

## Stellar delivery, 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

**Q2FY26 Performance:** Engineers India posted a strong operational print on both execution and order inflows. Revenue grew 33% YoY to ₹ 900 crore. From a segmental perspective, consultancy segment reported revenues of ₹ crore up 7.4% YoY whereas turnkey segment reported revenue growth of 70% YoY to ₹ 489 crore. EBITDA margins came in at 12.5% vs 8.1% in previous quarter despite turnkey segment forming higher share of revenues in the quarter. Consultancy margins came in at 28% while that of the turnkey came in at 5%. Order backlog stood at ₹13131 crore up 17% YoY while order inflows stood at ₹ 2335 crore. PAT came in at ₹ 115 crore up 45%.

### Investment Rationale:

- Strong visibility, good inflows in YTD FY26 backed by sustained momentum:** The company started FY26 on a strong note in terms of 18% YoY growth in order backlog which stands at ₹ 13131 crore (+8% sequentially) thereby providing strong revenue visibility over next 2-3 years. The company till date has negged orders to the tune of ₹ 3764 crore and is 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 59% of backlog and entails higher margins of 20-25%.
- Derisking Oil and Gas focus steadily:** 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 ~20-25% 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 20-25% 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)	80.6	32.5	25.2	19.4		19.0	15.8	
EV/EBITDA (x)	27.8	31.9	32.4	18.4		17.4	12.7	
RoCE (%)	22.2	23.8	23.0	26.4		20.4	20.7	
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



### Particulars

Particular	Rs. (in crore)
Market Capitalization	11,139
Total Debt (H1FY26)	0
Cash and Inv (H1FY26)	1,250
Enterprise Value	9,889.1
52 week H/L (Rs.)	255/142
Equity capital	281
Face value (Rs.)	5

### Shareholding pattern

%	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	51.3	51.3	51.3	51.3
FII	6.9	6.8	7.1	7.0
DII	10.6	10.8	14.3	13.7
Others	31.2	31.2	27.2	27.9

### Price Chart



### Key risks

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

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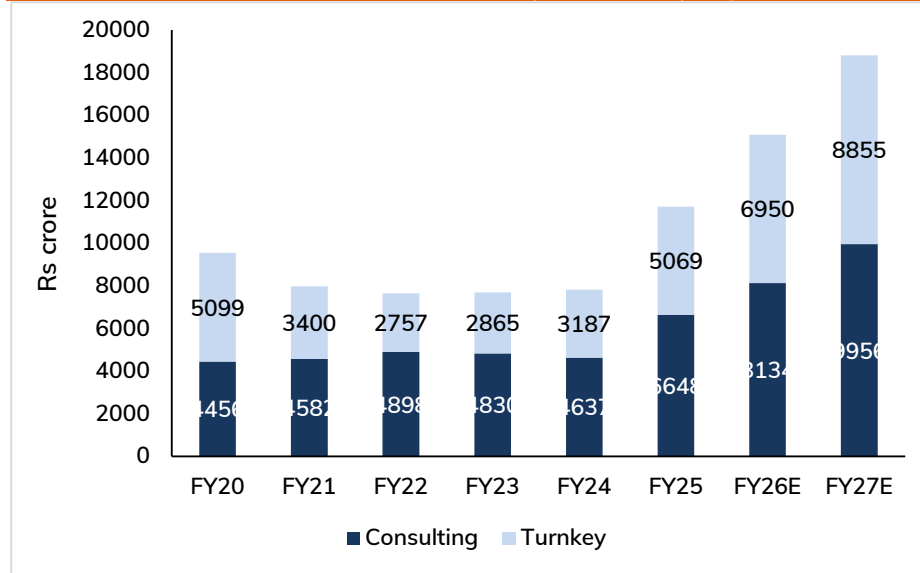
## Q2FY26 Result summary

- Engineers Indian posted a strong operational print on the execution as well as order inflows. The company reported revenue growth of 33% YoY to ₹ 900 crore.
- From a segmental perspective, consultancy segment reported revenues of ₹ 411 crore up 7.4% YoY.
- EBITDA margins came in at 12.5% vs 8.5% YoY (8.1% QoQ) despite turnkey segment forming higher share of revenues in the quarter. Consultancy margins came in at 28% while that of the turnkey came in at 5%.
- Order backlog stood at ₹ 13131 crore up 18% YoY (+8% sequentially) while order inflows stood at ₹ 2334 crore. PAT came in at ₹ 115 crore up 45% YoY.

