Designed and developed tunnel lining form work for Jammu – Reyasi Tunnel Project - thus saving the cost and improving productivity.
- 9) Heavy Structural lift by employing Strand Jack Lifting system for erection of 38 Nos. of prefabricated and assembled Steel Truss with average weight of 135 MT each having a span length varying from 121 to 130 metre for a lift height of 19 metre (max) at Kolkata Airport Project, Kolkata.

C) Foreign Exchange Earnings and Outgo

- 1) The Company did not have any export during the year under report.
- 2) The Company is continuing its efforts to identify opportunities of securing an overseas contracts in its specialist activities.
- 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, membership subscription, consumables, capital goods, tools and spare parts aggregated to ₹2,196.15 Lakh.

For and on behalf of the Board

Premchai Karnasuta
Chairman

February 28, 2013

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. Your Company has in place processes and systems whereby the Company complies with the requirements on Corporate Governance provided in Clause 49 of 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 the 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 Director | Category | No of Board Meetings held during the Year 2012 | | 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 | 1 | Yes | Nil | Nil |
| Mr. Pathai Chakornbundit (Vice Chairman) | Non-Independent, Non- Executive | 5 | 4 | Yes | Nil | Nil |
| Mr. D. E. Udawadia | Independent, Non- Executive | 5 | 5 | Yes | 12 | 8 (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 | 1 | - | 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, 2012. The dates on which the meetings were held are as follows: 20th January, 29th February, 4th May, 9th August and 5th November, 2012.

(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. The terms of reference of the Audit Committee were last amended on 31st January, 2009.

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

The 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, 2012 the Audit Committee had held four (4) meetings. Meetings were held on 29th February, 4th May, 9th August and 5th November, 2012. Attendance of directors was as under:

| Name of the Director | No. of Meetings held | No. of Meetings attended |
|-----------------------------|----------------------|--------------------------|
| Mr. Per Hofvander, Chairman | 4 | 4 |
| Mr. D.E. Udawadia | 4 | 4 |
| Mr. Pathai Chakornbundit | 4 | 4 |

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 2012.

(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 adjustments, 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, 2012, the Company has one wholly owned, non- material and 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. Udawadia, Mr. Premchai Karnasuta, Mr. Pathai Chakornbudit and Mr. Per Hofvander. Mr. D. E. Udawadia and Mr. Per Hofvander are Independent Directors. The Committee held two (2) meetings during the year 2012 i.e. on 29th February and 5th November, 2012

| Name of the Director | No. of Meetings held | No. of Meetings attended |
|-----------------------------|----------------------|--------------------------|
| Mr. D.E. Udawadia, Chairman | 2 | 2 |
| Mr. Premchai Karnasuta | 2 | - |
| Mr. Pathai Chakornbudit | 2 | 2 |
| 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 4th May, 2012.

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

The Company paid ₹2,90,500/- to M/s. Udawadia & Udeshi and ₹16,56,170/- to M/s Udawadia Udeshi & Argus Partners, Solicitors & Advocates, Mumbai, as fees for professional services that were provided by the said firms to the Company on specific legal matters

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entrusted to them from time to time. Mr. D. E. Udawadia is a partner of M/s Udawadia Udeshi & Argus Partners. Mr. Udawadia was also a partner of M/s Udawadia & Udeshi which changed its name, on merger, to M/s Udawadia Udeshi & Argus Partners. 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. Udawadia 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, 2012 are given below:

| Name of the Director | Service Contract Years/ months | Salary ₹ | Commission ₹ | Perquisites and cost of providing furnished residential accommodation ₹ | Retirement Benefits (PF and Gratuity)* ₹ | Total sitting fees ₹ |
|-------------------------------|-----------------------------------------------------|-------------|-----------------|----------------------------------------------------------------------------|---------------------------------------------|-------------------------|
| (a) Executive Director | | | | | | |
| 1. Mr. Adun Saraban | 40 months and 20 days from 12.08.2009 to 31.12.2012 | 33,00,000 | 9,00,000 | 32,09,800 | 3,96,000 | NIL |

* 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 director is not ascertainable and, therefore, not included above.

| (b) Non-Executive Directors | | | | | | | |
|------------------------------------|-----------------------------------|---|------------------|------------------|------------------|-----------------|-----------------|
| 1. | Mr. D. E. Udawadia | - | NIL | 2,00,000 | NIL | NIL | 1,20,000 |
| 2. | Mr. D. P. Roy | - | NIL | 2,00,000 | NIL | NIL | 25,000 |
| 3. | Mr. Peshwan Jehangir ¹ | - | NIL | NIL | NIL | NIL | 5,000 |
| | Total | | 33,00,000 | 13,00,000 | 32,09,800 | 3,96,000 | 1,50,000 |

¹ceased to be a director w.e.f. 28.02.2012

Note: 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. The 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 Chakornbundit, a Non-Executive Director. The Committee held four (4) meetings during the year 2012 on 29th February, 4th May, 9th August and 5th November, 2012

| Name of the Director | No. of Meetings held | No. of Meetings attended |
|--------------------------|----------------------|--------------------------|
| Mr. Pathai Chakornbundit | 4 | 4 |
| Mr. Adun Saraban | 4 | 4 |

- (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, 2012, sixty two (62) 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. The terms of reference of Share Transfer Committee were last amended on 11th January, 2010. During the financial year ended 31st December, 2012 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, 2012 there was no 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 35th 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 |
| 31.12.2011 | 04.05.2012 11.00 a.m Rama Watumull Auditorium, Mumbai. | 1 | Payment of commission to the Non - Executive Directors excluding Non - Resident Directors under Section 309 (4) and other applicable provisions of the Companies Act, 1956 |

| | | | |
|------------|-------------------------------------------------------------------------------------------------------|------|--|
| 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 | |

(ii) Special resolutions were passed through postal ballot last year

The Company has passed two Special Resolutions under Section 372A of the Companies Act, 1956 :

- For approval and confirmation of the Corporate Guarantee upto a limit of ₹132 crore given by the Board of Directors as security for the loan granted by Export Import Bank of India ("Exim Bank") to ITD-ITD Cem Joint Venture for Kolkata Metro Rail Corporation Limited Project as aggregate of guarantees so far provided by the Company to all the bodies corporate alongwith the above corporate guarantee may exceed the limits specified in the said Section 372A(1) and
- For and confirmation of the Corporate Guarantee upto a limit of ₹26 crore given by the Board of Directors as security for the loan granted by Vijaya Bank to ITD-ITD Cem Joint Venture for Jaipur Metro Project as aggregate of guarantee so far provided by the Company to all the bodies corporate alongwith the corporate guarantee upto a limit of ₹132 crore given by the Company to Exim Bank and the aforesaid corporate guarantee to be given to Vijaya Bank may exceed the limits specified in the said Section 372A(1).

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 a Whistle Blowing and Prevention of Sexual Harassment Policy and Procedures and it affirms that no personnel have 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 28th February, 2013 to approve the Audited Annual Accounts for the year ended 31st December, 2012.

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)

The 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 : 10th May, 2013

Time : 03.00 p.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 closed from Friday, 3rd May, 2013 to Friday, 10th May, 2013 (both days inclusive).

ITD Cementation India Limited

(iii) Financial Year of the Company

1st January to 31st December

(iv) Date of Dividend Payment

Dividend for 2012, if any, that may be declared at the Annual General Meeting will be paid on 16th May, 2013.

(v) Registered Office

National Plastic Building, A- Subhash Road, Paranjape B Scheme, Vile Parle (East), Mumbai - 400 057

(vi) Stock Exchanges

The equity 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 2012-2013 (upto 31.03.2013) 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 2012 | | | | | | |
|-----------------------------------------------------------------------------------------------------------|---------------|------------|---------------|------------|---------------|------------|
| Months | High ₹ | | Low ₹ | | Close ₹ | |
| | ITD Cem price | BSE Sensex | ITD Cem price | BSE Sensex | ITD Cem price | BSE Sensex |
| January | 154.00 | 17258.97 | 118.00 | 15358.02 | 151.70 | 17193.55 |
| February | 185.00 | 18523.78 | 140.35 | 17061.55 | 168.70 | 17752.68 |
| March | 202.40 | 18040.69 | 152.50 | 16920.61 | 180.45 | 17404.20 |
| April | 190.70 | 17664.10 | 163.00 | 17010.16 | 176.90 | 17318.81 |
| May | 245.00 | 17432.33 | 170.50 | 15809.71 | 212.00 | 16218.53 |
| June | 247.05 | 17448.48 | 211.00 | 15748.98 | 229.60 | 17429.98 |
| July | 243.00 | 17631.19 | 223.60 | 16598.48 | 238.00 | 17236.18 |
| August | 240.00 | 17972.54 | 220.00 | 17026.97 | 228.75 | 17429.56 |
| September | 259.90 | 18869.94 | 218.75 | 17250.80 | 246.15 | 18762.74 |
| October | 255.85 | 19137.29 | 233.05 | 18393.42 | 253.25 | 18505.38 |
| November | 275.85 | 19372.70 | 241.20 | 18255.69 | 258.00 | 19339.90 |
| December | 255.00 | 19612.18 | 230.05 | 19149.03 | 238.70 | 19426.71 |

(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, 2012, out of the 10495 shareholders 8373 shareholders have opted for dematerialisation of their shares aggregating to 11339909 shares i.e. around 98.47% of the total paid-up capital of the Company.

(xii) Shareholding Pattern as on 31st December, 2012

| Particulars | No. of Shares held | Percentage to total share capital |
|------------------------------------------------------------|--------------------|-----------------------------------|
| Promoter – Italian-Thai Development Public Company Limited | 8011318 | 69.57 |
| General Public | 3129272 | 27.17 |
| Nationalised Banks | 330 | 0.00 |
| Mutual Funds | 90600 | 0.79 |
| Corporate Bodies | 207311 | 1.80 |
| NRI/OCB/FII | 73214 | 0.64 |
| Clearing Members | 3745 | 0.03 |
| Total | 11515790 | 100.00 |

(xiii) Distribution of Shareholdings as on 31st December, 2012

| No. of Equity Shares | No. of Share holders | % of Share holders | No. of Shares | % of Shares |
|----------------------|----------------------|--------------------|---------------|-------------|
| 1-500 | 9749 | 92.89 | 1033142 | 8.97 |
| 501-1000 | 400 | 3.81 | 290798 | 2.52 |
| 1001-2000 | 181 | 1.73 | 261041 | 2.27 |
| 2001-3000 | 50 | 0.48 | 127185 | 1.10 |
| 3001-4000 | 36 | 0.34 | 126122 | 1.10 |
| 4001-5000 | 12 | 0.11 | 53704 | 0.47 |
| 5001-10000 | 36 | 0.34 | 267955 | 2.33 |
| 10001 & above | 31 | 0.30 | 9355843 | 81.24 |
| Total | 10495 | 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:

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Registrars and Share Transfer Agents : 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, raju.sv@karvy.com and / or</p> | <p>Compliance Officer: Mr. R.C. Daga Company Secretary ITD Cementation India Limited National Plastic Building, A- Subhash Road, Paranjape B Scheme, Vile Parle (East), Mumbai - 400 057. Tel : + 91 22 66931600/67680600 Fax: + 91 22 66931628/67680841 Emails: rc.daga@itdcem.co.in, investors.relation@itdcem.co.in</p> |
| <p>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</p> | |

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 31 December 2012, 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 Clause 49 of the above mentioned Listing Agreement.

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

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.: 001076N

per **Amyr Jassani**
Partner
Membership No. 46447

Place: Mumbai
Date: 28 February 2013

ITD Cementation India Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Company Review

Your Company is a leading player in the Engineering, Procurement and Construction (EPC) area of construction industry. Its main activities are marine projects, highways and bridges, hydroelectric power and tunneling, dams and irrigation, industrial structures, foundation specialist engineering, urban transport and airports.

Indian Economy

According to the latest estimates of the Central Statistical Organisation, the growth in real Gross Domestic Product (GDP) is placed at 5.3% in the second quarter of 2012-2013 drop from 5.5% in the first quarter of 2012-2013.

During the period April 2012 - November 2012 the Index of Industrial Production (IIP) growth was 1% as compared to 3.8% during the corresponding period of 2011-2012. The index for eight core industries with a weight of 37.9% in the IIP grew by 3.5% during the period April 2012 - November 2012 as compared to growth rate of 4.8% achieved during the corresponding period in 2011-2012.

The Wholesale Price Index (WPI) inflation for the month of December 2012 is reported at 7.18%, as against 7.24% in the previous month and 7.74% in the corresponding month last year. The decline in inflation was mainly on account of fall in prices of manufactured products and fuel. WPI inflation dropped further to 6.62% in January 2013, the lowest since November 2009. This has raised expectation of an interest rate cut in the near future which can give a boost to the Indian Economy. The average WPI inflation rate for last 12 months (January to December, 2012) was 7.54% as compared to 9.47% during the corresponding period in 2011-2012.

The Planning Commission in Working Paper Series (January 2013) has projected an average GDP Growth target of 8% for the Twelfth Five Year Plan period from 2012-2013 to 2016-2017 (12th Plan).

Industrial Structure and Developments – Construction

The construction industry showed a dismal performance on account of the overall economic slowdown. Delays in project awarding process has impacted order inflows to construction companies. In Q2 of 2012-2013, construction GDP grew by 6.7% on year to year basis, as against the growth of 6.3% registered in Q2 of 2011-2012. However, during Q1 of 2012-2013 when compared with Q2 of 2012-2013, the construction sector registered a decline of around 4% mainly due to slowdown in the construction activities led by monsoon season.

The construction industry plays an important role in the development of a country's infrastructure, which is a key engine

of economic growth. Its significance to the Indian economy can be gauged by its growing contribution to GDP, from 5.1% in 2001-2002 to 7.9% in 2010-2011.

By 2020, India is expected to emerge as the world's third largest construction market. Large infrastructure investments and growing urbanization will fuel this growth.

Barring unforeseen circumstances, long-term outlook for the construction industry appears positive. Concerns have been raised about its immediate future. Rising interest costs, stagnating orders, a slowdown in new government projects and an increasing number of stalled projects are just some of the challenges the industry is facing.

Over the long term, however, investment in infrastructure, as percentage of GDP is expected to witness a steady increase, growing from 7.8% in 2011-2012 to 9% in 2016-2017 (an average of 8.26% during 12th Plan).

Opportunities

The Planning Commission, in its Approach Paper to the 12th Plan on Infrastructure Development, stated that compared to other developing countries, India has been slow to urbanize, but the pace of urbanization is expected to accelerate over the next two decades. The 2011 Census also predicts an increase in urban population from 27.8% in 2001 to over 40% by 2030. This will generate a heavy demand for better quality infrastructure in urban areas.

According to Press Information Bureau, quarterly GDP at factor cost at constant (2004-2005) prices for Q2 of 2012-2013 is estimated at ₹1,293,922 crore as against ₹1,228,982 crore in Q2 of 2011-2012, showing the growth rate of 5.3% over the corresponding quarter of the previous year.

The 12th Plan envisages the doubling of investment in infrastructure from about ₹20 lakh crore to about ₹40 lakh crore (USD 1 trillion) at 2006-2007 prices. The share of private investment is expected to rise from about ₹7 lakh crore to ₹22.5 lakh crore.

As per the draft 12th Plan, the forecast for the market size of construction industry for 12th Plan period indicate that the aggregate output of the industry during the period 2012-2013 to 2016-2017 is likely to be ₹52.31 lakh crore.

Going forward, opportunities for construction companies are expected from projects to be undertaken in railways and urban infrastructure – particularly in metro projects, airports and roads sectors.

Ports

In India, there are 12 major ports and over 200 non-major ports which fall under purview of the respective states' maritime board.

Presently, major ports in India are facing capacity constraints which is resulting in a high (80%+) utilization. According to the Report of Working Group for Port Sector for the 12th Plan, the major ports are expected to add 533 million tones (MT) per annum of capacity in the 12th Plan, which implies a 76% increase in current capacity at a 12% CAGR at a cost of ₹72,300 crore.

As a result of over-utilization and inefficiencies at major ports, the market share of minor ports in India has been on the rise, moving from 29% in FY09 to almost 39% by the end of FY12. Minor ports will continue to gain market share.

To meet the overall projected traffic of 1758.26 MT by 2016-2017, growing at a CAGR of 14%, the total capacity of the Port Sector is envisaged to be 2289.04 MT. The traffic forecast by the end of 12th Plan would be 943.06 MT and 815.20 MT for the major and non-major port respectively.

In the 12th Plan, the Planning Commission has projected an investment of ₹197,781 crore for the Ports and inland waterways sector. Of the total investment, ₹20,670 crore is to be invested by Central Government, ₹5,563 crore by State Governments and ₹171,548 crore will come from the private sector.

Mass Rapid Transit Systems (MRTS)/Urban Infrastructure

India is looking to create a world class infrastructure with its existent Kolkata and Delhi Metros with the addition of Mumbai, Bengaluru, Hyderabad, Chennai, Jaipur and Kochi metros in the next few years while proposals for MRTS for Pune, Chandigarh, Ahmedabad, Kanpur, Ludhiana, Bhopal, Indore and Faridabad are being chalked out.

After the successful completion and commissioning of 190 kilometers of metro lines across the National Capital Region (NCR) spanning two different construction phases, the Delhi Metro Rail Corporation has now started the construction work for another 120 kilometers of metro which will enhance connectivity of the entire NCR tremendously.

