Notes forming part of the Financial Statements

(All amounts in ₹ million unless otherwise stated)

1. Company Overview

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

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

2. Recent accounting pronouncement

Standards issued but not yet effective

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

Amendment to Ind AS 7

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

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

Amendment to Ind AS 102

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

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

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

3. Significant Accounting policies

3.1 Statement of Compliance

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

3.2 Basis of preparation

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

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

3.3 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

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

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

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

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

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

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

3.4 Operating Cycle and Current versus non-current classification

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

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

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

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

3.5 Revenue recognition

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

Construction Contracts:

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

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

Supply Contracts-Sale of Goods

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

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

3.6 Joint Arrangements

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

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

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

3.7 Segment Reporting

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

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

3.8 Foreign Currencies

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

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

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

3.9 Property, plant and equipment

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

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

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

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

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

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

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

3.11 Intangible assets

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

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

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

3.12 Investment properties

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

3.13 Investment in subsidiaries and joint ventures

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

3.14 Income tax

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

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

(All amounts in ₹ million unless otherwise stated)

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

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

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

3.15 Leases

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

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

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

3.16 Impairment of assets

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

3.17 Cash and cash equivalents

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

3.18 Provisions and Contingent Liabilities

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

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

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

3.19 Inventories

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

3.20 Exceptional items

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

3.21 Non-derivative financial instruments

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

a. Financial assets

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

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

b. Financial assets – Subsequent measurement

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

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

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

c. Financial liabilities

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

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

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

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

d. Financial liabilities - Subsequent measurement

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

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

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

e. Derecognition of financial instrument

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

f. Offsetting of financial instruments

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

3.22 Borrowing costs

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

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

3.23 Employee Benefits

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

Post-employment benefit plans

Defined Contribution plans

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

Defined benefit plans

Gratuity

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

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

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

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

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

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

Compensated absences

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

3.24 Exceptional items

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

3.25 Earnings per share (EPS)

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

4. Explanation of transition to Ind AS

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

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

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

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

i. Reconciliation of equity:

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

ii. Reconciliation of total comprehensive income:

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

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

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

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

a. There being no change in the functional currency of the Company, it has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for property, plant and equipment and intangible assets on the date of transition.

b. The Company has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for investment in subsidiaries on the date of transition to Ind AS.

c. Fair value measurement of financial assets or liabilities at initial recognition: The Company has not applied the provision of Ind AS 109, Financial Instruments, upon the initial recognition of the financial instruments where there is no active market.

d. Designation of previously recognised financial instruments: The Company does not have any financial assets or liabilities as of the transition dates which were required to be designated, and which met the required criteria given in Ind AS 101, as a financial asset or financial liability at FVPL.

