



A NAVRATNA COMPANY

Statement to Shareholders at the 50th Annual General Meeting

by

Shri Sanjay Gupta

Chairman & Managing Director

Engineers India Limited

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Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010

“ This financial year saw an exponential jump in overseas order book with a significant foray in Africa by securing the largest value consultancy order till date ”



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Chairman & Managing Director

Dear Shareholders,

On behalf of the Board of Directors, I extend a warm welcome to all of you on this proud milestone- The 50th Annual General Meeting of your Company. It is my pleasure and privilege to address you for the first time since taking over as the C&MD of EIL in June this year and share with you the highlights of the previous year's performance, strategic outlook and future roadmap of your company.

With your kind permission, I take the Annual Report containing the Audited Accounts, the Directors' Report and the Auditors' Report which has already been circulated to you, as read.

Your company's formidable track record of five decades across the hydrocarbon value chain continues to inspire its workforce to deliver excellence and to work towards long term sustainable growth of your company. To commemorate the golden journey of your company's glorious achievements a 'Commemorative Postage Stamp' and 'Coffee Table Book' were released by Shri Narendra Modi, the Hon'ble Prime Minister of India during Urja Sangam - an International Energy Summit, which was organized in New Delhi on March 27, 2015 under the aegis of Ministry of Petroleum & Natural Gas. During this financial year, your company was also accorded the coveted 'Navratna' status by the Government of India.



Economic Environment and Outlook

It was a very challenging year for the world economy. Geo-political tensions in Ukraine and the Middle East and the debt-repayment crisis in Greece dominated the world economic climate. In spite of these adverse conditions, according to the World Economic Outlook, the global economy maintained its growth rate of 3.4% in 2014. The year also saw the Chinese economy slowing to its lowest growth rate in the last 30 years to 7.4 per cent. According to IMF, the global economy is projected to grow at 3.5% and 3.8% in 2015 and 2016, respectively.

In India, 2014 was a year that saw the new government take bold and directional steps by way of major structural reforms. The economy is now getting back on a growth track. Country's GDP as per Central Statistics Organization, grew at 7.3 % in FY2015 compared to 6.9 % in FY 2014. For the first time, the Indian economy crossed the threshold US\$ 2 trillion mark in FY 2015.

Looking ahead, the Indian economy is set for a sustained and steady growth. World Bank as well as IMF have forecast the Indian economy to grow at more than 7.5 % during the next two years. With initiatives like MAKE IN INDIA and DIGITAL INDIA, the government has signaled its intent to place India back on the global manufacturing and digital map.

Performance Highlights

The financial results have been covered in depth and details are available on both the print and digital media. Let me share with you the key highlights of the year:

- Total Income from Services rendered during the year was ₹ 1,713 crore, of which revenues from Consultancy & Engineering Services was ₹ 948 crore.
- Profit Before Tax (PBT) for the year was ₹ 467.5 crore, while Profit After Tax for the year was ₹ 308 crore.

- The Board of Directors have recommended a final dividend of ₹ 2/- per share (of face value of ₹ 5/- per share) for the year 2014-15. This is in addition to the interim dividend of ₹ 3/- per share already paid during the year. This amounts to a total dividend of ₹ 5/- per share for the year 2014-15. The payment of the final dividend is, however, subject to approval of the shareholders.

Your Company follows a strict, transparent and vigorous accounting and audit practices, which was reflected and acknowledged by 'Nil Comments' from the Comptroller and Auditor General of India for the financial year 2014-15.

Business Highlights

In spite of difficult operating environment, your Company continued its steadfast efforts to secure new business. As a result of our determined focus, your Company secured a total of ₹ 2305 crore worth of new business in the year 2014-15. Of this, business worth ₹ 610 crore has been from



domestic consultancy, ₹ 442 crore from turnkey segment and ₹ 1253 crore was from our overseas business. In the upstream segment your company secured Project Management consultancy for Mangala Phase II EOR, Project and FEED for Bhagyam Polymer EOR Project for Cairn India Limited.

In the midstream segment, your company secured PMC Services for Assessment of Health / Integrity of GAIL's Pipeline System, EPCM Services for re-routing of Mumbai-Manmad Pipeline for BPCL.

In downstream refining & petrochemical segment major orders secured by your Company were DHDT Unit of BPCL Mumbai; Consultancy services for IOCL's Delayed Coker Unit & allied facilities at Haldia. Your Company further augmented its foray into the LNG sector with the award of FEED for LNG Terminal at Village Chhara, Dist. Gir, Somnath, Gujarat for HPCL Shapoorji Energy Limited (HSEL).

In the Infrastructure field, your Company was awarded Projects from Indian Rare Earths Limited (IREL), Orissa for consultancy services for 5.0 MLD Sea Water Desalination Plant and DPR for Abatement of pollution in Buddha Nala in Ludhiana City from Punjab Water Supply & Sewerage Board. Your Company also secured business in the new diversified areas including a Pre-Feasibility Study for Coal to Poly Generation Project at Mundra; Petcoke Gasification Feasibility Study report for NFL- Nangal.

