HINDUSTAN DORR-OLIVER LIMITED

Board Of Directors

(As on August 10, 2010)

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

Company Secretary

Pragya Sahal Kaul

Auditors

Chaturvedi & Partners

Internal Auditors

V.C.G. & Co.

Bankers

Bank of India
Andhra Bank

Registrar and Transfer Agents

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

Registered Office

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

Solicitors & Advocates

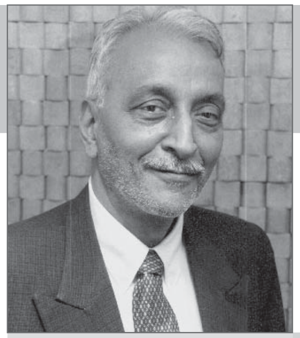
Kanga & Co.
Crawford Bayley & Co.
Little & Co.

Works

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

Contents

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



Insights

Prabhakar Ram Tripathi
Chairman

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

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

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

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

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

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

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

HINDUSTAN DORR-OLIVER LIMITED

Insights

E.Sudhir Reddy
Vice Chairman

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

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

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

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

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

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

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

From the ED's Desk

S.C. Sekaran
Executive Director

'Aggression is often the best form of defence'

Dear Fellow Stakeholders

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Committed to Sustainability and Scalability

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

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

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

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

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

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

I look forward to your continued support.

S.C. Sekaran

Financial Highlights

FIVE YEARS AT A GLANCE

Standalone Operating Results 2006 - 2010

(Rs.in Lacs)

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

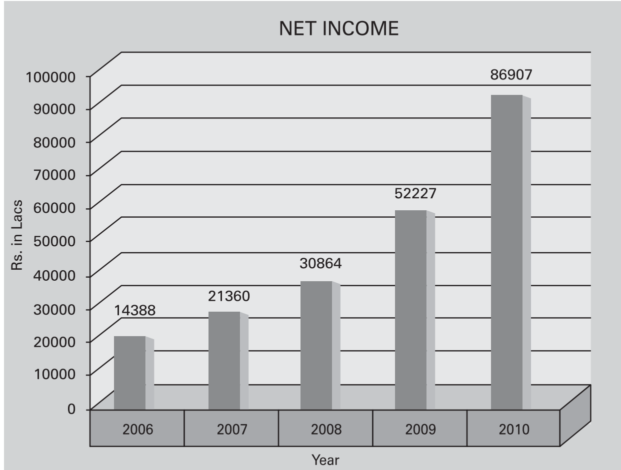
* Including Dividend Distribution Tax

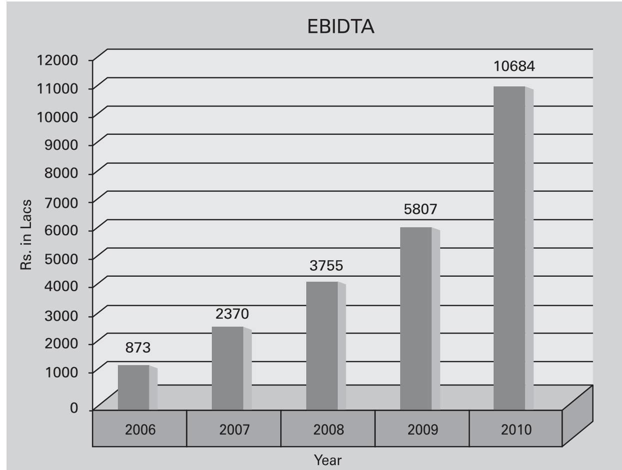
** Based on year-end Share Capital, reflects the impact of Corporate Actions such as Amalgamation and Bonus issue in the respective years.

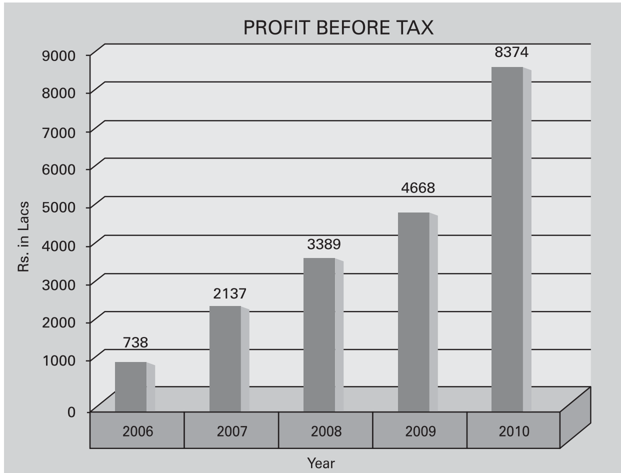
*** Based on Year-end closing prices,quoted on the Bombay Stock Exchange.

