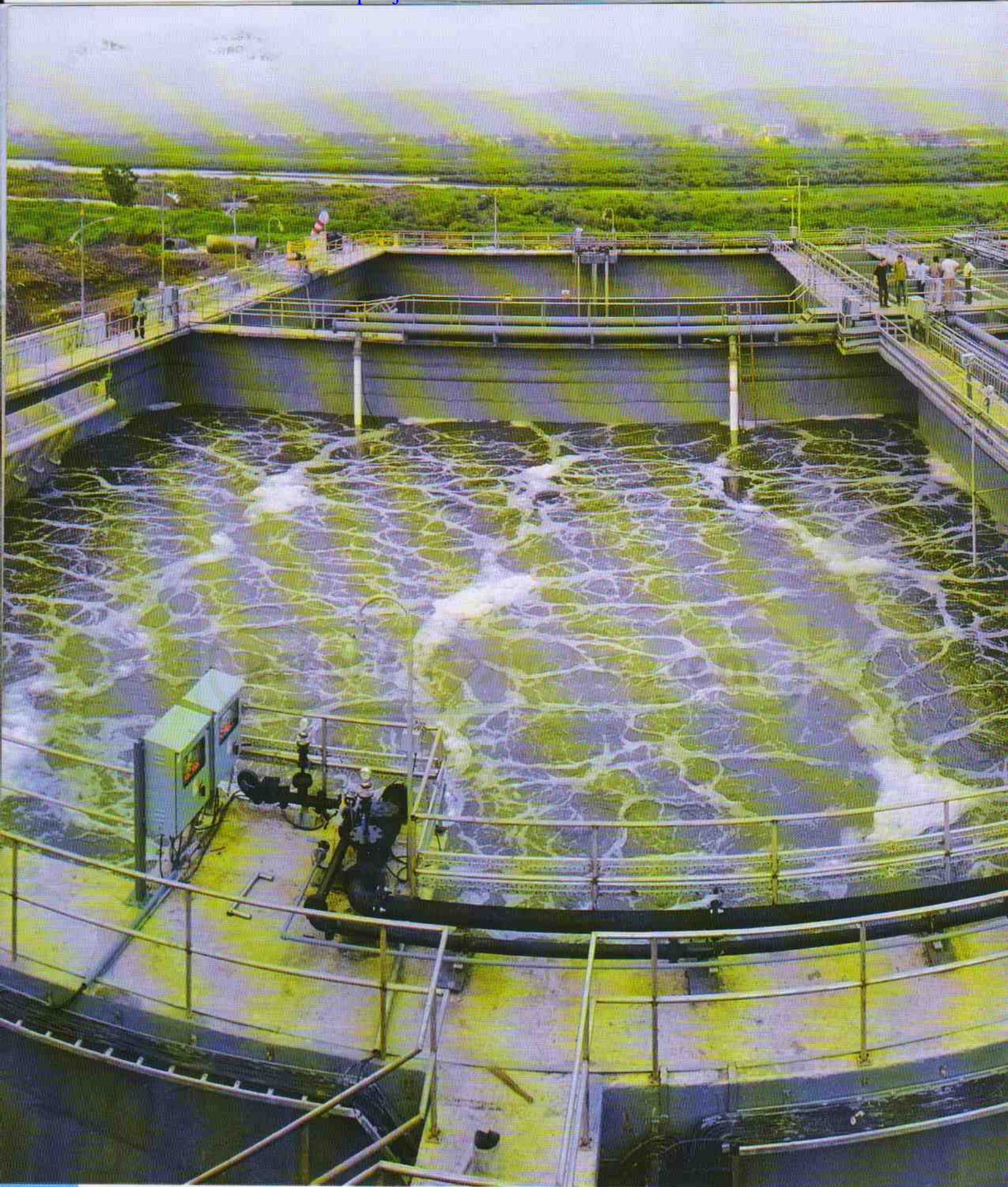


Annual Report
2007-2008

**Together, we strive for the
farthest horizon!**



D DORR-OLIVER
HINDUSTAN DORR-OLIVER LIMITED



Sequential Batch Reactor (SBR) 2008
At Sewage Treatment Plant, Kharghar, Mumbai

Board of Directors

(As on July 30, 2008)