As brought out in the Report of the Working Group on Urban Transport for the 12th Plan, the analysis of metro rail systems in 132 cities in the world provides a comprehensive understanding of the ownership structure and use of PPP in metro rail development. In 113 cities having metro rails, 88% have been developed and are being operated in public sector mode whereas in only 12% cities some form of PPP exists. In fact outside India, no city anywhere in the world (except the failed experiment of STAR and PUTRA metro rail in Kuala Lumpur in Malaysia) has attempted provisioning of metro rail in a full city on PPP. Even the new metro rail projects, which are being developed, are largely being taken up on public sector mode rather than through PPP model. It may be noted that PPP has been an important financing mechanism of the other modes of transport in India and elsewhere. Even in road based MRTS

projects like Bus Rapid Transit System, the infrastructure has been developed in the public sector globally whereas the bus operations and maintenance as well as fare collection has been done on a PPP model.

According to Census 2011, about 377 million Indians comprising about 31% of the country's population, live in urban areas. Projections are that by 2031, this will increase to about 600 million. Providing for infrastructure services of a reasonable quality to the growing urban population presents a major challenge. Presently urban services are very poor, particularly in sanitation, solid waste removal, water, roads and public transportation.

In the 12th Plan, the Planning Commission has projected an investment of ₹124,158 crore for the MRTS. Of the total investment, ₹39,700 crore will be invested by Central Government, ₹31,901 crore by State Government and ₹52,557 crore will come from the private sector.

The Working Group constituted by the Planning Commission has stated that all metro projects that are in high density corridors, and are viable on their own may be encouraged under the PPP mode. However, projects that are financially not viable should primarily be funded by Government.

Urban water supply, sanitation and storm water drainage were accorded priority under the Eleventh Plan. At present, a large number of these projects are under various stages of implementation. Given the level of deficit in these essential services and their importance to making a city livable, they would continue to receive top most priority under the 12th Plan.

In the 12th Plan, the Planning Commission has projected an investment of ₹254,952 crore for the water supply and sanitation. Of the total investment, ₹98,015 crore is to be invested by Central Government, ₹150,582 crore by State Government and ₹6,355 crore will come from the private sector.

Airports

Until recently, development, maintenance and ownership of airport facilities in the country was vested with the AAI. With the opening up of the airport sector for private participation, six airports are functioning under the PPP model and these are Hyderabad, Bengaluru, Delhi, Mumbai, Kochi and Nagpur. Currently, 60% of the air traffic is handled by these airports under PPP mode and the rest by airports under AAI.

It is expected that by 2020-2021 the total air passengers handled will increase by about 2.7 times, at a CAGR of 10.7% and by 2031-2032 it is expected to increase by about 7 times, at a CAGR of 10.1% from 2010-2011 levels. Over this period, the highest growth is expected to be witnessed in the domestic passenger segment as compared to the international segment, largely on account of untapped market potential.

ITD Cementation India Limited

Thus, growth in the passenger and cargo traffic requires significant investments in terms of construction of new airports, expansion and modernization of existing airports, improvement in connecting infrastructure (road, metro, sea link, etc.) and better airspace management.

The Planning Commission has projected an investment of ₹87,714 crore for airports during the 12th Plan. Of the total investment, ₹15,041 crore is proposed to be from Central Government, ₹2,449 crore from State Governments and ₹70,224 crore is expected to flow from the private sector.

According to the Ministry of Civil Aviation, a total investment of ₹377,275 crores has been estimated for airport infrastructure development work by 2031-2032. This investment would result in creation of additional passenger capacity of 1086 million passengers per annum (MPPA), out of which 211 MPPA will come up in greenfield airports alone. This incremental passenger handling capacity will help in catering to the forecasted passenger traffic of 1144 MPPA by 2031-2032 in a seamless and safe manner.

Roads

The Planning Commission has projected an investment of ₹969,406 crore for the roads and bridges sector during the 12th Plan period. Of the total investment, ₹363,529 crore is planned to be invested by Central Government, ₹274,433 crore by State Governments and ₹331,445 crore will come from the private sector.

The Ministry of Road Transport and Highways (MoRTH) has reported an award of only 705 km of national highway projects during April - October, 2012 against a target of 8800 km for the current fiscal (2012-2013). In order to expedite project awards, MoRTH has decided to undertake projects of about 4000 km on EPC basis. EPC projects will be executed on a turnkey basis with the Government specifying only the broad requirements. This is expected to speed up the award process as well as improve quality through single point accountability. Further, the National Highway Authority of India (NHAI) is planning to increase the ceiling of projects to be awarded on an EPC basis by about 1000 km. NHAI has planned 10 mega highway projects, each of about 500 km and a cost of about ₹4,500 crore - ₹5,000 crore.

About 2 lakh km of State Road are planned to be developed during the 12th Plan. An investment of about ₹2 trillion is envisaged during 12th Plan to build rural roads under the Pradhan Mantri Gram Sadak Yojana.

Irrigation

Water is important national asset and a basic necessity of human beings. Being a scarce commodity, water has to be developed, conserved and managed on an integrated and environmentally

sound basis to ensure its availability and quality on a sustainable and long-term basis. Irrigation infrastructure facilities in the country are inadequate, as only half of the cultivable land is irrigated, leaving the rest at the mercy of rain gods. Despite the massive investments in the irrigation in each Five Year Plan, the gross irrigated area does not seem to be rising in a manner that it should.

In the 12th Plan, the Planning Commission has projected an investment of ₹504,371 crore for irrigation including watershed development. Of the total investment, ₹42,171 crore will be invested by Central Government and ₹462,200 crore by State Government.

Power

The Working Group for the 12th Plan constituted by the Central Government has estimated a capacity addition target of 75785 MW of conventional capacity, of which about 83% will be thermal power, 12% will be hydro power and 5% will be nuclear. Recently, this target was revised upward and fixed at 88537 MW.

In the 12th Plan, the Planning Commission has projected an investment of ₹1,501,666 crore for the Power Sector. Of the total investment, ₹440,796 crore will be invested by Central Government, ₹347,043 crore by State Governments and ₹713,827 crore will come from the private sector.

Among the several issues plaguing power projects in the country and causing delayed implementation of projects in the recent times as compared to previous years is deteriorating coal supply on one end of value chain and poor financial outlook of discoms where the losses have been mounting to levels far higher than previous years.

OUTLOOK

The outlook for the world economy is not encouraging. Most forecasts predict the growth for the world economy for 2013 to be at about 3.2%. As far as India is concerned, the GDP growth in 2012-2013 is likely to fall below the Reserve Bank's baseline projection of 5.8%. Advance estimates of National Income, 2012-2013, estimates the GDP growth for 2012-2013 at 5%.

Your Company continues to pursue opportunities in marine, foundation and specialist engineering and MRTS projects, where it has built strong capability over the years. Your Company is also looking to enhance its presence in civil works for industrial projects, where hitherto it was mainly involved in piling and foundation work. Delays in finalization of orders on account of non-receipt of environment clearances and /or financial closure on some major prospects and lack of orders in certain areas are some matters of concern. This situation is likely to continue for some more time which, in turn, may impact your Company's performance in the current year.

Although RBI expects inflation to moderate below its baseline projection of 7.5%, suppressed inflation continues to pose a threat and, consequently, RBI maintains a cautious approach to interest rate reduction. But recent actions by RBI to reduce CRR and repo rates have raised expectations on lower interest rates by the middle of the year.

Despite short term challenges faced by the infrastructure sector as a whole, your Company is cautiously optimistic about the future prospects for the sector.

Threats, Risks and Concerns

The implementation of infrastructure projects is often affected by a series of pre- construction and post construction delays. Some of these are:

- Execution challenges – Changes in project design and shortage of labour .
- Difficulty in obtaining land and environmental clearances.
- Intense competition leading to continued margin pressures.
- Tight liquidity and high interest costs.
- Lack of financial closure by customers.
- Delay in receipts of payments.

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

Standalone Financial Performance:

Your Company's performance for 2012 compared with the earlier two years is as under:

| | (₹crore) | | |
|-------------------|----------|----------|----------|
| | 2012 | 2011 | 2010 |
| Total Revenue | 1,280.53 | 1,290.53 | 1,071.93 |
| Profit before Tax | 26.72 | 22.03 | 12.23 |
| Profit after Tax | 21.98 | 22.58 | 9.39 |

Total Revenue for the year was ₹1,280.53 crore as compared to ₹1,290.53 crore in 2011, a marginal decline by ₹10 crore. Profit before tax increased from ₹22.03 crore to ₹26.72 crore showing an increase of about 21% over the previous year.

The work-in-hand as on 31st December, 2012 works out to approximately ₹289,113 lakh including share in joint venture projects.

Consolidated Financial Performance:

Consolidated financial result for 2012 compared with earlier two years is as under:

| | (₹crore) | | |
|-------------------|----------|----------|----------|
| | 2012 | 2011 | 2010 |
| Total Revenue | 1,633.80 | 1,708.45 | 1,462.16 |
| Profit before Tax | 31.07 | 28.17 | 20.75 |
| Profit after Tax | 21.98 | 22.58 | 9.39 |

The Consolidated profit before tax for the year was ₹31.07 crore compared to ₹28.17 crore for the year 2011, an increase of above 10%.

The profit after tax for the year at ₹21.98 crore was slightly lower by ₹0.60 crore in comparison with 2011 because of one time deferred tax credit that was available in 2011.

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, 2012, there were 1821 employees in your Company's regular employment and 2035 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.

Source: Statistical data and other information provided hereinabove have been taken from Ministry of Finance, Ministry of Shipping, Planning Commission, RBI, CSO and Indian Infrastructure.

ITD Cementation India Limited

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 31 December 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. We draw attention to notes 36 to 40 to the financial statements regarding trade receivables and un-billed work in progress aggregating to Rs. 8,727 lakhs and Rs. 8,686 lakhs (31 December 2011: Rs. 8,288 lakhs and Rs. 8,686 lakhs) respectively, outstanding as at 31 December 2012, representing various claims recognised during the earlier period based on the terms and conditions implicit in the contracts. These claims being technical in nature and being subject matter of litigation, the Company has assessed the recoverability of these claims based on recommendation of dispute resolution board, awards received from arbitration tribunal, high court orders received and legal opinion from an independent counsel. On the basis of such assessment, management is of the opinion that the claims are tenable and would be realized in full and accordingly no adjustments have been made in these financial statements.
5. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. On the basis of written representations received from the directors, as on 31 December 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 December 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
 - (i) the Balance Sheet, of the state of affairs of the Company as at 31 December 2012;
 - (ii) the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandio & Co**
Chartered Accountants
Firm Registration No: 001076N

per **Amy Jassani**
Partner
Membership No. F-46447

Date : 28 February 2013
Place : Mumbai

Annexure to the Auditors' Report of even date to the members of ITD Cementation India Limited on the financial statements for the year ended 31 December 2012

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (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 and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii)(d) of the Order are not applicable.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion, 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, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
 - (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) According to the information and explanations given to us, the Companies (Cost Accounting Records) Rules 2011 have become applicable to the Company during the current year and the said rules have not prescribed any specific formats for the cost statements. In terms with the clarification issued by the Ministry of Corporate Affairs, the management believes that its records currently maintained by Company provide the information required under the said rules. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's operations and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) The Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
 - (b) There are no dues in respect of wealth tax, service tax, customs duty and cess that have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of sales-tax, income-tax, excise duty on account of any dispute, is as follows:

ITD Cementation India Limited

| Name of the statute | Nature of dues | Amount (₹) | Period to which the amount relates | Forum where dispute is pending |
|--------------------------------------|----------------|-------------|------------------------------------|-----------------------------------------------------------|
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 1,659,990 | Y.E. 1994-95 | Revision Board (Tribunal), Kolkata |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 2,289,383 | Y.E. 2003-04 & 2004-05 | Assistant Commissioner of Sales Tax |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 408,950 | Y.E. 1997-98 | Deputy Commissioner of Commercial Taxes |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 18,500 | Y.E.2005-06 | Assistant Commissioner , Rajasthan |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 15,450 | Y.E. 1999-00 | Joint Commissioner of Commercial Taxes |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 4,236,447 | Y.E.2006-07 | Excise and Taxation Commissioner, Punjab |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 3,196,927 | Y.E.2004-05 | Assistant Commissioner of Commercial Taxes, Bihar |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 32,041,940 | Y.E. 2006-07 & 2007-08 | Joint Commissioner of Commercial Taxes, West Bengal |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 1,112,354 | Y.E.2003-04 | Commercial Tax Officer , Tamil Nadu |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 4,68,499 | Y.E. 2007-08 & 2008-09 | Assistant Commissioner of Commercial Taxes, Tamil Nadu |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 2,254,954 | Y.E.2003-04 | Joint Commissioner of Commercial Taxes, Bihar |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 115,262,781 | March 2007 to September 2010 | Appellate Deputy Commissioner, Andhra Pradesh |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 7,781,391 | Y.E. 2005-06 & 2008-09 | Joint Commissioner of Commercial Taxes, Bihar |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 20,076 | April 2007 to December 2007 | Assistant Commissioner of Commercial Taxes, Uttar Pradesh |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 44,09,081 | Y.E.2008-09 | Appellate And Taxation Tribunal |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 7,851,119 | Y.E. 2007-08 & 2008-09 | High Court, Tamil Nadu |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 1,709,364 | Y.E.2009-10 | Appellate Deputy Commissioner of Commercial Taxes |
| Sales Tax Act/Works Contract Tax Act | Sales Tax | 23,208,189 | Y.E.2008-09 | Additional Commissioner, Uttar Pradesh |
| Sales Tax Act/Works Contract Tax Act | Entry Tax | 1,150,000 | Y.E.2008-09 | Additional Commissioner, Uttar Pradesh |
| Central Excise Duty | Excise Duty | 5,169,538 | May 1998 to January 1999 | Commissioner of Central Excise |
| Income Tax Act, 1961 | Income Tax | 53,030,830 | Y.E.2004-05 | Income Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income Tax | 7,737,391 | Y.E.2007-08, 2008-09 & 2009-10 | Commissioner of Income Tax (Appeals) |

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank or debenture-holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, *prima facie*, prejudicial to the interest of the Company.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) Except as referred in Note 47 to the financial statements, no fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.: 001076N

per **Amyl Jassani**
Partner
Membership No.: F-46447

Place : Mumbai
Date : 28 February 2013

ITD Cementation India Limited

Balance Sheet

as at 31 December 2012

(Currency : Indian Rupee in lakhs)

| | Notes | 2012 | 2011 |
|---------------------------------|-------|--------------------------|--------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share capital | 2 | 1,151.58 | 1,151.58 |
| Reserves and surplus | 3 | 38,895.70 | 36,965.60 |
| | | <u>40,047.28</u> | <u>38,117.18</u> |
| Non-Current Liabilities | | | |
| Long-term borrowings | 4 | 2,602.08 | 5,793.64 |
| Long-term provisions | 5 | 518.98 | 435.82 |
| | | <u>3,121.06</u> | <u>6,229.46</u> |
| Current Liabilities | | | |
| Short-term borrowings | 6 | 59,540.21 | 56,622.56 |
| Trade payables | 7 | 24,447.91 | 27,709.63 |
| Other current liabilities | 8 | 32,028.03 | 22,854.89 |
| Short-term provisions | 9 | 976.52 | 834.90 |
| | | <u>116,992.67</u> | <u>108,021.98</u> |
| Total | | <u><u>160,161.01</u></u> | <u><u>152,368.62</u></u> |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible assets | 10 | 19,311.21 | 19,796.56 |
| Capital work-in-progress | | 1,359.71 | 308.39 |
| Non-current investments | 11 | 4,731.72 | 4,082.91 |
| Deferred tax assets | 12 | 1,104.00 | 758.00 |
| Long-term loans and advances | 13 | 10,269.86 | 9,334.65 |
| Other non-current assets | 14 | 22.00 | 10.00 |
| | | <u>36,798.50</u> | <u>34,290.51</u> |
| Current Assets | | | |
| Current investment | 15 | 0.26 | 0.26 |
| Inventories | 16 | 79,107.85 | 67,972.28 |
| Trade receivables | 17 | 31,465.06 | 31,746.32 |
| Cash and bank balances | 18 | 1,217.30 | 2,295.41 |
| Short-term loans and advances | 13 | 11,560.07 | 16,063.84 |
| Other current assets | 19 | 11.97 | - |
| | | <u>123,362.51</u> | <u>118,078.11</u> |
| Total | | <u><u>160,161.01</u></u> | <u><u>152,368.62</u></u> |
| Significant accounting policies | 1 | | |

The notes referred to above form an integral part of the financial statements.
This is the balance sheet referred to in our report of even date.

For Walker, Chandio & Co.

