



ENGINEERS INDIA LIMITED

Rooted Strong !

Our Excellence in Engineering & Project Management



52nd ANNUAL REPORT
2016-17

Our Vision

To be a world-class globally competitive EPC and Total Solutions Consultancy Organization.

.....

Our 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.
-

Risk Management

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.





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.



Who We Are

- One of India's leading Engineering Consultancy and EPC companies in Hydrocarbons and Petrochemicals.
- Over five decades of experience on landmark projects with global energy majors.
- Significant track record across entire Oil & Gas value chain.
- Focused diversification into other sectors:
 - Fertilizer and LNG
 - Non-ferrous Metallurgy
 - Infrastructure
 - Strategic Crude Oil Storage
 - Nuclear and Solar energy
 - E&P
- Over 2300 highly experienced professionals and technical workforce.
- In-house and collaborative R&D support with 18 registered patents.
- Expanding overseas presence in MENA and South East Asia.
- Zero debt firm with track record of healthy earnings and consistent dividend payout.



Table of Contents

02

Who
We Are

04

Chairman's
Statement

07

Board of
Directors

1. Chairman's Statement	4-6
2. Board of Directors	7-11
3. Ten Years' Performance at a Glance	12
4. Notice - 52 nd Annual General Meeting (AGM)	13-24
5. Directors' Report along with following Annexures	25-113
- Management Discussion & Analysis	48-52
- Business Responsibility Report (BRR)	53-62
- Report on Sustainable Development	63-69
- Annual Report on CSR Activities	70-75
- Particulars of Contracts entered into by the Company with Related Parties (AOC-2)	76
- Report on Corporate Governance	77-94
- Auditors' Report on Corporate Governance & Management's Reply on Comments of the Auditors	95-96
- Secretarial Audit Report & Management's Reply to Secretarial Audit Report	97-100
- Extract of Annual Return (MGT-9)	101-113
6. Independent Auditor's Report	114-119
7. Balance Sheet	120
8. Statement of Profit & Loss	121
9. Statement of Changes in Equity	122
10. Cash Flow Statement	123-124
11. Summary of significant accounting policies for the year ended 31 March 2017	125-184
12. CAG Comments on the Accounts of EIL	185
13. Annual Report of Certification Engineers International Ltd. for the financial year 2016-17	186-251
14. Consolidated Accounts with Independent Auditor's Report thereon and CAG Comments	252-329
15. Proxy Form	331
16. Route Map - Venue of 52 nd AGM	333



Chairman's Statement



Sanjay Gupta
Chairman & Managing Director

Dear Shareholders

It gives me immense pleasure to report the performance of your Company during its 52nd year of service to the Nation.

With great pride we wish to inform you that the financial year 2016-17 has been historic in terms of all time high order booking of your Company. Your Company was able to secure orders worth ₹5708 Crores during the financial year. In the consultancy segment, business worth ₹2296 crores has been secured against a previous best of ₹2091 crores booked in 2007-08. Similarly in the EPC-OBE segment, ₹3412 crores of business has been secured against a previous best of ₹3182 crores booked in the year 2010-11. The achievement of touching historical high on both of these segments in a single financial year added luster to this shine. On financial front, your Company has registered an Annual Turnover of ₹1448 crores and Profit Before Tax (PBT) and Profit After Tax (PAT) of ₹500 Crores and ₹325 Crores respectively.

The financial year also witnessed breakthrough orders secured by your Company across the hydrocarbon value chain and also in the diversified areas of operations. In the upstream segment, your Company was awarded Consultancy Services for bid package preparation for the modification jobs at Process Platform of B&S assets of M/s ONGC.

In the midstream segment, major assignments secured included PMC services for Capacity Augmentation of Jamnagar-Loni Pipeline of GAIL, EPCM services for enhancement of pumping capacity of Barauni-Bongaigaon sector of Oil India Limited, PMC services for Vijaypur-Auraiya Project of GAIL amongst various others.

In the downstream segment, the major consulting orders secured in the Refining sector include EPCM services for BS-VI projects of IOCL, HMEL, MRPL and BPCL, Low Cost Expansion Project of Bhatinda Refinery of HMEL, PMC/EPCM services for Mumbai Refinery Expansion Project of HPCL, PMC services for Vizag Refinery Expansion Project of HPCL, PFR for Cauvery Basin Refinery (CBR), Energy Efficiency and Improvement Studies for 15 PSU Refineries, Licensor selection and preparation of DFR for Green Field Petrochemical Complex at Bhatinda for HMEL, PMC services for implementation of Propylene Derivative Petrochemical Project (PDPP) at Kochi Refinery of BPCL and Feasibility Studies for 2G Ethanol plant for HPCL & MRPL among other projects.

