

August 20, 2025

Strong Q1, Healthy outlook...

About the stock: Engineers India (EIL), established in 1965, is an Indian public sector Navratna company, primarily present into two segments - Engineering Consultancy and LSTK (Lump Sum Turnkey). EIL's business operations span the hydrocarbon value chain as well as diversified areas of Metallurgy, Infrastructure, Bio Fuels & Green Hydrogen. The company is also present in international markets such as Middle East, Africa, South Asia & Central Asia

- In FY25, consultancy and turnkey segments contributed 56% & 44% to total revenues respectively

Investment Rationale:

- Strong visibility, Good inflows in YTD FY26 backed by sustained momentum:** The company started FY26 on a strong note in terms of 26% YoY growth in order backlog which stands at ₹ 12144 crore thereby providing strong revenue visibility over next 2-3 years. The company till date has negged orders to the tune of ₹ 2700 crore and in confident of surpassing the inflows achieved in FY25. Hence we expect revenues to conservatively grow at CAGR of ~18% over FY25-FY27E. The margins are also expected to expand given consultancy forms 56% of backlog and entails higher margins of 20-25%.
- Derisking Oil and Gas on steady basis:** Apart from the existing core areas (like Oil & gas, chemicals, fertilizers, metals, power etc), company is actively exploring newer growth segments (like green hydrogen, ammonia, bio-fuels, alternative fuels, steel ferro-alloys, coal gasification, defence, nuclear etc) in margin-accretive consultancy segment (EBIT margin in consultancy segment stands at ~25% vs. 5-7% in turnkey segment). We believe that these new segments provide huge orders opportunity for EIL over the next 3-5 years. Moreover, focus is also on gaining orders from international markets like South America, Middle-East, Africa etc. Management also guides 15-20% YoY revenue growth in FY26E with healthy order inflows to continue

Rating and Target Price

- We believe the company is on the right track across all parameters in meeting its guidance. Strong start to FY26 also indicates that there lies a possibility of surpassing its guidance on execution for the remainder year. We remain constructive on the company given reasonable valuations and strong growth viability and a leverage free balance sheet. We recommend BUY on EIL with a revised target price of ₹ 250 per share (based on 20x FY27E EPS)

Key Financial Summary

(Rs crore)	FY22	FY23	FY24	FY25	3 year CAGR (FY22-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Revenue	2,913	3,330	3,281	3,088	2.0	3,634	4,272	17.6
Adjusted EBITDA	344	308	297	430	7.7	503	632	21.3
EBITDA Margin (%)	11.8	9.3	9.1	13.9		13.9	14.8	
Adjusted PAT	140	346	445	497	52.7	593	711	19.6
EPS (Rs)	2.5	6.2	7.9	10.3		10.6	12.7	
P/E (x)	78.2	31.5	24.5	18.8		18.4	15.3	
EV/EBITDA (x)	26.8	30.8	31.3	17.7		16.8	12.3	
RoCE (%)	22.2	23.8	23.0	26.4		20.7	20.9	
RoE (%)	7.9	17.7	19.7	21.7		20.0	20.8	

Source: Company, ICICI Direct Research

Note: FY25 EBITDA and PAT are adjusted pursuant to write back of settlement of contractual obligation worth Rs 82.5 crore

**Particulars**

Particular	Amount
Market Cap (Rs Crore)	11,086
FY25 Debt (Rs Crore)	0
FY25 Cash (Rs Crore)	1,327
EV (Rs Crore)	9,759
52 Week H/L (Rs)	304 / 142
Equity Capital (Rs Crore)	281.0
Face Value	5

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	51.3	51.3	51.3	51.3
FII	7.3	6.9	6.8	7.1
DII	11.0	10.6	10.8	14.3
Others	30.4	31.2	31.2	27.3

Price Chart**Key risks**

- Slowdown in domestic & global capex
- Delays in execution
- shortage of skilled manpower

