Cem

ITD Cementation India Limited

ANNUAL REPORT 2010

cover

8.5 " x 11.0 "

Concrete placement at Mazgaon Dock, Mumbai

Beam erection by gantry at Tuticorin, Tamilnadu

Diaphragm wall cage lifting at Subhas Sarobar at Kolkata

Shiplift structure at Dahej, Gujarat

ITD Cementation India Limited

Committees of Directors

Audit Committee
P. Hofvander
D. E. Udwadia
P. Chakornbundit

Remuneration Committee
D. E. Udwadia
P. Karnasuta
P. Chakornbundit
P. Hofvander

Shareholders/Investors' Grievance Committee
P. Chakornbundit
A. Saraban

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Annual General Meeting
Thursday, 28th April, 2011, 3.00 p.m.
Chavan Centre – Auditorium, Mumbai - 400 021.

Board of Directors
P. Karnasuta, Chairman
A. Saraban, Managing Director
D. E. Udwadia
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
Udwadia & Udeshi, Mumbai

Registrars and Share Transfer Agents
Karvy Computershare Private Limited
Plot No. 17 to 24,
Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081.

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

Area Offices
Mumbai
Kolkata
Delhi
Chennai

R & D Location
Kolkata

Directors' Report

The Directors present herewith their Report and Statement of Accounts for the year ended 31st December, 2010.

FINANCIAL RESULTS

	(Rupees In Lakhs)	
	Year 2010	Year 2009
Total Income	**109,573.75**	99,711.25
Gross Profit before depreciation and bad debts	**5,795.59**	4,636.57
Less: Depreciation on fixed assets	**3,075.15**	3,060.01
Net Profit before provision for doubtful debts	**2,720.44**	1,576.56
Less: Provision for doubtful debts	**1,496.95**	810.24
Profit before Taxation	**1,223.49**	766.32
Less: Provision for Taxation	**284.98**	225.79
Profit after Taxation	**938.51**	540.53
Add : Surplus of previous year brought forward	**2,007.99**	1,615.70
Add: Corporate dividend tax written back	**0.45**	-
Amount available for appropriation	**2,946.95**	2,156.23
Directors' recommendation for appropriation:		
Proposed Dividend	**172.74**	115.16
Dividend Distribution Tax	**28.69**	19.57
Transfer to General Reserve	**46.93**	13.51
Balance carried to Balance Sheet	**2,698.59**	2,007.99
	2,946.95	2,156.23

DIVIDEND

The Directors are pleased to recommend dividend of ₹1.50 per share (2009– ₹1.00 per share), on 115,15,790 equity shares of ₹10 each fully paid. The above dividend, together with tax thereon, when approved, will represent about 21% of distributable profits of ₹ 938.51 Lakhs for the year.

REVIEW OF OPERATIONS

Revenue for the year was ₹107,193 Lakhs compared to ₹97,967 Lakhs for the year 2009 an increase of 9% over the previous year. Consolidated revenue for the year was ₹146,216 Lakhs as compared to ₹147,464 Lakhs last year.

For the year 2010, the Company has made a profit before tax of ₹1,223 Lakhs compared to a profit of ₹ 766 Lakhs for the year 2009, showing an increase of 60%.

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

The Consolidated profit before tax for the year was ₹2,075 Lakhs compared to profit before tax of ₹1,591 Lakhs for the year 2009, an increase of 30%.

The Directors have reviewed the outstanding debts and have decided to write-off ₹ 1,125.28 Lakhs (2009– ₹ 134.68 Lakhs).

Total value of new contracts secured during the year aggregated ₹193,139 Lakhs (2009 – ₹163,689 Lakhs). Major contracts include-

- Construction of Integrated Cargo Terminal Facility at Jaigad, Maharashtra.
- Design and Construction of Container Terminal at South Port, Mundra, Gujarat.
- Construction of Berth no.3 at Karaikal Port, Pondicherry.
- Construction of Tunnels for Konkan Railway Corporation Limited, Jammu & Kashmir.
- Construction of General Civil Works for Ultra Mega Power Project at Sasan, Madhya Pradesh.
- Design and Construction of Approach Tunnel and Station for Underground Works on East-West Corridor of Stage-I of Phase I of Jaipur Metro in Jaipur, Rajasthan.
- Piling Work for South Side of Paradip Refinery Project at Paradip, Orissa.

New contracts secured in Joint Venture with ITD:

During the year, your Company in joint venture with Italian-Thai Development Public Company Limited (ITD) has been awarded two projects namely Construction of Elevated Road and Metro Viaduct for Stage I of Jaipur Metro for Delhi Metro Rail Corporation in Jaipur valued at ₹ 22,869 Lakhs and Design and Construction of Underground Section from Central Station to Subhas Sarobar for Kolkata Metro Rail Corporation Limited valued at ₹ 90,863 Lakhs.

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

- Road Project, Purnea, Bihar.
- Construction of Tunnel for Meghalaya State Electricity Board.
- Various Piling and Civil Works in Punjab, Orissa, Andhra Pradesh and Maharashtra.
- Construction of Diaphragm Wall at Uttaranchal and Delhi.

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

(a) Sundry Debtors at December 31, 2010 include variation claims of ₹3,910 Lakhs recognized upto December 31, 2010, which are disputed by the customer. Out of this, claims amounting to ₹ 2,346 Lakhs are a subject matter of arbitration. The Company has received arbitration awards in its favour in respect of the balance amount of ₹1,564 Lakhs of which, an amount of ₹1,109 Lakhs have since been challenged by the customer. Based on the legal advice from Company's counsel in the matter, the management is reasonably confident of recovery of the amounts awarded.

(b) Sundry Debtors at December 31, 2010 include ₹3,384 Lakhs representing interim work bills for work done which have not been certified by the 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.

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

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

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

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

OUTLOOK

Your Company has gained from the successful execution of the underground and elevated sections for Delhi Metro. During the year, the Company has been awarded a project for the execution of underground works for Kolkata Metro and elevated sections for Jaipur Metro.

Your Company's presence in other segments such as Marine and Industrial projects has resulted in award of further projects at Jaigad, Mundra and Karaikal Ports and of a large power project respectively. Your Company also received a large order of piling work for construction of a Refinery at Paradip, amongst others.

Your Company also received an order from Konkan Railway for the construction of a major tunnel near Jammu.

The latter part of the current year has witnessed pressure on interest rates as well as a rise in inflation. These rates are likely to harden further in the short to medium term. There is also an upward trend in the prices for petroleum products.

In view of these challenges, we remain cautiously positive for the year 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 2009 of approximate Baht 41,455 million (about ₹ 6,273.26 Crores) which puts it in the lead position amongst contractors in Thailand. In 2009, ITD had a skilled work force of around 23,285 employees, including around 1,374 qualified engineers. An experienced in-house training division provides its employees with continuous training in safety and construction skills. The business operations of ITD are in nine major categories namely: buildings; industrial plants; pipelines and utility works; highways, railways, bridges and expressways; airports, ports and marine works; dams, tunnels and power plants; mining; steel fabrication and telecommunications.

SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

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, 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, 2010 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, 2010 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 frequently used systems at our project sites to derive optimization, reduction in 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 forms 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under report. It is further stated that the Board of Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the 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. Pathai Chakornbundit and Mr. D.P. Roy 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 ITD for its continued support extended and guidance provided to your Company.

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

For and on behalf of the Board

Premchai Karnasuta
Chairman

February 24, 2011

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 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 loads sharing Engine Generator Control Package (EGCP). One generator is stopped when load stabilises (non peak loads). At our Kolkata Airport Project, 16 generators have been replaced by 3 generators with only one running at any time, thus saving fuel.
- Generators are stopped during non peak hours like lunch period.
- Drilling rigs with Euro IV engines only were purchased in 2010 thus increasing fuel efficiency.
- Hydraulic hammers are being used at a site near Delhi for driving precast piles. Apart from offering improved efficiency for driving in tough sub-surface conditions, this hammer has been able to save 35 litres of diesel per m^3 of precast pile during driving as compared to driving using pneumatic hammers that were used on this site earlier.

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

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

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

Decrease in diesel consumption per unit work done.

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

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

Not applicable

B) Technology Absorption

Research & Development (R & D)

1. Use of PolyMud Based Borehole Stability Techniques

   In conventional borehole support technique for bored cast-in-situ piles, bentonite slurry is used. The bentonite based support system has limitations especially in pervious sands and very soft clays/ silts. Currently, research is in progress at a bored piling site at Krishnapatnam near Chennai. Three test bores have been earmarked and are planned to be supported by a synthetic *PolyMud* power mixed with water. *PolyMud* is a highly concentrated dry synthetic and environmentally friendly polymer, which has stabilizing effect for diverse types of soil profiles. Outcome of this research is expected to bring under purview a borehole support system which can be applied to difficult geological conditions.

2. Pile Load Transfer Studies Using Electronic Instrumentation

   Large diameter Instrumented pile load tests are planned to be conducted before the first half of 2011. Two separate sites have been identified, where your Company is also executing piling and underground structures. These piles shall be instrumented with Strain gauges and Multi-point Extensometer to study pile resistance in different strata. Outcome of these tests are expected to optimize the pile design leading to economic pile construction.

Technology Absorption, Adaption and Innovation

1. Spun Pile Driving and Analyses

   Pre-stressed concrete Segmented Spun piles were driven for the first time in India by ITD Cementation. Spun piles are hollow cylindrical concrete 600 and 400mm diameter piles with wall thickness of about 100mm were used. Drivability studies were undertaken using a specially procured simulative software *GRLWEAP* which facilitated choice of pile helmet, cushion material, segment joints and hence the hammer energy requirements. Based on the outcome of this simulation, a hydraulic hammer of variable weight was used and a pioneering piling operation was initiated to successfully drive 36 Spun piles, each to about 40m length.

2. Use of two level Composite Girders for Pile Load Tests

   A two level composite girder was fabricated for conducting Initial load test - which are particularly meant for very heavy loads exceeding 1700 tons. This composite girder was designed comprising top and bottom element which were connected by a bolting system. For routine pile load tests, involving lesser loads, individual elements of the composite girder could be used independently. Use of this scheme offered economic advantages and conveniences of transport, shifting, and installation which translates to conducting load tests at reduced time period.

3. Conversion of Marine Piling into Land based Piling

   In a piling project for a shipyard at Gujarat, marine piling was envisaged requiring profuse use of gantry and cantilever platform. Marine piling would have been time taking, costly and tedious. To overcome all these disadvantages, marine piles were converted into land piles by extending the land mass through temporary fills within a cofferdam. Innovative exercises in this scheme included use of twin casing system of which the outer guide casing extended to 21m below the ground. This scheme provided stability during boring operations not only for vertical, but also for inclined piles in a filled-up ground. The whole exercise of conversion of piling scheme facilitated construction at more than 50% enhanced pace and reduction in material and resources.

C) Foreign Exchange Earnings and Outgo

1. The Company did not have any export during the year under the report.
2. The Company is continuing its efforts to identify opportunities of securing overseas contracts in its specialist activities.
3. There were no earnings in foreign exchange from construction and related activities during the year under report and the outgo on account of travelling, ECB & interest on ECB, royalty, dividend, bank and other charges, purchase of tender document, import of raw materials, consumables, capital goods, tools and spare parts aggregated to ₹ 3,683.11 Lakhs.

For and on behalf of the Board

Premchai Karnasuta
Chairman

February 24, 2011

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 2010		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	6	1	No	Nil	Nil
Mr. Pathai Chakornbundit	Non- Independent, Non– Executive	6	4	Yes	Nil	Nil
Mr. D. E. Udwadia	Independent, Non– Executive	6	5	Yes	13	9 (includes 1Chairmanship)
Mr. Per Hofvander	Independent, Non– Executive	6	5	Yes	Nil	Nil
Mr. D.P. Roy	Independent, Non– Executive	6	5	No	6	4 (includes 2 Chairmanships)
Mr. Peshwan Jehangir	Independent, Non– Executive	6	6	Yes	Nil	Nil
Mr. Adun Saraban	Executive	6	6	Yes	1	Nil

*Excludes membership / chairmanship of non-mandatory committees.

i) 6 meetings of the Board of Directors were held during the Company's financial year ended 31st December, 2010. The dates on which the meetings were held are as follows: 11th January, 4th March, 27th April, 28th July, 29th September and 26th October, 2010.

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. Udwadia are independent. During the financial year ended 31st December, 2010 the Audit Committee had held five meetings. Meetings were held on 11th January, 4th March, 27th April, 28th July and 26th October, 2010. Attendance of members/ directors was as under:

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

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

Mr. R.C. Daga, Company Secretary, attended the meetings of Audit Committee held during the year 2010.

(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, 2010, the Company has one wholly owned non material unlisted subsidiary namely ITD Cementation Projects India Limited. The Financial Statements are reviewed by the Audit Committee. All minutes of the meetings of the Subsidiary are placed before the Company's Board regularly.

5. Remuneration Committee

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

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

Remuneration Committee comprises 4 non-executive directors viz. Mr. D. E. Udwadia, Mr. Premchai Karnasuta, Mr. Pathai Chakornbundit and Mr. Per Hofvander. Mr. D. E. Udwadia and Mr. Per Hofvander are independent directors. The Committee held 2 meetings during the year 2010 on 4th March and 26th October, 2010.

Name of the Directors	No. of Meetings held	No. of Meetings attended
Mr. D.E. Udwadia, Chairman	2	2
Mr. Premchai Karnasuta	2	-
Mr. Pathai Chakornbundit	2	2
Mr. Per Hofvander	2	2
Mr. Peshwan Jehangir[1]	2	2

1. Independent Director co-opted as a Member of Remuneration Committee on 4th March, 2010 and 26th October, 2010 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 market within the same industry and across various industries with a view to attract and retain the right talent.

(iv) Details of Remuneration to the Directors

Executive Directors are paid remuneration by way of salary, commission, perquisites and retirement benefits as recommended by the Remuneration Committee and approved by the Board of Directors and Shareholders of the Company. Notice period is six months in case of Managing 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 is 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 the paid-up share capital of the Company.

The Company paid ₹649,854/- to law firms of M/s. Udwadia & Udeshi, Mumbai and ₹339,245/- to M/s. Udwadia Udeshi & Co., Delhi, as fees for professional services that were provided by the said firms to the Company on specific legal matters entrusted to them from time to time. Mr. Udwadia is a partner of the above two firms. The Board does not consider the firms' association with the Company to be of a material nature so as to affect the independence of judgement of Mr. Udwadia as a Director of the Company.

