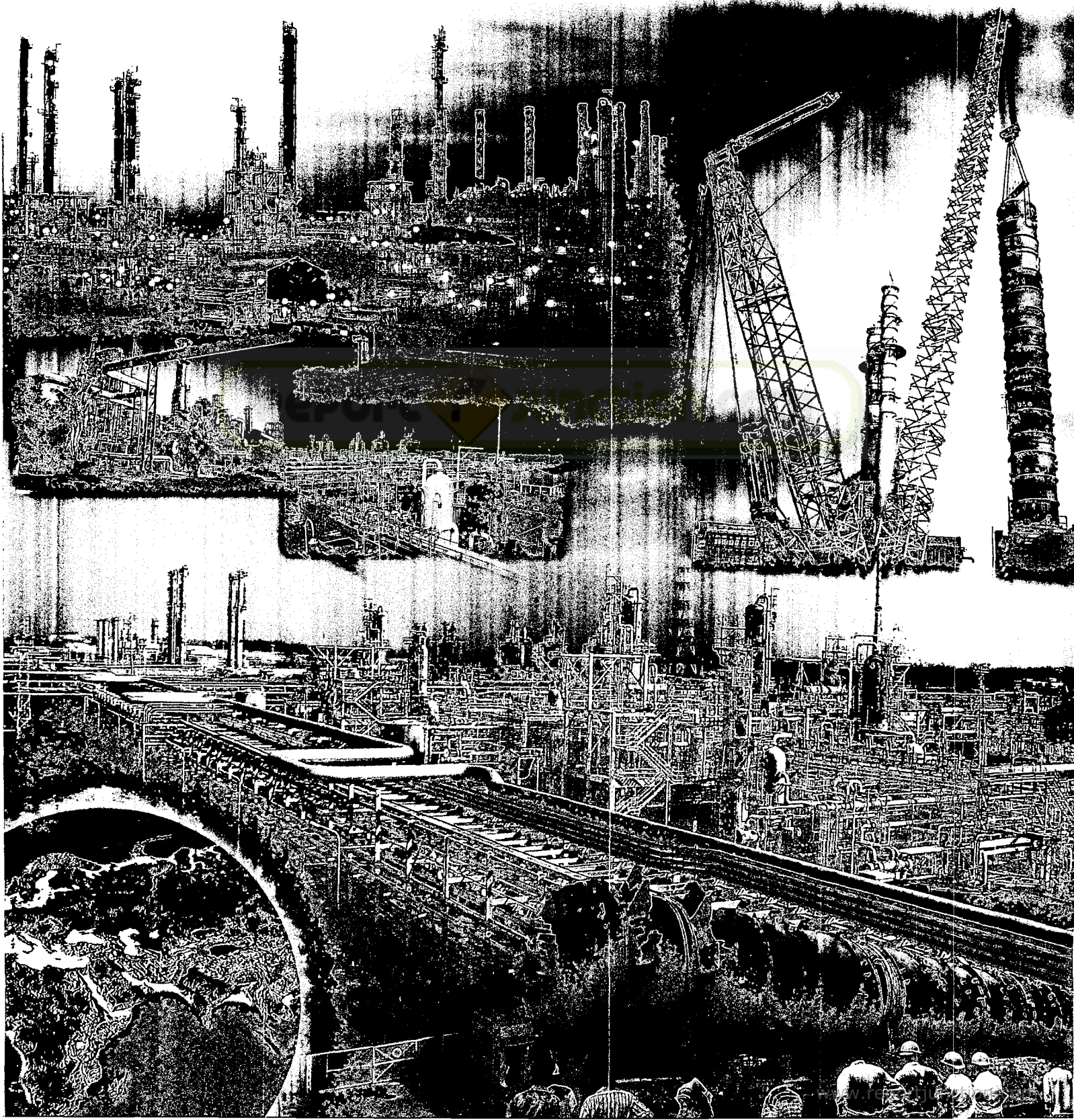




Engineers India Ltd.

