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
S. S. Singh

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Annual General Meeting
Wednesday, 29th April, 2009, 3.00 p.m.
Patkar Hall, Mumbai 400 020.

Board of Directors
P. Karnasuta, Chairman
S. S. Singh, Managing Director
S. Mukundan, Deputy 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 Advisors
Udwadia & Udeshi, Mumbai.

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

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

Area Offices
Mumbai
Kolkata
Delhi
Chennai

R & D Location
Kolkata

Directors' Report

The Directors present herewith their Report and Statement of Accounts for the year ended 31st December, 2008.

FINANCIAL RESULTS

(In Rupees Lakhs)

	Year 2008	Year 2007
Total Income	**98,021.18**	79,753.21
Gross Profit before depreciation and bad debts	**3,094.53**	2,920.38
Less: Depreciation on fixed assets	**1,972.53**	1,465.32
Net Profit before provision for doubtful debts	**1,122.00**	1,455.06
Less: Provision for doubtful debts	**477.99**	393.00
Add: Prior period adjustments	—	231.94
Profit before Taxation	**644.01**	1,294.00
Less: Provision for Taxation	**94.08**	389.26
Profit after Taxation	**549.93**	904.74
Add : Surplus of previous year brought forward	**1,214.25**	646.97
Amount available for appropriation	**1,764.18**	1,551.71
Directors' recommendation for appropriation:		
Proposed Dividend	**115.16**	230.32
Dividend Distribution Tax	**19.57**	39.14
Transfer to General Reserve	**13.75**	68.00
Balance carried to Balance Sheet	**1,615.70**	1,214.25
	1,764.18	1,551.71

DIVIDEND

The Directors are pleased to recommend dividend of Re. 1.00 per share (2007-Rs. 2.00 per share), on 115,15,790 equity shares of Rs.10 each fully paid. The above dividend, together with tax thereon, when approved, will represent about 24.5 % of distributable profits of Rs.549.93 Lakhs for the year.

REVIEW OF OPERATIONS

Turnover for the year was Rs.94,063.35 Lakhs compared to Rs.73,218.60 Lakhs for the year 2007, an increase of 28%. As per Consolidated Accounts turnover for the year was Rs.127,978.35 Lakhs, an increase of 84% over the previous year's Rs. 69,648.12 Lakhs.

For the year 2008, the Company has made a profit before tax of Rs.644.01 Lakhs (including its share of profit (net of tax) in Joint Ventures) compared to a profit of Rs.1,294.00 Lakhs for the year 2007. The profit before tax was affected mainly due to substantial increase in cost of major inputs, mainly steel and petroleum products. As per Consolidated Accounts profit before tax for the year was Rs.1,463.56 Lakhs compared to profit before tax of Rs.1,493.89 Lakhs for the year 2007.

The Company is now looking at market sectors in which the Parent Company has experience and expertise, requiring higher level of technology and which add comparatively higher value. Such projects wherever necessitated by tender requirements, are executed in Joint Venture with Parent Company.

The work-in-hand position has improved during the year. In addition to projects secured in Joint Venture with Parent Company in Airports and MRTS, your Company has secured a number of projects in marine, foundation and piling sectors.

The Directors have reviewed the outstanding debts and have decided to write-off Rs. 185.96 Lakhs (2007– Rs. 328.40 Lakhs).

Total value of new contracts secured during the year aggregated Rs. 129,882 Lakhs (2007 – Rs. 72,262 Lakhs). They include-

- Construction of Wet Basin for Mazagaon Dock, Mumbai.
- Civil works for Iron Ore Port Terminal at Ennore Port, Chennai.
- Driven Piling, Pile Caps and Associated Civil & Structural works at Mundra, Gujarat.
- Construction of Diaphragm Wall and Anchor Slab with Special Fill at Sabarmati, Gujarat.
- Piling & Substructure works , multistoried residential complex at Jaypee Greens, Noida.
- Civil and Piling work for Allumina Refinery Project at Lanjigarh, Orissa.
- Piling works for Blast Furnace Package at Burnpur, West Bengal.

New contract secured in Joint Venture

During the year, your Company in joint venture with Italian-Thai Development Public Company Limited (ITD) has been awarded a project by Airports Authority of India for construction of Integrated Passenger Terminal Building at NSCBI Airport, Kolkata valued at Rs.160,260 Lakhs.

In continuation of projects under execution for Delhi Metro Rail Corporation, your Company in joint venture with ITD, has been awarded the work of construction of the Sushant Lok Station with Property Development valued at Rs.9,419 Lakhs.

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

- Construction of container berth and bulk liquid jetty at Pipavav Port, Gujarat.
- Construction of 2.55 km long single Broad Guage Railway tunnel at Udhampur, Jammu & Kashmir.
- Civil work at Firoz Gandhi Super Thermal Power Project at Unchahar, Uttar Pradesh.
- Various Piling and Civil works in West Bengal, Rajasthan, Uttarakhand, Haryana, Uttar Pradesh, Gujarat, Delhi and Mumbai.

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

(i) The Management is reasonably confident of the certification and recovery of Rs. 3,384.00 Lakhs included in sundry debtors representing interim work bills for work done, progressively, on these contracts. This is based on past experience of the Company, Management's assessment of work done and the fact that these claims are not disputed by the customers.

(ii) The Company has recognised variation claims as revenue of Rs. 4,182 lakhs till December 31, 2008 (including Rs. 3,817 lakhs under arbitration) which are also included in the balance of sundry debtors at December 31, 2008. These claims are disputed by the customer. Of these, the Company has received arbitration award of Rs. 2,610.00 Lakhs in its favour and includes an arbitration of Rs. 990 lakhs which has been upheld by a district court in favour of the Company. The period within which the customer can futher challenge the amount of Rs. 990 lakhs has not elapsed and the balance arbitration awards of Rs. 1,620.00 Lakhs have since been challenged by the customer. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is reasonably confident of recovery of the same.

(iii) Slight delays in depositing tax deducted at source were due to delay in receipt of information from remote sites.

ISO 9001:2000, 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 9001:2000, Environmental Management System (EMS) conforming to ISO 14001:2004 and Occupational Health and

Safety Management System (OHSMS) conforming to OHSAS 18001:2007.

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

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

OUTLOOK

Your Company has further consolidated its presence in the construction market with its foray into Airports and MRTS. In addition to the projects being executed for Delhi Metro Rail Corporation, the execution of the Kolkata Airport Modernisation Project has commenced, supported by the parent's technical expertise and experience.

Your Company's presence in other sectors, including marine has been further strengthened by new orders for marine iron ore terminals at Chennai and construction of wet basin at Mumbai. Your Directors are pleased to inform you that during the first quarter of 2009, your Company has been awarded further contracts aggregating approx Rs.100,000 Lakhs in marine and irrigation Sectors.

In view of the prevailing market conditions globally as well as in India on one hand and the country's need for improved infrastructure to fuel growth on the other hand, your Company looks forward to a period of growth, albeit subdued, with cautious optimism.

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 2007 of approximate Baht 45,623 million (about Rs.5,889.93 Crores) which puts it in the lead position amongst contractors in Thailand. In 2007, ITD had a skilled work force of around 29,134 employees, including around 1,495 qualified engineers. An experienced in-house training division provides its employees with continuous training in safety and construction skills. ITD's main activities are airports, buildings, expressways, highways, railways and bridges, industrial plants, mining, pipelines and utility works, ports, jetties, river protection, dredging and reclamation and marine works, dams and hydroelectric power projects, mass rapid transit systems, steel fabrication and telecommunications.

UTILISATION OF RIGHTS ISSUE PROCEEDS - 2007

Pursuant to Letter of Offer dated 2nd November, 2007, your Company allotted 57,57,690 equity shares on rights basis and raised Rs.24,470.18 Lakhs. The Company fully utilised the same towards partial repayment / pre payment of existing debts, financing a portion of working capital requirement, general corporate purposes and rights issue expenses detailed as under:

Objects of Rights Issue	Amount utilised as on December 31, 2008
	Rs. Lakhs
Partial repayment/prepayment of existing debt.	10,000.00
Financing a portion of working capital requirements.	7,000.00
General Corporate purposes including purchase/repurchase of certain plant and machinery, investments into joint ventures amongst other corporate objectives.	6,225.10
Meeting expenses of the rights issue	1,245.08
	24,470.18

SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENT

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

As required under the Listing Agreements with the Stock Exchanges, a Consolidated Financial Statement of the Company and its subsidiary is 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, 2008 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, 2008 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

Your Company lays significant emphasis on improvement in methods and processes in its area of construction and operations. Recognition of the Company's Research and Development Division by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, is valid upto 31st March, 2009. An application for renewal is under process. The primary focus of research is to continually refine the frequently used systems at our project sites to derive optimization, reduction in breakdowns and improve effectiveness and efficiency of use.

PARTICULARS OF EMPLOYEES AND OTHER ADDITIONAL INFORMATION

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998 is attached hereto and forms part of this Report.

Particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 also form part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

DEPOSITORY SYSTEM

It is mandatory that the shares of the Company are traded in electronic form. The Company has entered into Agreements with both the depositories ie. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Reports on Management Discussion and Analysis and on Corporate Governance alongwith a certificate of compliance from the Auditors are attached hereto and form part of this Report.

DIRECTORS

Mr. Nasser Munjee resigned as Director with effect from 25th June, 2008. The Directors place on record their appreciation of the valuable advice, guidance and contributions made by Mr. Nasser Munjee during his tenure as Director of the Company.

Ms. Parizad P. Mistry resigned as Director with effect from 17th July, 2008. The Directors place on record their appreciation of the valuable contributions made by Ms. Parizad P. Mistry during her tenure as Director of the Company.

At a meeting of the Board of Directors held on 31st July, 2008, Mr. Peshwan Jehangir was appointed as Additional Director of the Company. Mr. Peshwan Jehangir holds office as Director upto the date of this Annual General Meeting and, being eligible, offers himself for re-appointment.

Mr. Per Hofvander and Mr. Pathai Chakornbundit retire by rotation and, being eligible, offer themselves for re-appointment.

AUDITORS

The retiring Auditors, Messrs S.R. Batliboi & Associates, Chartered Accountants, Mumbai, offer themselves for re-appointment.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Premchai Karnasuta
Chairman

5th March, 2009

Annexures 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 improvement in methods and processes in its area of construction and operations. Recognition of the Company's Research and Development Division by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India is valid upto 31st March, 2009. An application for renewal is under process. The primary focus of research is to continually refine the frequently used systems at our project sites to derive optimization, reduction in breakdowns and improve effectiveness and efficiency of use.

A) Conservation of Energy

(a) Energy Conservation Measures Taken:

- Two or more DG sets at multiple load centre locations with heavy power demands are synchronized using Load Sharing Engine Generator Control Package (EGCP). One generator is stopped where load stabilises. (non peak loads)
- Dozers and Graders with Euro II and Euro III compliant engines selected for purchase during year 2008.
- Drilling rig with Euro IV engines only were purchased in 2008 thus increasing fuel efficiency.
- Negative leads avoided in material handling through trucks.
- Engine selected for excavators -

  - recirculates part of unburnt fuel from exhaust to improve fuel efficiency and reduce pollutions.
- Generators are stopped during non peak hours like lunch period.

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

Certain category of machines are being converted to electrical drives in 2009 to save diesel consumption and utilise grid / pool power thus saving energy.

Energy efficiency has been one of the major criterion for selection of new plant for 2009. Engines selected for cranes give low fuel to load ratio.

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

Decrease in diesel consumption per unit workdone.

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

(e) 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. Polymer Slurry

   About 10 experimental bored cast-in-situ piles are proposed to be executed using a drilling fluid polymer. This polymer based slurry, developed indigenously, possess superior properties compared to the traditional bentonite based slurry and is considered eco-friendly. An existing project site adjacent to river Jamuna is identified to carry out R & D activity to study the stability of large diameter bored piles. Research study shall also focus on effectiveness of polymer vis-a-vis bentonite slurry in terms of overall techno-economic benefits.

2. Concrete Sampler

   A sampler is developed to collect concrete samples from freshly cast bored, cast-in-situ piles simultaneously from five collection points spaced at 500mm on centre. This feature hitherto was not possible in the past. This device assists identification of depth of contaminated concrete, and to assess the permitted built-up of concrete for piles with deep cut-off levels. This sampler is being deployed at a bored cast-in-situ piling project site in Northern India, to study its effectiveness and search for possible refinements which would include lifting mechanism, improvement in the area ratio allowing minimum sample disturbance.

Technology Absorption, Adaption and Innovation

1. Guide Casing

   A mechanism is developed for driving and extracting long casings upto 12m length. Long casings could not be used on temporary basis in the past, as they were difficult to extract. The Guide casing device has collar housing unit, a rotating bar that can be attached to the Kelly of rotary piling rig. These units result in a locking arrangement that can drive or extract long casings into and out of the ground by spinning action. A flushed joint arrangement has also been devised to connect two casings, which ensured minimum disturbance to the ground during their movement. This innovative Guide Casing was employed in a very harsh ground condition comprising hard blast-furnace slag at a piling project at Burnpur (West Bengal). This device offered substantial quality enhancement in piling works and also proved to be a cost-effective alternative to more expensive Vibro Hammers.

2. Dynamic Hammer

   Motivation for developing Dynamic Hammer was generated from growing popularity of dynamic pile load tests as an alternative to static load tests in a fast track construction scenario. With increasing pile capacities, a need was felt to develop a hammer to cater for 600T to 1000T test load range. This meant that the hammer weight had to be adjustable and with a maximum drop weight of 10T. An innovative dynamic hammer was developed in-house which has a guide frame to minimize energy losses and is designed to cause spontaneous release using four simultaneously operated jacks. Use of this innovation was successfully employed for dynamic load test for a piling work at Bangalore site.

3. Modified Drill

   In a project involving curtain grout holes through drainage gallery of a dam, drilling operations was required using a suitable top hammer drill with 60m drilling length in both upward and downward directions. For a small gallery size at the site, no suitable drill was available in the market. A drill rig was developed in-house; requiring only 2m head room which could successfully drill holes upto 70m. This arrangement, apart from being successful in a confined area also proved to be cost saving.

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 contract in its specialist activities.
3) There were no earnings in foreign exchange from construction and related activities during the year under the report and the outgo on account of travelling, lease rental, ECB & interest on ECB, membership fee, royalty, import of raw materials, consumables, capital goods, tools and spare parts, aggregated to Rs.2,413.99 Lakhs.

Statement Pursuant to Section 217 (2A) of Companies Act, 1956

Name , Age, Designation and Nature of Duties , Qualifications , Date of Employment, Experience (Years) , Gross Remuneration (Rupees) and Last Employment

A Employed throughout the Financial Year under review and in receipt of remuneration aggregating not less than Rs. 24,00,000/-

1. S.S. Singh, 62, Managing Director, B.Tech, 01/06/2000, 40, Rs.67,31,804/-, President, Kirloskar Pneumatic Company Limited, Pune.
2. S. Mukundan, 53, Deputy Managing Director, B.Tech. (Mechanical), PGDMS, 10/06/1996, 27, Rs.40,61,912/-, Essar Oil Limited, Mumbai.
3. Prasad Patwardhan, 43, Chief Financial Officer, B.Com., ACA, 15/06/2006, 21, Rs.32,92,663/-, Gammon India Limited, Mumbai.
4. Bijoy Krishna Saha, 47, Deputy Director, B.E. (Civil), 19/07/1982, 27, Rs.29,76,031/-, First Employment.
5. Ravindra Ravalnath Havaldar, 59, Deputy Director, B.E. (Civil), 29/08/1979, 37, Rs.34,44,643/-, Senior Engineer, The Cementation Company Limited, India Branch.
6. Gautam Basu Roy, 50, Senior Vice President, B.E. (Civil), 29/08/1979, 29, Rs.28,05,876/-, Trainee Engineer, The Cementation Company Limited, India Branch.
7. Adun Saraban, 49, Co-Ordination & Monitoring Executive, B.E. (Civil), 01/01/2005, 27, Rs.38,97,090/-, Italian-Thai Development Public Company Limited, Thailand.
8. Uttrawooth Narknisorn, 53, Financial Comptroller, MBA, 01/01/2005, 29, Rs.43,36,129/-, Italthai Holding Co. Ltd., Thailand.
9. Kasem Sukpitak, 49, Project Director, B.Sc. Industrial Education (Electrical Engineer), MBA (General Management), 26/05/2005, 26, Rs.31,12,740/-, Italian-Thai Development Public Company Limited, Thailand.
10. Prasarn Ruengsang, 54, Project Director, B.E. (Civil) & Indl. Science of Education, 03/08/2005, 30, Rs.26,93,551/-, Real Estate Company, Bangkok, Thailand.