In the Turnkey domain, your Company was successful in securing the job for the execution of Utilities & Offsites and PRU revamp of Vizag Refinery Modernization Project of HPCL and BS VI Project of CPCL at Manali Refinery on OBE mode of implementation.

In the Infrastructure sector, your Company has secured entry level activities for Namami Gange Projects for towns and cities situated on

the banks of river Ganga in UP and PMC services for construction of New Domestic Terminal building and associated works at Leh Airport for Airport Authority of India (AAI).

In the overseas segment, your Company secured major consultancy orders from Bangladesh, Algeria and Nigeria. These projects were secured against stiff international competition which have further strengthened EIL's credentials in the hydrocarbon sector in overseas markets.

In the Middle East, your Company secured consultancy, design and FEED preparation assignments from its regular client viz. TAKREER, GASCO and others. These orders highlight the confidence these clients have on the capabilities of your Company. Under the long term General Engineering Services Agreement, BAPCO awarded Safety Study Assignments for HAZOP and SIL Study for Falcon Cement metering Station. Your Company also provided a number of training sessions for BAPCO engineers in Bahrain.

In Africa, your Company secured a major assignment for Study & PMC Services for Rehabilitation of Ethylene Unit at Skikda Petrochemical Complex for Sonatrach, Algeria. In addition, as part of ongoing assignment, number of additional works were awarded by DORC, Nigeria.

This year witnessed number of critical projects commissioned by your Company and good progress achieved on other ongoing projects. In the Refinery Segment, NHT/ISOM, Diesel Hydrotreater and Associated Utilities / Offsite at BPCL Mumbai Refinery have been completed during the year. Major units of Integrated Refinery Expansion Project of BPCL Kochi Refinery, New coke chamber for delayed coker unit and allied facility project at IOCL Barauni Refinery were also successfully commissioned during the year.

During the year, your Company achieved significant progress on major projects such as Distillate Yield Improvement Project at IOCL, Haldia Refinery, Revamp and Capacity Enhancement Project (Phase-II) at BORL Bina Refinery, EPCM services for DHD and Supporting Facilities project at Numaligarh Refinery of NRL, Tail Gas Treatment Unit (TGTU) at BPCL Mumbai Refinery among many others.

Progress has been steady and robust on your Company's newly secured projects such as EPCM services for BS-VI up-gradation project for six Refineries of IOCL at Vadodara, Panipat, Mathura, Haldia, Bongaigaon and Digboi, EPCM Services for BS-VI up-gradation of HMEL, EPCM services for BS-VI Projects and Associated Facilities at MRPL Refinery, EPCM services for Mumbai Refinery Expansion Project of HPCL, PMC and EPCM services for Vizag Refinery Modernisation Project of HPCL and PFR of West Coast Refinery among many others.

In Petrochemical Sector, your Company has provided engineering consultancy services for various processes including Gas based/ Naphtha based cracker complexes and Aromatic plants comprising Naphtha splitters, pre-treaters/reformers, Benzene-Toluene extraction units, pyrolysis gasoline hydrogenation units, Xylene fractionation and isomerization units including overall integration and optimization of such complexes. During the year, steady progress has also been made on the Propylene Derivative Petrochemical Plant of BPCL Kochi Refinery. Major projects completed during the year include Petrochemical Project Phase-II at GAIL Pata and Vijaipur and Dahej Petrochemical Complex of ONGC Petro additions Limited (OPaL) which was commissioned and dedicated to the nation by Hon'ble Prime Minister of India Shri Narendra Modi during this fiscal.

In the fertilizer sector, substantial progress in engineering and ordering

has been achieved during the year for your Company's joint venture M/s Ramagundam Fertilizers and Chemicals Limited (RFCL).

On the business development front, the corporate strategy group of your Company has prepared number of suo-moto studies for clients in hydrocarbon and other sectors. These reports are shared with prospective clients and are instrumental in seeding new projects.

