



HINDUSTAN DORR-OLIVER LIMITED

**42nd ANNUAL REPORT
2016-2017**

The Struggle
IS THE WAY!



HINDUSTAN DORR OLIVER LIMITED

42nd ANNUAL REPORT 2016-2017

Resolution Professional

Mr. Amit Gupta

Resolution Professional appointed by NCLT vide its orders dated April 21, 2017

Board of Directors

Mr. Prabhakar Ram Tripathi

Chairman

Mr. E Sudhir Reddy

Vice Chairman

Mr. S C Sekaran

Executive Director

Mr. R Balarami Reddy

Non-Executive Director

Mr. Ramendra Gupta

Independent Director

Mrs. M Hima Bindu

Independent Director

Mr. Vivek Wahi

Nominee Director

Chief Financial Officer

Mr. S C Mundhekar

Company Secretary

Mr. G Rama Krishna

Auditors

M/s Chaturvedi & Partners

Chartered Accountants

212A, Chiranjeev Towers, 43,

Nehru Place, New Delhi – 110 019.

Internal Auditors

M/s Dipan Patel & Associates

Chartered Accountants,

704, Sai Rath CHS, Kesar Kunj Building,

Andheri (E), Mumbai – 400069.

Bankers

Bank of India

Andhra Bank

ICICI Bank

Standard Chartered Bank

Registrar and Transfer Agents

M/s Karvy Computershare Private Limited

Karvy Selenium, Tower-B, Plot No.31-32,

Financial District, Nanakramguda,

Serilingampally Mandal, Hyderabad – 500 032. India

Registered Office

Dorr-Oliver House,

Chakala, Andheri (East), Mumbai – 400099.

Tel: 91-22-2835 9400 Fax: 91-22-2835 5659

Email: hdoho@hdo.in

Solicitors and Advocates

Little & Co.

Pandya & Co.

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Annual General Meeting will be held on **Wednesday, September 27, 2017 at 3.00 P.M.** at the Registered Office of the Company at Dorr Oliver House, Chakala, Andheri (E), Mumbai – 400099. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies to the meeting.

DIRECTORS' REPORT

To,
The Members

Your Directors take pleasure in presenting the 42nd Annual Report together with the Audited Financial Statements for the Financial Year ended March 31, 2017.

FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2017 is summarised below:

(₹ in million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Sales	870.56	2,053.82
Other Income	85.16	40.45
Total Income	955.72	2,094.27
Profit/(Loss) from Ordinary Activities	(2,260.07)	(1,921.98)
Exceptional Item	2,463.17	-
Profit/(Loss) after Exceptional Items	(4,723.24)	(1,921.98)
Provision for taxation	0.74	13.63
Profit/ (Loss) after taxation	(4,723.98)	(1,935.61)
Total Comprehensive Income for the period (comprising profit/(loss) for the period (after tax) and other Comprehensive income (after tax)	(4725.09)	(1,932.84)
Balance brought forward from previous year	(10,490.27)	(8,554.65)
Depreciation adjustment	-	-
Balance available for appropriation	(15,214.25)	(10,490.27)
Retained Profits carried forward to Balance Sheet	(15,214.25)	(10,490.27)

APPOINTMENT OF RESOLUTION PROFESSIONAL

National Company Law Tribunal (NCLT) has initiated Corporate Insolvency Resolution Process (CIRP) in respect of Hindustan Dorr Oliver Limited ("the Company") under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") with effect from April 21, 2017.

In this connection, Mr. CA Amit Gupta has been appointed as an Interim Resolution Professional (IRP) to carry out the activities relating to CIRP as per the rules, regulations and guidelines prescribed by the Code. The Insolvency Resolution Process period shall continue for 180 days starting from the Insolvency Commencement date. During this period, the NCLT has prescribed moratorium period for prohibiting all of the following namely:

- the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgement, decree or order in any court of law, tribunal, arbitration panel or other authority.
- transferring, encumbering, alienating, or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein.
- any action to foreclose recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the securitization and reconstruction of financial assets and enforcement of security interest act, 2002.
- the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.

As per Section 17 of the Insolvency and Bankruptcy Code from the date of appointment of the interim Resolution Professional -

- the management of the affairs of the company shall vest in the interim resolution professional.
- the power of the board of directors company shall stand suspended and be exercised by the interim resolution professional.
- the officers and managers of the company shall report to the interim resolution professional and provide access to such documents and records of the company as may be required by the interim resolution professional.

DIRECTORS' REPORT (Contd.)

- (d) the financial institutions maintaining accounts of the company shall act on the instructions of the interim resolution professional in relating to such accounts furnish all information relating to the company available with them to the Interim Resolution Professional.

DIVIDEND

In view of the loss incurred by the Company, your Directors regret and express their inability to recommend dividend for the period ended March 31, 2017.

PERFORMANCE

Your Company achieved a gross turnover of ₹870.56 million for the period ended March 31, 2017 as against ₹ 2053.82 million for the previous year ended March 31, 2016. On an annualised basis, turnover for the current period ended March 31, 2017 decreased by 57.61 percent as compared to the previous period.

FUTURE OUTLOOK

The Government of India has started taking several remedial measures for the infrastructure and engineering sector. Your Directors are hopeful that they will be able to get new investments into the company and revive the business.

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2017 was ₹144.01 million. During the year under review the company has not issued any shares or any convertible instruments.

SUBSIDIARIES

The Consolidated Financial Statements prepared by the Company include the financial information of subsidiary companies, namely HDO Technologies Limited and DavyMarkham (India) Private Limited.

Pursuant to Section 136(1) of the Companies Act, 2013, the Balance Sheet, Statement of Profit and Loss and other documents of the said subsidiary companies are required to be annexed to the accounts of the holding Company. The Companies Act, 2013 had granted general exemption for listed companies from complying with the provisions of section 136 of the Companies Act, 2013 subject to certain conditions being fulfilled by the Company. Accordingly, the Balance Sheet, Profit and loss account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. A statement containing the brief details of financials of subsidiary companies for the year ended March 31, 2017 is enclosed in the Annual Report. The annual accounts of the said subsidiary companies and relevant information shall be made available to the shareholders who seek such information and are also available for inspection by any shareholder at the Registered Office of the Company, on any working day during business hours. Copy of the said details will be provided upon receipt of written request from the shareholders.

CONSOLIDATED FINANCIAL STATEMENTS

In terms of Section 129(3) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, Consolidated Financial Statements of the Company prepared in accordance with Accounting Standards issued by Institute of Chartered Accountants of India, are attached and forms part of the Annual Report.

PUBLIC DEPOSITS

The Company did not accept any deposits from public during the year. There are no unclaimed deposits as on March 31, 2017.

CORPORATE GOVERNANCE

Your Company is committed to adhere to the standards of Corporate Governance as set out by the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 (SEBI LODR Regulations). Detailed Report on Corporate Governance as stipulated under Schedule V of SEBI LODR Regulations is provided under separate section and forms part of this Report.

The requisite certificate from Practicing Company Secretaries, confirming the compliance of the conditions stipulated under SEBI LODR Regulations is attached to the Report on Corporate Governance.

TRANSFER OF UNCLAIMED / UNPAID AMOUNTS TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In terms of Section 125 of the Companies Act, 2013, any unclaimed or unpaid Dividend relating to the financial year 2009-2010 is due for remittance to the Investor Education and Protection Fund established by the Central Government in the month of October, 2017.

DIRECTORS' REPORT (Contd.)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As stipulated under SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 the Report on Management Discussion and Analysis is annexed to this report and forms part of the Annual Report.

BOARD OF DIRECTORS

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. E Sudhir Reddy (DIN: 00023518), Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

All the Independent Directors of the company have given declarations to the Company that they meet the criteria of independence as specified under Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transaction with the Company other than sitting fee for attending the Board and Committee meetings.

KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of your Company are Mr. S C Sekaran, Executive Director, Mr. S C Mundhekar, Chief Financial Officer, Mr. G Ramakrishna, Company Secretary, Mr. P. K. Mishra Chief Operating Officer and Mr. M. G. Sahani Vice President Projects.

MEETINGS

During the financial year under review, four Board Meetings were held. The Details of which are given in Corporate Governance Report. The provisions of Companies Act, 2013 and SEBI LODR Regulations, 2015 were adhered to while considering the time gap between two meetings

BOARD COMMITTEES

The Board has constituted various committees viz Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Executive Committee etc., to enable better management of the affairs of the Company, with terms of reference in line with provisions of Companies Act, 2013 and SEBI LODR Regulations. The details of composition of the committees are disclosed in Corporate Governance Report, which forms part of this report.

BOARD EVALUATION

Pursuant to provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, the Nomination and Remuneration Committee laid down the criteria for performance evaluation of the Individual Directors, the Board and its Committees. Accordingly, the Board of Directors has carried out an annual evaluation of its own performance, its committees and individual directors.

The performance of the Board was evaluated through a structured questionnaire which provides a powerful and valuable feedback for improving the board effectiveness, maximizing strengths and highlighting areas for further development.

The performance of the Committees was evaluated by the Board through a structured questionnaire, by considering the effective recommendations made by the Committees, from time to time, to the Board of the Directors of the Company and effectiveness of Committee meetings etc.

The Board evaluated the performance of the individual directors by considering the contribution of the individual directors to the Board and Committee meetings, preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, relationship with fellow board members, willing to devote time and effort to understand the Company and its business etc through a structured questionnaire.

VIGIL MECHANISM

Your Company has established a Vigil Mechanism policy for your Directors and employees to safeguard against victimization of persons who use vigil mechanism and report genuine concerns. The Audit Committee shall oversee the vigil mechanism.

STATUTORY AUDITORS

M/s Shah & Modi, Chartered Accountants, Mumbai (Firm Registration No.112426W), were appointed as Statutory Auditors of the Company in place of M/s Chaturvedi & Partners, Chartered Accountants, to hold office until the conclusion of the ensuing Annual General Meeting for the financial year 2017-2018, pursuant to the approval of the members at its 42nd Annual General Meeting of the Company.

INTERNAL AUDITORS

During the year under review, M/s Dipan Patel & Associates, Chartered Accountants were re-appointed as Internal Auditors of the Company and they monitor the internal control system of the Company at its works and at the Mumbai office. The internal auditor of the company checks and verifies the internal control and monitors them in accordance with policy adopted

DIRECTORS' REPORT (Contd.)

by the company. Even through this non-production period the Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of its business.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Mr. K Narasimhulu, Company Secretary in Practice to undertake the Secretarial Audit of your Company. The Secretarial Audit Report for the financial year 2016-2017 forms part of the Annual Report as Annexure "A" to the Board's Report.

The Secretarial Audit Report does not contain any adverse remarks or qualifications.

EXPLANATION TO STATUTORY AUDITORS QUALIFICATIONS IN INDEPENDENT AUDITORS' REPORT FOR 2016-2017:

With reference to observations made in Auditor's report, the notes of account is self explanatory and therefore do not call for any further comments. The results for the year ended March 31, 2017 have been subjected to an audit by the Statutory Auditors of the company and a qualified report has been issued by them thereon.

1. With respect to Company's ability to continue as going concern.

The group is confident of implementing the business plan and meeting its obligations in due course of time. Accordingly financial statements have been prepared as a Going Concern.

2. In respect of various claims submitted by the financial creditors, operational creditors, workmen etc. to the Resolution Professional pursuant to the Insolvency and Bankruptcy Board of India.

The management of the company is confident of positive outcome.

3. In respect of invocation of corporate guarantees and initiation of recovery actions against the company.

The management is in engagement with the lenders to resolve the matter and the respective liability is appearing in the books of subsidiary Company.

4. In respect of Investment in the Indian subsidiary that incurring losses and its net worth is eroded.

The management of the company is confident of positive outcome.

5. In respect of overdue trade receivables in certain projects.

The management of the company is in continuous engagement with respective contractee/clients and confident of positive outcome.

6. In respect of external confirmations are not available towards certain trade receivables, retention, bank balances.

The management is of the opinion that these accounts will not require any material adjustment upon receipt of balance confirmation.

7. In respect of corporate guarantee extended by the company in favour of security trustee of the CDR lenders of the holding company and financial guarantees extended to contractee/clients.

The management is confident of positive outcome.

8. In respect of balances available with statutory authorities and input credits.

The management is of the opinion that these accounts will not require any material adjustment upon reconciliation.

9. In case of write back of various trade payables, provisions and advances from customers.

The management is of the opinion that these accounts will not have any material impact.

RELATED PARTY TRANSACTIONS

As per the requirement of provisions of the Act and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, the Company has formulated a policy on Related party transactions to ensure the transparency in transactions between the company and related parties. The said RPT Policy is also available at Company's website/www.hdo.in.

All Related Party Transactions entered by the Company during the year under review were in ordinary course of business and on Arm's length basis. There were no materially significant related party transactions entered by the company during year under review.

Since all the related party transactions entered into by the Company, were in ordinary course of business and were on Arm's length basis, disclosure in form AOC-2 as required under Section 134(3)(h) of the Act is not applicable.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, investments made and guarantees issued under Section 186 of the Act, during year under review, are provided in notes to financial statements, which forms part of this report.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION ETC.

Due to the de-merger of the Manufacturing Division with effect from April 01, 2011 already approved by the Hon'ble Bombay High Court vide their orders date July 18, 2012, the Company has nothing to report under this head specifically. However, the Company is conscious of its responsibility in respect of energy conservation and technology absorption and adopts suitable measures towards this end from time to time.

The foreign exchange earnings for the year ended March 31, 2017 stands at nil million. The amount spent on account of expenditure in foreign currency stands at ₹ 0.25 million.

PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year:

S.No.	Non-executive directors	Ratio to median remuneration
1	Mr. P.R Tripathi (Sitting Fees)	0.47
2	Mr. Ramendra Gupta (Sitting Fees)	0.30
3	Mrs. M Hima Bindu (Sitting Fees)	0.18
S.No.	Executive Directors	Ratio to median remuneration
1	S.C Sekaran	0.0

- b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year	Percent increase in remuneration in the financial year
NIL	NIL

- c. The percentage increase in the median remuneration of employees in the financial year: NIL
- d. The number of permanent employees on the rolls of Company: 251
- e. The explanation on the relationship between average increase in remuneration and Company performance:
The increase in remuneration is in line with the market trends. In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organization performance, apart from an individual's performance.
- f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:
- g. There are no employees of the Company drawing remuneration in excess of ₹ 60 lakh p.a. or ₹ 5 lakh per month during the financial year 2016-2017.

EXTRACT OF ANNUAL RETURN

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure "B" in the prescribed Form MGT-9 which forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act 2013, the Directors confirm in respect of the audited annual accounts for the year ended March 31, 2017:

- In the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 as at March 31, 2017 and of the profit /loss of the Company for that period;
- Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

DIRECTORS' REPORT (Contd.)

- d) Prepared the annual accounts on a going concern basis;
- e) Devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- f) Laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There were no cases of sexual harassment of women reported in the company during the financial year 2016-2017.

INDUSTRIAL RELATIONS

Industrial relations have been cordial and your Directors appreciate the sincere and efficient services rendered by the Company continued to have cordial and harmonious relations with its employees.

HEALTH, SAFETY AND ENVIRONMENT

In line with our Corporate vision to improve the safety and quality of life of employees and to mitigate the risks of Health, Safety and Environment (HSE), the Company is actively involved in design and engineering of its projects through the non-polluting manufacturing processes, scrupulous compliance with environment norms and development of environmental products.

Reinforcing our commitment to high levels of Quality and best-in-class services to customers, the company has Integrated Management System (IMS) consisting of ISO 9001: 2008, ISO 14001: 2004 and OSHAS 18001: 2007 systems across the organisation inclusive of project sites accredited by M/s International Standards Body, Australia.

The Company is committed to progressively maintaining the best in class standards of HSE care for its people, practices, processes and services. The Company also promotes active participation of its employees and contractors to manage HSE risks with a goal to preventing accidents, injuries and occupational illness. The Company conducts on-going safety awareness programmes which together with safety audits and continual safety training strengthens the processes and systems in this area. The Company also conducts continuous training of the staff at all levels regarding HSE issues, with experts being invited to train the senior management.

Upgradation of safety procedures at project sites and training has been of prime importance as a part of workplace safety.

As a part of its commitment to environment, which has always been in the forefront, your Company has taken up several environmental management initiatives and remains committed to clean environment.

As a leader in environment and waste management technology market, HDO provides complete solutions for waste reduction and water conservation for broad spectrum of industries like refineries, minerals, pulp and paper, sugar, etc.

CORPORATE SOCIAL RESPONSIBILITY

As per the Companies Act, 2013, all companies having net worth of ₹500 Crore or more, or turnover of ₹1,000 Crore or more or a net profit of ₹5 Crore or more during any financial year will be required to constitute a corporate social responsibility (CSR) committee of the Board of Directors comprising three or more directors, at least one of whom will be an Independent Director.

CSR activities, as per the provisions of the Companies Act, 2013, could not be undertaken by the Company in view of the losses incurred by the Company during the current financial year.

ACKNOWLEDGEMENT

The Directors would like to express their appreciation for support and cooperation received from the holding company, bankers, financial institutions, suppliers, associate sub-contractors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services provided by the executives, staff and workers of the Company. The Board of Directors also thank all the employees for their contribution and continued cooperation throughout the year and is confident that new heights can be reached in improving the stakeholder value in the Company.

For Hindustan Dorr Oliver Limited

S.C. Sekaran
Executive Director
(DIN:00334115)

Amit Gupta
Resolution Professional
IP Regn.No. IBBI/IPA 001/IP
P00016/2016-2017/10040

Mumbai
July 26, 2017

ANNEXURE TO THE DIRECTORS REPORT**Form No.MR-3****Secretarial Audit Report****(For the Financial Year ended March 31, 2017)**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
M/s. HINDUSTAN DORR-OLIVER LIMITED
Dorr-Oliver House,
Chakala, Andheri East
Mumbai-400099

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hindustan Dorr-Oliver Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on October 28, 2014 (Not applicable to the Company during the Audit Period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act to the extent applicable and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) Other laws specifically to the company includes:
 - (a) The Factories Act, 1948
 - (b) The Payment of Gratuity Act, 1972
 - (c) The Contract Labour (Regulation and Abolition) Act, 1970
 - (d) The Central Excise Act, 1944

ANNEXURE TO THE DIRECTORS REPORT (Contd.)

- (e) The Customs Act, 1962
- (f) Foreign Exchange Management Act, 1999
- (g) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- (h) Approvals from concerned Local Authorities

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (to the extent applicable to the Companies Act, 2013.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange Limited and Bombay Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There are changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions is carried through while the dissenting Board member's views, if any are captured and recorded as part of Minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the following events were examined and noted:

- (1) Mr.Vivek Wahi has been appointed as a Nominee Director of the Company on behalf of Bank of India with effect from April 28, 2016.
- (2) Mr S C Sekaran has been re-appointed as an Executive and whole time director of the company with effect from June 01, 2016 for the period of Five years.
- (3) Mr.Gottiveti Ramakrishna has been appointed as Company secretary and Compliance officer of the Company with effect from May 30, 2016.
- (4) Certain Suits have filed regarding winding up petitions against the company under section 433 of the companies Act,1956 or under section 271 of the companies Act, 2013 before the various Hon'ble High Courts and or Tribunals. The Company is taking necessary steps including signing of Memorandum of Understandings and or filing of consent terms in the various High courts with the petitioners for withdrawal of such petitions. The matter is sub-judice and outcome of which is subject to fulfilling the conditions of Memorandum of Understanding/Consent terms.

I further report that during the audit period, there was no instance of:

- (i) Public / Right / Preferential issue of shares / debentures / Sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013
- (iv) Merger / Amalgamation / Reconstruction etc.
- (v) Foreign Technical Collaborations.

I further report that the Bank of India has approached National Company Law Tribunal (NCLT) Mumbai branch, for an order under the Insolvency and Bankrupt Code, 2016 in respect of dues of the company (HDO) as result of which Mr. Amit Gupta has appointed as Interim Resolution Professional by the NCLT on April 21, 2017 and Insolvency Resolution Process against the company is going on.

Hyderabad
July 26, 2017

CS K Narasimhulu
Practicing Company Secretary
M.No.F7594, C P No: 8225

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.



HINDUSTAN DORR-OLIVER LTD.

ANNEXURE TO THE DIRECTORS REPORT (Contd.)

Annexure 'A'

To
The Members
Hindustan Dorr-Oliver Limited
Dorr-Oliver House,
Chakala, Andheri East
Mumbai-400099

My report of even date is to be read along with this letter

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, Rules, Regulations and Standards is responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the further viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

CS. K. Narasimhulu
Practicing Company Secretary
M.No.F7594, C.P.No.8225

ANNEXURE TO THE DIRECTORS REPORT (Contd.)

Annexure 'B' FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management and Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS:

1	CIN	L74210MH1974PLC017644
2	Registration Date	July 26, 1974
3	Name of the Company	HINDUSTAN DORR-OLIVER LIMITED
4	Category/Sub-category of the Company	Company Limited by shares / Indian Non-Government Company
5	Address and contact details of the Registered office	Dorr Oliver House, Chakala, Andheri (East), Mumbai – 400 099. Maharashtra Tel: 91-22-28359400; Fax: 91-22-28365659
6	Whether listed company	Yes
7	Name, Address and contact details of the Registrar and Transfer Agent, if any.	M/s Karvy Computershare Pvt. Limited Karvy Selenium, Tower B, Plot No. 31 and 32, Financial District, Gachibowli, Hyderabad – 500 032. Ph: 040 6716 1524 Email: redy.ks@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 percent or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product / service	Percent to total turnover of the company
1	Construction of utility projects	422	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	Percent of shares held	Applicable Section
1	IVRCL Limited	L45201AP1987PLC007959	Holding Company	55.28	2(46)
2	HDO Technologies Limited	U72200MH2006PLC163187	Subsidiary Company	100	2(87)(ii)
3	DavyMarkham India Private Limited	U29253MH2010PTC203495	Subsidiary Company	100	2(87)(ii)

ANNEXURE TO THE DIRECTORS REPORT (Contd.)

IV. SHARE HOLDING PATTERN (Equity Share Capital breakup as percentage of total equity):

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As at March 31,2016]				No. of Shares held at the end of the year [As at March 31,2017]				Percent Change during the year
	Demat	Physical	Total	Percent of Total Shares	Demat	Physical	Total	Percent of Total Shares	
A. Promoter's									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	39804430	-	39804430	55.28	39804430	-	39804430	55.28	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)	39804430	-	39804430	55.28	39804430	-	39804430	55.28	-
B. Public Shareholding									
(1) Institutions									
a) Institutions	-	-	-	-	-	-	-	-	-
b) Mutual Funds	5422291	-	5422291	7.53	3532228	-	3532228	4.91	(2.62)
c) Banks/FI	-	-	-	-	-	-	-	-	-
d) Central Govt	-	-	-	-	-	-	-	-	-
e) State Govt(s)	-	-	-	-	-	-	-	-	-
f) Insurance Cos	-	-	-	-	-	-	-	-	-
g) FIIs	275000	-	275000	0.38	225000	-	225000	0.31	(0.07)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total(B)(1)	5697291	-	5697291	7.91	3757228	-	3757228	5.22	(2.69)
(2) Non-Institutions									
a) Bodies Corp	3359507	9600	3369107	4.68	3439637	9600	3449237	4.79	0.11
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	19079611	734086	19944397	27.52	20702847	717386	21420233	29.75	2.23
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	2206512	-	2206512	3.06	2523493	-	2523493	3.50	0.44
c) Others (Specify)									
(i) NBFCs	3300	-	3300	0.00	4200	-	4200	0.01	0.01
Non Resident Indians	882877	-	882877	1.23	850197	-	850197	1.18	(0.05)
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	94674	-	94674	0.13	65370	-	65370	0.09	(0.04)
Trusts	2500	720	3220	0.00	-	720	720	0.00	0.00
Directors	130700	-	130700	0.18	130700	-	130700	0.18	0.00
Foreign Bodies-DR	-	-	-	-	-	-	-	-	-
Sub-Total(B)(2)	25759681	744406	26504087	36.81	27716444	727706	28444150	39.50	-
Total Public Shareholding (B) = (B)(1)+(B)(2)	31456972	744406	32201378	44.72	31473672	727706	32201378	44.72	-
C. Shares held by Custodian for GDRs and ADRs									
	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	71261402	744406	72005808	100.00	71278102	727706	72005808	100.00	-

ANNEXURE TO THE DIRECTORS REPORT (Contd.)

B) Shareholding of Promoter:

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			Percent change in shareholding during the year
	No. of Shares	Percent of total Shares of the company	Percent of Shares Pledged / encumbered to total shares	No. of Shares	Percent of total Shares of the company	Percent of Shares Pledged / encumbered to total shares	
IVRCL Limited	3,98,04,430	55.28	53.15	3,98,04,430	55.28	53.15	-

C) Change in Promoters' Shareholding (please specify, if there is no change):

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	Percent of total shares of the company	No. of shares	Percent of total shares of the company
At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the end of the year	There is no change in Promoters' Shareholding between April 01, 2016 to March 31, 2017			

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Top Ten Shareholders	Shareholding at the beginning of the year April 01, 2016		Cumulative Shareholding at the end of the year March 31, 2017	
		No. of shares	Percent of total shares of the company	No. of shares	Percent of total shares of the company
1	IVRCL Limited	38,848,448	53.951826	38,848,448	53.95
2	IVRCL LIMITED	955,982	1.327646	955,982	1.33
3	Sundaram Mutual Fund A/c Sundaram Smile Fund	2756639	3.83	2,330,317	3.24
4	Sundaram Mutual Fund A/c Sundaram Infrastructure	2373152	3.30	2,037,991	2.83
5	SMC GLOBAL SECURITIES LIMITED	-	-	526,500	0.73
6	HSBC MIP Savings Plan	225,000	0.31	292,500	0.41
7	Polus Global Fund	225,000	0.31	225,000	0.31
8	MukulMahavir Prasad Agrawal	1,046,517	1.45	1,246,517	1.73
9	Amal N. Parikh	292,094	0.41	292,094	0.41
10	Amit Ramgopal Agrawal	200,000	0.28	200,000	0.28

E) Shareholding of Directors and Key Managerial Personnel:

Directors and Key Managerial Personnel:

S.No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year April 01, 2016		Cumulative Shareholding at the end of the year March 31, 2017	
		No. of shares	Percent of total shares of the company	No. of shares	Percent of total shares of the company
1	Mr. E. Sudhir Reddy	1,30,700	0.18	1,30,700	0.18

ANNEXURE TO THE DIRECTORS REPORT (Contd.)
V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	9,704,371,588	-	-	9,704,371,588
(ii) Interest due but not paid	1,613,352,863	-	-	1,613,352,863
(iii) Interest accrued but not due	16,435,187	-	-	16,435,187
Total (i+ii+iii)	11,334,159,638	-	-	11,334,159,638
Change in Indebtedness during the financial year:				
Addition	2,755,819,306	-	-	2,755,819,306
Reduction	-	-	-	-
Net Change	2,755,819,306	-	-	2,755,819,306
Indebtedness at the end of the financial year				
(i) Principal Amount	10,929,251,393	-	-	10,929,251,393
(ii) Interest due but not paid	3,160,727,551	-	-	3,160,727,551
(iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	14,089,978,944	-	-	14,089,978,944

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:
A Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

S. No	Particulars of Remuneration	Mr. S.C. Sekaran Executive Director	Total Amount
1.	Gross Salary		
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
(c)	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	As percent of profit	-	-
	Other, specify	-	-
5.	Others, please specify		
	Provident Fund to Recognised Trust	-	-
	Superannuation Contribution to Trust	-	-
	Ceiling as per the Act	-	-

ANNEXURE TO THE DIRECTORS REPORT (Contd.)

B. Remuneration to other Directors:

(Amount in ₹)

S.No.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	Sitting Fee for attending board / committee meetings	Mr P.R Tripathi	2,10,000
		Mr Ramendra Gupta	1,35,000
		Mrs Hima Bindu Myneni	60,000
		Mr.Vivek Wahi	-
	Commission		-
	Others, please specify		-
	Total (1)		4,05,000
2	Other Non-Executive Directors		
	Fee for attending board / committee meetings		-
	Commission		-
	Others, please specify		-
	Total (2)		-
	Total (1+2)		4,05,000
	Total Managerial remuneration overall ceiling as per the act	The sitting fee paid is within the limits as prescribed in the Act.	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(Amount in ₹)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	Others, specify.	-	-	-
5	Others, please specify	-	-	-
	Provident Fund to Recognised Trust	-	-	-
	Superannuation Contribution to Trust	-	-	-
	Total	-	-	-

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

For Hindustan Dorr Oliver Limited

S.C. Sekaran
Executive Director
(DIN:00334115)

Amit Gupta
Resolution Professional
IP Regn.No. IBBI/IPA 001/IP
P00016/2016-2017/10040

Mumbai
July 26, 2017

MANAGEMENT DISCUSSIONS AND ANALYSIS - 2017**Economic Outlook and Prospects**

2016-2017 marked another difficult year for the world economy, with growth lowering to 2.3 percent (from 2.7 percent). The year was characterised by stagnant global trade, subdued investment and heightened policy uncertainty. In the year gone by, there was deceleration of growth in advanced economies (1.6 percent, down from 2.1 percent, the previous year) and in the emerging and developing economies. Economic growth in both the US and Europe was at a lower level, compared to the previous year. China's growth continued to be slow, close to 7 percent, far below its earlier annual growth rates. Investments slowed down there due to overcapacity in nearly all sectors, resulting in sluggish industrial production. Weak investments and sluggish productivity affected many emerging markets and advanced economies, resulting in muted growth.

The IMF update for January, 2017 predicts likely pickup in economic activities in 2017 and 2018 after a lackluster out turn in 2016, especially in emerging markets and developing economies. Global growth for 2016 is estimated at 3.1 percent. For 2017 and 2018, growth is projected at 3.4 percent and 3.6 percent respectively.

Since the onset of global financial crisis, global economy is still struggling to revive and grow at a healthy rate. A large number of political and economic disturbances have been witnessed over the past one year, from uprisings in the Middle East, economic turmoil in Euro Area and Brexit. Volatility in commodity prices and general uncertainty has impacted business environment across the globe and recovery pace in both mature and emerging markets. The crisis has produced a wide-ranging yet differentiated impact across the globe which includes economic slowdown and contraction in world trade.

Slowdown of global growth continues, creating an obstacle to fulfillment of the Sustainable Development Agenda of 2030. World gross product is projected to expand only by 2.4 percent in 2016, the same weak rate as in 2015. This reflects significant downward revisions in growth for several countries in Africa, the Commonwealth of Independent States (CIS), and Latin America and the Caribbean from the forecasts in December 2015. Persistent weakness in aggregate demand in developed countries continues to dampen global growth, while low commodity prices, mounting fiscal and current-account imbalances and policy austerity have further decreased the growth prospects of many export oriented countries. This weakened growth prospects have been further aggravated by severe weather-related shocks, political challenges and large capital outflows in many developing regions.

Downside risks to the global economy remain elevated against the backdrop of weak demand, low investment, low commodity prices and financial market turbulences. Divergent global inflationary pressures have prompted pro-cyclical monetary tightening in several developing countries, in contrast to additional monetary easing in the euro area and Japan, and delays in interest-rate rises by the United States Federal Reserve. Increased divergence in global interest rates may intensify capital flow volatility and exchange-rate pressures in developing countries. Greater policy coordination among countries can lower the impact of negative spill over effects from policy misalignment and contain financial market volatility. There is also need for reducing dependency on monetary policy by exploring available fiscal space and additional policy measures to enhance global growth.

Overview of Indian Economy

In the backdrop of global slowdown and lower world demand, India witnessed steady growth momentum in comparison to other developing world economies.

According to the Projection by IMF for India in its World Economic Outlook (WEO), October 2016, India's GDP will continue to expand at the fastest pace among major economies, with growth forecast at 7.6 percent in 2016-2017. As per UN in its World Economic Situation and Prospect (WESP) report, India's economy is slowly gaining momentum, with an expected GDP growth of 7.3 and 7.5 percent in 2016 and 2017, respectively. According to OECD Interim Economic Outlook, September 2016, India's projected GDP growth is 7.4 percent for 2016 and 7.5 percent for 2017. Various reforms are expected to ease domestic supply bottlenecks and increase productivity. Infrastructure spending should improve the business environment and attract **FDI**. The "**Make in India**" initiative can support India's manufacturing sector, backed by boosting domestic demand and further regulatory reforms. Moderate inflation and a civil service pay hike should enhance real incomes and consumption, helped by good harvests after favourable monsoon. A benefit of '**demonetization**' in the medium run may ease liquidity in the banking system, leading to lower lending rates and boost economic activity (World Bank, Global Economic Prospects, January 2017).

The growth momentum should rise, driven by the Government's policy initiatives in areas such as taxation (**GST**), foreign direct investment (**FDI**), and the ease of doing business, among others. Other major factors helping India stay as a bright spot in the global economic landscape include the lower global oil price, with positive impact on the country's import bill, a well-regulated monetary policy by the Reserve Bank to stabilise prices, and improving fiscal condition. The Government's endeavour to drive a bigger as well as a cleaner GDP is expected to augur well for the economy in the medium and long

MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd.)

terms.

The growth recovery has primarily happened due to discretionary spending, public investment and FDI reforms. The introduction of GST and higher outlays in the Budget 2017 are expected to drive growth as well.

According to the Global Competitiveness Report 2016-2017 of the World Economic Forum, despite unorthodox monetary policy, global GDP growth has fallen from levels of 4.4 percent in 2010 to 2.5 percent in 2015. India leads the group of South Asian economies, climbed back up the rankings to 39th in this edition of the Report, from 48th in 2007-2008. India's competitiveness has improved across the board, in particular in goods market efficiency, business sophistication, and innovation. Health and basic education improved throughout the decade. Improvement in infrastructure, by contrast, was small and faltering during most of the period, but picked up after 2014 when the government increased public investment and sped up approval procedures to attract private resources. Macroeconomic conditions followed a similar path, as India managed only in recent years thanks also to the drop in commodity prices to keep inflation below the target of 5 percent while rebalancing its current account and decreasing public deficit.

Two most significant improvements are in the areas of infrastructure and in health and primary education. For example, India almost halved its rate of infant mortality.

Structural issues such as energy shortages, low participation of women in the labour force and lack of infrastructure remain major regional hurdles.

Inflation is projected to remain relatively low, reflecting subdued commodity prices and lower pressures from supply-side bottlenecks. This has increased monetary policy space, with prospects for further easing in India. Overall, the positive outlook will enable further gradual progress on poverty reduction. The regional prospects are contingent on robust growth in India. Despite some delays in domestic policy reforms and enduring fragilities in the banking system, investment demand is supported by the monetary easing cycle, rising FDI, and government efforts towards infrastructure investments and public-private partnerships. According to latest WTO estimates, world trade will grow more slowly than expected in 2016, expanding by just 1.7 percent, well below the April forecast of 2.8 percent. The forecast for 2017 has also been revised, with trade now expected to grow between 1.8 percent and 3.1 percent, down from 3.6 percent previously. With expected global GDP growth of 2.2 percent in 2016, this year would mark the slowest pace of trade and output growth since the financial crisis of 2009.

India, buoyed by low oil prices, remained the fastest growing major economy in the world (growth estimated at 7.1 percent). For the Indian economy, 2016-2017 was marginally better than the previous year. The first eight months of the fiscal saw momentum picking up on the growth front. However, as demonetisation lowered aggregate demand, gross value added growth, earlier estimated to touch 7.6 percent, was revised to 7.1 percent for 2016-2017.

Capex in core sectors continued to be low as many private sector companies have excessive borrowings on their balance sheets and the banking sector is saddled with large NPAs. This has affected both steel and power sectors. Low capacity utilisation in the cement sector and surplus power generation delayed new capex in these sectors. However, capex in consumer oriented industries registered faster growth, with both foreign entities and domestic companies initiating the setting up of new capacities.

The energy sector, the world over including India, is in a state of flux with several factors contributing to the disruption of familiar patterns. Oil and gas prices remained low, eroding the arbitrage for biomass based projects. Solar PV prices have crashed, both in terms of project cost and per kWh costs, providing stimulus for a shift to renewable energy. This development has also dampened the prospects of investments in coal based power plants. Further, the recently announced National Electricity Policy doesn't envisage any new ordering of coal based power plants during the period, 2017-2022. These will have far-reaching significance for the company's business segments.

The various Business Segments of interest areas of your company are listed below:-

MINERAL

India currently produces around 89 minerals under different groups, with fuel minerals, metallic minerals, non-metallic minerals, atomic minerals and minor minerals. The country has immense potential for mining resources and reserves and is currently among the top ten global producers of many minerals.

The public sector contributes over 85 percent of the total value of mineral production. However, it is the avowed policy of the Government to withdraw from the non-strategic sectors and accordingly the public sector undertakings are being privatised in a phased manner. Public sector enterprises like the National Mineral Development Corporation, Kudremukh Iron Ore company, Steel Authority of India Limited and Orissa Mining Corporation dominate the iron ore sector. National Aluminium Company contributes about 35 percent bauxite mining and aluminium production. Hindustan Copper Limited predominates

MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd.)

the copper ore mining sector. After cessation of economic operations in Bharat Gold Mines Limited since 2000, Hutti Gold Mines Limited (a Government of Karnataka undertaking), is the only undertaking engaged in the mining of gold. Rajasthan State Mines and Minerals Limited and Andhra Pradesh Mining Development Corporation predominate the mining of rock phosphate and barytes respectively. In Private sector, Vedanta Resources is one of the main company who has taken over of government undertakings like Hindustan Zinc Limited and Bharat Aluminum Co. Limited and also have their own alumina refineries in Jharsuguda and Lanjigarh.