B Employed for part of the Financial Year under review and in receipt of remuneration aggregating not less than Rs. 2,00,000/- per month.

1. A.K. Chatterjee, 64, Director – General Manager, B.E. (Civil), F.I.E., M.I.G.S., 29/08/1979, 43, Rs.24,03,513/-, Senior Engineer, The Cementation Company Limited, India Branch.

Notes : Gross remuneration has been calculated according to relevant provisions of the Companies Act , 1956 but excludes contribution to Gratuity Fund which is provided on actuarial basis for the Company as a whole as separate figures are not available except for retired director.

All appointments are contractual. None of the employees is a relative of any Director of the Company.

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

The Company has 8 Directors with a Non- Executive Chairman: of the 8 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 2008 Held	Attended	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
Mr. Premchai Karnasuta (Chairman)	Non-Independent, Non–Executive	5	1	No	Nil	Nil
Mr. Pathai Chakornbundit	Non-Independent, Non–Executive	5	4	Yes	Nil	Nil
Mr. D. E. Udwadia	Independent, Non–Executive	5	5	Yes	13	9 (includes 1 Chairmanship)
Mr. S. S. Singh	Executive	5	5	Yes	1	Nil
Mr. A.K. Chatterjee[1]	Executive	5	Nil	Yes	Nil	Nil
Mr. S. Mukundan	Executive	5	4	Yes	1	Nil
Mr. N. M. Munjee[2]	Independent, Non–Executive	5	Nil	Yes	14	10 (includes 5 Chairman ships)
Mr. Per Hofvander	Independent, Non–Executive	5	4	Yes	Nil	Nil
Mr. D. P. Roy	Independent, Non–Executive	5	3	Yes	6	3 (includes 1 Chairmanship)
Ms. Parizad P. Mistry[3]	Independent, Non–Executive	5	Nil	No	Nil	Nil
Mr. Peshwan Jehangir[4]	Independent, Non–Executive	5	3	_	1 * * (since resigned w.e.f. 2nd March, 2009)	Nil

[1] Resigned on retirement w.e.f. 1st March,2008.

[2] Resigned as Director w.e.f. 25th June,2008.

[3] Resigned as Director w.e.f. 17th July, 2008.

[4] Appointed as Additional Director w.e.f. 31st July, 2008.

* Excludes membership / chairmanship of non-mandatory committees and committees of various chambers/firms.

i) 5 meetings of the Board of Directors were held during the Company's financial year ended 31st December, 2008. The dates on which the meetings were held are as follows: 7th March, 30th April, 31st July, 29th August and 31st October, 2008.

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 amended with effect from 1st May, 2005.

(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, 2008 the Audit Committee had held four meetings. Meetings were held on 7th March, 30th April, 31st July and 31st October, 2008. Attendance of members/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. Udwadia	4	4
Mr. Pathai Chakornbundit	4	4

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

Mr. R.C. Daga, Company Secretary, attended the meetings of Audit Committee held during the year 2008.

(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, 2008, 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 31st October, 2008.

(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 2008 on 7th March and 31st October, 2008.

Name of the Directors	No. of Meetings held	No. of Meetings attended
Mr. D.E. Udwadia, Chairman	2	2
Mr. Premchai Karnasuta	2	-
Mr. N.M. Munjee[1]	2	-
Mr. Pathai Chakornbundit	2	2
Mr. Per Hofvander[2]	2	2
Mr. Peshwan Jehangir[3]	2	1

[1] Ceased to be Member of Remuneration Committee w.e.f. 25th June, 2008.

[2] Appointed as a Member of Remuneration Committee w.e.f. 31st July, 2008

[3] Independent Director co-opted as a Member of Remuneration Committee on 31st October, 2008 for the purpose of minimum remuneration and subsequently ceased to be a Member .

(ii) Brief description of terms of reference

Committee to determine Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment from time to time.

(iii) Remuneration Policy

Remuneration Policy takes into account the remuneration trends for similar positions in national and international markets within the same industry and across various industries with a view to attract and retain the right talent.

(iv) Details of Remuneration to the Directors

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

The Company does not have any Stock Options Scheme.

No severance pay is payable on termination of appointments.

Non-executive Directors are paid remuneration by way of sitting fees for attending the meetings of the Board and Committees thereof. The remuneration of the Non-Executive Directors by way of commission will be determined by the Board of Directors in terms of the special resolution passed by the shareholders at the Annual General Meeting held on 27th April, 2007.

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

The Company paid Rs.15,13,125/- to the law firm of M/s.Udwadia & Udeshi as fees for professional services that were provided by the firm to the Company on specific legal matters entrusted from time to time to them for legal advice. Mr. Udwadia is a partner of the above firm. The Board does not consider the firm's association with the Company to be of a material nature so as to affect the independence of judgement of Mr. Udwadia as Director of the Company.

Details of remuneration payable to the Directors of the Company for the year ended 31st December, 2008 are given below:

	Name of the Director	Service Contract Years/ months	Salary Rs.	Commission Rs.	Perquisites and cost of providing furnished residential accommodation Rs.	Retirement Benefits Rs.	Total sitting fees Rs.
(a)	Executive Directors						
1.	Mr. S. S. Singh	3Years from 01.01.2007	27,22,212	NIL	65,50,212	7,34,997	NIL
2.	Mr. S. Mukundan	33months and 25 days from 07.03.2007 to 31.12.2009	13,48,860	NIL	13,48,860	3,64,192	NIL
3.	Mr. A.K. Chatterjee[1]	1year from 01.03.2007 to 29.02.2008	2,21,670	NIL	2,87,670	14,94,173	NIL
(b)	Non-executive Directors						
1.	Mr. D.E. Udwadia	-	NIL	2,00,000	NIL	NIL	2,00,000
2.	Mr. D. P. Roy	-	NIL	2,00,000	NIL	NIL	15,000
3.	Mr. Peshwan Jehangir[2]	-	NIL	83,333	NIL	NIL	20,000
4.	Mr. N. M. Munjee[3]	-	NIL	NIL	NIL	NIL	NIL
5.	Ms. Parizad P. Mistry[4]	-	NIL	NIL	NIL	NIL	NIL
	Total:		42,92,742	4,83,333	81,86,742	25,93,362	2,35,000

[1] Resigned on retirement w.e.f. 1st March,2008.
[2] Appointed as Additional Director w.e.f. 31st July, 2008.
[3] Resigned as Director w.e.f. 25th June,2008.
[4] Resigned as Director w.e.f. 17th July, 2008.

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

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

Retirement benefits comprise Provident Fund, Gratuity and Superannuation.

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

6. Shareholders Committee

6.A. Shareholders / Investors' Grievance Committee

Shareholders / Investors' Grievance Committee of Directors was constituted on 2nd March, 2001 in terms of Clause 49 of the Listing Agreement. Terms of reference of Shareholders / Investors' Grievance

Committee were amended with effect from 1st May, 2005.

(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 2008 on 7th March, 30th April, 31st July and 31st October, 2008.

Name of the Directors	No. of Meetings held	No.of Meetings attended
Mr. S.S. Singh	4	4
Mr. Pathai Chakornbundit	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.

6.B. Share Transfer Committee

Share Transfer Committee of Directors was constituted in 1980. Terms of reference of Share Transfer Committee were amended with effect from 7th March, 2008.

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

The Committee comprises executive and non-executive Directors.

During the financial year ended 31st December, 2008 the Committee had 26 meetings and the attendance was as under:

Name of the Directors	No. of Meetings attended
Mr. D.E. Udwadia	25
Mr. S. Mukundan	25
Mr. A.K. Chatterjee [1]	1
Mr. Pathai Chakornbundit	-
Mr. S. S. Singh [2]	15

[1] Ceased to be Member of Share Transfer Committee w.e.f. 1st March, 2008.

[2] Appointed as a Member of Share Transfer Committee w.e.f. 7th March, 2008.

(ii) Terms of reference

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

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

(iii) Name and designation of Compliance Officer

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

(iv) Number of shareholders' complaints received and resolved to the satisfaction of the shareholders

During the financial year ended 31st December, 2008, 65 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.

(v) Number of pending share transfers

As on 31.12.2008, there was nil pending request/ letter involving transfer of shares.

(vi) Pursuant to clause 49 (iv)(G) of the listing agreement, the particulars of directors who are proposed to be appointed / re-appointed at the 31st 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 of the Annual General Meeting	Time	Location
31.12.2007	30.04.2008	3.00 p.m.	Chavan Centre – Auditorium Yashwantrao Chavan Pratishthan, Mumbai
	No. of Special Resolutions passed at the Meeting		None
31.12.2006	27.04.2007	3.00 p.m.	Chavan Centre – Auditorium Yashwantrao Chavan Pratishthan, Mumbai
	No. of Special Resolutions passed at the Meeting		5 Nos.
31.12.2005	27.04.2006	3.00 p.m.	Chavan Centre – Auditorium Yashwantrao Chavan Pratishthan, Mumbai
	No. of Special Resolutions passed at the Meeting		3 Nos.

(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 5th March, 2009 to approve the Audited Annual Accounts for the year ended 31st December, 2008.

9. Means of Communication

(1) Quarterly Unaudited results and Annual Audited results are published in prominent daily newspapers and are available on the Company's web site (www.itdcem.co.in). Last such unaudited financial results for quarter ended 30th September, 2008 were published in The Financial Express and Mumbai Lakshadeep.

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

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

(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 : 29th April, 2009

Time : 3.00 p.m.

Venue : Patkar Hall, S.N.D.T. Women's University,
1, Nathibai Thackersey Road,
Mumbai - 400 020.

Dates of Book Closure

Friday, 24th April, 2009 to Wednesday, 29th April, 2009, both days inclusive.

Financial Year of the Company

January to December

Date of Dividend Payment

Dividend for 2008, if any, that may be declared at the Annual General Meeting will be paid on or after 8th May, 2009.

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 2008-2009 (upto 31.3.2009) 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 2008

Months	High (Rs.)		Low (Rs.)		Close (Rs.)	
	ITD Cem price	BSE Sensex	ITD Cem price	BSE Sensex	ITD Cem price	BSE Sensex
January	765.45	21206.77	455.00	15332.42	461.35	17648.71
February	510.00	18895.34	395.00	16457.74	407.25	17578.72
March	415.00	17227.56	287.50	14677.24	366.15	15644.44
April	425.00	17480.74	343.00	15297.96	365.35	17287.31
May	380.00	17735.70	305.25	16196.02	326.30	16415.57
June	348.95	16632.72	249.00	13405.54	279.15	13461.60
July	280.00	15130.09	213.35	12514.02	249.60	14355.75
August	278.00	15579.78	224.00	14002.43	230.50	14564.53
September	235.00	15107.01	180.00	12153.55	186.65	12860.43
October	230.00	13203.86	108.00	7697.39	118.00	9788.06
November	140.00	10945.41	76.80	8316.39	82.95	9092.72
December	107.50	10198.54	74.50	8467.43	84.35	9647.31

Registrars and Share Transfer Agents

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

Share Transfer Systems

Share lodged for transfers are registered and duly transferred Share Certificates are despatched to the lodger within a period of thirty days from the date of receipt, if the documents are otherwise in order.

The Share Transfer Committee meets as often as possible to approve transfers and related matters as may be required by the Registrars and Share Transfer Agents.

Dematerialisation of Shares

Trading in the Company's equity shares came under compulsory dematerialisation for all institutional investors and Overseas Corporate Bodies from 26th June, 2000, and all other investors from 28th August, 2000. Scrip falls under Compulsory Rolling Settlement with effect from 1st January, 2002. Under the Depository System, the International Security Investigation Number (ISIN) allotted to the Company's name is INE686A01018.

As on 31st December, 2008, out of the 10627 shareholders, 8256 shareholders have opted for dematerialisation of their shares aggregating to 11302910 shares i.e. around 98% of the total paid –up capital of the Company.

Distribution of shareholdings as on 31st December, 2008

Particulars	No. of Shares held	Percentage to total share capital
Promoter – Italian-Thai Development Public Company Limited	80,11,318	69.57
General Public	20,76,398	18.03
Directors & their relatives	2,673	0.02
Financial Institutions – UTI, GIC & its subsidiaries	20,580	0.18
Nationalised Banks	330	0.00
Mutual Funds	7,69,475	6.68
Corporate Bodies	5,58,967	4.85
NRI/OCB/FII	59,455	0.52
Clearing Members	16,594	0.15
	1,15,15,790	100.00

Investor correspondence

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

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

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

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

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

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, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For S. R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No.: 42650

Mumbai
March 5, 2009

Management Discussion & Analysis

Indian Economy:

The global economic crisis has deepened further. Major advanced economies such as US, UK, Japan and the Euro area, which account for 62% of the world GDP are expected to witness a sharp contraction in output in 2009.

The magnitude and duration of the recession in developed countries may result in growth moderation and in some cases, a sharp downturn is unavoidable. Economic prospects in the region would be dampened through lower demand for Asian exports, tighter funding conditions, more volatile capital flows, depressed equity prices and deteriorating loan quality.

The CSO, Ministry of Statistical and Programme Implementation has released the official estimates of GDP for the year 2007-08 at 8.7% which indicate a slowdown in economic performance in the first year of the Eleventh Five Year Plan on the back of a robust 9%+ growth in the previous two years.

In view of the escalation of the global financial crisis, the growth forecast for 2008-09 is revised downward to 6.5-7%. The forecast takes into consideration a sharp slowdown in industrial production and the expected moderation in services such as construction and finance. Further the agriculture, industrial and services sectors are likely to grow at 2.5, 5.5-6 and 8.5-9 percent respectively.

The IMF has lowered India and China's growth projections for 2009 to 5% and 6.75% respectively.

Industrial Structure and Developments – Construction:

The growth prospects of the Indian Construction Industry are not completely immune to the impending slowdown in the Indian economy. The construction industry in India is likely to register high turnover growth in view of the high outstanding order book, but may witness a slowdown in the order book growth as well as pressure on margins as compared to the earlier years.

The government is targeting an investment of US 20 billion over the next 2 years in the infrastructure sector. This is in addition to the US 320 billion that the government plans to invest for upgradation of ports, rail roads, highways and airports over the next 15 years.

Opportunities :

Overall spending in the infrastructure sector is likely to remain robust over the next few years. The projects in major sectors like power, irrigation, urban infrastructure, etc., which are funded by the government, are likely to maintain their spending momentum in spite of the economic slowdown.

Power :

The Government in the Eleventh Five Year Plan had initially recommended a capacity addition of 78,530 MW to meet the country's rising energy demands. This addition of 78,530 MW consisted of 16,553 MW of hydropower, 58,644 MW of thermal power and 3380 MW of nuclear power. To meet capacity addition, the projected investment in power sector during the Eleventh Five Year Plan is expected to be approx. Rs.6,665.25 billion.

Ports :

The growth in the ports sector hinges on the movement of cargo traffic, both within and between countries. The financial crisis has resulted in a slowdown in trade and consequently slowdown in traffic across ports. Traffic at ports is expected to witness lower growth as compared to the buoyant growth over the last few years. As per the Eleventh Five Year Plan, capex plans of about Rs. 500 billion have been lined up by the sector.

