# LETTER OF OFFER

**Note: This document is important and requires your immediate attention.**

This Letter of Offer is being sent to you as an existing shareholder of Hindustan Dorr-Oliver Limited ("HDO"). If you require any clarifications about the action to be taken, you should consult your Stockbroker or your Investment Consultant, or the Registrar to the Offer. In case you have sold your shares in HDO, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deeds to the Member of the Stock Exchange (as defined) through whom the sale was effected.

## IVRCL Infrastructures & Projects Limited, (the Acquirer)

having its registered office at M-22/3 RT, Vijayanagar Colony, Hyderabad - 500 057.
Tel. No. 040-2334 3678 Fax No. 040-2334 5004.

**MAKES CASH OFFER AT AN OFFER PRICE OF Rs.182/- PER FULLY PAID UP EQUITY SHARE**

**TO ACQUIRE**

7,95,625 equity shares of face value of Rs 10/- each representing 18.81% of the equity capital, from existing shareholders

OF

## Hindustan Dorr-Oliver Limited (the Target Company)

having its registered office at Dorr-Oliver House, Chakala, Andheri (East), Mumbai - 400 099, India.
Tel. No. 022-2832 5541 Fax No. 022-2832 5659

The Offer is being made pursuant to the provisions of Regulation 10 & 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto

**The Offer is not conditional offer.**

The Offer is subject to receipt of necessary approval(s) by Acquirer from FIPB and/or Reserve Bank of India ("RBI"), under Foreign Exchange Management Act, 1999 ("FEMA") and rules and regulations thereunder. The Acquirer will make the requisite application to RBI to obtain permission under FEMA for the acquisition of shares under this Offer. As on date, to the best of knowledge of the Acquirer, there are no approvals, statutory or otherwise, required to acquire the shares tendered pursuant to this Offer.

Regulation 26 of SEBI (SAST) Regulations, 1997 provides for an upward revision of the Offer Price / Offer Size at anytime, upto seven working days prior to the date of the closure of the Offer i.e. August 9, 2005. In case of a revision in the Offer Price / Offer size, the Public Announcement for revision will be made in the same newspaper in which the original Public Announcement had appeared. In case of a revision in Offer Price, the same price shall be paid by Acquirer for all the shares tendered anytime during the period the Offer is open and accepted under the Offer.

Shareholders who have accepted the offer by tendering the requisite documents, in terms of the Public announcement / Letter of offer, can withdraw the same upto three working days prior to the date of the closure of the offer i.e. August 16, 2005.

"If there is a competitive bid : (i) The public offer under all the subsisting bids shall close on the same date. (ii) As the offer price cannot be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly."

There has been no competitive bid as on the date of this Letter of Offer.

THE PROCEDURE FOR ACCEPTANCE IS SET OUT IN PARAGRAPH 9. A FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT, FORM OF WITHDRAWAL AND TRANSFER DEED(S) ARE ENCLOSED WITH THIS LETTER OF OFFER. A COPY OF PUBLIC ANNOUNCEMENT AND THIS LETTER OF OFFER (INCLUDING FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT AND FORM OF WITHDRAWAL) WILL ALSO BE AVAILABLE ON SEBI'S WEB SITE www.sebi.gov.in.

**MANAGER TO THE OFFER**

**UTI SECURITIES LIMITED**
1st Floor, Dheeraj Arma,
Anant Kanekar Marg-Station Road,
Bandra East, Mumbai - 400 051.
Tel : 022 - 5551 5804
Fax - 022- 5502 3194
e-mail: jinesh@utisel.com
Contact Person: Mr. Jinesh N. Mehta

**REGISTRAR TO THE OFFER**

**SHAREPRO SERVICES (INDIA) P. LTD**
Satam Estate, 3rd Floor,
Cardinal Gracious Road,
Chakala, Andheri (East), Mumbai - 400099.
Tel : 022- 2821 5168 / 2821 5991
Fax : 022- 2837 5648
Email: grrao@roltanet.com
Contact Person: Mr. G R Rao

**TIMETABLE**

| Activity | Revised Schedule | Original Schedule |
|---|---|---|
| Date of Public Announcement | May 2, 2005, Monday | May 2, 2005, Monday |
| Specified Date | May 27, 2005, Friday | May 27, 2005, Friday |
| Last date for a competitive bid, if any | May 23, 2005, Monday | May 23, 2005, Monday |
| Date by which Letter of Offer will be posted to shareholders | July 29, 2005, Friday | June 6, 2005, Monday |
| Date of opening of the Offer | August 3, 2005, Wednesday | June 22, 2005, Wednesday |
| Last date for Revising the Offer Price / Number of Shares | August 9, 2005, Tuesday | June 30, 2005, Friday |
| Last date for Withdrawing acceptances tendered by shareholders | August 16, 2005, Tuesday | July 6, 2005, Wednesday |
| Date of closing of the Offer | August 22, 2005, Monday | July 11, 2005, Monday |
| Date of communicating acceptance/ rejection and payment of consideration for accepted shares / dispatch of the share certificate in case of rejection. | September 5, 2005, Monday | July 25, 2005, Monday |

***Note:*** *Duly Signed Application and Transfer Deed(s) together with share certificate(s) should be despatched by Registered Post / Courier or hand delivered to the Manager to the Offer at above address to arrive not later than 5.00 p.m. on August 22, 2005.*

## RISK FACTORS

1. The Offer is subject to receipt of necessary approval(s) by Acquirer / seller from FIPB and/or RBI, under Foreign Exchange Management Act, 1999 ("FEMA") and rules and regulations thereunder.
2. In the event of regulatory approvals not being received in time or litigation leading to stay on the Offer, or SEBI instructing that the Offer should not be proceeded with, thus the Offer process may be delayed beyond the Schedule of the Major Activities indicated in this Letter of Offer.
3. The Acquirer makes no assurance with respect to the market price of the shares during/ after the Offer. Further, the tendered shares will lie to the credit of a designated escrow account until the completion of the Offer formalities. During such period, there may be fluctuation in the market price of the shares of HDO.
4. The Offer to the shareholders of HDO is for substantial acquisition of shares along with acquisition of control, and it is made in accordance with Regulation 10 and 12 of the SEBI (SAST) Regulations. There is no assurance with respect to the continuation of the past trend in the financial performance of HDO.
5. In the event of oversubscription in the Offer, the acceptance will be on a proportionate basis and will be on the level of oversubscription.

The risk factors set forth above pertain to the Offer and do not relate to the present or future business or operations of HDO or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a shareholder in the Offer. The shareholders of HDO are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

## INDEX



**Attached :** Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed(s) (for shareholders holding shares in Physical form.)

## DEFINITIONS

The following definitions apply through this document, unless the context requires otherwise:

| Term | Definition |
|---|---|
| "Acquirer" or "IVRCL" | IVRCL Infrastructures & Projects Limited |
| "Agreement" or "SPA" | Share Purchase Agreement dated April 27, 2005 between IVRCL Infrastructures & Projects Limited and Jumbo World Holdings Limited & Firestorm Finance and Trading Pvt. Limited, and Addendum to SPA dated July 22, 2005. |
| "BSE" | The Stock Exchange, Mumbai |
| "Company", "Target Company" or "HDO" | Hindustan Dorr-Oliver Limited unless otherwise referred |
| "CSE" | The Calcutta Stock Exchange Association Ltd. |
| "Manager" or "Manager to the Offer" | UTI Securities Limited |
| "NSE" | National Stock Exchange of India Limited |
| "Offer" | The offer being made by IVRCL to shareholders of HDO as set out in this Letter of Offer |
| "Offer Document" | this Letter of Offer |
| "Offer Price" | Rs.182/- (Rupees One Hundred Eighty Two Only) per fully paid up (Rs.10.00 paid up) equity share of HDO |
| "Public Announcement" or "PA" | announcement of the Offer made on May 2, 2005 & Corrigendum PA dated July 30, 2005 |
| "RBI" | the Reserve Bank of India |
| "SEBI" | Securities & Exchange Board of India |
| "SEBI (SAST) Regulations" | Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subsequent amendments thereto |
| "Sellers" | Jumbo World Holdings Limited and Firestorm Finance and Trading Pvt. Limited |
| "Specified Date" | May 27, 2005 |
| "Stock Exchanges" | BSE, NSE and CSE. |

**ATTENTION:**

1 If, due to non-receipt of requisite statutory approvals, the Acquirer are unable to make the payment to the shareholders who have accepted the Offer within 15 days of the date of closure of the Offer, then SEBI may, if satisfied that the non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or the failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders for delay beyond 15 days, as may be specified by SEBI from time to time. Further, shareholders should note that after the date of Withdrawal i.e. August 16, 2005, the shareholders who have lodged the shares will not be able to withdraw them even if the acceptance of shares under the offer and despatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tendered shares and payment of consideration is completed.

## 1. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF **HINDUSTAN DORR-OLIVER LIMITED** TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF **IVRCL INFRASTRUCTURES & PROJECTS LIMITED** ("THE ACQUIRER") OR OF **HINDUSTAN DORR-OLIVER LIMITED** ("TARGET COMPANY") WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER – **UTI SECURITIES LIMITED** HAS SUBMITTED A DUE DILIGENCE CERTIFICATE **DATED MAY 10, 2005** TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT (S) THERE OF.THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER."

## 2. DETAILS OF THE OFFER

### 2.1 Background of the Offer

a) This offer of 18.81% of the Equity capital i.e. 7,95,625 shares of HDO is made in terms of Regulation 10 & 12 of SEBI (SAST) Regulations. The Acquirer proposes to do a substantial acquisition of shares of HDO and takeover the management control.

**b) Original Share Purchase Agreement ( "the Agreement" or "SPA") and payment terms :**

(i) IVRCL Infrastructures & Projects Limited ('**Acquirer**') pursuant to its Board's approval at the meeting held on April 27, 2005 entered into a Share Purchase Agreement dated April 27,2005 with Jumbo World Holdings Limited and Firestorm Finance and Trading Pvt. Limited, **("the Sellers" or "Jumbo Group"),** the majority shareholder of Hindustan Dorr-Oliver Limited **("the Target Company" or "HDO")**, to acquire upto 29,61,338 fully paid up equity shares of Rs.10/- each representing 70% of paid up equity capital of HDO at an aggregate value of Rs 43,11,70,813 (Rupees Forty Three Crore Eleven Lacs Seventy Thousand Eight Hundred Thirteen Only) **("Consideration")** working out to Rs. 145.60 (Rupees One Hundred Forty Five and Paisa Sixty only) per share payable in cash.

(ii) In addition to this, the Acquirer would pay a sum of Rs. 10,77,92,703/- (Rupees Ten Crore Seventy Seven Lacs Ninety Two Thousand Seven Hundred Three Only) to the sellers towards a 5-year world-wide non-compete undertaking by the sellers, which works out to 25% of the consideration for the shares.

