HINDUSTAN DORR-OLIVER LIMITED

Board Of Directors

(As on August 10, 2010)

Mr. Prabhakar Ram Tripathi	Chairman
Mr. E. Sudhir Reddy	Vice-Chairman
Mr. E. Sunil Reddy	Managing Director
Mr. S.C. Sekaran	Executive Director
Mr. R. Balarami Reddy	Non-Executive Director
Mr. T. N. Chaturvedi	Non-Executive Director
Mr. M. L. Majumdar	Non-Executive Director
Mr. S. D. Kapoor	Non-Executive Director

Company Secretary

Pragya Sahal Kaul

Auditors

Chaturvedi & Partners

Internal Auditors

V.C.G. & Co.

Bankers

Bank of India
Andhra Bank

Registrar and Transfer Agents

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

Registered Office

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

Solicitors & Advocates

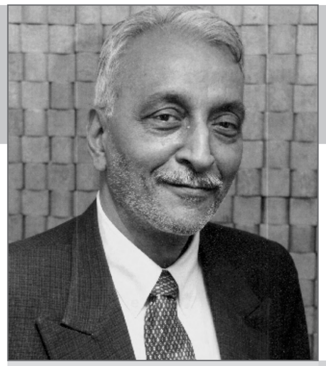
Kanga & Co.
Crawford Bayley & Co.
Little & Co.

Works

5/1/2 G.I.D.C., Vatva, Ahmedabad – 382 445

Contents

Annual General Meeting will be held on Wednesday, September 15, 2010 at 3.00 P.M. at the Mirage Hotel, International Airport Approach Road, Marol, Andheri (E), Mumbai - 400059. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.



Insights

Prabhakar Ram Tripathi
Chairman

Hindustan Dorr-Oliver's Visionaries provide an insight into the business developments as well as the future growth strategies.

"With opportunities abound in a booming economy; we at Hindustan Dorr-Oliver are quite excited about the times ahead. Given our management team's long standing experience in the industry which is bolstered by a dedicated team, our company is headed in pursuit of higher growth levels."

"We have emerged as and strengthened our positioning as a total engineering company with presence in EPC , Engineering Services and Manufacturing of Engineering Equipments. These diversification initiatives have been the cornerstone of our corporate strategy for reducing the cyclical impact of individual markets and enhancing the long-term performance of the company."

" As regards our Manufacturing division we have implemented automation of Design and Drafting functions by deploying knowledge based engineering tools and softwares. This knowledge management initiative has resulted in great reduction in cycle time in the engineering process in a big way."

"The culture of collaborative working across our business verticals has reduced cycle time and enables us to meet the delivery schedule for most of our customers resulting in generation of goodwill for our company."

"Output of the best quality is what we strive to deliver and we have a dedicated team for maintaining the ISO Standards which consistently undertakes Quality, Environment, Occupational Health & Safety Audits. The Team is responsible for effectively maintaining and exceeding the standards laid down by the Quality Certifications."

"We expect to maintain our momentum by strengthening our foothold in existing businesses and spearheading new initiatives. With sound businesses and a sound balance sheet, we are ready to pursue the next level of growth."

Insights

E.Sudhir Reddy
Vice Chairman

" While the EPC business continues to drive growth in terms of volumes, the manufacturing and engineering services are expected to boost margins and provide steady cash flows and strengthen our revenue model."

"We forsee the Engineering Services as a huge opportunity for the company. Having set up centres across the country our strategy is to leverage the engineering expertise of our company by extending these services to external customers through dedicated marketing efforts."

"The Manufacturing Division continues to grow organically as we focus on leveraging the strength of our technical collaborations with the low cost high quality manufacturing base. On the inorganic front, the Davy Markham acquisition will augment this business vertical to a great extent in terms of technology, product portfolio, geographical markets and manufacturing capabilities."

Beneficiation of various metals , Material Handling, Nuclear Power, Fertilisers and Hydrocarbons are a few industry verticals where we see immense potential in the year ahead and given that we have the expertise in these fields, we are poised to tap the opportunity."

"The fund raising exercise by the company is to strengthen our balance sheet as we have now grown and entered the bigger league of total engineering solution providers"

"Our commitment to the health and safety of our employees and communities remains unwavering. We strongly emphasise on these aspects at each and every stage of our operations."

"As we look to the future, we are confident that the contributions of our erudite management team and dedicated employees along with our focus on execution, will enable us to deliver long–term stakeholder value."

From the ED's Desk

S.C. Sekaran
Executive Director

'Aggression is often the best form of defence'

Dear Fellow Stakeholders

While the economic environment presented and continues to present challenges, our sound financial results and operational achievements over the past year reaffirm our solid reputation. This was an outcome of the fact that we took it upon ourselves **to respond aggressively to these challenges** and intensify our operational focus.

Resultantly, our net sales grew by a staggering 67.49 % and stood at Rs. 863.11 crores. This was mainly on account of good growth traction witnessed across all our business verticals.

The operating profits at Rs.106.38 crores translated into a growth of 84 % The cascading impact of the operating performance has led to a net profit growth of 84.08 % at Rs. 55.52 crores.

This has been possible on account of our ability to scale our existing business operations in the mineral beneficiation, water treatment, fertilizers and paper industry verticals. Further, our ability to successfully diversify, concurrently, into sunrise as well into industries with immense potential like Nuclear Power, Thermal Power, Iron Ore Beneficiation, Material Handling and Hydrocarbons continues to propel our growth performance to higher levels.

"An emerging area where Hindustan Dorr-Oliver has made significant inroads is Engineering Services. It is a conscious management decision at a strategic level to pursue this opportunity with a focussed marketing and execution team."

Our KPO, a part of our Engineering Services, has progressed satisfactorily as we have established a strong presence in the major cities and fortified our staff strength. The division continues to leverage its engineering expertise across various fields to deliver high end solutions.

Our long standing experience as a leading player in the EPC space with end-to-end skill sets to provide 'Concept to Commissioning' services in Designing, Manufacturing, Supplying and Installing Equipment, Systems and Processes across industries will act as the key driver for this business as these Engineering services entail plant maintenance and other ancillary services. Going forward, we forsee tremendous opportunity in India as well as in the international markets for the same.

The availability of skilled engineers and integration of India's Information Technology prowess in the fields of engineering and construction has made it the preferred destination for most global EPC contractors. A booming domestic economy has accentuated this situation.

As regards the manufacturing segment, this year is a landmark year in more ways than one. Not only did we expand our portfolio of proprietary equipments and register good organic growth but we also pursued the inorganic acquisition route.

The increased recognition of 'Made in India' Designs and Engineering products strengthens our case in the manufacturing segment. The growth prospects continue to remain robust as we increasingly focus on the hydrocarbons space with the right ingredients of technical collaborations and world class facilities.

We have acquired DavyMarkham, a UK based company. The synergies emanate from the product portfolio they offer, which we can leverage to strengthen our footprint in the Indian markets by offering heavy engineering equipments for the mining sector.

Further, with the acquisition of DavyMarkham, we have access to the tried and tested technology in the mineral, power and nuclear power segments, which have tremendous potential in India. We will bank upon the low cost advantage by transferring some of the manufacturing activities to our Indian facilities. The acquisition also gives us access to the European, Canadian and South American Markets.

Our EPC business continued to demonstrate great strength as we made significant progress with our strategy of creating a company which provides end-to-end services across sectors. We see great opportunity in the mineral and mining space as well as the entire chain of water management segment. This year, we undertook a total water management solution project for HMEL-Guru Gobind Singh Refinery at Bhatinda encompassing Raw Water Treatment Plant Package, RO-DM Plant package and the Effluent Treatment Plant Package. This gives us expertise across the chain and we are ready to take on bigger projects in this segment. The fertilizer and chemicals segment is also seeing significant expansions and investments by industry players and this opens up a lot of business potential especially in phosphoric acid, sulphuric acid and other fertilizer plants.

Operation and Maintenance is another area where we continue to focus on and given our excellent rapport and track record with our EPC clients we are able to garner revenues by undertaking Operations and Maintenance functions for them.

Committed to Sustainability and Scalability

While the short-term environment is challenging, we remain confident about our long-term prospects. Also, as the Indian economy progresses , the services component in the GDP growth is expected to increasingly play a dominant role and this underlines our confidence in our new initiative.

If you look at the tenets of sustainability, I believe that Hindustan Dorr-Oliver as an organization has most of them. Our Company has a sound business model with a project portfolio that is diverse in terms of client base and geography, the best-in-class technology offerings, a result oriented management team supported by our enhanced sales teams and engineering design and execution groups.

A large measure of the credit for the performance of our company goes to our dedicated and talented employees whose unwavering commitment to deliver on the promise made to customers fuels our growth.

We have on board, seasoned industry professionals who are committed to excellence. These collective strengths ensure the long term sustainability and scalability prospects of your company.

Our fund raising plans will further enable us to move into higher growth trajectories.

With this, I am positive that in the years to come we will continue to pursue the next level in terms of our business performance and in turn enhance value creation for all our stakeholders.

I look forward to your continued support.

S.C. Sekaran

Financial Highlights

FIVE YEARS AT A GLANCE

Standalone Operating Results 2006 - 2010

(Rs.in Lacs)

Year Ending 31st March	2010	2009	2008	2007	2006
GROSS INCOME	87,710.57	52,921.93	31,484.22	21,967.91	14,811.84
Excise Duty	803.34	694.71	620.29	608.27	424.14
Net Income	86,907.23	52,227.22	30,863.93	21,359.64	14,387.70
Cost of Sales	76,223.46	46,420.70	27,108.62	18,989.83	13,514.87
EBIDTA	10,683.77	5,806.52	3,755.31	2,369.81	872.83
EBDT	8,923.67	5,006.85	3,629.30	2,294.45	812.69
EBIT	10,134.00	5,467.96	3,515.37	2,212.25	798.42
PROFIT BEFORE TAX	8,373.90	4,668.29	3,389.36	2,136.89	738.28
Tax	2,822.21	1,652.32	1,125.77	601.57	90.88
PROFIT AFTER TAX	5,551.69	3,015.97	2,263.59	1,535.32	647.40
Dividends*	671.72	421.22	252.73	210.60	132.28
Retained Profits	4,879.97	2,594.75	2,010.86	1,324.72	515.12
Earnings Per Share on profit after tax (Rs.) **	7.71	4.19	3.15	2.16	1.31
Dividend Per Share (Rs.) **	0.80	1.00	0.60	0.50	0.40
Market Capitalisation***	74,922.04	13,789.11	34,580.79	21,691.75	49,283.81
Foreign Exchnage Earnings	1,619.62	61.73	826.47	1,415.08	949.76

* Including Dividend Distribution Tax

** Based on year-end Share Capital, reflects the impact of Corporate Actions such as Amalgamation and Bonus issue in the respective years.

*** Based on Year-end closing prices,quoted on the Bombay Stock Exchange.

Year Ending 31st March	2010	2009	2008	2007	2006
SOURCES OF FUNDS					
Equity	1,440.12	720.06	720.06	720.06	580.05
Reserves (Including Revaluation Reserve)	21,004.62	16,814.82	14,283.52	12,250.66	10,642.76
Shareholders' Funds / Net Worth	22,444.74	17,534.88	15,003.58	12,970.72	11,222.81
Loan Funds	7,861.12	1,556.96	4,071.92	-	3,415.40
Deferred Tax - Net	163.14	94.66	(20.10)	(60.53)	(85.81)
FUNDS EMPLOYED	30,469.00	19,186.50	19,055.40	12,910.19	14,552.40
APPLICATION OF FUNDS					
Fixed Assets (Gross)	11,002.63	9,412.21	6,576.86	5,531.95	5,036.57
Depreciation	3,138.91	2,586.09	2,255.38	1,998.95	1,847.85
Fixed Assets (Net)	7,863.72	6,826.12	4,321.48	3,533.00	3,188.72
Investments	176.06	170.25	349.18	171.78	165.20
Net Current Assets	22,429.22	12,190.13	14,384.74	9,205.41	11,198.48
NET ASSETS EMPLOYED	30,469.00	19,186.50	19,055.40	12,910.19	14,552.40
Return on Capital Employed	27.64	24.55	18.12	16.78	5.13
Net Worth Per Share (Rs.)	31.17	24.35	41.67	36.03	38.70
Debt : Equity Ratio	0.35:1	0.09:1	0.27:1	-	0.30:1

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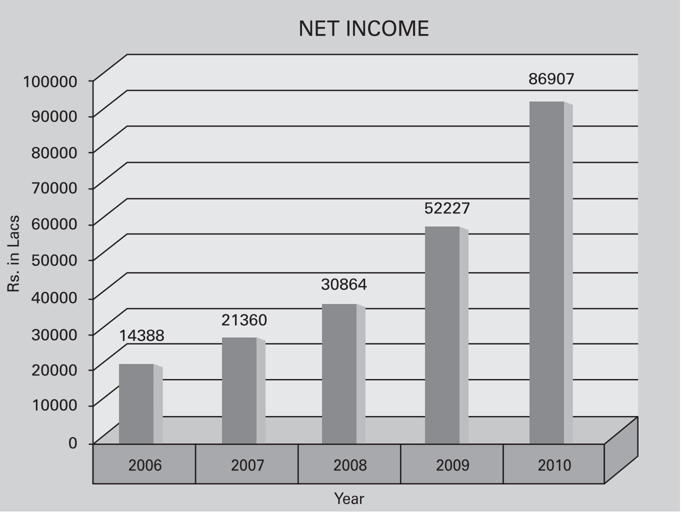
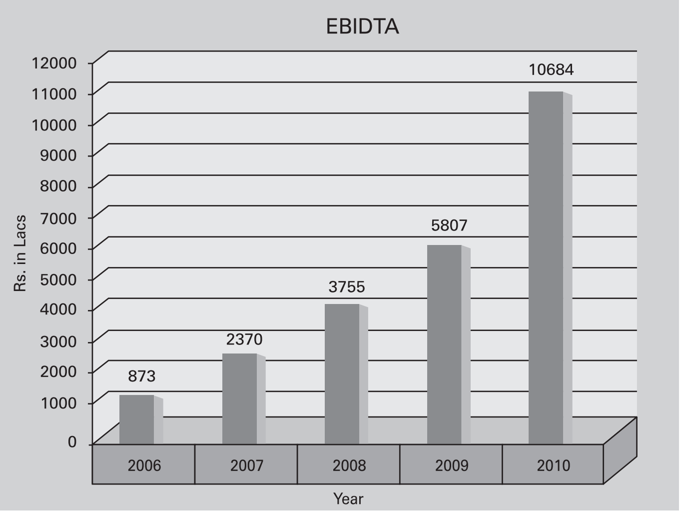
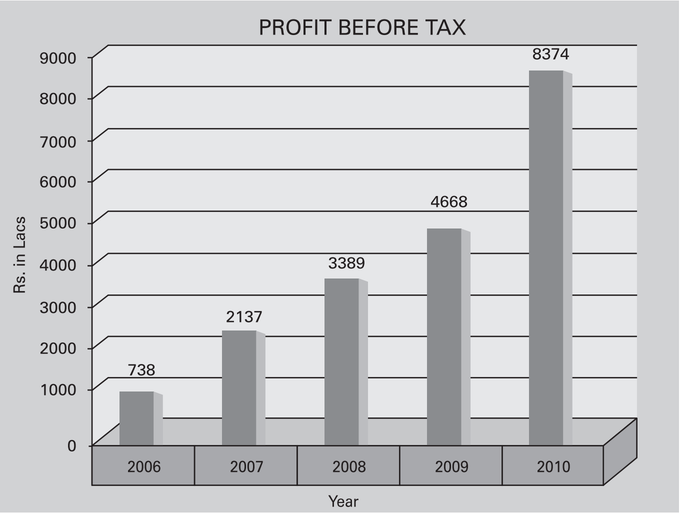
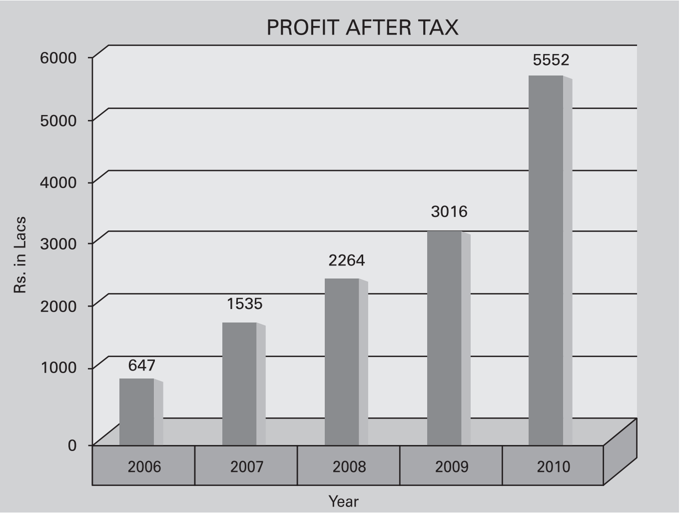
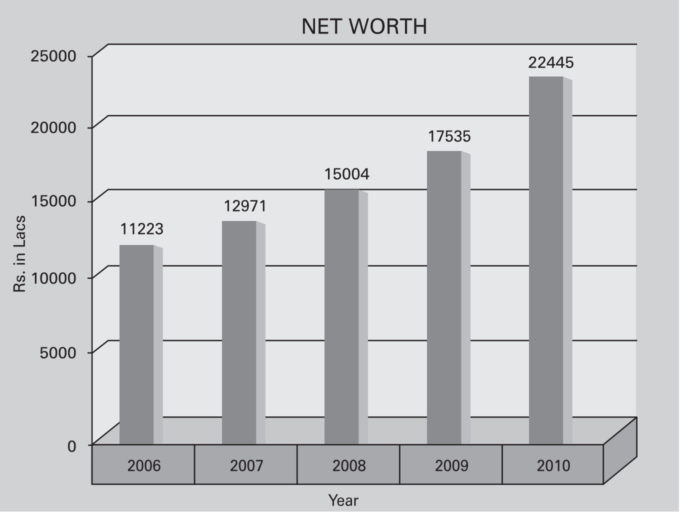
Performance Indicators

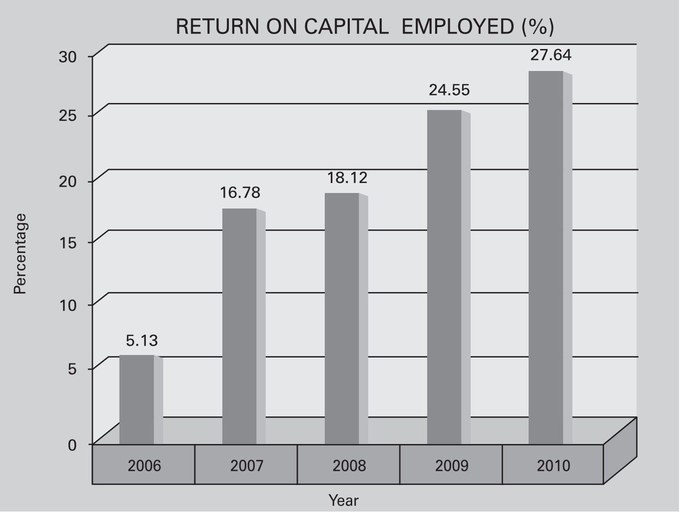












Engineering Services

With the Indian GDP expected to grow at a rate which is far higher than most world economies, the engineering and core industries are expected to witness tremendous growth. Industries like metals, minerals, refineries, fertilizers , water treatment etc are witnessing huge investments by both the public and private sector companies.

As our markets mature and the industries expand, we are confident that the services segment of the GDP will be contributing in an increasing manner to the overall proportion. We believe that the same holds true as regards the engineering space as fresh investments are continually being made along with the need to service existing plants.

As per NASSCOM , based upon the growing depth and breadth of services, flexible business models, large engineering base and global footprint with greater proximity to customers, India is continuously expanding its service portfolio to cover the full spectrum of product development value chain. India's engineering expertise is going beyond redesigning products to reengineer the production processes and business models to meet the needs of the domestic market.

Further, Indian Engineering Research & Development services market is expected to reach USD 40-45 billion by 2020 with exports revenues at about USD 35-40 billion and domestic revenues at USD 4-6 billion. In terms of industry verticals, Infrastructure, Aerospace and Energy are expected to contribute ~80 per cent of the domestic revenue.

Also, a report by NASSCOM and Booz Allen Hamilton estimate the total Engineering Services market to touch USD 1100 billion by 2020. Of this the outsourced component is pegged at USD 200 billion. Currently the outsourcing market is USD 15 billion of which India has a 12% share.

Thus in engineering services division the company sees tremendous potential for growth given the company's established track record in the EPC space. It also enhances our business model in terms of regular cash flows and better margins.

Under the Engineering Services division the company intends to provide services in terms of maintenance and enhancement of operational efficiency.

The Knowledge Processing Outsourcing division has progressed satisfactorily during the year as we have five full fledged centres across Mumbai, Chennai , Delhi and Ahmedabad in addition to Bangalore. The total strength of the company is 350 engineers and designers across the 5 locations.

We have been able to successfully leverage upon the depth of talent within our company by accessing the knowledge base across the Company and offer a cost effective proposition to the client.

While, at present the division's revenues accrue substantially from the company's EPC Division, we have scaled up the services we offer externally.

Some of the key projects undertaken and underway by this division include :

- Basic and Detail Engineering for Dry Gypsum Conveying and Cooling Water Systems for Coromandel International
- Detail Engineering of 5MIGD Mobile Desalination Plant at Al Ghubrah, Oman
- Feasibility Study for Product Handling System for GSFC Sikka
- Study of Scrubbing System for NPK (B) DAP Plant at Zuari Industries Ltd

Going forward we see this division contributing to around 20% of our revenues over a period of three years.

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Business Review

Going Forward we intend

- Increasing our man-power base
- Enhancing the contribution from external customers while continue to service the Engineering expertise required to meet our increasingly growing EPC business.
- Opening new centres and expand our footprint.

Drum Slaker, UCIL, KADAPPA

Manufacturing

India is fast emerging as a global manufacturing hub with a large number of companies shifting their manufacturing base to the country. Moreover, India has the largest number of companies, outside of Japan, that have been recognised for excellence in quality.

Our company manufactures engineering equipment for industries across various sectors such as metals & minerals, pulp and paper, sugar, fertilizers and chemicals water management, hydro-carbon, power and nuclear sector.

Our Product portfolio comprises :

Metals & Minerals

- Conventional Thickners
- Hi-Rate Thickners
- Deep Cone Thickners
- Clarifiers
- Belt / Pan Filters
- Kelly Filters
- Red Mud Filters
- Drum Filters
- Disc Filters
- Autoclaves
- Screw Classifiers
- Flotation Cells

Water Management

- Clarifiers
- Thickners
- Digesters
- Detritors
- Trickling Filter Distributor
- Clariflocculator
- Pretreator
- Surface Aerators
- Monorake
- Multimedia Filters
- Completreator

Pulp and Paper

- Pulper
- Aqua Separator
- DSM Screens
- Continuous Digester
- Brown Stock Washer
- Bleach Washer
- Shredder Repulper
- Recausticizing System
- Classifiers
- Clarifiers

Power & Hydro-carbon Sector

- Heat Exchangers - all types
- Pressure Vessels
- Tank Spheres
- Reactors
- Columns
- Storage Tanks
- Desalters
- Indirect Fired Heaters
- Air Cooled Condensers
- Evaporators

Chemicals, Fertilizers & Others

- Granulator
- Pulverizer
- Dryers
- Coolers
- Scrubbers
- Rapidorr Clarifier
- OC Filter
- Brine Clarifiers and Filters
- Jet and Mono Sizer

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Business Review

Given the cyclical characteristic of the EPC business, extension of the facilities at company's works in Vatva Gujarat, was to ensure scalability of the manufacturing division which is recurring in nature. This supports the revenue model of the company enabling it to even out the cash flows and provide a sustainable source of income to the company's revenues in addition to better margins.

The company would continue to grow by adding new products to the existing portfolio. Also the company sees its manufacturing business as one which provides revenues on a recurring basis in line with the demand for equipments.

Going forward, in-order to sustain the current high levels of growth, the company is eying the opportunity provided by the Heavy Engineering business division across industries with emphasis on the Power and Hydrocarbon sector.

According to the report, India is among the global top ten in the following sectors: basic metals; electrical machinery and apparatus; transport equipment, other than motor vehicles, trailers and semi-trailers; textiles; leather, leather products and footwear; coke, refined petroleum products, nuclear fuel; chemicals and chemical products. UNIDO estimates India's manufacturing value added (MVA) per capita is USD 283.

Our state-of-the-art infrastructure is second-to-none in our industry, placing us in a strong competitive position across all our product lines.

Key organic initiatives during the year :

We have augmented the manufacturing capacity of our Works to 8000 MT per annum in line with our growth plans. The existing product portfolio has been augmented by focus on Research and Development and development of new manufacturing technology, modification of existing products and development of new products through customer interaction and inhouse expertise. HDO entered into License Agreement with a company called Bronswerk Heat Transfer BV, Netherlands to manufacture equipment like Air Cooled Heat Exchangers, C Frame Condenser, HP Shell & Tube Heat Exchangers, Sub Sea Cooler, Fans. These are utilized in Thermal and Nuclear Power Plants which is a promising sector with huge growth potential.

The Manufacturing division has received a shot in the arm with our inorganic initiative. We have recently acquired, DavyMarkham an engineering company based in Sheffield, UK which will catapult our manufacturing division into a far higher league.

Going forward we see this division contributing to around 20% of our revenues over a period of three years.

Going Forward

The company intends catering to the equipments requirements of Thermal and Nuclear power sectors which is an emerging Sector in India It has tied-up with Bronswerk Heat Transfer BV, Netherland for manufacture of Air Cooled Heat Exchangers, Condenser and high Pressure Heat Exchanger with pressure more than 200kg/cm2 for the same. Further, the company has also signed an MoU with SPIG Cooling Towers India Ltd , a part of SPIG S.p.A of Italy which is a global leader in design, engineering, supply, erection , commissioning and testing of Industrial Engineered Custom built Cooling towers which find application across industries. This tie up will enable Hindustan Dorr-Oliver to expand its manufacturing and tap the business of cooling tower projects in refineries, power plants and other industrial plants.

The right combination of technical collaboration with our cost effective state of the art facilities gives us the cutting edge.

DavyMarkham

DavyMarkham Acquisition

....A Shot in the Arm for Manufacturing

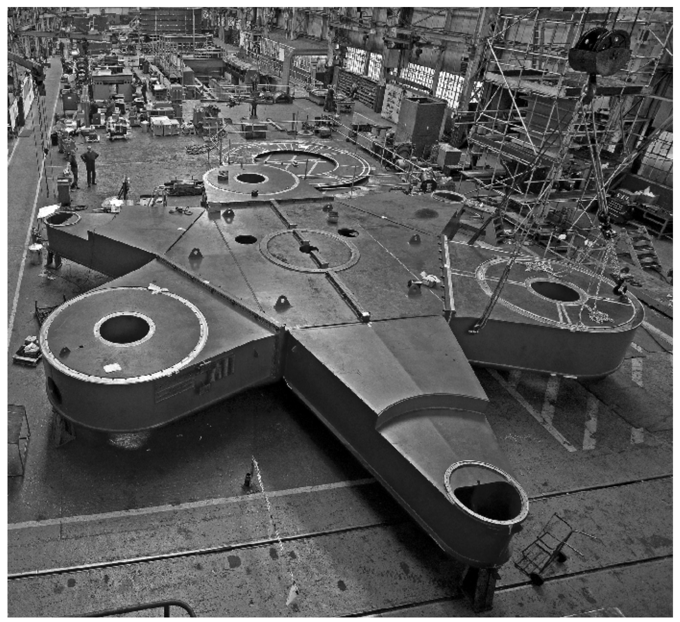
The Deal:

Hindustan Dorr-Oliver has acquired a 100% stake in Sheffield, UK based DavyMarkham. The acquisition has been funded entirely through the company's internal accruals as well as short term debt from banks. The company is under leveraged with 40-50% capacity utilization mainly on account of lack of financial support and by becoming a part of Hindustan Dorr-Oliver the prospects have multiplied.

The Synergies:

- Expansion of Industry Verticals

Mining : DavyMarkham has significant presence in the mineral sector and they manufacture winders and hoists. This technology is extremely crucial to countries like India who are graduating to underground mines as opposed to open cast mines. The advantage of the former lies in the fact that there is less amount of land required and hence lower the degradation. With increasing environmental awareness and better technology, Hindustan Dorr-Oliver is confident of capturing a huge market share in the Indian mining segment with DavyMarkham's tried and tested technology and its domain expertise of the Indian markets.



Heavy Engineering Equipment

Power Sector : India has a growing power segment while DavyMarkham manufactures rotary casings, valves and water gates for power plants in addition to other various heavy engineering and machining equipments.

Nuclear Sector : DavyMarkhan has experience in the nuclear engineering services in UK. Again with their technology and our Indian market know-how, we have complimentary skill sets to tap the markets. The potential lies in the planned capacity addition to the tune of 10,280 MW by 2012 and 20,000 MW by 2020 with an estimated investment of Rs. 1,30,000 crores in India. Of this the addressable market for the company is Rs. 300 crores in the nuclear steam supply system space and Rs. 1000 crores in the Balance of Plant space.

- Technical Approvals and Pre-Qualifications

In order to bid for bigger contracts; we need to meet certain pre-qualification criteria and technical approvals. As DavyMarkham has become a part of Hindustan Dorr-Oliver, we automatically benefit from the same and are qualified to participate across industry verticals such as minerals, metals, nuclear and other power segments.

- Combination of High End technology and Low cost Manufacturing base

With the combination of high end technology and a low cost manufacturing base in India , Hindustan Dorr-Oliver is on the cusp of a huge opportunity.

- Geographical Diversity.

While we intend leveraging on DavyMarkham's technological skill sets in the Indian markets, we also have access to the European, Canadian and South American Markets for our products and services where DavyMarkham has huge business presence.

