





FORM B

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	ITD CEMENTATION INDIA LIMITED
2.	Annual financial statement for the year ended	31 December 2014
3.	Type of Audit qualification/ observation	<p>• Qualification</p> <p>Basis for Qualified Opinion (page 53 of annual report)</p> <p><i>As stated in Note 36 to the Financials Statements, the company's trade receivables and unbilled work in progress as at 31 December, 2014 include amounts aggregating ₹ 2,655 lakhs and ₹ 1,584 lakhs respectively, being considered as good and fully recoverable by the management. These amounts are presently under negotiation with the customers. In the absence of external balance confirmations from the customers or other alternative audit evidence to corroborate management's assessment of recoverability of these balances and having regard to the age of these receivables, we are unable to comment on the extent to which these balances are recoverable and the consequential impact, if any, on the accompanying financial statements.</i></p> <p>• Emphasis of Matter (page 53 & 54 of annual report)</p> <p>(i) We draw attention to Note 37 to the financial statements regarding long-term trade receivables, trade receivables and unbilled work in progress aggregating to ₹ 2,863 lakhs (31 December 2013: ₹ Nil), ₹ 8,521 lakhs (31 December 2013: ₹ 11,099 lakhs) and ₹ 25,467 lakhs (31 December 2013: ₹ 25,507 lakhs) respectively, outstanding as at 31 December 2014, representing various claims recognised during the earlier year based on the terms and conditions implicit in the contracts. These claims being technical in nature and being subject matter of arbitration/ litigation, the Company has assessed the recoverability of these claims based on recommendation of Dispute Resolution Board, awards received from Arbitration Tribunal, High Court orders received and legal opinion from an independent counsel. On the basis of such assessment, management is of the opinion that the claims are tenable and would be realized in full and accordingly no adjustments have been made in the Financial Statement. Our opinion is not modified in respect of these matters.</p> <p>(ii) We draw attention to Note 38 to the financial statements which describe the uncertainty related to the recoverability of short-term advances aggregating to ₹ 6,819 lakhs to ITD Cemindia JV, Company's Joint Venture. The recoverability of these advances is majorly dependent on the Joint Venture's ability to realize the outstanding dues from its customer which are presently under litigation. Our opinion is not modified in respect of this matter.</p>

4.	Frequency of qualification/ observation	<ul style="list-style-type: none"> • <u>Qualification (page 81 of annual report)</u> The subject matter of qualification is qualified for the first time for the year ended 31 December 2014. • <u>Emphasis of Matter (page 82 of annual report)</u> Matters referred to in note no 37 (a) to (c) are continuing since 31 December 2005. Matter referred to in note no 37(d) is continuing since 31 December 2010. Matter referred to in note no 37 (e) is continuing since 31 December 2013. Matter referred to in note no 38 have come for the first time.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Qualification - Note 36 (page 81 of annual report)</p> <p>Trade receivables and Unbilled Work-in-progress as at 31 December, 2014 include amounts aggregating ₹ 2,655 Lakhs and ₹ 1,584 Lakhs respectively, which have been outstanding for a substantial period of time. The Company has been actively negotiating for speedy recovery of the balance receivables. In view thereof, management is reasonably confident of their recovery.</p>
6.	Additional comments from the board/audit committee chair:	The Committee instructed the management to rigorously pursue the recovery of the aforesaid dues.
7.	To be signed by- <ul style="list-style-type: none"> • CEO/Managing Director • CFO • Auditor of the company • Audit Committee Chairman 	<div> <div> <p>For Walker Chandio & Co LLP (formerly Walker, Chandio & Co.) Chartered Accountants Firm registration number: 001076N/NS0013</p>  <p>Amyn Jassani Partner Membership No. 46447</p> <p>Place: Mumbai Date: 24 February 2015</p> </div> <div> <p>For and on behalf of ITD Cementation India Limited</p>  <p>Adun Saraban Managing Director</p>  <p>S. Ramnath Chief Financial officer</p>  <p>D. E. Udawadia Audit Committee Chairman</p> <p>held on 24/2/2015 BHU</p> <p>Place: Mumbai Date: 24 February 2015</p> </div> </div>