



ITD Cementation India Limited

Committees of Directors

Audit Committee

P. Hofvander
D. E. Udwardia
P. Chakornbundit

Remuneration Committee

D. E. Udwardia
P. Karnasuta
P. Chakornbundit
P. Hofvander

Shareholders / Investors' Grievance Committee

P. Chakornbundit
A. Saraban

Board of Directors

P. Karnasuta, *Chairman*
A. Saraban, *Managing Director*
D. E. Udwardia
P. Chakornbundit
P. Hofvander
D. P. Roy
P. Jehangir

Chief Financial Officer

P. B. Patwardhan

Company Secretary

R. C. Daga

Bankers

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

Auditors

S.R.Batliboi & Associates, Mumbai

Legal Advisers

Udwardia & Udeshi, Mumbai

Registrars and Share Transfer Agents

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

Registered Office

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

Area Offices

Mumbai
Kolkata
Delhi
Chennai

R & D Location

Kolkata

Contents	Page
Directors' Report	2
Corporate Governance	8
Management Discussion and Analysis	14
Auditors' Report	17
Balance Sheet	22
Profit and Loss Account	23
Cash Flow Statement	24
Notes & Schedules to the Financial Statements	25
Consolidated Financial Statements	47
Financial Highlights	67

Annual General Meeting
Tuesday, 27th April, 2010, 3.00 p.m.
Jaihind College Hall, 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, 2009.

FINANCIAL RESULTS

	(In Rupees Lakhs)	
	Year 2009	Year 2008
Total Income	99,711.25	97,961.41
Gross Profit before depreciation and bad debts	4,636.57	3,094.53
Less: Depreciation on fixed assets	3,060.01	1,972.53
Net Profit before provision for doubtful debts	1,576.56	1,122.00
Less: Provision for doubtful debts	810.24	477.99
Profit before Taxation	766.32	644.01
Less: Provision for Taxation	225.79	94.08
Profit after Taxation	540.53	549.93
Add: Surplus of previous year brought forward	1,615.70	1,214.25
Amount available for appropriation	2,156.23	1,764.18
Directors' recommendation for appropriation:		
Proposed Dividend	115.16	115.16
Dividend Distribution Tax	19.57	19.57
Transfer to General Reserve	13.51	13.75
Balance carried to Balance Sheet	2,007.99	1,615.70
	2,156.23	1,764.18

DIVIDEND

The Directors are pleased to recommend dividend of Re. 1.00 per share (2008 – Re. 1.00 per share), on 11515790 equity shares of Rs. 10 each fully paid. The above dividend, together with tax thereon, when approved, will represent about 25% of distributable profits of Rs. 540.53 Lakhs for the year.

REVIEW OF OPERATIONS

Revenue for the year was Rs. 97,967 Lakhs compared to Rs. 96,560 Lakhs for the year 2008. As per Consolidated Accounts revenue for the year was Rs. 147,464 Lakhs, an increase of 10% over the previous year's Rs. 133,665 Lakhs.

For the year 2009, the Company has made a profit before tax of Rs. 766.32 Lakhs compared to a profit of Rs. 644.01 Lakhs for the year 2008, showing an increase of 19%.

The profit before tax increased primarily due to reduction in input cost and recovery of service income from joint venture projects.

As per Consolidated Accounts profit before tax for the year was Rs. 1,590.69 Lakhs compared to profit before tax of Rs. 1,463.56 Lakhs for the year 2008.

During the year the Company has obtained orders in new segments such as micro-tunneling and track laying for MRTS on the back of technology support from Parent Company.

As a strategy, the Company will continue to explore all such available avenues of growth.

The Directors have reviewed the outstanding debts and have decided to write-off Rs. 134.68 Lakhs (2008 – Rs. 185.96 Lakhs).

Total value of new contracts secured during the year aggregated Rs. 163,689 Lakhs (2008 – Rs. 129,882 Lakhs). Major contracts include–

- Investigation, design and execution of water conveyor system (Pranahita Chevalla Sujala Sravanthi Package No. 17) for Government of Andhra Pradesh.
- Civil works, service and allied works for Modernisation at GRSE – Main Unit at Kolkata for Garden Reach Shipbuilders and Engineers Limited.
- Bored Cast-in-situ Piling, Diaphragm Wall and Ground Improvement work for ABG Shipyard at Dahej, Gujarat.
- Piling work for O.P. Jindal Super Thermal Power Plant at Tamnar, Chattisgarh.
- Design and Construction of Offshore civil super structure works for Coal Conveyor at Tuticorin, Tamil Nadu.

New contracts secured by Joint Venture

During the year, your Company in joint venture with Italian-Thai Development Public Company Limited (ITD) has been awarded two projects namely Supply, Installation, Testing and Commissioning of Track Work and Installation of Third Rail System for Bangalore Metro Rail Corporation Limited valued at Rs. 33,184 Lakhs and Laying of the Tallah-Palta Dedicated Transmission Line for Kolkata Municipal Corporation valued at Rs. 18,739 Lakhs.

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

- Construction of Coal Berth at Chennai.
- Road Projects in the States of Madhya Pradesh, Haryana and Punjab.
- Construction of Civil and allied work for Marine Liquid Jetty at Ennore Port.
- Various Piling and Civil Works in Andhra Pradesh, Assam, Bihar, Haryana, Himachal Pradesh, Gujarat, Karnataka, Orissa and West Bengal.

With regard to paragraphs 5 vi(a) to 5 vi(d) of the Auditor's report, your Directors state that:

- (a) The Company has recognized variation claims as revenue of Rs. 5,042 Lakhs till December 31, 2009, which are also included in the balance of sundry debtors at December 31, 2009. These claims are disputed by the customer. Out of this, claims amounting to Rs. 2,801 Lakhs are a subject matter of arbitration. In respect of the balance variation claims of Rs. 2,241 Lakhs the Company has received arbitration awards in its favour which have been challenged by the customer. Considering the legal advice from Company's counsel in the matter, the management is reasonably confident of recovery of the amounts awarded.
- (b) Sundry Debtors as at December 31, 2009 include Rs. 3,384 Lakhs representing interim work bills for work done which have not been certified by customers beyond normal periods of certification provided in the respective contracts. The Management is reasonably confident of the certification and recovery of the same progressively on these contracts based on past experience of the Company, assessment of work done and the fact that these are not disputed by the customer.
- (c) Sundry Debtors as at December 31, 2009 include an amount of Rs. 1,225 Lakhs, recognized as income in earlier years. Based on the payment schedule originally agreed with the customer, the above mentioned claim was expected to be received by the Company over a period of time commencing from financial year 2008/2009. No amounts have been received by the Company till date and further rescheduling of the payment which was in progress at 31st December, 2008 has not yet been finalised. The management is in advanced stage of discussion with the client and confident of recovering the amount due.

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

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

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

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

ITD Cementation India Limited

OUTLOOK

Last year your Company consolidated its position in the construction market with its first order from Airport Authority of India for the modernization of Kolkata Airport and repeat order from Delhi Metro Rail Corporation Limited. This year will be remembered for the award of the first project for micro-tunneling work for Kolkata Municipal Corporation and track laying work for Bangalore Metro Rail Corporation Limited, in joint venture with the parent company.

Your Company's presence in other sectors such as irrigation and marine sectors has been further cemented by the award of prestigious project of Investigation, design and execution of water conveyor system for Government of Andhra Pradesh and Construction of Civil works, services and allied works for Modernisation at Kolkata for Garden Reach Shipbuilders and Engineers Limited.

Your Directors are pleased to inform that during the first quarter of 2010, your Company, in joint venture with its parent has emerged as the lowest bidder for a Rs. 90,863 Lakhs project for the Kolkata Metro Rail Corporation Limited.

In view of positive outlook for the Indian economy, your Company is reasonably optimistic for the years that lie ahead.

PARENT COMPANY

Italian-Thai Development Public Company Limited (ITD) is engaged in the business of civil and infrastructure construction and development and has been a major builder of Thailand's infrastructure for over 50 years. It had an annual consolidated revenue for the year 2008 of approximate Baht 42,855 million (about Rs. 6,043.50 Crores) which puts it in the lead position amongst contractors in Thailand. In 2008, ITD had a skilled work force of around 26,877 employees, including around 1,483 qualified engineers. An experienced in-house training division provides its employees with continuous training in safety and construction skills. ITD's main activities are buildings, industrial plants, pipelines and utility works, highways, railways, bridges and expressways, airports, ports and marine works, dams, tunnels and power plants, mining, steel fabrication and telecommunications.

SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENT

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

As required under the Listing Agreements with the Stock Exchanges, a 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.

The Company has been granted exemption for the year ended 31st December, 2009 by the Ministry of Corporate Affairs from attaching to its Balance Sheet, the individual Annual Report of its Subsidiary Company. As per the terms of Exemption Letter, a statement containing brief financial details of the Company's Subsidiary for the year ended 31st December, 2009 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.

PARTICULARS OF EMPLOYEES AND OTHER ADDITIONAL INFORMATION

Information as per Section 217(1)(e) of the Companies Act, 1956, 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 Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is set out in the annexure and form part of this Report. However, in pursuance of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to all the Members of the Company excluding the aforesaid information and the said particulars will be made available on request and also made

available for inspection at the Registered Office of the Company. Any Member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors state that in the preparation of the annual accounts the applicable accounting standards have been followed and proper explanations have been provided for material departures, wherever applicable. The Board of Directors also confirm that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under report. It is further stated that the Board of Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies 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 ie. 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. S. Mukundan resigned as Director and Deputy Managing Director with effect from 12th June, 2009. The Directors place on record their sincere appreciation of the long and meritorious service rendered by Mr. Mukundan during his tenure as Director of the Company.

Mr. S.S. Singh retired as Managing Director of the Company with effect from 1st January, 2010. Mr. Singh was the Managing Director for the past 9 years, an office he held with distinction through a difficult period. The Directors place on record their sincere appreciation of the long and meritorious service rendered by Mr. Singh to the Company as Managing Director.

At a meeting of the Board of Directors held on 29th July, 2009, Mr. Adun Saraban was appointed as an Additional Director designated as President and Managing Director (Designate) for the period 12th August, 2009 to 31st December, 2009 and as Managing Director with effect from 1st January, 2010. Mr. Saraban holds office as Director upto the date of this Annual General Meeting and, being eligible, offers himself for re-appointment.

Mr. D.E. Udvardia and Mr. Premchai Karnasuta retire by rotation and, being eligible, offer themselves for re-appointment.

AUDITORS

The retiring Auditors, Messrs S.R. Batliboi & Associates, 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 all employees for their contribution and the shareholders, customers and bankers for their continued support.

For and on behalf of the Board

Mumbai
4th March, 2010

Premchai Karnasuta
Chairman

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 breakdowns and improve effectiveness and efficiency of use.

(A) Conservation of Energy

(a) Energy Conservation Measures Taken:

- Vehicles over 15 years vintage are being phased out.
- Two or more DG sets at multiple load centre locations with heavy power demands are synchronized using Load Sharing Engine Generator Control Package (EGCP). One generator is stopped where load stabilises. (non-peak loads)
- Generators are stopped during non-peak hours like lunch period.
- Drilling rig with Euro IV engines only were purchased in 2009 thus increasing fuel efficiency.
- Cased Drop Weight (CDW) Hammer has been developed to facilitate pile driving. One of the key advantages is that, being mechanically lifted, it replaces the compressor requirement, which is inherent component of driving with pneumatic hammers. Diesel saving by deploying CDW hammer is to the tune of 8 litres per pile of 450mm diameter and 15m length, which works out to be 3.35 litres per m³ volume of the pile.

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

Energy efficiency has been one of the major criterion for selection of new plant for 2010. Engines selected for cranes give low fuel to load ratio.

(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 workdone.

We optimise fleet size and productivity thus resulting in savings, 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. Improving Precast Pile Drivability by Water Jetting

A certain minimum depth of pile foundation is necessary in seismic areas to ensure fixity requirements. At one of our construction sites comprising dense sandy ground conditions, minimum depth of 15m was desired for precast piles to fulfill seismic design criteria. Conventional hammer driving could not achieve desired penetration. Innovative exercise was carried out at the site wherein pile penetration into dense sand was achieved upto a depth of 8m by cutting action provided by water jets emanating at the pile tip, which was followed by pile driving by pneumatic hammer. Outcome and experiences from this study will be utilized for improving pile drivability in dense sandy ground conditions.

2. Studies on End Bearing Mobilization during Pile Driving

Studies were carried out for quantifying the contribution of end bearing resistance during pile driving. In this investigation, modeled on two closed end steel casings, bottom portions were instrumented with strain transducers and accelerometers with resistance monitoring was carried out along 4 to 16m depth. Investigations

indicated that more than 90% of contribution of the pile capacity emanated from end bearing. These findings facilitated better understanding of end bearing mobilization during pile driving, and are expected to further refine the design approach of driven piles.

3. Open End Casing Driving Options in Granular Soils

This study derived motivation from establishing a better bored piling option in areas of sandy sub-surface strata with artesian/shallow ground water table conditions. Successful trials included spin driving by indigenously developed Guide Casing; and casing driving by Vibro/Static hammer. Driving and extraction of casings were successfully achieved in a depth range of 14 to 20m. Findings of this study paves way for bored piling in sandy soils with full casing driving, where borehole stability is problematic.

4. Expenditure in R & D

During the year under Report, the Company incurred a recurring expenditure of Rs. 132.14 Lakhs on R & D.

Technology Absorption, Adaption and Innovation

1. Trenching Solution in Boulder rich Strata

Exhaustive studies were undertaken during 2007-08, to overcome trenching problems in boulder and cobble rich sub-surface strata. In these studies, the scheme employed peripheral row of drilled and grouted piles, and trenching the enclosed area thus forming a cut-off panel. The methodology and findings of these studies are being successfully used in the construction of cut-off trench system at Tapovan-Vishnugarh project site located at the lap of Himalayas at Uttarkhand. This scheme provided a very economical and indigenously developed substitute for trenching solution in boulder rich strata which had, so far in the past, relied entirely on costly imported technology.

2. Cased Drop Weight (CDW) Hammer

This innovative hammer was developed in-house to partially overcome high operating and maintenance costs incurred in the use of conventional pneumatic/diesel/hydraulic impact hammers in driving piles through dense sandy soil. Being mechanically lifted by crane itself, this hammer can be operated economically, and mounted on pneumatic hammer leaders. CDW hammer proved to be more energy efficient than other mechanical hammers. This technology has been successfully absorbed and implemented at a piling site near New Delhi, and till date more than 300 piles have been driven by this hammer.

3. Pre-bored Driven Pre-cast Piling

An exercise to execute pre-cast driven piles by pre-boring technique with further penetration by hammer driving was undertaken during early 2009. The idea was to overcome a dense gravelly layer, 3m thick, located at a depth ranging from 4 to 8m below the existing ground. This layer, in all previous conventional attempts, denied penetration of all forms of driven piles. Outcome of this R & D exercise successfully saw execution of more than 2000 driven pre-cast piles in otherwise considered formidable driving conditions.

4. Old crane is being upgraded with the help of new hydraulic circuit in its control mechanism.

(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 overseas contract 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 & interest on ECB, membership fee, royalty, consultancy fee, bank and other charges, import of raw materials, consumables, capital goods, tools and spare parts, aggregated to Rs. 3,973.81 Lakhs.

For and on behalf of the Board

Mumbai
4th March, 2010

Premchai Karnasuta
Chairman

Corporate Governance

1. Company's philosophy on Corporate Governance

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

2. Board of Directors

As on date the Company has 7 Directors with a Non-Executive Chairman: of the 7 Directors, 6 are Non-Executive Directors out of which 4 are Independent Directors.

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

Name of the Directors	Category	No of Board Meetings during the Year 2009		Last AGM attended	No. of Directorships held in other Indian registered Public Limited Companies including as an alternate Director	Total No. of *Memberships/ Chairmanships of Committees of Directors held in other Indian registered Public Limited Companies
		Held	Attended			
Mr. Premchai Karnasuta (Chairman)	Non-Independent, Non-Executive	9	2	Yes	Nil	Nil
Mr. Pathai Chakornbundit	Non-Independent, Non-Executive	9	4	Yes	Nil	Nil
Mr. D. E. Udawadia	Independent, Non-Executive	9	6	Yes	12	8 (includes 1 Chairmanship)
Mr. S. S. Singh ¹	Executive	9	8	Yes	1	Nil
Mr. S. Mukundan ²	Executive	9	3	Yes	1	Nil
Mr. Per Hofvander	Independent, Non-Executive	9	4	Yes	Nil	Nil
Mr. D. P. Roy	Independent, Non-Executive	9	7	No	7	3 (includes 1 Chairmanship)
Mr. Peshwan Jehangir	Independent, Non-Executive	9	9	Yes	Nil	Nil
Mr. Adun Saraban ³	Executive	9	3	NA	1	Nil

¹. Resigned on retirement as Director and Managing Director w.e.f. 1st January, 2010

². Resigned as Director w.e.f. 12th June, 2009

³. Appointed as Additional Director and Whole time Director designated as President and Managing Director (Designate) from 12th August, 2009 to 31st December, 2009 and as Managing Director w.e.f. 1st January, 2010

* Excludes membership / chairmanship of non-mandatory committees.

