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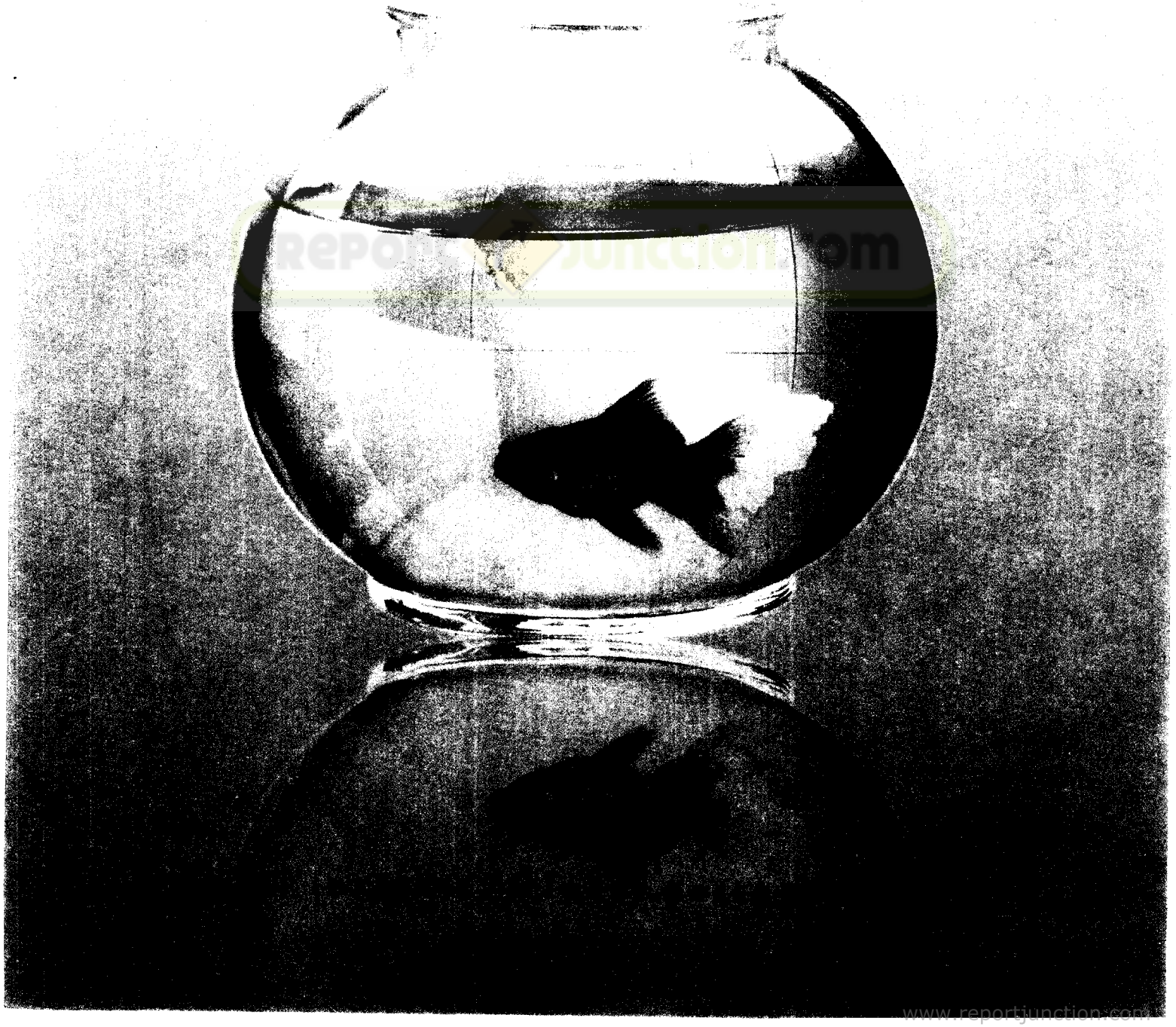
MEMBER JUMBO GROUP

DORR-OLIVER

HINDUSTAN DORR-OLIVER LIMITED

Annual Report 2002-2003



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HINDUSTAN DORR-OLIVER LIMITED

Hindustan Dorr-Oliver Limited is among the top suppliers of turnkey solutions for a plethora of industries including fertilizers, environmental engineering, mineral beneficiation, pulp and paper plants and other process equipment. The other areas where HDO has its foray are Research, Consultancy, Operations, Water and Wastewater Management, Breweries and Distillery plants, Petroleum, Oil, Energy and Refineries.

