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REPORT
2011 - 12

Engineering for Sustainable Growth



इंजीनियर्स
इंडिया लिमिटेड  ENGINEERS
INDIA LIMITED

Delivering Excellence through People



VISION

To be a world-class globally competitive EPC and total solutions Consultancy Organisation.

MISSION

- Achieve 'Customer Delight' through innovative, cost effective and value added consulting and EPC services.
- To maximize creation of wealth, value and satisfaction for stakeholders with high standards of business ethics and aligned with national policies.

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 organisation.
- 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.

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.





Engineering for Sustainable Growth

The demand for energy is increasing at an exponential rate due to the rapid growth of world population, consequentially urging a global need for sustainable energy technologies. The benefits of cheap energy to the rich nations are obvious, and it should be equally palpable that developing nations can only improve their living standards if they also have access to affordable high-quality energy. Access to affordable energy is one of the most critical factors in creating a Sustainable World.

The hydrocarbon reserves are finite, but they have the potential to supply the major component of the world's increasing energy needs until other sources become commercially available later this century. For the present time at least hydrocarbons sources continue to be the life-blood of the global economy, greatly dictating the fortunes of individual nations.

For about half a century now Engineers India Limited has been the country's premium institution working towards the dream of creating an energy sufficient and self reliant India. Since its inception in 1965, EIL has confidently emerged as Asia's leading design, engineering and turnkey contracting company, providing a complete range of project services needed to conceptualize, plan, design, engineer and construct projects to meet the requirements of its clients. From 'Concept to Commission', EIL has emerged as a Total Solutions Company, the only one of its kind in this part of the world to offer a holistic range of engineering services unique to the Energy and Infrastructure Sectors.

As EIL has evolved over the years, it has helped in the creation of a formidable infrastructural wealth of refineries, offshore platforms, pipelines, petrochemicals on one hand and on the other a vast network of Indian manufacturers required to support such mega projects. This has resulted in unprecedented level of indigenization at around 90% in manufacturing and supply of equipment & machinery in hydrocarbon sector. Financial wizards and social scientists have their task cut to estimate the contribution made by EIL in creating nation's wealth directly in terms of value of physical infrastructure created, the net savings in outflow of foreign exchange, net worth of the indigenous

manufacturing base developed across the land, creation of the expert skills among a large pool of Indian Project Managers, Engineers, Procurement Specialists and skills required for support logistics has enhanced domestic income in remote villages of India through widespread employment generation. As per estimates, this scale of wealth creation could easily include EIL among top wealth creators of the world. Beyond that EIL continues to nurture a strong pool of world class engineers involved in projects at global level and putting to use the skills learnt and honed in EIL to the service of global energy needs.

The knowledge and professional expertise required to execute world class energy processes lies deeply embedded in EIL's DNA with its exclusive class of engineers drawn from various top notch engineering colleges, who have grown with the company and making EIL grow with them. The necessary skills as required be it at project level, engineering level or procurement related aspects gets created over a long period of time and EIL is one such entity where such skills have been developed, honed, preserved and transferred to successive generations for over last 47 years now.

EIL's story can be wonderfully capsulated in the words of the great American Economist Julian Simon when he said 'Resources come out of people's mind more than out of the air or ground.'

Economic growth without environmental & social sustainability at its core will make the energy supply-chain more unstable than it currently is. To address growing concerns about the environmental costs of burning fossil fuels, EIL has re-focused its engineering philosophy & business models to achieve long term sustainable growth by evaluating performance on the triple bottom lines of economic, social and environmental impacts. Our current priority is to develop environmentally acceptable energy solutions that will allow the world to benefit from the convenience and cost-effectiveness of hydrocarbons sources while simultaneously developing the technology to move towards other cost-effective, renewable and sustainable forms of energy technology.

Engineers India Limited

At a Glance

- One of India's leading Consultancy and EPC Companies in Hydrocarbons and Petrochemicals.
- Focused diversification into other emerging sectors
 - 1973 : Diversified business into mining & non-ferrous metallurgy
 - 2001 : Diversified into infrastructure sectors
 - 2004 : Strategic crude oil storage as part of Govt. of India's energy security initiative
 - 2010-11 : Diversification initiatives into Fertilizer, City Gas & Power sectors
 - 2012 : Diversifying into Oil & Gas Exploration (NELP-IX)
- Technology driven organization with an in-house and collaborative R&D.
- Overseas presence in the Middle East, North Africa, South East Asia and Latin America.
- Zero debt firm with consistent record of healthy earnings and dividend payout.





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Chairman's Statement



A. K. Purwaha
Chairman & Managing Director

Dear Shareholders,

It gives me immense pleasure to report your Company's performance in a year that saw unprecedented growth in its 47 year history.

During the financial year 2011-12, our turnover has touched an all time high of ₹3699 Crores, an increase of 31% and the Profit Before Tax (PBT) and Profit After Tax (PAT) also augmented to all time high of ₹915 Crores and ₹636 Crores, an increase of 17% and 22% respectively.

