



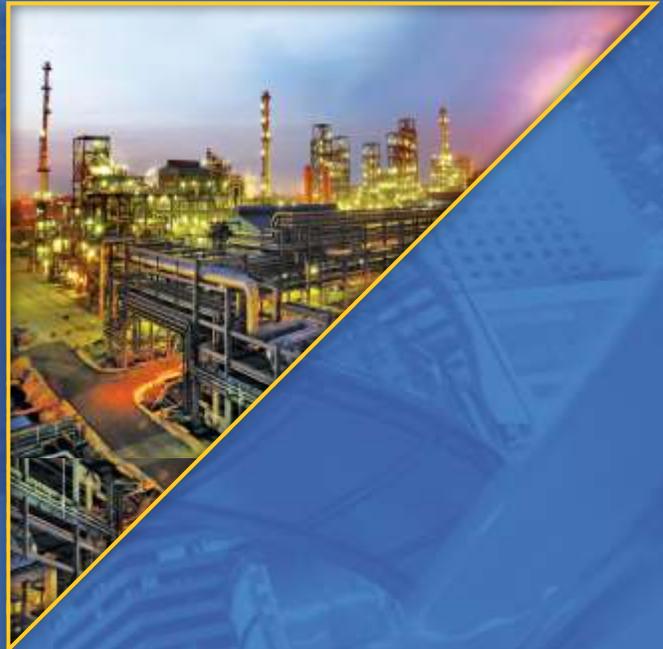
ENGINEERS INDIA LIMITED

Statement to Shareholders at the
51st Annual General Meeting

by
Shri Sanjay Gupta
Chairman & Managing Director
Engineers India Limited

19th September, 2016

Siri Fort Auditorium, Khel Gaon
August Kranti Marg, New Delhi-110049





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Dear Shareholders,

On behalf of the Board of Directors of Engineers India Limited, I extend a very warm welcome to all of you at this 51st Annual General Meeting of your company. It gives me immense pleasure to report your Company's performance during its 51st year in shaping the hydrocarbons landscape in India. With your kind permission, I take the Annual Report containing the Audited Accounts, the Directors' Report, and the Auditors' Report, which have already been circulated to you, as read.

As I share my thoughts, it is a moment of pride for all of us that in a largely volatile global economic scenario, our nation continues to remain one of the world's fastest growing economies. At EIL we are committed to play a pivotal role in India's socio-economic growth and prosperity.

EIL's robust corporate strategy is driven by the credentials of over five decades of distinguished service across the hydrocarbons value chain. Your company's illustrious journey and achievements continue to inspire the 'Team EIL' to enhance capabilities, and build a diversified business portfolio for long-term sustainable growth.

● Economic Environment and Outlook

During FY 2015-16, global businesses largely operated in a challenging and dynamic macro-economic environment. In advanced economies the recovery was modest and largely uneven. Activity softened towards the end of 2015 in advanced economies, and economic stresses in several large emerging market economies showed no signs of narrowing down. The slowdown and rebalancing of the Chinese economy, low commodity prices, and geopolitical tensions in West Asia continued to weigh on the global growth prospects. Although the global economic landscape was largely volatile and saw uneven growth across geographies, one redeeming feature was that the pace of recovery continued unabated. Despite these adverse conditions, according to the World Economic Outlook, the global economy maintained its growth rate of 3.1% in 2015. The global growth is projected to remain modest at 3.2% in 2016, and touch 3.5% in 2017 according to IMF.

India's stellar economic performance (7.6% GDP growth, as per Central Statistics Office) stands out against the backdrop of a sluggish global growth. India remained on sustainable growth path owing to positive policy initiatives of the government, low interest rates, declining fiscal deficit, and moderating inflation. This is the result of the government's proactive initiatives to simplify norms and enhance the ease of doing business in India. Besides, the Government's Make in India initiative is enabling India to emerge as a hub for global manufacturing giants.