- (i) 9 meetings of the Board of Directors were held during the Company's financial year ended 31st December, 2009. The dates on which the meetings were held are as follows: 31st January, 5th March, 29th April, 27th May, 29th July, 28th August, 21st September, 29th October and 4th December, 2009.
- (ii) 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 Code.

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

3. Audit Committee

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

(i) Composition

Audit Committee comprises 3 non-executive directors of which two, namely Mr. Per Hofvander and Mr. D. E. Udawadia are independent. During the financial year ended 31st December, 2009 the Audit Committee had held five meetings. Meetings were held on 31st January, 5th March, 29th April, 29th July and 29th October, 2009. Attendance of members/directors was as under:

Name of the Directors	No. of Meetings held	No. of Meetings attended
Mr. Per Hofvander, Chairman	5	4
Mr. D. E. Udawadia	5	5
Mr. Pathai Chakornbundit	5	4
Mr. Peshwan Jehangir ¹	5	1

¹ Independent Director co-opted as a Member of Audit Committee on 31st January, 2009 and subsequently ceased to be a Member

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 2009.

(ii) Terms of reference are broadly as under:

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

- major accounting entries involving estimates based on exercise of judgment by management;
- qualifications in draft audit report;
- significant adjustment arising out of audit;
- compliance with accounting standards;
- any related party transactions as per Accounting Standard 18;
- compliance with listing and other legal requirements concerning financial statements;
- reviewing with the management, external and internal auditors, the adequacy of internal control system;
- reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- discussion with the internal auditors of any significant findings and follow-up thereon;
- reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- 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, 2009, the Company has one wholly owned non material unlisted subsidiary namely ITD Cementation Projects India Limited. The financial Statements are reviewed by the Audit Committee. All minutes of the meetings of the Subsidiary are placed before the Company's Board regularly.

5. Remuneration Committee

Remuneration Committee of Directors was constituted in March 1994. Terms of reference of the Remuneration Committee were last amended on 29th October, 2009.

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

Remuneration Committee comprises 4 non-executive directors viz. Mr. D. E. Udawadia, Mr. Premchai Karnasuta, Mr. Pathai Chakornbundit and Mr. Per Hofvander. Mr. D. E. Udawadia and Mr. Per Hofvander are independent directors. The Committee held 3 meetings during the year 2009 on 5th March, 29th July and 29th October, 2009.

Name of the Directors	No. of Meetings held	No. of Meetings attended
Mr. D.E. Udawadia, Chairman	3	3
Mr. Premchai Karnasuta	3	-
Mr. Pathai Chakornbundit	3	3
Mr. Per Hofvander	3	3
Mr. Peshwan Jehangir ¹	3	1

¹. Independent Director co-opted as a Member of Remuneration Committee on 29th October, 2009 for the purpose of minimum remuneration and subsequently ceased to be a Member.

(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.

(iii) Remuneration Policy

Remuneration Policy takes into account the remuneration trends for similar positions in national and international markets 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 of Directors and Shareholders of the Company. Notice period is six months in case of Managing Director and President and Managing Director (Designate) and three months for Executive Director.

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 will be determined by the Board of Directors in terms of the special resolution passed by the shareholders at the Annual General Meeting held on 27th April, 2007.

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

The Company paid Rs. 2,27,993/- to the law firm of M/s. Udawadia & Udeshi as fees for professional services that were provided by the firm to the Company on specific legal matters entrusted from time to time to them for legal advice. Mr. Udawadia is a partner of the above firm. The Board does not consider the firm's association with the Company to be of a material nature so as to affect the independence of judgement of Mr. Udawadia as Director of the Company.

ITD Cementation India Limited

Details of remuneration payable to the Directors of the Company for the year ended 31st December, 2009 are given below:

	Name of the Director	Service Contract Years/ months	Salary	Commission	Perquisites and cost of providing furnished residential accommodation Rs.	Retirement Benefits Rs.	Total sitting fees Rs.
(a) Executive Directors							
1.	Mr. S. S. Singh	3 Years from 01.01.2007 to 31.12.2009	29,26,380	NIL	29,40,864	7,90,123	NIL
2.	Mr. S. Mukundan ¹	33 months and 25 days from 07.03.2007 to 31.12.2009	6,78,647	NIL	6,78,647	14,89,947	NIL
3.	Mr. Adun Saraban ²	40 months and 20 days from 12.08.2009 to 31.12.2012	8,45,138	NIL	8,41,379	1,01,417	NIL
(b) Non-executive Directors							
1.	Mr. D.E. Udawadia	—	NIL	2,00,000	NIL	NIL	2,10,000
2.	Mr. D. P. Roy	—	NIL	2,00,000	NIL	NIL	35,000
3.	Mr. Peshwan Jehangir	—	NIL	2,00,000	NIL	NIL	70,000
	Total:		44,50,165	6,00,000	44,60,890	23,81,487	3,15,000

¹. Resigned as Director w.e.f 12th June, 2009

². Appointed as Additional Director and Whole time Director designated as President and Managing Director (Designate) from 12th August, 2009 to 31st December, 2009 and as Managing Director from 1st January, 2010 to 31st December, 2012

Note: As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above, except for retired Director, for the actual payment made has been disclosed above.

The Board of Directors considered that payments of the aforesaid remuneration by way of commission to Non-Executive Independent Directors in India are appropriate considering their qualifications, experience, time spent and contributions made during the meetings in the year and the responsibilities shouldered by them for the Company.

Retirement benefits comprise Provident Fund, Gratuity and Superannuation.

Sitting fees are paid for attendance at meetings of the Board and Committees of the Board.

6. Shareholders Committee

6.A. Shareholders / Investors' Grievance Committee

Shareholders/Investors' Grievance Committee of Directors was constituted on 2nd March, 2001 in terms of Clause 49 of the Listing Agreement. Terms of reference of Shareholders/Investors' Grievance Committee were last amended on 29th October, 2009.

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

Shareholders/Investors' Grievance Committee comprises two directors and the Committee is headed by Mr. Pathai Chakornbundit, a Non-Executive Director. The Committee held 4 meetings during the year 2009 on 5th March, 29th April, 29th July and 29th October, 2009.

Name of the Directors	No. of Meetings held	No. of Meetings attended
Mr. S. S. Singh	4	4
Mr. Pathai Chakornbundit	4	4
Mr. Adun Saraban ¹	4	—

¹. Appointed as a Member of Shareholders/Investors' Grievance Committee w.e.f. 29th October, 2009

(ii) Brief description of terms of reference

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, 2009, 54 complaint letters were received from the shareholders which were replied/resolved to the satisfaction of shareholders. No complaints remained unresolved at the end of the year.

6.B. Share Transfer Committee

Share Transfer Committee of Directors was constituted in 1980. Terms of reference of Share Transfer Committee were last amended on 29th October, 2009.

(i) Composition of Committee, number of meetings held and attendance of members

The Committee comprises executive and non-executive Directors and Company Secretary.

During the financial year ended 31st December, 2009 the Committee had 24 meetings and the attendance was as under:

Name of the Directors	No. of Meetings attended
Mr. D. E. Udawadia	24
Mr. S. Mukundan ¹	9
Mr. S. S. Singh	23
Mr. Pathai Chakornbundit	—
Mr. R. C. Daga ²	14
Mr. Adun Saraban ³	2

¹ Ceased to be Member of Share Transfer Committee w.e.f 12th June, 2009

² Appointed as a Member of Share Transfer Committee w.e.f. 27th May, 2009

³ Appointed as a Member of Share Transfer Committee w.e.f. 29th October, 2009

(ii) 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 members present at the meeting.

(iii) Name and designation of Compliance Officer

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

(iv) Number of pending share transfers

As on 31.12.2009, there was nil pending request/letter involving transfer of shares.

(v) Pursuant to clause 49 (iv)(G) of the listing agreement, the particulars of directors who are proposed to be appointed/re-appointed at the 32nd 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
31.12.2008	29.04.2009 3.00 p.m. Patkar Hall, S.N.D.T. Women's University, Mumbai	3	Payment of remuneration to the Executive Directors under Sections 198, 309 and other applicable provisions of the Companies Act, 1956.
31.12.2007	30.04.2008 3.00 p.m. Chavan Centre – Auditorium, Yashwantrao Chavan Pratishthan, Mumbai.	None	–
31.12.2006	27.04.2007 3.00 p.m. Chavan Centre – Auditorium, Yashwantrao Chavan Pratishthan, Mumbai.	4	Payment of remuneration of the Executive Directors under Sections 198, 309 and other applicable provisions of the Companies Act, 1956.
		1	Payment of commission to Non-Executive Directors of the Company under Section 309(4) and other applicable provisions of the Companies Act, 1956.
		5	

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

8. Disclosures

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

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

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

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

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

(ii) Details of non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years: none

(iii) The Company has adopted Whistle Blowing and Prevention of Sexual Harassment Policy and Procedures and it affirms that no personnel has been denied access to the Audit Committee.

(iv) The Company has complied with 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 of Directors at its meeting held on 4th March, 2010 to approve the Audited Annual Accounts for the year ended 31st December, 2009.

9. Means of Communication

(1) The quarterly Unaudited Consolidated Financial Results and Audited Annual Consolidated Financial Results are published in prominent daily newspapers. Last such Financial Results for the quarter ended 30th September, 2009 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). As per the requirements of Clause 51 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern, annual report, etc. are uploaded on the SEBI's EDIFAR website (www.sebiedifar.nic.in)

(2) Half yearly results are not sent to the shareholders. Annual Report and Accounts are sent to all the shareholders at their residential addresses registered with the Company.

(3) Code of conduct is available on the Company's Website (www.itdcem.co.in) .

ITD Cementation India Limited

- (4) 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.
- (5) No presentations have been made to institutional investors or to analysts.
- (6) Management Discussion and Analysis (MD&A)
Statement on Management Discussion and Analysis forms part of the Annual Report to the shareholders of the Company.

SHAREHOLDERS' INFORMATION

Annual General Meeting

Date: 27th April, 2010

Time: 3.00 p.m.

Venue: Jaihind College Hall, Jaihind College, 'A' Road, Churchgate, Mumbai-400 020.

Dates of Book Closure

Friday, 23rd April, 2010 to Tuesday, 27th April, 2010, both days inclusive.

Financial Year of the Company

January to December

Date of Dividend Payment

Dividend for 2009, if any, that may be declared at the Annual General Meeting will be paid on or after 8th May, 2010.

Registered Office

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

Stock Exchanges

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

The listing fees for financial year 2009-2010 (upto 31.3.2010) of all these stock exchanges have been paid.

Stock Code

Bombay Stock Exchange Limited (BSE): 509496

The Calcutta Stock Exchange

Association Limited (CSE): 30112

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

Registrars and Share Transfer Agents

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

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.

Dematerialisation of Shares

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

As on 31st December, 2009, out of the 10431 shareholders 8115 shareholders have opted for dematerialisation of their shares aggregating to 11309465 shares i.e. around 98.21% of the total paid-up capital of the Company.

Market Price Data

Table below gives the monthly highs and lows of the Company's shares on Bombay Stock Exchange Limited (BSE).

High and Low prices of the Company's shares at BSE with corresponding BSE sensex January to December 2009						
Months	High (Rs.)		Low (Rs.)		Close (Rs.)	
	ITD Cem price	BSE Sensex	ITD Cem price	BSE Sensex	ITD Cem price	BSE Sensex
January	101.00	10469.72	78.50	8631.60	81.90	9424.24
February	92.10	9724.87	69.05	8619.22	69.90	8891.61
March	79.00	10127.09	60.10	8047.17	74.55	9708.50
April	124.90	11492.10	75.15	9546.29	106.00	11403.25
May	194.00	14930.54	102.60	11621.30	176.95	14625.25
June	195.00	15600.30	144.45	14016.95	164.95	14493.84
July	188.80	15732.81	136.50	13219.99	175.90	15670.31
August	233.50	16002.46	163.00	14684.45	214.70	15666.64
September	222.00	17142.52	197.30	15356.72	206.65	17126.84
October	221.00	17493.17	176.75	15805.20	176.75	15896.28
November	189.00	17290.48	163.00	15330.56	171.00	16926.22
December	211.00	17530.94	171.35	16577.78	198.35	17464.81

Shareholding Pattern as on 31st December, 2009

Particulars	No. of Shares held	Percentage to total share capital
Promoter – Italian-Thai Development Public Company Limited	8011318	69.57
General Public	2361485	20.51
Directors & their relatives	2000	0.02
Financial Institutions – UTI, GIC & its subsidiaries	20580	0.18
Nationalised Banks	330	0.00
Mutual Funds	523332	4.54
Corporate Bodies	541670	4.70
NRI/OCB/FII	53337	0.46
Clearing Members	1738	0.02
Total	11515790	100.00

Distribution of Shareholdings as on 31st December, 2009

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 500	9737	93.35	1014953	8.81
501 – 1000	382	3.66	281673	2.45
1001 – 2000	163	1.56	234538	2.04
2001 – 3000	56	0.54	142538	1.24
3001 – 4000	24	0.23	85462	0.74
4001 – 5000	17	0.16	78794	0.68
5001 – 10000	20	0.19	143456	1.25
10001 & above	32	0.31	9534376	82.79
Total	10431	100.00	11515790	100.00

Investor correspondence

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

Registrars and Share Transfer Agents:

Karvy Computershare Private Limited
Unit: ITD Cementation India Limited
Plot No. 17 to 24
Vittalrao Nagar, Madhapur,
Hyderabad-500 081.
Tel. : +91 40 23420818
Fax : +91 40 23420814
E:mail : mailmanager@karvy.com
inward.ris@karvy.com

and / or

Branch Office at:

7, Andheri Industrial Estate,
Off Veera Desai Road,
Andheri (West),
Mumbai-400 053.
Tel. : +91 22 2673 0153 / 2673 0292
Fax : +91 22 2673 0152
E:mail : mumbaiandheri@karvy.com

Compliance Officer:

Mr. R. C. Daga
Company Secretary
ITD Cementation India Limited
1st Floor, Dani Wooltex Compound,
158, Vidyanagari Marg,
Kalina, Santacruz (East),
Mumbai-400 098.
Tel. : + 91 22 66931600
Fax : + 91 22 66931628
E:mail : rc.daga@itdcem.co.in

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

Auditors' Certificate

To**The Members of ITD Cementation India Limited**

We have examined the compliance of conditions of corporate governance by ITD Cementation India Limited ('the Company') for the year ended on December 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For S.R.Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
March 4, 2010

Management Discussion And Analysis

Indian Economy:

In the Eleventh Five Year Plan period ending 2007-2008 the Indian Economy averaged 8.8% per annum growth in Gross Domestic Product (GDP). On the demand side, the growth rate has been achieved largely on account of a significant rise in investment growth. On the supply side, at the sectoral level, this was manifest in strong growth in industry and sustained high contribution from the services sector.

The overall growth of GDP at factor cost at prices in 2008-2009, as per revised estimates released by the Central Statistical Organisation (CSO) was 6.7% down from 9% average growth over the last three years. Despite the slowdown in growth, investment remained relatively buoyant, growing at a rate higher than that of GDP.

There have been signs of economic revival in 2009-2010 with the six core – infrastructure industries clocking the fastest growth in 9 months to December, 2009. Riding on the back of improved production, the six core-industries grew overall by 5.4% in April-December 2009-2010 over 3.0% in the same period one year ago.

The thrust of the Union Budget for the year 2010-2011 was mainly aimed at the infrastructure sector. The Finance Minister stressed the need for accelerated development of high quality physical infrastructure, such as roads, ports, airports and railways being essential for sustained economic growth. It is one of the largest employers of semi-skilled manpower. The infrastructure sector is highly capital intensive and hence the Government plays a key role in forming and implementing necessary policies.