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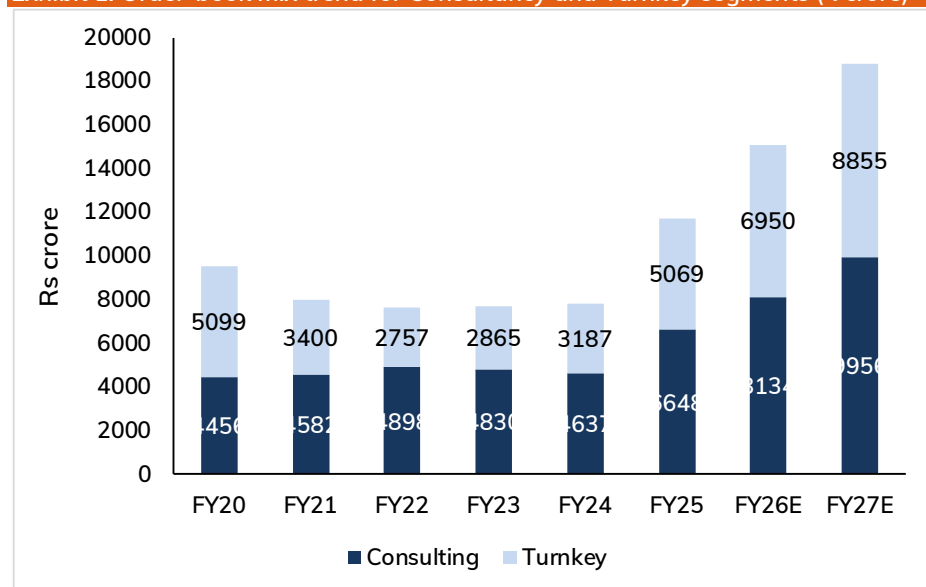
Q1FY26 Result summary

- Engineers Indian posted a strong operational print mainly on the execution side. Aided by strong inflows on FY25, the company reported revenue growth of 40.3% YoY to ₹ 857 crore.
- From a segmental perspective, consultancy segment reported revenues of ₹ 408 crore up
- EBITDA margins came in at 8.1% vs 7.6% in previous quarter despite turnkey segment forming higher share of revenues in the quarter. Consultancy margins came in at 17% while that of the turnkey came in at 5.6%.
- Order backlog stood at ₹ 12144 crore up 26% YoY while order inflows stood at ₹ 1430 crore. PAT came in at ₹ 71 crore up 28%.