Details of remuneration payable to Executive and Non Executive Directors of the Company for the year ended 31st December, 2010 are given below:

	Name of the Director	Service Contract Years/ months	Salary ₹	Com-mission ₹	Perquisites and cost of providing furnished residential accommod-ation ₹	Retire-ment Benefits ₹	Total sitting fees ₹
(a)	Executive Director						
1.	Mr. Adun Saraban	40 months and 20 days from 12.08.2009 to 31.12.2012	2,400,000	600,000	2,528,000	288,000	NIL
Notes:	(1) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. (2) Retirement benefits comprise Provident Fund and Gratuity.						
(b)	Non-executive Directors						
1.	Mr. D.E. Udwadia	-	NIL	200,000	NIL	NIL	185,000
2.	Mr.D.P. Roy	-	NIL	200,000	NIL	NIL	25,000
3.	Mr. Peshwan Jehangir	-	NIL	200,000	NIL	NIL	55,000
	Total		2,400,000	1,200,000	2,528,000	288,000	265,000

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

6. Shareholders Committee

6.A. Shareholders / Investors' Grievance Committee

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

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

Shareholders/Investors' Grievance Committee comprises two directors and the Committee is headed by Mr. Pathai Chakornbundit, a Non-Executive Director. The Committee held 4 meetings during the year 2010 on 4th March, 27th April, 28th July and 26th October, 2010.

Name of the Directors	No. of Meetings held	No. of Meetings attended
Mr. Pathai Chakornbundit	4	4
Mr. Adun Saraban	4	4

(ii) Brief description of terms of reference

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, 2010, 45 complaint letters were received from the shareholders which were replied/resolved to the satisfaction of shareholders. No complaints remained unresolved at the end of the year.

6.B. Share Transfer Committee

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

(i) Terms of reference

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

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

(ii) Name and designation of Compliance Officer

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

(iii) Number of pending share transfers

As on 31st December, 2010 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 33rd 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
31.12.2009	27.04.2010 3.00 p.m Jaihind College, 'A' Road, Churchgate, Mumbai	None	
31.12.2008	29.04.2009 3.00 p.m Patkar Hall, S.N.D.T. Women's University, Mumbai	3	Payment of remuneration to the Executive Directors under Sections 198, 309 and other applicable provisions of the Companies Act, 1956.
31.12.2007	30.04.2008 3.00 p.m Chavan Centre – Auditorium Yashwantrao Chavan Pratishthan, Mumbai.	None	_

(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 24th February, 2011 to approve the Audited Annual Accounts for the year ended 31st December, 2010.

9. Means of Communication

(1) The quarterly Unaudited Consolidated Financial Results and Audited Annual Consolidated Financial Results are published in prominent daily newspapers. Such Financial Results were published in the Financial Express and Dainik Mumbai Lakshdeep. Quarterly Unaudited Standalone Financial Results and Audited Annual Standalone Financial Results are available on Company's website (www.itdcem.co.in).

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

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

(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 : 28th April, 2011
Time : 3.00 p.m.
Venue : Chavan Centre – Auditorium, Yashwantrao Chavan Pratishthan, General Jagannath Bhosle Marg, Mumbai- 400 021.

Dates of Book Closure

Thursday, 21st April, 2011 to Thursday, 28th April, 2011, both days inclusive.

Financial Year of the Company

January to December

Date of Dividend Payment

Dividend for 2010, if any, that may be declared at the Annual General Meeting will be paid on 6th May, 2011

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 2010-2011 (upto 31.3.2011) 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): ITDCEM

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 2010

Months	High (₹)		Low (₹)		Close (₹)	
	ITD Cem price	BSE Sensex	ITD Cem price	BSE Sensex	ITD Cem price	BSE Sensex
January	247.30	17790.33	193.00	15982.08	196.30	16357.96
February	214.95	16669.25	182.00	15651.99	188.40	16429.55
March	235.00	17793.01	185.05	16438.45	197.90	17527.77
April	292.40	18047.86	199.90	17276.80	265.60	17558.71
May	275.00	17536.86	211.00	15960.15	217.80	16944.63
June	269.90	17919.62	215.00	16318.39	254.30	17700.90
July	274.05	18237.56	230.25	17395.58	235.20	17868.29
August	264.00	18475.27	227.60	17819.99	234.25	17971.12
September	267.00	20267.98	229.05	18027.12	231.60	20069.12
October	274.90	20854.55	220.10	19768.96	246.15	20032.34
November	251.55	21108.64	200.00	18954.82	213.30	19521.25
December	270.00	20552.03	194.00	19074.57	250.00	20509.09

Registrars and Share Transfer Agents

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

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 Investigation Number (ISIN) allotted to the Company's name is INE686A01018.

As on 31st December, 2010, out of the 9847 shareholders 7614 shareholders have opted for dematerialisation of their shares aggregating to 11321879 shares i.e. around 98.32% of the total paid – up capital of the Company.

Shareholding Pattern as on 31st December, 2010

Particulars	No.of Shares held	Percentage to total share capital
Promoter – Italian-Thai Development Public Company Limited	8011318	69.57
General Public	2748749	23.87
Nationalised Banks	330	0.00
Mutual Funds	369143	3.21
Corporate Bodies	313949	2.73
NRI/OCB/FII	50173	0.43
Clearing Members	22128	0.19
Total	11515790	100.00

Distribution of Shareholdings as on 31st December, 2010

No.of Equity Shares	No.of Shareholders	% of Shareholders	No.of Shares	% of Shares
1 - 500	9151	92.93	965676	8.39
501 - 1000	382	3.88	281070	2.44
1001 - 2000	170	1.73	246907	2.14
2001 - 3000	46	0.47	119150	1.03
3001 - 4000	31	0.32	111812	0.97
4001 - 5000	12	0.12	53693	0.47
5001 - 10000	23	0.23	158623	1.38
10001 & above	32	0.32	9578859	83.18
Total	9847	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
Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081.
Tel : +91 40 44655000
Fax : +91 40 23420814
Email : einward.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 0799
Fax : +91 22 2673 0152
Email : 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
Email : 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, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

Per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
February 24, 2011

Management Discussion And Analysis

Indian Economy:

The Centre for Monitoring Indian Economy (CMIE) has estimated that India's Gross Domestic Product (GDP) will expand at 9.2% in 2010-2011 as compared to growth of 8% in 2009-2010. A major turnaround is expected from the agricultural and allied sector, which is projected to grow by 5.7% in 2010-2011.

According to Press Information Bureau (PIB), the Index of Six Core Industries stood at 278.0 (provisional) in December 2010 showing a growth of 6.6% (provisional) compared to 6.2% in December 2009. During April to December 2010-2011, Six Core Industries registered a growth of 5.3% (provisional) as against 4.7% during the corresponding period of the previous year. This indicates an upturn in growth.

The investment in infrastructure is likely to rise from 5.15% of GDP during the Tenth Plan to about 7.55% during the Eleventh Plan. This constitutes a significant shift in favour of investment in infrastructure. Except in some sectors, the overall performance of infrastructure during the Eleventh Plan compares well with the initial targets after accounting for the impact of the global financial crisis.

Industrial Structure and Developments – Construction:

The Eleventh Plan emphasized the importance of investment in infrastructure for achieving a sustainable and inclusive growth of 9 to 10% in GDP over the next decade. In this context, it envisaged an increase in investment in physical infrastructure from the level of about 5% of GDP witnessed during the Tenth Plan to about 9% of GDP by 2011-12 (terminal year of the Eleventh Plan). This was estimated to require an investment of ₹2,056,150 crore (US $ 514.04 billion) during the Eleventh Plan period as compared to an estimated investment of ₹871,445 crore (US $ 217.86 billion) during the Tenth Plan. Further, it was estimated that the contribution of the private sector in this investment would rise from about 20% in the Tenth Plan to about 30% in the Eleventh Plan.

Against the backdrop of the financial crises, the performance of the infrastructure sector has shown the resilience of the economy and its capacity to shield itself from such external influences. Although the projections for the Eleventh Plan have been downsized for some sectors keeping in mind the targets achieved in the first two years of the Plan, however, it is expected that with the revival of the economy and the upbeat investment sentiment prevailing, the actual performance may turn out to be better than the revised projections of the Eleventh Plan.

Opportunities:

Recognising the importance of infrastructure development, the Eleventh Plan had estimated that the investment needed over the Plan period was about US$500 billion compared to projection of US $ 300 billion.

The Government of India has constituted a high level Committee on financing the infrastructure. The Committee will review the existing policy framework and make recommendations to enable the flow of larger amounts to capital resources into infrastructure projects under the Twelfth Five Year Plan.

A preliminary assessment suggests that investment in infrastructure during the Twelfth Plan (2012-2017) would need to be of the order of about ₹4,099,240 crore (US $ 1025 billion) to achieve a share of 9.95% as proportional of GDP. This would have to be kept priority area in the Twelve Plan in order to sustain and support the targeted growth in manufacturing, agricultural and services. Provision of world-class infrastructure would not only be necessary for improving the competiveness of the Indian economy but also for promoting inclusive growth and improving the quality of life of the common.

Ports:

The major ports in India handled approx. 468.26 MT of traffic during April 2010 – January 2011 as compared to 463.25 MT handled during the same period last year registering a growth of 1.08%, according to Indian Ports Association Data. Progress in this sector has been much below expectations. The investments during the Eleventh Plan are now projected at a level of ₹40,647 crore against the original projection of ₹87,995 crore. Out of the projected investment of ₹40,647 crore projected investment in 2011-2012 is ₹10,779 crore. Ministry of Shipping proposes to develop 48 projects with a capacity 393.27 MMT costing ₹29,905 crore over the Eleventh Plan Period

MRTS/Urban Infrastructure:

Urbanisation in India has been relatively slow in the past, but is now expected to accelerate. The urban population share may reach 50% in 25 years adding 300 to 400 million people to the existing population of about 350 million in urban areas. The present urban population is seriously underserved in terms of infrastructure.

This is expected to result in a growing demand from several states for setting up a metro project which are highly capital intensive. The metro projects sanctioned so far alone would need about ₹70,000 crore. The anticipated expenditure for the first three years of the Eleventh Plan is ₹8,318 crore. The Government encouraged private sector participation in major urban transport projects.

Airports:

Faster GDP growth in recent years has brought about a rapid growth in air traffic. This was built into the Eleventh Plan projections of the requirement of airport infrastructure.

The investment in the Eleventh Plan is now projected at ₹36,138 crore as against the original estimate of ₹30,968 crore and both public and private investments in airports are likely to increase compared to the investment projected. Out of the projected investment of ₹36,138 crore, projected investment for 2011-2012 is ₹7,434 crore. The Indian Aviation Industry has witnessed an impressive growth during the past few years.

Airport Authorities of India is planning city-side development of 24 airports including those at Ahmedabad and Amritsar. Additionally, 11 new Greenfield airports have been identified to reduce passenger load on existing airports.

Roads:

The Eleventh Plan envisaged an ambitious National Highway Development Programme (NHDP) aimed at upgrading and expanding national highways in phases. It has also envisaged accelerated development of rural roads through Pradhan Mantri Gram Sadak Yojana (PMGSY). Implementation of the NHDP programme is behind schedule, but it has improved since recently. The investment during Eleventh Plan are now projected at ₹278,658 crore compared with ₹314,152 crore in the original projections. The investment by the private sector is also expected to go down due to award of a lower number of BOT projects in the first three years of the Eleventh Plan. Ministry of Roads, Transport and Highways (MORTH) has decided to speed up the award and implementation of NHDP to achieve a completion rate of 20 kms of highways per day. This is likely to increase the investment during the last two years of the Eleventh Plan, but the major build up in expenditure consequent to this acceleration will be in the Twelfth Plan.

Irrigation:

Investment in irrigation and watershed management is a critical part of rural infrastructure. It remains a public sector activity only because the sector is nowhere near being commercially viable since water charges account for only about 20% of operating costs. The total investment in this sector is expected to be ₹246,234 crore in the Eleventh Plan which is 7.52% higher than earlier anticipated and it will be more than double the investment of ₹119,894 crore realised in the Tenth Plan.

Power:

The Twelfth Five Year Plan (2012-2017) envisages capacity additions of 100,000 MW. Of this 20,000 MW is to be hydro, 76,600 MW thermal and 3,400 MW nuclear.

The Eleventh Plan has projected an investment of ₹658,630 crore in the electricity sector which is slightly lower than the original projection of ₹666,525 crore. Out of the projected investment of ₹658,630 crore projected investment for the year 2011-2012 is ₹159,471 crore.

OUTLOOK:

Your Company has gained from the successful execution of the underground and elevated sections for Delhi Metro. During the year, the Company has been awarded a project for the execution of underground works for Kolkata Metro and elevated sections for Jaipur Metro.

Your Company's presence in other segments such as Marine and Industrial projects has resulted in award of further projects at Jaigad, Mundra and Karaikal Ports and of a large power project respectively. Your Company also received a large order of piling work for construction of a Refinery at Paradip, amongst others.

Your Company also received an order from Konkan Railway for the construction of a major tunnel near Jammu.

The latter part of the current year has witnessed pressure on interest rates as well as a rise in inflation. These rates are likely to harden further in the short to medium term. There is also an upward trend in the prices for petroleum products.

In view of these challenges, we remain cautiously positive for the year ahead.

Risks and Concerns:

Infrastructure remains a key constraint to growth in India. In several infrastructure projects significant time over runs and resultant costs overruns have delayed the actual realization of benefits of capacity addition.

Inflation- Negative supply shocks have imparted significant volatility to the inflation part particularly in food and fuel. Tightening of monetary supply by Reserve Bank of India resulting in higher interest rate which in turn increase production costs and affected capital accumulation and savings.

Delays in pre-construction activities such as land acquisition, environment clearances, frequent changes in project design, etc. affect the cost - benefit analysis undertaken by the contractors at the time of bidding. Such delays / problems resulted in losses and delays in commissioning of projects.

Construction industry faced trained manpower crunch. There are problems on Human Resources Development (HRD) front such as lack of harmonized skill upgrades, absence of national plan for HRD and the lack of incentive.

Dispute resolution - Currently, India does not have an efficient dispute resolution mechanism for disputes arising during the construction process. The present arbitration system is long drawn out and can stretch upto 10 years. The contract clauses are often unclear, leaving room for different interpretations by the different parties involved leading to disputes.

