HINDUSTAN DORR-OLIVER LIMITED

38TH ANNUAL REPORT
2012-2013

COMMITTED TO UNLOCK
ALL EPC CHALLENGES

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. M. L. Majumdar	Non-Executive Director
Mr. S. D. Kapoor	Non-Executive Director

Company Secretary

A.S. Pardha Saradhi

Auditors

Chaturvedi & Partners
Chartered Accountants,
212A, Chiranjeev Towers, 43,
Nehru Place, New Delhi - 110 019

Internal Auditors

V.C.G. & Co.
Chartered Accountants,
203, Kushal Bazar, 32-33, Nehru Place,
New Delhi - 110 019

Bankers

Bank of India
Andhra Bank

Registrar and Transfer Agents

M/s. Karvy Computershare Pvt. Ltd.
Karvy House 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad – 500 034

Registered Office

Dorr- Oliver House,
Chakala, Andheri (East)
Mumbai – 400 099

Solicitors & Advocates

Kanga & Co.
Crawford Bayley & Co.
Gagrat & Co.
Pandya & Co.

Contents .... Page No.

Annual General Meeting will be held on Monday, September 23, 2013 at 3.00 p.m. at All India Plastic Manufacturers Association, AIPMA House, A-52, Street No. 1, MIDC, Andheri (East), Mumbai - 400 093. 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.

HINDUSTAN DORR-OLIVER LIMITED

FIVE YEARS AT A GLANCE

Stand-alone financial performance at a glance (₹ in Million)

Particluars	2013*	2012**	2011	2010	2009
Gross income	**2,437.39**	7,293.05	9,717.47	8,782.32	5,315.04
Excise duty	-	-	107.30	80.33	69.47
Net income	**2,437.39**	7,293.05	9,610.17	8,701.99	5,245.57
Cost of sales	**3,041.90**	7,200.16	8,540.57	7,622.35	4,642.07
EBIDTA	**(604.51)**	92.89	1,069.60	1,079.64	603.50
EBDT	**(1,001.95)**	(421.09)	847.53	892.37	500.69
EBIT	**(624.57)**	51.15	1,001.36	1,024.66	569.65
Profit / (Loss) before tax and exceptional items	**(1,022.01)**	(462.83)	779.29	837.39	466.83
Exceptional Items	**763.05**	-	-	-	-
Profit / (Loss) before tax	**(1,785.06)**	(462.83)	779.29	837.39	466.83
Tax	**(575.63)**	(159.51)	241.76	282.22	165.23
Profit / (Loss) after taxation	**(1,209.43)**	(303.32)	537.53	555.17	301.60
Equity	**144.01**	144.01	144.01	144.01	72.01
Reserve & surplus	**531.70**	1,741.13	2,551.53	2,100.46	1,681.48
Net worth	**675.71**	1,885.14	2,695.54	2,244.47	1,753.49
Gross block	**515.28**	517.01	1,213.61	1,100.26	941.22
Net block	**240.72**	258.00	838.19	786.37	682.61
Market capitalisation#	**1,008.08**	2,579.97	5,634.45	7,492.20	1,378.91
Dividend	-	-	66.95	67.17	42.12
Retained profit	**(1,209.43)**	(303.32)	470.58	488.00	259.48
EPS	**(16.80)**	(4.21)	7.47	7.71	4.19
Dividend^	-	-	0.80	0.80	1.00

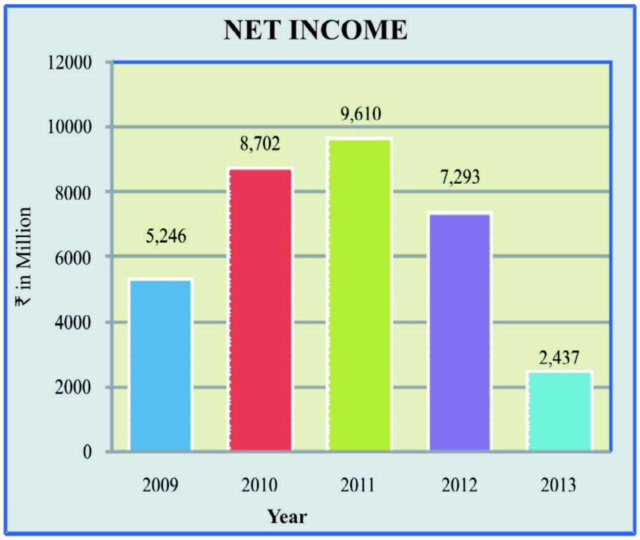
* Results are for nine months period starting from July 1, 2012 to March 31, 2013.

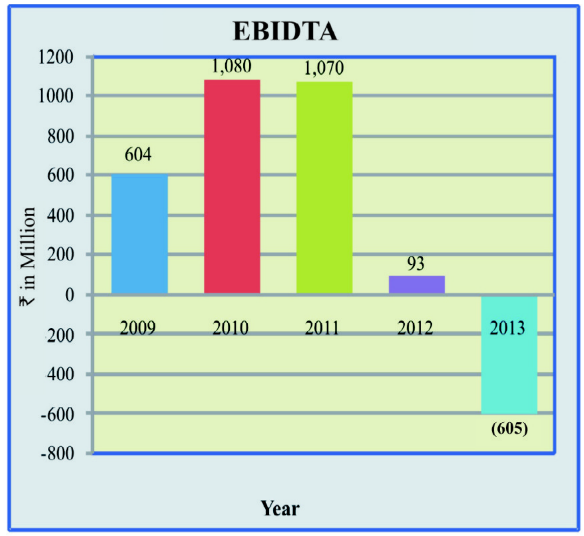
** Results are for fifteen months period starting from April 1, 2011 to June 30, 2012.

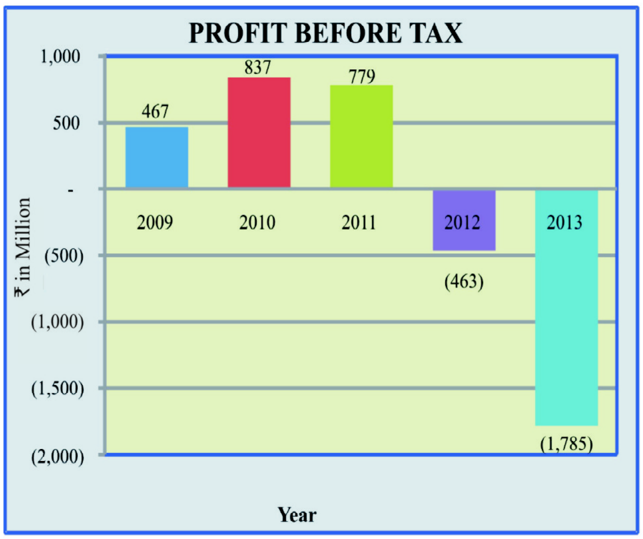
Based on year end closing prices, quoted on the Bombay Stock Exchange.

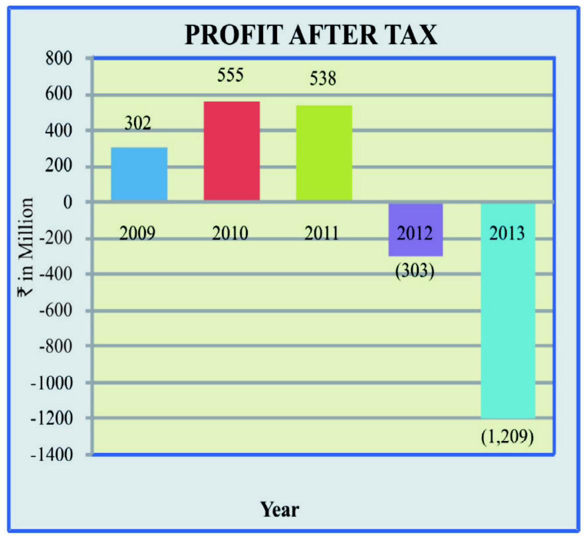
^ Dividend includes tax on dividend.

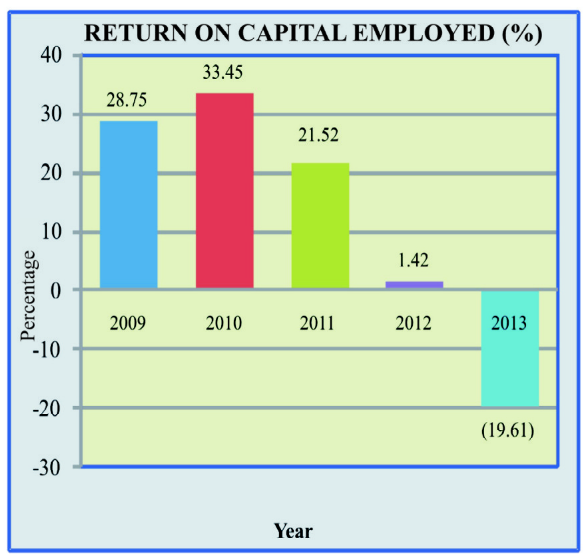
PERFORMANCE INDICATORS











HINDUSTAN DORR-OLIVER LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 38th Annual Report and the audited accounts for the nine months period ended March 31, 2013.

Financial Results

The financial performance of the Company for the nine months period ended March 31, 2013 is summarised below

(₹ In Million)

Particulars	Nine Months period ended March 31, 2013	Fifteen Months period ended June 30, 2012
Net Sales	**2402.47**	7187.53
Other Income	**34.92**	105.52
Total Income	**2437.39**	7293.05
Profit/ (Loss) from Ordinary Activities before Tax	**(1785.06)**	(462.83)
Provision for taxation	**(575.63)**	(159.51)
Profit/ (Loss) after taxation	**(1209.43)**	(303.32)
Balance brought forward from previous year	**546.30**	849.62
Balance available for appropriation	**(663.13)**	546.30
Retained profits carried forward to Balance Sheet	**(663.13)**	546.30

DIVIDEND

In view of the loss incurred by the Company, your Directors regret and express their inability to recommend dividend for the nine months period ended March 31, 2013.

PERFORMANCE

Your Company achieved a gross turnover of ₹ 2,402.47 Million for the nine months period ended March 31, 2013 as against ₹ .7,187.53 Million for the previous fifteen months period ended June 30, 2012. On an annualised basis, turnover for the current period ended March 31, 2013 reduced by 44.29% as compared to the previous period.

FUTURE OUTLOOK

The negative effects of global recessionary conditions are being attenuated by various countries through huge investments in infrastructure and India is no exception in this regard. Your directors are confident that the present environment of investments in infrastructure by the State and Central Governments assures growth of operations of your Company.

SUBSIDIARIES

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

Pursuant to Section 212 of the Companies Act, 1956, the Audited 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. Ministry of Corporate Affairs vide its General Circular dated February 8, 2011 had granted general exemption for companies from complying with the provisions of section 212 of the Companies Act, 1956 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 period ended March 31, 2013 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.

DIRECTORS' REPORT (Contd.)

DE-MERGER OF MANUFACTURING DIVISION

The Hon'ble High Court of Bombay had approved the Scheme of Arrangement which inter-alia provided for, demerger of manufacturing undertaking of your Company into its subsidiary HDO Technologies Limited – A Wholly owned subsidiary of the Company effective April 01, 2011 and the said order was received by the Company from the Hon'ble High Court of Bombay on July 18, 2012.

PUBLIC DEPOSITS

The Company did not accept any deposits from public during the period. ₹ 0.06 Million was unclaimed deposit as on March 31, 2013.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance. The Report on Corporate Governance and Auditors' Certificate regarding compliance with conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges forms part of the Annual Report.

The declaration regarding compliance with Code of Business Conduct and Ethics for Directors and Senior Management forms part of the Report on Corporate Governance.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion & Analysis Report for the period under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented separately in the Annual Report.

BOARD OF DIRECTORS

During the period under review Mr. P. R. Tripathi and Mr. M. L. Majumdar, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

STATUTORY AUDITORS

M/s. Chaturvedi & Partners, Chartered Accountants, Statutory Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a confirmation from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

INTERNAL AUDITORS

M/s V. C. G. & Co., Chartered Accountants, are the Internal Auditors of the Company and they monitor the internal control system of the Company at its works and also at Mumbai office.

AUDITORS' REPORTS

With regard to Note 13 of the financial statements (Deferred tax assets on business losses aggregating to ₹ 730.28 million) the Statutory Auditors have qualified their report with a remark that "In absense of virtual certainity supported by convincing evidence that sufficient future taxable income will be available against which the deferred tax assets can be realized, we are unable to form an opinion on the extent to which such deferred tax assets can be realized." The opinion of the Directors on the aforesaid observation of Auditors is furnished below :

The Board of Directors of the Company is of the opinion that on the basis of the business plan prepared by the management sufficient future taxable income will be available against which the deferred tax assets can be realized.

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

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under the Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, has not been enclosed for the period ended March 31, 2013 in view of the de-merger of the Manufacturing Division with effect from April 01, 2011 as already approved by the Hon'ble High Court of Bombay, the Company has nothing to report under this head specifically. However, generally the Company is quite conscious of its responsibility in respect of energy conservation and technology absorption and adopts suitable measures towards this end from time to time.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is provided in Annexure forming part of the

Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining copy of the same may write to the Company Secretary.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm in respect of the audited annual accounts for the nine months period ended March 31, 2013:

(i) that in the preparation of the annual accounts, the applicable accounting standards had been followed;

(ii) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the nine months period ended on March 31, 2013 and of Profit /Loss of the Company for the nine months period ended on that date;

(iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that they had prepared the annual accounts on a going concern basis.

INDUSTRIAL RELATIONS

The Company continued to have cordial and harmonious relations with its employees.

HEALTH, SAFETY & 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 organization 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 mange 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, your company provides complete solutions for waste reduction and water conservation for broad spectrum of industries like refineries, minerals, pulp and paper, sugar, etc.

ACKNOWLEDGEMENT

The Directors would like to express their appreciation for support and co-operation received from the holding company, bankers, financial institutions, suppliers, associate sub-contractors and members during the period 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 co-operation throughout the period and is confident that new heights can be reached in improving the stakeholder's value in the Company.

For and on Behalf of the Board of Directors

S.C. Sekaran
Executive Director

R.Balarami Reddy
Director

Hyderabad
May 30, 2013

MANAGEMENT DISCUSSIONS AND ANALYSIS

Overview of Indian Economy :

The Indian economy in 2012-13, witnessed a decadal low growth in GDP of 5.0%. The country has seen economic expansion drop since the start of the 2011 to levels even below the crisis years of 2008-09. The slowdown which started in the industrial sector also extended to services sector which has been the mainstay of India's growth story. The weakness in the economy is not only cyclical but also structural in nature. Domestic supply bottlenecks and policy obstacles have seen growth decelerate and investment and industrial output slump. Global uncertainties also adversely affected growth. The pipeline of new investment dried up and existing projects stalled due to bottlenecks and implementation gaps. Also, the country continued to face persistent challenges due to high inflation, tight monetary policy and the deteriorating external balance. Despite good capital inflows in 2012-13, the economy reported worrisome current account deficit. A slowdown was witnessed in almost all the sectors of the economy in 2012-13. While the moderation in growth in agriculture (1.9%) was largely on account of the rainfall deficiency, the deceleration of industrial production growth to 1.2% in 2012-13 from 2.7% in 2011-12 was mainly due to contraction in mining and slowing growth in manufacturing and electricity sectors. Capital goods segment continued its dismal performance in 2012-13, indicating the lack of investment demand in the economy. The services sector saw a further deceleration to a growth of 6.8% in 2012-13 as compared to 7.9% mainly on account of a slowdown in trade, transport, hospitality and financial services.

The spurt in the economic growth of the country in the past was led by the consumption story. However, along with investment slowdown, India now faces a challenge of a consumption led slowdown. Government expenditure growth decelerated from 8.6% in 2011-12 to 3.9% in 2012-13 due to the fiscal consolidation by the Government to reduce the deficit. The impact on fiscal deficit hence was immediate as it fell to 4.8% of GDP against the target of 5.2%. The private final consumption expenditure which has the largest share in the GDP of 60% also slowed down to a growth of 4.0% in 2012-13 from 8.0% in the previous fiscal. The investments throughout the fiscal continued to remain in gloomy territory with growth in gross fixed capital formation being just at 1.7% in 2012-13 as compared to 4.4% in 2011-12.

Business Scenario :

Delayed policy measures, slow-down in industrial production, persistently high interest rates and liquidity concerns adversely impacted the investment climate in India in 2012-13. Consequently, the commitments on capital expenditure and fresh investments were deferred, impacting growth prospects of businesses of the Company operating in certain sectors such as Power, Minerals and Metals, Defence and Fertilizer. The sectoral bottlenecks also had an impact on progress on a few ongoing projects. Product businesses of the Company, recorded low sales performance on account of sluggish industrial demand. The businesses of the Company faced intense competition from domestic as well as international players constraining the ability of the prices to absorb the cost increases. Despite the economic challenges, the Company has managed to sustain its growth momentum during 2012-13 on the back of proven track record, presence in diverse sectors and forays in the select international markets.

The infrastructure development is an irreversible process for energizing growth in India. The Government has reiterated its commitment to kick-start delayed projects in the infrastructure space. The Government has also taken measures to reduce fiscal deficit to provide stability and protect the credit standing. New investments are expected in Transport Infrastructure, Urban Infrastructure, Oil & Gas, Fertilizer, Renewable Energy sectors. Speedy resolution of issues relating to mining, land acquisition, implementation of Power sector reforms.

COMPANY PERFORMANCE

Due to the continuing policy inaction and sluggish economic scenario in India, much of the mega projects have been delayed in recent past posing a challenge for new BOT orders in the domestic market. In smaller EPC projects and water projects the competition remains intense due to a large number of players with aggressive bidding strategies. In international market a lot of local players with huge asset base are chasing new projects. Strategic tie-ups with local players appears imperative for achieving success.

Projects bagged by Hindustan Dorr-Oliver Limited in 2012-13:

1. Hindustan Dorr-Oliver Limited have received a order from Nuclear Power Corporation of India Limited for Field Instrumentation Package for RAPP-7&8 valued at ₹ 1800 million. This project involves Design and detailed Engineering, Procurement, Manufacture, Erection, Testing and Commissioning.
2. Hindustan Dorr-Oliver Limited have bagged two separate orders from Gujarat State Fertilizers & Chemicals Limited, Vadodara valued at ₹ 2774 million inclusive of Taxes and duties. Details of the job are as below:
   - i. Establishment of Production Facilities for 20000 MTPY water Soluble NPK Fertilizer valued at ₹ 383 million.
   - ii. Engineering, Procurement, Construction, Commissioning of D Train of DAP / NPK Fertilizer plant at Sikka unit on lumpsum turnkey basis valued at ₹ 2391 million.

During the year, our company has successfully completed the prestigious project for M/s Uranium Ore Processing Plant. The project for the processing of 3000 TPD Uranium ore was successfully commissioned and taken for commercial production of yellow cake which is the final product. For the first time in India, we have used Alkali Leach Process for the extraction of Uranium from the ore. In the Alkali Leach process, Uranium is extracted from the ore in Autoclave in Alkali medium. These

Autoclaves were manufactured in our factory at Ahmedabad.

- During the year, we have also completed the Water Block consisting of Raw Water Treatment Plant (RWTP), DM/RO and CPU Plant and Effluent Treatment Plant at HPCL Mittal Energy Ltd (HMEL) Bhatinda. These water facilities as for the prestigious 9MTPA Petroleum Refinery at Bhatinda. RWTP has a capacity of 130 MLD. 950 m3/hr capacity DM/RO plant with CPU is fully automated PLC control plant. The Effluent Treatment Plant is of capacity 12 MLD uses all the latest technologies like SBR, MBR, VOC, Wet Oxidation, Bioremediation Plant. All the above three packages were commissioned and running successfully.

BUSINESS PORTFOLIO

HDO operates on diversified portfolios of business that have wide market segments. The Engineering, Procurement and Construction (EPC) division of HDO has a good track record of executing large size and complex projects on turnkey basis.

The projects include in the field of Minerals and Metals, Fertilizer & Chemicals, Water Management and Pulp & Paper sectors. The divisions major capabilities include in-house engineering, global technology tie ups, world class manufacturing facilities, highly experienced project execution team and safe work culture.

Intense competition in domestic market with new competitors both from India and global companies, this division is diversifying into new product lines as well as venturing into new geographic locations. The Company is proud to inform that our Manufacturing facility is one among the top five leading engineering manufacturing facility in the country. It has been approved by all leading project management consultants in the country. Further, it has been upgraded with S & R certifications from ASME-USA to undertake various pressure vessels and heat exchangers manufacturing for Nuclear & Power sectors. Many global companies have visited our facility for their global requirement of their product to be manufactured at your workshop. The Manufacturing Business has planned to aggressively tap geographical markets like Middle East, Africa, Latin America and South East Asia. The manufacturing business has supplied autoclaves, cyclones, high pressure vessels, distillation columns during this phase and which has earned a kudos in the manufacturing arena. The Company has also decided to do re-engineering of proprietary equipments to increase its technological competence and scalability with respect to export orders. We will be bagging numerous orders from the African Market for this business. The Business has been exploring opportunities for export of Defence, Nuclear Power & Aerospace equipment as well. We are receiving several inquiries in these areas. The Company has launched a number of initiatives such as facility enhancement, automation of the system and quality improvement to meet the global market demand. The manufacturing facility has recently bagged an order worth ₹ 430 million.

GROWTH STRATEGIES:

Economy is likely to grow in the range of 7.5% to 8.0%. Mining and Manufacturing are expected to show substantial improvement in 2012-13 over the previous period.

As per the revised projections done by the Planning Commission, the expected investment in Infrastructure during the 11th five year Plan (2007-12) will be ₹ 2.054 million crore for the 12th five year Plan (2012-17), the Planning Commission has indicated that the investment will be double. In the Company, each business vertical is continuously engaged in strategic growth in competitive market scenario.