v. Reconciliation of Balance Sheet

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

vi. Notes to the Reconciliations

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

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

viii. Notes to the Reconciliations

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Note	Particulars			As at March 31,2017	As at March 31,2016	As at April 01,2015
6	**NON CURRENT INVESTMENTS** (Refer note. 40 and 58)					
	Unquoted					
	1 Investments valued at deemed cost, fully paid up					
	(a) Investment in Equity Shares					
	(i) In subsidiary companies in India					
	HDO Technologiess Limited	1287500	₹10	**1,538.00**	1,538.00	1,538.00
	DavyMarkham India Private Limited	10000	₹10	**0.10**	0.10	0.10
				1,538.10	1,538.10	1,538.10
	(ii) In subsidiary companies outside India					
	HDO (UK) Limited	1008000	GBP 1	73.51	73.51	73.51
	HDO Zambia Limited	50000	ZMK 1	**0.05**	0.05	0.05
	Less : Provision for impairment in the value of investments			**(73.51)**	(73.51)	(73.51)
				0.05	0.05	0.05
	Quoted					
	2 Investment in equity shares in others carried at fair value through Profit and Loss, fully paid up					
	Voltas Limited	500	₹1	**0.21**	0.14	0.14
	Ion Exchange (I) Limited	50	₹10	**0.02**	0.02	0.01
	Gujarat State Petronet Limited	8983	₹10	**1.44**	1.24	1.11
	Gitanjali Gems Limited	884	₹10	**0.06**	0.03	0.04
	Triveni Engineering & Industries Limited*	66	₹10	**0.01**	0.00	0.00
				1.74	1.43	1.30
	* The value of investment in equity shares of Triveni Engineering & Industries Limited as at March 31, 2016 and March 31, 2015 is ₹3,336 and ₹1,214 respectively.					
	Unquoted					
	3 Investment in equity shares in others					
	Western Bio Systems Ltd.*	10	₹10	**0.00**	0.00	0.00
	Jord Engineers India Ltd.*	100	₹10	**0.00**	0.00	0.00
	Western India Industries*	50	₹10	**0.00**	0.00	0.00
	Western Paques (I) Limited	100	₹10	**0.01**	0.01	0.01
				0.02	0.02	0.02
	Less : Provision for impairment in the value of investments			**(0.02)**	(0.02)	(0.02)
				-	-	-

* The value of investment in equity shares of Western Bio Systems Ltd., Jord Engineers India Ltd. and Western India Industries is ₹100, ₹3,290 and ₹ 2,975 respectively as at March 31, 2017, March 31, 2016 and March 31, 2015.

4 Investment in Others					
National Saving Certificate*			-	0.01	0.01
			-	0.01	0.01
Total			**1539.89**	1539.59	1539.46
* written off during the year					
Aggregate amount of quoted investments			**1.74**	1.43	1.30
Market value of quoted investments			**1.74**	1.43	1.30
Aggregate amount of unquoted investments			**1,538.12**	1,538.12	1,538.12
Aggregate amount of impairment in value of Investments			**73.53**	73.53	73.53

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

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

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

b) Terms/ rights attached to equity shares

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

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

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

(d) Equity shares held by holding Company:

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

(Refer Statement of Changes in Equity)

Nature and purpose of reserves

(a) Securities premium reserve: The amount of difference between the issue price and the face value of the shares is recognized in Securities premium reserve.

(b) General reserve: General reserve is the accumulation of the portions of the net profits transferred by the Company in the past years pursuant to the earlier provisions of the Companies Act. 1956.

(c) Retained earnings: Retained earnings comprise of the profits of the Company earned till date net of distributions and other adjustments

(d) Other Comprehensive Income: The Company has recognized remeasurement gains/ (loss) on defined benefit plans in OCI. These changes are accumulated within the OCI reserve within other equity.

Note	Particulars	As at March 31,2017	As at March 31,2016	As at April 01,2015
20	**BORROWINGS**			
	Non current financial liabilities (Refer note. 36, 38, 43, 44 and 63)			
	Secured			
	Working Capital Term Loans from Banks (WCTL)	-	-	1,512.00
	Funded Interest Term Loan from Bank (FITL)			
	External Commercial Borrowings (ECB)	-	-	321.49
	Total	-	-	1,833.49
20.1	**Refer note. 25 for security, interest rate and terms of repayment of Borrowing**			
21	**PROVISIONS (Refer note. 55)**			
	For Employee Benefits	**16.90**	12.20	13.52
	Total	**16.90**	12.20	13.52
22	**DEFERRED TAX LIABILITIES (NET) (Refer note. 57)**			
	Deferred Tax Liabilities on account of Employee benefits	**3.60**	4.19	2.72
	Total	**3.60**	4.19	2.72

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

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

25.3 Nature of Security

Consortium of Bank of India and Andhra Bank

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

ICICI Bank

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

Standard Chartered Bank

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

25.4 Terms of repayment of loan

a. External commercial borrowings:-Repayable in sixteen equal quarterly installments with the first installment due on April 17, 2013 (i.e. at the end of fifteenth month from the date of disbursement) and ending on January 17, 2017, three months USD LIBOR as prevailing at the start of every interest period plus margin (300 bps) payable in arrears at the end of every interest period net of withholding tax or deductions, if any.