Internal Control Systems:

The Company has in place an internal control system comenstruate 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 2010 compared with the earlier two years is as under:

(Rupees in crore)

	2010	2009	2008
Total Revenue	1,071.93	979.67	965.60
Profit before tax	12.23	7.66	6.44

Total Revenue for the year was ₹ 1071.93 crore as compared to ₹ 979.67 crore last year, an increase of 9% over the previous year. Profit before tax increased from ₹ 7.66 crore to ₹12.23 crore showing an increase of 60% over the previous year. The increase in profit before tax was primarily due to better contribution especially from marine, foundation and specialist projects.

The work-in-hand as on 31st December, 2010 works out to approximately ₹ 3,536.61 crore including share in joint venture projects.

Consolidated Financial Performance:

Consolidated financial result for 2010 compared with earlier two years is as under:

(Rupees in crore)

	2010	2009	2008
Total Revenue	1,462.16	1,474.64	1,336.65
Profit before Tax	20.75	15.91	14.64

The Consolidated profit before tax for the year was ₹ 20.75 crore compared to profit before tax of ₹ 15.91 crore for the year 2009, an increase of 30%.

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, 2010, there were 1,663 employees in your Company's regular employment and 1,387 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, 2010 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Without qualifying our report, we draw attention to :

   i. Schedule 20 (x) of the financial statements which states that sundry debtors at December 31, 2010 include Rs. 2,964 lakhs (previous year Rs. 2,655 lakhs) relating to price escalation and variation claims which are disputed by the customer. These claims are in various stages of litigation and the realisability of these amounts is dependent upon these matters being finally resolved in favour of the Company. Of this an amount of Rs. 309 lakhs was a subject matter of qualification in the previous year.

   ii. Schedule 20 (xi) of the financial statements which states that work-in-progress at December 31, 2010 includes Rs. 1,812 lakhs, in respect of a contract which has been rescinded by the Company and Rs. 2,174 lakhs in respect of another contract where the Company has received a notice from the customer withdrawing from the Company the balance works to be executed under the contract; besides the Company has also issued guarantees aggregating Rs. 616 lakhs and Rs. 2,227 lakhs. The Company intends to pursue these matters, if necessary, through litigation. The realisability of these amounts is dependent upon these matters ultimately being resolved in favour of the Company. Based upon legal/expert advice received, management is reasonably confident of recovery of these amounts of work in progress.

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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi. *a. As described in Schedule 20 (xii)to the financial statements, sundry debtors at December 31, 2010 include variation claims of Rs. 3,910 lakhs (previous year Rs. 5,042 lakhs) which are disputed by the customer. Out of this, claims amounting to Rs. 2,346 lakhs (previous year Rs. 2,801 lakhs) are a subject matter of arbitration. The Company has received arbitration awards in its favour in respect of the balance amount of Rs. 1,564 lakhs (previous year Rs. 2,241 lakhs) of which, an amount of Rs. 1,109 lakhs (previous year Rs. 2,241 lakhs) have since been challenged by the customer. Our audit report on the financial statements for the year ended December 31, 2009 was also qualified in respect of this matter;*

b. *As described in Schedule 20 (xiii) to the financial statements, sundry debtors at December 31, 2010 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, 2009 was also qualified in respect of this matter;*

c. *In our view there is an uncertainty in respect of realisability of the claims and receivables described in paragraphs vi (a) and (b) above. Accordingly, pending the ultimate outcome of these disputes, arbitration and related matters and certification, we are unable to comment on the adjustments, if any, that may be necessary to revenue, sundry debtors, the profit before tax, reserves and earnings per share reported in the financial statements for the years ended December 31, 2010 and December 31, 2009;*

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, 2010;

(b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and

(c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
February 24, 2011

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.

(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	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
Sales Tax Act / Works Contract Tax Act	Tax	1,125,354	Year ended March 31, 2004	Commercial Tax Officer, Tamil Nadu
Sales Tax Act / Works Contract Tax Act	Tax	295,916	Period from April 1, 2007 to March 31, 2009	Commercial Tax Officer, Tamil Nadu
Sales Tax Act / Works Contract Tax Act	Tax	2,254,954	Year ended March 31, 2004	Asst Commissioner of Commercial Taxes, Bihar
Sales Tax Act / Works Contract Tax Act	Tax	26,325,047	Year ended March 31, 2008	Commercial Tax Officer, West Bengal
Central Sales Tax	Tax	49,788	Year ended March 31, 2008	Commercial Tax Officer, West Bengal
Central Excise Duty	Duty	5,169,538	Period from May 1998 to January 1999	Commissioner of Central Excise
Income Tax Act, 1961	Tax demanded on assessment u/s 144	53,030,830	Year ended March 31, 2004	Commissioner of Income Tax –(Appeals)
Income Tax Act, 1961	Tax demanded on assessment u/s 143(3)	151,511,711	Year ended March 31, 2005	ITAT
Income Tax Act, 1961	Tax demanded on assessment u/s 144	21,746,692	Year ended March 31, 2006	ITAT

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to its bankers or financial institutions. The Company did not have any outstanding debentures during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the

Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by an unincorporated joint 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
Firm registration number: 101049W
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
February 24, 2011

Balance Sheet

as at 31 December 2010
(Currency : Indian Rupee in lakhs)

	Schedules	2010	2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	*2*	**1,151.58**	1,151.58
Reserves and surplus	*3*	**34,975.03**	34,237.50
		36,126.61	35,389.08
Loan funds			
Secured loans	*4*	**50,499.99**	47,890.95
Unsecured loans	*5*	**1,967.72**	1,772.61
		52,467.71	49,663.56
Deferred tax liabilities / (asset), (net)	*6*	-	-
		88,594.32	85,052.64
APPLICATION OF FUNDS			
Fixed assets	*1.3 & 7*		
Gross block		**32,227.11**	29,370.65
Less: Accumulated depreciation		**16,464.51**	13,510.83
Net block		**15,762.60**	15,859.82
Capital work-in-progress (including capital advances)		**1,192.82**	158.79
		16,955.42	16,018.61
Investments	*1.5 & 8*	**3,730.57**	2,306.27
Current assets, loans and advances			
Inventories	*1.6 & 9*	**13,318.84**	12,150.06
Unbilled work-in-progress	*1.7*	**22,382.33**	23,083.22
Sundry debtors	*1.8 & 10*	**49,112.78**	41,313.92
Cash and bank balances	*1.16 & 11*	**3,477.79**	1,063.42
Loans and advances	*12*	**13,134.16**	18,038.04
		101,425.90	95,648.66
Current liabilities and provisions			
Current liabilities	*1.8 & 13*	**32,676.16**	28,178.00
Provisions	*14*	**841.41**	742.90
		33,517.57	28,920.90
Net current assets		**67,908.33**	66,727.76
		88,594.32	85,052.64
Significant accounting policies	*1*		
Notes to accounts	*20*		

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

As per our report of even date

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

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
February 24, 2011

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
February 24, 2011

Profit and Loss Account

for the year ended 31 December 2010
(Currency : Indian Rupee in lakhs)

	Schedules	2010	2009
INCOME			
Revenue	*1.7 & 15*	**107,193.42**	97,966.70
Company's share of profit (net of tax) of unincorporated joint ventures		**1,424.04**	1,014.90
Other income	*16*	**956.29**	729.65
		109,573.75	99,711.25
EXPENDITURE			
Site and administrative expenses	*17*	**96,002.53**	87,928.86
Interest and finance expenses	*18*	**7,775.63**	7,145.82
Depreciation	*1.3 & 7*	**3,075.15**	3,060.01
Provision for doubtful debts	*19*	**1,496.95**	810.24
		108,350.26	98,944.93
Profit for the year, before tax		**1,223.49**	766.32
Provision for taxation	*1.11*		
Current tax		**(503.00)**	(282.00)
Less Minimum Alternative Tax credit entitlement		**-**	74.00
Net current tax liability		**(503.00)**	(208.00)
Provision for tax for earlier years written back		**218.02**	-
Deferred tax credit / (charge)		**-**	-
Fringe benefit tax		**-**	(17.79)
Net profit after tax		**938.51**	540.53
Profit and loss account, beginning of year		**2,007.99**	1,615.70
Corporate dividend tax written back		**0.45**	-
Amount available for appropriation		**2,946.95**	2,156.23
APPROPRIATIONS			
Transfer to general reserve		**46.93**	13.51
Proposed dividend		**172.74**	115.16
Tax on proposed dividend		**28.69**	19.57
Balance carried forward to balance sheet		**2,698.59**	2,007.99
		2,946.95	2,156.23
Basic and diluted earnings per share [Nominal value per share of Rs. 10/- each (2009 - Rs. 10/- each)]		**8.15**	4.69
Significant accounting policies	*1*		
Notes to accounts	*20*		

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

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

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
February 24, 2011

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
February 24, 2011

Cash Flow Statement

for the year ended 31 December 2010
(Currency: Indian Rupee in lakhs)

	2010	2009
Cash flow from operating activities		
Net profit before taxation	**1,223.49**	766.32
Adjustments for:		
Depreciation	**3,075.15**	3,060.01
Interest and Finance expenses	**7,775.63**	7,145.82
Interest income	**(362.38)**	(525.71)
Provision for doubtful debts	**1,496.95**	810.24
Provision for doubtful advances	**(1.51)**	-
Profit on sale of fixed assets (net)	**(41.05)**	(12.23)
Share of Profit in Joint Ventures	**(1,424.04)**	(1,014.90)
Sundry balances written back	**(22.20)**	(41.74)
Operating profit before working capital changes	**11,720.04**	10,187.81
Movement in working capital		
Decrease/(Increase) in Inventories	**(1,168.78)**	4,224.79
Decrease/(Increase) in Sundry debtors	**(9,295.81)**	(3,242.85)
Increase/(Decrease) in Unbilled work-in-progress	**700.89**	(2,423.95)
Increase/(Decrease) in Loans and advances	**2,436.66**	(722.46)
Increase/(Decrease) in Trade creditors and other liabilites	**4,511.36**	(6,464.10)
Decrease/(Increase) in Provisions	**31.81**	(120.75)
Cash generated from operations	**8,936.17**	1,438.49
Direct taxes (paid) / refunds received	**2,183.75**	(50.37)
Net cash generated from operating activities	**11,119.92**	1,388.12
Cash flow from investing activities		
Purchase of investment	**(0.26)**	-
Purchase of fixed assets	**(4,036.23)**	(2,825.38)
Sale of fixed assets	**65.33**	23.43
Fixed Deposit with bank (maturity beyond three months)	**(0.97)**	(15.82)
Interest received	**362.38**	525.71
Net cash used in investing activities	**(3,609.75)**	(2,292.06)
Cash flow from financing activities		
Proceeds from / (Repayment of) short term borrowings from banks (net)	**4,236.53**	8,522.45
Proceeds from short term borrowings from financial institution	**3,000.00**	3,000.00
Repayment of short term borrowings from financial institution	**(3,000.00)**	(2,000.00)
Repayment of long term borrowings	**(1,444.45)**	(1,325.68)
Interest and finance expenses paid	**(7,754.31)**	(7,190.12)
Dividend paid	**(114.97)**	(115.56)
Tax on distributed profits	**(19.57)**	(19.57)
Net cash (outflow)/ inflow from financing activities	**(5,096.77)**	871.52
Net increase / (decrease) in cash and cash equivalents	**2,413.40**	(32.42)
Cash and cash equivalents, beginning of year	**1,047.60**	1,080.02
Cash and cash equivalents, end of year*	**3,461.00**	1,047.60
* includes Rs. 3.44 lakhs (2009 - Rs. 3.69 lakhs) are not available for use by the Company as they represent corresponding unpaid dividend liabilities.		
Reconciliation of cash and bank balances in the balance sheet with the amounts considered above is summarised below:		
Cash and bank balances	3,477.79	1,063.42
Less: Fixed deposit with bank (maturity beyond three months)	16.79	15.82
	3,461.00	1,047.60

As per our report of even date	For and on behalf of the Board of Directors	
For S.R. Batliboi & Associates	**Adun Saraban**	*Managing Director*
Firm registration number: 101049W		
Chartered Accountants	**P. Chakornbundit**	*Director*
per Amit Majmudar	**P.B. Patwardhan**	*Chief Financial Officer*
Partner		
Membership No.: 36656	**R.C. Daga**	*Company Secretary*
Mumbai	Mumbai	
February 24, 2011	February 24, 2011	

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

as at 31 December 2010

1 Significant accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Accounting estimates

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

1.3 Fixed assets and depreciation

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

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

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

1.4 Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value and the risk specific to the assets.

ii. Depreciation on impaired assets is provided on the revised carrying amount of the assets over its remaining useful life.

iii. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

1.5 Investments

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

1.6 Inventories

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

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

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

1.7 Revenue recognition

- On contracts

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

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

as at 31 December 2010

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

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

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

- On insurance claims

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

1.8 *Advances from customers, progress payments and retention*

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

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

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

1.9 *Foreign currency transactions*

i. Initial Recognition

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

ii. Conversion

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

iii. Exchange Differences

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

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

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

1.10 *Retirement and other employee benefits*

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

The Company has a provident fund scheme, a defined benefit plan, for employees and a group gratuity and life assurance scheme for employees. The 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 event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liability is disclosed in case of :

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

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

Contingent Assets are neither recognized nor disclosed.

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

1.14 Earnings Per Share

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

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

1.15 Accounting for Joint Venture Contracts

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

1.16 Cash and cash equivalents

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

Schedules forming part of the Balance Sheet (Continued)

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

		2010	2009
2	**SHARE CAPITAL**		
	Authorised		
	1,50,00,000 (2009 – 1,50,00,000) equity shares of Rs.10/- each	**1,500.00**	1,500.00
	6,00,00,000 (2009 – 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 (2009 – 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 (2009 – 1,15,15,790) equity shares of Rs.10/- each	**1,151.58**	1,151.58
	Of these shares: 80,11,318 (2009 - 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 (2009 - 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 (2009 - 2,526) equity shares of Rs.10/- each have been kept in abeyance pending final settlement in respect of share issued in rights issue.		
3	**RESERVES AND SURPLUS**		
	Securities premium account	**31,957.39**	31,957.39
	General reserve		
	Balance brought forward	**272.12**	258.61
	Add: Transfer from profit and loss account	**46.93**	13.51
		319.05	272.12
	Profit and loss account balance	**2,698.59**	2,007.99
		34,975.03	34,237.50
4	**SECURED LOANS**		
	From Banks		
	- Working capital demand loan	**1,506.99**	3,590.00
	- Interest accrued and due (on working capital demand loan)	**19.29**	7.22
	- Overdraft - repayable on demand	**39,539.54**	33,050.39
	- External commercial borrowings (Buyer's Credit) (entirely repayable in one year)	**4,027.31**	3,806.13
	From Financial Institutions		
	- Short term loan -repayable in one year	**3,000.00**	3,000.00
	- Long term loan [repayable in one year Rs. 111.11 lakhs (2009 - Rs. 1,333.33 lakhs)]	**111.11**	1,555.56
	- Plant and vehicle loan [repayable in one year Rs. 847.63 lakhs (2009 - Rs. 882.12 lakhs)]	**2,295.75**	2,881.65
		50,499.99	47,890.95
	Security for Secured Loans: - Bank loans, Buyer's Credit & Long term loan from Financial Institution are secured by hypothecation of book debts, inventory, other current assets and movable plant and machinery, both present and future. - Plant and vehicle loans are secured by specific plant and vehicle respectively. - Short term loan from financial institution is secured by subservient charge on moveable plant and machinery, movable assets and current assets of the Company, both present & future also irrevocable and unconditional corporate guarantee by Italian-Thai Development Public Company Limited.		