A related sector wise analysis as follows:

a. Power

As per central Electricity Authority (CEA), there will be a requirement of 1,100 BOP packages during 12th five year Plan comprising of coal handling plants, water packages, cooling towers, fuel oil systems and chimney stacks. HDO is already executing LSTK project for NPCIL and is active in this areas.

b. Steel

In 2011, India produced 72.2 million tons of steel and was 4th largest producer in the world. The installed capacity is expected to increase upto 142 million tons by 2018. HDO has already signed MOU with global technology players for EPC packages on this sector in Coke Owen, Sinter Plants, Blast Furnace and By Product Plants.

c. Mining & Minerals

India has vast reserves of many different minerals. It is world's 3rd largest producer of coal, 4th largest producer of ore and 5th largest producer of bauxite. It also has significant reserves of copper, zinc, lead and other minerals.

Iron ore beneficiation and pelletization of unused iron ore fines will be needed in a big way to meet the growing demand of the steel industry. HDO is already existing two number of Iron ore slimes and fines beneficiation project for NMDC LTD at Donimali Karnataka. HDO hopes to play a significant role in setting up of iron ore beneficiation and pelletization with international technology partners.

HDO is a market leader in Mineral Beneficiation in India having involved in all Alumina Refineries and also setting up the complete uranium ore processing plant for UCIL of 3000 TPD Capacity which is Asia's largest Uranium Processing Plant and worlds 4th Alkali leached plant in Kadappa, A.P. During the 12th five year plan, many such plants are expected to come up where HDO has its strong credentials.

Outlook :

Land and mining reforms and renewed investments in the field of Ferrous, Non-Ferrous, Ports and Power sector will be key drivers for Mining and Metal business. In spite of the current slowdown, Steel industry has been performing well in India and is expected to witness increase in demand in the year 2013-14. Government's initiatives to boost private investment in Power & Port sector likely to bring fresh inflow of capital. Investment allowance of 15.0%, coal block linkages, developing ports in PPP mode are precursor to revival of the sector. The business has aligned itself towards providing solution on value added/debottlenecking efforts of industry majors, focusing upon operation agility during this challenging scenario. With the opening order book and expected orders during the period, the business is confident of posting good performance in 2013-14.

d. Water: Significant Initiatives :

The Water & Renewable Energy business has grown at a good pace in previous period and looks set to grow sustainably in the future. Some initiatives that have been taken to drive growth are :

i. Expansion of presence in India to new states by formation of new project clusters;

ii. Targeting new geographies to tap emerging opportunities in water and renewable energy sectors;

iii. Focus on emerging businesses like Desalination, Water Management and Solar Thermal Applications;

iv. Deploying best-in-class technologies such as Microtunneling, Tracker-based projects, Micro-grids for achieving market differentiation.

The business is also differentiating from competition through its customer-oriented, quality-conscious and technology-driven approach towards business. Benchmarks are being created for operational excellence through efficient internal systems and processes.

Outlook :

Rapid urbanisation and industrialisation in India is providing impetus for creation of efficient and reliable Water infrastructure for supply of potable water and collection, treatment & re-use of waste water. Stringent pollution control norms and their enforcement is also a major driver for investment in effective effluent-treatment systems. Also substantial investments are envisaged in lift irrigation projects. It is encouraging to note that more than 15,000 crore have been earmarked for various water supply and sewerage projects in India in 2013-14.

Water seal drum equipment supplied to HMEL Bhatinda having Design Pressure 3.5Kg/cm2; Design Temp: 220°C, MOC SA516GR70, Shell Dia is 7700mm, Length is 12500mm, Shell Thickness is 20mm, and Weight is 229MT.

CO2 Absorber supplied to Tecnimont weighing 120 mt.

Drum Slaker supplied to Vedanta Alumina Ltd.

LSTK – Dimineralised Water and Condensate Polishing Unit for Indian Oil Corporation Ltd., Paradip, Odisha.

LSTK – Dimineralised Water and Condensate Polishing Unit for Indian Oil Corporation Ltd., Paradip, Odisha.

A few initiatives detailed:

The following initiatives are being followed on a continuous basis by the Company:

- Widening new geographical areas for augmenting its exports.
- Exploring inorganic growth opportunities for the acquisition of specialized engineering outfits abroad.
- Membership of global forums like Engineering & Construction Risk Institute (ECRI) and participating in international seminars.
- Implementation of internal processes towards operational excellence and creating a lean high performance organization.
- Knowledge dissemination through various platforms within the organization.
- Bringing in high caliber resources in the areas of front-end marketing, engineering, project management, risk management, contract administration, etc., to strengthen the overseas operations.
- Customized Talent Management programs catering to the training and development needs of employees.

Significant Initiatives :

The business has rolled out operational excellence measures for all domestic as well as international projects. Key operational excellence initiatives include cost reduction and productivity improvement in subcontracting, procurement, manpower cost reduction, improved equipment utilization and optimization, deployment of better construction methodology & lean processes, enhancing efficiency in project management and contract management. For improved optimization of resources the business has adopted the approach of cluster as an operational centre whereby each cluster of projects will be supported by strong sub-contractor base and smart mobilization model for optimum utilization of assets & manpower during preconstruction period. Strengthening in-house design capabilities is one of the major thrust areas and the business has taken several steps in this regard.

Business Environment :

The domestic business environment continues to remain uncertain. Though the Government has initiated some policy decisions, its impact on investments is yet to be seen. Large value fertilizer orders and onshore gas processing orders have got repeatedly deferred. Due to limited opportunities available, competition tends to be aggressive. Operational excellence initiatives are helping the business to improve its competitiveness. The international business segment continues to be very active and several projects are slated for tendering in the near term particularly in KSA, UAE and Oman. Also, new geographies identified offer growth opportunities.

Growth Strategies and Thrust Areas :

- Business Structure and Strategic Plan :

  The Company structure is well-crafted and is providing necessary focus to encash growth opportunities. Businesses have drawn strategic plan and are taking initiatives to enhance performance and long term value creation.

- Strengthening Execution & Operational Efficiency :

  The businesses have taken up various initiatives for cost optimization and productivity enhancement. Operational excellence, smart contract management are key focus areas to improve margins on large sized, long cycle jobs under execution.

- Capacity Augmentation :

  The Company has been investing in capacity ramp-up in emerging businesses as well as its core business to enhance execution capabilities. The Company will be undertaking capital expenditure in 2013-14 mainly to acquire plant & machinery for its Engineering and Construction businesses.

- International Business :

  On the international front, the countries in the Middle East, South Asia, select markets in CIS region, and Africa hold good prospects. The businesses are focusing on securing pre-qualifications and strengthening of international organization. Higher share of international business provide excellent de-risking opportunities and necessary impetus to the performance of the Company. The international business, however, poses various challenges in terms of stiff competition pressures on delivery time lines and margins, volatility in the exchange rates, compliance with the local laws, requirements of local sourcing, etc.

MANAGEMENT DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATION

Financial Review:

The Financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) as amended from time to time in India. The estimates and judgements relating to the financial statement have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of the transactions and reasonably present, the state of affairs on the Balance sheet date and profits of the Company for the period ended on that date.

During the period of fifteen months ended as on June 30, 2012, the Company has demerged its manufacturing division in to its wholly owned subsidiary, HDO Technologies Limited in accordance with the demerger scheme approved by the Hon'ble High Court of Bombay vide order dated July 18, 2012. The scheme of demerger was effective from April 01, 2011.

The following table sets forth the income statement for the financial period of nine months ended as on March 31, 2013 and previous financial period of fifteen months ended June 30, 2012. The components of expenses have been expressed as a percentage of total income for the period indicated.

(₹ in million)

Particulars	For the period ended on March 31, 2013	For the period ended on June 30, 2012
Net Income from operations	**2,402.47**	7,187.53
Other income	**34.92**	105.52
Total income	**2,437.39**	7,293.05
Cost of material/ services consumed	**2,507.82**	6,525.78
Cost of material/ services consumed as a percentage to total income	**102.89%**	89.48%
Employee Benefit expenses	**194.25**	405.93
Employee Benefit expenses as a percentage to total income	**7.97%**	5.57%
Other Expenses	**339.83**	268.45
Other expenses as a percentage to total income	**13.94%**	3.68%
EBITDA	**(604.51)**	92.89
EBITDA- percentage to total income	**(24.80%)**	1.27%
Finance cost	**397.44**	513.98
Finance cost as a percentage to total income	**16.31%**	7.05%
Depreciation	**20.06**	41.74
Depreciation as a percentage to total income	**0.82%**	0.57%
Profit/ (Loss) before tax and extraordinary items	**(1,022.01)**	(462.83)
Extraordinary items	**763.05**	-
Profit/ (Loss) before tax	**(1,785.06)**	(462.83)
Profit/ (Loss) before tax percentage to total income	**(73.24%)**	(6.35%)
Profit/ (Loss) after tax	**(1,209.43)**	(303.32)
Profit/ (Loss) after tax percentage to total income	**(49.62%)**	(4.16%)

The Company could get fresh orders amounting to ₹ 5,757.80 million during the nine months period ended on March 31, 2013.

Revenue from operations:

The Revenue from operation has declined by 44.29% on an annualized basis. The main reasons attributable to low revenue being slowdown in the EPC industry and low order intake from the market. Further, delay in handing over of new projects due to want of Government clearances and compliance requirement, inadequacy of working capital, etc. also affected the Turnover and Profitability of the Company.

Cost:

Cost of raw material and services as a percentage to net operating income increased by 13.41% during the period as compared to the previous period due to continual inflationary conditions. During the current period, due to lower turnover and lesser recovery from the receivables, level of working capital loan has increased resulting in higher finance cost. Administrative overheads and employees cost as a percentage to net operating income also increased substantially in the current period as compared to the previous period because of lower turnover.

Profitability:

During the period, higher prime cost, general slowdown in the industry, comparatively lower order book position have affected the Company's Turnover and Profitability significantly, resulted in negative EBITDA of (24.80%) as a percentage to total income. The increase in prime cost and other overheads have affected the margins very adversely and resulted in net loss during the period.

CORPORATE GOVERNANCE REPORT

(As required by Clause 49 of the Listing Agreement)

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 (7) Directors. The Chairman of the Board is a Non-Executive and Independent Director.

The Composition as on March 31, 2013, the changes during the nine months period under review, number of Meetings attended and Directorships/Committee Memberships in other Companies are as follows:

Sl. No.	Name of the Director	Category *	Attendance at Board Meetings held during the period		Attendance at last AGM held on 29/12/2012	Other Directorships in India **	Other Committee Positions in India ***	
			Held	Attended			Member	Chairman
1	Mr. Prabahakar Ram Tripathi	C & NED (I)	3	3	No	4	3	1
2	Mr. E. Sudhir Reddy	VC & NED	3	3	Yes	5	1	-
3	Mr. S. C. Sekaran	ED	3	3	Yes	1	-	-
4	Mr. R. Balarami Reddy	NED	3	3	No	3	1	-
5	Mr. T. N. Chaturvedi****	NED (I)	3	-	No	3	1	4
6	Mr. M. L. Majumdar	NED (I)	3	3	Yes	-	-	-
7	Mr. S. D. Kapoor	NED(I)	3	3	Yes	7	4	2

Notes:

* *Category : C-Chairman, VC-Vice-Chairman, ED-Executive Director, NED-Non-Executive Director and I-Independent Director.*

** *Does not include Alternate Directorships, Directorships in Private Limited Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956.*

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

**** *Mr. T. N. Chaturvedi has resigned as Director with effect from April 30, 2013.*

Board Meetings

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 nine months period in 2012-13, the Board met three times as follows:

Date of the Board Meeting	Total number of Directors on the date of the Meeting	Number of Directors who attended
August 29, 2012	7	6
November 10, 2012	7	6
February 14, 2013	7	6

The gap between two Meetings did not exceed four months.

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. Where it is not practicable to attach or send the relevant information as part of Agenda papers, the same are tabled at the Meeting.

III. Committees of Directors under Corporate Governance Code

a. Audit Committee

Composition

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

a. Mr. S. D. Kapoor, Chairman
b. Mr. Prabhakar Ram Tripathi, Member
c. Mr. R. Balarami Reddy, Member
d. Mr. T. N. Chaturvedi, Member*
e. Mr. M. L. Majumdar, Member

* Mr. T. N. Chaturvedi has resigned as Director with effect from April 30, 2013.

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.

Terms of reference

The terms of reference of the Committee are as conceived under Clause 49 of the Listing Agreement as amended from time to time.

The Audit Committee met three times during the nine months period in 2012-13 and the gap between two meetings did not exceed four months. The details of the attendance of the Members is as follows:

Name	Attendance at the Meeting held on		
	29/08/2012	10/11/2012	14/02/2013
Mr. T. N. Chaturvedi*	No	No	No
Mr. Prabhakar Ram Tripathi	Yes	Yes	Yes
Mr. R. Balarami Reddy	Yes	Yes	Yes
Mr. S. D. Kapoor	Yes	Yes	Yes
Mr. M. L. Majumdar	Yes	Yes	Yes

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

The Chairman of the Audit Committee Meeting was present at the 37th Annual General Meeting held on December 29, 2012.

* Mr. T. N. Chaturvedi has resigned as Director with effect from April 30, 2013

b. Compensation Committee

Composition

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

- Mr. Prabhakar Ram Tripathi, Chairman
- Mr. T. N. Chaturvedi, Member*
- Mr. R. Balarami Reddy, Member

* Mr. T. N. Chaturvedi has resigned as Director with effect from April 30, 2013.
The Company Secretary acts as Secretary to the Committee.

Terms of reference

(a) to determine on behalf of the Board the Company's Policy on remuneration package for Executive Directors including pension rights and compensation payments.

(b) to administer the Employee Stock Option Scheme of the Company.

(c) to decide any other related matters.

The Minutes of the Compensation 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 nine months period ended March 31, 2013 are given below:

Name of the Director	Sitting fee (₹)	Gross Remuneration (₹)*	Commission	Service Contract/Notice period/Severance
Mr. Prabhakar Ram Tripathi	90,000/-	-	-	Liable to retire by rotation
Mr. E. Sudhir Reddy	-	-	-	Liable to retire by rotation
Mr. S. C. Sekaran	-	41,27,697/-	-	Not liable to retire by rotation
Mr. R. Balarami Reddy	-	-	-	Liable to retire by rotation
Mr. T. N. Chaturvedi**	-	-	-	Liable to retire by rotation
Mr. M. L. Majumdar	90,000/-	-	-	Liable to retire by rotation
Mr. S. D. Kapoor	90,000/-	-	-	Liable to retire by rotation

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

** Mr. T. N. Chaturvedi has resigned as a Director with effect from April 30, 2013.

c. **Shareholders'/Investors' Grievance Committee**

Composition

The Shareholders'/Investors' Grievance 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 Clause 47(a) of the Listing Agreement.

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

During the period, 97 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, 2013 and no transfers were pending as on March 31, 2013.

d. **Executive Committee**

The Board has constituted an Executive Committee to exercise certain powers as to borrow upto 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 upto 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

CORPORATE GOVERNANCE REPORT (Contd.)

IV Subsidiary

The Company monitors the performance of its subsidiaries, HDO Technologies Limited, HDO (UK) Limited, HDO Zambia Limited and DavyMarkham (India) Private Limited interalia, 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 are noted at the Board Meetings of the Company.

V General Body Meetings

The details of the last three Annual General Meetings, i.e. Thirty Seventh, Thirty Sixth and Thirty Fifth Annual General Meetings and that of the Extra-ordinary General Meeting of the Company are as follows:

General Meetings	Day, Date and Time	Venue of the Company	Special Resolution Passed for
37th Annual General Meeting	Saturday, December 29, 2012 at 3.00 P.M.	All India Plastic Manufacturers Association, AIPMA House, A-52, Street No.1, MIDC, Andheri (East), Mumbai – 400 093	* Remuneration to Mr. E. Sunil Reddy, Managing Director * Remuneration to Mr. S. C. Sekaran, Executive Director
Extra-ordinary General Meeting	Friday, March 30, 2012 at 3.00 P.M.	The Mira Dor, New Link Road, Chakala, Andheri (East), Mumbai – 400 099	* Scheme of Arrangement between the Company and HDO Technologies Limited
36th Annual General Meeting	Friday, September 30, 2011 at 3.00 P.M.	The Mira Dor, New Link Road, Chakala, Andheri (East), Mumbai – 400 099	-
35th Annual General Meeting	Wednesday, September 15, 2010 at 3.00 P.M.	Mirage Hotel, International Approach Road, Marol, Andheri East, Mumbai – 400 059	* Revision in remuneration of Executive Director

- **Postal Ballot**

  During the nine months period ended March 31, 2013, no Resolution was put through postal ballot nor any resolution is proposed to be passed through Postal Ballot at the ensuing Annual General Meeting.

VI Disclosures

During the period, 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. 43 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	:	Business Standard 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

- **Annual General Meeting**

  Annual General Meeting is proposed to be held on Monday, the September 23, 2013, at 3.00 p.m. at All India Plastic Manufacturers Association, AIPMA House, A-52, Street No.1, MIDC, Andheri (East), Mumbai - 400 093.

- **Financial Calendar**

  (a) Financial year - April 01 to March 31

  (b) Results will be published for the Quarter ended:

  (i) June 30, 2013 - on or before August 15, 2013
  (ii) September 30, 2013 - on or before November 15, 2013
  (iii) December 31, 2013 - on or before February 15, 2014
  (iv) March 31, 2014 - in May, 2014

- **Date of Book Closure**

  September 17, 2013 to September 23, 2013 (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 2013-14.

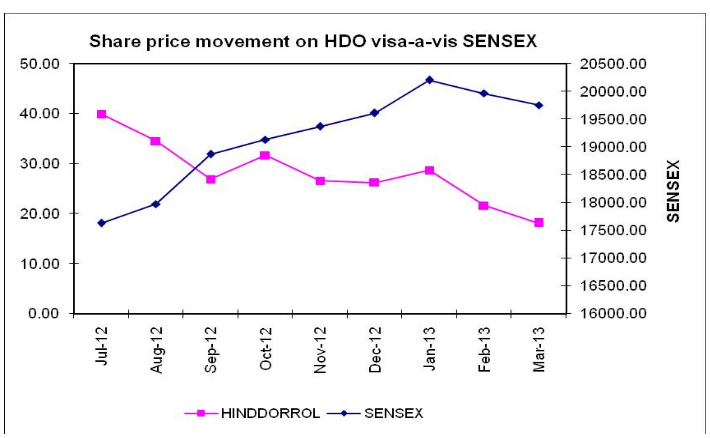
- **Stock Code**

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

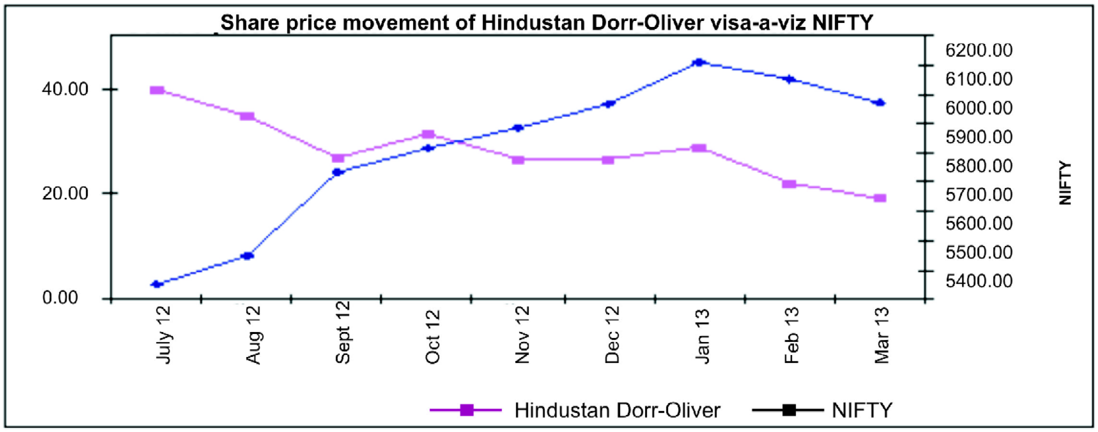
- **Stock Market Data**

Month	BOMBAY STOCK EXCHANGE			NATIONAL STOCK EXCHANGE		
	High (₹)	Low (₹)	SENSEX	High (₹)	Low (₹)	NIFTY
July, 2012	39.90	30.60	17631.19	39.80	30.50	5348.55
August, 2012	34.50	23.80	17972.54	34.70	23.65	5448.60
September, 2012	26.90	21.85	18869.94	26.80	21.70	5735.15
October, 2012	31.70	24.85	19137.29	31.45	24.65	5815.35
November, 2012	26.60	22.00	19372.70	26.70	22.10	5885.25
December, 2012	26.25	22.95	19612.18	26.50	22.80	5965.15
January, 2013	28.70	20.50	20203.66	28.75	20.45	6111.80
February, 2013	21.65	16.15	19966.69	22.00	16.00	6052.95
March, 2013	18.15	12.05	19754.66	19.00	12.00	5971.20

Source : BSE website　　Source : NSE website



CORPORATE GOVERNANCE REPORT (Contd.)



Registrar and Transfer Agents

M/s. Karvy Computershare Pvt. Ltd.
Karvy House 46, Avenue 4,
Street No. 1,
Banjara Hills,
Hyderabad – 500034

Address for correspondence by the investors/shareholders:

M/s. Karvy Computershare Pvt. Ltd.
17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081
Ph.: 040-44655178

Share holding pattern as on March 31, 2013

Category	No. of Shares	% of Shareholding
Promoter's holding		
Indian Promoters (including persons acting in conert)	39804430	55.28
Foreign Promoters	0.00	0.00
Sub-total	**39804430**	**55.28**
Non-promoters holding		
Mutual Funds	7001684	9.72
Banks, Financial Institutions and Insurance Companies	0.00	0.00
Central Government/State Government	0.00	0.00
Foreign Institutional Investors	2866057	3.98
Sub-Total	**9867741**	**13.70**
Others		
Private Corporate Bodies	4391464	6.10
Indian Public	16893445	23.45
NRIs/OBCs	815948	1.13
Directors	130700	0.18
Clearing Members	98360	0.14
Trusts	3720	0.01
GDRs(Shares held by depository against GDRs)	0.00	0.00
Sub-Total	**22333637**	**31.02**
Total	**72005808**	**100.00**

Distribution of Shareholding as on March 31, 2013

Category	Cases	% of Cases	Amount	% Amount
upto 1 - 5000	20925	93.52	16805092	11.67
5001 - 10000	832	3.72	6202720	4.31
10001 - 20000	341	1.52	5051708	3.51
20001 - 30000	113	0.51	2725886	1.89
30001 - 40000	47	0.21	1671582	1.16
40001 - 50000	23	0.10	1067870	0.74
50001 - 100000	54	0.24	3838532	2.67
100001 & ABOVE	40	0.18	106648226	74.06
Total:	**22375**	**100.00**	**144011616**	**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. Shareholders'/ Investors' Grievance Committee approves valid transfers of shares and share certificates duly endorsed are despatched within the time prescribed under the Listing Agreement/SEBI Guidelines.