The company, originally a subsidiary of Dorr-Oliver Inc. of the US, became a part of the Jumbo Group in 1987 and completes 26 years of operations in its present form i.e., Hindustan Dorr-Oliver Limited this year.

The Dorr-Oliver Company started its operations in India in 1912 by supplying a Rake classifier – a special equipment for gold bleaching to Kolar Gold Mines. It was founded by two remarkable entrepreneurs, Mr. J V N Dorr and Mr. E L Oliver, during the Gold Rush days in America. The founders were visionaries committed throughout their life to principles of service to customers through innovative technical approach, which even today remain the guidelines for Dorr-Oliver Inc. and its affiliates.

Hindustan Dorr-Oliver has plans to maintain cutting edge processes competitively and effectively to retain/increase its business share. This is being done through improved revenues, cost effectiveness and sustainable growth.

HDO is not just a consultancy organization. It has unique combination of technologies, engineering consultancy skills coupled with its own manufacturing facilities, capable of meeting precision machinery and light and heavy fabrication requirements for proprietary and other equipment.

Presenting to you the Annual Report of Hindustan Dorr-Oliver limited for the year 2002 – 2003.

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Mr. M R Chhabria
Founder, Jumbo Group
1st March, 1946 - 6th April, 2002

Remembering our Founder

The past remains, but a cherished memory,

The present consumes all our dedication,

But in all, it is the future that counts.

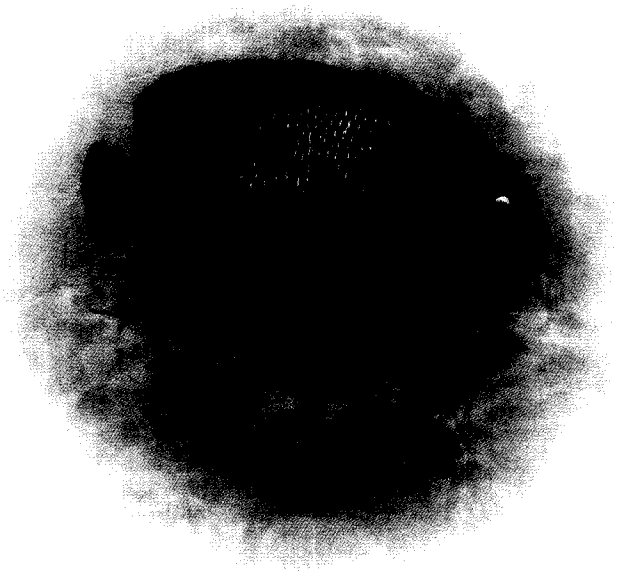
That urges us on, raising our aspirations.

Taking us beyond the last step.

It is the promise it bestows,

That makes today brighter,

And a leap forward from yesterday.



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Board of Directors

(As on 22nd July, 2003)

Ms. V. M. Chhabria	Chairperson
Mr. Suresh Dadlani	Managing Director
Ms. Komal C. Wazir	Director
Mr. Sudhinkumar Chandra	Director
Dr. H. R. Bhojwani	Director
Mr. H. N. Nanani	Director

Ms. V. M. Chhabria
Chairperson

COMPANY SECRETARY

Mr. K. Krishnamoorthy

AUDITORS

M/s Lodha & Company

SOLICITORS AND ADVOCATES

Kanga & Co.

Crawford Bayley & Co.

Little & Co.

BANKERS

The United Western Bank Limited

Indian Overseas Bank

Bank of Baroda

REGISTERED OFFICE

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

WORKS

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

REGISTRAR & SHARE TRANSFER AGENTS

M/s. Sharepro Services

Satam Estate, 3rd Floor, Above Bank of Baroda ,

Cardinal Gracious Road, Chakala,

Andheri (E), Mumbai – 400 099.