Schedules forming part of the Balance Sheet (Continued)

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

		2010	2009
5	**UNSECURED LOANS**		
	Short term loans		
	From Banks		
	- Working capital demand loan	**-**	1,500.00
	- Overdraft - repayable on demand	**1,967.72**	23.39
	- Other loan - repayable in one year	**-**	249.22
		1,967.72	1,772.61
	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	**39.00**	190.00
	Deferred tax assets		
	Effect of expenditure debited to profit and loss account but allowed for tax purposes in following years	**39.00**	190.00
	Deferred tax liabilities (net)	**-**	-

7 **FIXED ASSETS**

	Freehold land	Buildings	Plant and Machinery	Earth-moving Machinery	Office Equipment & Furniture	Vehicles	Leasehold Improve-ments	Total	Previous Year
Gross Block									
As at January 1, 2010	15.32	221.94	21,978.38	5,348.94	1,299.32	193.61	313.14	29,370.65	22,863.90
Additions during the year	-	-	2,366.23	569.40	64.60	1.98	-	3,002.21	6,648.37
Disposals during the year	-	-	(96.54)	(22.27)	(19.05)	(7.89)	-	(145.75)	(141.62)
As at December 31, 2010	**15.32**	**221.94**	**24,248.07**	**5,896.07**	**1,344.87**	**187.70**	**313.14**	**32,227.11**	**29,370.65**
Accumulated Depreciation									
As at January 1, 2010	-	94.71	9,369.80	2,665.77	1,032.95	127.97	219.63	13,510.83	10,581.24
Charge for the year	-	5.63	1,965.42	975.91	74.98	15.94	37.27	3,075.15	3,060.01
Disposals during the year	-	-	(78.48)	(21.25)	(18.94)	(2.80)	-	(121.47)	(130.42)
As at December 31, 2010	**-**	**100.34**	**11,256.74**	**3,620.43**	**1,088.99**	**141.11**	**256.90**	**16,464.51**	**13,510.83**
Net block									
As at December 31, 2010	**15.32**	**121.60**	**12,991.33**	**2,275.64**	**255.88**	**46.59**	**56.24**	**15,762.60**	**15,859.82**
As at December 31, 2009	15.32	127.23	12,608.58	2,683.17	266.37	65.64	93.51	15,859.82	

Note: Buildings include Rs. 0.09 lakhs (2009 - 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 2010
(Currency: Indian Rupee in lakhs)

			2010	2009
8	**INVESTMENTS**			
	Long term (stated at cost):			
	A.	**In equity shares (unquoted, trade) of wholly owned subsidiary company**		
		ITD Cementation Projects India Limited*	**5.00**	5.00
		50,000 (2009 - 50,000) Equity Shares of Rs. 10/- each fully paid		
	B.	**In Unincorporated Joint Ventures**		
		ITD Cemindia JV	**(29.78)**	(18.64)
		ITD - ITDCem JV	**2,380.54**	1,742.22
		ITD - ITDCem JV (Consortium of ITD - ITD Cementation)	**1,374.55**	577.69
	Current investments (at lower of cost and market value):			
		AVR Infra Pvt. Ltd.	**0.26**	-
		2,600 (2009 - Nil) Equity Shares (unquoted, trade) of Rs. 10/- each fully paid		
			3,730.57	2,306.27
	* Company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.			
	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/(losses) after tax in the joint ventures from inception to date, as reduced by the distribution of profit by the joint venture, if any.			
9	**INVENTORIES**			
	Construction materials (at cost)		**7,827.37**	7,906.97
	Tools and equipment (at amortised cost)		**3,836.27**	2,866.17
	Machinery spares (at lower of cost and net realisable value)		**1,655.20**	1,376.92
			13,318.84	12,150.06
10	**SUNDRY DEBTORS**			
	(unsecured)			
	[refer notes 20 (x), (xii) & (xiii)]			
	Debts outstanding for a period exceeding six months			
	- Considered good		**25,106.17**	19,606.59
	- Considered doubtful		**1,569.50**	1,197.83
			26,675.67	20,804.42
	Less: Provision for doubtful debts		**1,569.50**	1,197.83
			25,106.17	19,606.59
	Other debts, considered good		**24,006.61**	21,707.33
			49,112.78	41,313.92
	Sundry debtors include:			
	- Retention monies of Rs. 6,332.82 lakhs (2009 - Rs. 4,400.51 lakhs) due subsequent to completion of the contracts as per the contractual terms.			
	- Debts outstanding for a period not exceeding six months include receivable from Italian -Thai Development Public Company Limited, Thailand, the holding company, Rs. 266.08 lakhs (2009 - Rs. 287.85 lakhs). Maximum amount due during the year Rs. 850.82 lakhs (2009 - Rs. 878.33 lakhs).			

Schedules forming part of the Balance Sheet (Continued)

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

		2010	2009
11	**CASH AND BANK BALANCES**		
	Cash in hand	**200.39**	138.84
	Balance with scheduled banks		
	- current accounts	**3,253.31**	905.07
	- dividend bank accounts	**3.44**	3.69
	- funds in transit	**3.86**	-
	- deposit account	**16.79**	15.82
		3,477.79	1,063.42
12	**LOANS AND ADVANCES**		
	(unsecured)		
	Considered good		
	Advances recoverable in cash or in kind or for value to be received	**1,507.23**	2,071.67
	Current Account in Joint Ventures	**6,797.52**	8,992.84
	Deposits	**1,402.67**	1,872.08
	Taxes paid [net of provision for taxation - Rs.1,346.15 lakhs (2009 - Rs. 1,398.04 lakhs) (include tax deducted at source of Rs. 686.29 lakhs (2009 - Rs. 603.92 lakhs), for which the certificates are yet to be received from the customers.]	**3,426.74**	5,101.45
		13,134.16	18,038.04
	Considered doubtful		
	Advances recoverable in cash or in kind or for value to be received	**444.24**	445.75
		13,578.40	18,483.79
	Less: Provision for doubtful loans and advances	**444.24**	445.75
		13,134.16	18,038.04
13	**CURRENT LIABILITIES**		
	Acceptances	**4,776.52**	2,770.54
	Sundry creditors - other than Micro and Small Enterprises [refer note 20 (xv)]	**8,887.72**	7,743.38
	Advances from customers	**10,317.46**	10,127.26
	Unclaimed dividends*	**3.44**	3.69
	Interest accrued but not due on loan	**25.85**	16.61
	Payable to Italian-Thai Development Public Company Limited	**246.93**	182.45
	[Royalty payable Rs.246.93 lakhs (2009 - Rs. 182.45 lakhs)]		
	Other liabilities	**8,418.24**	7,334.07
		32,676.16	28,178.00
	* Not due for credit to Investors Education and Protection Fund		
14	**PROVISIONS**		
	Gratuity	**174.90**	213.50
	Leave benefits	**373.88**	316.32
	Provision for provident fund	**91.20**	78.35
	Proposed dividend	**172.74**	115.16
	Provision for tax on proposed dividend	**28.69**	19.57
		841.41	742.90

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

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

		2010	2009
15	**REVENUE**		
	Turnover	**107,334.13**	93,423.50
	Movement in unbilled work-in-progress	**(700.89)**	2,423.96
	Service income from unincorporated Joint Ventures	**560.18**	2,119.24
		107,193.42	97,966.70
16	**OTHER INCOME**		
	Profit on sale of assets (net)	**41.05**	12.23
	Sundry creditors' balances written back	**22.20**	41.74
	Bad debts recovered	**38.94**	47.58
	Interest		
	- on bank deposits [tax deducted at source of Rs. 0.10 lakhs (2009 - Rs. 0.17 lakhs)]	**1.20**	0.87
	- on Income tax refund	**302.86**	-
	- from customer on settlement [(tax deducted at source Rs. Nil (2009 - Rs. Nil)]	**361.18**	524.84
	Insurance claim	**147.25**	56.65
	Miscellaneous income	**41.61**	45.74
		956.29	729.65
17	**SITE AND ADMINISTRATIVE EXPENSES**		
	Personnel costs :		
	Salaries, wages and bonus	**9,183.72**	7,666.46
	Contribution to provident fund, gratuity and other funds	**892.24**	621.46
	Staff wefare expenses	**173.52**	183.55
		10,249.48	8,471.47
	Construction materials	**41,813.11**	37,355.63
	Sub-contract costs	**13,115.62**	18,263.28
	Plant hire expenses [refer note 20 (xvi)]	**6,818.52**	3,011.41
	Power and fuel	**6,399.49**	5,476.44
	Sales tax on works contracts	**2,472.84**	2,512.75
	Miscellaneous expenses	**1,378.53**	1,137.41
	Travel	**676.66**	552.50
	Tools and equipment	**1,107.74**	994.45
	Site transport and conveyance	**1,965.39**	1,548.22
	Repairs and maintenance:		
	- Plant & machinery	**796.00**	666.68
	- Others	**120.03**	93.94
	Insurance	**626.51**	875.49
	Professional fees	**611.17**	739.52
	Rental expenses [refer note 20 (xvi)]	**2,104.58**	1,972.82
	Spares consumed	**1,055.63**	1,150.70
	Security charges	**293.88**	363.81
	Temporary site installations	**892.50**	247.85
	Postage, telephone and telegram	**141.79**	140.98
	Water charges	**356.37**	238.60
	Printing and stationery	**93.21**	97.99
	Fees and subscription	**50.87**	114.17
	Infotech expenses	**129.94**	119.64
	Service tax	**1,529.26**	716.15
	Labour cess	**382.93**	374.11
	R&D expenses	**-**	132.14
	Auditors' remuneration [refer note 20 (v)c]	**50.69**	45.52
	Royalty expense	**536.67**	463.50
	Exchange loss (net)	**230.47**	48.54
	Directors' fees	**2.65**	3.15
		96,002.53	87,928.86

Schedules forming part of the Balance Sheet and Profit and Loss Account (Continued)
as at 31 December 2010
(Currency: Indian Rupee in lakhs)

		2010	2009
18	**INTEREST AND FINANCE EXPENSES**		
	Interest on bank borrowings		
	- on working capital demand loan	**422.79**	305.94
	- on overdraft	**4,914.29**	3,886.11
	- on short term loan	**299.00**	344.43
	- on external commercial borrowings (buyer's credit)	**88.68**	105.27
	- on letter of credit	**12.26**	15.63
	Interest on commercial papers	-	218.88
	Interest on long term loan from financial institution	**101.73**	282.46
	Interest on advances from customers	**348.82**	334.71
	Interest on others	**463.73**	432.03
	Bank charges and guarantee commission	**1,124.33**	1,220.36
		7,775.63	7,145.82
19	**PROVISION FOR DOUBTFUL DEBTS**		
	Bad debts written off during the year	**1,125.28**	134.68
	Add: Provision for doubtful debts, end of year	**1,569.50**	1,197.83
	Less: Provision for doubtful debts, beginning of year	**1,197.83**	522.27
	Net provision for doubtful debts	**1,496.95**	810.24
20	**NOTES TO ACCOUNTS**		
(i)	**COMMITMENTS**		
	Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	**2,262.53**	**101.07**
(ii)	**CONTINGENT LIABILITIES**		
	a) Guarantees given by banks in respect of normal contracting commitments given in the normal course of business.	**17,767.28**	**17,230.27**
	b) Corporate Guarantee given to bank on behalf of Joint Venture.	-	**1,500.00**
	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.	**21,058.14**	**21,074.14**
	d) Sales tax matters pending in appeals	**505.05**	**310.74**
	e) Income tax matters pending in appeals	**2,262.89**	**2,276.48**
	f) Excise matter pending in appeal	**52.00**	**52.00**

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

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

20. NOTES TO ACCOUNTS (continued)

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

Buyers credit, Sundry creditors & Acceptances	**2010**			2009		
	Foreign Currency	**Exchange Rate**	**INR in lakhs**	Foreign Currency	Exchange Rate	INR in lakhs
US Dollar Exposure	**11,440**	**45.28**	**5.18**	2,663	47.12	1.25
Euro Exposure	**700,037**	**60.45**	**423.17**	7,607	67.97	5.17
GBP Exposure	-	-	-	414,176	75.98	314.69
TOTAL			**428.35**			321.11

(iv) GRATUITY AND OTHER POST EMPLOYMENT BENEFITS

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

	Gratuity	
Profit and loss account	**2010**	2009
The net employee benefit expense (recognised in personnel cost) during the year is as follows:		
Current Service Cost	**127.58**	102.83
Interest Cost	**74.29**	61.99
Expected return on Plan Assets	**(81.21)**	(54.86)
Net Actuarial (Gains) / Losses for the period	**91.24**	(69.50)
Past Service Cost	**-**	-
Net benefit expense	**211.90**	40.46
Actual return on plan assets	**94.90**	134.42
Balance Sheet		
The details of provision for gratuity is summarised below:		
Defined benefit obligation	**1,260.30**	1,027.51
Fair value of plan assets	**1,085.40**	814.01
Plan liability	**174.90**	213.50
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	**1,027.51**	918.54
Current Service Cost	**127.58**	102.83
Interest Cost	**74.29**	61.99
Net Actuarial Loss	**104.95**	10.05
Benefit Payments	**(74.03)**	(65.90)
Present value of Defined Benefit Obligation at end of period	**1,260.30**	1,027.51

20. NOTES TO ACCOUNTS (continued)

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

	2010	2009
Plan assets at beginning of the period	**814.01**	539.53
Expected return on Plan Assets	**81.21**	54.86
Contributions by employer	**250.50**	205.96
Benefit Paid	**(74.03)**	(65.90)
Actuarial Gain on Plan Assets	**13.71**	79.56
Fair value of Plan Assets at end of the period	**1,085.40**	814.01

The Company expects to contribute Rs. 75.00 lakhs to gratuity in the next year (2009 - Rs. 250.00 lakhs).