33rd
Annual Report
वार्षिक रिपोर्ट
1997-98







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MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SEM	✓
YE	✓	✓		✓

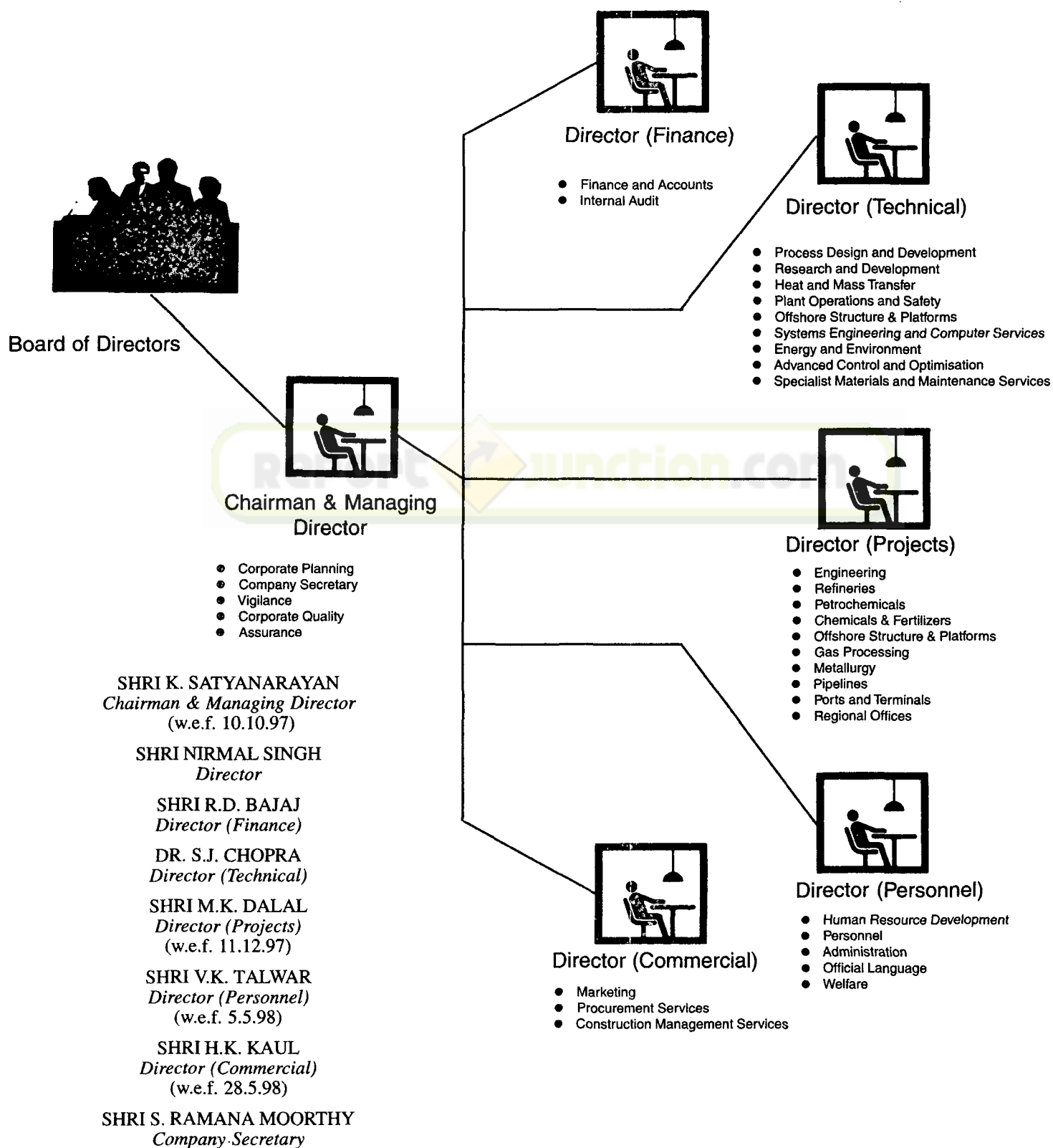


Company's Aims & Objectives

- ◆ To provide services of agreed quality in process design/process engineering, detailed engineering, procurement, construction as well as overall project management in oil refining, oil/gas processing, petrochemicals, fertilizers, chemical process industries, metallurgy and mining, offshore platforms, ports and terminals and other selected sectors of industry.
- ◆ To provide engineering and technical consultancy services of agreed quality in selected areas of technology such as heat & mass transfer equipment design, environmental engineering, energy conservation, safety and risk management, advanced control/optimisation of process industries, system studies and software development.
- ◆ To continuously improve the quality of services to clients and meet clients' requirements promptly and economically.
- ◆ To maintain a sustained rate of growth in turnover and profitability in domestic and international operations through aggressive marketing strategy.
- ◆ To maintain and improve the morale of employees at all levels through a climate of openness, fairness and transparency in operations.
- ◆ To foster and accelerate the development of indigenous technologies.
- ◆ To promote linkages between R&D organisations, engineering organisations, equipment manufacturers and operating companies in order to modify, adapt and upgrade technologies on a continuous basis.



