

Independent Auditor's Report on Standalone Financial Results of Hindustan Dorr Oliver Limited for the quarter and half year ended on September 30, 2017 pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

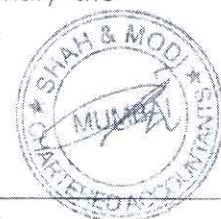
**To
The Resolution Professional (RP) of
Hindustan Dorr Oliver Limited**

1. The Hon'ble Company Law Tribunal, Mumbai ("NCLT") admitted an insolvency and bankruptcy petition filed by a financial creditor against Hindustan Dorr Oliver Limited ("the Company") and appointed Mr Amit Gupta as Interim Resolution Professional (IRP) in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to carry out the functions of the company as mentioned under the code.
2. As per section 134 of the Companies Act, 2013, the Standalone financial statements of a Company are required to be authenticated by the chairperson of the Board of Directors, where authorised by the board or at least two directors, of which one shall be the Managing Director or the CEO (being a Director), the CFO and the Company Secretary where they are appointed. In view of the pendency of Corporate Insolvency Resolution Process (CIRP), these powers are now vested with Mr Amit Gupta in his capacity as the IRP from April 21, 2017 as per the provisions of the Code. Further, pursuant to the order of NCLT, a public announcement of CIRP was made on May 05, 2017 and a Committee of Creditors (COC) was formed pursuant to the provisions of the code and COC held their first meeting on June 01, 2017 and *inter alia* confirmed Interim Resolution Professional as Resolution professional (RP) for the Company.
3. We have reviewed the accompanying unaudited standalone financial results of the Company for the quarter and half year ended September 30, 2017 ('the statement'), being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016.
4. This statement is the responsibility of the company's management/RP and has been approved by the Resolution Professional at their meeting held on November 20, 2017. The statement has been prepared in accordance with the recognition and measurement principle laid down in the Indian accounting Standard 34 "Interim Financial Reporting" ("Ind As 34") prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financials results based on our review.
5. We conducted our Review of the Statement in accordance with standard on review Engagement (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 misstatements. A review is limited primarily to inquiries of Company Personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
6. We refer to following notes to the accompanying statement:
 - a. Note 2 and note 3(a) to the accompanying statement in respect of initiation of Corporate Insolvency Resolution process (CIRP) and preparation of financials



statements of the company on going concern basis for the reasons stated therein. During the quarter and half year, the Company had incurred net loss Rs. 8,527.31 Lakhs and Rs. 16,551.01 Lakhs respectively, resulting into accumulated losses of Rs. 1,68,693.61 Lakhs as at September 30, 2017 which have exceeded its net worth. Further, the Company's current liabilities exceed current assets. The Company has obligations towards borrowings aggregating to Rs. 1,75,953.53 Lakhs which include working capital loan and outstanding Bank guarantees from banks. The company has also obligations pertaining to operations including unpaid creditors and statutory dues. These matters require the company to generate additional cash flows to fund the operations as well as other statutory obligations notwithstanding the current level of operating activities. This indicates the existence of a material uncertainty that cast significant doubt on the company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liability in the normal course of business. The accompanying statement does not include any adjustment in this respect:

- b. Note 3(b) in respect of invocation of corporate guarantees aggregating to Rs. 23,098.51 Lakhs as on March 31st, 2017 and initiation of recovery actions against the company in earlier years in respect of such guarantee extended/executed for its one Indian subsidiary (HDO Technologies Ltd.) in favour of the lender in view of the ongoing corporate insolvency resolution process (CIRP) of the company and in respect such subsidiary company we are unable to determine the impact on the accompanying statement pending conclusion of CIRP;
- c. Note 3(c) to the accompanying statement regarding investments in one of the Indian subsidiary (HDO technologies Limited) that is incurring losses and its net worth is eroded, having book value aggregating to Rs. 15,380.00 Lakhs as at September 30, 2017 and during the half year ended September 30, 2017, corporate insolvency resolution process has been initiated against the subsidiary company. Hence, the company may not be able to realize such investment. Had the loss allowance in respect of such investment been recognized, the loss after tax would have been higher by Rs. 15,380.00 Lakhs;
- d. Note 3(d) to the accompanying statement in respect of overdue trade receivables aggregating to Rs. 1,665.99 Lakhs pertaining to certain projects wherein the Management of the company is yet to assess loss allowance/expected credit loss on such trade receivables. Had the loss allowance in respect of such trade receivables been recognized the loss after tax would have been higher by Rs. 1,665.99 Lakhs;
- e. Note 3(e) to the accompanying statement wherein external confirmation are not available in respect of trade receivable (including retention money), certain bank balances aggregating to Rs. 16.01 Lakhs as on September 30, 2017 and trade payables mobilization advances. The company is yet to assess loss allowance/expected credit loss on such trade receivable (including retention money) and certain bank balances. Accordingly, we are unable to quantify the impact, if any arising from the confirmation of balances/loss assessment.



- f. Note 3(f) and Note 3(g) to the accompanying statement in respect of corporate guarantee extended by the company, in earlier year in favour of security trustee of the CDR Lenders of the holding company, corporate guarantee and financial guarantees extended to contracts/clients by the company and by the lenders respectively. The Company is yet to assess the changes in risk/expected cash shortfall to determine expected credit loss allowance/Impairment to be recognised in respect of these financial guarantees. The loss allowance in respect of these guarantees is indeterminable accordingly we are unable to comment on the consequential impact if any in the accompanying statement.
- g. Note 3(h) to the accompanying statement in respect balances available with statutory authorities and input credits aggregating to Rs. 1,542.16 Lakhs as on September 30, 2017 that are subject to reconciliation filing of return and admission by the respective statutory authorities and no provision has been made thus, we are unable to comment whether any provision for impairment in the value of advance if required;
- h. Note 3(i) to the accompanying statement in respect of write back of various trade payable provision and advances from customers aggregating to Rs. 10,764.50 Lakhs during the previous year ended March 31, 2017 for the reasons stated therein. Had the various trade payable provisions and advances from customers not been written back, the accumulated losses would have been higher by Rs. 10,764.50 Lakhs.
7. Based on our review conducted as stated above, expect for the effect of the matters described under paragraph 6(c), 6(d) & 6(h) above and possible effects of the matters described under paragraph 6(a), 6(b), 6(e), 6(f) and 6(g) above, nothing has come to our attention that causes us to believe that the accompanying statement prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, as modified by circular no.CIR/CFD/62/2016 DATED July 06,2016 including the manner in which it is to be disclosed or that it contains any material misstatement.

FOR SHAH AND MODI
CHARTERED ACCOUNTANTS
FRN: 112426W

JAYDEEP N. MODI
PARTNER
MEMBERSHIP NO: 039255



Place: Mumbai
Date: 20th November 2017

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 CIN : L74210MH1974PLC017644