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

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

The information on the allocation of the gratuity fund into major asset classes and the expected return on each major class is not readily available. However, the gratuity fund is invested in a Group Gratuity policy invested with the Life Insurance Corporation and Birla Sunlife Insurance. The fair value of plan assets with Life Insurance Corporation and Birla Sunlife Insurance at December 31, 2010 are Rs. 21.24 lakhs (2009 - Rs. 79.20 lakhs) and Rs. 1,064.16 lakhs (2009 - Rs. 734.82 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:

	2010	2009
Discount rate	**8.30%**	**7.50%**
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%**	Upto age 44 - 2%
	45 years & above - 1%	45 years & above - 1%
Expected average remaining service	**22.13 years**	21.74 years

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

In respect of provident funds, the Guidance issued by the Accounting Standards Board ('ASB') of ICAI on implementing AS 15 states that provident funds trust 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 (ie. 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. 191.61 lakhs during the year ended December 31, 2010 (2009 - Rs. 141.75 lakhs)

The Company's expense for the provident fund aggregates Rs. 488.72 lakhs during the year ended December 31, 2010 (2009 - Rs. 439.25 lakhs)

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

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

20. NOTES TO ACCOUNTS (continued)

(v) SUPPLEMENTARY PROFIT AND LOSS INFORMATION

	2010	2009
a) Managerial remuneration for Directors included in the profit and loss account comprises:		
Remuneration to Directors:		
Salaries	**24.00**	44.50
Perquisites (at monetary value)	**15.60**	41.54
Gratuity & leave encashmnet- paid to retired director	**-**	13.07
Rent	**9.68**	3.07
Contribution to Provident fund and Superannuation fund	**2.88**	10.75
Commission to non executive directors	**6.00**	6.00
	58.16	118.93
Note: As the liability for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.		
Computation of net profits in accordance with the Companies Act, 1956		
Profit before taxation per profit and loss account	**1,223.49**	766.32
Add: Directors' remuneration (including Managing Director)	**58.16**	118.93
Directors' fees	**2.65**	3.15
Provision for doubtful debts	**1,496.95**	810.24
Depreciation provided in the books	**3,075.15**	3,060.01
	5,856.40	4,758.65
Less: Depreciation under Section 350 of the Companies Act,1956	**3,075.15**	3,060.01
Less: Bad debts written off	**1,125.28**	134.68
	4,200.43	3,194.69
Net Profit under Section 198 of the Companies Act, 1956	**1,655.97**	1,563.96
Salaries, perquisites and commission to managing and wholetime directors at 5% / 10% of the net profit as calculated above	**82.80**	156.40
Remuneration	**58.16**	118.93
Commission to Non-executive directors at 1% of the net profit as calculated above	**16.56**	15.64
Restricted by the Board of Directors of the Company to	**6.00**	6.00

Notes :

The above remuneration by way of salary and perquisites payable to Mr. Adun Saraban, Managing 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):	**2010**	2009
Foreign travel	**5.07**	5.73
Professional and consultancy fees	**0.08**	12.17
Interest on External Commercial Borrowings	**119.95**	144.25
Membership & subscription	**-**	2.14
Bank Guarantee commission	**1.10**	-
Royalty expense	**415.67**	359.11
	541.87	523.40

(Currency: Indian Rupee in lakhs)

20. NOTES TO ACCOUNTS (continued)

		2010	2009
c)	Payment to Auditor:		
	As auditor:		
	Audit fee	**22.85**	22.13
	Tax audit fee (including tax accounts)	**9.97**	9.94
	Limited Review	**11.62**	9.29
	Out-of-pocket expenses	**1.03**	0.83
	In other manner:		
	Certification	**5.22**	3.33
		50.69	45.52
d)	Amount remitted in foreign currency for dividend:		
	Number of non-resident shareholders	**1**	1
	Number of shares held	**8,011,318**	8,011,318
	(Equity shares of Rs. 10/- each)		
	Dividend Remitted	**80.11**	80.11
	Year to which dividend relates	**2009**	2008
e)	Value of imports on CIF basis:		
	Spare parts	**65.00**	408.79
	Tools and equipments	**263.61**	15.49
	Construction Materials	**581.09**	1,585.15
	Capital goods (including capital work-in-progress)	**2,201.38**	1,297.73
		3,111.08	3,307.16

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

	2010		2009	
	%	**Value**	%	Value
Spare parts				
Imported	**6.16**	**65.00**	35.49	408.79
Indigenous	**93.84**	**990.63**	64.51	741.91
	100.00	**1,055.63**	100.00	1,150.70
Tools and equipment				
Imported	**23.80**	**263.61**	1.56	15.49
Indigenous	**76.20**	**844.13**	98.44	978.96
	100.00	**1,107.74**	100.00	994.45
Construction material				
Imported	**1.39**	**581.09**	4.24	1,585.15
Indigenous	**98.61**	**41,232.02**	95.76	35,770.48
	100.00	**41,813.11**	100.00	37,355.63

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

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

20. NOTES TO ACCOUNTS (continued)

(vi) SEGMENT REPORTING

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

(vii) RELATED PARTY TRANSACTIONS

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

Italian-Thai Development Public Company Limited - Holding Company

ITD Cementation Projects India Limited - Wholly Owned Subsidiary Company

(b) Other entities with whom transactions have taken place

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

(c) Remuneration to Key Management Personnel

		2010	2009
1)	Mr. Adun Saraban – Managing Director	**52.16**	17.88
2)	Mr. P. B. Patwardhan - Chief Financial Officer	**38.30**	33.51
3)	Mr. S. S. Singh (ceased to be Managing Director w.e.f. 1st January 2010)	-	66.58
4)	Mr. S. Mukundan - Deputy Managing Director (resigned on 12th June 2009)	-	28.47
		90.46	146.44

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

Previous year figures are given in brackets.

Nature of Transactions	Holding Company	Joint Venture	Associate
Revenues earned from contract execution	**980.08** (771.31)		
Balance receivables for contract execution	**795.53** (505.26)		
Dividend paid	**80.11** (80.11)		
Plant hire charges		**611.61** (2,416.35)	
Salary and related expenses of the employees deputed to Joint Ventures		**388.52** (955.94)	
Sale of construction material & spares		**21.59** (511.87)	
Purchase of construction material & spares		**499.49** (123.89)	
Sale of fixed assets		**28.08** (-)	
Purchase of fixed assets		**155.34** (71.72)	
Share of profit net of tax in joint ventures (included in investments)		**1,424.04** (1,014.90)	

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

as at 31 December 2010

(Currency: Indian Rupee in lakhs)

20. NOTES TO ACCOUNTS (continued)

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	Associate
Investment in equity shares			**0.26** (-)
Royalty expense	**536.67** (463.50)		
Balance royalty payable	**246.93** (182.45)		
Balances on current account with joint ventures Balance receivable		**6,797.52** (8,992.84)	
Corporate guarantee issued by	**5,000.00** (6,000.00)		
Corporate guarantee issued to ITD-ITD Cem JV		**-** (1,500.00)	

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	2010	2009
Plant hire charges		
ITD Cemindia JV	**377.79**	609.75
ITD-ITDCem JV	**95.08**	-
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	**138.74**	1,693.42
Purchases of Construction materials and spares		
ITD Cemindia JV	**-**	30.14
ITD-ITDCem JV	**254.60**	83.55
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	**196.67**	-
Sale of Construction materials and spares		
ITD-ITDCem JV	**10.36**	54.04
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	**9.64**	439.81
Salary and related expenses of the employees deputed to joint ventures		
ITD Cemindia JV	**388.50**	452.32
ITD-ITDCem JV	**-**	474.37
Sale of fixed assets		
ITD-ITDCem JV	**28.08**	-
Purchase of fixed assets		
ITD-ITDCem JV	**155.34**	71.48
Share of profit net of tax in joint ventures(included in investments)		
ITD-ITDCem JV	**638.32**	581.89
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	**796.86**	575.46
Balances on current account with joint ventures		
- **Balance receivable**		
ITD Cemindia JV	**8,111.98**	7,253.23
ITD-ITDCem JV	**-**	1,452.31
- **Balance payable**		
ITD-ITDCem JV	**1,348.26**	-
Corporate guarantee issued to		
ITD-ITDCem JV	**-**	1,500.00

Schedules forming part of the Balance Sheet and Profit and Loss Account (Continued)
as at 31 December 2010
(Currency: Indian Rupee in lakhs)

20. NOTES TO ACCOUNTS (continued)

(viii) DETAILS OF JOINT VENTURES

a) Details of Joint Ventures entered into by the Company

Name of the Joint Venture	% of Participation as at December 31, 2010	% of Participation as at December 31, 2009	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	**6,398.30** (5,721.65)	**3,164.47** (2,876.40)	**2,188.19** (692.64)
Share of Liability	**6428.08** (5740.29)	**783.92** (1,134.18)	**813.64** (114.92)
Share of Income	**7,048.14** (10,019.31)	**15,981.47** (27,338.85)	**16,872.42** (13,729.75)
Share of Expenditure	**7,059.28** (10,161.76)	**15,343.15** (26,756.96)	**16,075.56** (13,154.29)
Share of Capital Commitment	**-** (-)	**194.29** (59.01)	**3.44** (45.18)
Share of Contingent Liabilities	**-** (-)	**900.91** (6,453.71)	**3,808.40** (4,813.61)

	2010	2009
(ix) EARNINGS PER SHARE		
a) Net Profit after taxation	**938.51**	540.53
b) Calculation of weighted average number of equity shares of Rs. 10/- each Number of shares at the beginning of the year	**11,515,790**	11,515,790
Number of shares issued during the year	**-**	-
Number of shares at the end of the year	**11,515,790**	11,515,790
Weighted average number of equity shares outstanding during the year	**11,515,790**	11,515,790
c) Basic and diluted earnings per share (nominal value of Rs. 10/- each (2009 - nominal value of Rs. 10/- each))	**8.15**	4.69

20. NOTES TO ACCOUNTS (continued)

(x) (a) Sundry debtors at December 31, 2010 include Rs. 1,140 lakhs (December 31, 2009 - Rs. 1,140 lakhs) relating to price escalation claims which are disputed by the customer. The Company has received favourable verdict from Dispute Redressal Board and also thereafter in Arbitration in respect of these claims. The Customer has appealed against the Arbitration Award. Management is reasonably confident of recovery of this amount based on the above and independent legal advice from eminent legal counsel in the matter. These contracts have been completed and hence during the year ended December 31, 2010, the Company has not recognised any turnover or escalation claims on these road contracts.

(b) Sundry debtors at December 31, 2010 include variation claims of Rs. 1,515 lakhs (December 31, 2009 - Rs. 1,515 lakhs) for which the Company had received an arbitration award in its favour which has subsequently been upheld by the district court. The Customer has challenged this Court Order. However on the basis of above arbitration award and Court Order management is reasonably confident of recovering of these amounts.

(c) Sundry debtors at December 31, 2010 include variation claims of Rs. 309 lakhs (December 31, 2009 - Rs. 309 lakhs) for which the Company had received an arbitration award in its favour which has subsequently been upheld by the district court. The Customer has challenged this Court Order. However on the basis of above arbitration award and Court Order management is reasonably confident of recovering of these amounts.

(xi) Work-in-progress at December 31, 2010 include Rs. 1,812 lakhs, in respect of a contract which has been rescinded by the Company and Rs. 2,174 lakhs in respect of another contract where the Company has received a notice from the customer withdrawing from the Company the balance works to be executed under the contract; besides the Company has also issued guarantees aggregating Rs. 616 lakhs and Rs. 2,227 lakhs. The Company intends to pursue these matters, if necessary, through legal action. Based upon legal/expert advice received, management is reasonably confident of recovery of these amounts of work in progress.

(xii) Sundry debtors at December 31, 2010 include variation claims of Rs. 3,910 lakhs (December 31, 2009 - Rs. 5,042 lakhs) recognised upto December 31, 2010, which are disputed by the customer. Out of this, claims amounting to Rs. 2,346 lakhs (December 31, 2009 - Rs. 2,801 lakhs) are a subject matter of arbitration. The Company has received arbitration awards in its favour in respect of the balance amount of Rs. 1,564 lakhs (December 31, 2009 - Rs. 2,241 lakhs) of which, an amount of Rs. 1,109 lakhs (December 31, 2009- Rs. 2,241 lakhs) have since been challenged by the customer. During the year ended December 31, 2010, no variation claim was recognised by the Company. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is reasonably confident of recovery of the same.

(xiii) Sundry debtors at December 31, 2010 include Rs 3,384 lakhs (December 31, 2009 - Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification provided in the respective contracts. The management is reasonably confident of the certification and recovery of the same progressively on these contracts based on past experience of the Company, assessment of work done and the fact that these amounts are not disputed by the customer.

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

		2010	2009
a)	Contract revenue recognised as revenue in the period Clause 38 (a)	**106,633.24**	95,847.46
b)	Aggregate amount of costs incurred and recognised profits up to the reporting date on Contract under progress Clause 39 (a)	**341,646.66**	272,503.51
c)	Advance received on Contract under progress Clause 39 (b)	**10,317.46**	10,127.26
d)	Retention amounts on Contract under progress Clause 39 (c)	**6,332.82**	4,400.51
e)	Gross amount due from customers for contract work as an asset Clause 41 (a)	**29,865.54**	25,362.43

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

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

Schedules forming part of the Balance Sheet and Profit and Loss Account (Continued)
as at 31 December 2010
(Currency: Indian Rupee in lakhs)

20. NOTES TO ACCOUNTS (continued)

(xvi) OPERATING LEASES

a. The Company has taken various residential/commercial premises and construction equipments on cancellable operating lease. These lease agreements are normally renewed on expiry. Rental expenses in the profit and loss account for the year includes lease payments towards premises of Rs. 1,077.54 lakhs (2009 - Rs. 938.00 lakhs). Plant hire expense relates to the lease payment for construction equipments.

b. The Company, in addition to the above, has taken construction equipments on leases (non-cancellable operating leases). The future minimum lease payments in respect of which at 31 December 2010 are as follows:

Minimum Lease Payments	2010	2009
i. Payable not later than 1 year	**390.32**	967.22
ii. Payable later than 1 year and not later than 5 years	**30.46**	399.46
iii. Payable later than 5 years	**-**	-
Total	**420.78**	1,366.68

These leases have no escalation clauses.