Earnings call highlights

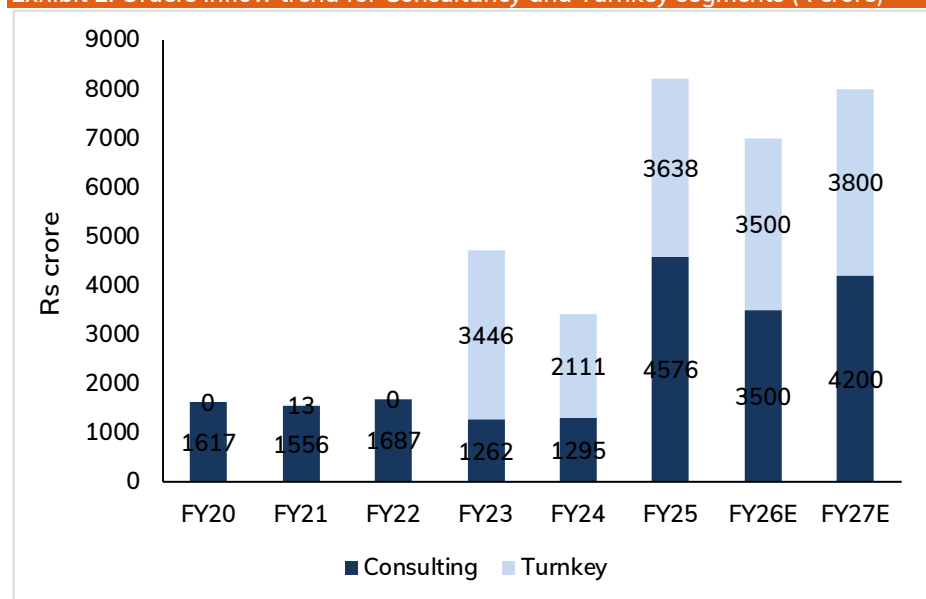
- Order backlog stood at ~ ₹ 12144.3 crore as of June-25 (consultancy backlog stands at ₹ 6813.3 crore i.e. 56% while turnkey contributes ~44% at ₹ 5331 crore)
- Company received orders worth ~ ₹ 1430 crore in Q1FY26, of which ~ ₹ 608 crore in consultancy segment (~43% of total) and ~ ₹ 820 crore in turnkey segment (~57% of total)
- YTD FY26, the company has secured orders to the tune of ₹ 2700 crore and the management is confident to surpass the order inflows figure of FY25.
- The share of non-oil and gas business stands at 35% as of Q1FY26 which derisks the business from concentration risk.
- In consultancy segment, ~90% of order inflow was from hydrocarbons
- The company's share in JV reported a loss in Q1FY26 on account of 45 days of shutdown of the plant. The company is confident of recording ₹ 100 crore profit from the share of JV in FY26E.
- Management guides 15-20% YoY revenue growth in FY26E with consultancy & turnkey EBIT margins at 20-25% and 5-7% respectively. The company is confident of reaching revenues of ₹ 5000 crore by FY28 on back of execution and healthy order wins over FY25-FY28E.
- Management is hopeful of healthy order inflows from both domestic and exports segments. Apart from hydrocarbons, metals, infra, company is exploring other new high growth areas like nuclear, metallurgy, coal gasification, green hydrogen etc
- On overseas business front, company is exploring contracts from regions like Middle east, Africa etc

Exhibit 1: Order-book mix trend for Consultancy and Turnkey segments (₹ crore)



Source: Company, ICICI Direct Research

Exhibit 2: Orders inflow trend for Consultancy and Turnkey segments (₹ crore)



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 3: Profit and loss statement					₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E	
Revenue	3,281	3,088	3,634	4,272	
% Growth	(1.5)	(5.9)	17.7	17.6	
Other income	219	160	176	194	
Total Revenue	3,500	3,248	3,810	4,466	
Employee Expenses	985	1,024	1,096	1,205	
Other expenses	1,998	1,551	2,035	2,435	
Total Operating Expenditure	2,984	2,575	3,131	3,640	
Adjusted EBITDA	297	430	503	632	
% Growth	(3.6)	44.7	17.2	25.5	
Interest	3	3	2	2	
PBDT	513	670	677	823	
Depreciation	35	40	45	49	
PBT before Exceptional Items	478	630	633	774	
Total Tax	118	158	158	194	
PAT before MI	360	472	474	581	
Adjusted PAT	445	497	593	711	
% Growth	28.6	11.7	19.3	19.9	
Adjusted EPS	7.9	8.8	10.6	12.7	