**c) Addendum to SPA and Revised Payment terms :**

(i) The Acquirer and sellers have amended the payment terms referred in the original SPA vide Addendum to SPA dated July 22, 2005. According to the Addendum to SPA, the Acquirer will acquire upto 29,61,338 fully paid up equity shares of Rs.10/- each representing 70% of paid up equity capital of HDO at an aggregate value of Rs 53,89,63,516 (Rupees Fifty Three Crore Eighty Nine Lacs Sixty Three Thousand Five Hundred Sixteen Only) **("Revised Consideration")** working out to Rs. 182/- (Rupees One Hundred Eighty Two only) per share ("the **Negotiated Price**") payable in cash (the '**Acquisition**').

(ii) According to Addendum to SPA, no non-compete fee is payable by the Acquirer to sellers.

(iii) The original SPA has been amended vide addendum to SPA to meet with the continuous listing requirement as per BSE letter no. list/psr/sdm/2005 dated July 8, 2005.

(iv) All the other terms of original SPA remains the same.

(d) As per the changes in terms of payment referred above, the offer price has been revised from Rs. 145.60 to Rs. 182/- per fully paid up equity share for all the share holders eligible to participate in the offer and accepting the offer.

(e) As per BSE letter no. list/psr/sdm/2005 dated July 8, 2005 clarifying that Hindustan Dorr-Oliver Limited will be required to maintain atleast 28.41% Non-promoter holding to meet with continuous listing requirement. Accordingly, if Pursuant to the completion of the offer the total shareholding of the acquirer exceeds 30,28,603 equity shares i.e. 71.59% of paid up capital, IVRCL will acquire only such number of shares from the sellers through SPA which will maintain atleast 28.41% (i.e. 12,01,881 equity shares) Non-promoter shareholding after the offer in HDO.

(f) None of the Acquirer, Sellers or the Target Company has been prohibited by SEBI from dealing in securities in terms of direction issued u/s. 11B of SEBI Act.

(g) After the successful completion of the offer, there may be a change in the composition of the Board of Directors of the Target Company as per business considerations and regulatory requirements.

**2.2 Details of the Proposed Offer**

a) The Public Announcement for this offer were made in the following newspapers, in accordance with Regulation 15 of the SEBI (SAST) Regulations, 1997 on May 2, 2005 and July 30, 2005;

| **Publications** | **Edition** |
|---|---|
| The Financial Express (English) | All editions |
| Janasatta (Hindi) | All editions |
| Tarun Bharat (Marathi) | Mumbai, where the Registered office of the Target Company is situated |

A copy of this PA will also be available on the SEBI's website at www.sebi.gov.in

b) Pursuant to Regulations 10 & 12 of the SEBI (SAST) Regulations, Acquirer is making an Offer to the public shareholders of HDO to acquire 7,95,625 fully paid-up equity shares **('Shares')** of Rs. 10/- each representing 18.81% of the paid- up equity share capital of HDO, being existing Public shareholding of the Company, at a price of Rs. 182/- (Rupees One Hundred Eighty Two only) per Share **("Offer Price")** payable in cash **("Offer")** subject to the terms and conditions mentioned hereinafter.

c) There are no partly paid up shares in the Target Company.

d) The Acquirer does not hold any equity shares in HDO as on the date of the Public Announcement. Further Acquirer has not acquired either directly or through any other person, any shares of HDO during the 12 months preceding the date of PA or after the date of PA.

e) The equity shares of HDO are to be acquired, pursuant to the Offer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the rights to all dividend or other distributions hereinafter declared, made or paid.

f) The Offer is not conditional on any minimum level of acceptances.

g) There has been no competitive bid as on date.

h) The Offer is made to all the shareholders of HDO except the Acquirer and the Sellers.

**2.3 Objects of the Acquisition /Offer**

a) The Acquirer proposes to do a substantial acquisition of shares of HDO pursuant to an Agreement and take over the management control. This Offer of 18.81% of the Equity Capital, being existing Public shareholding of the Company, i.e. 7,95,625 shares of HDO is made in terms of Regulations 10 & 12 of the SEBI (SAST) Regulations.

b) The main reasons for Acquisition of HDO by IVRCL : -

- The capabilities and Pre qualification of HDO in the Water and environment sector fit in with IVRCL's growth strategy. This will enable IVRCL to jointly qualify and bid for large turnkey projects in the water and environment sectors;
- The design and technical expertise of HDO, coupled with its manufacturing ability and infrastructure, adds strategic value to IVRCL;
- HDO also occupies niche position with respect to solid liquid separation equipment and systems, and complete turnkey project execution in the mineral, pulp, fertilizer, chemicals and oil sectors.

**3. BACKGROUND OF IVRCL INFRASTRUCTURES & PROJECTS LIMITED ('ACQUIRER')**

a) IVRCL Infrastructures & Projects Limited is the Acquirer in this open offer and there is no other person acting in concert with it for the purpose of this offer.

b) IVRCL Infrastructures & Projects Limited is a Company incorporated on November 16, 1987 under the Companies Act as I. Venku Reddy Constructions Pvt. Ltd. The name was changed as I. Venku Reddy Constructions Ltd., then again changed as IVR Constructions Ltd. and subsequently as IVRCL Infrastructures & Projects Ltd. IVRCL has its registered office at M-22/3 RT, Vijayanagar Colony, Hyderabad – 500 057. Tel. No. 040-2334 3678 Fax No. 040-2334 5906. The Corporate Office of IVRCL is situated at 8-2-596, IV th Floor, IVRCL Towers, Road No. 10, Banjara Hills, Hyderabad – 500 034. Tel. No. 040-2335 2961 Fax No. 040-2335 4482.

c) The promoters of the Company are Mr. E Sudhir Reddy, Mr. E Sunil Reddy, Mrs. E Indira Reddy, Mrs. E Sujatha Reddy, Master E Siddhanth Reddy, Master E Sunjeeth Reddy, Ms. E Soma Reddy, Ms. E Suha Reddy, Mr. V Madhusudan Reddy, Mr. V Raja Mohan Reddy, Mr. V Thirumala Reddy, IVR Finlease Pvt. Ltd., S V Equities Ltd., E Sudhir Reddy (HUF) and E Sunil Reddy (HUF). The Company belongs to IVRCL group of Companies.

d) IVRCL commenced its operations as a Class I Contractor, by undertaking small projects for hospital buildings, roads in the interiors and buildings for industrial purposes. The Company forayed into water projects in 1992 and implemented its first cross country Oil & Gas pipeline project in 1999 and entered into Highway projects in 2000. The Company presently focuses on four sectors viz. Water supply and Environmental projects, Roads and Bridges, Buildings and Industrial Structures and Power.

e) Provisions of Chapter II of SEBI (SAST) Regulations are not applicable to IVRCL Infrastructures & Projects Limited as they are not holding any shares of HDO since inception of HDO.

f) **Board of Directors of IVRCL Infrastructures & Projects Limited as the date of PA i.e. May 2, 2005**

| Name & Qualification | Designation / Experience | Date of Appointment | Address |
|---|---|---|---|
| Sri. Arvind Pande<br><br>M.A(Economics)<br>I.A.S (Retired) | Chairman<br>(40 years as IAS) | 15.5.2003 | E-148 (FF), East of Kailash, New Delhi – 65 |
| Mr. E Sudhir Reddy<br><br>B. Com. | Managing Director and Vice Chairman (18 years in Infrastructure Industry) | 10.05.1990 and reappointed on 17.9.2004 | M-22/3 RT, Vijayanagar Colony, Hyderabad – 500 057. |
| Sri. Eragam Ella Reddy<br><br>B.A, LL.B | Director<br>(Practicing advocate for more than 40 years) | 07.12.1994 | M-22/3 RT, Vijayanagar Colony, Hyderabad – 500 057 |
| Sri. Eragam Sunil Reddy<br><br>B.Com (Hons), LL. B | Director- Legal<br>(More than a decade in Legal matters) | 04.04.1990 | M-22/3 RT, Vijayanagar Colony, Hyderabad – 500 057 |

| | | | |
|---|---|---|---|
| Sri. Rebala Balarami Reddy<br><br>B.Com, F.C.A, A.I.C.W.A, A.C.S, | Director – Finance (20 years in Finance and related area) | 30.9.1998 | R- 606, Garden Towers, Masab Tank, Hyderabad – 28 |
| Sri.Kuchkulla Ashok Reddy<br><br>B.S.C, P.G.D.B.M | Director – Resources (19 years in managing resources viz. HR, Purchasing and equipment) | 30.9.1998 | Plot No. 121 'A' MLA's Colony, Banjara Hills, Hyderabad – 34 |
| Sri. Chaturvedi Tribuvannath<br><br>F.C.A | Director (19 years in Audit, corporate & Financial restructuring, taxation and other legal matters) | 29.9.2000 | 405-407, Chiranjiv Tower<br>43, Nehru Place<br>New Delhi – 110 019 |
| Sri. R.C. Sinha<br><br>I.A.S (Retired) | Director (More than 40 years as IAS) | 28.7.2004 | 22, Buena Vista, General Bhosley Marg, Mumbai – 400021 |
| Sri. Ashish Dhawan<br><br>M.B.A (Harvard University)<br>B.S, B.A (Yale University) | Director (more than 10 years in Investment and Private Equity) | 25.11.2004 | 55 A, Jor Bagh,<br>New Delhi – 110 003 |
| Sri. Vivek Chhachhi<br><br>M.B.A | Director (more than 10 years in Private Equity and Capital Market) | 29.10.2004 | TGZ A-2, 11, Garden Estate,<br>MG Road, Gurgoan, Haryana - 122002 |
| Sri. T. R. C. Bose<br><br>B.E (Electrical) F.I.E | Director (40 years in designing, planning, engineering and execution of power projects) | 29.10.2004 | Flat No. 101, Vamsi Rishi Residency<br>6-3-865/B, Opp : Hotel Green Park<br>Green Lands X Road, Ameerpet<br>Hyderabad – 500 016 |

As on date none of the above person is on the Board of the Target Company.

g) **Brief Financials of IVRCL**

( Rs. In lacs)

| **Profit & Loss Statement** | **31.03.2003** | **31.03.2004** | **31.03.2005** |
|---|---|---|---|
| Income from operations | 44035 | 77345 | 105473 |
| Other Income | 105 | 211 | 241 |
| **Total Income** | **44140** | **77558** | **105714** |
| Total Expenditure. | 39662 | 70108 | 96824 |
| Profit Before Depreciation Interest and Tax | 4478 | 7448 | 8890 |
| Depreciation / Amortisation | 790 | 978 | 802 |
| Interest | 1288 | 2199 | 2141 |
| Profit Before Tax | 2400 | 4271 | 5947 |
| Provision for Tax | 849 | 353 | 276 |
| Profit After Tax | 1551 | 3918 | 5671 |

| Balance Sheet Statement | 31.03.2003 | 31.03.2004 | 31.03.2005 |
|---|---|---|---|
| **Sources of funds** | | | |
| Paid up share capital | 1050 | 1062 | 1698 |
| Share Application Money | -- | 7850 | 14540 |
| Reserves and Surplus (excluding revaluation reserves) | 8851 | 12192 | 23780 |
| **Less :** Total miscellaneous expenditure not written off | -- | -- | -- |
| Networth | 9901 | 21104 | 40018 |
| Secured loans | 12604 | 16941 | 18547 |
| Unsecured loans | 277 | 1879 | 6170 |
| **Total** | **22782** | **39924** | **64735** |
| **Uses of funds** | | | |
| Net fixed assets | 6764 | 6519 | 9282 |
| Investments | 1938 | 2217 | 3163 |
| Net current assets (Excl. Deferred Tax Liability) | 14080 | 31188 | 52290 |
| **Total** | **22782** | **39924** | **64735** |

| Other Financial Data | 31.03.2003 | 31.03.2004 | 31.03.2005 |
|---|---|---|---|
| Dividend (%) | 30 | 30 | 30* |
| Earning Per Share (Rs.) | 14.85 | 37.04 | 33.27 |
| Return on Networth (%) | 15.67 | 18.67 | 14.17 |
| Book Value Per Share (Rs.) | 94.78 | 199.49 | 235.68 |

(The above compilation is based on audited financial statements for the years ending 31.03.2003, 31.03.2004 & 31.03.2005 respectively)

* The Board of Directors have recommended 30% Dividend for FY 2004-05.