Board of Directors





Ten Years' Performance at a Glance

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
A. Operating Statistics Rupees in Thousands										
Turnover*	629748	666629	759939	1045222	1574138	2239573	2349127	2599806	2688328	3112046
Other Income	55788	75415	59412	125880	166277	197858	238268	314780	337460	413916
Expenditure	570435	582196	636007	829315	1205229	1436203	1547740	1836412	1909654	2383537
Profit before Tax	115101	159848	183344	341787	535186	1001228	1040569	1078174	1116134	1142425
Tax	64196	126774	90000	82629	241697	398119	441754	395165	419641	410000
Profit after Tax	50905	33074	93344	259158	293489	603109	598815	683009	720457	732425
Dividend & Tax on dividend @@	2500	2500	2500	10000	20000	20000	36000	45000	59400	82356
Retained Surplus**	48405	30574	90844	249158	273489	583109	562815	638009	661057	650069
B. Financial Position										
Capital Employed***	822250	845102	929451	1173271	1435931	2016377	2566855	3199864	3870857	4609977
i) Fixed Assets	413522	396468	382739	372576	403708	442996	485144	469262	482519	467319
ii) Net Current Assets	408564	447970	545946	800029	1031560	1118363	1425544	2330435	2952988	2401680
Shareholders Funds	772250	802546	894451	1145771	1415931	1999040	2561855	3199864	3870857	4609977
i) Share Capital	10000	10000	10000	10000	20000	20000	180000	180000	180000	187173
ii) Reserves and surplus@	762250	792546	884451	1135771	1395931	1979040	2381855	3019864	3680921	4422804
Loans	50000	42556	35000	27500	20000	17337	5000	—	—	—
C. Ratios										
PBT/Turnover	18.28%	23.98%	24.13%	32.70%	34.00%	44.71%	44.30%	41.47%	41.52%	36.71%
PBT/Capital Employed	14.00%	18.91%	19.73%	29.13%	37.27%	49.65%	40.54%	33.69%	28.83%	24.78%
PAT/Net Worth	6.59%	4.12%	10.44%	22.62%	20.73%	30.17%	23.37%	21.34%	18.66%	15.89%
Turnover/Net Worth (No. of times)	0.82	0.83	0.85	0.91	1.11	1.12	0.92	0.81	0.70	0.68
Sundry Debt/Turnover (Month's Turnover)	5.28	5.64	6.78	7.11	5.60	5.11	5.97	7.28	6.26	4.23
Turnover to Total Assets (No. of times)	0.44	0.41	0.42	0.44	0.47	0.57	0.44	0.43	0.41	0.37

Notes :

* Turnover includes accretion/decretion to Work-in-Progress.

** Figure of Retained Surplus includes amount Written Back pertaining to Provision for Taxation and Exchange Fluctuation

*** Includes Investments.

Fixed Assets include capital Work-in-Progress.

@ Includes Capital Grant of Rs. 2 crores received in 1984-85 for R&D Centre.

@@ From 1996-97 onwards figure includes dividend & additional tax on dividend.

- Profit after Tax for 1996-97 includes Surplus from Petroleum India International relating to previous period (upto 31.3.95) amounting to Rs. 239.64 lakhs.

- Shareholders funds includes Share Application money of Rs. 99.36 lakhs received in 1996-97 made up of Rs. 7.20 lakhs towards share capital and Rs. 92.16 lakhs towards share premium.



Notice

33RD ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of the Shareholders of M/s. Engineers India Limited will be held on Wednesday, the 2nd September, 1998 at 4 PM at Air Force Auditorium, Subroto Park, New Delhi-110010 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account of the Company for the period from 1st April, 1997 to 31st March, 1998 and the Audited Balance Sheet as at 31st March, 1998 together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri R.D. Bajaj who retires by rotation and being eligible, seeks re-appointment.
4. To appoint a Director in place of Dr. S.J. Chopra who retires by rotation and being eligible, seeks re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED that Shri M.K. Dalal, be and is hereby appointed as Director of the Company."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED that Shri V.K. Talwar, be and is hereby appointed as Director of the Company."

7. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED that Shri H.K. Kaul, be and is hereby appointed as Director of the Company."

By Order of the Board

Date : August 7, 1998
Place: New Delhi

S. Ramana Moorthy
Company Secretary

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy and the proxy need not be a member of the Company. Proxies, in order to be effective, must be lodged at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
2. Members/Proxies should bring their attendance slip, duly filled in, to the meeting.
3. An Explanatory Statement, pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Resolutions set out against Item Nos. 5 to 7 of the Notice is annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 20th August, 1998 to 2nd September, 1998 (both days inclusive).



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956.**

Item No.5

Shri M.K. Dalal was appointed by the President of India as Director (Projects) of the Company in the place of Shri M. Prakash, Director (Projects). As per the provisions of Section 260 of the Companies Act, 1956 Shri M.K. Dalal will hold office upto the date of 33rd Annual General Meeting.

A Notice under Section 257 of the Companies Act, 1956 has been received proposing the appointment of Shri M.K. Dalal, as a Director liable to retire by rotation.

None of the Directors is interested in the resolution except Shri M.K. Dalal.

Item No.6

Shri V.K. Talwar was appointed by the President of India as Director (Personnel) of the Company in the place of Shri B.N. Jha, Director (Personnel). As per the provisions of Section 260 of the Companies Act, 1956 Shri V.K. Talwar will hold office upto the date of 33rd Annual General Meeting.

A Notice under Section 257 of the Companies Act, 1956 has been received proposing the appointment of

Shri V.K. Talwar, as a Director liable to retire by rotation.

None of the Directors is interested in the resolution except Shri V.K. Talwar.

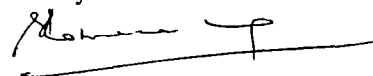
Item No.7

Shri H.K. Kaul was appointed by the President of India as Director (Commercial) of the Company in the place of Shri K Satyanarayan, Director (Commercial). As per the provisions of Section 260 of the Companies Act, 1956 Shri H.K. Kaul will hold office upto the date of 33rd Annual General Meeting.

A Notice under Section 257 of the Companies Act, 1956 has been received proposing the appointment of Shri H.K. Kaul, as a Director liable to retire by rotation.

None of the Directors is interested in the resolution except Shri H.K Kaul.

By Order of the Board



Date : 7th August, 1998
Place : New Delhi

S. Ramana Moorthy
Company Secretary



Directors' Report

**To
The Shareholders
Engineers India Limited**

Gentlemen,

Your Directors have pleasure in presenting the 33rd Annual Report together with Statement of Accounts for the year ended March 31, 1998.

During the year under report, your Company achieved all round corporate growth and made significant technological improvements. Income from services rendered during the year was Rs.3112 million and Net Profit Rs.732 million, in line with the regrouped figures for the previous

year (Rs.2688 million and Rs.681 million respectively).

The Company is expected to make an estimated Gross Profit of Rs.1279 million during the financial year 1998-99 as per the budget estimates which include profit on jobs not completed till 31.3.1998 and also new contracts awarded and to be awarded in 1998-99.

Performance/Business Highlights Performance Highlights

In the fiscal year 1997-98, Engineers India had overall growth in all areas inspite of increased competition and slowing down in investments by

prospective clients. By judicious investment of surplus funds within the parameters laid down, there was an increase of 22.85% in other income. The Profit after tax also increased by 7.49%. Net worth of the Company increased by 19.09%. This was inspite of increase in expenditure due to increased salaries and benefits to the employees.

The Company was also able to book substantial business in India and abroad which was up by 15% over the business secured in the previous year making the order book position comfortable.

The overall financial performance for the year 1997-98 is highlighted below:

(Rs. in million)

	1997-98	1996-97
RESULTS OF OPERATIONS:		
Turnover (after adjustment of Work-in-Progress)	3112	2688
Expenditure (including depreciation)	2384	1909
Operating Profit	728	779
Other Income	414	337
Profit before Tax	1142	1116
Tax provision for the year	410	435
Net Profit for the year	732	681
Adjustment of Previous Year's Tax	-	(+) 15
Surplus from Petroleum India International	-	(+) 24
Proposed Dividend	75	54
Tax on Proposed Dividend	7	5
Transfer to General Reserves	650	661
SOURCES AND USES OF FUNDS:		
Authorised Capital	500	500
Issued Capital	188	188
Subscribed Capital	187	187
Paid up Capital	187	180
Share Application Money pending Allotment	-	10
Reserves and Surplus	4423	3681
	<u>4610</u>	<u>3871</u>
REPRESENTED BY:		
Fixed Assets (Net)	467	483
Investments	1741	435
Net Current Assets	2402	2953
	<u>4610</u>	<u>3871</u>

Your Directors recommended a dividend of Rs.75 million which works out to 40% of the Paid-up Capital of the Company as on 31st March, 1998 as against 30% declared in the previous year.



