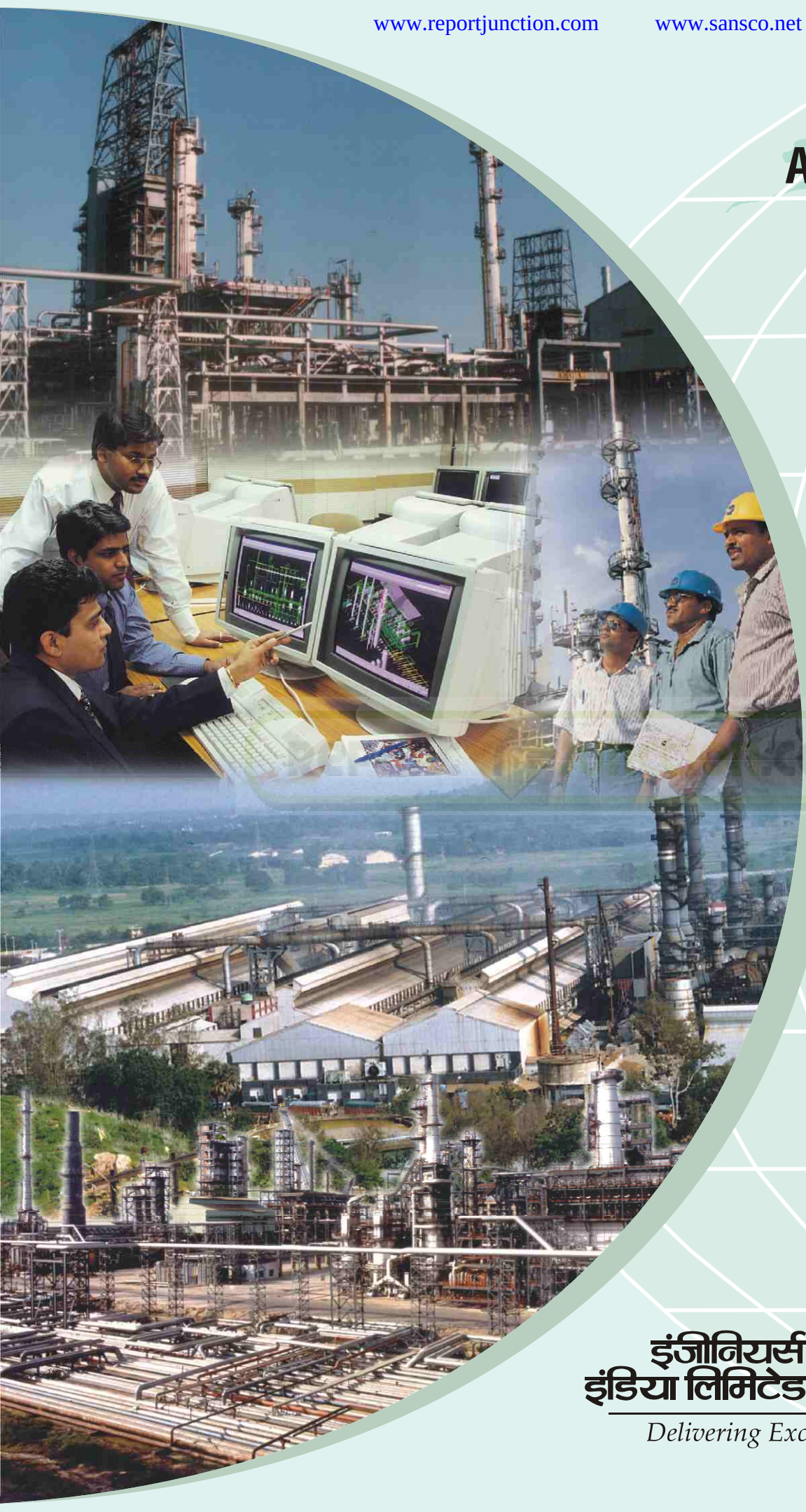
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43rd Annual Report