b. Working capital term loan:- Repayable in twenty four quarterly installments after moratorium period, of nine months (in case of Andhra Bank) and twelve months (in case of Bank of India), commencing from April 01, 2013 (in case of Andhra Bank) and December 31, 2012 (in case of Bank of India), with the first installment due on March 2014 and ending on December 2019.

c. Funded interest term loan:- Repayable in ten equal quarterly installments after moratorium period, of nine months (in case of Andhra Bank) and twelve months (in case of Bank of India), commencing from April 01, 2013 (in case of Andhra Bank) and December 31, 2012 (in case of Bank of India), with the first installment due on March 2014 and ending on June 2016.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

25.5 Default in repayment of dues to banks

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

a. Contingent liabilities

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

a) (ii) Corporate guarantee to holding company was provided in earlier year (i.e. February 24, 2015) that could not be disclosed in earlier years financial statements inadvertently. The company was required to obtain no objection certificate in respect of such guarantees from the lenders of the company which is yet to be obtained. The same has been disclosed in the current year's financial statement including in all financial years presented.

a) (iii Corporate guarantee to the lenders of the subsidiary company include corporate guarantee provided to Andhra Bank (The Lender) that has been invoked by the lender during earlier year. Management was not aware of such invocation until the same was communicated by the lender to RP vide their claim letter dated March 01, 2016.

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

b. Commitments

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

c. Impact of pending legal cases

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

36. During the earlier year/s, creditors had initiated winding up petitions against the Company under the Companies Act 1956 in respect of their outstanding trade payable. In the year 2016, Bank of India and Andhra Bank had sent demand notice of initiating recovery proceedings under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002. Subsequent to the year end, a lender has filed insolvency and bankruptcy petition against the Company for initiation of insolvency resolution process that has been admitted by the Hon'ble Company Law Tribunal, Mumbai ("NCLT") vide its order dated April 21, 2017 declaring moratorium against all such recovery proceedings/ winding up petitions against the Company. The order of moratorium shall have effect from April 21, 2017 till the completion of the Corporate Insolvency Resolution Process (CIRP) or until the NCLT approves the resolution plan under sub-section (1) of section 31 or passes an order for liquidation of the Company under section 33 of the Insolvency and bankruptcy Code, 2016 ("the Code"), as the case may be. Further, as per section 134 of the Companies Act, 2013, the standalone financial statements of a Company are required to be authenticated by the Chairperson of the Board of Directors, where authorized by the Board or at least two Directors, of which one shall be the Managing Director or the CEO (being a Director), the CFO and the Company Secretory where they are appointed, in view of the pendency of Corporate Insolvency Resolution Process (CIRP), these powers are, in terms of the code, now vested with Mr. Amit Gupta as Interim Resolution Professional (IRP) to carry out the functions of the Company in his capacity as the IRP from

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

April 21, 2017. Further, pursuant to the order of NCLT, a public announcement of CIRP was made on May 05, 2017 and a Committee of Creditors (COC) was formed pursuant to the provisions of the code and COC held their first meeting on June 01, 2017 and inter alia confirmed Interim Resolution Professional as Resolution professional (RP) for the Company.

37. The accumulated losses of the Company as at March 31, 2017 amounting to ₹15,214.25 million have exceeded its net worth. Further, the Company's current liabilities exceed current assets. The Company has obligations towards borrowings aggregating to ₹ 16,683.44 million which include working capital loan and outstanding bank guarantees from banks. The Company has obligations pertaining to operations including unpaid creditors and statutory dues, these matters require the Company to generate additional cash flows to fund the operations as well as other statutory obligations notwithstanding the current level of low operating activities. Further as set out in Note 36 above, pursuant to CIRP, a resolution plan needs to be prepared and approved by COC and NCLT to keep the Company as a going concern. Currently Resolution plan is under formulation and yet to be presented for approval of COC. Above matters indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The standalone financial statement does not include any adjustment in this respect.