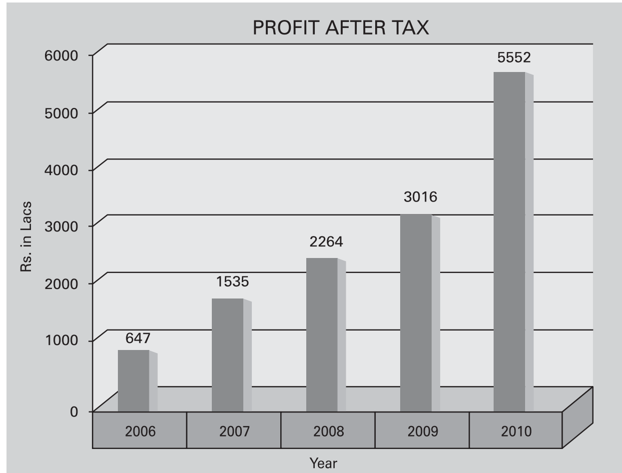
Year Ending 31st March	2010	2009	2008	2007	2006
SOURCES OF FUNDS					
Equity	1,440.12	720.06	720.06	720.06	580.05
Reserves (Including Revaluation Reserve)	21,004.62	16,814.82	14,283.52	12,250.66	10,642.76
Shareholders' Funds / Net Worth	22,444.74	17,534.88	15,003.58	12,970.72	11,222.81
Loan Funds	7,861.12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

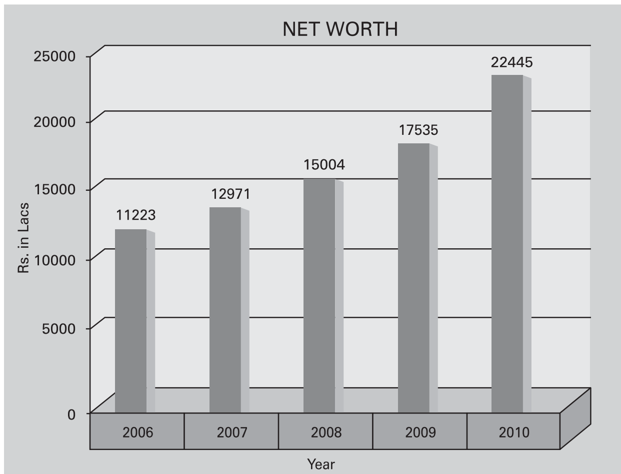
Performance Indicators

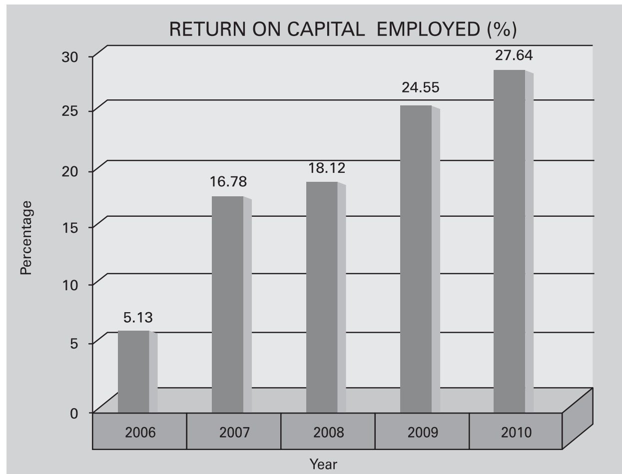












Engineering Services

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

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

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

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

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

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

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

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

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

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

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

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

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

Going Forward we intend

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

Drum Slaker, UCIL, KADAPPA

Manufacturing

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

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

Our Product portfolio comprises :

Metals & Minerals

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

Water Management

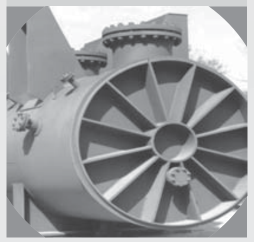
- Clarifiers
- Thickners
- Digesters
- Detritors
- Trickling Filter Distributor
- Clariflocculator
- Pretreator
- Surface Aerators
- Monorake
- Multimedia Filters
- Completreator

Pulp and Paper

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

Power & Hydro-carbon Sector

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



Chemicals, Fertilizers & Others

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

HINDUSTAN DORR-OLIVER LIMITED

Business Review

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

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

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

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

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

Key organic initiatives during the year :

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

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

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

Going Forward

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

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

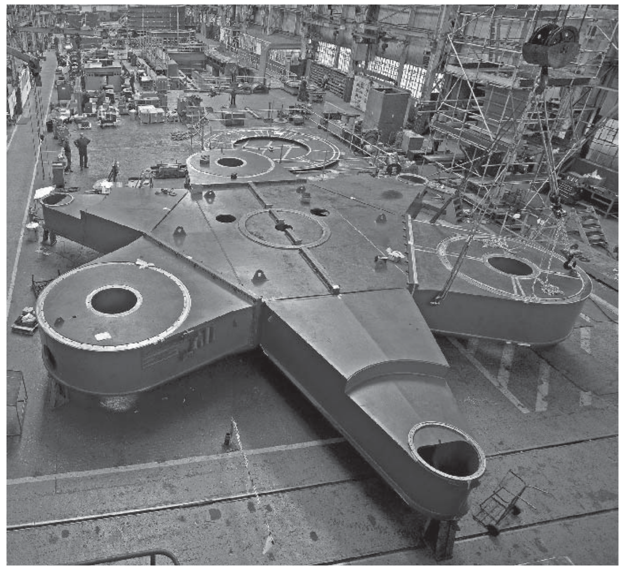
DavyMarkham

DavyMarkham Acquisition

....A Shot in the Arm for Manufacturing

The Deal:

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


Heavy Engineering Equipment

The Synergies:

- Expansion of Industry Verticals

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

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

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

- Technical Approvals and Pre-Qualifications

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

- Combination of High End technology and Low cost Manufacturing base

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

- Geographical Diversity.