Looking ahead, the Indian Economy seems to be on a higher and sustainable growth trajectory. The World Bank forecasts India's GDP to grow at 7.6% in 2016-17 and accelerate to 7.7% in 2017-18 and 7.8% in 2018-19. The overall macro-economic situation and growth prospects are expected to be strongly going forward owing to several factors including positive business confidence and reform initiatives by the government providing a boost to the industrial and investment activity in India. As a result of this growth momentum, your company envisages good business opportunities in its core hydrocarbons sector as well as in the diversified areas of operations where it can leverage its core competencies to gain competitive advantage and create value for its clients.

● 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 ₹1,496 crore, of which revenues from Consultancy & Engineering Services was ₹ 992 crore.

- Profit Before Tax (PBT) for the year was ₹ 392 crore, while Profit After Tax for the year was ₹ 258 crore.
- Revenue from overseas operations touched all time high of ₹329 crore, a year on year increase of 49%. The contribution of revenue from overseas operations has touched 22% for FY 2015-16 as compared to 13% in the previous fiscal.
- The Board of Directors have recommended a final dividend of ₹ 2/- per share (of face value of ₹5/- per share) for the year 2015-16. This is in addition to the interim dividend of ₹2/- per share already paid during the year. This amounts to a total dividend of ₹4/- per share for the year 2015-16. The payment of the final dividend is, however, subject to approval of the shareholders.

This year an Offer for Sale (OFS) was successfully carried out as part of the Government of India's (GoI) decision to divest 10% of its stake in your company. With this the GoI holding in EIL is at 59.37% of the paid up share capital of the company. The OFS received encouraging response from FII's, banks, mutual funds and insurance companies and was oversubscribed by 2.54 times.

● Business Highlights

Despite macro headwinds and industry challenges, your Company secured ₹1596 crore worth of new business in FY 2015-16. This includes ₹1210 crore from domestic Consultancy and Turnkey business and ₹386 crore from overseas business.

In the upstream segment, your Company was awarded Consultancy Services for Life Extension of Well Head Platform Project for ONGC, Consultancy Services for Integrity Check of Platforms under PRP-4 Project for

ONGC, and FEED for Bhagyam Polymer Enhanced Oil Recovery Project of Cairn India Ltd.

In the midstream segment, your Company was privileged with the opportunity to execute a unique project for the first time in India. HPCL entrusted your Company with the challenging assignment of preparing a detailed feasibility report (DFR) for the pumping of LPG through a multi-product pipeline. In addition, your Company also received the assignment for providing EPCM Services for Mundra Bathinda Pipeline Capacity Expansion Project (MCEP), PMC Services for Laying Skin Effect Heat Traced Pipelines with associated facilities for BPCL at Kochi Refinery and Mumbai Refinery for integrating both the refineries.

In the downstream segment, the major orders bagged by your Company include Diesel Hydrotreater (DHT) and Associated Facilities at BPCL Mumbai Refinery, EPCM services for DHDT Project of Numaligarh Refinery, EPCM services for Calico Tankage project at HPCL Mumbai Refinery, PMC Services for Revamp and Capacity Enhancement of BOREL Refinery, Project Management Consultancy for Propylene Derivative Petrochemical Project (PDPP) at BPCL Kochi Refinery, Pre-project activities of VRMP at HPCL Vizag Refinery, Consultancy Services for VGOHDT & SRU Revamp and Additional Offsite under Low Cost Expansion Project of GGS Refinery of HMEL, BDEP for DHDT & DHDS Units for Gujarat Refinery of IOCL, Pre-project Activities for BS VI MS Block Project (MSBP) at Kochi Refinery of BPCL, among many others.

Your Company diversified into port infrastructure development segment and secured several major assignments, such as PMC Services for LPG Import Facility at Haldia for BPCL, PMC Services for Construction of Fifth Oil Berth at Jawahar Dweep, Mumbai Harbour, DFR for Development of Berth in the Spending Beach to Handle Chemical Small Parcel Size Vessels at New Mangalore Port, and DFR & DPR for Providing Handling Equipment at Berth No.8 for Handling Containers and Clean Cargo for New Mangalore Port Trust.