**Reasons for fall/rise in PAT or Total Income during above period:**

The reason for rise in PAT during the year 31.03.2003 was mainly due to decrease in construction expenses and fall in PAT in % terms during the year 31.03.2004 was due to additional works contract tax of 2% on certain projects. PAT during the year 31.03.2005 has increased mainly due to increased volume of business. Increase in Total Income during above period is mainly due to execution of more projects by the company.

h) Details of Contingent Liabilities not provided as of March 31, 2005:

| Serial no. | Particulars | Rs. in Lacs |
|---|---|---|
| 1. | Bank Guarantees/Letters of Credit issued by the banks on behalf of the Company, Net of margins aggregating Rs. 2171.5 Lacs (Rs. 2289.9 Lacs) | 68495.5 |
| 2. | Corporate guarantees issued by the Company on behalf of its subsidiaries | 8654 |
| 3. | Claims against the Company not acknowledged as debts | 185 |
| 4 | Disputed Sales tax (on Appeal) | 38.7 |

* The Company's claim for deductions under Chapter VI A (S. 80 IA) of the Income Tax Act has been disallowed by the Income Tax authorities in respect of the assessment years 2001-02, 2002-03 and 2003-04 and in respect of which the Company has preferred appeals. Based on professional advice, management is of the view that the provisions made for taxation are adequate. The tax effect of the amounts involved in such appeals aggregating to Rs.3607.4 Lacs (Rs.1931.1 Lacs upto 31.03.2004).

i) The Acquirer has not acquired any shares in the Target Company except those proposed to be acquired by SPA.

## j) Significant Accounting Policies of the Acquirer:

**1.** Basis of Preparation

The financial statements have been prepared under the historical cost convention (in the case of revaluation of fixed assets, at revalued figures) in accordance with Generally Accepted Accounting Principles (GAAP) comprising of the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956

**2.** Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises inward freight, duties and taxes, incidental expenses including borrowing costs relating to acquisition and any attributable cost of bringing the asset to its working condition for its intended 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.

**3.** Depreciation

Depreciation is provided on straight line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except as follows:

| | | |
|---|---|---|
| (a) | Steel Shuttering | 10% |
| (b) | Wood shuttering materials | 33.33% |
| (c) | Pucca sheds and land acquired for quarrying aggregates, etc. | Over the period of the Project on project-to-project basis. |
| (d) | Fixed Assets costing less than Rs. 5,000/- each | Fully depreciated when they are put to use |

**4.** Use of Accounting Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Company 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, future obligations under employee retirement benefit plans and warranty costs.

**5.** Investments

Long term Investments are valued at cost. Provision is made for diminution in value to recognise a decline, if any, other than that of temporary nature. Short-term investments are stated at lower of cost or market value.

**6.** Recognition of contract revenue and expenses

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.

**7.** Revenue receipts on joint venture contracts

In work sharing Joint Venture arrangements, (AOP) the revenues, expenses, assets and liabilities are accounted for in the Company's books to the extent work is executed by the Company.

In profit sharing Joint Venture entities, (AOP) the services rendered to such Joint Ventures are accounted for as income on accrual basis. The Company's share of profit / loss is accounted for as and when determined by those Joint Venture entities.

In jointly controlled entities, the share of income and expenses is proportionately taken by way of line addition as per arrangement between the joint venturers.

**8.** Foreign currency transactions

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of the transaction. Monetary items are restated at year-end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities are recognised as income or expense in the year in which they arise except in respect of liabilities for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the respective fixed asset.

**9.** Borrowing costs

Borrowing costs attributable to the acquisition or construction of a qualifying asset is capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**10.** Retirement benefits

Company’s contribution to provident fund and superannuation fund is charged to the Profit & Loss Account.

In terms of the Superannuation Scheme of the Company, certain employees of the Company are covered in the defined contribution plan. Under this plan, the Company makes annual contributions, up to the reporting date, to an approved Superannuation Fund under a policy with Life Insurance Corporation of India. The Company has no further obligations on this account.

Provision in the accounts for Liability towards Gratuity and leave encashment benefits to employees is based on actuarial valuation.

**11.** Income Tax

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit/ (loss) for the year.

Deferred tax assets and liabilities are recognised subject to prudence 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 period and quantified using the tax rates and laws enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised for all deductible timing differences and carried forward to the extent there is reasonable certainty that sufficient future taxable profit will be available against which such deferred tax assets can be realised.

**12.** Earnings per Share

The earnings considered in ascertaining the Company's EPS comprises the net profit / (loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of adjustments becomes anti-dilutive.

k) The shares of the Acquirer Company are listed on BSE and NSE.

(i) Status of Corporate Governance compliances by the Acquirer

IVRCL has complied with all the requirements of the applicable regulations, including the listing agreement with Stock Exchanges and the SEBI Guidelines, in respect of corporate governance, including constitution of the Board and Committees thereof.

(ii) Details of Pending major Litigations against the Acquirer

**A. <u>Compensation Suit</u>**

1. There is a suit (OS. No. 78 of 2003) against the Company pending before the Civil Judge at Raichur for injury suffered by the plaintiff as a result of negligent behaviour of the workmen of the Company while cleaning the overhead tank at LBS Nagar. The plaintiff has prayed for compensation amounting to Rs.500,000. The Company has entered appearance and the matter has been posted to **Sept 1, 2005** for hearing.

2. There is a suit (OS.No.355 of 03) against Company and Valasaravakkam Panchayat Board filed before District Munsif at Poonamallee, Chennai for damage caused to the plaintiff when the Company was laying underground drainage pipes at Valasar vakkam. The plaintiff has claimed a sum of Rs.27,500 as damages for the loss suffered. The plaintiff has also filed an interim application (IA.No.2193 of 03) for the appointment of an Advocate Commissioner to inspect the house and assess the value of the damage caused. The application for the appointment of an Advocate Commissioner is pending consideration. The matter has been posted to **July 15, 2005** for WS by the Company.

**B. <u>Motor Vehicles Accidents Claims</u>**

There are 13 cases against IVRCL and Insurance Companies under motor vehicle accident claims for a total compensation of Rs.30 Lacs. The same is pending for formal award by the Courts. However IVRCL is fully covered by insurance in all the cases.

**C. <u>Money Suit</u>**

1. There is a suit (OS.364 of 02) on Company before CCC, Hyd for Rs.28,169,836.77 towards payment for the use of the plaintiff's equipment and services. Company, in its WS, made a counter claim of Rs.86,22,596.42. The matter is on **October 28, 2005** for counter.

2. There is a suit (O.S.9 of 05) on Company before the District Judge, at Srikakulam for Rs.11,30,808/- towards payment for the sub-contract work done by Plaintiff. Company, in its counter stated that Plaintiff has overdrawn free issue material and has failed to account for the same and hence the payment is in dispute. The matter stands posted to **August 9, 2005** for WS.

**D. <u>Workmen's Compensation Claims</u>**

1. An ex-employee filed (WC.147 of 03) on R. Engg. Works and Co before Dy Commissioner of Labour II, Chennai for Rs.300,000 as compensation for permanent disability suffered while in employment. The judgment is pronounced directing payment of equal amount by Company and Sub-contractor.

**E.** **Eviction Suit**

1. There is a suit (OSNo.143 of 2003) against a former executive director of the Company before the Prl Sr Civil Judge at Srikakulam alleging that he has acted contrary to the terms of the lease deed between the parties by cutting down standing trees. The plaintiff prays for eviction and damages of Rs.2,98,500. The Company has been impleaded as a necessary party. The matter is on **July 21, 2005** for framing of issues..

**Cases filed by the Company:**

**A.** **Customs and Excise**

1. Company filed civil appeal (No.5282 of 2004) in the Supreme Court against the order of the Central Excise & Service Tax Appellate Tribunal, New Delhi confiscating of the Company's consignment of Hot Mix Plant and also seeking refund of the customs duty paid. The Court ordered issuance of notice. The matter is pending listing.

**B.** **Money Suit `**

1. Company filed OS.477 of 99 against Amogh Co Ltd in CCC at Hyd for Rs.11,15,977 as refund of excess payments made by the Company. The matter is on July 22, 2005 for arguments.

**C.** **Dishonour of Cheques**

1. Company filed CC.103 of 03 on AMRP Ltd before IV MM, Hyd for Rs.20,00,000. Company raised bills of Rs.30,00,000 on AMRP for the portion of work completed by Company on Nandyal SH. In part settlement, AMRP Ltd issued a cheque of Rs.20,00,000 which returned dishonored on presentation. A non-billable warrant is issued against the MD of AMRP Ltd. The matter is pending.

2. Company filed CC.1104 of 03 on Arvind Chandak before IV MM, Hyd for Rs.5,00,000 against a dishonored cheque. A NBW is issued on Arvind. The matter is on September 15, 2005.

**D.** **Arbitration matters**

1. Company filed OP.619 of 04 for appointment of an arbitrator before High Court at Madras. The application is filed against CMWSSB for rejecting Rs.1,24,14,000/- claim made by Company in execution of WDSP at Chennai. Matter is pending listing.

2. Company by letter dt 28-1-05 invoked the arbitration clause of the Alandur UGSS Project for non payment of claim amount granted to Company by adjudicator in his report dt 24-11-04. Company appointed Mr. R. Nadimuthu as its Arbitrator and called upon Alandur Municipality to appoint its Arbitrator.

3. Metso Minerals (New Delhi) Pvt Ltd has filed a request for arbitration before the International Court of Arbitration, Paris, France by letter dated February 9, 2005. Metso has made a claim of Rs.3,769,289 with interest at 18% on the Company for the alleged wrongful invocation of the bank guarantee provided by it and also alleging breach of the terms of the agreement dated June 16, 2001 between them for the designing and supply of screening and crushing plant. A Sole Arbitrator has been appointed in this matter and the proceedings are to be conducted at New Delhi. Proceedings are yet to commence.