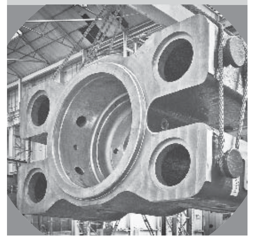
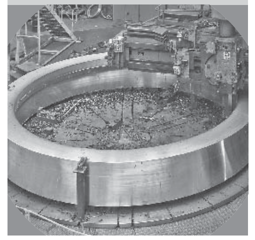
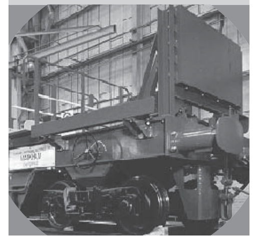
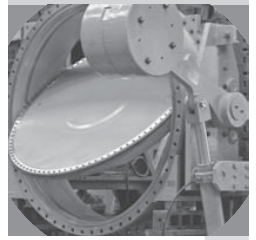
While we intend leveraging on DavyMarkham's technological skill sets in the Indian markets, we also have access to the European, Canadian and South American Markets for our products and services where DavyMarkham has huge business presence.

HINDUSTAN DORR-OLIVER LIMITED
Business Review

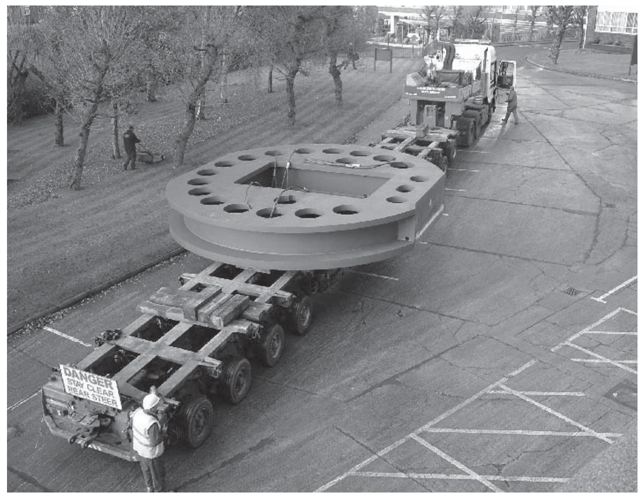
DavyMarkham

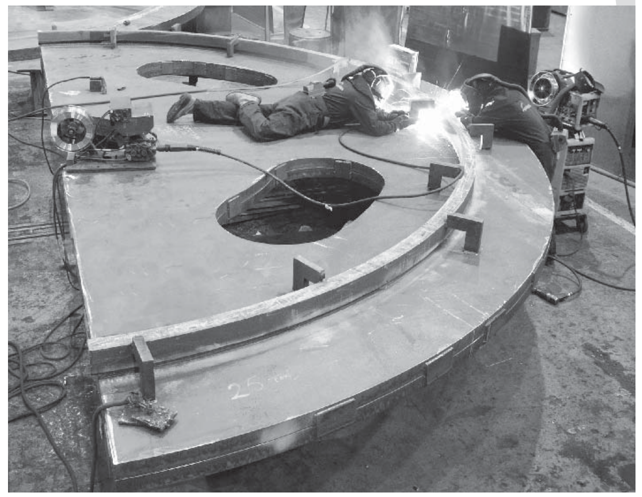
Product Portfolio

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

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


TBM Drive Head


Winder Fabrication

Engineering, Procurement & Construction (EPC)

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

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

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

Metals & Mineral

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

Water Management

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

Pulp and Paper

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

Chemicals & Fertilizers

- Phosphoric Acid Plants
- Phosphatic Fertilizer Plants

Metals & Minerals

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

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

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

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

Causticisation Plant, Vedanta, Lanjigarh

Business Review

Water Management


SBR System at HPCL Refinery, Mumbai

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

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

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

Pulp and Paper

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

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

Chemicals and Fertilizers

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

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

Chemical Handling System-HPCL


Rotary Dryer-RCF

DEAR SHAREHOLDERS,

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

FINANCIAL RESULTS

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

(Rs.in lacs)

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

PERFORMANCE

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

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

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

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

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

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

DIVIDEND

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

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

TRANSFER TO RESERVES

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

ACQUISITION OF DAVYMARKHAM

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

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

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

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

FUTURE PROSPECTS

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

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

a) Material Handling systems

b) Iron Ore Beneficiation and Pelletization

c) Nuclear Power Plant: Component /Manufacture

d) Coal Washeries

e) Power Sector

f) Hydrocarbon sector