

## DIRECTORS' REPORT

To,  
The Members

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

### FINANCIAL RESULTS

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

(₹ in million)

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

### APPOINTMENT OF RESOLUTION PROFESSIONAL

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

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

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

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

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

## **DIRECTORS' REPORT (Contd.)**

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

### **DIVIDEND**

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

### **PERFORMANCE**

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

### **FUTURE OUTLOOK**

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

### **SHARE CAPITAL**

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

### **SUBSIDIARIES**

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

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

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

### **PUBLIC DEPOSITS**

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

### **CORPORATE GOVERNANCE**

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

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

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

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



HINDUSTAN DORR-OLIVER LTD.

## **DIRECTORS' REPORT (Contd.)**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

### **BOARD OF DIRECTORS**

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

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

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

### **KEY MANAGERIAL PERSONNEL**

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

### **MEETINGS**

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

### **BOARD COMMITTEES**

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

### **BOARD EVALUATION**

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

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

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

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

### **VIGIL MECHANISM**

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

### **STATUTORY AUDITORS**

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

### **INTERNAL AUDITORS**

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

## **DIRECTORS' REPORT (Contd.)**

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

### **SECRETARIAL AUDITOR**

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

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

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

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

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

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

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

The management of the company is confident of positive outcome.

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

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

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

The management of the company is confident of positive outcome.

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

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

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

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

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

The management is confident of positive outcome.

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

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

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

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

### **RELATED PARTY TRANSACTIONS**

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

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

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

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

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

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

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

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

**PARTICULARS OF EMPLOYEES**

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

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

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

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

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

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

**EXTRACT OF ANNUAL RETURN**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) In the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) Selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit /loss of the Company for that period;
- c) Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

**DIRECTORS' REPORT (Contd.)**

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

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

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

**INDUSTRIAL RELATIONS**

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

**HEALTH, SAFETY AND ENVIRONMENT**

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

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

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

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

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

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

**CORPORATE SOCIAL RESPONSIBILITY**

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

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

**ACKNOWLEDGEMENT**

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

**For Hindustan Dorr Oliver Limited**

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

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

Mumbai  
July 26, 2017