Prabhakar Ram Tripathi	Chairman
E. Sudhir Reddy	Vice Chairman
E. Sunil Reddy	Managing Director
S. C. Sekaran	Executive Director
R. Balarami Reddy	Director
K.H.K. Prasad	Director
T.N. Chaturvedi	Director
Shailendra Kumar Tamotia*	Director
*(Appointed w.e.f. March 1, 2008)	
M. L. Majumdar*	Director
*(Appointed w.e.f. July 30, 2008)	

Company Secretary

Pragya Kaul

Auditors

Chaturvedi & Partners

Internal Auditors

Aneja & Associates

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

Bankers

Bank of India

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Annual General Meeting will be held on Monday, September 1, 2008 at 3.00 p.m. at The Mirador, New Link Road, Chakala, Andheri East, Mumbai-400 099. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies to the meeting.

Chairman's Message

Dear Shareholders,

It gives me a great pleasure to present the annual report of the company for the financial year 2007-08 and share with you the success of our organization. The initiatives conceived under our strategic plan have yielded positive results. No wonder then that the year that went by has been a successful one in terms of overall growth and profitability.

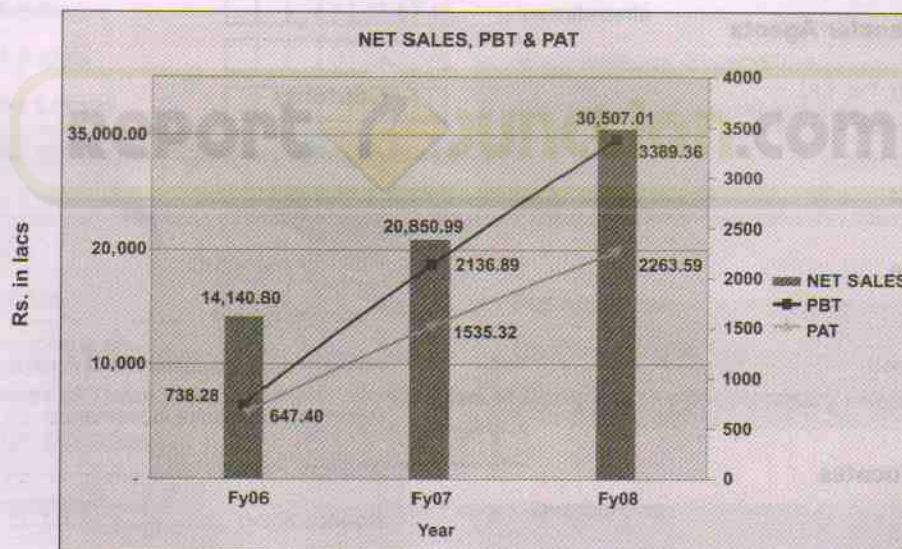
You may appreciate the fact that India, during the last year, has drawn the world's attention as an emerging economy with a promising future. It is seen as a knowledge driven economy with a new breed of entrepreneurs and professionals aspiring to take the big leap. The spirit of entrepreneurship, mentorship and positive attitude of the Company today is symbolic of the emerging India.

This spirit has seen your Company grow into a preferred technology partner for global players. In this enabling business environment, we expect to continue with our robust performance, supported strongly by our EPC capabilities, engineering technology, huge manufacturing set-up, extensive network of marketing, competitive cost structure and reduced response time to business turns and committed employees.

On Financial Front

The financial performance of your Company for the year ended March 31, 2008 was as follows:

The Profit after Tax was up at Rs. 2263 lacs for FY08 as against Rs. 1535 lacs for FY07. This is on a Revenue of Rs. 30507 lacs for FY08 when compared to Rs 20851 lacs for Fy07. The EBIDTA for the year was Rs. 4012 lacs as against Rs. 2370 lacs for Fy07.