38. Resolution Professional has received various claims, submitted by the financial creditors, operational creditors, workmen or employee and authorized representative of workmen and employees of the Company pursuant to the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation 2016 that are currently under consideration/reconciliation.

39. During the earlier year, lenders of the Indian Subsidiary HDO Technologiess Limited have invoked corporate guarantees and initiated recovery actions against the company in respect of such guarantees extended / executed in favour of the lenders of the subsidiary. As at March 31, 2017 total outstanding of such subsidiary against these lenders is ₹2,309.85 million including non-fund based uninvoked bank guarantees aggregating to ₹ 34.76 million. As set out in Note 36 above, the Hon'ble NCLT has granted moratorium in respect such proceedings. No provision has been made in the accounts for such possible loss.

40. The Company has investments in its one of the Indian subsidiary (HDO Technologiess Limited) having book value aggregating to ₹ 1,538.00 million as at March 31, 2017. The said subsidiary is incurring losses and its net worth has been eroded. Subsequent to the year end, a lender has filed insolvency and bankruptcy petition against the said subsidiary Company for initiation of insolvency resolution process that has been admitted by the Hon'ble Company Law Tribunal, Mumbai ("NCLT") vide its order dated April 28, 2017. The Company is yet to assess the loss allowance/ expected cash short fall and no provision has been made in books of account in respect such investment.

41. In respect of trade receivable aggregating to ₹283.12 million that are past due, the Management of the Company is yet to assess loss allowance/expected credit loss on such trade receivables. However, management is in continuous follow up with the respective contractee/clients for realization of aforesaid dues.

42. External confirmations of the balances are not available in respect of trade receivables (includes retention money), trade payables, mobilization advances and certain bank balances aggregating to ₹1.99 million. Further, the company is yet to assess loss allowance/expected credit loss on such trade receivables and no provision has been made in respect of such assets.

43. The Company has extended corporate guarantee in favor of security trustee of the CDR Lenders of the Holding Company (IVRCL Limited) who is incurring losses and may be treated as a case of failed Corporate Debt Restructuring (CDR) and Strategic Debt Restructuring (SDR). The holding company has outstanding loans including fund based and non fund aggregating to ₹58,135.77 million. Further, the company has also issued corporate guarantees to certain contractee/ clients for project works aggregating to ₹ 331.53 million. The Company is yet to assess the changes in risk / expected cash shortfall to determine expected credit loss allowance/ impairment to be recognized in respect of these guarantees. The loss allowance in respect of these guarantees is presently indeterminable; accordingly, no provision has been made in books of account in respect of such guarantees.

44. The lenders, on behalf of the company, have extended certain financial guarantees aggregating to ₹ 2,593.46 million to contractee/clients of the Company for various projects. The Company is yet to assess the changes in risk / expected cash shortfall to determine expected credit loss allowance/ impairment to be recognized in respect of these financial guarantees for the reasons stated in Note 36. The loss allowance in respect of these guarantees is presently indeterminable; accordingly, no provision has been made in books of account in respect of such guarantees.

45. The company has various input credits and balance with various statutory authorities pertaining to service tax, VAT, sales tax etc aggregating to ₹121.31 million. Recovery of these amounts is subject to reconciliation, filing of returns and admission by the respective statutory authorities. No adjustment has been made in the financial statement in respect of such amounts.

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

46. During the year, the company has written back various liabilities such as trade payables, provisions and advance received from customers aggregating to ₹1,076.45 million which were outstanding for a long period of time. Management believes that such liabilities were pertaining to project work/others and there has not been any claim from such parties for long period of time. Management does not expect any tenable future claim in respect of such liabilities.