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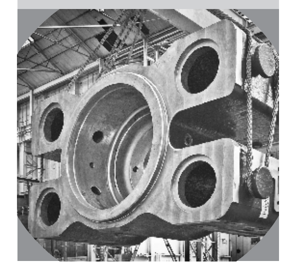
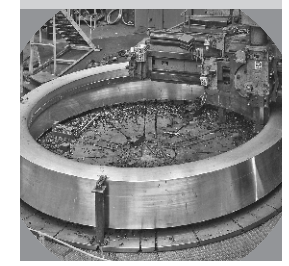
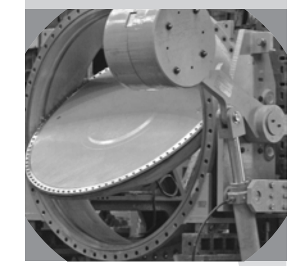
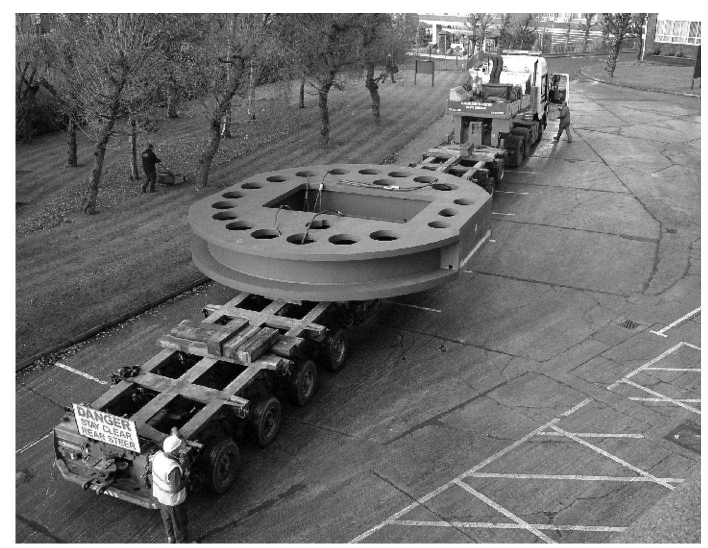
Business Review

DavyMarkham

Product Portfolio

Civil Infrastructure	Metal Industries	Mining	Power Generation	Water Control
• Bridges and tunnels • Flood control and water management • Transportation systems • Urban development	• Rolling mill housings • Forging press platens • Columns for presses • Drive spindles, cylinders	• Hoists - all types & sizes • Winders • Quarrying equipment • Tunneling Machinery	• Nuclear shield doors • Machined fabrications for stator frames • Low & intermediate pressure steam castings • Diaphragm plates • Main inlet valves • Water control systems	• Knife gate valves • Drum gate • Tailgate lifting equipment • Butterfly valves
				

Project Management → Engineering Design → Fabrication → Machining → Shop Assembly → Site Installation → Reconditioning → After Sales



TBM Drive Head

Winder Fabrication

Engineering, Procurement & Construction (EPC)

The key business of the company over the years, the EPC division has the end-to-end skill sets to provide services right from Concept to Commissioning of projects in designing, manufacturing, supplying, and installing equipments, systems and processes for liquid-solid separation and pollution control across various industries. A well institutionalized project execution strategy, managing costs & operations optimally, risk management structure and high safety standards are the other key strengths of the division.

We have dominant presence in the Metals & Minerals, Pulp & Paper, Fertilizers & Chemicals, Food and Pharmaceuticals, Breweries and Distelleries, Refineries and Petrochemicals, Oil and Gas, Phosphatic Fertilizers, Industrial and Water Management Sectors.

The support and in-house strength from the Manufacturing division is a big advantage for the company's EPC business segment as it leads to reduction in costs thereby enhancing profitability in addition to the KPO division.

Metals & Mineral

- Alumina Refinery
- Uranium Processing
- Iron Ore
- Chrome Ore
- Gold Ore Processing
- Material Handling
- Evaporation Plant

Water Management

- Effluent treatment
- Sewage treatment
- Raw water treatment
- Desalination
- Zero Liquid Discharge
- Industrial water recycle - reuse system

Pulp and Paper

- Raw material cleaning
- Continuous digestors
- Brown stock washing
- Bleach Washing
- Recausticizing Plant
- Pulp mill ETP

Chemicals & Fertilizers

- Phosphoric Acid Plants
- Phosphatic Fertilizer Plants

Metals & Minerals

The company has extensive experience in Uranium ore processing and the Alumina industry and has undertaken some prestigious projects under the same. It has over the years diversified into ferrous as well as non-ferrous ore processing capabilities.

The Company continued with its thrust on Minerals Business and retained its position as the lead player in Alumina Sector by securing an order around Rs. 100 Crores from M/s. ANRAK Alumina Refinery of 1.4 MMTPA capacity for Settler Washer Package and Milk of Lime Package. The Settler Washer Package is being executed with Technology from M/s Outotec, Germany.

The potential of the segment lies in the fact that the mining industry has been growing between three to five per cent in the last few years and is expected to sustain the same.

Iron Ore beneficiation & pelletisation is a new area where the company intends foraying into aggresively. With the estimated Iron Ore reserves in India pegged at 13.5 billion tons, we forsee good business traction as a 1 MTPA beneficiation plant entails a project cost of Rs. 75 crores and the same for pelletization plant is Rs. 200 crores. Bulk Material Handling entails transportation of material in consistent fashion using a series of conveyors and material handling equipment and finds wide application in the minerals, coal and cement industries. Hindustan Dorr-Oliver perceives this to be a natural extension to its Mineral beneficiation expertise and the opportunity lies in the Thermal Power Plants capacity additions planned at over 30,000 MW by 2020. These projects provide the scalability given that their value ranges from Rs. 100 to 500 Crores

Causticisation Plant, Vedanta, Lanjigarh

Business Review

Water Management

SBR System at HPCL Refinery, Mumbai

Recycling and effective water management has become a crucial activity given the scarce water resources. As the company has proven track record of providing complete water solution to various industries, there is huge potential for growth. The company has gained significant end to end expertise as it undertook the prestigious order of design ,engineering ,procurement, manufacture, electrical, piping, instrumentation, construction & all other works like erection, installation, testing, painting ,lining & insulation works ,storage at site & commissioning for total water management for HMEL-Guru Gobind Singh Bhatinda Refinery. The total water management system comprises - Raw Water Treatment Plant Package, Effluent Treatment Plant Package and RO-DM Plant package. This opens up a plethora of opportunities for us as several companies are undertaking Greenfield as well as Brownfield expansion projects.

- The company bagged a major LSTK Contract of Rs. 190 Crores from Indian Oil Corporation, Paradip for their new Refinery for UF-DM 56 MLD Capacity along with Condensate Polishing Unit (CPU) of capacity 53 MLD. This is the largest capacity of **UF-DM Plant in Asia.**
- The company bagged its **first Sea Water Desalination** Project order from Zirconium Complex, Tuticorin, under Department of Atomic Energy Enterprise of Capacity 1.5 MLD.

With this track record, the company is confident of huge growth in this segment.

Pulp and Paper

During the financial year, the company continued to build upon its niche offerings from raw material handling to complete fibre line, brown stock and bleach washers as well as re-causticizing and causticizing plants. The company continues to garner business traction as a one stop shop for pulp production by delivering complete pulp mill solutions from raw material to bleached pulp.

As there has been severe shortage of raw material in the country, the focus of Paper and Pulp industry is towards recycling of waste paper through de-inking technology. Your company is in talks with a Chinese partner for technology collaboration for the de-inking technology and wish to actively participate in the projects coming up in this sector.

Chemicals and Fertilizers

With Majority of the plants in India set up by Hindustan Dorr-Oliver, this segment provides us tremendous scope in terms of EPC business given the huge expansion plans announced by various players across the segment especially the phosphatic fertilizer/phosphoric acid segments.

HDO introduced the pipe reactor technology in India in collaboration with leader player in France/ Spain.

Chemical Handling System-HPCL

Rotary Dryer-RCF

DEAR SHAREHOLDERS,

Your Directors are pleased to present the 35th Annual Report and the audited accounts for the financial year ended March 31, 2010.

FINANCIAL RESULTS

The financial performance of the Company for the financial year ended March 31, 2010 is summarised below

(Rs.in lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Net Sales	86,311.22	51,530.81
Other Income	596.01	696.41
Total Income	86,907.23	52,227.22
Profit from Ordinary Activities before Tax	8,373.90	4,668.29
Provision for taxation	2,623.95	1,617.49
Tax adjustments for earlier years	198.26	34.83
Profit after taxation	5,551.69	3,015.97
Balance brought forward from previous year	3,410.34	2,615.59
Balance available for appropriation	8,962.03	5,631.56
Appropriations		
Proposed dividend for the financial year at the rate of 40% @ Rs. 0.80 per share	576.05	360.03
Corporate Dividend Tax	95.67	61.19
Transfer to General Reserve	2500.00	1,800.00
Retained profits carried forward to Balance Sheet	5790.31	3,410.34

PERFORMANCE

Your Company delivered another year of splendid performance despite a very difficult market scenario that was characterised by extremely volatile financial, commodity and consumer markets.

Your Company, by maintaining its strong leadership position in proven fields, achieved the turnover of Rs. 86,311.22 lacs (previous year Rs. 51,530.81 lacs). This was due to robust business traction across the EPC and manufacturing divisions. Further, the year ended with an impressive all around operational performance with Profit before Tax at Rs. 8373.90 lacs (previous year Rs. 4,668.29 lacs), a healthy rise of 79.38 % over the previous year, whereas Profit after Tax increased by 84.08 %.

These results were achieved through a focussed strategy of leveraging upon our strong presence in the existing industry verticals and at the same time, by tapping the opportunity presented by a growing economy.

During the year, one of the prestigious projects bagged by the company includes a complete water management system project for HMEL-Guru Gobind Singh Refinery of 9 MMTPA capacity coming up at Bhatinda, Punjab at a value of more than Rs. 300 crores. The complete package comprised Raw Water Treatment facility, DM/RO Plant and Effluent Treatment with modern eco-friendly technologies. This has given us the confidence that going forward, HDO can look at complete water management in the petroleum refineries.

The manufacturing facility has achieved another milestone of manufacturing a Huge Pressure Vessel called Autoclave which is the most critical equipment in Uranium ore Processing. This equipment was manufactured under stringent quality checks and inspection by Llyods and Bateman of South Africa. Our manufacturing facility has been upgraded with latest fabrication equipments like CNC tube sheet drilling machine, plasma cutting machine, plate bending machine and gearability machine at our factory premises.

Engineers India Ltd has accredited HDO with higher fabrication of stainless steel and carbon steel –Pressure Vessels from 30 MT weight to 100 MT and tubesheet thickness from 100 mm to 240 mm and for critical metallurgy like low temperature steel non-ferrous metal and clad construction equipment.

DIVIDEND

The company aims at wealth creation for shareholders. Towards this end, the dividend policy has been structured with a view towards effective balancing of the twin objectives of appropriately rewarding shareholders with cash dividend and ploughing back a portion of the earnings to meet the company's future investment requirements.

Keeping in view the overall performance of your Company, your Directors are pleased to recommend a dividend of Rs. 0.80 per Equity Share on face value of Rs.2/- each for the year 2009-10. (2008-09: @ Rs. 1.00 per equity share) on the enhanced share capital after the bonus issue in the ratio of 1:1.

TRANSFER TO RESERVES

The Company proposes to transfer Rs. 2500 lacs to the General Reserve out of the amount available for appropriations, and an amount of Rs. 2379.97 lacs is proposed to be retained in the Profit & Loss Account.

ACQUISITION OF DAVYMARKHAM

The Company continues to pursue the strategy of acquiring companies , globally, which complement our capabilities, provide access to niche skill sets and expand our presence in select geographies.

Hindustan Dorr-Oliver has acquired a 100% stake in Sheffield, UK based DavyMarkham through its wholy owned subsidiary IMCO (22010) Ltd in UK. The acquisition has been funded entirely through the company's internal accruals as well as short term debt from banks.

DavyMarkham Ltd. is a 180 year old manufacturing company involved in the design, manufacture and assembly of large equipment used in mining, quarrying, power generation, oil, gas and nuclear sectors. DavyMarkham Ltd. provides total engineering capability for extremely large turnkey projects, and manages the project throughout the whole process from engineering design, fabrication, machining to installation and commissioning of heavy and complex components and assemblies.

HDO intends to utilise DavyMarkham's presence and contacts along with its Engineering Capabilities in the oil, gas and power transmission markets in the Indian Market.

FUTURE PROSPECTS

The company's efforts are consistently directed towards the upgradation of its strategic capability to effectively address the challenge of growth in an increasingly competitive market scenario. The vision of becoming a global corporate entity through world-class performance has been put into action through creation of multiple business drivers of growth which has synergies with existing skill and competency.

HDO continues to tap opportunities in emerging as well as existing industry verticals some of which include

a) Material Handling systems

b) Iron Ore Beneficiation and Pelletization

c) Nuclear Power Plant: Component /Manufacture

d) Coal Washeries

e) Power Sector

f) Hydrocarbon sector

Material Handling Systems

Material handling is an important aspect of all process industries. Material handling equipment like long distance Belt Conveyors, Rapid loading systems, Belt trippers, Screw Conveyors, Stackers, Reclaimer, etc. are required for the transfer of mined ore to Process plant areas. HDO has a technical tie up with FMC Technologies Limited Inc., a US based leading global player in this area and has also bid for material handling systems for BCCL, CCL and Jindal Steel tenders.

Iron Ore Beneficiation and Pelletization

The natural mineral resource Iron Ore has become the focus point due to rapid growth in Indian Infrastructure industry and rapid urbanization. Demand of steel is increasing day by day and Indian Industry is seriously exploring options to beneficiate Iron ore fines, which are being exported to global market.

The process of converting Iron ore fines into uniform size iron ore pellets is called pelletization and these can be in blast furnace or in DRI Kiln. The pelletization plants are a highly profitable proposition for India as we need not dispose them at throw away price. Instead, they can be converted into pellets and sold at a premium value.

HDO has already tied up with the world leader for Technology of pelletization and has bid for jobs with NMDC/JSPL.

Nuclear Power Plant: Component /Manufacture

After signing the Nuclear Policy with Super Powers, Nuclear Power Plants has become a potential area of growth. Large global technology players have ventured into India to erect nuclear power plants in the country. HDO manufacturing facility is being upgraded with U-2/U-3 certifications from ASME-USA and NQA-1 certification to undertake nuclear component manufacturing. Moreover, the experience of Davy Markham shall also find effective utilisation at our manufacturing works in the accomplishment of this task.

Coal Washeries

India is endowed with 253 billion tons of Coal Reserves and the proven reserves stand at about 98 billion tons, corresponding to 10% of world's total proven reserves. Indian Coals are low in sulphur, however they have very high Ash Content (30% to 45%), compared to Ash in coal at developed countries (15 to 20%). The coal washeries help reduce ash content by 7-8 per cent in the coal and improve its calorific value translating to further benefits such as improvement in thermal efficiency, plant load factor, savings in freight, savings in ash re-handling and land and reduction in operation & maintenance cost. As per the Economic Survey report: CIL has envisaged setting up new coal washeries with an estimated investment of about Rs 2,500 crores and CIL wants the private sector Indian and foreign companies to set up non-coking coal washeries, on "Build, Own and Operate" basis. HDO is well geared up to take up this challenge, and has tied up with Ms Tangshan Guohua Technology Company Ltd., China as their technology partners to bid for the coal washeries.

Power sector

HDO has excellent engineering and execution skills to provide the complete utilities package for Power plants. Our capabilities include:

- Water Management systems
- Cooling Towers
- Ash Handing system
- Coal Handling system
- HVAC
- Fire Fighting system
- Associated Electrical and Control systems
- Civil and Structural works for all the above systems

Hydrocarbon Sector

The hydrocarbon sector in India has seen rapid growth in the past few years, and has been a focus area for HDO. We supply a wide range of high pressure equipments to the hydrocarbon industry which demands high level of engineering and manufacturing skill. We provide pressure vessels, heat exchangers, tankages, spheres, indirect fired heaters, pressure parts for boilers, instrumentation and piping packages.

We have a highly skilled in-house engineering team and a world class manufacturing facility at Vatva, Ahmedabad. We also have an excellent Testing facility, with R&D lab which ensures quality of all equipments shipped out of the factory. We are certified by all major consultants like EIL, UDHE, Samsung, PDIL, Toyo, Linde, Jacobs, etc. Our clients include both government entities and private players, such as Reliance Industries (RIL), Indian Oil Corporation (IOCL), Oil and Natural Gas Corporation (ONGC), Gas Authority of India (GAIL) and Hindustan Petroleum, etc.

ALTERATION IN OBJECT CLAUSE-ENTERING INTO NEW AREAS OF BUSINESS

The Company is planning to make a foray into the area of power plants and various related areas like nuclear, hydro-electric, thermal, wind and other power projects using conventional or non-conventional sources of energy which may be conveniently or advantageously combined with the existing business of the Company. Accordingly the Object Clause of the Company has been altered and has been approved by the Registrar of Companies on April 20, 2010.

BONUS SHARES

3,60,02,904 (Three Crores Sixty Lacs Two Thousand Nine Hundred Four Only) no. of equity shares of Rs. 2/- each fully paid-up, were issued as Bonus shares in the ratio of one bonus share for every one equity share held.

Consequently, the paid-up Share Capital of your Company as on March 31, 2010 stands increased to Rs. 14,40,11,616/- (Fourteen Crores Forty Lacs Eleven Thousand Six Hundred Sixteen Only) divided into 7,20,05,808 (Seven Crores Twenty Lacs Five Thousand Eight Hundred Eight Only) no. of equity shares of Rs. 2/- each.

FURTHER ISSUE OF CAPITAL

To finance growth plans, the Board of Directors have received Members approval to raise monies upto 50 million USD, by way of issue of further shares and/or issue of any convertible instruments either through preferential issue and / or qualified institutional placement and/or private placement/public offering or any combination thereof.

EMPLOYEE STOCK OPTION SCHEME

Pursuant to the applicable requirements of the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI guidelines"), your Company had framed and instituted HDO: ESOP-2005 to attract, retain, motivate and reward its employees and to enable them to participate in the growth, development and success of the Company.

The following table sets forth the particulars of stock options granted under HDO: ESOP-2005 to permanent employees and employees of its subsidiary.

Particulars	HDO: ESOP 2005
Options granted	2,52,000*
Pricing formula	The exercise price is 50% of the latest available closing market price at National Stock Exchange Limited on the date prior to the option grant.
Options Vested	Nil
Options exercised	Nil
The total number of equity shares arising as a result of exercise of options	Nil
Options lapsed/forfeited/expired	Nil
Variation of terms of options	Nil
Money realized by exercise of options	Nil
Total number of options in force	2,52,000*
Details of options granted to Employee:	
(I) Senior Managerial Personnel	
Mr. P. K. Mishra	4000
Mr. A. K. Gupta	3000
Mr. V. R. Oza	3000
Mr. D. R. Char	3000
Mr. P. D. Nathani	2500
Mr. M. G. Sahani	2500
Mr. Girish B. Dave	2000
Mr. Subodh Bhel	1500
Mr. Jaideep N. Parekh	1000
Mr. S. Jawahar	1000
Mr. Niraj Narayan	1000
Mr. Saket Bhatt	1000
(ii) Any other employee receiving a grant in any one year of options amounting to 5% or more of the options granted during that year	Nil
(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS 20 'Earning Per Share)	Rs. 7.69
Difference, if any, between the employees compensation cost calculated using the intrinsic value of stock options and the employee compensation cost recognized, if the fair value of the options had been used and the	Rs. 32,78,720 Rs. 21,64,283 Rs. 0.04

** Shall be adjusted for bonus issue*

SUBSIDIARIES

In compliance with the provisions of Section 212 of the Companies Act, 1956, copies of the Balance Sheet, Profit & Loss Accounts, Reports of the Directors and Auditors and other relevant statements in respect of subsidiaries of the Company - HDO Technologies Limited are attached to the Balance Sheet of your Company as on March 31, 2010.

The IMCO (22010) Limited, UK became the subsidiary with effect from February 28, 2010 and therefore the Balance Sheet, Profit & Loss Account, Report of the Directors and Auditors and other relevant statements of IMCO (22010) Limited are not attached to the Balance Sheet of our Company.

PUBLIC DEPOSITS

The Company did not accept any deposits from public during the year. Eleven depositors of previous years had not claimed their deposits amounting to Rs. 2.00 lacs as on March 31, 2010.

CORPORATE GOVERNANCE

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

BOARD OF DIRECTORS

Mr. S. D. Kapoor was co-opted as Additional Director on the Board with effect from October 30, 2010 and is eligible for appointment at the ensuing Annual General Meeting.

Mr. Prabhakar Ram Tripathi and Mr. T. N. Chaturvedi retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

STATUTORY AUDITORS

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

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

INTERNAL AUDITORS

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

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

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under the Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed to this report marked Annexure I.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure – II to the Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm in respect of the audited annual accounts for the year ended March 31, 2010:

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

(ii) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on March 31, 2010 and of the profit of the Company for that year;

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

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

INDUSTRIAL RELATIONS

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

HEALTH, SAFETY & ENVIRONMENT

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

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

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

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

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

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

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

E . Sunil Reddy	**S.C. Sekaran**
Managing Director	Executive Director

Hyderabad
May 7, 2010.

Plate Rolling Machine

Annexure I – Directors' Report

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

FORM A
(See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

	Year ended March 31, 2010	Year ended March 31, 2009
A. Power and fuel consumption		
1. Electricity		
(a) Purchased Unit	17.96 KWH	14.15 KWH
Total amount (Rs. In LACS)	100.51	76.60
Rate/unit (Rs./KWH)	5.59	5.41
(b) Own Generation Unit	0.35 KWH	0.40 KWH
Total amount (Rs. In LACS)	3.87	4.53
Rate/unit (Rs./KWH)	11.11	11.20
2. Coal (specify quality and where used)	NIL	NIL
3. Furnace oil	NIL	NIL
4. Others/internal generation (Diesel)	10,180 Ltrs	11,640 Ltrs.
B. Consumption per unit of production Electricity (Per M.T.) (Total Unit/total Production)	331.64 KWH	357.57 KWH

FORM B

Research and Development

1. Specific areas in which R & D was carried out by the company.

Detailed laboratory studies were conducted for the dewatering and washing of red mud slurry generated from the beneficiation of a specific bauxite ore. These studies were conducted at JNARDDC , Nagpur in connection with a greenfield project for Anrak Aluminium coming up at Vizag, Andhra Pradesh.

Laboratory filtration studies were conducted at UCIL Turamdiih on the Acid leach slurry for a Horizontal Belt Filter. This was in connection with the expansion plan for the uranium beneficiation plant at Turamdih.

Laboratory studies are continuing on Advanced Oxidation system and biological wastewater treatment Sequencing Batch Reactor system.

Detailed laboratory thickening and filtration tests were conducted on limestone flotation concentrate and tailings slurries at ACC Chaibasa in connection with the process modification plans of the client.

Testwork was conducted on removal of silica from synthetic effluent using dolomitic lime and limestone to establish chemical requirements and treatment efficiencies. This was in connection with the ongoing process commissioning of the effluent treatment plant at IOCL Haldia.

Filtration tests were conducted jointly with the BARC team at Atomic Minerals Division, Hyderabad on Neutral and Alkali Leach slurries to confirm process parameters. This was in connection with the ongoing project at UCIL, Tummalapalle.

2. Benefits derived as a result of above R & D efforts.

Based on the laboratory studies conducted for dewatering and washing of red mud slurry, an order worth around Rs 100 crore was received from Anrak Aluminium for the Red mud Settler –Washer system required for the greenfield alumina refinery coming up at Vizag, Andhra Pradesh.

3. Future Plan of action

The corporate R&D Centre at Ahmedabad is being expanded in line with the requirements of the company and outlined in discussions with the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Govt of India.

The Company plans to continue research in the areas of Wastewater Treatment, Mineral Beneficiation and Pulp and Paper technology.

4. Expenditure on R & D.

Recurring	:	Rs. 165.35 lacs
Total	:	Rs. 165.35 lacs
Total R & D expenditure as Percentage of total turnover.	:	0.19%

Technology absorption, adaptation and innovation.

1. Efforts, in brief, made towards technology absorption, adoption and innovation.

Cooperation Agreement with Central Pulp and Paper Research Institute, Saharanpur to work jointly and obtain research on technological developments in the field of Pulp and Paper .

2. Benefits as a result of the above efforts.

R & D efforts coupled with acquisition of new technology have helped the company become a leading technology provider in various areas and enabled it to bid for projects in India as well as overseas. Sustained efforts and improvements in technology, have helped the company bag a major order from Anrak Aluminium.

Foreign Exchange Earnings and Outgo

Particulars	(Rs. In lacs)	
	2009-10	2008-09
(I) Foreign Exchange earned	1619.62	61.73
(ii) Foreign Exchange used	4735.97	1,429.84

On behalf of the Board of Directors

E . Sunil Reddy
Managing Director

S.C. Sekaran
Executive Director

Hyderabad
May 7, 2010.

ANNEXURE - II

Information as per section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year 1st April, 2009 to 31st March, 2010

Name	Age (In Years)	Qualification	Experience (In Years)	Date of Joining	Description & nature of duties	Gross Remuneration (Rs in lacs)	Last Employment Held
Mr. E. Sunil Reddy	48	B. Com, LLB	24	29/1/2007	Managing Director	447.74	IVR Prime Urban Developers Limited
Mr. S. C. Sekaran	55	Masters in Statistics	32	8/9/2005	Executive Director	42.52	Ballarpur Industries Limited
Mr. P. K. Mishra	48	B. E. (Chemicals)	26	11/1/1990	Joint President	27.54	Hindalco Industries Limited

Notes :

(1) Gross remuneration as shown above includes Salary, Performance Incentive, bonus/commssion, House rent allowance, other allowances, Company's contribution to Provident Fund, Superannuation Scheme, Gratuity, Leave Travel Assistance and Medical Expenses reimbursed as per terms of apppointment

(2) Mr. S. C. Sekaran and Mr. P. K. Mishra are not relatives of any Director of the Company.

On behalf of the Board of Directors

E . Sunil Reddy
Managing Director

S.C. Sekaran
Executive Director

Hyderabad
May 7, 2010.

SOCIO-ECONOMIC ENVIRONMENT

Following one of the deepest downturns in recent times, the global economy staged a smart recovery during 2009-10, especially in the latter half, driven by an extraordinary level of coordinated international action in the form of policy stimulus, monetary as well as fiscal.

The Indian economy staged a remarkable recovery to grow at 7.2% during the year, facilitated by policy stimulus and increased government spending. A faster pace of growth in investments, the sharp pick up in capital inflows and a resurgent stock market are some of the key positives that augur well for the economy.

The growth agenda can become sustainable only if it includes in its wake strategies, both national and corporate, to enhance environmental and societal capital, thereby translating to development. In line with this philosophy, your Company is pro-actively engaged in enlarging its contribution to the development of the nation through a conscious strategy of investment / diversification, and operations that enhances the competitiveness of entire value chains it is engaged in.

COMPANY PERFORMANCE

Your Company posted yet another year of impressive performance with a healthy topline growth and high quality earnings, reflecting the robustness of its corporate strategy of creating multiple drivers of growth. This performance is stellar when viewed against the backdrop of the extremely challenging environment.

Gross Turnover for the year grew by 67% to Rs 871.15 crores. Pre-tax profits increased by 79% to Rs 83.74 crores while Post-tax profits at Rs 55.52 crores registered a growth of 84%.

New Fabrication Bay at Works (60 x 300 ft)

BUSINESS VERTICALS

There are three main business verticals, namely:

a) Design and Engineering
b) Manufacturing
c) EPC Projects

a) Design and Engineering

This division operates in a rapidly changing engineering services outsourcing landscape by providing the right blend of domain expertise and intellectual capital to client base spread all across the globe, besides supporting the in-house requirements. We provide engineering solutions to high end technology sectors comprising of process design, engineering analysis, engineering process support, production and plant engineering, design automation, etc.

Our design & engineering is a key component of our business and is involved from the bidding stage up to final completion of a project. The role of the design team involves the detailed review of the request for proposal, analyzing the requirements and the feasibility of the project, preparing an outline of the peculiarities of the project to ensure the in-house competencies including the design and manufacturing unit are capable of undertaking the project in the time frame.

Our design teams are located at various locations in India, i.e. Bendaluru, Mumbai, Ahmedabad and Chennai, and are supported by our research and development unit at Ahmedabad. Currently, our design team consists of over 350 engineers specializing in various disciplines like civil, chemical, mechanical, piping, electrical and instrumentation.

HDO-Design and Engineering Offices provide "concept to commissioning" engineering services also. All our locations have been integrated with Mumbai office to facilitate sharing of technical resources/ expertise among the various units.

Heavy Equipment-Vessel

DORR-OLIVER
HINDUSTAN DORR-OLIVER LIMITED

Management Discussions and Analysis

b) Manufacturing

HDO has manufacturing and fabrication facilities at:

I) Vatva in Ahmedabad, Gujarat and

ii) DavyMarkham, Sheffield, U.K.

HDO manufactures and supplies custom designed and engineered critical equipment and systems to the core sector industries like Fertilizer, Petrochemical, Chemicals, Oil & Gas, Metals & Minerals, Pulp and Paper segments at Vatva centre.

HDO is involved in manufacturing of Static equipment like Heat Exchangers, Pressure Vessels, Column, Reactors and various other proprietary equipments related to solid-liquid separation.

The company has launched a number of initiatives aimed at establishing leadership position in manufacturing in the global market and seize the opportunities in manufacturing in overseas markets. The key initiatives are as follows:

a) Capacity augmentation
b) Capability building
c) Improvement initiatives

Auto Clave

Capacity Augmentation

Company has carried out substantial capital expenditure worth Rs.16 crores during the year in line with its growth plans-5 nos. of dedicated fabrication bays with overhead crane of maximum 100 MT capacity, each of 60 ft wide x 380 ft long, each catering to separate material of construction. Further, to enhance productivity and increase precision, ultra modern CNC tube sheet Drilling Machine DAE Yang Korea make, L&T Messer make CNC Plasma/ GAS Cutting Machine, Rolling Machine were installed in the factory. With all this augmentation, the manufacturing capacity of our Works has increased to 8000 MT per annum.

Capability Building

The company lays special emphasis on continuous development, adaptation of new manufacturing technology, modification of existing products and development of new products through customer interaction and R&D efforts. New facilities like shot-blasting, painting booth and radiography facility to enhance the quality of finished products has been established at our factory. Welding resources have been expanded with capabilities of long seam welding, narrow gap welding and MIG welding by hiring qualified welders and providing them full fledged training on welding procedures approved by TPI & U Stamp for a large variety of metallurgies. It has already received accreditation from agencies like Lloyds, BV and EIL, etc. We could enhance our registration of manufacturing capability with reputed PMCs like EIL, UHDE, TOYO, IOCL, Foster Wheeler, Jacobs, Technimont and ONGC, etc.

HDO entered into License Agreement with a company called Bronswerk Heat Transfer BV, Netherlands to manufacture equipment like Air Cooled Heat Exchangers, C Frame Condenser, HP Shell & Tube Heat Exchangers, Sub Sea Cooler, Fans. These are utilized in Thermal and Nuclear Power Plants which is a promising sector with huge growth potential.

Looking forward, we are also targeting business sectors like Nuclear Power Plant, Solar Power Plant, Thermal Power Plant areas for their component manufacturing requirements.

Improvement Initiatives

Automation of Design and Drafting work using knowledge based engineering tools and software is helping in knowledge management and cycle time reduction in engineering in a big way. Improved collaborative working across functions and reduced cycle time has helped in meeting the contractual delivery date of the customers in majority of the cases.