A stimulating business environment coupled with a slew of measures taken by the Company for improvement of operational efficiency, introduction of risk management framework and adoption of well-researched methodology when it comes to selection of projects have led to impressive performance.

We are now seeking out growth opportunities by taking a multi-pronged approach of mapping our best strengths and the best opportunities available. We at HDO believe that the Company is ready to deliver certainty and confidence to the investment community that our growth will be in line with the market potential and I am confident that your Company will continue to be a key player in this arena in the years ahead.

With bestwishes,

P.R. Tripathi
Chairman

Vice-Chairman's Message

Dear Shareholders,

The year 2007-08 has been a momentous transformational year in the history of your Company. It has been proved that the Company has in its DNA to learn and assimilate best practices for rapid and broad based growth to realize its vision of becoming a world class leader in creation of shareholder value.

Your Company performed well on all the financial parameters and recorded substantial growth driven by an all round performance by most of our businesses and the mega orders that propelled our growth forward. We continually remember and reinforce the basis of executing effectively and excellently. With this consistent growth, I believe that we have been successful in building a strong foundation on which we can now build a solid and stronger organization.

To build further on the successes achieved by the Company and given our commitment to becoming a knowledge based premium conglomerate, we have embarked on increased investments in all aspects - engineering, manufacturing, people, capacity expansion both domestically and internationally, brand building and various other projects. We are confident that these spends will enable us to maintain our growth trajectory in the future.

During the year, your Company was accredited with ISO 9001:2000, ISO 14001:2004 and OHSAS certification which are validation of your Company's commitment as a corporate citizen towards the environment.

OUR AXIS OF GROWTH

Employee Excellence

- Employ talented and skilled workers
- Create a strong pool of engineers to handle turnkey solutions in various disciplines.
- Allow teams to have their marketing set-ups for increasing business.

Operational Strengths

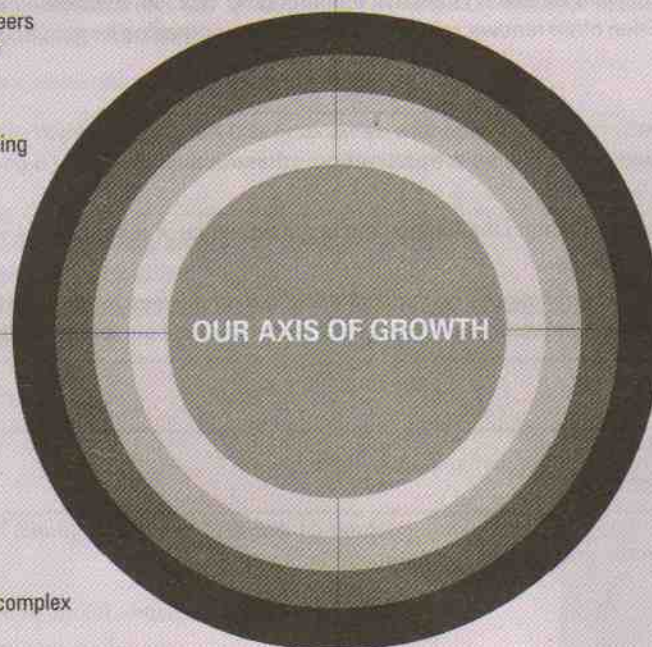
- Research & Development Facility certified by Dept. of Science & Technology, Govt. of India.
- Facility is equipped with all Analytical Equipment for conducting tests on various complex pollutants.
- Capability of conducting pilot plant test works as per the requirements of clients at their sites.