Airports :

Government has set a target of modernising four metro airports, 35 non-metro airports and several greenfield airports in the Eleventh Five Year Plan. Out of these non-metro airports, 24 airports are to be developed Public – Private Partnership Model. The Planning Commission estimated that the total investment in airport sector will be Rs.408.80 billion over the Eleventh Five Year Plan period. However, rising interest rates and funding constraints are expected to result in slower capex plans as most projects are dependent on debt funding. Around 60% of the total investments planned are projected to be met from private sources. Projects that have already been awarded may be completed but new projects are expected to take time to take off.

MRTS / Urban Infrastructure :

Urban Travel demand is projected to increase to 2.51 billion passenger km per day by 2021 and vehicle trips are expected to increase to 0.4 billion by 2021. City authorities are increasingly conscious about the need to have a modern and efficient public transport system. The success of rail based transit system like Delhi Metro has encouraged other states namely Ahmedabad, Bangalore, Chennai, Mumbai and Kolkata to implement similar projects. The Committee for Urban Transport Sector has projected an investment of Rs.1,325.9 billion for the Eleventh Five Year Plan.

Outlook :

Your Company has further consolidated its presence in the construction market with its foray into Airports and MRTS. In addition to the projects being executed for Delhi Metro Rail

Corporation, the execution of the Kolkata Airport Modernisation Project has commenced, supported by the parent's technical expertise and experience.

Your Company's presence in other sectors, including marine has been further strengthened by new orders for marine iron ore terminals at Chennai and construction of wet basin at Mumbai. Your Directors are pleased to inform you that during the first quarter of 2009, your Company has been awarded further contracts aggregating to approx Rs.1,000.00 Crores in marine and irrigation Sectors.

In view of the prevailing market conditions globally as well as in India on one hand and the country's need for improved infrastructure to fuel growth on the other hand, your Company looks forward to a period of growth, albeit subdued, with cautious optimism.

Risks and Concerns :

Construction industry has witnessed high growth in the last few years. However, the developments on the economic front have cast a shadow on the prospects of the industry, in the short to medium term, especially in view of:

- o tight liquidity position.
- o sharp decline in equity markets leaving only debt as a funding option for most companies.
- o slowdown in economic activity in the wake of the global economic slowdown.
- o slow down in placement of new orders due to impending elections in India.
- o sharp increase in key input costs such as steel and cement to the older orders and petroleum products in general.
- o availability of skilled manpower.
- o execution related problems namely –
  - delay in releasing workfronts / technical clearances.
  - process of settlement of contractual disputes is time consuming and results in significant blockage of working capital.

Internal Control Systems:

The Company has in place an internal control system driven by "Delegation of Authority" guidelines. 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 2008 compared with the earlier two years is as under:

(Rs.Crores)

	2008	2007	2006
Total Revenue	956.60	783.53	575.50
Profit before Tax	6.44	12.94	2.57

Total Revenue for the year increased by 22% compared to 2007. Profit before Tax was affected mainly due to substantial increase in cost of major inputs mainly steel and petroleum products.

Your Company has secured a number of projects in marine, foundation and piling sectors. The work-in-hand as of 31st December, 2008 works out to approximately Rs.2,340.00 Crores including our share in joint ventures.

Consolidated Financial Performance :

As per Consolidated Accounts total revenue for the year was Rs.1,333.76 Crores compared to the previous year's Rs.917.17 Crores, showing an increase of over 45% and consolidated profit before tax for the year was Rs.14.64 Crores compared to profit before tax of Rs.14.94 Crores for the year 2007.

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, 2008, there were 1,453 employees in your Company's regular employment and 1,791 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, 2008 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) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

   i. note 32 to the financial statements. Sundry debtors at December 31, 2008 includes an amount of Rs. 1,225 lakhs (previous year Rs. 1,225 lakhs) comprising a claim made by the Company and a writeback of a provision for doubtful debts of earlier years. Based on the payment schedule originally agreed by the Company with the customer, the above mentioned claim was expected to be received by the Company over a period of time commencing from financial year 2008 / 2009**.** No amounts have been received by the Company against this amount till date and further the payment schedule for this amount is in the process of being rescheduled. The realisability of this amount of Rs. 1,225 lakhs is dependent upon finalization of the rescheduled payment plan and the customer adhering to the same.

   ii. note 29 to the financial statements. According to this, the Company has in prior years recognized price escalation claims on two road contracts which were disputed by the customer. For the period from inception of the contract to December 31, 2008 the aggregate claims recognised as revenue amount to Rs. 2,028 lakhs (previous year Rs. 2,028 lakhs). Sundry debtors at December 31, 2008 include Rs. 1,140 lakhs (previous year Rs. 1,140 lakhs) in respect of these escalation claims. The Company has received favourable verdicts in the Dispute Redressal Board and thereafter in Arbitration in respect of these amounts. The Company has till date not recovered these amounts. The Customer has appealed against the Arbitration award and the realisability of this amount is dependent on this matter being finally resolved in favour of the Company.

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, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi. *As described in Note 31 to the financial statements, debtors include Rs. 3,384 lakhs (previous year Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification;*

vii. *As described in Note 30 to the financial statements, sundry debtors at December 31, 2008 include variation claims of Rs. 4,182 lakhs (previous year Rs. 4,182 lakhs) recognized in the earlier years, which are disputed by the customer. Out of this, claims amounting to Rs. 3,817 lakhs (previous year Rs. 4,026 lakhs) are a subject matter of arbitration. Of these claims the Company has received arbitration awards of Rs. 2,610 lakhs (previous year Rs. 2,610 lakhs), in its favour and includes an arbitration award of Rs. 990 lakhs (previous year Rs. Nil) upheld by the district court in favour of the Company. The period within which the customer can challenge the award for Rs. 990 lakhs has not elapsed and the arbitration awards for the balance amount of Rs. 1,620 lakhs have since been challenged by the customer;*

viii. *Our audit report on the financial statements for the year ended December 31, 2007 was also modified in respect of the matters stated in paragraphs vi and vii above and the corresponding amounts in respect of that year are given in brackets;*

ix. *In our view there is an uncertainty in respect of realisability of these claims and receivables described in paragraphs vi and vii above. Accordingly, pending the ultimate outcome of these disputes, arbitration and related matters and certification, we are unable to comment on the adjustments, if any, that may be necessary to turnover, sundry debtors, the profit before tax, reserves and earnings per share reported in the financial statements for the years ended December 31, 2008 and December 31, 2007;*

x. 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 paragraphs 5 (vi) to (ix) 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, 2008;

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

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

For S. R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No.: 42650

Mumbai
March 5, 2009

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

Re: ITD Cementation India Limited

(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) Fixed assets disposed off during the year were not substantial, and therefore do not affect the going concern assumption.

(ii) (a) The inventory 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 materials, 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 account.

(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) Undisputed statutory dues relating to provident fund, investor education and protection fund, employees state insurance dues, sales-tax, wealth-tax, service tax, customs duty, cess have generally been regularly deposited during the year by the Company with the appropriate authorities. *There have been delays in the deposit of tax deducted at source in a few cases and in some of these cases the number of days' of delay is significant*. The provisions relating to excise duty are not applicable to the Company.

(b) According to the information and explanations given to us, there are no undisputed dues 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 which 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, 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, Penalty and Interest	3,293,365	Year ended March 31, 2002	Joint Commissioner of Sales Tax
Bombay Sales Tax	Tax, Penalty and Interest	914,255	Year ended March 31, 2002	Joint Commissioner of Sales Tax
Sales Tax Act / Works Contract Tax Act	Tax	67,914	Year ended March 31, 2003	Assistant Commissioner of Sales Tax
Sales Tax Act / Works Contract Tax Act	Tax and Penalty	606,325	Year ended March 31, 2004	Appellate Assistant Commissioner
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	Penalty	3,094,104	Year ended March 31, 2006	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
Central Excise Duty	Duty	5,169,538	Period from May 1998 to January 1999	Commissioner of Central Excise
Service tax	Service tax in respect of certain construction contracts	60,835,804	Years ended March 31, 2006 and 2007 and period from April 1, 2007 to December 31, 2008	Petition filed by the Company in the Mumbai High Court
Income tax Act, 1961	Tax demanded on assessment u/s 143(3)	363,612	Year ended March 31, 2002	Deputy Commissioner of Income Tax
Income tax Act, 1961	Penalty u/s 271(1)(c)	216,513	Year ended March 31, 2002	Assistant Commissioner of Income Tax
Income tax Act, 1961	Penalty u/s 271(1)(c)	511,780	Year ended March 31, 2003	Assistant Commissioner of Income Tax
Income tax Act, 1961	Tax demanded on assessment u/s 143(3)	204,542,541	Year ended March 31, 2005	Commissioner of Income Tax - (Appeals)
Income tax Act, 1961	Tax demanded on assessment u/s 143(3)	21,746,692	Year ended March 31, 2006	Commissioner of Income Tax - (Appeals)

(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 a guarantee for loans taken by an unincorporated joint venture of which the Company is a member, from bank or financial institutions, the terms and conditions whereof, in our opinion, are not prima facie prejudicial to the interest of the Company.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money from public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No.: 42650

Mumbai
March 5, 2009

Balance Sheet

as at 31 December 2008
(Currency : Indian Rupee in lakhs)

	Schedule	2008	2007
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	1,151.58	1,151.58
Reserves and surplus	3	33,831.70	33,481.64
		34,983.28	34,633.22
Loan funds			
Secured loans	4	39,989.72	7,126.58
Unsecured loans	5	1,508.86	1,067.33
		41,498.58	8,193.91
Deferred tax liabilities / (assets), (net)	6	—	—
		76,481.86	42,827.13
APPLICATION OF FUNDS			
Fixed assets	1.3 & 7		
Gross block		22,863.90	17,497.71
Less: Accumulated depreciation		10,581.24	8,769.86
Net block		12,282.66	8,727.85
Capital work-in-progress (including capital advances)		3,981.78	649.57
		16,264.44	9,377.42
Investments	1.5 & 8	1,277.96	429.48
Current assets, loans and advances			
Inventories	1.6 & 9	16,374.85	11,715.76
Unbilled work-in-progress	1.7	21,453.99	19,857.36
Sundry debtors	1.8 & 10	38,698.35	26,992.66
Cash and bank balances	1.16 & 11	1,080.02	5,173.88
Loans and advances	12	18,008.26	8,329.48
		95,615.47	72,069.14
Current liabilities and provisions			
Current liabilities	1.8 & 13	35,812.36	38,272.15
Provisions	14	863.65	776.76
		36,676.01	39,048.91
Net current assets		58,939.46	33,020.23
		76,481.86	42,827.13

The accompanying notes form an integral part of the balance sheet.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No: 42650

Mumbai
Date: 5 March, 2009

For and on behalf of the Board of Directors

Sunil Shah Singh *Managing Director*

S. Mukundan *Deputy Managing Director*

P. B. Patwardhan *Chief Financial Officer*

R. C. Daga *Company Secretary*

Mumbai
Date: 5 March, 2009

Profit and Loss Account

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

	Schedule	2008	2007
INCOME			
Revenue	**1.7 & 15**	**95,659.98**	78,353.09
Company's share in profit (net of tax) of Joint Ventures	**26**	**848.48**	316.05
Other income	**16**	**1,512.72**	1,084.07
		98,021.18	79,753.21
EXPENDITURE			
Site and administrative costs	**17**	**91,201.64**	72,857.53
Interest	**18**	**3,725.01**	3,975.30
Depreciation	**1.3 & 7**	**1,972.53**	1,465.32
Provision for doubtful debts	**19**	**477.99**	393.00
		97,377.17	78,691.15
Profit before tax and prior period items		**644.01**	1,062.06
Prior period items	**35**	**—**	231.94
Profit for the year before tax		**644.01**	1,294.00
Provision for taxation	**1.11**		
Current tax		**(136.00)**	(366.74)
Less:Minimum Alternative Tax credit entitlement		**136.00**	53.00
Net current tax liability		**—**	(313.74)
Deferred tax credit / (charge)		**—**	—
Fringe benefit tax		**(94.08)**	(75.52)
Net profit after tax and prior period items		**549.93**	904.74
Profit and loss account, beginning of year		**1,214.25**	646.97
Amount available for appropriation		**1,764.18**	1,551.71
APPROPRIATIONS			
Transfer to general reserve		**13.75**	68.00
Proposed dividend		**115.16**	230.32
Tax on proposed dividend		**19.57**	39.14
Balance carried forward to balance sheet	**3**	**1,615.70**	1,214.25
		1,764.18	1,551.71
Basic and diluted earnings per share [Nominal value per share Rs. 10/- each (2007 - Rs. 10/- each)]		**4.78**	12.55

The accompanying notes form an integral part of the Profit and Loss Account

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No: 42650

Mumbai
Date: 5 March, 2009

For and on behalf of the Board of Directors

Sunil Shah Singh *Managing Director*

S. Mukundan *Deputy Managing Director*

P. B. Patwardhan *Chief Financial Officer*

R. C. Daga *Company Secretary*

Mumbai
Date: 5 March, 2009

Cash Flow Statement

for the year ended 31 December 2008
(Currency: Indian Rupee in lakhs)

	2008	2007
Cash flow from operating activities		
Net profit before taxation	**644.01**	1,294.00
Adjustments for:		
Depreciation	**1,972.53**	1,465.32
Interest expenses	**3,725.01**	3,975.30
Interest income	**(0.88)**	(6.42)
Provision for doubtful debts	**477.99**	393.00
Transitional liability on first application of AS 15 (revised 2005)	—	(89.07)
Provision for doubtful advances	**(0.01)**	(39.35)
Profit on sale of fixed assets (net)	**(30.00)**	(2.09)
Share of Profit in Joint Ventures	**(848.47)**	(316.05)
Sundry balances written back	**(55.15)**	(30.93)
Excess liabilities no longer required written back	**(959.61)**	(173.00)
Operating profit before working capital changes	**4,925.42**	6,470.71
Movement for (Increase)/Decrease in working capital		
Inventories	**(4,659.09)**	(2,073.50)
Sundry debtors	**(12,183.67)**	(2,719.43)
Unbilled work in progress	**(1,596.63)**	(5,134.49)
Loans and advances	**(9,678.77)**	(1,748.05)
Trade creditors and other liabilites	**(4,167.47)**	1,359.48
Provisions	**221.62**	180.63
Cash (used in)/generated from operations	**(27,138.59)**	(3,664.65)
Direct taxes (paid) / refunds received	**(94.08)**	(75.52)
Net cash used in operating activities	**(27,232.67)**	(3,740.17)
Cash flow from investing activities		
Investment in Subsidiary	—	(5.00)
Purchase of fixed assets	**(6,151.00)**	(3,138.03)
Proceeds from sale of fixed assets	**304.10**	22.96
Fixed Deposit with bank (maturity beyond three months)	—	(32.48)
Proceeds from fixed deposit with bank	**32.48**	—
Interest received	**0.88**	6.42
Net cash generated from / (used in) investing activities	**(5,813.54)**	(3,146.13)
Cash flow from financing activities		
Proceeds from issue of share capital - Rights issue (Net of Share issue expenses)	—	23,290.24
Payment of share issue expenses (in respect of prior year's rights issue)	**(65.15)**	—
Proceeds from / (Repayment of) short term borrowings from banks - net	**31,279.73**	(11,376.75)
Proceeds from / (Repayment of) short term borrowings from financial institution - net	**1,000.00**	(1,000.00)
Proceeds from / (Repayment of) long term borrowings - net	**1,044.85**	3,947.06
Interest paid	**(4,005.32)**	(4,703.44)
Dividend paid	**(230.14)**	(0.84)
Tax on distributed profits	**(39.14)**	—
Net cash inflow from financing activities	**28,984.83**	10,156.27
Net increase / (decrease) in cash and cash equivalents	**(4,061.38)**	3,269.97
Cash and cash equivalents, beginning of year	**5,141.40**	1,871.43
Cash and cash equivalents, end of year	**1,080.02**	5,141.40

Notes:

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard -3 ('AS-3') on Cash Flow Statement notified by the Companies Accounting Standards Rules, 2006.
2. Cash and cash-equivalents consists of cash Rs. 202.74 lakhs (2007 - Rs. 268.78 lakhs), bank balances in current accounts Rs. 862.17 lakhs (2007 - Rs. 4,872.62 lakhs) and deposit (maturity within three months) Rs.15.11 lakhs (2007 - Rs. Nil).