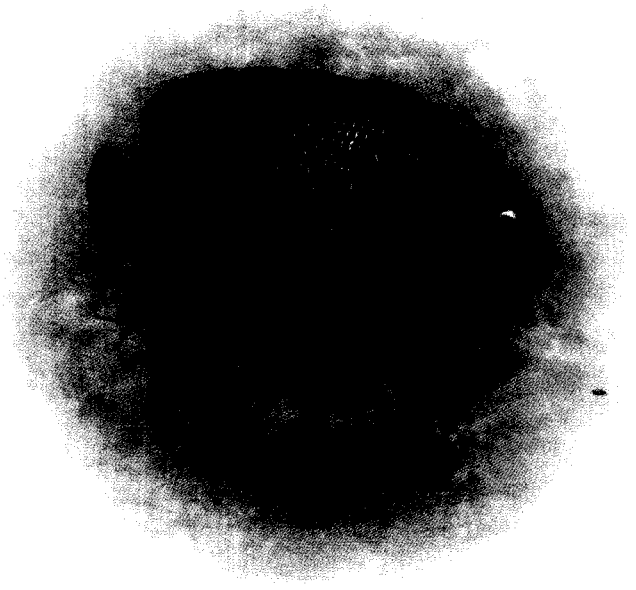
Tel. No. : 28215168, 28348218.

Fax No. : 28375646

912, Raheja Centre, Free Press Journal Road,

Nariman Point, Mumbai – 400 021.

Tel. No. : 22881568/69. Fax No. 22825484.



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Chairperson's Review

In an environment characterised with global economic uncertainties, your company has been able to report financial performance that is much better than the industry average. The fact that the net sales were up over 17 per cent over the previous financial year only points to the resilience of your company. It shows your company's capability to overcome the challenges by seeking opportunities in ever new areas. Coupled with increase in sales, tighter cost and expense control helped your company post an increase in pre-tax profit by over 33 per cent.

During the year, as the avenues in fertiliser, chemical and sugar industries declined, your company made the most of emerging opportunities in minerals, paper and pulp and projects related to environment pollution. The crowning glory

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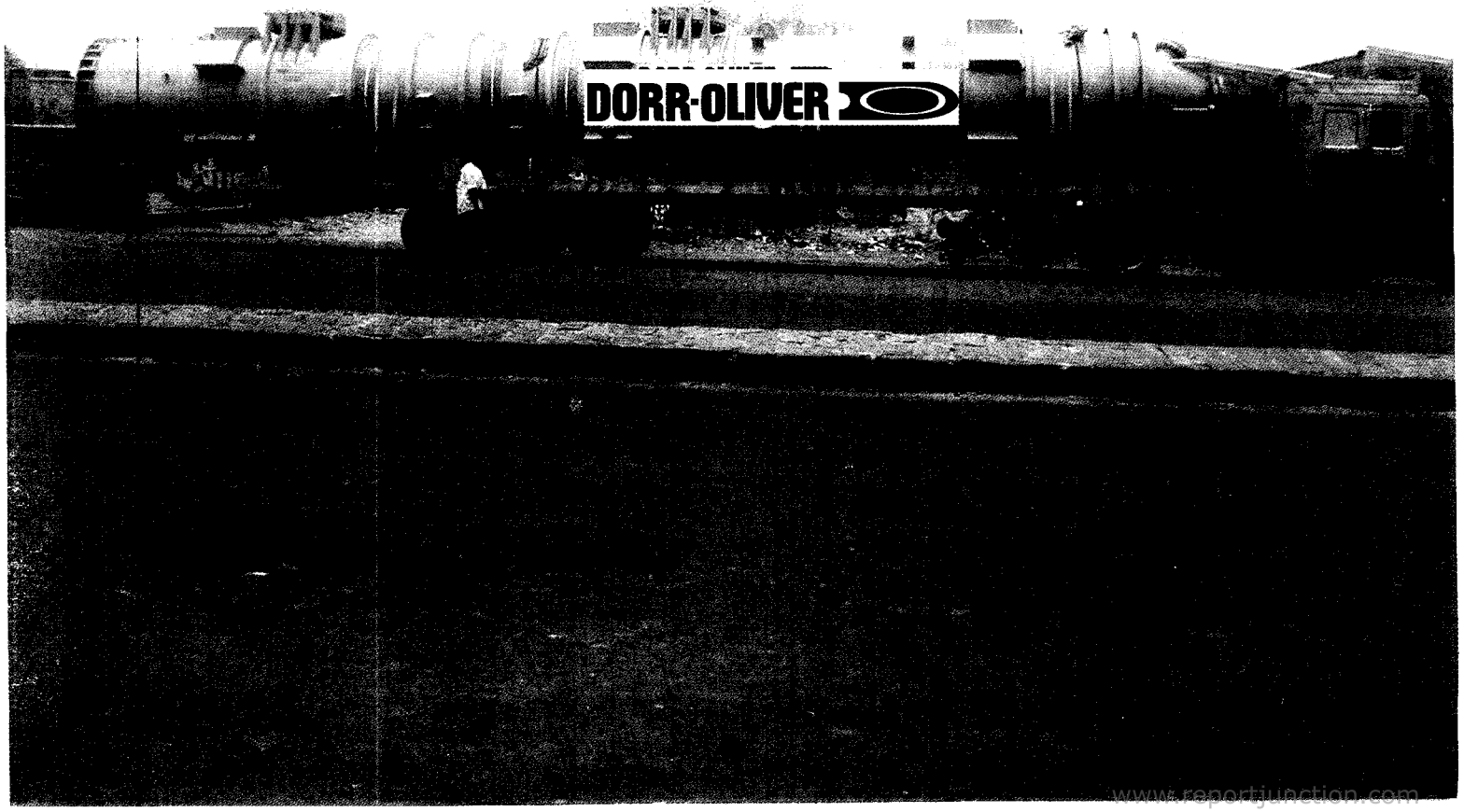