DavyMarkham

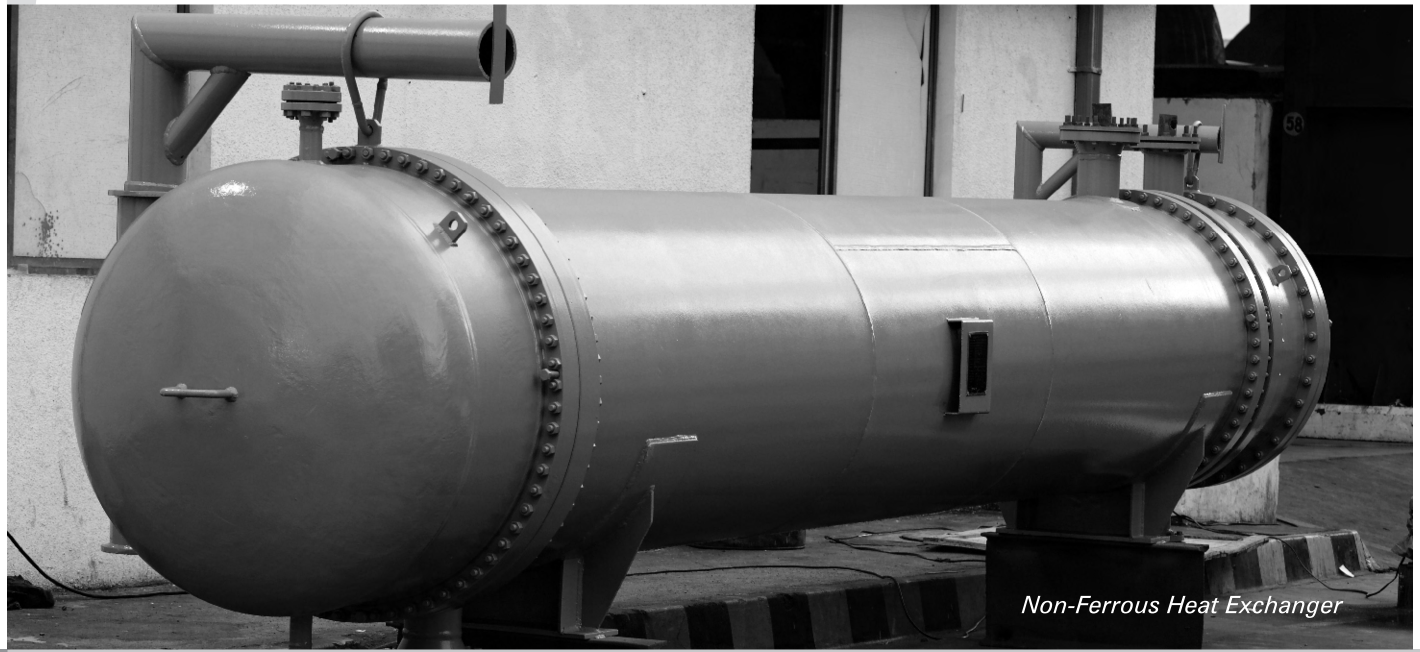
DavyMakham is a 180 year old heavy end equipment fabrication company operating from Sheffield, UK with capabilities of design, manufacture, fabricate and machining heavy and complex engineering components and assemblies in Mining, Power generation, Nuclear and Steel sectors. The latest state of the art workshop, situated in Sheffield (UK) is unique in Western Europe, in terms of capacity and capabilities for heavy fabrications and machined components. This company has been acquired by HDO. We are able to handle extremely large turnkey projects, utilizing DavyMarkham's expertise in hydraulics, controls, engineering, installation and servicing. We also have the capability of moving individual structures weighing up to 350 tonnes.

DavyMarkham is also one of the world's leading suppliers of mine hoists and associated equipment for the mining industry. Till now, more than 300 hoists of all types and sizes have been supplied to various customers around the world. They are capable of providing complete range of mining hoists and equipment which includes Friction hoists; Single drum hoists; Blair hoists; Sinking hoists; Stage winches; Haulage units; Specialist winches; Head sheave assemblies, etc. With many Indian mining companies opting for underground mines, we see a huge growth potential for these products in Indian Markets.

C) Epc Overview

EPC business delivers engineering, procurement & construction solutions in the Fertilizers, Metals and Minerals, Petroleum Refinery and Water Management sectors. It provides single source responsibility for execution of lump-sum turnkey projects across multiple geographies. The expertise and experience of E&C (Projects) Division arising out of a successful track record in executing projects, encompasses front-end design, engineering, fabrication, project management, procurement, construction, installation and commissioning. These integrated strengths are backed up by flexibility of operation and agility in response. A well institutionalized project execution strategy, managing costs & operations optimally, risk management structure and high safety standards are the other key strengths of the division.

Some of the key inherent strengths that enables this division to offer world class solutions to its clients include:



Non-Ferrous Heat Exchanger

a. Large HR base with qualified and experienced personnel from various disciplines with proven expertise in multiple business domains

b. Strong engineering capabilities with sophisticated plant design systems

c. Conformance to globally recognized management systems standards

d. State of art own manufacturing / fabrication facility

e. Technology tie-up with Global market leaders

Tough competition from emerging EPC players both in domestic and international markets is a challenge to tackle. The large size of the envisaged projects in new business areas like Bulk Material Handling, Iron Ore Beneficiation / Pelletisation, Coal Washeries, etc. has brought us additional challenges such as accurate cost estimates, adherence to demanding project schedules, execution on fast track basis within the estimated cost.

RO Plant-IOCL, Haldia

SIGNIFICANT ACHIEVEMENTS DURING THE YEAR

- The Company has bagged a prestigious order from HMEL, a new grassroot Refinery coming up at Bhatinda for complete Water Management facility worth about Rs. 350 Crores. This includes Raw Water Treatment Facility (RWTP), RO-DM Package, and Effluent Treatment Package (ETP). This order will be a major prequalification to the Company to bid for such big orders in upcoming new refineries with HPCL, Nagarjuna Refinery, etc.
- The Company continued with its thrust on Minerals Business and retained its position as the lead player in Alumina Sector by securing an order around Rs. 100 Crores from M/s. ANRAK Alumina Refinery of 1.4 MMTPA capacity for Settler Washer Package and Milk of Lime Package. The Settler Washer Package is being executed with Technology from M/s. Outotec, Germany.
- A major achievement during the year was the award of major LSTK Contract of Rs. 190 Crores from Indian Oil Corporation, Paradip for their new Refinery for UF-DM 56 MLD Capacity alongwith Condensate Polishing Unit (CPU) of capacity 53 MLD. This is the largest capacity of UF-DM Plant in Asia.
- BALCO, Korba has placed as an order with Hindustan Dorr-Oliver Limited worth around Rs. 130 Crores for Fume Treatment Plant (FTP) for their Smelter Project. This project is executed with Technology from M/s Fives Solios, France and this is repeat order in recognition of preferred Vendor status with Vedanta Group and completion of FTP Project at Jharsuguda.
- Company secured Sea Water Desalination Project order of Capacity 1.5 MLD from Zirconium Complex, Tuticorin, under Department of Atomic Energy Enterprise.

PATH FORWARD

The vision of enlarging the company's contribution to the Indian economy is manifested in the creation of unique business model that fosters International Competitiveness of not only its business but also the entire value chain of which it is a part. Each business vertical within the portfolio is continuously engaged in upgrading the strategic capability to effectively address their challenges of growth in a competitive market scenario. The company has identified the following business areas which has synergy with the existing line of business:

a) Bulk Material Handling

b) Iron Ore Pelletization

c) Nuclear Power – Manufacture of components / sub-assemblies.

d) Coal Washeries

e) Power Sector

f) Hydrocarbons sector

We have identified technology partners for each of the above areas and dedicated teams are working on various tenders in these areas. We have already submitted few tenders in Iron Ore Beneficiation and Pelletisation Plant and Bulk Material Handling.

The manufacturing facility is being upgraded to meet the requirements of Nuclear Component manufacture as nuclear sector is emerging as a major growth sector in the country.

Plate Bending Machine

INTEGRATED MANGEMENT SYSTEMS

HDO as a corporate Citizen is committed to demonstrating a high standard of environmental protection, sharing of best practices and provision of safe and healthy environment. With an intention to become globally competitive, HDO has established Integrated Management System (IMS) to ensure QHSE – a way of life in all our activities across the organization for every employee of the company. Health, Safety and Environment (HSE) is a high priority issue at Hindustan Dorr-Oliver Ltd.

HDO along with HDOT and Manufacturing facility is now a QES certified organization by M/s. International Standards Certification body, Australia.

To establish a direction towards attaining world-class environmental management, your Company has identified key performance indicators such as material consumption, energy efficiency, GHG emission, air quality, ozone depleting substances and water consumption. This truly puts your company into the leagues of a world-class environmentally managed company.

HUMAN RESOURCES

Human resources represent the collective expertise, innovation, leadership, entrepreneurship and managerial skills of an organization. Given the right environment and nurturing that is provided, time and time again seemingly "Ordinary" people surprise the Company as they deliver "Extraordinary" results. This has indeed been the cornerstone of HDO's resounding success. While continuing to harness the limitless potential and capability of the Human Mind, Spirit and Energy, the Company constantly endeavors to provide a platform for individual opportunities and growth of its people across diverse businesses, manufacturing sites and services in multiple locations.

Talent acquisition and retention is therefore a focal point at all levels of management. The Company has launched many initiatives for its talent management viz. leadership development, sharpening performance management, revamping training & development and higher emoluments through compensation restructuring.

Reactor-HMEL

Management Discussions and Analysis

INTERNAL CONTROLS

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

The organization is well structured and the policy guidelines are well documented with pre-defined authority. The Company has also implemented suitable controls to ensure that all resources are utilized optimally, financial transactions are reported with accuracy and there is strict compliance with all applicable laws and regulations.

The Company has put in place sufficient systems to ensure that assets are safeguarded against loss from unauthorized use/ disposition and that transactions are authorized and reported. The Company also has an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

Your Company has in place an adequate and appropriate system of internal control to ensure efficacy of operations and compliance with applicable legislation. Towards achieving the same, your company has in place the following mechanisms:

Monthly Business Reviews for each Division by Senior Management

Comprehensive Compliance Framework with reporting from accountability levels to the Division and onwards to Senior Management and the Board.

Comprehensive Internal Audit Plans and regular Internal Audits of the Division/s with concentration on review of audit findings by the Audit Committee in addition to other business areas

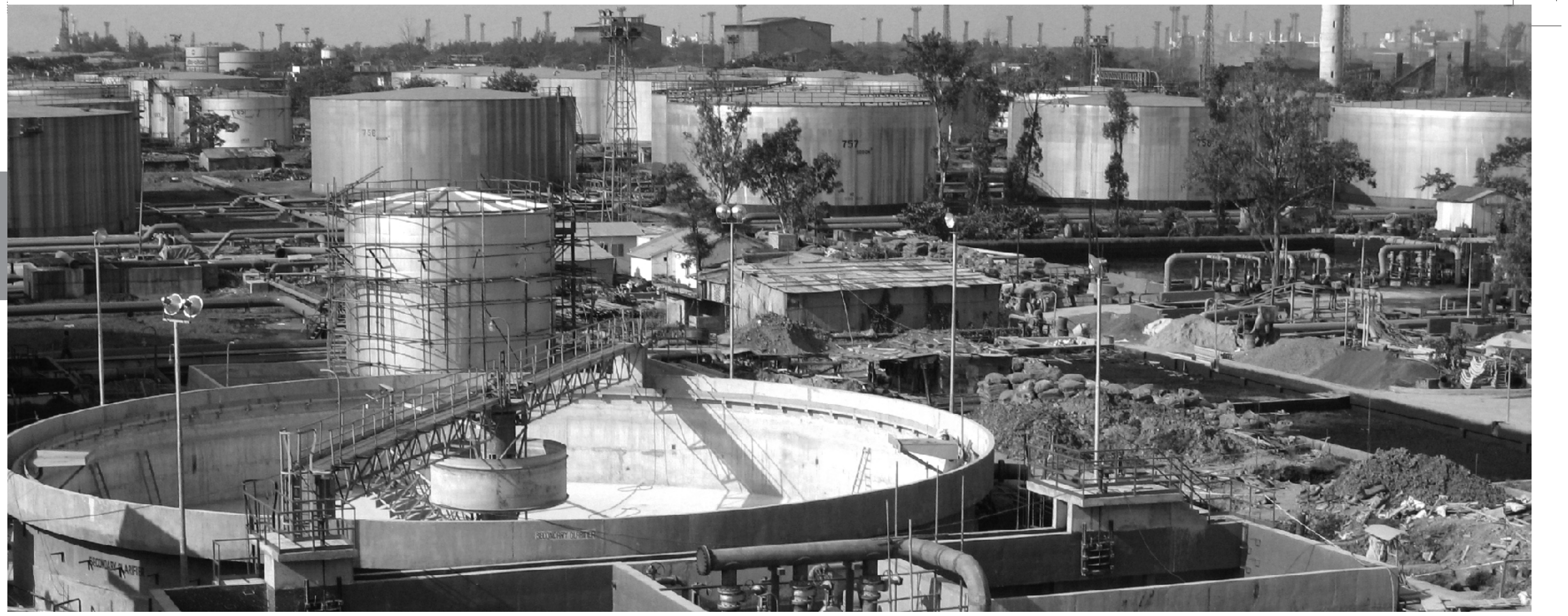
Regular reporting to the Board on investor related matter as well as fulfillment of SEBI, Listing Agreement requirements and other corporate laws.

RISK MANAGEMENT

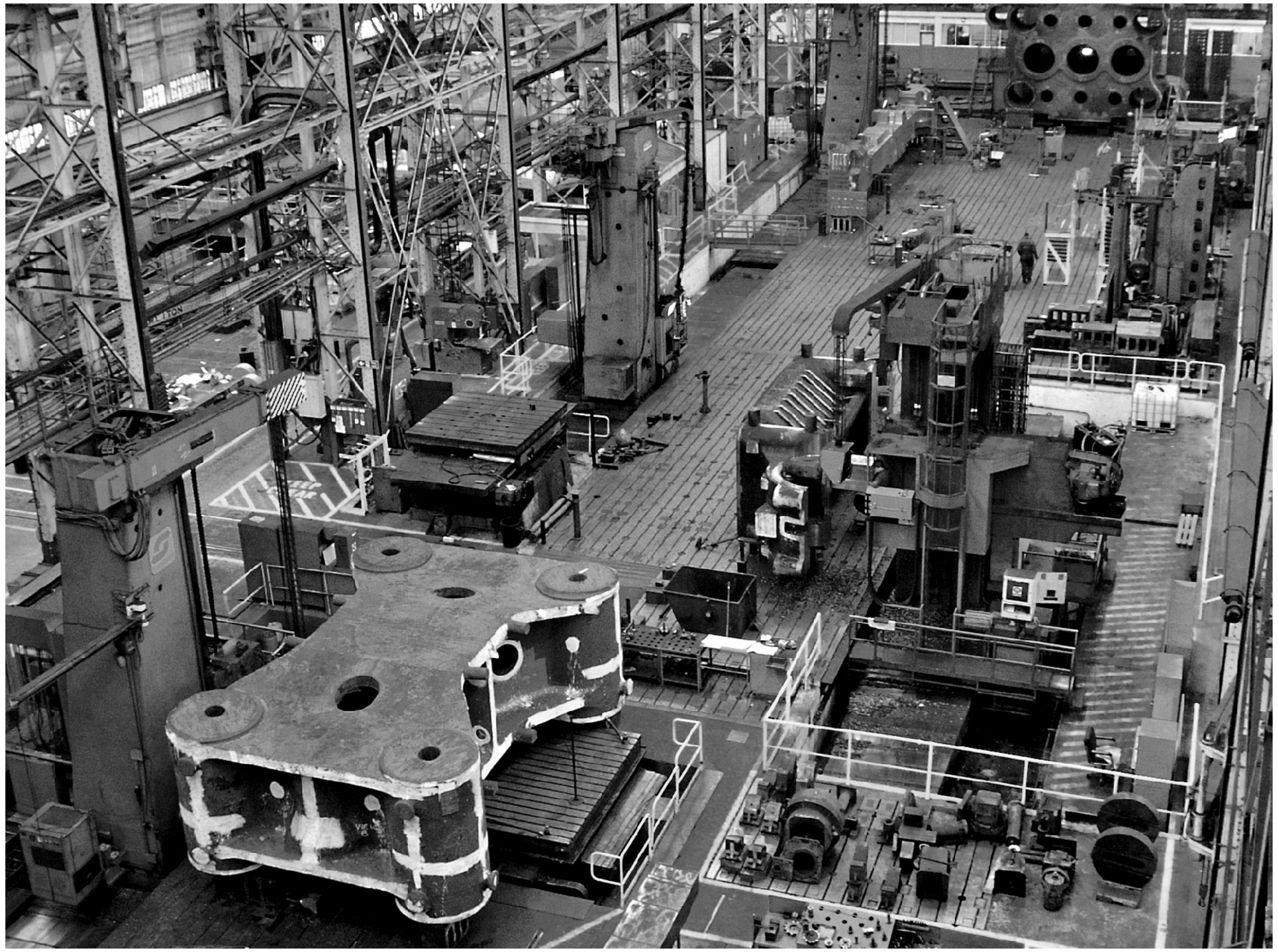
While the businesses of the Company continue to expand, the attention of the management is increasingly being focused on risk management. Adhering to the stringent time and cost targets in executing mega projects is of critical significance. The Company has taken steps for establishing an effective risk management mechanism for monitoring the status of the significant risks and reviewing mitigation effectiveness.

CAUTIONARY STATEMENT

Statements made in this Annual Report describing the Company's objectives, projections, estimate, expectations may be "Forward Looking Statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic & overseas markets in which the company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.



Overview IOCL Haldia



Manufacturing Bay at DavyMarkham

OVERVIEW:

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The management of HDO accepts responsibility for the integrity and objectivity of these financial statements as well as for various estimates and judgments used therein.

The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions and reasonably present the state of affairs on the Balance Sheet date and profits of the Company for the year ended on that date.

The Company continued its growth in terms of revenue and profitability in Fiscal 2010 also. The Company's total revenue increased to Rs.86,311 lacs i.e. increased by 67.50% over Fiscal 2009 and Net income (PAT) rose to Rs.5,552 lacs, an increase of 84.08% over Fiscal 2009.

FINANCIAL PERFORMANCE:

A summary of the Company's financial position as at March 31, 2010 and 2009 is given below:

(Rs.in lacs)

	March 31, 2010	%	March 31, 2009	%	Variance %
Sources of funds					
Share capital	1,440.12	4.73	720.06	3.75	100.00
Stock options	36.11	0.12	-	-	100.00
Reserves & Surplus	20,968.51	68.81	16,814.82	87.64	24.70
Total Shareholders' funds	22,444.74	73.66	17,534.88	91.39	28.00
Secured loans	7,861.12	25.80	1,556.96	8.12	404.90
Deferred tax liability	163.14	0.54	94.66	0.49	72.34
	30,469.00	100.00	19,186.50	100.00	58.80
Application of funds					
Fixed assets	7,863.72	25.81	6,826.12	35.58	15.20
Investments	176.06	0.58	170.25	0.89	3.41
Current assets, loans & advances					
Inventories	5,016.94	16.46	3,114.77	16.23	61.07
Sundry debtors	16,720.86	54.88	15,561.92	81.11	7.45
Cash & bank balances	420.89	1.38	2,466.05	12.85	(82.93)
Other current assets	29,724.26	97.55	20,098.36	104.75	47.89
Loans & advances	10,001.83	32.83	8,340.57	43.47	19.92
	61,884.78		49,581.67		
Current liabilities & provisions					
Current liabilities	38,494.48	126.34	36,786.28	191.73	4.64
Provisions	961.08	3.15	605.26	3.15	58.79
	39,455.56		37,391.54		
Net current assets	22,429.22	73.61	12,190.13	63.53	83.99
	30,469.00	100.00	19,186.50	100.00	58.80

HINDUSTAN DORR-OLIVER LIMITED

Management Discussion and Analysis of Financial Condition and Results of Operations

1. SHARE CAPITAL

At present, the Company has only one class of shares – equity shares at par value of Rs.2.00 each. The authorized share capital of the Company consists of 100,000,000 equity shares of Rs.2.00 each amounting to Rs.2,000 lacs.

The total paid up share capital as at March 31, 2010 increased to Rs. 1,440.12 lacs as against Rs. 720.06 lacs in the previous financial year pursuant to an issue of bonus shares in the ratio of the equity share of Rs. 2/- each for every one equity share of Rs. 2/- each on record date.

2. RESERVES AND SURPLUS

Revaluation Reserve:

The revaluation reserve amount of Rs. 2,077.16 lacs as on March 31, 2010 represents revaluation of some land and buildings carried out during 1989, 1993 and 1996 by certified valuers giving rise to addition of Rs. 2,756.92 lacs as reduced by depreciation of Rs.679.76 lacs on revalued portion of these assets up to March 31, 2010.

General Reserve:

Out of the profits for the year Rs. 2,500 lacs has been transferred to general reserve and balance of Rs. 2,379.97 lacs (after providing for dividend) has been retained in the profit and loss account.

Total Shareholders' funds of the Company stood at Rs. 22,444.74 lacs as on March 31, 2010 as compared to Rs. 17,534.88 lacs as on March 31, 2009. The book value per share having face value of Rs.2.00 works out to Rs. 31.17 for the year ended March 31, 2010 as compared to Rs. 24.35 as of the previous year end resulting in an increase of 28%. The book value for the previous year has been adjusted as a result of the bonus issue.

3. SECURED LOAN

The details of Secured Loans are discussed below:

	March 31, 2010 (Rs. in lacs)	March 31, 2009 (Rs. in lacs)
Term Loan	-	-
Working Capital Loans	7,861.12	1,556.96
Total	7,861.12	1,556.96

The Company has availed working capital loan from banks to finance its operations. The limit is optimally operated for duly meeting the requirements of the banks in compliance with the terms of the loan agreements.

4. FIXED ASSETS

	March 31, 2010 (Rs. in lacs)	March 31, 2009 (Rs. in lacs)	Variance (%)
Gross book value			
Land	2,126.02	2,126.02	-
Buildings	3,494.38	3,135.51	11.45
Plant & Machinery	2,552.95	1,851.28	37.90
Vehicles	315.47	248.08	27.16
Other Assets	2,120.44	1,669.05	27.04
Intangible Assets	167.11	167.11	-
	10,776.37	9,197.05	17.17
Less: Depreciation and amortisation	3,138.91	2,586.09	21.38
Net Block	7,637.46	6,610.96	15.53
Add: Capital Work-in-progress	226.26	215.16	5.16
Net Fixed Assets	7,863.72	6,826.12	15.20
Depreciation			
as a % of revenue	0.63%	0.65%	
as a % of gross block	5.10%	3.68%	
Accumulated depreciation as a % to gross block	29.13%	28.12%	

During the year, the Company has invested Rs.1,579.32 lacs (net) towards the addition to fixed assets. The additions are mainly in Buildings Rs.358.87 lacs, Plant & Machinery Rs. 701.67 lacs and computers Rs.312.93 lacs.

6. DEFERRED TAX ASSETS & LIABILITIES

The Company accounts for deferred tax in compliance with the Accounting Standard 22 issued by the Institute of Chartered Accountants of India. The Company has recognised deferred tax expense of Rs. 68.48 lacs during the year and resulted in a net deferred tax liability of Rs. 163.14 lacs as on March 31, 2010 as compared to deferred tax liability of Rs. 94.66 lacs during the previous year end.

7. INVESTMENTS

During the month of February 2010, the Company acquired 100% equity of Sheffield, UK based 180 years old Engineering Company, DavyMarkham Ltd. involved in the design, manufacture and assembly of large equipment for mining, power generation, oil, gas and nuclear sectors through its wholly owned subsidiary in UK, IMCO(22010) Ltd.

Total outstanding investment net of provisioning as at March 31, 2010 stood at Rs.176.06 lacs. The corresponding number as at March 31, 2009 was Rs. 170.25 lacs.

8. SUNDRY DEBTORS

Sundry debtors amount to Rs. 16,720.86 lacs as at March 31, 2010 as compared to such receivable amount of Rs. 15,561.92 lacs as at March 31, 2009. All these debtors are considered good and realisable.

Debtors are 19.19% of revenues for the year ended March 31, 2010, as compared to 29.80% for the previous year, representing an outstanding of 70 days and 109 days of revenues for the respective years.

9. CASH & CASH EQUIVALENTS

	March 31, 2010 (Rs. in lacs)	March 31, 2009 (Rs. in lacs)
Cash & cheques on hand	57.02	27.08
Bank balances:		
Current accounts	167.41	247.73
Fixed deposit accounts	196.46	2,191.24
Total	420.89	2,466.05

Cash on hand and balance in current accounts comprises cash and bank balances at project sites, plant location and head office required to meet day to day needs of the growing business.

The matured Fixed Deposit amount has been utilised partly for the purchase of fixed assets and balance for working capital requirements during the year.

10. OTHER CURRENT ASSETS

The amount under this heading mainly consists of:

Unbilled Revenue – Rs. 10,486.59 lacs (Previous year Rs.7,559.78 lacs)

This represents amounts to be billed to some of the contractee clients in respect of revenue earned under the percentage completion method, followed by the Company, as reduced by that portion of such revenue already billed and receivable from those clients.

This unbilled revenue recoverable is a dynamic figure every quarter in as much as the revenue earned is arrived at every quarter under the same method duly adjusting in those quarters the billed revenue as well as the unbilled revenue carried over from the corresponding previous quarter.

Retention Money – Rs. 18,390.33 lacs (Previous year Rs. 11,554.03 lacs)

The account represents the amounts retained by the clients towards performance security as a guarantee for satisfactory performance of the projects executed by the Company.

11. LOANS AND ADVANCES

Advance income tax net of provisions – Rs.299.24 lacs (Previous year Rs.553.22 lacs).

This mainly consists of tax deducted at source from contract revenue by the clients as per the provisions of the Income Tax Act, 1961 and advance tax paid as reduced by the income tax provisions made and/or assessed (undisputed). All undisputed liabilities have been fully adjusted against this account.

Advances recoverable in cash or in kind or for value to be received – Rs.8,627.27 lacs (Previous year Rs. 6,769.89 lacs).

The account represents advances paid to various suppliers, sub-contractors etc., which are partly adjusted in the subsequent periods and the balance would also be recovered from their bill of services or otherwise. Hence all these amounts outstanding are considered realisable.

12. CURRENT LIABILITIES

Advances from Customers – Rs. 4,147.18 lacs (Previous year Rs. 9,231.78 lacs).

These advances, provided to the Company in the nature of short-term liabilities, are recovered from client bills. Some of the advances bear an interest cost and others are interest free. The Company has also provided bank guarantees for some of these advances.

Sundry Creditors and accrued expenses – Rs. 32,264.14 lacs (Previous year Rs. 24,857.26 lacs).

This represents amount due to suppliers, sub-contractors and other service providers. This also includes amounts accrued for other operational expenses and cost on long term contracts.

Other current liabilities represent all statutory dues such as PF, ESI, TDS, Sales Tax etc. payable by the Company relating to the month of March 2010.

13. PROVISIONS

Proposed dividend of Rs. 576.05 lacs (Previous year Rs. 360.03 lacs) represents the dividend recommended to the shareholders by the Board of Directors. This will be paid after the Annual General Meeting, upon approval by the shareholders.

Provision for tax on dividend Rs. 95.67 lacs (Previous year Rs. 61.19 lacs) denotes taxes payable on dividends declared for the year ended March 31, 2010.

Gratuity provision has been made as per the actuarial estimation and certification by an independent Actuary as per the requirement under Accounting Standard 15 (revised). Provision for Leave Encashment has also been made on the basis of estimation prescribed under the revised accounting standard.

Operational Performance:

	March 31, 2010 (Rs. in lacs)	**March 31, 2009 (Rs. in lacs)**	March 31, 2008 (Rs. in lacs)
Income from Sales and Services	87,114.56	52,225.52	31,035.25
Other Income	596.01	696.41	448.97
Total Income	87,710.57	52,921.93	31,484.22
Less: Excise Duty	803.34	694.71	620.29
Net total Income	86,907.23	52,227.22	30,863.93
Cost of sales and services (net of inventories)	68,451.72	41,041.65	23,913.36
Cost of sales and services as a percentage to total income	78.04%	77.55%	75.95%
Operating and administration expenses	7,771.74	5,379.05	3,195.26
Operating and administration expenses as a percentage to total income	8.86%	10.16%	10.15%
EBIDTA	10,683.77	5,806.52	3,755.31
EBIDTA – percentage to total income	12.18%	10.97%	11.93%
Interest and finance charges	1,760.10	799.67	126.01
Interest and finance charges as a percentage to total income	2.01%	1.51%	0.40%
Depreciation	549.77	338.56	239.94
Depreciation as a percentage to total income	0.63%	0.64%	0.76%
Profit before tax (PBT)	8,373.90	4,668.29	3,389.36
PBT – percentage to total income	9.55%	8.82%	10.77%
Provision for taxation	2,822.21	1,652.32	1,125.77
Provision for taxation as a percentage to total income	3.22%	3.12%	3.58%
Profit after tax (PAT)	5,551.69	3,015.97	2,263.59
PAT – percentage to total income	6.33%	5.70%	7.19%

14. INCOME RECOGNISED

The growth of revenue in the fiscal 2010 as compared to fiscal 2009 have been generally uniform in the year – quarter on quarter.

Other income mainly comprises of rental income on lease of office premises.

15. EXPENDITURE

Cost of sales & services:

	Year ended March 31, 2010 (Rs. in lacs)	Year ended March 31, 2009 (Rs. in lacs)	**Variance (%)**
Cost of systems, equipment, spares and services	61,215.28	37,492.71	63.27
Raw materials/components consumed	7,482.36	3,921.56	90.80
Total	68,697.64	41,414.27	65.88
Increase/Decrease in Inventories	(245.92)	(372.62)	
Total	68,451.72	41,041.65	66.79
Gross income from sales & services	87,114.56	52,225.52	66.80

The increase in cost of sales and services by 65.88% is in line with increase in gross income.

16. OPERATING AND ADMINISTRATIVE EXPENSES

	Year ended March 31, 2010 (Rs. in lacs)	Year ended March 31, 2009 (Rs. in lacs)	**Variance (%)**
Manufacturing Expenses	1,029.36	658.57	56.30
Employee related Expenses	3,586.83	2,302.68	55.77
Rent	98.48	67.73	45.40
Rates & Taxes	124.01	117.05	5.95
Travelling & Conveyance	861.61	644.11	33.77
Repairs & Maintenance	154.50	102.95	50.07
Insurance	41.97	45.29	(7.33)
Communication Expenses	137.52	106.39	29.26
Legal & Professional charges	375.81	315.68	19.05
Other Expenses	1,361.65	1,018.60	33.68
Total	7,771.74	5,379.05	44.48

The increase in the Employee related expenses by 55.77% is due to increase in the employee strength to 971 employees in FY 2010 from 761 employees in FY 2009 in view of increased operations and annual incremental salaries.

Increase in other heads of expenditure such as Rent, Travelling, Communication etc. are because of increase in the volume of business and also the expenses are semi-variable in nature, hence the increase is partly proportional to the increase in turnover.