## Earnings call highlights

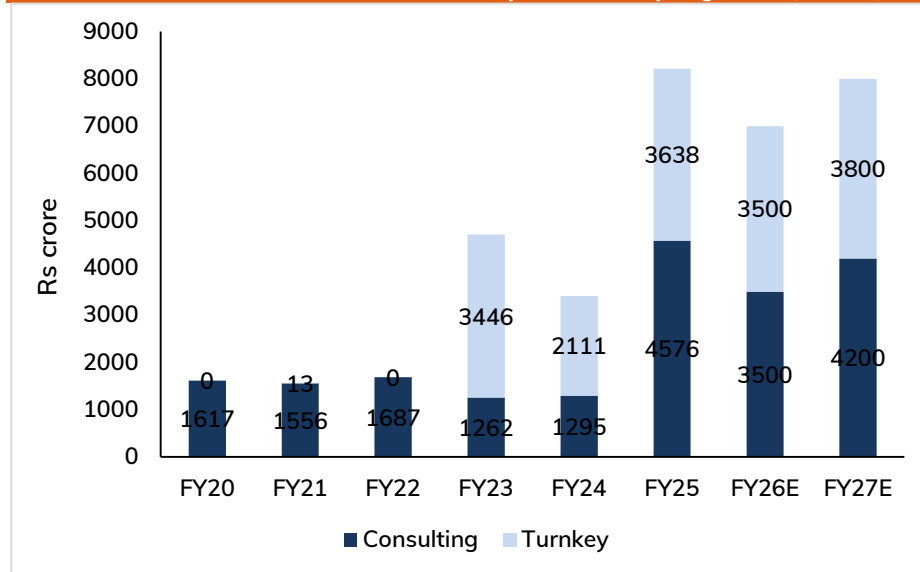
- Order backlog stood at ~ ₹ 13131 crore as of Sep-25 (consultancy backlog stands at ₹ 7685 crore i.e. 59% while turnkey contributes ~41% at ₹ 5445 crore).
- Company received orders worth ~ ₹ 2335 crore in Q2FY26, of which ~ ₹ 1390 crore in consultancy segment (~60% of total) and ~ ₹ 945 crore in turnkey segment (~40% of total)
- H1FY26, the company has secured orders to the tune of ₹ 3764 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 Q2FY26 which derisks the business from concentration risk.
- In consultancy segment, ~90% of order inflow was from hydrocarbons
- Ramagundam Fertilizers (26% owned by EIL with ₹491 crore investment) faced temporary technical stabilization issues causing 45-day shutdown during Q2, resulting in ₹25 crore loss. The plant is running properly from 20<sup>th</sup> August 2025 and company believes all the technical issues have been resolved and management expects it to return to normalized profitable operations from Q3FY26.
- Management guides 20-25% 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)	(168.6)	(224.8)	(269.8)
Net CF from Financing Activities	(162.9)	(169.5)	(227.2)	(273.2)
Net Cash flow	114.0	107.2	677.8	726.2
Opening Cash/Cash Equivalent	1,077.3	1,191.3	1,298.4	1,976.2
Closing Cash/ Cash Equivalent	1,191.3	1,298.4	1,976.2	2,702.3

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	2,757	3,197
Total Shareholders funds	2,255	2,669	3,038	3,478
Other Non Current Liabilities	45.5	30.5	31.0	31.0
Total Debt	-	-	-	-
Total Liabilities	2,301	2,700	3,069	3,509
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	1,218.1	1,326.9	1,976.2	2,702.3
Total Current Assets	2,694.4	3,040.9	3,557.8	4,432.1
Current Liabilities	443.7	475.9	522.0	587.3
Provisions	752.8	649.7	730.8	822.2
Net Current Assets	253.3	475.3	810.3	1,249.9
Total Assets	2,300	2,700	3,040	3,481

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	43.9	56.8
BV	40.1	47.5	54.0	61.9
Dividend per share	3.0	3.0	4.0	4.8
Dividend payout ratio	38%	29%	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	19.5	20.4
RoCE	23.0	26.4	20.4	20.7
Valuation Ratios				
EV / EBITDA	32.4	18.4	17.4	12.7
P/E	25.2	19.4	19.0	15.8
EV / Net Sales	2.8	2.9	2.3	1.8
Sales / Equity	1.6	1.2	1.3	1.3
Market Cap / Sales	3.2	3.5	3.0	2.5
Price to Book Value	5.0	4.2	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%

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Reduce: -15% to -5%;

Sell: <-15%



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