E. **Miscellaneous**

1. Company filed OS.809 of 97 before IV Addl Judge, Hyd against Technocraft Industries (India) Ltd and TMBL restraining them from invoking BG of Rs.21,40,000 and Rs.6,70,000 furnished by it. IA filed by Company was dismissed and in appeal, HC ordered that BG of Rs.2,140,000 shall not be invoked but the BG of Rs.670,000/- can be invoked. Company filed IA seeking production of BG into court. The matter is on July 21, 2005 for marking of documents.

2. Company filed four IA's OA.952 to 955 of 04 under Arb and Con Act, 1996 before HC at Madras on CE, MTP(Rly) Periyar seeking injunction restraining him from inviting risk tenders for the work originally awarded to Company by letter of intent dt 15-5-02. Company has by letter dt. November 4, 2004 invoked the arbitration clause of the contract. Matter is pending listing.

(iii) Name and other Details of compliance Officer:
Mr. G. Ramakrishna Rao,
Company Secretary and Compliance Officer
M-22/3 RT, Vijayanagar Colony,
Hyderabad – 500 057
Tel: +91 40 23343678, 55109990;
Fax: +91 40 23345906.
Email: grkrao_cs@ivrinfra.com

(iv) There has been no merger / demerger, spin off involving the Acquirer during last 3 years. Changes in the name of the Acquirer since its incorporation and listing details are as under:

| **Change of Name** | **Date of Change** |
|---|---|
| I. Venku Reddy Constructions Pvt. Ltd. | November 16, 1987 (Incorporation) |
| I. Venku Reddy Constructions Ltd. | September 5th 1994 |
| IVR Constructions Ltd. | November 2, 1994 |
| IVRCL Infrastructure & Projects Ltd. | April 7, 1999 |
| **Listing on** | **Date of Listing** |
| BSE | April, 27, 1995 |
| NSE | March 08, 2000 |
| Hyderabad Stock Exchange | Listed on April, 27, 1995 and delisted on March 31, 2004 |
| Coimbatore Stock Exchange | Listed on April, 27, 1995 and delisted on May 21, 2004 |

(v) Shareholding pattern of the Acquirer as on the date of PA is as under:

| | | **Category** | **Equity Shares** | **% of Col.2** |
|---|---|---|---|---|
| | | **(1)** | **(2)** | **(3)** |
| **A** | | **Promoters holding** | | |
| | 1 | Indian Promoters | 1763752 | 8.74 |
| | | Foreign Promoters | NIL | NIL |
| | 2 | Persons acting in concert | 129698 | 0.64 |
| | | **Sub Total** | **1893450** | **9.38** |
| **B** | | **Non-Promoters Holding** | | |
| | 3 | **Institutional Investors** | | |
| | | a) Mutual Funds | 2853552 | 14.15 |
| | | b) Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-government Institutions | 274915 | 1.36 |
| | | c) Foreign Institutional Investors | 6386332 | 31.66 |
| | | **Sub Total** | **9514799** | **47.17** |
| | 4 | **Others** | | |
| | | a) Other Bodies Corp. | 1753565 | 8.69 |
| | | b) Indian Public | 3773045 | 18.71 |
| | | c) NRIs/OCBs | 114295 | 0.57 |
| | | d) Any other | | |
| | | Foreign Corporate Bodies | 3120416 | 15.47 |
| | | **Sub Total** | **8761321** | **43.44** |
| | | **Grand Total** | **20169570** | **100.00** |

**Note :** 4,78,470 Shares held by Promoters have been lent towards Green Shoe option, the same has been appearing under Non-promoter holding.

## 4. DISCLOSURE IN TERMS OF REGULATION 16(IX) OF THE REGULATIONS

a) The Acquirer does not have any plan to dispose of or otherwise encumber any assets of HDO within two years from the date of closure of the Offer except in the ordinary course of business of HDO. However re-organisation and/or streamlining of various businesses may be considered for commercial reasons and operational efficiencies which may include the restructuring and/or rationalization of assets of HDO, however, not limited to, merger.

b) Further, Acquirer undertakes that in the next two years it shall not sell, dispose of or otherwise encumber any substantial asset of HDO except with the prior approval of the HDO's shareholders.

## 5. DELISTING OPTION TO THE ACQUIRER IN TERMS OF REGULATION 21(3)

As per the BSE letter no. list/psr/sdm/2005 dated July 8, 2005 clarifying that Hindustan Dorr-Oliver Limited will be required to maintain atleast 28.41% Non-promoter holding to meet with continuous listing requirement. Accordingly, if Pursuant to the completion of the offer the total shareholding of the acquirer exceeds 30,28,603 equity shares i.e. 71.59% of paid up capital, IVRCL will acquire only such number of shares from the sellers through SPA which will maintain atleast 28.41% (i.e. 12,01,881 equity shares) Non-promoter shareholding after the offer in HDO.

## 6. BACKGROUND OF HINDUSTAN DORR-OLIVER LIMITED (HDO) ("THE TARGET COMPANY")

a) Hindustan Dorr-Oliver Limited is an existing public limited company incorporated on July 26, 1974 under the Companies Act, 1956. HDO has registered office at Dorr-Oliver House, Chakala, Andheri (East), Mumbai – 400 099, India. Tel. No. 022-2832 5541 Fax No. 022-2832 5659.

b) HDO was incorporated with the objects of Designing, Manufacturing and marketing of specialised equipment and process useful for filtration, sedimentation, classification and other purposes in a wide range of metallurgical, chemical, sanitation and other industries as also in the design and construction of plants in such industries.

HDO is presently engaged in engineering and manufacturing of high tech, state of the art process equipment for capital intensive industries such as pulp and paper, minerals beneficiation, sugar, chemical and water and waste water treatment, oil / refinery and food processing. It also undertakes turnkey projects for water and wastewater treatment and minerals beneficiation, fertilizer and other industries.

c) The Company has R & D facilities located at the registered office. Apart from this, it has works at 5/1/2, GIDC, Vatva, Ahmedabad – 382 445.

d) The shares of HDO are listed on The Stock Exchange, Mumbai (BSE), National Stock Exchange Association of India Limited (NSE) and The Calcutta Stock Exchange Association Ltd. (CSE). The Company has made an application on December 6, 2003 to CSE for voluntary delisting as per Delisting guidelines.

e) **Share Capital structure of HDO**

| **Particulars** | **No. of Shares / Voting Rights (VR)** | **% of Shares / VR** |
|---|---:|---:|
| Fully Paid up Equity Shares | 4,230,484 | 100.00 |
| Partly Paid up Equity Shares | Nil | -- |
| **Total Paid up Capital** | 4,230,484 | **100.00** |
| **Total Voting Rights** | 4,230,484 | **100.00** |

f) The total issued, subscribed and paid-up capital of HDO comprising of 42,30,484 fully paid-up equity shares of Rs.10/- each aggregate to Rs. 423.05 lacs. There are no partly paid-up shares. Further There are no outstanding Convertible instruments (warrants / FCDs / PCDs) etc. The Current capital structure and its build up since inception is as under:

| Date of allotment | No of shares issued | Cumulative paid up capital | Mode of allotment | Identity of allottees (promoters/ex-promoters / others) | Status of compliance |
|---|---|---|---|---|---|
| 26.07.1974 | 7 | 7 | Subscription to MOA | Promoter | N.A. |
| 28.09.1977 | 4,39,993 | 4,40,000 | Further Issue to Promoters | Promoter | N.A. |
| 26.12.1977 | 20,000 | 4,60,000 | Firm Allotment | Directors & Employees | |
| 06.01.1978 | 2,00,000 | 6,60,000 | Public Issue | N.A. | N.A. |
| 01.12.1981 | 5,28,000 | 11,88,000 | Bonus Issue (4:5) | N.A. | N.A. |
| 01.12.1985 | 11,88,000 | 23,76,000 | Bonus Issue (1:1) | N.A. | N.A. |
| 01.04.1989 | 23,76,000 | 47,52,000 | Bonus Issue (1:1) | N.A. | N.A. |
| 18.06.2003 | -5,21,516 | 42,30,484 | ** | N.A. | N.A. |

** Reduction of Capital as per Scheme of Arrangement approved by High Court under Section 391 and 100 of the Companies Act, 1956 for giving exit option to small / odd lot public shareholders

g) The target Company as well as the Promoters and major shareholders have complied with all the applicable provision of Chapter II of the Regulations, except following delay in compliances :

| Sl. No. | Regulation/ Sub-regulation | Due Date for compliance as mentioned in the regulation | Actual date of compliance | Delay, if any (in no. of days) Col. 4- Col. 3 | Remarks |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1 | 6(2) | 20.05.1997 | 21.05.1998 | 366 | @ |
| 2 | 6(4) | 20.05.1997 | 21.05.1998 | 366 | @ |
| 3 | 8(3) | 30.04.1998 | 21.05.1998 | 21 | @ |

@ Delay is regularized by participating in SEBI Regularization Scheme, 2002 on 31.03.2003.

h) There has been no suspension of trading in the shares of HDO on any of the stock exchanges. Further, the company has complied with all the applicable provisions of the listing requirements and there has been no penal action taken by any of the stock exchanges against HDO.

**i) Board of Directors of HDO as on the date of PA i.e. May 2, 2005 :**

| Sr No | Name and Address | Designation | Experience | Qualification | Date of appointment |
|---|---|---|---|---|---|
| 1. | Ms. V. M. Chhabria<br>P.O. Box 3426,<br>Dubai, U.A.E. | Chairperson | (Industrialist and Chairperson of Jumbo Group) 25 yrs in General Management | - | 19.04.2002 |
| 2 | Mr. Suresh Dadlani<br>A-182, Twin Tower,<br>Prabhadevi,<br>Mumbai-400 025. | Managing Director | 33 yrs. Company Executive | B. E. (Hons.) D.M.S. A.M.P. (Harvard USA) | 22.06.2000 |

| | | | | | |
|---|---|---|---|---|---|
| 3 | Mrs. Komal C. Wazir<br>Hamilton House,<br>2nd Floor,<br>J. N. Heredia Marg,<br>Ballard Estate,<br>Mumbai – 400 038. | Director | (Industrialist)<br>9 yrs.<br>Company<br>Executive | B. Com. | 15.01.1997 |
| 4 | Mr. Sudhinkumar Chandra<br>Flat No. 604, Greenwood<br>Hiranandani Estate,<br>Ghodbunder Road,<br>Patlipada, Thane (W)<br>Pin – 400 607. | Director | 43 yrs<br>Company<br>Executive | Chemical<br>Engineer | 27.07.2001 |
| 5 | Dr. H. R. Bhojwani<br>C- 150, Sarvodaya Enclave<br>New Delhi – 110 017. | Director | 33 yrs. in<br>Research and<br>Development | Ph. D. in<br>Electrical<br>Engineering | 29.10.2001 |
| 6 | Mr. H. N. Nanani<br>Udyog Bhavan,<br>29, Walchand Hirachand<br>Marg, Ballard Estate,<br>Mumbai – 400 038. | Director | 33 yrs in<br>Company<br>Executive | Chemical<br>Engineer | 16.03.2002 |

As on date none of the above person represents the Acquirer.