Firm registration number: 001076N
Chartered Accountants

Amyr Jassani

Partner
Membership No. F-46447

Place : Mumbai
Date : 28 February 2013

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

Place : Mumbai
Date : 28 February 2013

Statement of Profit and Loss
for the year ended 31 December 2012
(Currency : Indian Rupee in lakhs)

| | Notes | 2012 | 2011 |
|----------------------------------------------------------------------|-----------|-------------------|------------|
| Revenue | | | |
| Contract Revenue | | 128,053.15 | 129,052.69 |
| Other operating income | 20 | 1,793.49 | 1,234.35 |
| Other income | 21 | 864.85 | 748.18 |
| Total | | 130,711.49 | 131,035.22 |
| Expenses | | | |
| Cost of materials consumed | | 45,605.09 | 46,311.04 |
| Sub-contract expense | | 20,584.41 | 18,989.69 |
| Employees benefits expense | 22 | 14,317.40 | 12,447.08 |
| Finance costs | 23 | 10,340.57 | 9,278.96 |
| Depreciation expense | 10 | 3,604.91 | 3,422.83 |
| Other expenses | 24 | 33,586.74 | 38,382.96 |
| Total Expenses | | 128,039.12 | 128,832.56 |
| Profit before tax | | 2,672.37 | 2,202.66 |
| Tax expense | | | |
| Current tax | | (820.60) | (704.00) |
| Excess provision for tax for earlier years | | - | 0.92 |
| Deferred tax credit | | 274.56 | 758.00 |
| Deferred tax credit for earlier years | | 71.44 | - |
| Net profit for the year | | 2,197.77 | 2,257.58 |
| Earnings per equity share [Face value of ₹10 each (2011 : ₹10 each)] | 25 | | |
| Basic | | 19.08 | 19.60 |
| Diluted | | 19.08 | 19.60 |
| Significant accounting policies | 1 | | |

The notes referred to above form an integral part of the financial statements.
This is the statement of profit and loss referred to in our report of even date.

For Walker, Chandio & Co.
Firm registration number: 001076N
Chartered Accountants

Amy Jassani
Partner
Membership No. F-46447

Place : Mumbai
Date : 28 February 2013

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

Place : Mumbai
Date : 28 February 2013

ITD Cementation India Limited

Cash Flow Statement

for the year ended 31 December, 2012

(Currency: Indian Rupee in lakhs)

| | 2012 | 2011 |
|----------------------------------------------------------------------|-------------------|-------------------|
| Cash flow from operating activities | | |
| Net profit before tax | 2,672.37 | 2,202.66 |
| Adjustments for: | | |
| Depreciation | 3,604.91 | 3,422.83 |
| Finance Cost | 10,340.57 | 9,278.96 |
| Interest income | (594.15) | (412.30) |
| Provision for doubtful debts | 645.21 | 1,006.47 |
| Provision for doubtful advances | 105.30 | - |
| Profit on sale of fixed assets (net) | (58.80) | (7.91) |
| Share of Profit in Joint Ventures | (648.82) | (542.28) |
| Sundry balances written back | (99.48) | (73.06) |
| Operating profit before working capital changes | 15,967.11 | 14,875.37 |
| Adjustment for change in working capital | | |
| Decrease/(Increase) in Inventories | (11,135.57) | (5,892.82) |
| Decrease/(Increase) in Trade receivables | (363.95) | (7,566.93) |
| Decrease/(Increase) in Loans and advances | 2,954.38 | (12,099.14) |
| Increase/(Decrease) in Trade payables and other current liabilities | 305.39 | 12,592.21 |
| Cash generated from operations | 7,727.36 | 1,908.69 |
| Direct taxes (paid) / refunds received | (311.72) | 1,333.23 |
| Net cash generated from operating activities | 7,415.64 | 3,241.92 |
| Cash flow from investing activities | | |
| Proceeds from investments in joint venture | - | 189.69 |
| Purchase of fixed assets (including capital work in progress) | (4,346.22) | (6,660.93) |
| Proceeds from sale of fixed assets | 234.15 | 71.97 |
| Fixed Deposit with bank (maturity beyond three months) | (200.82) | (185.00) |
| Proceeds from fixed deposit with bank (maturity beyond three months) | 175.00 | 16.79 |
| Interest received | 582.18 | 412.30 |
| Net cash used in investing activities | (3,555.71) | (6,155.18) |
| Cash flow from financing activities | | |
| Proceeds from short term borrowings (net of repayment) | 2,917.65 | 5,920.13 |
| Proceeds from long term borrowings | 3,486.87 | 5,767.19 |
| Repayment of long term borrowings | (931.71) | (878.30) |
| Interest paid | (10,158.60) | (9,036.13) |
| Dividend paid | (228.71) | (171.53) |
| Tax on distributed profits | (37.36) | (28.69) |
| Net cash used in financing activities | (4,951.86) | 1,572.67 |
| Net decrease in cash and cash equivalents | (1,091.93) | (1,340.59) |
| Cash and cash equivalents, beginning of year | 2,120.41 | 3,461.00 |
| Cash and cash equivalents, end of year | 1,028.48 | 2,120.41 |
| Componenets of cash and cash equivalents | | |
| Cash in hand | 223.56 | 159.98 |
| Balance with scheduled banks | | |
| - current accounts | 799.32 | 1,956.44 |
| - dividend bank accounts | 5.60 | 3.99 |
| | 1,028.48 | 2,120.41 |

Notes :

- Figures given in brackets indicate cash outflow.
- The cash flow statement has been prepared under Indirect Method as per the Accounting Standard 3 Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- The figures of the previous year have been regrouped/reclassified, where necessary, to confirm with the classification of the current year.

This is the cash flow statement referred to in our report of even date.

For Walker, Chandio & Co.

Firm registration number: 001076N
Chartered Accountants

Amyr Jassani

Partner
Membership No. F-46447

Place : Mumbai

Date : 28 February 2013

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

Place : Mumbai

Date : 28 February 2013

Notes to the financial statements

for the year ended 31 December 2012

1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

I. Nature of Operations

ITD Cementation India Limited ('ITD Cem' or 'the Company') was incorporated in 1978 and is engaged 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. The activities of the Company comprise only one business segment viz Construction.

II. Significant Accounting Policies

A. 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.

All assets and liabilities have been classified as current or non-current, wherever applicable as per the operating cycle of the Company as per the guidance as set out in the Revised Schedule VI to the Companies Act, 1956.

B. Accounting estimates

The preparation of the financial statements in conformity with 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 as at the date of 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.

C. 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/up to 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.

Individual assets costing less than ₹5,000 are depreciated in full in the year they are put to use.

D. Impairment

The carrying amounts of the Company's 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 whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and its value in use. Impairment loss is recognized in the Statement of Profit and Loss or against revaluation surplus where applicable beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

ITD Cementation India Limited

Notes to the financial statements

for the year ended 31 December 2012

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.

E. 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.

F. 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.

Unbilled work in progress: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as unbilled work-in-progress provided it is probable that they will be recovered. Unbilled work-in-progress is valued at net realisable value.

G. Revenue recognition

– On contracts

Revenue from construction contracts is recognised on the basis of percentage completion method. The stage of completion of a contract is determined by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.

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 income based on certainty of receipt.

– Management Fee

Management Fee income is recognized based on the contractual terms with the parties.

H. 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,

Notes to the financial statements

for the year ended 31 December 2012

the amount so released is adjusted against receivable from customers and the value of bank guarantees is disclosed as a contingent liability.

I. 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 recognized 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 property, plant and equipment.

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

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any

profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

J. Retirement and other employee benefits

Retirement benefits in the form of superannuation is a defined contribution scheme and the contributions are charged to the statement of profit and loss 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 statement of profit and loss account and are not deferred.

K. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares which could have been issued on conversion of all dilutive potential equity shares.

ITD Cementation India Limited

Notes to the financial statements

for the year ended 31 December 2012

L. Taxation

Current tax

Provision for current tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961.

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.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet dates. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in the future. Such assets are reviewed at each Balance Sheet date to reassess realization.

M. 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 statement of profit and loss account on a straight-line basis over the lease term.

N. Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of past events and 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 their present value and are determined based on management's best estimates 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 Liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

O. 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.

P. 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.

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

| | 2012 | | 2011 | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|-------------------|-----------------|
| | Number | Amount | Number | Amount |
| 2 Share capital | | | | |
| Authorised Share Capital | | | | |
| Equity shares of ₹10 each | 15,000,000 | 1,500.00 | 15,000,000 | 1,500.00 |
| Redeemable preference shares of ₹10 each | 60,000,000 | 6,000.00 | 60,000,000 | 6,000.00 |
| | 75,000,000 | 7,500.00 | 75,000,000 | 7,500.00 |
| Issued | | | | |
| Equity shares of ₹10 each | 11,518,316 | 1,151.83 | 11,518,316 | 1,151.83 |
| | 11,518,316 | 1,151.83 | 11,518,316 | 1,151.83 |
| Subscribed and fully paid-up | | | | |
| Equity shares of ₹10 each | 11,515,790 | 1,151.58 | 11,515,790 | 1,151.58 |
| | 11,515,790 | 1,151.58 | 11,515,790 | 1,151.58 |
| a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period | | | | |
| Balance at the beginning of the year | 11,515,790 | 1,151.58 | 11,515,790 | 1,151.58 |
| Add : Issued during the year | - | - | - | - |
| Balance at the end of the year | 11,515,790 | 1,151.58 | 11,515,790 | 1,151.58 |
| b) Terms/rights attached to equity shares | | | | |
| The Company has only one class of equity shares having at par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. | | | | |
| During the year, the amount of per share dividend recognised as distributions to equity share holders was ₹2.00 (31 December 2011 : ₹2.00) | | | | |
| In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders. | | | | |
| c) Shares held by holding/ ultimate holding Company and/or their subsidiaries/ associates | | | | |
| | 2012 | | 2011 | |
| | Number | Amount | Number | Amount |
| Equity shares of ₹10 each | | | | |
| Italian-Thai Development Public Company Limited, Thailand (Holding Company) | 8,011,318 | 801.13 | 8,011,318 | 801.13 |
| d) Shareholders holding more than 5% of the equity shares in the Company as at balance sheet date | | | | |
| | 2012 | | 2011 | |
| | Number | % Holding | Number | % Holding |
| Equity shares of ₹10 each | | | | |
| Italian-Thai Development Public Company Limited, Thailand (Holding Company) | 8,011,318 | 69.57% | 8,011,318 | 69.57% |
| As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares. | | | | |
| e) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceeding 31 December 2012 | | | | |
| The Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceeding 31 December 2012. | | | | |
| f) Out of the total issued capital, 2,526 (31 December 2011 : 2,526) equity shares of ₹10 each have been kept in abeyance pending final settlement of rights issues. | | | | |

ITD Cementation India Limited

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

| | 2012 | 2011 |
|--------------------------------------------------------------------|------------------|-----------|
| 3 Reserves and surplus | | |
| Securities premium account | 31,957.39 | 31,957.38 |
| General reserve | | |
| Balance at the beginning of the year | 488.37 | 319.05 |
| Add: Transferred from statement of profit and loss | 164.83 | 169.32 |
| Balance at the end of the year | 653.20 | 488.37 |
| Surplus in the statement of profit and loss | | |
| Balance at the beginning of the year | 4,519.85 | 2,698.60 |
| Add : Transferred from statement of profit and loss | 2,197.77 | 2,257.58 |
| Less : Transferred to general reserve | (164.83) | (169.32) |
| Less : Proposed dividend on equity shares | (230.32) | (230.32) |
| Less : Tax on proposed equity dividend | (37.36) | (37.36) |
| Add : Reversal of tax on proposed equity dividend for earlier year | - | 0.67 |
| | 6,285.11 | 4,519.85 |
| | 38,895.70 | 36,965.60 |

| | 2012 | | 2011 | |
|---------------------------------------------------------------------------|-----------------|-------------------|-----------|----------|
| | Long Term | Current | Long Term | Current |
| 4 Long term borrowings | | | | |
| Secured | | | | |
| Plant loan from financial institution | 438.28 | 774.66 | 788.63 | 828.62 |
| Vehicle loan from bank | 2.57 | 2.50 | 5.01 | 12.63 |
| Unsecured | - | - | | |
| Term loan - from Bank | - | 5,000.00 | 5,000.00 | - |
| Term loan - from financial institution | 2,161.23 | 810.81 | - | - |
| | 2,602.08 | 6,587.97 | 5,793.64 | 841.25 |
| Amount disclosed under "Other current liabilities" (Also refer note 8) | - | (6,587.97) | - | (841.25) |
| | 2,602.08 | - | 5,793.64 | - |

Plant loan from financial institution (Secured)

Loan obtained from Tata Capital Limited for purchase of vehicles and construction equipment which carries interest rate ranging between 12.75 to 13.75 percent per annum and are repayable in 36 to 60 monthly installments. These loans are secured by first and exclusive charge on vehicles and specific equipment financed by the Institution.

Vehicle loan from bank (Secured)

Loan obtained from HDFC Bank for purchase of vehicles which carries interest rate 12 percent approx per annum and are repayable in 60 monthly installments. These loans are secured by hypothecation of the vehicle purchased out of this loan.

Term loan - from bank (Unsecured)

Term loan obtained from Vijaya Bank carries interest rate of base rate plus 2.50 percent per annum. These loans are repayable in six equal monthly installments commencing from January 2013.

Term loan - from financial institution (Unsecured)

Term loan obtained from SREI Equipment Finance Private Limited carries interest rate of 11.56 percent per annum. These loans are repayable in 29 monthly installments commencing from September 15, 2012.

| | 2012 | 2011 |
|---------------------------------|---------------|--------|
| 5 Long term provision | | |
| Provision for employee benefits | | |
| - Leave encashment | 518.98 | 435.82 |
| | 518.98 | 435.82 |

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

| | 2012 | 2011 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------|
| 6 Short term borrowings | | |
| Secured | | |
| Working capital loans | | |
| - Banks | 49,855.37 | 39,374.90 |
| - Financial institution | - | 3,000.00 |
| External commercial borrowings (Buyer's credit) | 5,472.01 | 4,081.73 |
| Unsecured | | |
| Working capital loan from Bank | 4,212.83 | 4,165.93 |
| Term loan from Banks | - | 6,000.00 |
| | 59,540.21 | 56,622.56 |
| Working capital loan from banks (Secured) : | | |
| Working capital loans availed from consortium bankers carries various interest rates are secured by first pari passu charge on the current assets and movable plant and machinery other than those charged in favour of Tata Capital Limited. These facilities are payable on demand. | | |
| Working capital loan from financial institution (Secured): | | |
| Working capital loan availed from SICOM Limited repaid during the year. This loan was secured by way of sub servient charge on all the plant and machinery, movable assets and current assets of the Company both present and future. | | |
| External commercial borrowings (Buyer's credit) : | | |
| Buyer credit loan obtained from bankers carries interest of LIBOR plus 1.5 to 3.5 percent per annum (quarterly rests). This are secured by first pari passu charge on the current assets and movable plant and machinery other than those charged in favour of Tata Capital Limited. | | |
| 7 Trade payables | | |
| Acceptances | 4,336.03 | 5,653.80 |
| Other than acceptances | 20,111.88 | 22,055.83 |
| | 24,447.91 | 27,709.63 |
| 8 Other current liabilities | | |
| Current maturity of long term borrowing (Also refer note 4) | 6,587.97 | 841.25 |
| Creditors for capital expenses | 939.08 | 1,636.59 |
| Interest accrued and due | 19.59 | 85.21 |
| Interest accrued but not due | 450.35 | 202.76 |
| Unclaimed dividend * | 5.60 | 3.99 |
| Advances from customers | 18,317.75 | 13,024.76 |
| Material received from clients | 699.54 | 724.19 |
| Amount due to customers | 1,175.83 | 2,089.33 |
| Employee related dues | 1,877.14 | 1,668.66 |
| Statutory dues payable | 729.65 | 193.89 |
| Amount due to parent company | 253.45 | 270.89 |
| Liability for foreign exchange contracts | 87.40 | 994.09 |
| Others | 884.68 | 1,119.28 |
| | 32,028.03 | 22,854.89 |
| * Not due for credit to Investor Education & Protection Fund | | |
| 9 Short term provisions | | |
| Provision for employee benefits | | |
| - Gratuity (Also refer note 31) | 492.98 | 386.29 |
| - Leave encashment | 82.44 | 62.15 |
| - Provident fund | 133.42 | 118.78 |
| Proposed dividend | 230.32 | 230.32 |
| Provision for tax on proposed dividend | 37.36 | 37.36 |
| | 976.52 | 834.90 |

ITD Cementation India Limited

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

| 10 Tangible assets | Freehold land | Leasehold improvements | Buildings | Plant and machinery | Earth-moving machinery and furniture | Office equipment and furniture | Vehicles | Total | 31 December 2011 |
|---------------------------------|---------------|------------------------|---------------|---------------------|--------------------------------------|--------------------------------|---------------|------------------|------------------|
| Gross block | | | | | | | | | |
| As at 1 January 2012 | 15.32 | 341.13 | 221.94 | 31,026.91 | 6,250.49 | 1,402.42 | 199.33 | 39,457.54 | 32,227.11 |
| Additions during the year | - | 300.06 | - | 2,374.19 | 479.78 | 120.96 | 19.92 | 3,294.91 | 7,520.84 |
| Disposals during the year | - | (309.77) | - | (637.17) | (166.05) | - | (1.09) | (1,114.08) | (290.41) |
| As at 31 December 2012 | 15.32 | 331.42 | 221.94 | 32,763.93 | 6,564.22 | 1,523.38 | 218.16 | 41,638.37 | 39,457.54 |
| Accumulated depreciation | | | | | | | | | |
| As at 1 January 2012 | - | 297.67 | 105.75 | 13,594.25 | 4,373.46 | 1,147.45 | 142.40 | 19,660.98 | 16,464.51 |
| Charge for the year | - | 51.84 | 5.20 | 2,761.04 | 674.23 | 92.07 | 20.53 | 3,604.91 | 3,422.83 |
| Disposals during the year | - | (309.77) | - | (465.18) | (163.43) | - | (0.35) | (938.73) | (226.36) |
| As at 31 December 2012 | - | 39.74 | 110.95 | 15,890.11 | 4,884.26 | 1,239.52 | 162.58 | 22,327.16 | 19,660.98 |
| Net block | | | | | | | | | |
| As at 31 December 2012 | 15.32 | 291.68 | 110.99 | 16,873.82 | 1,679.96 | 283.86 | 55.58 | 19,311.21 | 19,796.56 |
| As at 31 December 2011 | 15.32 | 43.46 | 116.19 | 17,432.66 | 1,877.03 | 254.97 | 56.93 | 19,796.56 | |

Note: Building include ₹ 0.09 lakhs (31 December 2011 : ₹ 0.09 lakhs) being the cost of shares in co-operative housing societies.