Some of the key policy proposals as per Budget 2010 which are likely to boost infrastructure development in India include:

- Provision of Rs. 173,552 Crores for infrastructure development, which accounts for 46% of the total plan allocation.
- Government has targeted construction of National Highways at a pace of 20 Km per day. For the year 2010-11, it is proposed to raise the allocation for road transport by over 13% from Rs. 17,520 Crores to Rs. 19,894 Crores.
- The Government proposes to ensure that adequate infrastructure refinancing facilities are made available to India Infrastructure Finance Company Limited (IIFCL). Disbursement by IIFCL to reach Rs. 20,000 Crores by March 2011. The take-out financing scheme announced in the last Budget is expected to initially provide finance for about Rs. 25,000 Crores in the next three years.
- Rs. 48,000 Crores proposed to be allocated for rural infrastructure under Bharat Nirman.

Industrial Structure and Developments – Construction:

The fast growth of the Indian economy has placed increasing stress on physical infrastructure such as electricity, railways,

roads, ports, airports, irrigation, water supply, etc. all of which suffer from a substantial deficit in terms of capacities and efficiencies in their delivery. While there has been some improvement in infrastructure development in the transport, communication and energy sectors in recent years, there are still significant gaps that need to be bridged. Building on the general consensus that infrastructure inadequacies would constitute a significant constraint in realizing India's development potential, an ambitious program of infrastructure investment, involving both the public and private sector, is being implemented for the Eleventh Five Year Plan (2007-2008 to 2011-2012) which emphasizes broad-based and inclusive approach to economic growth to improve the quality of life and reducing disparities across regions and communities.

Historically, the Government has played a key role in supplying and regulating infrastructure services in India and the private sector did not participate in infrastructure development. However, due to the Government's limited ability to meet the massive infrastructure funding requirements, private sector investment in infrastructure became critical. Therefore, the Government actively encouraged private investments in infrastructure, including through public-private partnerships.

Opportunities:

Projected Investment in infrastructure is expected to increase to Rs. 20,561 billion during the Eleventh Five Year Plan period from 2007-2008 – 2011-2012 as compared to Rs. 8,714 billion estimated during Tenth Five Year Plan period. Road and power continue to occupy a substantial share in infrastructure construction investment. This coupled with higher construction intensity augurs well for the construction industry in terms of larger opportunity size.

Infrastructure including roads, power, highways, airports, ports and railways, has emerged as an asset class with long term growth.

Roads:

The Government established the Cabinet Committee on Infrastructure (CCI) in July 2009. The CCI was set up to fast track implementation of infrastructure including road projects costing over Rs. 1.5 billion. This segment may see growth in 2010-2011, when more projects will be awarded on BOT (annuity) or cash contract basis. According to Mr. Kamal Nath, Minister for Road Transport and Highways, this sector would require an investment of about US\$ 12.36 billion in next three years.

Irrigation:

Irrigation is expected to drive infrastructure investments. Projected investment in irrigation during the Eleventh Five Year Plan period 2007-2008 – 2011-2012 is Rs. 2,533 billion (i.e. 12.32% share in projected investment) which is more than double of anticipated expenditure of the Tenth Five Year Plan.

Ports:

The Government has identified 276 projects entailing an investment of US\$ 12 billion. According to the Planning Commission, there is an investment opportunity of US\$ 25 billion by 2011-2012 in India's shipping and ports sector as the country seeks to double its ports capacity to 1500 million tones. In a major thrust to expand capacity at important ports in the country, the Ministry of Shipping has awarded seven projects worth over US\$ 3.86 billion, to be developed through the public – private partnership (PPP) route. Another 19 projects estimated to cost around US\$ 3.87 billion are expected to be awarded on similar PPP basis. The Eleventh Five Year Plan has earmarked nearly 64% of the proposed investment in major ports from private players. The opportunities available for private players in the ports sector include construction of berths, warehousing facilities, installation of cargo handling equipment and construction of dry docks.

MRTS/Urban Infrastructure:

With increasing urbanization, MRTS is becoming increasingly important for construction players. The work of Phase II of Delhi Metro and Phase I of Mumbai Metro would drive spending in this segment in the near term. According to the Working Group of Urban Transport for the Eleventh Five Year Plan, seven cities with population of over 4 million would need Mass Rapid Transport System with an estimated cost of Rs. 320 billion. Contractors also have scope in construction or development of MRTS. Seven cities – Delhi, Mumbai, Kolkata, Bangalore, Hyderabad, Chennai and Kochi have initiated MRTS projects. In addition, some initial steps have been taken in Punjab, Uttar Pradesh and Gujarat.

Airports:

Air passenger growth in India has been one of the highest in the world and is expected to surpass countries like China, France and Australia in the years to come. India's civil aviation market has grown at a CAGR of 18%. The Airports Authority of India has undertaken ambitious project of modernizing 35 non metro airports. This would entail an investment of US\$ 35 billion for the proposed airports. Investment in airport infrastructure was over US\$ 5 billion in 2008 and would go up by US\$ 9 billion in 2013, of which about US\$ 6.8 billion is expected to come through the PPP model.

Power:

India's energy sector would require an investment of around US\$ 150 billion for the next five years. The Government has fixed a target of power capacity of 78,700 MW in the Eleventh Five Year Plan. The projected investment during the Eleventh Five Year Plan period is Rs. 666,525 Crores out of which about 27% is expected to be contributed by the private sector. India's installed capacity as of November, 2009 was 155,859 MW. Thermal power continues to have

a dominant share at around 63% followed by hydro at around 25%. The concept of Ultra Mega Power Plants (UMPPs) to add huge coal based projects quickly and cost effectively through private investment has made significant progress. Four projects have been awarded so far. The central planners have acknowledged that the share of hydro will remain about 25% in the long run.

OUTLOOK:

Last year your Company consolidated its position in the construction market with its first order from Airport Authority of India for the modernization of Kolkata Airport and repeat order from Delhi Metro Rail Corporation Limited. This year will be remembered for the award of the first project for micro-tunneling work for Kolkata Municipal Corporation and track laying work for Bangalore Metro Rail Corporation Limited, in joint venture with the parent company.

Your Company's presence in other sectors such as irrigation and marine sectors has been further cemented by the award of prestigious project of Investigation, design and execution of water conveyor system for Government of Andhra Pradesh and Construction of Civil works, services and allied works for Modernisation at Kolkata for Garden Reach Shipbuilders and Engineers Limited.

Your Directors are pleased to inform that during the first quarter of 2010, your Company, in joint venture with its parent has emerged as the lowest bidder for a Rs. 909 Crores project for the Kolkata Metro Rail Corporation Limited.

In view of positive outlook for the Indian economy, your Company is reasonably optimistic for the years that lie ahead.

Risks and Concerns:

Global slowdown has impacted the Indian Economy as well. In comparison to other emerging economies and major developed countries that slipped into recession, the GDP growth in India reflected the resilience of its economy. Timely policy response to the global crisis and sustained fiscal stimulus helped in moderating the decline in growth. However, development of construction industry is subject to various risks such as:

- Increase in interest rates and liquidity.
Construction industry is capital intensive and is exposed to interest rate risk and tight liquidity risk.
- Change in Government Policies.
The business is dependent on infrastructure projects undertaken by government entities, projects funded through Governments and projects developed on PPP. Contracts awarded by central or state government or other government entities have historically accounted for major part of revenues. If there is any downward change in the budgetary allocations by governments for infrastructure development or downturn in available

work in particular sectors as a result of changes in government policies or priorities, this would adversely affect business prospects.

- Delay in collection of receivables**
 There are delays associated with collection of receivables from clients including government entities due to various reasons. The construction business involves significant working capital requirements and delay in collection of receivables could adversely affect liquidity and financial results.
- Infrastructure-related contracts and projects carry risks that may not be fully covered by insurance policies.**
 Infrastructure-related projects carry a variety of technical, legal, financial and other risks which may materialize during the execution of the project. Not all of the risks may be insurable or possible to insure on commercially reasonable terms. If there is any uninsured loss or loss in excess of insured limits occurs, it could affect financial results.
- Delays in award of contracts could result in underutilization of work force and higher operating costs.**
 If inflow of additional orders is delayed or reduced, it could cause under-utilisation of human resources, resulting in additional costs of operation affecting financials.
- Competition**
 The construction sector is witnessing increasing competition from new entrants (including international companies) and small players who aspire to compete for large projects currently being targeted by your company.
- Settlement of contractual disputes**
 Process of settlement of contractual disputes is time consuming and results in significant blockage of working capital.

Internal Control Systems:

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

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

Financial Performance:

Your Company's performance for 2009 compared with the earlier two years is as under:

	(Rs. Crores)		
	2009	2008	2007
Total Revenue	979.67	965.60	783.53
Profit before Tax	7.66	6.44	12.94

Total Revenue for the year was Rs. 979.67 Crores as compared to Rs. 965.60 Crores last year. Profit before tax for the year increased by 19% compared to 2008. The increase was primarily due to reduction in input cost and recovery of service income from joint venture projects.

Your Company has secured orders in new segments such as micro-tunnelling and track laying of MRTS. The work-in-hand as on 31st December, 2009 works out to approximately Rs. 2,864.08 Crores including share in joint venture projects.

Consolidated Financial Performance:

Consolidated financial result for 2009 compared with earlier two years is as under:

	(Rs. Crores)		
	2009	2008	2007
Total Revenue	1,474.64	1,336.65	917.17
Profit before Tax	15.91	14.64	14.94

Consolidated revenue for the year increased by 10.32% and consolidated profit before tax increased by 8.67% respectively compared to 2008.

Human Resources Development and Safety:

This is a key 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 environment coupled with opportunities for personal growth and development. Your Company strives to make construction sites injury free. As on 31st December, 2009, there were 1,459 employees in your Company's regular employment and 1,611 employees on project based engagements.

Caution Note:

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

Auditors' Report

To

The Members of ITD Cementation India Limited

1. We have audited the attached balance sheet of ITD Cementation India Limited ('the Company') as at December 31, 2009 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our report, we draw attention to:
 - i. Note 29 to the financial statements. According to this, the Company has in prior years recognized price escalation claims on two road contracts which were disputed by the customer. For the period from inception of the contract to December 31, 2009 the aggregate claims recognised as revenue amount to Rs. 2,028 lakhs (previous year Rs. 2,028 lakhs). Sundry debtors at December 31, 2009 include Rs. 1,140 lakhs (previous year Rs. 1,140 lakhs) in respect of these escalation claims. The Company has received favourable verdicts in the Dispute Redressal Board and thereafter in Arbitration in respect of these amounts. The Company has till date not recovered these amounts. The Customer has appealed against the Arbitration award and the realisability of this amount is dependent on this matter being finally resolved in favour of the Company.
 - ii. Note 33 to the financial statements. According to this, sundry debtors as at December 31, 2009 include variation claims of Rs. 1,515 lakhs (including Rs. 554 lakhs recognized as revenue and Rs. 525 lakhs recognized as interest income during year ended December 31, 2009) for which the Company had received an arbitration award in its favour which has subsequently been upheld by the district court. The customer has further challenged this court order and realisability of this amount would be dependent on this matter being finally resolved in favour of the Company. This matter was qualified in our audit report for the year ended December 31, 2008.
5. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on December 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2009

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

- vi. a. *As described in Note 30 to the financial statements, sundry debtors at December 31, 2009 include variation claims of Rs. 5,042 lakhs (previous year Rs. 4,182 lakhs) recognized upto December 31, 2009, which are disputed by the customer. Out of this, claims amounting to Rs. 2,801 lakhs (previous year Rs. 3,817 lakhs) are a subject matter of arbitration. The Company has received arbitration awards in its favour in respect of the balance amount of Rs. 2,241 lakhs which have since been challenged by the customer. Our audit report on the financial statements for the year ended December 31, 2008 was also qualified in respect of this matter;*
- b. *As described in Note 31 to the financial statements, debtors include Rs. 3,384 lakhs (previous year Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification. Our audit report on the financial statements for the year ended December 31, 2008 was also qualified in respect of this matter;*
- c. *As described in Note 32 to the financial statements, sundry debtors at December 31, 2009 include an amount of Rs. 1,225 lakhs (previous year Rs. 1,225 lakhs) recognized as income in the earlier years. Based on the payment schedule originally agreed with the customer, the above mentioned claim was expected to be received by the Company over a period of time commencing from financial year 2008/2009. No amounts have been received by the Company till date and further rescheduling of the payment which was in progress at December 31, 2008 has not yet been finalised. The realisability of this amount of Rs. 1,225 lakhs is dependent upon finalization of the rescheduled payment plan and the customer adhering to the same. Our audit report on the financial statements for the year ended December 31, 2008 was also modified in respect of this matter;*
- d. *In our view there is an uncertainty in respect of realisability of these claims and receivables described in paragraphs vi(a) to (c) above. Accordingly, pending the ultimate outcome of these disputes, arbitration and related matters and certification, we are unable to comment on the adjustments, if any, that may be necessary to turnover, sundry debtors, the profit before tax, reserves and earnings per share reported in the financial statements for the years ended December 31, 2009 and December 31, 2008;*
- vii. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in the manner so required and *subject to our comments in paragraph 5(vi) above, the impact of which on the financial statements cannot be ascertained*, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2009;
 - (b) in the case of profit and loss account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R.Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
March 4, 2010

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

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

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

Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

ITD Cementation India Limited

- (c) According to the records of the Company, there are no dues of wealth-tax, service-tax, customs duty and cess which have not been deposited with the appropriate authorities on account of any dispute. According to information and explanations given to us, the following are the outstanding dues of sales tax, excise duty, service tax and income tax that have not been deposited by the Company on account of a dispute:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act/Works Contract Tax Act	Tax	3,175,428	Year ended March 31, 1995	Revision Board (Tribunal) Kolkatta
Sales Tax Act/Works Contract Tax Act	Tax	67,914	Year ended March 31, 2004	Assistant Commissioner of Sales Tax
Sales Tax Act/Works Contract Tax Act	Tax and Penalty	2,255,469	Year ended March 31, 2005	Assistant Commissioner of Commercial Taxes
Sales Tax Act/Works Contract Tax Act	Tax	408,950	Year ended March 31, 1998	Deputy Commissioner of Commercial Taxes
Sales Tax Act/Works Contract Tax Act	Tax	18,500	Year ended March 31, 2006	Assistant Commissioner, Rajasthan
Sales Tax Act/Works Contract Tax Act	Penalty	15,450	Year ended March 31, 2000	Assistant Commissioner of Commercial Taxes
Sales Tax Act/Works Contract Tax Act	Penalty	3,094,104	Year ended March 31, 2006	Deputy Commissioner of Commercial Taxes
Sales Tax Act/Works Contract Tax Act	Tax	5,566,213	Year ended March 31, 2005	Deputy Commissioner of Commercial Taxes, Kakinada
Sales Tax Act/Works Contract Tax Act	Tax	599,703	Year ended March 31, 2006	Assistant Commissioner of Commercial Taxes, Uttar Pradesh
Sales Tax Act/Works Contract Tax Act	Tax	1,360,373	Year ended March 31, 2007	Assistant Commissioner of Commercial Taxes, Uttar Pradesh
Sales Tax Act/Works Contract Tax Act	Tax	5,648,597	Year ended March 31, 2007	Excise and Taxation Officer, Punjab
Sales Tax Act/Works Contract Tax Act	Tax	3,196,927	Year ended March 31, 2005	Assistant Commissioner of Commercial Taxes, Bihar
Sales Tax Act/Works Contract Tax Act	Tax	5,667,105	Year ended March 31, 2007	Deputy Commissioner of Commercial Taxes, West Bengal
Central Excise Duty	Duty	5,169,538	Period from May 1998 to January 1999	Commissioner of Central Excise
Income Tax Act, 1961	Tax demanded on assessment u/s 143(3)	363,612	Year ended March 31, 2002	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Penalty u/s 271(1)(c)	216,513	Year ended March 31, 2002	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Penalty u/s 271(1)(c)	511,780	Year ended March 31, 2003	Assistant Commissioner of Income Tax
Income Tax Act, 1961	Tax demanded on assessment u/s 144	53,030,830	Year ended March 31, 2004	Commissioner of Income Tax – (Appeals)
Income Tax Act, 1961	Tax demanded on assessment u/s 143(3)	151,511,711	Year ended March 31, 2005	ITAT
Income Tax Act, 1961	Tax demanded on assessment u/s 144	21,746,692	Year ended March 31, 2006	ITAT
Income Tax Act, 1961	Penalty u/s 271(1)(c)	266,963	Year ended March 31, 2001	CIT(A)