**Changes in Directors since the date of PA i.e. May 2, 2005:**

| Name | Date of appointment | Date of cessation | Reason for Change |
|---|---|---|---|
| Mr. H N Nanani, Director | 16.03.2002 | 29.06.2005 | Resigned |
| Mr. Suresh Dadlani, Managing Director | 22.06.2000 | 21.06.2005 | Completed term of 5 years and not reappointed |

j) There have been no mergers/ de-mergers /spin-offs during the past three years involving HDO. Further, there has been no change in the name of the Target Company since its incorporation. The listing details are as under:

| Listing on | Listing details |
|---|---|
| BSE | February 18, 1978 |
| NSE | December 6, 1995 |
| CSE | May 10, 1991 (application for voluntary delisting is made on December 30, 2003.) |
| The Delhi Stock Exchange Association Ltd. | Shares are delisted w.e.f. January 23, 2004 |
| Madras Stock Exchange Ltd. | Shares are delisted w.e.f. April 21, 2004 |

**k) Brief Financials of HDO**

(Rs. In lacs)

| Profit & Loss Statement | 31.03.2003 | 31.03.2004 | 31.03.2005 |
|---|---|---|---|
| Income from operations | 6,834.19 | 7486.22 | 8380.98 |
| Other Income | 248.20 | 124.45 | 267.65 |
| **Total Income** | 7,082.39 | 7610.67 | 8648.63 |
| Total Expenditure. | 6,366.55 | 6927.79 | 8227.88 |
| Extraordinary Items | (163.55) | 379.56 | - |
| Profit Before Depreciation Interest and Tax | 552.29 | 1062.44 | 420.75 |
| Depreciation | 69.16 | 47.59 | 47.78 |
| Interest | 154.19 | 181.92 | 168.49 |
| Profit (Loss) Before Tax | 328.94 | 832.93 | 204.48 |
| Provision for Tax | 162.51 | 56.86 | 92.81 |
| Profit (Loss) After Tax | 166.43 | 776.07 | 111.67 |

| Balance Sheet Statement | 31.03.2003 | 31.03.2004 | 31.03.2005 |
|---|---|---|---|
| **Sources of funds** | | | |
| Paid up share capital | 475.20 | 423.05 | 423.05 |
| Reserves and Surplus (excluding revaluation reserves) | 2328.69 | 2995.34 | 3049.61 |
| Networth | 2803.89 | 3418.39 | 3472.66 |
| Revaluation Reserve | 4307.63 | 2332.12 | 2295.01 |
| Secured loans | 978.75 | 1173.64 | 765.26 |
| Unsecured loans | 739.44 | 542.88 | 571.69 |
| **Total** | 8829.71 | 7467.03 | 7104.62 |
| **Uses of funds** | | | |
| Net fixed assets | 4663.99 | 2654.94 | 2595.87 |
| Investments | 622.56 | 200.56 | 200.56 |
| Net current assets | 3430.61 | 4555.58 | 4254.85 |
| Net Deferred Tax Assets | 112.55 | 55.95 | 53.34 |
| Total miscellaneous expenditure not written off | - | - | - |
| **Total** | 8,829.71 | 7,467.03 | 7104.62 |

| Other Financial Data | 31.03.2003 | 31.03.2004 | 31.03.2005 |
|---|---|---|---|
| Dividend (%) | 12% | 12% | 12%* |
| Earning Per Share (Rs.) | 3.50 | 18.34 | 2.64 |
| Return on Networth (%) | 5.94% | 22.70% | 3.22% |
| Book Value Per Share (Rs.) (Adj. For Revaluation Reserve) | 59.00 | 80.80 | 82.09 |

(The above compilation is based on audited financial statements for the years ending 31.03.2003, 31.03.2004 & 31.03.2005 respectively)

* The Board of Directors have recommended 12% Dividend for FY 2004-05.

**Reasons for fall/rise in PAT or Total Income during above period:**

The reason for fall in PAT during the year 31.03.2003 is due to rise in input cost and rise in total income and PAT during the year 31.03.2004 was higher due to improved business and income from sale of property. PAT during FY 2005 is lower than FY 2004 mainly due to extraordinary Income during FY 2004, however the Total Income during FY 2005 has increased vis-à-vis FY 2004.

**I) Pre and Post offer Shareholding Pattern of HDO :**

| Shareholders' category | Shareholding & voting rights prior to the agreement/ acquisition and offer. | | Shares /voting rights agreed to be acquired which triggered off the Regulations. | | Shares/voting rights to be acquired in open offer (Assuming full acceptances) | | Share holding / voting rights after the acquisition and offer. i.e. | |
|---|---|---|---|---|---|---|---|---|
| | (A) | | (B) | | (C) | | (A)+(B)+(C)=(D) | |
| | No. | % | No. | % | No. | % | No. | % |
| **(1)<u>Promoter group</u>** | | | | | | | | |
| a) Main Promoter (Exisiting) | | | | | | | | |
| 1. Jumbo | 31,68,000 | 74.88 | * (21,98,119) | (51.96) | -- | -- | ** | ** |
| b) PACs | | | | | | | | |
| 1. Firestorm | 2,66,859 | 6.31 | (34,859) | (0.82) | -- | -- | ** | ** |
| **<u>(2) Acquirer</u>** | | | | | | | | |
| a) Main Acquirer | | | | | | | | |
| 1. IVRCL | -- | -- | * 22,32,978 | 52.78 | 7,95,625 | 18.81 | 30,28,603 | 71.59 |
| b) PACs | -- | -- | -- | -- | -- | -- | -- | -- |
| **<u>Total 2(a+b)</u>** | -- | -- | 22,32,978 | 52.78 | 7,95,625 | 18.81 | 30,28,603 | 71.59 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **(3) Parties to agreement other than (1) & (2)** | -- | -- | -- | -- | -- | -- | -- | -- |
| **(4) Public (other than parties to agreement, Acquirer & PACs)** | | | | | | | | |
| a) FIs/MFs/FIIs/ Banks, SFIs (indicate names) | 1,785 | 0.04 | -- | -- | 1,785 | 0.04 | -- | -- |
| b) Others | 7,93,840 | 18.77 | -- | -- | 7,93,840 | 18.77 | **12,01,881 | **28.41 |
| (Total number of shareholders in "Public category") | 3256 shareholders | | | | | | | |
| **Total 4(a+b)** | 7,95,625 | 18.81 | -- | -- | (7,95,625) | (18.81) | -- | -- |
| **GRAND TOTAL (1+2+3+4)** | **42,30,484** | **100.00** | -- | -- | -- | -- | **42,30,484** | **100.00** |

* IVRCL has entered into a SPA with sellers for acquisition of 29,61,338 equity shares (29,26,479 equity shares from Jumbo and 34,859 equity shares from Firestorm) totaling to 70% of the paid up share capital of HDO. However column B of the above table shows only 22,32,978 equity shares as proposed acquisition. This disclosure is based on the assumption that all the Public shareholders referred at point no. 4 will offer their entire shareholding in this open offer.

****** Consequent to the sale of majority holding by the existing promoter (i.e. Jumbo Group) in terms of Share purchase Agreement, their balance holding has been classified as Public holding in the Post Acquisition/offer shareholding.

**Changes in Shareholding pattern of Promoter group and compliance with Regulations:**

(i) Jumbo World Holdings Limited acquired 31,68,000 equity shares of Rs. 10/- each (then representing 66.67%) in the Company from Dorr-Oliver (India) Limited on 19th September, 2001 by *Inter se* transfer and applicable provisions of SEBI Takeover Regulations have been complied with.

(ii) Firestorm Finance and Trading Private Limited (Person acting in Concert with promoters) acquired 1,82,300 equity shares of Rs. 10/- each (4.31% ) on 5th February, 2004 by *Inter se* transfer and applicable provisions of SEBI Takeover Regulations have been complied with.

**List of Shareholders at 4(a) above**

| **Name** | **Holding** |
|---|---|
| National Insurance Company Limited | 355 |
| The Oriental Insurance Company Limited | 330 |
| Citibank NA | 1,100 |
| **Total** | **1,785** |

l) The shares of the Target Company are listed on BSE, NSE and CSE.

(a) Status of Corporate Governance compliances by HDO:

Provision of Clause 49 of the Listing Agreement with the Stock Exchange dealing with Corporate Governance has been complied with. Certificate of Compliance on Corporate Governance received from the Statutory Auditors had been published in the Annual Report for the year ended 31st March, 2004 and compliance certificates on quarterly basis have been filed with the Stock Exchanges within the stipulated times.

(b) Details of Pending major Litigations against HDO:

The following are the disputed Contingent Liabilities as on 31st March, 2005:

| S. No. | Name of the Statute | Nature of Dues | Amount (Rs. in Lacs) | Forum where Dispute Is Pending |
|---|---|---|---|---|
| 1 | Customs Act | Customs Duty * | 3.42 | The Collector of Customs (Judicial) Mumbai |
| 2 | Central Excise Act | Excise Duty * | 1.37 | CEGAT, New Delhi |
| 3 | Sales Tax Act | Sales Tax / Entry Tax * | 186.03 | DC Appeal / Jt. Commissioner / Dy. Commercial Tax Officer / Tribunal |

| | | | | |
|---|---|---|---|---|
| 4 | The Income Tax Act | Income Tax * | 12.09 | ITAT |
| 5 | Stamp Duty liability on transfer of certain Land & Buildings | Stamp Duty | 32.00 | Stamp Duty Office |
| 6 | Claims against the Company not acknowledged as debts, to the extent quantifiable | -- * | 83.75 | -- |

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

In addition to the above, there are number of other pending litigations for claims against the Target Company. These claims have been contested by the Target Company. However, liabilities upto 31st March, 2005 on account of litigation which are contingent in nature have been duly provided in the Accounts for the year ended 31st March, 2005. The shareholders of the target company, who are desirous of obtaining further information about the aforesaid pending litigation, may send their written request to the Target Company at its Registered Office.