As per our report of even date
For S.R. Batliboi & Associates
Chartered Accountants
per Hemal Shah
Partner
Membership No: 42650
Mumbai
Date: 5 March, 2009

For and on behalf of the Board of Directors

Sunil Shah Singh *Managing Director*
S. Mukundan *Deputy Managing Director*
P. B. Patwardhan *Chief Financial Officer*
R. C. Daga *Company Secretary*

Mumbai
Date: 5 March, 2009

Notes to the Financial Statements

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

1 Significant accounting policies

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

Basis of preparation

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

1.2 Accounting estimates

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

1.3 Fixed assets and depreciation

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

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

Leasehold improvements are depreciated over the 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 recognizd wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

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

1.5 Investments

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

1.6 Inventories

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

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

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

1.7 *Revenue recognition*

- On contracts

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

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

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

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 except those arising from investments in non-integral operations. 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 statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is 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 for employees and a group gratuity and life assurance scheme for eligible employees.

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

Provision for long term 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 and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. 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.

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 Minimum Alternative tax (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

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

(b) a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized nor disclosed.

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

1.14 *Earnings Per Share*

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

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

1.15 *Accounting for Joint Venture Contracts*

In respect of contract executed in Integrated Joint Ventures under profit sharing arrangement (assessed as AOP under Income Tax laws), the services rendered to the Joint Ventures is accounted as income on accrual basis. The profit / loss is accounted for, as and when it is determined in the Joint Venture and is reflected as Investments.

1.16 *Cash and cash equivalents*

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

Notes to the Financial Statements (continued)

as at 31 December 2008
(Currency : Indian Rupee in lakhs)

		2008	2007
2	**SHARE CAPITAL**		
	(Refer Note 37)		
	Authorised		
	1,50,00,000 (2007 – 1,50,00,000) equity shares of Rs.10/- each	**1,500.00**	1,500.00
	6,00,00,000 (2007 – 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 (2007 – 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 (2007 – 1,15,15,790) equity shares of Rs.10/- each	**1,151.58**	1,151.58
	Of these shares:		
	80,11,318 (2007 - 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 (2007 - 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 (2007 - 2,526) equity shares of Rs.10/- each have been kept in abeyance pending final settlement of rights issue.		
3	**RESERVES AND SURPLUS**		
	Securities premium account		
	Balance brought forward	**32,022.53**	9,308.06
	Add: Additions during the year	**—**	23,894.41
	Less: Rights issue expenses adjusted	**(65.14)**	(1,179.94)
		31,957.39	32,022.53
	General reserve		
	Balance brought forward	**244.86**	265.93
	Add: Transfer from profit and loss account	**13.75**	68.00
	Transitional liability on first application of AS 15 (revised 2005) (see Note 23)	**—**	(89.07)
		258.61	244.86
	Profit and loss account balance	**1,615.70**	1,214.25
		33,831.70	33,481.64
4	**SECURED LOANS**		
	From banks		
	- Working capital demand loan - repayable on demand	**1,447.32**	—
	- Overdraft - repayable on demand	**28,432.66**	54.61
	- External Commercial Borrowings (Buyer's Credit) (entirely repayable in one year)	**2,674.47**	1,661.64
	From Financial Institutions		
	- Short term loan - repayable in one year	**2,000.00**	1,000.00
	- Long term loan [repayable in one year Rs. 1,333.33 lakhs (2007 - Rs.1,111.11 lakhs)]	**2,881.24**	4,000.00
	Plant and Vehicle Loan [Repayable in one year Rs. 631.04 lakhs (2007 - Rs. 181.53 lakhs)]	**2,515.02**	351.41
	Interest accrued and due [on long term loan Rs. 33.73 lakhs (2007 - Rs. 43.31 lakhs) and working capital demand loan - Rs. 5.27 lakhs (2007 - Rs. 15.61 lakhs)]	**39.01**	58.92
		39,989.72	7,126.58

Notes to the Financial Statements (continued)

as at 31 December 2008
(Currency : Indian Rupee in lakhs)

		2008	2007
	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 plant and vehicle respectively.		
	- Short term loan from financial institution is secured by subservient charge on all movable plant and machinery, other 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 - repayable on demand	—	50.00
	- Overdraft - repayable on demand	**1,508.81**	17.69
	- Other loans - repayable in one year	**0.05**	999.64
		1,508.86	1,067.33
	Italian-Thai Development Public Company Limited has issued a Corporate Guarantee in respect of the above loans.		
6	**DEFERRED TAX LIABILITIES / (ASSET), (net)**		
	Deferred tax liabilities		
	Difference between book depreciation and depreciation under the Income tax Act, 1961	**307.00**	383.00
	Deferred tax assets		
	Unabsorbed tax depreciation	**(307.00)**	(383.00)
	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, 2008	15.32	221.94	13,431.99	2,142.94	1,233.13	157.01	295.38	17,497.71	13,850.63
Additions during the year	—	—	4,355.61	1,336.43	74.61	19.80	15.00	5,801.45	3,745.65
Disposals during the year	—	—	(355.89)	(12.12)	(67.05)	(0.20)	—	(435.26)	(98.57)
As at December 31, 2008	**15.32**	**221.94**	**17,431.71**	**3,467.25**	**1,240.69**	**176.61**	**310.38**	**22,863.90**	**17,497.71**
Accumulated Depreciation									
As at January 1, 2008	—	82.72	6,048.29	1,442.65	940.69	108.26	147.25	8,769.86	7,382.25
Charge for the year	—	6.12	1,459.41	368.97	88.29	14.33	35.41	1,972.53	1,465.32
Disposals during the year	—	—	(87.41)	(7.57)	(65.99)	(0.18)	—	(161.15)	(77.71)
As at December 31, 2008	—	**88.84**	**7,420.29**	**1,804.05**	**962.99**	**122.41**	**182.66**	**10,581.24**	**8,769.86**
Net block									
As at December 31, 2008	**15.32**	**133.10**	**10,011.42**	**1,663.20**	**277.70**	**54.20**	**127.72**	**12,282.66**	**8,727.85**
As at December 31, 2007	**15.32**	**139.22**	**7,383.70**	**700.29**	**292.44**	**48.74**	**148.14**	**8,727.85**	

Note:

Buildings include Rs.0.09 lakhs (2007 - Rs.0.09 lakhs) being the cost of shares in co-operative housing societies.

Notes to the Financial Statements (continued)

as at 31 December 2008
(Currency : Indian Rupee in lakhs)

		2008	2007
8	**INVESTMENTS**		
	Long Term (unquoted, trade):		
	A. In equity shares of wholly owned subsidiary company (stated at cost)		
	ITD Cementation Projects India Limited	**5.00**	5.00
	50,000 (2007 - 50,000) Equity Shares of Rs. 10/- each		
	B. In Unincorporated Joint ventures		
	ITD Cemindia JV	**110.39**	260.55
	ITD - ITDCem JV	**1,160.33**	163.93
	ITD - ITDCem JV (Consortium of ITD - ITD Cementation)	**2.24**	—
		1,277.96	429.48
	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 represnts entirely the Company's share of profits in the joint venture from inception to date, as reduced by the distribution of profit by the joint venture, if any.		
9	**INVENTORIES**		
	Construction materials (at cost)	**11,846.25**	8,352.69
	Tools and equipment (at amortised cost)	**3,039.10**	2,113.23
	Machinery spares (at lower of cost and net realisable value)	**1,489.50**	1,249.84
		16,374.85	11,715.76
10	**SUNDRY DEBTORS**		
	(unsecured)		
	(refer to notes 29 to 32)		
	Debts outstanding for a period exceeding six months		
	- Considered good	**18,455.91**	14,617.47
	- Considered doubtful	**522.27**	230.25
		18,978.18	14,847.72
	Less: Provision for doubtful debts	**(522.27)**	(230.25)
		18,455.91	14,617.47
	Other debts, considered good	**20,242.44**	12,375.19
		38,698.35	26,992.66
	Sundry debtors include: - Retention monies of Rs.5,054.20 lakhs (2007 - Rs. 2,882.85 lakhs) due on completion of the contracts. - Debts outstanding for a period not exceeding six months include receivable from Italian-Thai Development Public Company Limited, Thailand, the holding company, Rs. 680.16 lakhs (2007 - Rs. 692.37 lakhs). Maximum amount due during the year Rs. 1,929.10 lakhs (2007 - Rs. 692.37 lakhs).		

Notes to the Financial Statements (continued)
as at 31 December 2008
(Currency : Indian Rupee in lakhs)

		2008	2007
11	**CASH AND BANK BALANCES**		
	Cash in hand	**202.74**	268.78
	Balance with scheduled banks		
	- on current accounts	**862.17**	4,872.62
	- on deposit account	**15.11**	32.48
		1,080.02	5,173.88
12	**LOANS AND ADVANCES**		
	(unsecured)		
	Considered good		
	Advances recoverable in cash or in kind or for value to be received	**5,043.39**	2,802.20
	Current Account in Joint Ventures	**6,229.14**	461.78
	Deposits	**1,617.29**	1,285.79
	Taxes paid (net of provision for taxation - Rs.1,860.14 lakhs (2007 - Rs. 1,860.14 lakhs) (include Tax deducted at source of Rs.1,001.94 lakhs (2007 - Rs. 1,280.80 lakhs), for which the certificates are yet to be received from the customers)	**5,118.44**	3,779.71
		18,008.26	8,329.48
	Considered doubtful		
	Advances recoverable in cash or in kind or for value to be received	**445.75**	445.76
		18,454.01	8,775.24
	Less: Provision for doubtful loans and advances	**(445.75)**	(445.76)
		18,008.26	8,329.48
13	**CURRENT LIABILITIES**		
	Acceptances	**6,796.95**	3,481.29
	Sundry creditors - other than Micro and Small Enterprises (refer note 34)	**11,922.50**	8,164.72
	Advances from customers	**6,716.97**	13,135.44
	Maintenance provision	**794.72**	713.82
	Liability towards Investors Education & Protection Fund		
	- Unclaimed dividends (not due)	**4.09**	3.91
	Interest accrued but not due	**29.12**	289.52
	Payable to Italian-Thai Development Public Company Limited	**130.88**	74.41
	[Royalty payable Rs. 141.99 lakhs (2007 - Rs. Nil) and other payable / (receivable) of (Rs. 11.11 lakhs) (2007 - Rs. 74.41 lakhs)]		
	Other liabilities	**9,417.13**	12,409.04
		35,812.36	38,272.15
14	**PROVISIONS**		
	Gratuity	**378.94**	229.46
	Long term leave benefits	**276.36**	240.67
	Provision for provident fund	**73.62**	37.17
	Proposed dividend	**115.16**	230.32
	Provision for tax on proposed dividend	**19.57**	39.14
		863.65	776.76

Notes to the Financial Statements (continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

		2008	2007
15	**REVENUE**		
	Turnover	**94,063.35**	73,218.60
	Movement in Unbilled work in progress	**1,596.63**	5,134.49
		95,659.98	78,353.09
16	**OTHER INCOME**		
	Excess liabilities no longer required written back	**959.61**	173.00
	Exchange gain (Net)	**—**	112.61
	Profit on sale of assets (net)	**30.00**	2.09
	Sundry balances written back	**55.15**	30.93
	Bad debts recovered	**69.27**	30.41
	Interest		
	- Interest on bank deposits (including tax deducted at source of Rs. 0.70 lakhs (2007 – Rs. Nil)	**0.88**	6.42
	- Interest on Income tax refund	**7.53**	54.70
	Insurance Claim	**124.57**	642.93
	Miscellaneous income	**265.71**	30.98
		1,512.72	1,084.07
17	**SITE AND ADMINISTRATIVE COSTS**		
	Personnel costs		
	Salaries, wages and bonus	**7,526.96**	6,272.15
	Contribution to provident fund, gratuity and other funds	**821.49**	566.65
	Staff welfare expenses	**185.83**	162.95
		8,534.28	7,001.75
	Construction materials	**40,208.82**	29,545.94
	Sub-contract costs	**17,496.53**	15,646.39
	Plant hire expenses	**2,804.63**	2,661.14
	Power and fuel	**6,360.58**	4,909.24
	Sales tax on works contracts	**1,900.32**	1,459.47
	Miscellaneous expenses	**1,436.48**	622.76
	Travel	**614.21**	1,026.61
	Tools and equipment	**1,369.68**	1,075.70
	Site transport and conveyance	**1,465.06**	734.50
	Repairs and maintenance:		
	- Plant & machinery	**497.16**	1,056.02
	- Others	**72.78**	17.28
	Bank charges and guarantee commission	**977.27**	1,092.16
	Insurance	**729.49**	952.97
	Professional fees	**821.52**	1,040.31
	Rent (refer Note 36)	**1,835.87**	1,402.43
	Spares	**849.16**	811.61
	Security charges	**345.91**	244.46
	Temporary site installations	**303.61**	413.14
	Postage, telephone and telegram	**177.11**	186.66
	Water charges	**118.65**	86.22
	Printing and stationery	**92.63**	80.00
	Fees & subscription	**57.45**	248.63
	Infotech expenses	**154.76**	81.39
	Service tax	**789.16**	384.53
	Soil testing expenses	**—**	36.96
	Auditors' remuneration [refer Note 24(c)]	**43.40**	36.46
	Royalty expense	**473.94**	—
	Exchange loss (net)	**668.83**	—
	Directors' fees	**2.35**	2.80
		91,201.64	72,857.53

Notes to the Financial Statements (continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

		2008	2007
18	**INTEREST**		
	Interest on bank borrowings		
	- on working capital loan	**104.33**	1,858.41
	- on overdraft	**1,849.31**	764.35
	- on short term loan	**363.15**	24.93
	- on external commercial borrowings (buyer's credit)	**94.83**	27.72
	- on letter of credit	**142.48**	248.70
	Interest on Commercial Papers	**77.39**	—
	Interest on long term loan from financial institution	**457.04**	205.64
	Interest on advances from customers	**399.26**	731.76
	Interest on others	**237.22**	113.79
		3,725.01	3,975.30
19	**PROVISION FOR DOUBTFUL DEBTS**		
	Bad debts written off during the year	**185.96**	328.40
	Add: Provision for doubtful debts, end of year	**522.27**	230.24
	Less: Provision for doubtful debts, beginning of year	**(230.24)**	(165.64)
	Net provision for doubtful debts	**477.99**	393.00
20	**COMMITMENTS**		
	Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	**1,938.73**	2,181.21
21	**CONTINGENT LIABILITIES**		
	a) Guarantees given by banks in respect of normal contracting commitments given in the normal course of business.	**20,277.26**	15,243.52
	b) Corporate Guarantee given to bank on behalf Joint Venture.	**11,000.00**	—
	c) The Company has a number of claims on customers for price escalation and / or variation in contract work. In certain cases which are currently under arbitration, the customers have raised counter-claims. The Company has received legal advice that none of the counter-claims are legally tenable. Accordingly no provision is considered necessary in respect of these counter claims.	**15,816.22**	15,940.00
	d) Sales Tax matters pending in appeals	**138.50**	107.22
	e) Service Tax matters under dispute	**173.50**	172.94
	f) Income Tax matters pending in appeal	**2,273.81**	2,608.93
	g) Excise matter pending in appeal	**52.00**	52.00

Notes to the Financial Statements (continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

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

Buyer's credit & Supplier's Credit	2008			2007		
	Foreign Currency	Exchange Rate	INR in lakhs	Foreign Currency	Exchange Rate	INR in lakhs
US Dollar Exposure	35,270	48.91	17.25	1,844,595	39.66	731.57
Euro Exposure	3,573,100	64.41	2,301.31	1,444,704	58.60	846.60
Yen Exposure	124,781	0.54	0.68	23,496,738	0.36	83.48
TOTAL			**2,319.24**			1,661.65

23 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS

Until December 31, 2006, the Company had been making provisions under the earlier Accounting Standard -15 "Accounting for Retirement Benefits in the financial statements of Employers" issued by the Institute of Chartered Accountants of India ("ICAI"). With effect from the January 1, 2007, AS 15 (revised 2005) – "Employee Benefits" issued by the ICAI is applicable to the Company. Accordingly, the Company has, with effect from January 1, 2007 accounted and reported for its Retirement Benefits in accordance with AS 15 (revised 2005).