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2017

PART I		Quarter ended			Half year ended		(₹ in Lakhs)
Sl.No.	PARTICULARS	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	
UNAUDITED							
1	Revenue from Operations	1,143.09	1,788.12	2,280.77	2,931.21	4,568.77	
2	Other Income	126.39	88.09	107.50	214.48	258.50	
3	Total Income (1+2)	1,269.48	1,876.21	2,388.27	3,145.69	4,827.27	
4	Expenses						
a	Cost of materials consumed/services	1,139.74	2,057.19	2,275.58	3,196.93	4,218.58	
b	Purchases of Stock in Trade	-	-	-	-	-	
c	Employee benefits expenses	324.24	338.51	395.81	662.75	815.81	
d	Finance cost	6,310.55	5,920.89	3,820.21	12,231.44	7,799.21	
e	Depreciation and amortisation expenses	9.05	11.56	13.26	20.61	26.26	
f	Other expenses	213.38	288.99	253.94	502.37	769.94	
	Total expenses (4)	7,996.96	8,617.14	6,758.80	16,614.10	13,629.80	
5	Profit / (Loss) before exceptional items and tax (3-4)	(6,727.48)	(6,740.93)	(4,370.53)	(13,468.41)	(8,802.53)	
6	Exceptional Items (net)	1,799.83	1,282.81	-	3,082.64	-	
7	Profit / (Loss) before tax	(8,527.31)	(8,023.74)	(4,370.53)	(16,551.05)	(8,802.53)	
8	Tax Expense						
a	Current tax	-	-	-	-	-	
b	Deferred tax	-	-	-	-	-	
9	Net Profit / (Loss) for the period from continuing operations (7-8)	(8,527.31)	(8,023.74)	(4,370.53)	(16,551.05)	(8,802.53)	
10	Other Comprehensive Income						
a	i) Items that will not be reclassified to profit or loss	(4.24)	(4.24)	10.21	(8.48)	21.21	
	ii) Income tax relating to items that will not be classified to profit or loss	1.46	1.47	-	2.93	-	
b	i) Items to be reclassified subsequently to profit or loss	-	-	-	-	-	
	ii) Income tax relating to items that will be classified to profit or loss	-	-	-	-	-	
11	Total comprehensive income for the period/year (comprising profit/(loss) and other comprehensive income for the period/year)	(8,530.09)	(8,026.51)	(4,360.33)	(16,556.60)	(8,781.32)	
12	Earnings per equity share (Face value of ₹ 2 each)						
	EPS (in ₹)	(11.84)	(11.14)	(6.06)	(22.99)	(12.21)	
	Basic & Diluted	Not Annualised	Not Annualised	Not Annualised	Not Annualised	Not Annualised	



PART II Statement of Assets and Liabilities			
	PARTICULARS	As at September 30, 2017 (Unaudited)	As at March 31, 2017 (Audited)
I	ASSETS		
	1 NON CURRENT ASSETS		
	a. Property, Plant and Equipment	10,998.12	11,013.36
	b. Intangible Assets	10.06	11.79
	c. Financial Assets Investment	15,403.03	15,398.88
	d. Non-current tax assets	200.81	399.34
	e. Other non current assets	19.12	19.66
	Total	26,631.14	26,843.03
	2 CURRENT ASSETS		
	a. Financial Assets		
	Trade receivables	6,043.85	7,120.64
	Cash and cash equivalents	1,203.28	73.56
	Bank balances	33.59	77.08
	Other financial assets	131.50	102.58
	b. Current Tax Assets (net)	-	531.06
	c. Other current assets	4,839.64	5,944.35
	Total	12,251.86	13,849.27
	Total Assets	38,883.00	40,692.30
II	EQUITY AND LIABILITIES		
	Equity		
	Equity share capital	1,440.12	1,440.12
	Other Equity	(1,56,682.81)	(1,40,126.20)
	Total Equity	(1,55,242.69)	(1,38,686.08)
	Liabilities		
	1 Non current liabilities		
	a. Financial liabilities		
	Borrowings	-	-
	b. Provision	168.99	168.99
	c. Deferred tax liabilities (net)	33.05	35.99
	Total	202.04	204.98
	2 Current Liabilities		
	a. Financial liabilities		
	Borrowing	-	58.64
	Trade payables	21,507.41	22,167.95
	Other financial liabilities	1,62,824.72	1,46,581.41
	b. Other Current Liabilities	5,099.72	5,537.20
	c. Provisions	4,491.80	4,828.20
	Total	1,93,923.65	1,79,173.40
	Total Equity and Liabilities	38,883.00	40,692.30