(c) Name and other Details of compliance Officer:
Mr. B P Misra
Chief Operating Officer,
Dorr-Oliver House, Chakala,
Andheri (East),
Mumbai – 400 099, India.
Tel. No. 022-2832 5541
Fax No. 022-2832 5659
Email – bpmisra@hind-dorroliver.com

(**Source :** All the data about Target Company is provided by Hindustan Dorr-Oliver Limited)

## 7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

### 7.1 Justification of Offer Price

a) The equity shares of HDO are listed on The Stock Exchange, Mumbai (BSE), National Stock Exchange of India Limited (NSE) and The Calcutta Stock Exchange Association Limited (CSE).

b) The annualised trading turnover in the shares of HDO on each of he above mentioned stock exchanges based on the trading volume during November 2004 to April 2005 (6 calendar months preceding the month in which the PA is made) is as under:

| Name of Stock Exchange(s) | Total no. of shares traded during the 6 calendar months prior to the month in which PA is made | Total No. of listed Shares | Annualized Trading turnover( as a % to total listed shares) |
|---|---|---|---|
| BSE | 8,03,917 | 42,30,484 | 38.01% |
| NSE | 9,39,303 | 42,30,484 | 44.41% |
| CSE | - | 42,30,484 | NA |

The Equity shares of HDO are frequently traded on BSE & NSE, being most frequently traded on NSE and infrequently traded on CSE within the meaning of explanation (i) to Regulation 20 (5) of the SEBI (SAST) Regulations.

c) The Offer Price of Rs. 182/- (Rupees One Hundred Eighty Two Only) per Share is justified in terms of Regulations 20 (4) and 20 (5) of the SEBI (SAST) Regulations in view of the following:-

| | | |
|---|---|---|
| a. | The Negotiated Price | Rs.182/- per share |
| b. | Highest Price paid by Acquirer for acquisition, if any, including by way of allotment in a public or rights issue or Preferential issue during the 26 weeks prior to the date of PA | Not Applicable |
| c. | The average of the weekly High and Low of the closing prices of the shares of HDO on NSE, where it is most frequently traded, during 26 weeks period preceding the date of PA | Rs.85.27 per share |
| d. | The average of the daily High and Low of the prices of the shares of HDO on NSE, where it is most frequently traded, during 2 weeks period preceding the date of PA | Rs.144.53 per share |

The weekly high and low of the closing prices of the equity shares of HDO on NSE during the 26-week period preceding the date of PA are given below:

| Sr. No. | Week ending | High (Rs.) | Low (Rs.) | Average (Rs.) | Volume (shares) |
|---|---|---|---|---|---|
| 1 | 5-Nov-04 | 66.65 | 63.15 | 64.90 | 31,590 |
| 2 | 12-Nov-04 | 63.50 | 60.00 | 61.75 | 16,772 |
| 3 | 19-Nov-04 | 66.80 | 63.90 | 65.35 | 42,350 |
| 4 | 26-Nov-04 | 62.40 | 61.70 | 62.05 | 17,644 |
| 5 | 3-Dec-04 | 74.20 | 61.30 | 67.75 | 47,532 |
| 6 | 10-Dec-04 | 82.55 | 77.55 | 80.05 | 220,797 |
| 7 | 17-Dec-04 | 80.90 | 76.30 | 78.60 | 36,396 |
| 8 | 24-Dec-04 | 76.45 | 73.00 | 74.73 | 10,581 |
| 9 | 31-Dec-04 | 78.45 | 71.15 | 74.80 | 29,029 |
| 10 | 7-Jan-05 | 79.60 | 73.05 | 76.33 | 37,247 |
| 11 | 14-Jan-05 | 76.05 | 70.80 | 73.43 | 34,311 |
| 12 | 21-Jan-05 | 73.00 | 70.40 | 71.70 | 3,208 |
| 13 | 28-Jan-05 | 73.60 | 72.10 | 72.85 | 2,886 |
| 14 | 4-Feb-05 | 81.40 | 74.00 | 77.70 | 13,990 |
| 15 | 11-Feb-05 | 83.65 | 78.90 | 81.28 | 19,665 |
| 16 | 18-Feb-05 | 80.30 | 77.10 | 78.70 | 18,221 |
| 17 | 25-Feb-05 | 77.75 | 75.40 | 76.58 | 4,064 |
| 18 | 4-Mar-05 | 84.95 | 74.00 | 79.48 | 50,465 |
| 19 | 11-Mar-05 | 87.90 | 79.00 | 83.45 | 23,282 |
| 20 | 18-Mar-05 | 88.20 | 86.25 | 87.23 | 19,331 |
| 21 | 25-Mar-05 | 95.15 | 87.50 | 91.33 | 26,307 |
| 22 | 1-Apr-05 | 118.70 | 94.00 | 106.35 | 21,929 |
| 23 | 8-Apr-05 | 122.45 | 111.05 | 116.75 | 28,965 |
| 24 | 15-Apr-05 | 124.45 | 118.00 | 121.23 | 22,249 |
| 25 | 22-Apr-05 | 143.60 | 130.20 | 136.90 | 30,066 |
| 26 | 29-Apr-05 | 163.80 | 147.75 | 155.78 | 130,426 |
| | **Average of 26 weeks** | | | **85.27** | **939,303** |

The daily high and low prices of equity shares of HDO on NSE during the 2-week period preceding the date of PA are given below:

| Day | High | Low | Average | Volume |
|---|---|---|---|---|
| 18-Apr-05 | 130.70 | 123.00 | 126.85 | 5,258 |
| 19-Apr-05 | 137.25 | 134.60 | 135.93 | 9,792 |
| 20-Apr-05 | 138.00 | 129.90 | 133.95 | 3,113 |
| 21-Apr-05 | 136.75 | 136.25 | 136.50 | 3,654 |
| 22-Apr-05 | 143.60 | 140.20 | 141.90 | 8,249 |
| 25-Apr-05 | 149.90 | 144.00 | 146.95 | 5,225 |
| 26-Apr-05 | 149.00 | 144.00 | 146.50 | 3,366 |
| 27-Apr-05 | 156.15 | 141.40 | 148.78 | 29,785 |
| 28-Apr-05 | 163.80 | 160.00 | 161.90 | 28,615 |
| 29-Apr-05 | 172.00 | 160.00 | 166.00 | 63,435 |
| **Average of 2 weeks** | | | **144.53** | **160,492** |

Further as the shares of HDO are infrequently traded on CSE, the offer price is justified as follows :

| **Other Financial Parameters **** | **31/03/2004** | **31/03/2005** |
|---|---|---|
| Return on Net Worth (%) | 22.70% | 3.22% |
| Book Value per share (Rs.) | 80.80 | 82.09 |
| Earning per share (Rs.) | 18.34 | 2.64 |
| Price Earning multiple (with reference to Offer price of Rs.182/- per share) | 9.92 | 68.94 |
| Industry (Engineering – Turnkey Services ) Average Price Earning Multiple ** | 22.4 | 22.4 |

** (Source*: Capital Market Vol. XX/10 July 18 -31, 2005*).

M/s. G S Nayak & Co., Chartered Accountants (Membership No. 49582), Address : E-44, Punarvasu, Sector III, Srishti Complex, Mira Road (East), Dist. Thane, Maharashtra – 401 107 Tel No.- 28114496 Fax No.- Nil, have vide their report dated April 28, 2005 certified that the Fair Value per share of HDO, based on the valuation methodology as laid down by the Hon'ble Supreme Court of India in the case of Hindustan Lever Employees Union vs. Hindustan Lever Limited, 1995 (83 com case 30), would be Rs.70.94.

d) There is no non-compete fees payable to sellers..

e) Based on the aforementioned information, in the opinion of the Manager to the offer and Acquirer, the offer price of Rs.182/- (Rupees One Hundred Eighty Two Only) per fully paid up Equity share is justified in terms of Regulation 20(4) & 20(5).

e) If IVRCL acquires shares after the date of Public Announcement upto 7 working days prior to the closure of the offer at a price higher than the offer price, then the highest price paid for such acquisition shall be payable for all the shares tendered in the offer and accepted under the offer.

**7.2 Financial Arrangements**

a) The total fund requirement for the acquisition of 7,95,625 equity shares, being 18.81% of the paid up equity capital of HDO, being existing Public shareholding of the Company, at Rs 182/- per share is Rs. 14,48,03,750/- (Rupees Fourteen Crore Forty Eight Lacs Three Thousand Seven Hundred and Fifty only).

b) In accordance with Regulation 28 of the SEBI (SAST) Regulations, Acquirer has created an Escrow Account in the form of a Bank Guarantee, issued by Tamilnad Mercantile Bank, Siddiambar Bazaar, Hyderabad valid till December 1, 2005, in favour of UTI Securities Limited – the Manager to the Offer, for an amount of Rs. 3,62,01,000/- (Rupees Three Crore Sixty Two Lacs One Thousand only), being in excess of 25% of the total consideration.

Further, Acquirer has also made a cash deposit of Rs. 14,50,000/- (Rupees Fourteen Lacs Fifty Thousand only) being in excess of 1% of the maximum purchase consideration payable under this Offer, with Tamilnad Mercantile Bank. UTI Securities Limited, the Manager to the Offer has been empowered to realise the value of the Escrow in terms of the SEBI (SAST) Regulations, by marking lien on the deposit in favour of the Manager to the Offer.

c) In case of a revision in the Offer price, the Acquirer would raise the amount in the escrow account to ensure compliance with Regulation 28 of SEBI (SAST) Regulations.

d) The Acquirer has adequate resources to meet the financial requirements of the Offer. The same is certified by Auditors of Acquirers viz. M/s. Deloitte Haskins & Sells, Chartered Accountants, Address: 7th Floor, Lingapur House, Amrutha Estates, Himayathnagar, Hyderabad – 500 029. Tel. 040 – 2322 2098 Fax. : 040 – 2322 3221

e) On the basis of the above, the Manager to the Offer is satisfied about the ability of Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations. The Offer will be implemented by Internal Accruals and/or borrowings by the Acquirer.

## 8. TERMS AND CONDITIONS OF OFFER

### 8.1 Statutory Approvals

a. The Offer is subject to receipt of necessary approval(s) by Acquirer from FIPB and/or Reserve Bank of India (“RBI”), under Foreign Exchange Management Act, 1999 (“FEMA”) and rules and regulations thereunder.

b. Non-resident shareholders will be required to submit all the previous RBI Approvals (specific or general) that they would have obtained for acquiring shares of Target Company. **In case of previous RBI Approvals not being submitted, the Acquirer reserves the right to reject the shares tendered in the offer.**

c. The Acquirer will make the requisite application to RBI to obtain permission under FEMA for the acquisition of shares under this Offer.

d. There are no other statutory approvals required to acquire the shares tendered pursuant to this Offer. However, the Offer would be subject to all statutory approvals that may become applicable prior to completion of the Offer.

e. The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the date of closing of the offer.

f. The Acquirer reserves the right to withdraw the Offer, in terms of Regulation 27 of the SEBI (SAST) Regulations, in the event the requisite statutory approvals being refused. In the event of withdrawal, a Public Announcement will be made in the same newspapers in which the original PA was made.

g. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12) of SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of the approvals was not due to willful default or negligence, grant an extension for the purpose of completion of the offer provided the Acquirer agrees to pay interest to the shareholders for delay beyond 15 days from the date of closing of the offer.

h. If the Acquirer fails to obtain the requisite approvals in time due to willful default or neglect or inaction or non-action on his part, the amount lying in the escrow account shall be forfeited in the manner provided in Regulation 28(12)(e) of SEBI (SAST) Regulations.

### 8.2 Others Terms and Conditions

a. The Letter of Offer together with Form of Acceptance cum Acknowledgement (FOA), the Form of Withdrawal (FOW) and Transfer Deed (TD) (for shareholders holding shares in physical form) will be mailed to all the shareholders of HDO, except the Acquirer, Seller and parties to the Agreement, whose names appear on the Register of Members of HDO and the beneficial owners of the shares whose names appear as beneficiaries on the records of the respective share depositories, at the close of business hours on May 27, 2005 (specified date).

b. Accidental omission to dispatch Letter of Offer to any member entitled to this open offer or non-receipt of the Letter of Offer by any member entitled to this open offer shall not invalidate the open offer in any manner whatsoever. The Offer is subject to the terms and conditions set out herein and in the Letter of Offer that would be sent to the shareholders of HDO as on the specified date.

c. All the shareholders, except the Acquirer, Seller and parties to the Agreement, who own the shares of HDO anytime before the closure of the Offer are eligible to participate in the Offer anytime before date of closing of the offer.