In the turnkey domain, your company was successful in securing the job of installation of lean gas compressor and LPG Column Condenser in LPG plant at Hazira Complex on OBE Mode of implementation.

Your Company has aligned its strategic vision with Government of India's emphasis on creating new-age urban infrastructure, such as SMART CITIES and AMRUT Mission. I am happy to mention in this context that despite tough competition, your Company was able to secure various prestigious assignments like Preparation of Smart City Proposal (SCP) for assisting Rampur Nagar Palika Parishad & Moradabad Municipal Corporation to participate in the Smart Cities Challenge.

Under the Water & Waste Water Management segment, your Company was awarded Project Development and Management Consultant (PDMC) services under AMRUT for Government of Odisha, Execution of entry level activities (Ghats, Crematoria & Village level drain treatment) and sewerage infrastructure work under the Namami Gange Programme, Technical and Financial Audit of infrastructure works to be executed by the Urban Local Bodies and Punjab Water Supply & Sewerage Board for Punjab Municipal Infrastructure Development Company, and EPCM Services for Effluent Treatment Plant at Tengakhat Assam for Oil India Limited.

In the Buildings and Other Infrastructure Development projects, your Company secured various assignments like DPR for developing Vijayawada Airport in line with international standards, PMC Services for Data Centre Complex at Hyderabad for State Bank of India, PMC Services for construction and development of various buildings and services for IIT Patna.



Overseas Business

During the year 2015-16, your company significantly grew its footprint in the MENA region. The overseas order booking was to the tune of ₹386 crore. In the UAE market, your Company secured two major PMC assignments viz Al-Dabbayah ASR Gas Development Project for ADCO, and Improvement of Fire Fighting Facilities at Abu Dhabi Refinery for Takreer. In Bahrain, your Company was successful in signing the extension of its long-term General Engineering Services Agreement with the state-owned company M/s BAPCO. A number of engineering assignments were awarded under this contract, which included FEED package for Heater Replacement and LBO Oil System Study. Your Company has also forayed into the Training Services segment for its overseas clients and has provided four training sessions for M/s BAPCO in Bahrain. Trainee engineers of M/s DORC (Dangote Oil Refining Company) are being provided an insight into various facets of project management, process design, detailed engineering and construction management by in-house faculty of your company, including the detailed information about DORC Refinery.

Your Company has forayed into the Mauritius market where it is providing services for the feasibility study related to supplying petroleum products in and around Mauritius and mainland Africa, for M/s State Trading Corporation of Mauritius. In appreciation of the work carried out for Sonangol, Angola earlier for their refinery, your Company was awarded further consultancy work for cost estimation, licensor selection and BDEP review for their upcoming Lobito Refinery for Sonangol, Angola. Additional works were also awarded by Dangote, Nigeria as part of its 20 MMTPA refinery for which your Company is providing EPCM/PMC Services.

Your Company also bagged a contract for additional services from Turkish Petroleum Corporation (TPAO) with whom EIL was working for advance FEED for their offshore pipelines and platform project.

Operational Highlights

A number of critical projects were commissioned during the year; and there was steady progress in the ongoing projects. In the Refinery segment, your Company successfully completed and commissioned the CDU-4 project of BPCL Mumbai Refinery this year. The IREP project of BPCL's Kochi Refinery to increase refining capacity from the current 9.5 MMTPA to 15.5 MMTPA is in the advanced stages of construction and is close to completion. EPCM services for conversion of CRU to ISOM and revamp of NHDS to NHT at BPCL Mumbai Refinery is progressing well and PMC services for implementation of Captive Power Plant of IOCL's 15 MMTPA Paradip Refinery Project has been completed.

In the Petrochemical Sector, Assam Gas Cracker Project, a grass-root petrochemical project of Brahmaputra Cracker and Polymer Limited, executed by EIL on EPCM

mode was commissioned this year. The availability of petrochemicals from the project will boost the development of plastic industry in the North-Eastern region of the country. Dahej Petrochemical Complex of ONGC Petro Additions Limited (OPAL) is being executed on PMC mode and is in advanced stage of completion, with Captive Power Plant and utilities already commissioned. Propylene Derivative Petrochemical Plant of BPCL Kochi Refinery among other petrochemical projects is also progressing well.