NMDC - Iron Ore Beneficiation Plant:- Design, engineering, Supply, Erection , Commissioning and demonstration of Performance parameters for 1.89 MTPA capacity Iron Ore Slimes and fines Beneficiation plant complete with all auxiliary systems, water supply system and Fire fighting system at NMDC's Donimalai Plant in Bellary District , Karnataka. (Built by HDO)

HDO is predominantly active in the area of mineral beneficiation in Alumina, Uranium, Iron Ore, Coal, Zinc and Copper. The sector is at present under stress due to global meltdown in Metal prices. There are also severe restrictions from Indian Government on mining due to environmental concerns.

However the market conditions are slowly improving and the revival is expected very soon. There are several expansion plans in the mineral industry which are getting revived. Companies like NALCO, UTKAL, VENDANTA, NMDC and SAIL have declared their expansion plans and once the market is revived, HDO will have substantial opportunities in this segment.

FERTILIZER

The roll-out of comprehensive Urea Policy by the Government is expected to revive Public Sector urea plants at Gorakhpur, Sindri, and Barauni. Energy efficiency improvement projects are being actively pursued in existing fertilizer units. major opportunities include revival of sick **FCI** and **HFCL** units, energy saving and capacity enhancement projects driven by New Urea Policy 2015 (NUP 2015). The **fertiliser sector** also is set for capacity expansion.

Country's "urea production could reach record 25 million tonnes in the next financial year, at the same time, imports could also come down by 1.5 to 2 million tonnes with the help of policy initiatives like neem coating of urea and new urea policy.

India produces about 22 million tonnes of urea annually but has to import 7-8 million tonnes a year to meet the domestic demand.

MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd.)

The year also saw the central government approving revival of three closed urea plants and setting up of a new one at a cost of about ₹22,500 crore. No new fertilizer plant has come up in the country in the last 15 years.



Indian Phosphatic Fertilizer market stood at nearly USD15 million during 2016 and is expected to showcase growth at a CAGR of 3.6 percent, exceeding USD 20 million by the end of 2026. Owing to the falling prices of phosphate inputs such as phosphoric acid, rock phosphate, etc., the demand for phosphatic fertilizers is increasing steadily in the country. In addition to this, the rising concerns and focus on the soil health is driving wide adoption of phosphatic fertilizers among the Indian farmers. Moreover, various initiatives by government such as India's subsidy policy aimed at improving the purchasing power of fertilizers would escalate the overall consumption of phosphatic fertilizers in the country through 2026.

Indian Phosphatic Fertilizer market is controlled by these major players, namely– IFFCO, Coromandel International, GSFC Ltd., Paradeep Phosphate Ltd., Khaitan Chemicals & fertilizers, Indian Potash Ltd., KRIBHCO, HINDALCO, The Phosphate Company Limited and Rama Phosphates Limited among others. major Indian phosphatic fertilizers companies like KRIHBCO, Vendanta – Tuticorin, Paradeep Phosphates etc have expansion plans for 2017-2018 and augmentation of Phosphoric acid capacities.

HDO is predominant in the business of Phosphatic fertilizer and Phosphoric acid projects and enjoys leadership position in this segment should be well poised to explore the new opportunities in this field. HDO is also exploring strategic partners in place to take up Urea based fertilizer projects and expand business segment.

WATER AND EFFLUENT TREATMENT

Business Environment

The per capita water availability in the country is rapidly decreasing due to an increase in population and its consumption. The average annual per capita availability of water in India was 5177 cubic meters in 1915, which decreased to 1500 cubic meters as per the 2011 census. It was estimated that by 2015, the per capita availability would go down further to 1100 cubic meters.

The Government of India has plans to prevent the contamination of surface water bodies by stopping untreated wastewater flowing into these bodies. It also plans to adopt modern irrigation techniques so that the dependency on monsoon can be reduced.

Industries are planning to recycle and reuse their effluent by adopting advanced treatment technologies thereby reducing the consumption of fresh water requirement for their day to day processes.



Water Treatment : CIDCO 70 MLD : Designing, Providing, Construction, Erection and Commissioning of 70 MLD Capacity PLC operated Sewage treatment plant (STP) including O and M for 5 years to treat domestic raw sewage, including facilities for Sludge digestion, Sludge Dewatering, etc with our own design and SBR technology / Activated Sludge Technology. (Built by HDO).

Significant Initiatives

With huge opportunities in integrated water supply prospects, sewage and effluent treatment space, significant initiatives have been taken to ensure that water business of HDO to continue to remain competitive in terms of market share and remain as one of our core business segment.

Some of these initiatives needed :-

Foray into Specialized WTP and Desalination with technology partnerships.

Focus on Zero Liquid Discharge (ZLD) process along with combined effluent treatment packages in various states and industries across India

Focus on Upcoming medium to large scale STP tenders which will improve the quality of urban life.

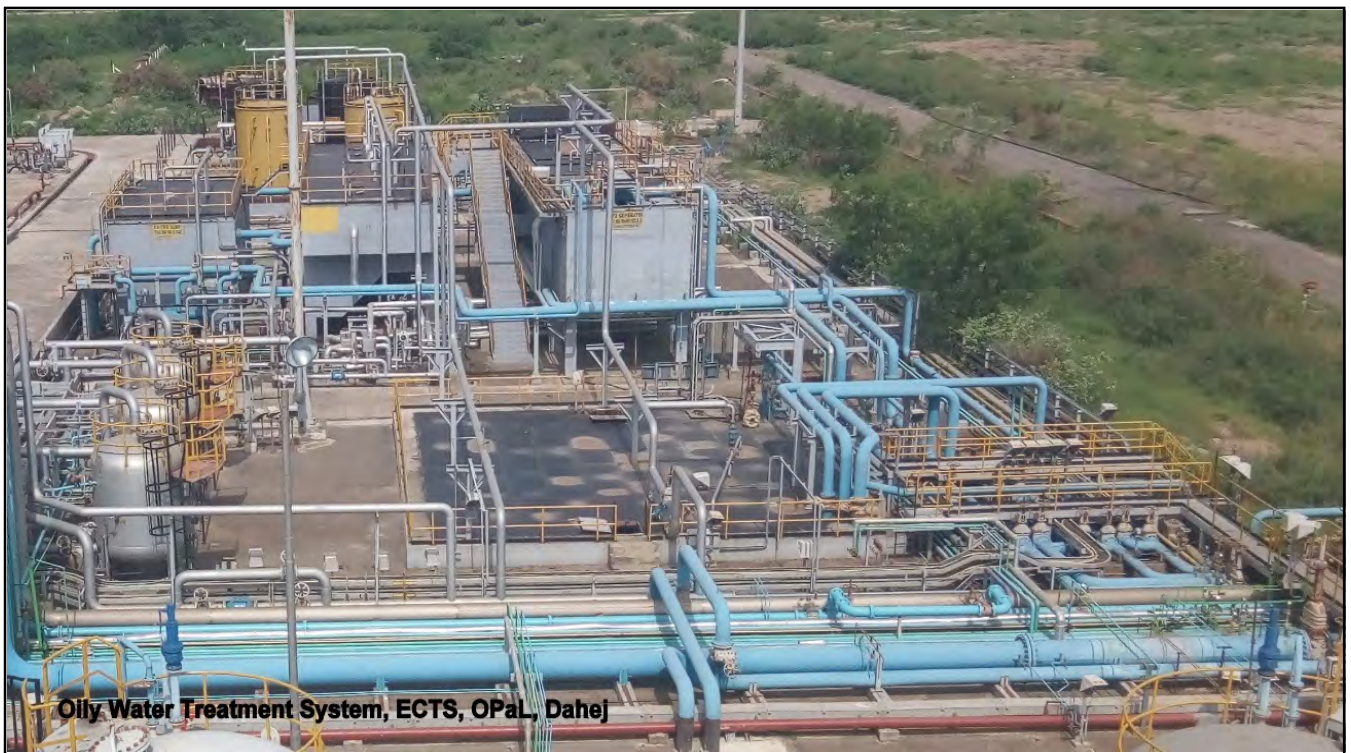
Outlook

There are mega government policies to drive water infrastructure in India that include AMRUT (Atal Mission for Rejuvenation and Urban Transformation), Namami Gange, Pradhan Mantri Krishi Sinchayee Yojana and Delhi Mumbai Industrial Corridor Development. In addition, large investments have been proposed by multi-lateral funding agencies for water supply and sewer projects to improve the urban quality of life. Desalination and Water Management projects are likely to fructify during

MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd.)

the current year due to the prevailing water stress conditions in most parts of India. Mega lift irrigation projects have been proposed across major states along with proposals to connect rivers with 15,000 km of canals. To this effect the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) has been formulated with the vision of extending the coverage of irrigation 'Har Khet ko pani' and improving water use efficiency 'More crop per drop' in a focused manner with end to end solutions on source creation, distribution, management, field application and extension activities. The Government has already set in motion an integrated Ganga conservation plan-'Namami Gange' which envisages investments for sewage infrastructure across several urban habitations along the river. Stringent implementation of pollution norms is in place to encourage setting up of common effluent treatment plants. The Delhi-Mumbai Industrial Corridor (DMIC) is India's most ambitious infrastructure programme aiming to develop new industrial cities as 'Smart Cities' and converging next generation technologies across infrastructure sectors. The programme envisages development of infrastructure linkages like power plants, assured water supply, high capacity transportation and logistics facilities.

HDO is one of the key player in water segment having successfully executed order in all the key areas such as Raw water treatment, Effluent water treatment, Sewage water treatment, Desalination plant, Reverse osmosis plant, Ultra filtration and DM Water supply. HDOL will be hugely benefitted with the growth potential in water segment.



OPAL-Dahej:- Design, engineering, Supply, Erection, Commissioning and demonstration of Performance parameters for Effluent Collection and Treatment system Package for Dahej Petrochemical Complex at Dahej, Gujarat. (Built by HDO).

NUCLEAR

NPCIL

With the formation of Nuclear Power Corporation of India Limited in 1987 as a Central Public Sector Enterprise under the aegis of Department of Atomic Energy in India, the nuclear power generation moved to the commercial domain. NPCIL is operating the atomic power stations and implementing the atomic power projects for generation of electricity in pursuance of the schemes and programmes of the Government of India. At present, NPCIL operates 21 Nuclear Power Plants (20 NPPs owned by NPCIL and RAPS-1 (100MW) owned by DAE) with an installed capacity of 5780 MW. 1000 MW capacity (KKNPP-2) is in advanced stage of commissioning, 2800 MW capacity (KAPP-3 and 4 and RAPP-7 and 8) are under various stages of construction and 3400 MW capacity (KKNPP-3 and 4 and GHAVP-1 and 2) is under launch for which administrative approval and Financial sanction from Government is available.

MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd.)

New Sites

The land acquisition is in advanced stage at Chutka site in Madhya Pradesh and Mahi Banswara site in Rajasthan. As regards Chutka, Rehabilitation and Resettlement (R and R) package is announced. The public hearing was already held and Environmental Impact Assessment (EIA) report is under review by MoEF&CC. In respect of Mahi Banswara, the work of identifying land for R&R colony has been commenced by the District Administration. Terms of Reference for carrying out EIA study has already been approved by MoEF&CC and first, second and third seasons environmental baseline monitoring at site has been completed and reports are under review. For Kaiga-5&6 site, the approval of Terms of Reference is awaited from MoEF & CC. NPCIL is continuing the process of land acquisition by interacting with respective State Governments to acquire land at Kovvada in Andhra Pradesh and Mithi Virdi in Gujarat as per the provisions of RFCTLARR Act, 2013.

GOI has approved annual budget allocation of ₹ 3000 crore' for expansion of Indigenous Programme viz. Kudankulam 5 and 6 and PHWR projects. On foreign technology LWR project opportunities will be in the year 2018-2019.

The 16 PHWRs and LWRs (Light water reactor) are expected to cost \$40 billion. The eight 700 MWe PHWRs would be built at Kaiga in Karnataka, Gorakhpur in Haryana's Fatehabad District, Banswara in Rajasthan, and Chutka in Madhya Pradesh.

HDO is presently executing various projects worth Rs 300 Crores for NPCIL such as Field Instrumentation, Waste Management Package and several manufacturing orders for pressure vessels/columns and Heat exchangers.

Nuclear sector provides potential of executing various EPC packages in Electro-Mechanical, Piping, Waste treatment segments in the next 4-5 years for your company thereby providing immense business opportunities in services and equipment manufacturing for our factory.



IOCL- Paradip:- Residual Basic Design, Engineering, Procurement, Supply, Fabrication, Inspection, Transportation, Storage, Construction, Installation, Testing, Commissioning, Startup and Performance Guarantee test run of DM water and Condensate Recovery System for Paradip refinery Project of M/S.Indian Oil Corporation Limited at Paradip, Orissa. (Built by HDO)

Manufacturing Business for HDO

Overview:

The Manufacturing business segment fabricates and integrates custom designed, engineered critical equipment and systems to core sector industries like Fertiliser, Refinery, Petrochemical, Chemical, Oil and Gas, Thermal and Nuclear Power applications. The business has a track record of executing large size and complex projects with capabilities that include in-house engineering, equipped fabrication facilities, an experienced project team and safe work culture. The manufacturing business segment caters to following market segments:

MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd.)

● Process Equipment Division

HDO has range of equipment and systems in field of solid Liquid separation which are used in all the major areas like Mineral, Chemical, Fertiliser, Pulp and Paper and Environment. These equipment are of proven design and working over several years. HDO gets repeat orders and also orders for spare parts. Pulp and paper Industry is gradually looking up and medium size mills will go for expansion. Companies like Ruchira Paper, Shreeyansh, etc have expansion/revamp plans offering business opportunities to HDO for process equipment orders.

● Pressure Vessels and Heat Exchanger Vessels (PVHE) :-

HDO is involved in manufacturing of large complex equipment such as hydro-processing reactors and high pressure heat exchangers, reaction columns, autoclaves, pressure vessels for process plants for Nuclear, Hydrocarbon and Oil and Gas Industries. Heavy manufacturing is undertaken at work centre located in Ahmedabad. Precision fabrication in stainless steel and titanium on process plant side is handled from this manufacturing facility. The domestic sectors in the fields of nuclear are expected to grow in coming years. 'Make in India' campaign is also likely to have positive impact on domestic manufacturing sector.

The Indian Public Sector refineries are embarking on upgrades to comply with **BS-VI** emission norms though the mode of execution is expected to evolve over the period. These refineries also have investment plans for integrating petrochemical projects along with refinery upgrades, which will offer business opportunities to Water and waste water opportunities as well as Process Equipment Business for factory. Thanks to **Bharat VI** requirements, refineries have initiated upgradation of their facilities and this augurs well for your company's business.

HDO is regularly supplying pressure vessels/columns and Heat exchangers to major Indian Refineries such as IOCL, BPCL, HPCL, CPCL, MRPL, ONGC, GAIL etc and enjoys good market share. HDO is also major suppliers of equipment to Nuclear and Fertilisers Industries and expect good opportunities in the coming years.



IOCL – Paradip:- Residual Basic Design, Engineering, Procurement, Supply, Fabrication, Inspection, Transportation, Storage, Construction, Installation, Testing, Commissioning, Startup and Performance Guarantee test run of DM water and Condensate Recovery System for Paradip refinery Project of M/S.Indian Oil Corporation Limited at Paradip, Orissa. (Built by HDO).

HDO - Company Performance

Company continues to be beleaguered by the financial constraints in execution of the ongoing projects. Several of the key projects under execution are in final stage of completion and needs final push to successfully complete the projects. The completion of these key projects will help in establishing new credentials in sectors of Environmental, Nuclear and Mineral sectors. It will also help in reducing the bank liabilities by getting the various bank guarantees given on these projects released.

Several new prospects in Manufacturing, Environmental and Nuclear power, Water and Waste water sector are visible in near future and your company being one of the key player in these sectors should be largely benefitted.

MANAGEMENT DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATION

Financial Review

The financial statements of the company have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rule, 2015 ("Ind As"). The Company has prepared its financial statements up to the year ended March 31, 2016 in accordance with generally accepted accounting principles in India including accounting standards read with Section 133 of the Companies Act, 2013 notified under Companies (Accounting Standards) Rule, 2006 ("Previous GAAP"). These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 01, 2015.

The following table sets forth the Income statement for the financial year ended March 31, 2017 and previous financial year ended March 31, 2016. The components of expenses have been expressed as a percentage of total income for the period indicated.

₹ in million

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net income from operations	870.56	2,053.82
Other income	85.16	40.45
Total income	955.72	2,094.27
Cost of material/services consumed	726.96	1,816.55
Cost of material/services consumed as a percentage to total income	76.06%	86.74%
Employee benefit expenses	152.06	180.70
Employee benefit expenses as a percentage to total income	15.91%	8.63%
Other expenses	196.69	211.82
Other expenses as a percentage to total income	20.58%	10.11%
EBIDTA	(119.99)	(114.80)
EBIDTA as a percentage to total income	(12.55%)	(5.48%)
Finance cost	2,135.18	1,801.18
Finance cost as a percentage to total income	223.41%	86.01%
Depreciation	4.90	6.00
Depreciation as a percentage to total income	0.51%	0.29%
Profit/(loss) before tax and exceptional items	(2,260.07)	(1,921.98)
Exceptional items	2,463.17	-
Profit/(loss) before tax	(4723.24)	(1921.98)
Profit/(loss) before tax as a percentage to total income	(494.21%)	(91.77%)
Profit/(loss) after tax	(4723.98)	(1935.61)
Profit/(loss) after tax as a percentage to total income	(494.28%)	(92.42%)
Total comprehensive income for the period (comprehensive profit/loss) for the period (after tax) and other comprehensive income (after tax)	(4725.09)	(1932.84)

CORPORATE GOVERNANCE REPORT

(As required under SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015)

I. Company's Philosophy on Corporate Governance

Hindustan Dorr-Oliver Limited (hereinafter referred to as "the Company") is committed to corporate transparency and lays emphasis on business ethics in all its dealings. The Company believes in meeting its obligations to all its stakeholders, including amongst others, shareholders, customers, employees and the community in which the Company operates.

The Company's existing practices and policies are in conformity with the requirements stipulated by Stock Exchanges and SEBI and has gone well beyond simple statutory compliance by instituting such systems and procedures as are required to make the management completely transparent and institutionally sound.

II. Board of Directors (Board)

Composition of the Board

The Board comprises of experts drawn from diverse fields/professions. It consists of total of Seven Directors. The Chairman of the Board is a Non-Executive and Independent Director. The composition of the board is in conformity with SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015.

None of the directors on the board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2016 have been made by the directors. None of the directors are related to each other.

Independent directors are non-executive directors as defined under Clause 49(II)(B)(1) of the Listing Agreements entered into with the Stock Exchanges. The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned under SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015.

The Composition as on March 31, 2017, the changes during the period under review, number of Meetings attended and Directorships/Committee Memberships in other Companies are as follows:

S. No.	Name of the Director	Category *	Attendance at Board Meetings held during the year		Attendance at last AGM held on Sept. 24, 2017	Other Directorships in India **	Other Committee Positions in India ***	
			Held	Attended			Member	Chairman
1	Mr. Prabhakar Ram Tripathi (DIN: 00376429)	C & NED (I)	4	4	No	5	1	5
2	Mr. E. Sudhir Reddy (DIN:00023518)	VC & NED	4	3	No	10	1	-
3	Mr. S. C. Sekaran (DIN:00334115)	ED	4	4	Yes	4	1	-
4	Mr. R. Balarami Reddy (DIN:00022176)	NED	4	4	No	10	3	-
5	Mr. Ramendra Gupta (DIN: 00306663)	NED(I)	4	4	Yes	6	3	1
6	Ms. Hima Bindu Myneni (DIN:07120807)	NED(I)	4	4	No	9	9	0
7	Mr. Vivek Wahi# (DIN: 07490023)	Nom Dir	4	2	No	NA	NA	NA

Notes:

* Category : C- Chairman, VC – Vice-Chairman, MD – Managing Director, ED – Executive Director, NED-Non-Executive Director, I – Independent Director and Nom Dir-Nominee Director.

** Does not include Alternate Directorships, Directorships in Private Limited Companies, Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013.

*** Chairmanship/Membership of Board Committees include only Audit Committee and Shareholders/ Investors Grievance Committee.

Mr. Vivek Wahi appointed as Nominee Director on behalf of Bank of India w.e.f. April 28, 2016.

CORPORATE GOVERNANCE REPORT (Contd.)*** Board Meetings**

In compliance with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, the Board meets at least once in a quarter to review the Company's performance, financial results and more often, if considered necessary, to transact other business. During the period 2016-2017, the Board met four times as follows:

Date of the Board Meeting	Total Number of Directors as on the date of the Meeting	No. of Directors who attended the Meeting
May 30, 2016	7	6
September 14, 2016	7	5
December 14, 2016	7	7
February 13, 2017	7	7

- * Agenda papers, containing all necessary information, are made available to the Board well in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. The Agenda items with notes prepared by functional departments or units, are circulated to all the Directors well before the meeting for consideration. Minutes of Board Meetings are circulated to all Directors before the next meeting and confirmed at the subsequent Board Meetings.

Review of Statutory Compliance Report:

The Board periodically reviewed the statutory compliance reports of all Laws applicable to the Company at its quarterly Board Meetings.

III. Committees of Directors under Corporate Governance Code**a. Audit Committee**

The Audit Committee of the Board of Directors was constituted in conformity with the requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015.

(i) Brief description of terms of reference

The role of the Audit Committee is as prescribed under the Act and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 and includes the following:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) Recommendation of appointment etc., of the Statutory Auditors and their fee for audit and other services;
- (c) Review of Annual Financial Statements with particular reference to Directors' Responsibility Statement, changes in accounting policies, major accounting entries involving estimates, disclosure of related party transactions, qualifications in the draft audit report, etc.;
- (d) Discussions with Internal Auditors on significant findings and with Statutory Auditors of the nature and scope of audit and on areas of concern;
- (e) Review of quarterly financial statements, uses and application of funds raised, performance of Statutory and Internal Auditors, adequacy of internal control system and internal audit function; and
- (f) Review of Management Discussion and Analysis Report on financial condition, operations, significant related party transactions, internal control weaknesses reported by the Statutory Auditors and Internal Auditors and the appointment and remuneration of Internal Auditor.

Composition, Names of Members and Chairperson

The Audit Committee presently comprises of two Independent Directors and one Non-Executive Director, having rich accounting/financial management expertise. The present composition of the Audit Committee is as follows:

Mr. Prabhakar Ram Tripathi, Chairman

Mr. Ramendra Gupta, Member

Mr. R. Balarami Reddy, Member

CORPORATE GOVERNANCE REPORT (Contd.)

The Executive Director, Head Accounts and Finance, Internal and Statutory Auditors attend the Meeting of the Committee as and when invited.

The Company Secretary acts as Secretary to the Committee.

The Audit Committee met four times during the period of 2016-2017 and the gap between two meetings did not exceed four months. The details of the attendance of the Members are as follows:

Name	Attendance in the meeting held on			
	May 30, 2016	September 14, 2016	December 14, 2016	February 13, 2017
Mr. Prabhakar Ram Tripathi	Yes	Yes	Yes	Yes
Mr. R. Balarami Reddy	Yes	Yes	Yes	Yes
Mr. Ramendra Gupta	Yes	Yes	Yes	Yes

The Minutes of the Audit Committee Meetings are noted at the Board Meetings.

Mr. Ramendra Gupta, Member of the Audit Committee Meeting was present at the 41st Annual General Meeting held on September 24, 2016.

b. Nomination and Remuneration Committee

Composition

The Nomination and Remuneration Committee comprises of one Independent Director and two Non-Executive Directors. The present composition of the Nomination and Remuneration Committee is as follows:

Mr. Prabhakar Ram Tripathi, Chairman

Mr. E. Sudhir Reddy, Member

Mr. R. Balarami Reddy, Member

Mr. Ramendra Gupta, Director

The Company Secretary acts as Secretary to the Committee.

Terms of reference

- to determine on behalf of the Board the Company's Policy on remuneration package for Executive Directors including pension rights and compensation payments.
- to administer the Employee Stock Option Scheme of the Company
- to decide any other related matters.

The Minutes of the Nomination and Remuneration Committee Meetings are noted at the Board Meetings.

The Remuneration policy of the Company is performance driven and is structured to motivate employees, recognize their merits and achievements and promote excellence in their performance. The Company follows a compensation mix of fixed pay, benefits and perquisites besides Employee Stock Options.

Details of remuneration/sitting fees paid/accrued to Directors of the Company during the period ended March 31, 2017 are given below:

Name of the Director	Sitting fee (₹)	Gross Remuneration (₹)**	Commission (₹)	Service Contract/ Notice period/ Severance
Mr. Prabhakar Ram Tripathi	210000	-	-	-
Mr. E. Sudhir Reddy	-	-	-	-
Mr. S. C. Sekaran	-	-	-	-
Mr. R. Balarami Reddy	-	-	-	-
Mr. Ramendra Gupta	135000	-	-	-
Mrs. Hima Bindu Myneni	60000	-	-	-
Mr. Vivek Wahi	-	-	-	-

* Gross remuneration shown above includes contribution to Provident Fund and Superannuation fund

CORPORATE GOVERNANCE REPORT (Contd.)

c. Stakeholders Relationship Committee

Composition

The Stakeholders Relationship Committee comprises of the following members of the Board:

Mr. P. R. Tripathi, Chairman
Mr. E. Sudhir Reddy, Member
Mr. S. C. Sekaran, Member

The Company Secretary is the Compliance Officer nominated for this purpose under SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015.

The Committee meets at frequent intervals to consider, inter alia, share transfers, shareholders'/ Investors' complaints and coordinates with the Registrar and Transfer Agent, M/s Karvy Computershare Pvt. Limited for redressal of grievances.

During the year, nineteen complaints were received from Shareholders. All complaints have been resolved to the satisfaction of the Complainants.

The Company has acted upon all valid transfers received during the period ended March 31, 2017 and no transfers were pending as on March 31, 2017.

d. Executive Committee

The Board has constituted an Executive Committee to exercise certain powers as to borrow up to certain limits, as delegated by the Board from time to time; opening and closing of bank accounts and authorizing the Directors and officers of the Company for operating the accounts; investment of surplus funds of the company up to certain limits; besides exercising such other powers as may be delegated by the Board from time to time.

The Executive Committee comprises of the following Members of the Board:

Mr. E. Sudhir Reddy
Mr. R. Balarami Reddy
Mr. S. C. Sekaran

IV Subsidiary Companies

The Company monitors the performance of its subsidiaries, HDO Technologiess Limited, and DavyMarkham (India) Private Limited inter alia, by the following means:

- * The financial statements, in particular the investments made by the unlisted subsidiary, are reviewed by the Audit Committee as well as by the Board.
- * The minutes of the Board Meetings of the subsidiary companies are noted at the Board Meetings of the Company.

V General Body Meetings

The details of the last three Annual General Meetings, i.e. 41st, 40th and 39th Annual General Meetings of the Company are as follows:

General Meetings	Day, Date and Time	Venue of the Meeting	Special Resolution Passed at
41st Annual General Meeting	Wednesday, September, 24, 2016 at 3.00 p.m.	Regd. Office, Dorr Oliver House, Chakala, Andheri (E), Mumbai – 400099. Maharashtra	Remuneration to Mr. S C Sekaran, Executive Director
40th Annual General Meeting	Wednesday, September, 23, 2015 at 2.00 p.m.	All India Plastic Manufacturers Association, AIPMA House, A-52, Street No.1, MIDC, Andheri (East), Mumbai – 400 093	–
39th Annual General Meeting	Monday, September 22, 2014 at 3.00 p.m.	All India Plastic Manufacturers Association, AIPMA House, A-52, Street No.1, MIDC, Andheri (East), Mumbai – 400 093	<ul style="list-style-type: none"> ● Remuneration to Mr. S C Sekaran, Executive Director ● Alteration of Articles of Association ● Increase of Borrowing Powers

CORPORATE GOVERNANCE REPORT (Contd.)

VI. Disclosures

During the year, there were no transactions of material nature with the Promoters, Directors or the management, their subsidiaries or relatives that had potential conflict with the interests of the Company. Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly. Transactions with related parties are disclosed in note no. 58.2 to the Financial Statements in the Annual Report.

There were no instances of non-compliance of any matter related to the Capital markets nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

VII. Means of Communication

- | | | |
|--|---|---|
| (i) Quarterly results-
which news papers normally
published in | : | Free Press Journal and Navshakti |
| (ii) Any web site where displayed | : | www.bseindia.com , www.nseindia.com
www.hdo.in |
| (iii) Whether it also displays official
News release and presentations
made to Institutional Investors /
Analysts | : | Yes |
| (iv) Whether Management Discussion
and Analysis Report forms a part of
the Annual Report. | : | Yes |

In compliance with the Listing Agreement the Company has designated a separate e-mail address for the convenience of the investors for redressal of investor grievances which is invcomplaint@hdo.in.

VIII. General Shareholders' information

* 42nd Annual General Meeting:

Annual General Meeting is proposed to be held on Wednesday, September 27, 2017 at 3:00 p.m. at Registered Office of the company at Dorr Oliver House, Chakala, Andheri (East), Mumbai – 400 099. Maharashtra.

* Financial Calendar

- | | | |
|--|---|--------------------------------|
| (a) Financial year | - | April 01 to March 31 |
| (b) Results will be published for the Quarter ended: | | |
| (i) June 30, 2017 | - | on or before August 15, 2017 |
| (ii) September 30, 2017 | - | on or before November 15, 2017 |
| (iii) December 31, 2017 | - | on or before February 15, 2018 |
| (iv) March 31, 2018 | - | in May, 2018 |

* Date of Book Closure

September 23, 2017 to September 27, 2017 (both days inclusive).

* Listing on Stock Exchanges

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Listing fee has been paid to above Stock Exchanges for the year 2017-2018.

* Stock Code

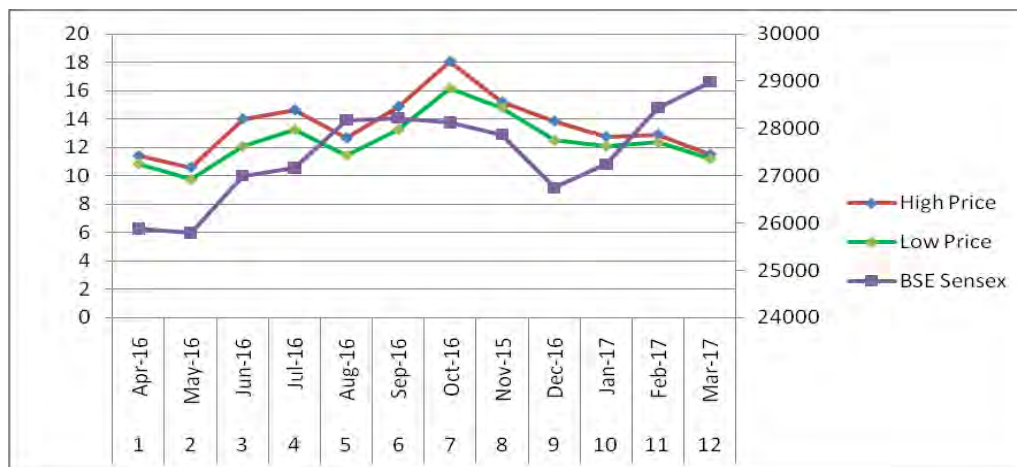
- | | | |
|--|---|--------------|
| Bombay Stock Exchange Limited | : | 509627 |
| National Stock Exchange of India Limited | : | HINDDORROL |
| ISIN allotted to the Company | : | INE551A01022 |

CORPORATE GOVERNANCE REPORT (Contd.)

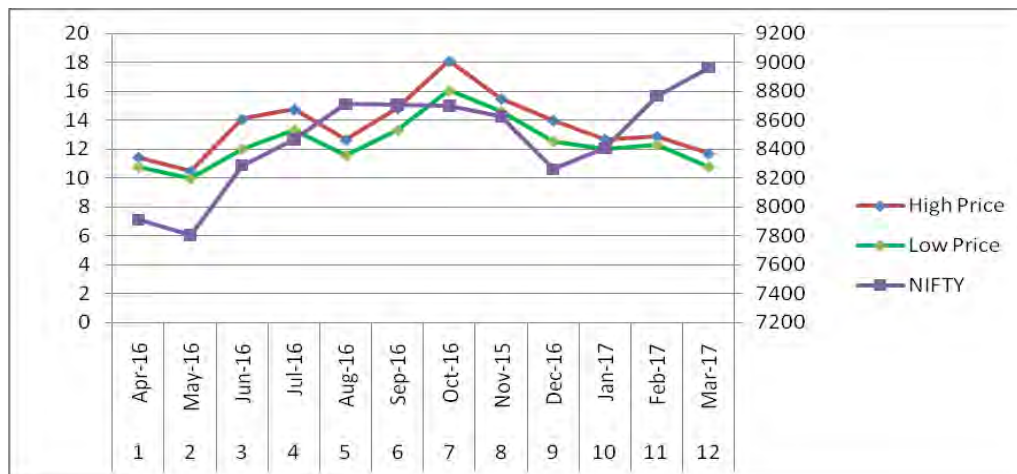
Stock Market Data

Month	BSE		Sensex	NSE		Nifty
	Share Price			Share Price		
	High Price	Low Price		Close	High Price	
Apr-16	11.40	10.85	25880	11.45	10.75	7912
May-16	10.59	9.75	25790	10.50	9.95	7805
Jun-16	14.00	12.07	26999	14.10	12.00	8287
Jul-16	14.64	13.25	27166	14.75	13.30	8467
Aug-16	12.65	11.45	28182	12.65	11.55	8711
Sep-16	14.87	13.25	28223	14.85	13.30	8706
Oct-16	18.05	16.15	28129	18.10	16.05	8699
Nov-16	15.20	14.80	27876	15.50	14.60	8626
Dec-16	13.85	12.50	26747	14.00	12.55	8261
Jan-17	12.75	12.10	27247	12.70	12.05	8407
Feb-17	12.90	12.35	28439	12.90	12.30	8768
Mar-17	11.49	11.21	28984	11.70	10.75	8963

Share Price Movement of HDO vis-à-vis BSE



Share Price movement of HDO vis-à-vis NIFTY



CORPORATE GOVERNANCE REPORT (Contd.)

Registrar and Transfer Agents

M/s Karvy Computershare Pvt. Limited
Karvy Selenium, Tower B, Plot No. 31 and 32,
Financial District, Gachibowli, Hyderabad – 500 032.
Ph: 040 6716 1524 Email: reddy.ks@karvy.com

Shareholding pattern as on March 31, 2017

Category	No. of Cases	No. of shares	Percentage of shareholding
I. Promoter's holding			
Indian promoters	2	39804430	55.28
Sub-total	2	39804430	55.28
II. Non-promoters holding			
Mutual funds	3	3532228	4.91
Foreign Portfolio Investors	1	225000	0.31
Sub-Total	4	3757228	5.22
III. Others			
Bodies Corporates	391	3449237	4.79
Indian Public	17742	22796520	31.66
H U F	690	1277906	1.77
Non Resident Indians	236	746630	1.04
NRI Non-Repatriation	84	103567	0.14
Clearing Members	36	65370	0.09
NBFCs registered with RBI	3	4200	0.01
Trusts	1	720	0.00
Sub-Total	19183	28444150	39.50
Total	19189	72005808	100.00

Distribution of Shareholding as on March 31, 2017

DISTRIBUTION SCHEDULE AS ON MARCH 31, 2017

S.no	Category	Cases	Percentage of Cases	Amount	Percentage Amount
1	upto 1 - 5000	17299	90.15	16823752.00	11.68
2	5001 - 10000	1014	5.28	7718864.00	5.36
3	10001 - 20000	494	2.57	7452594.00	5.17
4	20001 - 30000	136	0.71	3381654.00	2.35
5	30001 - 40000	69	0.36	2509500.00	1.74
6	40001 - 50000	55	0.29	2551592.00	1.77
7	50001- 100000	77	0.40	5417906.00	3.76
8	100001 and above	45	0.23	98155754.00	68.16
	Total	19189	100.00	144011616.00	100.00

Share Transfer System

Application for transfer of shares held in physical form is received at the office of the Registrar and Share Transfer Agents of the Company. Stakeholders Relationship Committee approves valid transfers of shares and share certificates duly endorsed are dispatched within the time prescribed under the Listing Agreement/SEBI Guidelines.

CORPORATE GOVERNANCE REPORT (Contd.)

Shares held in dematerialised form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update the records and to send all corporate communications, dividend warrants, etc.

The Company also offers the facility of transfer-cum-demat as per SEBI Guidelines.

Any complaints by investors/shareholders may be communicated through the designated e-mail id viz. invcomplaint@hdo.in.

Dematerialization of shares and liquidity

Shares aggregating to 98.99 percent of the share capital have been dematerialized as on March 31, 2017.

Trading in Equity Shares of the Company is permitted only in dematerialised form with effect from December 26, 2000 as per the Circular SMDRP/POLICY/CIR-23/2000 dated May 29, 2000 issued by the Securities and Exchange Board of India.

IX Address for correspondence:

The Company is operating from various work sites spread throughout the country and the operations are controlled by the Head office at Dorr-Oliver House, Chakala, Andheri East, Mumbai – 400 099 and through various Regional offices at:

CHENNAI

Hindustan Dorr-Oliver Limited
30-A South Phase, 6th Cross Road
Thiru-vi-ka Indl. Estate, Guindy,
Chennai - 600 032

KOLKATA

Hindustan Dorr-Oliver Limited,
Flat No.1A, 1st Floor
8C Queens Park, Ballygunge
Kolkata - 700 019

NEW DELHI

Hindustan Dorr-Oliver Limited,
"COREANTHUM", A-41,
Tower B, First Floor,
Lobe – 4, Sector- 62,
Noida – 201307 (U.P.)