47. Exceptional items amounting to ₹2,463.17 million includes write off of Trade receivables, Unbilled revenue and other advances of ₹3,539.62 million and write back of certain liabilities as given above in Note 46. The details are as follows:

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

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

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

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

49. Earnings per share (EPS)

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

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

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

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

52. Earnings in foreign exchange

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

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

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

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

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

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

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

a) Defined Contribution Plans:

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

b) Defined Benefit Plan:

Reconciliation of opening and closing balances of defined benefit obligation

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

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

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

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

d) Maturity Analysis of defined benefit obligation

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

56. Income tax expense:

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

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

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

c. Tax Assets and Liabilities

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

57. Movement in Deferred Tax Assets and Liabilities

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

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

58. 1 List of related parties

A. Holding Company

IVRCL Limited

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

Name of the Company

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

C. Fellow Subsidiaries

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

D. Companies Under Common Control

S. No.	Name of the Company
1	Indus Palm Hotels & Resorts Limited
2	S.V. Equities Limited
3	Palladium Infrastructures & Projects Limited
4	Soma Hotels & Resorts Limited
5	Eragam Holdings Limited
6	Eragam Finlease Limited
7	A P Enercon Engineers Private Limited

E. Key Managerial Personnel and their relatives

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

58.2 Followings are the transactions with the related parties:

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

(All amounts in ₹ million unless otherwise stated)

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

#Material transactions with companies under common control

1. ₹2.05 million (March 31, 2016 : ₹2.05million and March 31, 2015 ₹2.02 million) - A P Enercon Engineers Private Limited and ₹0.60 million (March 31, 2016: ₹0.60 million and March 31, 2015 ₹0.60 million) - Indus Palm Hotels and Resorts Private Limited.
2. ₹52.63 million (March 31, 2016: ₹52.63 million and March 31, 2015: ₹52.63 million)- Palladium Infrastructures & Projects Limited, ₹ 7.16 million (March 31, 2016: ₹5.29 million and March 31, 2015: ₹3.42 million) - A P Enercon Engineers Private Limited and ₹1.62 million (March 31, 2016: ₹1.08 million and March 31, 2015: ₹0.54 million) - Indus Palm Hotels and Resorts Private Limited.
3. ₹1,422.37 million HDO UK limited.

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

Notes:

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

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

*Provided in the year 2015

59. Segment Reporting

Primary Segment – Business

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

Secondary Segment – Geographical

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

Primary Information Segment: -

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

60. Derivative Instruments

The year-end foreign currency exposures are given below:

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

Particulars of derivative instruments outstanding

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

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

62. Details of purchase and sale of traded goods:

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

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

63. Financial Instruments

63.1 Capital management

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

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

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

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

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

63.2 Financial risk management objectives and policies

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

i) Market risk

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

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

a) Interest rate risk

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

b) Foreign currency risk

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

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

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

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

ii Credit risk

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

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

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

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

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

iii. Liquidity risk

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

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

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

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

63.3 Fair Value Measurement

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

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

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

A. Financial instruments by category

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

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

* Includes current maturity of long term borrowings / recalled borrowing

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

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

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

* Includes current maturity of long term borrowings / recalled borrowing

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

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

* Includes current maturity of long term borrowings

Fair value Hierarchy

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

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

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

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

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

Notes forming part of the Financial Statements (Contd.)

(All amounts in ₹ million unless otherwise stated)

64. Corporate Social Responsibility

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

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

FOR HINDUSTAN DORR OLIVER LIMITED

	S C SEKARAN Executive Director DIN- 00334115	**AMIT GUPTA** Resolution Professional IP Regn. No. IBBI/IPA 001/IP P00016/2016-17/10040
Mumbai July 26, 2017	**G RAMAKRISHNA** Company Secretary	**S C MUNDHEKAR** Chief Financial Officer