

Chairman's Statement



J.C. Nakra
Chairman & Managing Director

Dear Shareholders,

It gives me immense pleasure to present to you the performance of your Company during 53rd year of its service to the Nation. It is also my honour and privilege to address you for the first time since taking over as the Chairman & Managing Director of your Company.

In spite of a challenging macroeconomic environment and stiff competition, FY 2017-18 has been a good year for EIL in terms of robust order book and business secured.

Your Company has secured new business worth ₹ 2,141 Crores during the fiscal year 2017-18. This includes business worth ₹ 1,357 Crores from domestic consultancy, ₹ 480 Crores from domestic turnkey and overseas business worth ₹ 304 Crores. Major contribution in order inflows for Consultancy segment was from Guru Gobind Singh Polymer Addition project of HMEL and in Turnkey segment from brown-field expansion projects of ONGC.

On financial front, your Company has registered an Annual Turnover of ₹1967 Crores and Profit Before Tax (PBT) and Profit After Tax (PAT) of ₹ 568 Crores and ₹ 378 Crores, respectively. As compared to previous financial year 2016-17, the Topline of your Company for FY2017-18 has increased by 17.6% and PBT and PAT have witnessed an Y-o-Y increment of 13.5% and 16.2% respectively.

Your Company continues to make good progress in all its key business segments.

In the downstream hydrocarbon sector, the major consulting orders secured in the Refining sector include Consultancy services for Guru Gobind Singh Polymer Addition project of HMEL, PMC Services for Kero Hydro Desulphurization Project at BOREL Bina Refinery, Pre-Project Activities for Rajasthan Refinery Project of HPCL, DFR & licensor

selection assignments for 2G Ethanol projects of BPCL, IOCL and MRPL, among various others.

In the midstream segment, your Company secured PMC Services for C₂-C₃ product injection scheme in HVJ pipeline at GAIL Vijapur, Technical Study & suitable Mitigation Method of Pipeline Exposure in Banas River and its Catchment Area in Banaskantha district of Gujarat and laying of Pipeline from H₂SO₄ Tank in Haldia Refinery to Hazira Oil Jetty (HOJ-3) under BS-VI project of Haldia Refinery.

In the upstream segment, your Company was successful in securing turnkey projects for the Augmentation of Slug Catcher Project at ONGC, Uran and SRU revamp Project at ONGC, Hazira. The projects are on OBE mode of execution.

In the Infrastructure sector, major assignments secured by your Company include Third Party Assessment services for establishment of Bhamashah State Data Centre (BSDC), Jaipur for Department of Information Technology & Communication (DoIT&C), Government of Rajasthan and Engineering & PMC services for Development of Tourist Infrastructure Facilities at Khajuraho Group of Temples, Madhya Pradesh, among others.

In the metallurgy segment, your Company secured the Consultancy services for Retrofitting of HRD (High Rate Decanter) and DCW (Deep Cone Washer) in Stream-1, Stream-2 & Stream-3 of NALCO's Alumina Refinery at Damanjodi, Odisha, Consultancy Services for Comprehensive Geostatistical Resource Evaluation and Resource Classification of Polymetallic Nodules in the Central Indian Ocean Basin awarded by National Institute of Oceanography, among others.

In the overseas segment, your Company secured major consultancy orders from Africa and Middle East. The key projects include Detailed

Feasibility Report (DFR) for Petroleum Products Terminal and Jetty at Port Alblion, Mauritius from State Trading Corporation (STC), Additional PMC / EPCM Services for new units, namely, DHDT, SWS and ARU in Dangote Refinery, Nigeria, Structural Integrity/Adequacy Check of existing pipe racks at Habshan Plant – Phase 4 of ADNOC Gas Processing, UAE, among many others. With the engineering set-up in Abu Dhabi, your Company is well positioned to actively participate in these upcoming opportunities in Middle East and African region.

The stability in the oil prices at a higher range has resulted in clients in MENA region pursuing their planned investments in the upstream and downstream segment of hydrocarbon value chain.

Despite some downside risks, general expectations for demand growth for oil products in the near future remains bullish. Higher demand for oil products envisaged will therefore encourage refiners to maximise throughputs, amid new capacity coming on line in Asia, Middle East and Africa.

This year witnessed number of critical projects completed by your Company and good progress was achieved on other ongoing projects. In the refinery segment, Expansion Project of HMEL at GGSRL Bhatinda for Revamp of VGO/ HDT, Sulphur Block including Oxygen Unit, Associated Offsite & Utilities, Tail Gas Treatment Unit (TGTU) at BPCL Mumbai Refinery for additional recovery (more than 99.9%) of Sulphur from acid gases and Pre-project activities of Vizag Refinery Modernization Project, HPCL, were successfully completed.