Source: Company, ICICI Direct Research

Exhibit 4: Cash Flow Statement					₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E	
Profit after Tax	445.3	579.8	593.1	711.2	
Depreciation	35.0	39.6	44.7	49.1	
Interest	3.0	2.7	2.4	2.4	
Cash Flow before WC changes	483.3	622.0	640.2	762.8	
Changes in inventory	0.5	(0.1)	(0.3)	(0.2)	
Changes in debtors	32.0	(108.8)	(46.2)	(59.9)	
Changes in loans & Advances	(4.5)	(6.0)	3.1	(6.1)	
Changes in other current assets	(7.1)	146.8	(140.2)	(1.0)	
Net Increase in Current Assets	(71.8)	(237.7)	132.4	(148.1)	
Changes in creditors	97.0	32.3	46.0	65.3	
Changes in provisions	17.9	(103.1)	81.1	91.5	
Net Increase in Current Liabilities	42.7	124.6	181.8	434.7	
Net CF from Operating activities	454.2	508.8	954.5	1,049.3	
Changes in deferred tax assets	(12.2)	23.3	-	-	
(Purchase)/Sale of Fixed Assets	(60.9)	(43.9)	(50.0)	(50.0)	
Net CF from Investing activities	(177.3)	(232.2)	(49.5)	(50.0)	
Dividend and Dividend Tax	(168.6)	(224.8)	(224.8)	(269.8)	
Net CF from Financing Activities	(154.6)	(168.4)	(293.5)	(273.2)	
Net Cash flow	122.3	108.2	611.5	726.2	
Opening Cash/Cash Equivalent	1,096.4	1,218.7	1,326.9	1,938.4	
Closing Cash/ Cash Equivalent	1,218.7	1,326.9	1,938.4	2,664.6	

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet					₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E	
Equity Capital	281.0	281.0	281.0	281.0	
Reserve and Surplus	1,974	2,388	2,690	3,131	
Total Shareholders funds	2,255	2,669	2,971	3,412	
Other Non Current Liabilities	45.5	30.5	31.0	31.0	
Total Debt	-	-	-	-	
Total Liabilities	2,301	2,700	3,002	3,443	
Gross Block	458.6	492.8	553.5	603.5	
Acc: Depreciation	196.5	236.1	280.8	329.9	
Net Block	262.1	256.7	272.7	273.5	
Capital WIP	35.9	45.7	35.0	35.0	
Total Fixed Assets	298.0	302.4	307.7	308.5	
Non Current Assets	477.3	495.0	495.0	495.0	
Inventory	0.6	0.7	1.0	1.2	
Debtors	335.6	444.4	490.6	550.6	
Loans and Advances	18.6	24.6	21.5	27.6	
Other Current Assets	367.1	423.2	443.4	523.3	
Cash	1,218.7	1,326.9	1,938.4	2,664.6	
Total Current Assets	2,695.1	3,041.0	3,520.1	4,394.3	
Current Liabilities	443.7	475.9	522.0	587.3	
Provisions	752.8	649.7	730.8	822.2	
Net Current Assets	254.0	475.3	772.6	1,212.2	
Total Assets	2,301	2,700	3,002	3,443	

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios					
(Year-end March)	FY24	FY25	FY26E	FY27E	
Per Share Data					
Adjusted EPS	7.9	8.8	10.6	12.7	
Cash per Share	28.6	32.3	43.2	56.1	
BV	40.1	47.5	52.9	60.7	
Dividend per share	3.0	4.0	4.0	4.8	
Dividend payout ratio	38%	39%	38%	38%	
Operating Ratios					
EBITDA Margin	9.1	16.6	13.9	14.8	
PAT Margin	13.6	18.8	16.3	16.6	
Return Ratios					
RoE	19.7	21.7	20.0	20.8	
RoCE	23.0	26.4	20.7	20.9	
Valuation Ratios					
EV / EBITDA	31.3	17.7	16.8	12.3	
P/E	24.5	18.8	18.4	15.3	
EV / Net Sales	2.7	2.8	2.2	1.7	
Sales / Equity	1.6	1.2	1.3	1.3	
Market Cap / Sales	3.1	3.4	2.9	2.4	
Price to Book Value	4.8	4.1	3.7	3.2	
Turnover Ratios					
Asset turnover	7.6	6.6	6.9	7.4	
Debtors Turnover Ratio	10.0	8.3	8.1	8.6	
Creditors Turnover Ratio	8.9	7.1	7.6	8.1	
Solvency Ratios					
Debt / Equity	-	-	-	-	
Current Ratio	0.4	0.4	0.5	0.5	
Quick Ratio	0.4	0.4	0.5	0.5	

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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