

**Hindustan Dorr-Oliver [CB 1:5]**

**CMP** Rs. **133.00**  
**Target Price** Rs. **155/195**

**Market Cap (Rs. Cr)** 385.7  
**52 Week-H/L(Rs)** 209.80 / 63.27

**Bloomberg** HDOR@IN **Reuters** HDRR.BO **BSE** 509627 **NSE** HINDDORROL

**Investment Arguments**

After coming in to the fold of **IVRCL group**, company is making rapid strides in undertaking infrastructure projects and is growing at a fast pace both on topline and bottomline front. Company turnaround so fast, that it **rewarded share holders in may'06, with a split [5:1]and recently declared a modest bonus of 1:5 in Oct'06.** [RD for bonus issue on 24 Nov.'06]

Company has **recently got 250 crs orders** [early Nov.'06] executable in next 20 months. **Company has strong presence in - water and Chemical treatments, Mineral Beneficiation, Pulp & Paper and Phosphate fertiliser.** Its focus on environmental engineering & designing and project implementation cababilities, will drive the growth in coming years.

Company has formed a wholly owned subsidiary by the name '**HDO Technologies Limited**', which will be a **Knowledge Process Outsourcing** Company and will cater to engineering/process industries in the global market by providing engineering solutions through software technology on continuous basis and operate these plants through software technology.

Growth in Mining, Mineral Processing, Pulp and Paper, and Environmental Infrastructure Projects will continue to contribute towards growth of the company in terms of volume and profitability. Company, being one of the leading technology and turnkey supplier in **Environmental Infrastructure**, [wherein various State Governments have been granted loans from Asian Development Bank, World Bank and Japanese Bank of International Commerce] there is bright prospects for company, to receive its share of business from this huge market sector.

With India too becoming manufacturing hub for a number of sectors, [including metals and minerals] and environmental norms tightening, the outlook for business from this segment is significant. Company is also on the verge of concluding **collaboration arrangements for equipment and technologies, with well-known International companies** for acquiring larger share of business in such projects. Similar growth in **water & chemical treatment business** is also visualised. Again industries using more water and needs treatment of polluted waste water for recycling [like Paper & Pulp and Chemicals], offer huge business opportunity to this company. Fantastic growth potential. **BUY FOR MEDIUM AND LONG TERM.**

**Financials for the year ended ( in Rs. Crores)**

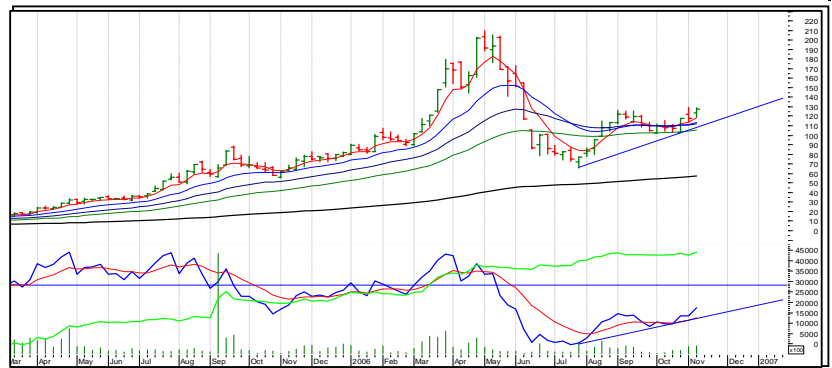
Particulars	Mar 05	Mar 06	Mar 07 E	Mar 08 E
Gross Sales	86.27	145.65	240.00	410.00
PBIDT	5.04	10.54	27.50	52.00
Interest	2.51	2.42	2.90	3.50
Depreciation	0.48	0.74	0.90	1.50
PAT	1.12	6.47	17.50	36.50
EPS ( in Rs)	2.65	11.16	4.86	10.14
CEPS ( in Rs)	3.78	12.43	5.11	10.56
Book Value ( in Rs)	82.10	153.47	29.29	39.03
Face Value ( in Rs)	10.00	10.00	2.00	2.00
Dividend (%)	12.00	20.00	30.00	40.00
Dividend Yield (%)	0.90	1.50	0.45	0.60
Net Worth	34.73	89.01	105.43	140.49
Debt	13.37	34.16	45.00	58.00
Equity Capital	4.23	5.80	7.20	7.20
P.E. (x)	50.2	11.9	27.4	13.1
NPM %	1.30	4.44	7.29	8.90
EBIDTA Margin %	5.84	7.24	11.46	12.68
RoCE %	10.5%	8.6%	18.3%	26.2%

**Latest result update ( in Rs. Crores)**

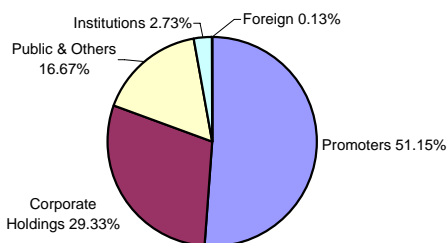
PARTICULARS	H1 2006	H1 2005	% change
Gross Sales	78.05	54.34	43.63
PBIDT	7.39	2.59	185.33
Net Profit ( PAT)	5.44	0.76	615.79
Equity	6.00	4.23	
EPS	1.81	1.80	0.93

Face Value for H1 2006 is Rs.2 ((H1 2005 Rs.10)

**Technical Trend:-**



**ShareHolding Pattern**



After touching a high of Rs 209 [x-split basis] in May'06, the stock went in to deep correction and touched a low of just Rs 65. Now the chart pattern shows a double bottom formation in weekly chart, indicating a strong up move in coming months. One can buy the stock with stop loss of 105, with short term target of Rs 155 and medium term target of Rs 195. As and when stock moves above Rs 150, one can raise the stop loss to Rs 130 levels. Long term picture also looks very good.