Other expense mainly comprises Rs. 457.73 lacs of bad debt written off during the year.

The operating and administrative expenses reduced from 10.16% of income in previous year to 8.86% of income in current year. Thus improving the EBIDTA margin for the current year.

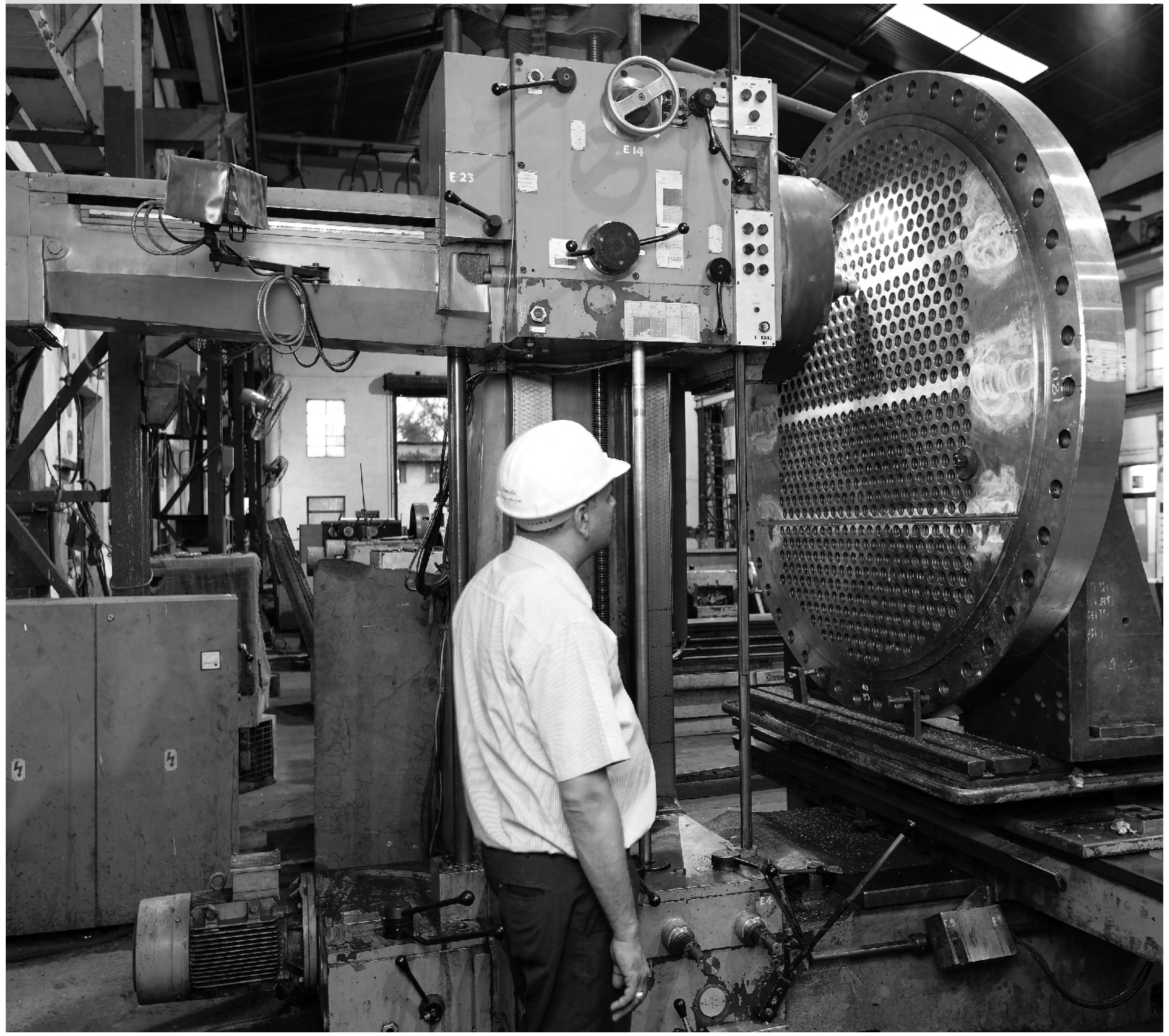
Management Discussion and Analysis of Financial Condition and Results of Operations

17. OPERATING PROFIT

The company earned an operating profit (EBITDA) of Rs.10,683.77 lacs representing 12.18% of the total income as compared to Rs. 5,806.52 lacs, 10.97% of the total income in previous year. The improvement in EBITDA as a percentage to total income is mainly due to saving in administrative expenses as a percentage to total income.

Profit before tax (PBT) as a percentage to total income works out to 9.55% as compared to 8.82% for the previous year. The main reason for comparatively lower increase in PBT is because of higher finance cost.

Profit after tax (PAT) for the year as a percentage to total income has increased to 6.33% as compared to 5.70% as of last year. PAT in absolute numbers increased by 84.08% in the current year.



CNC Tube Sheet Drilling Machine

CORPORATE GOVERNANCE REPORT

(As required by Clause 49 of the Listing Agreement)

I. HDO's Philosophy on Corporate Governance

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

Your Directors are happy to inform you that your Company's existing practices and polices are in conformity with the requirements stipulated by Stock Exchanges and SEBI and has gone well beyond simple statutory compliance by instituting such systems and procedures as are required to make the management completely transparent and institutionally sound.

II. Board of Directors (Board)

*** Composition of the Board**

The Board comprises of experts drawn from diverse fields/professions. It consists of total of eight Directors. The Chairman of the Board is a Non-Executive and Independent Director.

Seven Meetings of the Board of Directors have been held during the Financial Year 2009-10 on: May 20, 2009, May 28, 2009, July 11, 2009, July 29, 2009, October 30, 2009, January 29, 2010 and March 19, 2010.

	Name of the Director	Category (1)	No. of Board Meeting Attended	Attendance at last AGM held on 07.09.2009	Other Directorships in India (2)	Other Committee Positions in India (3)	
						Member	Chairman
1	Mr. Prabahakar Ram Tripathi	C & NED (I)	6	Yes	6	4	1
2	Mr. E. Sudhir Reddy	VC & NED	7	Yes	9	1	-
3	Mr. E. Sunil Reddy	MD	5	No	11	1	-
4	Mr. S. C. Sekaran	ED	7	Yes	2	-	-
5	Mr. R. Balarami Reddy	NED	5	No	4	3	-
6	Mr. T. N. Chaturvedi	NED (I)	4	Yes	6	2	4
7	Mr. M. L.Majumdar	NED (I)	5	Yes	3	-	-
8	Mr. S. D. Kapoor (4)	NED (I)	2	No	5	5	1

Notes:

1. *Category : C- Chairman, VC – Vice-Chairman, MD – Managing Director, ED – Executive Director, NED-Non-Executive Director and I – Independent Director.*
2. *Does not include Alternate Directorships, Directorships in Private Limited Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956.*
3. *Chairmanship/Membership of Board Committees include only Audit Committee and Shareholders'/ Investors' Grievance Committee.*
4. *Mr. S. D. Kapoor was appointed as an Additional Director effective from October 30, 2009.*

* The gap between two Meetings did not exceed four months.

* Agenda papers, containing all necessary information, are made available to the Board well in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as part of Agenda papers, the same are tabled at the Meeting.

III. Committees of Directors under Corporate Governance Code

a. Audit Committee

Composition

The Audit Committee presently comprises of 3 Independent Directors and one Non-executive Director, having rich accounting/financial management expertise. The present composition of the Audit Committee is as follows:

a. Mr. T. N. Chaturvedi, Chairman

b. Mr. Prabhakar Ram Tripathi, Member

c. Mr. R. Balarami Reddy, Member

d. Mr. S. D. Kapoor, Member*

* *Inducted effective from October 30, 2009.*

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

Ms. Pragya Sahal Kaul acts as Secretary to the Committee.

Terms of reference

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

The Audit Committee met four times during the financial year 2009-10 and the gap between two meetings did not exceed 4 months. The details of the Attendance of the Members are as follows:

Name	Attendance at the Meeting held on			
	28.05.2009	29.07.2009	30.10.2009	29.01.2010
Mr. T. N. Chaturvedi	Yes	Yes	Yes	No
Mr. Prabahakar Ram Tripathi	Yes	Yes	Yes	Yes
Mr. R. Balarami Reddy	Yes	Yes	Yes	Yes
Mr. S. D. Kapoor	N.A.	N.A.	N.A.	Yes

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

The Chairman of the Audit Committee Meetings was present at the 34th Annual General Meeting held on September 7, 2009.

b. Compensation Committee

Composition

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

a. Mr. Prabhakar Ram Tripathi, Chairman

b. Mr. T. N. Chaturvedi, Member

c. Mr. R. Balarami Reddy, Member

Ms. Pragya Sahal Kaul acts as Secretary to the Committee.

Terms of reference

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

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

(c) to decide any other related matters.

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

During the year under review, the Committee met on January 29, 2010. All the Members were present at the said Meeting.

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

CORPORATE GOVERNANCE REPORT Contd.

Details of remuneration/sitting fees paid/accrued to Directors of the Company during the year ended March 31, 2010 are given below:

Sr. No.	Name of the Director	Gross Remuneration (Rs.)*	Sitting fee (Rs.)	Service Contract/Notice period/Severance
1.	Mr. Prabhakar Ram Tripathi	-	100,000/-	Liable to retire by rotation
2.	Mr. E. Sudhir Reddy	-	-	Liable to retire by rotation
3.	Mr. E. Sunil Reddy	4,47,74,000		Not liable to retire by rotation
4.	Mr. S. C. Sekaran	42,52,000/-		Not liable to retire by rotation
5.	Mr. R. Balarami Reddy	-	-	Liable to retire by rotation
6.	Mr. T. N. Chaturvedi	-	67,500/-	Liable to retire by rotation
7.	Mr. M. L. Majumdar	-	75,000/-	Liable to retire by rotation
8.	Mr. S. D. Kapoor	-	32,500/-	Liable to retire by rotation

* Gross remuneration paid to the Managing Director and Executive Director as shown above includes Bonus/ Commission, contribution to Provident Fund, Superannuation Scheme and Gratuity.

c. Shareholders'/Investors' Grievance Committee

Composition

The Shareholders'/Investors' Grievance Committee comprises of the following members of the Board:

(a) Mr. P. R. Tripathi, Chairman
(b) Mr. E. Sudhir Reddy, Member
(c) Mr. S. C. Sekaran, Member

Ms. Pragya Sahal Kaul is the Compliance Officer nominated for this purpose under Clause 47(a) of the Listing Agreement.

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

During the year, 28 complaints were received from Shareholders. All complaints have been resolved to the satisfaction of the complainants.

The Company has acted upon all valid transfers received during the year 2009-10 and no transfers were pending as on March 31, 2010.

d. Executive Committee

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

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

a) Mr. E. Sudhir Reddy
b) Mr. E. Sunil Reddy
c) Mr. R. Balarami Reddy
d) Mr. S. C. Sekaran

IV Subsidiary

The Company monitors the performance of its subsidiary, HDO Technologies Limited, *interalia*, by the following means:

* The financial statements, in particular the investments made by the unlisted subsidiary, are reviewed by the Audit Committee as well as by the Board.

* The minutes of Board Meetings of the subsidiary are noted at the Board Meetings of the Company.

V General Body Meetings

During the Last 3 years, One Extraordinary General Meeting and Three Annual General Meeting, i.e. Thirty Fourth, Thirty Third and Thirty Second Annual General Meetings of the Company were held as given below:

General Meetings	Day, Date and Time	Venue of the Meeting	Special Resolution
Extraordinary General Meeting	Wednesday, 03. 03. 2010 at 3.00 P.M.	Hindustan Dorr-Oliver Limited, Dorr-Oliver House, Chakala, Andheri (East), Mumbai – 400 099.	Issue of Bonus Shares
34th Annual General Meeting	Monday, 07. 09. 2009 at 3.00 P.M.	The Mira Dor, New Link Road, Chakala, Andheri (East), Mumbai – 400 099	(1) Alteration in Articles of Association of the Company (2) Payment of Remuneration to Mr. E. Sunil Reddy- M.D. of the Company (3) Modification of Employee Stock Option Scheme, HDO: ESOP-2005. (4) Commencement of new business.
33rd Annual General Meeting	Monday, 01. 09. 2008 at 3.00 P.M.	The Mira Dor, New Link Road, Chakala, Andheri (East), Mumbai – 400 099	(1) Revision in remuneration of Executive Director (2) Modification of Employee Stock Option Scheme, HDO-ESOP : 2005
32nd Annual General Meeting	Friday, 31. 08. 2007 at 3.00 P.M.	The All India Plastic Manufacturers Association, AIPMA House, A-52, Road No.1, M.I.D.C., Marol, Andheri (E), Mumbai – 400 093	(1) Adoption of new set of Articles of Association of the Company (2) Modification of Employees Stock Option Scheme – HDO : ESOP : 2005

Postal Ballot

During the year ended March 31, 2010, 2 Resolution(s) were put for alteration in object Clause of Memorandum of Association of the Company and Further Issue of Capital through postal ballot.

VI Disclosures

During the year, there were no transactions of material nature with the Promoters, Directors or the management, their subsidiaries or relatives that had potential conflict with the interests of the Company. Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly.Transactions with related parties are disclosed in Note No. 14 of Schedule ‘19’ to the Financial Statements in the Annual Report.

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

VII Means of Communication

(i) Quarterly results- Which news papers normally published in : Economic Times, Free Press Journal, Navshakti and Loksatta

(ii) Any web site where displayed : www.hdo.in and on the BSE and NSE’s web sites – www.bseindia.com and www.nseindia.com

(iii) Whether it also displays official News release and presentations made to Institutional Investors / Analysts : Yes

(iv) Whether Management Discussion and Analysis Report forms a part of the Annual Report. : Yes

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

CORPORATE GOVERNANCE REPORT Contd.

VIII General Shareholders' information

* **Annual General Meeting:**

Annual General Meeting is proposed to be held on Wednesday, September 15, 2010 at 3.00 p.m. at Mirage Hotel, International Airport Approach Road, Marol, Andheri East, Mumbai-400 059

* **Financial Calendar**

(a) Financial year - April 1 to March 31

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

(i) June 30, 2010 - by August 15, 2010
(ii) September 30, 2010 - by November 15, 2010
(iii) December 31, 2010 - by February 15, 2011
(iv) March 31, 2011 - in May, 2011

* **Date of Book Closure**

September 13, 2010 to September 15, 2010 (both days inclusive).

* **Dividend Payment Date**

The Record date shall be September 15, 2010. The Dividend Warrants will be despatched to the shareholders whose names shall appear in the Register of Members in respect of shares held in physical form and for shares held in electronic form, to the shareholders whose names shall appear as beneficial owner(s) of the equity shares of the Company, in the records of Depositories viz., NSDL and CDSL as at the close of business hours on the Record date.

* **Capital Build-up during the Financial Year**

Particulars	Nature of Allotment	No. of Shares of the face value of Rs. 2/- each	Aggregating to Rs.	Date of listing on Exchanges
Issue of Bonus Shares in the ratio of 1:1	Bonus Share	3,60,02,904 Equity Shares	7,20,05,808	March 22, 2010

* **HDO – ESOP: 2005**

The Company granted 2,52,000* Options during the Financial Year to the eligible employees of the Company and those of the Company's Subsidiary, at 50% of the closing Market Price of the Equity Share of the Company at National Stock Exchange Limited on the day preceding the date of grant of options.

**Shall be adjusted for bonus issue.*

* **Listing on Stock Exchanges**

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

Listing fee has been paid to above Stock Exchanges for the year 2010-11.

* **Stock Code**

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

CORPORATE GOVERNANCE REPORT Contd.

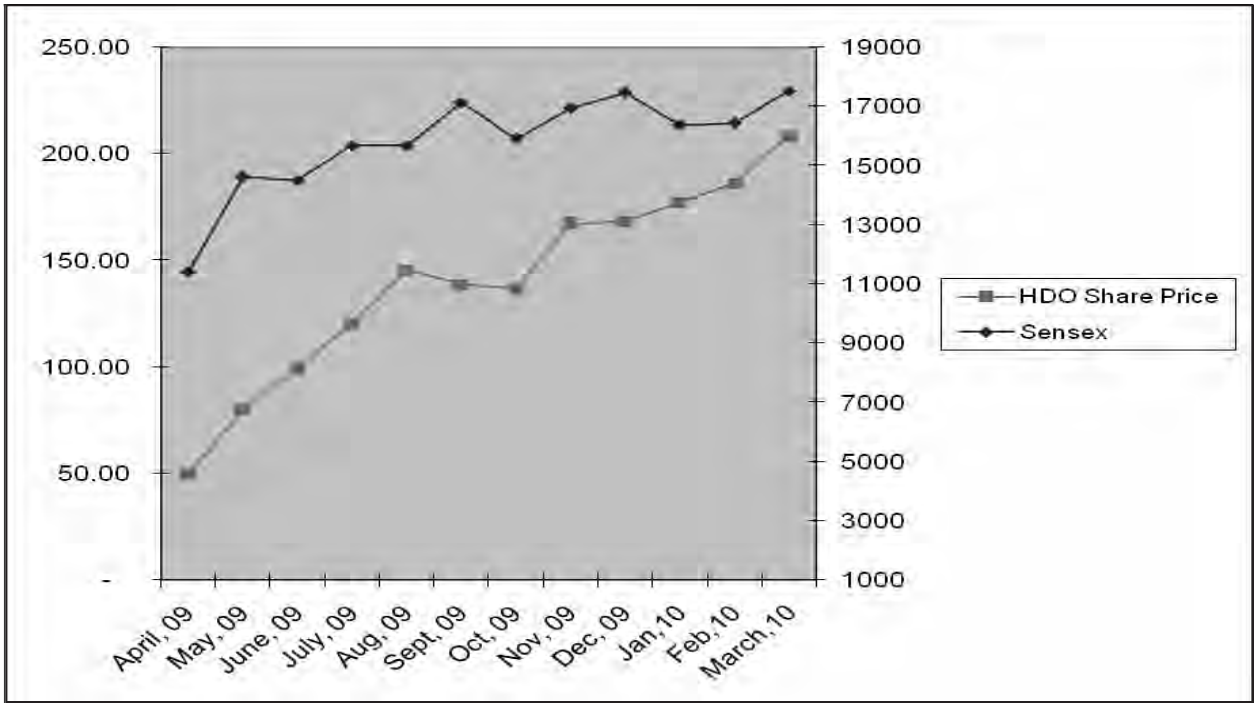
* **Stock Market Data**

Month	BOMBAY STOCK EXCHANGE		NATIONAL STOCK EXCHANGE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	57.20	38.00	55.00	57.55
May, 2009	79.90	45.60	79.55	45.10
June, 2009	104.65	83.85	106.75	83.45
July, 2009	121.70	85.00	122.25	83.05
August, 2009	156.35	108.60	156.10	107.55
September, 2009	151.15	132.00	151.70	130.05
October, 2009	150.00	124.50	150.00	124.95
November, 2009	177.40	134.25	177.00	134.10
December, 2009	177.90	153.60	177.70	132.55
January, 2010	185.00	159.05	185.00	158.25
February, 2010	194.00	164.55	191.90	158.70
March, 2010	225.80	196.00 *	225.90	182.00 *

Source : BSE website　　Source : NSE website

(* *adjusted for bonus issue*)

Share price movement in HDO vis-à-vis Sensex



* **Registrar and Transfer Agents**

Karvy Computershare Pvt. Limited
46, Avenue 4,
Street No. 1,
Banjara Hills,
Hyderabad – 500034

CORPORATE GOVERNANCE REPORT Contd.

Address for correspondence by the investors/shareholders:

Karvy Computershare Pvt. Limited

17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081
Ph.: 040-44655000,
Fax: 040-23420814.

Share Holding Pattern as on 31.03.2010

Category	No. of Shares	% of Shareholding
Promoter's Holding		
Indian Promoters (including persons acting in concert)	39804430	55.28
Foreign Promoters	0.00	0.00
Sub Total	39804430	55.28
Non-Promoter's Holding		
Mutual Funds	8591092	11.93
Banks, Financial Institutions and Insurance Companies	2880.00	0.00
Central Government/State Government	0.00	0.00
Foreign Institutional Investors	4816905	6.69
Sub Total	13410877	18.62
Others		
Private Corporate Bodies	4891226	6.79
Indian Public	12949198	17.99
NRIs/OBCs	686561	0.95
Directors	120200	0.17
Clearing members	139596	0.19
Trusts	3720	0.01
GDRs (Shares held by depository against GDRs)	0.00	0.00
Sub Total	18790501	26.10
Total	72005808	100.00

Distribution of Shareholding as on 31.03.2010

No. of Equity Shares	Shareholders		Equity	
	Number	% to total	No. of shares	% to total
Upto - 5000	12731	96.61	7163975	9.9492
5001 - 10000	221	1.68	1618716	2.2480
10001 - 20000	109	0.83	1565456	2.1741
20001 - 30000	32	0.24	791390	1.0991
30001 - 40000	18	0.14	653792	0.9080
40001 - 50000	13	0.10	609226	0.8461
50001 - 100000	23	0.17	1745274	2.4238
100001 & above	31	0.24	57857979	80.3518
Total	13178	100.00	72005808	100.00

CORPORATE GOVERNANCE REPORT Contd.

* **Share Transfer System**

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

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

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

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

* **Dematerialization of shares and liquidity**

Shares aggregating to 97.72 % of the share capital have been dematerialized as on March 31, 2010.

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

IX Address for correspondence:

The Company is operating from various work sites spread throughout the country and the operations are controlled by the Head office at Dorr-Oliver House, Chakala, Andheri East, Mumbai – 400099 and through various Regional offices at:

CHENNAI

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

KOLKATA

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

NEW DELHI

"COREANTHUM", A – 41,
Tower – B, First Floor,
Lobe – 4, Sector-62,
NOIDA-201 307 (U.P.)

AHMEDABAD

5/1/2 G.I.D.C. Vatva
Near Railway Crossing
Ahmedabad – 382 445.

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

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

Declaration:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the financial year 2009-10.

Place: Hyderabad
Date: May 7, 2010

S. C. Sekaran
Executive Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF

HINDUSTAN DORR OLIVER LIMITED

We have examined the compliance of conditions of Corporate Governance by Hindustan Dorr Oliver Limited, for the year ended on March 31, 2010 as stipulated in clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our examination and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

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

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

R N CHATURVEDI
Membership No 092087

Hyderabad
May 7, 2010

CEO/CFO CERTIFICATION

We, S. C. Sekaran, Executive Director and Subodh Bhel, Sr. G. M. – Finance, responsible for the finance function certify that:

a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2010 and to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2010 are fraudulent, illegal or violative of the Company's code of conduct.

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

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

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

Hyderabad
May 7, 2010

S. C. Sekaran
Executive Director

Subodh Bhel
Sr. G. M. - Finance

AUDITORS' REPORT

To The Members of
HINDUSTAN DORR-OLIVER LIMITED

1. We have audited the attached Balance Sheet of **HINDUSTAN DORR-OLIVER LIMITED**, as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

   d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;

   e. On the basis of written representations received from the directors, as on March 31,2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31,2010,

      ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

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

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

Hyderabad
May 7, 2010

R N CHATURVEDI
Partner
Membership No. 092087

AUDITORS' REPORT Contd.

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

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

b. A major portion of the fixed assets has been physically verified by the management during the year pursuant to a programme for physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

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

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

b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.

iii. a. The Company had granted interest free loan to its wholly owned subsidiary Company. The maximum amount involved during the year was Rs. 6887.04 lacs and year end balance of the loan was Rs. 67.67 lacs.

b. In our opinion, the rate of interest and other terms and conditions of the loan are not, prima facie, prejudicial to the interest of the company.

c. The principal has been repaid/repayable on demand. The party has been regular in payment of interest to the Company.

d. There is no overdue amount in excess of Rs one lac in respect of loans granted to the subsidiary company.

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

iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company.

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

b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable with regard to the prevailing market prices at the relevant time.

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

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

viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of items manufactured by the Company.

AUDITORS' REPORT Contd.

ix. a. According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues applicable to it.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, wealth tax, service tax, custom duty and excise duty were in arrear as at March 31, 2010 for a period of more than six months from the date they became payable.

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

S. No	Name of the Statute	Nature of Dues	Amount (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
1	Customs Act, 1962	Custom Duty	7.65	1992-1993	The collector of customs (Judicial), Mumbai
2	Central Excise Act, 1944	Central Excise Duty	44.98	2004-2005	CESTAT, New Delhi
3	Service Tax Act	Service Tax	13.60	2006-2007	Commissioner of Service Tax (Appeal)
4	Sales Tax Act/ Work Contract Tax Act/ Value Added Tax Act	Sales Tax/ WCT/ VAT	15.94	2002-2003	A.C. (Appeal)
			11.76	1999-2000	A.C. (Appeal)
			17.21	2000-2001	A.C. (Appeal)
		Sales Tax/ WCT/ VAT	19.60	1997-1998	D.C. (Appeal)
			6.38	1998-1999	D.C. (Appeal)
			59.03	2002-2003	D.C. (Appeal)
			0.52	1994-1995	D.C. (Appeal)
			2.93	1984-1985	D.C. (Appeal)
			0.23	1992-1993	D.C. (Appeal)
			18.00	2004-2005	D.C. (Appeal)
			10.00	2002-2003	D.C. (Appeal)
			0.55	1998-1999	D.C. (Appeal)
		Sales Tax/ WCT/ VAT	17.78	1995-1996	Tribunal
			2.31	1988-1989	Tribunal
			4.24	1993-1994	Tribunal
			6.73	1987-1988	Tribunal
			1.24	1988-1989	Tribunal
			3.03	1989-1990	Tribunal
			0.70	1990-1991	Tribunal
		Sales Tax/ WCT/ VAT	2.33	1992-1993	Sales Tax Officer
		Sales Tax/ WCT/ VAT	86.75	1988-89	High Court
6	Income Tax Act, 1961	Income Tax	2.61	1996-97	ITAT
			71.30	1997-98	ITAT
			2.05	1998-99	ITAT
			44.36	2001-02	ITAT
			39.23	1996-97	ITAT
			39.74	1997-98	ITAT
			9.55	1999-00	ITAT
7	BOCW Act, 1996	Cess	53.12	2009-10	High Court

AUDITORS' REPORT Contd.

x. The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.

xi. In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank.

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

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

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

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

xvi. The Company has not raised any term loan during the year. Accordingly, provisions of clause 4 (xvi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

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

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

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

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

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration No 307068E

Hyderabad
May 7, 2010

R N CHATURVEDI
Partner
Membership No. 092087

DORR-OLIVER

HINDUSTAN DORR-OLIVER LIMITED

BALANCE SHEET AS AT MARCH 31 , 2010

(Rs. in Lacs)

	Schedule Reference		As at March 31, 2010		As at March 31, 2009
SOURCES OF FUNDS					
Shareholders' funds					
Share Capital	1	1,440.12		720.06	
Stock Options		36.11		-	
Reserves and Surplus	2	20,968.51	22,444.74	16,814.82	17,534.88
Loan Funds					
Secured Loan	3	7,861.12		1,556.96	
			7,861.12		1,556.96
Deferred Tax Liability (Net)			163.14		94.66
TOTAL			30,469.00		19,186.50
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		10,776.37		9,197.05	
Less: Depreciation		3,138.91		2,586.09	
Net Block		7,637.46		6,610.96	
Add: Capital Work-in-Progress (Including Capital Advances aggregating to Rs. 96.38 (previous year Rs. Nil)		226.26	7,863.72	215.16	6,826.12
Investments	5		176.06		170.25
Current Assets, Loans and Advances					
Inventories	6	5,016.94		3,114.77	
Sundry Debtors	7	16,720.86		15,561.92	
Cash & Bank Balances	8	420.89		2,466.05	
Other Current Assets	9	29,724.26		20,098.36	
Loans and Advances	10	10,001.83		8,340.57	
		61,884.78		49,581.67	
Less: Current Liabilities and Provisions					
Liabilities	11	38,494.48		36,786.28	
Provisions	12	961.08		605.26	
		39,455.56		37,391.54	
Net Current Assets			22,429.22		12,190.13
TOTAL			30,469.00		19,186.50
Significant Accounting Policies & Notes forming part of the financial statement	19				
The Schedules referred to above form an integral part of the Balance Sheet.					

As per our report of even date attached,

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

FOR AND ON BEHALF OF THE BOARD

R N CHATURVEDI
Partner
Membership No. 092087

Subodh Bhel
Sr. G. M.- Finance

Pragya Sahal Kaul
Company Secretary

E . Sunil Reddy
Managing Director

S. C. Sekaran
Executive Director

Hyderabad,
May 7, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in Lacs)

	Schedule Reference		Year Ended March 31, 2010		Year Ended March 31, 2009
INCOME					
Income from Sales and Services	13	87,114.56		52,225.52	
Less : Excise Duty		803.34		694.71	
Net Sales			86,311.22		51,530.81
Other Income	14		596.01		696.41
TOTAL			86,907.23		52,227.22
EXPENDITURE					
Cost of Sales and Services	15		68,697.64		41,414.27
(Increase)/ Decrease in Inventories	16		(245.92)		(372.62)
Operating and Administrative Expenses	17		7,771.74		5,379.05
Interest and Finance Charges	18		1,760.10		799.67
Depreciation/Amortisation		555.99		344.92	
Less: Transfer from Revaluation Reserve		6.22	549.77	6.36	338.56
TOTAL			78,533.33		47,558.93
PROFIT FOR THE YEAR BEFORE TAXATION			8,373.90		4,668.29
Provision for Taxation					
Current Tax		2,555.47		1,463.29	
Deferred Tax		68.48		114.76	
Fringe Benefit tax		-	2,623.95	39.44	1,617.49
Tax Adjustments for earlier years			198.26		34.83
PROFIT FOR THE YEAR AFTER TAXATION			5,551.69		3,015.97
Balance brought forward from previous year			3,410.34		2,615.59
Balance available for appropriation			8,962.03		5,631.56
APPROPRIATIONS					
Proposed dividend			576.05		360.03
Corporate dividend tax			95.67		61.19
Transfer to General Reserve			2,500.00		1,800.00
Balance carried to Balance Sheet			5,790.31		3,410.34
Basic Earnings Per Share (in Rupees)			7.71		4.19
Diluted Earnings Per Share (in Rupees) (Refer note No 15 in schedule '19')			7.69		4.19
Significant Accounting Policies & Notes forming part of the Financial Statements	19				
The Schedules referred to above form an integral part of the Profit & Loss Account					

As per our report of even date attached

For CHATURVEDI & PARTNERS — **FOR AND ON BEHALF OF THE BOARD**

Chartered Accountants
Firm Registration No. 307068E

R N CHATURVEDI	**Subodh Bhel**	**Pragya Sahal Kaul**	**E . Sunil Reddy**	**S. C. Sekaran**
Partner	*Sr. G. M.- Finance*	*Company Secretary*	*Managing Director*	*Executive Director*
Membership No. 092087				

Hyderabad,
May 7, 2010

DORR-OLIVER
HINDUSTAN DORR-OLIVER LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in Lacs)

		Year Ended March 31, 2010		Year Ended March 31, 2009
CASH FLOW FROM OPERATING ACTIVITIES				
Profit for the year before Taxation		**8,373.90**		4,668.29
Adjustments for				
Depreciation and amortisation	**549.77**		338.56	
(Profit)/loss on Sale of Fixed Assets	**0.37**		(0.02)	
Employee Compensation expense under ESOP	**36.11**		-	
Interest & Finance Charges	**1,872.75**		1,028.19	
Interest Income	**(112.65)**		(228.51)	
Dividend Income	**(1.09)**		(39.70)	
Liabilities no longer required written back	-		(57.43)	
Bad debts written Off	**457.73**		588.38	
Loss on sale of Investment	-	**2,802.99**	7.70	1,637.17
Operating profit before working capital changes		**11,176.89**		6,305.46
Changes in assets and liabilities				
(Increase)/Decrease in Inventories	**(1,902.17)**		1,576.25	
(Increase)/Decrease in Sundry Debtors	**(1,616.67)**		(4,458.88)	
(Increase)/Decrease in Loans and Advances	**(11,613.11)**		(10,934.18)	
Increase/(Decrease) in Current Liabilities	**1,812.75**	**(13,319.20)**	14,261.02	444.21
Cash generated from operations		**(2,142.31)**		6,749.67
Taxes Paid		**(2,499.74)**		(1,765.36)
Net cash provided by operating activities		**(4,642.05)**		4,984.31
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	**(1,595.81)**		(2,849.57)	
Sale of Fixed Assets	**1.85**		0.02	
Purchase of investments	**(5.81)**		-	
Sale of Investments	-		171.24	
Dividend received	**1.09**		39.70	
Interest Received	**184.61**	**(1,414.07)**	196.64	(2,441.97)
Net cash used in investing activities		**(1,414.07)**		(2,441.97)
CASH FLOW FROM OPERATING ACTIVITIES				
Proceeds from Loan	**6,304.16**		(2,514.96)	
Dividend Paid	**(359.26)**		(216.67)	
Corporate Dividend Tax	**(61.19)**		(36.71)	
Interest and finance charges paid	**(1,872.75)**	**4,010.96**	(1,028.19)	(3,796.53)
Net cash provided by financing activities		**4,010.96**		(3,796.53)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**(2,045.16)**		(1,254.19)
Cash and cash equivalents at the beginning of the year		**2,466.05**		3,720.24
Cash and cash equivalents at the end of the year		**420.89**		2,466.05

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010 Contd.