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has been securing a US$ 5 million order for a turnkey solution for a paper/pulp project for Turkmenistan government.

Constant upgradation in technology and offering cutting-edge solutions helped your company face tough competition in the international arena. The company is actively partnering with international majors in accessing and adopting new technologies. After a tie up with Seghers International in 2001-02 in water treatment technology, your company forged an association with Mackenzie Hydrocarbons of Australia in the field of oil and gas systems. These tie-ups shall not only enhance the techinical competencies of the company but also shall allow the company to bid for the global projects.

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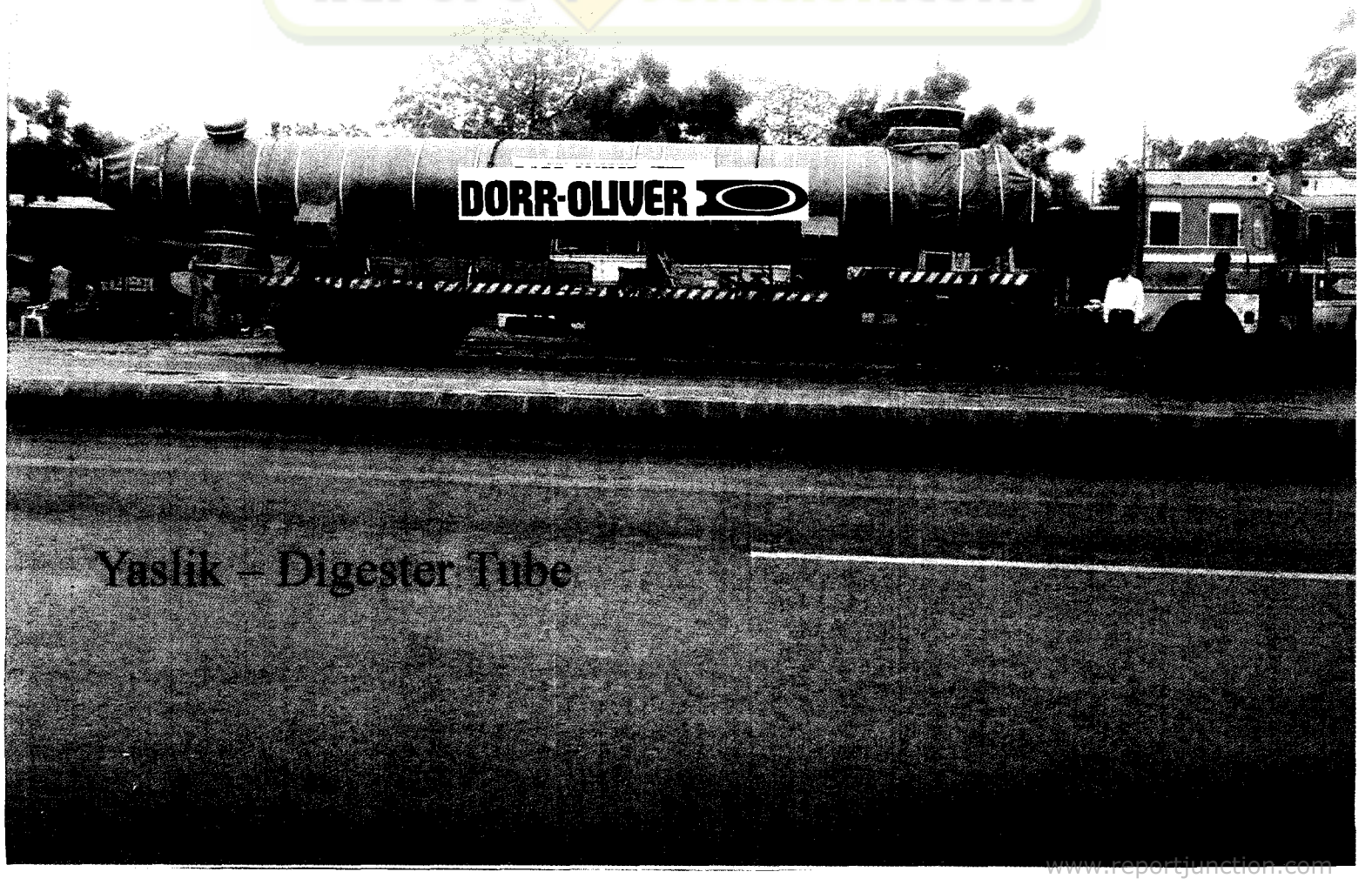