The ICAI has issued a limited revision to AS 15 (revised) which allows an entity to make disclosures required by paragraph 120(n) of AS 15 (revised) prospectively from the transition date and also provides an option to charge the additional defined benefit liability arising upon the first application of AS 15 (revised) as an expense over a period upto five years, instead of adjusting the entire increase in liability to opening reserves. The limited revision has not yet been incorporated in AS 15 notified under Companies (Accounting Standard) Rules, 2006. The Company expects that the limited revision will be incorporated in notified standards shortly.

Accordingly, it has not provided the disclosures required by paragraph 120(n) in respect of its defined retirement benefits. The Company in the prior year had not exercised the option to charge the additional defined benefit liability arising upon first application of AS 15 (revised) as an expense over a period upto five years but had at January 1, 2007 charged the same to General Reserves.

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	**2008**	2007
The net employee benefit expense (recognised in personnel cost) during the year are as follows:		
Current Service Cost	**109.60**	86.15
Interest Cost	**51.25**	40.76
Expected return on Plan Assets	**(38.55)**	(26.30)
Net Actuarial (Gains)/Losses for the period	**207.30**	5.29
Past Service Cost	—	—
Net benefit expense	**329.61**	105.90
Actual return on plan assets	**1.69**	67.72

Notes to the Financial Statements (continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

Balance Sheet	2008	2007
The details of provision for gratuity is summarised below:		
Defined benefit obligation	**918.53**	655.26
Fair value of plan assets	**539.53**	425.80
Plan Liability	**379.00**	229.46
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	**655.26**	465.92
Transitional liability recognised on first application of AS 15 (revised 2005)	**—**	71.45
	655.26	537.37
Current Service Cost	**109.60**	86.15
Interest Cost	**51.25**	40.76
Net Actuarial (Gains)/Losses	**170.45**	46.70
Benefit Payments	**(68.02)**	(55.72)
Present value of Defined Benefit Obligation at end of period	**918.53**	655.26
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	**425.80**	299.51
Expected return on Plan Assets	**38.55**	26.30
Contributions by employer	**180.06**	114.30
Benefit Paid	**(68.02)**	(55.72)
Actuarial Gain/(Loss) on Plan Assets	**(36.86)**	41.41
Fair value of Plan Assets at end of the period	**539.53**	425.80

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, 2008 are Rs. 129.63 lakhs (2007 - Rs. 179.57 lakhs) and Rs. 409.90 lakhs (2007 - Rs. 246.23 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.

Experience Adjustment on Plant Assets for the year ended December 31, 2008 is a loss of Rs. 36.85 lakhs.

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

The principal assumptions used in determining the gratuity obligations are as follows	2008	2007
Discount rate	**7.00%**	8.25%
Expected rate of return on plan assets	**-**	-
Expected rate of salary increase	**5.50%**	5.50%
Attrition rate	**2%**	2%
Withdrawal rates	**Upto age 44 - 2%** **45 years & above - 1%**	Upto age 44 - 2% 45 years & above - 1%
Expected average remaining service	**22.29 years**	21.81 years

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

In respect of provident funds, the Guidance issued by the Accounting Standards Board ('ASB') on implementing AS 15 states that provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as a defined benefit plan. The Company's provident fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall (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. 105.63 lakhs during the year ended December 31, 2008 (2007 - Rs. 118.25 lakhs).

The company's expense for the provident fund aggregates Rs. 386.25 lakhs during the year ended December 31, 2008 (2007 - Rs. 362.43 lakhs).

24. SUPPLEMENTARY PROFIT AND LOSS INFORMATION

	2008	2007
a) Managerial remuneration for Directors included in the profit and loss account comprises:		
Remuneration to Directors:		
Salaries	**42.93**	49.86
Conmmission	**—**	26.00
Perquisites (at monetary value)	**43.59**	49.86
Gratuity & leave encashmnet- paid to retired director	**14.34**	—
Rent	**38.28**	0.14
Contribution to Provident fund and Superannuation fund	**11.59**	13.47
	150.73	139.33
Note: As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above except for retired director.		
Computation of net profits in accordance with the Companies Act, 1956		
Profit before taxation per Profit and Loss Account	**644.01**	1,294.00
Add: Directors' remuneration (including Managing Director)	**150.73**	139.33
Directors' fees	**2.35**	2.70
Provision for doubtful debts	**477.99**	393.00
Depreciation provided in the books	**1,972.53**	1,465.32
	3,247.61	3,294.35
Less: Depreciation under Section 350 of the companies Act,1956	**1,972.53**	1,465.32
	1,972.53	1,465.32
Net Profit under Section 349 of the Companies Act 1956	**1,275.08**	1,829.03
Salaries, perquisites and commission to managing and wholetime directors at 10% of the net profit as calculated above	**127.51**	182.90
Remuneration	**150.73**	139.33

Notes to the Financial Statements (continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

		2008	2007
	Commission to Non-executive directors at 1% of the net profit as calculated above	**12.75**	18.29
	Restricted by the Board of Directors of the Company to	**4.83**	5.67

Notes :

1. The statement of profit and loss for the year ended December 31, 2008 includes remuneration to Managing Director Rs. 92.72 lakhs which is subject to approval by the shareholders in the ensuing Annual General Meeting and approval of the Central Government in accordance with the provisions of Companies Act, 1956.
2. The above remuneration by way of salary and perquisites payable to Mr.S.Mukundan, Deputy Managing Director and Mr.A.K.Chatterjee, Director – General Manager which are in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956, is subject to approval by the shareholders, which are proposed to be obtained in the forthcoming Annual General Meeting.

		2008	2007
b)	Expenditure in foreign currency: (on cash basis)		
	Foreign travel	**5.55**	5.84
	Professional and consultancy fees	—	12.08
	Lease rental	**21.08**	13.43
	Interest on External Commercial Borrowings	**101.51**	56.55
	Membership & subscription	**0.44**	—
	Royalty expense	**296.90**	—
		425.48	87.90
c)	Payment to Auditor		
	Audit fees	**28.40**	23.40
	Tax audit fees	**9.00**	7.50
	Other matters	**0.60**	0.60
	Service tax	**4.80**	3.99
	Reimbursement of expenses	**0.60**	0.97
		43.40	36.46
d)	Amount remitted in foreign currency for dividend:		
	Number of non-resident shareholders	**1**	—
	Number of shares held	**8011318**	—
	(Equity shares of Rs. 10/- each)		
	Dividend Remitted	**160.23**	—
	Year to which dividend relates	**2007**	—
e)	Value of imports on CIF basis:		
	Spare parts	**98.89**	21.03
	Tools	**17.20**	—
	Construction Materials	**1,152.26**	—
	Capital goods (including Capital Work-In-Progress)	**5,500.39**	1,680.56
		6,768.74	1,701.59

Notes to the Financial Statements (continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

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

	2008 %	2008 Value	2007 %	2007 Value
Spare parts				
- Imported	**5.82**	**49.44**	—	—
- Indigenous	**94.18**	**799.72**	100.00	811.61
	100.00	**849.16**	100.00	811.61
Tools and equipment				
- Imported	—	—	—	—
- Indigenous	**100.00**	**1,369.68**	100.00	1,075.70
	100.00	**1,369.68**	100.00	1,075.70
Construction material				
- Imported	**2.87**	**1152.26**	—	—
- Indigenous	**97.13**	**39,056.56**	100.00	29,545.94
	100.00	**40,208.82**	100.00	29,545.94

25 SEGMENT REPORTING

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

26 RELATED PARTY TRANSACTIONS

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

Italian-Thai Development Public Company Limited - Holding Company

ITD Cementation Projects India Ltd - Wholly owned subsidiary

(b) Other entities with whom transactions have taken place

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

(c) Remuneration to Key Management Personnel

	2008	2007
1) Mr. S.S. Singh – Managing Director	**100.07**	69.63
2) Mr. S. Mukundan – Deputy Managing Director	**30.62**	37.61
3) Mr. A.K.Chatterjee- Director- General Manager (resigned on February 29, 2008)	**20.04**	32.09
4) Mr. Prasad Patwardhan - Chief Financial Officer	**32.93**	26.45
	183.66	165.78

Excess liabilities no longer required, written back includes commission no longer payable to directors of Rs. 45.21 lakhs (2007 - Rs. Nil)

Notes to the Financial Statements (continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

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

Previous year figures are given in brackets

Nature of Transactions	Holding Company	Subsidiary	Joint Ventures
Revenues earned from contract execution	1,640.72 (2,152.33)		
Balance receivables for contract execution	1,929.10 (692.37)		
Balance outstanding at the year end towards purchase of Fixed Assets	— (74.41)		
Plant hire charges			1,028.59 (421.28)
Salary and related expenses of the employees deputed to Joint Ventures			2,063.21 (927.02)
Interest expense on mobilisation advance	28.71 (208.35)		
Balance payable for interest on mobilisation advance	22.49 (149.06)		
Share of profit net of tax in joint ventures (included in investments)			848.48 (316.05)
Balance payable against mobilisation advance	239.66 (960.00)		
Royalty expense	473.94 (—)		
Balance payable (Net of royalty payable of Rs. 141.99 lakhs and other receivable of Rs.11.11 lakhs)	130.88 (—)		
Investment in shares of subsidiary during the year		— (5.00)	
Balances on current account with joint ventures Balance receivable			6,229.14 (461.78)
Corporate guarantee issued	4,000.00 (4,000.00)		

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

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

Nature of Transactions / Related Parties	2008	2007
Revenues earned from contract execution		
Italian-Thai Development Public Company Limited (WB1)	**1,487.55**	1,738.36
Italian-Thai Development Public Company Limited (KOLDAM)		413.97
Balance receivables for contract execution		
Italian-Thai Development Public Company Limited (WB1)	**1,859.05**	408.95
Italian-Thai Development Public Company Limited (KOLDAM)		283.42
Balance outstanding at the year end towards purchase of Fixed Assets		
Italian-Thai Development Public Company Limited		74.41
Plant hire charges		
ITD Cemindia JV	**613.05**	396.92
ITD-ITDCem JV	**363.21**	

Notes to the Financial Statements (continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

Nature of Transactions / Related Parties	2008	2007
Purchases of construction materials and spares		
ITD Cemindia JV	**194.69**	—
ITD-ITDCem JV	**230.15**	—
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	**49.39**	—
Salary and related expenses of the employees deputed to Joint Ventures		
ITD Cemindia JV	**568.79**	646.05
ITD-ITDCem JV	**721.37**	280.97
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	**298.82**	—
Interest expense on mobilisation advance		
Italian-Thai Development Public Company Limited	**28.71**	208.35
Balance payable for interest on mobilisation advance		
Italian-Thai Development Public Company Limited	**22.49**	149.06
Share of profit net of tax in joint ventures (included in investments)		
ITD Cemindia JV	—	152.12
ITD-ITDCem JV	**996.40**	163.93
Balance payable against mobilisation advance		
Italian-Thai Development Public Company Limited	**239.66**	960.00
Royalty expenses		
Italian-Thai Development Public Company Limited	**473.94**	—
Balance payable		
Italian-Thai Development Public Company Limited	**130.88**	—
Investment in shares of subsidiary during the year		
ITD Cementation Projects India Ltd.	—	5.00
Balances on current account with joint ventures		
Balance receivable		
ITD Cemindia JV	**4,603.92**	224.58
ITD-ITDCem JV	**1,499.63**	237.20

27 DETAILS OF JOINT VENTURES

a) Details of Joint Ventures entered into by the Company

Name of the Joint Venture	% of Participation as at December 31, 2008	% of Participation as at December 31, 2007
ITD Cemindia JV	**80%**	80%
ITD - ITDCem JV	**49%**	49%
ITD - ITDCem JV (Consortium of ITD - ITD Cementation)	**40%**	

All the above are unincorporated jointly controlled entities in India

Notes to the Financial Statements (continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

b) Details of share of Assets, Liabilities, Income, Expenditure and Capital Commitments 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	4,985	4,000	52
	(1,697)	(654)	(—)
Share of Liability	10	2,073	—
	(—)	(343)	(—)
Share of Income	9,345	27,658	922
	(7,504)	(5,886)	(—)
Share of Expenditure	9,495	26,662	920
	(7,352)	(5,722)	(—)
Share of Capital Commitment	—	—	—
	(—)	(—)	(—)
Share of Contingent Liabilities	—	—	—
	(—)	(—)	(—)

		2008	2007
28	**EARNINGS PER SHARE**	**2008**	2007
a)	Net Profit after taxation	**549.93**	904.74
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**	5,758,100
	Number of shares issued during the year	—	5,757,690
	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 (based on the date of issue of shares)	**11,515,790**	7,209,440
c)	Basic and diluted earnings per share (nominal value of Rs. 10/- each (2007 - nominal value Rs. 10/- each))	**4.78**	12.55

29 The Company has recognised escalation on two road contracts till December 31, 2008 aggregating to Rs. 2,028 lakhs (December 31, 2007 - Rs.2,028 lakhs). Sundry Debtors at December 31, 2008 include Rs. 1,140 lakhs (December 31, 2007 - Rs. 1,140 lakhs) out of this amount. These escalation claims were disputed by the customer and the Company has received favourable verdict from Dispute Redressal Board and also thereafter in Arbitration in respect of these claims. The Customer has appealed against the Arbitration Award. As at December 31, 2008 an amount of Rs.1,140 lakhs (December 31, 2007 - Rs. 1,140 lakhs) is still receivable from customer. Management is reasonably confident of recovery of this amount based on the above and independent legal advice from eminent legal counsel in the matter. These contracts have been completed and hence during the year ended December 31, 2008, the Company has not recognised any turnover or escalation claims on these road contracts.

30 The Company has recognized variation claims of Rs. 4,182 lakhs (December 31, 2007 - Rs. 4,182 lakhs) [including Rs. 3,817 lakhs till December 31, 2008 (December 31, 2007 - Rs. 4,026 lakhs) under arbitration], which are also included in the balance of sundry debtors at December 31, 2008. These claims are disputed by the customer. Of these, the Company has received arbitration awards of Rs. 2,610 lakhs (December 31, 2007 - Rs. 2,610 lakhs) in its favour and includes an arbitration award of Rs. 990 lakhs (December 31, 2007 - Rs. Nil) which has been upheld by a district court in favour of the Company. The period within which the customer can further challenge the amount of Rs. 990 lakhs has not elapsed and the balance arbitration awards of Rs. 1,620 lakhs (December 31, 2007 - Rs. 1,620 lakhs) have since been challenged by the customer. During the year ended December 31, 2008, no variation claim was recognised by the Company. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is reasonably confident of recovery of the same.

31 Sundry Debtors as at December 31, 2008 include Rs 3,384 lakhs (December 31, 2007 - Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification provided in the respective contracts. The management is reasonably confident of the certification and recovery of the same progressively on these contracts based on past experience of the Company, assessment of work done and the fact that these amounts are not disputed by the customer.