  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 97.96% of the share capital have been dematerialized as on March 31, 2013.

  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,
3A Hindustan Road, 2nd Floor,
Opp. Murlidhar Girls School,
P.S. Gariahat, Kolkata - 700 029

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

X Code of Business Conduct and Ethics for Directors and Senior Management

The Board at its meeting held on March 27, 2006 adopted the Code of Business Conduct for the purpose of clause 49 applicable to the Directors and Senior Management Personnel. This Code of Conduct has been put on the website of the Company i.e. www.hdo.in.

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 period July 01, 2012 to March 31, 2013.

Place: Hyderabad
Date: May 30, 2013

S. C. Sekaran
Executive Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
HINDUSTAN DORR-OLIVER LIMITED

We have examined the compliance of conditions of Corporate Governance by Hindustan Dorr-Oliver Limited, for the nine months period ended on March 31, 2013 as stipulated in clause 49 of the Listing Agreement of the said company with the stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Clause. 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 examination and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Chaturvedi & Partners
Chartered Accountants
Firm Registration Number: 307068E

Hyderabad
May 30, 2013

R. N. CHATURVEDI
Membership No: 092087

CEO/CFO CERTIFICATION

We, S. C. Sekaran, Executive Director and Girish Dave, G. M. - Finance responsible for the finance function certify that:

a) We have reviewed the financial statements and cash flow statement for nine months period ended March 31, 2013 and to the best of our 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 Company'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 Company during the nine months period ended March 31, 2013 are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

d) (i) There has not been any significant change in accounting policies during the period requiring disclosure in the notes to the financial statements; and

   (ii) We are not aware of any instance during the period of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Hyderabad
May 30, 2013

S. C. Sekaran
Executive Director

Girish Dave
G. M. - Finance

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

HINDUSTAN DORR-OLIVER LIMITED

Report on the Financial Statements

We have audited the attached Balance Sheet of **HINDUSTAN DORR-OLIVER LIMITED** ('the Company') which comprise the Balance sheet as at March 31, 2013, and the Statement of Profit and Loss and also the Cash Flow Statement for the nine months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial positions, financial performance and Cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies act, 1956 (" the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

We refer to note 13 of the financial statements wherein deferred tax assets on business losses aggregating to ₹730.28 million has been recognized on the basis of future business plan. The management is confident that sufficient future taxable income will be available against which such deferred tax assets will be realised. In absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which the deferred tax assets can be realized, we are unable to form comment on the extent to which such deferred tax assets can be realized.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects to the matters described in the basis for qualified opinion paragraph above,* the financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013,

ii. in the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and

iii. in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Emphasis of Matter

Attention is invited to note 32 to the financial statement whereby the accumulated losses of the Company as at March 31, 2013 have substantially eroded its free reserves. The ability of the Company to continue as a going concern is predominantly dependent on the improvement of the Company's future operations. The Company is confident of implementing its business plan and improvement of the future operations. In view of this, the financial statements have been prepared on the basis that the Company is a going concern.

Attention is invited to note 33 regarding investments in foreign Subsidiary and loans and advances receivable from such subsidiary aggregating to ₹ 1246.18 million, whose accumulated losses exceeded their consolidated net worth and the financial statements have been prepared on going concern basis, considered good for the reasons stated therein.

Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditors Report) Order, 2003 ("the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the order.
2. As Required by Section 227 (3) of the Companies Act 1956, we report that:

AUDITORS' REPORT (Contd.)

a. *Except for the effect of the matters described in the basis for qualified opinion paragraph,* we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d. *Except for the effect of the matters described in the basis for qualified opinion paragraph,* In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

e. On the basis of written representations received from the directors, as on March 31, 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration Number:307068E

Hyderabad
May 30, 2013

R. N. CHATURVEDI
Partner
Membership No.092087

ANNEXURE REFERRED TO THE INDEPENDENT AUDITORS' REPORT

i. a. The Company has maintained records showing particulars including quantitative details and situation of fixed assets.

b. Fixed assets were physically verified by the management during the year in accordance with a programme of verification which, in our opinion is reasonable having regard to the size of the Compny and the nature of its assets. *However, pending completion of reconciliation with the financial books of accounts which is reportedly under progress, discrepancies, if any, cannot be ascertained.*

c. Fixed assets disposed off during the period were not substantial and therefore do not affect the going concern status of the Company.

ii. a. The inventory has been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.

b. The procedures of physical verification of inventories followed by the management, *needs to be strengthened,* to be adequate in relation to the size of the Company and the nature of its business.

c. The Company is maintaining proper records of inventory, *However the system needs to be further strengthened to facilitate timely reconciliation of quantity and value thereof.* The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.

iii. a. The Company had granted interest free loan to its wholly owned subsidiary Company. The maximum amount involved during the year was ₹ 1,232.42 million and year end balance of the loan was ₹ 1,172.67 million.

b. According to the information and explanations given to us and having regard to the explanation that the interest free loans and advances given to the subsidiary is towards investment in the subsidiary, *we are unable to comment whether the terms and conditions of the interest free loans and advances given to wholly owned foreign subsidiary are, prima facie, prejudical to the interest of the Company.*

c. According to the information and explanations given to us and *in absence of any stipulation for repayment or otherwise of the loans and advances given to the wholly owned subsidiary, we are unable to comment on the repayment or otherwise of the loans and advances.*

d. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of the clause 4(iii) (e), (iii)(f) and (iii)(g) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the sale of goods and services. *However, the internal control system for estimation of project costs and percentage completion in respect of projects in progress is inadequate, since the cost estimates are not updated on a periodic basis. Further internal control system with regard to purchase of inventory needs to be strengthened.* During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company.

AUDITORS' REPORT (Contd.)

v. a. In our opinion and according to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for certain transactions for which comparable quotations are not available and in respect of which we are unable to comment.

vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public in earlier years and remained unclaimed as at the year end. However, the Company has not accepted any deposit from the public during the year under audit.

vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii. In our opinion and according to the information and explanations given to us, the management is in the process of compiling and maintaining the cost records of the Company pursuant to the rules made by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.

ix. a. *Undisputed statutory dues such as income-tax, sales-tax, wealth tax, works contract tax, service tax, custom duty, excise duty, and cess have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases.* The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, any other statutory dues applicable to it.

b. there were no undisputed amounts payable in respect of income-tax, wealth tax, service tax, custom duty and excise duty except in respect of sales tax which in arrears as at March 31, 2013 for a period of more than six months from the date they became payable. The details of such delay are given below:

Nature of the Statute	Nature of dues	Amount (₹ in million)	Due Date	Date of payment
Sales tax and VAT Laws	Works contract tax	4.89	April 2012	Not Paid
		0.95	May 2012	Not Paid
		0.87	June 2012	Not Paid
		2.50	July 2012	Not Paid
		1.50	August 2012	Not Paid
		3.05	October 2012	Not Paid
	Sales tax/VAT	5.37	July 2012	Not Paid
		0.40	August 2012	Not Paid
		0.56	September 2012	Not Paid
		0.16	October 2012	Not Paid
		20.25		

c. According to information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess or any other statutory dues which have not been deposited on account of any dispute excepting those mentioned hereunder:

S. No	Name of the Statute	Nature of Dues	Amount (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
1	Custom Act, 1962	Custom Duty	0.08	1992-93	The collector of customs (Judicial), Mumbai
2	Central Sales Tax Act, 1956 and Sales Tax Act of Various States.	Sales Tax/ WCT/ VAT	4.90	1999-2000 to 2002-03 and 2007-08	A.C. (Appeal)
			14.33	1984-85, 1992-93 to 2002-03 and 2006-07	D.C. (Appeal)
			21.50	2008-09	D.C. (Enforcement)
			18.65	2002-03 to 2004-05	J. C. (Appeal)
			3.59	1987-88 to 1993-94	Tribunal

AUDITORS' REPORT (Contd.)

S. No	Name of the Statute	Nature of Dues	Amount (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
			0.24	1995-96	Sales Tax Officer
			17.91	1988-89, 1995-96 and 2007-08	High Court
			18.21	2008-2009	D.C. (APPEALS)
			0.34	2008-2009	COMMERCIAL TAX OFFICER, HYDERABAD
			8.21	2009-2010	COMMERCIAL TAX OFFICER, KOLKATA
3	The Finance Act, 1994	Service Tax	360.94	2007-08 to 2011-12	CCE (A)
4	The Income Tax Act, 1961	Income Tax	18.08	1997-98 to 2001-02	ITAT
			2.57	1996-97	CIT
			3.19	2000-01 and 2002-03	CIT (A)

x. *The Company has accumulated losses at the end of the period. Further, the Company has incurred cash losses in the period covered by our audit, and has incurred cash losses during the immediately preceding financial year.*

xi. According to the information and explanations given to us, the Company has defaulted in repayment of dues to banks in respect of letters of credit and vendor's bills discounting as stated below :

₹ in million

S. No.	Name of the Facility	Delay of 0-30 days	Delay of 30-60 days	Delay of 61-90 days	Delay of 91-180 days
1	Letter of Credit	141.20	-	0.55	-
2	Vendors' bills discounting	619.51	47.18	561.97	500.82

₹1.21 million in respect of working capital loan from bank were in arrears as of the balance sheet date, the Company did not have any debentures outstanding during the period. Period of delay in days as at March 31, 2013 is one day.

xii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xv. According to the information and explanations given to us, the Company has given corporate guarantee for loan taken by its wholly owned subsidiary Company from bank. The terms and conditions thereof are not prejudicial to the interest of the Company.

xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised.

xvii. *According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis aggregating to ₹ 2944.74 million have been used for long term purposes. (i.e. non-current assets)*

xviii. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xix. The Company has not issued any debentures during the period. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company

xx. The Company has not raised money through public issue of shares. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration Number:307068E

R. N. CHATURVEDI
Partner
Membership No.092087

Hyderabad
May 30, 2013

HINDUSTAN DORR-OLIVER LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

(All amounts in ₹ Million unless otherwise stated)

Particulars	Note No.	As at March 31, 2013	As at June 30, 2012
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	**144.01**	144.01
(b) Reserves and surplus	4	**531.70**	1,741.13
2 Non-current liabilities			
(a) Long-term borrowings	5	**2,393.50**	1,046.81
(b) Long-term provisions	6	**11.13**	10.63
3 Current liabilities			
(a) Short-term borrowings	7	**2,275.14**	2,213.55
(b) Trade payables	8	**4,257.70**	4,947.17
(c) Other current liabilities	9	**1,873.75**	1,178.80
(d) Short-term provisions	10	**6.18**	8.29
Total		**11,493.11**	11,290.39
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		**223.59**	238.85
(ii) Intangible assets		**17.12**	19.15
(b) Non-current investments	12	**1,390.69**	1,390.69
(c) Deferred tax assets (net)	13	**739.81**	151.65
(d) Long-term loans and advances	14	**1,436.81**	1,471.16
(e) Other non-current assets	15	**2,217.07**	2,374.00
2 Current assets			
(a) Inventories	16	**26.01**	25.80
(b) Trade receivables	17	**1,928.56**	2,450.49
(c) Cash and bank balances	18	**29.19**	38.41
(d) Short-term loans and advances	19	**1,561.55**	1,146.37
(e) Other current assets	20	**1,922.71**	1,983.82
Total		**11,493.11**	11,290.39
Accompanying notes forming part of the financial statements	1 to 48		

As per our report of even date.
For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration Number: 307068E

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

R. N. CHATURVEDI
Partner
Membership No. 092087

Hyderabad,
May 30, 2013

S.C. SEKARAN
Executive Director

R. BALARAMI REDDY
Director

A.S. PARDHA SARADHI
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM JULY 01, 2012 TO MARCH 31, 2013

(All amounts in ₹ Million unless otherwise stated)

	Particulars	Note No.	For the Period Ended March 31, 2013	For the Period Ended June 30, 2012
I	**Revenue from operations**	21	**2,402.47**	7,187.53
II	**Other income**	22	**34.92**	105.52
III	**Total Revenue(I + II)**		**2,437.39**	7,293.05
IV	**Expenses**			
	Cost of material/ services consumed	23	**2,508.03**	6,511.40
	Changes in inventories of work-in-progress	24	**(0.21)**	14.38
	Employee benefits expense	25	**194.25**	405.93
	Finance costs	26	**397.44**	513.98
	Depreciation and amortization expenses	11	**20.06**	41.74
	Other expenses	27	**339.83**	268.45
	Total expenses		**3,459.40**	7,755.88
V	**Profit/(Loss) before exceptional and extraordinary items, and tax(III-IV)**		**(1,022.01)**	(462.83)
VI	**Exceptional items (Refer note 38)**		**763.05**	-
VII	**Profit/ (Loss) before tax (V-VI)**		**(1,785.06)**	(462.83)
VIII	**Tax expense**			
	Current tax (in respect of earlier period)		**12.53**	(5.85)
	Deferred tax		**(588.16)**	(153.66)
IX	**Profit/(Loss) for the period (VII-VIII)**		**(1,209.43)**	(303.32)
X	**Earning per equity share:** (Face value of ₹ 2/- each)			
	Basic and diluted		**(16.80)**	(4.21)
	Accompanying notes forming part of the financial statements	1 to 48		

As per our report of even date.
For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration Number: 307068E

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

R. N. CHATURVEDI
Partner
Membership No. 092087

S.C. SEKARAN
Executive Director

R. BALARAMI REDDY
Director

Hyderabad,
May 30, 2013

A.S. PARDHA SARADHI
Company Secretary

HINDUSTAN DORR-OLIVER LIMITED

CASH FLOW STATEMENT FOR THE PERIOD FROM JULY 01, 2012 TO MARCH 31, 2013

(All amounts in ₹ Million unless otherwise stated)

Particulars	For the Period Ended March 31, 2013		For the Period Ended June 30, 2012	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit/(net loss) for the period/year before taxation		**(1,785.06)**		(462.83)
Adjustments for				
Depreciation and amortisation	**20.06**		41.74	
(Profit)/loss on sale of fixed assets	**(0.55)**		0.13	
Liabilities/provisions no longer required written back	**(13.15)**		(21.14)	
Interest & finance charges	**397.44**		513.98	
Interest income	**(1.40)**		(8.00)	
Dividend income	**(0.11)**		(0.21)	
Bad debts written off	**159.45**		9.31	
(Gain)/loss on exchange (net)	**67.69**	**629.43**	(42.32)	493.49
Operating profit before working capital		**(1,155.63)**		30.66
(Increase)/decrease in inventories	**(0.21)**		14.38	
(Increase)/decrease in trade receivables	**362.48**		(392.23)	
(Increase)/decrease in loans and advances	**(216.68)**		(2,690.88)	
Increase/(decrease) in current liabilities	**17.40**	**162.99**	2,093.41	(975.32)
Cash generated from operations		**(992.64)**		(944.66)
Taxes paid		**(39.69)**		(126.28)
Net cash generated by operations		**(1,032.33)**		(1,070.94)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets	**(2.78)**		(11.96)	
Sale of fixed assets	**0.55**		0.20	
Purchase of investments	-		(0.05)	
Dividend received	**0.11**		0.21	
Interest Received	**1.51**	**(0.61)**	8.16	(3.44)
Net cash used in investing activities		**(0.61)**		(3.44)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	**1,421.55**		1,646.68	
Dividend paid	**(0.17)**		(57.36)	
Tax on dividend	-		(9.35)	
Interest and finance charges paid	**(397.66)**	**1,023.72**	(499.40)	1,080.57
Net cash provided by financing activities		**1,023.72**		1,080.57
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		**(9.22)**		6.19
Cash and cash equivalents at the beginning of the period		**38.41**		34.13
Cash and cash equivalents at the beginning of the period on account of demerger		-		(1.91)
Cash and cash equivalents at the end of the period		**29.19**		38.41

CASH FLOW STATEMENT FOR THE PERIOD FROM JULY 01, 2012 TO MARCH 31, 2013 (Contd.)

(All amounts in ₹ Million unless otherwise stated)

Notes

1. The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS)3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India and notified by the Companies Accounting Standard Rules 2006.
2. Figures in brackets indicate cash outflow.
3. Previous period figures have been regrouped and recast wherever necessary to confirm to current period classification.
4. Cash & cash equivalents include:

	Period Ended March 31, 2013	**Period Ended June 30, 2012**
Cash balance on hand	1.37	1.56
Balances with scheduled banks		
- In current accounts	**14.56**	17.94
- In fixed deposits	**7.09**	8.79
- In margin money accounts	**5.05**	8.92
- In dividend account	**1.12**	1.20
	29.19	38.41

As per our report of even date.
For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration Number: 307068E

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

R. N. CHATURVEDI
Partner
Membership No. 092087

S. C. SEKARAN
Executive Director

R. BALARAMI REDDY
Director

Hyderabad,
May 30, 2013

A. S. PARDHA SARADHI
Company Secretary

Notes forming part of the Financial Statements

(All amounts in ₹ Million unless otherwise stated)

1. COMPANY OVERVIEW

The Company is engaged in the business of providing Engineering & Turnkey solutions, technology and EPC installations in liquid solid separation applications in various industry segments like mineral processing and Beneficiation, Pulp and paper processing, Fertilizer & Chemicals and environmental management.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Method of Accounting

The financial statements are based on historical cost convention on an accrual basis (except otherwise stated), in accordance with Generally Accepted Accounting Principles (GAAP) and in compliance with the accounting standards notified in the Companies (Accounting Standards) Rules, 2006 and relevant Provisions of the Companies Act, 1956. The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised schedule VI to the Act, based on the nature of work and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

b) Use of Accounting Estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the year of account. Examples of such estimates include contract costs expected to be incurred to complete construction contracts, provision for doubtful debts, income taxes and future obligations under employee retirement benefit plans.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprise of purchase price, freight, non-refundable duties, taxes and any other cost attributable to bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for its intended use. Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.

Capital work in Progress comprises advances paid to acquire fixed assets and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.

d) Impairment

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognized if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

e) Investments

Current investments are carried at lower of cost and fair value. Long-term investments are stated at cost. Provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ Million unless otherwise stated)

f) Depreciation/Amortization

Depreciation is provided on the basis of the straight-line method as per rates prescribed in Schedule XIV of the Companies Act, 1956 on the original cost of the Fixed Assets except the following which are depreciated based on useful life determined by the management:

S. No.	Particulars	Rate
(i)	Buildings (including company-owned flats)	1.64% /1.67%/20%
(ii)	Plant & Machinery	
	Diesel generating sets, welding machines etc.	10%
	Air Conditioners	20%
	Office Equipments	20%
	Motor Vehicles	20%
	Laboratory Equipments	10% / 20%
(iii)	Furniture and Fittings	10%

The premium, being the cost of leasehold land, is amortized over the lease period.

Assets costing less than Rupees five thousand individually are fully depreciated in the year of purchase.

Technical Know-how is amortized over a period of five years in equal installments.

g) Borrowing Costs:

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalized as a part of the cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the year in which they are incurred.

h) Inventories:

Inventories are valued at lower of cost and net realizable value after providing for obsolescence and other anticipated losses, if any. Cost of manufactured goods and Work-in-Progress include related overheads incurred in bringing the inventories to their present location and condition and excise duty paid/payable.

i) Revenue Recognition:

Contracts Revenue

Contract Revenue is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method.

The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.

An expected loss on the construction contract is recognized as an expense immediately when it is certain that the total contract costs will exceed the total contract revenue.

Price escalation and other claims and/or, variation in the contract work are included in contract revenue only when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim; and the amount that is probable will be accepted by the customer can be measured reliably.

Incentive payments, as per customer-specified performance standards, are included in contract revenue only when the contract is sufficiently advanced and that it is probable that the specified performance standards will be met and the amount of the incentive payment can be measured reliably.

Others

In the case of other contracts, sales and profits are accounted for on the basis of actual work done on the contracts / dispatch of items.

Foreign Currency Transactions

a. The reporting currency of the Company is Indian Rupee.

b. Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported

(All amounts in ₹ Million unless otherwise stated)

using the closing rate.

c. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing date are recognized as income or expense in the period in which they arise.

j) Employee Benefits

i) Gratuity

The company provides for obligation towards Gratuity, a defined benefit plan, covering eligible employees on the basis of an actuarial valuation using the projected unit credit method as at the year end. In case of funded defined plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the net obligation. Further, for certain employees, contributions are made to the fund administered by the management.

ii) Superannuation

Contributions made under a scheme of Life Insurance Corporation of India are charged to the profit and loss account.

iii) Leave Encashment

Liability for leave encashment is provided on the basis of actuarial valuation using the projected unit credit method as on the Balance Sheet date. Actuarial Gain/Losses, if any, are immediately recognized in the Profit and Loss account.

iv) Provident Fund

The contribution towards Provident Fund is made to the Statutory Authorities/ fund administered by the management and is charged to the profit and loss account.

k) Provisions and Contingencies

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Contingent liabilities are disclosed by way of a note to the accounts.

l) Income Taxes

Tax Expenses for the year comprises both current tax and deferred tax. Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and quantified using the tax rates and law enacted or substantively enacted by the reporting date. Where there is an unabsorbed depreciation or carry forward loss, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

m) Earnings Per Share

Basic earnings per share is calculated by dividing the net earnings after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the number of shares comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any which would have been used in the conversion of all dilutive potential equity shares. The number of shares and potentially dilutive equity shares are adjusted for the bonus shares and the sub-division of shares, if any.

n) Contingent Liabilities

Contingent liabilities are determined on the basis of available information and are disclosed by way of a note to the accounts.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ Million unless otherwise stated)

3 Share Capital

Particulars	As at March 31, 2013		As at June 30, 2012	
	Number	Amount	Number	Amount
Authorised :				
Equity shares of ₹ 2 each	**100,000,000**	**200.00**	100,000,000	200.00
Issued, subscribed and paid-up :				
Equity shares of ₹ 2 each	**72,005,808**	**144.01**	72,005,808	144.01

3.1 **Reconcilation of the number of shares outstanding at the beginning and at the end of the reporting period :**

Particulars	As at March 31, 2013		As at June 30, 2012	
	Number	Amount	Number	Amount
Number of equity shares at the beginning and end of the period	**72,005,808**	**144.01**	72,005,808	144.01

3.2 **Rights, preferences and restrictions attached to equity shares :**

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets 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.