11 Non current investments

(Valued at cost, fully paid up, unless stated otherwise)

Investments in equity shares (unquoted)

Wholly Owned Subsidiary

ITD Cementation Projects India Limited

[50,000 (31 December 2011 : 50,000) equity shares of ₹10 each fully paid up]

Investment in unincorporated joint ventures *

ITD Cemindia JV

ITD - ITDCem JV

ITD - ITDCem JV (Consortium of ITD - ITD Cementation)

2012

2011

5.00

5.00

(534.50)

(463.52)

3,289.35

2,827.88

1,971.87

1,713.55

4,731.72

4,082.91

* The Company has 80% share in ITD Cemindia JV, 49% share in ITD-ITDCem JV and 40% share in ITD-ITDCem JV (Consortium of ITD-ITD Cementation). 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.

12 Deferred tax assets

Deferred tax asset arising on account of :

Provision for doubtful debts

498.22

435.00

Provision for employee benefits

355.08

287.00

Disallowance u/s 43B as per Income Tax Act, 1961

48.67

-

Timing difference between book depreciation and depreciation as per Income Tax Act, 1961

126.32

16.80

Provision for doubtful advances

56.94

-

Others

18.77

19.20

Total deferred tax assets

1,104.00

758.00

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

| | 2012 | | 2011 | |
|-------------------------------------------------------------------------------------------|------------------|------------------|-------------------|------------|
| | Non-current | Current | Non-current | Current |
| 13 Loans and advances (Unsecured, considered good unless otherwise stated) | | | | |
| Capital advances | 47.99 | - | 24.51 | - |
| Security and other deposits | | | | |
| - considered good | 744.59 | 776.25 | 960.02 | 752.15 |
| - considered doubtful | - | 28.64 | - | - |
| Balances with related parties (Also refer note 35) | - | 9,429.20 | - | 12,054.25 |
| Other loans and advances | | | | |
| Advance recoverable in cash or kind | | | | |
| - considered good | - | 476.43 | - | 1,592.84 |
| - considered doubtful | - | 146.86 | - | 444.24 |
| Prepaid expenses | - | 721.66 | - | 450.18 |
| Loans and advances to employees | - | 9.49 | - | 10.52 |
| Balances with statutory / government authorities | 5,930.19 | - | 4,294.15 | - |
| Advance income tax (net of provisions) | 3,547.09 | - | 4,055.97 | - |
| Receivable on foreign exchange contracts | - | 147.04 | - | 1,203.90 |
| | 10,269.86 | 11,735.57 | 9,334.65 | 16,508.08 |
| Less : Provision for doubtful advances / deposits | - | (175.50) | - | (444.24) |
| | 10,269.86 | 11,560.07 | 9,334.65 | 16,063.84 |
| 14 Other non current assets | | | 2012 | 2011 |
| Non-current bank balances (Also, refer note 18) | | | 22.00 | 10.00 |
| | | | 22.00 | 10.00 |
| 15 Current investments (Valued at cost, fully paid up, unless stated otherwise) | | | | |
| Investments in equity shares (unquoted) | | | | |
| Associate | | | | |
| AVR Infra Private Limited | | | 0.26 | 0.26 |
| [2,600 (31 December 2011 : 2,600) equity shares of ₹10 each fully paid up] | | | 0.26 | 0.26 |
| 16 Inventories | | | | |
| Construction materials (at cost) | | | 10,782.73 | 11,095.22 |
| Tools and equipment (at amortised cost) | | | 5,181.99 | 4,024.88 |
| Machinery spares (at lower of cost and net realisable value) | | | 1,821.80 | 1,834.67 |
| Unbilled work in progress | | | 61,321.33 | 51,017.51 |
| | | | 79,107.85 | 67,972.28 |
| 17 Trade receivable (unsecured, considered good unless otherwise stated) | | | | |
| Trade receivables outstanding for more than six months | | | | |
| - Considered good * | | | 19,535.97 | 22,972.49 |
| - Considered doubtful | | | 1,535.58 | 1,340.53 |
| | | | 21,071.55 | 24,313.02 |
| Less: Provision for doubtful debts | | | (1,535.58) | (1,340.53) |
| | | | 19,535.97 | 22,972.49 |
| Other debts ** | | | 11,929.09 | 8,773.83 |
| | | | 31,465.06 | 31,746.32 |
| * Includes retention money | | | 6,232.69 | 4,788.44 |
| ** Includes retention money | | | 1,837.96 | 2,016.07 |

ITD Cementation India Limited

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

| | 2012 | | 2011 | |
|----------------------------------------------------------------------|-------------|----------|-------------|-----------|
| | Non-current | Current | Non-current | Current |
| 18 Cash and bank balances | | | | |
| Cash and cash equivalents | | | | |
| Cash in hand | - | 223.56 | - | 159.98 |
| Balance with scheduled banks | | | | |
| - current accounts | - | 799.32 | - | 1,956.44 |
| - dividend bank accounts | - | 5.60 | - | 3.99 |
| | - | 1,028.48 | - | 2,120.41 |
| Other bank balances | | | | |
| Deposit with maturity of more than 3 months and less than 12 months* | - | 188.82 | - | 175.00 |
| Bank deposits with maturity of more than 12 months** | 22.00 | - | 10.00 | - |
| | 22.00 | 1,217.30 | 10.00 | 2,295.41 |
| Less: Amounts disclosed as Other non-current assets (Refer note 14) | (22.00) | - | (10.00) | - |
| | - | 1,217.30 | - | 2,295.41 |
| | | | | |
| | | | 2012 | 2011 |
| 19 Other current assets | | | 11.97 | - |
| Interest accrued but not due | | | 11.97 | - |
| 20 Other operating income | | | | |
| Management fees | | | 801.30 | - |
| Service income from unincorporated joint ventures | | | 343.37 | 692.07 |
| Company's share in profit after tax of joint ventures | | | 648.82 | 542.28 |
| | | | 1,793.49 | 1,234.35 |
| 21 Other Income | | | | |
| Profit on sale of fixed assets (net) | | | 58.80 | 7.91 |
| Sundry balances written back | | | 99.48 | 73.06 |
| Bad debts recovered | | | 7.64 | 82.05 |
| Interest | | | | |
| - on bank deposits | | | 27.47 | 0.31 |
| - on income tax refund | | | 496.64 | 80.49 |
| - on sales tax refund | | | 63.30 | 139.16 |
| - from customer on settlement | | | - | 192.15 |
| - others | | | 6.74 | 0.18 |
| Insurance claim | | | 40.00 | 127.41 |
| Miscellaneous income | | | 64.78 | 45.46 |
| | | | 864.85 | 748.18 |
| 22 Employee benefits expense | | | | |
| Salaries and wages | | | 12,832.82 | 11,111.74 |
| Contribution to gratuity (Also refer note 31) | | | 242.71 | 286.39 |
| Contribution to provident and other funds | | | 974.41 | 827.38 |
| Staff welfare expenses | | | 267.46 | 221.57 |
| | | | 14,317.40 | 12,447.08 |

* Earmarked against bank guarantees taken by the Company

** Placed as earnest money deposit

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

| | 2012 | 2011 |
|------------------------------------------------------|------------------|-----------|
| 23 Finance costs | | |
| Interest expenses | | |
| - Working capital loans | 7,006.40 | 6,433.24 |
| - Short term loan | 706.44 | 824.85 |
| - Long term loan | 998.23 | 276.12 |
| - Advances from customers | 250.74 | 212.05 |
| - External commercial borrowings | 136.31 | 127.72 |
| - Others | 17.75 | 65.00 |
| Bank charges and guarantee commission | 1,224.70 | 1,339.98 |
| | 10,340.57 | 9,278.96 |
| 24 Other expense | | |
| Plant hire expenses | 6,746.91 | 10,214.57 |
| Power and fuel | 6,799.42 | 6,805.85 |
| Sales tax on works contracts | 3,456.49 | 3,115.49 |
| Travelling expenses | 715.66 | 595.53 |
| Tools and equipment | 502.38 | 1,536.21 |
| Site transport and conveyance | 2,388.01 | 2,612.28 |
| Repairs and maintenance: | | |
| - Plant & machinery | 516.04 | 716.86 |
| - Others | 221.56 | 141.73 |
| Insurance | 441.06 | 659.95 |
| Professional fees | 1,105.81 | 820.84 |
| Rent (Also refer note 44) | 1,894.72 | 2,095.23 |
| Spares consumed | 1,382.74 | 1,170.07 |
| Security charges | 493.42 | 385.79 |
| Temporary site installations | 500.17 | 741.26 |
| Postage, telephone and telegram | 161.70 | 157.84 |
| Auditor remuneration (Also refer note 26) | 47.17 | 46.44 |
| Provision for doubtful debts (Also refer note 27) | 645.21 | 1,006.47 |
| Provision for doubtful advance/deposits (net) | 105.30 | - |
| Rates & taxes | 225.65 | 94.22 |
| Water charges | 420.73 | 395.35 |
| Printing and stationery | 106.22 | 103.00 |
| Fees and subscription | 58.87 | 64.14 |
| Infotech expenses | 162.21 | 137.87 |
| Service tax | 1,733.21 | 1,457.89 |
| Labour cess | 108.09 | 539.81 |
| Royalty expense | 640.27 | 633.98 |
| Commission to Directors other than Managing Director | 6.00 | 6.00 |
| Exchange loss (net) | 456.49 | 372.16 |
| Directors' fees | 1.50 | 1.80 |
| Miscellaneous expenses | 1,543.73 | 1,754.33 |
| | 33,586.74 | 38,382.96 |

ITD Cementation India Limited

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

| | 2012 | 2011 | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------|---------------------|------------------|---------------|--------------|
| 25 Earnings per share | | | | | | |
| Weighted average number of equity shares outstanding during the year | 11,515,790 | 11,515,790 | | | | |
| Add:- Dilutive effect | - | - | | | | |
| Weighted average number of equity shares used to compute diluted EPS | 11,515,790 | 11,515,790 | | | | |
| Net Profit after tax attributable to equity shareholders | 2,197.77 | 2,257.58 | | | | |
| Earning per share : | | | | | | |
| Basic and diluted | 19.08 | 19.60 | | | | |
| 26 Auditor remuneration (including service tax) | | | | | | |
| Audit fee | 22.93 | 22.48 | | | | |
| Tax audit fee (including tax accounts) | 10.13 | 9.96 | | | | |
| Limited review | 11.85 | 11.62 | | | | |
| Certification | 1.41 | 2.15 | | | | |
| Out-of-pocket expenses | 0.85 | 0.23 | | | | |
| | 47.17 | 46.44 | | | | |
| 27 Provision for doubtful debts | | | | | | |
| Bad debts written off during the year | 450.16 | 1,235.44 | | | | |
| Add: Provision for doubtful debts, end of year | 1,535.58 | 1,340.53 | | | | |
| Less: Provision for doubtful debts, beginning of year | 1,340.53 | 1,569.50 | | | | |
| | 645.21 | 1,006.47 | | | | |
| 28 Commitment | | | | | | |
| Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) | 648.54 | 1,410.22 | | | | |
| 29 Contingent Liabilities | | | | | | |
| a) Guarantees given by banks in respect of contracting commitments in the normal course of business | 31,985.67 | 25,694.20 | | | | |
| b) Corporate Guarantee given to bank on behalf of Joint Ventures | 44,800.00 | 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 | 21,044.14 | | | | |
| d) Sales Tax matters pending in appeals | 2,090.95 | 4,223.84 | | | | |
| e) Income Tax matters pending in appeal | 1,152.39 | 2,340.26 | | | | |
| f) Excise matter pending in appeal | 51.69 | 51.69 | | | | |
| 30 Particulars of unhedged foreign currency exposures at the balance sheet date | | | | | | |
| Buyers credit. Trade payables & Acceptances | 2012 | | | 2011 | | |
| | Foreign Currency | Exchange Rate | INR in lakhs | Foreign Currency | Exchange Rate | INR in lakhs |
| US Dollar Exposure | 580,700 | 55.16 | 320.31 | - | - | - |
| Euro Exposure | - | - | - | 722,525 | 69.76 | 504.03 |
| Total | | | 320.31 | | | 504.03 |

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

31 Employee benefits

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

The amount recognised in the statement of profit & loss :

| | |
|-----------------------------------------------|--|
| Current Service Cost | |
| Interest Cost | |
| Expected return on Plan Assets | |
| Net Actuarial (Gains) / Losses for the period | |

Net benefit expense

The amount recognised in the balance sheet is as follows :

| | |
|----------------------------|--|
| Defined benefit obligation | |
| Fair value of plan assets | |

Plan liability / (asset)

Changes in the present value of the defined benefit obligations :

| | |
|-------------------------------------------------------|--|
| Defined Benefit Obligation at beginning of the period | |
| Current Service Cost | |
| Interest Cost | |
| Actuarial Loss | |
| Benefit Payments | |

Present value of Defined Benefit Obligation at end of period

Changes in the fair value of the plan assets of the gratuity plan :

| | |
|----------------------------------------|--|
| Plan assets at beginning of the period | |
| Expected return on Plan Assets | |
| Contributions by employer | |
| Benefit Paid | |
| Actuarial Gain on Plan Assets | |

Fair value of Plan Assets at end of the period

| Gratuity | |
|-----------------|---------------|
| 2012 | 2011 |
| 170.28 | 145.50 |
| 121.75 | 101.77 |
| (95.87) | (97.99) |
| 46.55 | 137.11 |
| 242.71 | 286.39 |
| 1,709.82 | 1,467.43 |
| 1,216.84 | 1,081.14 |
| 492.98 | 386.29 |
| 1,467.43 | 1,260.30 |
| 170.29 | 145.49 |
| 121.75 | 101.77 |
| 118.31 | 28.18 |
| (167.96) | (68.31) |
| 1,709.82 | 1,467.43 |
| 1,081.14 | 1,085.40 |
| 95.87 | 97.98 |
| 136.01 | 75.00 |
| (167.96) | (68.31) |
| 71.78 | (108.93) |
| 1,216.84 | 1,081.14 |

The Company expects to contribute ₹75.00 lakhs to gratuity in the next year (31 December 2011 : ₹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:

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------------------------------------|----------|----------|----------|----------|----------|
| Defined Benefit Obligation | 1,709.82 | 1,467.43 | 1,260.30 | 1,027.51 | 918.54 |
| Plan Assets | 1,216.84 | 1,081.14 | 1,085.40 | 814.01 | 539.53 |
| Deficit | (492.98) | (386.29) | (174.90) | (213.50) | (379.01) |
| Experience adjustments on plan assets | 71.78 | (108.93) | 13.71 | - | - |
| Experience adjustment on plan liabilities | (118.31) | (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 31 December 2012 are ₹0.13 lakhs (31 December 2011 : ₹0.06 lakhs) and ₹1,216.71 lakhs (31 December 2011 : ₹1,081.08 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 :

| | 2012 | 2011 |
|----------------------------------------|-------------------------------------------|-------------------------------------------|
| Discount rate | 8.3% | 8.8% |
| Expected rate of return on plan assets | 9.0% | 9.0% |
| Salary escalation rate | 5.5% | 5.5% |
| Attrition rate | 2.0% | 2.0% |
| Withdrawal rates | Upto age 44 - 2% 45 years & above - 1% | Upto age 44 - 2% 45 years & above - 1% |

ITD Cementation India Limited

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

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 ₹287.24 lakhs during the year ended 31 December 2012 (31 December 2011 : ₹233.43 lakhs)

The Company's expense for the provident fund aggregates ₹687.17 lakhs during the year ended 31 December 2012 (31 December 2011 : ₹593.95 lakhs)

32 SUPPLEMENTARY PROFIT AND LOSS INFORMATION

a) Expenditure in foreign currency:

| | 2012 | 2011 |
|--------------------------------------------|---------------|---------------|
| Foreign travel | 5.13 | 9.74 |
| Professional and consultancy fees | - | 1.64 |
| Interest on external commercial borrowings | 136.31 | 127.72 |
| Membership & subscription | 2.09 | 0.91 |
| Software | - | 1.17 |
| Royalty expense | 640.27 | 633.98 |
| | 783.80 | 775.16 |

b) Amount remitted in foreign currency for dividend:

| | | |
|------------------------------------------------------|-----------|-----------|
| Number of non-resident shareholders | 1 | 1 |
| Number of shares held (Equity shares of ₹10 each) | 8,011,318 | 8,011,318 |
| Dividend Remitted | 160.23 | 120.17 |
| Year to which dividend relates | 2011 | 2010 |

c) Value of imports on CIF basis:

| | | |
|----------------------------------------------------|-----------------|-----------------|
| Spare parts | 11.24 | 57.87 |
| Tools and equipments | 39.87 | 108.93 |
| Construction materials | 25.12 | 108.51 |
| Capital goods (including capital work-in-progress) | 1,151.37 | 4,471.64 |
| | 1,227.60 | 4,746.95 |

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

| | 2012 | | 2011 | |
|-----------------------|---------------|------------------|---------------|------------------|
| | % | Value | % | Value |
| Spare parts | | | | |
| Imported | 0.81 | 11.24 | 4.95 | 57.87 |
| Indigenous | 99.19 | 1,371.50 | 95.05 | 1,112.20 |
| | 100.00 | 1,382.74 | 100.00 | 1,170.07 |
| Tools and equipment | | | | |
| Imported | 7.87 | 39.87 | 7.09 | 108.93 |
| Indigenous | 92.13 | 462.51 | 92.91 | 1,427.28 |
| | 100.00 | 502.38 | 100.00 | 1,536.21 |
| Construction material | | | | |
| Imported | 0.05 | 25.12 | 0.23 | 108.51 |
| Indigenous | 99.95 | 45,579.97 | 99.77 | 46,202.53 |
| | 100.00 | 45,605.09 | 100.00 | 46,311.04 |

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

33 Segment reporting

The activities of the Company comprises of 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.