Notes

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

	Year Ended March 31, 2010 (Rs. in Lacs)	Year Ended March 31, 2009 (Rs. in Lacs)
Cash on hand	**17.98**	27.08
Cheques on Hand	**39.04**	-
Balances with Scheduled Banks		
- In Current Accounts	**167.26**	247.58
- In Fixed Deposits	**108.09**	2,100.00
- In Margin Money Accounts	**88.37**	91.24
Balance with Other banks	**0.15**	0.15
	420.89	2,466.05

5. Rs. 88.37 (Previous year Rs. 91.24) margin money in fixed deposit accounts (Refer Schedule 8)
6. Bank balance includes restricted amount of Rs. 9.48 (Previous year Rs. 8.72) towards unclaimed dividend/Deposits/ Debentures.

As per our report of even date attached

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

FOR AND ON BEHALF OF THE BOARD

R N CHATURVEDI
Partner
Membership No. 092087

Subodh Bhel
Sr. G. M.- Finance

Pragya Sahal Kaul
Company Secretary

E . Sunil Reddy
Managing Director

S. C. Sekaran
Executive Director

Hyderabad,
May 7, 2010

SCHEDULES TO FINANCIAL STATEMENTS

(Rs. in Lacs)

		As at March 31, 2010		As at March 31, 2009
SCHEDULE - 1				
SHARE CAPITAL				
Authorised :				
100,000,000 (Previous year 50,000,000) Equity shares of Rs. 2 each		**2,000.00**		1,000.00
Issued, subscribed and paid-up				
72,005,808 (Previous year 36,002,904) Equity shares of Rs. 2 each, fully paid				
Of the above,		**1,440.12**		720.06
(i) 39,804,430 (Previous year 19,801,597) Equity shares are held by the holding company, IVRCL Infrastructure & Projects Limited.				
(ii) 62,463,388 (Previous year 26,460,484) Equity shares were issued as fully paid bonus shares by capitalisation of General Reserve.				
SCHEDULE - 2				
RESERVES AND SURPLUS				
Revaluation Reserve				
Balance at the beginning of the year	**2,083.38**		2,089.74	
Less : Adjustment for Depreciation	**6.22**	**2,077.16**	6.36	2,083.38
Securities Premium Account				
Balance at the beginning of the year	**5,376.13**	**5,376.13**	5,376.13	5,376.13
General Reserve				
Balance at the beginning of the year	**5,944.97**		4,144.97	
Less : Capitalised on Issue of Bonus Shares	**720.06**		-	
Add : Transferred from Profit & Loss Account	**2,500.00**	**7,724.91**	1,800.00	5,944.97
Profit and Loss Account		**5,790.31**		3,410.34
Surplus as per annexed account				
		20,968.51		16,814.82

SCHEDULE - 3		
SECURED LOANS		
Working Capital Loan		
From bank	**7,861.12**	1,556.96
(Secured by hypothecation of entire stocks, book debts, outstanding money receivable, claims and bills (both present and future), the loan is further secured by fixed assets situated at company's works at vatva, Ahmedabad (Gujarat) and flats situated in Ahmedabad and Mumbai.		
	7,861.12	1,556.96

SCHEDULES TO FINANCIAL STATEMENTS Contd.

SCHEDULE - 4

FIXED ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 01, 2009	Additions during the year	Deductions during the year	As at March 31, 2010	Upto March 31, 2009	For the year	On Sales/ Deductions	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Tangible Assets										
Freehold Land	1,771.01	-	-	1,771.01	-	-	-	-	1,771.01	1,771.01
Leasehold Land	355.01	-	-	355.01	27.39	4.89	-	32.28	322.73	327.62
Buildings (including Company owned flats)	3,135.51	358.87	-	3,494.38	617.22	114.61	-	731.83	2,762.55	2,518.29
Plant and Machinery	1,851.28	701.67	-	2,552.95	729.10	159.19	-	888.29	1,664.66	1,122.18
Office equipment	449.44	30.35	-	479.79	344.12	37.29	-	381.41	98.38	105.32
Computers	716.06	312.93	-	1,028.99	354.50	129.76	-	484.26	544.73	361.56
Electrical Fittings	11.64	28.52	-	40.16	4.34	2.56	-	6.90	33.26	7.30
Jig,fixture & template	5.77	-	-	5.77	5.77	-	-	5.77	-	-
Furniture and fixtures	486.14	79.59	-	565.73	254.75	47.13	-	301.88	263.85	231.39
Vehicles	248.08	72.78	5.39	315.47	101.41	40.94	3.17	139.18	176.29	146.67
Intangible Assets										
Technical Know - How	98.08	-	-	98.08	78.46	19.62	-	98.08	-	19.62
Goodwill	69.03	-	-	69.03	69.03	-	-	69.03	-	-
Total	**9,197.05**	**1,584.71**	**5.39**	**10,776.37**	**2,586.09**	**555.99**	**3.17**	**3,138.91**	**7,637.46**	**6,610.96**
Previous year Total	(6,239.46)	(2,971.80)	(14.21)	(9,197.05)	(2,255.38)	(344.92)	(14.21)	(2,586.09)	(6,610.96)	-

Capital work-in-progress	226.26	(215.16)

Notes

1 Freehold Land includes land at Neelankarai Village, Saidapet Taluka, Chinglepet District, Chennai of the gross value of Rs. 28.08 for which the Company has taken legal action for removal of encroachment on certain part of the property.

2 (a) Land & Building were revalued as on 1 April, 1989, 31 March 1993 and 31 March, 1996 by professional valuers on current market value basis. The revalued amounts [Freehold Land Rs.1771.01 (previous year Rs. 1771.01), Leasehold Land Rs. 152 (previous year Rs. 152), Factory Building Rs. 407.30 (previous year Rs. 407.30), and other Buildings Rs. 402.58 (previous year Rs. 402.58)] have been substituted for historical cost [Freehold Land Rs. 3.93 (previous year Rs. 3.93), Leasehold Land Rs. 10.84 (previous year Rs. 10.84), Factory Building Rs. 60.63 (previous year Rs. 60.63) and other Buildings Rs. 80.69 (previous year Rs. 80.69)] in the Gross Block of Fixed Assets.

(b) Depreciation for the year Rs. 555.99 (Previous Year Rs. 344.92) includes depreciation on revaluation - Leasehold land Rs. 1.83 and Buildings Rs.4.39 (Previous Year Rs. 1.83 and Rs. 4.53 respectively)

(c) Buildings include Company owned residential flats of the Book Value of Rs. 88.51 (Previous Year Rs.88.51) including face value of shares held in Co-operative Housing Societies of Rs. 0.05 in respect of which documents lodged with the Registrar of Properties for registration are yet to be received back.

3 Leasehold land includes land at Vatva, Ahmedabad of the Gross value Rs. 203.01 acquired in auction, yet to be registered in the name of the Company.

SCHEDULES TO FINANCIAL STATEMENTS Contd.

(Rs. in Lacs)

					As at March 31, 2010		As at March 31, 2009
SCHEDULE - 5							
INVESTMENTS	**Nature of Instrument**	**Number**	**Share Face Value**				
LONG TERM							
Investment in Shares of Subsidiary Companies							
HDO Technologies Limited	Equity Shares	50000	Rs. 10		**5.00**		5.00
IMCO (22010) Limited	Equity Shares	8000	GPB 1		**5.81**		-
Other investment - Quoted:							
(Equity Shares of Rs. 10 each fully paid up)							
Voltas Limited	Equity Shares	500	Re. 1	**0.03**		0.03	
Ion Exchange (I) Limited	Equity Shares	50	Rs. 10	**0.06**		0.06	
Gujarat State Petronet Limited	Equity Shares	8983	Rs. 10	**2.43**		2.43	
Ahmednagar Forgings Limited	Equity Shares	100000	Rs. 10	**161.00**		161.00	
Gitanjali Gems Limited	Equity Shares	884	Rs. 10	**1.72**		1.72	
				165.24		165.24	
Less : Provision for diminution in the value of Investments				**0.06**	**165.18**	0.06	165.18
Unquoted:							
Western Bio Systems Ltd	Equity Shares	10	Rs. 10	-		-	
Jord Engineers India Limited	Equity Shares	100	Rs. 10	**0.03**		0.03	
Western India Industries Limited	Equity Shares	50	Rs. 10	**0.03**		0.03	
Western Paques (I) Limited	Equity Shares	100	Rs. 10	**0.12**		0.12	
Triveni Engineering & Industries Limited	Preference Shares	66	Rs. 10	**0.07**		0.07	
National Saving Certificates				**0.07**		0.07	
				0.32		0.32	
Less : Provision for diminution in the value of Investments				**0.25**	**0.07**	0.25	0.07
					176.06		170.25

Aggregate amount of book value of quoted investment Rs. 165.24 (Previous year Rs. 165.24)

Aggregate market value thereof Rs. 134.46 (Previous year Rs. 37.11)

Aggregate amount of book value of unquoted investment Rs. 0.32 (Previous year Rs. 0.32)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE - 6		
INVENTORIES (At lower of cost and net realisable value)		
Components	-	51.37
Raw Materials	**3,293.68**	1,686.75
Work-in-progress	**1,472.40**	1,175.11
Stores & Spares	**200.70**	166.73
Tools and Patterns	**50.16**	34.81
	5,016.94	3,114.77

SCHEDULES TO FINANCIAL STATEMENTS Contd.

(Rs. in Lacs)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE - 7		
SUNDRY DEBTORS (Unsecured, considered good unless otherwise stated)		
Outstanding for a period exceeding six months	**6,293.41**	4,285.52
Others	**10,427.45**	11,276.40
	16,720.86	15,561.92
SCHEDULE - 8		
CASH AND BANK BALANCES		
Cash on hand	**17.98**	27.08
Cheques on hand	**39.04**	-
Balance with scheduled banks		
- In current accounts	**167.26**	247.58
- Fixed Deposits (Refer Note 1 below)	**108.09**	2,100.00
- Margin Money	**88.37**	91.24
Balance with Other banks (Refer Note 2 below)	**0.15**	0.15
	420.89	2,466.05

Note

1. Fixed Deposit includes unutilised money on preferential issue of equity shares in an earlier year Rs. 100.00 (Previous year Rs. 2100.00)
2. Balance with Jordan Ahli Bank in Current Account Rs. 0.15, Maximum amount outstanding at any time during the year Rs. 0.15.

	As at March 31, 2010	As at March 31, 2009
SCHEDULE - 9		
OTHER CURRENT ASSETS		
Interest Accrued other than on Investments	**7.49**	79.45
Land Held for Development	**-**	363.71
Retention Money [Includes Rs. 788.55 (previous year Rs. 773.64) due from holding company, IVRCL Infrastructures & Projects Limited]	**18,390.33**	11,554.03
Other Deposits	**839.85**	541.39
Unbilled Revenue	**10,486.59**	7,559.78
	29,724.26	20,098.36
SCHEDULE - 10		
LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)		
Loan to Subsidiary Company	**67.67**	-
Advances recoverable in cash or in kind or for value to be received [Includes recoverable from subsidiary Rs. 351.01 (previous year Rs. 474.28)]	**8,627.27**	6,769.89
Advance Income-Tax (net of provisions)	**299.24**	553.22
Balance with Central Excise	**1,007.65**	1,017.46
	10,001.83	8,340.57

(Rs. in Lacs)

		As at March 31, 2010		As at March 31, 2009
SCHEDULE - 11				
CURRENT LIABILITIES				
		4,481.33		4,662.19
Acceptances				
(Acceptances of bills drawn against Letters of Credit and secured by hypothecation of entire stocks, book debts, outstanding money receivable, claims and bills (both present and future), the loan is further secured by fixed assets situated at company's works at Vatva, Ahmedabad (Gujarat) and flats situated in Ahmedabad and Mumbai.				
Sundry Creditors				
Total outstanding due to Micro Enterprises and Small Enterprises [Refer Note 7 of schedule 19]		-		-
Total outstanding due to Creditors other than Micro Enterprises and Small Enterprises [Refer Note 8 of schedule 19]		**27,782.81**		20,195.07
[Amount payable to holding company Rs. Nil (Previous year Rs. 643.34), Maximum amount outstanding is Rs. 2,184.63 (Previous year Rs. 4,659.31)]				
Other Liabilities		**1,946.76**		2,051.31
Earnest Money Received for Land Development		-		363.71
Security Deposit		**126.92**		273.50
Advances from Customers		**4,147.18**		9,231.78
Liability towards Investor Education and Protection Fund - Not due				
- Unpaid Dividend	**6.86**		5.88	
- Matured Unpaid Deposits/Debentures	**2.62**	**9.48**	2.84	8.72
		38,494.48		36,786.28
SCHEDULE - 12				
PROVISIONS				
Gratuity		**117.44**		54.96
Leave Encashment		**171.92**		129.08
Proposed dividend		**576.05**		360.03
Corporate Dividend Tax		**95.67**		61.19
		961.08		605.26

SCHEDULES TO FINANCIAL STATEMENTS Contd.

(Rs. in Lacs)

		Year Ended March 31, 2010		Year Ended March 31, 2009
SCHEDULE - 13				
SALES AND SERVICES				
Sale of Systems, Equipments, Spares and Services		**87,114.56**		52,225.52
SCHEDULE - 14				
OTHER INCOME				
Dividend		**1.09**		39.70
Profit on sale of Assets		-		0.02
Rent Received		**423.75**		496.80
Provision no longer required written back		-		57.43
Miscellaneous income		**171.17**		102.46
		596.01		696.41
SCHEDULE - 15				
COST OF SALES AND SERVICES				
Opening Stock - Sites	-		2,037.61	
Add : Purchases of Systems, Equipments, Spares and Services	**61,576.40**		35,455.10	
	61,576.40		37,492.71	
Less : Closing Stock - Sites	**361.12**	**61,215.28**	-	37,492.71
Raw Materials and components consumed				
Opening Stock	**1,686.75**		1,745.40	
Add : Purchases	**8,728.17**		3,862.91	
	10,414.92		5,608.31	
Less : Closing Stock	**2,932.56**	**7,482.36**	1,686.75	3,921.56
		68,697.64		41,414.27
SCHEDULE - 16				
(INCREASE) / DECREASE IN INVENTORIES				
Opening Stock				
Components	**51.37**		49.26	
Work in progress	**1,175.11**	**1,226.48**	804.60	853.86
Less : Closing Stock				
Components	-		51.37	
Work in progress	**1,472.40**	**1,472.40**	1,175.11	1,226.48
		(245.92)		(372.62)

SCHEDULES TO FINANCIAL STATEMENTS Contd.

(Rs. in Lacs)

	Year Ended March 31, 2010		Year Ended March 31, 2009	
SCHEDULE - 17				
OPERATING AND ADMINISTRATIVE EXPENSES				
Manufacturing Expenses				
Stores, Spares & Patterns	637.79		341.03	
Power & Fuel	110.28		76.69	
Processing Charges	281.29	1,029.36	240.85	658.57
Salaries, Wages and Bonus	2,688.73		1,929.98	
Contribution to provident and other funds	207.67		157.22	
Staff welfare expenses	200.17	3,096.57	172.96	2,260.16
Managerial Remuneration		490.26		42.52
Employee Compensation expense under ESOP		36.11		-
Rent		98.48		67.73
Rates and taxes		124.01		117.05
Travelling/Conveyance expenses		861.61		644.11
Repairs and maintenance - Buildings		77.25		33.34
Repairs and maintenance - Plant & Machinery		3.05		1.06
Repairs and maintenance - Others		74.20		68.55
Insurance		41.97		45.29
Communication Expenses		137.52		106.39
Sitting and Other Fees		2.75		1.78
Donations		7.71		1.31
Wealth Tax		2.75		2.50
Printing & Stationery		61.94		49.06
Advertisement and Publicity		37.50		32.19
Auditors Remuneration		22.94		17.44
Legal & Professional charges		375.81		315.68
Tender Fees		8.30		8.74
Bad Debts written off		457.73		588.38
Loss on Exchange (Net)		273.34		-
Loss on sale of investments		-		7.69
Loss on Sale of Fixed Assets		0.37		-
Miscellaneous Expenses		450.21		309.51
		7,771.74		5,379.05
SCHEDULE - 18				
INTEREST AND FINANCE CHARGES				
Interest - On Fixed Loans	1,047.91		718.70	
- Others	440.84	1,488.75	110.48	829.18
Less : Interest Income:				
On Inter corporate deposits	-		(77.08)	
On Bank deposits	(112.65)	(112.65)	(151.44)	(228.52)
[Tax deducted at source Rs. 20.90 (previous year Rs. 40.93)]				
Other Finance/Bank charges		384.00		199.01
		1,760.10		799.67

SCHEDULES TO FINANCIAL STATEMENTS Contd.

SCHEDULE – 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

COMPANY OVERVIEW

The Company, Hindustan Dorr-Oliver Limited is engaged in the business of providing Engineering & Turnkey solutions, Technology and EPC installations in liquid solid separation applications in various industry segments like Mineral processing and Beneficiation, Pulp and Paper processing, Fertilizer & Chemicals and Environmental management.

A. SIGNIFICANT ACCOUNTING POLICIES

a) Method of Accounting

The financial statements are based on historical cost convention (except for revaluation of certain Fixed Assets), in accordance with Generally Accepted Accounting Principles (GAAP) and in compliance with the accounting standards notified under Section 211 (3C) of the Companies Act, 1956 and the other provisions of the Companies Act, 1956.

The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis.

b) Use of Accounting Estimates

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

c) Fixed Assets

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

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

d) Investments

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

e) Depreciation/Amortization

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

	Particulars	Rate
(i)	Buildings (including company-owned flats)	1.64% /1.67%/20%
(ii)	Factory Buildings (Revaluation amount)	3.34%/8.33%
(iii)	Plant & Machinery	
	Diesel generating sets, welding machines etc.	25%
	Air Conditioners	20%
	Office Equipments	20%
	Motor Vehicles	20%
	Laboratory Equipments	10% / 20%
	Other items	10% / 20%
(iv)	Furniture and Fittings	10%

SCHEDULES TO FINANCIAL STATEMENTS Contd.

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

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

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

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

f) Borrowing Costs:

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

g) Inventories:

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

h) Revenue Recognition:

i) Long-term Contracts

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

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

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

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

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

ii) Others

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

(iii) Manufactured Goods

Revenue from sale of manufactured goods is recognized when substantial risks and rewards are transferred to the buyer under terms of contract.

i) Provisions and Contingencies

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

j) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing on the balance sheet date. Exchange differences on foreign exchange transactions are recognised in the profit and loss account.

SCHEDULES TO FINANCIAL STATEMENTS Contd.

k) Employee Benefits

i) Gratuity

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

ii) Superannuation

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

iii) Leave Encashment

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

iv) Provident Fund

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

l) Impairment

The carrying values of assets of the cash-generating units at each balance sheet date are reviewed for impairment. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

m) Income-Tax

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

n) Earnings Per Share

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

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

o) Contingent Liabilities

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

SCHEDULES TO FINANCIAL STATEMENTS Contd.

B. NOTES ON ACCOUNTS

1. **Contingent liabilities not provided for in respect of:**

		Particulars	As at March 31, 2010 (Rs. in Lacs)	As at March 31, 2009 (Rs. in Lacs)
1.1	i)	Bank Guarantees/Letters of Credit issued by the bank on behalf of the Company [Net of margin money aggregating to Rs.88.37. (Previous year Rs. 91.24)]	**49,073.14**	27,358.82
	ii)	Corporate Guarantees	**15,625.85**	-
	iii)	*Claims against the Company not acknowledged as debts, to the extent quantifiable.	**222.66**	268.78
	iv)	*Income-tax matters	**208.84** **(-) 10.86**	314.04
	v)	*Sales-tax / WCT / VAT matters	**287.26**	258.98
	vi)	*Excise/Service Tax matters	**58.58**	35.85
	vii)	*Labour Cess	**53.12**	-
	viii)	*Custom duty matters	**7.65**	3.42

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

1.2. The claim made by a client against the Company seeking compensation for the alleged breach of contract has been settled by the Company. Consequently, all claims and counter claims relating to the contract and the related proceedings pending in the Courts at Bombay and Goa have been withdrawn / settled.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.155.13 (previous year Rs. 205.32).

3. Disclosure of provisions as per AS-29 “Provisions, Contingent Liabilities and Contingent Assets” is as follows:

(Rs. in Lacs)

Particulars	As at April 1, 2009	Provisions made during the year	Amount used/ paid during the year	Amount reversed	As at March 31, 2010
Provision for Doubtful Loans and Advances	24.47	-	-	-	**24.47**
Diminution in value of Investment	0.31	-	-	-	**0.31**
Warranty	32.29	-	-	32.29	-
Total	57.07	-	-	-	**24.78**

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

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

6. Managerial Remuneration and Computation of net profit is in accordance with section 309(5) of the Companies Act, 1956

6.1 Managerial Remuneration

Particulars	Year ended March 31, 2010 (Rs. in Lacs)	Year ended March 31, 2009 (Rs. in Lacs)
Salaries and Allowances	**182.21**	37.33
Contribution to Provident and Superannuation funds	**25.45**	5.19
Commission to Managing Director	**282.60**	-
Total	**490.26**	42.52

SCHEDULES TO FINANCIAL STATEMENTS Contd.

6.2 **Computation of Net profit in accordance with Section 309(5)/198(1) of the Companies Act, 1956**

	Particulars	Year ended March 31, 2010 (Rs. in Lacs)
i	Profit Before Tax – per Profit and Loss Account	8,373.90
	Add:	
ii	Managerial Remuneration paid/provided	207.66
iii	Commission to Managing Director	282.60
iv	Sitting Fees	2.75
v	Depreciation as per Books of Accounts	549.77
vi	Loss on Sale of Assets	0.37
	Sub Total	**9,417.05**
vii	Less: Depreciation as per Section 350 of the Companies Act	512.87
	Sub Total	**512.87**
viii	Net Profit in accordance with 198(1)/349	8,904.18
ix	Maximum Commission/Remuneration payable to Managing Director computed @ 5% of the Net Profit	445.21
x	Less: Remuneration to MD paid/provided in Profit and Loss Account	162.61
xi	Commission payable to Managing Director	282.60

7. There were no dues to Micro Enterprises and Small Enterprises as at March 31, 2010. This information required to be disclosed under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the company.

8. Sundry creditors includes amount of supplier's bill discounted aggregating to Rs 6,600.07 (Previous Year Rs 5,876.08) within secured non fund based limits availed from the banks.

9. Auditors' Remuneration

	Particulars	Year ended March 31, 2010 (Rs. in Lacs)	Year ended March 31, 2009 (Rs. in Lacs)
i)	Audit Fee	**12.00**	8.00
ii)	Tax Audit	**1.50**	1.50
iii)	Limited Review of Results	**4.50**	3.00
iv)	In other capacity:		
	Certification work	**0.75**	1.50
v)	Reimbursement of expenses:		
	Service Tax	**1.93**	1.41
	Out of pocket expenses	**2.26**	2.03
	Total	**22.94**	17.44

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

Particulars	Year ended March 31, 2010 (Rs. in Lacs)	Year ended March 31, 2009 (Rs. in Lacs)
Cost of systems, equipments, components, spares and services	**4,700.07**	1,140.08
Capital Expenditure (Import of machineries)	-	274.63
Total	**4,700.07**	1,414.71

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

Particulars	Year ended March 31, 2010 (Rs. in Lacs)	Year ended March 31, 2009 (Rs. in Lacs)
Foreign Travel	**14.11**	14.46
Others	**21.79**	0.67
Total	**35.90**	15.13

12. Earnings in foreign exchange

Sale of systems (including components and spares) on FOB basis	**130.60**	60.26
Freight and insurance recoveries	**5.02**	1.47
Recovery of Cost	**1,484.00**	-
Total	**1,619.62**	61.73

SCHEDULES TO FINANCIAL STATEMENTS Contd.

13. **Value of components used for supply of systems and services (Refer Schedule 15)**

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	%	**(Rs. in Lacs)**	%	(Rs. in Lacs)
Imported	**5.43**	**3,323.48**	2.82	1,057.76
Indigenous	**94.57**	**57,891.80**	97.18	36,434.95
Total	**100.00**	**61,215.28**	100.00	37,492.71

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.

14. **Related Party Transactions**

a. List of related parties

i. **Holding Company**
IVRCL Infrastructures & Projects Limited

ii. **Subsidiary [The ownership, directly or indirectly through subsidiary (ies)**
HDO Technologies Limited
IMCO (22010) Limited, (UK) - (with effect from February 28, 2010)
DavyMarkham Holdings Limited, (UK) – Subsidiary of IMCO (22010) Limited, UK
(with effect from February 28, 2010)
DavyMarkham Limited, (UK) – Subsidiary of DavyMarkham Holdings Limited, UK.
(with effect from February 28, 2010)

iii. **Fellow Subsidiaries**
IVRCL PSC Pipes Private Limited
IVR Enviro Projects Private Limited
IVRCL Assets & Holdings Limited
(formerly IVR Prime Urban Developers Limited)
IVRCL Steel Constructions & Services Limited
IVRCL Chengapalli Tollways Limited
IVRCL Holdings & Services Pte. Limited
IVRCL Infrastructures & Projects (Botswana) (Pty) Limited

iv. **Company under common control**
Indus Palm Hotels & Resorts Limited
S.V. Equities Limited
Palladium Infrastructures & Projects Limited
Soma Hotels & Resorts Limited
Eragam Holdings Limited
Eragam Finlease Limited
A P Enercon Engineers Private Limited

v. **Subsidiaries of Fellow Subsidiaries**
Jalandhar Amritsar Tollways Limited
Alkoor Petro Limited
Salem Tollways Limited
Kumarapalyam Tollways Limited
Chennai Water Desalination Limited
First STP Private Limited
Sion Panvel Tollways Private Limited
IVRCL Building Products Limited
IVRCL Indore Gujarat Tollways Limited
IVR Hotels and Resorts Limited

SCHEDULES TO FINANCIAL STATEMENTS Contd.

Geo IVRCL Engineering Limited
IVRCL Mega Malls Limited
HDO Technologies Limited
Agaram Developers Private Limited
Papankuzhi Developers Private Limited
SPB Developers Private Limited
Mummidi Developers Private Limited
Samatteri Developers Private Limited
Annupampattu Developers Private Limited
Kunnam Developers Private Limited
Tirumani Developers Private Limited
Ilavampedu Developers Private Limited
Haripuram Developers Private Limited
Chodavaram Developers Private Limited
Vedurwada Developers Private Limited
Rudravaram Developers Private Limited
Gajuwaka Developers Private Limited
Geo Prime Developers Private Limited
Theata Developers Private Limited
Duvvda Developers Private Limited
IVR Prime Developers (Mylapore) Private Limited
IVR Prime Developers (Palakkad) Private Limited
IVR Prime Developers (Guindy) Private Limited
Gamaa Developers Private Limited
Simhachalam Prime Developers Private Limited
Siripuram Developers Private Limited
Kasibugga Developers Private Limited
Vijayawada Developers Private Limited
Eluru Developers Private Limited
IVR Prime Developers (Nellore) Private Limited
IVR Prime Developers (Amalapuram) Private Limited
IVR Prime Developers (Erode) Private Limited
IVR Prime Developers (Guntur) Private Limited
IVR Prime Developers (Kakinada) Private Limited
IVR Prime Developers (Araku) Private Limited
IVR Prime Developers (Pudukkottai) Private Limited
Absorption Aircon Engineer Private Limited
IVR Prime Developers (Vanaprastha) Private Limited
IVR PUDL Resorts & Clubs Private Limited
IVR Prime Developers (Thandiarpet) Private Limited
IVR Prime Developers (Gummidipundy) Private Limited
IVR Prime Developers (Kodambakkam) Private Limited
IVR Prime Developers (Arumbakkam) Private Limited
IVR Prime Developers (Anna Nagar) Private Limited
IVR Prime Developers (Pallavaram) Private Limited
IVR Prime Developers (West Mambalam) Private Limited
Bibinagar Developers Private Limited
IVR Prime Developers (Anakapalle) Private Limited
IVR Prime Developers (Rajampeta) Private Limited
IVR Prime Developers (Tanuku) Private Limited
IVR Prime Developers (Red Hills) Private Limited
IVR Prime Developers (Rajahmundry) Private Limited
IVR Prime Developers (Tuni) Private Limited

SCHEDULES TO FINANCIAL STATEMENTS Contd.