Business Verticals

- Manufacturing
- EPC Projects
- Knowledge Process Outsourcing

Cordial Relations with Investors

- Dissemination of vital information to shareholders.
- Stay connected to investors.
- 24/7 Constantly take feedback from investors



Vice-Chairman's Message

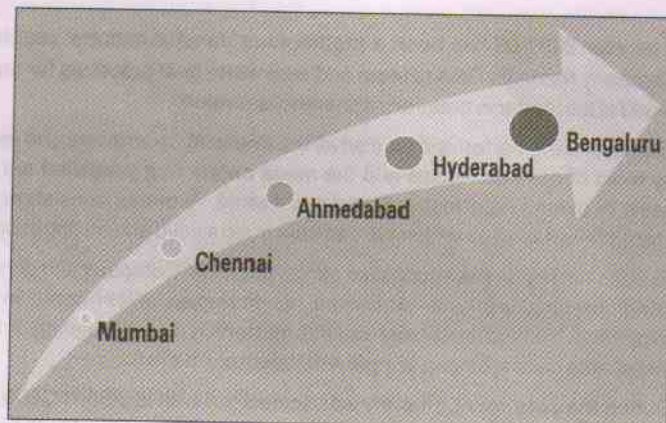
Cashing in on KPO Wave

This year around, we have decided to cash in on the Knowledge Process Outsourcing (KPO) wave. Be assured that this is a well thought out move from the stables of your company.

According to a report of National Association of Software and Services Companies (NASSCOM), KPO business is expected to reach USD\$ 17 billion by 2010, of which US\$ 12 billion would be outsourced to India. Another report predicts that India will capture more than 70 percent of the KPO sector by 2010. Apart from India, countries such as Russia, China, Czech Republic, Ireland, and Israel are also expected to join the KPO industry.

At HDO our strategy is to pursue engineering services opportunities in KPO in general with special emphasis on various business verticals that your company is already into.

As you are aware, we have forayed into KPO business by making a start from Mumbai. This fiscal, we have successfully added Chennai and Ahmedabad and we are going to add Hyderabad and Bengaluru to our list of KPO centers in the next fiscal.



Human Centric approach

To sustain the momentum of your Company, we realize the need to lay a solid foundation of people, processes and system. Employees have been a key pillar in our successes. None of this would have occurred without the dedication and effort of your Company's employees. They have performed magnificently on all fronts and deserve all the thanks.

For our HR team, talent acquisition and retention is always a challenging task. To ensure existence of vibrant and motivated workforce, the company's HR Division often renews, rejuvenates, and keeps upgrading its recruitment procedures.

Road Ahead

Having tasted success, we are becoming more and more demanding and hungry for growth. Towards this end, we shall keep looking around for new opportunities emerging from hydrocarbon, infrastructure, power, oil & gas, minerals & metals and other industrial sectors.