X. DISCLOSURES:

- i. No materially significant related party transaction with Promoters, Directors, the management, the Subsidiaries or relatives of the Directors which may have potential conflict with the interests of the Company at large have been disclosed in the accounts along with the financial impact of the same elsewhere in the Annual Report.
- ii. There have been no major instances of non-compliance by the Company on any matters related to the Capital markets, nor have any penalty / strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters during the last three years.
- iii. The Company Complied with all the applicable mandatory requirements of Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company did not adopt Non-mandatory requirements.
- iv. The Companies activities do not require any transactions involving commodities and hence there are no Commodity price risks and Commodity hedging activities.
- v. The Company Complied with the requirements of sub-paras (2) to (10) of Corporate Governance Report as specified in schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. The Company did not adopt the discretionary requirements as specified in Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vii. The Company Complied with the Corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Code of Conduct for Directors and Senior Management:

A copy of the Code has been put on the Company's website www.hdo.in.

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Executive Director is given below:

Declaration

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the financial year 2016-2017.

Mumbai
July 26, 2017

S. C. Sekaran
Executive Director

CORPORATE GOVERNANCE REPORT (Contd.)**CORPORATE GOVERNANCE CERTIFICATE**

To
The Members of
Hindustan Dorr Oliver Limited

We have examined the compliance of conditions of Corporate Governance by **Hindustan Dorr Oliver Limited** ("the Company"), for the year ended on March 31, 2017, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') entered in to by the Company with Stock Exchanges for the period April 01, 2015 to November 30, 2015 and as per the relevant provisions of Securities and Exchange Board of India (listing Obligations and Disclosure Requirements) Regulations, 2015, as referred to in Regulation 15(2) of the Listing Regulations for the period December 01, 2015 to March 31, 2017.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedure and implementations thereof adopted by the Company for ensuring compliance of the conditions of 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 and the representations made by the Directors, officers and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing Regulations.

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.

Hyderabad
July 26, 2017

K Narasimhulu
Practicing Company Secretary
FCS - 7594 CP No.8225

CEO/CFO CERTIFICATION

To
The Board of Directors of
Hindustan Dorr Oliver Limited

We, S C Sekaran, Executive Director and S C Mundhekar, Chief Financial Officer, hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 - (i) There is no significant change accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (ii) We are not aware of any instances of significant fraud if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Mumbai
July 26, 2017

S C Mundhekar
Chief Financial Officer

S C Sekaran
Executive Director

INDEPENDENT AUDITORS' REPORT

To the Members of
Hindustan Dorr Oliver Limited

1. Corporate Insolvency Proceedings as per Insolvency and Bankruptcy Code, 2016 (IBC)

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. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Hindustan Dorr Oliver Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information for the year then ended.

3. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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, including aforementioned responsibility for the standalone financial statements, 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.

4. Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates, made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements. However, in view of the pendency of Corporate Insolvency Resolution Process (CIRP), these powers are vested with Mr. Amit Gupta as Resolution Professional.

AUDITORS' REPORT (Contd.)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

5. Basis for Qualified Opinion

We refer to the following notes to the standalone financial statement;

- a. Note 36 and note 37 in respect of initiation of Corporate Insolvency Resolution Process (CIRP) and preparation of financial statements of the Company on going concern basis for the reasons stated therein. The accumulated losses of the Company as at March 31, 2017 amounting to ₹15,214.25 million have exceeded its net worth. Further, the Company's current liabilities exceed current assets. The Company has obligations towards borrowings aggregating to ₹16,683.44 million 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 low 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 liabilities in the normal course of business. The standalone financial statement does not include any adjustment in this respect;
- b. Note 38 in respect of various claims, submitted by the financial creditors, operational creditors, workmen or employee and authorized representative of workmen and employees of the Company to Resolution Professional pursuant to the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation 2016 that are currently under consideration/ reconciliation. Pending reconciliation/admission of such claims by the RP, we are unable to comment on the consequential impact, if any, on the accompanying statement;
- c. Note 39 in respect of invocation of corporate guarantees aggregating to ₹2,309.85 million and initiation of recovery actions against the company in earlier year in respect of such guarantees extended / executed for its one Indian subsidiary (HDO Technologiess Limited) in favour of the lenders. In view of the ongoing Corporate Insolvency Resolution Process (CIRP), we are unable to determine the impact on the standalone financial statement pending conclusion of CIRP;
- d. Note 40 regarding investments in one of the Indian subsidiary (HDO Technologiess Limited) that is incurring losses and its net worth is eroded, having book value aggregating to ₹1,538.00 million as at March 31, 2017 and subsequent to year end corporate insolvency resolution process has been initiated. In view of above, 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 ₹1,538.00 million and total assets and net worth would have been lower by ₹1,538.00 million respectively;
- e. Note 41 in respect of overdue trade receivables aggregating to ₹283.12 million 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 ₹283.12 million and total assets and net worth would have been lower by ₹283.12 million respectively;
- f. Note 42 wherein external confirmation are not available in respect of trade receivables including retention money, certain bank balances aggregating to ₹1.99 million and trade payables/ mobilization advances. The Company is yet to assess loss allowance/expected credit loss on such trade receivables. Accordingly, we are unable to quantify the impact, if any, arising from the confirmation of balances/ loss assessment;
- g. Note 43 and 44 in respect of corporate guarantee extended by the company, in earlier year and disclosed during the year, in favor of security trustee of the CDR Lenders of the holding company, corporate guarantee and financial guarantees extended to contractee/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 recognized 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, on the standalone financial statements;
- h. Note 45 in respect of balances available with statutory authorities and input credits aggregating to ₹121.31 million 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 advances is required;

AUDITORS' REPORT (Contd.)

- i. Note 46 in respect of write back of various trade payable, provisions and advances from customers aggregating to ₹ 1,076.45 million for the reasons stated therein. Had the various trade payable, provisions and advances from customers not been written back, total liabilities and the loss after tax would have been higher by ₹ 1,076.45 million and net worth would have been lower by ₹ 1,076.45 million respectively.

6. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described under paragraph 4(d), 4(e) and 4(i) and possible effects of the matters described under paragraph 4(a), 4(b), 4(c), 4(f), 4(g) & 4 (h) in the basis for qualified opinion, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards notified under Section 133 of the Act, of the state of affairs of the Company as at March 31, 2017, and its losses (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

7. Other Matter

The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 included in the financial statements, are based on the previously issued audited financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) on which we issued auditors' report to the shareholders of the company dated May 30, 2016 and May 30, 2015 respectively expressing modified opinion on those standalone financial statements. The differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not qualified in respect of this matter.

8. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a) We have sought and except for the matters described under "Basis for qualified opinion" paragraph and paragraph 2(i)(iv), of Report on Other Legal and Regulatory Requirements have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) Except for the effects/possible effects of matters described in the "Basis for qualified opinion" paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, except for the effects/possible effects of matters described in the "Basis for qualified opinion" paragraph, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with relevant Rules issued thereunder.
 - e) The matters described under "Basis for Qualified Opinion" above and in **Annexure 'A'** and **Annexure 'B'** of the Report, in our opinion, have an adverse effect on the functioning of the Company;
 - f) The company has received the written representations from the directors as on March 31, 2017. These written representations have, however, not been taken on record by the Board of Directors. Therefore, we are unable to comment whether any of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) The qualification relating to the maintenance of accounts and other matters connected there with are as stated in the Basis for Qualified Opinion paragraph and in **Annexure 'A'** and **Annexure 'B'** of the Report;
 - h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses a disclaimer of opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.
 - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the information and explanations given to us:

AUDITORS' REPORT (Contd.)

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements (Refer Note 35);
- ii. Except for the effects/possible effects of matters described under basis of qualified opinion paragraph, the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts and derivative contracts if any.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017;
- iv. The Company has not provided certain requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Consequently, we are unable to obtain sufficient and appropriate audit evidence to report whether the disclosures to the extent stated in the notes are in accordance with books of account maintained by the Company and as produced to us by the Management (Refer note 54).

For CHATURVEDI & PARTNERS
Chartered Accountant
Firm Registration No. 307068E

ANUJ MAHANSARIA
Partner
Membership No. 500819

Mumbai
July 26, 2017

Annexure 'A' to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2017:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets were not physically verified by the management during the year. Hence, we are unable to comment whether there are any material discrepancies and any adjustment is required in the books of account.
- (c) The title deeds of immovable properties are held in the name of the Company. According to the information and explanation given to us, the original title deeds are held by the lenders.
- (ii) The company did not have any inventory as at the year end. Physical verification of inventories has not been conducted at reasonable intervals by the management. Accordingly, we are unable to comment whether any material discrepancies existed and their treatment in the books of account.
- (iii) The Company had in earlier year, granted interest free unsecured loans and advances of ₹1422.37 million to one of its wholly own subsidiary company.
 - (a) In our opinion, the terms and conditions of the loans granted by the company having regard to the cost of funds to the company are prejudicial to the interest of the company;
 - (b) The schedule of the repayment of the principal has not been stipulated; hence we are unable to comment as to whether repayments are regular.
 - (c) As the schedule of repayment has not been stipulated and considering the provision for such loans, we are unable to comment whether any amount is overdue and whether reasonable steps have been taken by the company for recovery of the principal.
- (iv) In our opinion and according to the information and explanation given to us, the Company has not given loans, investment, guarantees and security during the year within Section 185 of the Companies Act, 2013. The company has complied with section 186 of the Companies Act, 2013 in respect of guarantee and investment during the year.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013, and the rules framed there under to the extent notified.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Rules made by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determining whether they are accurate or complete.

AUDITORS' REPORT (Contd.)

- (vii) (a) According to information and explanations given to us and records of the Company examined by us, the Company has not been depositing undisputed statutory dues in respect of provident fund, employee's state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There have been significant delays in a large number of cases in depositing these dues with the appropriate authorities. Further, the effect of pending reconciliation of service tax and VAT from previous year cannot be ascertained. The amounts payable in respect of these statutory dues which were outstanding as on March 31, 2017 for a period of more than six months from the date they became payable are given in **Appendix-I** to this report.
- (b) According to the information and explanations given to us and records of the Company examined by us, particulars of dues outstanding in respect of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute are given in **Appendix-II** to this report.
- (viii) According to the information and explanations given to us, there are no loans or borrowings payable to the Government, financial institutions and debenture holders. The Company has defaulted in repayment of loans or borrowing, including interest thereon, from banks. The details of such defaults are given in **Appendix-III**.
- (ix) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and the company has not taken any term loans during the year. Therefore, the provisions of Para 3 (ix) of the Order are not applicable to the Company.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees have been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on the audit procedures conducted by us, during the year, no managerial remuneration has been paid. Therefore, the provisions of Para 3 (xi) of the Order are not applicable to the Company.
- (xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Therefore, the provisions of Para 3 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the company has not complied with section 177 and 188 of Companies Act, 2013, where applicable in relation to the transactions with the related parties. The details in relation to the transactions with the related parties have been disclosed in the Financial Statements as required by the applicable accounting standards. The detail of non-compliance of section 177 and 188 of Companies Act, 2013 are as follows:

Nature of the related party relationship	Nature of Transaction	Amount (₹million)	Remarks
Subsidiary	Purchase/Services	106.15	No Approval
Subsidiary	Payment made by the Company for expenses	0.12	No Approval
Subsidiary	Payment made for the company for expenses	10.65	No Approval
Company under common control	Rent Expenses	2.65	No Approval
Key Managerial Personnel	Loan Received	3.00	No Approval

- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Para 3 (xiv) of the order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them. The provisions of clause 3 (xv) of the Order are not applicable to the company.
- (xvi) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For CHATURVEDI & PARTNERS
Chartered Accountant
Firm Registration No. 307068E

ANUJ MAHANSARIA
Partner
Membership No. 500819

Mumbai
July 26, 2017

AUDITORS' REPORT (Contd.)

Annexure 'B' to the Independent Auditors' Report of even date on the Standalone Financial Statements of HINDUSTAN DORR OLIVER LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **HINDUSTAN DORR OLIVER LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Disclaimer of Opinion

The Company did not have any internal audit system during the year as required as per section 138 of Indian Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014. Further, the Company did have material weakness in the following areas of internal financial controls over (a) Assessment of provision required in respect of invocation of corporate guarantees and initiation of recovery actions against the Company in respect of such guarantees extended / executed for its subsidiary in favour of the lenders; (b) Assessment of "Fair Valuation" of long term equity investment and assessment of recoverability of loans and advances to subsidiary company whose net worth has eroded and continues to incur losses as on March 31, 2017; (c) Assessment of loss allowance/ expected credit loss on past due trade receivables and obtaining external balance confirmation for trade receivables/trade payables and bank balances; (d) assessment of loss allowance

AUDITORS' REPORT (Contd.)

that may be required in respect corporate guarantee given to the lenders of the Parent Company; (e) Control over reconciliation of subcontractors work bills with the work bills submitted to the clients and physical progress of works completed, which could potentially result into inaccurate estimation of percentage of work completed and consequently delay in the realization of unbilled revenue/ receivables; (f) Controls over projects costs estimation and review of balance costs to complete in respect of work projects, which could potentially result into inaccurate estimation of foreseeable losses on works contracts; (g) reconciliation of VAT/service tax and assessment of recoverability of advances appearing against such statutory authorities.

Disclaimer of Opinion

According to the information and explanation given to us and as stated in "basis of disclaimer of opinion" paragraph above, the Company does not have adequate internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2017.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and the disclaimer has affected our opinion on the standalone financial statements of the Company and we have issued qualified opinion on the standalone financial statement.

For CHATURVEDI & PARTNERS

Chartered Accountant

Firm Registration No. 307068E

ANUJ MAHANSARIA

Partner

Membership No. 500819

Mumbai

July 26, 2017

AUDITORS' REPORT (Contd.)

Appendix-I as referred to in Para vii (a) of the Annexure -A to the Independent Auditors' Report

(₹ in million)

Statute	Nature	Amount	Period to which amount relates	Due Date	Date of Payment
Professional Tax Act, 1975	Professional Tax	0.03	Upto 2014-2015	30th of next month	Not Paid
		0.81	2015-2016	30th of next month	Not Paid
		0.34	April 2016 to August 2016	30th of next month	Not Paid
Income Tax Act, 1961	Tax Deducted at Sources	5.52	2013-2014	7th of every month except for March-May 30	Not Paid
		28.77	2014-2015	7th of every month except for March-May 30	Not Paid
		29.10	2015-2016	7th of next month except for March-May 30	Not Paid
		13.75	April 2016 to August 2016	7th of next month	Not Paid
Income Tax Act, 1961	Tax Collected at Sources	0.17	2014-2015	7th of next month	Not Paid
Employees' Provident Funds & Miscellaneous Act, 1952	Provident Fund	2.36	2015-2016	15th of next month	Not Paid
		3.35	April 2016 to August 2016	15th of next month	Not Paid
Sales Tax/ VAT Act of various States and The Central Sales Tax Act, 1956	Works Contract Tax	26.38	2013-2014	21st of next month	Not Paid
		16.89	2014-2015	21st of next month	Not Paid
		2.58	2015-2016	21st of next month	Not Paid
		2.23	April 2016 to August 2016	21st of next month	Not Paid
	Sales Tax/VAT	28.63	Upto 2016	21st of next month	Not Paid
		12.88	April 2016 to August 2016	21st of next month	Not Paid
The Finance Act, 1994	Service Tax	18.65	2014-2015	6th of next month	Not Paid
		54.44	2015-2016	6th of next month	Not Paid
		13.00	April 2016 to August 2016	6th of next month	Not Paid

AUDITORS' REPORT (Contd.)

Appendix-II as referred to in para vii (b) of the Annexure-A to the Independent Auditors' Report

(₹ in million)

S No	Name of the Statute	Nature of Dues	Amount	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax	2.56	AY 1999-2000	High Court
2	Central Sales Tax Act, 1956, Value added tax and Sales Tax Act of Various States.	Sales Tax/ WCT/ VAT	1.59	2002-2003	A. C. (Appeal)
			874.37	1984-1985, 1992-1993, 1994-1995, 1995-1996, 1997-1998 to 1998-1999, 2002-2003, 2004-2005, 2006-2007 to 2007-2008 to 2009-2010 to 2013-2014	D. C. (Appeal)
			312.39	2002-2003 to 2006-2007 and 2008-2009 to 2009-2010	J.C.(Appeal)
			0.23	1992-1993	S. T. O.
			1.83	1987-1988 to 1990-1991 and 1993-1994	Tribunal
3	The Finance Act, 1994	Service Tax	165.20	2007-2008 to 2011-2012	CESTAT
		Service Tax	48.40	2012-2013 and 2013-2014	CCE (A)
4	Custom Act, 1962	Custom Duty	0.08	1992-1993	The collector of customs (Judicial), Mumbai

AUDITORS' REPORT (Contd.)

Appendix-III as referred to in para viii of Annexure -A to the Independent Auditor's Report

(₹ in million)

Name of the Bank	Type of Loan	Amount of default	Period of default in days	As at March 31, 2017
Principle Amount				
Bank of India	Cash Credit	0.73-2352.73	595-1	
Bank of India	Working Capital Term Loan	0.04-170.64	599-50	
Bank of India	Funded Interest Term Loan	7.17-49.77	507-50	
Andhra Bank	Working Capital Term Loan	5.84-17.51	245-60	
Andhra Bank	Cash Credit	0.005-1603.45	394-1	
Interest default on above borrowings				
Bank of India	Cash Credit	31.73-707.69	446-19	
Bank of India	Working Capital Term Loan	14.38-413.21	569-19	
Bank of India	Funded Interest Term Loan	0.56-17.53	507-19	
Andhra Bank	Working Capital Term Loan	2.32-17.21	260-77	
Default from the date of demand notice under SARFAESI Act, 2002				
Principle Amount				
Bank of India	Cash Credit	3392.73-3593.08	1-408	3,593.08
Bank of India	Working Capital Term Loan	1,505.44	408	1,505.44
Bank of India	Funded Interest Term Loan	66.77	408	66.77
Andhra Bank	Working Capital Term Loan	268.55	397	268.55
Andhra Bank	Cash Credit	2267.41-3450.94	1-397	3450.94
Interest default on above borrowings				
Bank of India	Cash Credit	707.69-1640.41	408-1	1640.4
Bank of India	Working Capital Term Loan	413.21-838.37	408-1	838.37
Bank of India	Funded Interest Term Loan	17.53-38.2	408-1	38.2
Andhra Bank	Working Capital Term Loan	17.21-59.15	397-1	59.15
Andhra Bank	Cash Credit	049-117.33	397-1	117.33
Other Borrowings				
Principle Amount				
Standard Chartered Bank	External Commercial Borrowings	81.05-1215.72	1445-74	1215.72
ICICI Bank	Cash Credit	0.17-16.43	397-1	416.43
ICICI Bank	LC Devolvement	1.25-412.32	183-1	412.32
Interest default on above borrowings				
Standard Chartered Bank	Term Loan	19.07-409.12	1339-15	409.12
ICICI Bank	Cash Credit and LC Devolvement	0.48-58.16	256-1	58.16

BALANCE SHEET AS AT MARCH 31, 2017

(All amounts in ₹ million unless otherwise stated)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
I ASSETS				
1 Non current assets				
(a) Property, plant and equipment	5	1,101.34	1,105.20	1,110.42
(b) Intangible assets	5	1.18	1.59	2.09
(c) Financial assets				
(i) Investments	6	1,539.89	1,539.59	1,539.46
(ii) Trade receivables	7	-	73.86	10.86
(iii) Loans	8	-	-	-
(iv) Other financial assets	9	-	233.35	-
(d) Non current tax assets	10	39.93	51.45	92.19
(e) Other non current assets	11	1.97	1.58	1.57
Total		2,684.31	3,006.62	2,756.59
2 Current assets				
(a) Financial assets				
(i) Trade receivables	12	712.06	2,016.38	1,980.01
(ii) Cash and cash equivalents	13	7.35	20.60	21.31
(iii) Bank balance other than (ii) above	14	7.71	6.26	14.84
(iv) Other financial assets	15	10.26	11.11	11.24
(b) Current tax assets (net)	16	53.11	-	-
(c) Other current assets	17	594.43	2,723.48	2,834.74
Total		1,384.92	4,777.83	4,862.14
Total Assets		4,069.23	7,784.45	7,618.73
II EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	18	144.01	144.01	144.01
(b) Other equity	19	(14,012.62)	(9,287.53)	(7,354.68)
		(13,868.61)	(9,143.52)	(7,210.67)
Liabilities				
1 Non current liabilities				
(a) Financial liabilities				
(i) Borrowings	20	-	-	1,833.49
(b) Provisions	21	16.90	12.20	13.52
(c) Deferred tax liabilities (net)	22	3.60	4.19	2.72
Total		20.50	16.39	1,849.73
2 Current liabilities				
(a) Financial liabilities				
(i) Borrowings	23	5.86	411.41	5,434.05
(ii) Trade payables	24	2,216.80	3,573.58	3,352.89
(iii) Other financial liabilities	25	14,658.14	11,310.76	2,005.29
(b) Other current liabilities	26	553.72	952.44	1,037.73
(c) Provisions	27	482.82	663.39	1,149.71
Total		17,917.34	16,911.58	12,979.67
Total Liabilities		17,937.84	16,927.97	14,829.40
Total equity and Liabilities		4,069.23	7,784.45	7,618.73

Note form an integral part of the financial statement

1 to 65

As per our report of even date.
For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration No. 307068E

ANUJ MAHANSARIA
Partner
Membership No. 500819

Mumbai
July 26, 2017

FOR HINDUSTAN DORR OLIVER LIMITED

S C SEKARAN
Executive Director
DIN-00334115

G RAMAKRISHNA
Company Secretary

AMIT GUPTA
Resolution Professional
IP Regn.No. IBBI/IPA 001/IP
P00016/2016-2017/10040

S C MUNDHEKAR
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in ₹ million unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
Revenue from operations	28	870.56	2,053.82
Other income	29	85.16	40.45
Total Income		955.72	2,094.27
EXPENSES			
Cost of material/services consumed	30	726.96	1,212.63
Purchase of stock in trade		-	603.92
Employee benefits expense	31	152.06	180.70
Finance costs	32	2,135.18	1,801.18
Depreciation and amortization expense	33	4.90	6.00
Other expenses	34	196.69	211.82
Total expenses		3,215.79	4,016.25
Profit/(loss) before exceptional item and tax		(2,260.07)	(1,921.98)
Exceptional items	47	2,463.17	-
Profit/(loss) before tax		(4,723.24)	(1,921.98)
Tax expenses			
Current tax	56	0.74	13.63
Profit/(loss) for the year (A)		(4,723.98)	(1,935.61)
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		(1.70)	4.24
(b) Income tax relating to items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	57	0.59	(1.47)
(c) Items to be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of tax (B)		(1.11)	2.77
Total Comprehensive Income for the year (A+B)		(4,725.09)	(1,932.84)
Earning per equity share (Face value of ₹2/- each)			
Basic and diluted (in ₹)	49	(65.61)	(26.88)

Note form an integral part of the financial statement

1 to 65

As per our report of even date.

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration No. 307068E

ANUJ MAHANSARIA
Partner
Membership No. 500819

Mumbai
July 26, 2017

FOR HINDUSTAN DORR OLIVER LIMITED

S C SEKARAN
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Company Secretary

AMIT GUPTA
Resolution Professional
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P00016/2016-2017/10040

S C MUNDHEKAR
Chief Financial Officer

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Statement of Changes in Equity (SOCE) for the year ended March 31, 2017

A) Equity share capital

Particulars	Number of shares	₹
Equity shares of ₹2 each issued, subscribed and paid		
As at April 01, 2015	72005808	144.01
Issue during the year	-	-
As at March 31, 2016	72005808	144.01
Issue during the year	-	-
As at March 31, 2017	72005808	144.01

B) Other equity

Particulars	Reserves and surplus			Other comprehensive income	Total
	Securities premium reserve	General reserve	Retained earnings		
Balance as at April 01, 2015	222.34	972.49	(8,554.65)	5.14	(7,354.68)
Loss during the year	-	-	(1,935.61)		(1,935.61)
Remeasurement of the net defined benefit liabilities/assets	-	-	-	2.77	2.77
Balance as at March 31, 2016	222.34	972.49	(10,490.27)	7.91	(9,287.53)
Loss during the year	-	-	(4,723.98)		(4,723.98)
Remeasurement of the net defined benefit liabilities/assets	-	-	-	(1.11)	(1.11)
Balance as at March 31, 2017	222.34	972.49	(15,214.25)	6.80	(14,012.62)

As per our report of even date.

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No. 307068E

ANUJ MAHANSARIA

Partner

Membership No. 500819

Mumbai

July 26, 2017

FOR HINDUSTAN DORR OLIVER LIMITED

SC SEKARAN

Executive Director

DIN-00334115

GRAMAKRISHNA

Company Secretary

AMIT GUPTA

Resolution Professional

IP Regn.No. IBBI/IPA 001/IP

P00016/2016-2017/10040

SC MUNDHEKAR

Chief Financial Officer

STANDALONE STATEMENT OF CASH FLOW FOR THE PERIOD FROM APRIL 01, 2016 TO MARCH 31, 2017

(All amounts in ₹ million unless otherwise stated)

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
CASH FLOWS FROM OPERATING ACTIVITIES				
(Net loss) for the period/year before taxation		(4,723.24)		(1,921.98)
Adjustments for				
Exceptional Item*	2,012.46		-	
Depreciation and amortisation	4.90		6.00	
Provision for doubtful debts	-		34.94	
Provision for doubtful advances	-		1.73	
Provision for foreseeable losses	-		21.20	
Bad debts	67.89		0.02	
Interest income	(50.71)		(4.37)	
(Profit)/loss on sale of property, plant and equipment	(0.16)		-	
Dividend income	(0.00)		(0.01)	
Gain/(loss) on fair valuation of investment in equity instrument	(0.31)		(0.13)	
Interest and finance charges	2,135.18	4,169.25	1,801.18	1,860.56
Operating profit before working capital changes		(553.99)		(61.42)
(Increase)/decrease in inventories	-		-	
(Increase)/decrease in trade receivables	50.42		(129.46)	
(Increase)/decrease in other financial assets	-		(237.84)	
(Increase)/decrease in other non-current assets	(0.39)		(0.01)	
(Increase)/decrease in other current assets	533.36		109.53	
Increase/(decrease) in trade payable	(519.08)		220.69	
Increase/(decrease) in other financial liabilities	61.70		39.38	
Increase/(decrease) in other current liabilities and provision	(337.53)	(211.52)	(589.96)	(587.67)
Cash generated from operations		(765.51)		(649.09)
Taxes paid		(42.33)		27.11
Net cash generated by operations		(807.84)		(621.98)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(0.63)		(0.28)	
Profit on sale of property, plant and equipment	0.16		-	
Dividend income	-		0.01	
Movement in other bank balances	(1.45)		8.58	
Proceeds from sale of investments	-		(0.01)	
Interest received	51.56	49.64	4.14	12.44
Net cash used in investing activities		49.64		12.44
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(0.18)		(0.10)	
Proceeds from borrowings(net)	1,224.88		1,178.45	
Interest and finance charges paid	(479.75)	744.95	(569.52)	608.83
Net cash provided by financing activities		744.95		608.83
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		(13.25)		(0.71)
Cash and cash equivalents at the beginning of the year		20.60		21.31
Cash and cash equivalents at the end of the year		7.35		20.60

*excluding bank guarantee encashed during the year- ₹ 450.71 million

STANDALONE STATEMENT OF CASH FLOW FOR THE PERIOD FROM APRIL 01, 2016 TO MARCH 31, 2017(Contd.)

(All amounts in ₹ million unless otherwise stated)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Notes		
1. The cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Statement of Cash Flow		
2. Figures in brackets indicate cash outflow.		
3. Previous year figures have been regrouped and recast wherever necessary to confirm to current year classification.		
4. Cash and cash equivalents include:		
Cash Balance on hand	2.54	3.63
Balances with scheduled banks	-	-
In current accounts	4.81	16.97
In fixed deposits		
	<u>7.35</u>	<u>20.60</u>

As per our report of even date.

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No.: 307068E

FOR HINDUSTAN DORR OLIVER LIMITED

ANUJ MAHANSARIA

Partner

Membership No. 500819

S C SEKARAN

Executive Director

DIN-00334115

AMIT GUPTA

Resolution Professional

IP Regn.No. IBBI/IPA 001/IP
P00016/2016-2017/10040

Mumbai

July 26, 2017

G RAMAKRISHNA

Company Secretary

S C MUNDHEKAR

Chief Financial Officer

Notes forming part of the Financial Statements

(All amounts in ₹ million unless otherwise stated)

1. Company Overview

Hindustan Dorr Oliver Limited (the "Company") having registered office at Dorr-Oliver House, Chakala, Andheri (East), Mumbai - 400 099, Maharashtra, is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. It has been engaged primarily in the business of providing Engineering and Turnkey solutions, technology and EPC installations in liquid solid separation application in various industry segments like minerals processing and beneficiation, pulp and paper processing, fertilizer and chemicals and environment management.

As more fully described in Note 36, Pursuant to commencement of Corporate Insolvency Resolution Process (CIRP), as per the provisions of section 17 of The Insolvency and Bankruptcy Code, 2016 ("the Code"), the management of the affairs of the Company is vested in the interim resolution professional (IRP); and the powers of the board of directors stand suspended and be exercised by the IRP. Accordingly, these standalone financial statements ("the financial statements") of the Company for the year ended March 31, 2017 were approved and authorized for issue by Resolution Professional (RP) on July 26, 2017.

2. Recent accounting pronouncement

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable from April 01, 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The effect on the financial statements is being evaluated by the Company.

Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The requirements of the amendment have no impact on the financial statements as the standard is not applicable to the Company.

3. Significant Accounting policies

3.1 Statement of Compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS"). The Company has prepared its financial statements up to the year ended March 31, 2016 in accordance with generally accepted accounting principles in the India, including accounting standards read with Section 133 of the Companies Act, 2013 notified under Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 01, 2015. Refer Note 4 (iv) below for the details of first time adoption exemptions availed by the Company.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

3.2 Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, and presentation requirements of Schedule III to the Act under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair value.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

3.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with the Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Discount rate used to determine the carrying amount of the Company's defined benefit obligation: In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

Contingences and commitments: In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, company treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, company do not expect them to have a materially adverse impact on the financial position or profitability.

Key sources of estimation uncertainty: The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income taxes: The Company's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

Useful lives of property, plant and equipment: As described in Note 3.9, the Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

Allowances for doubtful debts: The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgement and estimates.

Contract estimates: The Company, being a part of construction industry, prepares budgets in respect of each project to compute project profitability. The two major components of contract estimate are 'claims arising during construction period' (described below) and 'budgeted costs to complete the contract'. While estimating these components various assumptions are considered by the management such as (i) Work will be executed in the manner expected so that the project is completed timely (ii) consumption norms will remain same (iii) Assets will operate at the same level of productivity as determined (iv) Wastage will not exceed the normal percentage as determined etc. (v) Estimates for contingencies (vi) There will be no change in design and the geological factors will be same as communicated and (vii) price escalations etc. Due to such complexities involved in the budgeting process, contract estimates are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Recoverability of claims: The Company has claims in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work etc., which are at various stages of negotiation/discussion with the clients or under arbitration. The realisability of these claims are estimated based on contractual terms, historical experience with similar claims as well as legal opinion obtained from internal and external experts, wherever necessary. Changes in facts of the case or the legal framework may impact realisability of these claims.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Deferred tax assets: In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

3.4 Operating Cycle and Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification in accordance with Part-I of Division- II of Schedule III of the Companies Act, 2013.

An asset is treated as current when it (a) Expected to be realised or intended to be sold or consumed in normal operating cycle; (b) Held primarily for the purpose of trading; or (c) Expected to be realised within twelve months after the reporting period, or (d) The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when (a) It is expected to be settled in normal operating cycle; or (b) It is held primarily for the purpose of trading; or (c) It is due to be settled within twelve months after the reporting period, or (d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Operating cycle for the business activities of the company covers the duration of the project contract/service including the defect liability period wherever applicable and extends upon the realization of receivables including retention money within the credit period normally applicable to the respective projects.

3.5 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Construction Contracts:

Revenue from construction contracts is recognized by reference to the stage of completion of the contract activity. The Company follows the percentage completion method, based on the stage of completion at the Balance Sheet date, taking into account the contractual price and revision thereto by estimating total revenue as per Ind AS 11, 'Construction Contracts', and total cost till completion of the contract and the profit so determined proportionate to the percentage of the actual work done.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. The outcome of construction contract is considered as estimated reliably when all critical approvals necessary for commencement of the project has been obtained. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of probable recovery of cost incurred. Contract cost are recognized as expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately

Supply Contracts-Sale of Goods

Revenue from supply contract is recognized when the substantial risk and rewards of ownership is transferred to the buyer, which is generally on dispatch, and the collectability is reasonably measured. Revenue from product sales are shown as net of all applicable taxes and discounts.

Interest income Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends Dividend income from investments is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

3.6 Joint Arrangements

As per Ind AS 111 - Joint Arrangements, investment in Joint Arrangement is classified as either Joint Operation or Joint Venture. The classification depends on the contractual rights and obligations of each investor rather than legal structure of the Joint Arrangement.

A joint operation is a joint arrangement whereby the parties that joint control of the arrangement have right to the assets and obligation for the liabilities relating to the joint arrangement. Joint control is the contractually agreed sharing of the control of the joint arrangement, which exist when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the contractual arrangement provides the parties to the arrangement with rights to the net assets of the arrangement (i.e. it is the separate vehicle, not the parties, that has rights to the assets, and obligations for the liabilities relating to the arrangement)

3.7 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (i.e. the Executive Committee), in deciding how to allocate resources and assessing performance.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities."

3.8 Foreign Currencies

Functional currency: The functional currency of the Company is the Indian rupee.

Transactions and translations: Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign-currency-denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

3.9 Property, plant and equipment

Property, plant and equipment (PPE) are initially recognised at cost. The initial cost of PPE comprises its purchase price, including non-refundable duties and taxes net of any trade discounts and rebates. The cost of PPE includes interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets subsequent to initial recognition, PPE are stated at cost less accumulated depreciation (other than freehold land, which are stated at cost) and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work in progress) less their residual values over the useful lives, using the straight- line method ("SLM") in the manner prescribed in schedule II to the Act. Management believes based on a technical evaluation (which is based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.) that the useful lives of the assets as considered by the company reflect the periods over which these assets are expected to be used.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Fully depreciated assets still in use are retained in financial statements.

3.10 Capital work-in-progress and intangible assets under development

Capital work-in-progress/intangible assets under development are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

3.11 Intangible assets

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on derecognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

The Company amortizes intangible assets with a finite useful life using the straight-line method over the useful lives determined by the terms of the agreement /contract. The estimated useful life is reviewed annually by the management.

3.12 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured at its cost, including related transaction costs and where applicable borrowing costs less depreciation and impairment if any. Depreciation on building is provided over it's useful life using the written down value method.

3.13 Investment in subsidiaries and joint ventures

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

3.14 Income tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax: Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Deferred tax: Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

3.15 Leases

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating Lease: Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding in inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's inflationary cost increases, such increases are recognised in the year in which the benefits accrue) provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

Finance Lease: Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

3.16 Impairment of assets

Financial assets: The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

PPE and intangibles assets: Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit and Loss.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

3.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.18 Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

3.19 Inventories

Inventories are valued at lower of cost on FIFO basis and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.20 Exceptional items

Items of income or expense from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company are disclosed as Exceptional items in the Statement of Profit and Loss.

3.21 Non-derivative financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

a. Financial assets

Cash and cash equivalents: The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks, which are unrestricted for withdrawal and usage.

Trade Receivables and Loans: Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt Instruments: Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Equity Instruments: All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis.

b. Financial assets – Subsequent measurement

Financial assets at amortised cost: Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI): Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

Financial assets at fair value through profit or loss (FVTPL): Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

c. Financial liabilities

Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis.

Preference Shares: Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

Composite financial Instrument: The fair value of the liability portion of an optionally convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity.

Financial guarantee contracts: Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

d. Financial liabilities - Subsequent measurement

Financial liabilities are measured at amortised cost using the effective interest method. The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis.

Composite financial Instrument: The fair value of the liability portion of an optionally convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity.

e. Derecognition of financial instrument

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Indian Accounting Standard 109 "Financial Instruments". A financial liability (or a part of financial liability) is de-recognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

f. Offsetting of financial instruments

Financial assets and financial liabilities are set and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.22 Borrowing costs

General and specific borrowing costs (including exchange differences arising from foreign currency borrowing to the extent that they are regarded as an adjustment to interest cost) that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

3.23 Employee Benefits

Employee benefits consist of contribution to employees state insurance, provident fund, gratuity fund and compensated absences.

Post-employment benefit plans

Defined Contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution is made to a Hindustan Dorr Oliver Staff Provident fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Defined benefit plans

Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Hindustan Dorr Oliver Limited Employees' Group Gratuity Scheme ('the Trust'). Trustees administer contributions made to the Trusts and contributions are invested as permitted by Indian law.

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

The interest expenses are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest expense on the net defined benefit liability or asset is recognised in the Statement of Profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

The classification of the company's net obligation into current and non-current is as per the actuarial valuation report.

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

3.24 Exceptional items

Items of income or expense from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company are disclosed as Exceptional items in the Statement of Profit and Loss.

3.25 Earnings per share (EPS)

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential ordinary shares.