**9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT**

a. The Acquirer has appointed **Sharepro Services (India) Pvt. Limited** as Registrar to the Offer. Registrars have set up the following centres to collect the acceptances being tendered in this offer:

| LOCATION | NAME & ADDRESS | STD | PHONE / FAX | MOBILE No. |
|---|---|---|---|---|
| **MUMBAI** | **MR G R RAO** | 022 | 28215168 | 9376187208 |
| | SHAREPRO SERVICES(INDIA)P. LTD | | 28215991 | |
| | SATAM ESTATE, 3RD FLOOR, | | | |
| | CARDINAL GRACIOUS ROAD, | | **FAX** | |
| | CHAKALA, ANDHERI (EAST), | | 28375648 | |
| | MUMBAI - 400099. | | | |
| **AHMEDABAD** | **MR RAJIV VASA** | 079 | 7542153 | 9376187208 |
| | SKYPAK FINANCIAL SEC. PVT. LTD | | | |
| | NAGINDAS CHAMBERS, | | **FAX** | |
| | LOWER FROUND FLOOR, | | 7542072 | |
| | ASHRAM ROAD | | | |
| | AHMEDABAD - 380014 | | | |
| **BANGALORE** | **MR. RENNY JAMES** | 080 | 51155090 | 9343797296 |
| | SKYPAK FINANCIAL SEC. PVT. LTD | | | |
| | 593, SIXTH CROSS, 10TH MAIN, | | | |
| | JEEVAN BIMA NAGAR, HAL 3RD STAGE, | | | |
| | BANGALORE - 560 075 | | | |
| **KOLKATA** | **MR. AMIANGSHU DAS** | 033 | 22834390 | 9339790134 |
| | **MS PRITHA BANERJEE** | | | |
| | SKYPAK FINANCIAL SEC. PVT. LTD | | | |
| | 5A ORIENT ROW, GROUND FLOOR, | | | |
| | KOLKATA – 700017. | | | |
| **CHENNAI** | **MR. SAAJAN J.** | 044 | 28518069 | 9382200539 |
| | **MR. K. DEVANANDAN** | | 28585435 | |
| | SKYPAK FINANCIAL SEC. PVT. LTD. | | | |
| | UPER GRD FLR, ‘C’, MOUNT CHAMBERS, | | | |
| | 758, MOUNT ROAD, | | | |
| | CHENNAI – 600 002 | | | |
| **HYDERABAD** | **MR. A. ANILKUMAR** | 040 | 23233222 | 9391160383 |
| | SKYPAK FINANCIAL SEC. PVT LTD. | | 23235145 | |
| | 205, ASHOKA CHAMBERS, 2ND FLR, | | **TELEFAX** | |
| | ADARSH NAGAR, | | 24256915 | |
| | HYDERABAD – 500 463. | | | |
| **DELHI** | **MR. SAMMER GUPTA** | 011 | 23621147 | 9350592356 |
| | **MR. MAHIP KULSHRESHTHA** | | 23538459 | 9313440916 |
| | SKYPAK FINANCIAL SEC. PVT. LTD | | 23538459 | |
| | SATYAM HOTEL BUILDING, | | 30974421 | |
| | 10, QUTUB ROAD, RAM NAGAR | | | |
| | PAHAR GANJ, NEW DELHI – 110055 | | | |
| **PUNE** | **MR. SAKHARAM GOGAWLE** | 020 | 25520687 | 9372400917 |
| | SKYPAK FINANCIAL SEC. PVT. LTD. | | 25535277 | |
| | 118/4,GOKUL NAGAR, S.V NAGAR, | | | |
| | OPP IDBI BANK, | | | |
| | F.C ROAD, PUNE – 411 005 | | | |

The documents should be send by Hand delivery at all the above places except Mumbai where the documents can also be sent by Registered Post.

The documents can be tendered at the above centres between 10.00 am to 1.00 pm and 2.00 pm to 4.00 pm from Monday to Friday and between 10.00 am to 1.00 pm on Saturday. The centres will be closed on Sundays and Public holidays.

**b.** **Registered Shareholders (holders of shares in physical form) should enclose:**
**Form of Acceptance Cum Acknowledgement** duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
**Original Share Certificate(s)**
**Valid Share Transfer deed(s)** duly signed as transferors by all shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with HDO and duly witnessed at the appropriate place(s).

**c.** **Beneficial owners (holders of shares in dematerialised form) should enclose:**
**Form of Acceptance Cum Acknowledgement** duly completed and signed in accordance with the instructions contained therein, by all the beneficial holders of shares as per the records of the DP.
**Photocopy/Counterfoil of Delivery Instruction slip** in "off market" mode in favour of the special depository account mentioned above, duly acknowledged by DP

d. In case of non-receipt of the aforesaid documents, but receipt of the shares in the special depository account, it will be deemed that the shareholder has tendered acceptance of the Offer.

e. The Registrar to the Offer has opened a special depository account with UTI Securities Limited (Depository – NSDL) styled "Sharepro – IVRCL Open Offer Escrow A/c". The DP ID is IN 300360 and Beneficiary/Client ID is 10208743.

**f.** **Unregistered Shareholders should enclose:**
**Form of Acceptance Cum Acknowledgement or an application on plain paper** duly completed and signed in accordance with the instructions contained therein by the person(s) accepting the Offer. Application on plain paper should be duly signed and stating the name, address, number of shares held, distinctive numbers, folio number and the number of shares in respect of which they are accepting the Offer
**Original Share Certificate(s)**
**Original Contract Note(s) from the broker through whom the shares were acquired.**
**Valid Share Transfer deed(s)** as received from market. The details of buyer should be left blank failing which, the same will be invalid under this offer. All other requirements for valid transfer will be pre condition for valid acceptance.
**No indemnity is required from the unregistered owners.**

g. The shareholders tendering shares in demat form should ensure the credit of shares in favour of the special depository account mentioned above, before the closure of the Offer i.e. August 22, 2005. FOA, in respect of dematerialized equity shares not credited to the above special depository account before the date of closing of offer, is liable to be rejected.

h. **Shareholders having their beneficiary account with Central Depository Services Limited (CDSL), have to use inter-depository delivery instruction slip for the purpose of crediting their Equity shares in favour of the above mentioned Special Depository Account with NSDL.**

i. In case of non-receipt of the Letter of Offer/FOA, the eligible persons may download the same from SEBI website or obtain a copy of the same by writing to Registrars to the offer at any of the collection centres clearly marking the envelope "HDO Open Offer" or make an application on plain paper duly signed and stating their name, address, No. of Shares held, no. of shares offered, DP name, DP ID, Client ID and the counterfoil/photocopy of the delivery instruction in "Off-Market" mode in favour of the special depository account, duly acknowledged by the DP, to the Registrar to the Offer, before the closure of the Offer.

j. In case any person has lodged shares of HDO for transfer and the transfer has not yet been effected, the concerned person may apply in writing on a plain paper, duly signed and stating the name, address, number of shares held, distinctive numbers, folio number and the number of shares in respect of which they are accepting the Offer along with the original share certificate(s), valid transfer deed(s) duly signed **(columns meant for transferee / buyer should be kept blank)** and the acknowledgement of the lodgement of shares for transfer. Such person should also instruct HDO and its Registrars & Transfer Agents to send the transferred share certificate(s) directly to the collection centres of Registrars to the offer as mentioned above before the date of closing of the offer.

k. Shareholders who have sent their physical shares for Dematerialisation and the dematerialization has not yet been effected, the concerned person should send the completed FOA together with the photocopy of the dematerialization request form acknowledged by shareholder's DP. The shareholder should ensure that process of getting shares dematerialised is completed well in time so that the credit in the special depository account should be received before closure of the Offer i.e. August 22, 2005, else the application will be rejected.

l. Equity shares tendered by the shareholders of HDO in the offer shall be free from lien, charges and encumbrances of any kind whatsoever.

m. Equity shares, that are the subject matter of litigation or are held in abeyance due to pending court cases, such that the shareholder(s) of HDO may be precluded from transferring the equity shares during pendency of the said litigation, are liable to be rejected unless directions/orders regarding the free transferability of such equity shares are received together with the equity shares tendered in the offer prior to the date of closing of the offer.

n. In case the shares tendered in the Offer by the shareholders, are more than the shares to be acquired under the Offer, the acquisition of shares from each shareholder will be as per the provisions of Regulation 21 (6) of the SEBI (SAST) Regulations on a proportionate basis, in such a way that the acquisition from a shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than the marketable lot. Market lot for the Target Company's share is 1 (one) share.

o. While tendering shares under the Offer, NRIs / OCBs / foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring shares of Target Company. **In case of previous RBI Approvals not being submitted, the Acquirer reserves the right to reject the shares.** While tendering shares under the Offer, NRI / OCBs / foreign shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961 before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

p. The consideration received by the shareholders for shares accepted in the offer will be subject to the capital gains tax / deduction of tax at source applicable as per the Income Tax Act, 1961. Further the securities transaction tax will not be applicable on shares accepted in this offer.

q. The Registrar to the Offer will hold in Trust the Shares / Share certificates, FOA, if any, and the transfer form/s on behalf of the shareholders of HDO who have accepted the Offer, till the Acquirer completes the offer obligations in accordance with the Regulations.

r. Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Shares held in demat form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the FOA.

## 10. PROCEDURE FOR WITHDRAWAL OF APPLICATION / ACCEPTANCE

a) In accordance with Regulation 22(5A) of the SEBI (SAST) Regulations 1997, shareholders shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing Date i.e. up to August 16, 2005.

b) Shareholders who wish to withdraw their shares from the Offer will be required to send the FOW duly completed & signed alongwith the requisite documents.

c) In case of non receipt of Form of Withdrawal, the withdrawal can be exercised by making an application on plain paper along with following details :-

- **In case of physical shares**: by stating Name, Address, Distinctive numbers, Folio number, Number of shares tendered and to be withdrawn.
- **In case of dematerialized shares**: by stating Name, Address, Number of shares tendered and to be withdrawn, DP Name, DP ID, Beneficiary account number, Counterfoil/ Photocopy of the delivery instruction in "Off Market" mode duly acknowledged by the DP in favour of the special depository account.
- **In either case:** a copy of the acknowledgement received from the Manager to the Offer upon tendering of the Shares,

so as to reach the Registrar to the Offer either by hand delivery or by registered post on or before August 16, 2005.