As part of strategic investments in the fertilizer sector, your Company has taken equity participation in Revival of Ramgundam Fertilizer project, along with the National Fertilizer Limited and Fertilizer Corporation of India Limited. A joint venture company (M/s Ramgundam Fertilizers and Chemicals Limited) has been formed to pilot this project. EIL is executing this project on EPCM Mode, and significant progress achieved this year on front-end activities. During the fiscal, your Company successfully completed fertilizer projects in Nigeria, Bangladesh and Indonesia as well.

In the Infrastructure segment, significant progress was achieved in the Head Quarters Building of UIDAI in Delhi, Inland Container Depot for Container Corporation of India Limited, where your Company is providing PMC Services among other ongoing infrastructure jobs.

Under Phase-I of the Gol's Strategic Storage programme, your Company is providing PMC services to Indian Strategic Petroleum Reserves Limited (ISPRL) for the construction of underground unlined rock cavern storages in Vishakhapatnam, Mangalore and Padur having a total capacity of 5.33 MMT. During the year, significant progress has been made and the Vishakhapatnam storage has been commissioned. Pre-commissioning activities are underway at Mangalore and Padur.

In the Metallurgy segment, your Company successfully completed appointment of Mine Developer-cum-Operator for various ongoing projects like Kapurdi and Jalipa Mines of Barmer Lignite Mining Company Limited in Rajasthan, Feasibility Study for revamping of Rectifier Station-I for Hirakud Smelter of HIL among others.

Your Company's overseas operations have been augmented with an engineering hub in Abu Dhabi to cater to the business in the MENA Region. Significant overseas jobs completed during the year include detailed engineering and procurement services for Slops and Drains Upgrade at Umm Sharif Super Complex (USSC) at Abu Dhabi Marine Operating Company (ADMA-OPCO), study for up-gradation of Anti-surge Valves, for Propane Compressor of Train 1 & 2 of ADGAS, Shahjalal Fertilizer project of Bangladesh having a capacity of 1000 MTPD Ammonia Plant and 1760 MTPD Melt Area and Urea Granulation Plant among others.

● Research & Development

While operating in a rapidly evolving business scenario in India and globally, it is an imperative for EIL to continue to sharpen its Research and Development (R&D) capabilities. The R&D Division is pursuing developmental activities, both in-house and in collaboration with academic institutes like IIT Delhi and other R&D organizations like IOCL-R&D, CSIR-IIP, BPCL (R&D), among others.

During the year, your Company's R&D initiatives were recognized by grant of patent for Novel Distributor Tray for Trickle Bed Reactor Trademarks. In addition, five patents were filed during the year. You will be glad to know that now your Company's patent portfolio has grown to 17 live patents and 18 pending patent applications for various process technologies. Trademarks for nine in-house technologies have been applied for registration to bolster your Company's brand equity.

● Human Capital

EIL is a close-knit family of highly motivated and talented individuals, who bring to the workplace a combination of professional expertise and technical knowhow. We undertake continuous engagement and empowerment initiatives across the organization; as it is critical to improve project performance in terms of time and cost efficiencies. During the year, we focused on strengthening the HR's role as a strategic business partner.

A HR strategy was formulated for 2015-20, aligning it with your Company's business strategy. Internal organizational re-structuring efforts have been made to reduce interfaces, enhance productivity and improve efficiency in the company's business operations. The strategy has been drawn up for facilitating the achievement of organizational plans, targets and challenges through timely identification, preparation and deployment of appropriate human resources. The Learning & Development function was engaged in the task of creating diverse learning opportunities for employees. Domain Specific/ Specialized Training Programmes were designed and organized during the year to strengthen EIL's core competencies. At the same time, managerial and behavioural capabilities of the team were strengthened through adequate focus on soft skills programmes.