32 Sundry Debtors at December 31, 2008 , include an amount of Rs 1,225 lakhs (December 31, 2007 - Rs 1,225 lakhs) comprising a claim made by the Company and a writeback of a provision for doubtful debts of earlier years. Based on the payment schedule agreed by the Company with the customer, the above mentioned claim was expected to be received by the Company over a period of time commencing from financial year 2008/09. Till date the Company has not received any amounts against this claim and further the payment schedule for this amount is in the process of being rescheduled with the customer. The management is reasonably confident of recovery of this amount based on the confirmation letter received from the customer.

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

		2008	2007
a)	Contract revenue recognised as revenue in the period Clause 38 (a)	**95,660**	78,353
b)	Aggregate amount of costs incurred and recognised profits up to the reporting date on Contract under progress Clause 39 (a)	**402,346**	316,081
c)	Advance received on Contract under progress Clause 39 (b)	**6,717**	13,135
d)	Retention amounts on Contract under progress Clause 39 (c)	**5,054**	2,883
e)	Gross amount due from customers for contract work as an asset Clause 41 (a)	**13,608**	19,018

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

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

35 PRIOR PERIOD ITEMS

Prior period items comprise:	**2008**	2007
Write back of excess sales tax provision pertaining to prior year	—	335.24
Net decrease in turnover pertaining to the prior year	—	(103.30)
	—	231.94

36 OPERATING LEASES

a. The Company has taken various residential/commercial premises on cancellable operating lease. These lease agreements are normally renewed on expiry. The lease payments in the statement of profit and loss for the year is Rs. 821.90 lakhs (2007 - Rs.477.99 lakhs).

b. The Company has taken on non-cancellable operating lease certain assets, the future minimum lease payments in respect of which as at 31 December 2008 are as follows:

Minimum Lease Payments		**2008**	2007
i.	Payable not later than 1 year	**984.77**	938.59
ii.	Payable later than 1 year and not later than 5 years	**1,394.24**	2,238.33
iii.	Payable later than 5 years	—	—
Total		**2,379.01**	3,176.92

Notes to the Financial Statements (continued)

as at 31 December 2008
(Currency : Indian Rupee in lakhs)

c. Lease payments recognised in the statement of profit and loss account for the year is Rs.1,013.97 lakhs (2007 - Rs.924.44 lakhs)

d. General descriptions of lease terms

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

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

37. Pursuant to Rights issue offer which closed on December 15, 2007, the Company alloted 5,757,690 equity shares of Rs. 10/- each at a premium of Rs. 415/- per share on December 31, 2007 and received Rs. 24,470.18 lakhs. The details of utilisation of rights issue proceeds are as follows:

No.	Objects of Rights issue	Amount at December 31, 2008	
		Received	Utilised
1.	Partial repayment/prepayment of our existing debt	10,000.00	10,000.00
2.	Financing a portion of working capital requirement	7,000.00	7,000.00
3.	General corporate purposes including purchase/repurchase of certain plant and machinery, investment into joint ventures amongst other corporate objectives.	6,046.93	6,225.10
4.	Rights issue expenses.	1,423.25	1,245.08
		24,470.18	24,470.18

38. Remuneration to Auditor does not include Rs. 9.04 lakhs (including Service Tax)(2007 - Rs. 11.85 lakhs) paid to statutory auditors towards fees paid in connection with Rights Issue, which is debited to securities premium account.

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

The accompanying notes form an integral part of these financial statements.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No: 42650

Mumbai
Date: 5 March, 2009

For and on behalf of the Board of Directors

Sunil Shah Singh *Managing Director*

S. Mukundan *Deputy Managing Director*

P. B. Patwardhan *Chief Financial Officer*

R. C. Daga *Company Secretary*

Mumbai
Date: 5 March, 2009

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) 2008 (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
	76,481.86	76,481.86
Sources of funds	Paid-up capital	Reserves and surplus
	1,151.58	33,831.70
	Secured loans	Unsecured loans
	39,989.72	1,508.86
	Deferred tax liability	
	Nil	
Application of funds	Net fixed assets	Investments
	16,264.44	1,277.96
	Net current assets	Miscellaneous expenditure
	58,939.46	Nil
	Accumulated losses	
	Nil	

d) **Performance of the Company**

Turnover/(including other income)	Total expenditure
98,021.18	97,377.17
Profit before tax	Profit after tax
644.01	549.93
Basic and diluted earnings per share in Rs.	Dividend rate %
4.78	10%

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

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

For and on behalf of the Board of Directors

Sunil Shah Singh — *Managing Director*
S. Mukundan — *Deputy Managing Director*
P. B. Patwardhan — *Chief Financial Officer*
R. C. Daga — *Company Secretary*

Mumbai
Date : 5 March, 2009

(Currency : Indian Rupee in lakhs)

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

Sr.No.	Name of the Subsidiary	ITD Cementation Projects India Ltd.
1	The financial year of the subsidiary Company ended on	31st December, 2008
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.)	(0.06)
	(ii) for the prevoius financial years of the subsidiary since it became the holding Company's subsidiary (Rs.)	(0.17)

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	5.18
(d)	Total Liabilities	0.18
(e)	Investments	Nil
(f)	Turnover	Nil
(g)	Profit / (Loss) before Taxation	(0.06)
(h)	Provision for Taxation	Nil
(i)	Profit after Taxation	(0.06)
(j)	Proposed Dividend	Nil

For and on behalf of the Board of Directors

Sunil Shah Singh *Managing Director*
S. Mukundan *Deputy Managing Director*
P. B. Patwardhan *Chief Financial Officer*
R. C. Daga *Company Secretary*

Mumbai
Date : 5 March, 2009

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, 2008 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 Standard (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.

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

   i. Note 28 to the consolidated financial statements. According to this, the Company has in prior years recognized price escalation claims on two road contracts which were disputed by the customer. For the period from inception of the contract to December 31, 2008 the aggregate claims recognised as revenue amount to Rs. 2,028 lakhs (previous year Rs. 2,028 lakhs). Sundry debtors at December 31, 2008 include Rs. 1,140 lakhs (previous year Rs. 1,140 lakhs) in respect of these escalation claims. The Company has received favourable verdicts in the Dispute Redressal Board and thereafter in Arbitration in respect of these amounts. The Company has till date not recovered these amounts. The Customer has appealed against the Arbitration award and the realisability of this amount is dependent on this matter being finally resolved in favour of the Company.

   ii. Note 31 to the consolidated financial statements. Sundry debtors at December 31, 2008 includes an amount of Rs. 1,225 lakhs (previous year Rs. 1,225 lakhs) comprising a claim made by the Company and a writeback of a provision for doubtful debts of earlier years. Based on the payment schedule originally agreed by the Company with the customer, the above mentioned claim was expected to be received by the Company over a period of time commencing from financial year 2008 / 2009. No amounts have been received by the Company against this amount till date and further the payment schedule for this amount is in the process of being rescheduled. The realisability of this amount of Rs. 1,225 lakhs is dependent upon finalization of the rescheduled payment plan and the customer adhering to the same.

5. We further report that:

   i *As described in Note 29 to the consolidated financial statements, sundry debtors at December 31, 2008 include variation claims of Rs. 4,182 lakhs (previous year Rs. 4,182 lakhs) recognized in the earlier years, which are disputed by the customer. Out of this, claims amounting to Rs. 3,817 lakhs (previous year Rs. 4,026 lakhs) are a subject matter of arbitration. Of these claims the Company has received arbitration awards of Rs. 2,610 lakhs (previous year Rs. 2,610 lakhs), in its favour and includes an arbitration award of Rs. 990 lakhs (previous year Rs. Nil) upheld by the district court in favour of the Company. The period within which the customer can challenge the award for Rs. 990 lakhs has not elapsed and the arbitration awards for the balance amount of Rs. 1,620 lakhs have since been challenged by the customer;*

   ii *As described in Note 30 to the consolidated financial statements, debtors include Rs. 3,384 lakhs (previous year Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification;*

   iii *Our audit report on the consolidated financial statements for the year ended December 31, 2007 was also modified in respect of the matters stated in paragraphs 5 (i) and (ii) above and the corresponding amounts in respect of that year are given in brackets;*

   iv *In our view there is an uncertainty in respect of realisability of these claims and receivables recognized 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 turnover, sundry debtors, the profit before tax, reserves and earnings per share reported in the consolidated financial statements for the years ended December 31, 2008 and December 31, 2007.*

6. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements *subject to our comments in paragraphs 5 above, the impact of which on the consolidated financial statements cannot be ascertained*, give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the consolidated balance sheet, of the state of affairs of the ITD group as at December 31, 2008;

   ii. in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

   iii. in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No. 42650

Mumbai.
Date: March 5, 2009

Consolidated Balance Sheet

as at 31 December 2008
(Currency : Indian Rupee in lakhs)

	Schedule	2008	2007
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	1,151.58	1,151.58
Reserves and surplus	3	33,831.48	33,481.48
		34,983.06	34,633.06
Loan funds			
Secured loans	4	42,047.72	7,469.58
Unsecured loans	5	1,508.86	1,067.33
		43,556.58	8,536.91
Deferred tax liabilities / (asset), (net)	6	24.30	---
		78,563.94	43,169.97
APPLICATION OF FUNDS			
Fixed assets	1.3 & 7		
Gross block		27,718.54	18,633.93
Less: Accumulated depreciation		11,141.42	8,907.07
Net block		16,577.12	9,726.86
Capital work-in-progress (including capital advances)		4,022.98	709.88
		20,600.10	10,436.74
Deferred tax asset / (liabilities), (net)	6	---	320.79
Current assets, loans and advances			
Inventories	1.5 & 8	21,931.09	14,411.76
Unbilled work-in-progress	1.6	28,530.71	23,133.36
Sundry debtors	1.7 & 9	48,955.77	28,618.73
Cash and bank balances	10	4,048.50	7,507.83
Loans and advances	11	15,171.45	8,979.68
		118,637.52	82,651.36
Current liabilities and provisions			
Current liabilities	1.7 & 12	59,810.67	49,462.80
Provisions	13	863.65	776.76
		60,674.32	50,239.56
Net current assets		57,963.20	32,411.80
Miscellaneous expenditure (to the extent not written off or adjusted)		0.64	0.64
		78,563.94	43,169.97

The accompanying notes form an integral part of the Consolidated Balance Sheet

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No: 42650

Mumbai
Date: 5 March, 2009

For and on behalf of the Board of Directors

Sunil Shah Singh — *Managing Director*

S. Mukundan — *Deputy Managing Director*

P. Patwardhan — *Chief Financial Officer*

R. C. Daga — *Company Secretary*

Mumbai
Date: 5 March, 2009

Consolidated Profit and Loss Account

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

	Schedule	2008	2007
INCOME			
Revenue	1.6 & 14	133,375.70	91,717.33
Other income	15	1,637.86	1,098.42
		135,013.56	92,815.75
EXPENDITURE			
Site and administrative costs	16	126,515.60	85,416.67
Interest	17	4,160.90	4,155.30
Depreciation	1.3 & 7	2,395.51	1,576.83
Provision for doubtful debts	18	477.99	405.00
		133,550.00	91,553.80
Profit before tax and prior period items		1,463.56	1,261.95
Prior period items	34	—	231.94
Profit for the year before tax		1,463.56	1,493.89
Provision for taxation	1.10		
Current tax		(591.25)	(876.69)
Less: Minimum Alternative Tax credit entitlement		136.00	53.00
Net current tax liability		(455.25)	(823.69)
Deferred tax credit/(charge)		(345.09)	320.79
Fringe Benefit Tax		(113.35)	(86.41)
Net profit after tax and prior period items		549.87	904.58
Profit and loss account, beginning of year		1,214.09	646.97
Amount available for appropriation		1,763.96	1,551.55
APPROPRIATIONS			
Transfer to general reserve		13.75	68.00
Proposed Dividend		115.16	230.32
Tax on proposed dividend		19.57	39.14
Balance carried forward to balance sheet	3	1,615.48	1,214.09
		1,763.96	1,551.55
Basic and diluted earnings per share [Nominal value per share Rs. 10/- each (2007 - Rs 10/-each)]		4.77	12.55

The accompanying notes form an integral part of the Consolidated Profit and Loss Account

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No: 42650

Mumbai
Date: 5 March, 2009

For and on behalf of the Board of Directors

Sunil Shah Singh *Managing Director*

S. Mukundan *Deputy Managing Director*

P. Patwardhan *Chief Financial Officer*

R. C. Daga *Company Secretary*

Mumbai
Date: 5 March, 2009

Consolidated Cash Flow Statement

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

	2008
Cash flow from operating activities	
Net profit before taxation	1,463.56
Adjustments for:	
Depreciation	2,395.51
Interest expenses	4,160.90
Interest income	(40.83)
Provision for doubtful debts	477.99
Provision for doubtful advances	(0.01)
Profit on sale of fixed assets (net)	(30.00)
Sundry balances written back	(55.15)
Excess liabilities no longer required written back	(959.61)
Operating profit before working capital changes	7,412.36
Movement for (Increase)/Decrease in working capital	
Inventories	(7,519.33)
Trade and other debtors	(20,815.02)
Unbilled work in progress	(5,397.35)
Loans and advances	(5,302.31)
Trade creditors and other liabilites	8,369.88
Provisions	221.62
Cash (used in)/generated from operations	(23,030.15)
Direct taxes (paid) / refunds received	(1,458.04)
Net cash used in operating activities	(24,488.19)
Cash flow from investing activities	
Purchase of fixed assets	(9,580.51)
Proceeds from sale of fixed assets	304.60
Proceeds from fixed deposit with bank (maturity beyond three months)	32.48
Interest received	40.83
Net cash generated from/(used in) investing activities	(9,202.60)
Cash flow from financing activities	
Payment of share issue expenses (in respect of prior year's rights issue)	(65.15)
Proceeds from / (Repayment of) short term borrowings - net	33,337.73
Proceeds from / (Repayment of) short term borrowings from financial institution	1,000.00
Proceeds from / (Repayment of) long term borrowings	701.85
Interest paid	(4,441.21)
Dividend paid	(230.14)
Tax on distributed profits	(39.14)
Net cash inflow from financing activities	30,263.94
Net (decrease) in cash and cash equivalents	(3,426.85)
Cash and cash equivalents, beginning of year	7,475.35
Cash and cash equivalents, end of year	4,048.50

Notes:

1 The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard -3 ('AS-3') on Cash Flow Statement notified by the Companies Accounting Standards Rules, 2006.

2. Since the previous year was the first year of preparation of consolidated financial statements, it was not practical to present the consolidated cash flow statement as the consolidated opening balances for the preparation of the consolidated cash flow statement of the previous year were not available. Hence prior year comparatives have not been presented.

3. Cash and cash-equivalents consists of cash Rs. 509.25 lakhs (2007 - Rs. 294.73 lakhs), bank balances in current accounts Rs. 3,524.14 lakhs (2007 - Rs. 5,367.62 lakhs) and deposit (maturity within three months) Rs.15.11 lakhs (2007 - Rs. 1,845.48 lakhs).

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No: 42650

Mumbai
Date: 5 March, 2009

For and on behalf of the Board of Directors

Sunil Shah Singh *Managing Director*

S. Mukundan *Deputy Managing Director*

P. Patwardhan *Chief Financial Officer*

R. C. Daga *Company Secretary*

Mumbai
Date: 5 March, 2009

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

1 Significant accounting policies

1.1 *Basis of preparation and Principles of Consolidation*

- Basis of preparation

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

- Principles of Consolidation

The consolidated financial statements relate to ITD Cementation India Ltd. ('The Company'), its subsidiary company, and 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 in accordance with Accounting Standard (AS) - 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

ii. The Interests in Joint Ventures which are in the nature of jointly controlled entities have been consolidated by using the proportionate consolidation method as per the Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.

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

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 lower of the period of the lease or their estimated useful lives as determined by management.

1.4 Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

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

1.5 Inventories

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

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

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

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

1.6 Revenue Recognition on Contracts

- *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 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 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.

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 except those arising from investments in non-integral operations. 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 statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is 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 for employees and a group gratuity and life assurance scheme for eligible employees. The group gratuity and life assurance scheme are defined benefit obligations and are provided for, on the basis of an independent actuarial valuation on projected unit credit method made at the end of each financial year.