3.3 **Equity shares held by parent Company:**

Particulars	As at March 31, 2013		As at June 30, 2012	
	Number	Amount	Number	Amount
Equity shares are held by IVRCL Limited	**39,804,430**	**79.61**	39,804,430	79.61

3.4 **Details of the shareholder holding more than 5% shares in the Company:**

Name	Number	% shareholding	Number	% shareholding
IVRCL limited, the parent Company	**39,804,430**	**55.28**	39,804,430	55.28

3.5 **Aggregate number of equity shares alloted as fully-paid up by way of bonus shares**

Particulars	As at March 31, 2013		As at June 30, 2012	
	Year	Number	Year	Number
Equity shares were issued as fully paid bonus shares by capitalisation of general reserve	**2006-07** **2009-10**	**6,000,484** **36,002,904**	2006-07 2009-10	6,000,484 36,002,904
Total		**42,003,388**		42,003,388

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ Million unless otherwise stated)

3.6 **Shares reserved for issue under employee stock option scheme:**

Particulars	As at March 31, 2013		As at June 30, 2012	
	Number	Weighted Average Exercise Price Per Stock Option	Number	Weighted Average Exercise Price Per Stock Option
Employees stock options granted and outstanding at beginning of the period	-	-	504,000	41.51
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	-	-	-	-
Option withdrawn during the period	-	-	504,000	41.51
Employees stock options outstanding at end of the period	-	-	-	-

Under ESOP 2005 Scheme, the members had approved 1,000,000 options of face value ₹ 2 each to the permanent employees of the Company. 504,000 options were outstanding at the beginning of the year which have lapsed during the period.

Note	Particulars	As at March 31, 2013	As at June 30, 2012
4	**Reserves & Surplus**		
	Revaluation reserve		
	Balance at the beginning of the period	-	170.90
	Less:Pursuant to the scheme of arrangement (refer Note 29)	-	170.90
		-	-
	Securities premium account		
	Balance at the beginning of the period	**222.34**	537.61
	Less:Pursuant to the scheme of arrangement (refer Note 29)	-	315.27
		222.34	222.34
	General Reserve		
	Balance at the beginning of the period and end of the period	**972.49**	972.49
		972.49	972.49
	Surplus/ (deficit) in the Statement of Profit and Loss		
	Balance at the beginning of the period	**546.30**	849.62
	Add / (Less): Profit /(Loss) for the period	**(1,209.43)**	(303.32)
	Closing balance	**(663.13)**	546.30
	Total	**531.70**	1,741.13

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ Million unless otherwise stated)

Note	Particulars	As at March 31, 2013	As at June 30, 2012
5	**Long Term Borrowings**		
	Secured		
	From banks		
	External commercial borrowing	**815.84**	1,046.81
	Working capital term loan	**1,528.72**	-
	Funded interest term loan	**48.94**	-
	Total	**2,393.50**	1,046.81

5.1 Bank of India (consortium leader) vide their letter dated March 28, 2013 ('sanction of credit facilities') has approved the Company's financial restructuring package in respect of credit facilities effective from December 31, 2012. As per the restructuring package, a part of the debts outstanding in respect of cash credit facilities aggregating to ₹1,552.00 million and ₹54.38 million have been converted into working capital term loan and funded interest term loan (i.e. WCTL and FITL) respectively as on December 31, 2012.

5.2 **Nature of security**

a. External commercial borrowings is secured by first charge over the land and builiding situated at Mumbai (the Company's corporate office) along with other assets of the Company. Borrowing is further secured by first charge over the existing fixed assets and current assets of Davy Markham limited (UK) {a wholly owned subsidiary of HDO (UK) Limited (a wholly owned foreign subsidiary of the Company)}

Interest applicable is 3 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 from banks are principally secured by first pari passu charge on the current assets of the Company. The loan is also secured by collateral security of first pari passu charge on two flats of the Company situated at Andheri (East), Mumbai and land & building, plant & machinary and flats of the wholly owned subsidiary Company, situated at Vatva, Ahmedabad (Gujarat). The facility is further secured by; a) residual charge on the office building of the Company situated at Mumbai. b) pledge of 29.38% shares of the Company held by IVRCL limited (parent Company). The Company is in process of creating necessary charge. The facility carries interest @0.75% over Base rate , presently 11% p.a, subject to a minimum of 11% p.a.

5.3 **Terms of repayment**

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 fifteen month from the date of disbursement) and ending on January 17, 2017.

b. Working capital term loan:- Repayable in twenty four quarterly installments after moratorium period of twelve months from December 31, 2012 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 twelve months from December 31, 2012 with the first installment due on March 2014 and ending on June 2016.

Note	Particulars	As at March 31, 2013	As at June 30, 2012
6	**Long Term Provisions**		
	For employee benefits	**11.13**	10.63
	Total	**11.13**	10.63
7	**Short Term Borrowings**		
	Secured		
	From banks		
	Working capital loan from bank (Refer note 7.1, 7.2 and 7.3 below)	**2,275.14**	2,213.55
	Total	**2,275.14**	2,213.55

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ Million unless otherwise stated)

7.1 As per the Scheme of the Arrangement, more fully described in Note 29, working capital loan of the company related to the activities/utilisation for the manufacturing undertaking is vested in/transferred to the Wholly Owned Subsidiary Company. The parties to the Scheme of Arrangement are in process of obtaining approval from the Andhra Bank (consortium partner). During the period Bank of India (consortium leader) vide their letter dated March 28, 2013 ('sanction of credit facilities') has approved the Company's financial restructuring package in respect of credit facilities effective from December 31, 2012. Pursuant to 'sanction of credit facilities', fund based and non fund based credit facilities aggregating to ₹745.20 mllion and ₹878.00 million respectively, have been carved out from the existing sanctioned limits of the company and accordingly the same stands vested with wholly owned subsidiary Company.

7.2 Nature of security and interest

For nature of security refer note no. 5.2.b.
The facility carries interest @ 2.50% over base rate presently 12.75% p.a. subject to a minimum of 12.75%p.a.

7.3 **Details of defaults in repayments of loans as on Balance sheet date**

₹ 1.21 million in respect of working capital loan from bank is in arrears as on the balance sheet date. Period of delay in days as at March 31, 2013 is one day

Note	Particulars	As at March 31, 2013	As at June 30, 2012
8	**Trade Payables**		
	Dues to micro enterprises and small enterprises (refer note 30)	**13.91**	8.76
	Acceptances (refer note 5.2)	**1,341.51**	1,832.90
	Other trade payables	**2,902.28**	3,105.51
	Total	**4,257.70**	4,947.17
9	**Other current liabilities**		
	Current maturities of long term debt	**300.67**	69.79
	Interest accrued but not due on borrowings	**14.36**	14.57
	Advance from contractee/ clients	**1,176.50**	774.37
	Advance from parent Company	**50.00**	-
	Security deposit	**14.60**	14.60
	Unclaimed dividend (#)	**1.12**	1.20
	Matured unclaimed deposits	**0.12**	0.21
	Other liabilities		
	i. Accrued salaries and benefits	**53.80**	46.64
	ii. Withholding and other taxes payable	**259.01**	255.72
	iii. Other payables	**3.57**	1.70
	Total	**1,873.75**	1,178.80
	(#) Do not include any amount, due and outstanding,to be credited to Investor Education and Protection fund.		
10	**Short term provisions**		
	For employee benefits	**6.18**	8.29
	Total	**6.18**	8.29

Notes forming part of the Financial Statements (Contd.)

11 Fixed Assets

(All amounts in ₹ Million unless otherwise stated)

Particulars	GROSS BLOCK					DEPRECIATION/ AMORTISATION					NET BLOCK	
	As at July 1, 2012	Additions	Deletion/ Adjustments	On transfer out through demerger (#)	As at March 31, 2013	Upto June 30, 2012	For the period	Deletion/ Adjustments	On transfer out through demerger (#)	Upto March 31, 2013	As at March 31, 2013	As at June 30, 2012
A. Tangible assets												
Freehold land	144.33	-	-	-	144.33	-	-	-	-	-	144.33	144.33
Leasehold land	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (including Company owned flats)	75.99	-	-	-	75.99	31.00	0.70	-	-	31.70	44.29	44.99
Plant and machinery	38.59	-	-	-	38.59	34.03	0.96	-	-	34.99	3.60	4.56
Office equipment	45.09	0.01	-	-	45.10	40.60	1.52	-	-	42.12	2.98	4.49
Computers	70.30	0.01	-	-	70.31	62.94	5.56	-	-	68.50	1.81	7.36
Furniture and fixtures	54.98	0.60	-	-	55.58	35.25	2.66	-	-	37.91	17.67	19.73
Motor vehicles	38.90	0.05	4.51	-	34.44	25.51	4.53	4.51	-	25.53	8.91	13.39
Total Tangible Assets	**468.18**	**0.67**	**4.51**	**-**	**464.34**	**229.33**	**15.93**	**4.51**	**-**	**240.75**	**223.59**	**238.85**
B. Intangibles assets												
Softwares	32.12	2.10	-	-	34.22	12.97	4.13	-	-	17.10	17.12	19.15
Goodwill	6.90	-	-	-	6.90	6.90	-	-	-	6.90	-	-
Technical knowhow	9.81	-	-	-	9.81	9.81	-	-	-	9.81	-	-
Total Intangible Assets	**48.83**	**2.10**	**-**	**-**	**50.93**	**29.68**	**4.13**	**-**	**-**	**33.81**	**17.12**	**19.15**
Grand total	**517.01**	**2.77**	**4.51**	**-**	**515.27**	**259.01**	**20.06**	**4.51**	**-**	**274.56**	**240.71**	**258.00**
Previous period total	(1,116.41)	(15.82)	(2.55)	(612.67)	(517.01)	(375.42)	(41.74)	(2.44)	(155.71)	(259.01)	(258.00)	

Notes

a. Freehold Land includes land at Nelankarai Village, Saidapet Taluka, Chinglepet District Chennai of the gross value of ₹ 2.81 Million for which the Company has taken legal action for removal of encroachment on certain part of the property.

b. Buildings includes 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.

(#) Refer note 29

Note	Particulars				As at March 31, 2013	As at June 30, 2012
12	**Non Current Investments**					
	Trade investments (valued at cost unless stated otherwise)					
	Unquoted					
	Investment in Equity Shares of Subsidiary Companies					
	HDO Technologies limited	1050000	₹	10	**1,300.50**	0.50
	Investment suspense account					
	HDO Technologies limited				-	1,300.00
	HDO (UK) limited	1008000	GBP	1	**73.51**	73.51
	DavyMarkham (India) Private limited	10000	₹	10	**0.10**	0.10
	HDO Zambia limited	50000	ZMK	1	**0.05**	0.05
					1,374.16	1,374.16
	Other investment					
	Quoted					
	Equity shares of ₹ 10 each fully paid up					
	Voltas limited	500	₹	1	**-$**	-$
	Ion Exchange (I) limited	50	₹	10	**0.01**	0.01
	Gujarat State Petronet limited	8983	₹	10	**0.24**	0.24
	Ahmednagar Forgings limited	100000	₹	10	**16.10**	16.10
	Gitanjali Gems limited	884	₹	10	**0.18**	0.18
	Triveni Engineering & Industries Ltd.	66	₹	10	**0.01**	0.01
	Less : Provision for diminution in the value of investments				**(0.02)**	(0.02)
					16.52	16.52

Notes forming part of the Financial Statements Contd.

(All amounts in ₹ Million unless otherwise stated)

Note	Particulars				As at March 31, 2013	As at June 30, 2012
12	**Non current investments (Contd.)**					
	Unquoted					
	Western Bio Systems limited	10	₹	10	- #	- #
	Jord Engineers India limited	100	₹	10	-*	-*
	Western India Industries	50	₹	10	-@	-@
	Western Paques (I) limited	100	₹	10	0.01	0.01
	Less : Provision for diminution in the value of investments				(0.02)	(0.02)
	National savings certificates				0.01	0.01
					0.01	0.01
	Total				1,390.69	1,390.69
	Aggregate amount of quoted investment and market value thereof:					
	Book value				16.52	16.52
	Market value				11.91	15.10
	Aggregate amount of unquoted investments				1,374.17	1,374.17
	Aggregate provision for diminution in value of investment				0.04	0.04
	₹ in full figures- $ ₹ 3,325, # ₹ 100, * ₹ 3,290, @ ₹ 2,975					
13	**Deferred tax assets (net)**					
	Deferred tax liabilities on account of					
	Depreciation and amoztization				(4.35)	(3.69)
	Deferred tax assets on account of					
	Employee benefits				9.28	6.49
	Unabsorbed business losses				734.63	148.64
	Others				0.25	0.21
	Deferred tax assets (net)				739.81	151.65
	Net deferred tax assets on unabsorbed business losses aggregating to ₹ 730.28 million, has been recognized on the basis of business plan prepared by the management, which takes into account certain future orders also. The management is of the opinion that sufficient future taxable income will be available against which the deferred tax assets can be realized.					
14	**Long term loans and advances**					
	(Unsecured, considered good unless otherwise stated)					
	Capital advances				2.54	4.32
	Security deposit				2.13	2.13
	Loan and advances to related party- wholly owned subsidiary				1,172.67	1,232.43
	Advance income-tax and tax deducted at source {(net of provisions) ₹ 614.16 million (previous period ₹ 609.90 million)}				259.47	232.28
	Total				1,436.81	1,471.16
15	**Other non-current assets**					
	(Unsecured, considered good)					
	Retention money				1,742.36	1,899.29
	Other receivables				474.71	474.71
	Total				2,217.07	2,374.00

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ Million unless otherwise stated)

Note	Particulars	As at March 31, 2013	As at June 30, 2012
16	**Inventories**		
	At project sites		
	Project stores	**26.01**	25.80
	Total	**26.01**	25.80
17	**Trade Receivables**		
	(Unsecured, considered good unless otherwise stated)		
	Outstanding for a period exceeding six months from the date they are due for the payment	**1,035.96**	736.00
	Other trade receivables	**892.60**	1,714.49
	Total	**1,928.56**	2,450.49
18	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash on hand	**1.37**	1.56
	Balances with banks		
	- In current accounts	**14.56**	17.94
		15.93	19.50
	Other bank balances		
	- In deposit accounts with maturity more than 3 months and less than 12 months	**7.09**	8.79
	- In margin money deposits	**5.05**	8.92
	(Lodged with banks against gurantees/letter of credit issued by them)		
	- In dividend account	**1.12**	1.20
		13.26	18.91
	Total	**29.19**	38.41
19	**Short Term Loans and Advances**		
	(Unsecured, considered good unless otherwise stated)		
	Loan and advances to related parties		
	- Subsidiaries	**648.59**	149.52
	- Director and relative (Refer Note 43.3)	**10.26**	10.26
	Advances to sub-contractors, suppliers and others	**489.74**	532.70
	Balance with statutory and government authorities	**336.00**	355.52
	Security deposits	**56.53**	58.04
	Prepaid expenses	**20.43**	40.33
	Total	**1,561.55**	1,146.37
20	**Other current assets**		
	(Unsecured, considered good unless otherwise stated)		
	Interest accrued other than on investments	**0.56**	0.67
	Unbilled revenue	**1,922.15**	1,983.15
	Total	**1,922.71**	1,983.82

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	For the Period Ended March 31, 2013	For the Period Ended June 30,2012
21	**Revenue from operations**		
	Revenue from operations	**2,390.09**	7,187.53
	Other operating revenue	**12.38**	-
	Total	**2,402.47**	7,187.53
22	**Other income**		
	Interest received on deposits with banks	**1.40**	8.00
	Liabilities/ provisions no longer required written back	**13.15**	21.14
	Dividend received on investment	**0.11**	0.21
	Rent received	**17.10**	28.50
	Gain on exchange (net)	-	47.06
	Surplus on sale of fixed assets (net)	**0.55**	-
	Other non operating income	**2.61**	0.61
	Total	**34.92**	105.52
23	**Cost of materials/ services consumed**		
	Systems, equipments, spares and materials		
	Opening stock	**15.22**	15.22
	Add : purchases	**1,218.11**	3,410.28
		1,233.33	3,425.50
	Less : Closing stock	**15.22**	15.22
	Cost of systems, equipments and spares consumed	**1,218.11**	3,410.28
	Services work bills	**1,262.57**	3,013.36
	Indirect taxes	**27.35**	87.76
	Total	**2,508.03**	6,511.40
24	**Changes in inventories of work-in-progress**		
	Inventories at the beginning of the period		
	Work-in-progress	**10.58**	360.44
	Less:Pursuant to the scheme of arrangement (refer Note 29)	-	335.48
		10.58	24.96
	Inventories at the end of the period		
	Work-in-progress	**10.79**	10.58
		10.79	10.58
	Total	**(0.21)**	14.38

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	For the Period Ended March 31, 2013	For the Period Ended June 30,2012
25	**Employee benefits expense**		
	Employees' remuneration and benefits		
	Salaries, wages and bonus etc.	**173.40**	356.79
	Contribution to provident and other funds	**9.36**	15.25
	Staff welfare expenses	**7.36**	18.98
	Managerial remuneration (refer note 43.3)	**4.13**	14.91
	Total	**194.25**	405.93
26	**Finance cost**		
	Interest expenses on borrowings	**352.90**	458.64
	Bank and other financial charges	**44.54**	55.34
	Total	**397.44**	513.98
27	**Other Expenses**		
	Rent	**9.99**	16.47
	Rates and taxes	**2.25**	4.85
	Travelling and conveyance expenses	**25.50**	74.34
	Repairs and maintenance - buildings	**1.96**	3.02
	Repairs and maintenance - others	**8.17**	10.00
	Insurance	**4.96**	9.21
	Communication expenses	**4.81**	11.67
	Sitting and other fees	**0.21**	0.51
	Wealth tax	**0.40**	0.25
	Printing and stationery	**2.38**	7.05
	Advertisement and publicity	**1.92**	2.89
	Auditors remuneration		
	- Statutory audit fees	**1.80**	1.80
	- Certification fees	**0.50**	1.12
	- Reimbursement of expenses	**0.22**	0.33
	Legal and professional charges	**31.67**	52.79
	Tender fees	**0.21**	1.33
	Bad debts written off	**159.45**	9.31
	Loss on exchange (net)	**60.36**	-
	Loss on sale of fixed assets (net)	-	0.13
	Miscellaneous expenses	**23.07**	61.38
	Total	**339.83**	268.45

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

28. The Board of Directors of the Company vide resolution dated March 27, 2012 have approved extension of financial year 2011-12 of the company by a period of three months i.e. June 30, 2012 and current period of nine months i.e., July 01, 2012 to March 31, 2013. Accordingly, the financial statements of the Company for the current period are prepared for a period of nine months.

    In View of the scheme of arrangement between the Company and the HDO Technologies Limited (refer note 29) and extension of financial year 2011-12 to a period of fifteen months ended June 30, 2012 and current financial period for a period of nine months, the figures for the current period are strictly not comparable with those of the previous period.

29. During the previous period, pursuant to the Scheme of Arrangement ("the scheme") between the Hindustan Dorr-Oliver Limited (The "Company") and HDO Technologies Limited (a wholly owned subsidiary of the Company) and their respective shareholders to transfer manufacturing undertaking of the Company to the wholly owned subsidiary Company, which was sanctioned by the Hon'ble High Court of Bombay vide its order dated July 18, 2012 and is effective from April 01, 2011 (the Appointed Date):

    i. all the properties, assets and liabilities of the Manufacturing Undertaking of the Company have been transferred to and vested with wholly owned subsidiary HDO Technologies Limited with effect from April 01, 2011.

    ii. the Transferee Company has, during the period allotted 1,000,000 equity share of ₹ 10 each which have been recorded at their fair value determined by the Board.

30. **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, 2013	As at June 30, 2012
(a)	Principal amount remaining unpaid	**13.90**	8.76
(b)	Interest due thereon	**5.14**	0.98
(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.	**5.14**	0.98
(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.	-	-

31. **Earnings per share (EPS)**

S No.	Particulars	For the period ended March 31, 2013	For the period ended June 30, 2012
(a)	(Loss)/profit after tax for calculation of basic and diluted EPS	(1,209.45)	(303.32)
(b)	Weighted average number of equity shares outstanding for calculation of EPS	72,005,808	72,005,808
(c)	basic and diluted EPS	(16.80)	(4.21)

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

a. **Contingent liabilities**

S. No.	Particulars	As at March 31, 2013	As at June 30, 2012
a	**Claims against the Company not acknowledged as debt**	**43.15**	34.61
b	**Guarantees**		
	Bank Guarantees/Letters of Credit issued by the bank on behalf of the Company (Net of margin money aggregating to ₹ 5.05 Million. Previous year ₹ 8.92 Million)	**2,936.32**	1,406.76
	Corporate Guarantees	**133.85**	133.85
c	**Other money for which the Company is contingently liable**		
	*Income-tax matters	**26.38**	23.84
	*Sales-tax / WCT / VAT matters	**107.89**	81.30
	*Excise/Service Tax matters	**360.94**	-
	*Customs duty matters	**0.08**	0.08

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

b. There are no amounts of contracts which are remaining to be executed on capital account and not provided for.

33. The Company has incurred substantial losses and accumulated losses of the Company as at March 31, 2013 have substantially eroded its free reserves. The ability of the Company to continue as a going concern is predominantly dependent on the improvement of the Company's future operations. The Company has also drawn up plans to operate efficiently and to improve future operations. The management is confident of implementing its business plan and considering the future prospects, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

34. The Company has equity investments aggregating to ₹ 73.51 million and an amount of ₹ 1172.67 million advanced as interest free loans as at March 31, 2013 in HDO (UK) Limited, a wholly owned subsidiary. The Subsidiary Company, HDO (UK) Limited, and its wholly owned subsidiary, DavyMarkham Limited, during the period suffered losses which resulted an increase in accumulated losses exceeding the consolidated net worth of the Subsidiary Company as at the balance sheet date. The management, considering the fulltime business prospects believes that, growth in operations of the Company will result into increase in its revenue and consequently profitability and net worth. Accordingly, the financial statements of Subsidiary Company, which have been prepared on "Going Concern" basis, are considered for consolidation. The said Subsidiary Company is confident of achieving the target and in the opinion of the Company, the carrying value of Goodwill arising on consolidation in this subsidiary represents its recoverable amount and in the opinion of the management no provision for impairment is required at this stage.