In Infrastructure sector, your Company is making strong footholds by providing a wide spectrum of services such as Project Management, Third Party Inspection (TPI), Quality Assurance, Independent Engineer and Lender's Engineer services, Project Appraisal and Project Execution Services for major players in the segment. Major projects completed during the year include PMC Services for Construction of Rajiv Gandhi Institute of Petroleum Technology, NCR Biotech Science Cluster Phase-1 Extension works at Faridabad among others.

Key infrastructure jobs secured during the year include PMC Services for Leh Airport and DPR and Master Plan for Rajkot Airport, PMC Services for Construction of NCR Biotech Science Cluster Phase-2 works at Faridabad and Preparation of Smart City proposals for Rampur in the Smart Cities Challenge Round 2 among others.

Steady progress has also been made in currently ongoing jobs such as PMC Services for Data Centre Hyderabad for SBI, PMC services for rejuvenation of 9 cities of Odisha under AMRUT Scheme, Development of IIT Patna Campus, Establishment of Main Campus of Central University of Punjab, Headquarter Building of UIDAI in Delhi among many others.

In the water and wastewater segment, your Company completed Preparation of DPR for abatement of Pollution in Buddha Nala in Ludhiana City for PWSSB, Condition Assessment and Feasibility Study of Sewerage Infrastructure in 38 towns under the Namami Gange Programme among others.

In the metallurgy segment, your Company is successfully providing Consultancy services for swing unit feasibility study and rectifier system study of 220 KV switchyard system at Smelter-1 of Vedanta Limited, Consultancy services for implementation of Fume Treatment Plant in the existing Baking Furnace at Smelter Plant, Angul of NALCO among others. This fiscal also saw steady progress in the currently ongoing metallurgy jobs including 4th Stream upgradation project for Mines and Alumina Refinery, Consultancy services for procurement and installation of Reclaimer and Associated Facilities, implementation of revised plant operation philosophy (Electrical) at NALCO, Damanjodi among other key projects.

Your Company is also making steady inroads in Nuclear power sector with steady progress in Detailed Engineering Consultancy and Construction Supervision for Setting Up Greenfield Nuclear Fuel Complex at Rawatbhata, Kota, Rajasthan.

Your Company has leveraged its strong track record in the Indian hydrocarbon sector to successfully expand its international operations. Over the years, the Company has emerged as a global player with the execution of a number of prestigious assignments for international energy majors in Middle East, Africa and South East Asia. Major projects completed during the year include Design of 18" and 12" Crude Oil Pipeline for Kenya Petroleum Refineries Limited, FEED package for replacement of 5 CDU Heaters with high efficiency heater at BAPCO Bahrain, PMC services for RFCC unit revamp and various unit improvement works at Sohar Refinery for Orpic, Oman, PMC services for Pipeline projects of GASCO, UAE among many others.

Your Company's prestigious Dangote Refinery and Petrochemical



Project at Nigeria for Dangote Oil Refining Company (DORC), is making steady progress. Additionally, EIL's in-house faculty is also providing class room and on the job training to Nigerian Executive Trainee Engineers from DORC on various facets of Project Management, Process Design, Detailed Engineering and Construction Management.

Your Company is also providing its PMC services for 3 MMTPA Eastern Refinery Limited Grass Root Refinery in Bangladesh, Rehabilitation and Adaptation of Algiers Refinery of SONATRACH, Rehabilitation of Ethylene Plant of SONATRACH at Skikda, Algeria among other prestigious overseas projects that are making steady progress.

This fiscal your Company's R&D centre has contributed significantly in the consolidation of existing capabilities, development of new technologies and hardware besides enhancement of the portfolio for special technology related services. The 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) etc. During the year, R&D Division has undertaken various initiatives for development of new capabilities and up-gradation / commercialization of existing capabilities. Technology development projects initiated include - Membrane process for oxygen enrichment through air separation, Membrane process for removal of wax from solvents, Technology for removal of heat stable salts from amines using resin among many others. R&D division of your Company was also successful in securing jobs for Licensor selection and Detailed Feasibility Reports for 2G Ethanol Plant for HPCL which is an important breakthrough as lot of opportunities are on horizon in this segment.

During this fiscal, your Company was granted the patent for Novel Process for Regenerative Sulfur Dioxide Removal from Gases. With this your Company's patent portfolio has grown to 18 live patents and 17 pending patent applications for various process technologies. Trademarks for 12 in-house technologies have been applied for registration of which 10 have been granted.