4. Explanation of transition to Ind AS

As stated in Note 3.1, the Company's financial statements for the year ended March 31, 2017 are the first annual financial statements prepared by the Company in order to comply with Ind AS. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 01, 2015 as the transition date. The transition was carried out from Previous GAAP (based on the AS framework) to Ind AS. The effect of adopting Ind AS has been summarized in the reconciliations provided below.

Ind AS 101 generally requires full retrospective application of the Standards in force at the first reporting date. However, Ind AS 101 allows certain exemptions in the application of particular Standards to prior periods in order to assist companies with the transition process.

Reconciliations The accounting policies as stated above in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2017, the financial statements for the year ending March 31, 2016 and the preparation of an opening Ind AS statement of financial position as at April 1, 2015. In preparing its opening Ind AS Balance Sheet and Statement of Profit and Loss for the year ended March 31, 2016, the Company has adjusted amounts reported in financial statements prepared in accordance with Previous GAAP

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables:

i. Reconciliation of equity:

Particulars	As at March 31, 2016	As at April 01, 2015
Equity as per previous GAAP	(8798.72)	(7166.10)
Adjustment relating to interest expense	(341.62)	(42.74)
Measurement of investment in equity instruments other than subsidiaries at fair value	1.01	0.89
Effect of change in other comprehensive income (net of deferred tax)	(4.19)	(2.72)
Equity as per Ind AS	(9143.52)	(7210.67)

ii. Reconciliation of total comprehensive income:

Particulars	As at March 31, 2016
Profit/(Loss) for the year as per Previous GAAP	(1632.62)
Actuarial loss/(gain) on defined obligation recognised in other comprehensive expenses	(4.24)
Adjustment relating to interest expense	(298.88)
Measurement of investment in equity instruments other than subsidiaries at fair value	0.13
Net Profit/(loss) recast to Ind AS for the year ended	(1935.61)
Other comprehensive income	4.24
Deferred tax relating to above	(1.47)
Total comprehensive income (comprising loss for the period after tax and other comprehensive income)	(1932.84)

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

iii. Explanation of material adjustments to Statement of Cash Flows for the year ended March 31, 2016:

The transition from Previous GAAP to Ind AS has no material impact on the Statement of Cash Flows.

iv. Exemptions availed on first time adoption of Ind AS 101:

On first time adoption of Ind AS, Ind AS 101 allows certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has availed the following exemptions:

- There being no change in the functional currency of the Company, it has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for property, plant and equipment and intangible assets on the date of transition.
- The Company has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for investment in subsidiaries on the date of transition to Ind AS.
- Fair value measurement of financial assets or liabilities at initial recognition: The Company has not applied the provision of Ind AS 109, Financial Instruments, upon the initial recognition of the financial instruments where there is no active market.
- Designation of previously recognised financial instruments: The Company does not have any financial assets or liabilities as of the transition dates which were required to be designated, and which met the required criteria given in Ind AS 101, as a financial asset or financial liability at FVPL.

v. Reconciliation of Balance Sheet

	Particulars	Balance Sheet As at March 31, 2016				Opening Balance Sheet As at April 01, 2015		
		Notes	Previous GAAP	Ind AS adjustments	Ind AS	Previous GAAP	Ind AS adjustments	Ind AS
I.	Assets							
1.	Non-current assets							
	Property, plant and equipment		1105.20		1105.20	1110.42		1110.42
	Other intangible assets		1.59		1.59	2.09		2.09
	Financial assets							
(i)	Investments	4(vi)(1)	1538.58	1.01	1539.59	1538.58	0.88	1539.46
(ii)	Trade Receivables		73.86		73.86	10.86		10.86
(iii)	Loans	-	-	-	-			
(iv)	Other financial assets	4(vi)(2)	283.35	(50.00)	233.35	50.00	(50.00)	-
	Non-current tax assets		51.45		51.45	92.19		92.19
	Other non-current assets		1.58		1.58	1.57		1.57
2.	Current assets							
	Financial assets							
(i)	Trade Receivables		2016.38		2016.38	1980.01		1980.01
(ii)	Cash and cash equivalents		20.60		20.60	21.31		21.31
(iii)	Bank balances other than (ii) above		6.26		6.26	14.84		14.84
(iv)	Other Financial Assets		11.11		11.11	11.24		11.24
	Current Tax Assets		-		-	-		-
	Other current assets		2723.48		2723.48	2834.74		2834.74
	Total assets		7833.44	(48.99)	7784.45	7667.85	(49.12)	7618.73
II.	Equity and liabilities							
	Equity							
	Equity share capital		144.01		144.01	144.01		144.01
	Other equity		(8942.74)	(344.79)	(9287.53)	(7310.10)	(44.58)	(7354.68)

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

	Particulars	Balance Sheet As at March 31, 2016				Opening Balance Sheet As at April 01, 2015		
		Notes	Previous GAAP	Ind AS adjustments	Ind AS	Previous GAAP	Ind AS adjustments	Ind AS
(i)	Liabilities							
	Non-current liabilities							
	Financial liabilities							
	Borrowings		-		-	1833.49	-	1833.49
	Provisions		12.20		12.20	13.52	-	13.52
	Deferred tax liabilities (Net)	4(vi)(3)	-	4.19	4.19	-	2.72	2.72
	Current liabilities							
	Financial liabilities							
(i)	Borrowings		411.41		411.41	5434.05		5434.05
(ii)	Trade payables	4(vi)(2)	3623.58	(50.00)	3573.58	3402.89	(50.00)	3352.89
(iii)	Other financial liabilities	4(vi)(4)	10969.15	341.61	11310.76	1962.55	42.74	2005.29
	Other current liabilities		952.44		952.44	1037.73		1037.73
	Provisions		663.39		663.39	1149.71		1149.71
	Total equity and liabilities		7833.44	(48.99)	7784.45	7667.85	(49.12)	7618.73

vi. Notes to the Reconciliations

1. Measurement of Investment in equity instruments other than Subsidiary Company at fair value through Profit or Loss. Under the previous GAAP, it is stated at cost.
2. Retention money classified as trade receivable and offset of financial liabilities with financial assets in terms of clause 42 of Ind AS 32 financial instruments presentation.
3. Recognition of deferred tax liabilities on actuarial gain/losses recognized in other comprehensive income.
4. Impact of actuarial gain/loss and finance cost pertaining to earlier year adjusted against retained earning on transition date.
5. Under previous GAAP, the Company was not required to present its assets and liabilities bifurcating between financial assets / financial liabilities and non-financial assets / non-financial liabilities. Under Ind AS, the Company is required to present its assets and liabilities bifurcating between financial assets / financial liabilities and non-financial assets / non-financial liabilities. Accordingly, the Company has classified and presented its assets and liabilities.

vii. Reconciliation of Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Notes	Previous GAAP	Ind AS adjustments	Ind AS
Income				
Revenue from operation		2053.82		2053.82
Other income	4(viii)(1)	40.32	0.13	40.45
Total Income		2094.14	0.13	2094.27
Expenses				
Cost of material/services consumed		1212.63		1212.63
Cost of material trading		603.92		603.92
Employee benefit expenses	4(viii)(2)	177.29	3.41	180.70
Finance cost	4(viii)(3)	1501.47	299.71	1801.18
Depreciation and amortization expenses		6.00		6.00
Other expenses		211.82		211.82
Total expenses		3713.13	303.12	4016.25
Profit/(loss) before exceptional items and tax		(1618.99)	(302.99)	(1921.98)
Exceptional items		-		-
Profit/(loss) before tax		(1618.99)	(302.99)	(1921.98)
Tax expenses				
Current Tax		13.63	-	13.63
Profit/(loss) for the year (A)		(1632.62)	(302.99)	(1935.61)

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Particulars	Notes	Previous GAAP	Ind AS adjustments	Ind AS
Other comprehensive income	4(viii)(4)			
Items that will not be reclassified to profit or loss		-	4.24	4.24
Income tax relating to items that will not be reclassified to profit or loss	4(viii)(2)	-	(1.47)	(1.47)
Other comprehensive income for the year (B)			2.77	2.77
Total comprehensive income for the year (A+B)		(1632.62)	(300.22)	(1932.84)

viii. Notes to the Reconciliations

1. Measurement of Investment in equity instruments other than Subsidiary Company at fair value through Profit or Loss. Under the previous GAAP, it is stated at cost.
2. Under Previous GAAP, the actuarial gain/(loss) of defined benefit plans had been recognized in Statement of Profit and Loss as an employee benefit expenses. Under Ind AS, the remeasurement gain/(loss) on net defined benefit plans is recognized in Other Comprehensive Income net of tax.
3. Provision for finance cost pertaining to financial year 2015-2016 not earlier recognized pending reconciliation.
4. Under the previous GAAP, the Company has not presented OCI separately. Hence, it has reconciled previous GAAP profit or loss to profit or loss as per Ind AS. Further, previous GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

5. Statement of property, plant and equipment and intangible assets as at March 31, 2017

Particulars	Property Plant and Equipment								Intangible assets	
	Land Buildings (Free hold)	Plant and machinery	Vehicles	Furniture and fixtures	Office equipments	Computers	Total		Software	Total
Gross carrying value as at April 01, 2015	1,047.19	42.49	2.29	3.80	11.89	1.17	1.59	1,110.42	2.09	2.09
Additions	-	-	-	0.01	0.20	0.06	0.01	0.28	-	-
Disposals	-	-	-	1.35	-	-	-	1.35	-	-
Gross carrying value as at March 31, 2016	1,047.19	42.49	2.29	2.46	12.09	1.23	1.60	1,109.35	2.09	2.09
Additions	-	-	-	-	0.05	0.35	0.24	0.63	-	-
Disposals	-	-	-	0.59	-	-	-	0.59	-	-
Gross carrying value as at March 31, 2017	1,047.19	42.49	2.29	1.88	12.14	1.58	1.84	1,109.39	2.09	2.09
Accumulated depreciation as at April 01, 2015	-	-	-	-	-	-	-	-	-	-
Depreciation	-	0.86	0.35	0.49	3.01	0.42	0.37	5.50	0.50	0.50
Accumulated depreciation on disposals	-	-	-	1.35	-	-	-	1.35	-	-
Accumulated depreciation as at March 31, 2016	-	0.86	0.35	(0.86)	3.01	0.42	0.37	4.15	0.50	0.50
Depreciation	-	0.85	0.35	0.49	2.34	0.30	0.16	4.49	0.41	0.41
Written back	-	-	-	-	-	-	-	-	-	-
Depreciation charged to capital work in progress	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation on disposals	-	-	-	0.59	-	-	-	0.59	-	-
Accumulated depreciation as at March 31, 2017	-	1.71	0.70	(0.96)	5.35	0.72	0.53	8.06	0.91	0.91
Carrying value as at April 01, 2015	1,047.19	42.49	2.29	3.80	11.89	1.17	1.59	1,110.42	2.09	2.09
Carrying value as at March 31, 2016	1,047.19	41.63	1.94	3.32	9.08	0.81	1.23	1,105.20	1.59	1.59
Carrying value as at March 31, 2017	1,047.19	40.78	1.59	2.83	6.78	0.86	1.31	1,101.34	1.18	1.18

Buildings include company owned residential flats of the book value of ₹8.85 million (previous year ₹8.85 million) including face value of shares held in Co-operative housing societies of ₹0.01 million in respect of which documents lodged with the Registrar of properties for registration are yet to be received back.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
6	NON CURRENT INVESTMENTS				
	(Refer note. 40 and 58)				
	Unquoted				
1	Investments valued at deemed cost, fully paid up				
	(a) Investment in Equity Shares				
	(i) In subsidiary companies in India				
	HDO Technologiess Limited	1287500	₹10	1,538.00	1,538.00
	DavyMarkham India Private Limited	10000	₹10	0.10	0.10
			1,538.10	1,538.10	1,538.10
	(ii) In subsidiary companies outside India				
	HDO (UK) Limited	1008000	GBP 1	73.51	73.51
	HDO Zambia Limited	50000	ZMK 1	0.05	0.05
	Less : Provision for impairment in the value of investments		(73.51)	(73.51)	(73.51)
			0.05	0.05	0.05
	Quoted				
2	Investment in equity shares in others carried at fair value through Profit and Loss, fully paid up				
	Voltas Limited	500	₹1	0.21	0.14
	Ion Exchange (I) Limited	50	₹10	0.02	0.01
	Gujarat State Petronet Limited	8983	₹10	1.44	1.11
	Gitanjali Gems Limited	884	₹10	0.06	0.04
	Triveni Engineering & Industries Limited*	66	₹10	0.01	0.00
			1.74	1.43	1.30
	* The value of investment in equity shares of Triveni Engineering & Industries Limited as at March 31, 2016 and March 31, 2015 is ₹3,336 and ₹1,214 respectively.				
	Unquoted				
3	Investment in equity shares in others				
	Western Bio Systems Ltd.*	10	₹10	0.00	0.00
	Jord Engineers India Ltd.*	100	₹10	0.00	0.00
	Western India Industries*	50	₹10	0.00	0.00
	Western Paques (I) Limited	100	₹10	0.01	0.01
			0.02	0.02	0.02
	Less : Provision for impairment in the value of investments		(0.02)	(0.02)	(0.02)
			-	-	-
	* The value of investment in equity shares of Western Bio Systems Ltd., Jord Engineers India Ltd. and Western India Industries is ₹100, ₹3,290 and ₹ 2,975 respectively as at March 31, 2017, March 31, 2016 and March 31, 2015.				
4	Investment in Others				
	National Saving Certificate*		-	0.01	0.01
			-	0.01	0.01
	Total		1539.89	1539.59	1539.46
	* written off during the year				
	Aggregate amount of quoted investments		1.74	1.43	1.30
	Market value of quoted investments		1.74	1.43	1.30
	Aggregate amount of unquoted investments		1,538.12	1,538.12	1,538.12
	Aggregate amount of impairment in value of Investments		73.53	73.53	73.53

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
7	TRADE RECEIVABLE			
	Non current financial assets			
	(Refer note. 41, 42 and 47)			
	(unsecured, considered good, unless otherwise stated)			
	Trade Receivables (including retention money)			
	(i) Considered good	-	73.86	10.86
	(ii) Considered doubtful	657.58	474.71	474.71
		657.58	548.57	485.57
	Less: Allowance for expected credit loss	(657.58)	(474.71)	(474.71)
	Total	-	73.86	10.86
	The movement in allowance for bad and doubtful debts:			
	Balance as at beginning of the year	474.71	474.71	-
	Allowance for expected credit loss during the year*	182.87	-	474.71
	Trade receivables written off during the year	-	-	-
	Balance as at end of the year	657.58	474.71	474.71
	*net of recovery of bad and doubtful debts			
8	LOANS			
	Non current financial assets			
	(Refer note. 58)			
	(Unsecured, considered good, unless otherwise stated)			
	Interest Free Loan to Foreign Subsidiary			
	(i) Considered good	-	-	-
	(ii) Considered Doubtful	1,422.37	1,422.37	1,422.37
		1,422.37	1,422.37	1,422.37
	Less: Allowance for doubtful loans and advances	(1,422.37)	(1,422.37)	(1,422.37)
	Total	-	-	-
9	OTHER FINANCIAL ASSETS			
	Non current financial assets			
	(Refer note. 47)			
	(unsecured, considered good, unless otherwise stated)			
	Recoverable from Clients			
	(i) Considered good*	-	233.35	-
	(ii) Considered Doubtful	-	90.12	85.25
		-	323.47	85.25
	Less: Allowance for doubtful recoverable	-	(90.12)	(85.25)
	Total	-	233.35	-
	*Represent amount of bank guarantees encashed by the clients due to delay in execution of the orders.			
	*Recoverable amount from clients written off/adjusted during the year.			
	The movement in allowance for bad and doubtful debts:			
	Balance as at beginning of the year	90.12	85.25	-
	Allowance for expected credit loss during the year*	-	4.87	85.25
	Recoverable from Clients written off during the year	(90.12)	-	-
	Balance as at end of the year	-	90.12	85.25
	*net of recovery of bad and doubtful debts			

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
10 NON CURRENT TAX ASSETS (Refer note. 56)				
	Income Tax Assets	39.93	51.45	92.19
	Total	39.93	51.45	92.19
11 OTHER NON CURRENT ASSETS (unsecured, considered good, unless otherwise stated)				
	Loans and Advances other than Capital Advances			
	Security Deposit	1.97	1.58	1.57
	Total	1.97	1.58	1.57
12 TRADE RECEIVABLES				
Current financial assets (Refer note. 41, 42 and 47) (unsecured, considered good, unless otherwise stated)				
	Considered good	712.06	2,016.38	1,980.01
	Considered doubtful	277.91	1,184.25	1,154.17
		989.97	3,200.63	3,134.18
	Less: Allowance for expected credit loss	(277.91)	(1,184.25)	(1,154.17)
	Total	712.06	2,016.38	1,980.01
	The movement in allowance for bad and doubtful debts:			
	Balance as at beginning of the year	1,184.25	1,154.17	-
	Allowance for expected credit loss during the year*	-	30.08	1,154.17
	Trade receivables written off during the year	(906.34)	-	-
	Balance as at end of the year	277.91	1,184.25	1,154.17
	*net of recovery of bad and doubtful debts			
13 CASH AND CASH EQUIVALENTS				
Current financial assets (Refer note. 42)				
	Balances with banks			
	In Current Accounts	4.81	16.97	18.65
	Cash on hand	2.54	3.63	2.66
		7.35	20.60	21.31
14 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS				
Current financial assets				
	Earmarked balances with banks			
	Unpaid Dividend**	0.64	0.82	0.92
	Term Deposits with maturity more than three months but less than 12 months *	7.07	5.44	13.92
	Total	7.71	6.26	14.84

* Pledged as securities or earmarked for issue of letter of credit /bank guarantees.

** Unpaid dividend account represent cash and cash equivalent deposited in unpaid dividend account and are not available for use by the company other than for specific purpose.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
15 OTHER FINANCIAL ASSETS				
	Current financial assets			
	(Refer note. 58)			
	Unsecured considered good unless stated otherwise			
	Loan and advances			
	To Directors	10.12	10.12	10.48
	Interest on Term Deposit with Banks	0.14	0.99	0.76
	Total	10.26	11.11	11.24
16 CURRENT TAX ASSETS (NET)				
	(Refer note. 56)			
	Income Tax Refundable	53.11	-	-
	Total	53.11	-	-
17 OTHER CURRENT ASSETS				
	(Refer note. 45, 47 and 61)			
	Withholding taxes			
	Considered Good	121.31	189.07	201.79
	Doubtful	55.81	55.81	54.07
		177.12	244.88	255.86
	Less: Allowance for doubtful withholding taxes	(55.81)	(55.81)	(54.07)
		121.31	189.07	201.79
	Advance payments to vendors for supply of goods	217.20	708.16	775.79
	Other Receivables			
	Unbilled Revenue	237.11	1,770.96	1,791.03
	Security Deposit	15.93	38.26	39.94
	Prepaid expenses	2.88	17.03	26.19
	Total	594.43	2,723.48	2,834.74
	The movement in allowance for withholding taxes:			
	Balance as at beginning of the year	55.81	54.07	-
	Allowance for expected credit loss during the year	-	1.74	54.07
	Refund/credit written off during the year	-	-	-
	Balance as at end of the year	55.81	55.81	54.07

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
18 EQUITY SHARE CAPITAL				
	AUTHORISED			
	100000000 (March 31, 2016: 100000000 and April 01, 2015: 100000000) Equity Shares of ₹2/- each	200.00	200.00	200.00
	Total	200.00	200.00	200.00
	ISSUED, SUBSCRIBED AND PAID UP			
	Equity			
	72005808 ((March 31, 2016: 72005808 and April 01, 2015: 72005808)) Equity Shares of ₹2/- each	144.01	144.01	144.01
	Total	144.01	144.01	144.01

- a) Reconciliation of equity shares outstanding at the beginning and end of the reporting period.

Equity Shares	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Nos.	₹	Nos.	₹	Nos.	₹
Balance at the beginning of the year	72,005,808	144.01	72,005,808	144.01	72,005,808	144.01
Issued during the year	-	-	-	-	-	-
Balance at the end of the year	72,005,808	144.01	72,005,808	144.01	72,005,808	144.01

- b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of ₹2 per share. Each shareholder is entitled to one vote per share. In the event of liquidation of the Company, after distribution of all preferential amounts, the distribution will be in proportion to the number of equity shares held by the shareholders.

- c) Details of shareholders holding more than 5 percent shares in the Company

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Nos.	Percentage of holding	Nos.	Percentage of holding	Nos.	Percentage of holding
IVRCL Limited, the holding company	39,804,430	55.28	39,804,430	55.28	39,804,430	55.28

- (d) Equity shares held by holding Company:

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number	Amount	Number	Amount	Number	Amount
Number of equity shares at the beginning and end of the year	39,804,430	79.61	39,804,430	79.61	39,804,430	79.61

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
19 OTHER EQUITY				
	Securities Premium Reserve	222.34	222.34	222.34
	General Reserve	972.49	972.49	972.49
	Retained Earnings	(15,214.25)	(10,490.27)	(8,554.65)
	Other Comprehensive Income			
	Remeasurement of defined benefit plans	6.80	7.91	5.14
	Total	(14,012.62)	(9,287.53)	(7,354.68)

(Refer Statement of Changes in Equity)

Nature and purpose of reserves

- Securities premium reserve: The amount of difference between the issue price and the face value of the shares is recognized in Securities premium reserve.
- General reserve: General reserve is the accumulation of the portions of the net profits transferred by the Company in the past years pursuant to the earlier provisions of the Companies Act. 1956.
- Retained earnings: Retained earnings comprise of the profits of the Company earned till date net of distributions and other adjustments
- Other Comprehensive Income: The Company has recognized remeasurement gains/ (loss) on defined benefit plans in OCI. These changes are accumulated within the OCI reserve within other equity.

20 BORROWINGS

Non current financial liabilities

(Refer note. 36, 38, 43, 44 and 63)

Secured

Working Capital Term Loans from Banks (WCTL)

Funded Interest Term Loan from Bank (FITL)

External Commercial Borrowings (ECB)

Total

-	-	1,512.00
-	-	321.49
-	-	1,833.49

20.1 Refer note. 25 for security, interest rate and terms of repayment of Borrowing

21 PROVISIONS

(Refer note. 55)

For Employee Benefits

Total

16.90	12.20	13.52
16.90	12.20	13.52

22 DEFERRED TAX LIABILITIES (NET)

(Refer note. 57)

Deferred Tax Liabilities on account of Employee benefits

Total

3.60	4.19	2.72
3.60	4.19	2.72

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
23 BORROWINGS				
	Current financial liabilities (Refer note. 36, 38, 43, 44, 58 and 63)			
	Secured			
	Working Capital Loan/Cash Credit From Bank (WCL/CC)	-	408.13	5434.04
	Unsecured, interest free and repayable on demand			
	Loan from Director	5.86	3.28	0.01
	Total	5.86	411.41	5,434.05
23.1	Refer note. 25 for security, interest rate and terms of repayment of Borrowing			
24 TRADE PAYABLES				
	Current financial liabilities (Refer note. 38, 46, 47, 48 and 58)			
	Total outstanding dues of Micro Enterprises and Small Enterprises	19.93	19.93	18.70
	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises*	2,196.87	3,553.65	3,334.19
	Total	2,216.80	3,573.58	3,352.89
24.1	Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract.			
	* The above trade payables includes related parties in the following manner:			
	Year 2017, 2016 and 2015 ₹ 275.39, 242.63 and 82.95 million respectively			
25 OTHER CURRENT FINANCIAL LIABILITIES				
	Current financial liabilities (Refer note. 36, 38, 43, 44, 58 and 63)			
	Current Maturity of long term debt	-	1,243.74	1,188.23
	Liabilities towards borrowings and interest thereon	14,089.98	9,389.49	-
	Interest accrued but not due on borrowings	-	16.44	15.47
	Interest accrued and due on borrowings	-	276.36	506.40
	Advance from holding company	150.00	150.00	150.00
	Unclaimed Dividends	0.64	0.82	0.92
	Interest Others	197.81	75.91	25.64
	Others			
	Accrued salaries and benefits	213.71	145.97	111.01
	Other payables	6.00	12.03	7.62
	Total	14,658.14	11,310.76	2,005.29

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

25.1 There are no amount due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act 2013 as at March 31, 2017, March 31, 2016 and April 01, 2015.

25.2 The total borrowings of the company alongwith the interest thereon has been presented in other current liabilities due to the reasons as stated in Note 36.

25.3 Nature of Security

Consortium of Bank of India and Andhra Bank

Working capital loan from banks are secured by hypothecation of entire stocks, book debts, outstanding money receivable, claims and bills (both present and future). Collateral security is pari pasu charge on fixed assets owned by wholly owned subsidiary company situated at Vatva, Ahmedabad (Gujarat), residual charge over building at Andheri, Mumbai and flats situated in Mumbai and flat owned by wholly owned subsidiary company situated at Vatva, Ahmedabad (Gujarat). The facility is further secured by corporate guarantee of the ultimate holding company (IVRCL Limited) and HDO Technologiess Limited (subsidiary company) and pledge of 29.38 percent shares of the company held by IVRCL Limited (holding company). The facility carries interest @12.75 percent p.a.

ICICI Bank

Working capital loan from banks are secured by first and exclusive charge on all the current assets (including receivables) and movable fixed assets related to OPaL project and second pari passu charge on factory land and building owned by wholly owned subsidiary company situated at Vatva, Ahmedabad (Gujarat), and building at Andheri, Mumbai and flats situated in Mumbai and flat owned by wholly owned subsidiary company situated at Vatva, Ahmedabad (Gujarat). In addition to the above, the facility to be secured by First and exclusive charge on all the current assets (including receivables) and movable fixed assets related to the ONGC Hazira Project and NPPL project. The facility carries interest @ 13 percent p.a.

Standard Chartered Bank

External commercial borrowings is secured by first charge over the land and building situated at Mumbai (the company's corporate office) along with other assets of the company with current value not less than 1.25x of the facility amount. Borrowing is further secured by first charge over the existing fixed assets and current assets of DavyMarkham Limited, UK.

25.4 Terms of repayment of loan

- a. External commercial borrowings:- Repayable in sixteen equal quarterly installments with the first installment due on April 17, 2013 (i.e. at the end of fifteenth month from the date of disbursement) and ending on January 17, 2017, three months USD LIBOR as prevailing at the start of every interest period plus margin (300 bps) payable in arrears at the end of every interest period net of withholding tax or deductions, if any.
- b. Working capital term loan:- Repayable in twenty four quarterly installments after moratorium period, of nine months (in case of Andhra Bank) and twelve months (in case of Bank of India), commencing from April 01, 2013 (in case of Andhra Bank) and December 31, 2012 (in case of Bank of India), with the first installment due on March 2014 and ending on December 2019.
- c. Funded interest term loan:- Repayable in ten equal quarterly installments after moratorium period, of nine months (in case of Andhra Bank) and twelve months (in case of Bank of India), commencing from April 01, 2013 (in case of Andhra Bank) and December 31, 2012 (in case of Bank of India), with the first installment due on March 2014 and ending on June 2016.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

25.5 Default in repayment of dues to banks

Name of the Bank	Type of Loan	Amount of default	Period of default in days	As at March 31, 2017
Principle Amount				
Bank of India	Cash Credit	0.73-2352.73	595-1	
Bank of India	Working Capital Term Loan	0.04-170.64	599-50	
Bank of India	Funded Interest Term Loan	7.17-49.77	507-50	
Andhra Bank	Working Capital Term Loan	5.84-17.51	245-60	
Andhra Bank	Cash Credit	0.005-1603.45	394-1	
Interest default on above borrowings				
Bank of India	Cash Credit	31.73-707.69	446-19	
Bank of India	Working Capital Term Loan	14.38-413.21	569-19	
Bank of India	Funded Interest Term Loan	0.56-17.53	507-19	
Andhra Bank	Working Capital Term Loan	2.32-17.21	260-77	
Default from the date of demand notice under SARFAESI Act, 2002				
Principle Amount				
Bank of India	Cash Credit	3392.73-3593.08	1-408	3,593.08
Bank of India	Working Capital Term Loan	1,505.44	408	1,505.44
Bank of India	Funded Interest Term Loan	66.77	408	66.77
Andhra Bank	Working Capital Term Loan	268.55	397	268.55
Andhra Bank	Cash Credit	2267.41-3450.94	1-397	3450.94
Interest default on above borrowings				
Bank of India	Cash Credit	707.69-1640.41	408-1	1640.41
Bank of India	Working Capital Term Loan	413.21-838.37	408-1	838.37
Bank of India	Funded Interest Term Loan	17.53-38.2	408-1	38.2
Andhra Bank	Working Capital Term Loan	17.21-59.15	397-1	59.15
Andhra Bank	Cash Credit	049-117.33	397-1	117.33
Other Borrowings				
Principle Amount				
Standard Chartered Bank	External Commercial Borrowings	81.05-1215.72	1445-74	1215.72
ICICI Bank	Cash Credit	0.17-16.43	397-1	416.43
ICICI Bank	LC Devolvement	1.25-412.32	183-1	412.32
Interest default on above borrowings				
Standard Chartered Bank	Term Loan	19.07-409.12	1339-15	409.12
ICICI Bank	Cash Credit and LC Devolvement	0.48-58.16	256-1	58.16

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
26	OTHER CURRENT LIABILITIES (Refer note. 38, 46 and 47)			
	Statutory dues payable	107.12	262.15	204.02
	Advances from Customers	426.30	669.99	813.41
	Security deposits	20.30	20.30	20.30
	Total	553.72	952.44	1,037.73
27	PROVISIONS (Refer note. 55)			
	For Employee Benefits	4.89	5.74	7.05
	For foreseeable losses*	477.93	657.65	1,142.66
	Total	482.82	663.39	1,149.71

*The company has adequately recognized expected losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

Note	Particulars	For the year ended March 31,2017	For the year ended March 31,2016
28	REVENUE FROM OPERATIONS		
	Sale of Seivces (EPC)	867.05	1,443.78
	Sale of Products	-	605.01
	Other operating revenue	3.51	5.03
	Total	870.56	2,053.82
29	OTHER INCOME		
	Interest received on deposits with banks	0.50	0.64
	Interest received from others	50.21	3.73
	Dividend received on investment*	0.00	0.01
	Rent received	33.88	34.20
	Miscellaneous income	0.07	0.63
	Gain on exchange	0.03	1.11
	Profit on Sale of property, plant and equipment	0.16	-
	Gain/(Loss) on fair valuation of investment in equity instrument	0.31	0.13
	Total	85.16	40.45
	* Dividend received on investment during the year ended March 31, 2017 is ₹ 3,942.		
30	COST OF MATERIAL/SERVICES CONSUMED		
	Systems, equipments, spares and materials Consumed	551.18	427.62
	Service works bills	175.78	785.01
	Total	726.96	1212.63
31	EMPLOYEES BENEFITS EXPENSES (Refer note. 55)		
	Salaries,wages and other benefits	141.34	163.22
	Contribution to provident and other funds	7.81	12.69
	Managerial remuneration	-	1.39
	Employee's welfare expenses	2.91	3.40
	Total	152.06	180.70

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
32	FINANCE COST		
	Interest on borrowings*	2,022.85	1,609.19
	Other Borrowing Cost	112.33	191.99
	Total	2,135.18	1,801.18
	* Interest on borrowings includes foreign exchange gain of ₹ 28.08 million for the year ended March 31, 2017 and foreign exchange loss of ₹70.16 million for the year ended March 31, 2016.		
33	DEPRECIATION AND AMORTIZATION EXPENSES		
	Depreciation of Tangible assets	4.49	5.50
	Amortization of Intangible assets	0.41	0.50
	Total	4.90	6.00

Note	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
34	OTHER EXPENSES		
	Communication	2.67	3.52
	Repairs to:		
	Building	2.04	1.94
	Other	2.81	1.96
	Insurance	3.51	3.80
	Rates and taxes	9.63	2.16
	Travelling and Conveyance	13.54	16.51
	Auditor's remuneration		
	Audit fees	1.80	1.80
	Limited review fees	0.45	0.45
	Tax audit fees	0.20	0.20
	Reimbursement of expenses	0.17	0.12
		2.62	2.57
	Legal and professional charges	42.85	33.06
	Miscellaneous expenses	14.63	22.05
	Provision for doubtful debts	906.34	
	Less: Trade Receivables written off	(906.34)	34.94
	Provision for advances	90.12	
	Less: Advances written off during the year	(90.12)	1.73
	Provision for foreseeable losses	-	21.20
	Rent	6.42	8.53
	Director's sitting fees	0.41	0.38
	Advertisement	-	0.08
	Donations	-	0.01
	Wealth tax	-	0.70
	Printing and stationery	1.19	1.42
	Tender fees	-	0.02
	Indirect Taxes	26.48	55.22
	Bad debts written off	67.89	0.02
	Total	196.69	211.82

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

35. Contingent liabilities and commitments (to the extent not provided for)

a. Contingent liabilities

S. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
I	Claims against the Company not acknowledged as debt	430.03	87.75	83.87
II	Guarantees			
a)	Corporate Guarantees			
i)	Contractee/Clients	331.53	331.53	331.53
ii)	Holding Company (IVRCL Limited) (Refer Note-43)	58135.77	68359.36	61700.21
iii)	Subsidiary Company (HDO Technologiss Limited)	2309.85	2031.74	1843.59
b)	Bank Guarantees	2593.46	3520.94	3942.55
III	Other money for which the Company is contingently liable			
	*Income-tax matters	2.56	17.92	16.65
	*Sales-tax / WCT / VAT matters	1190.41	763.64	833.41
	*Excise/Service Tax matters	213.60	213.60	213.60
	*Customs duty matters	0.08	0.08	0.08

- a) (ii) Corporate guarantee to holding company was provided in earlier year (i.e. February 24, 2015) that could not be disclosed in earlier years financial statements inadvertently. The company was required to obtain no objection certificate in respect of such guarantees from the lenders of the company which is yet to be obtained. The same has been disclosed in the current year's financial statement including in all financial years presented.
- a) (iii) Corporate guarantee to the lenders of the subsidiary company include corporate guarantee provided to Andhra Bank (The Lender) that has been invoked by the lender during earlier year. Management was not aware of such invocation until the same was communicated by the lender to RP vide their claim letter dated March 01, 2016.

* Excluding interest / penalty as may be determined / levied on the conclusion of the matters.

b. Commitments

There are no amounts of contracts which are remaining to be executed on capital account and not provided for. Commitments on account of letter of credit as at March 31, 2017 is Nil (March 31, 2016: ₹ 393.96 million and March 31, 2015: ₹ 1,182.90 million)

c. Impact of pending legal cases

The company is party to several cases with clients as well as contractors, pending before various forums /courts/ arbitration proceedings. It is not possible to make a fair assessment of the likely financial impact of these pending disputes/litigations until the cases are decided by the appropriate authorities.

36. During the earlier year/s, creditors had initiated winding up petitions against the Company under the Companies Act 1956 in respect of their outstanding trade payable. 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. Subsequent to the year end, 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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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.

37. The accumulated losses of the Company as at March 31, 2017 amounting to ₹15,214.25 million have exceeded its net worth. Further, the Company's current liabilities exceed current assets. The Company has obligations towards borrowings aggregating to ₹16,683.44 million 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 36 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 Resolution plan is under formulation and yet to be presented for approval of COC. Above matters indicate the existence of a material uncertainty that may 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 statement does not include any adjustment in this respect.
38. Resolution Professional has received various claims, submitted by the financial creditors, operational creditors, workmen or employee and authorized representative of workmen and employees of the Company pursuant to the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation 2016 that are currently under consideration/reconciliation.
39. During the earlier year, lenders of the Indian Subsidiary HDO Technologiess 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 ₹2,309.85 million including non-fund based uninvoked bank guarantees aggregating to ₹34.76 million. As set out in Note 36 above, the Hon'ble NCLT has granted moratorium in respect such proceedings. No provision has been made in the accounts for such possible loss.
40. The Company has investments in its one of the Indian subsidiary (HDO Technologiess Limited) having book value aggregating to ₹1,538.00 million as at March 31, 2017. The said subsidiary is incurring losses and its net worth has been eroded. Subsequent to the year end, 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 has been made in books of account in respect such investment.
41. In respect of trade receivable aggregating to ₹283.12 million 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.
42. External confirmations of the balances are not available in respect of trade receivables (includes retention money), trade payables, mobilization advances and certain bank balances aggregating to ₹1.99 million. Further, the company is yet to assess loss allowance/expected credit loss on such trade receivables and no provision has been made in respect of such assets.
43. 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 ₹58,135.77 million. Further, the company has also issued corporate guarantees to certain contractee/ clients for project works aggregating to ₹331.53 million. 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.
44. The lenders, on behalf of the company, have extended certain financial guarantees aggregating to ₹ 2,593.46 million 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 36. 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.
45. The company has various input credits and balance with various statutory authorities pertaining to service tax, VAT, sales tax etc aggregating to ₹121.31 million. 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 statement in respect of such amounts.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

46. During the year, the company has written back various liabilities such as trade payables, provisions and advance received from customers aggregating to ₹1,076.45 million 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.
47. Exceptional items amounting to ₹2,463.17 million includes write off of Trade receivables, Unbilled revenue and other advances of ₹3,539.62 million and write back of certain liabilities as given above in Note 46. The details are as follows:

Particulars	Amount ₹
Trade Receivables	1,259.87
Unbilled Revenue	1,259.34
Advances to Vendors	296.99
Advances relating to BG Encashment and Others	723.42
Trade Payables (Including GR/IR Liability)	(837.70)
Service Tax Liability	(192.08)
Advances from Customers	(46.67)
Total	2,463.17

48. Dues to micro and small enterprises under the **Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)** information relating to Micro and Small Enterprises have been determined based on the information available with the Company. The required details are given below:

S. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a)	Principal amount remaining unpaid	19.93	19.93	18.70
(b)	Interest accrued and due to suppliers under MSMED on the above amount	85.83	26.09	19.60
(c)	Interest paid by the Company in terms of Section 16 of MSMED Act, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year.	-	-	-
(d)	Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-	-
(e)	Interest accrued and remaining unpaid.	85.83	26.09	19.60
(f)	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	85.83	26.09	19.60

The interest on MSMED has been provided on the basis of available information with the management. Such adjustments, in the opinion of the management, are not likely to be material and will be carried out as and when ascertained.