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

For S.R.Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
March 4, 2010

ITD Cementation India Limited

Balance Sheet

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	Schedules	2009	2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	1,151.58	1,151.58
Reserves and surplus	3	34,237.50	33,831.70
		35,389.08	34,983.28
Loan funds			
Secured loans	4	47,890.95	39,955.99
Unsecured loans	5	1,772.61	1,508.86
		49,663.56	41,464.85
Deferred tax liabilities/(asset), (net)	6	—	—
		85,052.64	76,448.13
APPLICATION OF FUNDS			
Fixed assets	1.3 & 7		
Gross block		29,370.65	22,863.90
Less: Accumulated depreciation		13,510.83	10,581.24
Net block		15,859.82	12,282.66
Capital work-in-progress (including capital advances)		158.79	3,981.78
		16,018.61	16,264.44
Investments	1.5 & 8	2,306.27	1,277.96
Current assets, loans and advances			
Inventories	1.6 & 9	12,150.06	16,374.85
Unbilled work-in-progress	1.7	23,083.22	20,659.27
Sundry debtors	1.8 & 10	41,313.92	38,881.31
Cash and bank balances	1.16 & 11	1,063.42	1,080.02
Loans and advances	12	18,038.04	17,491.00
		95,648.66	94,486.45
Current liabilities and provisions			
Current liabilities	1.8 & 13	28,178.00	34,717.07
Provisions	14	742.90	863.65
		28,920.90	35,580.72
Net current assets		66,727.76	58,905.73
		85,052.64	76,448.13

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

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656
Mumbai
Date: March 4, 2010

For and on behalf of the Board of Directors

Adun Saraban *Managing Director*
P. Chakornbundit *Director*
P. B. Patwardhan *Chief Financial Officer*
R. C. Daga *Company Secretary*

Mumbai
Date: March 4, 2010

Profit and Loss Account
for the year ended 31 December 2009
(Currency : Indian Rupee in lakhs)

	Schedules	2009	2008
INCOME			
Revenue	1.7 & 15	97,966.70	96,559.82
Company's share in profit (net of tax) of joint ventures	27	1,014.90	848.48
Other income	16	729.65	553.11
		99,711.25	97,961.41
EXPENDITURE			
Site and administrative costs	17	87,928.86	90,164.60
Interest and Finance expenses	18	7,145.82	4,702.28
Depreciation	1.3 & 7	3,060.01	1,972.53
Provision for doubtful debts	19	810.24	477.99
		98,944.93	97,317.40
Profit for the year before tax		766.32	644.01
Provision for taxation	1.11		
Current tax		(282.00)	(136.00)
Less: Minimum Alternative Tax credit entitlement		74.00	136.00
Net current tax liability		(208.00)	—
Deferred tax credit/(charge)		—	—
Fringe benefit tax		(17.79)	(94.08)
Net profit after tax		540.53	549.93
Profit and loss account, beginning of year		1,615.70	1,214.25
Amount available for appropriation		2,156.23	1,764.18
APPROPRIATIONS			
Transfer to general reserve		13.51	13.75
Proposed dividend		115.16	115.16
Tax on proposed dividend		19.57	19.57
Balance carried forward to balance sheet	3	2,007.99	1,615.70
		2,156.23	1,764.18
Basic and diluted earnings per share [Nominal value per share Rs. 10/- each (2008 - Rs. 10/-) each]		4.69	4.78
<p>The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.</p> <p>As per our report of even date For S.R.Batliboi & Associates Chartered Accountants</p> <p>per Amit Majmudar Partner Membership No.: 36656 Mumbai Date: March 4, 2010</p> <p>For and on behalf of the Board of Directors Adun Saraban P. Chakornbundit P. B. Patwardhan R. C. Daga Mumbai Date: March 4, 2010</p> <p><i>Managing Director</i> <i>Director</i> <i>Chief Financial Officer</i> <i>Company Secretary</i></p>			

ITD Cementation India Limited

Cash Flow Statement

for the year ended 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
Cash flow from operating activities		
Net profit before taxation	766.32	644.01
Adjustments for:		
Depreciation	3,060.01	1,972.53
Interest and Finance expenses	7,145.82	3,725.01
Interest income	(525.71)	(0.88)
Provision for doubtful debts	810.24	477.99
Provision for doubtful advances	—	(0.01)
Profit on sale of fixed assets (net)	(12.23)	(30.00)
Share of Profit in Joint Ventures	(1,014.90)	(848.47)
Sundry creditors' balances written back	(41.74)	(55.15)
Operating profit before working capital changes	10,187.81	5,885.03
Movement in working capital		
Decrease/(Increase) in Inventories	4,224.79	(4,659.09)
Decrease/(Increase) in Sundry debtors	(3,242.85)	(12,183.67)
Decrease/(Increase) in Unbilled work in progress	(2,423.95)	(1,596.63)
Decrease/(Increase) in Loans and advances	(722.46)	(9,678.77)
Increase/(Decrease) in Trade creditors and other liabilities	(6,464.10)	(5,127.08)
Increase/(Decrease) in Provisions	(120.75)	221.62
Cash (used in)/generated from operations	1,438.49	(27,138.59)
Direct taxes (paid)/refunds received	(50.37)	(94.08)
Net cash generated/(used in) operating activities	1,388.12	(27,232.67)
Cash flow from investing activities		
Purchase of fixed assets	(2,825.38)	(6,151.00)
Proceeds from sale of fixed assets	23.43	304.10
Fixed Deposit with bank (maturity beyond three months)	(15.82)	—
Proceeds from fixed deposit with bank (maturity beyond three months)	—	32.48
Interest received	525.71	0.88
Net cash generated/(used in) investing activities	(2,292.06)	(5,813.54)
Cash flow from financing activities		
Payment of share issue expenses (in respect of prior year's rights issue)	—	(65.15)
Proceeds from/(Repayment of) short term borrowings from banks – net	8,522.45	31,279.73
Proceeds from short term borrowings from financial institution	3,000.00	2,000.00
Repayment of short term borrowings from financial institution	(2,000.00)	(1,000.00)
Proceeds from/(Repayment of) long term borrowings – net	(1,325.68)	1,044.85
Interest and Finance expenses paid	(7,190.12)	(4,005.32)
Dividend paid	(115.56)	(230.14)
Tax on distributed profits	(19.57)	(39.14)
Net cash inflow from financing activities	871.52	28,984.83
Net increase/(decrease) in cash and cash equivalents	(32.42)	(4,061.38)
Cash and cash equivalents, beginning of year	1,080.02	5,141.40
Cash and cash equivalents, end of year	1,047.60	1,080.02
Note:		
Cash and cash equivalents consists of cash Rs. 138.84 lakhs (2008 – Rs 202.74 lakhs) and bank balances in current accounts Rs. 908.76 lakhs (2008 – Rs. 862.17 lakhs) and deposit (maturity within three months) Rs. Nil (2008 – Rs. 15.11 lakhs).		
As per our report of even date	For and on behalf of the Board of Directors	
For S.R.Batliboi & Associates	Adun Saraban	<i>Managing Director</i>
Chartered Accountants	P. Chakornbundit	<i>Director</i>
per Amit Majmudar	P. B. Patwardhan	<i>Chief Financial Officer</i>
Partner	R. C. Daga	<i>Company Secretary</i>
Membership No.: 36656	Mumbai	
Mumbai	Date: March 4, 2010	
Date: March 4, 2010		

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

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

1. Significant accounting policies

1.1 Basis of preparation of financial statements and changes in accounting policies

Basis of preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 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 are consistent with those used in the previous year.

1.2 Accounting estimates

The preparation of financial statements in conformity with the generally accepted accounting principles often requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period. Any difference between the actual results and estimates are recognised in the period in which the results are known/materialise.

1.3 Fixed assets and depreciation

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

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

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

1.4 Impairment

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

1.5 Investments

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

1.6 Inventories

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

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

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

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

1.7 Revenue recognition

– On contracts

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

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

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

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

– On insurance claims

Insurance claims are recognized as revenue based on certainty of receipt

1.8 Advances from customers, progress payments and retention

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

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

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

1.9 Foreign currency transactions

i. Initial Recognition

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

ii. Conversion

Foreign currency monetary items are reported using the closing rate.

iii. Exchange Differences

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

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

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

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

1.10 Retirement and other employee benefits

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

The Company has a provident fund scheme, defined benefit plan, for employees and a group gratuity and life assurance scheme for eligible employees. The group gratuity and life assurance scheme are defined benefit obligations and are provided for, on the basis of an independent actuarial valuation on projected unit credit method made at the end of each financial year.

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

Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

1.11 Taxation

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

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

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

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

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

1.12 Leases

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

1.13 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when an enterprise has a present obligation as a result of past

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent Liability is disclosed in case of

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

Contingent Assets are neither recognized nor disclosed.

Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

1.14 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to

a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

1.15 Accounting for Joint Venture Contracts

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

1.16 Cash and cash equivalents

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

Schedules forming part of the Balance Sheet (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
2. SHARE CAPITAL		
Authorised		
1,50,00,000 (2008 – 1,50,00,000) equity shares of Rs. 10/- each	1,500.00	1,500.00
6,00,00,000 (2008 – 6,00,00,000) redeemable preference shares of Rs.10/- each	6,000.00	6,000.00
	7,500.00	7,500.00
Issued		
1,15,18,316 (2008 – 1,15,18,316) equity shares of Rs. 10/- each	1,151.83	1,151.83
Subscribed, called and fully paid-up		
1,15,15,790 (2008 – 1,15,15,790) equity shares of Rs. 10/- each	1,151.58	1,151.58
Of these shares: 80,11,318 (2008 – 80,11,318) equity shares of Rs. 10/- each are held by Italian – Thai Development Public Company Limited, Thailand (ITD), the holding company. 17,60,220 (2008 – 17,60,220) equity shares of Rs. 10/- each have been allotted as fully paid-up bonus shares by way of capitalisation of the general reserve. Note: 2,526 (2008 – 2,526) equity shares of Rs. 10/- each have been kept in abeyance pending final settlement of rights issue.		
3. RESERVES AND SURPLUS		
Securities premium account		
Balance brought forward	31,957.39	32,022.53
Less: Rights issue expenses adjusted	—	65.14
	31,957.39	31,957.39
General reserve		
Balance brought forward	258.61	244.86
Add: Transfer from profit and loss account	13.51	13.75
	272.12	258.61
Profit and Loss Account	2,007.99	1,615.70
	34,237.50	33,831.70
4. SECURED LOANS		
From banks		
– Working capital demand loan – repayable on demand	3,590.00	1,447.32
– Interest accrued and due (on working capital demand loan)	7.22	5.28
– Overdraft – repayable on demand	33,050.39	28,432.66
– External Commercial Borrowings (Buyer's Credit) (entirely repayable in one year)	3,806.13	2,674.47
From Financial Institutions		
– Short term loan – repayable in one year	3,000.00	2,000.00
– Long term loan [repayable in one year Rs. 1,333.33 lakhs (2008 - Rs. 1,333.33 lakhs)]	1,555.56	2,881.24
– Plant and Vehicle loan [Repayable in one year Rs. 882.12 lakhs (2008 - Rs. 631.04 lakhs)]	2,881.65	2,515.02
	47,890.95	39,955.99
<u>Security for Secured Loans:</u>		
– Bank loans, Buyer's Credit and Long term loan from Financial Institution are secured by hypothecation of book debts, inventory, other current assets and movable plant and machinery, both present and future.		
– Plant and vehicle loans are secured by specific plant and vehicle respectively.		
– Short term loan from financial institution is secured by subservient charge on movable plant and machinery, movable assets and current assets of the Company, both present and future also irrevocable and unconditional corporate guarantee by Italian-Thai Development Public Company Limited.		

ITD Cementation India Limited

Schedules forming part of the Balance Sheet (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

5. UNSECURED LOANS									
Short term loans									
From banks									
– Working capital demand loan – repayable on demand									
– Overdraft – repayable on demand									
– Other loan – repayable in one year									
Italian-Thai Development Public Company Limited has issued a Corporate Guarantee in respect of above overdraft and other loan.									
6. DEFERRED TAX LIABILITIES/(ASSET), (net)									
Deferred tax liabilities									
Difference between book depreciation and depreciation under the Income Tax Act, 1961									
Deferred tax assets									
Effect of expenditure debited to Profit and Loss Account but allowed for tax purposes in following years.									
Deferred tax liabilities (net)									
7. Fixed Assets									
	Freehold land	Buildings	Plant and Machinery	Earth-moving Machinery	Office Equipment & Furniture	Vehicles	Leasehold Improvements	Total	Previous Year
Gross Block									
As at January 1, 2009	15.32	221.94	17,431.71	3,467.25	1,240.69	176.61	310.38	22,863.90	17,497.71
Additions during the year	—	—	4,599.31	1,943.93	74.57	27.80	2.76	6,648.37	5,801.45
Disposals during the year	—	—	(52.64)	(62.24)	(15.94)	(10.80)	—	(141.62)	(435.26)
As at December 31, 2009	15.32	221.94	21,978.38	5,348.94	1,299.32	193.61	313.14	29,370.65	22,863.90
Accumulated Depreciation									
As at January 1, 2009	—	88.84	7,420.29	1,804.05	962.99	122.41	182.66	10,581.24	8,769.86
Charge for the year	—	5.87	1,994.67	923.49	83.73	15.28	36.97	3,060.01	1,972.53
Disposals during the year	—	—	(45.16)	(61.77)	(13.77)	(9.72)	—	(130.42)	(161.15)
As at December 31, 2009	—	94.71	9,369.80	2,665.77	1,032.95	127.97	219.63	13,510.83	10,581.24
Net block									
As at December 31, 2009	15.32	127.23	12,608.58	2,683.17	266.37	65.64	93.51	15,859.82	12,282.66
As at December 31, 2008	15.32	133.10	10,011.42	1,663.20	277.70	54.20	127.72	12,282.66	
Note: Buildings includes Rs. 0.09 lakhs (2008 – Rs. 0.09 lakhs) being the cost of shares in co-operative housing societies.									

Schedules forming part of the Balance Sheet (continued)
as at 31 December 2009
(Currency : Indian Rupee in lakhs)

	2009	2008
8. INVESTMENTS		
Long term (unquoted, trade):		
A. In equity shares of wholly owned subsidiary company (stated at cost)		
ITD Cementation Projects India Limited	5.00	5.00
50,000 (2008 - 50,000) Equity Shares of Rs. 10/- each fully paid		
B. In unincorporated joint ventures		
ITD Cemindia JV	(18.64)	110.39
ITD - ITDCem JV	1,742.22	1,160.33
ITD - ITDCem JV (Consortium of ITD - ITD Cementation)	577.69	2.24
	2,306.27	1,277.96
<p>The Company has a 80% share in ITD Cemindia JV, 49% share in ITD-ITDCem JV and 40% share in ITD-ITDCem JV (Consortium of ITD – 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 after tax in the joint ventures from inception to date, as reduced by the distribution of profit by the joint venture, if any.</p>		
9. INVENTORIES		
Construction materials (at cost)	7,906.97	11,846.25
Tools and equipment (at amortised cost)	2,866.17	3,039.10
Machinery spares (at lower of cost and net realisable value)	1,376.92	1,489.50
	12,150.06	16,374.85
10. SUNDRY DEBTORS		
(unsecured)		
(refer to notes 29 to 33)		
Debts outstanding for a period exceeding six months		
– Considered good	19,606.59	18,455.91
– Considered doubtful	1,197.83	522.27
	20,804.42	18,978.18
Less: Provision for doubtful debts	1,197.83	522.27
	19,606.59	18,455.91
Other debts, considered good	21,707.33	20,425.40
	41,313.92	38,881.31
Sundry debtors include:		
– Retention monies of Rs. 4,400.51 lakhs (2008 – Rs. 5,054.20 lakhs) due on completion of the contracts.		
– Debts outstanding for a period not exceeding six months include receivable from Italian – Thai Development Public Company Limited, Thailand, the holding company, Rs. 287.85 lakhs (2008 – Rs. 680.16 lakhs). Maximum amount due during the year Rs. 878.33 lakhs (2008 – Rs. 1,929.10 lakhs).		