Notes

- 1 As more fully described in Note 2 below, The above unaudited financial results for the quarter and half year ended September 30, 2017 were taken on record and have been approved by the Resolution Professional on November 18, 2017. The Statutory auditors have carried out limited review of above results.
- 2 During the earlier year/s, creditors had initiated winding up petitions against the Company under the Companies Act 1956 in respect of their outstanding. In the year 2016, Bank of India and Andhra Bank had sent demand notice of initiating recovery proceedings under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002. During the quarter end June 30, 2017, a lender has filed insolvency and bankruptcy petition against the Company for initiation of insolvency resolution process that has been admitted by the Hon'ble Company Law Tribunal, Mumbai ("NCLT") vide its order dated April 21, 2017 declaring moratorium against all such recovery proceedings/winding up petitions against the Company. The order of moratorium shall have effect from April 21, 2017 till the completion of the Corporate Insolvency Resolution Process (CIRP) or until the NCLT approves the resolution plan under sub-section (1) of section 31 or passes an order for liquidation of the Company under section 33 of the Insolvency and Bankruptcy Code, 2016 ("the Code"), as the case may be. Further, as per section 134 of the Companies Act, 2013, the standalone financial statements of a Company are required to be authenticated by the Chairperson of the Board of Directors, where authorized by the Board or at least two Directors, of which one shall be the Managing Director or the CEO (being a Director), the CFO and the Company Secretary where they are appointed, in view of the pendency of Corporate Insolvency Resolution Process (CIRP), these powers are, in terms of the code, now vested with Mr. Amit Gupta as Interim Resolution Professional (IRP) to carry out the functions of the Company in his capacity as the IRP from April 21, 2017. Further, pursuant to the order of NCLT, a public announcement of CIRP was made on May 05, 2017 and a Committee of Creditors (COC) was formed pursuant to the provisions of the code and COC held their first meeting on June 01, 2017 and inter alia confirmed Interim Resolution Professional as Resolution professional (RP) for the Company. In respect of winding up petition filed by various unsecured creditors, the Hon'ble High Court of Bombay vide order dated July 10, 2017 has given a sine-die moratorium on all pending cases as the CIRP is in progress. The term of IRP expired on October 18, 2017. On application filed by IRP for extension of CIRP, NCLT vide its order dated October 12, 2017 extended the term of IRP by 90 days from October 19, 2017 to January 16, 2018.
- 3 The Statutory Auditors have expressed qualified opinion in their report for the previous year ended March 31, 2017 and review report for the quarter and half year ended September 30, 2017 in respect of the following matters:
 - a During the quarter and half year ended September 30, 2017, the Company had incurred a net loss of ₹ 8,527.31 lakhs and ₹ 16,551.05 lakhs resulting in to accumulated losses of ₹ 1,68,693.61 which have exceeded its net worth. Further, the Company's current liabilities exceed current assets. The Company has obligations towards borrowings aggregating to ₹ 1,75,953.53 Lakhs which include working capital loan and outstanding bank guarantees from banks. The Company has obligations pertaining to operations including unpaid creditors and statutory dues, these matters require the Company to generate additional cash flows to fund the operations as well as other statutory obligations notwithstanding the current level of low operating activities. Further as set out in Note 2 above, pursuant to CIRP, a resolution plan needs to be prepared and approved by COC and NCLT to keep the Company as a going concern. Currently, the process for preparing the Resolution plan is under progress as per the provisions of the Code. Above matters indicate the existence of a material uncertainty that cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The standalone financial results does not include any adjustment in this respect.
 - b During the earlier year, lenders of the Indian Subsidiary HDO Technologies Limited have invoked corporate guarantees and initiated recovery actions against the company in respect of such guarantees extended / executed in favour of the lenders of the subsidiary. As at March 31, 2017, total outstanding of such subsidiary against these lenders is ₹ 23,098.51 Lakhs including non-fund based uninvoked bank guarantees aggregating to ₹ 347.63 Lakhs. As set out in note 2 above, the Hon'ble NCLT has granted moratorium in respect such proceedings. No provision has been made in the accounts for such possible loss.