In LSTK domain, your Company was successful in securing an OBE assignment from ONGC in Hazira under their Daman Development Project.

Overseas Business

The year 2014-15 saw a considerable increase in overseas order booking which touched ₹ 1253 crores. EPCM/PMC assignment for a Grassroot 460,000 BPD Refinery and 600,000 TPA Polypropylene Plant for M/s Dangote Oil Refining Company in Nigeria is, as on date, the largest value consultancy order received by your Company. Your Company also secured Consultancy Services assignment for Lobito Refinery Project of Sonangol E.P. in Angola and PMC assignment for a Fertilizer Project of M/s Brass in Nigeria. In Oman your Company was appointed PMC by ORPIC for an Integrated Petrochemical Complex near Sohar Refinery and for RFCC Revamp and various units Improvement works at Sohar Refinery. UAE has been a very consistent market for your Company. To expand its business prospects in UAE, your company has expanded its existing engineering office there. This has started yielding positive results.

Operational Highlights

The year saw a number of critical projects commissioned and good progress achieved on other ongoing projects. In the Refinery Segment, EIL successfully completed Mangalore Refinery Phase-III Expansion by commissioning the PFCC, Polypropylene, Sulphur Recovery and Delayed Coker Units. EIL also successfully commissioned the largest WAX unit of the country (~50 TMTPA) at Numaligarh Refinery of NRL. Integrated Refinery Expansion Project of BPCL Kochi Refinery, Residue Upgradation Project at CPCL Refinery, CDU 4 unit of BPCL and other projects are also progressing well.

In Petrochemical sector, your company achieved Mechanical completion of GAIL's Petrochemical Expansion Projects at Pata & Vijapur. Both complexes are under commissioning. During the year, Your Company also achieved mechanical completion of Assam Gas Cracker Project of BCPL. Pre-commissioning activities are also under progress at OPAL's grass root mega Petrochemical Project at Dahej. Your Company also successfully commissioned Butene-1 unit of IOCL Panipat Refinery, executed on Open Book Estimate (OBE) Basis.



In Upstream sector, GSPC's Offshore Gas Platform at Deen Dayal field in the Krishna-Godavari basin as well as connecting Onshore Gas Terminal achieved Mechanical completion. Major facilities in OGT were also commissioned during the year.

In Fertilizer segment, EIL is executing three major international projects in Nigeria, Indonesia and Bangladesh. All these assignments achieved encouraging progress during the year. Your Company is also undertaking a strategic investment in the form of equity participation in Revival of Ramagundam Fertilizer Project along with NFL and FCIL. A joint venture company (M/s Ramagundam Fertilizers and Chemicals Limited) has been formed to pilot this project. Your Company will also provide EPCM services for this project.

In Infrastructure segment, Delhi Jal Board's Yamuna River Pollution abatement project achieved readiness of various interceptor stretches and work is in full swing to make the project operational at the earliest. Your Company also achieved mechanical completion of Strategic Crude Storage Caverns at Vizag, Mangalore and Padur. 1st Crude-In for Vizag is also accomplished.

Research & Development

Being a primarily technology driven organization, your Company maintains its competitive edge by remaining at the forefront of latest technology advances and developments. The R&D division

plays a critical role in ensuring this. Your Company's R&D centre in Gurgaon has been successful in commercializing a technology for Crude Distillation Unit (CDU) Preheat Train Optimization using Pinch technology at Numaligarh Refinery. Various technology development programs that were completed during the year include Development of Process for Treatment of Naphtha Stream to eliminate Mercaptan by CFC Process, Regeneration of Glycol by Extractive Distillation and Solvent development for CO2 removal from sour gases to name a few.

Based on innovative work done during the year, two patents have been filed; "High pressure fluidized bed gasifier and gasification process thereof" and "An absorbent liquid and a process for removal of acid gases using the same".

Two other patents filed earlier have been granted this year. One is for an "Apparatus for Separation of C2/C3 and LPG from LNG Cold Stream" and another one for "A Method for the Recovery thereof and a Steam Trap Device". Your company now has 16 'live' patents.

Human Capital

The year focused on strengthening HR's resolve in creating a more transparent, performance driven and nurturing environment for its workforce. The HR Agenda drawn for the year 2014-15 facilitated in prioritizing key action areas and synergized the HR teams to work in unison towards achievement of the Organizational Goals.

To create a robust system of performance assessment in line with Industry best practices, the performance appraisal process and promotion policy for officers was reviewed and significant changes were brought about to promote higher engagement.

The EIL family (as of March 31 2015) consists of 3,192 dedicated and committed members and include 2,821 technically and professionally qualified experts.