35. The balances in Trade Receivables, Retention Money, Sundry Creditors and Advances are subject to confirmations and adjustments, if any. Such adjustments, in the opinion of the management, are not likely to be material and will be carried out as and when ascertained.

36. Trade receivables and other non-current assets as at March 31, 2013 include amounts aggregating to ₹180 million and ₹ 474.71 million respectively, relating to claims receivables from certain contractee clients. The claims are on account of deviation in design, additional overheads, interest due to overstay and idle cost. In the opinion of management, the claims are considered as good and realizable based on favourable developments arising out of continuous contract management steps taken by the Company.

37. In the opinion of the Board, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

38. During the period, due to significant revision of estimated cost, exceptional items aggregating to ₹ 763.05 million comprising of provision for expected losses on ongoing projects and certain claims of vendor/sub-contractor in case of recently completed projects have been charged off to statement of profit and loss while the company continues to pursue its entitlements.

39. **Value of imports on C.I.F. basis (on payment basis)**

Particulars	March 31, 2013	June 30, 2012
Cost of systems, equipment's, components, spares and services	**82.03**	277.25
Total	**82.03**	277.25

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

Particulars	March 31, 2013	June 30, 2012
Foreign Travel	**0.21**	2.41
Others	-	9.31
Total	**0.21**	11.72

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

41. **Earnings in foreign exchange**

Particulars	March 31, 2013	June 30, 2012
Sale of Equipment (including components and spares) on FOB basis	**21.99**	13.64
Freight and insurance recoveries	-	0.02
Earning in the form of advances	**0.03**	1.21
Total	**22.02**	14.87

42. **Value of components used for supply of systems and services**

Particulars	March 31, 2013		June 30, 2012	
	%	₹	%	₹
Imported	**1.80**	**44.71**	9.24	315.09
Indigenous	**98.20**	**2435.98**	90.76	3,095.19
Total	**100.00**	**2480.69**	100.00	3,410.28

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.

43. **Related Party Disclosure**

Information regarding Related Party Transactions as per Accounting Standard (AS) 18 "Related Party Disclosures" notified by Companies (Accounting Standards) Rules, 2006, (as amended).

43.1. **List of related parties**

A. Parent Company

IVRCL Limited

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

Name of the Company

HDO Technologies Limited
HDO (UK) Limited
DavyMarkham Limited, (UK)
DavyMarkham (India) Private Limited
HDO Zambia Limited

C. Fellow Subsidiaries

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1	IVR Hotels and Resorts Limited	13	IVRCL Raipur-Bilaspur Tollways Limited
2	First STP Private Limited	14	IVRCL Narnaul Bhiwani Tollways Limited
3	Salem Tollways Limited	15	IVRCL Gundugolanu-Rajahmundry Tollways Limited
4	IVR Prime Developers (Annanagar) Private Limited	16	IVRCL Patiala Bathinda Tollways Limited
5	Jalandhar Amritsar Tollways Limited	17	IVRCL Lanka (Private) Limited - Foreign Company
6	Kumarapalayam Tollways Limited	18	IVRCL Building Products Limited
7	SPB Developers Private Limited	19	Alkor Petroo Limited
8	IVRCL Indore Gujarat Tollways Limited	20	IVRCL PSC Pipes Limited
9	IVRCL Chengapalli Tollways Limited	21	IVR Enviro Projects Private Limited
10	IVRCL Goa Tollways Limited	22	RIHIM Developers Private Limited
11	IVRCL Chandrapur Tollways Limited	23	IVRCL TLT Private Limited
12	IVRCL Multi-level Car Parking Private Limited	24	IVRCL Steel Construction & Services Limited

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Sl. No.	Name of the Company	Sl. No.	Name of the Company
25	IVRCL Cadagua Hogenakkal Water Treatment	54	Agaram Developers Private Limited
26	IVRCL Patalaganga Truck Terminals Private Limited	55	Ilavampedu Developers Private Limited
27	Duvvda Developers Private Limited	56	Mummidi Developers Private Limited
28	Eluru Developers Private Limited	57	IVR Prime Developers (Perambadur) Private Limited
29	Geo Prime Developers Private Limited	58	IVR Prime Developers (Adayar) Private Limited
30	Kasibugga Developers Private Limited	59	IVR Prime Developers (Ananthapuram) Private Limited
31	Rudravaram Developers Private Limited	60	IVR Prime Developers (Retiral Homes) Private Limited
32	Theata Developers Private Limited	61	IVR Prime Developers (Egmore) Private Limited
33	Vedurwada Developers Private Limited	62	IVR Prime Developers (Ashram) Private Limited
34	Vijayawada Developers Private Limited	63	Absorption Aircon Engineer Private Limited
35	Kunnam Developers Private Limited	64	IVR Prime Developers (Anakapalle) Private Limited
36	Geo IVRCL Engineering Limited	65	IVR Prime Developers (Bhimavaram) Private Limited
37	Bibinagar Developers Private Limited	66	IVR Prime Developers (Bobbili) Private Limited
38	Chodavaram Developers Private Limited	67	IVR Prime Developers (Rajahmundry) Private Limited
39	Gajuwaka Developers Private Limited	68	IVR Prime Developers (Rajampeta) Private Limited
40	IVR Prime Developers (Amalapuram) Private Ltd	69	IVR Prime Developers (Red Hills) Private Limited
41	IVR Prime Developers (Araku) Private Limited	70	IVR Prime Developers (Tanuku) Private Limited
42	IVR Prime Developers (Erode) Private Limited	71	IVR Prime Developers (Tuni) Private Limited
43	IVR Prime Developers (Guntur) Private Limited	72	IVR Prime Developers (Mylapore) Private Limited
44	IVR Prime Developers (Kakinada) Private Ltd	73	IVR Prime Developers (Thandiarpet) Private Limited
45	IVR Prime Developers (Pudukkottai) Private Ltd	74	IVR Prime Developers (Kodambakkam) Private Limited
46	IVR Vaanaprastha Private Limited	75	IVR Prime Developers (Arumbakkam) Private Limited
47	IVR PUDL Resorts & Clubs Private Limited	76	IVR Prime Developers (Gummidipoondi) Private Limited
48	Simhachalam Prime Developers Private Limited	77	Chennai Water Desalination Limited
49	Siripuram Developers Private Limited	78	Sapthashva Solar Limited
50	IVRCL Megamalls Limited	79	IVR Prime Developers (Tambram) Private Limited
51	Tirumani Developers Private Limited	80	IVRCL Solar Energy Private Limited
52	Annupampattu Developers Private Limited	81	IVR Prime Developers (Palakkad) Private Limited
53	Samatteri Developers Private Limited	82	IVR Prime Developers (Guindy) Private Limited

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

D. Joint Ventures

Name of the Company

Sai Sudhir HDO (JV)

E. Companies Under Common Control

Name of the Company

Indus Palm Hotels & Resorts Limited

S.V. Equities Limited

Palladium Infrastructures & Projects Limited

Soma Hotels & Resorts Limited

Eragam Holdings Limited

Eragam Finlease Limited

A P Enercon Engineers Private Limited

F. 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. E. Ella Reddy Mrs. E. Sujatha Reddy Mrs. E. Indira Reddy Mr. E. Sunil Reddy Mr. E. Siddhanth Reddy Mr. E. Sanjeeth Reddy Ms. E. Suha Reddy Ms. E. Soma Reddy	Relative of Vice Chairman
Mrs. R. Vani	Relative of the Director

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

43.2 **Followings are the transactions with the related parties:**

Particulars	Year	Holding Company	Subsidiary	Company under common control	Key Management Personnel	Total
Income/Expense						
Sales (Net of Indirect Taxes)	2012-13	63.53	-	-	-	65.53
	2011-12	217.20	-	-	-	217.20
Purchases/Services	2012-13	626.38	382.39	14.51		1023.28
	2011-12	690.78	479.88	237.87	-	1,408.53
Dividend Paid	2012-13	-	-	-	-	-
	2011-12	31.84	-	-	-	31.84
Payment made by the Company for						
Expenses	2012-13	1.73	379.85	-	-	381.58
	2011-12	1.11	79.80	-	-	80.91
Payment made by the Holding Company for						
Expenses	2012-13	14.60	-	-	-	14.60
	2011-12	32.90	-	-	-	32.90
Rent Paid	2012-13	1.45	-	1.97	-	3.42
	2011-12	2.39	-	3.24	-	5.63
Investment	2012-13	-	-	-	-	
	2011-12	-	1,300.05	-	-	1,300.05
Finance						
Loans/ Advances Given	2012-13	152.47	1,669.96	-	-	1822.43
	2011-12	-	878.28	81.57	10.26	970.11
Loans/ Advances Taken	2012-13	63.84	1,238.13	-	-	1301.97
	2011-12	-	186.00	81.54	-	267.54
Remuneration	2012-13	-	-	-	3.22	3.22
	2011-12	-	-	-	14.91	14.91
Balances with related parties						
Loans/Advances Recoverable						
(Refer note 43.3)	2012-13	95.83	1,821.27	-	10.26	1,927.36
	2011-12	-	1,259.23	0.03	10.26	1,269.52
Creditors	2012-13	-	-	51.86	-	51.86
	2011-12	-	322.84	86.80	-	409.64
Trade Receivables	2012-13	-	-	-	-	-
	2011-12	16.02	-	-	-	16.02

43.3 The shareholders of the Company, through a special resolution, have approved the remuneration of executive directors in the Annual General Meeting held on December 29, 2012. Due to inadequate profits during the period ended June 30, 2012, managerial remuneration paid to the executive directors aggregating to ₹ 10.26 million was in excess of the prescribed limits specified under Schedule XIII of the Companies Act, 1956, and is subject to the Central Government approval. Pending approval from the Central Government, the excess amount of ₹ 10.26 million (including ₹ 10.26 million relating to the previous period) has been included under due from directors and relatives in 'Short-term Loans and Advances' (Note 19).

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

43.4 **Disclosure of Material Transactions with Related Parties**

Particulars	March 31, 2013	June 30, 2012
Sales (Net of Indirect Taxes)		
IVRCL Limited	**63.53**	217.20
Purchases/Services		
IVRCL Limited	**626.38**	690.78
HDO Technologies Limited	**382.39**	479.88
Palladium Infrastructures & Projects Limited	**14.51**	237.87
Dividend Paid		
IVRCL Limited	-	31.84
Payment made by the Company – Expenses		
HDO Technologies Limited	**379.85**	79.80
IVRCL Limited	**1.73**	1.11
Payment made by the Holding Company – Expenses		
IVRCL Limited	**14.60**	32.90
Investment made by the Company		
HDO Technologies Limited	-	1300.00
HDO Zambia Limited	-	0.05
HDO (UK) Limited		-
Loans/Advances given by the Company		
HDO (UK) Limited	**21.23**	622.47
HDO Zambia Limited	-	23.48
HDO Technologies Limited	**1,648.73**	232.33
Sudesha Infra & Trade Private Limited	-	81.57
Indus Palm Hotels and Resorts Private Limited	-	0.03
Recovery from Directors	-	10.26
IVRCL Limited	**152.47**	**-**
Loans/Advances received by the Company		
HDO Technologies Limited	**1,238.13**	186.00
Sudesha Infra & Trade Private Limited	-	81.54
IVRCL Limited	**63.84**	-
Rent Paid		
IVRCL Limited	**1.45**	2.39
A P Enercon Engineers Private Limited	**1.52**	2.49
Indus Palm Hotels and Resorts Private Limited	**0.45**	0.75

Notes:

1. Related party relationship is as identified by the Company and relied upon by the Auditors.
2. No amount pertaining to related parties which have been provided for as doubtful debts or written off in respect of related parties.
3. **Disclosure as per clause 32 of the listing agreement: Loans and Advances given.**

Name of the Company	Relationship	As on March 31, 2013	Maximum outstanding	As on June 30, 2012	Maximum outstanding
HDO (UK) Limited	Subsidiary	**1172.67**	**1,232.43**	1,232.43	1,241.50
HDO Zambia Limited	Subsidiary	**26.10**	**26.80**	26.80	23.48

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

44. **Segment Reporting**

Primary Segment – Business

The Company is primarily engaged in the business of supply of equipment including erection and commissioning and providing engineering services. As such, there is no separate reportable segment as per the Accounting Standard (AS) - 17 (Segment Reporting) issued by The Institute of Chartered Accountants of India and notified under Section 211(3C) of the Companies Act, 1956.

Secondary Segment – Geographical

The operation of the company is mainly in India. Therefore, there is no reportable geographical segment as per the Accounting Standard (AS) 17 (Segment Reporting) notified in Companies (Accounting standards) Rules, 2006.

45. **Derivative Instruments**

Foreign currency exposures are given below for the period ended.

Particulars	March 31, 2013		June 30, 2012	
	USD	₹	USD	₹
Secured Loan	**20.00**	**1087.79**	20.00	1116.60
Interest Payable	**0.26**	**14.33**	0.26	14.57

Particulars of derivative instruments outstanding

Particulars	Purpose	March 31, 2013	June 30,2012
Interest Swap	Hedge against exposure to variable interest outflow on foreign currency loan. Swap to receive variable rate of interest of 3 Months USD LIBOR and pay a fixed rate of equal to 6.5% P.A. on the notional amount. (As per agreement rate was 3 months USD LIBOR +300 bps)	**USD 20.00 (Million)**	USD 20.00 (Million)

46. **Disclosures pursuant to Accounting Standard (AS) 7 "construction contracts"** the amounts considered in the financial statements upto the reporting date are as follows :

Particulars	March 31, 2013	June 30, 2012
Contract Revenue recognized as revenue During the period – (paragraph 38a)	**2,087.90**	6,363.81
Contract costs incurred and recognized Profits, less losses – (paragraph 39a)	**3,796.97**	6,614.15
Advances received, net of recoveries From progressive bills – (paragraph 39b)	**1039.46**	696.42
Gross amount due from customers for Contract works – (paragraph 41a)	**1,888.25**	2,917.51
Gross amounts due to customers for Contract works – (paragraph 41b)	-	-
Retention amount due from customers for Contract works – (paragraph 40c)	**1,725.80**	1,681.71

The paragraph references mentioned against each item below are as given in the said accounting standard.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

47. **Employee Benefit:**

Funded status of the Gratuity Plan and disclosures pursuant to AS-15 are set out below:

Particulars	March 31, 2013	June 30, 2012
Change in Benefit Obligation		
Liability at the beginning of the period	**24.47**	43.48
Adjustment pursuant to Scheme of Arrangement (Note 29)	-	(18.59)
Interest Cost	**2.14**	2.61
Current Service Cost	**4.10**	4.51
Benefit Paid	**(5.45)**	(1.87)
Actuarial (gain)/loss on obligations	**(4.76)**	(5.67)
Liability at the end of the period	**20.50**	24.47
Fair value of Planned Assets		
Fair value of planned assets at the beginning of the period	**18.30**	28.19
Adjustment pursuant to Scheme of Arrangement (Note 29)	-	(13.76)
Expected return on planned assets	**1.57**	1.79
Contributions	-	-
Benefit paid	**(5.45)**	(1.87)
Actuarial gain/(loss) on planned assets	**(0.48)**	3.95
Fair value of planned assets at the end of the period	**13.94**	18.30
Total Actuarial gain/(loss) to be recognized	**4.29**	(9.62)
Actual return on planned assets		
Expected return on planned assets	**1.57**	1.79
Actuarial gain/(loss) on planned assets	**(0.48)**	3.95
Actual return on planned assets	**1.09**	5.74
Amount recognized in the Balance Sheet		
Liability at the end of the period	**20.50**	24.47
Fair value of planned assets at the end of the period	**(13.94)**	(18.29)
Experience Adjustment/ Non-Management Fund	-	-
Amount recognized in the Balance Sheet	**6.56**	6.19
Expenses recognized in the Income Statement		
Current service cost	**4.10**	4.51
Interest cost	**2.14**	2.61
Expected return on planned assets	**(1.57)**	(1.79)
Experience Adjustment/Non-Management Fund	**2.44**	-
Net Actuarial (gain)/loss to be recognized	**(4.29)**	(9.61)
Expense recognized in the Statement of Profit and Loss	**2.82**	(4.28)
Balance Sheet Reconciliation		
Opening Net Liability	**6.18**	10.18
Adjustment pursuant to Scheme of Arrangement (Note 29)	-	0.29
Expense as above	**2.82**	(4.28)
Employers Contribution	-	-
Experience Adjustment/ Non-Management Fund	**(2.44)**	-
Amount Recognized in the Balance Sheet	**6.56**	6.19
Assumptions		
Discount rate	**8.25%**	8.75%
Rate of return on planned assets	**8.70%**	5.50%

48. The previous period, figures have been regrouped/rearranged wherever necessary.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

S. C. SEKARAN
Executive Director

R. BALARAMI REDDY
Director

A. S. PARDHA SARADHI
Company Secretary

Hyderabad
May 30, 2013

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF
HINDUSTAN DORR-OLIVER LIMITED

Report on the Financial Statements

We have audited the accompanied consolidated financial statement of HINDUSTAN DORR-OLIVER LIMITED ('the Company'), its subsidiaries and Joint Venture (the Group) which comprise the consolidated Balance sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements.

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial positions, consolidated financial performance and consolidated Cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies act, 1956 (" the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for qualified opinion

Refer Note no. 13 of the consolidated financial statements regarding Deferred tax assets on business losses aggregating to ₹ 730.28 million has been recognized on the basis of future business plan prepared by the management. The Company is confident that sufficient future taxable income will be available against which such deferred tax assets will be realised. In absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which the deferred tax assets can be realized, we are unable to form an opinion on the extent to which such deferred tax assets can be realized.

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 matter described in the basis for qualified opinion paragraph above, the financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i. in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013,

ii. in the case of the consolidated Statement of Profit and Loss, of the loss of the Company for the nine months period ended on that date;

iii. in the case of the consolidated Cash Flow Statement, of the cash flows of the Company for the nine months period ended on that date.

Emphasis of Matter

Attention is invited to note 35 and 36 to the consolidated financial statement whereby :

a) the accumulated losses of the Company as at March 31, 2013 have substantially eroded its free reserves. The ability of the Company to continue as a going concern is predominantly dependent on the improvement of the Company's future operations. The management is confident of implementing its business plan and improvement of the future operations. In view of this, the financial statements have been prepared on the basis that the Company is a going concern.

b) The provision for impairment goodwill, aggregating to ₹ 1782.24, arising on consolidation with its subsidiaries, whose accumulated losses have exceeded their consolidated net worth, is not considered necessary by the management.

Our opinion is not qualified in respect of this matter.

Other Matter

In respect of financial statements/consolidated financial statements of certain subsidiaries whose financial statements reflect total assets of ₹ 989.49 million as at March 31, 2013, total revenue of ₹ 1264.60 million, net loss of ₹ 71.76 million and net cash out flows of ₹ 32.34 million, for the period then ended are unaudited and we did not carry out the audit. These unaudited financial statements/ consolidated financial statements have been prepared by the Management and have been furnished to us for the purpose of our examination of consolidated financial statement of the group. Our report in so far as it relates to the amounts included in respect of the foreign subsidiaries is based solely on such unaudited financial statements/ consolidated financial statements.""In respect of financial statements/consolidated financial statements of certain subsidiaries whose financial statements reflect total assets of ₹ 989.49 million as at March 31, 2013, total revenue of ₹ 1264.60 million, net loss of ₹ 71.76 million and net cash out flows of ₹ 32.34 million, for the period then ended are unaudited and we did not carry out the audit. These unaudited financial statements/ consolidated financial statements have been prepared by the Management and have been furnished to us for the purpose of our examination of consolidated financial statement of the group. Our report in so far as it relates to the amounts included in respect of the foreign subsidiaries is based solely on such unaudited financial statements/ consolidated financial statements.

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration Number 307068E

Hyderabad
May 30, 2013

R. N. CHATURVEDI
Partner
Membership No.092087

HINDUSTAN DORR-OLIVER LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

(All amounts in ₹ Million unless otherwise stated)

	Particulars	Note No.	As at March 31, 2013	As at June 30, 2012
I	**EQUITY AND LIABILITIES**			
	1 Shareholders' funds			
	(a) Share capital	3	**144.01**	144.01
	(b) Reserves and surplus	4	**1,041.62**	2,251.82
	2 Non-current liabilities			
	(a) Long-term borrowings	5	**2,823.29**	1,046.81
	(b) Long-term provisions	6	**21.70**	16.81
	3 Current liabilities			
	(a) Short-term borrowings	7	**2,882.08**	3,315.35
	(b) Trade payables	8	**4,885.31**	6,217.92
	(c) Other current liabilities	9	**2,419.52**	1,548.76
	(d) Short-term provisions	10	**7.89**	14.42
	Total		**14,225.42**	14,555.90
II.	**ASSETS**			
	1 Non-current assets			
	(a) Fixed assets	11		
	(i) Tangible assets		**1,649.15**	1,705.12
	(ii) Intangible assets		**31.65**	42.98
	(iii) Capital work in progress		**60.11**	63.92
	(b) Goodwill on consolidation		**1,782.24**	1,815.35
	(c) Non-current investments	12	**16.53**	16.53
	(d) Deferred tax assets (net)	13	**794.39**	198.13
	(e) Long term loans and advances	14	**306.66**	280.76
	(f) Other non-current assets	15	**2,447.51**	2,374.00
	2 Current assets			
	(a) Inventories	16	**705.13**	951.35
	(b) Trade receivables	17	**3,101.32**	3,686.27
	(c) Cash and bank balances	18	**218.73**	148.22
	(d) Short-term loans and advances	19	**1,125.26**	1,221.30
	(e) Other current assets	20	**1,986.74**	2,051.97
	Total		**14,225.42**	14,555.90
	Accompanying notes forming part of the financial statements	1 to 45		

As per our report of even date.