IVR Prime Developers (Bobbilli) Private Limited
IVR Prime Developers (Bhimavaram) Private Limited
IVR Prime Developers (Valasaravakkam) Private Limited
IVR Prime Developers (Adayar) Private Limited
IVR Prime Developers (Ananthapuram) Private Limited
IVR Prime Developers (Perumbadur) Private Limited
IVR Prime Developers (Egmore) Private Limited
IVR Prime Developers (Tambram) Private Limited
IVR Prime Developers (Ashram) Private Limited
IVR Prime Developers (Retiral Homes) Private Limited
IVR Prime Developers (Avadi) Private Limited
IVR Prime Developers (Alwarpet) Private Limited

vi. Joint Ventures of Holding Company
Bhanu – IVRCL Associates
IVRCL – Tantia
IVRCL, Sew & Prasad
IVRCL, Navayuga & Sew
Navayuga, IVRCL & Sew
IVRCL Harsha
SPCL – IVRCL
IVRCL JL
UAN Raju IVRCL Construction
IVRCL KBL
IVRCL KBL MEIL
IVRCL CR18G
IVRCL SEW & WPIL
IVRCL MBL
IVRCL BATPASCO WPIL & MHI
IVRCL BATPASCO ABB & AAG
IVRCL CR18G Consortium
MEIL IVRCL HCC & WPIL
IVRCL – KIPL
IVRCL – SAISUDHIR
UNITY – IVRCL
IVRCL– RAJ
CR 18 G – IVRCL

vii. Key Management Personnel
Mr. E. Sudhir Reddy- Vice Chairman
Mr. E. Sunil Reddy- Managing Director
Mr. S. C. Sekaran – Executive Director

viii. Relatives of Key Management Personnel
Mr. E. Ella Reddy
Mrs. E. Sujatha Reddy
Mrs. E. Indira Reddy
Mr. E. Siddhanth Reddy
Mr. E. Sanjeeth Reddy
Mr. E. Suha Ella Reddy
Mrs. E. Vani
Ms. E. Soma Reddy

SCHEDULES TO FINANCIAL STATEMENTS Contd.

b. **Followings are the transactions with the related parties:** (Rs in Lacs)

Particulars	Year	Holding Company	Subsidiary	Fellow Subsidiary	Subsidiary of Fellow Subsidiary	Company under common control	Key Management Personnel	Total
Income/Expense								
Sales (Net of Indirect Taxes)	2009-10	3,487.79	-	-	-	-	-	3,487.79
	2008-09	4,409.99	-	-	-	-	-	4,409.99
Purchases/Services	2009-10	4,589.17	1,793.48	-	-	1,048.84	-	7,431.49
	2008-09	3,783.81	1,213.30	-	-	-	-	4,997.11
Interest Received	2009-10	-	-	-	-	-	-	-
	2008-09	77.08	-	-	-	-	-	77.08
Dividend Paid	2009-10	198.31	-	-	-	-	-	198.31
	2008-09	114.49	-	-	-	-	-	114.49
Payment made by the Company for								
Expenses	2009-10	12.10	309.71	-	-	-	-	321.81
	2008-09	-	209.14	-	-	-	-	209.14
Fixed Assets	2009-10	-	-	-	-	-	-	-
	2008-09	-	352.03	-	-	-	-	352.03
Payment made by the Holding Company for								
Expenses	2009-10	0.41	-	-	-	-	-	0.41
	2008-09	7.22	-	-	-	-	-	7.22
Fixed Assets	2009-10	-	-	-	-	-	-	-
	2008-09	16.78	-	-	-	-	-	16.78
Rent Paid	2009-10	16.09	-	-	-	25.98	-	42.07
	2008-09	16.65	-	-	-	18.54	-	35.19
Finance								
Loans/ Advances Given	2009-10		6,887.04	-	-	-	-	6,887.04
	2008-09	536.22	-	-	-	-	-	536.22
Earnest Money Received	2009-10	-	-	-	-	-	-	-
	2008-09	-	-	35.00	-	-	-	35.00
Remuneration	2009-10	-	-	-	-	-	490.26	490.26
	2008-09	-	-	-	-	-	42.52	42.52
Balances with related parties								
Loans/Advances Recoverable	2009-10	738.30	418.68	10.73	-	-	-	1,167.71
	2008-09	-	474.28	10.73	-	-	-	485.01
Advances Payable	2009-10	-	-	-	-	-	-	-
	2008-09	643.34	-	-	-	-	-	643.34
Debtors	2009-10	-	-	-	-	-	-	-
	2008-09	-	-	-	-	-	-	-
Creditors	2009-10	-	-	-	-	35.81	-	35.81
	2008-09	-	-	-	-	-	-	-
Retention Money Receivable	2009-10	788.55	-	-	-	-	-	788.55
	2008-09	773.64	-	-	-	-	-	773.64
Share Application Money Paid	2009-10	-	10.00	-	-	-	-	10.00
	2008-09	-	10.00	-	-	-	-	10.00
Earnest Money Payable	2009-10	-	-	-	-	-	-	-
	2008-09	-	-	261.60	102.11	-	-	363.71

SCHEDULES TO FINANCIAL STATEMENTS Contd.

Disclosure of Material Transactions with Related Parties

Particulars	Year Ended March 31, 2010 (Rs. in Lacs)	Year Ended March 31, 2009 (Rs. in Lacs)
Sales (Net of Indirect Taxes)		
IVRCL Infrastructures & Projects Limited	**3,487.79**	4,409.99
Purchases/Services		
IVRCL Infrastructures & Projects Limited	**4,589.17**	3,783.81
HDO Technologies Limited	**1,793.48**	1,213.30
Palladium Infrastructures & Projects Limited	**1,048.84**	-
Interest Received		
IVRCL Infrastructures & Projects Limited	-	77.08
Dividend Paid		
IVRCL Infrastructures & Projects Limited	**198.31**	114.49
Payment made by the Company – Expenses		
HDO Technologies Limited	**309.71**	209.14
IVRCL Infrastructures & Projects Limited	**12.10**	-
Payment made by the Holding Company - Expenses		
IVRCL Infrastructures & Projects Limited	**0.41**	7.22
Loans/Advances given by the Company		
IVRCL Infrastructures & Projects Limited	-	536.22
IMCO (22010) Limited	**6,887.04**	-
Payment made by the Company - Fixed Assets		
HDO Technologies Limited	-	352.03
Payment made by the Holding Company - Fixed Assets		
IVRCL Infrastructures & Projects Limited	-	16.78
Rent Paid		
IVRCL Infrastructures & Projects Limited	**16.09**	16.65
A P Enercon Engineers Private Limited	**19.98**	18.54
Indus Palm Hotels and Resorts Private Limited	**6.00**	-
Earnest Money Deposit Received		
IVR Prime Urban Developers Limited	-	35.00

Notes:

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

(Rs. in Lacs)

Name of the Company	Relationship	Amount	Maximum outstanding
HDO Technologies Limited	Subsidiary	361.01	1,903.22
IMCO (22010) Limited (UK)	Subsidiary	67.67	6,887.04

15. **Earnings per share**

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Net Profit attributable to shareholders (Rs. in Lacs)	**5,551.69**	3,015.97
Weighted average number of equity shares outstanding		
For Basic EPS	**72,005,808**	72,005,808
For Diluted EPS	**72,131,808**	72,005,808
Earnings Per Share (Face Value of Rs. 2 each)		
Basic (Rupees)	**7.71**	4.19
Diluted (Rupees)	**7.69**	4.19

SCHEDULES TO FINANCIAL STATEMENTS Contd.

16. **Segment Reporting**

Primary Segment – Business

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

Secondary Segment – Geographical

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

17. **Deferred Tax**

The Company has carried out deferred tax computation in accordance with Accounting Standard 22– 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India.

The deferred tax Assets as shown in the balance sheet consists of:

Particulars	**As at March 31, 2010 (Rs. in Lacs)**	As at March 31, 2009 (Rs. in Lacs)
Tax impact of differences between carrying amount of the fixed assets in the financial statements and the income tax	**268.44**	172.51
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	**(105.30)**	(77.85)
Deferred Tax Liability/(Assets)	**163.14**	94.66

18. In terms of the disclosures required to be made under the Accounting Standard (AS) 7 (revised 2002) issued by the Institute of Chartered Accountants of India for 'Construction Contracts', the amounts considered in the financial statements up to the reporting date are as follows:

Particulars	**Year ended March 31, 2010 (Rs. in Lacs)**	Year ended March 31, 2009 (Rs. in Lacs)
Contract Revenue recgonised as revenue During the year – (paragraph 38a)	**80,999.39**	42,734.60
Contract costs incurred and recognised Profits, less losses – (paragraph 39a)	**68,137.90**	35,732.58
Advances received, net of recoveries From progressive bills – (paragraph 39b)	**3,127.75**	2,843.18
Gross amount due from customers for Contract works – (paragraph 41a)	**12,510.97**	10,719.35
Gross amounts due to customers for Contract works – (paragraph 41b)	-	-
Retention amount due from customers for Contract works – (paragraph 40c)	**16,808.40**	8,998.37

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

19. **Employees Share Based Plan**

1. Method used for accounting for share based plan:

   The Company has used intrinsic value method to account for the compensation cost of stock option to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying stock exceeds the exercise price of the option. The total intrinsic value of the options granted during the year is recognised as deferred compensation expense with a corresponding liability as Stock Options.

   Deferred employee compensation expense is amortised on a straight line basis over a vesting period of the option granted.

2. Employees Stock Options Scheme, 2005:

   Under ESOP 2005 Scheme, the members had approved 500,000 options of face value Rs. 2 each to the permanent employees of the Company. During the previous year 2,52,000 options were granted to certain employees of the Company at a single exercise price of Rs. 41.52 per stock option with a vesting period of 1 year.

3. Movement in the options during the year:

   ESOP 2005 Scheme

Particulars	ESOP : 2005 Scheme	Weighted average exercise price per stock option (Rs.)
Options outstanding at the beginning of the year	5,00,000	41.52
Granted during the year	2,52,000	-
Exercised during the year	-	-
Lapsed during the year	-	-
Options outstanding during the year	2,48,000	41.52
Options exercisable at the end of the year	2,52,000	41.52

4. Fair value Methodology:

   The fair value of options used to compute pro forma net income and earnings per equity share have been estimated on the date of granting using Black-Scholes model. The key assumptions used in Black-Scholes model for computing the fair value are; (a) Risk free interest rate of 6.6% p.a. (b) Expected life of 1 year and (c) Expected volatility of share price of 61.55%. The weighted average fair value of the option works out to Rs. 90.67.

   Had compensation cost for the stock options granted under ESOP 2005 been determined based on fair value approach, the Company's net profit and earning per share would have been as per the pro forma amounts indicated below:

Particulars	(Rs. in lacs)
Net Profit (as reported)	5,551.69
Add: Employee compensation expense included in net income, based on market price as on Date of grant	36.11
Less: Employee compensation expense determined under fair value based method	9.64
Net profit (pro forma)	5,578.16
	Rupees
Basic Earnings per share (as reported)	7.71
Basic Earnings per share (pro forma)	7.74
Diluted Earnings per share (as reported)	7.69
Diluted Earnings per share (pro forma)	7.73

SCHEDULES TO FINANCIAL STATEMENTS Contd.

20. **Particulars in respect of each class of goods manufactured.**

A. Capacity, Production and stocks (Qty. in MT)

Class of Goods	Capacity		Sales and production	Stock			
				Opening		Closing	
	Licenced	Installed		Quantity	Value	Quantity	Value
Filtration Sedimentation	(See Note below)	(See Note below)	(See Note below)				
Classification Centrifugation	NA NA	5,782* (5,782)	5,521 (3,570)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Pollution Control							
Fluidisation							
Miscellaneous							

* As certified by the Management and relied upon by the Auditors, being a technical matter.

NA – Not Applicable

Note: By virtue of endorsements made on its Industrial License, the Company within its overall capacity is also permitted to manufacture (i) Pressure Vessels, Reactors, Columns, Horton Spheres and Storage tanks, including glass lined equipments. (ii) Heat transfer equipment and systems. (iii) Solid Liquid Gas Separation Plants including Filtration Systems (iv) Mixing Homogenizing Equipments (v) Natural Gas Crackers including primary reformers (vi) Concentrating and Drying Systems consisting of Evaporator Systems (vii) Dryers and Drying Systems.

i) Mixers Agitators and Aerators up to 750 Metric Tons p.a.

B. Turnover

	Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
		Quantity (Nos.)	(Rs. in Lacs)	Quantity (Nos.)	(Rs. in Lacs)
a)	Equipments, systems and Spares				
	Filtration Equipment	**310**	**5,243.05**	272	4,314.00
	Sedimentation Equipment	**45**	**299.38**	42	421.02
	Miscellaneous Equipment	**247**	**5,314.59**	126	3,096.88
	Components	**39**	**240.68**	74	677.21
	Services	-	**75.45**	-	-
	Total		**11,173.15**		8,509.11
b)	Contract revenue and others		**75,941.41**		43,716.41
	Grand Total		**87,114.56**		52,225.52

Notes:

i. Sales are net of credit notes issued to customers relating to discounts, allowances, etc.

ii. Turnover of equipments, system and spares include sales of equipments aggregating to Rs. 3,581.08 (Previous year Rs. 1,991.67) on account of long term contracts

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

SCHEDULES TO FINANCIAL STATEMENTS Contd.

C. Raw materials and Components consumed (including for maintenance)

Particulars	Unit	Year ended March 31, 2010		Year ended March 31, 2009	
		Quantity	(Rs. in Lacs)	Quantity	(Rs. In Lacs)
Imported Raw Materials	Tonnes	508	2,109.88	22	38.48
Stainless Steel Plates & Structurals	Tonnes	140	839.39	703	988.94
SS Pipes, Tubes	Meters	919	58.83	7,863	88.70
Mild steel plates and Structurals	Tonnes	4,848	3,040.72	4,043	1,702.05
MS Pipes, Tubes	Meters	9,638	77.13	5,699	107.25
CI Castings	Tonnes	234	239.38	94	112.15
SS and N.F.Castings	Tonnes	13	2.49	32	110.91
Other Components - (Indigenous)			1,114.54		773.08
Total			7,482.36		3,921.56

D. Value of raw materials, loose tools, stores and spares parts consumed analysed as;

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	%	(Rs. in Lacs)	%	(Rs. in Lacs)
Raw Materials and Components				
Imported	28.20	2,109.88	0.98	38.48
Indigenous	71.80	5,372.48	99.02	3,883.08
Total	100.00	7,482.36	100.00	3,921.56
Stores, Spares and Patterns (indigenous)	100.00	637.79	100.00	341.03

The consumption, therefore, includes adjustments for shortage/excess and the effects of reduction of stock items to their realisable values.

21. The utilization of the unutilized fund raised through the preferential issue during an earlier year is as under:

Particulars	Year ended March 31, 2010 (Rs in Lacs)
Utilization for expansion of manufacturing activities & working capital requirement	2,000
Unutilized issue proceeds in Fixed Deposit with bank	100
Total	2,100

22. Staff salaries and General expenses include Rs. 165.35 lacs (previous year Rs. 122.64 lacs) for Research & Development activities.

SCHEDULES TO FINANCIAL STATEMENTS Contd.

23. Employee Benefit:

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

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
Change in Benefit Obligation		
Liability at the beginning of the year	**346.12**	302.48
Interest Cost	**27.09**	24.03
Current Service Cost	**26.02**	19.22
Benefit Paid	**(53.88)**	(42.77)
Actuarial (gain)/loss on obligations	**49.49**	43.17
Liability at the end of the year	**394.84**	346.12
Fair value of Planned Assets		
Fair value of planned assets at the beginning of the year	**252.45**	133.81
Expected return on planned assets	**19.39**	11.97
Contributions	**16.83**	34.51
Benefit paid	**(53.88)**	(42.77)
Actuarial gain/(loss) on planned assets	**3.93**	(6.66)
Fair value of planned assets at the end of the year	**238.72**	130.85
Total Actuarial gain/(loss) to be recognized	**(45.56)**	(49.83)
Actual return on planned assets		
Expected return on planned assets	**19.39**	11.97
Actuarial gain/(loss) on planned assets	**3.92**	(11.97)
Actual return on planned assets	**23.31**	-
Amount recognized in the Balance Sheet		
Liability at the end of the year	**394.84**	346.12
Fair value of planned assets at the end of the year	**238.71**	130.85
Difference	**(156.13)**	(215.27)
Amount recognized in the Balance Sheet	**(156.13)**	(215.27)
Expenses recognized in the Income Statement		
Current service cost	**26.02**	19.22
Interest cost	**27.09**	24.03
Expected return on planned assets	**(19.39)**	(11.97)
Net Actuarial (gain)/loss to be recognized	**45.56**	49.83
Expense recognized in the Profit and Loss Account	**79.28**	81.11
Balance Sheet Reconciliation		
Opening Net Liability	**93.67**	168.67
Expense as above	**79.30**	81.11
Employers Contribution	**(16.83)**	34.51
Amount Recognised in the Balance Sheet	**156.14**	215.27
Assumptions		
Discount rate	**8.00%**	8.00%
Rate of return on planned assets	**8.00%**	8.00%

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

FOR AND ON BEHALF OF THE BOARD

Subodh Bhel	**Pragya Sahal Kaul**	**E. Sunil Reddy**	**S. C. Sekaran**
Sr. G.M. Finance	*Company Secretary*	*Managing Director*	*Executive Director*

Hyderabad
May 7, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

I. Registration

Registration No.	17644	State Code	11
Balance Sheet Date	31032010		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	72006	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	6992456	Total Assets	6992456
Sources of funds			
Paid-up Capital	144012	Reserves & Surplus	2096851
Secured Loans	786112	Unsecured Loan	NIL
Application of Funds			
Net Fixed Assets	786372	Investments	17606
Net Current Assets	2242922	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax Liabilities (Net)	16314

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	8631122	Total Expenditure	7853333
Other Income	59601		
Profit Before Tax	837390	Profit After Tax	555169
Earnings per Share (Rs.)	7.71	Dividend Rate %	40

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Item Code No. (ITC Code)	:	8 4 3 9 1 0 0 0
Product Description	:	Machinery for Making pulp of Fabrous Cellulosic Material
Item Code No. (ITC Code)	:	8 4 1 9 8 9 0 4
Product Description	:	Waste Water Treatment Plant
Item Code No. (ITC Code)	:	8 4 1 9 8 9 0 8
Product Description	:	Mixing and Homogenizing Equipment for Chemical Industries

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors
HINDUSTAN DORR - OLIVER LIMITED

1. We have audited the attached Consolidated Balance Sheet of **HINDUSTAN DORR - OLIVER LIMITED** ('the Company') and its subsidiaries (collectively referred to as 'the Group') as at March 31, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. In respect of financial statements/consolidated financial statements of certain foreign subsidiaries whose financial statement reflects total assets of Rs. 7,584.24 lacs as at March 31, 2010, total revenue of Rs 1,386.82 lacs and net cash inflows of Rs 647.11 lacs for the period from February 28, 2010 to March 31, 2010 are unaudited and we did not carry out the audit. These unaudited financial statements/consolidated financial statements have been prepared by the Management and have been furnished to us for the purpose of our examination of consolidated financial statement of the group. Our report in so far as it relates to the amounts included in respect of the foreign subsidiaries is based solely on such unaudited financial statements consolidated financial statements.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements notified by the Companies Accounting Standards Rules 2006.

5. Based on our audit as aforesaid, and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;

   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

   (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

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

Hyderabad
May 7, 2010

R N CHATURVEDI
Partner
Membership No. 092087

HINDUSTAN DORR-OLIVER LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

(Rs. in Lacs)

	Schedule Reference		As at March 31, 2010		As at March 31, 2009
SOURCES OF FUNDS					
Shareholders' funds					
Share Capital	1	1,440.12		720.06	
Stock Options		36.11		-	
Reserves and Surplus	2	21,262.00	22,738.23	16,942.09	17,662.15
Loan Funds					
Secured Loan	3	15,505.18		1,556.96	
			15,505.18		1,556.96
Deferred Tax Liability (Net)			248.25		147.60
TOTAL			38,491.66		19,366.71
APPLICATION OF FUNDS					
Goodwill on Consolidation			5,175.28		-
Fixed Assets	4				
Gross Block		12,738.80		9,831.26	
Less: Depreciation		3,756.43		2,652.77	
Net Block		8,982.37		7,178.49	
Add: Capital Work-in-Progress		226.26	9,208.63	215.16	7,393.65
(Including Capital Advances aggregating to Rs. 96.38 (previous year Rs. Nil)					
Investments	5		165.25		165.25
Current Assets, Loans and Advances					
Inventories	6	5,260.55		3,114.77	
Sundry Debtors	7	19,359.84		15,577.24	
Cash & Bank Balances	8	1,069.44		2,483.06	
Other Current Assets	9	29,724.26		20,098.36	
Loans and Advances	10	10,444.54		8,678.25	
		65,858.63		49,951.68	
Less: Current Liabilities and Provisions					
Liabilities	11	40,920.03		37,517.34	
Provisions	12	996.10		626.53	
		41,916.13		38,143.87	
Net Current Assets			23,942.50		11,807.81
TOTAL			38,491.66		19,366.71
Significant Accounting Policies & Notes forming part of the financial statement	19				
The Schedules referred to above form an integral part of the Balance Sheet.					

As per our report of even date attached,

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

FOR AND ON BEHALF OF THE BOARD

R N CHATURVEDI
Partner
Membership No. 092087

Subodh Bhel
Sr. G.M. Finance

Pragya Sahal Kaul
Company Secretary

E . Sunil Reddy
Managing Director

S. C. Sekaran
Executive Director

Hyderabad,
May 7, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in Lacs)

	Schedule Reference		Year ended March 31, 2010		Year Ended March 31, 2009
INCOME					
Income from Sales and Services	13	88,552.47		52,246.78	
Less : Excise Duty/Service Tax		804.21		696.64	
Net Sales			87,748.26		51,550.14
Other Income	14		596.05		696.48
TOTAL			88,344.31		52,246.62
EXPENDITURE					
Cost of Sales and Services	15		68,139.08		40,314.27
(Increase)/ Decrease in Inventories	16		(576.10)		(372.62)
Operating and Administrative Expenses	17		9,695.66		6,287.56
Interest and Finance Charges	18		1,763.24		800.36
Depreciation/Amortisation		694.61		405.08	
Less: Transfer from Revaluation Reserve		6.22	688.39	6.36	398.72
TOTAL			79,710.27		47,428.29
PROFIT FOR THE YEAR BEFORE TAXATION			8,634.04		4,818.33
Provision for Taxation					
Current Tax		2,617.38		1,477.83	
Deferred Tax		100.67		164.06	
Fringe Benefit tax		-		44.13	
Mat Credit Entitlement		-	2,718.05	(14.54)	1,671.48
Tax Adjustments for earlier years			198.26		34.83
PROFIT FOR THE YEAR AFTER TAXATION			5,717.73		3,112.02
Balance brought forward from previous year			3,537.61		2,646.81
Balance available for appropriation			9,255.34		5,758.83
APPROPRIATIONS					
Proposed dividend			576.05		360.03
Corporate dividend tax			95.67		61.19
Transfer to General Reserve			2,500.00		1,800.00
Balance carried to Balance Sheet			6,083.62		3,537.61
Basic Earnings Per Share (in Rupees)			7.95		4.32
Diluted Earnings Per Share (in Rupees) (Refer note No 15 in schedule '19')			7.93		4.32
Significant Accounting Policies & Notes forming part of the Financial Statements	19				
The Schedules referred to above form an integral part of the Profit & Loss Account					

As per our report of even date attached

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

FOR AND ON BEHALF OF THE BOARD

R N CHATURVEDI
Partner
Membership No. 092087

Subodh Bhel
Sr. G.M. Finance

Pragya Sahal Kaul
Company Secretary

E . Sunil Reddy
Managing Director

S. C. Sekaran
Executive Director

Hyderabad,
May 7, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in Lacs)

		Year Ended March 31, 2010		Year Ended March 31, 2009
CASH FLOW FROM OPERATING ACTIVITIES				
Profit for the year before Taxation		**8,634.04**		4,818.33
Adjustments for				
Depreciation and amortisation	**688.39**		398.72	
(Profit)/loss on Sale of Fixed Assets	**0.37**		(0.02)	
Employee Compensation expense under ESOP	**36.11**		-	
Interest & Finance Charges	**1,875.89**		1,028.88	
Interest Income	**(112.65)**		(228.51)	
Dividend Income	**(1.09)**		(39.70)	
Liabilities no longer required written back	-		(57.43)	
Bad debts written Off	**457.73**		588.38	
Loss on Exchange (Net)	**0.18**		-	
Loss on sale of Investment	-	**2,944.93**	7.70	1,698.02
Operating profit before working capital changes		**11,578.97**		6,516.35
Changes in assets and liabilities				
(Increase)/Decrease in Inventories	**(2,145.79)**		1,576.25	
(Increase)/Decrease in Sundry Debtors	**(4,240.34)**		(4,407.86)	
(Increase)/Decrease in Loans and Advances	**(11,862.64)**		(11,220.76)	
Increase/(Decrease) in Current Liabilities	**4,269.76**	**(13,979.01)**	14,896.29	843.92
Cash generated from operations		**(2,400.04)**		7,360.27
Taxes Paid		**2,561.66**		1,770.04
Net cash provided by operating activities		**(4,961.70)**		5,590.23
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	**(2,511.81)**		(3,459.75)	
Sale of Fixed Assets	**1.85**		0.02	
Consideration paid on acquisition of Subsidiary	**(5,780.37)**		-	
Cash and cash equivalents acquired on acquisition of Subsidiary	**0.84**		-	
Sale of Investments	-		171.24	
Dividend received	**1.09**		39.70	
Interest Received	**184.61**	**(8,103.79)**	196.64	(3,052.15)
Net cash used in investing activities		**(8,103.79)**		(3,052.15)
CASH FLOW FROM OPERATING ACTIVITIES				
Proceeds from Loan	**13,948.22**		(2,514.96)	
Dividend Paid	**(359.27)**		(216.67)	
Corporate Dividend Tax	**(61.19)**		(36.71)	
Interest and finance charges paid	**(1,875.89)**	**11,651.87**	(1,028.88)	(3,797.22)
Net cash provided by financing activities		**11,651.87**		(3,797.22)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**(1,413.62)**		(1,259.14)
Cash and cash equivalents at the beginning of the year		**2,483.06**		3,742.20
Cash and cash equivalents at the end of the year		**1,069.44**		2,483.06

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010 Contd.

Notes

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

	Year Ended March 31, 2010 (Rs. in Lacs)	Year Ended March 31, 2009 (Rs. in Lacs)
Cash on Hand	**18.37**	27.50
Cheques on Hand	**39.04**	-
Balances with Scheduled Banks		
- In Current Accounts	**815.42**	264.18
- In Fixed Deposits	**108.09**	2,100.00
- In Margin Money Accounts	**88.37**	91.23
Balance with Other banks	**0.15**	0.15
	1,069.44	2,483.06

5. Rs. 88.37 (Previous year Rs. 91.24) margin money in fixed deposit accounts (Refer Schedule 8)
6. Bank balance includes restricted amount of Rs. 9.48 (Previous year Rs. 8.71) towards unclaimed dividend/Deposits/ Debentures.

As per our report of even date attached

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

FOR AND ON BEHALF OF THE BOARD

R N CHATURVEDI
Partner
Membership No. 092087

Subodh Bhel
Sr. G.M. Finance

Pragya Sahal Kaul
Company Secretary

E . Sunil Reddy
Managing Director

S. C. Sekaran
Executive Director

Hyderabad,
May 7, 2010

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in Lacs)

		As at March 31, 2010		As at March 31, 2009
SCHEDULE - 1				
SHARE CAPITAL				
Authorised :				
100,000,000 (Previous year 50,000,000) Equity shares of Rs. 2 each		**2,000.00**		1,000.00
Issued, subscribed and paid-up				
72,005,808 (Previous year 36,002,904) Equity shares of Rs. 2 each, fully paid				
Of the above,		**1,440.12**		720.06
(i) 39,804,430 (Previous year 19,801,597) Equity shares are held by the holding company, IVRCL Infrastructure & Projects Limited				
(ii) 62,463,388 (Previous year 26,460,484) Equity shares were issued as fully paid bonus shares by capitalisation of General Reserve.				
SCHEDULE - 2				
RESERVES AND SURPLUS				
Revaluation Reserve				
Balance at the beginning of the year	**2,083.38**		2,089.74	
Less : Adjustment for Depreciation	**6.22**	**2,077.16**	6.36	2,083.38
Securities Premium Account				
Balance at the beginning of the year	**5,376.13**	**5,376.13**	5,376.13	5,376.13
General Reserve				
Balance at the beginning of the year	**5,944.97**		4,144.97	
Less : Capitalised on Issue of Bonus Shares	**720.06**		-	
Add : Transferred from Profit & Loss Account	**2,500.00**	**7,724.91**	1,800.00	5,944.97
Foreign Exchange Translation Reserve		**0.18**		-
Profit and Loss Account		**6,083.62**		3,537.61
Surplus as per annexed account				
		21,262.00		16,942.09
SCHEDULE - 3				
SECURED LOANS				
Working Capital Loan				
From bank		**7,861.12**		1,556.96
(Secured by hypothecation of entire stocks, book debts, outstanding money receivable, claims and bills (both present and future), The loan is further secured by fixed assets situated at company's works at vatva, Ahmedabad (Gujarat) and flats situated in Ahmedabad and Mumbai.				
Short Term Loan				
From bank		**7,644.06**		-
(Secured by Pledge of Fixed assets of DavyMarkham Ltd. and further secured by corporate guarantee given by Hindustan Dorr Oliver Limited.				
		15,505.18		1,556.96

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

SCHEDULE - 4

FIXED ASSETS

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at April 01, 2009	Additions during the year	Deductions during the year	As at March 31, 2010	Upto March 31, 2009	For the year	Adjustment	On Sales/ Deductions	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Tangible Assets											
Freehold Land	1,771.01	-	-	1,771.01	-	-	-	-	-	1,771.01	1,771.01
Leasehold Land	355.01	-	-	355.01	27.38	4.89	-	-	32.27	322.74	327.63
Buildings (including Company owned flats)	3,135.50	370.02	-	3,505.52	617.22	114.61	0.28	-	732.11	2,773.41	2,518.28
Plant and Machinery	1,851.28	1,942.13	-	3,793.41	729.10	170.42	382.54	-	1,282.06	2,511.35	1,122.18
Office equipment	465.89	69.60	-	535.49	345.81	40.55	17.43	-	403.79	131.70	120.08
Computers	1,315.23	334.46	-	1,649.69	418.17	251.07	10.06	-	679.30	970.39	897.06
Electrical Fittings	11.65	28.52	-	40.17	4.34	2.56	-	-	6.90	33.27	7.31
Jig,fixture & template	5.77	-	-	5.77	5.77	-	-	-	5.77	-	-
Furniture and fixtures	495.73	95.42	-	591.15	255.26	48.15	1.91	-	305.32	285.83	240.47
Vehicles	257.08	72.78	5.39	324.47	102.23	42.74	-	3.17	141.80	182.67	154.85
Intangible Assets											
Technical Know - How	98.08	-	-	98.08	78.46	19.62	-	-	98.08	-	19.62
Goodwill	69.03	-	-	69.03	69.03	-	-	-	69.03	-	-
Total	**9,831.26**	**2,912.93**	**5.39**	**12,738.80**	**2,652.77**	**694.61**	**412.22**	**3.17**	**3,756.43**	**8,982.37**	**7,178.49**
Previous year Total	(6,263.48)	(3,581.99)	(14.21)	(9,831.26)	(2,261.90)	(405.08)	-	(14.21)	(2,652.77)	(7,178.49)	-

Capital work-in-progress	226.26	(215.16)

Notes

1 Freehold Land includes land at Neelankarai Village, Saidapet Taluka, Chinglepet District Chennai of the gross value of Rs. 28.08 for which the Company has taken legal action for removal of encroachment on certain part of the property.

