

June 4, 2025

Well positioned to witness significant execution pick-up...

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 order book position with healthy inflows in both segments:** Company's order backlog stood at ~₹ 11717 crore as of Mar-25 end (3.9x FY25 revenue), giving strong revenue growth visibility in the coming period. Order inflows remains strong at ~₹ 8214 crore in FY25 (vs Rs 3406 crore in FY24), mainly driven by hydrocarbons segment (~55% of total inflows) with balance from infra, metals, power, chemicals, fertilizers etc. After witnessing muted execution during 9MFY25, overall performance has picked-up from Q4FY25, led by firm execution in consultancy segment (which contributes 57% of total order backlog). Going forward, we believe that execution will further improve considerably during FY26E-27E, led by healthy order inflows in both the segments (turnkey/consultancy mix stands at 56%/44%). Management also guides 15-20% YoY revenue growth in FY26E with healthy order inflows to continue.
- Focus on foraying into newer growth segments:** 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 (which contribute ~24% to the total consultancy orders) like South America, Middle-East, Africa etc

Rating and Target Price

- Company's operational performance is expected to improve significantly over FY26E-27E, led by improvement in execution of healthy order-book, strong order inflow opportunity and recovery in high-margin consultancy segment
- We estimate Valuation at 18.8x P/E on FY27E basis looks attractive given the strong visibility on earnings growth in the coming period. We recommend BUY on EIL with a revised target price of ₹ 280 per share (based on 23x FY27E EPS)



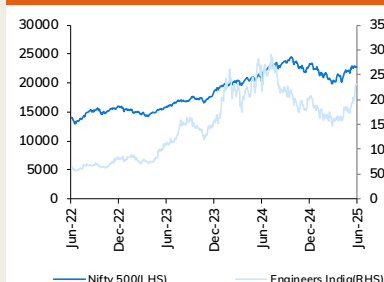
Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	12,871
FY25 Debt (Rs Crore)	0
FY25 Cash (Rs Crore)	1,327
EV (Rs Crore)	11,544
52 Week H/L (Rs)	304 / 142
Equity Capital (Rs Crore)	281.0
Face Value	5

Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoter	51.3	51.3	51.3	51.3
FII	7.3	7.3	6.9	6.8
DII	13.9	11.0	10.6	10.8
Others	27.5	30.4	31.2	31.2

Price Chart



Key risks

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

Research Analyst

Chirag Shah
shah.chirag@icicisecurities.com

Vijay Goel
vijay.goel@icicisecurities.com

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	3,583	4,192	16.5
Adjusted EBITDA	344	308	297	430	7.7	481	597	17.9
EBITDA Margin (%)	11.8	9.3	9.1	13.9		13.4	14.3	
Adjusted PAT	140	346	445	497	52.7	577	686	17.5
EPS (Rs)	2.5	6.2	7.9	10.3		10.3	12.2	
P/E (x)	92.3	37.2	28.9	22.2		22.3	18.8	
EV/EBITDA (x)	32.5	37.2	37.9	21.6		21.8	16.4	
RoCE (%)	22.2	23.8	23.0	26.4		20.1	20.4	
RoE (%)	7.9	17.7	19.7	21.7		19.5	20.4	

