

Walker Chandiook & Co LLP

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Review Report

To the Board of Directors of ITD Cementation India Limited

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1. We have reviewed the accompanying statement of unaudited financial results ("the Statement") of **ITD Cementation India Limited** ("the Company") for the quarter ended **31 March 2015**, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *As stated in Note 3 to the Statement, the Company's trade receivables and unbilled work in progress as at 31 March 2015 include amounts aggregating ₹ 2,530 lakhs (31 December 2014: ₹ 2,655 lakhs) and ₹ 1,130 lakhs (31 December 2014: ₹ 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 consequential impact, if any, on the accompanying statements. Our audit opinion on the financial statements for the year ended 31 December 2014 was also qualified in respect of this matter.*
4. Based on our review conducted as above, *except for the effects of qualification as described in the previous paragraph*, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement, including the manner in which it is to be disclosed, or that it contains any material misstatement.



5. We draw attention to:

- a) Note 4 to the Statement which describes the uncertainty related to recoverability of long-term trade receivables and unbilled work in progress aggregating to ₹ 2,863 lakhs (31 December 2014: ₹ 2,863 lakhs) and ₹ 8,678 lakhs (31 December 2014: ₹ 8,678 lakhs) respectively, outstanding as at 31 March 2015, representing various claims recognised during the earlier period based on the terms and conditions implicit in the contracts. These claims being technical in nature and being subject matter of litigation, the Company has assessed the recoverability of these claims based on 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 Statement. Our opinion is not modified in respect of these matters.
- b) Note 5 to the Statement which describes the uncertainty related to the recoverability of trade receivables amounting to ₹ 13,897 lakhs outstanding as at 31 March 2015 which represent receivables pursuant to the settlement with the National Highway Authority of India (NHAI) and are subject to approvals from the Board of NHAI. Pending the ultimate outcome of the matter which is presently unascertainable, other than the loss on settlement of ₹ 12,397 lakhs expected to be incurred, which has been accounted for by the Company, no other adjustments have been made in the financial results. Our report is not modified in respect of this matter.
- c) Note 6 to the Statement which describe the uncertainty related to the recoverability of short-term advances aggregating to ₹ 5,624 lakhs (31 December 2014: ₹ 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 is presently under settlement but subject to approvals from the Board of National Highway Authority of India (NHAI). Our opinion is not modified in respect of this matter.

Walker Chandiok & Co LLP

For Walker Chandiok & Co LLP

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm Registration No: 001076N/N500013