The Company has been adapting itself to the changes in the market and is using appropriate strategies to deal with the growing competition as also to meet the changing requirements of the existing and emerging clientele. During the year, the recertification audit was conducted by EIL's Quality System Certification Agency (IRQS) and have recommended the award of certificate of approval of the quality system in EIL. The certificate shall be valid till October 2000. Thus, we continue to be an ISO-9001 Company. Once again, based on the provisional results of 1997-98, your Company has met the MOU targets for the year 1997-98 to be considered as an "Excellent" Company as per norms laid down. Relations with employees, our greatest asset, have been cooperative and cordial during the year.

Looking ahead, your Company has identified LNG and large power projects as new emerging business areas for it to enter into. As your Company has limited direct experience in these areas, discussions with reputed international companies are underway to collaborate in securing business in these areas.

For sustained growth and to gainfully utilise the competent resources, your Company is discussing with its established clients to undertake small to medium size projects on LSTK (Lump sum Turnkey) basis. Hopefully, coming years will see EIL into LSTK business on a regular basis.

Refinery Projects continued to be the largest contributor to the Company's business with over 50% share in the

total business secured. The Bharat Oman Refinery PMC assignment was the largest single order finalised during the year. Apart from that, many Project implementation and preparation of feasibility assignments were received from our established clients e.g. IOC, MRL, CRL, etc. EIL is also carrying out plant health check and residual life assessment work for a well known private sector client. EIL continued to work on several major refinery projects awarded to the Company earlier including Essar, Numaligarh Refinery, MRPL, Vizag and Gujarat Refinery Expansion Projects. The DHDS Projects are showing good progress. EIL employees have committed to themselves and to the client to work untiringly to meet targets set for time, cost and quality.

Pipeline projects are growing business and there is severe competition for the jobs available. EIL has geared up to meet this challenge. The Pipeline projects have contributed about one fifth of the new business secured. EIL is working on 1240 km Kandla to Loni cross-country LPG Pipeline for GAIL (first of its kind in India), 950 km Vadinar to Bina Crude Oil Pipeline of BORI, carrying out studies for Enron. Other clients in this sector are GAIL, Haldia Petrochemicals, HPCL, BPCL, etc. The coming year will bring more assignments to EIL in this sector.

Your Company had already been assigned the job of giving services for the Mine & Alumina Refinery Expansion by NALCO. During the year, your Company was successful in getting NALCO's Smelter Expansion Project also. These are

major projects outside hydrocarbon sector, confirming our esteemed clients' confidence in the competence of EIL in executing large projects. Apart from the above, EIL is working on many other assignments for Indian Aluminium (Hirakud Projects), Aditya Aluminium and Hindustan Zinc.

EIL continued to work on several Ports and Terminal projects apart from Chemical Port Terminal at Dahej for GCPTCL. EIL is providing consultancy services for Jetty at Nagapattinam for Madras Refineries Limited, feasibility report, environment impact assessment and risk analysis for the proposed jetty and POL terminal at JNPT for Bharat Petroleum. Consultancy services for SBM off Hazira coast for ONGC, feasibility study for additional tankages at Jawahardeep Island and revamp of old Pirapau jetty, studies for LNG terminal at Cochin and Dahej for Gas Authority of India Limited and Project Management for crude oil transfer system for Essar Projects Limited are in hand while a feasibility study for LPG Terminal on the West coast for Esso has just been completed.

Your Company is well established for providing services for Advance Control & Optimisation of Process Plants having recently secured the tank farm automation at Cochin Refineries. EIL has also secured Systems Engineering assignments from IOC, GAIL, IPCL and supply of software to BHEL. A breakthrough in the field of hazardous waste treatment and disposal has been made with the Ministry of Environment & Forest awarding EIL