On the operational front, completion of BORL's refinery at Bina and HMEL's Guru Gobind Singh Refinery at Bathinda, the 9th and 10th grassroot refineries engineered and designed by EIL, commissioning of New FCC unit of HPCL has further strengthened our position as the premier consultancy organization in this sector. Our most recent MoU score of 1.095 which is in 'Excellent' category for 2010-11 has improved against the previous year's score.

While we look back and evaluate our operational and financial performance, it is vital that we also review current and future

business environment and analyze its effect on our business performance both in short term and long term.

It is beyond doubt that we have challenging times ahead of us, but I am confident that owing to our organization's strong fundamentals, technical know-how, skill sets, our zeal to excel and above all our unflinching commitment to succeed, we will face these challenges head on and continue our growth story.

In the era of globalization, our performance will not solely rely on domestic business but will be largely dependent on our overseas performance. Our efforts on widening our global reach have started yielding some results and we have secured overseas jobs which are around three times of what we got last year. We have entered into territories where we have little or no existing presence. Prominent milestones in our global market strategy include breakthrough jobs in Venezuela and Kenya, establishment of Jabal EIL IOT, our Joint Venture with IOTL and Jabal Dhahran for tapping business opportunities in Saudi Arabia, initiating steps for opening a new branch office in Venezuela to



explore business opportunities in South America among many other initiatives.

The success of our global strategy hinges on rising to the high expectations of overseas clients, which can be met only with higher commitment levels across the board, particularly from the Company's experienced work-force. The management is actively engaged in re-orienting the Company's work force to match its global aspirations. Summarily, delivery with high quality and on schedule is the key to our Global Success and we shall continue to focus on global target markets to increase the proportion of international business in our portfolio which is a vital constituent for our future success.

The jobs we are securing today, in our country, are with tight schedules which mean that to maintain our profitability our performance on the operational matrix has to continuously improve. Completion of HMEL's Guru Gobind Singh Refinery in 44 months has set an industrial benchmark in this sector in the country.

To grow, we need to excel in what we do and we challenge the status-quo in situations we face every-day, brainstorm and explore the alternative solutions which are more efficient and results in improved productivity. These incremental improvements in our systems and processes will be defining factors in successful execution of our current and future projects especially in EPC domain. It is our continuous endeavor to re-review our systems, processes and procedures and make them more lean and efficient as to ensure improved delivery both on cost and time matrix for current and upcoming future projects.

We are swiftly converging into a zone where majority of our business will come from the EPC segment and the key to success is increased efficiency and cutting costs by standardization and repeating the designs to the extent possible. I am happy to say that usage of IT, as a vital tool for achieving higher efficiencies, has improved during last couple of years and greater efforts are underway to fully harness information technology to achieve operational excellence.

Effect of recent global economic slowdown on domestic business confidence and environment has resulted in adoption of "Wait and Watch" policy by major players in hydrocarbon sector. This has had an impact on EIL's order book also and the inflow of jobs has not been what we would have desired. Nevertheless, detailed feasibilities and investment commitments for next phase of expansion and new projects are already being undertaken by OMCs and as the economic conditions improve these investments are expected to materialize shortly.

Your Company's diversification strategy from core hydrocarbon sector is firmly on track and will be vital for our long term sustainable growth. We have been harnessing the ample growth opportunities in other related sectors viz. infrastructure and water management, solar and nuclear power, city gas distribution and fertilizers, wherein EIL can play a niche role. Besides developing consulting and EPC service segments in these areas, your Company shall also target other modes of project

management viz. BOO/BOOT, O&M segments and project development. For example, on the power sector, we have secured breakthrough jobs in Nuclear from NPCIL for their Kudankulam Nuclear Plant and in Solar Power we are engaged in engineering of Power Block of 125 MW Solar Thermal Project.

We are also in the process of building engineering and design expertise in deep-sea engineering and oil and shale gas, the hydrocarbon segments with high growth potential.

Your Company remains firmly committed to the development of its core assets - its Human Resource and the overall welfare of its talent pool continues to remain a top priority. The management took a number of initiatives to augment its HR best practices during the year, prominent among them are introduction of reward and recognitions schemes, implementation of Biometric Attendance System, revision in Pay scales, allowances & perks for employees at staff level, revision of medical rules among many others initiatives.

In addition we are in the process of introducing learning management system to support our training and leadership development plans. The success of your Company's robust HR strategies is evidenced by its enviably low attrition rates of less than 3%.