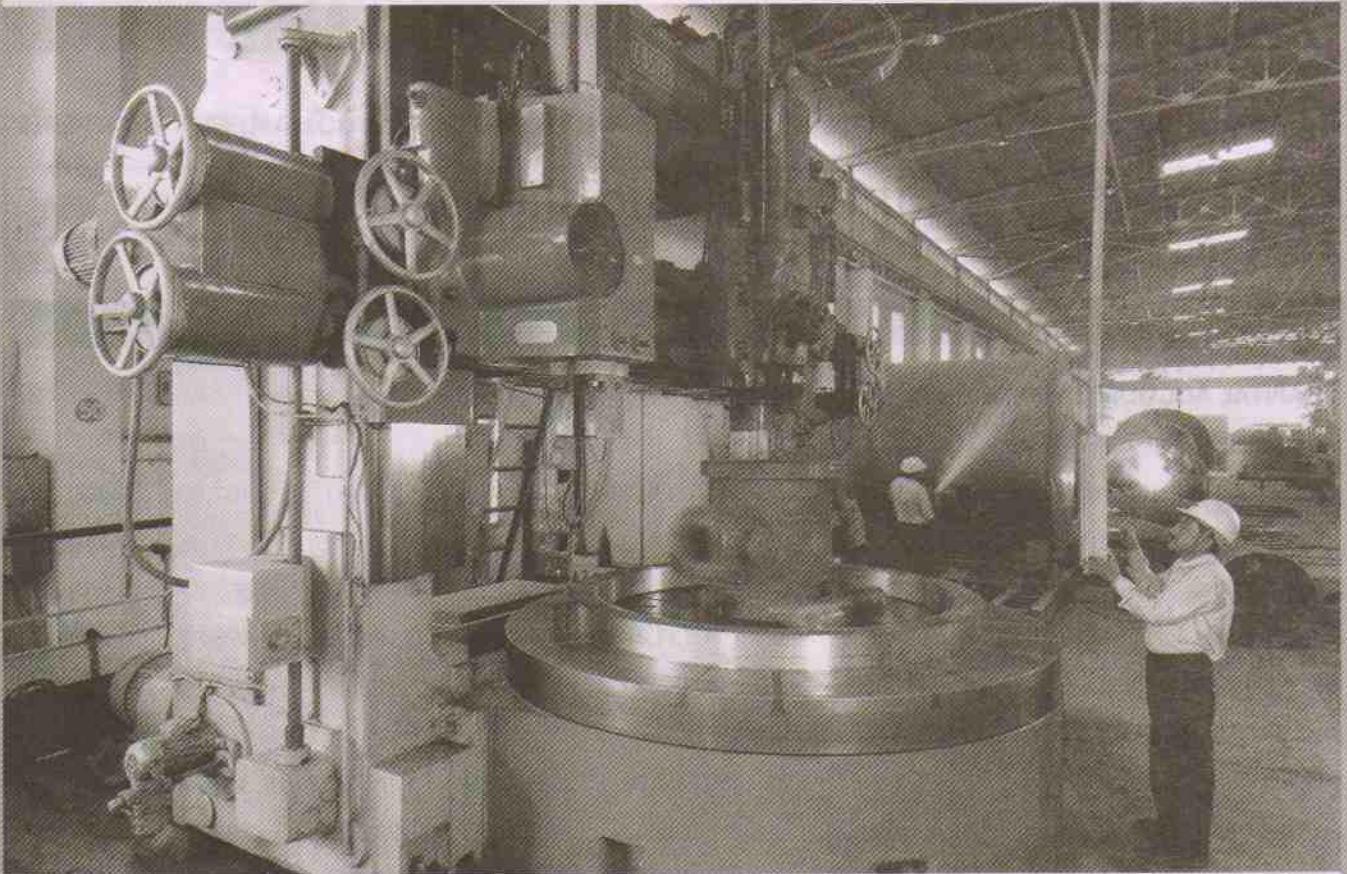
Powered by the talent of our people and vesting reaffirmed faith in the resilience of our business, we look forward to overcoming any challenges that may lie ahead of us.

I wish to express my appreciation to my colleagues on the Board and our employees for their dedication and commitment. We thank our investors, employees and all our stakeholders as we enter a new phase of our journey with determination and optimism.