Steady progress has been achieved on several key projects including Distillate Yield Improvement Project at IOCL, Haldia Refinery, PMC services (Phase-II) for Revamp and Capacity Enhancement Project of BOREL Refinery, EPCM services for 0.7 MMTPA DHDT and Supporting Facilities project at Numaligarh Refinery of NRL, EPCM Services for LPG Import facility at Haldia for BPCL among many others. Further work on the BS-VI fuel up-gradation project for nine refineries including IOCL refineries at Vadodara, Panipat, Mathura, Haldia, Bongaigaon, Digboi along with HMEL, BPCL Kochi and MRPL have achieved substantial progress. During the year, considerable progress was achieved for Mumbai Refinery Expansion Project (MREP), PMC services (Phase-II) for Revamp and Capacity Enhancement Project of BOREL Refinery which aims to increase the refining capacity from the current 6.0 MMTPA to 7.8 MMTPA and many others.

Construction works are in advance stages for HGU Revamp, SRU/O2 Enrichment, SWS Revamp and CDU-III Revamp of BPCL Mumbai Refinery.

Significant progress has been achieved in Vizag Refinery Modernization Project (VRMP) by awarding all major LSTK packages namely CDU, FCHCU, Naphtha ISOM, HGU, SRU, Revamp of NHT/CCR, DHDT and Prime-G to LSTK contractors.

During the year, PFR of West Coast Refinery of RRPCL (Ratnagiri Refinery and Petrochemicals Corporation Limited) along with Market Study and selection of consultant for the configuration study was awarded to your Company.

In the petrochemicals segment, your Company has been involved in the establishment of a large number of mega petrochemical complexes in India and offered a wide range of engineering consultancy services for various projects including Gas based / Naptha based cracker complexes and Aromatic Plants. During 2017-18, your Company executed prestigious projects including PPU Expansion Project and Licensor selection and DFR for HMEL Petrochemical Plant at Bhatinda, Punjab as well as additional jobs to increase operation flexibility of C₂-C₃ recovery plant at GAIL, Vijaipur, Madhya Pradesh among many others.

Your Company has a significant track record in design, engineering and execution of cross-country pipelines for transportation of crude oil,

refined petroleum products, natural gas and LPG across diverse geographies and demanding terrains. During the fiscal, your Company was involved in EPCM Services for Upgradation of pumping stations for Naharkatia-Barauni Crude Oil Pipeline of OIL, DFR of 327 Km Multi product Bina – Panki Pipeline of BPCL and PFR of 1864 km long Middle East to India deepwater pipeline of South Asia Gas Enterprise Private Limited. In addition to these, number of projects in midstream segment of hydrocarbon value chain are being executed by your Company.

In the fertilizer sector, substantial progress has been achieved in the Ramagundam Fertilizer Project with engineering activities and ordering of equipment completed. The equipment were received progressively at site. All work contracts have been awarded and site activities are in full swing with civil works nearing completion and mechanical works in progress.

In Infrastructure sector, your Company is gaining a strong foothold by providing a wide spectrum of services such as Project Management on Conventional/Depository Basis, Third Party Inspection (TPI), Quality Assurance, Independent Engineer and Lender's Engineer services, Project Appraisal and Project Execution Services in some of the important projects of key clientele in the sector. During 2017-18, your Company completed consultancy services for preparation of Master Plan and Detailed Project Report (DPR) for development of Rajkot Airport in Gujarat to international standards, Engineering Consultancy services for development of Deoghar Airport, Jharkhand, Review of Master Plan for Development of Greenfield International Airport at Mopa, Goa and PMC services for execution of balance works of Konark Sun Temple for Indian Oil Foundation in Odisha.

In the Water and Waste Management space, the Company completed preparation of DPRs for Water Supply Projects of AMRUT scheme in 9 cities of Odisha.

Your Company is making promising inroads in Nuclear power sector as well. Detailed Engineering Consultancy and Construction Supervision for setting-up Greenfield Nuclear Fuel Complex at Rawatbhata, Kota, Rajasthan is in progress.

EIL has leveraged its strong track record in the Indian hydrocarbon sector to successfully expand its international operations. Over the years, your 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 other international territories. During the year, good progress was made in Detailed Feasibility Study (DFS) for the Construction of an Oil Refinery Plant with a Crude Oil Supply Pipeline Project in Mongolia from Ministry of Industry, Government of Mongolia. EIL also secured the project of Revamp/Expansion of Dangote Refinery, Nigeria from 460,000 BPSD to 650,000 BPSD and with this revamp, this will become the largest single train refinery of the world. The other assignments in which substantial progress was made include Design, Consultancy and PMC Services for Miscellaneous Tank Farm, Piping, Instrumentation and Control System, Inspection, Repair, Maintenance & Upgrade works at various depots of ADNOC Distribution - UAE, PMC services for execution of 1900 TPD Ammonia Plant in Central Sulawesi, Indonesia, Project Management Assistance (PMA) services for improvement of Fire fighting Facilities at Abu Dhabi Refinery for TAKREER - UAE, PMC services for Rehabilitation and Adaptation of Algiers Refinery of SONATRACH having new units of MS Block, RFCCU, SRU, and revamp of exiting units among many other such assignments.

Our R&D Division has contributed significantly to the consolidation of existing capabilities, development of new technologies and hardware besides enhancement of the portfolio for special technology related services.

