

CORPORATE GOVERNANCE REPORT

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

I. Company's Philosophy on Corporate Governance

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

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

II. Board of Directors (Board)

Composition of the Board

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

Review of Statutory Compliance Report:

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

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

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

(i) Brief description of terms of reference

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

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

Composition, Names of Members and Chairperson

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

Mr. Prabhakar Ram Tripathi, Chairman

Mr. Ramendra Gupta, Member

Mr. R. Balarami Reddy, Member

CORPORATE GOVERNANCE REPORT (Contd.)

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

The Company Secretary acts as Secretary to the Committee.

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

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

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

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

b. Nomination and Remuneration Committee

Composition

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

Mr. Prabhakar Ram Tripathi, Chairman

Mr. E. Sudhir Reddy, Member

Mr. R. Balarami Reddy, Member

Mr. Ramendra Gupta, Director

The Company Secretary acts as Secretary to the Committee.

Terms of reference

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT (Contd.)

c. Stakeholders Relationship Committee

Composition

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

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

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

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

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

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

d. Executive Committee

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

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

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

IV Subsidiary Companies

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

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

V General Body Meetings

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

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

CORPORATE GOVERNANCE REPORT (Contd.)

VI. Disclosures

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

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

VII. Means of Communication

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

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

VIII. General Shareholders' information

* 42nd Annual General Meeting:

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

* Financial Calendar

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

* Date of Book Closure

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

* Listing on Stock Exchanges

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

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

* Stock Code

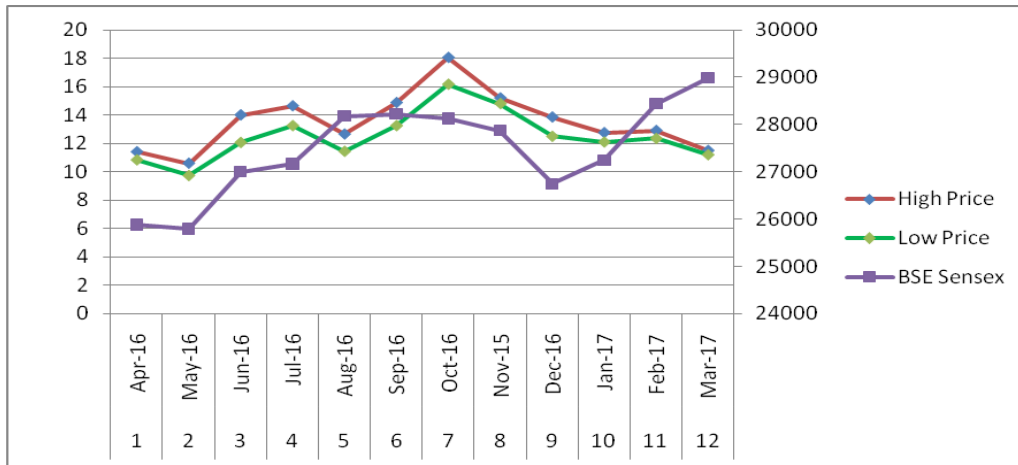
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|--|---|--------------|
| Bombay Stock Exchange Limited | : | 509627 |
| National Stock Exchange of India Limited | : | HINDDORROL |
| ISIN allotted to the Company | : | INE551A01022 |

CORPORATE GOVERNANCE REPORT (Contd.)

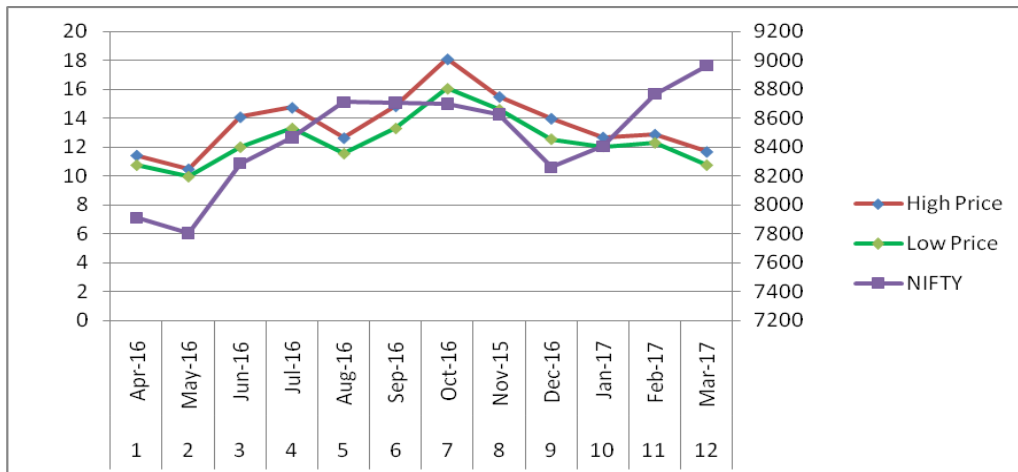
Stock Market Data

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

Share Price Movement of HDO vis-à-vis BSE



Share Price movement of HDO vis-à-vis NIFTY



CORPORATE GOVERNANCE REPORT (Contd.)
Registrar and Transfer Agents

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

Shareholding pattern as on March 31, 2017

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

Distribution of Shareholding as on March 31, 2017
DISTRIBUTION SCHEDULE AS ON MARCH 31, 2017

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

Share Transfer System

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

CORPORATE GOVERNANCE REPORT (Contd.)

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

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

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

Dematerialization of shares and liquidity

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

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

IX Address for correspondence:

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

CHENNAI

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

KOLKATA

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

NEW DELHI

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

X. DISCLOSURES:

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

Code of Conduct for Directors and Senior Management:

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

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

Declaration

I hereby confirm that:

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

Mumbai
July 26, 2017

S. C. Sekaran
Executive Director