2007-2008

इंजीनियर्स इंडिया लिमिटेड

ENGINEERS INDIA LIMITED

Delivering Excellence through People

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OUR VISION

To be a world-class Globally Competitive EPC and Total Solutions Consultancy Organization

OUR CORE VALUES

- Benchmark to learn from superior role models.
- Nurture the essence of Customer Relationship and bonding.
- Foster Innovation with emphasis on value addition.
- Integrity and Trust as fundamental to functioning.
- Thrive upon constant Knowledge updation as a learning organization.
- Passion in pursuit of excellence.
- Quality as a way of life.
- Collaboration in synergy through cross-functional Team efforts.
- Sense of ownership in what we do.

THE MISSION

- To achieve "Total Customer Satisfaction" while delivering innovative, cost effective and value added consulting & EPC services at global level.
- To ensure growth and professional excellence by building intellectual capital and distinctive core competencies.
- To maximize creation of wealth, value and satisfaction for stakeholders.
- To promote and encourage best practices for Health, Safety, Environment and Ethics.
- To achieve prominence in developing, adopting and assimilating state-of-the-art technologies for competitive advantage.
- To foster a culture of participation and innovation for employees' growth and contribution through a climate of fairness and transparency in operation.

RISK MANAGEMENT POLICY

EIL is committed to effective management of risks across the organization by aligning its risk management strategy to its business objectives through instituting a risk management structure for timely identification, assessment, mitigating, monitoring and reporting of risks.

Risk management at EIL is the responsibility of every employee both individually as well as collectively.

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Organizational Structure

Chairman & Managing Director
Mukesh Rohatgi

- Company Secretary
- Corporate Quality Assurance
- Vigilance

Director (Projects)
R. K. Grover

- Engineering
- Engineering Technology and Development
- Construction Management
- Refineries
- Petrochemicals
- Offshore Oil & Gas
- Onshore Oil & Gas
- Metallurgy
- Pipelines
- LSTK -Onshore
- LSTK -Offshore
- Project Services
- Regional Project Offices
- Overseas Projects Offices

Director (Commercial)
R. K. Saxena

- Marketing
- Procurement Services
- Contracts
- Infrastructure
- Regional Procurement Offices
- Overseas Offices

L. N. Gupta
Director (Govt. Nominee)

Dependra Pathak
Director (Govt. Nominee)

U. N. Bose
Director

B. N. Bankapur
Director

Dr. Avinash Chandra
Director

A. K. Purwar
Director

Director (Technical)
M. K. Joshi

- Process Design & Development
- Research & Development
- Heat and Mass Transfer
- Plant Operation and Safety
- Information Technology Services
- Environment
- Specialist Materials & Maintenance Services
- Library

Director (Personnel)
D. K. Gupta

- Corporate Affairs
- HR Planning & Management
- HR Welfare & Services
- HR Training & Development
- Administration & Estate Management
- Official Language

Director (Finance)
D. S. Chakrabarti

- Financial Management
- Project Finance and Appraisal
- Financial Accounting & Reporting
- Budgetary Control & Cost Management
- Disbursements
- Receivable Management
- Tax Planning & Management
- Internal Audit

R. Soundararajan
Company Secretary

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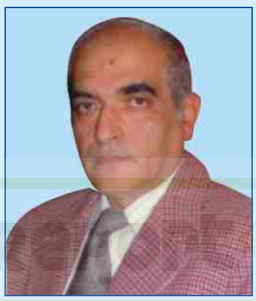
Board of Directors



Mukesh Rohatgi
Chairman & Managing Director



D. S. Chakrabarti
Director (Finance)



M. K. Joshi
Director (Technical)



D. K. Gupta
Director (Personnel)



R. K. Saxena
Director (Commercial)



R. K. Grover
Director (Projects)



L. N. Gupta
Director (Govt. Nominee)



Dependra Pathak
Director (Govt. Nominee)