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

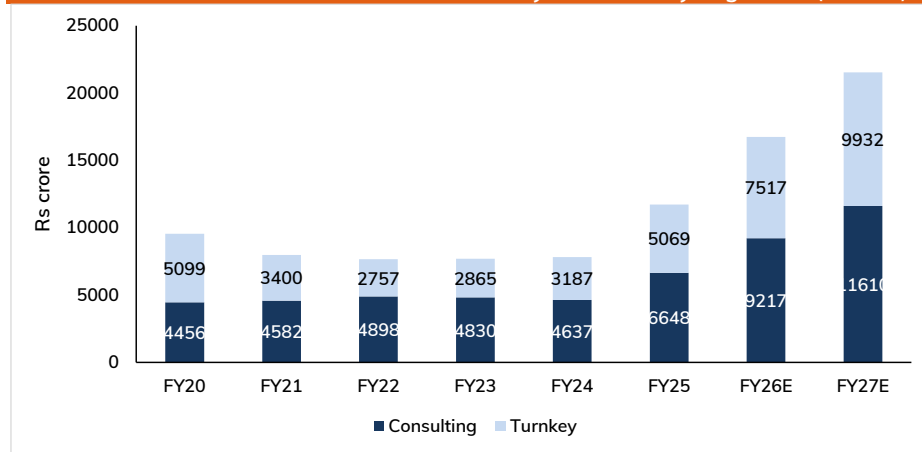
Q4 and FY25 Result Summary

- Standalone revenue increased by 25.4% YoY (+32.1% QoQ) to Rs 991.1 crore in Q4FY25. Consultancy segment revenue (55% of total) was up 39.6% YoY (+33.4% QoQ) to Rs 542.5 crore while turnkey segment revenue (45% of total) increased by 11.7% YoY (+30.7%) to Rs 448.7 crore
- Company has reported that consultancy segment includes Rs 129 crore of additional revenue & Rs 112 crore of profit on account of impact of variable consideration. Also, there is a settlement of contractual obligation worth Rs 82.5 crore, which has been written back
- Adjusted to these, revenue growth stands at 9.1% YoY with EBITDA margin at 11.5% (+245 bps YoY, -62 bps QoQ)
- Adjusted consultancy revenue is up 6.5% YoY with EBIT margin of 20.2% (vs 23% in Q4FY25). PAT increased by 167.5% YoY (+176.1% QoQ) to Rs 243.2 crore
- For FY25, total revenue is down 6.3% YoY as consultancy segment revenue is up 15.4% YoY but turnkey segment revenue declined by 24.1% YoY. FY25 EBITDA margin (adjusted) stands at 10.1% (vs 8.8% in FY24)

Earnings call highlights

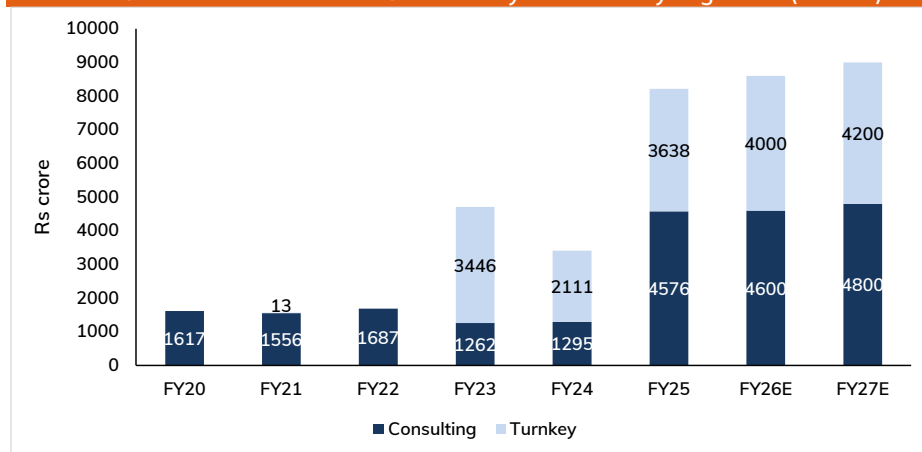
- Order backlog stood at ~Rs 11717 crore as of Mar-25 (consultancy contributes ~57% of total while turnkey contributes ~43%)
- Domestic & exports mix stands at 84%/16% in total order backlog
- Company received orders worth ~Rs 8214 crore in FY25, of which ~Rs 4576 crore in consultancy segment (~56% of total) and ~Rs 3638 crore in turnkey segment (~44% of total)
- In consultancy segment, ~76% of the orders received during FY25 were from domestic segment and ~24% from exports
- Hydrocarbons share stands at ~55% of the total order intake of FY25, followed by ~36% from infrastructure and balance ~9% from segments like metals, power, chemicals, fertilizers & others
- In consultancy segment, ~90% of order inflow was from hydrocarbons
- Company received profits of ~Rs 120 crore from Ramagundam Fertilizers and Chemicals Ltd (RFCL) in FY25
- Management guides 15-20% YoY revenue growth in FY26E with consultancy & turnkey EBIT margins at 25% and 5-7% respectively
- 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
- Company has already received orders worth Rs 1300 crore in YTD FY26 (~Rs 800 crore in turnkey segment and ~Rs 500 crore in consultancy segment) and targets similar order inflows for full year FY26 as achieved in FY25