Provision for long term 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.

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

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 and deferred tax liabilities across various countries of operation are not set off against each other as the Group does not have a legal right to do so. 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.

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 Minimum Alternative tax (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 balance sheet comprise cash at bank and in hand and short-term with an original maturity of three months or less.

Notes to the Consolidated Financial Statements (Continued)

as at 31 December 2008
(Currency : Indian Rupee in lakhs)

		2008	2007
2	**SHARE CAPITAL**		
	(Refer Note 36)		
	Authorised		
	1,50,00,000 (2007 - 1,50,00,000) equity shares of Rs.10/- each	**1,500.00**	1,500.00
	6,00,00,000 (2007 - 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 (2007 - 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 (2007 - 1,15,15,790) equity shares of Rs.10/- each	**1,151.58**	1,151.58
	Of these shares: 80,11,318 (2007 - 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 (2007 - 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 (2007 - 2,526) equity shares of Rs.10/- each have been kept in abeyance pending final settlement of rights issue.		
3	**RESERVES AND SURPLUS**		
	Securities premium account		
	Balance brought forward	**32,022.53**	9,308.06
	Add: Additions during the year	**—**	23,894.41
	Less: Rights issue expenses adjusted	**(65.14)**	(1,179.94)
		31,957.39	32,022.53
	General reserve		
	Balance brought forward	**244.86**	265.93
	Add: Transfer from / (to) profit and loss account	**13.75**	68.00
	Transitional liability on first time application of AS 15 (revised 2005) (see Note 22)	**—**	(89.07)
		258.61	244.86
	Profit and loss account balance	**1,615.48**	1,214.09
		33,831.48	33,481.48
4	**SECURED LOANS**		
	From banks		
	- Working capital demand loan -repayable on demand	**1,447.32**	—
	- Overdraft - repayable on demand	**28,432.66**	54.61
	- External Commercial Borrowings (Buyer's Credit) (entirely repayable in one year)	**2,674.47**	1,661.64
	- Short term loan - repayable in one year	**2,058.00**	—
	From Financial Institution		
	- Short term loan - repayable in one year	**2,000.00**	1,000.00
	- Long term loan [repayable in one year Rs. 1,333.33 lakhs (2007 - Rs.1,111.11 lakhs)]	**2,881.24**	4,343.00
	Plant and Vehicle Loan [Repayable in one year Rs. 631.04 lakhs (2007 - Rs. 181.53 lakhs)]	**2,515.02**	351.41
	Interest accrued and due [on long term loan Rs 33.73 lakhs (2007 : Rs 43.31 lakhs) and working capital demand loan - Rs 5.27 lakhs (2007 Rs 15.61 lakhs)]	**39.01**	58.92
		42,047.72	7,469.58

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 loan are secured by plant and vehicle respectively.
- Short term loan from financial institution is secured by subservient charge on movable plant and machinery, other movable assets and current assets of the Company, both present & future also irrevocable and unconditional corporate guarantee by Italian-Thai Development Public Company Limited.
- Short term loan from banks secured by 1st charge on receivables of the project and also corporate guarantee by Italian-Thai Development Compny Limited.

Notes to the Consolidated Financial Statements (Continued)

as at 31 December 2008
(Currency : Indian Rupee in lakhs)

		2008	2007
5	**UNSECURED LOANS**		
	Short term loans		
	From banks		
	- Working capital demand loan - repayable on demand	––	50.00
	- Overdraft - repayable on demand	**1,508.81**	17.69
	- Other loans -repayable in one year	**0.05**	999.64
		1,508.86	1,067.33
	Italian-Thai Development Public Company Limited has issued a Corporate Guarantee in respect of the above loans.		
6	**DEFERRED TAX LIABILITIES / (ASSET), (net)**		
	Deferred tax liabilities		
	Difference between book depreciation and depreciation under the Income tax Act, 1961	**344.80**	387.08
	Deferred tax asset		
	Disallowances u/s 40a under the Income Tax Act, 1961	––	(316.94)
	Disallowances u/s 43B under the Income Tax Act, 1961	––	(7.93)
	Unabsorbed depreciation	**(320.50)**	(383.00)
	Deferred tax liabilities / (asset), (net)	**24.30**	(320.79)

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, 2008	15.32	221.94	14,289.92	2,323.04	1,301.24	187.08	295.38	18,633.92	14,228.38
Additions during the year	—	—	7,951.79	1,351.12	151.84	50.63	15.00	9,520.38	4,504.12
Disposals during the year	—	—	(356.00)	(12.45)	(67.11)	(0.20)	—	(435.76)	(98.57)
As at December 31, 2008	**15.32**	**221.94**	**21,885.71**	**3,661.71**	**1,385.97**	**237.51**	**310.38**	**27,718.54**	**18,633.93**
Accumulated Depreciation									
As at January 1, 2008	—	82.72	6,142.16	1,455.94	965.09	113.91	147.25	8,907.07	7,407.97
Charge for the year	—	6.12	1,803.66	417.58	109.79	22.95	35.41	2,395.51	1,576.83
Disposals during the year	—	—	(87.42)	(7.57)	(65.99)	(0.18)	—	(161.16)	(77.73)
As at December 31, 2008	**—**	**88.84**	**7,858.40**	**1,865.95**	**1,008.89**	**136.68**	**182.66**	**11,141.42**	**8,907.07**
Net block									
As at December 31, 2008	**15.32**	**133.10**	**14,027.31**	**1,795.76**	**377.08**	**100.83**	**127.72**	**16,577.12**	**9,726.86**
As at December 31, 2007	**15.32**	**139.23**	**8,147.65**	**867.11**	**336.25**	**73.18**	**148.13**	**9,726.86**	

Note:

Buildings include Rs.0.09 lakhs (2007 - Rs.0.09 lakhs) being the cost of shares in co-operative housing societies.

Notes to the Consolidated Financial Statements (Continued)

as at 31 December 2008
(Currency : Indian Rupee in lakhs)

		2008	2007
8	**INVENTORIES**		
	Construction materials (at cost)	**15,994.80**	10,276.50
	Tools and equipment (at amortised cost)	**4,293.08**	2,113.23
	Machinery spares (at lower of cost and net realisable value)	**1,643.21**	2,022.03
		21,931.09	14,411.76
9	**SUNDRY DEBTORS**		
	(unsecured)		
	(refer to notes 28 to 31)		
	Debts outstanding for a period exceeding six months		
	- Considered good	**26,812.64**	15,378.45
	- Considered doubtful	**522.27**	230.25
		27,334.91	15,608.70
	Less: Provision for doubtful debts	**(522.27)**	(230.25)
		26,812.64	15,378.45
	Other debts, considered good	**22,143.13**	13,240.28
		48,955.77	28,618.73
	Sundry debtors include:		
	- Retention monies of Rs.5276.34 lakhs (2007 - Rs 2,936.93 lakhs) due on completion of the contracts.		
	- Debts outstanding for a period not exceeding six months include receivable from Italian Thai Development Public Company Limited, Thailand, the holding company, Rs. 680.16 lakhs (2007 - Rs. 692.37 lakhs). Maximum amount due during the year Rs. 1,929.10 lakhs (2007 - Rs. 692.37 lakhs).		
10	**CASH AND BANK BALANCES**		
	Cash in hand	**509.25**	294.73
	Balance with scheduled banks		
	- on current accounts	**3,524.14**	5,367.62
	- on deposit account	**15.11**	1,845.48
		4,048.50	7,507.83
11	**LOANS AND ADVANCES**		
	(unsecured)		
	Considered good		
	Advances recoverable in cash or in kind or for value to be received	**7,323.58**	3,705.86
	Receivable from Italian -Thai Development Public Company Limited	**430.55**	––
	Deposits	**1,781.57**	1,425.11
	Taxes paid (net of provision for taxation - Rs.3,024.68 lakhs) (2007 - Rs. 2,456.08 lakhs) include Tax deducted at source Rs 2,094.97 lakhs (2007 - Rs.1,667.79 lakhs) , for which the certificates are yet to be received from the customers	**5,635.75**	3,848.71
		15,171.45	8,979.68
	Considered doubtful		
	Advances recoverable in cash or in kind or for value to be received	**445.75**	445.76
		15,617.20	9,425.44
	Less: Provision for doubtful loans and advances	**(445.75)**	(445.76)
		15,171.45	8,979.68

Notes to the Consolidated Financial Statements (Continued)

as at 31 December 2008
(Currency : Indian Rupee in lakhs)

	2008	2007
12 CURRENT LIABILITIES		
Acceptances	**6,796.95**	3,481.29
Sundry creditors - Other than Micro and Small Enterprises (refer note 33)	**14,512.11**	10,324.43
Advances from customers	**23,034.39**	19,656.90
Maintenance provision	**902.69**	744.27
Liability towards Investors Education & Protection Fund		
- Unclaimed dividends (not due)	**4.09**	3.91
Interest accrued but not due	**29.12**	289.52
Payable to Italian -Thai Development Public Company Limited	**—**	1,182.36
Other liabilities	**14,531.32**	13,780.12
	59,810.67	49,462.80
13 PROVISIONS		
Gratuity	**378.94**	229.46
Long term leave benefits	**276.36**	240.67
Provision for provident fund	**73.62**	37.17
Proposed dividend	**115.16**	230.32
Provision for tax on proposed dividend	**19.57**	39.14
	863.65	776.76

	for the year ended 2008	for the year ended 2007
14 REVENUE		
Turnover	**127,978.35**	69,648.12
Movement in Unbilled work in progress	**5,397.35**	22,069.21
	133,375.70	91,717.33
15 OTHER INCOME		
Excess liabilities no longer required written back	**959.61**	173.00
Exchange Gain (net)	**—**	101.62
Profit on sale of assets (net)	**30.00**	2.09
Sundry balances written back	**55.15**	30.93
Bad debts recovered	**69.27**	30.41
Interest		
- Interest on bank deposits (including tax deducted at source of Rs. 0.70 lakhs (2007 – Rs. Nil)	**36.68**	6.42
- Interest on IT refund	**7.53**	54.70
- Other interest (including tax and on employee advance) [(including tax deducted at source of Rs.Nil (2007 - Rs.Nil)]	**4.15**	—
Insurance Claim	**124.57**	642.94
Miscellaneous income	**350.90**	56.31
	1,637.86	1,098.42

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

	2008	2007
16 SITE AND ADMINISTRATIVE COSTS		
Personnel costs		
Salaries, wages and bonus	**9,988.68**	7,294.47
Contribution to provident, gratuity and other funds	**878.49**	566.64
Staff welfare expenses	**289.06**	212.30
	11,156.23	8,073.41
Construction materials	**57,145.49**	35,091.79
Sub-contract costs	**24,660.80**	18,171.98
Plant hire expenses	**5,662.48**	3,492.17
Power and fuel	**7,003.67**	5,596.36
Sales tax on works contracts	**2,051.24**	1,594.85
Miscellaneous expenses	**2,168.57**	784.21
Travel	**788.57**	1,096.61
Tools and equipment	**1,499.33**	1,116.60
Site transport and conveyance	**2,130.29**	796.51
Repairs and maintenance :		
- Plant & machinery	**588.20**	1,113.97
- Others	**77.60**	17.28
Bank charges and guarantee commission	**1,406.75**	1,392.27
Insurance	**903.23**	1,038.11
Professional fees	**1,913.60**	1,391.94
Rent (refer note 35)	**2,177.27**	1,682.02
Spares	**958.11**	877.79
Security charges	**505.41**	321.30
Temporary site installations	**1,081.81**	536.04
Postage, telephone and telegram	**210.95**	205.35
Water charges	**131.56**	92.52
Printing and stationery	**114.19**	90.74
Fees and subscription	**61.23**	248.71
Infotech expenses	**169.55**	83.61
Service tax	**806.06**	384.53
Soil testing expenses	**23.39**	62.38
Auditors' remuneration	**59.66**	60.92
Royalty expenses	**473.94**	—
Exchange loss (net)	**584.07**	—
Directors' fees	**2.35**	2.70
	126,515.60	85,416.67
17 INTEREST		
Interest on bank borrowings		
- on working capital loan	**104.33**	1,858.41
- on overdraft	**1,859.07**	764.35
- on short term loan	**363.15**	24.93
- on external commercial borrowing (buyer's credit)	**141.13**	27.72
- on letter of credit	**145.59**	276.61
Interest on Commercial Papers	**77.39**	—
Interest on long term loan from financial institution	**612.37**	209.31
Interest on advances from customers and others	**575.22**	867.83
Interest on others	**282.65**	126.14
	4,160.90	4,155.30

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

		2008	2007
18	**PROVISION FOR DOUBTFUL DEBTS**		
	Bad debts written off during the year	**185.96**	340.39
	Add: Provision for doubtful debts, end of year	**522.27**	230.25
	Less: Provision for doubtful debts, beginning of year	**(230.24)**	(165.64)
	Net provision for doubtful debts	**477.99**	405.00
19	**COMMITMENTS**		
	Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	**2,038.53**	**2,181.21**
20	**CONTINGENT LIABILITIES**		
	a) Guarantees given by banks in respect of normal contracting commitments given in the normal course of business.	**45,698.18**	**15,243.52**
	b) Corporate Guarantee given to bank on behalf of Joint Venture.	**11,000.00**	**—**
	c) The Company has a number of claims on customers for price escalation and / or variation in contract work. In certain cases which are currently under arbitration, the customers have raised counter-claims. The Company has received legal advice that none of the counter-claims are legally tenable. Accordingly no provision is considered necessary in respect of these counter claims.	**15,816.22**	**15,940.00**
	d) Sales Tax matters pending in appeals	**138.50**	**107.22**
	e) Service Tax matters under dispute	**173.50**	**172.94**
	f) Income Tax matters pending in appeal	**2,273.81**	**2,608.93**
	g) Excise matter pending in appeal	**52.00**	**52.00**

21 PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURES AT THE BALANCE SHEET DATE

Buyers credit & Suppliers Credit	**2008**			2007		
	Foreign Currency	**Exchange Rate**	**INR in lakhs**	Foreign Currency	Exchange Rate	INR in lakhs
US Dollar Exposure	35,270	48.91	17.25	1,844,595	39.66	731.57
Euro Exposure	3,620,863	64.46	2,333.89	1,444,704	58.60	846.60
Yen Exposure	124,781	0.54	0.68	23,496,738	0.36	83.48
TOTAL			**2,351.82**			1,661.65

22 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS

Until December 31, 2006, the Company had been making provisions under the earlier Accounting Standard -15 "Accounting for Retirement Benefits in the financial statements of Employers" issued by the Institute of Chartered Accountants of India ("ICAI"). With effect from the January 1, 2007, AS 15(revised 2005) – Employee Benefits issued by the ICAI is applicable to the Company. Accordingly, the Company has, with effect from January 1, 2007 accounted and reported for its Retirement Benefits in accordance with AS 15 (revised 2005).

The ICAI has issued a limited revision to AS 15 (revised) which allows an entity to make disclosures required by paragraph 120(n) of AS 15 (revised) prospectively from the transition date and also provides an option to charge the additional defined benefit liability arising upon the first application of AS 15 (revised) as an expense over a period upto five years, instead of adjusting the entire increase in liability to opening reserves. The limited revision has not yet been incorporated in AS 15 notified under Companies (Accounting Standard) Rules, 2006. The Company expects that the limited revision will be incorporated in notified standards shortly.

Accordingly, it has not provided the disclosures required by paragraph 120(n) in respect of its defined retirement benefits.

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

The Company in the prior year had not exercised the option to charge the additional defined benefit liability arising upon first application of AS 15 (revised) as an expense over a period upto five years but had at January 1, 2007 charged the same to General Reserves.