U. N. Bose
Director



B. N. Bankapur
Director



Dr. Avinash Chandra
Director



A. K. Purwar
Director

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Ten Years' Performance at a Glance

(Rupees in Lakhs)

PARTICULARS / YEARS	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
A Operating Statistics										
Turnover*	39173.36	61567.05	78762.93	53699.44	81826.92	106953.03	91580.11	79048.04	57108.18	73775.21
Other Income	6997.09	7764.78	7129.27	7003.84	4100.96	4759.33	5786.74	6666.63	10778.65	13557.26
Expenditure	27392.63	50011.21	66323.77	49456.19	74812.58	98713.29	80073.64	65551.08	47450.86	57702.15
Prior Period Adjustments (Net)	–	–	–	–	–	–	627.63	185.67	(28.07)	242.27
Profit before Tax	18777.82	19320.62	19568.43	11247.09	11115.30	12999.07	16665.58	19977.92	20463.99	29388.05
Tax	6971.92	6700.47	7182.99	3829.14	5452.49	5407.75	6989.22	8025.57	8647.19	10904.48
Fringe Benefit Tax	–	–	–	–	–	–	–	255.00	275.00	270.20
Deferred Tax (Assets) / Liability	–	–	–	(733.20)	(753.65)	(426.78)	(1,587.15)	(2,166.99)	(2757.61)	(1246.50)
Profit after Tax @@	11805.90	12620.15	12385.44	2470.88	6416.46	8018.10	11263.51	13864.34	14299.41	19459.87
Dividend including Dividend Tax @@@	3116.57	4336.80	4146.64	1544.40	2533.96	4117.15	4811.75	5122.57	6183.11	7205.74
Retained Surplus	8689.33	8283.35	8238.80	926.48	3882.50	3900.95	6451.76	8741.77	8116.30	12254.13
B Financial Position										
Capital Employed**	54790.22	63074.56	71313.36	71240.28	75122.78	79023.73	86292.27	95034.04	103150.34	115205.00
i) Fixed Assets***	4767.86	5222.41	5581.02	5045.59	4408.52	4729.79	4148.89	4001.49	3967.54	5035.89
ii) Net current Assets	29120.74	36929.10	46703.28	51210.93	52869.28	56958.71	63394.15	71017.71	77135.37	85856.47
Shareholders' Funds	54790.22	63074.56	71313.36	71240.28	75122.78	79023.73	86292.27	95034.04	103150.34	115205.00
i) Share Capital	1871.81	5615.62	5615.62	5615.62	5615.62	5615.62	5615.62	5615.62	5615.62	5615.62
ii) Reserve & Surplus @	52918.41	57458.94	65697.74	65624.66	69507.16	73408.11	80676.65	89418.42	97534.72	109589.38
C Ratios										
PBT / Turnover	47.94%	31.38%	24.84%	20.94%	13.58%	12.15%	18.20%	25.27%	35.83%	39.83%
PBT / Capital Employed	34.27%	30.63%	27.44%	15.79%	14.80%	16.45%	19.31%	21.02%	19.84%	25.51%
PAT / Net Worth	21.55%	20.01%	17.37%	3.47%	8.54%	10.15%	13.05%	14.59%	13.86%	16.89%
Turnover / Net Worth (number of times)	0.71	0.98	1.10	0.75	1.09	1.35	1.06	0.83	0.55	0.64
Sundry Debts / Turnover (Month's Turnover)	3.76	3.13	3.38	4.43	3.15	2.06	4.23	3.40	4.21	2.87
Turnover to Total Assets (number of times)	0.35	0.40	0.61	0.46	0.48	0.82	0.58	0.52	0.35	0.37

Notes :

* Turnover includes accretion / decretion to Work in Progress.

** Includes Investments.

***Fixed Assets includes Capital Work -in-progress.

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

@@ Profit after tax for 2001-2002 is after adjustment of provision for dimunition in the value of long term investments of Rs. 56.80 crores.