Sharper Competitive Edge

The Company constantly sharpens its market advantage by enhancing and improving its systems and processes. The tremendous advantages of IT and digital transformation are adapted and adopted to further fillip automation, efficiency and transparency throughout the Company. ITS division of your company continued to provide state-of-the-art IT enabled services to EIL's main stream activities by developing / implementing leading IT solutions with an aim to deliver better quality services with increased efficiency at reduced costs. The division along with



Infrastructure division also completed prestigious PMC assignment for Directorate General of Hydrocarbon (DGH)'s National Data Repository (NDR) project.

Responsible Corporate Citizen

Your Company is not only a leader in providing its services across the hydrocarbon value chain, but is also at the forefront of making a difference to the society with its CSR initiatives.

Major CSR initiatives undertaken by your Company during the year include renovation/ up gradation of infrastructure in various educational institutes for underprivileged children in Assam, construction of auditorium for girl students and support for setting up of a Digital Library in Andhra Pradesh, classroom and toilet facilities (for girls) in Coimbatore and many such initiatives. Your Company also supports value based educational programs in various schools of Uttarakhand and free education to underprivileged children from the slums of Delhi/NCR.



Responding to the Hon'ble Prime Minister's clarion call for a 'Swachh Bharat', your Company undertook number of initiatives during the year including providing basic amenity of safe and clean toilets to a large segment of the Indian population especially the girl students under Swachh Vidyalaya Program. Your Company is constructing/renovating 509 school toilets for girls and boys in the states of Bihar, Orissa, Tamil Nadu and Assam. Your Company shall also be adopting a heritage city in Northern India to set up a Waste to Fuel conversion facility as part of the cleanliness campaign under Swachh Bharat campaign.

Make in India

"Make in India" is another global initiative launched by the Hon'ble Prime Minister which will give huge boost to indigenous manufacturing. Your Company being an integral part of development of hydrocarbon sector in the country has taken up this campaign in the true spirit and has been pursuing several initiatives. EIL is piloting



the Midstream sector for "Make in India" initiative under MoPNG and is a member of the Steering Committee set up for the purpose.

Health, Safety & Environment (HSE)

Your company has always accorded highest priority to Health, Safety & Environment (HSE) in all aspects of its operations. During the year, your company's Health, Safety and Environmental (HSE) Management System was certified by an accredited Certification Body to OHSAS 18001 (Occupational Health and Safety Assessment Series) and ISO 14001 (Environmental Management system). These certifications will enhance your company's evaluation scores while bidding for overseas jobs particularly in the Middle East Oil & Gas market.

Sustainability

The concept of sustainability in your Company is comprehensive, covering all the stakeholders – from environment to employees to investors. Your company's Environment Division over the years has executed projects in diversified fields of water & waste water treatment; effluent recycle and zero discharge projects; Environmental Impact Assessment studies; environmental audits etc. During the year, the division with its in-house strength of EIA Coordinators and Functional Area Experts, was re-accredited by Quality Council of India (QCI) for carrying out EIA studies in India across eleven sectors.

Focus on quality

The Quality Management System of your company continues to confirm to ISO 9001:2008. During the year, your company was conferred with the prestigious Rajiv Gandhi National Quality Award (RGNQA) Commendation Certificate 2012 in Large Scale Service Industry Category instituted by Bureau of Indian Standard (BIS).

Accolades and Awards



Your Company continues to win prestigious awards at various national and international forums. This year saw the company being bestowed with number of prestigious awards, prominent being India Today PSUs Award 2014 in the category of "Best Global Presence", Golden Peacock Award for Corporate Governance for the year 2014 instituted by Institute of Directors (IOD), FICCI Chemical and Petrochemical Awards 2014 in the categories of "Process Innovator of the Year-Petrochemicals"



and "Sustainability Award for Best Green Process-Petrochemicals". While our efforts are selfless and authentic in spirit, these recognitions from external Boards of eminent judges confirm that our progress is in the right direction.

Corporate Governance

Your Company has always endeavored for pursuing and maintaining the highest levels of corporate governance. It believes that good governance is what differentiates good companies, and sets them apart with as respectable and reliable organizations. Your Company is committed to good Corporate Governance and ethical practices as per the requirements of Clause 49 of the Listing Agreement and DPE Guidelines on Corporate Governance.

Acknowledgements

I would like to take this opportunity to gratefully acknowledge the assistance, support and guidance extended by the Ministry of Petroleum and Natural Gas and other Ministries of the Government of India. I would also like to express my sincere gratitude to the shareholders of the Company for their continued trust and faith in the Company. I am confident that your continued support will take the Company to greater heights in the days to come.

The distinguished members and my colleagues on the Board continue to be a source of inspiration, motivating us with their invaluable experience and expertise. Thank you for your support.

We also thank all our clients, associates, suppliers, and contractors within the country and abroad for their continued support.

My heartfelt appreciation and acknowledgement for the dedicated efforts put in by all members of the EIL family. Thank you for contributing to the success of EIL.

Jai Hind!

Sanjay Gupta

Chairman and Managing Director

New Delhi

25th August, 2015

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.