2 (a) Land & Building were revalued as on 1 April, 1989, 31 March 1993 and 31 March, 1996 by professional valuers on current market value basis. The revalued amounts [Freehold Land Rs.1771.01 (previous year Rs. 1771.01), Leasehold Land Rs. 152 (previous year Rs. 152), Factory Building Rs. 407.30 (previous year Rs. 407.30), and other Buildings Rs. 402.58 (previous year Rs. 402.58)] have been substituted for historical cost [Freehold Land Rs. 3.93 (previous year Rs. 3.93), Leasehold Land Rs. 10.84 (previous year Rs. 10.84), Factory Building Rs. 60.63 (previous year Rs. 60.63) and other Buildings Rs. 80.69 (previous year Rs. 80.69)] in the Gross Block of Fixed Assets.

(b) Depreciation for the year Rs. 694.61 (Previous Year Rs. 405.08) includes depreciation on revaluation - Leasehold land Rs. 1.83 and Buildings Rs. 4.39 (Previous Year Rs. 1.83 and Rs. 4.53 respectively)

(c) Buildings include Company owned residential flats of the Book Value of Rs. 88.51 (Previous Year Rs. 88.51) including face value of shares held in Co-operative Housing Societies of Rs. 0.05 in respect of which documents lodged with the Registrar of Properties for registration are yet to be received back.

3 Leasehold land includes land at Vatva, Ahmedabad of the Gross value Rs. 203.01 acquired in auction, yet to be registered in the name of the company.

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

(Rs. in Lacs)

	Nature of Instruments	Number	Share Face Value (Rs.)	As at March 31, 2010		As at March 31, 2009	
SCHEDULE - 5							
INVESTMENTS							
LONG TERM							
Other investment - Quoted:							
Equity Shares of Rs. 10 each fully paid up							
Voltas Limited	Equity Shares	500	1	**0.03**		0.03	
Ion Exchange (I) Limited	Equity Shares	50	10	**0.06**		0.06	
Gujarat State Petronet Limited	Equity Shares	8983	10	**2.43**		2.43	
Ahmednagar Forgings Limited	Equity Shares	100000	10	**161.00**		161.00	
Gitanjali Gems Limited	Equity Shares	884	10	**1.72**		1.72	
				165.24		165.24	
Less : Provision for diminution in the value of Investments				**0.06**	**165.18**	0.06	165.18
Unquoted:							
Western Bio Systems Ltd	Equity Shares	10	10	-		-	
Jord Engineers India Limited	Equity Shares	100	10	**0.03**		0.03	
Western India Industries Limited	Equity Shares	50	10	**0.03**		0.03	
Western Paques (I) Limited	Equity Shares	100	10	**0.12**		0.12	
Triveni Engineering & Industries Limited	Preference Shares	66	10	**0.07**		0.07	
National Saving Certificates				**0.07**		0.07	
				0.32		0.32	
Less : Provision for diminution in the value of Investments				**0.25**	**0.07**	0.25	0.07
					165.25		165.25

Aggregate amount of book value of quoted investment Rs. 165.24 (Previous year Rs. 165.24)

Aggregate market value thereof Rs. 134.46 (Previous year Rs. 37.11)

Aggregate amount of book value of unquoted investment Rs. 0.32 (Previous year Rs. 0.32)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE - 6		
INVENTORIES		
(At lower of cost and net realisable value)		
Components	-	51.37
Raw Materials	**3,293.68**	1,686.75
Work-in-progress	**1,716.01**	1,175.11
Stores & Spares	**200.70**	166.73
Tools and Patterns	**50.16**	34.81
	5,260.55	3,114.77

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

(Rs. in Lacs)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE - 7		
SUNDRY DEBTORS		
(Unsecured, considered good unless otherwise stated)		
Outstanding for a period exceeding six months	**6,294.57**	4,285.52
Others	**13,065.27**	11,291.72
	19,359.84	15,577.24
SCHEDULE - 8		
CASH AND BANK BALANCES		
Cash on hand	**18.37**	27.50
Cheques on hand	**39.04**	-
Balance with scheduled banks		
- In current accounts	**815.42**	264.18
- Fixed Deposits (Refer Note 1 below)	**108.09**	2,100.00
- Margin Money	**88.37**	91.23
Balance with Other banks (Refer Note 2 below)	**0.15**	0.15
	1,069.44	2,483.06

Note

1. Fixed Deposit includes unutilised money on preferential issue of equity shares in an earlier year Rs. 100.00 (Previous year Rs. 2100.00)
2. Balance with Jordan Ahli Bank in Current Account Rs. 0.15, Maximum amount outstanding at any time during the year Rs. 0.15.

	As at March 31, 2010	As at March 31, 2009
SCHEDULE - 9		
OTHER CURRENT ASSETS		
Interest Accrued other than on Investments	**7.49**	79.45
Land Held for Development	-	363.71
Retention Money [Includes Rs. 788.55 (previous year Rs. 773.64) due from holding company, IVRCL Infrastructures & Projects Limited]	**18,390.33**	11,554.03
Other Deposits	**839.85**	541.39
Unbilled Revenue	**10,486.59**	7,559.78
	29,724.26	20,098.36
SCHEDULE - 10		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	**8,649.69**	6,768.30
Security Deposit	**175.58**	125.58
Advance Income-Tax (net of provisions)	**605.29**	752.01
Balance with Central Excise	**1,013.98**	1,017.82
MAT Credit Entitlement	-	14.54
	10,444.54	8,678.25

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

(Rs. in Lacs)

		As at March 31, 2010		As at March 31, 2009
SCHEDULE - 11				
CURRENT LIABILITIES				
Acceptances		**4,481.33**		4,662.19
(Acceptances of bills drawn against Letters of Credit and secured by hypothecation of entire stocks, book debts, outstanding money receivable, claims and bills (both present and future), the loan is further secured by fixed assets situated at company's works at vatva, Ahmedabad (Gujarat) and flats situated in Ahmedabad and Mumbai.				
Sundry Creditors				
Total outstanding due to Micro Enterprises and Small Enterprises [Refer Note 9 of schedule 19]		-		-
Total outstanding due to Creditors other than Micro Enterprises and Small Enterprises [Refer Note 10 of schedule 19]		**30,189.69**		20,908.87
[Amount payable to holding company Rs. Nil (Previous year Rs. 643.34), Maximum amount outstanding is Rs. 2,184.63 (Previous year Rs. 4,659.31)]				
Other Liabilities		**1,965.43**		2,067.74
Earnest Money Received for Land Development		-		363.71
Security Deposit		**126.92**		273.50
Advances from Customers		**4,147.18**		9,232.61
- Unpaid Dividend	**6.86**		5.88	
- Matured Unpaid Deposits/Debentures	**2.62**	**9.48**	2.84	8.72
		40,920.03		37,517.34
SCHEDULE - 12				
PROVISIONS				
Gratuity		**131.11**		61.09
Leave Encashment		**193.27**		144.22
Proposed dividend		**576.05**		360.03
Corporate Dividend Tax		**95.67**		61.19
		996.10		626.53

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

(Rs. in Lacs)

		Year Ended March 31, 2010		Year Ended March 31, 2009
SCHEDULE - 13				
SALES AND SERVICES				
Sale of Systems, Equipments, Spares and Services		**88,552.47**		52,246.78
SCHEDULE - 14				
OTHER INCOME				
Dividend		**1.09**		39.70
Profit on sale of Assets		-		0.02
Rent Received		**423.75**		496.80
Provision no longer required written back		-		57.43
Miscellaneous income		**171.21**		102.53
		596.05		696.48
SCHEDULE - 15				
COST OF SALES AND SERVICES				
Opening Stock - Sites	-		2,037.61	
Add : Purchases of Systems, Equipments, Spares and Services	**61,017.83**		34,355.10	
	61,017.83		36,392.71	
Less : Closing Stock - Sites	**361.12**	**60,656.71**	-	36,392.71
Raw Materials and components consumed				
Opening Stock	**1,686.75**		1,745.40	
Add : Purchases	**8,728.18**		3,862.91	
	10,414.93		5,608.31	
Less : Closing Stock	**2,932.56**	**7,482.37**	1,686.75	3,921.56
		68,139.08		40,314.27
SCHEDULE - 16				
(INCREASE) / DECREASE IN INVENTORIES				
Opening Stock				
Components	**51.37**		49.26	
Work - in - progress	**1,175.11**	**1,226.48**	804.60	853.86
Less : Closing Stock				
Components	-		51.37	
Work in progress	**1,802.58**	**1,802.58**	1,175.11	1,226.48
		(576.10)		(372.62)

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

(Rs. in Lacs)

		Year Ended March 31, 2010		Year Ended March 31, 2009
SCHEDULE - 17				
OPERATING AND ADMINISTRATIVE EXPENSES				
Manufacturing Expenses				
Stores, Spares & Patterns	637.79		341.03	
Power & Fuel	123.05		76.69	
Processing Charges	281.29	1,042.13	240.85	658.57
Salaries, Wages and Bonus	3,915.50		2,562.43	
Contribution to provident and other funds	263.70		193.03	
Staff welfare expenses	235.36	4,414.56	194.97	2,950.43
Managerial Remuneration		490.26		42.52
Employee Compensation expense under ESOP		36.11		-
Rent		240.14		148.44
Rates and taxes		124.60		122.68
Travelling/Conveyance expenses		929.50		699.18
Repairs and maintenance - Buildings		80.56		33.34
Repairs and maintenance - Plant & Machinery		114.78		1.06
Repairs and maintenance - Others		108.06		84.24
Insurance		65.60		46.43
Communication Expenses		152.98		114.65
Sitting and Other Fees		2.75		1.78
Donations		7.71		1.31
Wealth Tax		2.75		2.50
Printing & Stationery		67.72		51.98
Advertisement and Publicity		39.47		43.55
Auditors Remuneration		27.47		17.74
Legal & Professional charges		445.94		325.89
Tender Fees		8.30		8.74
Bad Debts written off		457.73		588.38
Loss on Exchange (Net)		273.34		-
Loss on sale of investments		-		7.70
Loss on Sale of Fixed Assets		0.37		-
Miscellaneous Expenses		562.83		336.45
		9,695.66		6,287.56
SCHEDULE - 18				
INTEREST AND FINANCE CHARGES				
Interest - On Fixed Loans	1,050.61		718.70	
- Others	440.88	1,491.49	110.91	829.61
Less : Interest Income:				
On Inter corporate deposits	-		(77.08)	
On Bank deposits	112.65	(112.65)	(151.44)	(228.52)
[Tax deducted at source Rs. 20.90 (previous year Rs. 40.93)]				
Other Finance/Bank charges		384.40		199.27
		1,763.24		800.36

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

SCHEDULE – 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BACKGROUND

These financial statements comprise a consolidation of the Balance Sheet, Profit and Loss Account and Cash Flow Statement of Hindustan Dorr-Oliver Limited and its wholly owned subsidiary HDO Technologies Limited, IMCO (2210) Limited, DavyMarkham Holdings Limited, DavyMarkham Limited (the Group).

Hindustan Dorr-Oliver Limited (the parent) is engaged in the business of providing Engineering & Turnkey solutions, Technology and EPC installations in liquid solid separation application in various industry segments like mineral Processing and Beneficiation, Pulp and Paper processing, Fertilizer & Chemicals and Environment management.

HDO Technologies Limited (the subsidiary) is engaged in the business of providing engineering solutions for various engineering/process industries.

A. SIGNIFICANT ACCOUNTING POLICIES

a) Method of Accounting:

The financial statements are based on historical cost convention (except for revaluation of certain Fixed Assets), in accordance with Generally Accepted Accounting Principles (GAAP) comprising of mandatory accounting standards specified in sections 211 (3C) of the Companies Act, 1956 and the Provisions of the Companies Act, 1956.

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

b) Use of Accounting Estimates:

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

c) Fixed Assets:

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

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

d) Investments:

Long-term investments are stated at cost. Provision for diminution in value is made to recognise a decline other than temporary in the value of such investments.

e) Depreciation/Amortization:

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

	Particulars	Rate
(i)	Buildings (including company-owned flats)	1.64 % / 1.67% / 20%
(ii)	Factory Buildings	3.34% / 8.33%
(iii)	Plant & Machinery	
	Diesel generating sets, welding machines etc.	25%
	Air Conditioners	20%
	Office Equipments	20%
	Motor Vehicles	20%
	Laboratory Equipments	10% / 20%
	Other items	10% / 20%
(iv)	Furniture and Fittings	10%

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

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

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

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

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

f) Borrowing Costs:

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

g) Inventories:

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

h) Revenue Recognition:

i. Long-term Contracts

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

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

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

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

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

ii. Service Contracts

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

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

iii. Others

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

iv. Manufactured Goods

Revenue from sale of manufactured goods is recognized when substantial risks and rewards are transferred to the buyer under terms of contract.

i) Provisions and Contingencies:

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

j) Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate prevailing on the Balance Sheet date. Exchange differences on foreign exchange transactions are recognised in the Profit and Loss Account.

k) Employee Benefits:

i) Gratuity

The company provides for obligation towards Gratuity, a defined benefit plan, covering eligible employees on the basis of an actuarial valuation using the projected unit credit method as at the year end. In case of funded

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

defined plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the net obligation. Further, for certain employees, contributions are made to the fund administered by the management.

ii) Superannuation

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

iii) Leave Encashment

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

iv) Provident Fund

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

l) Impairment:

The carrying values of assets of the cash-generating units at each Balance Sheet date are reviewed for impairment. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

m) Income-Tax:

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

n) Earnings Per Share:

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

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

o) Contingent Liabilities:

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

B. CRITERIA FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

C. PRINCIPLES OF CONSOLIDATION

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

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

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

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

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

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

S No	Name of the Subsidiary	Country of Incorporation	Extent of equity shares held	Date on Which become subsidiary
1	HDO Technologies Limited	India	100%	July 20,2006
2	IMCO(22010) Limited	United Kingdom	100%	February 28, 2010
3	DavyMarkham Holdings Limited (Subsidiary of IMCO 22010 Limited)	United Kingdom	100%	February 28, 2010
4	DavyMarkham Limited (Subsidiary of DavyMarkham Holdings Limited)	United Kingdom	100%	February 28, 2010

3. The IMCO (22010) Limited, UK became the subsidiary with effect from February 28, 2010 and the financial statements from January, 2010 till the date of acquisition, i.e. February 28, 2010 and thereafter upto March 31, 2010 have been prepared by the Management for the purpose of computation of goodwill and consolidation, respectively, which are unaudited. However, financial statements of subsidiaries DavyMarkham Holdings Limited and DavyMarkham Limited for the year from January 1, 2009 to December 31, 2009 have been audited by their auditors.

D. NOTES ON ACCOUNTS

1. **Contingent liabilities not provided for in respect of:**

	Particulars	As at March 31, 2010 (Rs. in Lacs)	As at March 31, 2009 (Rs. in Lacs)
i)	Bank Guarantees/Letters of Credit issued by the bank on behalf of the Company [Net of margin money aggregating to Rs.88.37. (Previous year Rs. 91.24)]	**49,073.14**	27,358.82
ii)	Corporate Guarantees	**15,625.85**	-
ii)	*Claims against the Company not acknowledged as debts, to the extent quantifiable.	**222.66**	268.78
iii)	*Income-tax matters	**219.70**	314.04
iv)	*Sales-tax / WCT / VAT matters	**287.26**	258.98
v)	*Excise/Service Tax matters	**58.58**	35.85
vi)	*Labour Cess	**53.12**	-
vii)	*Custom duty matters	**7.65**	3.42

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

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

2. The claim made by a client against the Company seeking compensation for the alleged breach of contract is settled by the Company. Consequently, all other claims and counter claims relating to the contract and the related proceedings pending in the Courts at Bombay and Goa have been withdrawn / settled.

3. Estimated amount of contracts remaining to be executed on capital account and not provided Rs. 155.13 (previous year Rs. 205.32).

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

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

6. Managerial Remuneration and Computation of net profit in accordance with section 309(5) of the Companies Act, 1956

6.1 **Managerial Remuneration**

Particulars	**Year ended March 31, 2010 (Rs. in Lacs)**	**Year ended March 31, 2009 (Rs. in Lacs)**
Salaries and Allowances	**182.21**	37.33
Contribution to Provident and Superannuation funds	**25.45**	5.19
Commission to Managing Director	**282.60**	-
Total	**490.26**	42.52

7. Sundry creditors includes amount of supplier's bill discounted aggregating to Rs.6,600.07 (Previous Year Rs. 5,876.08) within secured non fund based limits of the company.

8. **Segment Reporting**

   Primary Segment – Business

   The Group is primarily engaged in the business of manufacturing, supply of equipment including erection and commissioning and providing engineering services. As such, there is no separate reportable segment as per the Accounting Standard - 17 (Segment Reporting) notified in Companies (Accounting standards) Rules, 2006.

   Secondary Segment – Geographical

   The operations of the group are mainly in India and United Kingdom. However, scale of operation in United Kingdom does not constitute a reportable segment as per the Accounting Standard - 17 (Segment Reporting) notified in Companies (Accounting standards) Rules, 2006.

9. **Related Party Transactions**

   a. List of related parties

      i. **Holding Company**
      IVRCL Infrastructures & Projects Limited

      ii. **Subsidiary [The ownership, directly or indirectly through subsidiary (ies)**
      HDO Technologies Limited
      IMCO (22010) Limited, (UK) - (with effect from February 28, 2010)
      DavyMarkham Holdings Limited, (UK) – Subsidiary of IMCO (22010) Limited, UK
      (with effect from February 28,2010)
      DavyMarkham Limited, (UK) – Subsidiary of DavyMarkham Holdings Limited, UK.
      (with effect from February 28,2010)

      iii. **Fellow Subsidiaries**
      IVRCL PSC Pipes Private Limited
      IVR Enviro Projects Private Limited
      IVRCL Assets & Holdings Limited
      (formerly IVR Prime Urban Developers Limited)
      IVRCL Steel Constructions & Services Limited
      IVRCL Chengapalli Tollways Limited
      IVRCL Holdings & Services Pte. Limited
      IVRCL Infrastructures & Projects (Botswana) (Pty) Limited

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

iv. **Company under common control**

Indus Palm Hotels & Resorts Limited
S.V. Equities Limited
Palladium Infrastructures & Projects Limited
Soma Hotels & Resorts Limited
Eragam Holdings Limited
Eragam Finlease Limited
A P Enercon Engineers Private Limited

v. **Subsidiaries of Fellow Subsidiaries**

Jalandhar Amritsar Tollways Limited
Alkoor Petro Limited
Salem Tollways Limited
Kumarapalyam Tollways Limited
Chennai Water Desalination Limited
First STP Private Limited
Sion Panvel Tollways Private Limited
IVRCL Building Products Limited
IVRCL Indore Gujarat Tollways Limited
IVR Hotels and Resorts Limited
Geo IVRCL Engineering Limited
IVRCL Mega Malls Limited
HDO Technologies Limited
Agaram Developers Private Limited
Papankuzhi Developers Private Limited
SPB Developers Private Limited
Mummidi Developers Private Limited
Samatteri Developers Private Limited
Annupampattu Developers Private Limited
Kunnam Developers Private Limited
Tirumani Developers Private Limited
Ilavampedu Developers Private Limited
Haripuram Developers Private Limited
Chodavaram Developers Private Limited
Vedurwada Developers Private Limited
Rudravaram Developers Private Limited
Gajuwaka Developers Private Limited
Geo Prime Developers Private Limited
Theata Developers Private Limited
Duvvda Developers Private Limited
IVR Prime Developers (Mylapore) Private Limited
IVR Prime Developers (Palakkad) Private Limited
IVR Prime Developers (Guindy) Private Limited
Gamaa Developers Private Limited
Simhachalam Prime Developers Private Limited
Siripuram Developers Private Limited
Kasibugga Developers Private Limited
Vijayawada Developers Private Limited
Eluru Developers Private Limited
IVR Prime Developers (Nellore) Private Limited
IVR Prime Developers (Amalapuram) Private Limited
IVR Prime Developers (Erode) Private Limited
IVR Prime Developers (Guntur) Private Limited
IVR Prime Developers (Kakinada) Private Limited
IVR Prime Developers (Araku) Private Limited
IVR Prime Developers (Pudukkottai) Private Limited
Absorption Aircon Engineer Private Limited
IVR Prime Developers (Vanaprastha) Private Limited
IVR PUDL Resorts & Clubs Private Limited
IVR Prime Developers (Thandiarpet) Private Limited
IVR Prime Developers (Gummidipundy) Private Limited
IVR Prime Developers (Kodambakkam) Private Limited

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

IVR Prime Developers (Arumbakkam) Private Limited
IVR Prime Developers (Anna Nagar) Private Limited
IVR Prime Developers (Pallavaram) Private Limited
IVR Prime Developers (West Mambalam) Private Limited
Bibinagar Developers Private Limited
IVR Prime Developers (Anakapalle) Private Limited
IVR Prime Developers (Rajampeta) Private Limited
IVR Prime Developers (Tanuku) Private Limited
IVR Prime Developers (Red Hills) Private Limited
IVR Prime Developers (Rajahmundry) Private Limited
IVR Prime Developers (Tuni) Private Limited
IVR Prime Developers (Bobbilli) Private Limited
IVR Prime Developers (Bhimavaram) Private Limited
IVR Prime Developers (Valasaravakkam) Private Limited
IVR Prime Developers (Adayar) Private Limited
IVR Prime Developers (Ananthapuram) Private Limited
IVR Prime Developers (Perumbadur) Private Limited
IVR Prime Developers (Egmore) Private Limited
IVR Prime Developers (Tambram) Private Limited
IVR Prime Developers (Ashram) Private Limited
IVR Prime Developers (Retiral Homes) Private Limited
IVR Prime Developers (Avadi) Private Limited
IVR Prime Developers (Alwarpet) Private Limited

vi. Joint Ventures of Holding Company

Bhanu – IVRCL Associates
IVRCL – Tantia
IVRCL, Sew & Prasad
IVRCL, Navayuga & Sew
Navayuga, IVRCL & Sew
IVRCL Harsha
SPCL – IVRCL
IVRCL JL
UAN Raju IVRCL Construction
IVRCL KBL
IVRCL KBL MEIL
IVRCL CR18G
IVRCL SEW & WPIL
IVRCL MBL
IVRCL BATPASCO WPIL & MHI
IVRCL BATPASCO ABB & AAG
IVRCL CR18G Consortium
MEIL IVRCL HCC & WPIL
IVRCL – KIPL
IVRCL – SAISUDHIR
UNITY – IVRCL
IVRCL– RAJ
CR 18 G – IVRCL

vii. Key Management Personnel

Mr. E. Sudhir Reddy– Vice Chairman
Mr. E. Sunil Reddy– Managing Director
Mr. S. C. Sekaran – Executive Director

viii. Relatives of Key Management Personnel

Mr. E. Ella Reddy
Mrs. E. Sujatha Reddy
Mrs. E. Indira Reddy
Mr. E. Siddhanth Reddy
Mr. E. Sanjeeth Reddy
Mr. E. Suha Ella Reddy
Mrs. E. Vani
Ms. E. Soma Reddy

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

b. **Followings are the transactions with the related parties:** (Rs in Lacs)

Particulars	Year	Holding Company	Fellow Subsidiary	Subsidiary of Fellow Subsidiary	Company under common control	Key Management Personnel	Total
Income/Expense							
Sales (Net of Indirect Taxes)	2009-10	3,487.79	-	-	-	-	3,487.79
	2008-09	4,409.99	-	-	-	-	4,409.99
Purchases/Services	2009-10	4,589.17	-	-	1,048.84	-	5,638.01
	2008-09	3,783.81	-	-	-	-	3,783.81
Interest Received	2009-10	-	-	-	-	-	-
	2008-09	77.08	-	-	-	-	77.08
Dividend Paid	2009-10	198.31	-	-	-	-	198.31
	2008-09	114.49	-	-	-	-	114.49
Payment made by the Company for							
Expenses	2009-10	12.10	-	-	-	-	12.10
	2008-09	-	-	-	-	-	-
Payment made by the Holding Company for							
Expenses	2009-10	0.41	-	-	-	-	0.41
	2008-09	7.22	-	-	-	-	7.22
Fixed Assets	2009-10	-	-	-	-	-	-
	2008-09	16.78	-	-	-	-	16.78
Rent Paid	2009-10	16.09	-	-	25.98	-	42.07
	2008-09	16.65	-	-	18.54	-	35.19
Finance							
Loans/ Advances Given	2009-10	-	-	-	-	-	-
	2008-09	536.22	-	-	-	-	536.22
Earnest Money Received	2009-10	-	-	-	-	-	-
	2008-09	-	35.00	-	-	-	35.00
Remuneration	2009-10	-	-	-	-	490.26	490.26
	2008-09	-	-	-	-	42.52	42.52
Balances with related parties							
Advances Recoverable	2009-10	738.30	10.73	-	-	-	749.03
	2008-09	-	10.73	-	-	-	10.73
Advances Payable	2009-10	-	-	-	-	-	-
	2008-09	643.34	-	-	-	-	643.34
Creditors	2009-10	-	-	-	35.81	-	35.81
	2008-09	-	-	-	-	-	-
Retention Money Receivable	2009-10	788.55	-	-	-	-	788.55
	2008-09	773.64	-	-	-	-	773.64
Earnest Money Payable	2009-10	-	-	-	-	-	-
	2008-09	-	261.60	102.11	-	-	363.71

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS Contd.

Disclosure of Material Transactions with Related Parties

Particulars	**Year Ended March 31, 2010 (Rs in Lacs)**	Year Ended March 31, 2009 (Rs in Lacs)
Sales (Net of Indirect Taxes)		
IVRCL Infrastructures & Projects Limited	3,487.79	4,409.99
Purchases/Services		
IVRCL Infrastructures & Projects Limited	4,589.17	3,783.81
Palladium Infrastructures & Projects Limited	1,048.84	-
Interest Received		
IVRCL Infrastructures & Projects Limited	-	77.08
Dividend Paid		
IVRCL Infrastructures & Projects Limited	198.31	114.49
Payment made by the Company – Expenses		
IVRCL Infrastructures & Projects Limited	12.10	-
Payment made by the Holding Company - Expenses		
IVRCL Infrastructures & Projects Limited	0.41	7.22
Loans / Advances Given by the Company		
IVRCL Infrastructures & Projects Limited	-	536.22
Payment made by the Holding Company - Fixed Assets		
IVRCL Infrastructures & Projects Limited	-	16.78
Rent Paid		
IVRCL Infrastructures & Projects Limited	16.09	16.65
A P Enercon Engineers Private Limited	19.98	18.54
Indus Palm Hotels and Resorts Private Limited	6.00	-
Earnest Money Deposit Received		
IVR Prime Urban Developers Limited	-	35.00

Notes:

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

10. **Earnings per share**

Particulars	**Year ended March 31, 2010**	Year ended March 31, 2009
Net Profit attributable to shareholders (Rs. in Lacs)	**5,717.73**	3,112.02
Weighted average number of equity		
shares outstanding		
For Basic EPS	**72,005,808**	72,005,808
For Diluted EPS	**72,131,808**	72,005,808
Earnings Per Share (Face Value of Rs. 2 each)		
Basic (Rupees)	**7.95**	4.32
Diluted (Rupees)	**7.93**	4.32

11. **Deferred Tax**

The Company has carried out deferred tax computation in accordance with Accounting Standard 22 – 'Accounting for Taxes on Income' notified in Companies (Accounting standards) Rules, 2006.

The deferred tax Assets as shown in the balance sheet consists of:

Particulars	**As at March 31, 2010 (Rs. in Lacs)**	As at March 31, 2009 (Rs. in Lacs)
Tax impact of differences between carrying amount of the fixed assets in the financial statements and the income tax	**360.02**	248.38
Tax impact due to losses	-	(15.72)
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	**(111.77)**	(85.08)
Deferred Tax Liability/(Assets)	**248.25**	147.60

12. **Employees Share Based Plan**

1. Method used for accounting for share based plan:

   The Company has used intrinsic value method to account for the compensation cost of stock option to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying stock exceeds the exercise price of the option. The total intrinsic value of the options granted during the year is recognised as deferred compensation expense with a corresponding liability as Stock Options.

   Deferred employee compensation expense is amortised on a straight line basis over a vesting period of the option granted.

2. The Company has granted under ESOP 2005 Scheme, the members had approved 500,000 options of face value Rs. 2 each to the permanent employees of the Company. During the previous year 2,52,000 options were granted to certain employees of the Company at a single exercise price of Rs. 41.52 per stock option with a vesting period of 1 year.

3. Movement in the options during the year;

   Employees Stock Options Scheme, 2005

Particulars	**ESOP : 2005 Scheme**	Weighted average exercise price per stock option (Rs.)
Options outstanding at the beginning of the year	**5,00,000**	41.52
Granted during the year	**2,52,000**	-
Exercised during the year	-	-
Lapsed during the year	-	-
Options outstanding during the year	**2,48,000**	41.52
Options exercisable at the end of the year	**2,52,000**	41.52

4. Fair value Methodology:

   The fair value of options used to compute pro forma net income and earnings per equity share have been estimated on the date of granting using Black-Scholes model. The key assumptions used in Black-Scholes model for computing the fair value are; (a) Risk free interest rate of 6.6% p.a. (b) Expected life of 1 year and (c) Expected volatility of share price of 61.55%. The weighted average fair value of the option works out to Rs. 90.67.