@@@ Includes excess/short provision of dividend / dividend tax for earlier years.

– Shareholders funds include 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.

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Directors' Report



To :

The Shareholders

Engineers India Limited

Ladies & Gentlemen,

Your Directors have great pleasure in presenting the 43rd Annual Report together with audited accounts of the Company for the year ended 31st March 2008 along with Audited Statement of Accounts, the Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India.

2007-08 in Retrospect

EIL continued its good performance during the year 2007-08. The salient features are as follows :

- Turnover : Rs. 73775 lakhs
- Profit Before Tax (PBT) : Rs. 29388 lakhs
- Profit After Tax (PAT) : Rs. 19460 lakhs

Turnover from Company's core consultancy business increased y-o-y by 27% to Rs. 62144 lakhs. The LSTK business contributed Rs. 11631 lakhs to the turnover.

Dividend

The Board of Directors of the Company has recommended a final dividend of 70% on the paid up share capital as on 31st March 2008, in addition to 40% interim dividend already paid during the year.

With this the total dividend for the year works out to 110 % on the paid up capital with a total sum of Rs.7206 lakhs (including tax on dividend amounting to Rs.1029 lakhs). Payment of final dividend is subject to the approval of the shareholders in the Annual General Meeting.

Management Discussion & Analysis

A separate report on Management Discussion and Analysis is annexed to this Report.

Sector-wise details of operations of the Company are given below :

Petroleum Refineries

The Refining sector continued to play a significant role in Company's business. During the year, following major jobs were completed / nearing completion :

- Refinery Project of Essar Oil at Vadinar - All main downstream units have been commissioned and the Refinery is operating at its rated capacity of 10.5 MMTPA.
- Green Fuel & Emission Control Project of HPCL, Mumbai - All units have been mechanically completed. Utilities & Offsites are at an advanced stage of completion.
- Clean Fuel Project at Visakh Refinery of HPCL - Construction activities of the project are nearing completion. Work execution in a running refinery with highest safety standards and sequential execution of various activities by removing the encumbrances in the existing facilities was a major challenge for EIL. The project is likely to be mechanically completed by September 2008.
- Diesel Hydrotreater Project (DHDT) of BRPL is at an advanced stage of construction.

Work progressed well on the grass roots 6 MMTPA Bina Refinery of BORL for which EIL is providing EPCM

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services. The Refinery consists of Crude and Vacuum Unit, full conversion Hydrocracker Unit, Diesel Hydrotreater, Naphtha Hydrotreater/CCR, Isomerization Unit, Delayed Coking Unit, Hydrogen Generation Units & Sulphur Recovery Unit. The Refinery shall meet the norms of Euro-III and Euro -IV specifications. The project is expected to be completed as per schedule by December 2009.

Work on the Capacity Expansion- cum- Modernization Project Phase-II of Kochi Refinery of BPCL, for which EIL is providing EPCM services, progressed well. EIL scope of work includes revamping of existing CDU, Utilities & Offsites and also the new units including VGO-HDS, NHT/CCR and Sulphur Block. The project is scheduled for completion by October 2009.

Mangalore Refinery Capacity Expansion and Upgradation Project Phase III of MRPL made significant progress by way of completion of several pre-project and licensor selection activities. Activities relating to FEED and detailed engineering for offsites are in full swing.

A large number of new jobs were secured by EIL during the year and work commenced on all the projects. These include EPCM services for the following projects :

- 9 MMTPA Guru Gobind Singh Refinery Project of HMEL, a joint venture company of HPCL and Mittal Energy. This is the highest value contract ever bagged by EIL against stiff competition with major international companies.
- FCC Project at Mumbai Refinery of HPCL.
- Propylene Recovery Unit Phase-II of Kochi Refinery of BPCL.
- DHDS Revamp at Mumbai Refinery of BPCL.
- Bina Dispatch Terminal of BPCL.
- MS Block Hook-ups at Mumbai Refinery of HPCL.
- New Coke Chamber and Allied Facilities in existing Delayed Coking Unit of Guwahati Refinery of IOCL.