34 Details of Joint Ventures (unincorporated)

a) Details of Joint Ventures entered into by the Company

| Name of the Joint Venture | % of Participation as at | | Nature of business |
|-------------------------------------------------------|--------------------------|------------------|--------------------|
| | 31 December 2012 | 31 December 2011 | |
| ITD Cemindia JV | 80% | 80% | Construction |
| ITD - ITD Cem 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 | 5,624.21 (5,799.49) | 11,869.07 (6,747.75) | 3,970.41 (1,704.36) |
| Share of Liabilities | 6,158.71 (6,263.01) | 8,579.71 (3,919.87) | 3,181.66 (-9.20) |
| Share of Income | 69.36 (392.68) | 21,302.93 (15,772.10) | 14,151.39 (25,842.42) |
| Share of Expenditure | 140.34 (826.42) | 20,841.44 (15,324.76) | 13,893.08 (25,313.72) |
| Share of Capital Commitment | - | - | - |
| Share of Contingent Liabilities | 235.82 (235.82) | 127.40 (94.82) (982.48) | 3,205.20 (3,629.00) |

35 Related Party Disclosures :

a) Names of related parties and description of relationship

A Enterprise where control exists

i) Holding Company

Italian-Thai Development Public Company Limited

ii) Subsidiary Company

ITD Cementation Projects India Limited

B Other related parties

i) Associate

AVR Infra Private Limited

ii) Joint Ventures (unincorporated)

ITD Cemindia JV

ITD - ITD Cem JV

ITD - ITDCem JV (Consortium of ITD - ITD Cementation)

iii) Key management personnel (KMP)

Mr. Adun Saraban – Managing Director

Mr. S. Ramnath – Chief Financial Officer

Mr. P. B. Patwardhan - Chief Financial Officer (resigned on 30 April 2011)

ITD Cementation India Limited

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

(b) Transactions with related parties for the year are as follows:

| Transaction during the year | Holding Company | Joint Venture | KMP |
|-------------------------------------------------------|-----------------|---------------|-----|
| Contract Revenue | | | |
| Italian-Thai Development Public Company Limited | 494.95 | - | - |
| | (878.43) | (-) | (-) |
| Royalty expense | | | |
| Italian-Thai Development Public Company Limited | 640.27 | - | - |
| | (633.98) | (-) | (-) |
| Dividend paid | | | |
| Italian-Thai Development Public Company Limited | 160.23 | - | - |
| | (120.17) | (-) | (-) |
| Management fees | - | 801.30 | - |
| ITD-ITDCem JV (Consortium of ITD-ITD Cementation) | (-) | (-) | (-) |
| Plant hire charges (net of income) | | | |
| ITD Cemindia JV | - | -34.36 | - |
| | (-) | (-24.76) | (-) |
| ITD-ITDCem JV | - | 196.21 | - |
| | (-) | (562.28) | (-) |
| ITD-ITDCem JV (Consortium of ITD-ITD Cementation) | - | 11.46 | - |
| | (-) | (269.13) | (-) |
| Sale of Construction materials and spares | | | |
| ITD Cemindia JV | - | - | - |
| | (-) | (-) | (-) |
| ITD-ITDCem JV | - | 64.03 | - |
| | (-) | (14.77) | (-) |
| ITD-ITDCem JV (Consortium of ITD-ITD Cementation) | - | 0.07 | - |
| | (-) | (-) | (-) |
| Purchases of Construction materials and spares | | | |
| ITD Cemindia JV | - | 143.03 | - |
| | (-) | (216.87) | (-) |
| ITD-ITDCem JV | - | 12.01 | - |
| | (-) | (1.56) | (-) |
| ITD-ITDCem JV (Consortium of ITD-ITD Cementation) | - | 358.56 | - |
| | (-) | (56.87) | (-) |
| Sale of fixed assets | | | |
| ITD-ITDCem JV | - | - | - |
| | (-) | (-) | (-) |
| Purchase of fixed assets | | | |
| ITD Cemindia JV | - | - | - |
| | (-) | (188.61) | (-) |
| ITD-ITDCem JV | - | 11.58 | - |
| | (-) | (-) | (-) |
| ITD-ITDCem JV (Consortium of ITD-ITD Cementation) | - | 127.82 | - |
| | (-) | (215.47) | (-) |

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

The transactions with related parties for the year - continued

| Transaction during the year | Holding Company | Joint Venture | KMP |
|------------------------------------------------------------|-----------------|------------------|--------------|
| Employee related expense | | | |
| ITD Cemindia JV | - | 22.84 | - |
| | (-) | (131.22) | (-) |
| ITD-ITDCem JV | - | 2.12 | - |
| | (-) | (4.03) | (-) |
| ITD-ITDCem JV (Consortium of ITD-ITD Cementation) | - | 531.99 | - |
| | (-) | (221.55) | (-) |
| Remuneration | | | |
| Mr. Adun Saraban | - | - | 78.59 |
| | (-) | (-) | (56.41) |
| Mr. S. Ramnath | - | - | 44.65 |
| | (-) | (-) | (22.26) |
| Mr. P. B. Patwardhan | - | - | - |
| | (-) | (-) | (22.28) |
| Share of profit/(loss) net of tax in joint ventures | | | |
| ITD Cemindia JV | - | -70.97 | - |
| | (-) | (-433.75) | (-) |
| ITD-ITDCem JV | - | 461.48 | - |
| | (-) | (447.34) | (-) |
| ITD-ITDCem JV (Consortium of ITD-ITD Cementation) | - | 258.32 | - |
| | (-) | (528.69) | (-) |
| Corporate guarantee issued by | 3,000.00 | - | - |
| | (3,000.00) | (-) | (-) |
| Corporate guarantee issued on behalf of | | | |
| ITD-ITDCem JV | - | 15,800.00 | - |
| | (-) | (-) | (-) |
| ITD-ITDCem JV (Consortium of ITD-ITD Cementation) | - | 29,000.00 | - |
| | (-) | (29,000.00) | (-) |

(Figures in bracket represents previous year numbers)

(c) Balances at the year end:

| Particulars | Holding Company | Joint Venture | KMP |
|---------------------------------------------------|-----------------|------------------|-----|
| Trade receivables | | | |
| Italian-Thai Development Public Company Limited | 72.32 | - | - |
| | (112.17) | (-) | (-) |
| Royalty payable | | | |
| Italian-Thai Development Public Company Limited | 253.45 | - | - |
| | (270.89) | (-) | (-) |
| Balances - Receivable / (Payable) | | | |
| ITD Cemindia JV | - | 7,784.82 | - |
| | (-) | (7,907.71) | (-) |
| ITD-ITDCem JV | - | 2,776.93 | - |
| | (-) | (4,170.75) | (-) |
| ITD-ITDCem JV (Consortium of ITD-ITD Cementation) | - | -1,132.55 | - |
| | (-) | (-24.21) | (-) |

(Figures in bracket represents previous year numbers)

ITD Cementation India Limited

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

- 36** Trade receivables at 31 December 2012 include variation claims recognised by the Company aggregating ₹3,278 lakhs (31 December 2011 : ₹3,455 lakhs) which are disputed by the customer. Out of this claims amounting to ₹2,346 lakhs (31 December 2011 : ₹2,346 lakhs) are a subject matter of arbitration. The Company has received arbitration award in its favour in respect of the balance amount of ₹932 lakhs (31 December 2011 : ₹1,109 lakhs) which have since been challenged by the customer. Considering the legal opinion from Company's counsel in the matter, the management is reasonably confident of recovery of these amounts.
- 37** Trade receivables as at 31 December 2012 include ₹ 3,384 lakhs (31 December 2011 : ₹3,384 lakhs) representing interim work bills for work carried out by the Company 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 and based on the legal opinion received on this matter.
- 38** Trade receivables at 31 December 2012 include ₹1,140 lakhs (31 December 2011 : ₹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 opinion from eminent legal counsel in the matter.
- 39** Trade receivables at 31 December 2012 include variation claims of ₹309 lakhs (31 December 2011 : ₹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, based on the above arbitration award, Court Order and legal opinion, management is reasonably confident of recovery of these amounts.
- 40** Trade receivables and Unbilled work-in-progress at 31 December 2012 include ₹616 lakhs (31 December 2011 : Nil) and ₹2,757 lakhs (31 December 2011 : ₹2,757 lakhs), in respect of a contract which has been rescinded by the Company and ₹5,929 lakhs (31 December 2011 : ₹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 ₹2,227 lakhs (31 December 2011 : ₹2,227 lakhs). The Company has made claims against the customer to recover these amounts and has initiated legal action. Based upon legal opinion 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.
- 41** Trade receivables and Unbilled work in progress as at 31 December 2012 includes ₹1,004 lakhs and ₹17,222 lakhs, respectively in respect of certain road contracts which are currently being executed by the Company. The customer has already granted two extensions of time and the Company's request for further extension is under consideration. These projects are yet to be taken over by the customer. The Company has made claims on the customer for recovery of these amounts. Considering the contractual tenability and legal opinion obtained, the management is reasonably confident of recovery of these amounts.
- 42** Micro, Small and Medium Enterprises
There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at December 31, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, 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 statutory auditors.
- 43** The disclosures as per provisions of Clauses 38, 39 and 41 of Accounting Standard 7 'Construction Contracts' issued by Institute of Chartered Accountants of India are as under:

| | 2012 | 2011 |
|--------------------------------------------------------------------------------------------------------------------------------|-------------------|------------|
| a) Contract revenue recognised as revenue in the period Clause 38 (a) | 128,053.15 | 129,052.69 |
| b) Aggregate amount of costs incurred and recognised profits up to the reporting date on Contract under progress Clause 39 (a) | 316,206.95 | 360,477.94 |
| c) Advance received on Contract under progress Clause 39 (b) | 18,317.75 | 13,024.76 |
| d) Retention amounts on Contract under progress Clause 39 (c) | 8,070.65 | 6,804.51 |
| e) Gross amount due from customers for contract work as an asset Clause 41 (a) | 61,321.33 | 51,017.51 |
| f) Gross amount due to customers for contract work as an asset Clause 41 (b) | 1,175.83 | 2,089.33 |

Notes to the financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

44 Operating lease

- a) The Company has taken various residential/commercial premises and construction equipment on cancellable operating lease. These lease agreements are normally renewed on expiry. Rental expenses in the statement of profit and loss for the year includes lease payments towards premises ₹1,765.63 lakhs (31 December 2011 - ₹1,596.14 lakhs). Plant hire expense relates to the lease payment for construction equipments.
- b) The Company, in addition to above, has taken construction equipments on leases (non-cancellable operating leases). The future minimum lease payments in respect of which as at 31 December 2012 are as follows:

Minimum Lease Payments

Payable not later than 1 year
 Payable later than 1 year and not later than 5 years
 Payable later than 5 years
 Total

| | 2012 | 2011 |
|--|-----------------|--------------|
| | 435.11 | 27.34 |
| | 1,786.00 | 3.11 |
| | - | - |
| | 2,221.11 | 30.45 |

These leases have no escalation clauses.

Rental expenses in the statement of profit and loss for the year includes ₹129.09 lakhs (31 December 2011 : ₹499.09 lakhs) towards such non-cancellable leases.

c) General descriptions of non-cancellable lease terms :

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

45 The Company has changed the basis of measurement of percentage of completion from 'physical proportion of the contract work' to 'proportion of contract costs incurred for the work performed to date to the estimated total contract costs'. Consequent to the change in method, turnover is lower by ₹713 lakhs and profit before tax is higher by ₹80 lakhs for the year ended 31 December 2012.

46 Further in respect of existing contracts, the Company has adopted a policy of recording trade receivables only to the extent these are certified by the customer. Consequent to this change, uncertified receivables as of December 31, 2011 amounting to ₹25,391 lakhs have been reclassified from trade receivables to unbilled work in progress with respect to running contracts.

47 During the year cheque was stolen and fraudulently encashed from Company's bank account for a sum of ₹54.24 lakhs and the same was subsequently recovered by the Company. Investigation to apprehend the culprits involved in the incident is in process.

48 Prior year comparatives

The financial statements for the year ended 31 December 2011 has been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 December 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

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

Place : Mumbai
 Date : 28 February 2013

ITD Cementation India Limited

**Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company
for the year ended 31 December 2012
(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, 2012 |
| 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.) | (0.12) |
| | (ii) for the previous financial years of the subsidiary since it became the holding Company's subsidiary (Rs.) | (0.25) |

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 | (0.37) |
| (c) | Total Assets | 4.69 |
| (d) | Total Liabilities | 0.06 |
| (e) | Investments | Nil |
| (f) | Turnover | Nil |
| (g) | Profit/(Loss) before Taxation | (0.10) |
| (h) | Provision for Taxation | 0.02 |
| (i) | Profit after Taxation | (0.12) |
| (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

Place : Mumbai

Date : 28 February 2013

Auditors' Report

To The Board of Directors of ITD Cementation India Limited

1. We have audited the attached Consolidated Balance Sheet of ITD Cementation India Limited, its subsidiaries and joint ventures (hereinafter collectively referred to as 'the Group'), as at 31 December 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on the date annexed thereto (collectively referred as the 'Consolidated Financial Statements'). These Consolidated Financial Statements are the responsibility of the Group's management and have been prepared by the Group's management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated 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 Group's management in accordance with the requirements of Accounting Standard 21 on 'Consolidated Financial Statements' and Accounting Standard 27 on 'Financial Reporting of interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006.
4. We draw attention to notes 35 to 39 to the financial statements regarding trade receivables and un-billed work in progress aggregating to Rs. 8,727 lakhs and Rs. 8,686 lakhs (31 December 2011: Rs. 8,288 lakhs and Rs. 8,686 lakhs) respectively, outstanding as at 31 December 2012, representing various claims recognised during the earlier period based on the terms and conditions implicit in the contracts. These claims being technical in nature and being subject matter of litigation, the Company has assessed the recoverability of these claims based on recommendation of dispute resolution board, awards received from arbitration tribunal, high court orders received and legal opinion from an independent counsel. On the basis of such assessment, management is of the opinion that the claims are tenable and would be realized in full and accordingly no adjustments have been made in these financial statements.
5. Based on our audit and to the best of our information and according to the explanations given to us, in our opinion, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, in case of:
 - (a) the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 December 2012;
 - (b) the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**

Chartered Accountants

Firm Registration No.: 001076N

per **Amyr Jassani**

Partner

Membership No.: F-46447

Place: Mumbai

Date : 28 February 2013

ITD Cementation India Limited

Consolidated Balance Sheet

as at 31 December 2012

(Currency : Indian Rupee in lakhs)

| | Notes | 2012 | 2011 |
|---------------------------------|-------|--------------------------|--------------------------|
| Equity and liabilities | | | |
| Shareholders' Funds | | | |
| Share capital | 2 | 1,151.58 | 1,151.58 |
| Reserves and surplus | 3 | 38,895.33 | 36,965.35 |
| | | <u>40,046.91</u> | <u>38,116.93</u> |
| Non-Current Liabilities | | | |
| Long-term borrowings | 4 | 7,778.93 | 5,793.64 |
| Long-term provisions | 5 | 518.98 | 435.82 |
| | | <u>8,297.91</u> | <u>6,229.46</u> |
| Current Liabilities | | | |
| Short-term borrowings | 6 | 62,971.78 | 58,450.89 |
| Trade payables | 7 | 29,305.05 | 32,820.34 |
| Other current liabilities | 8 | 37,429.80 | 35,631.33 |
| Short-term provisions | 9 | 1,002.48 | 874.45 |
| | | <u>130,709.11</u> | <u>127,777.01</u> |
| Total | | <u><u>179,053.93</u></u> | <u><u>172,123.40</u></u> |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible assets | 10 | 22,969.76 | 22,872.19 |
| Capital work-in-progress | | 1,390.92 | 2,368.84 |
| Deferred tax assets | 11 | 1,773.43 | 1,263.59 |
| Long-term loans and advances | 12 | 12,321.41 | 10,614.36 |
| Other non-current assets | 13 | 22.00 | 10.00 |
| | | <u>38,477.52</u> | <u>37,128.98</u> |
| Current Assets | | | |
| Current investment | 14 | 0.26 | 0.26 |
| Inventories | 15 | 95,334.14 | 84,152.92 |
| Trade receivables | 16 | 36,384.94 | 37,777.97 |
| Cash and bank balances | 17 | 3,679.35 | 3,792.65 |
| Short-term loans and advances | 12 | 5,153.40 | 9,270.62 |
| Other current assets | 18 | 24.32 | - |
| | | <u>140,576.41</u> | <u>134,994.42</u> |
| Total | | <u><u>179,053.93</u></u> | <u><u>172,123.40</u></u> |
| Significant accounting policies | 1 | | |

The notes referred to above form an integral part of the consolidated financial statements.
This is the consolidated balance sheet referred to in our report of even date.