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Future Outlook

During the current year, your company has devised a strategy of broad-basing its portfolio of products and services. Hindustan Dorr-Oliver is widening its reach over a broad spectrum of industries to withstand sector-specific uncertainties. Already the company's aggressive forays in petroleum, oil, refineries and breweries industries have started yielding results. The company wishes to enhance its presence across sectors and across geographies.

Your company's capabilities to offer complete engineering solutions and competitive pricing helped it in securing lucrative international orders in the past. The same strategy is being adopted in tapping new opportunities in rebuilding Iraq. In view of the changed focus, your company is all set to face the ever-altering current business environment successfully.

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At this juncture, I would like to take this opportunity to thank the employees, bankers, suppliers, customers and the shareholders for their full co-operation to the compnay.

With best wishes,

V M Chhabria

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DORR-OLIVER
HINDUSTAN DORR-OLIVER LIMITED

FINANCIAL HIGHLIGHTS

	31.3.2003	31.3.2002	31.3.2001	31.3.2000	31.3.1999
CAPITAL ACCOUNTS:					
(Rs. in thousands)					
Net Worth*(including Revaluation Reserve)	711152	701520	671188	647563	723992
Borrowings	171819	140556	130532	133718	124716
Gross Block	665772	662042	634097	535124	564700
Net Block	466399	472048	475801	440540	484310
Net Current Assets	343061	287916	263710	315322	338975
REVENUE ACCOUNTS:					
(Rs. in thousands)					
Sales	683419	583428	544492	376327	726205
Other Income	24820	28091	23736	31726	7712
Profit from Operations	67757	51083	30605	–33375	22953
Interest	18508@	13783@	7893	9846	1296
Profit/Loss before tax	49249	37300	38126	–43221	21657
Profit/Loss after tax	32998	31968	35286	–49952	9155
Net Earning for Appropriations	30489	20348	10924	–15015	40212
Dividend (excluding Dividend Tax)	5077	5702	7128	—	4752
Retained Earnings	24762	14646	3069	—	34937
SELECTED INDICATORS:					
Return on Capital Employed (%)	6.08	4.91	12.67	—	5.58
Unexecuted Orders on Hand (Rs. in crores)	63.69	236.00	42.13	21.64	35.85
Current Ratio	1.18:1	1.75:1	1.54:1	1.93:1	1.62:1
Borrowing/Shareholders' Funds	0.62:1	0.56:1	0.56:1	0.56:1	0.43:1
Sales/Shareholders' Funds (times)	2.46	2.33	2.34	1.58	2.52
Earnings per share (Rs.)	3.50	4.01	7.42	—	1.93
Dividend per share (Rs.)	1.20	1.20	1.50	—	1.00
Book Value per share* (Rs.)	149.65	147.63	141.24	136.27	152.36
Market Price - High (Rs.)	34.95	30.85	17.90	42.00	35.00
- Low (Rs.)	13.50	5.00	9.90	15.00	19.50

*After Revaluation of Assets in the Years 1989-90, 1992-93 and 1995-96.

@Interest earned Rs. 6238 thousand is adjusted against interest expenses for the year 2002-2003 (Rs. 10510 thousand for 2001-2002).

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