Your Company's Information Technology Services (ITS) division, continues to provide cutting edge technology solutions to Company's main stream activities by developing, testing and deploying innovative packages to enhance data access/ reporting with the aim of reducing turnaround time in project delivery and to improve operational efficiency. Key projects developed by the ITS Department include - EngSUI web portal which is launched under the GOI's flagship program of Startup India. Other packages developed include System developed for marketing for Post award Job Management and effort distribution, Web based system for progress monitoring of the critical milestones of equipment erection at project sites among many others.

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

During this year, your Company continued to accord highest priority to Health, Safety & Environment (HSE) across its operations. Your Company maintained its OHSAS 18001 (Occupational Health and Safety Assessment Series) and ISO 14001 (Environmental Management system) certification after satisfactory verification of the HSE Management System by third party during this year. Apart from ensuring effectiveness of the HSE Management system, these certifications provide an edge in securing business, especially overseas.

As the business scenario for your Company becomes more and more competitive, managing your Company's human capital is assuming equal significance. Managing, engaging and developing people with an enabling work environment is at the heart of your Company's HR philosophy. EIL has been updating its systems based on employees' feedback through various surveys and other prevalent feedback mechanism. To create robust systems of performance assessment in line with Industry best practices, the performance appraisal process for officers was modified and implemented to drive higher employee engagement.

Your Company's CSR Policy is aligned with the national focus on inclusive growth, DPE Guidelines on CSR and the Companies Act 2013. The thrust areas for your Company's CSR activities/projects were in education, healthcare, drinking water/sanitation, rural electrification, environment protection/sustainability, women empowerment, upliftment of underprivileged, community development and vocational training/skill centre. EIL supported the educational programs for providing basic formal education to 60 children belonging to underprivileged segment of society at Delhi/NCR and informal education for around 300 migrant children engaged at construction sites in Gurugram, Haryana. In addition to this various CSR projects were taken up and implemented at rural/ semi-urban areas and EIL's project site locations.

As part of the Hon'ble Prime Minister's "Make in India" initiative to revive and revitalize the manufacturing sector in the country, your Company has been pursuing several initiatives with specific focus on import substitution and is also contributing significantly to Government's Policy formulations to encourage indigenization. Several supplier interactions are being held to support vendors to improve and upgrade their indigenous manufacturing capacities & capacities to enhance indigenization.

This year also saw the Company being bestowed with number of prestigious awards, prominent being FICCI Sustainability Award 2016 for Best Green Process in Petrochemicals Sector for Tail Gas Treating Unit (TGTU) technology developed by EIL, Special Commendation of SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management 2014-15 in Institutional Category-I (Maharatna & Navratna PSEs), India Pride Award 2015-16 in the "CSR/Environment Protection & Conservation" category by Dainik Bhaskar Group, Governance Now PSU Award 2016 for Corporate Social Responsibility among others. While our efforts are self-less and authentic in spirit, these recognitions from external Boards of eminent judges confirms that our progress is in the right direction.

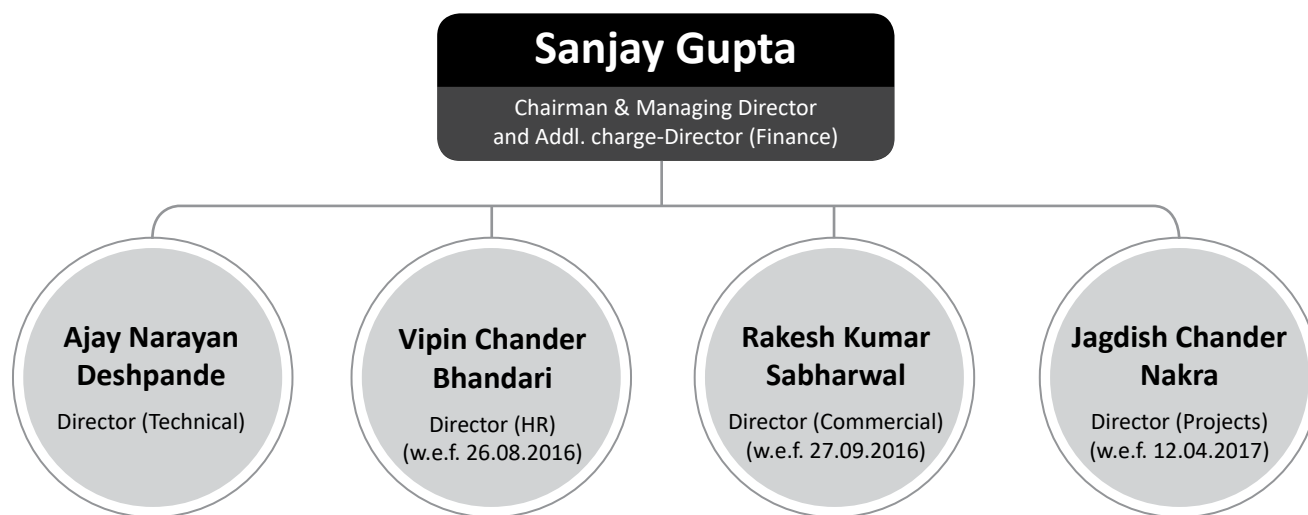
Your Company remains committed to good corporate governance and ethical practices as per listing agreement with stock exchanges and Government of India guidelines.