 - c The Company has investment in its one of the Indian subsidiary (HDO Technologies Limited) having book value aggregating to ₹ 15,380.00 Lakhs as at September 30, 2017. The said subsidiary is incurring losses and its net worth has been eroded. During the half year ended September 30, 2017, a lender has filed insolvency and bankruptcy petition against the said subsidiary Company for initiation of insolvency resolution process that has been admitted by the Hon'ble Company Law Tribunal, Mumbai ("NCLT") vide its order dated April 28, 2017. The Company is yet to assess the loss allowance/expected cash short fall and no provision of impairment has been made in books of account in respect such investment.
 - d In respect of trade receivable aggregating to ₹ 1,665.99 Lakhs that are past due, the Management of the Company is yet to assess loss allowance/expected credit loss on such trade receivables. However, management is in continuous follow up with the respective contractee/clients for realization of aforesaid dues.
 - e External confirmations of the balances are not available in respect of trade receivables (including retention money), trade payables, mobilization advances and certain bank balances aggregating to ₹ 16.01 Lakhs as on September 30, 2017. Further, the company is yet to assess loss allowance/expected credit loss on such trade receivables, (including retention money) and certain bank balances and no provision has been made in respect of such assets.
 - f The Company has extended corporate guarantee in favor of security trustee of the CDR Lenders of the Holding Company (IVRCL Limited) who is incurring losses and may be treated as a case of failed Corporate Debt Restructuring (CDR) and Strategic Debt Restructuring (SDR). The holding company has outstanding loans including fund based and non fund aggregating to ₹ 581,357.67 Lakhs as on March 31, 2017. Further, the company has also issued corporate guarantees to certain contractee/clients for project works aggregating to ₹ 3,315.29 Lakhs. The Company is yet to assess the changes in risk / expected cash shortfall to determine expected credit loss allowance/ impairment to be recognized in respect of these guarantees. The loss allowance in respect of these guarantees is presently indeterminable; accordingly, no provision has been made in books of account in respect of such guarantees.
 - g The lenders, on behalf of the company, have extended certain financial guarantees aggregating to ₹ 19,176.87 Lakhs to contractee/clients of the Company for various projects. The Company is yet to assess the changes in risk / expected cash shortfall to determine expected credit loss allowance/ impairment to be recognized in respect of these financial guarantees for the reasons stated in Note 2. The loss allowance in respect of these guarantees is presently indeterminable; accordingly, no provision has been made in books of account in respect of such guarantees.
 - h The company has various input credits and balance with various statutory authorities pertaining to service tax, VAT, sales tax etc aggregating to ₹ 1,542.16 Lakhs as on September 30, 2017. Recovery of these amounts is subject to reconciliation, filing of returns and admission by the respective statutory authorities. No adjustment has been made in the financial results in respect of such amounts.
 - i During the previous year ended March 31, 2017, the company has written back various liabilities such as trade payables, provisions and advance received from customers aggregating to ₹ 10,764.50 Lakhs which were outstanding for a long period of time. Management believes that such liabilities were pertaining to project work/others and there has not been any claim from such parties for long period of time. Management does not expect any tenable future claim in respect of such liabilities.
- 4 The operations of the Company consists of construction / project activities and there are no other reportable segments under Ind AS 108, "Operating Segments".
- 5 Finance cost for the quarter and year ended March 31, 2017 includes additional interest of ₹ 2,941.61 Lakhs provided during the period/year.
- 6 During the quarter and half year ended September 30, 2017, exceptional items amounting to ₹ 1,282.81 Lakhs and ₹ 1,799.83 Lakhs respectively represent bank guarantee encashment charged off.
- 7 The figures for the quarter ended September 30, 2017 are the balancing figures between the unaudited figures in respect of the half yearly financial figures as at September 30, 2017 and the figures upto first quarter of the year which were subjected to limited review.

Mumbai
November 20, 2017



For HINDUSTAN DORR-OLIVER LIMITED

(S C Sekaran)
Executive Director
DIN-00334115

(Amit Gupta)
Resolution Professional