A number of studies and DFRs are in progress which are expected to result in additional business. Some of the significant ones are for a grass roots refinery at Kakinada and existing refineries at Numaligarh, Barauni, Visakh and Chennai.

Petrochemicals

The new HDPE Unit of Petrochemicals Complex at Pata of GAIL has been mechanically completed in September 2007 and successfully taken into commercial production in December 2007. Work on Panipat Naphtha Cracker Project of IOCL, one of the prestigious grass roots Petrochemical Projects being handled by EIL, progressed well. Engineering and procurement activities are nearing completion and construction activities are at their peak. The Utilities & Offsite facilities are expected to be commissioned in the first quarter of 2009 while the



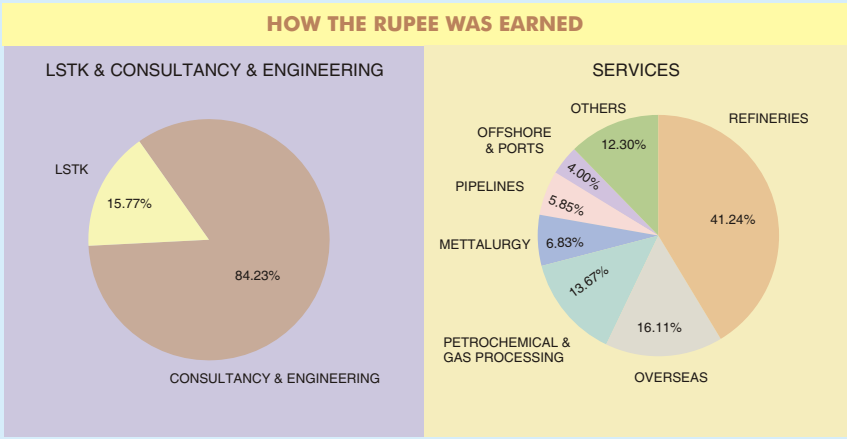
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Cracker is expected to go on stream in the fourth quarter of 2009. Further downstream polymer plants will be commissioned by end 2009.

During the year, EIL was awarded EPCM contract for the grass roots Petrochemicals Complex, being set up at Lepetkata near Dibrugarh as part of the Assam accord of Brahmaputra Cracker and Polymers Ltd. (BCPL). This project is scheduled to be completed in 60 months from September 2007. The project consists of upstream gas processing units, dual feed i.e. Gas-cum-Naphtha Cracker of 2,20,000 TPA ethylene capacity, downstream polymer units of 2,20,000 TPA LLDPE / HDPE (Swing) and 60,000 TPA Polypropylene and associated offsites & utilities.

EIL was also awarded the preparation of a feasibility report for setting up a Polypropylene Complex at Mangalore based on propylene recovered from FCCU LPG for ONGC Mangalore Petrochemicals Limited. This route was selected after analyzing the economics vis-à-vis the alternative route of propane dehydrogenation.



Pipelines

In the field of Pipelines, EIL continued to provide extensive services for a large number of pipeline projects for various customers. Approximately 1500 km. of pipeline projects were completed during the year. Prominent among them are:

- 340 km. Dabhol-Panvel Gas Pipeline of GAIL
- 1066 km. Mundra-Delhi Multi-Product Pipeline of HPCL

Work on 660 km. Numaligarh-Siliguri Pipeline of Oil India has reached the completion stage.

The 935 km. Vadinar-Bina Pipeline for transportation of crude oil to Bina Refinery is in the execution stage and the construction activities of this project are expected to be completed by December 2008 in line with requirement of the refinery project.

The 1012 km. Mundra-Bathinda Crude Oil Pipeline of HMPL for transporting crude to the Guru Gobind Singh Refinery Project is at engineering stage and the construction activities are expected to be taken up by October 2008.