Had compensation cost for the stock options granted under ESOP 2005 been determined based on fair value approach, the Company's net profit and earning per share would have been as per the pro forma amounts indicated below:

Particulars	(Rs. in lacs)
Net Profit (as reported)	5,717.73
Add: Employee compensation expense included in net income, based on market price as on Date of grant	36.11
Less: Employee compensation expense determined under fair value based method	9.64
Net profit (pro forma)	5,744.20
	Rupees
Basic Earnings per share (as reported)	7.95
Basic Earnings per share (pro forma)	7.98
Diluted Earnings per share (as reported)	7.93
Diluted Earnings per share (pro forma)	7.96

13. Employee Benefit:

Funded status of the Gratuity Plan and the amount recognized as required by AS15 is set out below:

The Amount Recognised in the Balance Sheet are as follows:

Particulars	As at March 31,2010 (Rs. In Lacs)	As at March 31,2009 (Rs. In Lacs)
Change in Benefit Obligation		
Liability at the beginning of the year	**352.24**	303.60
Interest Cost	**28.30**	24.29
Current Service Cost	**35.57**	21.46
Benefit Paid	**-53.88**	-42.77
Actuarial (gain)/loss on obligations	**46.28**	45.66
Liability at the end of the year	**408.51**	352.24
Fair value of Planned Assets		
Fair value of planned assets at the beginning of the year	**252.45**	133.81
Expected return on planned assets	**19.39**	11.97
Contributions	**16.83**	34.51
Benefit paid	**-53.88**	-42.77
Actuarial gain/(loss) on planned assets	**3.93**	-6.66
Fair value of planned assets at the end of the year	**238.72**	130.85
Total Actuarial gain/(loss) to be recognized	**-42.35**	-52.32
Actual return on planned assets		
Expected return on planned assets	**19.39**	11.97
Actuarial gain/(loss) on planned assets	3.92	-11.97
Actual return on planned assets	**23.31**	-
Amount recognized in the Balance Sheet		
Liability at the end of the year	**408.51**	352.24
Fair value of planned assets at the end of the year	**238.71**	130.85
Difference	**-169.80**	-221.39
Amount recognized in the Balance Sheet	**-169.80**	-221.39
Expenses recognized in the Income Statement		
Current service cost	**35.57**	21.46
Interest cost	**28.30**	24.29
Expected return on planned assets	**-19.39**	-11.97
Net Actuarial (gain)/loss to be recognized	**42.35**	52.32
Expense recognized in the Profit and Loss Account	**86.83**	86.11
Balance Sheet Reconciliation		
Opening Net Liability	**99.79**	169.79
Expense as above	**86.85**	86.11
Employers Contribution	**-16.83**	-34.51
Amount Recognised in the Balance Sheet	**169.81**	221.39
Assumptions		
Discount rate	**8%**	8%
Rate of return on planned assets	**8%**	8%

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

FOR AND ON BEHALF OF THE BOARD

Subodh Bhel	**Pragya Sahal Kaul**	**E. Sunil Reddy**	**S. C. Sekaran**
Sr. G.M. Finance	*Company Secretary*	*Managing Director*	*Executive Director*

Hyderabad
May 7, 2010

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Company's interest in Subsidiary Company.

	Name of the Subsidiary Company	HDO Technologies Limited
1.	The financial year of the Subsidiary Company ended on	March 31, 2010
2.	Date from which it became Subsidiary Company	July 20, 2006 (Date of incorporation)
3.	(a) Number of shares held by Hindustan Dorr-Oliver Limited with its nominees in the Subsidiary at the end of the financial year of the Subsidiary Company	50,000 Equity Shares of the face Value of Rs. 10/- each fully paid-up
	(b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Company	100%
4.	The net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the Holding Company.	
	(a) Not dealt within the Holding Company's Accounts:	
	(i) For the Financial Year ended March 31, 2010	Nil
	(ii) For the previous Financial Year of the Subsidiary Company since it became the Holding Company's Subsidiary	Nil
	(b) Dealt within the Holding Company's Accounts:	
	(i) For the Financial Year ended March 31, 2010	Rs. 23,186,136/-
	(ii) For the previous Financial Year of the Subsidiary Company since it became the Holding Company's Subsidiary	Rs. 9,605,904/-

FOR AND ON BEHALF OF THE BOARD

E. Sunil Reddy
Director

S.C. Sekaran
Director

Hyderabad,
May 7, 2010

DIRECTORS' REPORT

To,
The Shareholders.

Your Directors have pleasure in presenting the Directors' Report of your company and the Audited Accounts for the 3rd year ended March 31, 2010.

Financial Results

The financial performance of the Company for the financial year ended March 31, 2010 is summarised below:

(In Rs.)

Particulars	**Year ended March 31, 2010**	Year ended March 31,2009
Net Sales	**167,621,451**	111,933,443
Other Income	**4,797**	6,761
Total Income	**167,626,248**	111,940,204
Profit from Ordinary activities before tax	**32,596,352**	15,003,922
Provision for taxation	**9,410,216**	5,398,018
Tax adjustments for earlier years	-	-
Profit after taxation	**23,186,136**	9,605,904
Balance brought forward from previous year	**12,729,330**	3,123,425
Balance available for appropriation	**35,915,466**	12,729,329
Retained profits carried forward to Balance Sheet	**35915466**	12,729,329

OPERATIONS & FUTURE PROSPECTS

The Company has just closed its third full year of operations during which there has been both consolidation and growth in the Knowledge Process Outsourcing sector.

The Company's operation for the year 2009-10 have resulted in a turnover of Rs 1676.21 lacs and profit after tax of Rs. 231.86.

The recessionary trends that were evident at the end of the last financial year did not impact the operations of your Company in any significant manner. As expected, both Government and large private sector undertakings continuing to fund projects in the Oil and Alumina refinery sectors.

During the year your Company carried out engineering services for many prestigious projects including the complete water management system for Guru Gobind Singh Refinery at Bhatinda, a Settler-Washer package for Anrak Alumina, a Basic Engineering package for Effluent Treatment Plant for Coromandel International Ltd and Detail Engineering for a mobile sea water desalination plant for ILF Consulting Engineers at Oman.

Essential activities such as training and software procurement continued at the Company's offices at Mumbai, Chennai, Bangaluru and Ahmedabad. In addition, the Company concentrated on addition of skilled manpower at all locations.,

The process of identification of key personnel for the Delhi branch was also started during the year, and it is expected that this branch will be fully functional during the current year.

DIRECTORS

Mr. G. Ramakrishna Rao retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

PARTICULARS OF CONSERVATION OF ENERGY AND FOREIGN EXCHANGE EARNINGS & OUTGO.

Particulars with respect to conservation of energy, technology absorption, foreign exchnage earnings & outgo, pursuant to section 217 (1)(e) of the Companies Act, 1956, read withthe Companies (Disclosure of Particualrs in the report of Directors) Rules, 1988 are as follows:

(A) Conservation of Energy and Technology Absorption:

Considering the Company's existing business activities, your Directors have nothing to state in connection with Conservation of Energy and technology Absorption.

DIRECTORS' REPORT Contd.

(B) ForeignExchange Earning & Outgo

During the year under review the Company did not have any Foreign Exchange Earnings or Outgo.

PARTICULARS OF EMPLOYEES

The provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, are attached as Annexure I to the Directors Report.

AUDITORS

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

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

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm in respect of the audited annual accounts for the year ended March 31, 2010.

a) that in the preparation of Annual Accounts the applicable accounting standards had been followed;

b) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year endedon March 31, 2010 and of the profit of the Company for that year;

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

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

ACKNOWLEDGEMENT

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

By Order of the Board of Directors
For HDO Technologies Limited

Hyderabad
May 7, 2010

E. Sunil Reddy *Director*   **S.C. Sekaran** *Director*

ANNEXURE - I

Information as per section 217 (2A) read with the Companies (Particulars of Employees) Rules , 1975 and forming part of Directors' Report for the year 1st April, 2009 to 31st March, 2010

Name	Age (In Years)	Qualification	Experience (In Years)	Date of Joining	Description & nature of duties	Gross Remuneration (Rs)	Last Employment Held
Mr. Gulshan Kumar Khanna	59	B.E. Mechanical	36	29/08/2008	President & CEO	37.31	Chemtex Consulting India Pvt. Ltd.
Mr. S. Subramaniyan	51	M. E.(Civil), Dip. In Mgt., Chartered Engineer	27	29/08/2008	Chief General Manager	14.48*	Chemtex Consulting India Pvt. Ltd.

Notes :

(1) Gross remuneration as shown above includes Salary, Performance Incentive, House rent allowance other allowances, Company's contribution to Provident Fund and Superannuation Scheme, Leave Travel Assistance and Medical Expenses reimbursed as per terms of apppointment

* April 2009 to September 2009

For and on behalf of the Board

E. Sunil Reddy *Director*   **S.C. Sekaran** *Director*

Place: Hyderabad
May 7, 2010

AUDITORS' REPORT

To the Members of
HDO TECHNOLOGIES LIMITED

1. We have audited the attached Balance Sheet of **HDO TECHNOLOGIES LIMITED**, as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
   c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
   d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   e. On the basis of written representations received from the Directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31,2010;
      ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
      iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration No 307068E

Hyderabad
May 7, 2010

R N CHATURVEDI
Partner
Membership No. 092087

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b. Fixed assets have been physically verified by the management during the year pursuant to a programme for physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
   c. No Fixed assets were disposed off during the year.

ii. The Company did not hold inventories during the year. Accordingly, clause 4(ii) of the Companies (Auditor's Report) Order, 2003 ('the Order') is not applicable to the Company.

iii. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clauses 4 (iii) (a) to 4 (iii) (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed of any continuing failure to correct major weaknesses in internal control system of the Company.

AUDITORS' REPORT Contd.

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

b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable with regard to the prevailing market prices at the relevant time.

vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as defined under the provisions of section 58 and 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules made there under.

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

viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the Company.

ix. a. According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including income-tax, sales-tax, service tax and cess and any other statutory dues applicable to it. We were informed that the operations of the Company during the year did not give rise to any liability for Investor Education Protection Fund, Wealth Tax, Customs Duty, Excise Duty and Employees State Insurance dues.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax and service tax were in arrear as at March 31, 2010 for a period of more than six months from the date they became payable.

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

x. As the Company has been registered for a period less than five years, provisions of clause 4 (x) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xi. In our opinion and according to the information and explanations given to us, the Company has not taken any loans from any of the financial institutions or banks and has not issued any debentures.

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

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

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

xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

xvi. The Company has not raised any term loans during the year. Accordingly, the provisions of clause 4 (xvi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on a short-term basis have been used for long-term investment.

xviii. The Company has not made any preferential allotment of shares during the year. Accordingly, the provisions of clause 4 (xviii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company

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

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

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

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration No 307068E

Hyderabad
May 7, 2010

R N CHATURVEDI
Partner
Membership No. 092087

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule Reference	Rupees	As at March 31, 2010 Rupees	Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		**500,000**		500,000
Share Application Money - Pending Allotment			**1,000,000**		1,000,000
Reserves and Surplus	2		**35,915,465**		12,729,329
Deferred Tax Liabilities			**8,511,087**		5,292,411
			45,926,552		19,521,740
APPLICATION OF FUNDS					
Fixed Assets	3				
Gross Block		**64,533,032**		63,420,132	
Less: Depreciation		**19,407,079**	**45,125,953**	6,668,408	56,751,724
Net Block					
Current Assets Loans and Advances					
Sundry Debtors	4	**1,271,409**		1,531,722	
Cash & Bank Balances	5	**144,972**		1,701,369	
Loans and Advances	6	**49,795,390**		31,092,452	
		51,211,771		34,325,543	
Less: Currents Liabilities & Provisions					
Liabilities	7	**46,909,011**		69,429,498	
Provisions	8	**3,502,161**		2,126,029	
		50,411,172		71,555,527	
Net Current Assets			**800,599**		(37,229,984)
			45,926,552		19,521,740
Significant Accounting Policies & Notes forming part of the fianancial statement	12				
The Schedules referred to above form an integral part of the Balance Sheet.					

As per our report of even date attached

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

R N CHATURVEDI
Partner
Membership No. 092087

Hyderabad
May 7, 2010

FOR AND ON BEHALF OF THE BOARD

E . Sunil Reddy *Director*

S. C. Sekaran *Director*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule Reference	Rupees	Year Ended March 31, 2010 Rupees	Rupees	Year Ended March 31, 2009 Rupees
INCOME					
Income from Services	9	**184,455,977**		123,456,053	
Less : Services Tax		**16,834,526**		11,522,610	
Net Income from Services			**167,621,451**		111,933,443
Other Income			**4,797**		6,761
			167,626,248		111,940,204
EXPENDITURE					
Operating and Administrative Expenses	10		**122,247,139**		90,850,859
Interest and Finance Charges	11		**44,086**		68,790
Depreciation/Amortisation			**12,738,671**		6,016,633
			135,029,896		96,936,282
PROFIT FOR THE YEAR BEFORE TAXATION			**32,596,352**		15,003,922
Provision for Taxation					
Current Tax		**6,191,540**		1,453,525	
Deferred Tax		**3,218,676**		4,929,342	
Fringe Benefit tax		-		468,676	
Mat Credit Entitlement		-	**9,410,216**	(1,453,525)	5,398,018
PROFIT FOR THE YEAR AFTER TAXATION			**23,186,136**		9,605,904
Balance brought forward from previous year			**12,729,329**		3,123,425
Balance carried to Balance Sheet			**35,915,465**		12,729,329
Basic Earnings Per Share (in Rupees)			**463.72**		192.12
Diluted Earnings Per Share (in Rupees)			**463.72**		192.12
Significant Accounting Policies & Notes forming part of the financial statement	12				
The Schedules referred to above form an integral part of the Profit & Loss Account					

As per our report of even date attached

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

R N CHATURVEDI
Partner
Membership No. 092087

Hyderabad
May 7, 2010

FOR AND ON BEHALF OF THE BOARD

E . Sunil Reddy — *Director*

S. C. Sekaran — *Director*

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Rupees	Year Ended March 31, 2010 Rupees	Rupees	Year Ended March 31, 2009 Rupees
CASH FLOW FROM OPERATING ACTIVITIES				
Profit for the year before Taxation		**32,596,352**		15,003,922
Adjustments for				
Depreciation and amortisation	**12,738,671**		6,016,633	
Financial Charges	**44,086**	**12,782,757**	68,790	6,085,423
Operating profit before working capital changes		**45,379,109**		21,089,345
Changes in assets and liabilities				
(Increase)/Decrease in Sundry Debtors	**260,313**		5,102,631	
(Increase)/Decrease in Loans and Advances	**(4,301,969)**		(14,693,370)	
Increase/(Decrease) in Current Liabilities	**(21,144,355)**	**(25,186,011)**	63,527,006	53,936,267
Cash generated from operations activities		**20,193,098**		75,025,612
Taxes Paid		**(20,592,509)**		(14,433,446)
Net cash provided by operating activities		**(399,411)**		60,592,166
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		**(1,112,900)**		(61,017,730)
Net cash used in investing activities		**(1,112,900)**		(61,017,730)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Equity Share Capital				-
Share Application Money				-
Interest and finance charges paid		**(44,086)**		(68,790)
Net cash provided by financing activities		**(44,086)**		(68,790)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		**(1,556,397)**		(494,354)
Cash and cash equivalents at the beginning of the year		**1,701,369**		2,195,723
Cash and cash equivalents at the end of the year		**144,972**		1,701,369

Notes

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

	Year Ended March 31, 2010 Rupees	Year Ended March 31, 2009 Rupees
Cash in Hand	**40,011**	41,152
Balances with Scheduled Banks		
- In Current Accounts	**104,961**	1,660,217
	144,972	1,701,369

As per our report of even date attached

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

R N CHATURVEDI
Partner
Membership No. 092087

Hyderabad
May 7, 2010

FOR AND ON BEHALF OF THE BOARD

E . Sunil Reddy *Director*

S. C. Sekaran *Director*

SCHEDULES TO FINANCIAL STATEMENTS

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
9,000,000 (Previous year 9,000,000) Equity shares of Rs.10 each	**90,000,000**	90,000,000
Issued, subscribed and paid-up		
50,000 (Previous year 50,000) Equity shares of Rs. 10 each, fully paid	**500,000**	500,000
(Of the above, 50,000 (Previous year 50,000) shares are held by Hindustan Dorr-Oliver Limited, the Holding Company)		
SCHEDULE - 2		
RESERVES AND SURPLUS		
Profit and Loss Account	**35,915,465**	12,729,329
	35,915,465	12,729,329

SCHEDULE - 3

FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at April 1, 2009	Additions during the year	As at March 31, 2010	Upto March 31, 2009	For the year	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Office Equipment	1,644,339	-	1,644,339	168,505	325,700	494,205	1,150,134	1,475,834
Furniture & Fixtures	958,550	177,911	1,136,461	50,650	101,525	152,175	984,286	907,900
Computer & Peripherals	59,917,243	934,989	60,852,232	6,366,404	12,131,446	18,497,850	42,354,382	53,550,839
Vehicles	900,000	-	900,000	82,849	180,000	262,849	637,151	817,151
Total	63,420,132	1,112,900	64,533,032	6,668,408	12,738,671	19,407,079	45,125,953	56,751,724
Previous year Total	(2,402,402)	(61,017,730)	(63,420,132)	(651,775)	(6,016,633)	(6,668,408)	(56,751,724)	(1,750,627)

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 4		
SUNDRY DEBTORS		
(Unsecured, considered good unless otherwise stated)		
Outstanding for a period exceeding six months:	**116,374**	-
Others	**1,155,035**	1,531,722
	1,271,409	1,531,722
SCHEDULE - 5		
CASH AND BANK BALANCES		
Cash on hand	**40,011**	41,152
Balance with scheduled banks		
In current accounts	**104,961**	1,660,217
	144,972	1,701,369
SCHEDULE - 6		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received.	**1,000,070**	841,352
Security Deposit	**17,558,000**	12,558,000
Advance income-tax and Tax Deducted at source (net of provisions)	**30,604,570**	16,203,601
Balance with Central Excise	**632,750**	35,974
Mat Credit Entitlement	-	1,453,525
	49,795,390	31,092,452

SCHEDULES TO FINANCIAL STATEMENTS Contd.

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 7		
CURRENT LIABILITIES		
Total oustanding due to Micro Enterprises and Small Enterprises (Refer Note No. 1 of Schedule-12)	-	-
Total oustanding due to Creditors other than Micro Enterprises and Small Enterprises	45,041,904	67,704,491
Other Liabilities	1,867,107	1,642,507
Advance from Customers	-	82,500
	46,909,011	69,429,498
SCHEDULE - 8		
PROVISIONS		
Gratuity	1,367,333	612,156
Leave Encashment	2,134,828	1,513,873
	3,502,161	2,126,029

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
SCHEDULE - 9		
SALES AND SERVICES		
Sale of Services	167,621,451	123,456,053
SCHEDULE - 10		
OPERATING AND ADMINISTRATIVE EXPENSES		
Salaries, Wages and Bonus	87,389,264	63,244,770
Contribution to provident and other funds	5,603,396	3,581,064
Staff welfare expenses	3,518,187	2,200,788
Rent	10,303,480	8,071,145
Rates and taxes	58,121	562,620
Travelling/Conveyance expenses	6,446,511	5,506,767
Repairs and maintenance - Buildings	10,164	-
Repairs and maintenance - Others	2,845,894	1,569,230
Insurance	7,208	113,352
Communication Expenses	1,361,065	826,287
Printing & Stationery	466,777	292,001
Advertisement and Publicity	-	1,136,411
Auditors Remuneration	110,300	30,000
Legal & Professional charges	1,735,889	1,020,609
Electricity Charges	2,188,560	1,454,421
Miscellaneous Expenses	202,323	1,241,394
	122,247,139	90,850,859
SCHEDULE - 11		
INTEREST AND FINANCE CHARGES		
Interest - Other	5,010	42,970
Other Finance/Bank charges	39,076	25,820
	44,086	68,790

SCHEDULES TO FINANCIAL STATEMENTS Contd.

SCHEDULE - 12

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

COMPANY OVERVIEW

The Company is engaged in the business of providing engineering solutions for various engineering/process industries.

A. SIGNIFICANT ACCOUNTING POLICIES

a) Method of Accounting

The financial statements are based on historical cost convention (except for revaluation of certain Fixed Assets), in accordance with Generally Accepted Accounting Principles (GAAP) and in compliance with the accounting standards notified under Section 211 (3C) of the Companies Act, 1956 and the other Provisions of the Companies Act, 1956.

The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis.

b) Use of Accounting Estimates

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

c) Fixed Assets

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

d) Depreciation/Amortization:

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

	Particulars	Rate
(i)	Buildings (including company-owned flats)	1.64% /1.67%/20%
(ii)	Factory Buildings (Revaluation amount)	3.34%/8.33%
(iii)	Plant & Machinery	
	Diesel generating sets, welding machines etc.	25%
	Air Conditioners	20%
	Office Equipments	20%
	Motor Vehicles	20%
	Laboratory Equipments	10% / 20%
	Other items	10% / 20%
(iv)	Furniture and Fittings	10%

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

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

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

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

e) Revenue Recognition:

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

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

f) Employee Benefits

i) In accordance with the payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible employees on the basis of actuarial valuation as at the year end. The liability of gratuity is not funded.

SCHEDULES TO FINANCIAL STATEMENTS Contd.

ii) Leave Encashment

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

iii) Provident fund

The contribution towards Provident Fund is made to the Statutory Authorities is charged to the profit and loss account.

g) Income-Tax

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

h) Earnings Per Share

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

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

i) Contingent Liabilities

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

B. NOTES ON ACCOUNTS

1. There were no dues to Micro Enterprises and Small Enterprises as at March 31, 2010. This information required to be disclosed under the Micro Enterprises and Small Enterprises Act, 2006, has been determined to the extent such parties have been identified on the on the basis of information available with the company.

2. Payments to auditors (on accrual basis, excluding service tax)

Particulars	**Year ended March 31, 2010 Rupees**	Year ended March 31, 2009 Rupees
Audit fees	**75,000**	20,000
Tax Audit fees	**25,000**	10,000
Reimbursement of out of pocket expenses (including towards service tax)	**10,300**	-
Total	1,10,300	30,000

3. In accordance with Accounting Standard (AS 22) "Accounting for Taxes on Income" issued by the ICAI, the company has accounted for Deferred Taxes during the year.

The deferred tax Assets as shown in the balance sheet consists of:

Particulars	**As at March 31, 2010 Rupees**	As at March 31, 2009 Rupees
Tax impact of differences between carrying amount of the fixed assets in the financial statements as per the Income Tax Return.	**9,975,533**	7,586,756
Tax impact due to losses	-	(1,571,708)
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	**(1,464,446)**	(722,637)
Deferred Tax Liability/(Assets)	**8,511,087**	5,292,411

SCHEDULES TO FINANCIAL STATEMENTS Contd.

4. Earnings per Share (EPS)

Particulars	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Weighted average number of Equity Shares of Rupees 10 each outstanding during the year	**50,000**	50,000
Net Profit as per Profit & Loss Account available for equity share holders	**23,186,136**	9,605,905
Basic and Diluted Earnings Per Share (in Rupees)	**463.72**	192.12

5. Related Party Transactions

a. List of Related Parties and Relationship

i. **Holding Company**
Hindustan Dorr-Oliver Limited

ii. **Fellow Subsidiaries Company**
IMCO (2210) Limited

iii. **Subsidiary of Fellow Subsidiary**
DavyMarkham Holdings Limited
DavyMarkham Limited

iv. **Ultimate Holding Company**
IVRCL Infrastructures & Projects Limited

v. **Fellow Subsidiaries of the Holding Company**
IVRCL PSC Pipes Private Limited
IVR Enviro Projects Private Limited
IVRCL Assets & Holdings Limited
(formerly IVR Prime Urban Developers Limited)
IVRCL Steel Constructions & Services Limited
IVRCL Chengapalli Tollways Limited
IVRCL Holdings & Services Pte. Limited
IVRCL Infrastructures & Projects (Botswana) (Pty) Limited

vi. **Subsidiaries of Fellow Subsidiaries of the Holding Company**
Jalandhar Amritsar Tollways Limited
Alkoor Petro Limited
Salem Tollways Limited
Kumarapalyam Tollways Limited
Chennai Water Desalination Limited
First STP Private Limited
IVRCL Building Products Limited
IVRCL Indore Gujarat Tollways Limited
IVR Hotels and Resorts Limited
Geo IVRCL Engineering Limited
IVRCL Mega Malls Limited
HDO Technologies Limited
Agaram Developers Private Limited
Papankuzhi Developers Private Limited
Mummidi Developers Private Limited
Samatteri Developers Private Limited
Annupampattu Developers Private Limited
Kunnam Developers Private Limited
Tirumani Developers Private Limited
Ilavampedu Developers Private Limited
Haripuram Developers Private Limited
Chodavaram Developers Private Limited
Vedurwada Developers Private Limited
Rudravaram Developers Private Limited
Gajuwaka Developers Private Limited
Geo Prime Developers Private Limited
Theata Developers Private Limited
Duvvda Developers Private Limited
IVR Prime Developers (Mylapore) Private Limited
IVR Prime Developers (Palakkad) Private Limited
IVR Prime Developers (Guindy) Private Limited
Gamaa Developers Private Limited
Simhachalam Prime Developers Private Limited

SCHEDULES TO FINANCIAL STATEMENTS Contd.

Siripuram Developers Private Limited
Kasibugga Developers Private Limited
Vijayawada Developers Private Limited
Eluru Developers Private Limited
IVR Prime Developers (Nellore) Private Limited
IVR Prime Developers (Amalapuram) Private Limited
IVR Prime Developers (Erode) Private Limited
IVR Prime Developers (Guntur) Private Limited
IVR Prime Developers (Kakinada) Private Limited
IVR Prime Developers (Araku) Private Limited
IVR Prime Developers (Pudukkottai) Private Limited
Absorption Aircon Engineer Private Limited
IVR Prime Developers (Vanaprastha) Private Limited
IVR PUDL Resorts & Clubs Private Limited
IVR Prime Developers (Thandiarpet) Private Limited
IVR Prime Developers (Gummidipundy) Private Limited
IVR Prime Developers (Kodambakkam) Private Limited
IVR Prime Developers (Arumbakkam) Private Limited
IVR Prime Developers (Anna Nagar) Private Limited
IVR Prime Developers (Pallavaram) Private Limited
IVR Prime Developers (West Mambalam) Private Limited
Bibinagar Developers Private Limited
IVR Prime Developers (Anakapalle) Private Limited
IVR Prime Developers (Rajampeta) Private Limited
IVR Prime Developers (Tanuku) Private Limited
IVR Prime Developers (Red Hills) Private Limited
IVR Prime Developers (Rajahmundry) Private Limited
IVR Prime Developers (Tuni) Private Limited
IVR Prime Developers (Bobbilli) Private Limited
IVR Prime Developers (Bhimavaram) Private Limited
IVR Prime Developers (Valasaravakkam) Private Limited
IVR Prime Developers (Adayar) Private Limited
IVR Prime Developers (Ananthapuram) Private Limited
IVR Prime Developers (Perumbadur) Private Limited
IVR Prime Developers (Egmore) Private Limited
IVR Prime Developers (Tambram) Private Limited
IVR Prime Developers (Ashram) Private Limited
IVR Prime Developers (Retiral Homes) Private Limited
IVR Prime Developers (Avadi) Private Limited
IVR Prime Developers (Alwarpet) Private Limited

vii. **Key Management Personnel**
Mr. E. Sunil Reddy
Mr. S. C. Sekaran

b. The Following are the details of transactions with the related parties:

Particulars	**As at March 31, 2010 Rupees**	As at March 31, 2009 Rupees
Transaction during the year		
Expenses reimbursed		
Hindustan Dorr-Oliver Limited	**30,971,006**	20,913,837
Payment made by the Holding Company – Fixed Assets		
Hindustan Dorr-Oliver Limited	-	35,203,359
Service Provided		
Hindustan Dorr-Oliver Limited	**179,347,800**	121,330,000
IVRCL Infrastructures and Projects Limited	-	19,737
Share Application Money Pending Allotment		
Hindustan Dorr-Oliver Limited	**1,000,000**	1,000,000
Amount Receivable		
Hindustan Dorr-Oliver Limited	-	-
IVRCL Infrastructures and Projects Limited	-	19,737
Loans/Advances taken		
Hindustan Dorr-Oliver Limited	**35,100,786**	47,427,887

SCHEDULES TO FINANCIAL STATEMENTS Contd.

6. Employee Benefit:

Funded status of the Gratuity Plan and the amount recognized as required by AS 15 is setout below:

The Amount Recognized in the Balance Sheet are as follows:

Particulars	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Change in Benefit Obligation		
Liability at the beginning of the year	**612,156**	111,962
Interest Cost	**121,480**	26,923
Current Service Cost	**955,334**	224,574
Benefit Paid	-	-
Actuarial (gain)/loss on obligations	**(321,637)**	248,697
Liability at the end of the year	**1,367,333**	612,156
Fair value of Planned Assets		
Fair value of planned assets at the beginning of the year	-	-
Expected return on planned assets	-	-
Contributions	-	-
Benefit paid	-	-
Actuarial gain/(loss) on planned assets	-	-
Fair value of planned assets at the end of the year	-	-
Total Actuarial gain/(loss) to be recognized	**321,637**	(248,697)
Actual return on planned assets		
Expected return on planned assets	-	-
Actuarial gain/(loss) on planned assets	-	-
Actual return on planned assets	-	-
Amount recognized in the Balance Sheet		
Liability at the end of the year	**1,367,333**	612,156
Fair value of planned assets at the end of the year	-	-
Difference	**(1,367,333)**	(612,156)
Amount recognized in the Balance Sheet	**(1,367,333)**	(612,156)
Expenses recognized in the Income Statement		
Current service cost	**955,334**	224,574
Interest cost	**121,480**	26,923
Expected return on planned assets	-	-
Net Actuarial (gain)/loss to be recognized	**(321,637)**	248,697
Expense recognized in the Profit and Loss Account	**755,177**	500,194
Balance Sheet Reconciliation		
Opening Net Liability	**612,156**	111,962
Expense as above	**755,177**	500,194
Employers Contribution	-	-
Amount Recognised in the Balance Sheet	**1,367,333**	612,156
Assumptions		
Discount rate	**8.00%**	7.75%
Salary Escalation	**5.50%**	5.00%

7. The nature of the company's business/ activities during the period is such that other additional information pursuant to paragraph 3 & 4 of part II of schedule VI of the Companies Act, 1956 are not applicable.

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

FOR AND ON BEHALF OF THE BOARD

E. Sunil Reddy *Director*

S. C. Sekaran *Director*

Hyderabad
May 7, 2010

BALANCE SHEET ABSTRACT

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

I. Registration

Registration No.	1 6 3 1 8 7	State Code	1 1
Balance Sheet Date	3 1 0 3 2 0 1 0		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	N I L	Right Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	9 6 3 3 8	Total Assets	9 6 3 3 8

Sources of funds

Paid-up Capital	5 0 0	Reserves & Surplus	3 5 9 1 5
Secured Loans	N I L	Unsecured Loan	N I L

Application of Funds

Net Fixed Assets	4 5 1 2 6	Investments	N I L
Net Current Assets	8 0 1	Miscellaneous Expenditure	N I L
Accumulated Losses	N I L	Deferred Tax Liabilities	8 5 1 1

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	1 6 7 6 2 1	Total Expenditure	1 3 5 0 3 0
Other Income	5		
Profit Before Tax	3 2 5 9 6	Profit After Tax	2 3 1 8 6
Earnings per Share (Rs.)	4 6 3 . 7 2	Dividend Rate %	N I L

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Item Code No. (ITC Code) : –

Product Description : Knowledge Process Outsourcing

NOTES