49. Earnings per share (EPS)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit/ (Loss) for the period (before OCI)	(4723.98)	(1935.61)
Weighted average number of equity shares	72,005,808	72,005,808
Diluted average number of equity shares	72,005,808	72,005,808
Basic Earning per Share (₹)	(65.61)	(26.88)
Diluted Earning per Share (₹)	(65.61)	(26.88)
Face Value of each Share (₹)	2/-	2/-

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

50. Value of imports on C.I.F. basis

Particulars	March 31, 2017	March 31, 2016
Cost of systems, equipment's, components and spares	-	23.31
Total	-	23.31

51. Expenditure in foreign currency on account of (on payment basis)

Particulars	March 31, 2017	March 31, 2016
Foreign Travel	0.25	0.02
Professional fees / Knowhow	-	42.58
Total	0.25	42.60

52. Earnings in foreign exchange

Particulars	March 31, 2017	March 31, 2016
Sale of Equipment (including components and spares) on FOB basis	-	-
Bad debts recovered	-	-
Total	-	-

53. Value of components used for supply of systems and services

Particulars	March 31, 2017		March 31, 2016	
	Percentage	₹	Percentage	₹
Imported	-	-	8.03	34.34
Indigenous	100.00	551.18	91.97	393.28
Total	100.00	551.18	100.00	427.62

In view of the large number and heterogeneous types of spares, accessories and components, it has not been considered necessary to furnish separately the respective quantitative information.

54. Details of Specified Bank Notes (SBN) as defined in the MCA notification G.S.R. 308 (E) dated March 31, 2017 held and transacted during the period November 08, 2016 to December 30, 2016 are under:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	-	2.76	2.76
(+) Permitted receipts	-	2.81	2.81
(-) Permitted payments	-	3.22	3.22
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	-	2.35	2.35

55. Details of Employees Benefits as required by the Ind AS 12 "Employee Benefits" are given below:-

a) Defined Contribution Plans:

During the year, the company has recognized the following amounts in the statement of profit and loss (included in contribution to provident and other funds)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Contribution to provident fund	4.10	5.22
Contribution to employees' state insurance	-	-

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

b) Defined Benefit Plan:

Reconciliation of opening and closing balances of defined benefit obligation

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Gratuity	Gratuity
Defined Benefits obligation at the beginning of the year	15.72	17.91
Current Service Cost	2.00	2.42
Interest Cost	1.27	1.43
Actuarial (gain)/loss	1.18	(4.20)
Benefit paid	(3.22)	(1.84)
Defined Benefit obligation at the year end	16.95	15.72
Reconciliation of fair value of assets and obligations		
Present value of obligation at year end	16.95	15.72
Fair Value of Plan Assets at the end of the period	(3.11)	(6.33)
Funded status (Surplus/(Deficit))	13.84	9.39
Amount recognized in Balance Sheet	13.84	9.39
Expenses recognized during the year		
Current Service Cost	2.00	2.41
Interest Cost	0.76	0.83
Total Cost recognized in the Profit and Loss A/c	2.76	3.24
Remeasurement (gains)/losses recognized in OCI		
Actuarial changes arising from changes in financial assumptions	0.82	(0.11)
Experience adjustments	0.37	(4.10)
Return on Plan Assets, excluding Interest Income	0.51	(0.03)
Total Cost recognized in the OCI	1.70	(4.24)
Actuarial assumption		
Mortality Table	IALM	IALM
(Ultimate)	2006-2008	2006-2008
	(Ultimate)	(Ultimate)
Discount rate (per annum)	7.29%	8.06%
Rate of escalation in salary (per annum)	5.50%	5.50%

The estimate of rate of escalation is salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.

c) Qualities sensitivity analysis for significant assumptions is as below:

Particulars	As at March 31, 2017	As at March 31, 2016
1 Percent Increase		
(i) Discount Rate	(1.04)	(0.98)
(ii) Salary Escalation Rate	1.20	1.14
(iii) Employee Turnover	0.13	0.18
1 Percent Decrease		
(i) Discount Rate	1.19	1.12
(ii) Salary Escalation Rate	(1.07)	(1.02)
(iii) Employee Turnover	(0.15)	(0.21)

d) Maturity Analysis of defined benefit obligation

Particulars	As at March 31, 2017	As at March 31, 2016
Within the next 12 Months	2.71	2.26
Between 2 and 5 years	4.37	4.91
Between 6 and 10 years	9.87	14.74

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

56. Income tax expense:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a. Components of Income Tax Expense		
Current Tax		
Current year		
Earlier year	0.74	13.63
Deferred tax charge/(credit)		
Current year	-	-
Earlier year	-	-
Income tax expense for the year recognised in the Statement of Profit and Loss	0.74	13.63

b. Reconciliation of Income tax expense to the accounting profit for the year

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit/(Loss) before tax	(4723.24)	(1921.98)
Income tax expense		
Effect of income exempt from income tax	-	-
Property, plant and equipment – Depreciation	-	-
Effect of temporary differences	-	-
Others	-	-
Income tax expense for the year	-	-
Income Tax Expense recognized in the Statement of Profit and Loss	0.74	13.63

c. Tax Assets and Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current tax assets (net)	53.11	-	-
Non-current tax assets (net)	39.93	51.45	92.19

57. Movement in Deferred Tax Assets and Liabilities

Particulars	Year ended March 31, 2017				Year ended March 31, 2016			
	As at April 01, 2016	Credit / (charge) in Statement of Profit and Loss	Credit/ (charge) in OCI	As at March 31, 2017	As at April 01, 2015	Credit / (charge) in Statement of Profit and Loss	Credit/ (charge) in OCI	As at March 31, 2016
Provision for employee benefits	(4.19)		0.59	(3.60)	(2.72)	-	(1.47)	(4.19)
Provision for doubtful debts and advances								
Depreciation-Property, plant and equipment								
Deferred tax assets/(liabilities)	(4.19)		0.59	(3.60)	(2.72)		(1.47)	(4.19)

58. Related party disclosure as required by Ind AS 24 issued by Ministry of Corporate Affairs (MCA) are as under :-

58. 1 List of related parties

A. Holding Company

IVRCL Limited

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

B. Wholly Owned Subsidiary Companies – (The ownership, directly or indirectly through subsidiaries)

Name of the Company

HDO Technologiess Limited
HDO (UK) Limited
DavyMarkham India Private Limited
HDO Zambia Limited

C. Fellow Subsidiaries

S. No.	Name of Subsidiaries	S. No.	Name of Subsidiaries
1	IVRCL PSC Pipes Private Limited	43	IVR Prime Developers (Erode) Private Limited
2	IVR Enviro Projects Private Limited	44	IVR Prime Developers (Guntur) Private Limited
3	Chennai Water Desalination Limited	45	IVR Prime Developers (Araku) Private Limited
4	Salem Tollways Limited	46	Absorption Aircon Engineer Private Limited
5	Kumarapalyam Tollways Limited	47	IVR Vaanaprastha Private Limited
6	IVRCL Steel Construction & Services Limited	48	IVR PUDL Resorts & Clubs Private Limited
7	Jalandhar Amritsar Tollways Limited	49	IVRCL Solar Energy Private Limited
8	IVRCL Indore Gujarat Tollways Limited	50	IVR Prime Developers (Amalapuram) Private Limited
9	IVRCL Chengapalli Tollways Limited	51	IVR Prime Developers (Red Hills) Private Limited
10	IVRCL Patalaganga Truck Terminals Pvt. Limited	52	IVR Prime Developers (Tuni) Private Limited
11	IVRCL Goa Tollways Limited1	53	IVR Prime Developers (Bobbilli) Private Limited
12	IVRCL-Cadagua Hogenakkal Water Treatment Company Private Limited	54	IVR Prime Developers (Bhimavaram) Private Limited
13	Alkor Petroo Limited	55	IVR Prime Developers (Adayar) Private Limited
14	IVRCL Building Products Limited	56	IVR Prime Developers (Egmore) Private Limited
15	IVRCL Chandrapur Tollways Limited	57	Geo IVRCL Engineering Limited
16	Sapthashva Solar Limited	58	Duvvda Developers Private Limited
17	RIHIM Developers Private Limited	59	Kunnam Developers Private Limited
18	IVRCL TLT Private Limited	60	Vedurwada Developers Private Limited
19	IVRCL Raipur Bilaspur Tollways Limited	61	Rudravaram Developers Private Limited
20	IVRCL Narnual Bhiwani Tollways Limited	62	Geo Prime Developers Private Limited
21	IVR Hotels and Resorts Limited	63	Theata Developers Private Limited
22	SPB Developers Private Limited	64	Kasibugga Developers Private Limited
23	IVRCL Multilevel Car Parking Private Limited1	65	Vijayawada Developers Private Limited
24	IVRCL Lanka (Private) Limited	66	Eluru Developers Private Limited
25	First STP Private Limited	67	Chengapally Road Infra Private Limited
26	IVRCL Gundugolanu Rajahmundry Tollways Limited	68	IVR Prime developers (Kakinada) private Limited1
27	IVRCL Patiala Bathinda Tollways Limited	69	IVR Prime developers (Pudukkottai) private Limited1
28	IVR Prime Developers (Tambaram) Private Limited	70	IVR Prime developers (Thandiarpet) private Limited1
29	IVR Prime Developers (Palakkad) Private Limited	71	IVR Prime developers (Gummidipundy) private Limited1
30	IVR Prime Developers (Guindy) Private Limited	72	IVR Prime developers (Kodambakkan) private Limited1
31	IVRCL Mega Malls Limited	73	IVR Prime developers (Arumbakkan) private Limited1
32	Agaram Developers Private Limited	74	IVR Prime developers (Anna Nagar) private Limited1
33	Mummididi Developers Private Limited	75	IVR Prime developers (Anakapalle) private Limited1
34	Samatteri Developers Private Limited	76	IVR Prime developers (Rajampeta) private Limited1
35	Annupampattu Developers Private Limited	77	IVR Prime developers (Tanuku) private Limited1
36	Tirumani Developers Private Limited	78	IVR Prime developers (Rajahmundry) private Limited
37	Ilavampedu Developers Private Limited	79	IVR Prime developers (Ananthapuram) private Limited
38	Gajuwaka Developers Private Limited	80	IVR Prime developers (Perumbadur) private Limited1
39	Chodavaram Developers Private Limited	81	IVR Prime developers (Ashram) private Limited1
40	Simhachalam Prime Developers Private Limited	82	IVR Prime developers (Retiral Homes) private Limited
41	Siripuram Developers Private Limited	83	IVR Prime developers (Mylapore) private Limited1
42	Bibinagar Developers Private Limited	84	IVRCL EPC Limited

- Applications have been filed before the Registrar of Companies, Andhra Pradesh to 'strike off' of names under the "Fast Track Exit Scheme".

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

D. Companies Under Common Control

S. No. Name of the Company

1	Indus Palm Hotels & Resorts Limited
2	S.V. Equities Limited
3	Palladium Infrastructures & Projects Limited
4	Soma Hotels & Resorts Limited
5	Eragam Holdings Limited
6	Eragam Finlease Limited
7	A P Enercon Engineers Private Limited

E. Key Managerial Personnel and their relatives

Name of the Key Personnel	Relationship
Mr E Sudhir Reddy	Vice Chairman
Mr. S C Sekaran	Executive Director
Mr. R Balarami Reddy	Director
Mr. G.Ramakrishna	Company Secretary
Mr. S C Mundhekar	Chief Financial Officer
Mrs. E Sujatha Reddy	Relative of Vice Chairman
Mr. E. Sunil Reddy	

58.2 Followings are the transactions with the related parties:

Particulars	Year	Holding Company (IVRCL Limited)	Subsidiary	Company under common control	Key Managerial Personnel	Total
Income/Expense						
Purchases/Services*	2016-2017	-	106.15	-	-	106.15
	2015-2016	80.50	131.98	-	-	212.48
Payment made by the Company for Expenses	2016-2017	-	0.12	-	-	0.12
	2015-2016	0.01	0.39	-	-	0.40
Payment made for the company for Expenses	2016-2017	-	10.65	-	-	10.65
	2015-2016	0.01	8.35	-	-	8.36
Rent Expense	2016-2017	-	-	2.65*1	-	2.65
	2015-2016	2.03	-	2.65	-	4.68
Loans and Advances Received	2016-2017	-	-	-	3.00	3.00
	2015-2016	-	-	-	3.27	3.27
Remuneration	2016-2017	-	-	-	-	-
	2015-2016	-	-	-	1.39	1.39
Value of Corporate guarantee increased	2016-2017	-	-	-	-	-
	2015-2016	6,659.15	-	-	-	6,659.15
Value of Corporate guarantee reduced	2016-2017	10,223.59	-	-	-	10,223.59
	2015-2016	-	-	-	-	-

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Particulars	Year	Holding Company (IVRCL Limited)	Subsidiary	Company under common control	Key Managerial Personnel	Total
Balances with related parties						
Advances/ Trade Receivable (net of Payable)	2016-2017	54.57	1,422.38 ^{#3}	-	10.12	1,487.07
	2015-2016	55.72	1,422.39	-	10.12	1,488.22
	2014-2015	127.91	1,422.38	-	10.48	1,560.77
Provision for Advances/Investment	2016-2017	277.91	1,495.88	-	-	1,773.79
	2015-2016	277.91	1,495.88	-	-	1,773.79
	2014-2015	277.91	1,495.88	-	-	1,773.79
Loans and Advances Taken	2016-2017	-	-	-	5.86	5.86
	2015-2016	-	-	-	3.28	3.28
	2014-2015	-	-	-	0.01	0.01
Creditors	2016-2017	-	213.98	61.41 ^{#2}	-	275.39
	2015-2016	-	183.63	59.00	-	242.63
	2014-2015	-	26.35	56.60	-	82.95
Corporate Guarantee given	2016-2017	58,135.77	2,309.85	-	-	60,445.62
	2015-2016	68,359.36	2,031.74	-	-	70,391.10
	2014-2015	61,700.21	1,843.59	-	-	63,543.80
Corporate Guarantee received	2016-2017	15,796.52	14,171.70	-	-	29,968.22
	2015-2016	14,446.90	12,910.43	-	-	27,357.33
	2014-2015	12,179.59	10,888.15	-	-	23,067.74

#Material transactions with companies under common control

- ₹2.05 million (March 31, 2016 : ₹2.05million and March 31, 2015 ₹2.02 million) - A P Enercon Engineers Private Limited and ₹0.60 million (March 31, 2016: ₹0.60 million and March 31, 2015 ₹0.60 million) - Indus Palm Hotels and Resorts Private Limited.
- ₹52.63 million (March 31, 2016: ₹52.63 million and March 31, 2015: ₹52.63 million)- Palladium Infrastructures & Projects Limited, ₹ 7.16 million (March 31, 2016: ₹5.29 million and March 31, 2015: ₹3.42 million) - A P Enercon Engineers Private Limited and ₹1.62 million (March 31, 2016: ₹1.08 million and March 31, 2015: ₹0.54 million) - Indus Palm Hotels and Resorts Private Limited.
- ₹1,422.37 million HDO UK limited.

58.3 Remuneration has not been paid to the executive director after the approved period. Pending approval from the Central Government, the excess amount of ₹10.12 million (March 31, 2016: ₹10.12 million and March 31, 2015: ₹10.12 million) relating to the erstwhile Director has been included under 'Other Current Financial Assets' (note 15).

Notes:

- Related party relationship is as identified by the Company and relied upon by the Auditors.
- Disclosure as per regulation 34 (3) and 53 (f) of the listing obligation and Disclosure Requirement:**

Name of the Company	Relationship	As at March 31, 2017	Maximum outstanding	As at March 31, 2016	Maximum outstanding
HDO (UK) Limited	Subsidiary	1,422.37*	1,422.37	1,422.37	1,422.37

*Provided in the year 2015

59. Segment Reporting

Primary Segment – Business

As per Indian Accounting Standard on Segment Reporting (Ind AS) 108, "Operating Segment", segment information is being reported.

Accordingly, the Company has identified two reportable segments viz. Engineering, Procurement and Construction (EPC) and Trading. Segments have been identified and have been reported taking into account nature of product and services.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Secondary Segment – Geographical

The operation of the company is mainly in India. Therefore, there is no reportable geographical segment as per the Indian Accounting Standard (Ind AS) 108 (Operating Segment).

Primary Information Segment: -

Particulars	March 31, 2017			March 31, 2016		
	EPC	Trading	Total	EPC	Trading	Total
Total Revenue	870.56	-	870.56	1,448.81	605.01	2,053.82
Inter-Segment Sales	-	-	-	-	-	-
External Sales	870.56	-	870.56	1,448.81	605.01	2,053.82
Segment loss before finance, exceptional item and tax	(210.05)	-	(210.05)	(162.34)	1.09	(161.25)
Finance Cost	-	-	(2,135.18)	-	-	(1,801.18)
Other Income	-	-	85.16	-	-	40.45
Exceptional Items	(2,471.66)	8.49	(2,463.17)	-	-	-
Loss before tax	(2,681.71)	8.49	(4,723.24)	(162.34)	1.09	(1,921.98)
Segment assets	2,436.30	-	2,436.30	5,896.51	296.90	6,193.41
Unallocated corporate assets	-	-	1,632.93	-	-	1,591.04
Total Assets	2,436.30	-	4069.23	5,896.51	296.90	7,784.45
Segment liabilities	17,746.23	166.22	17,912.45	16,442.74	463.10	16,905.84
Unallocated corporate liabilities	-	-	25.39	-	-	22.13
Total Liabilities	17,746.23	166.22	17,937.84	16,442.74	463.10	16,927.97
Depreciation	4.90	-	4.90	6.00	-	6.00
Non cash expenses other than depreciation	2,234.55	296.51	2,531.06	126.94	-	126.94
Capital expenditure	0.63	-	0.63	0.28	-	0.28

60. Derivative Instruments

The year-end foreign currency exposures are given below:

Particulars	March 31, 2017		March 31, 2016		April 01, 2015	
	USD	₹	USD	₹	USD	₹
Secured Loan	-	-	18.75	1,243.74	18.75	1173.58
Interest Payable	-	-	4.17	276.36	2.47	154.73

Particulars of derivative instruments outstanding

Particulars	Purpose	March 31, 2017	March 31, 2016	April 01, 2015
Interest Swap	Hedge against exposure to variable interest outflow on foreign currency loan. Swap to receive variable rate of interest of three months USD LIBOR and pay a fixed rate of equal to 6.5 percent p.a. on the notional amount. (As per agreement rate was three months USD LIBOR +300 bps)	-	USD 18.75 (million)	USD 18.75 (million)

Note: During the year, above mentioned interest swap hedge expired on January 17, 2017. Accordingly, financial liability on interest has been restated after removing the effects of hedge.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

61. Disclosure pursuant to Indian Accounting Standard (Ind AS) 11 "Construction Contracts", the amounts considered in the financial statements up to the reporting date are as follows:

Particulars	March 31, 2017	March 31, 2016
Contract revenue recognized as revenue during the period	765.50	1,310.13
Contract costs incurred and recognized Profits less recognized losses upto the reporting date on contract under progress	5,739.96	16,351.82
Advances received, net of recoveries from progressive bills	316.50	577.18
Gross amount due from customers for contract works	237.11	1,770.96
Retention amount due from customers for contract works	222.31	1,432.50

62. Details of purchase and sale of traded goods:

Particulars	March 31, 2017	March 31, 2016
Purchase:		
Steel	-	603.92
Sale:		
Steel	-	605.01

In view of the large number and heterogeneous types of steel, it has not been considered necessary to furnish separately the respective quantitative information.

63. Financial Instruments

63.1 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. Company aim to maintain an optimal capital structure and minimise cost of capital. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted).

Consistent with others in the industry, the Company monitors its capital using the debt equity ratio which is total debt divided by total equity.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Total debt	14095.84	11337.44	8977.64
Total Equity	(13868.61)	(9143.52)	(7210.67)
Total debt to equity ratio	(1.02)	(1.24)	(1.24)

Due to continuous losses and working capital crisis, the company was not able to meet the financial covenants attached with the borrowings including repayment terms resulting into recall of loans by the lenders in earlier year and initiation of Corporate Insolvency Resolution Process as stated in Note 36 above. This had a negative impact on the debt equity ratios of the company as mentioned above.

The corporate insolvency resolution plan is presently under formulation to safeguard its ability to continue as a going concern, the company continue to strive for minimization of losses and turnaround the business through revival plan for the benefit of shareholders and other stake holders.

63.2 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets comprise investments, cash and bank balance, trade and other receivables.

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. The financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

i) Market risk

The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and changes in interest rates.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings and bank deposits.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company is exposed to interest rate risk as majority of the long-term borrowings of the Company bear fluctuating interest rate. Further, company has defaulted in meeting with financial covenants attached with borrowings resulting into recall of borrowings.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's borrowings and corporate guarantees denominated in foreign currency extended to contractee/clients.

The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affected the results of the Company, and may fluctuate substantially in the future.

Particulars of un-hedged foreign currency exposures as at the reporting date:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Borrowings	1215.72	1243.74	1173.58
Payables	-	-	-
Interest	409.11	276.36	154.73
Total	1624.83	1520.10	1328.31
Corporate guarantee not accounted for	176.21	176.21	176.21

ii) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by trade receivables, unbilled work-in-progress, cash and cash equivalents and receivable from government promoted entities/others.

The movement of the allowance for lifetime expected credit loss is stated below:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance at the beginning of the year	3227.26	3190.57	-
Balance at the end of the year	2413.66	3227.26	3190.57

Further, the Company has written off ₹ 4,421.10 million and ₹ 0.02 million towards amounts not recoverable during the years ended March 31, 2017 and March 31, 2016, respectively.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings.

iii. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Carrying Value	Less than 1year	1-5 years	More than 5 years	Total payments
March 31, 2017					
Borrowings and interest thereon	14,095.84	14,095.84			14,095.84
Trade and other payables	2,770.52	2,770.52			2,770.52
Other financial liabilities	568.16	568.16			568.16
March 31, 2016					
Borrowings and interest thereon	11,337.44	11,337.44			11,337.44
Trade and other payables	4,526.02	4,526.02			4,526.02
Other financial liabilities	384.73	384.73			384.73
April 01, 2015					
Borrowings and interest thereon	8,977.64	7,144.15	1,833.49		8,977.64
Trade and other payables	4,390.62	4,390.62			4,390.62
Other financial liabilities	295.19	295.19			295.19

However, due to continuous losses and working capital crisis, the company was not able to meet the financial covenants attached with the borrowings including repayment terms resulting into recall of loans by the lenders in earlier year and initiation of Corporate Insolvency Resolution Process as stated in Note 36 above. This had a negative impact on the debt equity ratios of the company as mentioned above.

The corporate insolvency resolution plan is presently under formulation to safeguard its ability to continue as a going concern, the company continue to strive for minimization of losses and turnaround the business through revival plan for the benefit of shareholders and other stake holders.

63.3 Fair Value Measurement

The fair value of the financial assets is included at amount at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale

The following methods and assumptions were used to estimate the fair value

1. Fair value of cash and short-term deposits, trade and other short-term receivables, trade payable, other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of the receivables.

A. Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2017 were as follows:

Particulars	Refer Note	Amortised Cost	Financial Assets/ liabilities at fair value through profit or loss	Financial Assets/ liabilities at fair value through OCI	Total Carrying Value	Total Fair Value
Assets						
Investments in Subsidiaries	6	1,538.15			1,538.15	1,538.15
Investments in equity shares (quoted)	6		1.74		1.74	1.74
Investments in equity shares (unquoted)						
Trade Receivables	7,12	712.06			712.06	712.06
Loans						
Other Financial Assets	9,15	10.26			10.26	10.26
Cash and cash equivalents	13	7.35			7.35	7.35
Other Bank Balances	14	7.71			7.71	7.71
Liabilities						
Borrowings	20,23	5.86			5.86	5.86
Trade Payables	24	2,216.80			2,216.80	2,216.80
Other Financial Liabilities*	25	14,658.14			14,658.14	14,658.14

* Includes current maturity of long term borrowings / recalled borrowing

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

The carrying value and fair value of financial instruments by categories as at March 31, 2016 were as follows:

Particulars	Refer Note	Amortised Cost	Financial Assets/ liabilities at fair value through profit or loss	Financial Assets/ liabilities at fair value through OCI	Total Carrying Value	Total Fair Value
Assets						
Investments in Subsidiaries	6	1,538.15			1,538.15	1,538.15
Investments in equity shares (quoted)	6		1.43		1.43	1.43
Investments in National Saving Certificate	6	0.01			0.01	0.01
Trade Receivables	7,12	2,090.24			2,090.24	2,090.24
Loans						
Other Financial Assets	9,15	244.46			244.46	244.46
Cash and cash equivalents	13	20.60			20.60	20.60
Other Bank Balances	14	6.26			6.26	6.26
Liabilities						
Borrowings	20,23	411.41			411.41	411.41
Trade Payables	24	3,573.58			3,573.58	3,573.58
Other Financial Liabilities*	25	11,310.76			11,310.76	11,310.76

* Includes current maturity of long term borrowings / recalled borrowing

The carrying value and fair value of financial instruments by categories as at April 01, 2015 were as follows:

Particulars	Refer Note	Amortised Cost	Financial Assets/ liabilities at fair value through profit or loss	Financial Assets/ liabilities at fair value through OCI	Total Carrying Value	Total Fair Value
Assets						
Investments in Subsidiaries	6	1,538.15			1,538.15	1,538.15
Investments in equity shares (quoted)	6		1.30		1.30	1.30
Investments in National Saving Certificate	6	0.01			0.01	0.01
Trade Receivables	7,12	1,990.87			1,990.87	1,990.87
Loans						
Other Financial Assets	9,15	11.24			11.24	11.24
Cash and cash equivalents	13	21.31			21.31	21.31
Other Bank Balances	14	14.84			14.84	14.84
Liabilities						
Borrowings	20,23	7,267.54			7,267.54	7,267.54
Trade Payables	24	3,352.89			3,352.89	3,352.89
Other Financial Liabilities*	25	2,005.29			2,005.29	2,005.29

* Includes current maturity of long term borrowings

Fair value Hierarchy

Level 1 – Quoted Prices (adjusted) in active markets for identical assets and liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment in Equity Shares (Quoted)	1.74			1.43			1.30		



HINDUSTAN DORR-OLIVER LTD.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

64. Corporate Social Responsibility

Section 135 of the Companies Act, 2013 related to Corporate Social Responsibility is not applicable to the company as the Company is not fulfilling the criteria of turnover, net worth and net profit specified in the section.

65. The previous year's figures have been regrouped/rearranged wherever necessary.

FOR HINDUSTAN DORR OLIVER LIMITED

S C SEKARAN
Executive Director
DIN- 00334115

AMIT GUPTA
Resolution Professional
IP Regn. No. IBBI/IPA 001/IP
P00016/2016-17/10040

Mumbai
July 26, 2017

G RAMAKRISHNA
Company Secretary

S C MUNDHEKAR
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**To the Members of
Hindustan Dorr Oliver Limited**

1. Corporate Insolvency Proceedings as per Insolvency and Bankruptcy Code, 2016 (IBC)

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 Holding Company" or "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. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Hindustan Dorr Oliver Limited ("the Holding Company" or "the Company") and its subsidiary Companies (collectively referred to as "the Group") which comprise the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information for the year then ended.

3. Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of The Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder. The holding Company's board of directors and the respective Board of Directors/management of the subsidiaries included in the group are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement whether due to fraud or error. Further, in terms of the provisions of the Act the respective Board of Directors/management of the Companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Further, as per section 134 of the Companies Act, 2013, the consolidated 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, including aforementioned responsibility for the consolidated financial statements, 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.

4. Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Group's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the Consolidated financial statements. However, in view of the pendency of Corporate Insolvency Resolution Process (CIRP), these powers are vested with Mr. Amit Gupta as Resolution Professional.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Consolidated financial statements.

5. Basis for Qualified Opinion

- I. We refer following notes to the consolidated financial statements in respect of Holding Company:
 - a) 41 and 42 in respect of initiation of Corporate Insolvency Resolution Process (CIRP) and preparation of financial statements of the Company on going concern basis for the reasons stated therein. The accumulated losses of the Company as at March 31, 2017 amounting to ₹ 15,214.25 million have exceeded its net worth. Further, the Company's current liabilities exceed current assets. The Company has obligations towards borrowings aggregating to ₹ 16,683.44 million 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 low 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 liabilities in the normal course of business. The consolidated financial statement does not include any adjustment in this respect;
 - b) Note 43 in respect of various claims submitted by the financial creditors, operational creditors, workmen or employee and authorized representative of workmen and employees of the Company to Resolution Professional pursuant to the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation 2016 that are currently under consideration/ reconciliation. Pending reconciliation/admission of such claims by the RP, we are unable to comment on the consequential impact, if any, on the consolidated financial statement;
 - c) Note 44 in respect of invocation of corporate guarantees aggregating to ₹ 2,309.85 million and initiation of recovery actions against the company in earlier year in respect of such guarantees extended / executed for its one Indian subsidiary (HDO Technologiess Limited) in favour of the lenders. In view of the ongoing Corporate Insolvency Resolution Process (CIRP), we are unable to determine the impact on the consolidated financial statement pending conclusion of CIRP;
 - d) Note 45 in respect of overdue trade receivables aggregating to ₹ 283.12 million 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 ₹ 283.12 million and total assets and net worth would have been lower by ₹ 283.12 million respectively;
 - e) Note 46 wherein external confirmation are not available in respect of trade receivables including retention money, certain bank balances aggregating to ₹ 1.99 million and trade payables/ mobilization advances. The Company is yet to assess loss allowance/expected credit loss on such trade receivables. Accordingly, we are unable to quantify the impact, if any, arising from the confirmation of balances/ loss assessment;
 - f) Note 47 and 48 in respect of corporate guarantee extended by the company, in earlier year and disclosed during the year, in favor of security trustee of the CDR Lenders of the holding company (IVRCL Ltd.), corporate guarantee and financial guarantees extended to contractee/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 recognized 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, on the consolidated financial statements;

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- g) Note 49 in respect of balances available with statutory authorities and input credits aggregating to ₹ 121.31 million 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 advances is required;
- h) Note 50 in respect of write back of various trade payable, provisions and advances from customers aggregating to ₹ 1,076.45 million for the reasons stated therein. Had the various trade payable, provisions and advances from customers not been written back, total liabilities and the loss after tax would have been higher by ₹ 1,076.45 million and net worth would have been lower by ₹ 1,076.45 million respectively.
- II. We refer following notes to the consolidated financial statements in respect of HDO Technologiss Limited, a Subsidiary Company:
- a. Note 52 and 53 in respect of initiation of Corporate Insolvency Resolution Process (CIRP) and preparation of financial statements of the Company on going concern basis for the reasons stated therein. The accumulated losses of the Company as at March 31, 2017 amounting to ₹ 2,210.51 million have exceeded its net worth. Further, the Company's current liabilities exceed current assets. The Company has obligations towards borrowings aggregating to ₹ 2,309.85 million which include working capital loan and outstanding bank guarantee 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 low 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 liabilities in the normal course of business. The consolidated financial statement does not include any adjustment in this respect;
- b. Note 54 in respect of various claims submitted by the financial creditors, operational creditors, workmen or employee and authorized representative of workmen and employees of the Company to Interim Resolution Professional pursuant to the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation 2016 that are currently under consideration/reconciliation. Pending reconciliation/admission of such claims by the RP, we are unable to comment on the consequential impact, if any, on the consolidated financial statement;
- c. Note 55 in respect of invocation of corporate guarantees aggregating to ₹ 14,171.70 million and initiation of recovery actions against the company in earlier year in respect of such guarantees extended / executed for its Holding Company in favor of the lenders. In view of the ongoing Corporate Insolvency Resolution Process (CIRP) in respect of Holding Company, we are unable to determine the impact on the consolidated financial statement pending conclusion of CIRP;
- d. Note 56 regarding the status of overdue trade receivable aggregating to ₹ 76.65 million 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 ₹ 76.65 million and total assets and net worth would have been lower by ₹ 76.65 million respectively;
- e. Note 57 in respect of trade receivables including retention money, mobilization advances and trade payables, external confirmations of the balances are not available and company is yet to assess loss allowance/expected credit loss on such trade receivables. Accordingly, we are unable to quantify the impact, if any, arising from the confirmation of balances/ loss assessment;
- f. Note 58 and 59 in respect of corporate guarantee extended by the company, in earlier year and disclosed during the year, in favor of security trustee of the CDR Lenders of the holding company (IVRCL Ltd.) and financial guarantees extended to contractee/clients by the lenders. 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. The loss allowance in respect of these guarantees is indeterminable; accordingly, we are unable to comment on the consequential impact, if any, on the consolidated financial statements;
- g. Note 60 wherein work execution remains on hold in respect of Capital Work In Progress (CWIP) aggregating to ₹ 60.16 million for long period and management does not have any comprehensive plan for completion of the same in foreseeable future. CWIP has not been subjected to impairment testing under Ind AS 36, Impairment of Assets. Accordingly, we are not able to comment on the recoverability of the same;

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- h. Note 61 in respect of non-moving work in progress (WIP) aggregating to ₹ 57.77 million which are lying for long period due to order cancellation/hold by the customer, delay in execution etc. In absence of evaluation of obsolescence/ realisable value, we are unable to comment on the extent to which such work-in-progress is realisable;
 - i. Note 62 regarding the status of overdue trade receivable aggregating to ₹ 213.98 million due from Hindustan Dorr-Oliver Limited (the holding company) which has been classified as a good and in respect of which no allowance has been considered necessary for the reason explained therein. However, this amount does not have any impact being an inter-company balances;
 - j. Note 63 in respect of receivables aggregating to ₹ 13.35 million pertaining to Excise duty/service tax credit reversed by the Excise Authority and which are subject to litigation and no provision has been made. Had the loss allowance in respect of such receivables been recognized, the loss after tax would have been higher by ₹ 13.35 million and total assets and net worth would have been lower by ₹ 13.35 million respectively.
- III. We refer to Note 65 of the consolidated financial statement, in respect of Goodwill on consolidation, of the Indian Subsidiary, aggregating to ₹ 1,290.00 million, whose net worth is eroded and continues to incur losses as at March 31, 2017. Further subsequent to year-end, CIRP has been initiated against such company by one of the lender. However, no provision for impairment of goodwill has been made in the consolidated financial statement. Has our observation been considered, the loss after tax would have been higher by ₹ 1,290.00 million and total consolidated asset and consolidated net worth of the group would have been lower by ₹ 1,290.00 million.
- IV. We refer to Note 66 of the consolidated financial statement, wherein, the consolidated financial statement for all presented financial years does not include financial statements of two foreign subsidiaries namely HDO (UK) Limited and HDO Zambia Limited due to non-availability of financial statement of respective years as latest financial statement is available for financial year ended March 31, 2015 reflecting net liabilities of ₹ 1,216.26 million (net of total assets of ₹ 171.08 million) as at March 31, 2015 and includes unaudited financial statements of one Indian Subsidiary reflecting total assets of ₹ 0.1 million as at March 31, 2017, total revenue of NIL, net loss of ₹ 0.005 million and cash outflow Nil for the period then ended.

6. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described under paragraph 5(I)(d), 5(I)(h), 5(II)(d), 5(II)(j) and 5(III) and possible effects of the matters described under paragraph 5(I)(a), 5(I)(b), 5(I)(c), 5(I)(e), 5(I)(f), 5(I)(g), 5(II)(a), 5(II)(b), 5(II)(c), 5(II)(e), 5(II)(f), 5(II)(g), 5(II)(h), 5(II)(i) and 5(IV) in the basis for qualified opinion, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards notified under Section 133 of the Act, of the state of affairs of the group as at March 31, 2017, and its consolidated losses (including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

7. Emphasis of matter

Attention is invited to note 40 of the consolidated financial statements regarding consolidation of Indian Subsidiary (HDO Technologies Limited) for the reasons stated therein. Our opinion is not qualified in respect of this matter.

8. Other Matter

The comparative financial information of the Group for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 included in the consolidated financial statements, are based on the previously issued audited consolidated financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) on which we issued auditors' report to the shareholders of the company dated May 30, 2016 and May 30, 2015 respectively expressing modified opinion on those consolidated financial statements. The differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not qualified in respect of this matter.

9. Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report that:
 - a) We have sought and except for the matters described under "Basis for qualified opinion" paragraph and paragraph 1(i)(iv) of Report on Other Legal and Regulatory Requirements, have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statement;

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- b) Except for the effects/possible effects of matters described in the "Basis for qualified opinion" paragraph, in our opinion proper books of account as required by law have been kept by the group so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including consolidated other comprehensive income), the consolidated Statement of Cash Flow and the consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) in our opinion, except for the effects/possible effects of matters described in the "Basis for qualified opinion" paragraph, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with relevant Rules issued thereunder.
- e) The matters described under "Basis for Qualified Opinion" above and in Annexure 'A' of the report, in our opinion, have an adverse effect on the functioning of the Group;
- f) The group companies have received the written representations from their respective directors as on March 31, 2017. These written representations have, however, not been taken on record by the respective Board of Directors. Therefore, we are unable to comment whether any of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- g) The qualification relating to the maintenance of accounts and other matters connected there with are as stated in the Basis for Qualified Opinion paragraph and in Annexure 'A' of the report;
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses a disclaimer of opinion on the adequacy and operating effectiveness of the Holding Company's and Subsidiary Company's internal financial control over financial reporting.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the information and explanations given to us:
 - i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements (Refer Note 39);
 - ii. Except for the effects/possible effects of matters described under basis of qualified opinion paragraph, the Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts (if any);
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017 and in respect of other two subsidiaries, no amount is required to be transferred to the Investor Education and Protection Fund;
 - iv. The Group has not provided certain requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Consequently, we are unable to obtain sufficient and appropriate audit evidence to report whether the disclosures to the extent stated in the notes are in accordance with books of account maintained by the respective Company and as produced to us by the Management (Refer Note – 73).

For CHATURVEDI & PARTNERS
Chartered Accountant
Firm Registration No. 307068E

ANUJ MAHANSARIA
Partner
Membership No. 500819

Mumbai
July 26, 2017

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Annexure "A" to the Independent Auditors' Report of even date on the Consolidated Financial Statements of HINDUSTAN DORR OLIVER LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the consolidated financial statements of the Hindustan Dorr Oliver Limited ('the Holding Company') and its subsidiaries, (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its subsidiary companies, which are companies incorporated in India, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Holding Company's and its subsidiary Companies' internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence in respect of Holding Company and two subsidiary Companies (i.e. HDO Technologiess Limited and Davy Markham India Private Limited) to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Holding Company's and its subsidiary Companies'.

Meaning of Internal Financial Controls Over Financial Reporting

4. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

5. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Disclaimer of Opinion

6. The Holding Company did not have any internal audit system during the year as required as per section 138 of Indian Companies Act, 2013 read with Rule 13 Of Companies (Accounts) Rules, 2014. Further, the Holding Company did have material weakness in the following areas of internal financial controls over (a) Assessment of provision required in respect of invocation of corporate guarantees and initiation of recovery actions against the Company in respect of such guarantees extended / executed for its subsidiary in favour of the lenders; (b) Assessment of "Fair Valuation" of long term

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

equity investment and assessment of recoverability of loans and advances to subsidiary company whose net worth has eroded and continues to incur losses as on March 31, 2017; (c) Assessment of loss allowance/expected credit loss on past due trade receivables and obtaining external balance confirmation for trade receivables/trade payables and bank balances; (d) assessment of loss allowance that may be required in respect corporate guarantee given to the lenders of the Parent Company; (e) Control over reconciliation of subcontractors work bills with the work bills submitted to the clients and physical progress of works completed, which could potentially result into inaccurate estimation of percentage of work completed and consequently delay in the realization of unbilled revenue/ receivables; (f) Controls over projects costs estimation and review of balance costs to complete in respect of work projects, which could potentially result into inaccurate estimation of foreseeable losses on works contracts; (g) reconciliation of VAT/service tax and assessment of recoverability of advances appearing against such statutory authorities.

7. The Subsidiary Company (i.e. HDO Technologiess Limited) did not have any internal audit system during the year as required as per section 138 of Indian Companies Act 2013 read with Rule 13 of Companies (Accounts) Rules, 2014. Further, the Subsidiary Company did have material weakness in the following areas of internal financial controls over (a) Assessment of loss allowance required in respect of invocation of corporate guarantees and initiation of recovery actions against the Company in respect of such guarantees extended / executed for its Holding Company in favour of the lenders; (b) Assessment of loss allowance/expected credit loss on past due trade receivables; (c) assessment of loss allowance that may be required in respect corporate guarantee given to the lenders of the Ultimate Holding Company; (d) Assessment of balance cost to complete the work in progress to arrive at the net realizable value by reference to its selling price; (e) Assessment of impairment of Capital work in progress (f) reconciliation of excise duty/service tax and assessment of recoverability of advances appearing against such statutory authorities.

Disclaimer of Opinion

8. According to the information and explanation given to us and as stated in "basis of disclaimer of opinion" paragraph above, the Holding Company and its Subsidiary companies does not have adequate internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Holding Company and its Subsidiary companies had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2017.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated financial statements of the group and the disclaimer has affected our opinion on the Consolidated financial statements of the group and we have issued a qualified opinion on the consolidated financial statement.

For CHATURVEDI & PARTNERS

Chartered Accountant

Firm Registration No. 307068E

ANUJ MAHANSARIA

Partner

Membership No. 500819

Mumbai
July 26, 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(All amounts in ₹ million unless otherwise stated)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
I ASSETS				
1 Non Current Assets				
(a) Property, Plant and Equipment	5	2,227.13	2,281.99	2,336.38
(b) Capital work-in-progress	5	60.16	60.16	60.16
(c) Intangible assets	5	1.18	1.81	2.31
(d) Goodwill		1,290.00	1,290.00	1,290.00
(e) Financial assets				
(i) Investments	6	1.79	1.49	1.36
(ii) Trade receivables	7	-	73.86	10.86
(iii) Loans	8	-	-	-
(iv) Other financial assets	9	-	235.63	-
(f) Deferred tax assets (net)	10	0.16	54.66	54.58
(g) Non current tax assets	11	40.95	52.92	95.61
(h) Other non current assets	12	4.11	3.73	4.06
Total		3,625.48	4,056.25	3,855.32
2 Current Assets				
(a) Inventories	13	546.98	494.89	725.20
(b) Financial assets				
(i) Trade receivables	14	923.59	2,971.83	2,962.06
(ii) Cash and cash equivalents	15	14.42	23.42	46.30
(iii) Bank balance other than (ii) above	16	7.77	6.32	14.90
(iv) Other financial assets	17	10.26	11.11	11.24
(c) Current tax assets (net)	18	53.11	-	-
(d) Other current assets	19	634.05	2,964.33	3,119.84
Total		2,190.18	6,471.90	6,879.54
Total Assets		5,815.66	10,528.15	10,734.86
II EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	20	144.01	144.01	144.01
(b) Other equity	21	(14,926.51)	(8,926.40)	(6,604.73)
		(14,782.50)	(8,782.39)	(6,460.72)
Liabilities				
1 Non Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	22	-	-	2,317.81
(b) Provisions	23	24.09	18.33	19.34
(c) Deferred tax liabilities (net)	24	3.60	4.19	2.72
Total		27.69	22.52	2,339.87
2 Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	25	5.86	426.93	6,509.21
(ii) Trade payables	26	2,488.45	3,734.00	3,701.00
(iii) Other financial liabilities	27	16,977.50	13,273.70	2,203.81
(b) Other current liabilities	28	613.02	1,187.52	1,289.12
(c) Provisions	29	485.64	665.87	1,152.57
Total		20,570.47	19,288.02	14,855.71
Total Liabilities		20,598.16	19,310.54	17,195.58
Total equity and liabilities		5,815.66	10,528.15	10,734.86

Note form an integral part of the consolidated financial statement

1 to 82

As per our report of even date.

FOR CHATURVEDI & PARTNERS

Chartered Accountants
Firm Registration Number: 307068E

ANUJ MAHANSARIA

Partner
Membership No. 500819

Mumbai
July 26, 2017

FOR HINDUSTAN DORR OLIVER LIMITED

S C SEKARAN

Executive Director
DIN-00334115

GRAMAKRISHNA
Company Secretary

AMIT GUPTA

Resolution Professional
IP Regn.No. IBBI/IPA 001/IP P00016/2016-2017/10040

S C MUNDHEKAR
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in ₹ million unless otherwise stated)

Particulars	Note No.	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
INCOME			
Revenue from operations	30	1,076.85	2,548.33
Other income	31	96.87	53.85
Total Income		1,173.72	2,602.18
EXPENSES			
Cost of material consumed/services	32	890.94	1,281.35
Purchase of stock in trade		-	603.92
Changes in inventories of work-in-progress	33	(110.36)	202.74
Employee benefits expense	34	222.84	251.56
Finance costs	35	2,497.06	2,103.04
Depreciation and amortization expense	36	56.25	55.18
Excise duty		31.01	66.67
Other expenses	37	291.04	348.35
Total expenses		3,878.78	4,912.81
Profit/(loss) before exceptional item and tax		(2,705.06)	(2,310.63)
Exceptional items	51,64	3,237.99	-
Profit/(loss) before tax		(5,943.05)	(2,310.63)
Tax expenses:			
Current tax	69	0.74	13.63
Deferred Tax	70	54.73	-
Profit/(loss) for the year (A)		(5,998.53)	(2,324.26)
Other comprehensive income			
a) Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	68	(2.42)	3.96
b) Income tax relating to items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	70	0.81	(1.38)
c) Items to be reclassified subsequently to profit or loss			
Other comprehensive income for the year, net of tax (B)		(1.61)	2.58
Total comprehensive income for the year (A+B)		(6,000.14)	(2,321.68)
Total comprehensive income for the year attributable to:			
Non controlling interest		-	-
Owners of the parent		(6,000.14)	(2,321.68)
Earning per equity share: (Face value of ₹ 2/- each)			
Basic and diluted	74	(83.31)	(32.28)

Note form an integral part of the consolidated financial statement

1 to 82

As per our report of even date.

For CHATURVEDI & PARTNERS

Chartered Accountants
Firm Registration Number: 307068E

ANUJ MAHANSARIA

Partner
Membership No. 500819

Mumbai
July 26, 2017

FOR HINDUSTAN DORR OLIVER LIMITED
S C SEKARAN

Executive Director
DIN-00334115

G RAMAKRISHNA
Company Secretary

AMIT GUPTA

Resolution Professional
IP Regn.No. IBBI/IPA 001/IP P00016/2016-2017/10040

SC MUNDHEKAR
Chief Financial Officer

Consolidated Notes forming part of the Financial Statements

(All amounts in ₹ million unless otherwise stated)

Consolidated Statement of Changes in Equity (SOCE) for the year ended March 31, 2017

A) Equity share Capital

Particulars	Number of Shares	₹
Equity shares of ₹ 2 each issued, subscribed and paid		
As at April 01, 2015	72,005,808	144.01
Issue during the year	-	-
As at March 31, 2016	72,005,808	144.01
Issue during the year	-	-
As at March 31, 2017	72,005,808	144.01

B) Other Equity

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Capital Reserve	General Reserve	Securities Premium Reserve	Retained Earnings		
Balance as at April 01, 2015	1,296.98	972.49	222.34	(9,102.00)	5.47	(6,604.72)
Loss during the year				(2,324.26)		(2,324.26)
Remeasurement of the net defined benefit liabilities/assets					2.58	2.58
Balance as at March 31, 2016	1,296.98	972.49	222.34	(11,426.26)	8.05	(8,926.40)
Loss during the year				(5,998.50)		(5,998.50)
Remeasurement of the net defined benefit liabilities/assets	-		-		(1.61)	(1.61)
Balance as at March 31, 2017	1,296.98	972.49	222.34	(17,424.76)	6.44	(14,926.51)

As per our report of even date.

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration Number: 307068E

ANUJ MAHANSARIA

Partner

Membership No. 500819

Mumbai

July 26, 2017

FOR HINDUSTAN DORR OLIVER LIMITED

S C SEKARAN

Executive Director

DIN-00334115

G RAMAKRISHNA

Company Secretary

AMIT GUPTA

Resolution Professional

IP Regn.No. IBBI/IPA 001/IP P00016/2016-2017/10040

S C MUNDHEKAR

Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD FROM APRIL 01, 2016 TO MARCH 31, 2017

(All amounts in ₹ unless otherwise stated)

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Net loss) for the year before taxation	(5,943.05)	(2,310.63)
Adjustments for		
Exceptional item*	2,787.28	-
Depreciation and amortisation	56.25	55.18
Provision for foreseeable losses	-	21.20
Bad debts written off	67.89	0.02
Provision for doubtful debts and advances	(0.00)	34.94
Provision for advances	-	14.29
Interest income	(51.38)	(4.60)
(Profit)/loss on sale of property, plant and equipment	0.16	-
Dividend received	(0.00)	(0.01)
Gain/(loss) on fair valuation of investment in equity instrument	(0.31)	(0.13)
Liabilities/provisions no longer required written back	-	(13.17)
Interest and finance charges	2,497.06	2,103.04
	5,356.95	2,210.76
Operating profit before working capital changes	(586.10)	(99.87)
(Increase)/decrease in inventories	(52.10)	230.31
(Increase)/decrease in trade receivables	183.96	(102.86)
(Increase)/decrease in other financial assets	1.44	(240.59)
(Increase)/decrease in other non-current assets	(0.38)	0.33
(Increase)/decrease in other current assets	565.71	141.22
Increase/(decrease) in trade payable	(407.86)	33.01
Increase/(decrease) in other financial liabilities	65.05	35.05
Increase/(decrease) in other current liabilities and provision	(507.39)	(620.13)
	(151.57)	(523.66)
Cash generated from operations	(737.67)	(623.53)
Taxes paid	(41.89)	56.32
Net cash generated by operations	(779.56)	(567.21)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and equipment	(0.76)	(0.28)
Proceeds from sale of property, plant and equipment	(0.16)	-
Dividen received	0.00	0.01
Movement in other bank balances	(1.46)	8.58
Interest received	52.23	4.37
	49.85	12.68
Net cash used in investing activities	49.85	12.68
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,276.80	1,180.43
Dividend Paid	(0.18)	(0.10)
Interest and finance charges paid	(555.91)	(648.66)
	720.71	531.67
Net cash provided by financing activities	720.71	531.67
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(9.00)	(22.86)
Cash and cash equivalents at the beginning of the year	23.42	46.29
Cash and cash equivalents at the end of the year	14.42	23.42

* Excluding Bank Guarantee encashed during the year ₹ 450.71 million

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD FROM APRIL 01, 2016
TO MARCH 31, 2017**

Notes

1. The cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard - AS7 on statement of cash flow.
2. Figures in brackets indicate cash outflow.
3. Previous year figures have been regrouped and recast wherever necessary to confirm to current year classification.
4. Cash and cash equivalents include:

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Cash balance on hand	2.65	3.78
Balances with scheduled banks In current accounts	11.77	19.64
In fixed deposits		
	<u>14.42</u>	<u>23.42</u>

As per our report of even date.

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration Number: 307068E

ANUJ MAHANSARIA

Partner

Membership No. 500819

Mumbai

July 26, 2017

FOR HINDUSTAN DORR OLIVER LIMITED
S C SEKARAN

Executive Director

DIN-00334115

G RAMAKRISHNA

Company Secretary

AMIT GUPTA

Resolution Professional

IP Regn.No. IBBI/IPA 001/IP P00016/2016-2017/10040

S C MUNDHEKAR

Chief Financial Officer

Consolidated Notes forming part of the Financial Statements

(All amounts in ₹ million unless otherwise stated)

1. COMPANY OVERVIEW

Hindustan Dorr Oliver Limited (the "Company") having registered office at Dorr-Oliver House, Chakala, Andheri (East), Mumbai - 400 099, Maharashtra, is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The financial statements comprises the financial statements of the Company and its subsidiaries (the Company and its subsidiaries referred to as the "Group"). The Group is principally engaged in the business of providing engineering and construction services, providing Engineering and Turnkey solutions, technology and EPC installations in liquid solid separation application in various industry segments like minerals processing and beneficiation, pulp and paper processing, fertilizer and chemicals and environment management. The group has manufacturing facilities at Vatva, Ahmedabad, Gujarat. As more fully described in Note 41 and 52, these consolidated financial statements ("the financial statements") of the Group for the year ended March 31, 2017 were authorized for issue by Resolution Professional (RP) on July 26, 2017.

2. Recent accounting pronouncement

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable from April 01, 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The effect on the financial statements is being evaluated by the Group.

Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The requirements of the amendment have no impact on the consolidated financial statements as the standard is not applicable to the Group.

3. Significant Accounting policies

3.1 Statement of Compliance

These Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS"). The Group has prepared its financial statements up to the year ended March 31, 2016 in accordance with generally accepted accounting principles in the India, including accounting standards read with Section 133 of the Companies Act, 2013 notified under Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the Group's first Ind AS financial statements. The date of transition to Ind AS is April 01, 2015. Refer note 4(iv) below for the details of first time adoption exemptions availed by the Group.

3.2 Basis of preparation

These Consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards)

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Rules, 2015, and presentation requirements of Schedule III to the Act under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair value.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

3.3.1 Basis of Consolidation

These consolidated financial statement incorporate the financial statement of the Holding Company and its subsidiaries. Control is achieved when the Holding Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and can use its power to affect its returns.

Consolidation of the subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statement of subsidiaries to bring their accounting policy into align with the Groups accounting policies. All intra group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3.3.2 Principal of Consolidation

- Subsidiary companies are 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, intra group transactions and resulting unrealized profits or loss on the intra-group transactions as per the Indian Accounting Standard (Ind AS) 110.
- The excess of cost to the Group, of its investment in the subsidiaries over the Group's share of equity is recognised in the consolidated financial statement as Goodwill and tested for impairment annually.
- The consolidated financial statements are prepared to the extent possible using uniform accounting 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.

The Consolidated financial statements present the consolidated financial statements of Hindustan Dorr-Oliver Limited with the following subsidiaries:

S. No.	Name of the Company	Country of Incorporation	Extent of Equity Shares held	Date on which become subsidiary
1	HDO Technologiess Limited	India	100%	July 20, 2006
2	DavyMarkham India Private Limited*	India	100%	May 26, 2010

*Unaudited financial statement reflecting total assets of ₹ 0.01 million as at March 31, 2017 total revenue of ₹ NIL, net loss of ₹ 0.005 million and cash outflow Nil for the period then ended.

The Consolidated financial statements does not include financial statements of two foreign subsidiaries of Hindustan Dorr-Oliver Limited:

S. No.	Name of the Company	Country of Incorporation	Extent of Equity Shares held	Date on which become subsidiary
1	HDO (UK) Limited	United Kingdom	100%	February 28, 2010
2	HDO Zambia Limited	Zambia	100%	July 07, 2011

The above foreign subsidiaries reflecting net liabilities of ₹ 1,216.26 million (net of total assets of ₹ 171.08 million) as at March 31, 2015.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

3.4 Critical accounting judgment and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements: In the process of applying the Group's accounting policies, management has made the following critical judgements, which have the most significant effect on the amounts recognized in the financial statements:

Discount rate used to determine the carrying amount of the Group's defined benefit obligation: In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

Contingences and commitments: In the normal course of business, contingent liabilities may arise from litigations and other claims against the Group. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, group treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, group do not expect them to have a materially adverse impact on the financial position or profitability.

Key sources of estimation uncertainty : The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income taxes: The Group's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

Useful lives of property, plant and equipment: As described in Note 3.10, the Group reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

Allowances for doubtful debts: The Group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgement and estimates.

Contract estimates: The Holding Company, being a part of construction industry, prepares budgets in respect of each project to compute project profitability. The two major components of contract estimate are 'claims arising during construction period' (described below) and 'budgeted costs to complete the contract'. While estimating these components various assumptions are considered by the management such as (i) Work will be executed in the manner expected so that the project is completed timely (ii) consumption norms will remain same (iii) Assets will operate at the same level of productivity as determined (iv) Wastage will not exceed the normal percentage as determined etc. (v) Estimates for contingencies (vi) There will be no change in design and the geological factors will be same as communicated and (vii) price escalations etc. Due to such complexities involved in the budgeting process, contract estimates are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Recoverability of claims: The Group has claims in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work etc., which are at various stages of negotiation/ discussion with the clients or under arbitration. The realisability of these claims are estimated based on contractual terms, historical experience with similar claims as well as legal opinion obtained from internal and external experts, wherever necessary. Changes in facts of the case or the legal framework may impact realisability of these claims.

Deferred tax assets: In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

3.5 Operating Cycle and Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification in accordance with Part-I of Division- II of Schedule III of the Companies Act, 2013.

An asset is treated as current when it (a) Expected to be realised or intended to be sold or consumed in normal operating cycle; (b) Held primarily for the purpose of trading; or (c) Expected to be realised within twelve months after the reporting period, or (d) The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when (a) It is expected to be settled in normal operating cycle; or (b) It is held primarily for the purpose of trading; or (c) It is due to be settled within twelve months after the reporting period, or (d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Hindustan Dorr-Oliver Limited

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Operating cycle for the business activities of the company covers the duration of the project contract/service including the defect liability period wherever applicable and extends upon the realization of receivables including retention money within the credit period normally applicable to the respective projects.

HDO Technologiess Limited

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its normal operating cycle.

3.6 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Construction Contracts:

Revenue from construction contracts is recognized by reference to the stage of completion of the contract activity. The Company follows the percentage completion method, based on the stage of completion at the Balance Sheet date, taking into account the contractual price and revision thereto by estimating total revenue as per Ind AS 11, 'Construction Contracts', and total cost till completion of the contract and the profit so determined proportionate to the percentage of the actual work done.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. The outcome of construction contract is considered as estimated reliably when all critical approvals necessary for commencement of the project has been obtained. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of probable recovery of cost incurred. Contract cost are recognized as expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately

Supply Contracts-Sale of Goods

Revenue from supply contract is recognized when the substantial risk and rewards of ownership is transferred to the buyer, which is generally on dispatch, and the collectability is reasonably measured. Revenue from product sales are shown as net of all applicable taxes and discounts.

Interest income Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends Dividend income from investments is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

3.7 Joint Arrangements

As per Ind AS 111 - Joint Arrangements, investment in Joint Arrangement is classified as either Joint Operation or Joint Venture. The classification depends on the contractual rights and obligations of each investor rather than legal structure of the Joint Arrangement.

A joint operation is a joint arrangement whereby the parties that joint control of the arrangement have right to the assets and obligation for the liabilities relating to the joint arrangement. Joint control is the contractually agreed sharing of the control of the joint arrangement, which exist when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the contractual arrangement provides the parties to the arrangement with rights to the net assets of the arrangement (i.e. it is the separate vehicle, not the parties, that has rights to the assets, and obligations for the liabilities relating to the arrangement)

3.8 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (i.e. the Executive Committee), in deciding how to allocate resources and assessing performance.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities.

3.9 Foreign Currencies

Functional currency: The functional currency of the Group is the Indian rupee.

Transactions and translations: Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign-currency-denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

3.10 Property, plant and equipment

Property, plant and equipment (PPE) are initially recognised at cost. The initial cost of PPE comprises its purchase price, including non-refundable duties and taxes net of any trade discounts and rebates. The cost of PPE includes interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets subsequent to initial recognition, PPE are stated at cost less accumulated depreciation (other than freehold land, which are stated at cost) and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work in progress) less their residual values over the useful lives, using the straight-line method ("SLM") in the manner prescribed in schedule II to the Act. Management believes based on a technical evaluation (which is based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.) that the useful lives of the assets as considered by the group reflect the periods over which these assets are expected to be used.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Fully depreciated assets still in use are retained in financial statements.

3.11 Capital work-in-progress and intangible assets under development

Capital work-in-progress/intangible assets under development are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

3.12 Intangible assets

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on derecognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

The Group amortises intangible assets with a finite useful life using the straight-line method over the useful lives determined by the terms of the agreement /contract. The estimated useful life is reviewed annually by the management.

3.13 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured at its cost, including related transaction costs and where applicable borrowing costs less depreciation and impairment if any. Depreciation on building is provided over its useful life using the written down value method.

3.14 Investment in joint ventures

Investments in joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

3.15 Income tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax: Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Deferred tax: Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

3.16 Leases

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating Lease: Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding in inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's inflationary cost increases, such increases are recognised in the year in which the benefits accrue) provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

Finance Lease: Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

3.17 Impairment of assets

Financial assets: The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

PPE and intangibles assets: Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit and Loss.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

3.18 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.19 Provisions and Contingent Liabilities:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

3.20 Inventories

Inventories are valued at lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.21 Non-derivative financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

a. Financial assets

Cash and cash equivalents: The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks, which are unrestricted for withdrawal and usage.

Trade Receivables and Loans: Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt Instruments: Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

Equity Instruments: All investments in equity instruments classified under financial assets are initially measured at fair value, the Group may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

b. Financial assets - Subsequent measurement

Financial assets at amortised cost: Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI): Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

Financial assets at fair value through profit or loss (FVTPL): Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

c. Financial liabilities

Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis.

Preference Shares: Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

Composite financial Instrument: The fair value of the liability portion of an optionally convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity.

Financial guarantee contracts: Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

d. Financial liabilities - Subsequent measurement

Financial liabilities are measured at amortised cost using the effective interest method. The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis.

Composite financial Instrument: The fair value of the liability portion of an optionally convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity.

e. Derecognition of financial instrument

The group de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Indian Accounting Standard 109 "Financial Instruments". A financial liability (or a part of financial liability) is de-recognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

f. Offsetting of financial instruments

Financial assets and financial liabilities are set and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

3.22 Borrowing costs

General and specific borrowing costs (including exchange differences arising from foreign currency borrowing to the extent that they are regarded as an adjustment to interest cost) that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

3.23 Employee Benefits

Employee benefits consist of contribution to employees state insurance, provident fund, gratuity fund and compensated absences.

HINDUSTAN DORR-OLIVER LIMITED**Post-employment benefit plans****Defined Contribution plans**

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution is made to a Hindustan Dorr Oliver Staff Provident fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Defined benefit plans:**Gratuity**

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Hindustan Dorr Oliver Limited Employees' Group Gratuity Scheme ('the Trust'). Trustees administer contributions made to the Trusts and contributions are invested as permitted by Indian law.

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

The interest expenses are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest expense on the net defined benefit liability or asset is recognised in the Statement of Profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

The classification of the company's net obligation into current and non-current is as per the actuarial valuation report.

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

HDO TECHNOLOGIES LIMITED

Post-employment benefit plans

Defined Contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Defined benefit plans

Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the HDO-Ahmedabad Employees Group Gratuity Cum Life Assurance Scheme with LIC of India. Trustees administer contributions made to the Trusts and contributions are invested in a scheme with the Life Insurance Corporation of India as permitted by Indian law.

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

The interest expense is calculated by applying the discount rate to the net defined benefit liability or asset. The net interest expense on the net defined benefit liability or asset is recognized in the Statement of Profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

The classification of the company's net obligation into current and non-current is as per the actuarial valuation report.

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

3.24 Earnings per share (EPS)

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Group by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

3.25 Exceptional items

Items of income or expense from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group are disclosed as Exceptional items in the Consolidated Statement of Profit and Loss.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

4. Explanation of transition to Ind AS

As stated in Note 3.1, the consolidated financial statements for the year ended March 31, 2017 are the first annual consolidated financial statements prepared by the Group in order to comply with Ind AS. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 01, 2015 as the transition date. The transition was carried out from Previous GAAP (based on the AS framework) to Ind AS. The effect of adopting Ind AS has been summarized in the reconciliations provided below.

Ind AS 101 generally requires full retrospective application of the Standards in force at the first reporting date. However, Ind AS 101 allows certain exemptions in the application of particular Standards to prior periods in order to assist companies with the transition process.

Reconciliations The accounting policies as stated above in Note 3 have been applied in preparing the consolidated financial statements for the year ended March 31, 2017, the consolidated financial statements for the year ending March 31, 2016 and the preparation of an opening Ind AS statement of financial position as at April 01, 2015. In preparing its opening Ind AS consolidated Balance Sheet and Statement of Profit and Loss for the year ended March 31, 2016, the Group has adjusted amounts reported in consolidated financial statements prepared in accordance with Previous GAAP

An explanation of how the transition from Previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables:

i. Reconciliation of equity

Particulars	As at March 31, 2016	As at April 01, 2015
Equity as per previous GAAP	(8332.07)	(6405.95)
Adjustment relating to interest expense	(429.87)	(52.93)
Depreciation on leasehold	(4.93)	-
Difference between audit and unaudited financial statement of subsidiary	(12.43)	-
Measurement of equity instrument other than investment in subsidiary at fair value through profit and loss	1.01	0.88
Effect of change in other comprehensive income (net of deferred tax)	(4.10)	(2.72)
Equity as per Ind AS	(8782.39)	(6460.72)

ii. Reconciliation of total comprehensive income:

Particulars	As at March 31, 2016
Profit/(Loss) for the year as per previous GAAP	(1926.12)
Actuarial Loss/(gain) on defined obligation recognised in other comprehensive expenses	(3.96)
Measurement of equity instrument other than investment in subsidiary at fair value through Profit and losses	0.13
Adjustment relating to interest expense	(376.95)
Depreciation on leasehold land	(4.93)
Difference between audit and unaudited financial statement of subsidiary	(12.43)
Net Profit/(Loss) as per Ind AS	(2324.26)
Other Comprehensive income	3.96
Deferred tax relating to above	(1.38)
Total Comprehensive Income (comprising loss for the period after tax and other comprehensive income)	(2321.68)

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

iii. Explanation of material adjustments to Statement of Cash Flows for the year ended March 31, 2016:

The transition from Previous GAAP to Ind AS has no material impact on the Statement of Cash Flows.

iv. Exemptions availed on first time adoption of Ind AS 101:

On first time adoption of Ind AS, Ind AS 101 allows certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has availed the following exemptions:

- a. There being no change in the functional currency of the Group, it has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for property, plant and equipment and intangible assets on the date of transition.
- b. The Group has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for investment in subsidiaries, associates and joint ventures on the date of transition to Ind AS.
- c. Fair value measurement of financial assets or liabilities at initial recognition: The Group has not applied the provision of Ind AS 109, Financial Instruments, upon the initial recognition of the financial instruments where there is no active market.
- d. Designation of previously recognised financial instruments: The Group does not have any financial assets or liabilities as of the transition dates which were required to be designated, and which met the required criteria given in Ind AS 101, as a financial asset or financial liability at FVPL.
- e. **Business Combination:** The group has adopted not to apply Ind AS 103 retrospectively to past business combinations that occurred before the date of transition to Ind AS.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

v. Reconciliation of Consolidated Balance Sheet

(₹ in million)

Particulars	Notes	Balance Sheet As at March 31, 2016			Opening Balance Sheet As at April 01, 2015		
		Previous GAAP	Ind AS adjust ments	Ind AS	Previous GAAP	Ind AS adjust ments	Ind AS
		Refer 4(vi)(6)					
I. Assets							
1. Non-current assets							
Property, plant and equipment	4(v)(1)	2,286.92	(4.93)	2,281.99	2,336.38		2,336.38
Capital work-in-progress		60.16		60.16	60.16		60.16
Other intangible assets		1.81		1.81	2.31		2.31
Goodwill		1,290.00		1,290.00	1,290.00		1,290.00
Financial assets		-		-	-		-
Investments	4(v)(2)	0.48	1.01	1.49	0.48	0.88	1.36
Trade receivables		73.86		73.86	10.86		10.86
Other financial assets		235.63		235.63	-		-
Deferred tax assets	4(v)(3)	54.57	0.09	54.66	54.58		54.58
Non-current tax assets		52.92		52.92	95.61		95.61
Other non-current assets		3.73		3.73	4.06		4.06
Total		4,060.08	(3.83)	4,056.25	3,854.44	0.88	3855.32
2. Current assets							
Inventories		494.89		494.89	725.20		725.20
Financial assets							
Trade Receivables		2,971.83		2,971.83	2,962.06		2,962.06
Cash and cash equivalents		23.42		23.42	46.30		46.30
Bank balances other than Cash and cash equivalents		6.32		6.32	14.90		14.90
Other Financial Assets		11.11		11.11	11.24		11.24
Other current assets		2,964.33		2,964.33	3,119.84		3,119.84
Total assets		6,471.90		6,471.90	6879.54		6,879.54
Total assets		10,531.98	(3.83)	10,528.15	10,733.98	0.88	10,734.86
II. Equity and liabilities							
Equity							
Equity share capital		144.01		144.01	144.01		144.01
Other equity		(8,488.43)	(437.97)	(8,926.40)	(6,549.96)	(54.77)	(6,604.73)
		(8,344.42)	(437.97)	(8,782.39)	(6,405.95)	(54.77)	(6,460.72)
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowings					2,317.81		2,317.81
Other financial liabilities							
Provisions		18.33		18.33	19.34		19.34
Deferred tax liabilities (Net)	4(v)(3)		4.19	4.19		2.72	2.72
		18.33	4.19	22.52	2,337.15	2.72	2,339.87
Current liabilities							
Financial liabilities							
Borrowings		426.93		426.93	6,509.21		6,509.21
Trade Payables		3,734.00		3,734.00	3,701.00		3,701.00
Other financial liabilities	4(v)(4)	12,843.75	429.95	13,273.70	2,150.88	52.93	2,203.81
Other current liabilities		1,187.52		1,187.52	1,289.12		1,289.12
Provisions		665.87		665.87	1,152.57		1,152.57
Current tax liabilities							
		18,858.07	429.95	19,288.02	14,802.78	52.93	14,855.71
Total liabilities		18,876.40	434.14	19,310.54	17,139.93	55.65	17,195.58
Total equity and liabilities		10,531.98	(3.83)	10,528.15	10,733.98	0.88	10,734.86

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

1. Amortization of lease hold assets on the basis of remaining useful life.
2. Measurement of Investment in equity instruments other than Subsidiary Company at fair value through Profit or Loss. Under the previous GAAP, it is stated at cost.
3. Recognition of deferred tax assets on actuarial gain/losses recognized in other comprehensive income.
4. Impact of actuarial gain/loss and finance cost pertaining to earlier year adjusted against retained earning on transition date.
5. Retention money classified as trade receivable and offset of financial liabilities with financial assets in terms of clause 42 of Ind AS 32 financial instruments: presentation.
6. Consolidated accounts for the previous financial year ended March 31, 2016 prepared as per previous GAAP included unaudited financial accounts (management account) of M/s HDO Technologiess Limited. However, previous year's figures as presented in current year's financials statements are after taking into account the difference between unaudited and audited accounts of the previous year ended March 31, 2016.
7. Under previous GAAP, the Group was not required to present its assets and liabilities bifurcating between financial assets / financial liabilities and non-financial assets / non-financial liabilities . Under Ind AS, the Company is required to present its assets and liabilities bifurcating between financial assets / financial liabilities and non-financial assets / non-financial liabilities. Accordingly, the Company has classified and presented its assets and liabilities.

vi. Reconciliation of Consolidated Statement of Profit and Loss for the year ended March 31, 2016

(₹ in million)

Particulars	Notes	Previous GAAP (Refer 4(vi)(6))	Ind AS adjustments	Ind AS
Income				
Revenue from operation	4(vi)(1)	2,481.66	66.67	2,548.33
Other income	4(vi)(2)	53.72	0.13	53.85
Total Income		2,535.38	66.80	2,602.18
Expenses				
Cost of material consumed		1,281.35		1,281.35
Cost of goods sold		603.92		603.92
Change in inventories of finished goods and Work-in-progress		202.74		202.74
Employee benefit expenses	4(vi)(3)	248.88	2.68	251.56
Finance cost	4(vi)(4)	1,724.84	378.20	2,103.04
Depreciation and amortization expenses.	4(vi)(5)	50.25	4.93	55.18
Excise duty	4(vi)(1)	-	66.67	66.67
Other expenses		348.35		348.35
Total expenses		4,460.33	452.48	4,912.81
Profit before exceptional items and tax		(1,924.95)	(385.68)	(2,310.63)
Exceptional items		-	-	-
Profit before tax		(1,924.95)	(385.68)	(2,310.63)
Tax expenses				
Current Tax		13.63		13.63
Profit for the year (A)		(1,938.58)	(385.68)	(2,324.26)
Other comprehensive income(net of taxes)	4(vi)(3)			
Items that will not be reclassified to profit or loss			3.96	3.96
Income tax relating to items that will not be reclassified to profit or loss			(1.38)	(1.38)
Other comprehensive income for the year (B)			2.58	2.58
Total comprehensive income for the year (A+B)	4(vi)(7)	(1,938.58)	(383.10)	(2,321.68)

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Notes to the Reconciliations

1. Under Previous GAAP, excise duty was netted off against sale of goods. However, under Ind AS, excise duty is included in sale of goods and is separately presented as expense on the face of Consolidated Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.
2. Measurement of Investment in equity instruments other than Subsidiary Company at fair value through Profit or Loss. Under the previous GAAP, it is stated at cost.
3. Under Previous GAAP, the actuarial gain/(loss) of defined benefit plans had been recognized in Consolidated Statement of Profit and Loss as an employee benefit expenses. Under Ind AS, the remeasurement gain/(loss) on net defined benefit plans is recognized in Other Comprehensive Income net of tax.
4. Provision for finance cost pertaining to financial year 2015-2016 not earlier recognized pending reconciliation.
5. Amortization of lease hold assets on the basis of remaining useful life
6. Consolidated accounts for the previous financial year ended March 31, 2016 included unaudited financial accounts (management account) of HDO Technologiss Limited. However, previous year's figures as presented in current year's financials statements are after taking into account the difference between unaudited and audited accounts of the previous year ended March 31, 2016.
7. Under the previous GAAP, the group has not presented Other Comprehensive Income separately. Hence, it has reconciled previous GAAP profit or loss to profit or loss as per Ind AS. Further, previous GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