For Walker, Chandio & Co.

Firm registration number: 001076N
Chartered Accountants

Amyr Jassani

Partner
Membership No. F-46447

Place : Mumbai
Date : 28 February 2013

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

Place : Mumbai
Date : 28 February 2013

Consolidated Statement of Profit and Loss

for the year ended 31 December 2012

(Currency : Indian Rupee in lakhs)

| | Notes | 2012 | 2011 |
|-----------------------------------------------------------------------------|-----------|-------------------|------------|
| Revenue | | | |
| Contract Revenue | | 163,379.99 | 170,844.50 |
| Other operating income | 19 | 617.27 | 374.07 |
| Other income | 20 | 1,001.60 | 939.35 |
| Total | | 164,998.86 | 172,157.92 |
| Expenses | | | |
| Cost of materials consumed | | 58,949.99 | 59,353.55 |
| Sub-contract expense | | 28,568.93 | 32,483.46 |
| Employees benefits expense | 21 | 18,942.53 | 17,359.30 |
| Finance costs | 22 | 11,577.67 | 10,595.96 |
| Depreciation expense | 10 | 5,062.73 | 4,203.61 |
| Other expenses | 23 | 38,790.19 | 45,345.04 |
| Total Expenses | | 161,892.04 | 169,340.92 |
| Profit before tax | | 3,106.82 | 2,817.00 |
| Tax expense | | | |
| Current tax | | (1,419.00) | (1,326.38) |
| Excess/(Short) provision for tax for earlier years | | - | 0.92 |
| Deferred tax credit/(charge) | | 438.39 | 765.99 |
| Deferred tax credit/(charge) for earlier years | | 71.45 | - |
| Net profit for the year | | 2,197.66 | 2,257.53 |
| Earnings per equity share [Face value of ₹10 each (2011 : ₹10 each)] | | | |
| Basic | 24 | 19.08 | 19.60 |
| Diluted | | 19.08 | 19.60 |
| Significant accounting policies | 1 | | |

The notes referred to above form an integral part of the consolidated financial statements.
This is the consolidated statement of profit and loss referred to in our report of even date.

For Walker, Chandio & Co.

Firm registration number: 001076N
Chartered Accountants

Amy Jassani

Partner
Membership No. F-46447

Place : Mumbai
Date : 28 February 2013

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

Place : Mumbai
Date : 28 February 2013

ITD Cementation India Limited

Consolidated Cash Flow Statement

for the year ended 31 December, 2012

(Currency: Indian Rupee in lakhs)

| | 2012 | 2011 |
|----------------------------------------------------------------------|-------------------|-------------------|
| Cash flow from operating activities | | |
| Net profit before tax | 3,106.82 | 2,817.00 |
| Adjustments for: | | |
| Depreciation | 5,062.73 | 4,203.61 |
| Finance Cost | 11,577.67 | 10,595.96 |
| Interest income | (696.30) | (555.39) |
| Provision for doubtful debts | 645.21 | 1,006.47 |
| Provision for doubtful advances | 105.30 | - |
| Profit on sale of fixed assets (net) | (55.48) | (14.02) |
| Sundry balances written back | (108.29) | (107.12) |
| Operating profit before working capital changes | 19,637.66 | 17,946.51 |
| Adjustment for change in working capital | | |
| Decrease/(Increase) in Inventories | (11,181.22) | (4,878.19) |
| Decrease/(Increase) in Trade receivables | 747.82 | (9,681.16) |
| Decrease/(Increase) in Loans and advances | 1,696.84 | (4,156.76) |
| Increase/(Decrease) in Trade payables and other current liabilities | (8,585.11) | 7,695.04 |
| Cash generated from operations | 2,315.99 | 6,925.44 |
| Direct taxes (paid) / refunds received | (810.97) | (1,211.13) |
| Net cash generated from operating activities | 1,505.02 | 5,714.31 |
| Cash flow from investing activities | | |
| Purchase of fixed assets (including capital work in progress) | (4,506.18) | (7,592.65) |
| Proceeds from sale of fixed assets | 379.26 | 351.41 |
| Fixed Deposit with bank (maturity beyond three months) | (416.43) | (185.00) |
| Proceeds from fixed deposit with bank (maturity beyond three months) | 176.23 | 17.29 |
| Interest received | 671.98 | 555.39 |
| Net cash used in investing activities | (3,695.14) | (6,853.56) |
| Cash flow from financing activities | | |
| Proceeds from short term borrowings (net of repayment) | 4,520.89 | 5,532.61 |
| Proceeds from long term borrowings | 9,699.09 | 5,000.00 |
| Repayment of long term borrowings | (931.71) | (111.11) |
| Interest paid | (11,173.58) | (10,353.13) |
| Dividend paid | (228.71) | (171.53) |
| Tax on distributed profits | (37.36) | (28.69) |
| Net cash generated from financing activities | 1,848.62 | (131.85) |
| Net increase / (decrease) in cash and cash equivalents | (341.50) | (1,271.10) |
| Cash and cash equivalents, beginning of year | 3,614.14 | 4,885.24 |
| Cash and cash equivalents, end of year | 3,272.64 | 3,614.14 |
| Componenets of cash and cash equivalents | | |
| Cash in hand | 241.42 | 174.04 |
| Balance with scheduled banks | | |
| - current accounts | 1,265.93 | 2,733.78 |
| - cheques in hand | 0.59 | 6.53 |
| - dividend bank accounts | 5.60 | 3.99 |
| - deposits with maturity not more than 3 months | 1,759.10 | 695.80 |
| | 3,272.64 | 3,614.14 |

Notes :

- Figures given in brackets indicate cash outflow.
- The consolidated cash flow statement has been prepared under Indirect Method as per the Accounting Standard 3 Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- The figures of the previous year have been regrouped/reclassified, where necessary, to confirm with the classification of the current year.

This is the consolidated cash flow statement referred to in our report of even date.

For Walker, Chandio & Co.

Firm registration number: 001076N
Chartered Accountants

Amy Jassani

Partner
Membership No. F-46447

Place : Mumbai
Date : 28 February 2013

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

Place : Mumbai
Date : 28 February 2013

Notes to the Consolidated financial statements for the year ended 31 December 2012 (Currency: Indian Rupee in lakhs)

1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

I. Nature of Operations

ITD Cementation India Limited ('ITD Cem' or 'the Company') was incorporated in 1978 and is engaged 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. The activities of the Company comprise only one business segment viz Construction.

II. Significant Accounting Policies

A. Basis of preparation and Principles of consolidation

- Basis of Preparation

The consolidated 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.

All assets and liabilities have been classified as current or non-current, wherever applicable as per the operating cycle of the Company as per the guidance as set out in the Revised Schedule VI to the Companies Act, 1956.

- Principles of Consolidation

The consolidated financial statements relate to 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. Notes to the consolidated financial statements, represents notes involving items which are considered material and are accordingly duly disclosed. Materiality for the purpose is assessed in relation to the information contained in the consolidated financial statement. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statement has not been disclosed in the consolidated financial statements.
- 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.

B. Accounting estimates

The preparation of the financial statements in conformity with 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 as at the date of 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.

C. 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/up to 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.

ITD Cementation India Limited
Notes to the Consolidated financial statements
for the year ended 31 December 2012
(Currency: Indian Rupee in lakhs)

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. Individual assets costing less than ₹ 5,000 are depreciated in full in the year they are put to use.

D. Impairment

The carrying amounts of the Company's 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 whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and its value in use. Impairment loss is recognized in the Statement of Profit and Loss or against revaluation surplus where applicable beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

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.

E. 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.

F. 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.

Unbilled work in progress: Cost of work yet to be certified/billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as unbilled work-in-progress provided it is probable that they will be recovered. Unbilled work-in-progress is valued at net realisable value.

G. Revenue recognition

- *On contracts*

Revenue from construction contracts is recognised on the basis of percentage completion method.

The stage of completion of a contract is determined by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.

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 income based on certainty of receipt.

- *Management Fee*

Management Fee income is recognized based on the contractual terms with the parties.

H. 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.

I. 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

Notes to the Consolidated financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized 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 property, plant and equipment.

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

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

J. Retirement and other employee benefits

Retirement benefits in the form of superannuation is a defined contribution scheme and the contributions are charged to the statement of profit and loss 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 statement of profit and loss account and are not deferred.

K. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares which could have been issued on conversion of all dilutive potential equity shares.

L. Taxation

Current tax

Provision for current tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961.

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.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet dates. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in the future. Such assets are reviewed at each Balance Sheet date to reassess realization.

M. 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 statement of profit and loss account on a straight-line basis over the lease term.

N. Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of past events and 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 their present value and are determined based on management's best estimates 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 Liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

O. 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
Notes to the Consolidated financial statements
for the year ended 31 December 2012
(Currency: Indian Rupee in lakhs)

| | 2012 | | 2011 | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|------------|-----------|
| | Number | Amount | Number | Amount |
| 2 Share capital | | | | |
| Authorised Share Capital | | | | |
| Equity shares of ₹10 each | 15,000,000 | 1,500.00 | 15,000,000 | 1,500.00 |
| Redeemable preference shares of ₹10 each | 60,000,000 | 6,000.00 | 60,000,000 | 6,000.00 |
| | 75,000,000 | 7,500.00 | 75,000,000 | 7,500.00 |
| Issued | | | | |
| Equity shares of ₹10 each | 11,518,316 | 1,151.83 | 11,518,316 | 1,151.83 |
| | 11,518,316 | 1,151.83 | 11,518,316 | 1,151.83 |
| Subscribed and fully paid-up | | | | |
| Equity shares of ₹10 each | 11,515,790 | 1,151.58 | 11,515,790 | 1,151.58 |
| | 11,515,790 | 1,151.58 | 11,515,790 | 1,151.58 |
| a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period | | | | |
| Balance at the beginning of the year | 11,515,790 | 1,151.58 | 11,515,790 | 1,151.58 |
| Add : Issued during the year | - | - | - | - |
| Balance at the end of the year | 11,515,790 | 1,151.58 | 11,515,790 | 1,151.58 |
| b) Terms/rights attached to equity shares | | | | |
| The Company has only one class of equity shares having at par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. | | | | |
| During the year, the amount of per share dividend recognised as distributions to equity share holders was ₹2.00 (31 December 2011 : ₹2.00) | | | | |
| In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders. | | | | |
| c) Shares held by holding/ ultimate holding Company and/or their subsidiaries/ associates | | | | |
| | 2012 | | 2011 | |
| | Number | Amount | Number | Amount |
| Equity shares of ₹10 each | | | | |
| Italian-Thai Development Public Company Limited, Thailand (Holding Company) | 8,011,318 | 801.13 | 8,011,318 | 801.13 |
| d) Shareholders holding more than 5% of the equity shares in the Company as at balance sheet date | | | | |
| | 2012 | | 2011 | |
| | Number | % Holding | Number | % Holding |
| Equity shares of ₹10 each | | | | |
| Italian-Thai Development Public Company Limited, Thailand (Holding Company) | 8,011,318 | 69.57% | 8,011,318 | 69.57% |
| As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares. | | | | |
| e) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceeding 31 December 2012 | | | | |
| The Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceeding 31 December 2012. | | | | |
| f) Out of the total issued capital, 2,526 (31 December 2011 : 2,526) equity shares of ₹10 each have been kept in abeyance pending final settlement of rights issues. | | | | |

Notes to the Consolidated financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

| | 2012 | 2011 |
|-------------------------------------------------------------------|------------------|-----------|
| 3 Reserves and surplus | | |
| Securities premium account | 31,957.38 | 31,957.38 |
| General reserve | | |
| Balance at the beginning of the year | 488.37 | 319.05 |
| Add: Transferred from statement of profit and loss | 164.83 | 169.32 |
| Balance at the end of the year | 653.20 | 488.37 |
| Surplus in the statement of profit and loss | | |
| Balance at the beginning of the year | 4,519.60 | 2,698.41 |
| Add: Transferred from statement of profit and loss | 2,197.66 | 2,257.53 |
| Less: Transferred to general reserve | (164.83) | (169.32) |
| Less: Proposed dividend on equity shares | (230.32) | (230.32) |
| Less: Tax on proposed equity dividend | (37.36) | (37.36) |
| Add: Reversal of tax on proposed equity dividend for earlier year | - | 0.66 |
| | 6,284.75 | 4,519.60 |
| | 38,895.33 | 36,965.35 |

| | 2012 | | 2011 | |
|---------------------------------------------------------------------------|-----------------|-------------------|-----------|----------|
| | Long Term | Current | Long Term | Current |
| 4 Long term borrowings | | | | |
| Secured | | | | |
| Term loan - from Bank | 5,176.85 | 1,035.37 | - | - |
| Plant loan from financial institution | 438.28 | 774.66 | 788.63 | 828.62 |
| Vehicle loan from bank | 2.57 | 2.50 | 5.01 | 12.63 |
| Unsecured | | | | |
| Term loan - from Bank | - | 5,000.00 | 5,000.00 | - |
| Term loan - from financial institution | 2,161.23 | 810.81 | - | - |
| | 7,778.93 | 7,623.34 | 5,793.64 | 841.25 |
| Amount disclosed under "Other current liabilities" (Also refer note 8) | - | (7,623.34) | - | (841.25) |
| | 7,778.93 | - | 5,793.64 | - |

Term loan from bank (Secured)

Term loan obtained from Exim Bank carries interest rate of 12.25 percent per annum. These loans are repayable in 6 quarterly installments from December 2013 to March 2015.

Plant loan from financial institution (Secured)

Loan obtained from Tata Capital Limited for purchase of vehicles and construction equipment which carries interest rate ranging between 12.75 to 13.75 percent per annum and are repayable in 36 to 60 monthly installments. These loans are secured by first and exclusive charge on vehicles and specific equipment financed by the Institution.

Vehicle loan from bank (Secured)

Loan obtained from HDFC Bank for purchase of vehicles which carries interest rate 12 percent approx per annum and are repayable in 60 monthly installments. These loans are secured by hypothecation of the vehicle purchased out of this loan.

Term loan - from bank (Unsecured)

Term loan obtained from Vijaya Bank carries interest rate of base rate plus 2.50 percent per annum. These loans are repayable in six equal monthly installments commencing from January 2013.

Term loan - from financial institution (Unsecured)

Term loan obtained from SREI Equipment Finance Private Limited carries interest rate of 11.56 percent per annum. These loans are repayable in 29 monthly installments commencing from September 15, 2012.