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration Number: 307068E

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

R. N. CHATURVEDI
Partner
Membership No. 092087

S.C. SEKARAN
Executive Director

R. BALARAMI REDDY
Director

Hyderabad,
May 30, 2013

A.S. PARDHA SARADHI
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM JULY 01, 2012 TO MARCH 31, 2013

(All amounts in ₹ Million unless otherwise stated)

	Particulars	Note No.	For the Period Ended March 31, 2013	For the Period Ended June 30, 2012
I	**Revenue from operations (gross)**	21	**4,665.21**	10,384.61
	Less : Excise duty		**122.62**	167.51
	Revenue from operation (net)		**4,542.59**	10,217.10
II	Other income	22	**36.99**	110.50
III	**Total Revenue(I + II)**		**4,579.58**	10,327.60
IV	**Expenses**			
	Cost of material/ services consumed	23	**3,954.70**	9,550.20
	Changes in inventories of work-in-progress	24	**252.25**	(355.07)
	Employee benefits expense	25	**375.34**	778.88
	Finance costs	26	**541.74**	689.20
	Depreciation and amortization expenses	11	**127.17**	181.10
	Other expenses	27	**431.60**	505.89
	Total expenses		**5,682.80**	11,350.20
V	**Profit/(Loss) before exceptional and extraordinary items, and tax (III-IV)**		**(1,103.22)**	(1,022.60)
VI	**Exceptional items (Refer note 40)**		**763.05**	-
VII	**Profit/ (Loss) before tax (V-VI)**		**(1,866.27)**	(1,022.60)
VIII	**Tax expense**			
	Current Tax [in respect of earlier year]		**12.76**	(3.20)
	Deferred tax		**(596.24)**	(231.62)
IX	**Profit/(Loss) for the period (VII-VIII)**		**(1,282.79)**	(787.78)
X	**Earning per equity share (face value of ₹ 2/- each)**			
	Basic and diluted		**(17.82)**	(10.94)
	Accompanying notes forming part of the financial statements	1 to 45		

As per our report of even date.
For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration Number: 307068E

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

R. N. CHATURVEDI
Partner
Membership No. 092087

S.C. SEKARAN
Executive Director

R. BALARAMI REDDY
Director

Hyderabad,
May 30, 2013

A.S. PARDHA SARADHI
Company Secretary

HINDUSTAN DORR-OLIVER LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD JULY 01, 2012 TO MARCH 31, 2013

(All amounts in ₹ Million unless otherwise stated)

Particulars		For the Period Ended March 31, 2013		For the Period Ended June 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit/(net loss) for the period/year before taxation		**(1,866.28)**		(1,022.60)
Adjustments for				
Depreciation and amortisation	**127.16**		181.10	
(Profit)/loss on sale of fixed assets	**(0.55)**		0.15	
Liabilities/Provisions no longer required written back	**(13.16)**		(22.11)	
Interest & finance charges	**541.75**		689.20	
Interest income	**(2.69)**		(8.00)	
Dividend income	**(0.11)**		(0.21)	
Bad debts written off	**159.45**		9.31	
(Gain)/loss on exchange (net)	**(13.29)**	**798.56**	(42.32)	807.12
Operating profit before working capital changes		**(1,067.72)**		(215.48)
Foreign currency translation reserve		**77.31**		(195.80)
(Increase)/decrease in inventories	**246.22**		(238.79)	
(Increase)/decrease in trade receivables	**425.51**		(917.27)	
(Increase)/decrease in loans and advances	**(197.00)**		(1,543.05)	
Increase/(decrease) in current liabilities	**(449.93)**	**24.80**	2,392.77	(306.34)
Cash generated from operations		**(965.61)**		(717.62)
Taxes paid		**245.97**		(118.31)
Net cash generated by operations		**(719.64)**		(835.93)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets	**(27.68)**		(218.22)	
Sale of fixed assets	**0.55**		0.21	
Dividend received	**0.11**		0.21	
Interest received	**2.80**	**(24.22)**	8.51	(209.29)
Net cash used in investing activities		**(24.22)**		(209.29)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	**1,356.51**		1,499.79	
Dividend paid	**(0.17)**		(57.36)	
Corporate dividend tax	-		(9.35)	
Interest and finance charges paid	**(541.97)**	**814.37**	(674.63)	758.45
Net cash provided by financing activities		**814.37**		758.45
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**70.51**		(286.77)
Cash and cash equivalents at the beginning of the year		**148.22**		434.99
Cash and cash equivalents at the end of the year		**218.73**		148.22

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD JULY 01, 2012 TO MARCH 31, 2013

(All amounts in ₹ Million unless otherwise stated)

Notes

1. The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India and notified by the companies Accounting Standard Rules 2006.
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:

	Period Ended March 31, 2013	**Period Ended June 30, 2012**
Cash balance on hand	**2.08**	2.23
Balances with scheduled banks		
- In current accounts	**202.17**	127.08
- In fixed deposits	**8.31**	8.79
- In margin money accounts	**5.05**	8.92
- In dividend account	**1.12**	1.20
	218.73	148.22

As per our report of even date.
For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration Number: 307068E

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

R. N. CHATURVEDI
Partner
Membership No. 092087

Hyderabad,
May 30, 2013

S.C. SEKARAN
Executive Director

R. BALARAMI REDDY
Director

A.S. PARDHA SARADHI
Company Secretary

Consolidated notes forming part of the financial statements

(All amounts in ₹ Million unless otherwise stated)

1. COMPANY OVERVIEW

The Company is engaged in the business of providing Engineering and Turnkey solutions, technology and EPC installations in liquid solid separation application in various industry segments like Mineral Processing and Beneficiation, Pulp and Paper processing, Fertilizer & Chemicals and Environment management.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Method of Accounting

The financial statements are based on historical cost convention on an accrual basis (except for revaluation of certain Fixed Assets), in accordance with Generally Accepted Accounting Principles (GAAP) and in compliance with the accounting standards notified in the Companies (Accounting Standards) Rules, 2006 and relevant Provisions of the Companies Act, 1956. The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised schedule VI to the Act, based on the nature of work and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

b) Use of Accounting Estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the year of account. Examples of such estimates include contract costs expected to be incurred to complete construction contracts, provision for doubtful debts, income taxes and future obligations under employee retirement benefit plans.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Fixed Assets

Fixed Assets are stated at cost of acquisition/revaluation less accumulated depreciation, amortization and impairment losses, if any. Cost is inclusive of duties and taxes (net of Cenvat and other Credits), incidental expenses, erection/commissioning expenses and interest up to the date the qualifying asset is put to use.

Capital work in Progress comprises advances paid to acquire fixed assets and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.

d) Impairment

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognized if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

e) Investments

Current investments are carried at lower of cost and fair value. Long-term investments are stated at cost. Provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

f) Depreciation/Amortization

Depreciation is provided on the basis of the straight-line method as per rates prescribed in Schedule XIV of the Companies Act, 1956 on the original cost of the Fixed Assets except the following which are depreciated based on useful life determined by the management:

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

S. No.	Particulars	Rate
(i)	Buildings (including company-owned flats)	1.64% /1.67%/20%
(ii)	Factory Buildings	3.34%/8.33%
(iii)	Plant & Machinery	
	Diesel generating sets, welding machines etc.	10%
	Air Conditioners	20%
	Office Equipments	20%
	Motor Vehicles	20%
	Laboratory Equipments	10% / 20%
	Computer & Peripherals	10% /20%
(iv)	Furniture and Fittings	10%

In the case of certain assets where depreciation is calculated on revalued cost the portion related to the revalued amount is adjusted against Revaluation Reserve.

The premium, being the cost of leasehold land, is amortized over the lease period.

Assets costing less than Rupees five thousand individually are fully depreciated in the year of purchase.

Technical Know-how is amortized over a period of five years in equal installments.

g) Borrowing Costs:

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalized as a part of the cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the year in which they are incurred.

h) Inventories:

Inventories are valued at lower of cost and net realizable value after providing for obsolescence and other anticipated losses, if any. Cost of manufactured goods and Work-in-Progress include related overheads incurred in bringing the inventories to their present location and condition and excise duty paid/payable.

i) Revenue Recognition:

Contracts Revenue

Contract Revenue is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method.

The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.

An expected loss on the construction contract is recognized as an expense immediately when it is certain that the total contract costs will exceed the total contract revenue.

Price escalation and other claims and/or, variation in the contract work are included in contract revenue only when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim; and the amount that is probable will be accepted by the customer can be measured reliably.

Incentive payments, as per customer-specified performance standards, are included in contract revenue only when the contract is sufficiently advanced and that it is probable that the specified performance standards will be met and the amount of the incentive payment can be measured reliably.

Service Contracts

Revenues in respect of time and rate contracts are recognized based on time spent and/or parameters achieved in accordance with contracted terms.

Revenues in respect of other contracts are recognized on accrual basis in accordance with the terms of the contracts.

Others

In the case of other contracts, sales and profits are accounted for on the basis of actual work done on the contracts / dispatch of items.

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

j) Foreign Currency Transactions

i) The reporting currency of the Company is Indian Rupee.

ii) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate.

iii) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing date are recognized as income or expense in the period in which they arise.

k) Employee Benefits

i) Gratuity

The company provides for obligation towards Gratuity, a defined benefit plan, covering eligible employees on the basis of an actuarial valuation using the projected unit credit method as at the period end. In case of funded defined plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the net obligation. Further, for certain employees, contributions are made to the fund administered by the management.

ii) Superannuation

Contributions made under a scheme of Life Insurance Corporation of India are charged to the profit and loss account.

iii) Leave Encashment

Liability for leave encashment is provided on the basis of actuarial valuation using the projected unit credit method as on the Balance Sheet date. Actuarial Gain/Losses, if any, are immediately recognized in the Profit and Loss account.

iv) Provident Fund

The contribution towards Provident Fund is made to the Statutory Authorities/ fund administered by the management and is charged to the profit and loss account.

l) Provisions and Contingencies

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Contingent liabilities are disclosed by way of a note to the accounts.

m) Income Taxes

Tax Expenses for the year comprises both current tax and deferred tax. Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and quantified using the tax rates and law enacted or substantively enacted by the reporting date. Where there is an unabsorbed depreciation or carry forward loss, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

n) Earnings Per Share

Basic earnings per share is calculated by dividing the net earnings after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the number of shares comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any which would have been used in the conversion of all dilutive potential equity shares. The number of shares and potentially dilutive equity shares are adjusted for the bonus shares and the sub-division of shares, if any.

o) Contingent Liabilities

Contingent liabilities are determined on the basis of available information and are disclosed by way of a note to the accounts.

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

3 Share Capital

Particulars	As at March 31, 2013		As at June 30, 2012	
	Number	Amount	Number	Amount
Authorised :				
Equity shares of ₹2 each	**100,000,000**	**200.00**	100,000,000	200.00
Issued, subscribed and paid-up :				
Equity shares of ₹2 each	**72,005,808**	**144.01**	72,005,808	144.01

3.1 **Reconcilation of the number of shares outstanding at the beginning and at the end of the reporting period :**

Particulars	As at March 31, 2013		As at June 30, 2012	
	Number	Amount	Number	Amount
Number of equity shares at the beginning and end of the period	**72,005,808**	**144.01**	72,005,808	144.01

3.2 **Rights, preferences and restrictions attached to equity shares :**

The Company has only one class of Equity Shares having a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets 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.

3.3 **Equity shares held by parent Company:**

Particulars	As at March 31, 2013		As at June 30, 2012	
	Number	Amount	Number	Amount
Equity shares are held by IVRCL Limited	**39,804,430**	**79.61**	39,804,430	79.61

3.4 **Details of the shareholder holding more than 5% shares in the Company:**

Name	As at March 31, 2013		As at June 30, 2012	
	Number	% Shareholding	Number	% Shareholding
IVRCL limited, the parent Company	**39,804,430**	**55.28**	39,804,430	55.28

3.5 **Aggregate number of equity shares alloted as fully-paid up by way of bonus shares :**

Particulars	As at March 31, 2013		As at June 30, 2012	
	Year	Number	Year	Number
Equity shares were issued as fully paid bonus shares by capitalisation of general reserve	**2006-07** **2009-10**	**6,000,484** **36,002,904**	2006-07 2009-10	6,000,484 36,002,904
Total		**42,003,388**		42,003,388

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

3.6 **Shares reserved for issue under employee stock option scheme:**

Particulars	As at March 31, 2013		As at June 30, 2012	
	Number	Weighted Average Exercise Price Per Stock Option	Number	Weighted Average Exercise Price Per Stock Option
Employees stock options granted and outstanding at beginning of the period	-	-	504,000	41.51
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	-	-	-	-
Option withdrawn during the period	-	-	504,000	41.51
Employees stock options outstanding at end of the period	-	-	-	-

Under ESOP 2005 Scheme, the members had approved 1,000,000 options of face value ₹ 2 each to the permanent employees of the Company. 504,000 options were outstanding at the beginning of the year which have lapsed during the period.

Note	Particulars	As at March 31, 2013	As at June 30, 2012
4	**Reserves & Surplus**		
	Revaluation reserve		
	Balance at the beginning of the period	-	170.90
	Less:Pursuant to the scheme of arrangement (refer Note 29)	-	170.90
		-	-
	Securities premium account		
	Balance at the beginning of the period	**222.34**	537.61
	Less:Pursuant to the scheme of arrangement (refer Note 29)	-	315.27
		222.34	222.34
	General Reserve		
	Balance at the beginning of the period and end of the period	**972.49**	972.49
		972.49	972.49
	Capital reserve	**1,296.98**	**1,296.98**
	Foreign exchange translation reserve	**(109.78)**	**(182.37)**
	Surplus/ (deficit) in the Statement of Profit and Loss		
	Balance at the beginning of the period	**(57.62)**	730.16
	Add/(Less): Profit/ (Loss) for the period	**(1,282.79)**	(787.78)
	Closing balance	**(1,340.41)**	(57.62)
	Total	**1,041.62**	2,251.82

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

Note	Particulars	As at March 31, 2013	As at June 30, 2012
5	**Long term borrowings**		
	Secured		
	From banks		
	External commercial borrowing	815.84	1,046.81
	Working capital term loan	1,944.39	-
	Funded interest term loan	63.06	-
		2,823.29	1,046.81

5.1 Bank of India (consortium leader) vide their letter dated March 28, 2013 ('sanction of credit facilities') has approved the Company's financial restructuring package in respect of credit facilities effective from December 31, 2012. As per the restructuring package, a part of the debts outstanding in respect of cash credit facilities aggregating to ₹ 1,974.00 million and ₹ 70.07 million have been converted into working capital term loan and funded interest term loan (i.e. WCTL and FITL) respectively as on December 31, 2012.

5.2 **Nature of security**

a. External commercial borrowings is secured by first charge over the land and builiding situated at Mumbai (the Company's corporate office) along with other assets of the Company. Borrowing is further secured by first charge over the existing fixed assets and current assets of DavyMarkham limited (UK) {a wholly owned subsidiary of HDO (UK) limited (a wholly owned foreign subsidiary of the Company)}

Interest applicable is 3 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 from banks are principally secured by first pari passu charge on the current assets of the Company. The loan is also secured by collateral security of first pari passu charge on two flats of the Company situated at Andheri (East), Mumbai and land & building, plant & machinary and flats of the wholly owned subsidiary Company, situated at Vatva, Ahmedabad (Gujarat). The facility is further secured by; a) residual charge on the office building of the Company situated at Mumbai. b) pledge of 29.38% shares of the Company held by IVRCL limited (parent Company). The Company is in process of creating necessary charge. Further the facility is to be secured by way of corporate guarantees of IVRCL limited (the parent company) and HDO Technologies Limited (wholly owned subsidiary). The facility carries interest @0.75% over Base rate , presently 11% p.a, subject to a minimum of 11% p.a.

5.3 **Terms of repayment**

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 15th month from the date of disbursement) and ending on January 17, 2017.

b. Working capital term loan:- Repayable in twenty four quarterly installments after moratorium period of twelve months from December 31, 2012 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 12 months from December 31, 2012 with the first installment due on March 2014 and ending on June 2016.

Note	Particulars	As at March 31, 2013	As at June 30, 2012
6	**Long term provisions**		
	For employee benefits	**21.70**	16.81
	Total	**21.70**	16.81
7	**Short term borrowings**		
	Secured		
	From banks		
	Working capital loan from bank (refer note 7.1, 7.2 and 7.3 below)	**2,882.08**	3,315.35
	Total	**2,882.08**	3,315.35

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

7.1 As per the Scheme of the Arrangement, more fully described in Note 29, working capital loan of the company related to the activities/utilisation for the manufacturing undertaking is vested in/transferred to the Wholly Owned Subsidiary Company. The parties to the Scheme of Arrangement are in process of obtaining approval from the Andhra Bank (consortium partner). During the year Bank of India (consortium leader) vide their letter dated March 28, 2013 (‘sanction of credit facilities’) has approved the Company’s financial restructuring package in respect of credit facilities effective from December 31, 2012. Pursuant to ‘sanction of credit facilities’, Fund based and non Fund based credit facilities aggregating to ₹745.20 mllion and ₹878.00 million respectively, have been carved out from the existing sanctioned limits of the company and accordingly the same stands vested with wholly owned subsidiary Company.

7.2 Nature of security and interest

For nature of security refer note no. 5.2.b.

The facility carries interest @ 2.50% over base rate presently 12.75% p.a. subject to a minimum of 12.75%p.a.

7.3 **Details of defaults in repayments of loans as on Balance sheet date**

1.21 million in respect of working capital loan from bank is in arrears as on the balance sheet date. Period of delay in days as at March 31, 2013 is one day.

Note	Particulars	As at March 31, 2013	As at June 30, 2012
8	**Trade payables**		
	Dues to micro enterprises and small enterprises (refer note 33)	**21.07**	17.98
	Acceptances (refer note 5.2)	**1,341.51**	2,334.44
	Other trade payables	**3,522.73**	3,865.50
	Total	**4,885.31**	6,217.92
9	**Other current liabilities**		
	Current maturities of long term debt	**308.56**	69.79
	Interest accrued but not due on borrowings	**14.35**	14.57
	Advance from contractee/ clients	**1,675.57**	1,131.84
	Advance from parent Company	**50.00**	-
	Security deposit	**14.60**	14.60
	Unclaimed dividend (#)	**1.12**	1.20
	Matured unclaimed deposits	**0.12**	0.21
	Other liabilities		
	i. Accrued salaries and benefits	**70.94**	49.33
	ii. Withholding and other taxes payable	**280.69**	265.51
	iii. Other payables	**3.57**	1.71
		2,419.52	1,548.76
	(#) Do not include any amount, due and outstanding,to be credited to Investor Education and Protection fund		
10	**Short term provisions**		
	For employee benefits	**7.89**	14.42
	Total	**7.89**	14.42

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

11. Fixed Assets

Particulars	GROSS BLOCK						DEPRECIATION/ AMORTISATION						NET BLOCK	
	As at July 1, 2012	On transfer out through demerger(#)	Additions	Foreign Currency Adjustment	Deletion/ Adjustments	As at March 31, 2013	Upto June 30, 2012	On transfer out through demerger(#)	For the period*	Foreign Currency Adjustment	Deletion/ Adjustments	Upto March 31, 2013	As at March 31, 2013	As at June 30, 2012
A. Tangible Assets														
Freehold land	810.53	-	-	-	-	810.53	15.75	-	9.46	-	-	25.21	785.32	794.78
Leasehold land	144.33	-	-	-	-	144.33	-	-	-	-	-	-	144.33	144.33
Buildings (including Company owned flats)	450.35	-	16.49	0.09	-	466.75	98.95	-	9.17	0.02	-	108.10	358.65	351.40
Plant and machinery	587.88	-	11.92	10.71	-	589.09	239.95	-	41.43	6.12	-	275.26	313.83	347.93
Office equipment	54.61	-	0.04	-	-	54.65	47.77	-	2.03	-	-	49.80	4.85	6.84
Computers	100.83	-	0.28	0.13	-	100.98	85.90	-	8.77	0.12	-	94.55	6.43	14.93
Furniture and fixtures	71.65	-	0.61	0.47	-	71.79	43.30	-	4.51	0.41	-	47.40	24.39	28.35
Motor vehicles	43.79	-	0.05	-	4.51	39.33	27.23	-	5.26	-	4.51	27.98	11.35	16.56
Total tangible assets	**2,263.97**	**-**	**29.39**	**11.40**	**4.51**	**2,277.45**	**558.85**	**-**	**80.63**	**6.67**	**4.51**	**628.30**	**1,649.15**	**1,705.12**
B. Intangibles assets														
Softwares	94.56	-	2.10	-	-	96.66	51.58	-	13.43	-	-	65.01	31.65	42.98
Goodwill	6.90	-	-	-	-	6.90	6.90	-	-	-	-	6.90	-	-
Technical knowhow	9.81	-	-	-	-	9.81	9.81	-	-	-	-	9.81	-	-
Total intangible assets	**111.27**	**-**	**2.10**	**-**	**-**	**113.37**	**68.29**	**-**	**13.43**	**-**	**-**	**81.72**	**31.65**	**42.98**
Grand total	**2,375.24**	**-**	**31.49**	**11.40**	**4.51**	**2,390.82**	**627.14**	**-**	**94.06**	**6.67**	**4.51**	**710.02**	**1680.80**	**1748.10**
Previous year total	(1,323.00)	(771.40)	(251.50)	(31.94)	(2.58)	(2375.24)	(466.73)	(3.71)	(150.77)	(15.59)	(2.23)	(627.14)	(1748.10)	

Notes

a. Freehold Land includes land at Nelankarai Village, Saidapet Taluka, Chinglepet District Chennai of the gross value of ₹ 2.81 Million for which the Company has taken legal action for removal of encroachment on certain part of the property.

b. 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.

* Depreciation for the period is excluding amortisation of goodwill of ₹ 33.11 Million (Previous Year ₹ 30.33).