During the period EIL bagged the prestigious 588 km. Vijaipur-Dadri-Bawana Gas Pipeline Project of GAIL besides Bina - Kota Pipeline Project of BPCL.

Offshore Oil & Gas

Consultancy services were provided to various offshore projects of ONGC, notably the Vasai East Development, 26 Well Platforms, SH-Reconstruction, NQ-Reconstruction, B-22 Cluster Marginal Field Development Project, Onshore Control Centre for Offshore Operations, and many revamp projects for their different operational groups. An umbrella MoA has been signed with ONGC based on which more projects are likely to be awarded to EIL in the coming years. Similar services are being provided to Gujarat State Petroleum Corporation for the development of their Deen Dayal Field.

Onshore Oil & Gas

LNG storage and regassification terminals offer good business potential with several new projects either being planned or under execution. EIL had made an entry into this area using tie-ups with foreign backup consultants. With experience gained from the ongoing projects, EIL is in a position to take up further assignments on its own.

Work on Expansion of Dahej LNG Terminal of Petronet LNG Ltd. from 5 MMTPA to 10 MMTPA for which EIL is providing PMC services progressed well. Construction is now in full swing after completion of engineering and procurement. It is expected that the expansion project will be commissioned by end December 2008. ONGC projects for Revamp of GGS-1 and GGS-2 at Rudrasagar, Assam as well as for HP Compressors Plant at Geleki, Assam progressed during the year.

Strategic Storages

The Government of India had approved setting up strategic crude oil storages in the country at three

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locations, viz., Visakhapatnam, Mangalore and Padur (Distt. Udupi, Karnataka).

EIL has been engaged as Project Management Consultant by Indian Strategic Petroleum Reserves Ltd., (ISPRL), a special purpose vehicle created by the Government for designing, building, operating and maintaining the storage facilities.

The underground civil works for rock caverns at Visakhapatnam have been awarded and the facility is expected to be completed by early 2011.

As regards the Mangalore Storage, ISPRL have awarded the PMC work to EIL, which progressed well.

Pre-project activities are in progress for the third storage coming up at Padur.

Work on Pre-feasibility report to identify feasible locations for underground gas storage is also in progress.

Metallurgy

Services are being provided to clients in private and public sectors, both in India and abroad. Muri Alumina Refinery Expansion Project of HINDALCO was successfully completed. Work on 2nd Phase Expansion Project of NALCO covering Bauxite Mines at Panchpatmati,Alumina Refinery at Damanjodi and Smelter at Angul are under advanced phase of construction. These are slated for commissioning in the later part of 2008-09.

EIL was successful in bagging the green field 1.4 MMTPA Alumina Refinery Project of JSW Alumina Ltd. Work on this project progressed well. EIL also bagged the rectifier replacement assignment for a Smelter from ALBA, Bahrain.

A number of Pre-feasibility / Feasibiliy / Project reports were completed during the year for green field Aluminium Complexes of NALCO, Euro Ceramics & CPFL in Orissa; NALCO's Alumina Refinery Upgradation and Thickened Tailing Disposal at HCL, Khetri. Other assignments in progress are :

- Pre-project activities for Thickened Tailing System of HCL at Khetri.
- Assistance to Ministry of Earth Sciences for Polymetallic Nodules Programme.
- Feasibility Report on Gallium Project for NALCO.
- Feasibility Report on Iron Ore Handling at Kirundul for NMDC
- Project Appraisal Report and Feasibility Report for green field Aluminium Complex in Orissa for Aditya Aluminium Ltd.
- Neutralisation Scheme for Sodic Condensate at Damanjodi for NALCO.
- Reclaimer and associated facilities at Damanjodi for NALCO.

Turnkey Projects

In what is expected to be a trend setting decision for project execution in the Hydrocarbon Industry, CPCL awarded the Euro-IV Quality Upgradation Project to EIL on Open Book Estimate (OBE) convertible to LSTK



Underground Cavern for Crude Oil

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