● 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.

The Information Technology Services (ITS) division of your Company continued to provide state-of-the-art IT enabled services to your Company's mainstream activities by developing or implementing leading IT solutions to deliver better quality services. The objective is to achieve enhanced efficiency at reduced costs. To achieve operational improvement, various project execution related dashboards have been integrated to have all the data well-structured and well-connected at one place.

● Responsible Corporate Citizen

At EIL, CSR is not just limited to social welfare programmes, but a series of system-based best practices, for maximizing positive impact and minimizing negative impact on the local communities at all our project sites and business locations.

Your Company's CSR Policy is aligned with the national focus on inclusive growth, DPE Guidelines on CSR and the Companies Act, 2013. Your Company primarily focuses on the realms of education, healthcare, drinking water/sanitation, rural electrification, environment protection/sustainability, empowerment of women, upliftment of underprivileged, community development, vocational training/skill centre. Major CSR initiatives undertaken by your Company during the year include renovation/ upgradation of infrastructure in various educational institutes for underprivileged children in Assam and Odisha, construction of classrooms and toilets for girl students and support for setting up of a Digital Library in Andhra Pradesh. Projects like construction of auditorium in Ongole, Prakasm district, Andhra Pradesh and building of a compound wall for a school in Thiruvottiyur, Chennai are under implementation. Your Company also supports value based educational programmes in various schools of Uttarakhand and slums of Delhi/NCR among many other initiatives.

In line with the Hon'ble Prime Minister's vision to provide safe and clean toilets to a large proportion of the Indian population especially women under the 'Swachh Bharat' campaign, your Company met its target for the construction of 509 toilets in Bihar, Odisha, Tamil Nadu and Assam during the year.

● 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 the aegis of Ministry of Petroleum & Natural Gas; and is a member of the Steering Committee set up for the purpose. To this effect, regular vendor meets are being organized by EIL for interaction with the specific domain based industries and online vendor empanelment processes. Your company has also been organizing and participating in various seminars organized by Ministry of Micro, Small and Medium Enterprises to encourage the development of MSME sector including SC/ST Entrepreneurs.

Besides, two dedicated workshops were also organized by your Company with select domestic and overseas stakeholders in Mumbai and Delhi for sensitising the manufacturing sector to various policy initiatives being contemplated by the Government and by the Oil & Gas sector.

● Health, Safety & Environment (HSE)

Ever since its inception, EIL has accorded the highest priority to Health, Safety & Environment (HSE) in all aspects of its operations. I am happy to report that 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). The same was revalidated by third-party certification bodies through a surveillance audit conducted during the year. These certifications will enhance your Company's evaluation scores, while bidding for overseas projects, particularly in the Middle East Oil & Gas market.

● Sustainability

Your company's sustainability mandate has evolved from compliance to environmental regulations and norms in a way that make it a responsible organization, transparent to all its stakeholders. Your company's project designs support sustainability right from conceptualization to plant commissioning and subsequently commercial operation.

● Focus on Quality

During the year, the Quality Management System of your Company was reassessed through external surveillance audit for continual conformance to ISO 9001:2008 by the third-party certification agency. It confirmed that your Company's Quality Management System continues to conform to the international standard ISO 9001.

● Accolades and Awards

During the year, your Company was bestowed with multiple prestigious awards, prominent among them being National Awards for Excellence in CSR & Sustainability by 'World Federation of CSR Professionals' and 'World CSR Day'; 8th CIDC Vishwakarma Award for Best Construction Projects to CDU-4 Project, BPCL Refinery, Mumbai; Scope Excellence Award for Outstanding Woman Manager and Legend PSU of the Year Award for R&D in Petrochemicals. While our efforts are selfless and authentic in spirit, these recognitions from external boards of eminent judges confirms 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 as respectable and reliable organizations. Your Company is committed to good Corporate Governance and ethical practices as per the requirements of SEBI's Listing Regulations 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

19th September, 2016
New Delhi

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