5. Statement of property, plant and equipment , capital work-in-progress and intangible assets as at March 31, 2017

Particulars	Property, Plant and Equipment									Capital work-in-progress	Intangible assets			
	Land (lease hold)	Land (free hold)	Build ings	Plant and machi nery	Vehi cles	Furi ture and fix tures	Office equip ments	Compu ters	Total	(Refer Note 60)	Soft ware	Good will	Tech nical know-how	Total
Gross carrying value as at April 01, 2015	772.50	1,047.19	296.82	193.96	5.30	17.10	1.45	2.08	2,336.38	60.16	2.31	-	-	2.31
Additions					0.01	0.20	0.06	0.01	0.28					
Disposals														
Capitalisation During the year														
Gross carrying value as at March 31, 2016	772.50	1,047.19	296.82	193.96	5.31	17.30	1.51	2.09	2,336.66	60.16	2.31	-	-	
Additions						0.05	0.48	0.24	0.76					-
Disposals					0.59				0.59					-
Gross carrying value as at March 31, 2017	772.50	1,047.19	296.82	193.96	4.72	17.34	1.99	2.32	2,336.84	60.16	2.31	-	-	2.31
Accumulated depreciation as at April 01, 2015									-					-
Depreciation	13.08		9.84	25.91	0.75	4.04	0.53	0.51	54.67		0.51			0.51
Accumulated depreciation on disposals									-					
Accumulated depreciation as at March 31, 2016	13.08	-	9.84	25.91	0.75	4.04	0.53	0.51	54.67	-	0.51	-	-	0.51
Depreciation	13.08		9.84	27.57	0.94	3.46	0.42	0.31	55.62		0.63			0.63
Depreciation charged to Capital Work in Progress									-					-
Accumulated depreciation on disposals					0.59				0.59					-
Accumulated depreciation as at March 31, 2017	26.17	-	19.68	53.48	1.11	7.50	0.95	0.82	109.70	-	1.13	-	-	1.13
Carrying value as at April 01, 2015	772.50	1,047.19	296.82	193.96	5.30	17.10	1.45	2.08	2,336.38	60.16	2.31	-	-	2.31
Carrying value as at March 31, 2016	759.42	1,047.19	286.97	168.04	4.55	13.26	0.98	1.58	2,281.99	60.16	1.81	-	-	1.81
Carrying value as at March 31, 2017	746.33	1,047.19	277.14	140.48	3.61	9.85	1.04	1.50	2,227.13	60.16	1.18	-	-	1.18

- Buildings include company owned residential flats of the book value of ₹ 8.85 million (previous year ₹ 8.85 million) including face value of shares held in Co-operative housing societies of ₹ 0.01 million in respect of which documents lodged with the Registrar of properties for registration are yet to be received back.
- Lease hold lands in the name of the Holding Company (Hindustan Dorr Oliver Ltd.) were transferred to HDO Technologiss Limited (The Subsidiary Company) in the scheme of Demerger approved by the Honbl. High Court of Mumbai and is yet to be Registered in the name of the subsidiary Company.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
6	NON CURRENT INVESTMENTS				
	Unquoted				
	Investments valued at deemed cost, fully paid up				
	i) In subsidiary companies outside India				
	HDO (UK) Limited	1008000 GBP 1	73.51	73.51	73.51
	HDO Zambia Limited	50000 ZMK 1	0.05	0.05	0.05]
	Less : Provision for impairment in the value of investments		(73.51)	(73.51)	(73.51)
			0.05	0.05	0.05
	Quoted				
	Investment in equity shares in others carried at air value through profit and loss, fully paid up				
	Voltas Limited	500 ₹ 1	0.21	0.14	0.14
	Ion Exchange (I) Limited	50 ₹ 10	0.02	0.02	0.01
	Gujarat State Petronet Limited	8983 ₹ 10	1.44	1.24	1.11
	Gitanjali Gems Limited	884 ₹ 10	0.06	0.03	0.04
	Triveni Engineering & Industries Limited	66 ₹ 10	0.01	0.00	0.00
			1.74	1.43	1.30
*The value of investment in equity shares of Triveni Engineering & Industries Limited as at March 31, 2016 and March 31, 2017 is ₹ 3,336 and ₹1,214 respectively.					
	Unquoted				
	Investment in equity shares in others				
	Western Bio Systems Ltd.	10 ₹ 10	0.00	0.00	0.00
	Jord Engineers India Ltd.	100 ₹ 10	0.00	0.00	0.00
	Western India Industries	50 ₹ 10	0.00	0.00	0.00
	Western Paques (I) Limited	100 ₹ 10	0.01	0.01	0.01
			0.02	0.02	0.02
	Less : Provision for impairment in the value of investments		(0.02)	(0.02)	(0.02)
			-	-	-
* The value of investment in equity shares of Western Bio Systems Ltd., Jord Engineers India Ltd. and Western India Industries is ₹ 100, ₹ 3,290 and ₹ 2,975 respectively as at March 31, 2017, March 31, 2016 and March 31, 2015.					
	Investment in Others				
	National Saving Certificate*		-	0.01	0.01
			-	0.01	0.01
			1.79	1.49	1.36
* written off during the year					
	Aggregate amount of quoted investments		1.74	1.43	1.30
	Market value of quoted investments		1.74	1.43	1.30
	Aggregate amount of unquoted investments		73.58	73.58	73.58
	Aggregate amount of impairment in value of Investments		(73.53)	(73.53)	(73.53)

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
7	TRADE RECEIVABLES			
	Non current financial assets			
	(Refer Note 45, 46, 51, 56, 57 and 64)			
	(unsecured, considered good, unless otherwise stated)			
	Trade receivables (including retention money)			
	(i) Considered good	-	73.86	10.86
	(ii) Considered doubtful	657.58	474.71	474.71
		657.58	548.57	485.57
	Less: Allowance for expected credit loss	(657.58)	(474.71)	(474.71)
		-	73.86	10.86
	The movement in allowance for bad and doubtful debts:			
	Balance as at beginning of the year	474.71	474.71	-
	Allowance for expected credit loss during the year*	182.87	-	474.71
	Trade Receivables written off during the year	-	-	-
	Balance as at end of the year	657.58	474.71	474.71
	*net of recovery of bad and doubtful debts			
8	LOANS			
	Non current financial assets			
	(Refer Note 71)			
	(unsecured, considered good, unless otherwise stated)			
	Interest Free Loan to Foreign Subsidiary			
	(i) Considered good	-	-	-
	(ii) Considered doubtful	1,422.37	1,422.37	1,422.37
		1,422.37	1,422.37	1,422.37
	Less: Allowance for doubtful loans and advances	(1,422.37)	(1,422.37)	(1,422.37)
		-	-	-

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
9	OTHER FINANCIAL ASSETS			
	Non current financial assets			
	(Refer Note 51 and 64)			
	(unsecured, considered good, unless otherwise stated)			
	Recoverable from clients			
	(i) Considered good*	-	235.63	-
	(ii) Considered doubtful	-	90.12	85.25
		-	325.75	85.25
	Less: Allowance for doubtful recoverable	-	(90.12)	(85.25)
		-	235.63	-
	*Represent amount of bank guarantees encashed by the clients due to delay in execution of the orders.			
	*Recoverable amount from clients written off/adjusted during the year.			
	The movement in allowance for doubtful advances			
	Balance as at beginning of the year	90.12	85.25	-
	Allowance for expected credit loss during the year*	-	4.87	85.25
	Recoverable written off during the year	(90.12)	-	-
	Balance as at end of the year	-	90.12	85.25
	*net of recovery of doubtful advances			
10	DEFERRED TAX ASSETS (NET)			
	(Refer Note 70)			
	Deferred tax liabilities on account of			
	Depreciation	-	(48.71)	(48.71)
	Deferred tax assets on account of			
	Employee benefits	0.16	7.66	7.58
	Unabsorbed business losses	-	95.71	95.71
		0.16	54.66	54.58
11	NON CURRENT TAX ASSETS			
	(Refer Note 69)			
	Income Tax Assets	40.95	52.92	95.61
		40.95	52.92	95.61

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
12	OTHER NON CURRENT ASSETS			
	(unsecured, considered good, unless otherwise stated)			
	Loans and advances other than Capital Advances			
	Security Deposit	4.11	3.73	4.06
		<u>4.11</u>	<u>3.73</u>	<u>4.06</u>
13	INVENTORIES			
	Current assets			
	(Refer Note 61)			
	(As taken, valued and certified by the management)			
	Raw materials	243.11	306.73	336.90
	Work in progress	261.00	150.64	353.38
	Stores and spares	42.87	37.52	34.92
		<u>546.98</u>	<u>494.89</u>	<u>725.20</u>
	Inventories aggregating to ₹ 19.82 million charged to statement of profit and loss due to shortage noticed during the year.			
14	TRADE RECEIVABLES			
	Current financial assets			
	(Refer Note 45, 46, 51, 56, 57 and 64)			
	(unsecured, considered good, unless otherwise stated)			
	Considered good	923.59	2,971.83	2,962.06
	Considered doubtful	277.91	1,184.25	1,154.17
		<u>1,201.50</u>	<u>4,156.08</u>	<u>4,116.23</u>
	Less: Allowance for expected credit loss	(277.91)	(1,184.25)	(1,154.17)
		<u>923.59</u>	<u>2,971.83</u>	<u>2,962.06</u>
	The movement in allowance for bad and doubtful debts:			
	Balance as at beginning of the year	1,184.25	1,154.17	-
	Allowance for expected credit loss during the year*	-	30.08	1,154.17
	Trade receivables written off during the year	(906.34)	-	-
		<u>277.91</u>	<u>1,184.25</u>	<u>1,154.17</u>

*net of recovery of bad and doubtful debts

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
15	CASH AND CASH EQUIVALENTS			
	Current financial assets			
	(Refer Note 46)			
	Balances with banks:			
	In Current Accounts	11.77	19.64	43.39
	Cash on hand	2.65	3.78	2.91
		<u>14.42</u>	<u>23.42</u>	<u>46.30</u>
16	BANK BALANCES OTHER THAN			
	CASH AND CASH EQUIVALENTS			
	Current financial assets			
	Earmarked balances with banks			
	Unpaid dividend**	0.64	0.82	0.92
	Term deposits with maturity more than 3 months but less than 12 months*	7.13	5.50	13.98
		<u>7.77</u>	<u>6.32</u>	<u>14.90</u>
	* Pledged as securities or earmarked for issue of bank guarantees/letter of credit/projects.			
	** Unpaid dividend account represent cash and cash equivalent deposited in unpaid dividend account and are not available for use by the company other than for specific purpose.			
17	OTHER FINANCIAL ASSETS			
	Current financial assets			
	(Refer Note 71)			
	Unsecured considered good unless stated otherwise			
	Loan and advances			
	To Directors	10.12	10.12	10.48
	Interest on term deposit with banks	0.14	0.99	0.76
		<u>10.26</u>	<u>11.11</u>	<u>11.24</u>
18	CURRENT TAX ASSETS (NET)			
	(Refer Note 69)			
	Income Tax Refundable	53.11	-	-
		<u>53.11</u>	<u>-</u>	<u>-</u>

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
19	OTHER CURRENT ASSETS			
	(Refer Note 49,51, 63, 64 and 76)			
	Balance with Government Authorities			
	Considered good	121.99	248.03	264.44
	Considered doubtful	55.81	55.81	54.07
		177.80	303.84	318.51
	Less: Allowance for doubtful withholding taxes	(55.81)	(55.81)	(54.07)
		121.99	248.03	264.44
	Advance payments to vendors and sub-contractors	252.70	879.77	978.91
	Other receivables	-	0.02	-
	Unbilled revenue	237.11	1,770.96	1,791.03
	Security deposit			
	Considered good	18.65	48.41	58.98
	Considered doubtful	-	12.56	-
		18.65	60.97	58.98
	Less: Allowance for doubtful advances	-	(12.56)	-
		18.65	48.41	58.98
	Prepaid expenses	3.60	17.14	26.48
		634.05	2,964.33	3,119.84
	The movement in allowance for doubtful advances:			
	Balance as at beginning of the year	12.56	-	-
	Allowance for expected credit loss during the year*	-	12.56	-
	Advances receivables written off during the year	(12.56)	-	-
	Balance as at end of the year	-	12.56	-
	*net of recovery of doubtful advances			
	The movement in allowance for withholding taxes:			
	Balance as at beginning of the year	55.81	54.07	-
	Allowance for expected credit loss during the year	-	1.74	54.07
	Refund/credit written off during the year	-	-	-
	Balance as at end of the year	55.81	55.81	54.07
20	EQUITY SHARE CAPITAL			
	AUTHORISED			
	100000000 (March 31, 2016: 100000000 and			
	April 01, 2015: 100000000) Equity Shares of ₹ 2/- each	200.00	200.00	200.00
		200.00	200.00	200.00
	ISSUED, SUBSCRIBED & PAID UP			
	Equity			
	72005808 ((March 31, 2016: 72005808 and			
	April 01, 2015: 72005808)) Equity Shares of ₹ 2/- each	144.01	144.01	144.01
		144.01	144.01	144.01

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

a) Reconciliation of equity shares outstanding at the beginning and end of the reporting period.

Equity Shares	As at March 31,2017		As at March 31,2016		As at April 01,2015	
	Nos.	₹	Nos.	₹	Nos.	₹
Balance at the beginning of the year	72005808	144.01	72005808	144.01	72005808	144.01
Issued during the year	-	-	-	-	-	-
Balance at the end of the year	72005808	144.01	72005808	144.01	72005808	144.01

b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is entitled to one vote per share. All equity Share holders are having right to get dividend in proportion to paid up value at each equity shares as and when declared. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all the preferential amounts, in proportion to their shareholding.

c) Details of shareholders holding more than 5 percent shares in the Company

Name of the Shareholder	As at March 31,2017		As at March 31,2016		As at April 01,2015	
	Nos.	Percentage of holding	Nos.	Percentage of holding	Nos.	Percentage of holding
IVRCL Limited, the holding company	39804430	55.28	39804430	55.28	39804430	55.28

Equity shares held by holding Company:

Name of the Shareholder	As at March 31,2017		As at March 31,2016		As at April 01,2015	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
Number of equity shares of the beginning and end of the year	39804430	79.61	39804430	79.61	39804430	79.61

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
21	OTHER EQUITY			
	Capital Reserve	1,296.98	1,296.98	1,296.98
	Securities Premium Reserve	222.34	222.34	222.34
	General Reserve	972.49	972.49	972.49
	Retained Earnings	(17,424.76)	(11,426.26)	(9,102.01)
	Other Comprehensive Income			
	Remeasurement of defined benefit plans	6.44	8.05	5.47
		<u>(14,926.51)</u>	<u>(8,926.40)</u>	<u>(6,604.73)</u>

(Refer Statement of Changes in Equity)

Nature and purpose of reserves

- Capital reserve: The capital reserve was recognized on pursuant to the Scheme of arrangement approved by the Hon'ble Mumbai High Court. This reserve is not freely available for distribution to the shareholders.
- Securities premium reserve: The amount of difference between the issue price and the face value of the shares is recognized in Securities premium reserve.
- General reserve: General reserve is the accumulation of the portions of the net profits transferred by the Company in the past years pursuant to the earlier provisions of the Companies Act, 1956.
- Retained earnings: Retained earnings comprise of the profits of the Company earned till date net of distributions and other adjustments
- Other Comprehensive Income: The Company has recognized remeasurement gains/ (loss) on defined benefit plans in OCI. These changes are accumulated within the OCI reserve within other equity.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
22	BORROWINGS			
	Non current financial liabilities			
	(Refer Note 41, 43, 47, 48, 52, 54, 58, 59 and 79)			
	Secured			
	Working Capital Term Loans from Banks (WCTL)	-	-	1,993.99
	Funded Interest Term Loan from Bank (FITL)	-	-	10.86
	External Commercial Borrowings (ECB)	-	-	312.96
		<u>-</u>	<u>-</u>	<u>2,317.81</u>
	Refer note. 27 for security, interest rate and terms of repayment of Borrowing			
23	NON CURRENT PROVISIONS			
	(Refer Note 68)			
	For Employee Benefits	24.09	18.33	19.34
		<u>24.09</u>	<u>18.33</u>	<u>19.34</u>
24	DEFERRED TAX LIABILITIES(NET)			
	(Refer Note 70)			
	Deferred Tax Liabilities on account of Employee benefits	3.60	4.19	2.72
		<u>3.60</u>	<u>4.19</u>	<u>2.72</u>
25	BORROWINGS			
	Current financial liabilities			
	(Refer Note 41, 43, 47, 48, 52, 54, 58, 59 and 79)			
	Secured			
	Working Capital Loan/Cash Credit From Bank (WCL/CC)	-	408.13	6509.20
	Unsecured, interest free and repayable on demand			
	Loan from Director	5.86	18.80	0.01
		<u>5.86</u>	<u>426.93</u>	<u>6,509.21</u>

Refer note. 27 for security, interest rate and terms of repayment of Borrowing

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
26	TRADE PAYABLES			
	Current financial liabilities			
	(Refer Note 38, 43, 50, 51, 54 and 64)			
	Total outstanding dues of Micro Enterprises and Small Enterprises	26.34	28.45	28.84
	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises*	2,462.11	3,705.55	3,672.16
		2,488.45	3,734.00	3,701.00
	Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract			
	* The above trade payables includes related parties in the following manner:			
	Year	₹		
	2017	63.32		
	2016	60.91		
	2015	58.51		
27	OTHER CURRENT FINANCIAL LIABILITIES			
	Current financial liabilities			
	(Refer Note 41, 43, 47, 48, 52, 54, 58, 59 and 79)			
	Current Maturity of long term debt	-	1,324.01	1,289.06
	Liabilities towards borrowings and interest thereon	16,365.07	11,243.96	-
	Interest accrued but not due on borrowings	-	16.44	16.50
	Interest accrued and due on borrowings	-	276.36	571.94
	Unclaimed Dividends	0.64	0.82	0.92
	Interest Others	220.60	85.95	34.30
	Others			
	Advance from holding company	150.00	150.00	150.00
	Accrued salaries and benefits	235.19	164.12	133.46
	Other payables	6.01	12.04	7.63
		16,977.50	13,273.70	2,203.81

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

- 27.1 There are no amount due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act 2013 as at March 31, 2017, March 31, 2016 and April 01, 2015.
- 27.2 The total borrowings of the company alongwith the interest thereon has been presented in Other current liabilities due to the reasons as stated in Note 41 and 52.

In respect of Hindustan Dorr-Oliver Limited ('The Holding Company')

27.3 **Nature of Security Consortium of Bank of India and Andhra Bank**

Working capital loan from banks are secured by hypothecation of entire stocks, book debts, outstanding money receivable, claims and bills (both present and future). Collateral security is pari pasu charge on fixed assets owned by wholly owned subsidiary company situated at Vatva, Ahmedabad (Gujarat), residual charge over building at Andheri, Mumbai and flats situated in Mumbai and flat owned by wholly owned subsidiary company situated at Vatva, Ahmedabad (Gujarat). The facility is further secured by corporate guarantee of the ultimate holding company (IVRCL Limited) and HDO Technologiess Limited (subsidiary company) and pledge of 29.38 percent shares of the company held by IVRCL Limited (holding company). The facility carries interest @12.75 percent p.a.

ICICI Bank

Working capital loan from banks are secured by first and exclusive charge on all the current assets (including receivables) and movable fixed assets related to OPaL project and second paripassu charge on factory land and building owned by wholly owned subsidiary company situated at Vatva, Ahmedabad (Gujarat), and building at Andheri, Mumbai and flats situated in Mumbai and flat owned by wholly owned subsidiary company situated at Vatva, Ahmedabad (Gujarat). In addition to the above, the facility to be secured by First and exclusive charge on all the current assets (including receivables) and movable fixed assets related to the ONGC Hazira Project and NPPL project. The facility carries interest @ 13 percent p.a.

Standard Chartered Bank

External commercial borrowings is secured by first charge over the land and building situated at Mumbai (the company's corporate office) along with other assets of the company with current value not less than 1.25x of the facility amount. Borrowing is further secured by first charge over the existing fixed assets and current assets of DavyMarkham Limited, UK.

27.4 **Terms of repayment of loan**

- a. External commercial borrowings:- Repayable in sixteen equal quarterly installments with the first installment due on April 17, 2013 (i.e. at the end of fifteenth month from the date of disbursement) and ending on January 17, 2017, three months USD LIBOR as prevailing at the start of every interest period plus margin (300 bps) payable in arrears at the end of every interest period net of withholding tax or deductions, if any.
- b. Working capital term loan:- Repayable in twenty four quarterly installments after moratorium period, of nine months (in case of Andhra Bank) and twelve months (in case of Bank of India), commencing from April 01, 2013 (in case of Andhra Bank) and December 31, 2012 (in case of Bank of India), with the first installment due on March 2014 and ending on December 2019.
- c. Funded interest term loan:- Repayable in ten equal quarterly installments after moratorium period, of nine months (in case of Andhra Bank) and twelve months (in case of Bank of India), commencing from April 01, 2013 (in case of Andhra Bank) and December 31, 2012 (in case of Bank of India), with the first installment due on March 2014 and ending on June 2016.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

27.5 Default in repayment of dues to banks

Name of the Bank	Type of Loan	Amount of default	Period of default in days	As at March 31, 2017
Principle Amount				
Bank of India	Cash Credit	0.73-2352.73	595-1	
Bank of India	Working Capital Term Loan	0.04-170.64	599-50	
Bank of India	Funded Interest Term Loan	7.17-49.77	507-50	
Andhra Bank	Working Capital Term Loan	5.84-17.51	245-60	
Andhra Bank	Cash Credit	0.005-1603.45	394-1	
Interest default on above borrowings				
Bank of India	Cash Credit	31.73-707.69	446-19	
Bank of India	Working Capital Term Loan	14.38-413.21	569-19	
Bank of India	Funded Interest Term Loan	0.56-17.53	507-19	
Andhra Bank	Working Capital Term Loan	2.32-17.21	260-77	
Default from the date of demand notice under SARFAESI Act, 2002				
Principle Amount				
Bank of India	Cash Credit	3392.73-3593.08	1-408	3,593.08
Bank of India	Working Capital Term Loan	1,505.44	408	1,505.44
Bank of India	Funded Interest Term Loan	66.77	408	66.77
Andhra Bank	Working Capital Term Loan	268.55	397	268.55
Andhra Bank	Cash Credit	2267.41-3450.94	1-397	3450.94
Interest default on above borrowings				
Bank of India	Cash Credit	707.69-1640.41	408-1	1640.4
Bank of India	Working Capital Term Loan	413.21-838.37	408-1	838.37
Bank of India	Funded Interest Term Loan	17.53-38.2	408-1	38.2
Andhra Bank	Working Capital Term Loan	17.21-59.15	397-1	59.15
Andhra Bank	Cash Credit	049-117.33	397-1	117.33
Other Borrowings				
Principle Amount				
Standard Chartered Bank	External Commercial Borrowings	81.05-1215.72	1445-74	1215.72
ICICI Bank	Cash Credit	0.17-16.43	397-1	416.43
ICICI Bank	LC Devolvement	1.25-412.32	183-1	412.32
Interest default on above borrowings				
Standard Chartered Bank	Term Loan	19.07-409.12	1339-15	409.12
ICICI Bank	Cash Credit and LC Devolvement	0.48-58.16	256-1	58.16

In respect of HDO Technologiess Limited ('The Subsidiary Company')

27.6 Terms of security:

"Bank of India: "Terms loans, working capital fund based limits comprising cash credit facility and non-fund based limits comprising letter of credit, letter of comfort for buyers credit and bank gaurantees are primarily secured by First pari passu charge on current assets of the Company. Collateral security is first pari pasu charge on Facotry land & Building at GIDC Vatva, Ahemdabad; Plant and Machinery at GIDC, Vatva, Ahemdabad; two flats in Shere Punjab Society, Andheri (East), Mumabi. Guest House at vatva, Ahemdabad; residual charge on office building of

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Hindustan Dorr Oliver Limited (the Holding Company) in Andheri East; Pledge of Entire shareholding of HDO Technologiess Limited held by the Holding Company; Pledge of 29.38 percent shares (i.e. 2,11,55,305 Nos of shares) of Holding Company held by Promoters (IVRCL Limited). "Further all fund based and non fund based facilities have been gauranteed (Joint & Several Gaurantee) by the IVRCL Limited (the ultimate Holding Company) and Holding Company."

"Andhra Bank: "Terms loans are primarily secured by First pari passu charge on current assets of the Company. Further, Open cash credit is primarily secured by hypthecation of stocks and book debts and retention money on pari passu basis and extension of pari pasu first charge on the entire current assets of the Company with other member of the consortium. ILC/FLC/LOC/Buyers Credit is primarily secured by Hypothecation of stocks purchased/imported out of Letter of Credit and extension of pari passu first charge on the entire current assets of the company with other members of the consortium. "colletral security is pari passu first charge on Facotry land and Building at GIDC Vatva, Ahemdabad; Plant and Machinery at GIDC, Vatva, Ahemdabad; two flats in Shere Punjab Society, Andheri (East), Mumabi and one flat (Guest House) at Maninagar, Ahemdabad; residual charge on office building of Hindustan Dorr Oliver Limited (the Holding Company) in Andheri East; Pledge of Entire shareholding of HDO Technologiess Limited held by the Holding Company; Pledge of 29.38 percent shares (i.e. 2,11,55,305 Nos of shares) of Holding Company held by Promoters (IVRCL Limited). "Further all fund based and non fund based facilities have been gauranteed (Joint and Several Gaurantee) by the IVRCL Limited (the ultimate Holding Company) and Holding Company."

27.7 Rate of Interest

Rate of Interest is 0.75 percent over base rate subject to minimum of 11 percent p.a. for term loan and 2.50 percent over base rate subject to 12.75 percent p.a. for cash credit and penal interest of 2 percent p.a. on default amount.

27.8 Terms of repayment

Working capital term loan:- Repayable in 24 quarterly installments after moratorium period, of 9 months (in case of Andhra Bank) and 12 months (in case of Bank of India), commencing from April 01, 2013 (in case of Andhra Bank) and December 31, 2012 (in case of Bank of India) with the first installment due on March 2014 and ending on December 2019.

Funded interest term loan:- Repayable in 10 equal quarterly installments after moratorium period, of 9 months (in case of Andhra Bank) and 12 months (in case of Bank of India), commencing from April 01, 2013 (in case of Andhra Bank) and December 31, 2012 (in case of Bank of India) with the first installment due on March 2014 and ending on June 2016.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

27.9 Default in repayment of dues to banks

Name of the Bank	Type of Borrowings	Amount of default	Period of default	Outstanding As at March 31, 2017
Principle Amount				
Bank of India	Cash Credit	18.51-334.97	1-512	
Bank of India	Working Capital Term Loan	6.33-46.42	507-50	
Bank of India	Funded Interest Term Loan	2.32-13.92	507-50	
Andhra Bank	Cash Credit	0.92-262.01	1-425	
Andhra Bank	Working Capital Term Loan	3.32-13.26	336-61	
Interest default on above borrowings				
Bank of India	Cash Credit	7.41-128.09	384-19	
Bank of India	Working Capital Term Loan	3.13-110.91	536-19	
Bank of India	Funded Interest Term Loan	0.29-3.96	384-19	
Andhra Bank	Working Capital Term Loan	0.43-5.02	92-1	
Andhra Bank	Funded Interest Term Loan	0.01-0.07	183-1	
Default from the date of demand notice under SARFAESI Act, 2002				
Principle Amount				
Bank of India	Cash Credit	630.27-631.90	1-408	630.27
Bank of India	Working Capital Term Loan	409.34	408	409.34
Bank of India	Funded Interest Term Loan	18.56	408	18.56
Andhra Bank	Cash Credit	425.24-500.56	1-397	500.56
Andhra Bank	Working Capital Term Loan	155.85	397	155.85
Andhra Bank	Funded Interest Term Loan	0.86	397	0.86
Interest default on above borrowings				
Bank of India	Cash Credit	128.09-295.32	408-1	295.68
Bank of India	Working Capital Term Loan	110.91-227.57	408-1	227.57
Bank of India	Funded Interest Term Loan	3.96-9.01	408-1	9.01
Andhra Bank	Working Capital Term Loan	5.02-27.18	397-1	27.18
Andhra Bank	Funded Interest Term Loan	0.07-0.21	397-1	0.21

Note	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
28	OTHER CURRENT LIABILITIES			
	(Refer Note 43, 50, 51, 54 and 64)			
	Statutory dues payable	124.95	287.82	224.63
	Advances from Customers	467.77	879.40	1,044.19
	Security deposits	20.30	20.30	20.30
		<u>613.02</u>	<u>1,187.52</u>	<u>1,289.12</u>
29	CURRENT PROVISIONS			
	(Refer Note 68)			
	For Employee Benefits	7.71	8.22	9.91
	For foreseeable losses*	477.93	657.65	1,142.66
		<u>485.64</u>	<u>665.87</u>	<u>1,152.57</u>

*The company has adequately recognized expected losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	For the year ended March 31,2017	For the year ended March 31,2016
30	REVENUE FROM OPERATIONS		
	Sale of Sevices (EPC)	867.05	1,443.78
	Sale of Products (Including Excise Duty)	204.37	481.05
	Sale of Products (Trading)	-	605.01
	Other operating revenue	5.43	18.49
		<u>1,076.85</u>	<u>2,548.33</u>
31	OTHER INCOME		
	Interest received on deposits with banks	0.51	0.64
	Interest received others	50.87	3.96
	Dividend received on investment*	0.00	0.01
	Rent received	42.70	34.20
	Miscellaneous income	2.29	0.63
	Gain on exchange	0.03	1.11
	Gain/(loss) on fair valuation of investment in equity instrument	0.31	0.13
	Profit on sale of property, plant and equipments	0.16	-
	Liabilities/provisions no longer required written back	-	13.17
		<u>96.87</u>	<u>53.85</u>
	* Dividend received on investment during the year ended March 31, 2017 is ₹ 3,942.		
32	COST OF MATERIAL CONSUMED/SERVICES		
	Systems, equipments, spares and materials Consumed	445.02	295.64
	Service works bills	175.78	785.01
	Raw Material and Component Consumed	270.14	200.70
		<u>890.94</u>	<u>1281.35</u>
33	CHANGE IN INVENTORIES OF WORK IN PROGRESS		
	(Refer Note 61)		
	Opening Inventories		
	Work in process	150.64	353.38
	Closing Inventories		
	Work in process	261.00	150.64
		<u>(110.36)</u>	<u>202.74</u>
34	EMPLOYEES BENEFITS EXPENSES		
	(Refer Note 68)		
	Salaries,wages and other benefits	204.02	226.10
	Contribution to provident and other funds	12.76	17.71
	Managerial remuneration		1.39
	Employee's welfare expenses	6.06	6.36
		<u>222.84</u>	<u>251.56</u>

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
35	FINANCE COST		
	Interest on borrowings*	2,383.94	1,908.07
	Other Borrowing Cost	113.12	194.97
		<u>2,497.06</u>	<u>2,103.04</u>
* Interest on borrowings includes foreign exchange gain of ₹ 28.08 million for the year ended March 31, 2017 and foreign exchange loss of ₹ 70.16 million for the year ended March 31, 2016.			
36	DEPRECIATION AND AMORTIZATION EXPENSES		
	Depreciation of Tangible assets	55.62	54.67
	Amortization of Intangible assets	0.63	0.51
		<u>56.25</u>	<u>55.18</u>
37	OTHER EXPENSES		
	Consumption of stores, spares and patterns	19.46	22.05
	Power and Fuel	7.83	9.37
	Water Charges	1.41	1.53
	Contract wages	10.38	7.37
	Processing charges	32.74	48.28
	Freight Outward	4.61	10.42
	Indirect taxes	26.58	64.29
	Communication	3.92	4.24
	Repairs to:		0.00
	Building	2.07	1.97
	Other	6.71	5.90
		<u>8.78</u>	<u>7.87</u>
	Insurance	4.45	4.29
	Rates and taxes	10.62	3.15
	Travelling and Conveyance	16.43	19.24
	Auditor's remuneration		
	Audit fees	2.26	2.26
	Limited review fees	0.45	0.45
	Tax audit fees	0.29	0.29
	Reimbursement of expenses	0.17	0.12
	Legal and professional charges	<u>48.06</u>	<u>36.75</u>
	Miscellaneous expenses	16.46	23.78
	Provision for doubtful debts	906.34	
	Less: Trade Receivables written off during the year	<u>(906.34)</u>	<u>34.94</u>
	Provision for advances	102.68	
	Less: Advances written off during the year	<u>(102.68)</u>	<u>14.29</u>
	Provision for foreseeable losses	-	21.20
	Rent	6.54	8.56
	Director's sitting fees	0.41	0.38
	Advertisement	-	0.08
	Donations	-	0.01
	Wealth tax	-	0.70
	Printing and stationery	1.18	1.47
	Tender fees	-	0.02
	Loss on exchange	0.12	0.93
	Bad debts written off	67.89	0.02
		<u>291.04</u>	<u>348.35</u>

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

38. Dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) information relating to Micro and Small Enterprises have been determined based on the information available with the Group. The required details are given below:

S.No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a)	Principal amount remaining unpaid	26.34	28.45	28.84
(b)	Interest due thereon	105.71	34.35	27.86
(c)	Interest paid by the Group in terms of Section 16 of MSMED Act, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year.	-	-	-
(d)	Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-	-
(e)	Interest accrued and remaining unpaid.	105.71	34.35	27.86
(f)	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	105.71	34.35	27.86

The interest on MSMED has been provided on the basis of available information with the management. Such adjustments, in the opinion of the management, are not likely to be material and will be carried out as and when ascertained.

39. Contingent liabilities and commitments (to the extent not provided for)

a. Contingent liabilities

S.No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
I	Claims against the Group not acknowledged as debt	461.15	92.94	87.70
II	Guarantees			
a)	Corporate Guarantees			
	i) Contractee/Clients	331.53	331.53	331.53
	ii) Ultimate Holding Company (IVRCL Limited) (Refer Note 47 and 58)	58135.77	68359.36	61700.21
b)	Bank Guarantees	2628.22	3617.94	4069.47
III	Other money for which the Group is contingently liable			
	*Income-tax matters	2.56	17.92	16.65
	*Sales-tax / WCT / VAT matters	1202.51	763.64	833.41
	*Excise/Service Tax matters	231.81	231.81	231.81
	*Customs duty matters	0.08	0.08	0.08

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

- a) (ii) Corporate guarantee to ultimate holding company was provided in earlier year (i.e. February 24, 2015) that could not be disclosed in earlier years financial statements inadvertently. The holding company and one of its subsidiary (HDO Technologiess Limited) was required to obtain no objection certificate in respect of such guarantees from their lenders which is yet to be obtained. The same has been disclosed in the current year's consolidated financial statement including in all financial years presented.

* Excluding interest / penalty as may be determined / levied on the conclusion of the matters.

b. Commitments

There are no amounts of contracts which are remaining to be executed on capital account and not provided for. Commitments on account of letter of credit as at March 31, 2017 is Nil (March 31, 2016: ₹ 393.96 million and March 31, 2015: ₹ 1382.97 million)

c. Impact of pending legal cases

The Group is party to several cases with clients as well as contractors, pending before various forums /courts/ arbitration proceedings. It is not possible to make a fair assessment of the likely financial impact of these pending disputes/litigations until the cases are decided by the appropriate authorities.

40. Consolidated financial statement include financial statements of HDO Technologiess Limited, a subsidiary company. As more fully explained in note 41 and note 52, subsequent to the year-end, the corporate insolvency resolution process (CIRP) has been initiated against the Holding Company and the Subsidiary Company. Pursuant to commencement of CIRP, as per the provisions of section 17 of The Insolvency and Bankruptcy Code, 2016 ("the Code"), the management of the affairs of the Company is vested in the interim resolution professional (IRP); and the powers of the board of directors stand suspended and be exercised by the interim resolution professional. In the opinion of IRP such suspension of powers of the Board of Directors is temporary in nature and Currently Resolution plan is under formulation. The management believes that the subsidiary company being wholly owned subsidiary needed to be consolidated pending CIRP and is hopeful of positive outcome of resolution plan. Accordingly, consolidated financial statements have been prepared by including the financial statement of aforesaid subsidiary company.

In respect of Hindustan Dorr-Oliver Limited (Holding Company)

41. During the earlier year/s creditors had initiated winding up petitions against the Company under the Companies Act 1956 in respect of outstanding trade payables. 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. Subsequent to the year end, 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.
42. The accumulated losses of the Company as at March 31, 2017 amounting to ₹ 15,214.25 millions have exceeded its net worth. Further, the Company's current liabilities exceed current assets. The Company has obligations towards borrowings aggregating to ₹ 16,683.44 millions which include working capital loan and outstanding bank guarantees from banks.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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 41 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 Resolution plan is under formulation and yet to be presented for approval of COC. Above matters indicate the existence of a material uncertainty that may 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 statement does not include any adjustment in this respect.