Rental expenses in the statement of profit and loss for the year includes Rs. 1,027.04 lakhs (2009 - Rs. 1,034.82 lakhs) towards such non-cancellable leases.

c. General descriptions of non-cancellable lease terms

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

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

   iii. The Company did not sub lease any of its assets and hence did not receive any sub leases payments during the current or previous year.

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

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

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
February 24, 2011

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
February 24, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

a) **Registration Details**

Registration No. 20435 State Code 11

Balance sheet date 31 (Date) 12 (Month) 2010 (Year)

b) **Capital raised during the year**

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

c) **Position of mobilisation and deployment of funds**

	Total Liabilities and shareholders funds	Total assets
	88,594.32	88,594.32
Sources of funds	Paid-up capital	Reserves and surplus
	1,151.58	34,975.03
	Secured loans	Unsecured loans
	50,499.99	1,967.72
	Deferred tax liability	
	Nil	
Application of funds	Net fixed assets	Investments
	16,955.42	3,730.57
	Net current assets	Miscellaneous expenditure
	67,908.33	Nil
	Accumulated losses	
	Nil	

d) **Performance of the Company**

Turnover/(including other income)	Total expenditure
109,573.75	108,350.26
Profit before tax	Profit after tax
1,223.49	938.51
Basic and diluted earnings per share in Rs.	Dividend rate %
8.15	15%

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
Item code 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
February 24, 2011

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Susidiary Company as at 31 December 2010

(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, 2010
2	Shares of the subsidiary Company held by holding Company as on the above date	
	(i) Number	50,000 Equity shares of Rs. 10/- each
	(ii) Extent of holding	100%
3	Date from which it became a subsidiary	21st June, 2007
4	The net aggregate amount of Profits/(Losses) of the subsidiary so far as they concern the member of the holding Company.	
	(a) Dealt within the holding Company's accounts	
	(i) for the financial year of the subsidiary (Rs.)	Nil
	(ii) for the prevoius 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.)	0.02
	(ii) for the prevoius financial years of the subsidiary since it became the holding Company's subsidiary (Rs.)	(0.22)

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	5.20
(d)	Total Liabilities	0.20
(e)	Investments	Nil
(f)	Turnover	Nil
(g)	Profit / (Loss) before Taxation	0.03
(h)	Provision for Taxation	0.01
(i)	Profit after Taxation	0.02
(j)	Proposed Dividend	Nil

For and on behalf of the Board of Directors

Adun Saraban *Managing Director*

P. Chakronbundit *Director*

P. B. Patwardhan *Chief Financial Officer*

R. C. Daga *Company Secretary*

Mumbai
February 24, 2011

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, 2010 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 Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
4. Without qualifying our report, we draw attention to :
   i. Schedule 20 (x) of the consolidated financial statements which states that sundry debtors at December 31, 2010 include Rs. 2,964 lakhs (previous year Rs. 2,655 lakhs) relating to price escalation and variation claims which are disputed by the customer. These claims are in various stages of litigation and the realisability of these amounts is dependent upon these matters being finally resolved in favour of the Company. Of this an amount of Rs. 309 lakhs was a subject matter of qualification in the previous year.
   ii. Schedule 20 (xi) of the consolidated financial statements which states that work-in-progress at December 31, 2010 includes Rs. 1,812 lakhs, in respect of a contract which has been rescinded by the Company and Rs. 2,174 lakhs in respect of another contract where the Company has received a notice from the customer withdrawing from the Company the balance works to be executed under the contract; besides the Company has also issued guarantees aggregating Rs. 616 lakhs and Rs. 2,227 lakhs. The Company intends to pursue these matters, if necessary, through litigation. The realisability of these amounts is dependent upon these matters ultimately being resolved in favour of the Company. Based upon legal/expert advice received, management is reasonably confident of recovery of these amounts of work in progress.
5. We further report that:
   i *As described in Schedule 20 (xii) to the consolidated financial statements, sundry debtors at December 31, 2010 include variation claims of Rs. 3,910 lakhs (previous year Rs. 5,042 lakhs) which are disputed by the customer. Out of this, claims amounting to Rs. 2,346 lakhs (previous year Rs. 2,801 lakhs) are a subject matter of arbitration. The Company has received arbitration awards in its favour in respect of the balance amount of Rs. 1,564 lakhs (previous year Rs. 2,241 lakhs) of which, an amount of Rs. 1,109 lakhs (previous year Rs. 2,241 lakhs) have since been challenged by the customer. Our audit report on the consolidated financial statements for the year ended December 31, 2009 was also qualified in respect of this matter;*
   ii *As described in Schedule 20 (xiii) to the consolidated financial statements, sundry debtors at December 31, 2010 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, 2009 was also qualified in respect of this matter;*
   iii *In our view there is an uncertainty in respect of realisability of the claims and receivables described in paragraphs 5 (i) and (ii) above. Accordingly, pending the ultimate outcome of these disputes, arbitration and related matters and certification, we are unable to comment on the adjustments, if any, that may be necessary to revenue, sundry debtors, the profit before tax, reserves and earnings per share reported in the consolidated financial statements for the years ended December 31, 2010 and December 31, 2009;*
6. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements *subject to our comments in paragraph 5 above, the impact of which on the consolidated financial statements cannot be ascertained*, give a true and fair view in conformity with the accounting principles generally accepted in India:
   i. in the case of the consolidated balance sheet, of the state of affairs of the ITD group as at December 31, 2010;
   ii. in the case of the consolidated profit and loss account, of the profit of ITD group for the year ended on that date; and
   iii. in the case of consolidated cash flow statement, of the cash flows for the year ended on that date.

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

per Amit Majmudar
Partner
Membership No. 36656

Mumbai
February 24, 2011

Consolidated Balance Sheet

as at 31 December 2010
(Currency : Indian Rupee in lakhs)

	Schedules	2010	2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	1,151.58	1,151.58
Reserves and surplus	3	34,974.84	34,237.31
		36,126.42	35,388.89
Loan funds			
Secured loans	4	52,715.85	48,266.88
Unsecured loans	5	1,967.72	1,772.61
		54,683.57	50,039.49
		90,809.99	85,428.38
APPLICATION OF FUNDS			
Fixed assets	1.3 & 7		
Gross block		38,560.76	34,310.17
Less: Accumulated depreciation		19,470.21	15,611.68
Net block		19,090.55	18,698.49
Capital work-in-progress (including capital advances)		3,123.34	385.92
		22,213.89	19,084.41
Deferred tax asset / (liabilities), (net)	6	497.60	403.63
Investments	8	0.26	-
Current assets, loans and advances			
Inventories	1.5 & 9	16,221.59	16,131.08
Unbilled work-in-progress	1.6	31,058.52	28,072.44
Sundry debtors	1.7 & 10	57,817.72	47,854.35
Cash and bank balances	11	4,906.06	4,057.90
Loans and advances	12	10,981.52	12,450.85
		120,985.41	108,566.62
Current liabilities and provisions			
Current liabilities	1.7 & 13	52,012.50	41,867.53
Provisions	14	875.31	759.39
		52,887.81	42,626.92
Net current assets		68,097.60	65,939.70
Miscellaneous expenditure (to the extent not written off or adjusted)		0.64	0.64
		90,809.99	85,428.38
Significant accounting policies	1		
Notes to accounts	20		

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

As per our report of even date

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

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
February 24, 2011

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
February 24, 2011

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Consolidated Profit and Loss Account

for the year ended 31 December 2010
(Currency : Indian Rupee in lakhs)

	Schedules	2010	2009
INCOME			
Revenue	*1.6 & 15*	**146,215.67**	147,464.29
Other income	*16*	**1,397.96**	1,134.44
		147,613.63	148,598.73
EXPENDITURE			
Site and administrative expenses	*17*	**130,680.91**	132,867.58
Interest and finance expenses	*18*	**9,176.88**	8,503.88
Depreciation	*1.3 & 7*	**4,184.30**	4,826.34
Provision for doubtful debts	*19*	**1,496.95**	810.24
		145,539.04	147,008.04
Profit for the year, before tax		**2,074.59**	1,590.69
Provision for taxation	*1.10*		
Current tax		**(1,448.08)**	(1,526.35)
Less Minimum Alternative Tax credit entitlement		**-**	74.00
Net current tax liability		**(1,448.08)**	(1,452.35)
Provision for tax for earlier years written back		**218.03**	-
Deferred tax credit/(charge)		**93.97**	427.92
Fringe benefit tax		**-**	(25.70)
Net profit after tax		**938.51**	540.56
Profit and loss account, beginning of year		**2,007.80**	1,615.48
Corporate dividend tax written back		**0.45**	-
Amount available for appropriation		**2,946.76**	2,156.04
Appropriations			
Transfer to general reserve		**46.93**	13.51
Proposed dividend		**172.74**	115.16
Tax on proposed dividend		**28.69**	19.57
Balance carried forward to balance sheet		**2,698.40**	2,007.80
		2,946.76	2,156.04
Basic and diluted earnings per share [Nominal value per share of Rs. 10/- each (2009 - Rs. 10/- each)]		**8.15**	4.69
Significant accounting policies	**1**		
Notes to accounts	**20**		

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

As per our report of even date

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

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
February 24, 2011

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
February 24, 2011

Consolidated Cash Flow Statement

for the year ended 31 December 2010
(Currency : Indian Rupee in lakhs)

	2010	2009
Cash flow from operating activities		
Net profit before taxation	**2,074.59**	1,590.69
Adjustments for:		
Depreciation	**4,184.30**	4,826.34
Interest and finance expenses	**9,176.88**	8,503.88
Interest income	**(529.42)**	(664.50)
Provision for doubtful debts	**1,496.95**	810.24
Provision for doubtful advances	**(1.51)**	-
Profit on sale of fixed assets (net)	**(68.88)**	(145.43)
Sundry balances written back	**(22.20)**	(54.04)
Operating profit before working capital changes	**16,310.71**	14,867.18
Movement in working capital		
Decrease/(Increase) in Inventories	**(90.51)**	5,800.01
Decrease/(Increase) in Sundry debtors	**(11,460.32)**	291.18
Decrease/(Increase) in Unbilled work-in-progress	**(2,986.08)**	(444.42)
Decrease/(Increase) in Loans and advances	**(1,789.87)**	197.56
Increase/(Decrease) in Trade creditors and other liabilites	**10,158.19**	(15,807.27)
Decrease/(Increase) in Provisions	**49.23**	(104.26)
Cash generated from operations	**10,191.35**	4,799.98
Direct taxes (paid) / refunds received	**2,030.65**	(121.25)
Net cash generated from operating activities	**12,222.00**	4,678.73
Cash flow from investing activities		
Purchase of investment	**(0.26)**	-
Purchase of fixed assets	**(7,504.52)**	(3,904.60)
Proceeds from sale of fixed assets	**259.60**	739.38
Fixed deposit with bank (maturity beyond three months)	**(1.48)**	(19.33)
Interest received	**529.42**	664.50
Net cash used in investing activities	**(6,717.24)**	(2,520.05)
Cash flow from financing activities		
Proceeds from / (Repayment of) short term borrowings from banks - (net)	**6,076.45**	6,840.38
Proceeds from short term borrowings from financial institution	**3,000.00**	3,000.00
Repayment of short term borrowings from financial institution	**(3,000.00)**	(2,000.00)
Repayment of long term borrowings	**(1,444.45)**	(1,325.68)
Interest and finance expenses paid	**(9,155.55)**	(8,548.18)
Dividend paid	**(114.97)**	(115.56)
Tax on distributed profits	**(19.57)**	(19.57)
Net cash (outflow)/ inflow from financing activities	**(4,658.09)**	(2,168.61)
Net increase / (decrease) in cash and cash equivalents	**846.67**	(9.93)
Cash and cash equivalents, beginning of year	**4,038.57**	4,048.50
Cash and cash equivalents, end of year*	**4,885.24**	4,038.57
* includes Rs. 3.44 lakhs (2009 - Rs. 3.69 lakhs) are not available for use by the Company as they represent corresponding unpaid dividend liabilities.		
Reconciliation of cash and bank balances in the consolidated balance sheet with the amounts considered above is summarised below:		
Cash and bank balances	**4,906.06**	4,057.90
Less: Fixed deposit with bank (maturity beyond three months)	**20.82**	19.33
	4,885.24	4,038.57

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

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
February 24, 2011

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
February 24, 2011

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

for the year ended 31 December 2010

1 Significant accounting policies

1.1 Basis of preparation and Principles of Consolidation

- Basis of preparation

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

- Principles of Consolidation

The consolidated financial statements relate to 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 Standards) Rules, 2006, (as amended).

ii. The Interests in Joint Ventures which are in the nature of jointly controlled entities have been consolidated by using the proportionate consolidation method on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profit or unrealized cash losses as per the Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" notified by the Companies (Accounting Standards) Rules, 2006, (as amended).

iii. Consolidated financial statements are prepared using uniform policies for like transaction and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.

iv. Significant accounting policies and schedules to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Company. Recognising this purpose, the Company has disclosed only such polices and schedules from the individual financial statements, which fairly presents the needed disclosure.

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

1.2 Accounting Estimates

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

1.3 Fixed Assets & Depreciation

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

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

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

1.4 Impairment

i. The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value and the risk specific to the assets.

ii. Depreciation on impaired assets is provided on the revised carrying amount of the assets over its remaining useful life.

iii. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

1.5 *Inventories*

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

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

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

1.6 *Revenue Recognition*

- On contracts

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

i. Unbilled work-in-progress valued at lower of cost and net realizable value upto the stage of completion. Cost includes direct material, labour cost and appropriate overheads; and

ii. Amounts recoverable in respect of the price and other escalation, bonus claims adjudication and variation in contract work required for performance of the contract to the extent that it is probable that they will result in revenue.

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

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

- On insurance claims

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

1.7 *Advances from customers, progress payments and retention*

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

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

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

1.8 *Foreign Currency Transactions*

i. Initial Recognition

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

ii. Conversion

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

iii. Exchange Differences

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

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

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

1.9 *Retirement and other employee benefits*

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

The Company has a provident fund scheme, a defined benefit plan, for employees and a group gratuity and life assurance scheme for employees. The 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.