During this fiscal, your Company has filed six new patents. Five more



patents were granted this year, including for a novel method for Recovery of Ethane/Propane and Liquefied petroleum gas from LNG, improved process for removal of Disulphide Oil from Caustic, Recovery of Sulphur by using oxygen enriched air, a process and system for re-utilizing waste nitrogen gas coming from nitrogen plant and recovery of Sulphur slurry by using hybrid membrane-filter system.

I am happy to report that your Company through its R&D has been awarded a total of 26 technology patents and 24 other patent applications are under evaluation.

Your Company's Information Technology Services (ITS) Division continued to make advances this year, providing high-tech IT enabled services to EIL's mainstream activities by developing/implementing IT solutions to deliver better quality services with emphasis on increased efficiency and improved productivity. Various initiatives that were taken during the year include launch of an in-house developed web based application for supply chain management. This application automate the workflow for end to end procurement activities.

EIL's sustainability mandate envisages a responsible, transparent organization that keeps the interest of all its stakeholders in mind. The Company's project designs support sustainability right from conceptualization to plant commissioning and subsequently, the commercial operation. Energy efficiency, resource optimization and safety of plant personnel and society at large are the cornerstones of our business operation.

Your Company has refocused its engineering philosophy and business models to achieve long term sustainable growth. It has also initiated evaluation and reporting of performance on the triple bottom lines pertaining to economic, social and environmental aspects. The sustainability initiatives at EIL shall definitely propel the organization on an upward growth trajectory.

Your Company has always accorded the highest priority to Health, Safety & Environment (HSE) across its operations. I am pleased to inform that your Company maintained its OHSAS 18001 (Occupational Health and Safety Assessment Series) and ISO 14001 (Environmental Management system) certification. During the year, the Company's HSE Management System was upgraded against the requirements of the latest version of ISO 14001, i.e. ISO 14001:2015.

These certifications are a testimony to the robustness of our processes and enhance chances of securing business, especially in the overseas markets.

At EIL, we take pride in fostering a vibrant and employee-centric work culture which transforms potential into performance. As a nerve centre of the organization, the HR function aims at fuelling the growth ambitions of the organization by equipping the Human Assets for effective and efficient delivery as well as providing them a nurturing environment. The year focused on strengthening HR's role by aligning HR with taskforces, to cater to the requirements of various taskforces/project teams for the time bound delivery, enhanced productivity and overall reduction of efforts on various projects thereby intrinsically enhancing the capacity of the Company.

The CSR Policy of the Company is aligned with the national focus on inclusive growth, DPE Guidelines on CSR and the Companies Act 2013. EIL has undertaken a range of CSR activities this year, with special

emphasis on education, skill development, healthcare, sanitation and empowerment of women and the underprivileged.

Your Company supported the educational programme for providing computer literacy to children belonging to backward segment of society at Delhi/NCR and conducted holistic educational programme for development of underprivileged children at Kolkata, West Bengal. For welfare of Persons with Disabilities, your Company is conducting Skill Development Training for 1200 Persons with Disabilities (PwDs) in various trades across its area of operation.

The Company has also supported the establishment of Skill Development Institutes at Bhubaneswar, Kochi, Visakhapatnam, Rae Bareli and Guwahati and contributed towards setting up of Hydrocarbon Sector Skill Council, New Delhi.

Your Company is working tirelessly to realise the full potential of the "Make In India" flagship initiative launched by the Hon'ble Prime Minister with an objective to revive and revitalize the manufacturing sector in the country. As part of the "Make In India" campaign, your Company is contributing to the government's policy formulations to encourage indigenization and stepping up vendor interactions to upgrade indigenous manufacturing technologies. Other initiatives include Indigenization of equipment manufacturing to increase domestic content, vendor enlistment/ enhancement through continuous interaction, assessment and evaluation.

Your Company is also piloting the midstream sectors for 'Make In India' initiative under the Ministry of Petroleum and Natural Gas (MoP&NG) and is a member of the Steering Committee set up for the purpose. To this effect, regular supplier meets are being organized for interaction with the specific domain based industries and empanelment of suppliers through an online web based process.

During the year, your Company was the proud recipient of various prestigious awards. These include Best Indigenous Innovator Award at 21st Refinery Technology Meet organized by Centre for High Technology (CHT), MoP&NG, FIPI 'Project Management –Company of the Year' Award for the year 2016 jointly with BPCL, 5th "Governance Now" PSU Award for "Consistent Growth" in Navratna Category, 10th CIDC Vishwakarma Award for Best Construction Projects to DHT Project at BPCL Mumbai Refinery, 10th CIDC Vishwakarma Award for Construction Health, Safety and Environment to Daman Development Project at Hazira and Institute of Public Enterprises' Women of Excellence Awards -2017 to four EIL women executives. 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.

Your Company is committed to good Corporate Governance as per the requirements of SEBI Regulations and DPE Guidelines in this regard. Your Company is fully compliant with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance.

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

J.C. Nakra