43. Resolution Professional has received various claims, submitted by the financial creditors, operational creditors, workmen or employee and authorized representative of workmen and employees of the Company pursuant to the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation 2016 that are currently under consideration/reconciliation.
44. During the earlier year, lenders of the Indian Subsidiary HDO Technologiess 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 ₹ 2,309.85 million including non-fund based uninvoked bank guarantees aggregating to ₹ 34.76 million. As set out in Note 41 above, the Hon'ble NCLT has granted moratorium in respect such proceedings. No provision has been made in the accounts for such possible loss.
45. In respect of trade receivable aggregating to ₹ 283.12 millions 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.
46. External confirmations of the balances are not available in respect of trade receivables that includes retention money, trade payables, mobilization advances and certain bank balances aggregating to ₹ 1.99 million. Further, the company is yet to assess loss allowance/expected credit loss on such trade receivables and no provision has been made in respect of such assets.
47. 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 ₹ 58,135.77 million. Further, the company has also issued corporate guarantees to certain contractee/clients for project works aggregating to ₹ 331.53 million. 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.
48. The lenders, on behalf of the company, have extended certain financial guarantees aggregating to ₹ 2,593.46 million 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 41. 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.
49. The company has various input credits and balance with various statutory authorities pertaining to service tax, VAT, sales tax etc. aggregating to ₹ 121.31 million. 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 consolidated financial statements in respect of such amounts.
50. During the year, the company has written back various liabilities such as trade payables, provisions and advance received from customers aggregating to ₹ 1,076.45 million which were outstanding for a long period of time. Management believes that such liabilities were pertaining to project work that has not been accepted/certified by the contractee/clients 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.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

51. Exceptional items amounting to ₹ 2,463.17 million includes write off of Trade receivables, Unbilled revenue and other advances of ₹ 3,539.62 million and write back of certain liabilities as given above in Note 50. The details are as follows:

Particulars	Amount
Trade Receivables	1,259.87
Unbilled Revenue	1,259.34
Advances to Vendors	296.99
Advances relating to BG Encashment and Others	723.42
Trade Payables (Including GR/IR Liability)	(837.70)
Service Tax Liability	(192.08)
Advances from Customers	(46.67)
Total	2,463.17

In respect of HDO Technologiss Limited (Subsidiary Company) (Refer Note 52 to 64)

52. During the earlier year/s creditors had initiated winding up petitions against the Company under the Companies Act 1956 in respect of outstanding trade payables. 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. Subsequent to the year end, 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 28, 2017 declaring moratorium against all such recovery proceedings/ winding up petitions against the Company. The order of moratorium shall have effect from April 28, 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 28, 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.
53. The accumulated losses of the Company as at March 31, 2017 amounting to ₹ 2,210.51 million have exceeded its net worth. Further, the Company's current liabilities exceed current assets. The Company has obligations towards borrowings aggregating to ₹ 2,309.85 million which include working capital loan and outstanding letters of credit/bill discounting 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 52 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 Resolution plan is under formulation and yet to be presented for approval of COC. Above matters indicate the existence of a material uncertainty that may 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 statement does not include any adjustment in this respect.
54. Resolution Professional has received various claims, submitted by the financial creditors, operational creditors, workmen or employee and authorized representative of workmen and employees of the Company pursuant to the Insolvency and

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation 2016 that are currently under consideration/reconciliation.

55. During the earlier year lenders of the Holding Company (i.e. Hindustan Dorr Oliver 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 Holding Company. As at March 31, 2017 total outstanding of such subsidiary against these lenders is ₹ 14,171.70 million including non-fund based uninvoked bank guarantees aggregating to ₹ 2,593.46 million. As set out in note 52 above, the Hon'ble NCLT has granted moratorium in respect of such proceedings. No provision has been made in the accounts for such possible loss.
56. In respect of trade receivable aggregating to ₹ 76.65 million 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.
57. External confirmation are not available in respect of trade receivables including retention money and trade payables/mobilization advances. The management does not expect any material adjustment on receipt of such confirmation.
58. The Company has extended corporate guarantee in favor of lenders of the ultimate 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 parent company has outstanding loans including fund based and non-fund aggregating to ₹ 58,135.77 million. 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.
59. The lenders, on behalf of the company, have extended certain financial guarantees aggregating to ₹ 34.76 million 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 52. 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.
60. In respect of Capital Work In Progress (CWIP) aggregating to ₹ 60.16 million, work execution is on hold for long period due to financial stress of the Company. Though at present management does not have any comprehensive plan for completion of the same in foreseeable future. CWIP has not been subjected to impairment testing under Ind AS 36, Impairment of Assets.
61. Non-moving work in progress (WIP) aggregating to ₹ 57.77 million is lying for long period due to order cancellation/hold by the customer, delay in execution etc. Management is taking necessary steps for realization of the cost incurred including engagement/negotiation with original customers and disposing off the inventory in the market as such or on completion. In view of above, in the opinion of the management, no adjustment is required in financial statements in this respect.
62. Past due trade receivable aggregating to ₹ 213.98 million due from Hindustan Dorr-Oliver Limited (the holding company) have been considered as a good and recoverable by the management. However, this amount does not have any impact being an inter-company balances.
63. Certain receivables aggregating to ₹ 13.35 million pertaining to Excise duty/service tax credit have been reversed by the Excise Authority and which are subject to litigation and no provision has been made. The management is hopeful of positive outcome of the litigation and hence no loss allowance has been provided in the books.
64. Exceptional item represents write off of various trade receivable/advances aggregating to ₹ 780.09 million that were

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

outstanding for long period of time and write back of various old liabilities no longer required aggregating to ₹ 5.27 million. The details are given below:

Particulars	Amount ₹
Trade receivables	610.38
Advances to vendors	103.36
Balance with statutory authorities	62.76
Advances relating to bank guarantee encashment and others	3.59
Advances from customers	(5.27)
Total	774.82

65. Goodwill on consolidation aggregating to ₹ 1290.00 million has been recognized on consolidation of the Indian Subsidiary (HDO Technologiess Limited), whose net worth is eroded and continues to incur losses as at March 31, 2017. Further subsequent to year-end, CIRP has been initiated against such company by one of the lenders. Management is hopeful of positive outcome of CIRP proceedings and no provision for impairment of goodwill has been made in the consolidated financial statements.
66. The consolidated financial statements for all presented financial years does not include financial statements of two foreign subsidiaries namely HDO (UK) Limited and HDO Zambia Limited due to non-availability of financial statement of respective years as latest financial statement is available for financial year ended March 31, 2015 reflecting net liabilities of ₹ 1,216.26 million (net of total assets of ₹ 171.08 million) and includes unaudited financial statements of one Indian Subsidiary reflecting total assets of ₹ 0.01 million as at March 31, 2017 total revenue of NIL, net loss of ₹ 0.005 million and cash outflow Nil for the period then ended.
67. Consolidated accounts for the previous financial year ended March 31, 2016 prepared as per previous GAAP included unaudited financial accounts (management account) of M/s HDO Technologiess Limited. However, previous year's figures as presented in current year's financials statements are after taking into account the difference between unaudited and audited accounts of the previous year ended March 31, 2016.
68. Details of Employees Benefits as required by the Ind AS 12 "Employee Benefits" are given below:-

a) Defined Contribution Plans:

During the year, the group has recognized the following amounts in the Statement of Profit and Loss (included in Contribution to Provident and Other Funds)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Contribution to Provident Fund	7.05	8.53
Contribution to Employees' State Insurance	0.73	0.5

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

b) Defined Benefit Plan		
Reconciliation of opening and closing balances of Defined Benefit obligation		
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Gratuity	Gratuity
Defined Benefits obligation at the beginning of the year	33.81	37.82
Current Service Cost	2.80	3.31
Interest Cost	2.71	3.01
Actuarial (gain)/loss	1.73	(4.06)
Benefit paid	(5.62)	(6.25)
Defined Benefit obligation at the year end	35.43	33.81
Reconciliation of fair value of assets and obligations		
Present value of obligation at year end	35.43	33.81
Fair value of plan assets at the end of the period	(14.52)	(18.53)
Funded Status (Surplus/(Deficit))	20.91	15.58
Amount recognized in Balance Sheet	20.91	15.58
Expenses recognized during the year		
Current Service Cost	2.80	3.30
Interest Cost	1.25	1.29
Total Cost recognized in the Profit & Loss A/c	4.05	4.59
Remeasurement (gains)/losses recognized in OCI		
Actuarial changes arising from changes in financial assumptions	1.23	(0.12)
Experience adjustments	0.51	(3.95)
Return on Plan Assets, excluding Interest Income	0.68	0.11
Total Cost recognized in the OCI	2.42	(3.96)
Actuarial assumption		
In respect of Hindustan Dorr-Oliver Limited		
Mortality Table (Ultimate)	IALM 2006-2008 (Ultimate)	IALM 2006-2008 (Ultimate)
Discount rate (per annum)	7.29%	8.06%
Rate of escalation in salary (per annum)	5.50%	5.50%
In respect of HDO Technologiess Limited		
Mortality Table (Ultimate)	IALM 2006-2008 (Ultimate)	IALM 2006-2008 (Ultimate)
Discount rate (per annum)	7.39%	7.96%
Rate of escalation in salary (per annum)	5.00%	5.00%

The estimate of rate of escalation is salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

69. Income Tax Expense

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(A) Components of Income Tax Expense		
Current Tax		
Current year	-	-
Earlier Year	0.74	13.63
Deferred tax charge/(credit)	54.73	-
Tax expenses recognized in the Statement of Profit and Loss	55.47	13.63
(B) Reconciliation of Income tax expense to the accounting profit for the year		
Profit/(Loss) before tax	(5943.05)	(2310.63)
Income tax expense	-	-
Income Tax related to earlier year	0.74	13.63
Deferred tax written off	54.73	-
Tax expenses recognized in the Statement of Profit and Loss	55.47	13.63

Deferred Tax Assets (except on expenses routed through OCI) was charged to the statement of Profit and Loss as there is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilized.

(C) Tax Assets and Liabilities			
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non-current tax assets (net)	40.95	52.92	95.61
Current tax assets (net)	53.11	-	-

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

70. Movement in Deferred Tax Assets and Liabilities

Hindustan Dorr-Oliver Limited (Holding Company)

	For the year ended March 31, 2017				For the year ended March 31, 2016			
Particulars	As at April 01, 2016	Credit / (charge) to Statement of Profit and Loss	Credit / (charge) in OCI	As at March 31, 2017	As at April 01, 2015	Credit / (charge) to Statement of Profit and Loss	Credit / (charge) in OCI	As at March 31, 2016
Provision for employee benefits	(4.19)		0.59	(3.60)	(2.72)	-	(1.47)	(4.19)
Provision for doubtful debts and advances								
Depreciation-Property, plant and equipment								
Deferred tax assets/ (liabilities)	(4.19)		0.59	(3.60)	(2.72)		(1.47)	(4.19)

HDO Technologiess Limited

Deferred tax assets/ (liabilities)								
Provision for employee benefits	7.66	(7.73)	0.23	0.16	7.58	-	0.08	7.66
Unabsorbed Business Loss	95.71	(95.71)	-	-	95.71	-	-	95.71
Depreciation-Property, plant and equipment	(48.71)	48.71	-	-	(48.71)	-	-	(48.71)
Deferred tax assets/ (liabilities)	54.66	(54.73)	0.23	0.16	54.58	-	0.08	54.66

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

71. Related party disclosure as required by Ind AS 24 issued by Ministry of Corporate Affairs(MCA) are as under :-

71.1 List of related parties

A. Holding Company

IVRCL Limited

B. Fellow Subsidiaries

S. No.	Name of Subsidiaries	S. No.	Name of Subsidiaries
1	IVRCL PSC Pipes Private Limited	43	IVR Prime Developers (Erode) Private Limited
2	IVR Enviro Projects Private Limited	44	IVR Prime Developers (Guntur) Private Limited
3	Chennai Water Desalination Limited	45	IVR Prime Developers (Araku) Private Limited
4	Salem Tollways Limited	46	Absorption Aircon Engineer Private Limited
5	Kumarapalyam Tollways Limited	47	IVR Vaanaprastha Private Limited
6	IVRCL Steel Construction & Services Limited	48	IVR PUDL Resorts & Clubs Private Limited
7	Jalandhar Amritsar Tollways Limited	49	IVRCL Solar Energy Private Limited
8	IVRCL Indore Gujarat Tollways Limited	50	IVR Prime Developers (Amalapuram) Private Limited
9	IVRCL Chengapalli Tollways Limited	51	IVR Prime Developers (Red Hills) Private Limited
10	IVRCL Patalaganga Truck Terminals Pvt. Limited	52	IVR Prime Developers (Tuni) Private Limited
11	IVRCL Goa Tollways Limited ¹	53	IVR Prime Developers (Bobbilli) Private Limited
12	IVRCL-Cadagua Hogenakkal Water Treatment Company Private Limited	54	IVR Prime Developers (Bhimavaram) Private Limited
13	Alkor Petroo Limited	55	IVR Prime Developers (Adayar) Private Limited
14	IVRCL Building Products Limited	56	IVR Prime Developers (Egmore) Private Limited
15	IVRCL Chandrapur Tollways Limited	57	Geo IVRCL Engineering Limited
16	Sapthashva Solar Limited	58	Duvvda Developers Private Limited
17	RIHIM Developers Private Limited	59	Kunnam Developers Private Limited
18	IVRCL TLT Private Limited	60	Vedurwada Developers Private Limited
19	IVRCL Raipur Bilaspur Tollways Limited	61	Rudravaram Developers Private Limited
20	IVRCL Narnual Bhiwani Tollways Limited	62	Geo Prime Developers Private Limited
21	IVR Hotels and Resorts Limited	63	Theata Developers Private Limited
22	SPB Developers Private Limited	64	Kasibugga Developers Private Limited
23	IVRCL Multilevel Car Parking Private Limited ¹	65	Vijayawada Developers Private Limited
24	IVRCL Lanka (Private) Limited	66	Eluru Developers Private Limited
25	First STP Private Limited	67	Chengapally Road infra Private Limited
26	IVRCL Gundugolanu Rajahmundry Tollways Limited	68	IVR Prime developers (kakinada) private Limited ¹
27	IVRCL Patiala Bathinda Tollways Limited	69	IVR Prime developers (Pudukkottai) private Limited ¹
28	IVR Prime Developers (Tambram) Private Limited	70	IVR Prime developers (Thandiarpet) private Limited ¹
29	IVR Prime Developers (Palakkad) Private Limited	71	IVR Prime developers (Gummidipundy) private Limited ¹
30	IVR Prime Developers (Guindy) Private Limited	72	IVR Prime developers (Kodambakkan) private Limited ¹
31	IVRCL Mega Malls Limited	73	IVR Prime developers (Arumbakkan) private Limited ¹
32	Agaram Developers Private Limited	74	IVR Prime developers (Anna Nagar) private Limited ¹
33	Mummidi Developers Private Limited	75	IVR Prime developers (Anakapalle) private Limited ¹
34	Samatteri Developers Private Limited	76	IVR Prime developers (Rajampeta) private Limited ¹
35	Annupampattu Developers Private Limited	77	IVR Prime developers (Tanuku) private Limited ¹
36	Tirumani Developers Private Limited	78	IVR Prime developers (Rajahmundry) private Limited
37	Ilavampedu Developers Private Limited	79	IVR Prime developers (Ananthapuram) private Limited
38	Gajuwaka Developers Private Limited	80	IVR Prime developers (Perumbadur) private Limited ¹
39	Chodavaram Developers Private Limited	81	IVR Prime developers (Ashram) private Limited ¹
40	Simhachalam Prime Developers Private Limited	82	IVR Prime developers (Retiral Homes) private Limited
41	Siripuram Developers Private Limited	83	IVR Prime developers (Mylapore) private Limited ¹
42	Bibinagar Developers Private Limited	84	IVRCL EPC Limited

1. Applications have been filed before the Registrar of Companies, Andhra Pradesh to 'strike off' of names under the "Fast Track Exit Scheme".

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

C. Companies Under Common Control

S. No.	Name of the Company
1	Indus Palm Hotels & Resorts Limited
2	S.V. Equities Limited
3	Palladium Infrastructures & Projects Limited
4	Soma Hotels & Resorts Limited
5	Eragam Holdings Limited
6	Eragam Finlease Limited
7	A P Enercon Engineers Private Limite

D. Key Managerial Personnel and their relatives

Name of the Key Personnel	Relationship
Mr. E Sudhir Reddy	Vice Chairman
Mr. S C Sekaran	Executive Director
Mr. R Balarami Reddy	Director
Mr. G. Ramakrishna	Company Secretary
Mr. S C Mundhekar	Chief Financial Officer
Mrs. E Sujatha Reddy Mr. E. Sunil Reddy }	Relative of Vice Chairman

71.2 Followings are the transactions with the related parties:

Particulars	Year	Ultimate Holding Company (IVRCL Limited)	Company under common control	Key Managerial Personnel	Total
Income/Expense					
Sales (Net of Indirect Taxes)	2016-2017	-	-	-	-
	2015-2016	-	-	-	-
Purchases/Services*	2016-2017	-	-	-	-
	2015-2016	80.50	-	-	80.50
Payment made by the group for					
Expenses	2016-2017	-	-	-	-
	2015-2016	0.01	-	-	0.01
Payment made for the Group for					
Expenses	2016-2017	-	-	-	-
	2015-2016	0.01	-	-	0.01
Rent Expense	2016-2017	-	2.65 ^{#1}	-	2.65
	2015-2016	2.03	2.65	-	4.68
Provision for Advances/Investment	2016-2017	-	-	-	-
	2015-2016	-	-	-	-
Value of Corporate Guarantee increased	2016-2017	-	-	-	-
	2015-2016	6,659.15	-	-	6,659.15
Value of Corporate Guarantee Reduced	2016-2017	10,223.59	-	-	10,223.59
	2015-2016	-	-	-	-

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Particulars	Year	Ultimate Holding Company (IVRCL Limited)	Company under common control	Key Managerial Personnel	Total
Investment in Equity	2016-2017	-	-	-	-
	2015-2016	-	-	-	-
Loans and Advances Given	2016-2017	-	-	-	-
	2015-2016	-	-	-	-
Received	2016-2017	-	-	3.00	3.00
	2015-2016	-	-	18.79	18.79
Repaid	2016-2017	-	-	15.52	15.52
	2015-2016	-	-	-	-
Remuneration	2016-2017	-	-	-	-
	2015-2016	-	-	1.39	1.39
Balances with related parties					
Advances/ Trade Receivable	2016-2017	54.74	-	10.12	64.86
	2015-2016	74.42	-	10.12	84.54
	2014-2015	146.61	-	10.48	157.09
Provision for Advances/Investment	2016-2017	277.91	-	-	277.91
	2015-2016	277.91	-	-	277.91
	2014-2015	277.91	-	-	277.91
Loans and Advances Taken	2016-2017	-	-	5.86	5.86
	2015-2016	-	-	18.80	18.80
	2014-2015	-	-	0.01	0.01
Creditors	2016-2017	-	63.32 ^{#2}	-	63.32
	2015-2016	-	60.91	-	60.91
	2014-2015	-	58.51	-	58.51
Corporate Guarantee given	2016-2017	58,135.77	-	-	58,135.77
	2015-2016	68,359.36	-	-	68,359.36
	2014-2015	61,700.21	-	-	61,700.21
Corporate Guarantee received	2016-2017	18,106.37	-	-	18,106.37
	2015-2016	16,478.64	-	-	16,478.64
	2014-2015	14,023.18	-	-	14,023.18

#Material transactions with companies under common control

1. ₹ 2.05 million (March 31, 2016 : ₹ 2.05 million and March 31, 2015 ₹ 2.02 million) - A P Enercon Engineers Private Limited and ₹ 0.60 million (March 31, 2016 ₹ 0.60 million and March 31, 2015 ₹ 0.60 million) - Indus Palm Hotels and Resorts Private Limited.
2. ₹ 52.63 million (March 31, 2016: ₹ 52.63 million and March 31, 2015: ₹ 52.63 million) - Palladium Infrastructures & Projects Limited, ₹ 7.16 million (March 31, 2016: ₹ 5.29 million and March 31, 2015: ₹ 3.42 million) - A P Enercon Engineers Private Limited, ₹ 1.62 million (March 31, 2016: ₹ 1.08 million and March 31, 2015: ₹ 0.54 million) - Indus Palm Hotels and Resorts Private Limited and ₹ 1.91 million (March 31, 2016: ₹ 1.91 million and March 31, 2015: ₹ 1.91 million) - TLT Private Limited

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

71.3 Remuneration has not been paid to the executive director after the approved period. Pending approval from the Central Government, the excess amount of ₹ 10.12 million (March 31, 2016: ₹ 10.12 million and March 31, 2015: ₹ 10.12 million) relating to the erstwhile Director has been included under 'Other Current Financial Assets' (note 17).

Notes:

1. Related party relationship is as identified by the Group and relied upon by the Auditors.

2. **Disclosure as per regulation 34 (3) and 53 (f) of the listing obligation and**

Disclosure Requirement:

Name of the Company	Relationship	As at March 31, 2017	Maximum outstanding	As at March 31, 2016	Maximum outstanding
HDO (UK) Limited	Subsidiary	1422.37*	1422.37	1422.37	1,422.37

*Provided in the year 2015. The above subsidiary has not been consolidated for the reasons stated in Note 66.

72. Segment Reporting

Primary Segment - Business

As per Indian Accounting Standard on Segment Reporting (Ind AS) 108, "Operating Segment", segment information is being reported.

Accordingly, the Group has identified three reportable segments viz. Engineering, Procurement and Construction (EPC), Trading and Manufacturing. Segments have been identified and have been reported taking into account nature of product and services.

Secondary Segment - Geographical

The operation of the group is mainly in India. Therefore, there is no reportable geographical segment as per the Indian Accounting Standard Segment Reporting (Ind AS) 108, "Operating Segment".

Primary Information Segment: -

Particulars	March 31, 2017				March 31, 2016			
	EPC	Trading	Manu facturing	Total	EPC	Trading	Manu facturing	Total
Total Revenue	870.56	-	312.44	1183.00	1,448.81	605.01	626.49	2680.31
Inter-Segment Sales		-	(106.15)	(106.15)			(131.98)	(131.98)
External Sales	870.56	-	206.29	1076.85	1,448.81	605.01	494.51	2,548.33
Segment loss before finance, exceptional item and tax	(210.06)	-	(94.81)	(304.87)	(162.35)	1.09	(100.18)	(261.44)
Finance Cost								
- Allocated	-	-	(361.89)	(361.89)	-	-	(301.86)	(301.86)
- Unallocated	-	-	-	(2,135.17)	-	-	-	(1801.18)
Other Income	-	-	-	96.87	-	-	-	53.85
Exceptional Items	(2,471.65)	8.48	(774.82)	(3,237.99)	-	-	-	-
Loss before tax	(2,681.71)	(8.48)	(1231.52)	(5,943.05)	(162.35)	1.09	(402.04)	(2,310.63)
Segment assets	2,436.30	-	1,993.36	4,429.66	5,896.50	296.90	2,935.66	9,129.06
Unallocated corporate assets	-	-	-	1386.00	-	-	-	1,399.09
Total Assets	2,436.30	-	1,993.36	5,815.66	5,896.50	296.90	2,935.66	10,528.15
Segment liabilities	17,532.25	166.22	2,864.29	20,562.76	16,259.08	463.10	2,557.62	19,279.80
Unallocated corporate assets	-	-	-	35.40	-	-	-	30.74
Total Liabilities	17,532.25	166.22	2,864.29	20,598.16	16,259.08	463.10	2,557.62	19,310.54
Depreciation	4.90	-	-	4.90	-	-	6.00	6.00
Non cash expenses other than depreciation	2,234.56	296.51	774.94	3,306.01	126.95	-	19.21	146.16
Capital expenditure	0.63	-	0.13	0.76	0.28	-	-	0.28

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

73. Details of Specified Bank Notes (SBN) as defined in the MCA notification G.S.R. 308 (E) dated March 31, 2017 held and transacted during the period November 08, 2016 to December 30, 2016 are under:

Hindustan Dorr-Oliver Limited

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	-	2.76	2.76
(+) Permitted receipts	-	2.81	2.81
(-) Permitted payments	-	3.22	3.22
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	-	2.35	2.35

HDO Technologiess Limited

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	-	0.005	0.005
(+) Permitted receipts	-	0.063	0.063
(-) Permitted payments	-	0.066	0.066
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	-	0.002	0.002

DavyMarkham India Private Limited

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	-	0.10	0.10
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	-	0.10	0.10

74. Earnings per share (EPS)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit/(Loss) for the period (before OCI)	(5,998.53)	(2,324.26)
Weighted average no. of Equity Shares	72,005,808	72,005,808
Diluted average no. of Equity Shares	72,005,808	72,005,808
Basic Earning per Share (₹)	(83.31)	(32.28)
Diluted Earning per Share (₹)	(83.31)	(32.28)
Face Value of each Share (₹)	2/-	2/-

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

75. Derivative Instruments

The year-end foreign currency exposures are given below:

Particulars	March 31, 2017		March 31, 2016		April 01, 2015	
	USD	₹	USD	₹	USD	₹
Secured Loan	-	-	18.75	1,243.74	18.75	1,173.58
Interest Payable	-	-	4.17	276.36	2.47	154.73

Particulars of derivative instruments outstanding

Particulars	Purpose	March 31, 2017	March 31, 2016	April 01, 2015
Interest Swap (refer note below)	Hedge against exposure to variable interest outflow on foreign currency loan. Swap to receive variable rate of interest of three months USD LIBOR and pay a fixed rate of equal to 6.5 percent p.a. on the notional amount. (As per agreement rate was three months USD LIBOR +300 bps)	-	USD 18.75 (million)	USD 18.75 (million)

Note: During the year, abovementioned interest swap hedge expired on January 17, 2017. Accordingly, financial liability on interest has been restated after removing the effects of hedge.

76. Disclosure pursuant to Indian Accounting Standard (Ind AS) 11 "Construction Contracts", the amounts considered in the financial statements up to the reporting date are as follows:

Particulars	March 31, 2017	March 31, 2016
Contract revenue recognized as revenue during the period	765.50	1,310.13
Contract costs incurred and recognized		
Profits less recognized losses upto the reporting date on contract under progress	5,739.96	16,351.82
Advances received, net of recoveries from progressive bills	316.50	577.18
Gross amount due from customers for contract works	237.11	1,770.96
Retention amount due from customers for contract works	222.31	1,432.50

77. Details of purchase and sale of traded goods:

Particulars	March 31, 2017	March 31, 2016
Purchase:		
Steel	-	603.92
Sale:		
Steel	-	605.01

In view of the large number and heterogeneous types of steel, it has not been considered necessary to furnish separately the respective quantitative information.

78. Corporate Social Responsibility

Section 135 of the Companies Act, 2013 related to Corporate Social Responsibility is not applicable to the Group as the Group is not fulfilling the criteria of turnover, net worth and net profit specified in the section.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

79. Financial Instruments

79.1 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The group aim to maintain an optimal capital structure and minimise cost of capital. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted).

Consistent with others in the industry, the Group monitors its capital using the debt equity ratio which is total debt divided by total equity.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Total debt	16,370.92	13,287.70	10,704.52
Total Equity	(14,782.50)	(8,782.39)	(6,460.72)
Total debt to equity ratio	(1.11)	(1.51)	(1.66)

Due to continuous losses and working capital crisis, the Group was not able to meet the financial covenants attached with the borrowings including repayment terms resulting into recall of loans by the lenders in earlier year and initiation of Corporate Insolvency Resolution Process as stated in Note 41 and 52 above. This had a negative impact on the debt equity ratios of the Group as mentioned above.

The corporate insolvency resolution plan is presently under formulation to safeguard its ability to continue as a going concern, the Holding Company and its one subsidiary (HDO Technologiess Limited) continue to strive for minimization of losses and turnaround the business through revival plan for the benefit of shareholders and other stake holders.

79.2 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets comprise investments, cash and bank balance, trade and other receivables.

The Group is exposed to various financial risks such as market risk, credit risk and liquidity risk. The financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

i Market risk

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and changes in interest rates.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings and bank deposits.

a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Group is exposed to interest rate risk as majority of the long-term borrowings of the Group bear fluctuating interest rate, Further, group has defaulted in meeting with financial covenants attached with borrowings resulting into recall of borrowings.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

b Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's borrowings, corporate guarantees denominated in foreign currency extended to contractee/clients and import of raw material.

The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affected the results of the Group, and may fluctuate substantially in the future.

Particulars of un-hedged foreign currency exposures as at the reporting date:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Borrowings	1,215.72	1,243.74	1,173.58
Payables			
Interest	409.11	276.36	154.73
Total	1,624.83	1,520.10	1,328.31
Corporate guarantee not accounted for	176.21	176.21	176.21

ii Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by trade receivables, unbilled work-in-progress, cash and cash equivalents and receivable from government promoted entities.

The movement of the allowance for lifetime expected credit loss is stated below:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance at the beginning of the year	3,239.82	3,190.57	-
Balance at the end of the year	2,413.67	3,239.82	3,190.57

Further, the Group has written off ₹ 5,213.75 million and ₹ 8.90 million towards amounts not recoverable during the years ended March 31, 2017 and March 31, 2016 respectively.

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings.

iii Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

The table below summarizes the maturity profile of the groups financial liabilities based on contractual undiscounted payments:

Particulars	Carrying Value	Less than 1 year	1-5 years	More than 5 years	Total payments
March 31, 2017					
Borrowings and interest thereon	16,370.92	16,370.92	-	-	16,370.92
Trade and other payables	3,101.47	3,101.47	-	-	3,101.47
Other financial liabilities	612.44	612.44	-	-	612.44
March 31, 2016					
Borrowings and interest thereon	13,287.70	13,287.70	-	-	13,287.70
Trade and other payables	4,921.53	4,921.53	-	-	4,921.53
Other financial liabilities	412.93	412.93	-	-	412.93
April 01, 2015					
Borrowings and interest thereon	10,704.52	8,386.71	2,317.81	-	10,704.52
Trade and other payables	4,990.11	4,990.11	-	-	4,990.11
Other financial liabilities	326.30	326.30	-	-	326.30

However, due to continuous losses and working capital crisis, the Group was not able to meet the financial covenants attached with the borrowings including repayment terms resulting into recall of loans by the lenders in earlier year and initiation of Corporate Insolvency Resolution Process as stated in Note 41 and 52 above. This had a negative impact on the debt equity ratios of the Group as mentioned above.

The corporate insolvency resolution plan is presently under formulation to safeguard its ability to continue as a going concern, the Holding Company and its one subsidiary (HDO Technologiess Limited) continue to strive for minimization of losses and turnaround the business through revival plan for the benefit of shareholders and other stake holders.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

79.3 Fair Value Measurement

The fair value of the financial assets is included at amount at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale

The following methods and assumptions were used to estimate the fair value

1. Fair value of cash and short-term deposits, trade and other short-term receivables, trade payable, other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of the receivables.

A. Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2017 were as follows:

Particulars	Refer Note	Amortised Cost	Financial Assets/ liabilities at fair value through profit or loss	Financial Assets/ liabilities at fair value through OCI	Total Carrying Value	Total Fair Value
Assets						
Investments in Subsidiaries	6	0.05			0.05	0.05
Investments in equity shares (quoted)	6		1.74		1.74	1.74
Investments in equity shares (unquoted)						
Trade Receivables	7,14	923.59			923.59	923.59
Loans						
Other Financial Assets	9,17	10.26			10.26	10.26
Cash and cash equivalents	15	14.42			14.42	14.42
Other Bank Balances	16	7.77			7.77	7.77
Liabilities						
Borrowings	22,25	5.86			5.86	5.86
Trade Payables	26	2,488.45			2,488.45	2,488.45
Other Financial Liabilities*	27	16,977.50			16,977.50	16,977.50

* Includes current maturity of long term borrowings / recalled borrowings.

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

The carrying value and fair value of financial instruments by categories as at March 31, 2016 were as follows:

Particulars	Refer Note	Amortised Cost	Financial Assets/ liabilities at fair value through profit or loss	Financial Assets/ liabilities at fair value through OCI	Total Carrying Value	Total Fair Value
Assets						
Investments in Subsidiaries	6	0.05			0.05	0.05
Investments in equity shares (quoted)	6		1.43		1.43	1.43
Investments in National Saving Certificate	6	0.01			0.01	0.01
Trade Receivables	7,14	3,045.69			3,045.69	3,045.69
Loans						
Other Financial Assets	9,17	246.74			246.74	246.74
Cash and cash equivalents	15	23.42			23.42	23.42
Other Bank Balances	16	6.32			6.32	6.32
Liabilities						
Borrowings	22,25	426.93			426.93	426.93
Trade Payables	26	3,734.00			3,734.00	3,734.00
Other Financial Liabilities*	27	13,273.70			13,273.70	13,273.70

* Includes current maturity of long term borrowings / recalled borrowings.

The carrying value and fair value of financial instruments by categories as at April 01, 2015 were as follows:

Particulars	Refer Note	Amortised Cost	Financial Assets/ liabilities at fair value through profit or loss	Financial Assets/ liabilities at fair value through OCI	Total Carrying Value	Total Fair Value
Assets						
Investments in Subsidiaries	6	0.05			0.05	0.05
Investments in equity shares (quoted)	6		1.30		1.30	1.30
Investments in National Saving Certificate	6	0.01			0.01	0.01
Trade Receivables	7,14	2,972.93			2,972.93	2,972.93
Loans						
Other Financial Assets	9,17	11.24			11.24	11.24
Cash and cash equivalents	15	46.30			46.30	46.30
Other Bank Balances	16	14.90			14.90	14.90
Liabilities						
Borrowings	22,25	8,827.02			8,827.02	8,827.02
Trade Payables	26	3,701.00			3,701.00	3,701.00
Other Financial Liabilities*	27	2,203.81			2,203.81	2,203.81

* Includes current maturity of long term borrowings.

Fair value Hierarchy

Level 1 - Quoted Prices (adjusted) in active markets for identical assets and liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

Consolidated Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis :

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment in Equity Shares (Quoted)	1.74			1.43			1.30		

80. Disclosure of Financial Lease hold land as per Ind AS 17 - Leases

Particulars	Carrying Value
March 31, 2017	
Lease hold land(Assets)	746.33
March 31, 2016	
Lease hold land(Assets)	759.42
April 01, 2015	
Lease hold land(Assets)	772.50

HDO Technologiess Limited has taken land for plant from Gujarat Industrial Development Corporation for 99 years, with condition of further renewal as per terms and condition by both the parties.

81 Other Notes of Subsidiaries

I) Statement of Net Assets and Profit or Loss attributable to Owners and Minority Interest.

Name of the Entity	As percent of consolidated net assets		Share in Profit or Loss	
	As percent of consolidated net assets	Amount	As percent of consolidated profit or loss	Amount
Holding company				
Hindustan Dorr-Oliver Limited	95.42%	(13,868.61)	78.75%	(4,725.09)
Subsidiary company				
HDO Technologiess Limited	4.58%	(665.83)	21.25%	(1,275.05)
DavyMarkham India Private Limited (Note 1)		0.04		-
Total	100.00%	(14,534.40)	100.00%	(6,000.14)
a) Adjustments arising out of consolidation.		(248.10)		-
b) Minority Interest		-		-
Consolidated Net Assets/ Profit after tax		(14,782.50)		(6,000.14)

- Un-audited financial statement reflecting total assets of ₹ 0.01 million as at March 31, 2017, total revenue nil, net loss of ₹ 0.005 million and cash out flow nil for the period then ended.
- The above statement does not include two foreign subsidiaries reflecting net liabilities of ₹ 1216.26 million (net of total assets of ₹ 171.08 million) as at March 31, 2015.

82. The previous year's figures have been regrouped/rearranged wherever necessary.

FOR HINDUSTAN DORR OLIVER LIMITED

SC SEKARAN
Executive Director

AMIT GUPTA
Resolution Professional
IP Regn.No. IBBI/IPA 001/IP P00016/2016-2017/10040

Mumbai
July 26, 2017

GRAMAKRISHNA
Company Secretary

SC MUNDHEKAR
Chief Financial Officer

Form AOC-1
Part-A

Statement containing salient features of the financial statement of subsidiaries
SUBSIDIARY COMPANIES : FINANCIAL HIGHLIGHTS 2016-2017

(₹ in million)

S. No.	Name of the Company	Share Capital	Reserves	Total Assets	Total Liabilities (excluding share capital and reserve)	Details of Investment (except in case of investment in subsidiaries)	Turnover/ Income	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of share holding
1	HDO Technologies Limited	12.88	(678.76)	2,208.41	2,874.29	-	324.14	(1,219.83)	54.73	(1,274.56)	-	100
2	DavyMarkham India Private Limited	0.10	(0.06)	0.10	0.06	-	-	(0.01)	-	(0.01)	-	100

HINDUSTAN DORR OLIVER LIMITED

(CIN: L74210MH1974PLC017644)

Registered Office: Dorr Oliver House, Chakala, Andheri (E), Mumbai – 400 099. Maharashtra

Tel:91-22-2835 9400 • Fax: 91-22-2835 5659 • Email: hdoho@hdo.in

ATTENDANCE SLIP

Folio No; _____ DP ID No. _____ Client ID No: _____ No. of Shares held _____

Name of the Member: _____ Signature: _____

Name of the Proxy Holder: _____ Signature: _____

1. Only Member / Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

HINDUSTAN DORR OLIVER LIMITED

(CIN: L74210MH1974PLC017644)

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FORM MGT – 11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : _____

Registered Address : _____

Email ID : _____

Folio No./Client ID No : _____ DP ID No: _____

I/We, being the member(s) of _____ Shares of Hindustan Dorr Oliver Limited, hereby appoint:

1. Name: _____ Email Id: _____
Address _____
Signature _____ or failing him
2. Name: _____ Email Id: _____
Address _____
Signature _____ or failing him
3. Name: _____ Email Id: _____
Address _____
Signature _____

As my /our proxy to attend and vote (on a poll) for me/us and on my/our behalf tat the 42nd Annual General Meeting of the Company, to be held on Wednesday the September 27, 2017 at 3.00 p.m. at the Registered Office at Dorr Oliver House, Chakala, Andheri (East), Mumbai – 400099 and at any adjournment thereof in respect of such resolutions as are indicated overleaf of this Form.

Signed this _____ day of _____, 2017

Signature of Shareholder: _____

Signature of Proxyholder(s): _____

Notes:

1. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Dorr Oliver House, Chakala, Andheri (E), Mumbai – 400 099, not less than 48 hours before the commencement of the meeting.
2. Those members who have multiple folios with different jointholders may use copies of this Attendance Slip/Proxy.

Affix
Rs.1/-
Revenue
Stamp



Mumbai :
Hindustan Dorr-Oliver Ltd., Dorr Oliver House, Chakala, Andheri (East), Mumbai - 400 099.
Tel.: 91-22-28359400 | Fax : 91-22-28365659 | Email : hdoho@hdo.in