Warm Regards

E. Sudhir Reddy

Vice-Chairman



Boring machine



A view of fabrication facility

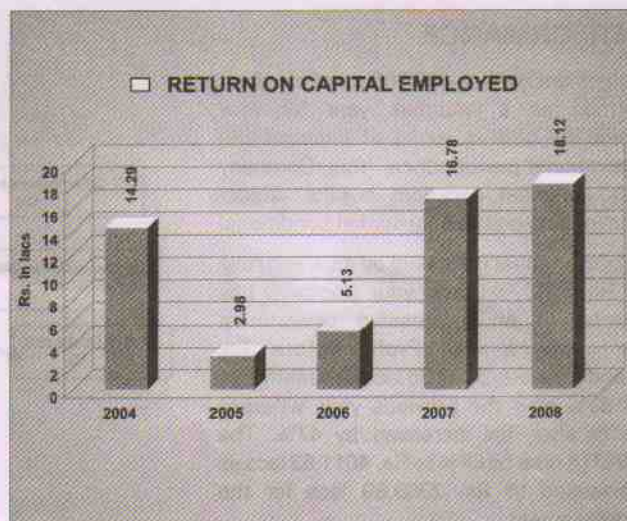
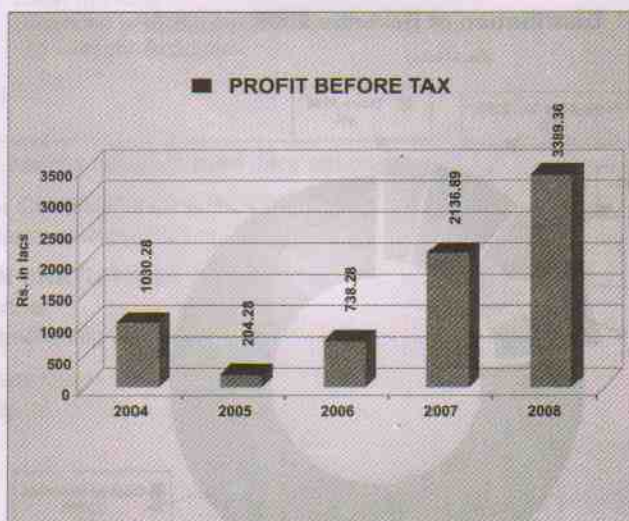
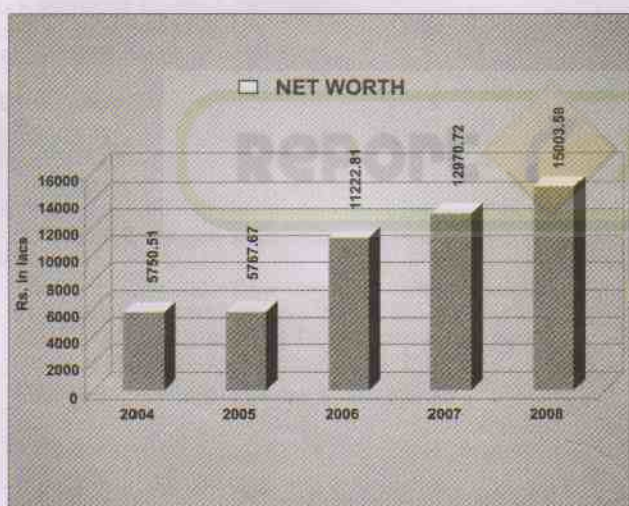
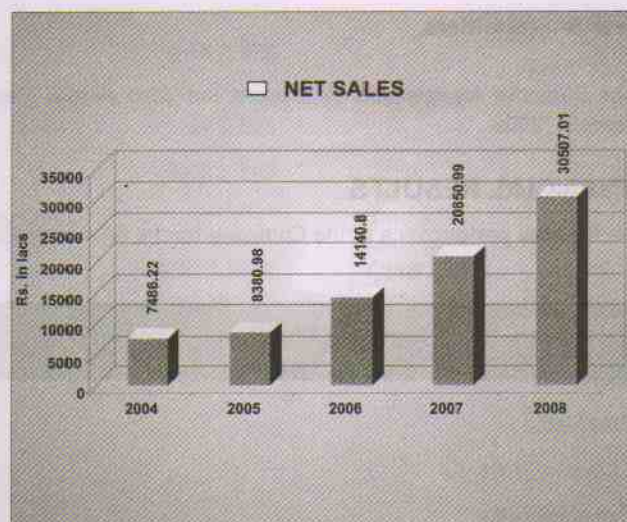
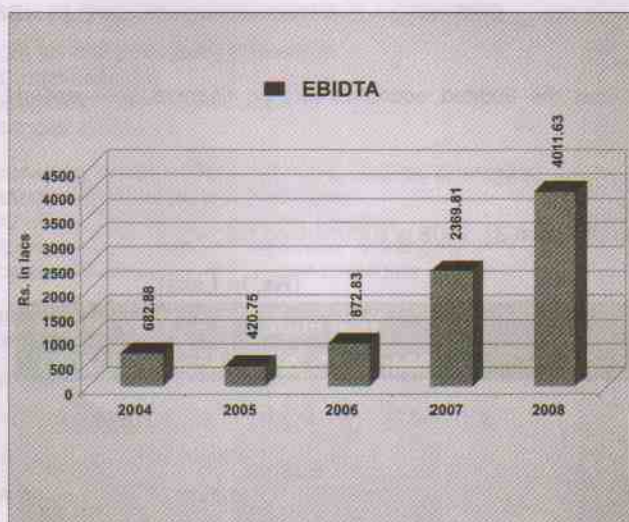
Financial Highlights