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	3,583	4,192	
% Growth	(1.5)	(5.9)	16.1	17.0	
Other income	219	160	176	194	
Total Revenue	3,500	3,248	3,760	4,386	
Employee Expenses	985	1,024	1,096	1,205	
Other expenses	1,998	1,551	2,007	2,389	
Total Operating Expenditure	2,984	2,575	3,102	3,595	
Adjusted EBITDA	297	430	481	597	
% Growth	(3.6)	44.7	12.0	24.2	
Interest	3	3	2	2	
PBDT	513	670	655	789	
Depreciation	35	40	44	48	
PBT before Exceptional Items	478	630	611	741	
Total Tax	118	158	153	185	
PAT before MI	360	472	458	556	
Adjusted PAT	445	497	577	686	
% Growth	28.6	11.7	16.0	18.9	
Adjusted EPS	7.9	8.8	10.3	12.2	

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	576.9	686.1	
Depreciation	35.0	39.6	44.1	48.2	
Interest	3.0	2.7	2.4	2.4	
Cash Flow before WC changes	483.3	622.0	623.4	736.7	
Changes in inventory	0.5	(0.1)	(0.3)	(0.2)	
Changes in debtors	32.0	(108.8)	(39.7)	(56.6)	
Changes in loans & Advances	(4.5)	(6.0)	3.4	(5.9)	
Changes in other current assets	(7.1)	146.8	(140.2)	(1.0)	
Net Increase in Current Assets	(71.8)	(237.7)	145.2	(141.1)	
Changes in creditors	97.0	32.3	39.1	61.8	
Changes in provisions	17.9	(103.1)	71.4	86.5	
Net Increase in Current Liabilities	42.7	124.6	145.3	414.3	
Net CF from Operating activities	454.2	508.8	913.9	1,009.9	
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	570.9	686.7	
Opening Cash/Cash Equivalent	1,096.4	1,218.7	1,326.9	1,897.8	
Closing Cash/ Cash Equivalent	1,218.7	1,326.9	1,897.8	2,584.5	

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	2,674	3,089	
Total Shareholders funds	2,255	2,669	2,955	3,370	
Other Non Current Liabilities	45.5	30.5	31.0	31.0	
Total Debt	-	-	-	-	
Total Liabilities	2,301	2,700	2,986	3,401	
Gross Block	458.6	492.8	553.5	603.5	
Acc. Depreciation	196.5	236.1	280.2	328.4	
Net Block	262.1	256.7	273.3	275.1	
Capital WIP	35.9	45.7	35.0	35.0	
Total Fixed Assets	298.0	302.4	308.3	310.1	
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	484.1	540.7	
Loans and Advances	18.6	24.6	21.2	27.1	
Other Current Assets	367.1	423.2	437.5	513.9	
Cash	1,218.7	1,326.9	1,897.8	2,584.5	
Total Current Assets	2,695.1	3,041.0	3,466.7	4,294.5	
Current Liabilities	443.7	475.9	515.0	576.8	
Provisions	752.8	649.7	721.0	807.5	
Net Current Assets	254.0	475.3	755.7	1,169.2	
Total Assets	2,301	2,700	2,986	3,401	

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	10.3	12.2	
Cash per Share	28.6	32.3	42.5	54.7	
BV	40.1	47.5	52.6	60.0	
Dividend per share	3.0	4.0	4.0	4.8	
Dividend payout ratio	38%	39%	39%	39%	
Operating Ratios					
EBITDA Margin	9.1	16.6	13.4	14.3	
PAT Margin	13.6	18.8	16.1	16.4	
Return Ratios					
RoE	19.7	21.7	19.5	20.4	
RoCE	23.0	26.4	20.1	20.4	
Valuation Ratios					
EV / EBITDA	37.9	21.6	21.8	16.4	
P/E	28.9	22.2	22.3	18.8	
EV / Net Sales	3.2	3.4	2.8	2.2	
Sales / Equity	1.6	1.2	1.3	1.3	
Market Cap / Sales	3.7	4.0	3.4	2.9	
Price to Book Value	5.7	4.8	4.4	3.8	
Turnover Ratios					
Asset turnover	7.6	6.6	6.8	7.3	
Debtors Turnover Ratio	10.0	8.3	8.1	8.6	
Creditors Turnover Ratio	8.9	7.1	7.6	8.0	
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%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headsservicequality@icicidirect.com Contact Number: 18601231122

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