



Statement to Shareholders at the 46th Annual General Meeting

by

Shri A.K. Purwaha

Chairman & Managing Director

Engineers India Limited

7th September 2011, Siri Fort Auditorium, New Delhi

Dear Shareholders,

I extend to each and every one of you a very warm welcome to the 46th Annual General Meeting of your company. The Annual Report containing the audited Accounts, the Directors' Report and the Auditors' Report thereon has already been circulated to you and with your permission, I take them as read.

Business Environment

The recent global economic crisis threw energy markets around the world into turmoil and the pace at which the global economy recovers holds the key to energy prospects for the next several years. The economic situation has improved considerably over the last 12 months, and this upward trend is likely to continue. Amidst this global crisis, the Indian Economy has shown resilience and has emerged as one of the fastest growing economies in the world.

India's GDP is expected to grow at a steady 8-9% rate for the next decade. However, in spite of impressive strides in industrial growth and development, India's per capita consumption of fuel is still much lower than most developed and emerging economies such as China, Russia, Australia and countries in the Middle East. Efficient and reliable energy supplies shall, therefore, be a precondition for accelerated growth of the Indian economy.

On the Oil & Gas exploration front, the development of E&P sector has received major impetus through NELP. The sedimentary basin area under exploration is bound to rise considerably during the decade from the current levels.

Large scale capital expenditure was undertaken in Indian hydrocarbon sector in last 3 years. Some of the major projects undertaken in Refinery and Petrochemical sector include grass root refineries at Bina, Bathinda, Paradip, Jamnagar and petrochemical complexes at Panipat, Dahej, Assam, Pata and Vijapur. The investments showcase positive and long term growth prospects in the hydrocarbon sector. It is expected that the same momentum will continue during the years ahead.

Over the years, your company has developed an extensive track-record of working with all the major players in the energy sector in the country and has developed significant indigenous technology and engineering expertise in the sector. EIL has leveraged its strong track-record in India to successfully expand its operations internationally. The company has provided a wide range of engineering consultancy services on various international projects particularly in the



Middle-East, North Africa and South East Asia and established strategic international offices in Abu Dhabi, London, Milan and Shanghai. The company is poised to carve out a niche for itself in the global energy market by harmonizing conventional hydrocarbon industry best-practices with environmental protection, reduced carbon-footprint and harnessing of renewable sources of energy for a greener and sustainable future.

Your company's robust corporate strategy steered by its corporate vision to build a world-class EPC and total solutions consultancy organization continues to inspire its workforce to deliver excellence by creating a business portfolio to drive new dimensions of growth in the years to come. I am happy to share with you yet another year of outstanding all round performance with a healthy top line growth and strong performance across the profitability indices.

Performance Highlights

While the financial results have been widely covered both in the print and electronic media, with your permission, Ladies and Gentlemen, let me just hit on the high spots of the remarkable success achieved by your company in the year gone by:

- The turnover of ₹ 2823 crores (up 42%) over the turnover of ₹ 1994 crores for the previous financial year.
- The profit before tax and profit after tax grew to ₹ 785 crores (up 19%) and ₹ 523 crores (up 20%) respectively.
- The order-book which stood at around ₹ 6300 crores as on 31.03.2010 is over ₹ 7500 crores as on 31.03.2011.

Steady Growth in Turnover (5 Year Trend) ₹ in Lakhs



- The Board of Directors of the Company has recommended for the financial year 2010-11, a final dividend of ₹ 4/- per share (of face value of ₹ 5/- each) in addition to ₹ 1 per share interim dividend already paid during the year. With this, the total dividend for the financial year 2010-11 works out to ₹ 5/- per share. Payment of final dividend is, however, subject to approval of the shareholders in the Annual General Meeting.

- During the year, the company was able to maintain a healthy order book and gained business worth ₹ 4055 crores of which ₹ 837 crores was from Domestic Consultancy, ₹ 3182 crores from Domestic LSTK and ₹ 36 crores from the overseas segment.

Awards & Recognitions

The company's best-practices which have sustained this consistent growth were recognized this year with the Award of 'Star PSU of the year 2010'. This prestigious award, instituted by Business Standard was bestowed by Dr. Manmohan Singh, the Hon'ble Prime Minister of India. Your company has also bagged various other prestigious awards such as the Project Management Institute Award for 2010, Construction Industry Development Council (CIDC) Vishwakarma Award-2011 and many more.

Future Outlook

Detailed feasibilities for next phase of expansion and new projects are already being undertaken by OMCs. It is therefore expected that OMCs shall continue with their investment commitments in the future.

To mitigate industry risks and sustain steady long term growth, diversification in related sectors namely Fertilizer, City Gas, Nuclear Power and Renewable Energy were targeted. These initiatives have shown encouraging results with EIL securing their first orders this year in Fertilizer and Nuclear Power. Further Memorandum of Agreements were signed with potential business partners for strategic alliances and cooperation in these sectors.