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

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

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

1.11 Leases

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

1.12 Provisions, Contingent Liabilities and Contingent Assets

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

Contingent Liability is disclosed in case of

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

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

Contingent Assets are neither recognized nor disclosed.

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

1.13 Earning per share

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

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

1.14 Cash and cash equivalents

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

Schedules forming part of the Consolidated Balance Sheet

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

		2010	2009
2.	**SHARE CAPITAL**		
	Authorised		
	1,50,00,000 (2009 - 1,50,00,000) equity shares of Rs.10/- each	1,500.00	1,500.00
	6,00,00,000 (2009 - 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 (2009 - 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 (2009 - 1,15,15,790) equity shares of Rs.10/- each	1,151.58	1,151.58
	Of these shares:		
	80,11,318 (2009 - 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 (2009 - 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 (2009 - 2,526) equity shares of Rs.10/- each have been kept in abeyance pending final settlement in respect of shares issued in rights issue.		
3.	**RESERVES AND SURPLUS**		
	Securities premium account	31,957.39	31,957.39
	General reserve		
	Balance brought forward	272.12	258.61
	Add: Transfer from profit and loss account	46.93	13.51
		319.05	272.12
	Profit and loss account balance	2,698.40	2,007.80
		34,974.84	34,237.31
4.	**SECURED LOANS**		
	From Banks		
	- Working capital demand loan	1,506.99	3,590.00
	- Interest accrued and due (on working capital demand loan)	19.29	7.22
	- Overdraft - repayable on demand	41,755.40	33,426.32
	- External Commercial Borrowings (Buyer's Credit) (entirely repayable in one year)	4,027.31	3,806.13
	From Financial Institutions		
	- Short term loan - repayable in one year	3,000.00	3,000.00
	- Long term loan [repayable in one year Rs. 111.11 lakhs (2009 - Rs. 1,333.33 lakhs)]	111.11	1,555.56
	- Plant and vehicle loan [repayable in one year Rs. 847.63 lakhs (2009 - Rs. 882.12 lakhs)]	2,295.75	2,881.65
		52,715.85	48,266.88

Schedules forming part of the Consolidated Balance Sheet (Continued)

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

	2010	2009
Security for Secured Loans:		
- Bank loans, Buyer's Credit and Long term loan from Financial Institutions are secured by hypothecation of book debts, inventory, other current assets and movable plant and machinery, both present and future.		
- Plant and vehicle loan are secured by specific plant and vehicle respectively.		
- Short term loan from financial institution is secured by subservient charge on movable plant and machinery, movable assets and current assets of the Company both present & future also irrevocable and unconditional corporate guarantee by Italian-Thai Development Public Company Limited.		
5. UNSECURED LOANS		
Short term loans		
From Banks		
- Working capital demand loan	**-**	1,500.00
- Overdraft - repayable on demand	**1,967.72**	23.39
- Other loans -repayable in one year	**-**	249.22
	1,967.72	1,772.61
Italian-Thai Developement 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	**77.78**	206.27
Deferred tax asset		
Effect of expenditure debited to profit and loss account but allowed for tax purposes in following years	**575.38**	609.90
Deferred tax asset / (liabilities), (net)	**497.60**	403.63

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, 2010	15.32	221.94	26,440.80	5,518.13	1,541.28	259.56	313.14	34,310.17	27,718.54
Additions during the year	-	-	4,080.54	569.39	88.13	29.03	-	4,767.09	7,541.66
Disposals during the year	-	-	(461.26)	(27.15)	(20.19)	(7.90)	-	(516.50)	(950.03)
As at December 31, 2010	**15.32**	**221.94**	**30,060.08**	**6,060.37**	**1,609.22**	**280.69**	**313.14**	**38,560.76**	**34,310.17**
Accumulated Depreciation									
As at January 1, 2010	-	94.71	11,247.61	2,745.15	1,152.48	152.10	219.63	15,611.68	11,141.42
Charge for the year	-	5.63	2,910.34	1,036.93	166.58	27.55	37.27	4,184.30	4,826.34
Disposals during the year	-	-	(233.01)	(63.72)	(26.24)	(2.80)	-	(325.77)	(356.08)
As at December 31, 2010	**-**	**100.34**	**13,924.94**	**3,718.36**	**1,292.82**	**176.85**	**256.90**	**19,470.21**	**15,611.68**
Net block									
As at December 31, 2010	**15.32**	**121.60**	**16,135.14**	**2,342.01**	**316.40**	**103.84**	**56.24**	**19,090.55**	**18,698.49**
As at December 31, 2009	15.32	127.23	15,193.19	2,772.98	388.80	107.46	93.51	18,698.49	

Note: Buildings include Rs. 0.09 lakhs (2009 - 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 2010
(Currency: Indian Rupee in lakhs)

		2010	2009
8.	**INVESTMENTS**		
	Currrent Investment (at lower of cost and market value):		
	AVR Infra Pvt. Ltd.	**0.26**	-
	2,600 (2009 - Nil) Equity Shares (unquoted, trade) of Rs. 10/- each fully paid	**0.26**	-
9.	**INVENTORIES**		
	Construction materials (at cost)	**9,675.85**	10,545.43
	Tools and equipments (at amortised cost)	**4,815.43**	4,089.74
	Machinery spares (at lower of cost and net realisable value)	**1,730.31**	1,495.91
		16,221.59	16,131.08
10.	**SUNDRY DEBTORS**		
	(unsecured)		
	[refer notes 20 (x), (xii) & (xiii)]		
	Debts outstanding for a period exceeding six months		
	- Considered good	**27,021.89**	21,311.77
	- Considered doubtful	**1,569.50**	1,197.83
		28,591.39	22,509.60
	Less: Provision for doubtful debts	**1,569.50**	1,197.83
		27,021.89	21,311.77
	Other debts, considered good	**30,795.83**	26,542.58
		57,817.72	47,854.35
	Sundry debtors include:		
	- Retention monies of Rs. 6,724.81 lakhs (2009 - Rs. 4,805.95 lakhs) due subsequent to completion of the contracts as per the contractual terms.		
	Debts outstanding for a period not exceeding six months include receivable from Italian-Thai Development Public Company Limited, Thailand, the holding company, Rs. 266.08 lakhs (2009 - Rs. 287.85 lakhs). Maximum amount due during the year Rs. 850.82 lakhs (2009 - Rs. 878.33 lakhs).		
11.	**CASH AND BANK BALANCES**		
	Cash in hand	**219.06**	158.30
	Balance with scheduled banks		
	- current accounts	**4,364.89**	1,916.58
	- dividend bank accounts	**3.44**	3.69
	- funds in transit	**3.86**	-
	- deposit account	**314.81**	1,979.33
		4,906.06	4,057.90

Schedules forming part of the Consolidated Balance Sheet (Continued)

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

		2010	2009
12.	**LOANS AND ADVANCES**		
	(unsecured)		
	Considered good		
	Advances recoverable in cash or in kind or for value to be received	**3,709.43**	4,045.73
	Receivable from Italian-Thai Development Public Company Limited	**747.59**	954.12
	Deposits	**1,691.62**	2,094.91
	Taxes paid [(net of provision for taxation - Rs. 4,431.87 lakhs) (2009 - Rs. 3,529.65 lakhs) include Tax deducted at source Rs. 1,070.78 lakhs (2009 - Rs.1,059.17 lakhs), for which the certificates are yet to be received from the customers]	**4,832.88**	5,356.09
		10,981.52	12,450.85
	Considered doubtful		
	Advances recoverable in cash or in kind or for value to be received	**444.24**	445.75
		11,425.76	12,896.60
	Less: Provision for doubtful loans and advances	**444.24**	445.75
		10,981.52	12,450.85
13.	**CURRENT LIABILITIES**		
	Acceptances	**4,776.52**	2,770.54
	Sundry creditors - Other than Micro and Small Enterprises [refer note 20 (xv)]	**11,254.30**	10,037.60
	Advances from customers	**20,979.22**	17,473.15
	Unclaimed dividends*	**3.44**	3.69
	Interest accrued but not due on loan	**25.85**	16.61
	Other liabilities	**14,973.17**	11,565.94
		52,012.50	41,867.53
	* Not due for credit to Investors Education & Protection Fund		
14.	**PROVISIONS**		
	Gratuity	**180.62**	215.28
	Leave benefits	**376.09**	317.64
	Provision for provident fund	**117.17**	91.74
	Proposed dividend	**172.74**	115.16
	Provision for tax on proposed dividend	**28.69**	19.57
		875.31	759.39

Schedules forming part of the Consolidated Profit and Losss Account (Continued)

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

	2010	2009
15. REVENUE		
Turnover	**143,036.06**	145,976.44
Movement in unbilled work in progress	**2,986.08**	444.42
Service income from unincorporated Joint Ventures	**193.53**	1,043.43
	146,215.67	147,464.29
16. OTHER INCOME		
Profit on sale of assets (net)	**68.88**	145.43
Sundry creditors' balances written back	**22.20**	54.04
Bad debts recovered	**38.94**	47.58
Interest		
- on bank deposits [tax deducted at source of Rs. 10.40 lakhs (2009 - Rs. 18.69 lakhs]	**168.23**	139.66
- on Income tax refund	**302.86**	-
- from customer on settlement [tax deducted at source Rs. Nil (2009 - Rs. Nil)]	**361.18**	524.84
Insurance Claim	**393.85**	117.62
Miscellaneous income	**41.82**	105.27
	1,397.96	1,134.44
17. SITE AND ADMINISTRATIVE EXPENSES		
Personnel costs :		
Salaries, wages and bonus	**13,374.36**	11,514.46
Contribution to provident, gratuity and other funds	**1,088.56**	803.85
Staff wefare expenses	**357.02**	348.79
	14,819.94	12,667.10
Construction materials	**59,184.62**	57,941.54
Sub-contract costs	**18,593.89**	24,188.80
Plant hire expenses [refer note 20 (xvi)]	**7,791.57**	4,670.00
Power and fuel	**7,673.41**	6,397.76
Sales tax on works contracts	**3,332.88**	3,136.78
Miscellaneous expenses	**1,973.16**	1,787.67
Travel	**855.83**	748.67
Tools and equipment	**1,698.24**	1,789.80
Site transport and conveyance	**2,283.46**	2,165.84
Repairs and maintenance:		
- Plant and machinery	**940.79**	815.06
- Others	**132.84**	104.09
Insurance	**1,101.07**	985.62
Professional fees	**1,389.75**	1,483.27
Rental expenses [refer note 20 (xvi)]	**2,527.93**	7,660.10
Spares consumed	**1,127.99**	1,342.80
Security charges	**395.98**	506.59
Temporary site installations	**1,212.79**	1,379.23
Postage, telephone and telegram	**181.44**	182.94
Water charges	**363.35**	254.25
Printing and stationery	**120.79**	126.58
Fees and subscription	**53.21**	115.06
Infotech expenses	**146.24**	132.13
Service tax	**1,530.16**	717.39
Soil testing expenses	**38.15**	8.32
Labour cess	**419.30**	795.94
R&D expenses	**-**	132.14
Auditors' remuneration	**77.70**	69.84
Royalty expenses	**536.67**	463.50
Exchange loss (net)	**175.11**	95.62
Directors' fees	**2.65**	3.15
	130,680.91	132,867.58

		2010	2009
18.	**INTEREST AND FINANCE EXPENSES**		
	Interest on bank borrowings		
	- on working capital demand loan	**422.79**	305.94
	- on overdraft	**5,036.76**	3,892.26
	- on short term loan	**299.00**	494.79
	- on external commercial borrowings (buyer's credit)	**88.68**	105.27
	- on letter of credit	**19.20**	21.13
	Interest on commercial papers	**-**	218.88
	Interest on long term loan from financial institution	**101.73**	282.46
	Interest on advances from customers	**880.10**	1,156.98
	Interest on others	**772.80**	488.55
	Bank charges and guarantee commission	**1,555.82**	1,537.62
		9,176.88	8,503.88
19.	**PROVISION FOR DOUBTFUL DEBTS**		
	Bad debts written off during the year	**1,125.28**	134.68
	Add: Provision for doubtful debts, end of year	**1,569.50**	1,197.83
	Less: Provision for doubtful debts, beginning of year	**1,197.83**	522.27
	Net provision for doubtful debts	**1,496.95**	810.24
20.	**NOTES TO ACCOUNTS**		
(i)	**COMMITMENTS**		
	Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	**2,460.26**	205.26
(ii)	**CONTINGENT LIABILITIES**		
	a) Guarantees given by banks in respect of normal contracting commitments given in the normal course of business.	**22,476.59**	34,848.22
	b) Corporate Guarantee given to bank on behalf of Joint Venture.	**-**	1,500.00
	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.	**21,058.14**	21,074.14
	d) Sales tax matters pending in appeals	**505.05**	310.74
	e) Income tax matters pending in appeals	**2,407.70**	2,276.48
	f) Excise matter pending in appeal	**52.00**	52.00
	g) Entry tax matter pending in appeal	**207.32**	-

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

Buyers credit, Sundry creditors	**2010**			2009		
& Acceptances	**Foreign Currency**	**Exchange Rate**	**INR in lakhs**	Foreign Currency	Exchange Rate	INR in lakhs
US Dollar Exposure	**11,440**	**45.28**	**5.18**	2,663	47.12	1.25
Euro Exposure	**700,037**	**60.45**	**423.17**	1,869,666	67.97	1,270.81
GBP Exposure	**-**	**-**	**-**	414,176	75.98	314.69
TOTAL			**428.35**			1,586.75

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

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

20. NOTES TO ACCOUNTS (continued)

(iv) GRATUITY AND OTHER POST EMPLOYMENT BENEFITS

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

	Gratuity	
Profit and loss account	**2010**	2009
The net employee benefit expense (recognised in personnel cost) during the year is as follows:		
Current Service Cost	**128.71**	104.61
Interest Cost	**77.63**	62.00
Expected return on Plan Assets	**(81.21)**	(54.86)
Net Actuarial (Gains) / Losses for the period	**90.79**	(69.51)
Past service cost	**-**	-
Net benefit expense	**215.92**	42.24
Actual return on plan assets	**94.90**	134.42
Balance Sheet		
The details of provision for gratuity is summarised below:		
Defined benefit obligation	**1,266.02**	1,029.29
Fair value of plan assets	**1,085.40**	814.01
Plan Liability	**180.62**	215.28
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	**1,029.29**	918.54
Current Service Cost	**128.71**	104.61
Interest Cost	**77.63**	62.00
Net Actuarial Loss	**104.50**	10.04
Benefit Payments	**(74.11)**	(65.90)
Present value of Defined Benefit Obligation at end of period	**1,266.02**	1,029.29
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	**814.01**	539.53
Expected return on Plan Assets	**81.21**	54.86
Contributions by employer	**250.58**	205.96
Benefit Paid	**(74.11)**	(65.90)
Actuarial Gain on Plan Assets	**13.71**	79.56
Fair value of Plan Assets at end of the period	**1,085.40**	814.01
The Company expects to contribute Rs. 75.00 lakhs to gratuity in the next year (2009 - Rs. 250.00 lakhs)		