	31.03.08	31.03.07	31.03.06	31.03.05	31.03.04
CAPITAL ACCOUNTS: (Rs.in Lacs)					
Net Worth*					
(including Revaluation Reserve)	15,003.58	12,970.72	11,222.81	5,767.67	5,750.51
Borrowings	4,071.92	-	3,415.40	1,336.95	1,716.52
Gross Block	6,239.46	5,382.55	4,992.57	4,662.67	4,638.44
Net Block	4,321.48	3,533.00	3,188.72	2,595.87	2,654.94
Net Current Assets	14,384.74	9,205.41	11,198.48	4,254.85	4,555.58
REVENUE ACCOUNTS: (Rs. in Lacs)					
Sales	30,507.01	20,850.99	14,140.80	8,380.98	7,486.22
Other Income	598.50	508.65	246.90	297.65	124.45
Profit from Operations	3,771.69	2,212.25	798.42	402.77	1,212.20
Interest	382.33	75.36	60.14	198.49	181.92
Profit before tax	3,389.36	2,136.89	738.28	204.28	1,030.28
Profit after tax	2,263.59	1,535.32	647.40	111.67	973.42
Net Earning for Appropriations	4,068.32	2,715.33	1,512.29	942.29	1,011.69
Dividend (Excluding Corporate Dividend Tax)	216.02	180.01	116.01	50.77	50.77
Retained Earnings	3,815.59	2,504.73	1,380.01	884.89	850.12
SELECTED INDICATORS:					
Return on Capital Employed (%)	18.12	16.78	5.13	2.98	14.29
Current Ratio	1.63:1	1.58:1	2.82:1	1.65:1	2.01:1
Borrowing/Shareholders' Funds	032:1	0.0:1	0.38:1	0.38:1	0.50:1
Sales/Shareholders' Funds (times)	2.36	1.92	1.58	2.41	2.18
Earning per share (Rupees)**	6.29	4.32	2.61	0.53	3.57
Dividend per share (Rupees)**	0.60	0.50	0.40	0.24	0.24
Book Value per share* (Rupees)**	41.67	36.03	38.48	27.27	27.19
Market Value per share - High (Rupees)**	199.00	200.83	179.54	22.00	9.78
- Low (Rupees)**	56.55	57.00	22.21	4.55	2.75

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

** Adjusted to the face value of Rs 2/- each.

Performance Indicators



Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 33rd Annual Report and the audited accounts for the financial year ended March 31, 2008.

FINANCIAL RESULTS

The financial performance of the Company for the financial year ended March 31, 2008 is summarised below:

Particulars	(Rs. In Lacs)	
	Year ended March 31, 2008	Year ended March 31, 2007
Net Sales	30,507.01	20,850.99
Other Income	598.50	508.65
Total Income	31,105.51	21,359.64
Profit from Ordinary Activities before Tax	3389.36	2136.89
Provision for taxation	1,120.19	689.29
Tax adjustments for earlier years	5.58	-87.72
Profit after taxation	2,263.59	1,535.32
Balance brought forward from previous year	1,804.73	1,180.01
Balance available for appropriation	4,068.32	2,715.33
Appropriations:		
Proposed dividend for the financial year at the rate of 30% @ Rs. 0.60 per share	216.02	180.01
Corporate Dividend Tax	36.71	30.59
Transfer to General Reserve	1,200.00	700.00
Retained profits carried forward to Balance Sheet	2,615.59	1,804.73

PERFORMANCE

The Financial Year 2007-08 can indeed be termed as a landmark year for your company both in terms of financial and operational performance. Your Company has achieved excellent results amidst challenging and volatile market conditions.

While Turnover increased by 46% and rose to Rs. 30507.01 lacs, your Company has turned in an impressive operational performance with Profit before Tax standing at Rs. 3389.36 lacs, a healthy rise of 59% over the previous year, whereas Profit after Tax increased by 47%. The EBITDA rose by 69% to Rs. 4011.63 lacs as compared to Rs. 2369.89 lacs for the previous year.

Distribution of Revenue 2008