ITD Cementation India Limited

Schedules forming part of the Balance Sheet (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
11. CASH AND BANK BALANCES		
Cash in hand	138.84	202.74
Balance with scheduled banks		
– on current accounts	908.76	862.17
– on deposit account	15.82	15.11
	1,063.42	1,080.02
12. LOANS AND ADVANCES		
(unsecured)		
Considered good		
Advances recoverable in cash or in kind or for value to be received	2,071.67	5,043.39
Current Account in Joint Ventures	8,992.84	6,229.14
Deposits	1,872.08	1,617.29
Taxes paid (net of provision for taxation – Rs. 1,398.04 lakhs (2008 – Rs. 1,114.76 lakhs) (include tax deducted at source of Rs. 603.92 lakhs (2008 – Rs. 484.68 lakhs), for which the certificates are yet to be received from the customers.)	5,101.45	4,601.18
	18,038.04	17,491.00
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	445.75	445.75
	18,483.79	17,936.75
Less: Provision for doubtful loans and advances	445.75	445.75
	18,038.04	17,491.00
13. CURRENT LIABILITIES		
Acceptances	2,770.54	6,796.95
Sundry creditors – other than Micro and Small Enterprises (refer note 35)	7,743.38	11,922.50
Advances from customers	10,127.26	6,716.97
Liability towards Investors Education & Protection Fund		
– Unclaimed dividends (not due)	3.69	4.09
Interest accrued but not due on loan	16.61	62.85
Payable to Italian – Thai Development Public Company Limited	182.45	130.88
[Royalty payable Rs. 182.45 lakhs (2008 – Rs. 141.99 lakhs) and other payable/(receivable) of (Rs. Nil) (2008 – Rs.11.11 lakhs)]		
Other liabilities	7,334.07	9,082.83
	28,178.00	34,717.07
14. PROVISIONS		
Gratuity	213.50	378.94
Leave benefits	316.32	276.36
Provision for provident fund	78.35	73.62
Proposed dividend	115.16	115.16
Provision for tax on proposed dividend	19.57	19.57
	742.90	863.65

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

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
15. REVENUE		
Turnover	93,423.50	94,063.35
Movement in unbilled work in progress	2,423.96	1,596.63
Service income from joint ventures	2,119.24	899.84
	97,966.70	96,559.82
16. OTHER INCOME		
Profit on sale of assets (net)	12.23	30.00
Sundry creditors' balances written back	41.74	55.15
Bad debts recovered	47.58	69.27
Interest		
– Interest on bank deposits [including tax deducted at source of Rs. 0.17 lakhs (2008 – Rs. 0.70 lakhs)]	0.87	0.88
– Interest on Income tax refund	—	7.53
– Other Interest (tax deducted at source Rs. Nil (2008 – Rs. Nil) (refer note 33)	524.84	—
Insurance claim	56.65	124.57
Miscellaneous income	45.74	265.71
	729.65	553.11
17. SITE AND ADMINISTRATIVE COSTS		
Personnel costs		
Salaries, wages and bonus	7,666.46	6,567.35
Contribution to provident fund, gratuity and other funds	621.46	821.49
Staff Welfare expenses	183.55	185.83
	8,471.47	7,574.67
Construction materials	37,355.63	40,208.82
Sub-contract costs	18,263.28	17,496.53
Plant hire expenses	3,011.41	3,704.47
Power and fuel	5,476.44	6,360.58
Sales tax on works contracts	2,512.75	1,900.32
Miscellaneous expenses	1,137.41	1,319.34
Travel	552.50	614.21
Tools and equipment	994.45	1,369.68
Site transport and conveyance	1,548.22	1,465.06
Repairs and maintenance:		
– Plant and machinery	666.68	497.16
– Others	93.94	72.78
Insurance	875.49	729.49
Professional fees	739.52	821.52
Rent (refer note 36)	1,972.82	1,835.87
Spares	1,150.70	849.16
Security charges	363.81	345.91
Temporary site installations	247.85	303.61
Postage, telephone and telegram	140.98	177.11
Water charges	238.60	118.65
Printing and stationery	97.99	92.63
Fees and subscription	114.17	57.45
Infotech expenses	119.64	154.76
Service tax	716.15	789.16
Labour Cess	374.11	117.14
R & D expenses	132.14	—
Auditors' remuneration [refer note 24(c)]	45.52	43.40
Royalty expense	463.50	473.94
Exchange loss (net)	48.54	668.83
Directors' fees	3.15	2.35
	87,928.86	90,164.60

ITD Cementation India Limited

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

(continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
18. INTEREST AND FINANCE EXPENSES		
Interest on bank borrowings		
– on working capital demand loan	305.94	104.33
– on overdraft	3,886.11	1,849.31
– on short term loan	344.43	363.15
– on external commercial borrowings (buyer's credit)	105.27	94.83
– on letter of credit	15.63	142.48
Interest on commercial papers	218.88	77.39
Interest on long term loan from financial institution	282.46	457.04
Interest on advances from customers	334.71	399.26
Interest on others	432.03	237.22
Bank charges and guarantee commission	1,220.36	977.27
	7,145.82	4,702.28
19. PROVISION FOR DOUBTFUL DEBTS		
Bad debts written off during the year	134.68	185.96
Add: Provision for doubtful debts, end of year	1,197.83	522.27
Less: Provision for doubtful debts, beginning of year	522.27	230.24
Net provision for doubtful debts	810.24	477.99
20. COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	101.07	1,938.73
21. CONTINGENT LIABILITIES		
(a) Guarantees given by banks in respect of normal contracting commitments given in the normal course of business	23,580.90	20,277.26
(b) Corporate Guarantee given to bank on behalf of Joint Venture	1,500.00	11,000.00
(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	21,074.14	15,816.22
(d) Sales tax matters pending in appeals	310.74	138.50
(e) Service tax matters under dispute	—	173.50
(f) Income tax matters pending in appeal	2,276.48	2,273.81
(g) Excise matter pending in appeal	52.00	52.00

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

22. PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURES AT THE BALANCE SHEET DATE

Buyers credit & Acceptances	2009			2008		
	Foreign Currency	Exchange Rate	INR in lakhs	Foreign Currency	Exchange Rate	INR in lakhs
US Dollar Exposure	2,663	47.12	1.25	35,270	48.91	17.25
Euro Exposure	7,607	67.97	5.17	3,573,100	64.41	2,301.31
GBP Exposure	414,176	75.98	314.69	—	—	—
Yen Exposure	—	—	—	124,781	0.54	0.68
TOTAL			321.11			2,319.24

23. GRATUITY AND OTHER POST EMPLOYMENT BENEFITS

As per Accounting Standard 15 (Revised) "Employee Benefits", the disclosure as defined in the Accounting Standard are given below:

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

Profit and loss account

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

	Gratuity	
	2009	2008
Current Service Cost	102.83	109.60
Interest Cost	61.99	51.25
Expected return on Plan Assets	(54.86)	(38.55)
Net Actuarial (Gains)/Losses for the period	(69.50)	207.30
Past Service Cost	—	—
Net benefit expense	40.46	329.60
Actual return on plan assets	134.42	1.69

Balance Sheet

The details of provision for gratuity is summarised below:

Defined benefit obligation	1,027.51	918.53
Fair value of plan assets	814.01	539.53
Plan Liability	213.50	379.00

There is no unrecognised past service cost

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

Defined Benefit Obligation at beginning of the period	918.54	655.26
Current Service Cost	102.83	109.60
Interest Cost	61.99	51.25
Net Actuarial (Gains)/Losses	10.05	170.45
Benefit Payments	(65.90)	(68.02)
Present value of Defined Benefit Obligation at end of period	1,027.51	918.54

ITD Cementation India Limited

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
Changes in the fair value of the plan assets of the gratuity plan, during the year are as follows:		
Plan assets at beginning of the period	539.53	425.80
Expected return on Plan Assets	54.86	38.55
Contributions by employer	205.96	180.06
Benefit Paid	(65.90)	(68.02)
Actuarial Gain/(Loss) on Plan Assets	79.56	(36.86)
Fair value of Plan Assets at end of the period	814.01	539.53

Amount for the current and previous two years are as follows:

	2009	2008	2007
Defined Benefit Obligation	1,027.51	918.54	655.26
Plan Assets	814.01	539.53	425.80
Surplus (Deficit)	(213.50)	(379.01)	(229.46)

The information on the allocation of the gratuity fund into major asset classes and the expected return on each major class is not readily available. However, the gratuity fund is invested in a Group Gratuity policy invested with the Life Insurance Corporation and Birla Sunlife Insurance. The fair value of plan assets with Life Insurance Corporation and Birla Sunlife Insurance at December 31, 2009 are Rs. 79.20 lakhs (2008 – Rs.129.63 lakhs) and Rs. 734.82 lakhs (2008 – Rs.409.90 lakhs) respectively. The management understands that the assets in these portfolios are well diversified and as such the long term return thereon is expected to be higher than the rate of return on Government Bonds.

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

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

	2009	2008
Discount rate	7.50%	7.00%
Expected rate of return on plan assets	—	—
Expected rate of salary increase	5.50%	5.50%
Attrition rate	2%	2%
Withdrawal rates	Upto age 44 - 2% 45 years & above - 1%	Upto age 44 - 2% 45 years & above - 1%
Expected average remaining service	21.74 years	22.29 years

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

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

The company's expense for the superannuation, a defined contribution plan aggregates Rs. 141.75 lakhs during the year ended December 31, 2009 (2008 – Rs.105.63 lakhs).

The company's expense for the provident fund aggregates Rs.439.25 lakhs during the year ended December 31, 2009 (2008 – Rs. 386.25 lakhs).

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
24. SUPPLEMENTARY PROFIT AND LOSS INFORMATION		
(a) Managerial remuneration for Directors included in the profit and loss account comprises:		
Remuneration to Directors:		
Salaries	44.50	42.93
Perquisites (at monetary value)	41.54	43.59
Gratuity and leave encashment – paid to retired director	13.07	14.34
Rent	3.07	38.28
Contribution to Provident fund and Superannuation fund	10.75	11.59
Commission to Non-executive directors	6.00	4.83
	118.93	155.56
Note: As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors are not included above except for retired director.		
Computation of net profits in accordance with the Companies Act, 1956		
Profit before taxation per Profit and Loss Account	766.32	644.01
Add: Directors' remuneration (including Managing Director)	118.93	150.73
Directors' fees	3.15	2.35
Provision for doubtful debts	810.24	477.99
Depreciation provided in the books	3,060.01	1,972.53
	4,758.65	3,247.61
Less: Depreciation under Section 350 of the Companies Act, 1956	3,060.01	1,972.53
Net Profit under Section 349 of the Companies Act 1956	1,698.64	1,275.08
Salaries, perquisites and commission to managing and wholetime directors at 10% of the net profit as calculated above	169.86	127.51
Remuneration	118.93	150.73
Commission to Non-executive directors at 1% of the net profit as calculated above	16.99	12.75
Restricted by the Board of Directors of the Company to	6.00	4.83
Notes: The above remuneration by way of salary and perquisites payable to Mr. Adun Saraban, Additional Director which is in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956, is subject to approvals by the shareholders, which are proposed to be obtained in the forthcoming Annual General Meeting.		
(b) Expenditure in foreign currency: (on cash basis)	2009	2008
Foreign travel	5.73	5.55
Professional and consultancy fees	12.17	—
Lease rental	—	21.08
Interest on External Commercial Borrowings	144.25	101.51
Membership and subscription	2.14	0.44
Royalty expense	359.11	296.90
	523.40	425.48

ITD Cementation India Limited

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
(c) Payment to Auditor		
As auditor:		
Audit fees	22.13	22.52
Tax audit fees	9.94	10.13
Limited Review	9.29	9.47
Out-of-pocket expenses	0.83	0.60
In other manner:		
Certification	3.33	0.68
	<u>45.52</u>	<u>43.40</u>
(d) Amount remitted in foreign currency for dividend:		
Number of non-resident shareholders	1	1
Number of shares held (Equity shares of Rs. 10 each)	8011318	8011318
Dividend Remitted	80.11	160.23
Year to which dividend relates	2008	2007
(e) Value of imports on CIF basis:		
Spare parts	408.79	98.89
Tools and equipments	15.49	17.20
Construction materials	1,585.15	1,152.26
Capital goods (including Capital Work-In-Progress)	1,297.73	5,500.39
	<u>3,307.17</u>	<u>6,768.74</u>
(f) Consumption of spare parts, tools and equipment and raw materials:		
	2009	2008
	% Value	% Value
Spare parts		
Imported	35.49 408.79	5.82 49.44
Indigenous	64.51 741.91	94.18 799.72
	<u>100.00 1,150.70</u>	<u>100.00 849.16</u>
Tools and equipment		
Imported	1.56 15.49	— —
Indigenous	98.44 978.96	100.00 1,369.68
	<u>100.00 994.45</u>	<u>100.00 1,369.68</u>
Construction material		
Imported	4.24 1,585.15	2.87 1,152.26
Indigenous	95.76 35,770.48	97.13 39,056.56
	<u>100.00 37,355.63</u>	<u>100.00 40,208.82</u>

25. 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 represent the segmental information.

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

26. RELATED PARTY TRANSACTIONS

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

Italian-Thai Development Public Company Limited – Holding Company.

ITD Cementation Projects India Limited – Wholly Owned Subsidiary Company.

(b) Other entities with whom transactions have taken place

Name of Related Parties	Nature of Relationship
ITD Cemindia JV	Joint Venture
ITD – ITDCem JV	Joint Venture
ITD – ITDCem JV (Consortium of ITD – ITD Cementation)	Joint Venture

(c) Remuneration to Key Management Personnel

	2009	2008
(1) Mr. S. S. Singh – Managing Director	66.58	100.07
(2) Mr. Adun Saraban – Additional Director (appointed on August 12, 2009)	17.88	—
(3) Mr. S. Mukundan – Deputy Managing Director (resigned on June 12, 2009)	28.47	30.62
(4) Mr. A. K. Chatterjee – Director- General Manager (resigned on February 29, 2008)	—	20.04
(5) Mr. P. B. Patwardhan – Chief Financial Officer	33.51	32.93
	146.44	183.66

Excess liabilities no longer required, adjusted against personnel costs, includes commission no longer payable to directors of Rs. 62.25 lakhs (2008 – Rs. 45.21 lakhs).

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

Previous year figures are given in brackets.

Nature of Transactions	Holding Company	Joint Venture
Revenues earned from contract execution	771.31 (1,640.72)	
Balance receivables for contract execution	505.26 (1,947.76)	
Plant hire charges		2,416.35 (1,028.59)
Salary and related expenses of the employees deputed to joint ventures		955.94 (635.28)
Sale of construction material & spares		511.87 (404.38)
Purchase of construction material & spares		123.89 (69.85)
Purchase of fixed assets		71.72 (—)
Interest expense on mobilisation advance	— (28.71)	

ITD Cementation India Limited

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

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

Previous year figures are given in brackets.

Nature of Transactions	Holding Company	Joint Venture
Balance payable for interest on mobilisation advance	— (22.49)	
Share of profit net of tax in joint ventures (included in investments)		1,014.90 (848.48)
Balance payable against mobilisation advance	— (239.66)	
Royalty expense	463.50 (473.94)	
Balance payable	182.45 (130.88)	
Balances on current account with joint ventures		
Balance receivable		8,992.84 (6,229.14)
Corporate guarantee issued by	6,000.00 (4,000.00)	
Corporate guarantee issued to		1,500.00 (11,000.00)

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

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

Nature of Transactions/Related Parties	2009	2008
Plant hire charges		
ITD Cemindia JV	609.75	613.05
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	1,693.42	363.21
Purchases of Construction materials and spares		
ITD Cemindia JV	30.14	69.85
ITD-ITDCem JV	83.55	—
Sale of Construction materials and spares		
ITD Cemindia JV	—	124.84
ITD-ITDCem JV	54.04	230.15
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	439.81	—
Salary and related expenses of the employees deputed to joint ventures		
ITD Cemindia JV	452.32	568.79
ITD-ITDCem JV	474.37	66.49

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)
as at 31 December 2009
(Currency : Indian Rupee in lakhs)

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

Nature of Transactions/Related Parties	2009	2008
Purchase of fixed assets		
ITD Cemindia JV	71.48	—
Share of profit net of Tax in joint ventures (included in investments)		
ITD-ITDCem JV	581.89	996.40
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	575.46	—
Balances on current account with joint ventures		
Balance receivable		
ITD Cemindia JV	7,253.23	4,603.92
ITD-ITDCem JV	1,452.31	1,499.63
Corporate guarantee issue to		
ITD-ITDCem JV	1,500.00	11,000.00

27. DETAILS OF JOINT VENTURES

- (a) Details of Joint Ventures entered into by the Company

Name of the Joint Venture	% of Participation as at December 31, 2009	% of Participation as at December 31, 2008	Nature of business
ITD Cemindia JV	80%	80%	Construction
ITD - ITDCem JV	49%	49%	Construction
ITD - ITDCem JV (Consortium of ITD - ITD Cementation)	40%	40%	Construction

All the above are unincorporated jointly controlled entities in India.

