



ITD Cementation India Limited



ANNUAL  
REPORT  
2011







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



## ITD Cementation India Limited

### Committees of Directors

#### Audit Committee

P. Hofvander  
D.E. Udawadia  
P. Chakornbundit

#### Remuneration Committee

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

#### Shareholders/Investors' Grievance Committee

P. Chakornbundit  
A. Saraban

### Board of Directors

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

### Chief Financial Officer

S. Ramnath

### Company Secretary

R.C. Daga

### Bankers

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

### Auditors

S.R. Batliboi & Associates, Mumbai

### Legal Advisers

Udawadia & Udeshi, Mumbai

### Registrars and Share Transfer Agents

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

### Registered Office

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

### Area Offices

Mumbai  
Kolkata  
Delhi  
Chennai

### R & D Location

Kolkata

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



# ITD Cementation India Limited

## DIRECTORS' REPORT

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

## FINANCIAL RESULTS

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

## DIVIDEND

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

## REVIEW OF OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **OUTLOOK**

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

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

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

# ITD Cementation India Limited

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

## PARENT COMPANY

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

## SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

## RESEARCH AND DEVELOPMENT

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

## PARTICULARS OF EMPLOYEES AND OTHER ADDITIONAL INFORMATION

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

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

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors state that in the preparation of the annual accounts the applicable accounting standards have been followed and proper explanations have been provided for material departures, wherever applicable. The Board of Directors also confirm that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under report. It is further stated that the Board of Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. It is further confirmed that the Directors have prepared the annual accounts on a going concern basis.

## **DEPOSITORY SYSTEM**

It is mandatory that the shares of the Company are traded in electronic form. The Company has entered into Agreements with both the depositories 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. Peshwan Jehangir resigned as Director of the Company with effect from 28<sup>th</sup> February, 2012. Directors placed on record their sincere appreciation of the valuable contribution made by Mr. Jehangir during his tenure as Director of the Company.

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

## **AUDITORS**

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

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

## **INDUSTRIAL RELATIONS**

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

## **ACKNOWLEDGEMENT**

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

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

For and on behalf of the Board

**Premchai Karnasuta**  
Chairman

February 29, 2012

# ITD Cementation India Limited

## Annexure to the Directors' Report

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

### RESEARCH AND DEVELOPMENT

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

#### A) Conservation of Energy

(a) Energy Conservation Measures Taken:

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

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

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

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

Decrease in diesel consumption per unit work done.

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

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

Not applicable

(e) Fuel Reduction During Pre-boring Operations

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

#### B) Technology Absorption

##### Research & Development (R & D)

1. Temperature Monitoring as a Crack Controlling Measure

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



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

## 2. Use of Pre-stressed Spun Concrete Piles

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

### Technology Absorption, Adaption and Innovation

#### 1. Polymer Based Slurry System for Borehole Stability

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

#### 2. Excavator mounted Boring Machine for Special Site Conditions

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

#### 3. Steel Guide Wall

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

### C) Foreign Exchange Earnings and Outgo

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

For and on behalf of the Board

**Premchai Karnasuta**  
Chairman

February 29, 2012

# ITD Cementation India Limited

## CORPORATE GOVERNANCE REPORT

### 1. Company's philosophy on Corporate Governance

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

### 2. Board of Directors

#### (i) Composition

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

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

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

\*Excludes membership / chairmanship of non-mandatory committees.

<sup>1</sup>ceased to be a director w.e.f. 28.02.2012

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

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

#### (iv) Code of Conduct

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

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

### 3. Audit Committee

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

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

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

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

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

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

#### (ii) Terms of reference are broadly as under:

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