## 11. MATERIAL DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of UTI Securities Limited, Dheeraj Arma, 1st Floor, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai - 400 051 from 10.00 a.m. to 1.00 p.m. and from 2.30 p.m. to 4.30 p.m. on any working day, except Saturdays, Sundays, and Public/Bank Holidays until the offer closes

a) Memorandum & Articles of Association and Certificate of Incorporation of Hindustan Dorr-Oliver Limited.

b) Memorandum & Articles of Association and Certificate of Incorporation of IVRCL Infrastructures & Projects Limited.

c) MOU between IVRCL Infrastructures & Projects Limited and M/s UTI Securities Ltd., Managers to the Offer.

d) Copy of Acquisition Agreement between Acquirer and Sellers dated April 27, 2005 and Addendum to SPA dated July 22, 2005.

e) Copy of Certificate dated July 27, 2005 from Deloitte Haskins & Sells, Chartered Accountants, certifying about the adequacy of resources of Acquirer in fulfilling the obligations of the offer.

f) Copy of Audited Financial Statements of HDO for FY 2002-03, 2003-04 and 2004-05.

g) Copy of Audited Financial Statements of IVRCL for FY 2002-03, 2003-04 and 2004-05.

h) Bank Guarantee from Tamilnad Mercantile Bank for Escrow Deposit in favour of UTI Securities Limited and Fixed Deposit Receipt from Tamilnad Mercantile Bank for deposit of more than 1% of total consideration as Escrow money with Lien registered on it in favour of UTI Securities Limited.

i) Copy of Certificate dated April 28, 2005 from M/s. G. S. Nayak & Co., Chartered Accountants, giving the HDO's share price working as per various parameters laid down by Supreme Court judgement in the case of HLL Employee Union vs. Hindustan Lever Ltd. , justifying the offer price of Rs.182/- per share.

j) Copy of Public Announcement dated May 2, 2005 & Corrigendum PA dated July 30 2005..

k) SEBI observation letters no. CFD/DCR/TO/AT/45285/05 dated July 19, 2005.

l) BSE letter no. list/psr/sdm/2005 dated July 8, 2005 regarding clarification on continuous listing requirements for Hindustan Dorr-Oliver Limited.

## 12. RESPONSIBILITY STATEMENT

a) The Acquirer accepts full responsibility for the information contained in this Letter of Offer.

b) Further the Acquirer accepts full responsibility, jointly and severally, for ensuring compliance of the SEBI (SAST) Regulations.

**Signed on behalf of Acquirer**
**For and on behalf of Board of**
**IVRCL Infrastructures & Projects Limited**

Sd/-

**(E Sudhir Reddy)**
**Vice Chairman & Managing Director**

Date : July 28, 2005
Place: Hyderabad

Encl. : FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT, FORM OF WITHDRAWAL, TRANSFER DEED(S) (FOR SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM).

# FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

(Please send this Form of Acceptance-cum-Acknowledgement with enclosures to Sharepro Services (India) Pvt. Ltd. at any of the collection centres as mentioned in the Letter of Offer)

**From : -**

**(Name & Complete Address)**

________________________________________

________________________________________

________________________________________

________________________________________

| | |
|---|---|
| **Offer Opens on** | August 3, 2005, Wednesday |
| **Last Date for Withdrawal of Application** | August 16, 2005, Tuesday |
| **Offer Closes on** | August 22, 2005, Monday |

**Tel No :** ______________ **Fax No :**______________ **E-mail :** ____________________________

To,
**SHAREPRO SERVICES (INDIA) PVT. LTD.**
Satam Estate, 3rd Floor,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai - 400099.

Dear Sir,

**Sub:** Open Offer for acquisition of equity shares of Hindustan Dorr-Oliver Ltd. ("HDO") by IVRCL Infrastructures & Projects Limited ("Acquirer").

I/We refer to the letter of offer dated July 28, 2005 for acquiring the equity shares held by me/us in Hindustan Dorr-Oliver Limited.

I/We, the undersigned have read the letter of offer and understood its contents including the terms and conditions as mentioned therein.

**For Shares held in Physical Form :**

I/We, accept the offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below :

| Sr. No. | Folio No. | Certificate No. | Distinctive Nos. | | No. of Shares |
|---|---|---|---|---|---|
| | | | From | To | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total number of equity shares | | | | | |

*(In case of insufficient space, please use additional sheet and authenticate the same)*

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the offer till the time the acquirer gives the purchase consideration as mentioned in the Letter of Offer.

I/We also note and understand that the acquirer will pay the purchase consideration only after verification of the documents and signatures.

**For Shares held in Demat Form :**

I/We hold shares in demat form and accept the Offer and enclose photocopy of the Delivery Instruction duly acknowledged by my/our DP in respect of my/our equity shares as detailed below:

| DP Name | DP ID | Client ID | Name of Beneficiary | No. of Equity Shares |
|---|---|---|---|---|
| | | | | |

I/We have done an off market transaction for crediting the shares to the Escrow Account opened with NSDL named "Sharepro – IVRCL Open Offer Escrow Account" (the "Special Depository Escrow Account") with the following particulars:

DP Name – UTI Securities Limited    Client ID - 10208743    DP ID – IN300360

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**ACKNOWLEDGEMENT SLIP**

Received from Mr./Ms. ______________________________________

Folio No__________________________ Form of Acceptance cum Acknowledgement, ____________ Number of certificates for __________ equity shares / Copy of Delivery instruction to DP for ________________ equity shares.

| Signature of Official and Date of Receipt | Stamp of collection centre |
|---|---|
| | |

Shareholders whose shares are held in beneficiary Account with CDSL have to use an inter–depository delivery instruction slip for the purpose of crediting their shares in favour of the Special Depository Escrow Account with NSDL.

I/We note and understand that the Shares would lie in the Special Depository Escrow Account until the time the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer.

I/We confirm that the equity shares of Hindustan Dorr-Oliver Limited which are being tendered herewith by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorise the Acquirer to accept the shares so offered which they may decide to accept in consultation with the merchant banker and in terms of the Letter of Offer and I/We further authorise the Acquirer to return to me/us, equity share certificate(s) in respect of which the offer is not found valid/not accepted, specifying the reasons thereof.

I/We authorise the Acquirer or their Merchant Banker to send by Registered Post / Courier the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned below.

The Permanent Account Number (PAN/GIR No.) allotted under the Income Tax Act, 1961 is as under

| | **First/Sole Holder** | **Joint Holder 1** | **Joint Holder 2** |
|---|---|---|---|
| **PAN/GIR No.** | | | |

***So as to avoid fraudulent encashment in transit, the shareholder(s) may provide details of Bank Account of the first/ sole shareholder and the consideration cheque or demand draft will be drawn accordingly.***

| | | | | |
|---|---|---|---|---|
| ***Name of the Bank*** | | **Account No.** | | **Saving/Current/NRE/NRO/ Others (Please tick)** |
| **Address of Branch** | | | | |

Yours faithfully

| **Signed & Delivered by** | **Full Names (s) & Address** | **Signature** | **Verified and Attested (by DP in case of Demat Shares and by Bank in case of Physical Shares)** |
|---|---|---|---|
| First/Sole Holder | | | |
| Joint Holder 1 | | | |
| Joint Holder 2 | | | |

**Note :** In case of joint holdings all must sign. A Corporation must affix its common seal necessary Board resolution should be attached.

Place :
Date :

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**SHAREPRO SERVICES (INDIA) PVT. LTD.**
Satam Estate, 3rd Floor,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai - 400099.

# FORM OF WITHDRAWAL

**From : -**
**(Name & Complete Address)**

____________________________________________

____________________________________________

____________________________________________

____________________________________________

| | |
|---|---|
| **Offer Opens on** | August 3, 2005, Wednesday |
| **Last Date for Withdrawal of Application** | August 16, 2005, Tuesday |
| **Offer Closes on** | August 22, 2005, Monday |

**Tel No :** _______________ **Fax No :**_______________ **E-mail :** ________________________________

To,
**SHAREPRO SERVICES (INDIA) PVT. LTD.**
Satam Estate, 3rd Floor,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai - 400099.

Dear Sir,

**Sub:** Open Offer for acquisition of equity shares of Hindustan Dorr-Oliver Ltd. ("HDO") by IVRCL Infrastructures & Projects Limited ("Acquirer").

I/We refer to the letter of offer dated July 28, 2005 for acquiring the equity shares held by me/us in Hindustan Dorr-Oliver Limited.

I/We have read the procedure for withdrawal of equity shares tendered by me/us in the Offer as mentioned in the Letter of Offer and unconditionally agree to the terms and conditions mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/We further authorise the Acquirer to return to me/us, the tendered equity share certificate(s)/ share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our Shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer/ Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centers mentioned in the Letter of Offer on or before the last date of withdrawal.

I/We note that the Acquirer/Manager to the Offer / Registrar to the Offer shall not be liable for any postal delay/loss in transit for the equity shares held in physical form and also for the non-receipt of equity shares held in the dematerialised form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s) and Shares only on completion of verification of the documents, signatures etc. and beneficiary position data as available from the Depository from time to time, respectively.

The particulars of the tendered Share(s) that I/We wish to withdraw are detailed below:

| Folio No. | Certificate No. | Distinctive Nos. | | No. of Shares |
|---|---|---|---|---|
| | **Tendered** | | | |
| | | | | |
| | | | | |
| | | | | |
| **Total number of equity shares Tendered** | | | | |
| | **Withdrawn** | | | |
| | | | | |
| | | | | |
| | | | | |
| **Total number of equity shares Withdrawn** | | | | |

*(In case of insufficient space, please use additional sheet and authenticate the same)*

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**ACKNOWLEDGEMENT SLIP**

Received from Mr./Ms. ____________________________________________

Folio No_______________________________

Form of Withdrawal dated _______________

| Signature of Official and Date of Receipt | Stamp of collection centre |
|---|---|
| | |

I/We hold the following equity shares in dematerialised form and tendered the equity shares in the Offer and had done an off-market transaction for crediting the Shares to the "Sharepro – IVRCL Open Offer Escrow Account" (Special Depository Escrow Account) as per the following particulars:

DP Name – UTI Securities Limited Client ID - 10208743 DP ID – IN300360

Please find enclosed a photocopy of the Depository Delivery Instruction(s) duly acknowledged by DP. The particulars of the account from which my/our equity shares have been tendered are as detailed below:

| DP Name | DP ID | Client ID | Name of Beneficiary | No. of Equity Shares |
|---|---|---|---|---|
| | | | | |

I/We note that the equity shares will be credited back only to that Depository Account, from which the equity shares have been tendered and necessary standing instructions have been issued in this regard.
In case of dematerialised equity shares, I/We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

I/We confirm that the particulars given above are true and correct.

Yours faithfully

| Signed & Delivered by | Full Names (s) & Address | Signature | Verified and Attested (by DP in case of Demat Shares and by Bank in case of Physical Shares) |
|---|---|---|---|
| First/Sole Holder | | | |
| Joint Holder 1 | | | |
| Joint Holder 2 | | | |

**Note :** In case of joint holdings all must sign. A Corporation must affix its common seal necessary Board resolution should be attached.

Place:

Date :

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**SHAREPRO SERVICES (INDIA) PVT. LTD.**
Satam Estate, 3rd Floor,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai - 400099.

**BOOK - POST**

If undelivered, please return to :

**SHAREPRO SERVICES (INDIA) PVT. LTD.**
**(Unit : HDO - Oper Offer)**
Satam Estate, 3rd Floor,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai - 400099.

CRYSTAL (022) 2382 3151