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

Previous year figures are given in brackets

	ITD Cemindia JV	ITD - ITDCem JV	ITD-ITDCem JV (Consortium of ITD-ITD Cementation)
Share of Assets	5,721.65 (4,984.94)	2,876.42 (3,999.56)	692.64 (52.48)
Share of Liability	6.27 (9.51)	375.93 (2,073.38)	— (—)
Share of Income	10,019.31 (9,345.29)	27,338.85 (27,658.34)	13,729.75 (921.80)
Share of Expenditure	10,161.76 (9,495.46)	26,756.96 (26,661.94)	13,154.29 (919.57)
Share of Capital Commitment	— (—)	59.01 (—)	45.18 (—)
Share of Contingent Liabilities	— (—)	6,453.71 (—)	4,813.61 (—)

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

28. EARNINGS PER SHARE

	2009	2008
(a) Net Profit after taxation	540.53	549.93
(b) Calculation of weighted average number of equity shares of Rs. 10/- each		
Number of shares at the beginning of the year	11515790	11515790
Number of shares issued during the year	—	—
Number of shares at the end of the year	11515790	11515790
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	11515790	11515790
(c) Basic and diluted earnings per share (nominal value of Rs. 10/- each (2008: nominal value Rs. 10/- each))	4.69	4.78

29. The Company has recognised escalation on two road contracts till December 31, 2009 aggregating to Rs. 2,028 lakhs (December 31, 2008 – Rs.2,028 lakhs). Sundry Debtors at December 31, 2009 include Rs. 1,140 lakhs (December 31, 2008 – Rs. 1,140 lakhs) out of this amount. These escalation claims were disputed by the customer and 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. As at December 31, 2009 an amount of Rs.1,140 lakhs (December 31, 2008 – Rs. 1,140 lakhs) is still receivable from customer. Management is reasonably confident of recovery of this amount based on the above and independent legal advice from eminent legal counsel in the matter. These contracts have been completed and hence during the year ended December 31, 2009, the Company has not recognised any turnover or escalation claims on these road contracts.

30. The Company has recognized variation claims of Rs. 5,042 lakhs (December 31, 2008 – Rs. 4,182 lakhs) [including Rs. 2,801 lakhs till December 31, 2009 (December 31, 2008 – Rs. 4,026 lakhs) under arbitration], which are also included in the balance of sundry debtors at December 31, 2009. These claims are disputed by the customer. Of these, the Company has received arbitration awards of Rs. 2,241 lakhs (December 31, 2008 – Rs.2,610 lakhs) in its favour which have been challenged by the customer. During the year ended December 31, 2009, no variation claim was recognised by the Company. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is reasonably confident of recovery of the same.

31. Sundry Debtors as at December 31, 2009 include Rs 3,384 lakhs (December 31, 2008 – Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification provided in the respective contracts. The management is reasonably confident of the certification and recovery of the same progressively on these contracts based on past experience of the Company, assessment of work done and the fact that these amounts are not disputed by the customer.

32. Sundry Debtors at December 31, 2009, include an amount of Rs. 1,225 lakhs (December 31, 2008 – Rs. 1,225 lakhs) recognized as income in the earlier years. Based on the payment schedule originally agreed with the customer, the above mentioned claim was expected to be received by the Company over a period of time commencing from financial year 2008/2009. No amounts have been received by the Company till date and further rescheduling of the payment which was in progress at December 31, 2008 has not yet been finalised. The realisability of this amount of Rs. 1,225 lakhs is dependent upon finalization of the rescheduled payment plan and the customer adhering to the same. The management is in advanced stage of discussion with the client and confident of recovering the amount due.

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

33. Debtors at December 31, 2009 include variation claims of Rs. 1,515 lakhs (including Rs. 554 lakhs recognised as revenue and Rs. 525 lakhs recognised as interest income during the year ended December 31, 2009) for which the Company had received an arbitration award in its favour which has subsequently been upheld by the district court.

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

	2009	2008
(a) Contract revenue recognised as revenue in the period Clause 38 (a)	95,847.46	95,659.98
(b) Aggregate amount of costs incurred and recognised profits up to the reporting date on Contract under progress Clause 39 (a)	272,503.51	204,882.39
(c) Advance received on Contract under progress Clause 39 (b)	10,127.26	6,716.97
(d) Retention amounts on Contract under progress Clause 39 (c)	4,400.51	5,054.20
(e) Gross amount due from customers for contract work as an asset Clause 41 (a)	25,362.43	24,765.10

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

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

36. OPERATING LEASES

(a) The Company has taken various residential/commercial premises on cancellable operating lease. These lease agreements are normally renewed on expiry. The cancellable lease payments in the profit and loss account for the year is Rs. 938.00 lakhs (2008 – Rs.821.90 lakhs).

(b) The Company has taken on non-cancellable operating lease certain assets, the future minimum lease payments in respect of which as at 31 December, 2009 are as follows:

Minimum Lease Payments

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

Total

2009	2008
967.22	984.77
399.46	1,394.24
—	—
1,366.68	2,379.01

ITD Cementation India Limited

Notes forming part of the Balance Sheet and Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

OPERATING LEASES (Continued)

(c) Non-cancellable lease payments recognised in the profit and loss account for the year is Rs.1,034.82 lakhs (2008 – Rs.1,013.97 lakhs)

(d) General descriptions of lease terms

(i) Lease rentals are charged on the basis of agreed terms.

(ii) Assets are taken on lease over a period of 3-5 years.

37. Remuneration to Auditor does not include Rs. Nil (including Service Tax) (2008 – Rs. 9.04 lakhs) paid to statutory auditors towards fees paid in connection with Rights Issue, which is debited to securities premium account.

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

As per our report of even date

For S.R.Batliboi & Associates

Chartered Accountants

per Amit Majmudar

Partner

Membership No.: 36656

Mumbai

Date: March 4, 2010

For and on behalf of the Board of Directors

Adun Saraban

Managing Director

P. Chakornbundit

Director

P. B. Patwardhan

Chief Financial Officer

R. C. Daga

Company Secretary

Mumbai

Date: March 4, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(a) Registration Details

Registration No.	20435	State code	11
Balance sheet date	31 12 2009		

(b) Capital raised during the year

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

(c) Position of mobilisation and deployment of funds

<i>Source of funds</i>	Total Liabilities and share holders funds	Total assets
	85,052.64	85,052.64
	Paid-up capital	Reserves and surplus
	1,151.58	34,237.50
<i>Application of funds</i>	Secured loans	Unsecured loans
	47,890.95	1,772.61
	Deferred tax liability	
	Nil	
	Net fixed assets	Investments
	16,018.61	2,306.27
	Net current assets	Miscellaneous expenditure
	66,727.76	Nil
	Accumulated losses	
	Nil	

(d) Performance of the Company

Turnover/(including other income)	Total expenditure
99,711.25	98,944.93
Profit before tax	Profit after tax
766.32	540.53
Basic and diluted earnings per share in Rs.	Dividend rate %
4.69	10%

(e) Generic names of three principal products/Services of the Company

Item code No.(ITC code)	Nil
Product Description	Civil, Mining, Marine and Specialist engineering Construction
Item code No (ITC code)	Nil
Product Description	Foundation engineering and construction
Itemcode No. (ITC code)	Nil
Product Description	Roads and Bridges Construction

For and on behalf of the Board of Directors

Adun Saraban
Managing Director
P. Chakornbundit
Director
P. B. Patwardhan
Chief Financial Officer
R. C. Daga
Company Secretary

Mumbai

Date: March 4, 2010

ITD Cementation India Limited

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company

as at 31 December 2009

(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, 2009
2.	Shares of the subsidiary Company held by holding Company as on the above date	
	(i) Number	50,000
	(ii) Extent of holding	Equity shares of Rs. 10/- each 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.)	0.01
	(ii) for the previous financial years of the subsidiary since it became the holding Company's subsidiary (Rs.)	(0.23)
Details of Subsidiary Company Pursuant to the Central Government Order under Section 212(8) of the Companies Act, 1956		
Sr. No.	Particulars	ITD Cementation Projects India Ltd.
(a)	Capital	5.00
(b)	Reserves	Nil
(c)	Total Assets	5.15
(d)	Total Liabilities	0.15
(e)	Investments	Nil
(f)	Turnover	Nil
(g)	Profit/(Loss) before Taxation	0.02
(h)	Provision for Taxation	0.01
(i)	Profit after Taxation	0.01
(j)	Proposed Dividend	Nil
<p>For and on behalf of the Board of Directors</p> <p>Adun Saraban <i>Managing Director</i></p> <p>P. Chakornbundit <i>Director</i></p> <p>P. B. Patwardhan <i>Chief Financial Officer</i></p> <p>R. C. Daga <i>Company Secretary</i></p> <p>Mumbai Date: March 4, 2010</p>		

Auditors' Report

The Board of Directors
ITD Cementation India Limited

1. We have audited the attached consolidated balance sheet of ITD Cementation India Limited group ('ITD group'), as at December 31, 2009 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the ITD's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with 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. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standards (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
4. Without qualifying our report, we draw attention to:
 - i. Note 28 to the consolidated financial statements. According to this, the Company has in prior years recognized price escalation claims on two road contracts which were disputed by the customer. For the period from inception of the contract to December 31, 2009 the aggregate claims recognised as revenue amount to Rs. 2,028 lakhs (previous year Rs. 2,028 lakhs). Sundry debtors at December 31, 2009 include Rs. 1,140 lakhs (previous year Rs. 1,140 lakhs) in respect of these escalation claims. The Company has received favourable verdicts in the Dispute Redressal Board and thereafter in Arbitration in respect of these amounts. The Company has till date not recovered these amounts. The Customer has appealed against the Arbitration award and the realisability of this amount is dependent on this matter being finally resolved in favour of the Company.
 - ii. Note 32 to the consolidated financial statements According to this, sundry debtors as at December 31, 2009 include variation claims of Rs. 1,515 lakhs (including Rs. 554 lakhs recognized as revenue and Rs. 525 lakhs recognized as interest income during year ended December 31, 2009) for which the Company had received an arbitration award in its favour which has subsequently been upheld by the district court. The customer has further challenged this court order and realisability of this amount would be dependent on this matter being finally resolved in favour of the Company. This matter was qualified in our audit report on the consolidated financial statements for the year ended December 31, 2008.
5. We further report that:
 - i. As described in Note 29 to the consolidated financial statements, sundry debtors at December 31, 2009 include variation claims of Rs. 5,042 lakhs (previous year

Rs. 4,182 lakhs) recognized upto December 31, 2009, which are disputed by the customer. Out of this, claims amounting to Rs. 2,801 lakhs (previous year Rs. 3,817 lakhs) are a subject matter of arbitration. The Company has received arbitration awards in its favour in respect of the balance amount of Rs. 2,241 lakhs which have since been challenged by the customer. Our audit report on the consolidated financial statements for the year ended December 31, 2008 was also qualified in respect of this matter;

- ii. As described in Note 30 to the consolidated financial statements, debtors include Rs. 3,384 lakhs (previous year Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification. Our audit report on the consolidated financial statements for the year ended December 31, 2008 was also qualified in respect of this matter;
- iii. As described in Note 31 to the consolidated financial statements, sundry debtors at December 31, 2009 include an amount of Rs. 1,225 lakhs (previous year Rs. 1,225 lakhs) recognized as income in the earlier years. Based on the payment schedule originally agreed with the customer, the above mentioned claim was expected to be received by the Company over a period of time commencing from financial year 2008/2009. No amounts have been received by the Company till date and further rescheduling of the payment which was in progress at December 31, 2008 has not yet been finalised. The realisability of this amount of Rs. 1,225 lakhs is dependent upon finalization of the rescheduled payment plan and the customer adhering to the same. Our audit report on the consolidated financial statements for the year ended December 31, 2008 was also modified in respect of this matter;
- iv. In our view there is an uncertainty in respect of realisability of these claims and receivables recognized described in paragraphs 5(i) to (iii) above. Accordingly, pending the ultimate outcome of these disputes, arbitration and related matters and certification, we are unable to comment on the adjustments, if any, that may be necessary to turnover, provision for expected loss on completion of the contract, sundry debtors, the profit before tax, reserves and earnings per share reported in the consolidated financial statements for the years ended December 31, 2009 and December 31, 2008.
6. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements subject to our comments in paragraphs 5 above, the impact of which on the consolidated financial statements cannot be ascertained, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the consolidated balance sheet, of the state of affairs of the ITD group as at December 31, 2009;
 - ii. in the case of the consolidated profit and loss account, of the profit of ITD group for the year ended on that date; and
 - iii. in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai.
Date: March 4, 2010

ITD Cementation India Limited

Consolidated Balance Sheet

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	Schedules	2009	2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	1,151.58	1,151.58
Reserves and surplus	3	34,237.31	33,831.48
		35,388.89	34,983.06
Loan funds			
Secured loans	4	48,266.88	42,013.99
Unsecured loans	5	1,772.61	1,508.86
		50,039.49	43,522.85
		85,428.38	78,505.91
APPLICATION OF FUNDS			
Fixed assets			
	1.3 & 7		
Gross block		34,310.17	27,718.54
Less: Accumulated depreciation		15,611.68	11,141.42
Net block		18,698.49	16,577.12
Capital work-in-progress (including capital advances)		385.92	4,022.98
		19,084.41	20,600.10
Deferred tax asset/(liabilities), (net)	6	403.63	(24.30)
Current assets, loans and advances			
Inventories	1.5 & 8	16,131.08	21,931.09
Unbilled work-in-progress	1.6	28,072.44	27,628.02
Sundry debtors	1.7 & 9	47,854.35	48,955.77
Cash and bank balances	10	4,057.90	4,048.50
Loans and advances	11	12,450.85	14,005.21
		108,566.62	116,568.59
Current liabilities and provisions			
Current liabilities	1.7 & 12	41,867.53	57,775.47
Provisions	13	759.39	863.65
		42,626.92	58,639.12
Net current assets		65,939.70	57,929.47
Miscellaneous expenditure (to the extent not written off or adjusted)			
		0.64	0.64
		85,428.38	78,505.91
The schedules referred to above and notes to accounts form an integral part of the Consolidated Balance Sheet			
As per our report of even date		For and on behalf of the Board of Directors	
For S.R.Batliboi & Associates		Adun Saraban	
Chartered Accountants		P. Chakornbundit	
per Amit Majmudar		P. B. Patwardhan	
Partner		R. C. Daga	
Membership No.: 36656		Managing Director	
Mumbai		Director	
Date: March 4, 2010		Chief Financial Officer	
		Company Secretary	
		Mumbai	
		Date: March 4, 2010	

Consolidated Profit and Loss Account
for the year ended 31 December 2009
(Currency : Indian Rupee in lakhs)

	Schedules	2009	2008
INCOME			
Revenue	1.6 & 14	147,464.29	133,665.09
Other income	15	1,134.44	678.25
		148,598.73	134,343.34
EXPENDITURE			
Site and administrative costs	16	132,867.58	124,438.63
Interest and Finance expenses	17	8,503.88	5,567.65
Depreciation	1.3 & 7	4,826.34	2,395.51
Provision for doubtful debts	18	810.24	477.99
		147,008.04	132,879.78
Profit for the year before tax		1,590.69	1,463.56
Provision for taxation	1.10		
Current tax		(1,526.35)	(591.25)
Less: Minimum Alternative Tax credit entitlement		74.00	136.00
Net current tax liability		(1,452.35)	(455.25)
Deferred tax credit/(charge)		427.92	(345.09)
Fringe benefit tax		(25.70)	(113.35)
Net profit after tax		540.56	549.87
Profit and Loss Account, beginning of year		1,615.48	1,214.09
Amount available for appropriation		2,156.04	1,763.96
APPROPRIATIONS			
Transfer to general reserve		13.51	13.75
Proposed dividend		115.16	115.16
Tax on proposed dividend		19.57	19.57
Balance carried forward to balance sheet	3	2,007.80	1,615.48
		2,156.04	1,763.96
Basic and diluted earnings per share [Nominal value per share Rs. 10/- each (2008 – Rs. 10/- each)]		4.69	4.77
The schedules referred to above and notes to accounts form an integral part of the Consolidated Profit and Loss Account			
As per our report of even date		For and on behalf of the Board of Directors	
For S.R.Batliboi & Associates		Adun Saraban	
Chartered Accountants		P. Chakornbundit	
per Amit Majmudar		P. B. Patwardhan	
Partner		R. C. Daga	
Membership No.: 36656		Managing Director	
Mumbai		Director	
Date: March 4, 2010		Chief Financial Officer	
		Company Secretary	
		Mumbai	
		Date: March 4, 2010	