With an estimated investment of \$ 1 Trillion in the Infrastructure sector in the 12th Five Year plan, EIL is oriented towards providing consultancy services in high-end specialist projects such as water and waste management, sustainable urban planning and intelligent buildings.

EIL further proposes to improve its market position and competitiveness by pursuing further the proposed strategic initiatives namely:

- Internationalization and Market penetration in core business segments

- Pursuing value added services to clients like OBE, BOO/BOOT, O&M services etc.
- Strengthening of EIL's business in Infrastructure segment.
- Developing long term plans for strategic partnerships and technology management for diversified business segments such as Water and Waste Management, City Gas Distribution, Power and Fertilizer.

Acquiring new clients and expansion to markets with growth potential will be pursued aggressively.

Technology Development

Your Company is a technologically driven organization, which believes that investment in technology is imperative for maintaining the leadership position that we have attained for delivering world-class engineering solutions to our clients. During this year, your company has acquired 4 patents and it currently holds 13 patents and has 16 pending patent applications relating to various process technologies.

EIL's technology portfolio and experience in the commercial application of these technologies and related know-how has differentiated it from other engineering consultancy companies. The company's R&D division is pursuing developmental activities, both in-house and in collaboration with other R&D organizations like IOCL-R&D, IIP, BPCL-R&D etc.

To maintain world-class delivery of engineering solutions to our clients, EIL intends to continue its investments for augmenting and strengthening its technology base and will continue to develop its technology research and development centre to focus on the commercialization of process technologies.

Human Resource Development

Delivering Excellence through People has always been and continues to be the company's strategic lynchpin. Our comprehensive HR Strategies are being continuously updated to take into account all relevant aspects like recruitment, career planning, motivation, training, multi-skilling and job enrichment. It has been our endeavor to create favourable work environment for growth, enhancement of competencies, nurturing talent as to maximize employee contribution towards organizational objectives. Competency based approach in various HR sub-systems especially in the areas of employee development has been adopted in the company.

To meet the growth objectives of the company, extensive recruitment has been undertaken this year at the lower and middle management level as well as management trainees level. Our HR policies are oriented towards recruiting talented employees and facilitating their integration into the company, encouraging development of their skills and encouraging their geographic and professional mobility. We have also developed a structured incentive program, including performance-linked variable pay structure for certain level of employees. We are dedicated to the development of expertise and know-how for our employees and have commenced a focused leadership development program. Two batches of Aarohan – The leadership development program – one for business leaders and the other for functional leaders successfully completed their 8 month development journey. Improved remunerations, structured incentive programs and amicable HR Policies facilitated EIL to retain its best talent pool evidenced by a dwindling attrition rate at less than 2 percent.

Corporate Governance

The company remains committed to good corporate governance and ethical practices as per our listing agreement and government



guidelines. I am pleased to inform you that your company's transparent and robust accounting and audit practices were acknowledged by the 'Nil Comments' from the Comptroller and Auditor General of India for the year 2010-11.

Corporate Social Responsibility

Your company has a Corporate Social Responsibility (CSR) Policy, pursuant to which the Company strives to operate its business in a socially responsible manner. The company's CSR projects target various activities in education, healthcare, drinking water and electrification of rural areas through solar power, Environmental protection and women empowerment are also some of the strategic areas for our CSR initiatives.

MoU with the Ministry of Petroleum & Natural Gas

EIL has been signing MoU with the Ministry of Petroleum & Natural Gas since 1991-92. The Company has the distinction of being rated in the 'Excellent' Performance Category most of the times. The MoU of 2010-11, which is twentieth in the series, is also poised to get 'Excellent' rating.

Acknowledgements

I gratefully acknowledge the assistance, support and guidance extended by the Ministry of Petroleum and Natural Gas and other Ministries of the Government of India. Further, I would like to express gratitude to the shareholders of the company for their support in all the initiatives undertaken. Your continued support would be the key to success of the company in future too.

My colleagues on the Board have always been a source of great strength and I thank them for their valuable advice and unstinted cooperation.

I also place on record my sincere thanks to all our clients for reposing confidence in the Company and all associates, vendors and contractors within the country and abroad for their continued support without which this performance would not have been achieved.

With gratitude, I acknowledge the dedicated efforts put in by all members of the EIL family. I take this opportunity to compliment them for their committed performance without which the achievements would not have been possible. I am sure, with sustained efforts from all EIL personnel, it would be possible to maintain continuous growth and performance.

A. K. Purwaha

Chairman & Managing Director

New Delhi
7th September, 2011

Note : Excerpts from the Chairman's speech of 46th Annual General Meeting held on the 07th September 2011 at New Delhi. This does not purport to be a record of the proceedings of the Annual General Meeting.

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इंडिया लिमिटेड
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