ITD Cementation India Limited
Notes to the Consolidated financial statements
for the year ended 31 December 2012
(Currency: Indian Rupee in lakhs)

| | 2012 | 2011 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 5 Long term provision | | |
| Provision for employee benefits | | |
| - Leave encashment | <u>518.98</u> | <u>435.82</u> |
| | <u>518.98</u> | <u>435.82</u> |
| 6 Short term borrowings | | |
| Secured | | |
| Working capital loans | | |
| - Banks | 53,286.93 | 41,203.23 |
| - Financial institution | - | 3,000.00 |
| External commercial borrowings (Buyer's credit) | 5,472.02 | 4,081.73 |
| | - | |
| Unsecured | | |
| Working capital loan from Banks | 4,212.83 | 4,165.93 |
| Term loan from Banks | - | 6,000.00 |
| | <u>62,971.78</u> | <u>58,450.89</u> |
| Working capital loan from banks (Secured) : | | |
| Working capital loans availed from consortium bankers carries various interest rates are secured by first pari passu charge on the current assets and movable plant and machinery other than those charged in favour of Tata Capital Limited. These facilities are payable on demand. | | |
| Working capital loan from financial institution (Secured): | | |
| Working capital loan availed from SICOM Limited repaid during the year. This loan was secured by way of sub servient charge on all the plant and machinery, movable assets and current assets of the Company both present and future. | | |
| External commercial borrowings (Buyer's credit) : | | |
| Buyer credit loan obtained from bankers carries interest of LIBOR plus 1.5 to 3.5 percent per annum (quarterly rests). This are secured by first pari passu charge on the current assets and movable plant and machinery other than those charged in favour of Tata Capital Limited. | | |
| 7 Trade payables | | |
| Acceptances | 4,336.04 | 5,653.80 |
| Other trade payables | 24,969.01 | 27,166.54 |
| | <u>29,305.05</u> | <u>32,820.34</u> |
| 8 Other current liabilities | | |
| Current maturity of long term borrowing (Also refer note 4) | 7,623.34 | 841.25 |
| Creditors for capital expenses | 939.08 | 1,636.59 |
| Interest accrued and due | 20.90 | 85.21 |
| Interest accrued but not due | 671.15 | 202.76 |
| Unclaimed dividend * | 5.60 | 3.99 |
| Advances from customers | 20,409.71 | 21,833.38 |
| Material received from customers | 699.54 | 724.19 |
| Amount due to customers | 2,206.78 | 3,668.71 |
| Employee related dues | 2,322.86 | 2,117.96 |
| Statutory dues payable | 949.85 | 536.40 |
| Liability for foreign exchange contracts | 87.40 | 994.09 |
| Others | 1,493.59 | 2,986.80 |
| | <u>37,429.80</u> | <u>35,631.33</u> |
| * Not due for credit to Investor Education & Protection Fund | | |

Notes to the Consolidated financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

| | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------------------|------------------|--------------------------------|----------------------------------------|-----------------------------------------------|-----------------|------------------|---------------------|
| | | 2012 | 2011 | | | | | | |
| 9 Short term provisions | | | | | | | | | |
| Provision for employee benefits | | | | | | | | | |
| - Gratuity (Also refer note 30) | | 497.26 | 392.18 | | | | | | |
| - Leave encashments | | 87.30 | 65.67 | | | | | | |
| - Provident fund | | 150.24 | 148.92 | | | | | | |
| Proposed dividend | | 230.32 | 230.32 | | | | | | |
| Provision for tax on proposed dividend | | 37.36 | 37.36 | | | | | | |
| | | 1,002.48 | 874.45 | | | | | | |
| 10 Tangible assets | | | | | | | | | |
| | Freehold land | Leasehold improvements | Buildings | Plant and machinery | Earth- moving machinery | Office equipment and furniture | Vehicles | Total | 31 December 2011 |
| Gross block | | | | | | | | | |
| As at 1 January 2012 | 15.32 | 341.13 | 221.94 | 37,147.14 | 6,416.83 | 1,682.91 | 292.32 | 46,117.59 | 38,560.76 |
| Additions during the year | - | 300.06 | - | 4,558.50 | 479.79 | 125.83 | 19.92 | 5,484.10 | 8,322.65 |
| Disposals during the year | - | (309.77) | - | (1,131.35) | (166.05) | (1.63) | (1.09) | (1,609.89) | (765.82) |
| As at 31 December 2012 | 15.32 | 331.42 | 221.94 | 40,574.29 | 6,730.57 | 1,807.11 | 311.15 | 49,991.80 | 46,117.59 |
| Accumulated depreciation | | | | | | | | | |
| As at 1 January 2012 | - | 297.67 | 105.75 | 16,788.48 | 4,484.05 | 1,378.40 | 191.05 | 23,245.40 | 19,470.21 |
| Charge for the year | - | 51.84 | 5.20 | 4,175.37 | 684.96 | 118.99 | 26.37 | 5,062.73 | 4,203.61 |
| Disposals during the year | - | (309.77) | - | (811.06) | (163.43) | (1.48) | (0.35) | (1,286.09) | (428.42) |
| As at 31 December 2012 | - | 39.74 | 110.95 | 20,152.79 | 5,005.58 | 1,495.91 | 217.07 | 27,022.04 | 23,245.40 |
| Net block | | | | | | | | | |
| As at 31 December 2012 | 15.32 | 291.68 | 110.99 | 20,421.50 | 1,724.99 | 311.20 | 94.08 | 22,969.76 | 22,872.19 |
| As at 31 December 2011 | 15.32 | 43.46 | 116.19 | 20,358.66 | 1,932.78 | 304.51 | 101.27 | 22,872.19 | |
| Note: Building include ₹0.09 lakhs (31 December 2011 : ₹0.09 lakhs) being the cost of shares in co-operative housing societies. | | | | | | | | | |
| | | 2012 | 2011 | | | | | | |
| 11 Deferred tax assets | | | | | | | | | |
| Deferred tax asset arising on account of : | | | | | | | | | |
| Provision for doubtful debts | | 498.22 | 435.00 | | | | | | |
| Provision for employee benefits | | 358.57 | 287.00 | | | | | | |
| Disallowance u/s 43B as per Income Tax Act, 1961 | | 93.84 | - | | | | | | |
| Timing difference between book depreciation and depreciation as per Income Tax Act, 1961 | | 747.08 | 522.39 | | | | | | |
| Provision for doubtful advances | | 56.94 | - | | | | | | |
| Others | | 18.78 | 19.20 | | | | | | |
| Total deferred tax assets | | 1,773.43 | 1,263.59 | | | | | | |

ITD Cementation India Limited
Notes to the Consolidated financial statements
for the year ended 31 December 2012
(Currency: Indian Rupee in lakhs)

| | 2012 | | 2011 | |
|----------------------------------------------------------------------------|------------------|-----------------|------------------|-----------|
| | Non-current | Current | Non-current | Current |
| 12 Loans and advances | | | | |
| (Unsecured, considered good unless otherwise stated) | | | | |
| Capital advances | 47.99 | - | 24.51 | - |
| Security and other deposits | | | | |
| - considered good | 868.98 | 964.81 | 1,066.01 | 931.74 |
| - considered doubtful | - | 28.64 | - | - |
| Receivable from Holding Company (Also refer note 34) | - | 2,082.58 | - | 3,478.92 |
| Other loans and advances | | | | |
| Advance recoverable in cash or kind | | | | |
| - considered good | - | 798.27 | - | 3,188.71 |
| - considered doubtful | - | 146.86 | - | 444.24 |
| Prepaid expenses | - | 1,146.92 | - | 450.18 |
| Loans and advances to employees | - | 13.78 | - | 17.17 |
| Balances with statutory / government authorities | 7,294.84 | - | 4,806.21 | - |
| Advance income tax (net of provisions) | 4,109.60 | - | 4,717.63 | - |
| Receivable on foreign exchange contracts | - | 147.04 | - | 1,203.90 |
| | 12,321.41 | 5,328.90 | 10,614.36 | 9,714.86 |
| Less : Provision for doubtful advances / deposits | - | (175.50) | - | (444.24) |
| | 12,321.41 | 5,153.40 | 10,614.36 | 9,270.62 |
| 13 Other non current assets | | | 2012 | 2011 |
| Non-current bank balances (Also, refer note 17) | | | 22.00 | 10.00 |
| | | | 22.00 | 10.00 |
| 14 Current investments | | | | |
| (Valued at cost, fully paid up, unless stated otherwise) | | | | |
| Investments in equity shares (unquoted) | | | | |
| Associate | | | | |
| AVR Infra Private Limited | | | 0.26 | 0.26 |
| [2,600 (31 December 2011 : 2,600) equity shares of ₹10 each fully paid up] | | | 0.26 | 0.26 |
| 15 Inventories | | | | |
| Construction materials | | | 12,730.13 | 13,709.81 |
| Tools and equipment | | | 5,851.67 | 4,955.82 |
| Machinery spares | | | 1,983.46 | 1,881.38 |
| Unbilled work in progress | | | 74,768.88 | 63,605.91 |
| | | | 95,334.14 | 84,152.92 |

Notes to the Consolidated financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

| | 2012 | 2011 | | |
|------------------------------------------------------------------------|--------------------|-----------------|--------------------|----------------|
| 16 Trade receivable | | | | |
| (unsecured, considered good unless otherwise stated) | | | | |
| Trade receivables outstanding for more than six months | | | | |
| - Considered good * | 23,577.45 | 25,665.84 | | |
| - Considered doubtful | 1,535.58 | 1,340.53 | | |
| | 25,113.03 | 27,006.37 | | |
| Less: Provision for doubtful debts | (1,535.58) | (1,340.53) | | |
| | 23,577.45 | 25,665.84 | | |
| Other debts ** | 12,807.49 | 12,112.13 | | |
| | 36,384.94 | 37,777.97 | | |
| | | | | |
| * Includes retention money | 6,973.16 | 5,395.55 | | |
| ** Includes retention money | 2,261.98 | 2,257.66 | | |
| | | | | |
| | 2012 | 2011 | | |
| | Non-current | Current | Non-current | Current |
| 17 Cash and bank balances | | | | |
| Cash and cash equivalents | | | | |
| Cash in hand | - | 241.42 | - | 174.04 |
| Balance with scheduled banks | | | | |
| - current accounts | - | 1,265.93 | - | 2,733.78 |
| - cheques in hand | - | 0.59 | - | 6.53 |
| - dividend bank accounts | - | 5.60 | - | 3.99 |
| Bank deposits with maturity not more than 3 months | - | 1,759.10 | - | 695.80 |
| | - | 3,272.64 | - | 3,614.14 |
| Other bank balances | | | | |
| Deposits with maturity of more than 3 months but less than 12 months * | - | 406.71 | - | 178.51 |
| Bank deposits with maturity of more than 12 months ** | 22.00 | - | 10.00 | - |
| | 22.00 | 3,679.35 | 10.00 | 3,792.65 |
| Less : Amounts disclosed as Other non-current assets (Refer note 13) | (22.00) | - | (10.00) | - |
| | - | 3,679.35 | - | 3,792.65 |
| | | | | |
| * Earmarked against bank guarantees taken by the Company | | | | |
| ** Placed as earnest money deposit | | | | |
| | | | | |
| 18 Other current assets | 2012 | 2011 | | |
| Interest accrued but not due | 24.32 | - | | |
| | 24.32 | - | | |

ITD Cementation India Limited
Notes to the Consolidated financial statements
for the year ended 31 December 2012
(Currency: Indian Rupee in lakhs)

| | 2012 | 2011 |
|----------------------------------------------------------------|------------------|-----------|
| 19 Other operating income | | |
| Management fees | 441.17 | - |
| Service income from unincorporated joint ventures | 176.10 | 374.07 |
| | 617.27 | 374.07 |
| 20 Other Income | | |
| Profit on sale of fixed assets (net) | 55.48 | 14.02 |
| Sundry balances written back | 108.29 | 107.12 |
| Bad debts recovered | 7.64 | 82.05 |
| Interest | | |
| - on bank deposits | 129.56 | 76.62 |
| - on income tax refund | 496.70 | 90.02 |
| - on sales tax refund | 63.30 | 139.16 |
| - from customer on settlement | - | 192.15 |
| - others | 6.74 | 57.44 |
| Insurance claim | 40.00 | 132.06 |
| Miscellaneous income | 93.89 | 48.71 |
| | 1,001.60 | 939.35 |
| 21 Employee benefits expense | | |
| Salaries and wages | 17,106.78 | 15,586.97 |
| Contribution to gratuity (Also refer note 30) | 244.23 | 287.69 |
| Contribution to provident and other funds (Also refer note 30) | 1,189.12 | 1,081.62 |
| Staff welfare expenses | 402.40 | 403.02 |
| | 18,942.53 | 17,359.30 |
| 22 Finance costs | | |
| Interest expenses | | |
| - Working capital loans | 7,420.41 | 6,535.09 |
| - Short term loan | 706.45 | 824.85 |
| - Long term loan | 1,298.69 | 575.39 |
| - Advances from customers | 447.48 | 878.53 |
| - External commercial borrowings | 136.31 | 127.72 |
| - Others | 18.32 | 75.51 |
| Bank charges and guarantee commission | 1,550.01 | 1,578.87 |
| | 11,577.67 | 10,595.96 |

Notes to the Consolidated financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

| | 2012 | 2011 |
|----------------------------------------------------------------------|------------------|------------------|
| 23 Other expense | | |
| Plant hire expenses | 7,694.66 | 11,563.85 |
| Power and fuel | 7,353.44 | 7,594.84 |
| Sales tax on works contracts | 4,040.42 | 3,980.11 |
| Travelling expenses | 845.09 | 746.45 |
| Tools and equipment | 710.00 | 1,901.93 |
| Site transport and conveyance | 2,598.42 | 2,889.04 |
| Repairs and maintenance: | | |
| - Plant & machinery | 625.30 | 780.22 |
| - Others | 232.18 | 161.16 |
| Insurance | 519.78 | 862.36 |
| Professional fees | 1,938.41 | 2,215.81 |
| Rent (Also refer note 43) | 2,183.90 | 2,446.24 |
| Spares consumed | 1,401.68 | 1,214.33 |
| Security charges | 692.48 | 532.16 |
| Temporary site installations | 539.97 | 909.66 |
| Postage, telephone and telegram | 184.65 | 186.75 |
| Auditor remuneration (Also refer note 25) | 65.55 | 67.40 |
| Provision for doubtful debts (Also refer note 26) | 645.21 | 1,006.47 |
| Provision for doubtful advance / deposits | 105.30 | - |
| Rates & taxes | 225.65 | 94.22 |
| Water charges | 528.81 | 399.48 |
| Printing and stationery | 128.31 | 129.99 |
| Fees and subscription | 59.19 | 64.14 |
| Infotech expenses | 168.55 | 149.68 |
| Service tax | 1,766.66 | 1,458.35 |
| Labour cess | 507.45 | 568.20 |
| Royalty expense | 640.27 | 633.98 |
| Commission to Directors other than Managing Director | 6.00 | 6.00 |
| Exchange loss (net) | 467.82 | 365.63 |
| Directors' fees | 1.50 | 1.80 |
| Miscellaneous expenses | 1,913.54 | 2,414.79 |
| | 38,790.19 | 45,345.04 |
| 24 Earnings per share | | |
| Weighted average number of equity shares outstanding during the year | 11,515,790 | 11,515,790 |
| Add: Dilutive effect | - | - |
| Weighted average number of equity shares used to compute diluted EPS | 11,515,790 | 11,515,790 |
| Net Profit after tax attributable to equity shareholders | 2,197.66 | 2,257.53 |
| Earning per share : | | |
| Basic and diluted | 19.08 | 19.60 |

ITD Cementation India Limited
Notes to the Consolidated financial statements
for the year ended 31 December 2012
(Currency: Indian Rupee in lakhs)

| | | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------|---------------------|---------------------|---------------|--------------|
| | | 2012 | 2011 | | | |
| 25 Auditor remuneration (including service tax) | | | | | | |
| Audit fee | | 22.93 | 22.48 | | | |
| Tax audit fee | | 20.46 | 20.96 | | | |
| Limited review | | 19.30 | 21.11 | | | |
| Certification | | 1.41 | 2.15 | | | |
| Out-of-pocket expenses | | 1.45 | 0.70 | | | |
| | | 65.55 | 67.40 | | | |
| 26 Provision for doubtful debts | | | | | | |
| Bad debts written off during the year | | 450.16 | 1,235.44 | | | |
| Add: Provision for doubtful debts, end of year | | 1,535.58 | 1,340.53 | | | |
| Less: Provision for doubtful debts, beginning of year | | 1,340.53 | 1,569.50 | | | |
| | | 645.21 | 1,006.47 | | | |
| 27 Commitment | | | | | | |
| Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) | | 730.93 | 1,505.04 | | | |
| 28 Contingent Liabilities | | | | | | |
| a) Guarantees/Letter of credits given by banks in respect of contracting commitments in the normal course of business | | 35,370.36 | 30305.68 | | | |
| b) 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 | 21,044.14 | | | |
| c) Corporate Guarantee given to bank on behalf of Joint Ventures | | 44,800.00 | 29,000.00 | | | |
| d) Sales Tax matters pending in appeals | | 2,090.95 | 4,223.84 | | | |
| e) Income Tax matters pending in appeal | | 1,180.90 | 2,368.76 | | | |
| f) Excise matter pending in appeal | | 51.69 | 51.69 | | | |
| g) Entry tax matter pending in appeal | | 207.32 | 207.32 | | | |
| 29 Particulars of unhedged foreign currency exposures at the balance sheet date | | | | | | |
| Buyers credit. Trade payables & Acceptances | 2012 | | | 2011 | | |
| | Foreign Currency | Exchange Rate | INR in lakhs | Foreign Currency | Exchange Rate | INR in lakhs |
| US Dollar Exposure | 580,700 | 55.16 | 320.31 | - | - | - |
| Euro Exposure | - | - | - | 722,525 | 69.76 | 504.03 |
| Total | | | 320.31 | | | 504.03 |

Notes to the Consolidated financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

30 Employee benefits

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

| | Gratuity | |
|----------------------------------------------------------------------------|-----------------|-----------------|
| | 2012 | 2011 |
| The amount recognised in the statement of profit & loss : | | |
| Current Service Cost | 171.53 | 146.62 |
| Interest Cost | 122.04 | 101.95 |
| Expected return on Plan Assets | (95.87) | (97.99) |
| Net Actuarial (Gains) / Losses for the period | 46.53 | 137.11 |
| Net benefit expense | 244.23 | 287.69 |
| The amount recognised in the balance sheet is as follows : | | |
| Defined benefit obligation | 1,714.10 | 1,473.32 |
| Fair value of plan assets | 1,216.84 | 1,081.14 |
| Plan liability / (asset) | 497.26 | 392.18 |
| Changes in the present value of the defined benefit obligations : | | |
| Defined Benefit Obligation at beginning of the period | 1,473.31 | 1,266.02 |
| Current Service Cost | 171.53 | 146.62 |
| Interest Cost | 122.04 | 101.95 |
| Actuarial Loss | 118.30 | 27.20 |
| Benefit Payments | (171.08) | (68.48) |
| Present value of Defined Benefit Obligation at end of period | 1,714.10 | 1,473.31 |
| Changes in the fair value of the plan assets of the gratuity plan : | | |
| Plan assets at beginning of the period | 1,081.14 | 1,085.40 |
| Expected return on Plan Assets | 95.87 | 97.98 |
| Contributions by employer | 136.01 | 75.17 |
| Benefit Paid | (167.96) | (68.48) |
| Actuarial Gain on Plan Assets | 71.78 | (108.93) |
| Fair value of Plan Assets at end of the period | 1,216.84 | 1,081.14 |

The Company expects to contribute ₹75.00 lakhs to gratuity in the next year (31 December 2011 : ₹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:

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------------------------------------|----------|----------|----------|----------|----------|
| Defined Benefit Obligation | 1,714.10 | 1,473.32 | 1,266.02 | 1,029.29 | 918.54 |
| Plan Assets | 1,216.84 | 1,081.14 | 1,085.40 | 814.01 | 539.53 |
| Deficit | (497.26) | (392.18) | (180.62) | (215.28) | (379.01) |
| Experience adjustments on plan assets | 71.78 | (108.93) | 13.71 | - | - |
| Experience adjustment on plan liabilities | (118.30) | (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 31 December 2012 are ₹0.13 lakhs (31 December 2011 : ₹0.06 lakhs) and ₹1,216.71 lakhs (31 December 2011 : ₹1,081.08 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 :

| | 2012 | 2011 |
|----------------------------------------|-------------------------------------------|-------------------------------------------|
| Discount rate | 8.3% | 8.8% |
| Expected rate of return on plan assets | 9.0% | 9.0% |
| Salary escalation rate | 5.5% | 5.5% |
| Attrition rate | 2.0% | 2.0% |
| Withdrawal rates | Upto age 44 - 2% 45 years & above - 1% | Upto age 44 - 2% 45 years & above - 1% |

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for the year ended 31 December 2012
(Currency: Indian Rupee in lakhs)

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 and provident fund aggregates ₹1,189.12 lakhs during the year ended 31 December 2012 (31 December 2011 : ₹1,081.62 lakhs)

31 Segment reporting

The activities of the Company comprises of 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.