ITD Cementation India Limited

Consolidated Cash Flow Statement

for the year ended 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
Cash flow from operating activities		
Net profit before taxation	1,590.69	1,463.56
Adjustments for:		
Depreciation	4,826.34	2,395.51
Interest and Finance expenses	8,503.88	5,567.65
Interest income	(664.50)	(40.83)
Provision for doubtful debts	810.24	477.99
Provision for doubtful advances	—	(0.01)
Profit on sale of fixed assets (net)	(145.43)	(30.00)
Sundry creditors balances written back	(54.04)	(55.15)
Operating profit before working capital changes	14,867.18	9,778.72
Movement in working capital		
Decrease/(increase) in Inventories	5,800.01	(7,519.33)
Decrease/(increase) in Sundry debtors	291.18	(20,815.02)
Decrease/(increase) in Unbuild work in progress	(444.42)	(5,397.35)
Decrease/(increase) in Loans and advances	197.56	(4,653.34)
Increase/(decrease) in Trade creditors and other liabilities	(15,807.27)	6,761.30
Increase/(decrease) in Provisions	(104.26)	221.62
Cash (used in)/generated from operations	4,799.98	(21,623.40)
Direct taxes (paid)/refunds received	(121.25)	(1,458.04)
Net cash used in operating activities	4,678.73	(23,081.44)
Cash flow from investing activities		
Purchase of fixed assets	(3,904.60)	(9,580.51)
Proceeds from sale of fixed assets	739.38	304.60
Fixed deposit with bank (maturity beyond three months)	(19.33)	—
Proceeds from fixed deposit with bank (maturity beyond three months)	—	32.48
Interest received	664.50	40.83
Net cash generated from/(used in) investing activities	(2,520.05)	(9,202.60)
Cash flow from financing activities		
Payment of share issue expenses (in respect of prior year's rights issue)	—	(65.15)
Proceeds from/(Repayment of) short term Borrowings – net	6,840.38	33,337.73
Proceeds from short term borrowings from financial institution	3,000.00	2,000.00
Repayment of short term borrowings from financial institution	(2,000.00)	(1,000.00)
Proceeds from/(Repayment of) long term borrowings	(1,325.68)	701.85
Interest and Finance expenses paid	(8,548.18)	(5,847.96)
Dividend paid	(115.56)	(230.14)
Tax on distributed profits	(19.57)	(39.14)
Net cash inflow from financing activities	(2,168.61)	28,857.19
Net (decrease) in cash and cash equivalents	(9.93)	(3,426.85)
Cash and cash equivalents, beginning of year	4,048.50	7,475.35
Cash and cash equivalents, end of year	4,038.57	4,048.50
Note:		
Cash and cash equivalents consists of cash Rs. 158.30 lakhs (2008 – Rs. 509.25 lakhs) and bank balances in current accounts Rs. 1,920.27 lakhs (2008 – Rs. 3,524.14 lakhs) and deposit (maturity within three months) Rs. 1,960 lakhs (2008 – Rs. 15.11 lakhs).		
As per our report of even date	For and on behalf of the Board of Directors	
For S.R.Batliloi & Associates	Adun Saraban	<i>Managing Director</i>
Chartered Accountants	P. Chakornbundit	<i>Director</i>
per Amit Majmudar	P. B. Patwardhan	<i>Chief Financial Officer</i>
Partner	R. C. Daga	<i>Company Secretary</i>
Membership No.: 36656		
Mumbai	Mumbai	
Date: March 4, 2010	Date: March 4, 2010	

Notes forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account
as at 31 December 2009
(Currency : Indian Rupee in lakhs)

1. Significant accounting policies

1.1 Basis of preparation and Principles of Consolidation

– Basis of preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 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 are consistent with those used in the previous year.

– Principles of Consolidation

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

- i. The financial statements of the Company, its subsidiary company have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or unrealized cash losses in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" notified by the Companies Accounting Standard 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 fully eliminating intra-group balances and intra-group transactions resulting in realized profit or unrealized cash losses as per the Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" notified by the Companies Accounting Standard Rules, 2006, (as amended).

- iii. Consolidated financial statements are prepared using uniform policies for like transaction and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.
- iv. Significant accounting policies and schedules to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Company. Recognising this purpose, the Company has disclosed only such policies and schedules from the individual financial statements, which fairly presents the needed disclosure.
- v. The difference between the cost to the Group of investment in Subsidiary and Joint Ventures and the proportionate share in the equity of the investee company as at the date of the acquisition of stake is recognised in the consolidated financial statements as goodwill or capital reserve, as the case may be. Goodwill arising on consolidation is tested for impairment annually.

1.2 Accounting Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles often requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period. Any difference between the actual results and estimates are recognized in the period in which the results are known/ materialise.

1.3 Fixed Assets & Depreciation

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

Notes forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

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

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

1.4 Impairment

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

1.5 Inventories

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

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

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

1.6 Revenue Recognition

– On contracts

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

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

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

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

– On insurance claims

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

1.7 Advances from customers, progress payments and retention

Advances received from customers in respect of contracts are treated as liabilities and

Notes forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

adjusted against progress billing as per terms of the contract.

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

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

1.8 Foreign Currency Transactions

i. Initial Recognition

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

ii. Conversion

Foreign currency monetary items are reported using the closing rate.

iii. Exchange Differences

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

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

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

recognised as income or as expense for the year.

1.9 Retirement and other employee benefits

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

The Company has a provident fund scheme, a defined benefit plan, for employees and a group gratuity and life assurance scheme for eligible employees. The group gratuity and life assurance scheme are defined benefit obligations and are provided for, on the basis of an independent actuarial valuation on projected unit credit method made at the end of each financial year.

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

Actuarial gains/losses are immediately taken to Profit and Loss account and are not deferred.

1.10 Taxation

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

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

Notes forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

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

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

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

1.11 Leases

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

1.12 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when an enterprise has a present obligation as a result of past event;

it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent Liability is disclosed in case of

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

Contingent Assets are neither recognized nor disclosed.

Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

1.13 Earning per share

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

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

1.14 Cash and cash equivalents

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

Schedules forming part of the Consolidated Balance Sheet (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
2. SHARE CAPITAL		
Authorised		
1,50,00,000 (2008 – 1,50,00,000) equity shares of Rs.10/- each	1,500.00	1,500.00
6,00,00,000 (2008 – 6,00,00,000) redeemable preference shares of Rs.10/- each	6,000.00	6,000.00
	7,500.00	7,500.00
Issued		
1,15,18,316 (2008 – 1,15,18,316) equity shares of Rs. 10/- each	1,151.83	1,151.83
Subscribed, called and fully paid-up		
1,15,15,790 (2008 – 1,15,15,790) equity shares of Rs. 10/- each	1,151.58	1,151.58
Of these shares:		
80,11,318 (2008 – 80,11,318) equity shares of Rs. 10/- each are held by Italian-Thai Development Public Company Limited, Thailand (ITD), the holding company.		
17,60,220 (2008 – 17,60,220) equity shares of Rs. 10/- each have been allotted as fully paid-up bonus shares by way of capitalisation of the general reserve.		
Note: 2,526 (2008 – 2,526) equity shares of Rs. 10/- each have been kept in abeyance pending final settlement of rights issue.		
3. RESERVES AND SURPLUS		
Securities premium account		
Balance brought forward	31,957.39	32,022.53
Less: Rights issue expenses adjusted	—	65.14
	31,957.39	31,957.39
General reserve		
Balance brought forward	258.61	244.86
Add: Transfer from Profit and Loss Account	13.51	13.75
	272.12	258.61
Profit and Loss Account	2,007.80	1,615.48
	34,237.31	33,831.48
4. SECURED LOANS		
From banks		
– Working capital demand loan – repayable on demand	3,590.00	1,447.32
– Interest accrued and due (on working capital demand loan)	7.22	5.28
– Overdraft – repayable on demand	33,426.32	28,432.66
– External Commercial Borrowings (Buyer's Credit) (entirely repayable in one year)	3,806.13	2,674.47
– Short term loan – repayable in one year	—	2,058.00
From Financial Institutions		
– Short term loan – repayable in one year	3,000.00	2,000.00
– Long term loan [repayable in one year Rs. 1,333.33 lakhs (2008 – Rs. 1,333.33 lakhs)]	1,555.56	2,881.24
– Plant and Vehicle loan [Repayable in one year Rs. 882.12 lakhs (2008 – Rs. 631.04 lakhs)]	2,881.65	2,515.02
	48,266.88	42,013.99

ITD Cementation India Limited

Schedules forming part of the Consolidated Balance Sheet (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008							
Security for Secured Loans:									
– Bank loans, Buyer's Credit and Long term loan from Financial Institution are secured by hypothecation of book debts, inventory, other current assets and movable plant and machinery, both present and future.									
– Plant and vehicle loans are secured by specific plant and vehicle respectively.									
– Short term loan from financial institution is secured by subservient charge on movable plant and machinery, movable assets and current assets of the company, both present and future also irrevocable and unconditional corporate guarantee by Italian-Thai Development Public Company Limited.									
– Short term loan from banks secured by 1st charge on receivables of the project and also corporate guarantee by Italian-Thai Development Public Company Limited.									
5. UNSECURED LOANS									
Short term loans									
From banks									
– Working capital demand loan – repayable on demand	1,500.00	—							
– Overdraft – repayable on demand	23.39	1,508.81							
– Other loan – repayable in one year	249.22	0.05							
	<u>1,772.61</u>	<u>1,508.86</u>							
Italian-Thai Development Public Company Limited has issued a Corporate Guarantee in respect of above overdraft and other loan.									
6. DEFERRED TAX ASSET/(LIABILITIES), (net)									
Deferred tax liabilities									
Difference between book depreciation and depreciation under the Income Tax Act, 1961	206.27	344.80							
Deferred tax assets									
Effect of expenditure debited to profit and loss account but allowed for tax purposes in following years	609.90	320.50							
Deferred tax asset/liabilities, (net)	<u>403.63</u>	<u>(24.30)</u>							
7. FIXED ASSETS									
	Freehold land	Buildings	Plant and Machinery	Earth-moving Machinery	Office Equipment & Furniture	Vehicles	Leasehold Improvements	Total	Previous Year
Gross Block									
As at January 1, 2009	15.32	221.94	21,885.71	3,661.71	1,385.97	237.51	310.38	27,718.54	18,633.92
Additions during the year	—	—	5,350.89	1,982.64	172.53	32.84	2.76	7,541.66	9,520.38
Disposals during the year	—	—	(795.80)	(126.22)	(17.22)	(10.79)	—	(950.03)	(435.76)
As at December 31, 2009	<u>15.32</u>	<u>221.94</u>	<u>26,440.80</u>	<u>5,518.13</u>	<u>1,541.28</u>	<u>259.56</u>	<u>313.14</u>	<u>34,310.17</u>	<u>27,718.54</u>
Accumulated Depreciation									
As at January 1, 2009	—	88.84	7,858.40	1,865.95	1,008.89	136.68	182.66	11,141.42	8,907.07
Charge for the year	—	5.87	3,629.44	970.93	158.00	25.13	36.97	4,826.34	2,395.51
Disposals during the year	—	—	(240.23)	(91.73)	(14.41)	(9.71)	—	(356.08)	(161.16)
As at December 31, 2009	<u>—</u>	<u>94.71</u>	<u>11,247.61</u>	<u>2,745.15</u>	<u>1,152.48</u>	<u>152.10</u>	<u>219.63</u>	<u>15,611.68</u>	<u>11,141.42</u>
Net block									
As at December 31, 2009	<u>15.32</u>	<u>127.23</u>	<u>15,193.19</u>	<u>2,772.98</u>	<u>388.80</u>	<u>107.46</u>	<u>93.51</u>	<u>18,698.49</u>	<u>16,577.12</u>
As at December 31, 2008	15.32	133.10	14,027.31	1,795.76	377.08	100.83	127.72	16,577.12	
Note: Buildings include Rs. 0.09 lakhs (2008 – Rs. 0.09 lakhs) being the cost of shares in co-operative housing societies.									

Schedules forming part of the Consolidated Balance Sheet (continued)
as at 31 December 2009
(Currency : Indian Rupee in lakhs)

	2009	2008
8. INVENTORIES		
Construction materials (at cost)	10,545.43	15,994.80
Tools and equipment (at amortised cost)	4,089.74	4,293.08
Machinery spares (at lower of cost and net realisable value)	1,495.91	1,643.21
	16,131.08	21,931.09
9. SUNDRY DEBTORS		
(unsecured)		
(refer notes 28 to 32)		
Debts outstanding for a period exceeding six months		
– Considered good	21,311.77	26,812.64
– Considered doubtful	1,197.83	522.27
	22,509.60	27,334.91
Less: Provision for doubtful debts	1,197.83	522.27
	21,311.77	26,812.64
Other debts, considered good	26,542.58	22,143.13
	47,854.35	48,955.77
Sundry debtors include:		
– Retention monies of Rs. 4,805.95 lakhs (2008 – Rs. 5,276.34 lakhs) due on completion of the contracts.		
– Debts outstanding for a period not exceeding six months include receivable from Italian Thai Development Public Company Limited, Thailand, the holding company, Rs. 287.85 lakhs (2008 – Rs. 680.16 lakhs). Maximum amount due during the year Rs. 878.33 lakhs (2008 – Rs. 1,929.10 lakhs).		
10. CASH AND BANK BALANCES		
Cash in hand	158.30	509.25
Balance with scheduled banks		
– on current accounts	1,920.27	3,524.14
– on deposit account	1,979.33	15.11
	4,057.90	4,048.50
11. LOANS AND ADVANCES		
(unsecured)		
Considered good		
Advances recoverable in cash or in kind or for value to be received	4,045.73	6,630.43
Receivable from Italian – Thai Development Public Company Limited [(refer note 26(d))]	954.12	474.72
Deposits	2,094.91	1,781.57
Taxes paid (net of provision for taxation – Rs. 3,529.65 lakhs) (2008 – Rs. 3,024.68 lakhs) (include tax deducted at source – Rs. 1,059.17 lakhs (2008 – Rs. 1,501.74 lakhs), for which the certificates are yet to be received from the customers.	5,356.09	5,118.49
	12,450.85	14,005.21
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	445.75	445.75
	12,896.60	14,450.96
Less: Provision for doubtful loans and advances	445.75	445.75
	12,450.85	14,005.21

ITD Cementation India Limited

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

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
12. CURRENT LIABILITIES		
Acceptances	2,770.54	6,796.95
Sundry creditors – other than Micro and Small Enterprises (refer note 34)	10,037.60	14,512.11
Advances from customers	17,473.15	22,794.73
Liability towards Investors Education & Protection Fund		
– Unclaimed dividends (not due)	3.69	4.09
Interest accrued but not due on loan	16.61	62.85
Other liabilities	11,565.94	13,604.74
	41,867.53	57,775.47
13. PROVISIONS		
Gratuity	215.28	378.94
Leave benefits	317.64	276.36
Provision for provident fund	91.74	73.62
Proposed dividend	115.16	115.16
Provision for tax on proposed dividend	19.57	19.57
	759.39	863.65
14. REVENUE		
Turnover	145,976.44	127,978.35
Movement in unbilled work in progress	444.42	5,397.35
Service Income from joint ventures	1,043.43	289.39
	147,464.29	133,665.09
15. OTHER INCOME		
Profit on sale of assets (net)	145.43	30.00
Sundry creditors' balances written back	54.04	55.15
Bad debts recovered	47.58	69.27
Interest		
– Interest on bank deposits (including tax deducted at source Rs. 18.69 lakhs (2008 – Rs. 0.70 lakh)	139.66	36.68
– Interest on IT refund	—	7.53
– Other Interest (tax deducted at source Rs. Nil (2008 – Rs. Nil) (refer note 32)	524.84	4.15
Insurance Claim	117.62	124.57
Miscellaneous income	105.27	350.90
	1,134.44	678.25

Schedules forming part of the Consolidated Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
16. SITE AND ADMINISTRATIVE COSTS		
Personnel costs		
Salaries, wages and bonus	11,514.46	9,029.07
Contribution to provident, gratuity and other funds	803.85	878.49
Staff Welfare expenses	348.79	289.06
	12,667.10	10,196.62
Construction materials	57,941.54	57,145.49
Sub-contract costs	24,188.80	24,660.80
Plant hire expenses	4,670.00	5,951.87
Power and fuel	6,397.76	7,003.67
Sales tax on works contracts	3,136.78	2,051.24
Miscellaneous expenses	1,787.67	1,800.17
Travel	748.67	788.57
Tools and equipment	1,789.80	1,499.33
Site transport and conveyance	2,165.84	2,130.29
Repairs and maintenance:		
– Plant and machinery	815.06	588.20
– Others	104.09	77.60
Insurance	985.62	903.23
Professional fees	1,483.27	1,913.60
Rent (refer note 35)	7,660.10	2,177.27
Spares	1,342.80	958.11
Security charges	506.59	505.41
Temporary site installations	1,379.23	1,081.81
Postage, telephone and telegram	182.94	210.95
Water charges	254.25	131.56
Printing and stationery	126.58	114.19
Fees and subscription	115.06	61.23
Infotech expenses	132.13	169.55
Service tax	717.39	806.06
Soil testing expenses	8.32	23.39
Labour cess	795.94	368.40
R & D expenses	132.14	—
Auditors' remuneration	69.84	59.66
Royalty expense	463.50	473.94
Exchange loss (net)	95.62	584.07
Directors' fees	3.15	2.35
	132,867.58	124,438.63
17. INTEREST AND FINANCE EXPENSES		
Interest on bank borrowings		
– on working capital demand loan	305.94	104.33
– on overdraft	3,892.26	1,859.07
– on short term loan	494.79	363.15
– on external commercial borrowings (buyer's credit)	105.27	141.13
– on letter of credit	21.13	145.59
Interest on commercial papers	218.88	77.39
Interest on long term loan from financial institution	282.46	612.37
Interest on advances from customers	1,156.98	575.22
Interest on others	488.55	282.65
Bank charges and guarantee commission	1,537.62	1,406.75
	8,503.88	5,567.65

ITD Cementation India Limited

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

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

	2009	2008
18. PROVISION FOR DOUBTFUL DEBTS		
Bad debts written off during the year	134.68	185.96
Add: Provision for doubtful debts, end of year	1,197.83	522.27
Less: Provision for doubtful debts, beginning of year	522.27	230.24
Net provision for doubtful debts	810.24	477.99
19. COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	205.26	2,038.53
20. CONTINGENT LIABILITIES		
(a) Guarantees given by banks in respect of normal contracting commitments given in the normal course of business	34,848.22	45,698.18
(b) Corporate Guarantee given to bank on behalf of Joint Venture	1,500.00	11,000.00
(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	21,074.14	15,816.22
(d) Sales tax matters pending in appeals	310.74	138.50
(e) Service tax matters under dispute	—	173.50
(f) Income tax matters pending in appeal	2,276.48	2,273.81
(g) Excise matter pending in appeal	52.00	52.00
21. PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURES AT THE BALANCE SHEET DATE		

Notes forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

22. GRATUITY AND OTHER POST EMPLOYMENT BENEFITS

As per Accounting Standard 15 (Revised) "Employee Benefits", the disclosure as defined in the Accounting Standard are given below:

The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the respective plans.