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	**2008**	2007
The net employee benefit expense (recognised in personnel cost) during the year are as follows:		
Current Service Cost	**109.60**	86.15
Interest Cost	**51.25**	40.76
Expected return on Plan Assets	**(38.55)**	(26.30)
Net Actuarial (Gains)/Losses for the period	**207.30**	5.29
Past service cost	**—**	—
Net benefit expense	**329.61**	105.90
Actual return on plan assets	**1.69**	67.72
Balance Sheet		
The details of provision for gratuity and leave encashment are summarised below:		
Defined benefit obligation	**918.53**	655.26
Fair value of plan assets	**539.53**	425.80
Plan Liability	**379.00**	229.46
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	**655.26**	465.92
Transitional liability recognised on first application of AS 15 (revised 2005)	**—**	71.45
	655.26	537.37
Current Service Cost	**109.60**	86.15
Interest Cost	**51.25**	40.76
Net Actuarial (Gains)/Losses	**170.45**	46.70
Benefit Payments	**(68.02)**	(55.72)
Present value of Defined Benefit Obligation at end of period	**918.53**	655.26
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	**425.80**	299.51
Expected return on Plan Assets	**38.55**	26.30
Contributions by employer	**180.06**	114.30
Benefit Paid	**(68.02)**	(55.72)
Actuarial Gain/(Loss) on Plan Assets	**(36.86)**	41.41
Fair value of Plan Assets at end of the period	**539.53**	425.80

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, 2008 are Rs. 129.63 lakhs (2007 - Rs. 179.57 lakhs) and Rs. 409.90 lakhs (2007 - Rs. 246.23 lakhs) resepectively. 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.

Experience Adjustment on Plant Assets for the year ended December 31, 2008 is a loss of Rs. 36.85 lakhs.

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

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

Discount rate	**7.00%**	8.25%
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	**22.29 years**	21.81 years

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

In respect of provident funds, the Guidance issued by the Accounting Standards Board ('ASB') on implementing AS 15 states that provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as a defined benefit plan. The Company's provident fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall (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. 105.63 lakhs during the year ended December 31, 2008 (2007- Rs.118.25 lakhs).

The company's expense for the provident fund aggregates Rs. 436.68 lakhs during the year ended December 31, 2008 (2007 - Rs. 378.33 lakhs).

23. SUBSIDIARIES

The following Subsidiary Company (incorporated in India) have been consolidated in the Financial Statement applying Accounting Standard - 21:

Name of the Subsidiary	**2008**		2007	
	Proportion of Ownership Interest	**Voting Power**	Proportion of Ownership Interest	Voting Power
ITD Cementation Projects India Ltd	**100%**	**100%**	100%	100%

24. JOINTLY CONTROLLED ENTITIES

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

Name of the Jointly Controlled Entity	% of Participation as at December 31, 2008	% of Participation as at December 31, 2007
ITD Cemindia JV	**80%**	80%
ITD-ITDCem JV	**49%**	49%
ITD-ITDCem JV (Consortium of ITD-ITD Cementation)	**40%**	-

All the above are unincorporated jointly controlled entities in India

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

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

BALANCE SHEET ITEMS	As at December 31, 2008		As at December 31, 2007	
Assets				
Fixed Assets	**4,854.65**		1,136.22	
Less : Depreciation	**560.19**		137.21	
		4,294.46		999.01
Capital Work-in-progress		**41.20**		60.31
Deferred Tax Assets				320.79
Current Assets :				
Inventories	**5,556.24**		2,696.00	
Unbilled Work-in-progress	**7,076.73**		3,276.00	
Sundry Debtors	**10,257.41**		1,626.07	
Cash & Bank Balances	**2,964.35**		2,329.60	
Loan & Advances	**3,146.70**		1,147.82	
Total Current Assets (A)		**29,001.43**		11,075.49
Current Liabilities (B)		**24,300.69**		10,104.96
Net Current Assets (A-B)		**4,700.74**		970.53
Total Assets		**9,036.39**		2,350.64
Liabilities				
Loan Funds :				
Secured Loans		**2,058.00**		—
Deferred Tax Liabilities		**24.30**		—
Reserves & Surplus				
Opening balance of retained earnings	**437.90**		121.85	
Add : Profit for the period	**848.48**		316.05	
		1,286.38		437.90
Total Liabilities		**3,368.67**		437.90
INCOME				
Revenue		**37,715.72**		13,364.24
Other Income		**209.72**		25.33
		37,925.44		13,389.57
LESS : EXPENSES				
Site & Administration Cost	**35,398.49**		12,569.96	
Interest Cost	**435.89**		180.00	
Depreciation	**422.98**		111.51	
Providion for Bad Debts	—		12.00	
Total Expenses		**36,257.35**		12,873.47
Profit / (Loss) Before Tax		**1,668.09**		516.10
Provision for Tax		**455.25**		509.95
Deferred Tax		**345.09**		(320.79)
Fringe Benefit Tax		**19.27**		10.89
Profit / (Loss) After Tax		**848.48**		316.05

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

25. SEGMENT REPORTING

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

26. RELATED PARTY TRANSACTIONS

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

Italian-Thai Development Public Company Limited - Holding Company
ITD Cementation Projects India Ltd - Wholly owned subsidiary

(b) Other entities with whom transactions have taken place

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

(c) Remuneration of Key Management Personnel

		2008	2007
1)	Mr. S.S. Singh – Managing Director	**100.07**	69.63
2)	Mr. S. Mukundan – Deputy Managing Director	**30.62**	37.61
3)	Mr. A.K.Chatterjee- Director- General Manager (resigned on February 29, 2008)	**20.04**	32.09
4)	Mr. Prasad Patwardhan - Chief Financial Officer	**32.93**	26.45
		183.66	165.78

Excess liabilities no longer required, written back includes commission no longer payable to directors of Rs. 45.21 lakhs (2007 - Rs. Nil).

(d) Transactions with Related Parties, referred to in item (a) above

Previous year figures are given in brackets

Nature of Transactions	Holding Company
Revenues earned from contract execution	**1,640.72** (2,152.33)
Balance Receivables for contract execution	**1,940.10** (692.37)
Balance Outstanding at the year end *	**430.55** (1,182.36)
Interest expense on Mobilisation Advance	**28.71** (208.35)
Balance Payable for Interest on Mobilisation Advance	**22.49** (149.06)
Balance Payable against Mobilisation Advance	**239.66** (960.00)
Corporate guarantee issued	6,205.00 (4,000.00)

Notes:

1. * The amount due to the Holding Company by the Company, ITD Cemindia JV and ITD-ITDCem JV is Rs. 130.88 lakhs (2007 - Rs. 74.41 lakhs), Rs. 1,460.93 lakhs (2007 - Rs. 1,553.93 lakhs) and Rs. 233.79 lakhs (2007 - Rs. 62.97 lakhs) respectively.

   The Group's share of the amount due by / (due to) ITD Cemindia JV, ITD-ITDCem JV and ITD-ITDCem JV (Consortium of ITD-ITD Cementation) included in these outstandings is Rs. 247.70 lakhs (2007 - Rs. 1,198.06 lakhs), (Rs. 733.78 lakhs) (2007 - (Rs. 90.12 lakhs)) and (Rs. 75.35 lakhs) (2007 - Rs. Nil) respectively.
2. 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.

27. EARNINGS PER SHARE

		2008	2007
a)	Net Profit after taxation	**549.87**	904.58
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**	5,758,100
	Number of shares issued during the year	**—**	5,757,690
	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 (based on the date of issue of shares)	**11,515,790**	7,209,440
c)	Basic and diluted earnings per share (nominal value of Rs. 10/- each (2007 - nominal value Rs. 10/- each)	**4.77**	12.55

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 December 2008
(Currency : Indian Rupee in lakhs)

28 The Company has recognised escalation on two road contracts till December 31, 2008 aggregating to Rs. 2,028 lakhs (December 31, 2007 - Rs.2,028 lakhs). Sundry Debtors at December 31, 2008 include Rs. 1,140 lakhs (December 31, 2007 - Rs. 1,140 lakhs) out of this amount. These escalation claims were disputed by the customer and the Company has received favourable verdict from Dispute Redressal Board and also thereafter in Arbitration in respect of these claims. The Customer has appealed against the Arbitration Award. As at December 31, 2008 an amount of Rs.1,140 lakhs (December 31, 2007 - Rs. 1,140 lakhs) is still receivable from customer. Management is reasonably confident of recovery of this amount based on the above and independent legal advice from eminent legal counsel in the matter. These contracts have been completed and hence during the year ended December 31, 2008, the Company has not recognised any turnover or escalation claims on these road contracts.

29 The Company has recognized variation claims of Rs. 4,182 lakhs (December 31, 2007 - Rs. 4,182 lakhs) [including Rs. 3,817 lakhs till December 31, 2008 (December 31, 2007 - Rs. 4,026 lakhs) under arbitration], which are also included in the balance of sundry debtors at December 31, 2008. These claims are disputed by the customer. Of these, the Company has received arbitration awards of Rs. 2,610 lakhs (December 31, 2007 - Rs.2,610 lakhs) in its favour and includes an arbitration award of Rs. 990 lakhs (December 31, 2007 - Rs. Nil) which has been upheld by a district court in favour of the Company. The period within which the customer can further challenge the amount of Rs. 990 lakhs has not elapsed and the balance arbitration awards of Rs. 1,620 lakhs (December 31, 2007 - Rs. 1,620 lakhs) have since been challenged by the customer. During the year ended December 31, 2008, no variation claim was recognised by the Company. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is reasonably confident of recovery of the same.

30 Sundry Debtors as at December 31, 2008 include Rs. 3,384 lakhs (December 31, 2007 - Rs. 3,384 lakhs) representing interim work bills for work done which have not been certified by customers beyond normal periods of certification provided in the respective contracts. The management is reasonably confident of the certification and recovery of the same progressively on these contracts based on past experience of the Company, assessment of work done and the fact that these amounts are not disputed by the customer.

31 Sundry Debtors at December 31, 2008 , include an amount of Rs. 1,225 lakhs (December 31, 2007 - Rs 1,225 lakhs) comprising a claim made by the Company and a writeback of a provision for doubtful debts of earlier years. Based on the payment schedule agreed by the Company with the customer, the above mentioned claim was expected to be received by the Company over a period of time commencing from financial year 2008/09. Till date the Company has not received any amounts against this claim and further the payment schedule for this amount is in the process of being rescheduled with the customer. The management is reasonably confident of recovery of this amount based on the confirmation letter received from the customer.

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

		2008	2007
a)	Contract revenue recognised as revenue in the period Clause 38 (a)	**133,376**	91,718
b)	Aggregate amount of costs incurred and recognised profits up to the reporting date on Contract under progress Clause 39 (a)	**402,346**	333,377
c)	Advance received on Contract under progress Clause 39 (b)	**23,034**	19,657
d)	Retention amounts on Contract under progress Clause 39 (c)	**5,054**	2,937
e)	Gross amount due from customers for contract work as an asset Clause 41 (a)	**13,608**	22,263

33 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 and accordingly no additional disclosures have been made.

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.

34 PRIOR PERIOD ITEMS

Prior period items during the year comprise

Write back of excess sales tax provision pertaining to prior year	—	335.24
Net decrease in turnover pertaining to the prior year	—	(103.30)
	—	231.94

35 Operating Lease

a. The company has taken various residential/commercial premises on cancellable operating lease. These lease agreements are normally renewed on expiry. The lease payments recognised in the statement of profit and loss for the year is Rs. 1016.21 lakhs (2007- Rs. 560.03 lakhs)

b. The company has taken on non-cancellable operating lease certain assets, the future minimum lease payments in respect of which as at 31 December 2008 are as follows:

Minimum Lease Payments	**2008**	2007
i. Payable not later than 1 year	**4,262.37**	2,595.90
ii. Payable later than 1 year and not later than 5 years	**2,593.05**	5,644.77
iii. Payable later than 5 years	—	—
Total	**6,855.42**	8,240.67

c. Lease payments recognised in the statement of profit and loss for the year is Rs.1,161.06 lakhs (2007- Rs.1,121.99 lakhs)

d. General descriptions of lease terms

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

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

36 Pursuant to Rights issue offer which closed on December 15, 2007, the Company alloted 5,757,690 equity shares of Rs. 10/- each at a premium of Rs. 415/- per share on December 31, 2007 and received Rs. 24,470.18 lakhs. The details of utilisation of rights issue proceeds are as follows:

No.	Objects of Rights issue	Amount at December 31, 2008	
		Received	Utilised
1.	Partial repayment/prepayment of our existing debt	10,000.00	10,000.00
2.	Financing a portion of our working capital requirement	7,000.00	7,000.00
3.	General corporate purposes including purchase/repurchase of certain plant and machinery, investment into joint ventures amongst other corporate objectives.	6,046.93	6,225.10
4.	Rights issue expenses.	1,423.25	1,245.08
		24,470.18	24,470.18

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

The accompanying notes form an integral part of these financial statements.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No: 42650

Mumbai
Date: 5 March, 2009

For and on behalf of the Board of Directors

Sunil Shah Singh *Managing Director*

S. Mukundan *Deputy Managing Director*

P. Patwardhan *Chief Financial Officer*

R. C. Daga *Company Secretary*

Mumbai
Date: 5 March, 2009

FINANCIAL HIGHLIGHTS

(Currency: Indian Rupee in lakhs)

Particulars	Financial Result									
	Standalone								Consolidated	
	12 months to 31-12-01	12 months to 31-12-02	12 months to 31-12-03	12 months to 31-12-04	12 months to 31-12-05	12 months to 31-12-06	12 months to 31-12-07	**12 months to 31-12-08**	12 months to 31-12-07	**12 months to 31-12-08**
Total Income	21477.71	33527.76	57431.22	55,266.82	51,471.29	58,533.26	79,753.21	**98,021.18**	92,815.75	**135,013.56**
Profit/(Loss) before Tax	1056.55	1292.13	602.56	(4,170.66)	52.38	256.60	1,294.00	**644.01**	1,493.89	**1,463.56**
Profit after Tax	779.55	819.13	389.56	(4,152.66)	374.49	269.95	904.74	**549.93**	904.58	**549.87**
Dividend	152.30	155.91	77.95	Nil	Nil	Nil	269.46	**134.73**	269.46	**134.73**
Retained Earnings	627.25	663.22	311.61	Nil	377.02	269.95	635.28	**415.20**	635.12	**415.14**
Gross Block	7308.99	9615.91	10603.93	10,765.03	10,976.37	13,850.63	17,497.71	**22,863.90**	18,633.93	**27,718.54**
Net Block	3608.80	5080.82	5538.05	4,886.98	4,497.00	6,468.38	8,727.85	**12,282.66**	9,726.86	**16,577.12**
Total Net Assets	8205.08	10148.18	12743.15	11,100.15	17,665.29	27,401.11	42,827.13	**76,481.86**	43,169.97	**78,563.94**
Share Capital	460.65	460.65	460.66	460.66	460.66	575.81	1,151.58	**1,151.58**	1,151.58	**1,151.58**
Reserves	7317.43	7994.75	8306.44	4,153.79	4,530.81	10,220.96	33,481.64	**33,831.70**	33,481.48	**33,831.48**
Borrowings	–	1285.78	3587.05	5,983.70	12,562.82	16,604.34	8,193.91	**41,498.58**	8,536.91	**43,556.58**
Deferred Tax Liability	427.00	407.00	389.00	502.00	111.00	Nil	Nil	**Nil**	(320.79)	**24.30**
Total Fund	8205.08	10148.18	12743.15	11,100.15	17,665.29	27,401.11	42,827.13	**76,481.86**	43,169.97	**78,539.64**
Earnings per Share (Rs.)	16.92	17.78	8.46	(90.15)	8.18	5.54	12.55	**4.78**	12.55	**4.77**
Dividend per Share (Rs.)	3.00	3.00	1.50	Nil	Nil	Nil	2.00	**1.00**	2.00	**1.00**
Book Value per Share (Rs.)	168.85	183.55	190.32	100.17	108.36	187.50	300.74	**303.78**	300.74	**303.78**

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