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

	2010	2009	2008	2007
Defined Benefit Obligation	**1,266.02**	1,029.29	918.54	655.26
Plan Assets	**1,085.40**	814.01	539.53	425.80
Deficit	**(180.62)**	(215.28)	(379.01)	(229.46)
Experience adjustments on plan assets	13.71	-	-	-
Experience adjustments on plan liabilities	(104.95)	-	-	-

20. NOTES TO ACCOUNTS (continued)

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, 2010 are Rs. 21.24 lakhs (2009 - Rs. 79.20 lakhs) and Rs. 1,064.16 lakhs (2009 - Rs. 734.82 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:

	2010	2009
Discount rate	**8.30%**	**7.50%**
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%**	**Upto age 44 - 2%**
	45 years & above - 1%	**45 years & above - 1%**
Expected average remaining service	**22.13 years**	**21.74 years**

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

In respect of provident funds, the Guidance issued by the Accounting Standards Board ('ASB') of ICAI on implementing AS 15 states that provident funds trust is set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as a defined benefit plan. The Company's provident fund does not have any 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. 206.09 lakhs during the year ended December 31, 2010 (2009 - Rs.153.84 lakhs)

The Company's expense for the provident fund aggregates Rs. 646.07 lakhs during the year ended December 31, 2010 (2009 - Rs.564.82 lakhs)

(v) SUBSIDIARIES

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

Name of the Subsidiary	**2010**		2009	
	Proportion of Ownership Interest	**Voting Power**	Proportion of Ownership Interest	Voting Power
ITD Cementation Projects India Ltd	**100%**	**100%**	100%	100%

(vi) JOINTLY CONTROLLED ENTITIES

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

Name of the Jointly Controlled Entities	**% of Participation as at December 31, 2010**	% of Participation as at December 31, 2009
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

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

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

20. NOTES TO ACCOUNTS (continued)

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, 2010		As at December 31, 2009	
Assets				
Fixed Assets	6,333.66		4,939.51	
Less : Accumulated depreciation	3,005.71		2,100.86	
		3,327.95		2,838.65
Capital work-in-progress		1,930.52		227.13
Deferred tax assets		497.60		403.63
Current Assets :				
Inventories	2,902.74		3,981.00	
Unbilled work-in-progress	8,676.20		4,989.22	
Sundry debtors	8,704.94		6,540.43	
Cash and bank balances	1,424.11		2,990.63	
Loans and advances	3,897.07		1,202.01	
Total Current Assets (A)		25,605.06		19,703.29
Current Liabilities (B)		19,616.99		13,888.30
Net Current Assets (A-B)		5,988.07		5,814.99
Total Assets		11,744.14		9,284.40
Liabilities				
Loan Funds :				
Secured loans		2,215.85		375.93
Deferred tax liabilities		-		-
Reserves & Surplus				
Opening balance of retained earnings	2,301.27		1,284.14	
Add : Profit for the period	1,424.04		1,014.90	
		3,725.31		2,299.04
Total Liabilities		5,941.16		2,674.97
REVENUE ITEMS				
Turnover	39,388.91		50,683.42	
Other Income	441.36		404.48	
		39,830.27		51,087.90
Less : Expenses				
Site and administration expenses	35,044.74		46,124.28	
Interest and finance expenses	1,401.24		1,358.06	
Depreciation	1,109.15		1,766.34	
Total Expenses		37,555.13		49,248.68
Profit Before Tax		2,275.14		1,839.22
Provision for tax		945.07		1,244.34
Deferred tax credit		(93.97)		(427.93)
Fringe benefit tax		-		7.91
Profit After Tax		1,424.04		1,014.90
Capital commitment		197.73		104.19
Contingent liabilities		4,709.31		11,267.32

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

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

20. NOTES TO ACCOUNTS (continued)

(vil) SEGMENT REPORTING

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

(viii) RELATED PARTY TRANSACTIONS

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

Italian-Thai Development Public Company Limited - Holding Company

(b) Other entities with whom transactions have taken place

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

(c) Remuneration to Key Management Personnel

		2010	2009
1)	Mr. Adun Saraban – Managing Director	**52.16**	17.88
2)	Mr. P. B. Patwardhan - Chief Financial Officer	**38.30**	33.51
3)	Mr. S. S. Singh (ceased to the Managing Director w.e.f. 1st January, 2010)	**-**	66.58
4)	Mr. S. Mukundan - Deputing Managing Director (resigned on 12th June , 2009)	-	28.47
		90.46	146.44

(d) Transactions with related parties

Previous year figures are given in brackets.

Nature of Transactions	Holding Company	Associate
Revenues earned from contract execution	**980.08** (771.31)	
Balance receivables for contract execution	**795.53** (505.26)	
Lease rental expenses	**-** (5,274.69)	
Royalty expense	**536.67** (463.50)	
Dividend paid	**80.11** (80.11)	
Investment in Equity Shares		**0.26** (-)
Balance receivable at the year end	**747.59** (954.12)	
Corporate guarantee issued by	**5,000.00** (6,000.00)	

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

(ix) EARNINGS PER SHARE

		2010	2009
a)	Net Profit after taxation	**938.51**	540.56
b)	Calculation of weighted average number of equity shares of Rs.10/- each		
	Number of shares at the beginning of the year	**11,515,790**	11,515,790
	Number of shares issued during the year	**-**	-
	Number of shares at the end of the year	**11,515,790**	11,515,790
	Weighted average number of equity shares outstanding during the year	**11,515,790**	11,515,790
c)	Basic and diluted earnings per share nominal value of Rs. 10/- each (2009 - nominal value Rs. 10/- each)	**8.15**	4.69

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

as at 31 December 2010
(Currency: Indian Rupee in lakhs)

20. NOTES TO ACCOUNTS (continued)

(x) (a) Sundry debtors at December 31, 2010 include Rs. 1,140 lakhs (December 31, 2009 - Rs. 1,140 lakhs) relating to price escalation claims which are disputed by the customer. The Company has received favourable verdict from Dispute Redressal Board and also thereafter in Arbitration in respect of these claims. The Customer has appealed against the Arbitration Award. Management is reasonably confident of recovery of this amount based on the above and independent legal advice from eminent legal counsel in the matter. These contracts have been completed and hence during the year ended December 31, 2010, the Company has not recognised any turnover or escalation claims on these road contracts.

(b) Sundry debtors at December 31, 2010 include variation claims of Rs. 1,515 lakhs (December 31, 2009 - Rs.1,515 lakhs) for which the Company had received an arbitration award in its favour which has subsequently been upheld by the district court. The Customer has challenged this Court Order. However on the basis of above arbitration award and Court Order management is reasonably confident of recovering of these amounts.

(c) Sundry debtors at December 31, 2010 include variation claims of Rs. 309 lakhs (December 31, 2009 - Rs. 309 lakhs) for which the Company had received an arbitration award in its favour which has subsequently been upheld by the district court. The Customer has challenged this Court Order. However on the basis of above arbitration award and Court Order management is reasonably confident of recovering of these amounts.

(xi) Work-in-progress at December 31, 2010 include Rs. 1,812 lakhs, in respect of a contract which has been rescinded by the Company and Rs. 2,174 lakhs in respect of another contract where the Company has received a notice from the customer withdrawing from the Company the balance works to be executed under the contract; besides the Company has also issued guarantees aggregating Rs. 616 lakhs and Rs. 2,227 lakhs. The Company intends to pursue these matters, if necessary, through legal action. Based upon legal/expert advice received, management is reasonably confident of recovery of these amounts of work in progress.

(xii) Sundry debtors at December 31, 2010 include variation claims of Rs. 3,910 lakhs (December 31, 2009 - Rs. 5,042 lakhs) recognised upto December 31, 2010, which are disputed by the customer. Out of this, claims amounting to Rs. 2,346 lakhs (December 31, 2009 - Rs. 2,801 lakhs) are a subject matter of arbitration. The Company has received arbitration awards in its favour in respect of the balance amount of Rs. 1,564 lakhs (December 31, 2009 - Rs. 2,241 lakhs) of which, an amount of Rs. 1,109 lakhs (December 31, 2009- Rs. 2,241 lakhs) have since been challenged by the customer. During the year ended December 31, 2010, no variation claim was recognised by the Company. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is reasonably confident of recovery of the same.

(xiii) Sundry debtors at December 31, 2010 include Rs. 3,384 lakhs (December 31, 2009 - Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification provided in the respective contracts. The management is reasonably confident of the certification and recovery of the same progressively on these contracts based on past experience of the Company, assessment of work done and the fact that these amounts are not disputed by the customer.

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

		2010	2009
a)	Contract revenue recognised as revenue in the period Clause 38 (a)	**146,022.14**	146,530.88
b)	Aggregate amount of costs incurred and recognised profits up to the reporting date on Contract under progress Clause 39 (a)	**455,845.99**	347,305.18
c)	Advance received on Contract under progress Clause 39 (b)	**20,979.22**	17,473.15
d)	Retention amounts on Contract under progress Clause 39 (c)	**6,724.81**	4,805.95
e)	Gross amount due from customers for contract work as an asset Clause 41 (a)	**38,919.16**	30,424.76

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

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

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

as at 31 December 2010

(Currency: Indian Rupee in lakhs)

20. NOTES TO ACCOUNTS (continued)

(xvi) Operating Lease

a. The Company has taken various residential/commercial premises and construction equipments on cancellable operating leases. These lease agreements are normally renewed on expiry. Rental expenses in the consolidated profit and loss account for the year include lease payments towards premises of Rs. 1,360.60 lakhs (2009 - Rs. 1,161.18 lakhs). Plant hire expenses relates to the lease payment for construction equipments.

b. The Company, in addition to the above has taken construction equipments on leases (non-cancellable operating leases). The future minimum lease payments in respect of which at December 31, 2010 are as follows:

Minimum Lease Payments	2010	2009
i. Payable not later than 1 year	**504.35**	2,402.97
ii. Payable later than 1 year and not later than 5 years	**30.46**	859.36
iii. Payable later than 5 years	**-**	-
Total	**534.81**	3,262.33

These leases have no escalation clauses.

Rental expenses in the statement of consolidated profit and loss for the year include Rs. 1,167.33 lakhs (2009 - Rs. 6,498.92 lakhs) towards such leases.

c. General descriptions of lease terms

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

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

iii. The Company did not sub lease any of its assets and hence did not receive any sub lease payments during the current or previous year.

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

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

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
February 24, 2011

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
February 24, 2011

FINACIAL HIGHLIGHTS
(Currency: Indian Rupee in lakhs)

FINACIAL RESULT									
	STANDALONE					CONSOLIDATED			
Particulars	**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 31-12-10**	**12 months to 31-12-07**	**12 months to 31-12-08**	**12 months to 31-12-09**	**12 months to 31-12-10**
Total Income	58,533.26	79,753.21	97,961.41	99,711.25	**109,573.75**	92,815.75	134,343.34	148,598.73	**147,613.63**
Profit/(Loss) before Tax	256.60	1,294.00	644.01	766.32	**1,223.49**	1,493.89	1,463.56	1,590.69	**2,074.59**
Profit after Tax	269.95	904.74	549.93	540.53	**938.51**	904.58	549.87	540.56	**938.51**
Dividend	Nil	269.46	134.73	134.73	**201.43**	269.46	134.73	134.73	**201.43**
Retained Earnings	269.95	635.28	415.20	405.80	**737.08**	635.12	415.14	405.83	**737.08**
Gross Block	13,850.63	17,497.71	22,863.90	29,370.65	**32,227.11**	18,633.93	27,718.54	34,310.17	**38,560.76**
Net Block	6,468.38	8,727.85	12,282.66	15,859.82	**15,762.60**	9,726.86	16,577.12	18,698.49	**19,090.55**
Total Net Assets	27,401.11	42,827.13	76,481.86	85,052.64	**88,594.32**	43,169.97	78,505.91	85,428.38	**90,809.99**
Share Capital	575.81	1,151.58	1,151.58	1,151.58	**1,151.58**	1,151.58	1,151.58	1,151.58	**1,151.58**
Reserves	10,220.96	33,481.64	33,831.70	34,237.50	**34,975.03**	33,481.48	33,831.48	34,237.31	**34,974.84**
Borrowings	16,604.34	8,193.91	41,498.58	49,663.56	**52,467.71**	8,536.91	43,522.85	50,039.49	**54,683.57**
Deferred Tax Liability/ (Asset)	Nil	Nil	Nil	Nil	Nil	(320.79)	24.30	(403.63)	**(497.60)**
Total Fund	27,401.11	42,827.13	76,481.86	85,052.64	**88,594.32**	43,169.97	78,505.91	85,428.38	**90,809.99**
Earnings per Share (Rs.)	5.54	12.55	4.78	4.69	**8.15**	12.55	4.77	4.69	**8.15**
Dividend per Share (Rs.)	Nil	2.00	1.00	1.00	**1.50**	2.00	1.00	1.00	**1.50**
Book Value per Share (Rs.)	187.50	300.74	303.78	307.31	**313.70**	300.74	303.78	307.31	**313.70**

Construction of Terminal Building for Kolkata Airport Project, Kolkata

Track rail laying for Bangalore Metro Rail Corp., Bangalore

Laying of pipeline for Tallah Palta Project, Kolkata

Piling and foundation work at Jaigad Port, Maharashtra

Marine Projects

Highways

Bridges

Hydroelectric Power

Tunneling

Dams & Irrigation

Industrial Structures

Foundation & Specialist Engineering

Urban Transport

Airports

Pictures on cover

1.Pipe rack supports for Opal Project at Dahej, Gujarat

2.Tunnel boring machine for underground metro for Kolkata Metro Rail Corporation, Kolkata

3.Box pushing work, Delhi

4.Construction of jetty for Ennore Port, Chennai

ITCem

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