



ITD Cementation India Limited

ANNUAL REPORT 2010





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

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

Contents	Page
Directors' Report	2
Corporate Governance	8
Management Discussion and Analysis	14
Auditors' Report	17
Balance Sheet	22
Profit and Loss Account	23
Cash Flow Statement	24
Notes & Schedules to the Financial Statements	25
Consolidated Financial Statements	45
Financial Highlights	64

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

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 i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Reports on Management Discussion and Analysis and on Corporate Governance along with 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 m³ 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. Udawadia	Independent, Non- Executive	6	5	Yes	13	9 (includes 1 Chairmanship)
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.

- 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.
- 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.

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

3. Audit Committee

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

(i) Composition

Audit Committee comprises 3 non-executive directors of which two, namely Mr. Per Hofvander and Mr. D. E. Udawadia are independent. During the financial year ended 31st December, 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. Udawadia	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;