Profit and Loss Account

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

Current Service Cost	
Interest Cost	
Expected return on Plan Assets	
Net Actuarial (Gains)/Losses for the period	
Past Service Cost	
Net benefit expense	
Actual return on plan assets	

Gratuity	
2009	2008
104.61	109.60
62.00	51.25
(54.86)	(38.55)
(69.51)	207.30
—	—
42.24	329.60
134.42	1.69
1,029.29	918.53
814.01	539.53
215.28	379.00
918.54	655.26
104.61	109.60
62.00	51.25
10.04	170.45
(65.90)	(68.02)
1,029.29	918.54
539.53	425.80
54.86	38.55
205.96	180.06
(65.90)	(68.02)
79.56	(36.86)
814.01	539.53

Balance Sheet

The details of provision for gratuity and leave encashment are summarised below:

Defined Benefit Obligation	
Fair value of plan assets	

Plan Liability

There is no unrecognised past service cost

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

Defined benefit obligation at beginning of the period	
Current service cost	
Interest Cost	
Net Actuarial (Gains)/Losses	
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 during the year are as follows:

Plan assets at beginning of the period	
Expected return on Plan Assets	
Contributions by employer	
Benefit Paid	
Actuarial Gain/(Loss) on Plan Assets	

Fair value of Plan Assets at end of the period

Amount for the current and previous two years are as follows:

	2009	2008	2007
Defined Benefit Obligation	1,029.29	918.54	655.26
Plan Assets	814.01	539.53	425.8
Surplus/(Deficit)	(215.28)	(379.01)	(229.46)

The information on the allocation of the gratuity fund into major asset classes and the expected return on each major class is not readily available. However, the gratuity fund is invested in a Group Gratuity policy invested with the Life Insurance Corporation and Birla Sunlife Insurance. The fair value of plan assets with Life Insurance Corporation and Birla Sunlife Insurance at December 31, 2009 are Rs. 79.20 lakhs (2008 – Rs. 129.63 lakhs) and Rs. 734.82 lakhs (2008 – Rs. 409.90 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.

ITD Cementation India Limited

Notes forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

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

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

Discount rate

Expected rate of return on plan assets

Expected rate of salary increase

Attrition rate

Withdrawal rates

Expected average remaining service

2009	2008
7.50%	7.00%
—	—
5.50%	5.50%
2%	2%
Upto age 44 – 2%	Upto age 44 – 2%
45 years & above – 1%	45 years & above – 1%
21.74 years	22.29 years

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

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

The Company's expense for the superannuation, a defined contribution plan aggregates Rs. 153.84 lakhs during the year ended December 31, 2009 (2008 – Rs. 105.63 lakhs).

The Company's expense for the provident fund aggregates Rs. 564.82 lakhs during the year ended December 31, 2009 (2008 – Rs. 436.68 lakhs).

23. 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	2009		2008	
	Proportion of Ownership Interest	Voting Power	Proportion of Ownership Interest	Voting Power
ITD Cementation Projects India Ltd.	100%	100%	100%	100%

24. JOINTLY CONTROLLED ENTITIES

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

Name of the Jointly Controlled Entities	% of Participation as at December 31, 2009	% of Participation as at December 31, 2008
ITD Cemindia JV	80%	80%
ITD-ITDCem JV	49%	49%
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	40%	40%

All the above are unincorporated jointly controlled entities in India.

Notes forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (continued)
as at 31 December 2009
(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:

BALANCE SHEET ITEMS	As at December 31, 2009		As at December 31, 2008	
Assets				
Fixed Assets	4,939.51		4,854.65	
Less : Depreciation	2,100.86		560.19	
		2,838.65		4,294.46
Capital Work-in-progress		227.13		41.20
Deferred Tax Assets		403.63		—
Current Assets:				
Inventories	3,981.00		5,556.24	
Unbilled Work-in-progress	4,989.22		6,968.76	
Sundry Debtors	6,540.43		10,257.41	
Cash & Bank Balances	2,990.63		2,964.35	
Loans & Advances	1,202.01		2,497.72	
Total Current Assets (A)		19,703.29		28,244.48
Current Liabilities (B)		13,888.30		23,543.74
Net Current Assets (A-B)		5,814.99		4,700.74
Total Assets		9,284.40		9,036.40
Liabilities				
Loan Funds:				
Secured Loans		375.93		2,058.00
Deferred Tax Liabilities		—		24.30
Reserves & Surplus				
Opening balance of retained earnings	1,284.14		437.90	
Add : Profit for the year	1,014.90		848.48	
		2,299.04		1,286.38
Total Liabilities		2,674.97		3,368.68
REVENUE ITEMS				
Turnover	50,683.42		37,715.72	
Other Income	404.48		209.72	
		51,087.90		37,925.44
Less : Expenses				
Site & Administration Cost	46,124.28		34,969.01	
Interest and Finance expenses	1,358.06		865.37	
Depreciation	1,766.34		422.98	
Total Expenses		49,248.68		36,257.36
Profit/(Loss) Before Tax		1,839.22		1,668.08
Provision for Tax		1,244.34		455.25
Deferred Tax		(427.93)		345.09
Fringe Benefit Tax		7.91		19.27
Profit/(Loss) After Tax		1,014.90		848.47
Capital commitment		104.19		—
Contingent Liabilities		11,267.32		—

ITD Cementation India Limited

Notes forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

25. SEGMENT REPORTING

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

26. RELATED PARTY TRANSACTIONS

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

Italian-Thai Development Public Company Limited – Holding Company.

(b) Other entities with whom transactions have taken place

Name of Related Parties	Nature of Relationship
ITD Cemindia JV	Joint Venture
ITD – ITD Cem JV	Joint Venture
ITD – ITD Cem JV (Consortium of ITD-ITD Cementation)	Joint Venture

(c) Remuneration to Key Management Personnel

	2009	2008
(1) Mr. S.S. Singh – Managing Director	66.58	100.07
(2) Mr. Adun Saraban – Additional Director (appointed on August 12, 2009)	17.88	—
(3) Mr. S. Mukundan – Deputy Managing Director (resigned on June 12, 2009)	28.47	30.62
(4) Mr. A.K.Chatterjee – Director- General Manager (resigned on February 29, 2008)	—	20.04
(5) Mr. P. B. Patwardhan – Chief Financial Officer	33.51	32.93
	146.44	183.66

Excess liabilities no longer required, adjusted against personnel costs, includes commission no longer payable to directors of Rs. 62.25 lakhs (2008 – Rs. 45.21 lakhs).

(d) Transactions with related parties, referred to in item (a) above

Previous year figures are given in bracket

Nature of Transactions	Holding Company
Revenues earned from contract execution	771.31 (1,640.72)
Balance receivables for contract execution	505.26 (1,947.76)
Lease rental expenses	5,274.69 (858.04)
Royalty expenses	463.50 (473.94)
Interest expense on Mobilisation Advance	— (28.71)
Balance receivable at the year end	954.12 (474.72)
Corporate guarantee issued by	6,000.00 (4,000.00)

Note:

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

Notes forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (continued)
as at 31 December 2009
(Currency : Indian Rupee in lakhs)

27. EARNINGS PER SHARE

	2009	2008
(a) Net Profit after taxation	540.56	549.87
(b) Calculation of weighted average number of equity shares of Rs. 10/- each		
Number of shares at the beginning of the year	11515790	11515790
Number of shares issued during the year	—	—
Number of shares at the end of the year	11515790	11515790
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	11515790	11515790
(c) Basic and diluted earnings per share (nominal value of Rs. 10/- each (2008: nominal value Rs. 10/- each))	4.69	4.77

28. The Company has recognised escalation on two road contracts till December 31, 2009 aggregating to Rs. 2,028 lakhs (December 31, 2008 – Rs. 2,028 lakhs). Sundry Debtors at December 31, 2009 include Rs. 1,140 lakhs (December 31, 2008 – Rs. 1,140 lakhs) out of this amount. These escalation claims were disputed by the customer and 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. As at December 31, 2009 an amount of Rs.1,140 lakhs (December 31, 2008 – Rs. 1,140 lakhs) is still receivable from customer. Management is reasonably confident of recovery of this amount based on the above and independent legal advice from eminent legal counsel in the matter. These contracts have been completed and hence during the year ended December 31, 2009, the Company has not recognised any turnover or escalation claims on these road contracts.

29. The Company has recognized variation claims of Rs. 5,042 lakhs (December 31, 2008 – Rs. 4,182 lakhs) [including Rs. 2,801 lakhs till December 31, 2009 (December 31, 2008 – Rs. 4,026 lakhs) under arbitration], which are also included in the balance of sundry debtors at December 31, 2009. These claims are disputed by the customer. Of these, the Company has received arbitration awards of Rs. 2,241 lakhs (December 31, 2008 – Rs. 2,610 lakhs) in its favour which have been challenged by the customer. During the year ended December 31, 2009, no variation claim was recognised by the Company. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is reasonably confident of recovery of the same.

30. Sundry Debtors as at December 31, 2009 include Rs. 3,384 lakhs (December 31, 2008 – Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification provided in the respective contracts. The management is reasonably confident of the certification and recovery of the same progressively on these contracts based on past experience of the Company, assessment of work done and the fact that these amounts are not disputed by the customer.

31. Sundry Debtors at December 31, 2009, include an amount of Rs. 1,225 lakhs (December 31, 2008 – Rs. 1,225 lakhs) recognized as income in the earlier years. Based on the payment schedule originally agreed with the customer, the above mentioned claim was expected to be received by the Company over a period of time commencing from financial year 2008/2009. No amounts have been received by the Company till date and further rescheduling of the payment which was in progress at December 31, 2008 has not yet been finalised. The realisability of this amount of Rs. 1,225 lakhs is dependent upon finalization of the rescheduled payment plan and the customer adhering to the same. The management is in advanced stage of discussion with the client and confident of recovering the amount due.

32. Debtors at December 31, 2009 include variation claims of Rs. 1,515 lakhs (including Rs. 554 lakhs recognised as revenue and Rs. 525 lakhs recognised as interest income during the year ended December 31, 2009) for which the Company had received an arbitration award in its favour which has subsequently been upheld by the district court.

ITD Cementation India Limited

Notes forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account (continued)

as at 31 December 2009

(Currency : Indian Rupee in lakhs)

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

	2009	2008
(a) Contract revenue recognised as revenue in the period Clause 38 (a)	146,530.88	133,375.70
(b) Aggregate amount of costs incurred and recognised profits up to the reporting date on Contract under progress Clause 39 (a)	347,305.18	301,138.80
(c) Advance received on Contract under progress Clause 39 (b)	17,473.15	22,794.73
(d) Retention amounts on Contract under progress Clause 39 (c)	4,805.95	5,054.20
(e) Gross amount due from customers for contract work as an asset Clause 41 (a)	30,424.76	13,608.29

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

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

35. OPERATING LEASE

- (a) The Company has taken various residential/commercial premises on cancellable operating lease. These lease agreements are normally renewed on expiry. The cancellable lease payments recognised in the profit and loss account for the year is Rs. 1,161.18 lakhs (2008 – Rs. 1,016.21 lakhs)
- (b) The Company has taken on non-cancellable operating lease certain assets, the future minimum lease payments in respect of which as at December 31, 2009 are as follows:

Minimum Lease Payments

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

Total

2009	2008
2,402.97	4,262.37
859.36	2,593.05
—	—
3,262.33	6,855.42

- (c) Non-cancellable lease payments recognised in the profit and loss account for the year is Rs. 6,498.92 lakhs (2008 – Rs. 1,161.06 lakhs)
- (d) General descriptions of lease terms
- (i) Lease rentals are charged on the basis of agreed terms.
- (ii) Assets are taken on lease over a period of 3–5 years.

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

As per our report of even date

For S.R.Batliboi & Associates

Chartered Accountants

per Amit Majmudar

Partner

Membership No.: 36656

Mumbai

Date: March 4, 2010

For and on behalf of the Board of Directors

Adun Saraban

Managing Director

P. Chakornbundit

Director

P. B. Patwardhan

Chief Financial Officer

R. C. Daga

Company Secretary

Mumbai

Date: March 4, 2010

FINANCIAL HIGHLIGHTS

(Currency : Indian Rupee in lakhs)

Particulars	FINANCIAL RESULT							
	STANDALONE					CONSOLIDATED		
	12 months to 31-12-05	12 months to 31-12-06	12 months to 31-12-07	12 months to 31-12-08	12 months to 31-12-09	12 months to 31-12-07	12 months to 31-12-08	12 months to 31-12-09
Total Income	51,471.29	58,533.26	79,753.21	97,961.41	99,711.25	92,815.75	134,343.34	148,598.73
Profit/(Loss) before Tax	52.38	256.60	1,294.00	644.01	766.32	1,493.89	1,463.56	1,590.69
Profit after Tax	374.49	269.95	904.74	549.93	540.53	904.58	549.87	540.56
Dividend	Nil	Nil	269.46	134.73	134.73	269.46	134.73	134.73
Retained Earnings	377.02	269.95	635.28	415.20	405.80	635.12	415.14	405.83
Gross Block	10,976.37	13,850.63	17,497.71	22,863.90	29,370.65	18,633.93	27,718.54	34,310.17
Net Block	4,497.00	6,468.38	8,727.85	12,282.66	15,859.82	9,726.86	16,577.12	18,698.49
Total Net Assets	17,665.29	27,401.11	42,827.13	76,481.86	85,052.64	43,169.97	78,505.91	85,428.38
Share Capital	460.66	575.81	1,151.58	1,151.58	1,151.58	1,151.58	1,151.58	1,151.58
Reserves	4,530.81	10,220.96	33,481.64	33,831.70	34,237.50	33,481.48	33,831.48	34,237.31
Borrowings	12,562.82	16,604.34	8,193.91	41,498.58	49,663.56	8,536.91	43,522.85	50,039.49
Deferred Tax Liability/(Asset)	111.00	Nil	Nil	Nil	Nil	(320.79)	24.30	(403.63)
Total Fund	17,665.29	27,401.11	42,827.13	76,481.86	85,052.64	43,169.97	78,505.91	85,428.38
Earnings per Share (Rs.)	8.18	5.54	12.55	4.78	4.69	12.55	4.77	4.69
Dividend per Share (Rs.)	Nil	Nil	2.00	1.00	1.00	2.00	1.00	1.00
Book Value per Share (Rs.)	108.36	187.50	300.74	303.78	307.31	300.74	303.78	307.31

Notes

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