Sudhir Pillai

per **Sudhir N. Pillai**

Partner

Membership No. 105782

Mumbai

13 May 2015

**STATEMENT OF STANDALONE UNAUDITED RESULTS
FOR THE QUARTER ENDED 31ST MARCH, 2015**

PART I		(Rupees in Lakhs)			
	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Previous year ended
		31.3.2015	31.12.2014	31.3.2014	31.12.2014
		(Unaudited)	(Audited) (Refer Note 8)	(Unaudited)	(Audited)
1	Income from Operations				
a)	Net Sales / Income from Operations	49,657.40	41,536.77	30,051.96	135,240.84
b)	Company's share in profit of Joint Venture, (net)	14.39	(87.35)	247.60	510.53
c)	Other Operating Income	146.83	335.17	96.63	1,189.28
	Total Income from Operations	49,818.62	41,784.59	30,396.19	136,940.65
2	Expenses				
a)	Cost of materials consumed	14,981.02	14,426.30	9,411.13	46,899.41
b)	Employee benefits expense	4,282.42	4,160.17	4,029.10	15,611.99
c)	Sub-contracts charges	19,280.81	13,741.44	6,187.50	34,639.10
d)	Depreciation and amortisation expense	594.68	630.49	738.21	2,942.69
e)	Other expenses	8,851.69	7,633.45	8,716.08	32,341.17
	Total expenses	47,990.62	40,591.85	29,082.02	132,434.36
3	Profit from Operations before other Income, finance costs and Exceptional Items (1-2)	1,828.00	1,192.74	1,314.17	4,506.29
4	Other Income	906.86	76.63	267.52	731.05
5	Profit from ordinary activities before finance costs and Exceptional Items (3+4)	2,734.86	1,269.37	1,581.69	5,237.34
6	Finance costs	3,199.19	2,844.30	2,783.32	11,995.55
7	Profit / (loss) from ordinary activities after finance costs but before Exceptional Items (5-6)	(464.33)	(1,574.93)	(1,201.63)	(6,758.21)
8	Exceptional Items (refer note 5)	(12,397.18)	9,553.25	-	9,553.25
9	Profit / (loss) from Ordinary Activities before Tax (7+8)	(12,861.51)	7,978.32	(1,201.63)	2,795.04
10	Tax Expense	(3,194.28)	2,576.66	(176.00)	853.66
11	Net Profit / (loss) from Ordinary Activities after Tax (9-10)	(9,667.23)	5,401.66	(1,025.63)	1,941.38
12	Extraordinary Items	-	-	-	-
13	Net Profit / (loss) for the period (11-12)	(9,667.23)	5,401.66	(1,025.63)	1,941.38
14	Share of profit / (loss) of associates (Not applicable)	-	-	-	-
15	Minority interest (Not applicable)	-	-	-	-
16	Net Profit / (loss) after taxes, minority interest and share of profit / (loss) of associates (13+14-15)	(9,667.23)	5,401.66	(1,025.63)	1,941.38
17	Paid-up Equity Share Capital (Face Value: Rs. 10/- per share)	1,551.58	1,551.58	1,151.58	1,551.58
18	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year				55,230.57
19.i	Earnings per share (before exceptional items)(Face Value: Rs. 10/- per share) (not annualised)				
a)	Basic	17.59	(26.76)	(8.91)	(59.38)
b)	Diluted	17.59	(26.76)	(8.91)	(59.38)
19.ii	Earnings per share (after exceptional items)(Face Value: Rs. 10/- per share) (not annualised)				
a)	Basic	(62.31)	34.81	(8.91)	15.14
b)	Diluted	(62.31)	34.81	(8.91)	15.14
See accompanying note to the financial results					
PART II					
A	PARTICULARS OF SHAREHOLDING				
1	Public Shareholding				
	Number of Shares	7,504,472	7,504,472	3,504,472	7,504,472
	Percentage of Shareholding	48.37%	48.37%	30.43%	48.37%
2	Promoters and promoter group Shareholding				
a)	Pledged/Encumbered				
	- Number of shares	NIL	NIL	NIL	NIL
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	NIL	NIL	NIL	NIL
	- Percentage of shares (as a % of the total share capital of the company)	NIL	NIL	NIL	NIL
b)	Non-encumbered				
	- Number of shares	8,011,318	8,011,318	8,011,318	8,011,318
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%
	- Percentage of shares (as a % of the total share capital of the company)	51.63%	51.63%	69.57%	51.63%
B	INVESTOR COMPLAINTS	3 months ended 31-3-2015			
	Particulars				
	Pending at the beginning of the quarter	NIL			
	Received during the quarter	9			
	Disposed of during the quarter	9			
	Remaining unresolved at the end of the quarter	NIL			



Notes:

- 1) The above statement of unaudited standalone results was reviewed by the Audit Committee at its Meeting held on May 13, 2015 and, on recommendation of the Audit Committee, has been approved by the Board of Directors of the Company at its meeting held on May 13, 2015.
- 2) The Company operates in one segment viz. Construction.
- 3) Trade receivables and Unbilled Work-in-progress as at March 31, 2015 include amounts aggregating Rs 2,530 Lakhs and Rs 1,130 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.
Audit Report for the year ended December 31, 2014 and Limited Review Report for the quarter ended March 31, 2015 of the Statutory Auditor are qualified in respect of above matter.
- 4) a) Long term trade receivables as at March 31, 2015 include variation claims of Rs 309 lakhs for which the Company had received an arbitration award in its favour which has subsequently been upheld by the District Court. The customer has challenged this Court Order. However, based on the above arbitration award, Court Order and legal opinion, management is reasonably confident of recovery of these amounts.
b) Long term trade receivables and Unbilled Work-in-progress as at March 31, 2015 includes Rs 1,140 lakhs and Rs 2,756 lakhs respectively, for a contract which has been rescinded by the Company and long term trade receivables and unbilled work-in-progress as at March 31, 2015 includes Rs 1,414 lakhs and Rs 5,922 lakhs respectively, in respect of another contract where the Company has received a notice from the customer withdrawing from the Company the balance works to be executed under the contract for which the Company has also issued guarantees aggregating Rs 1,497 lakhs. The Company has made claims against the customer to recover these amounts and has initiated legal action. Based upon legal opinion received, the management is reasonably confident of recovery of these amounts of long term trade receivable and unbilled work-in-progress and consequently no changes have been made to the values and classification of these amounts in the statements.
- 5) a) During the quarter, the Company has signed a definitive agreement with the National Highways Authority of India (NHAI) under which both parties have agreed to settle all awards received, claims under consideration at various forums, pending disputes and amounts outstanding in the Company's and joint venture's books of account under trade receivables and unbilled work-in-progress in respect of all the contracts executed by the company and Joint Venture; subject to approval of the Board of NHAI which is expected shortly. Pursuant to this settlement the Company and joint venture will receive Rs.18,306 lakhs in lump sum full and final settlement of all awards, claims, disputes and amounts outstanding in the books under trade receivables and unbilled work-in-progress aggregating to Rs.30,930 lakhs. The Company including its share in Joint Venture has accounted for the resultant loss on the settlement of Rs 12,397 lakhs in the books of account for the quarter. Accordingly trade receivable outstanding in the books of account of the Company aggregating Rs. 13,897 lakhs are good and recoverable.
b) During the quarter ended December 31, 2014, the Company has, with retrospective effect, changed its method of providing depreciation on fixed assets from the 'Written Down Value' method to the 'Straight Line' method effective October 1, 2014. The change in the above accounting policy has resulted in a surplus of Rs 9,553 lakhs relating to the depreciation already charged upto the period ended September 30, 2014 which has been disclosed as an exceptional item.
- 6) Short term loans and advances as at March 31, 2015 include Rs. 5,624 lakhs on account of advances to one of Company's joint venture. Substantial part of this amount will be refunded by the joint venture on receipt of money from NHAI. The joint venture has signed a definitive agreement with NHAI to settle all awards received, claims under consideration at various forums and pending disputes, subject to approval of the Board of NHAI which is expected shortly. The management is reasonably confident of realisation of dues.
- 7) The Company has provided depreciation on the basis of useful life of fixed assets as mandated by Schedule II of the Companies Act, 2013. Further, in line with Schedule II, the Company undertook technical evaluation of certain fixed assets to determine the true useful life and recomputed the depreciation on that basis. Consequently, the depreciation for the quarter ended March 31, 2015 is lower and the loss before tax is lower by Rs.28 lakhs. Further, Rs 30 lakhs (net of Deferred Tax) has been adjusted to the opening balance of the retained earnings where the remaining useful life of the assets was nil as at January 1, 2015.
- 8) The figures of the quarter ended December 31, 2014 are the balancing figures between audited figures in respect of the full financial year ended December 31, 2014 and the unaudited published year-to-date figures as on September 30, 2014, being the date of the end of the third quarter of the financial year which were subjected to limited review.
- 9) The figures for the previous periods have been regrouped wherever necessary to conform to the current period's presentation.

By Order of the Board


Adun Saraban
Managing Director

Place : Mumbai
Dated : May 13, 2015