(#) Refer note 29

Note	Particulars				As at March 31, 2013	As at June 30, 2012
12	**Non current investments**					
	Trade investments (valued at cost unless stated otherwise)					
	Other investment - Quoted:					
	Equity shares of ₹10 each fully paid up					
	Voltas limited	500	₹	1	**-$**	-$
	Ion Exchange (I) limited	50	₹	10	**0.01**	0.01
	Gujarat State Petronet limited	8983	₹	10	**0.24**	0.24
	Ahmednagar Forgings limited	100000	₹	10	**16.10**	16.10
	Gitanjali Gems limited	884	₹	10	**0.18**	0.18
	Triveni Engineering and Industries Ltd.	66	₹	10	**0.01**	0.01
	Less : Provision for diminution in the value of investments				**(0.02)**	(0.02)
					16.52	16.52
	Unquoted					
	Western Bio Systems limited	10	₹	10	**- #**	- #
	Jord Engineers India limited	100	₹	10	**-***	-*
	Western India Industries	50	₹	10	**-@**	-@
	Western Paques (I) limited	100	₹	10	**0.01**	0.01
	Less : Provision for diminution in the value of investments				**(0.02)**	(0.02)
	National savings certificates				**0.01**	0.01
					0.01	0.01
	Total				**16.53**	16.53

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

Note	Particulars	As at March 31, 2013	As at June 30, 2012
	Aggregate amount of quoted investment and market value thereof:		
	Book Value	**16.52**	16.52
	Market Value	**11.91**	15.10
	Aggregate amount of unquoted investments	**0.01**	**0.01**
	Aggregate provision for diminution in value of investment	**0.04**	0.04
	₹in full figures- $ ₹3,325, # ₹100, * ₹3,290, @ ₹2,975		
13	**Deferred tax assets (net)**		
	Deferred tax liabilities on account of		
	Depreciation and amortization	**(53.05)**	(47.96)
	Deferred Tax Assets on account of		
	Employee benefits	**16.85**	11.84
	Unabsorbed business losses	**830.33**	234.04
	Others	**0.26**	0.21
	Deferred tax assets (net)	**794.39**	198.13
	Deferred tax assets includes net deferred tax assets on unabsorbed businesslosses aggregating to ₹730.28 million recognized on the basis of business plan prepared by the management, which takes into account certain future orders also. The management is of the opinion that sufficient future taxable income will be available against which the deferred tax assets can be realized.		
14	**Long term loans and advances**		
	(Unsecured, considered good unless otherwise stated)		
	Capital advances	**2.54**	4.97
	Security deposit	**17.36**	17.06
	Advance income-tax and tax deducted at source (net of provisions) ₹ 624.48 million (previous period ₹ 620.22 million)	**286.76**	258.73
	Total	**306.66**	280.76
15	**Other non-current assets**		
	(Unsecured, considered good)		
	Retention money	**1,972.80**	1,899.29
	Other receivables	**474.71**	474.71
		2,447.51	2,374.00
16	**Inventories**		
	At project sites		
	Project stores	**26.01**	25.80
	At factory		
	Raw material	**332.51**	325.18
	Work-in-progress	**306.46**	558.92
	Stores & spares	**29.57**	31.79
	Tools and patterns	**10.58**	9.66
	{For mode of valuation refer Note 2 (h)}		
	Total	**705.13**	951.35

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

Note	Particulars	As at March 31, 2013	As at June 30, 2012
17	**Trade receivables**		
	(Unsecured, considered good unless otherwise stated)		
	Outstanding for a period exceeding six months from the date they are due for the payment	**1,474.28**	1,164.47
	Other trade receivables	**1,627.04**	2,521.80
	Less: Provision for doubtful debts	-	-
	Total	**3,101.32**	3,686.27
18	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash on hand	**2.08**	2.23
	Balances with banks	-	-
	- In current accounts	**202.17**	127.08
		204.25	129.31
	Other bank balances		
	- In deposit accounts with maturity more than 3 months and less than 12 months	**8.31**	8.79
	- In margin money deposits	**5.05**	8.92
	(Lodged with banks against gurantees/letter of credit issued by them)		
	- In dividend account	**1.12**	1.20
		14.48	18.91
	Total	**218.73**	148.22
19	**Short term loans and advances**		
	(Unsecured, considered good unless otherwise stated)		
	Loan and advances to related parties		
	- Directors and relatives (refer note 41.3)	**10.26**	10.26
	Advances to sub-contractors, suppliers and others	**570.35**	707.88
	Balance with statutory and government authorities	**434.40**	369.12
	Security deposits	**61.16**	62.73
	Prepaid expenses	**49.09**	71.31
	Total	**1,125.26**	1,221.30
20	**Other current assets**		
	(Unsecured, considered good unless otherwise stated)		
	Interest accrued other than on investments	**0.56**	0.67
	Unbilled revenue	**1,986.18**	2,051.30
	Total	**1,986.74**	2,051.97

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	For the period ended March 31,2013	For the period ended June 30,2012
21	**Revenue from operations**		
	Sale of systems, equipments, services and spares	**2,390.10**	7,209.47
	Sale of product	**2,235.42**	3,119.98
	Other operating revenue	**39.69**	55.16
	Total	**4,665.21**	10,384.61
22	**Other income**		
	Interest received on deposits with banks	**2.69**	8.00
	Liabilities/ provisions no longer required written back	**13.15**	22.11
	Dividend received on investment	**0.11**	0.21
	Rent received	**17.10**	28.50
	Gain on exchange (net)	**-**	47.06
	Surplus on sale of fixed assets (net)	**0.55**	-
	Other non operating income	**3.39**	4.62
	Total	**36.99**	110.50
23	**Cost of materials/ services consumed**		
	Systems, equipments, spares and materials		
	Opening stock	**15.22**	15.22
	Add : Purchases	**835.72**	3,097.49
		850.94	3,112.72
	Less : Closing stock	**15.22**	15.22
	Cost of systems, equipments and spares consumed	**835.72**	3,097.49
	Services work bills	**1,262.57**	2,861.86
	Indirect taxes	**27.35**	87.76
	Raw materials and components consumed		
	Opening stock	**325.18**	435.90
	Add : Purchases	**1,614.88**	2,999.88
		1,940.06	3,435.78
	Less : Closing stock	**332.51**	325.18
	Cost of raw material and components consumed	**1,607.55**	3,110.60
	Consumption of stores, spares & patterns	**58.28**	162.46
	Power & fuel	**9.98**	20.19
	Processing charges	**153.25**	209.84
	Total	**3,954.70**	9,550.20
24	**Changes in inventories of work-in-progress**		
	Inventories at the beginning of the period		
	Work-in-progress*	**569.50**	214.43
		569.50	214.43
	Inventories at the end of the period		
	Work-in-progress	**317.25**	569.50
		317.25	569.50
	Total	**252.25**	(355.07)

* Refer Note 29

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars	For the period ended March 31,2013	For the period ended June 30,2012
25	**Employee benefits expense**		
	Employees' remuneration and benefits		
	Salaries, wages and bonus etc.	**331.22**	681.81
	Contribution to provident and other funds	**21.52**	31.67
	Staff welfare expenses	**18.47**	50.49
	Managerial remuneration (refer note 41.3)	**4.13**	14.91
	Total	**375.34**	778.88
26	**Finance cost**		
	Interest expenses on borrowings	**490.38**	608.53
	Bank and other financial charges	**51.36**	80.67
	Total	**541.74**	689.20
27	**Other expenses**		
	Rent	**56.72**	87.84
	Rates and taxes	**3.80**	16.41
	Travelling and conveyance expenses	**31.20**	88.19
	Repairs and maintenance - buildings	**2.64**	5.87
	Repairs and maintenance - plant & machinery	-	0.01
	Repairs and maintenance - others	**13.39**	16.04
	Insurance	**(0.50)**	10.43
	Communication expenses	**6.90**	13.12
	Sitting and other fees	**0.21**	0.51
	Wealth tax	**0.40**	0.25
	Printing and stationery	**3.80**	8.67
	Advertisement and publicity	**2.10**	2.90
	Auditors remuneration		
	Statutory audit fees	**2.30**	2.21
	Certification fees	**0.50**	1.19
	Reimbursement of expenses	**0.26**	0.34
	Legal and professional charges	**39.82**	66.04
	Tender fees	**0.26**	1.42
	Bad debts written off	**159.45**	9.31
	Loss on exchange (net)	**68.43**	1.50
	Loss on sale of fixed assets (net)	-	0.15
	Miscellaneous expenses	**39.92**	173.49
	Total	**431.60**	505.89

28. The Board of Directors of the Company vide resolution dated March 27, 2012 have approved extension of financial year 2011-12 of the company by a period of three months i.e. June 30, 2012 and current financial period for a period of nine months i.e., July 01, 2012 to March 31, 2013. Accordingly, the financial statements of the Company for the current financial period are prepared for a period of nine months.

    In View of the Scheme of Arrangement between the Company and the HDO Technologies Limited (refer note 29) and extension of financial year 2011-12 to a period of fifteen months ended June 30, 2012 and current financial year for a period of nine months, the figures for the current period are strictly not comparable with those of the previous year.

29. During the previous year, pursuant to the Scheme of Arrangement ("the scheme") between the Hindustan Dorr-Oliver Limited (The "Company") and HDO Technologies Limited (a wholly owned subsidiary of the Company) and their respective

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

shareholders to transfer manufacturing undertaking of the Company to the wholly owned subsidiary Company, which was sanctioned by the Hon'ble High Court of Bombay vide its order dated July 18, 2012 and is effective from April 1, 2011 (the Appointed Date):

i. all the properties, assets and liabilities of the Manufacturing Undertaking of the Company have been transferred to and vested with wholly owned subsidiary HDO Technologies Limited with effect from April 1, 2011.

ii. the Transferee Company has, during the year allotted 1,000,000 equity share of ₹10 each which have been recorded at their fair value determined by the Board.

30. **Criteria For Preparation of Consolidated Financial Statements**

i. Hindustan Dorr-Oliver Limited has presented consolidated Financial Statements by consolidating its own financial statements with those of its wholly owned Subsidiary in accordance with Accounting Standard (AS) 21 (Consolidated Financial Statements) as specified under Section 211 (3C) of the Companies Act, 1956.

ii. The Financial Statements of the Indian Subsidiary are prepared in accordance with the generally accepted accounting principles and Accounting standards as specified in the Section 211 (3C) of the Companies Act, 1956, prescribed by the Central Government, and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting standards. Necessary adjustments for differences in the accounting policies, wherever applicable, have been made in the consolidated financial statements. The effects of inter-company transactions between consolidated companies are eliminated in consolidation.

31. **Principles of Consolidation**

1. The consolidated Financial Statements have been prepared on the following basis:

   i. The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting unrealized profits or losses as per Accounting Standard (AS) 21 specified under Section 211(3C) of the Companies Act, 1956.

   ii. The difference between the costs of investments in the subsidiary company over the net assets is recognized in the financial statements as Goodwill upon consolidation.

   iii. Minority interests' share of net profit of the subsidiary consolidated for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to the shareholders of the Company.

   Minority interests' share of net assets of consolidated subsidiary is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders.

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

S No	Name of the Subsidiary	Country of Incorporation	Extent of equity shares held	Date on Which become subsidiary
1	HDO Technologies Limited	India	100%	July 20, 2006
2	HDO (UK) Limited	United Kingdom	100%	February 28, 2010
3	DavyMarkham Limited (Subsidiary of HDO (UK) Limited)	United Kingdom	100%	February 28, 2010
4	DavyMarkham (India) Private limited	India	100%	May 26, 2010
5	HDO Zambia Limited	Zambia	100%	July 07, 2011

32. **Earnings per share (EPS)**

S No	Particulars	For the period ended March 31, 2013	For the period ended June 30, 2012
(a)	(Loss)/profit after tax for calculation of basic and diluted EPS	**(1,282.79)**	(787.78)
(b)	Weighted average number of equity shares outstanding for calculation of EPS	**72,005,808**	72,005,808
(c)	basic and diluted EPS	**(17.82)**	(10.94)

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

33. 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, 2013	As at June 30, 2012
i.	Principal amount remaining unpaid	**21.07**	17.98
ii.	Interest due thereon	**6.24**	1.56
iii.	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.	-	-
iv.	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.	-	-
v.	Interest accrued and remaining unpaid.	**6.24**	1.56
vi.	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.	-	

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

a. Contingent liabilities

S. No.	Particulars	As at March 31, 2013	As at June 30, 2012
i	**Claims against the Company not acknowledged as debt**	**44.73**	35.29
ii	**Guarantees**		
	Bank Guarantees/Letters of Credit issued by the bank on behalf of the Company (Net of margin money aggregating to ₹ 5.05 Million Previous year ₹ 8.92 Million)	**3,134.35**	1,645.18
	Corporate Guarantees	**133.85**	133.85
iii	**Other money for which the Company is contingently liable**		
	*Income-tax matters	**26.38**	23.84
	*Sales-tax / WCT / VAT matters	**107.89**	81.30
	*Excise/Service Tax matters	**366.80**	5.86
	*Labour Cess	**0.07**	0.62
	*Customs duty matters	**0.08**	0.08

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

b. Commitments

Particulars	As at March 31, 2013	As at June 30, 2012
Estimated amount of contracts remaining to be executed on capital account and not provided for.	**32.85**	6.43

35. The Company has incurred substantial losses and accumulated losses of the Company as at March 31, 2013 have substantially eroded its free reserves. The ability of the Company to continue as a going concern is predominantly dependent on the improvement of the Company's future operations. The Company has also drawn up plans to operate efficiently and to improve future operations. The Company is confident of implementing its business plan and improvement of the future operations. In view of this, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

36. The Subsidiary Companies comprasis, HDO Technologies Ltd., HDO (UK) Limited, and its wholly owned subsidiary, DavyMarkham Limited, during the year, suffered losses which resulted an increase in accumulated losses exceeding the consolidated net worth of the Subsidiary Company as at the balance sheet date. The management, considering the fulltime business prospects believes that, growth in operations of the Company will result into increase in its revenue and consequently profitability and net worth. Accordingly, the financial statements of Subsidiary Company, which have been prepared on "Going Concern" basis, are considered for consolidation. The said Subsidiary Company is confident of achieving the target and in the opinion of the Company, the carrying value of Goodwill aggregating to ₹ 1782.24 million arising on consolidation in this subsidiary represents its recoverable amount and in the opinion of the management no provision for impairment is required at this stage.

37. The balances in Trade Receivables, Retention Money, Sundry Creditors and Advances are subject to confirmations and adjustments, if any. Such adjustments, in the opinion of the management, are not likely to be material and will be carried out as and when ascertained.

38. Trade receivables and other non-current assets as at March 31, 2013 include amounts aggregating to ₹ 180 million and ₹ 474.71 million respectively, relating to claims receivables from certain contractee clients. The claims are on account of deviation in design, additional overheads, interest due to overstay and idle cost. In the opinion of management, the claims are considered as good and realizable based on favourable developments arising out of continuous contract management steps taken by the Company.

39. In the opinion of the Board, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

40. During the period, due to significant revision of estimated cost exceptional items aggregating to ₹ 763.06 million comprising of provision for expected losses on ongoing projects and certain claims of vendor/sub-contractor in case of recently completed projects have been charged off to statement of profit and loss while the company continues to pursue its entitlements.

41. **Related Party Disclosure**

Information regarding Related Party Transactions as per Accounting Standard (AS)18 "Related Party Disclosures" notified by Companies (Accounting Standards) Rules, 2006, (as amended).

41.1 **List of related parties**

i. **Holding Company**

IVRCL Limited

ii. **Subsidiary Companies -The ownership, directly or indirectly through subsidiaries)**

Name of the Company

HDO Technologies Limited
HDO (UK) Limited
DavyMarkham Limited, (UK)
DavyMarkham (India) Private Limited
HDO Zambia Limited

iii. **Fellow Subsidiaries**

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1	IVR Hotels and Resorts Limited	13	IVRCL Raipur-Bilaspur Tollways Limited
2	First STP Private Limited	14	IVRCL Narnaul Bhiwani Tollways Limited
3	Salem Tollways Limited	15	IVRCL Gundugolanu-Rajahmundry Tollways Limited
4	IVR Prime Developers (Annanagar) Private Limited	16	IVRCL Patiala Bathinda Tollways Limited
5	Jalandhar Amritsar Tollways Limited	17	IVRCL Lanka (Private) Limited - Foreign Company
6	Kumarapalayam Tollways Limited	18	IVRCL Building Products Limited
7	SPB Developers Private Limited	19	Alkor Petroo Limited
8	IVRCL Indore Gujarat Tollways Limited	20	IVRCL PSC Pipes Limited
9	IVRCL Chengapalli Tollways Limited	21	IVR Enviro Projects Private Limited
10	IVRCL Goa Tollways Limited	22	RIHIM Developers Private Limited
11	IVRCL Chandrapur Tollways Limited	23	IVRCL TLT Private Limited
12	IVRCL Multi-level Car Parking Private Limited	24	IVRCL Steel Construction & Services Limited

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

Sl. No.	Name of the Company	Sl. No.	Name of the Company
25	IVRCL Cadagua Hogenakkal Water Treatment	54	Agaram Developers Private Limited
26	IVRCL Patalaganga Truck Terminals Private Limited	55	Ilavampedu Developers Private Limited
27	Duvvda Developers Private Limited	56	Mummidi Developers Private Limited
28	Eluru Developers Private Limited	57	IVR Prime Developers (Perambadur) Private Limited
29	Geo Prime Developers Private Limited	58	IVR Prime Developers (Adayar) Private Limited
30	Kasibugga Developers Private Limited	59	IVR Prime Developers (Ananthapuram) Private Limited
31	Rudravaram Developers Private Limited	60	IVR Prime Developers (Retiral Homes) Private Limited
32	Theata Developers Private Limited	61	IVR Prime Developers (Egmore) Private Limited
33	Vedurwada Developers Private Limited	62	IVR Prime Developers (Ashram) Private Limited
34	Vijayawada Developers Private Limited	63	Absorption Aircon Engineer Private Limited
35	Kunnam Developers Private Limited	64	IVR Prime Developers (Anakapalle) Private Limited
36	Geo IVRCL Engineering Limited	65	IVR Prime Developers (Bhimavaram) Private Limited
37	Bibinagar Developers Private Limited	66	IVR Prime Developers (Bobbili) Private Limited
38	Chodavaram Developers Private Limited	67	IVR Prime Developers (Rajahmundry) Private Limited
39	Gajuwaka Developers Private Limited	68	IVR Prime Developers (Rajampeta) Private Limited
40	IVR Prime Developers (Amalapuram) Private Ltd	69	IVR Prime Developers (Red Hills) Private Limited
41	IVR Prime Developers (Araku) Private Limited	70	IVR Prime Developers (Tanuku) Private Limited
42	IVR Prime Developers (Erode) Private Limited	71	IVR Prime Developers (Tuni) Private Limited
43	IVR Prime Developers (Guntur) Private Limited	72	IVR Prime Developers (Mylapore) Private Limited
44	IVR Prime Developers (Kakinada) Private Ltd	73	IVR Prime Developers (Thandiarpet) Private Limited
45	IVR Prime Developers (Pudukkottai) Private Ltd	74	IVR Prime Developers (Kodambakkam) Private Limited
46	IVR Vaanaprastha Private Limited	75	IVR Prime Developers (Arumbakkam) Private Limited
47	IVR PUDL Resorts & Clubs Private Limited	76	IVR Prime Developers (Gummidipoondi) Private Limited
48	Simhachalam Prime Developers Private Limited	77	Chennai Water Desalination Limited
49	Siripuram Developers Private Limited	78	Sapthashva Solar Limited
50	IVRCL Megamalls Limited	79	IVR Prime Developers (Tambram) Private Limited
51	Tirumani Developers Private Limited	80	IVRCL Solar Energy Private Limited
52	Annupampattu Developers Private Limited	81	IVR Prime Developers (Palakkad) Private Limited
53	Samatteri Developers Private Limited	82	IVR Prime Developers (Guindy) Private Limited

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

iv. Joint Ventures

Name of the Company

Sai Sudhir HDO (JV)

v Companies Under Common Control

Name of the Company

Indus Palm Hotels & Resorts Limited

S.V. Equities Limited

Palladium Infrastructures & Projects Limited

Soma Hotels & Resorts Limited

Eragam Holdings Limited

Eragam Finlease Limited

A P Enercon Engineers Private Limited

vi 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 Balrami Reddy	Director
Mr. E Ella Reddy Mrs. E Sujatha Reddy Mrs. E Indira Reddy Mr. E. Sunil Reddy Mr. E Siddhanth Reddy Mr. E Sanjeeth Reddy Ms. E Suha Reddy Ms. E. Soma Reddy	Relative of Vice Chairman
Mrs. R Vani	Relative of the Director

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

41.2 **Followings are the transactions with the related parties:**

Particulars	Year	Holding Company	Company under common control	Key Management Personnel	Total
Income/Expense					
Sales (Net of Indirect Taxes)	2012-13	63.53	-	-	63.53
	2011-12	217.20	-	-	217.20
Purchases/Services	2012-13	626.38	14.52	-	640.90
	2011-12	690.78	237.87	-	928.65
Dividend Paid	2012-13	-	-	-	-
	2011-12	31.84	-	-	31.84
Payment made by the Company for					
Expenses	2012-13	1.73	-	-	1.73
	2011-12	1.11	-	-	1.11
Payment made by the Holding Company for					
Expenses	2012-13	14.60	-	-	14.60
	2011-12	32.90	-	-	32.90
Rent Paid	2012-13	1.45	1.97	-	3.42
	2011-12	2.39	3.24	-	5.63
Finance					
Loans/ Advances Given	2012-13	88.63	-	-	88.63
	2011-12	-	81.57	10.26	91.83
Loans/ Advances Taken	2012-13	-	-	-	-
	2011-12	-	81.54	-	81.54
Remuneration	2012-13	-	-	3.22	3.22
	2011-12	-	-	14.91	14.91
Balances with related parties					
Loans/Advances Recoverable					
(Refer note below)	2012-13	95.83	-	10.26	106.09
	2011-12	-	0.25	10.26	10.51
Creditors	2012-13	-	51.86	-	51.86
	2011-12	-	86.80	-	86.80
Trade Receivables	2012-13	-	-	-	-
	2011-12	16.02	-	-	16.02

41.3 The shareholders of the Company, through a special resolution, have approved the remuneration of executive directors in the Annual General Meeting held on December 29, 2012. Due to inadequate profits during the period ended June 30, 2012, managerial remuneration paid to the executive directors aggregating to ₹ 10.26 million is in excess of the prescribed limits specified under Schedule XIII of the Companies Act, 1956, and is subject to the Central Government approval. Pending approval from the Central Government, the excess amount of ₹ 10.26 million (including ₹ 10.26 million relating to the previous period) has been included under due from directors and relatives in 'Short-term Loans and Advances' (Note 19).