I thank you for your continued support and faith in the Company's growth potential and look forward to your feedback and advice. EIL management joins me in wishing you and your family lot of prosperity and good health.

Sanjay Gupta



Board of Directors



Non-Executive Directors

Sandeep Poundrik
Director (Govt. Nominee)

Sushma Taishete
Director (Govt. Nominee)

Dr. (Prof.) Mukesh Khare
Non-official Independent Director

Arusha Vasudev
Non-official Independent Director

Vikas Khushalrao Deshpande
Non-official Independent Director

Umesh Chandra Pandey
Non-official Independent Director

Shazia Ilmi Malik
Non-official Independent Director
(w.e.f. 27.03.2017)

Company Secretary

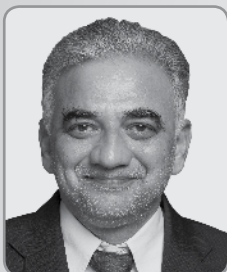
Rajan Kapur



Brief Profiles of the Directors



Shri Sanjay Gupta is the Chairman and Managing Director of our Company. He is also holding the additional charge of the post of Director (Finance). He is a B.E. from IIT, Roorkee and has about 36 years of experience in implementation of mega grassroots and brown field projects in Refineries and Petrochemicals. He was also entrusted with the task of leading the implementation of the first ever OBE Project and pioneered the same in the Hydrocarbon sector in India. Several projects on this mode have been implemented by the Company, thereafter. He has hitherto also been additionally responsible for all the commercial functions of the Company including Estimation, Contracting, Inspection and Business Development. He has been engaged in consolidation, internationalization and strategy building for the Company. The improvement of Governance function of the Company while providing emphasis on project delivery to the owners is the cardinal principle around which all the efforts are being expanded.



Shri Ajay Narayan Deshpande is the Director (Technical) of our Company. He has worked in various capacities of the Company over the past 37 years, including oil and gas, refinery and petrochemicals sector, covering the functions of process design/development, research and development, plant operations and safety, heat & mass transfer, environmental engineering, specialist materials and information technology in the Technology Division. He also has exposure to Project Management having worked in execution of Projects. He is responsible for the Company's technology initiatives and for meeting the MOU targets on R&D and Sustainability. He has co-authored twelve patent applications on behalf of the Company. He has served as part time Director for two years on the Board of CEIL, an EIL subsidiary for certification services and is presently part time Director on Board of a JV Company of EIL for Ramagundam Fertilizer Project. As full time Director (Technical) of EIL, he is responsible for all Technology and Engineering Divisions within the Company. He is a member of the MoP&NG Steering Committee on Make in India and is anchoring the Startup India initiative of the Company as well. He has been conferred with Fellowship of INAE in 2016 and with Fellowship of IICHe in 2017.



Shri V.C. Bhandari is the Director (HR) of our Company. He joined EIL in 1981 as a Management Trainee and has vast and rich experience of more than 35 years in the areas of Design and Engineering, Project Management and Human Resource Management. He started his career as a design engineer and has worked in a wide variety of projects of Refineries, Petrochemicals, Gas Processing, Onshore and Offshore Pipeline, Offshore Platforms etc. He was the Project Manager for the Prestigious Guru Gobind Singh Refinery Project of HMEL which set international benchmarks in project execution. Subsequently, he spearheaded EIL's diversification into Power and Renewable energy sectors. He has been deeply involved in various strategic exercise and developing the Mentoring process and Management Pipeline Programme at EIL. He is a Chartered Engineer and a member of the Institution of Engineers.