32 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 | 2012 | | 2011 | |
|----------------------------------------|----------------------------------|--------------|----------------------------------|--------------|
| | Proportion of Ownership Interest | Voting Power | Proportion of Ownership Interest | Voting Power |
| ITD Cementation Projects India Limited | 100% | 100% | 100% | 100% |

33 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 Joint Venture | % of Participation as at 31 December 2012 | % of Participation as at 31 December 2011 |
|-------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| ITD Cemindia JV | 80% | 80% |
| ITD - ITD Cem 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 | 2012 | | 2011 | |
|---------------------------------|-----------|-----------|-----------|-----------|
| Assets | | | | |
| Net Block | | 3,658.56 | | 3,075.63 |
| Capital work-in-progress | | 31.22 | | 2,060.45 |
| Deferred tax assets | | 669.42 | | 505.59 |
| Current Assets : | | | | |
| Inventories | 16,226.30 | | 16,020.74 | |
| Sundry debtors | 4,919.87 | | 6,031.65 | |
| Cash and bank balances | 2,458.48 | | 1,493.32 | |
| Loans and advances | 3,572.26 | | 3,179.15 | |
| Total Current Assets (A) | | 27,176.91 | | 26,724.86 |
| Current Liabilities (B) | | 10,072.42 | | 18,120.96 |
| Net Current Assets (A-B) | | 17,104.49 | | 8,603.90 |
| Total Assets | | 21,463.69 | | 14,245.57 |

Notes to the Consolidated financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

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

| BALANCE SHEET ITEMS | 2012 | | 2011 | |
|--------------------------------------|------------------|------------------|-----------|-----------|
| Liabilities | | | | |
| Loan Funds : | | | | |
| Secured loans | | 9,643.78 | | 1,863.23 |
| Reserves & Surplus | | | | |
| Opening balance of retained earnings | 2,894.80 | | 3,535.62 | |
| Add : Profit for the period | 648.82 | | 542.28 | |
| | | 3,543.62 | | 4,077.90 |
| Total Liabilities | | 13,187.40 | | 5,941.13 |
| Revenue | | | | |
| Turnover | 35,326.84 | | 41,791.81 | |
| Other Income | 196.84 | | 215.38 | |
| Total revenue | | 35,523.68 | | 42,007.19 |
| Less : Expenses | | | | |
| Site and administration expenses | 31,745.39 | | 38,752.75 | |
| Interest and finance expenses | 1,237.10 | | 1,317.00 | |
| Depreciation | 1,457.82 | | 780.78 | |
| Total expenses | | 34,440.31 | | 40,850.53 |
| Profit before tax | | 1,083.37 | | 1,156.66 |
| Provision for tax | | 598.38 | | 622.37 |
| Deferred tax credit | | (163.83) | | (7.99) |
| Profit after tax | | 648.82 | | 542.28 |
| Capital commitment | | - | | 94.82 |
| Contingent liabilities | | 3,568.42 | | 4,847.30 |

34 Related Party Disclosures :

a) Names of related parties and description of relationship

A Enterprise where control exists - Holding Company

Italian-Thai Development Public Company Limited

B Other related parties with whom the Company had transactions, etc.

Key management personnel (KMP)

Mr. Adun Saraban – Managing Director

Mr. S. Ramnath – Chief Financial Officer

Mr. P. B. Patwardhan - Chief Financial Officer (resigned on 30 April 2011)

b) Transactions with related parties for the year are as follows:

| Transaction during the year | Holding Company | KMP |
|-------------------------------------------------|---------------------------|----------|
| Contract Revenue | | |
| Italian-Thai Development Public Company Limited | 494.95 (878.43) | - (-) |
| Royalty expense | | |
| Italian-Thai Development Public Company Limited | 640.27 (633.98) | - (-) |
| Dividend paid | | |
| Italian-Thai Development Public Company Limited | 160.23 (120.17) | - (-) |

ITD Cementation India Limited
Notes to the Consolidated financial statements
for the year ended 31 December 2012
(Currency: Indian Rupee in lakhs)

Transactions with related parties for the year are as follows - continued

| Transaction during the year | Holding Company | KMP |
|-----------------------------|-----------------|--------------|
| Remuneration | | |
| Mr. Adun Saraban | - | 78.59 |
| | (-) | (56.41) |
| Mr. S. Ramnath | - | 44.56 |
| | (-) | (22.26) |
| Mr. P. B. Patwardhan | - | - |
| | (-) | (22.28) |

(Figures in bracket represents previous year numbers)

c) Balances at the year end :

| Particulars | Holding Company | KMP |
|--------------------------------------------------------|-----------------|-----|
| Trade receivables | | |
| Italian-Thai Development Public Company Limited | 72.32 | - |
| | (112.17) | (-) |
| Loan and Advances | | |
| Italian-Thai Development Public Company Limited | 2,082.58 | - |
| | (3,478.92) | (-) |
| Corporate Guarantee issued on behalf of Company | 3,000.00 | - |
| | (3,000.00) | (-) |

(Figures in bracket represents previous year numbers)

- 35** Trade receivables at 31 December 2012 include variation claims recognised by the Company aggregating ₹3,278 lakhs (31 December 2011 : ₹3,455 lakhs) which are disputed by the customer. Out of this claims amounting to ₹2,346 lakhs (31 December 2011 : ₹2,346 lakhs) are a subject matter of arbitration. The Company has received arbitration award in its favour in respect of the balance amount of ₹932 lakhs (31 December 2011 : ₹1,109 lakhs) which have since been challenged by the customer. Considering the legal opinion from Company's counsel in the matter, the management is reasonably confident of recovery of these amounts.
- 36** Trade receivables as at 31 December 2012 include ₹3,384 lakhs (31 December 2011 : ₹3,384 lakhs) representing interim work bills for work carried out by the Company 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 and based on the legal opinion received on this matter.
- 37** Trade receivables at 31 December 2012 include ₹1,140 lakhs (31 December 2011 : ₹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 opinion from eminent legal counsel in the matter.
- 38** Trade receivables at 31 December 2012 include variation claims of ₹309 lakhs (31 December 2011 : ₹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, based on the above arbitration award, Court Order and legal opinion, management is reasonably confident of recovery of these amounts.
- 39** Trade receivables and Unbilled work-in-progress at 31 December 2012 include ₹616 lakhs (31 December 2011 - Nil) and ₹2,757 lakhs (31 December 2011 : ₹2,757 lakhs), in respect of a contract which has been rescinded by the Company and ₹5,929 lakhs (31 December 2011 : ₹5,929 lakhs) in respect of another contract where the Company has received a notice from

Notes to the Consolidated financial statements

for the year ended 31 December 2012

(Currency: Indian Rupee in lakhs)

the customer withdrawing from the Company the balance works to be executed under the contract; besides the Company has also issued guarantees aggregating ₹2,227 lakhs (31 December 2011 : ₹2,227 lakhs). The Company has made claims against the customer to recover these amounts and has initiated legal action. Based upon legal opinion 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.

40 Trade receivables and Unbilled work in progress as at 31 December 2012 includes ₹1,004 lakhs and ₹17,222 lakhs, respectively in respect of certain road contracts which are currently being executed by the Company. The customer has already granted two extensions of time and the Company's request for further extension is under consideration. These projects are yet to be taken over by the customer. The Company has made claims on the customer for recovery of these amounts. Considering the contractual tenability and legal opinion obtained, the management is reasonably confident of recovery of these amounts.

41 Micro, Small and Medium Enterprises

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 December 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, 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 statutory auditors.

42 The disclosures as per provisions of Clauses 38, 39 and 41 of Accounting Standard 7 'Construction Contracts' issued by Institute of Chartered Accountants of India are as under:

| | 2012 | 2011 |
|--------------------------------------------------------------------------------------------------------------------------------|-------------------|------------|
| a) Contract revenue recognised as revenue in the period Clause 38 (a) | 163,379.99 | 170,844.50 |
| b) Aggregate amount of costs incurred and recognised profits up to the reporting date on Contract under progress Clause 39 (a) | 523,769.00 | 516,968.75 |
| c) Advance received on Contract under progress Clause 39 (b) | 20,409.71 | 21,833.38 |
| d) Retention amounts on Contract under progress Clause 39 (c) | 9,235.14 | 7,653.21 |
| e) Gross amount due from customers for contract work as an asset Clause 41 (a) | 74,768.88 | 63,605.91 |
| f) Gross amount due to customers for contract work as an liability Clause 41 (b) | 2,206.78 | 3,668.71 |

43 Operating lease

a) The Company has taken various residential/commercial premises and construction equipments on cancellable operating lease. These lease agreements are normally renewed on expiry. Rental expenses in the statement of profit and loss for the year includes lease payments towards premises ₹2,054.81 lakhs (31 December 2011 : ₹1,947.15 lakhs). Plant hire expense relates to the lease payment for construction equipments.

b) The Company, in addition to above, has taken construction equipments on leases (non-cancellable operating leases). The future minimum lease payments in respect of which as at 31 December 2012 are as follows:

| | 2012 | 2011 |
|------------------------------------------------------|-----------------|-------|
| Minimum Lease Payments | | |
| Payable not later than 1 year | 435.11 | 27.34 |
| Payable later than 1 year and not later than 5 years | 1,786.00 | 3.11 |
| Payable later than 5 years | - | - |
| Total | 2,221.11 | 30.45 |

These leases have no escalation clauses.

Rental expenses in the statement of profit and loss for the year includes ₹129.09 lakhs (31 December 2011 : ₹499.09 lakhs) towards such non-cancellable leases.

ITD Cementation India Limited
Notes to the Consolidated financial statements
for the year ended 31 December 2012
(Currency: Indian Rupee in lakhs)

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

44 The Company has changed the basis of measurement of percentage of completion from 'physical proportion of the contract work' to 'proportion of contract costs incurred for the work performed to date to the estimated total contract costs'. Consequent to the change in method, turnover is lower by ₹844 lakhs and profit before tax is higher by ₹66 lakhs for the year ended 31 December 2012.

Further in respect of existing contracts, the Company has adopted a policy of recording trade receivables only to the extent these are certified by the customer. Consequent to this change, uncertified receivables as of 31 December 2011 amounting to ₹32,375 lakhs have been reclassified from trade receivables to unbilled work in progress with respect to running contracts.

45 During the year, cheque was stolen and fraudulently encashed from Company's bank account for a sum of ₹54.24 lakhs and the same was subsequently recovered by the Company. Investigation to apprehend the culprits involved in the incident is in process.

46 Prior year comparatives

The consolidated financial statements for the year ended 31 December 2011 has been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 December 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

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 |

Place : Mumbai
Date : 28 February 2013

FINANCIAL HIGHLIGHTS

(Currency : Indian Rupee in lakhs)

| Particulars | FINANCIAL RESULT | | | | | | | | | |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | STANDALONE | | | | | CONSOLIDATED | | | | |
| | 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 31-12-12 | 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 31-12-12 |
| Total Income | 97,961.41 | 99,711.25 | 109,573.75 | 131,035.22 | 130,711.49 | 134,343.34 | 148,598.73 | 147,613.63 | 172,183.78 | 164,998.86 |
| Profit/(Loss) before Tax | 644.01 | 766.32 | 1,223.49 | 2,202.66 | 2,672.37 | 1,463.56 | 1,590.69 | 2,074.60 | 2,817.00 | 3,106.82 |
| Profit after Tax | 549.93 | 540.53 | 938.51 | 2,257.58 | 2,197.77 | 549.87 | 540.56 | 938.51 | 2,257.53 | 2,197.66 |
| Dividend | 134.73 | 134.73 | 201.43 | 267.68 | 267.68 | 134.73 | 134.73 | 201.43 | 267.68 | 267.68 |
| Retained Earnings | 415.20 | 405.80 | 737.08 | 1,989.90 | 1,930.09 | 415.14 | 405.83 | 737.08 | 1,989.85 | 1,929.98 |
| Net Fixed Assets Block | 12,282.66 | 15,859.82 | 15,762.60 | 19,796.56 | 19,311.21 | 16,577.12 | 18,698.49 | 19,090.55 | 22,872.19 | 22,969.76 |
| 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 | 33,831.70 | 34,237.50 | 34,975.04 | 36,965.60 | 38,895.70 | 33,831.48 | 34,237.31 | 34,974.84 | 36,965.35 | 38,895.33 |
| Borrowings | 41,498.58 | 49,663.56 | 52,467.71 | 63,342.66 | 68,730.26 | 43,522.85 | 50,039.49 | 54,683.57 | 65,170.99 | 78,374.05 |
| Deferred tax Assets/ (Liabilities) | Nil | Nil | Nil | 758.00 | 1,104.00 | (24.30) | 403.63 | 497.60 | 1,263.59 | 1,773.43 |
| Earnings per Share (₹) | 4.78 | 4.69 | 8.15 | 19.60 | 19.08 | 4.77 | 4.69 | 8.15 | 19.60 | 19.08 |
| Dividend per Share (₹) | 1.00 | 1.00 | 1.50 | 2.00 | 2.00 | 1.00 | 1.00 | 1.50 | 2.00 | 2.00 |
| Book Value per Share (₹) | 303.78 | 307.31 | 313.71 | 330.99 | 347.75 | 303.78 | 307.31 | 313.71 | 330.99 | 347.75 |



Inside view of Jaipur Metro Station, Jaipur, Rajasthan



Berth at Mundra, Gujarat



Double Walled Pre-stressed Cryogenic Tank at Dahej, Gujarat



Jetty for Jaypee Cement at Gujarat



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Pictures on cover

Precast Driven
Piling Works
at Noida, U.P.

Multipurpose Berth
at Mundra, Gujarat

Elevated MRTS
Corridor at Jaipur,
Rajasthan

New Integrated Terminal
for Kolkata Airport



ITD Cementation India Limited

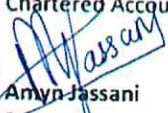




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FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchanges

| | | | |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Name of the company | ITD CEMENTATION INDIA LIMITED | |
| 2 | Annual Audited Financial Statements for the year ended | 31 st December 2012 | |
| 3 | Type of Audit observation | We draw attention to notes 36 to 40 to the financial statements regarding trade receivables and un-bill work in progress aggregating to Rs. 8,727 lakhs and Rs. 8,686 lakhs (31 December 2011: Rs. 8,288 lakhs a Rs. 8,686 lakhs) respectively, outstanding as at 31 December 2012, representing various claims recognis during the earlier period based on the terms and conditions implicit in the contracts. These claims bei technical in nature and being subject matter of litigation, the Company has assessed the recoverability these claims based on recommendation of dispute resolution board, awards received from arbitration tribun high court orders received and legal opinion from an independent counsel. On the basis of such assessme management is of the opinion that the claims are tenable and would be realized in full and accordingly adjustments have been made in these financial statements. | |
| 4 | Frequency of observation | The above matter is continuing since 2005 in case of note no. 36 to 39 and since 2010 in case of note no. 40. | |
| 5 | To be signed by- <ul style="list-style-type: none"> • CEO/ Managing Director • CFO • Auditor of the company • Audit Committee Chairman | For Walker, Chandio & Co Firm registration number: 001076N Chartered Accountants  Amyn Jassani Partner Membership No. F-46447 Place: Mumbai Date: 28 th February, 2013 | For and on behalf of ITD Cementation India Ltd    Adun Saraban S. Ramnath P. Hofvander Managing Director Chief Financial officer Audit Committee Chairma Place: Mumbai Date: 28 th February 2013  |