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

41.4 **Disclosure of Material Transactions with Related Parties**

Particulars	March 31, 2013	June 30, 2012
Sales (Net of Indirect Taxes)		
IVRCL Limited	**63.53**	217.20
Purchases/Services		
IVRCL Limited	**626.38**	690.78
Palladium Infrastructures & Projects Limited	**14.52**	237.87
Dividend Paid		
IVRCL Limited	-	31.84
Payment made by the Company – Expenses		
IVRCL Limited	**1.72**	1.11
Payment made by the Holding Company – Expenses		
IVRCL Limited	**14.60**	32.9
Loans/Advances given by the Company		
IVRCL Limited (net)	**88.63**	-
Sudesha Infra & Trade Private Limited	-	81.54
Indus Palm Hotels and Resorts Private Limited	-	0.03
Recovery from Directors	-	10.26
HDO (UK) Limited	-	-
Loans/Advances received by the Company		
Sudesha Infra & Trade Private Limited	-	81.54
Rent Paid		
IVRCL Limited	**1.45**	2.39
A P Enercon Engineers Private Limited	**1.52**	2.49
Indus Palm Hotels and Resorts Private Limited	**0.45**	0.75

Notes:

1. Related party relationship is as identified by the Company and relied upon by the Auditors.
2. No amount pertaining to related parties which have been provided for as doubtful debts or written off in respect of related parties.

42. **Segment Reporting**

As per Accounting Standard on Segment Reporting (AS 17), “Segment Reporting”, segment information is being reported on consolidation basis including business conducted through its subsidiaries.

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

Primary Information Segment:-

Particulars	March 31, 2013			June 30, 2012		
	EPC	Manufacturing and Others	Total	EPC	Manufacturing and Others	Total
External Sales	2,402.47	2,495.19	4,897.66	7,187.53	3,438.68	10,626.21
Other Allocable Segment Income	-	27.32	27.32	-	55.16	55.16
Inter-Segment Sales	-	(382.39)	(382.39)	-	(464.28)	(464.28)
Total Revenue	2,402.47	2,140.12	4,542.59	7,187.53	3,029.57	10,217.10
Segment Results	(868.40)	440.99	(427.41)	661.76	360.22	1,021.97
Other Expenses	554.14	379.97	934.10	716.12	749.75	1,465.87
Operating Profit/ (Loss)	(1,422.55)	58.90	(1,363.65)	(54.37)	(389.53)	(443.9)
Interest Expenses	397.44	144.30	541.75	513.98	175.22	689.2
Interest Income	1.40	1.29	2.69	8.00	-	8.00
Other Income	33.52	0.78	34.30	97.51	5	102.51
Income Tax	(575.62)	(7.86)	(583.48)	(159.51)	(75.31)	(234.82)
Net Profit	(1,209.43)	(75.46)	(1,282.79)	(303.33)	(484.46)	(787.78)
Segment Assets	11,493.11	2,732.34	14,225.42	11,911.39	3,265.73	15,177.12
Segment Liabilities	10,817.39	2,222.40	13,039.79	10,026.24	2,755.05	12,781.29
Depreciation	20.06	107.11	127.17	41.74	139.36	181.1
Capital Expenditure	2.77	28.71	31.49	15.82	235.67	251.49

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

43. **Derivative Instruments**

Foreign currency exposures are given below for the period ended.

Particulars	March 31, 2013		June 30, 2012	
	USD	₹	USD	₹
Secured Loan	**20.00**	**1087.79**	20.00	1116.60
Interest Payable	**0.26**	**14.33**	0.26	14.57

Particulars of derivative instruments outstanding

Particulars	Purpose	March 31, 2013	June 30, 2012
Interest Swap	Hedge against exposure to variable interest outflow on foreign currency loan. Swap to receive variable rate of interest of 3 Months USD LIBOR and pay a fixed rate of equal to 6.5% P.A. on the notional amount. (As per agreement rate was 3 months USD LIBOR +300 bps)	**USD 20.00 (Million)**	USD 20.00 (Million)

44. **Employee Benefit:**

Funded status of the Gratuity Plan and disclosures pursuant to AS-15 are set out below:

Particulars	March 31, 2013	June 30, 2012
Change in Benefit Obligation		
Liability at the beginning of the period	**46.55**	44.89
Interest Cost	**3.58**	4.76
Current Service Cost	**6.25**	6.98
Benefit Paid	**(7.19)**	(3.85)
Actuarial (gain)/loss on obligations	**(6.53)**	(6.23)
Liability at the end of the period	**42.65**	46.55
Fair value of Planned Assets		
Fair value of planned assets at the beginning of the period	**33.55**	28.20
Expected return on planned assets	**1.56**	1.79
Contributions	**1.24**	3.48
Benefit paid	**(7.19)**	(3.85)
Actuarial gain/(loss) on planned assets	**(0.47)**	3.95
Fair value of planned assets at the end of the period	**28.69**	33.57
Total Actuarial gain/(loss) to be recognized	**6.06**	(10.18)
Actual return on planned assets		
Expected return on planned assets	**1.56**	1.79
Actuarial gain/(loss) on planned assets	**(0.47)**	3.39
Actual return on planned assets	**1.09**	5.18
Amount recognized in the Balance Sheet		
Liability at the end of the period	**42.64**	46.55
Fair value of planned assets at the end of the period	**(28.69)**	(33.57)
Amount recognized in the Balance Sheet	**13.95**	(12.98)
Expenses recognized in the Income Statement		
Current service cost	**6.25**	6.98
Interest cost	**3.58**	4.76
Expected return on planned assets	**(1.56)**	(1.79)
Experience Adjustment/ Non-Management Fund	**1.84**	-

Consolidated notes forming part of the financial statements (contd.)

(All amounts in ₹ Million unless otherwise stated)

Particulars	March 31, 2013	June 30, 2012
Net Actuarial (gain)/loss to be recognized	**(6.06)**	(10.18)
Expense recognized in the Profit and Loss Account	**4.05**	(0.23)
Balance Sheet Reconciliation		
Opening Net Liability	**12.98**	16.69
Expense as above	**4.05**	(0.23)
Employers Contribution	**(1.24)**	(3.48)
Experience Adjustment/ Non-Management Fund	**(1.84)**	-
Amount Recognised in the Balance Sheet	**13.95**	12.98
Assumptions		
Discount Rate	**8.25%**	8.75%
Salary Escalation	**8.70%**	5.50%

45. The previous period figures have been regrouped/rearranged wherever necessary.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

S. C. SEKARAN
Executive Director

R. BALARAMI REDDY
Director

A. S. PARDHA SARADHI
Company Secretary

Hyderabad
May 30, 2013

HINDUSTAN DORR-OLIVER LIMITED

SUBSIDIARY COMPANIES : FINANCIAL HIGHLIGHTS 2011-2012

(₹ in Million)

S.No.	Name of the Subsidiary 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
1	HDO Technologies Limited	10.50	1,193.32	3,675.54	2,471.72	-	1,726.87	(231.21)	(75.31)	(155.90)	-
2	HDO (UK) Limited	73.51	(655.80)	1,066.22	1,648.51	-	1,771.96	(301.85)	-	(301.85)	-
3	Davymarkham (India) Private Limited	0.10	(0.02)	0.10	0.02	-	-	(0.02)	-	(0.02)	-
4	HDO Zambia Limited	0.05	(26.70)	0.06	(26.70)	-	-	(26.70)	-	(26.70)	-

HINDUSTAN DORR-OLIVER LIMITED

NOTICE

NOTICE is hereby given that the Thirty Eighth Annual General Meeting of the Members of **Hindustan Dorr-Oliver Limited** will be held on **Monday, the 23rd day of September 2013 at 03.00 P.M.** at All India Plastic Manufacturers Association, AIPMA House, A-52, Street No.1, MIDC, Andheri (East), Mumbai – 400 093 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at March 31, 2013 and the Audited Statement of Profit and Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri. P.R.Tripathi, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri. M L Majumdar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint the Statutory Auditors of the Company and in this connection to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s Chaturvedi & Partners, Chartered Accountants (Registration No.307068E) the retiring Auditor be re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting, on a remuneration to be fixed by the Board of Directors of the Company in addition to reimbursement of all out-of pocket expenses in connection with the audit of the accounts of the Company".

By Order of the Board of Directors

A.S.Pardha Saradhi
Company Secretary

Registered Office:
Dorr-Oliver House,
Chakala, Andheri (East),
Mumbai – 400 099.

Date: May 30, 2013

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead of himself and such a proxy need not be a member of the Company. The Proxy Forms in order to be valid should be deposited at the registered office of the company at least 48 hours before the commencement of the meeting.
2. Members / Proxies should bring the duly filled Attendance Slip attached herewith to attend the Meeting.
3. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the Members at the Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 17th September, 2013 to 23rd September, 2013 (both days inclusive).

5. The relevant details of Directors seeking re-appointment under Item Nos. 2 & 3 above, pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges are as follows:

Name of Director	Mr. P.R.Tripathi	Mr. M L Majumdar
Date of Birth	24.06.1943	01.12.1940
Date of Appointment	29.10.2005	30.07.2008
Qualification	Engineer	B.A.(Hons.) M.A.
Expertise in specific functional areas	Mining Engineer	Indian Administrative Service (IAS) (Retired)
List of the Companies in which Directorship held	1) IVRCL Limited 2) Hindustan Dorr Oliver Limited 3) HDO Technologies Limited 4) Sarda Energy & Minerals Limited 5) Premier Explosives Limited	1) Hindustan Dorr Oliver Limited
Chairman / Member of the Mandatory Committees of the Board of the Companies on which he is a Director	1) IVRCL Limited * Member of Audit Committee * Member of Shareholders & Investor Grievance Committee 2) Sarda Energy & Minerals Ltd * Remuneration Committee 3) Premier Explosives Ltd * Chairman of Audit Committee * Member of Remuneration Committee 4) Hindustan Dorr Oliver Limited * Member of Audit Committee * Chairman of Shareholders & Investor Grievance Committee * Chairman of Compensation Committee	1) Hindustan Dorr Oliver Limited * Member of the Audit Committee
Number of shares held in the Company	NIL	NIL

* The Dividend declared for the Financial Year ended 31st March, 2006 and outstanding in the unpaid/unclaimed dividend account will be transferred to the Investor Education & Protection Fund (IEPF) Account. The shareholders who have not claimed dividend earlier may claim the same by writing to the Company's Registrars and Transfer Agents, M/s. Karvy Computershare Private Limited, 17-24, Vittal Rao Nagar, Madhapur, Hyderabad–500081. Ph.:040-23420815-28, Fax:040-23420814/23420857.
* Members are advised that, in terms of Section 205C of the Companies Act, 1956, it may be noted that after the expiry of the period of 7 years, no claim shall lie in respect to unclaimed dividend once it is transferred by the Company to IEPF.
* Members are requested to notify any change in their addresses specifying full address in block letters with pin code quoting their Folio No. directly to the Company's Registrar & Share Transfer Agents – M/s. Karvy Computershare Pvt. Ltd., 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081. Ph.: 040-23420815-28, Fax: 040-23420814/23420857.
* Members desirous of obtaining any information pertaining to the Accounts may forward such queries in writing to the General Manager - Finance and Accounts at the Registered Office of the Company at least 10 days prior to the meeting in order to keep the information ready to the extent possible.
* Members are requested to register their email addresses and changes therein from time to time with the Registrars and Transfer Agents (in case of physical shares) or with the Concerned Depository Participant (in case of electronic holdings) and that the Company will use the same for sending Notices, Annual Report and other Communication.
* Members or their Authorised Representative / Proxies are requested to bring their copies of the Annual Report to the meeting.

HINDUSTAN DORR-OLIVER LIMITED

HINDUSTAN DORR-OLIVER LIMITED

Registered Office : Dorr-Oliver House, Chakala , Andheri (East), Mumbai – 400 099.

PROXY

Reg. Folio No. …………………….. No. of Shares held …………………………

I/ We ……

…………………………………………………………of…………………………………………………………………………………

…………………………………………………………………………… being a Member/ Members of HINDUSTAN DORR-OLIVER LIMITED

hereby appoint ………………………………………………………of……………………………………………………………………or

failing him…... ……………………………………………………of……………………………………………………………………as

my/ our proxy to vote for me/ us on my behalf at the THIRTY EIGHTH ANNUAL GENERAL MEETING of the Company to be held on Monday, September 23, 2013 and at any adjournment thereof.

Signed this …………………….. day of …………………….., 2013

Affix Rupee 1 Revenue Stamp

Signature ………………………………………………………

Note : This form duly completed and signed must be deposited at the Registered office of the Company not less than 48 hours before the Meeting.

HINDUSTAN DORR-OLIVER LIMITED

Registered Office : Dorr-Oliver House, Chakala , Andheri (East), Mumbai – 400 099.

ATTENDANCE

(To be handed over at the entrance of the Meeting Hall)

Thirty Eighth Annual General Meeting – Monday, September 23, 2013

I hereby record my presence at the THIRTY EIGHTH ANNUAL GENERAL MEETING of the Company held at All India Plastic Manufacturers Association, AIPMA House, A-52, Street No. 1, MIDC, Andheri (East), Mumbai - 400 093. at 3.00 P.M. on Monday, September 23, 2013.

Full name of Member (IN BLOCK LETTERS)

………

Reg. Folio No./ Demat ID………

No. of shares held……

Full name of Proxy (IN BLOCK LETTERS)

………

……………………………….....

Member’s / Proxy Signature

Mumbai :
Hindustan Dorr-Oliver Ltd., Dorr Oliver House, Chakala, Andheri (East), Mumbai - 400 099.
Tel.: 91-22-28359400 • Fax : 91-22-28365659 • E-mail : hdoho@hdo.in

FORM B

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Hindustan Dorr Oliver Limited
2.	Annual financial statements for the year ended	9 month period ended March 31, 2013
3.	Type of Audit qualification	Following matter formed the basis for qualified opinion on the financial statements **Qualification:** <u>Basis for qualified opinion (Page 22 of the Annual Report)</u> *We refer to note 13 of the financial statements wherein deferred tax assets on business losses aggregating to Rs.730.28 million has been recognized on the basis of future business plan. The management is confident that sufficient future taxable income will be available against which such deferred tax assets will be realized. In absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which the deferred tax assets can be realized, we are unable to form comment on the extent to which such deferred tax assets can be realized.* <u>Consequent to the above following matters reported u/s 227(3) have been modified:</u> (a) Except for the effect of the matters described in the basis for qualified opinion paragraph, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. (b) Except for the effect of the matters described in the basis for qualified opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956. <u>Emphasis of Matter (Page 22 of the Annual Report)</u> Attention is invited to Note 33 to the financial statement whereby the accumulated losses of the Company as at March 31, 2013 have substantially eroded its free reserves. The ability of the Company to continue as a going concern is predominantly dependent on the improvement of the Company's future operations. The Company is confident of implementing its business plan and improvement of the future operations. In view of this, the financial statements have been prepared on the basis that the Company is a going concern. Attention is invited to Note 34 regarding investments in foreign Subsidiary and loans and advances receivable from such subsidiary aggregating to Rs.1,246.18 million, whose accumulated losses exceeded their consolidated net worth and the financial statements have been prepared on going concern basis, considered good for the reasons stated therein. <u>Our opinion is not qualified in respect of this matter.</u>

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

Comments in the nature of Emphasis of Matter with respect to Annexure to the Independent Auditors' Report

- Paragraph (i) (b) (Page 23) :

  Fixed assets were physically verified by the management during the year in accordance with a programme of verification which , in our opinion is reasonable having regard to the size of the Company and the nature of its assets. *However, pending completion of reconciliation with the financial books of account which, is reportedly under progress, discrepancies, if any, cannot be ascertained.*

- Paragraph (ii) (Page 23) :

  (b) The procedures of physical verification of inventories followed by the management, needs to be strengthened, to be adequate in relation to the size of the Company and the nature of its business.

  (c) The Company is maintaining proper records of inventory. *However, the system needs to be further strengthened to facilitate timely reconciliation of quantity and value thereof.* The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.

- Paragraph (iii) (Page 23) :

  (a) The Company had granted interest free loans and advances to its wholly owned subsidiary Company. The maximum amount involved during the year was Rs. 1,232.42 million and yearend balance of loan was Rs 1,172.67 million.

  (b) According to the information and explanations given to us and having regard to the explanation that the interest free loans and advances given to the subsidiary is towards investment in the subsidiary, *we are unable to comment whether the terms and conditions of the interest free loans and advances given to wholly owned foreign subsidiary are, prima facie, prejudicial to the interest of the Company.*

  (c) According to the information and explanations given to us and *in absence of any stipulation for repayment or otherwise of the loans and advances given to the wholly owned subsidiary, we are unable to comment on the repayment or otherwise of the loans and advances.*

- Paragraph (iv) (Page 23) :

  In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the sale of goods and services. *However, the internal control system for estimation of project costs and percentage completion in respect of projects in progress is inadequate, since the cost estimates are not updated on a periodic basis. Further, Internal control system with regard to purchase of inventory needs to be further strengthened.* During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major

CHATURVEDI & PARTNERS
CHARTERED ACCOUNTANTS

weaknesses in internal control system of the Company.

- Paragraph (ix) (Page 24) :

(a) Undisputed statutory dues suc as income-tax, sales-tax, wealth tax, works contract tax, service tax, custom duty, excise duty, and cess have not been regularly deposited with the appropriate authorities and there have been significant delays in a number of cases. The Company is generally regular in depositing with appropriate authorities, undisputed statutory including provident fund, investor education and protection fund, employees' state insurance, any other statutory dues applicable to it.

(b) there were no undisputed amounts payable in respect of income-tax, wealth tax, service tax, custom duty and excise duty except in respect of sales tax which in arrears as at March 31, 2013 for a period of more than six months from the date they became payable. The details of such delay are given below:

Nature of the statute	Nature of dues	Amount (Rs in million)	Due date	Date of payment
Sales tax and vat laws	**Work contract tax**	4.89	April 2012	Not Paid
		0.95	May 2012	Not Paid
		0.87	June 2012	Not Paid
		2.50	July 2012	Not Paid
		1.50	August 2012	Not Paid
		3.05	October 2012	Not Paid
	Sales Tax/ VAT	5.37	July 2012	Not Paid
		0.40	August 2012	Not Paid
		0.56	September 2012	Not Paid
		0.16	)ctober 2012	Not Paid
		20.25		

- Paragraph (x) (Page 25) :

The Company has accumulated losses at the end of the period. Further, the Company has incurred cash losses in the period covered by our audit, and has incurred cash losses during the immediately preceding financial year.

- Paragraph (xi) (Page 25) :

According to the information and explanations given to us, the Company has defaulted in repayment of dues to banks in respect of letters of credit and vendor's bills discounting as stated below:

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

S.N	Name of the facility	Delay of 0-30 days	Delay of 30-60 days	Delay of 61-90 days	Delay of 91-180 days
1	Letter of credit	141.20	-	0.55	-
2	Vendors bills discounting	619.51	47.18	561.97	500.82

Rs . 1.21 million in respect of working capital loan from bank were in arrears as of the balance sheet date, the Company did not have any debentures outstanding during the period. Period of delay in days as March 31, 2013 is one day.

- Paragraph (xvii) (Page 25) :
  According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis aggregating to ₹ 2944.74 million have been used for long term purposes (i. e. non-current assets).

4.	Frequency of qualification	The subject matter of qualification was first qualified in the Independent Auditors' Report for the nine months period ended March 31, 2013.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Note – 13 (Page 38 of Annual Report) of the financial statements net deferred tax assets on unabsorbed business losses aggregating to Rs 730.28 million, has been recognised on the basis of business plan prepared by the management, which takes into account certain future orders also. The management is of the opinion that sufficient future taxable income will be available against which the deferred tax assets can be realized. Management Response (Page 5 of the Annual Report) The Board of Directors of the Company is of the opinion that on the basis of the business plan prepared by the management sufficient future taxable income will be available against which the deferred tax assets can be realized. **Emphasis of Matter** Note 33 referred in Emphasis of Matter (Page 43 of the Annual Report) The Company has incurred substantial losses and accumulated losses of the Company as at March 31, 2013 have substantially eroded its free reserves. The ability of the Company to continue as a going concern is predominantly dependent on the improvement of the Company's future operations. The Company has also drawn up plans to operate efficiently and to improve future operations. The management is confident of implementing its business plan and considering the future prospects, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities. **Emphasis of Matter** Note 34 referred in Emphasis of Matter (Page 43 of the Annual Report) The Company has equity investments aggregating to Rs.73.51 million and an amount of Rs.1,172.67 million advanced as interest free loans as at March 31, 2013 in HDO (UK) Limited, a wholly owned subsidiary. The

CHATURVEDI & PARTNERS
CHARTERED ACCOUNTANTS

		Subsidiary Company, HDO (UK) Limited and its wholly owned subsidiary, Davy Markham Limited, during the period suffered losses which resulted an increase in accumulated losses exceeding the consolidated net worth of the Subsidiary Company as at the Balance Sheet date. The management, considering the full time business prospects believes that, growth in operations of the Company will result into increase in its revenue and consequently profitability and net worth. Accordingly, the financial statements of Subsidiary Company, which have been prepared on "Going Concern" basis, are considered for consolidation. The said Subsidiary Company is confident of achieving the target and in the opinion of the Company, the carrying value of Goodwill arising on consolidation in this subsidiary represents its recoverable amount and in the opinion of the management no provision for impairment is required at this stage.
6.	Additional comments from the board/audit committee chair:	None
7.	To be signed by- Mr. S C Sekaran Executive Director	
	Mr. Girish Dave General Manager (Finance & Accounts)	
	Mr. S D Kapoor Audit Committee Chairman	
	Statutory Auditors of the Company	Refer our Audit Report dated May 30, 2013 on the standalone financial statements of the Company. For **CHATURVEDI & PARTNERS** Chartered Accountants Firm Registration No.307068E **R N CHATURVEDI** Partner Membership No: 092087 CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS Place: New Delhi Date: August 28, 2013