This year also saw the rewards of many tireless years of dedicated efforts by our work-force being crowned with success with several prestigious awards being bestowed on EIL. Prominent among them were SCOPE Institutional Excellence Awards for 2009-10 conferred by Dr. Manmohan Singh, the Hon'ble Prime Minister of India for EIL's overall organizational performance, SCOPE Meritorious Award for excellence in Human Resource Management conferred by Smt. Pratibha Devisingh Patil, the Hon'ble President of India. Other key awards include PSE Excellence Awards 2011 for excellence in R&D and Technology, 'Sarvashreshtha Suraksha Puruskar' (Golden Shield) by the National Safety Council of India for Occupational Health and Safety, CIDC's 4th Vishwakarma Award for Best Project for EIL's Euro IV Upgradation Project of CPCL, First Prize from the Institute of Cost and Works Accountants of India (ICWA) for excellence in Cost Management Practices among many others. While our efforts are self-less and authentic in spirit, these recognitions from external boards of eminent judges, is evidence of our progress in the right direction.

We are confident of maintaining our growth momentum over the next fiscal given our planned investments, our strong focus on research & development, human resource best practices, leadership position in the hydrocarbons and diversification strategies. Further the Company remains committed to good corporate governance and ethical practices as per our listing agreement and government guidelines.

I thank you for your unflinching faith in the Company's growth potential and look forward to your feedback and advice. The EIL management joins me in wishing you and your families the very best of prosperity and good health.

A. K. Purwaha

Board of Directors



A.K. PURWAHA

Chairman & Managing Director

Company Secretary

Corporate Quality Management

Vigilance

Internal Audit



RAM SINGH

Director (Finance)

Financial Management
Project Finance & Appraisal
Financial Accounting & Budgeting
Budgetary Control &
Cost Management
Disbursement
Receivable Management
Tax Planning & Management



P.K. RASTOGI

Director (HR)

Human Resource Management
Administration
Estate Management
Training & Development
Corporate Planning
Corporate Communications
Corporate Social Responsibility
Raj Bhasha



P. MAHAJAN

Director (Technical)

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



D. MOUDGIL
Director (Projects)

Project Management
Project Services
Planning & Scheduling
Management Information System
Construction Management
Regional Offices



SANJAY GUPTA
Director (Commercial)*
(w.e.f. 1.07.2012)

Corporate Strategy
Business Development
Marketing
Joint Ventures
Equity Participation Business
Mergers & Acquisitions
Procurement Services (including RPOs)
Project Services-Cost Engg.
Overseas Operations

***G.D. GOYAL**
Director (Commercial)
(till 30.06.2012)

Non-executive Directors



L.N. GUPTA
Director (Govt. Nominee)



DEPENDRA PATHAK
Director (Govt. Nominee)



U.N. BOSE
Non-executive
(Independent) Director



A.K. PURWAR
Non-official
Independent Director



DR. AVINASH CHANDRA
Non-official
Independent Director



ADIT JAIN
Non-official
Independent Director



DR. (PROF.) K.D.P. NIGAM
Non-official
Independent Director



BIJOY CHATTERJEE
Non-official
Independent Director
(w.e.f. 4.07.2012)



DR. R.K. SHEVGAONKAR
Non-official
Independent Director
(w.e.f. 4.07.2012)



DR. J.P. GUPTA
Non-official
Independent Director
(w.e.f. 4.07.2012)

Company Secretary
RAJAN KAPUR



► STATUTORY AUDITORS

M/s M Verma & Associates
Chartered Accountants,
1209, Hemkunt Chambers,
89, Nehru Place, New Delhi - 110 019

► COMPANY SECRETARY

Rajan Kapur

► STOCK EXCHANGES WHERE SHARES OF THE COMPANY ARE LISTED

The Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

National Stock Exchange of India Ltd.
Exchange Plaza, Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051

► REGISTRAR AND SHARE TRANSFER AGENT

M/s Karvy Computershare Private Limited
305, New Delhi House, 27, Barakhamba Road,
Connaught Place, New Delhi - 110 001
Tel No. 011-43681700 Fax No. 011-43681710
Email: delhi@karvy.com

or

Plot No. 17-24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081
Tel No. 040-44655000 Fax No. 040-23420814
Email : einward.ris@karvy.com
Website : www.karvy.com/
www.karvycomputershare.com

► MAIN BANKERS

Indian Overseas Bank F-47, Malhotra Building, Janpath
New Delhi - 110 001

State Bank of India Corporate Accounts Group,
11th Floor, Jawahar Vyapar
Bhawan, 1, Janpath
New Delhi - 110 001

Corporation Bank 3, Ansal Chamber-I
Bhikaiji Cama Place,
New Delhi - 110 066

Bank of Baroda 3, Ansal Chamber-I
Bhikaiji Cama Place,
New Delhi - 110 066

State Bank of Travancore 3, Ansal Chamber-I
Bhikaiji Cama Place,
New Delhi - 110 066

HDFC Bank Ltd. B-6/3, Safdarjung Enclave,
DDA Complex,
New Delhi - 110 029

► REGISTERED & HEAD OFFICE

Engineers India Bhavan,
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New Delhi-110066

► SUBSIDIARY COMPANIES

► Certification Engineers International Limited
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