

Shubh Nivesh



Strong Order Book & Margins Signal Sustained Momentum...

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

- **Record Order Book Driving Multi-Year Earnings Visibility:** EIL's order book has scaled to a record ~₹15,670 crore YTD, with 65-70% from consultancy, which structurally carries higher margins and lower risk. With typical project cycles of 3-4 years, this backlog provides strong revenue visibility and underpins management's >₹4,000 crore annual revenue trajectory. Sustained order inflows (~₹8,000 crore run-rate) further de-risk growth and support a durable earnings pipeline. We expect revenues and PAT to grow at CAGR of ~19% and 17.4% over FY25-FY28E and EBITDA margins are also expected to expand from 9.1% to 14.9% over FY24-FY28E given consultancy forms ~65-70% of backlog and entails higher margins of 20-25%.
- **Structural Margin Upside from Consultancy Mix & Asset-Light Model:** EIL is strategically skewing towards consultancy and cost-plus/OBE turnkey contracts, protecting margins from cost escalation risks. Management guides for 20-25% margins in consultancy and stable profitability in turnkey, while international expansion (Middle East, Africa) targets quality-led project awards rather than pure L1 bidding. This mix shift, along with operating leverage from higher execution, supports sustainable RoE and earnings growth. EIL's strong order backlog of (~₹15670 crore) and early-stage execution of large consultancy jobs provide visibility for growth over the next 2-3 years.

Rating and Target Price

- We believe the company is on the right track across all parameters in meeting its guidance. Strong performance in Q3FY26 also indicates possibility of surpassing its guidance on execution for the FY26E. 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 **₹ 315 per share (based on 22x FY28E EPS)**



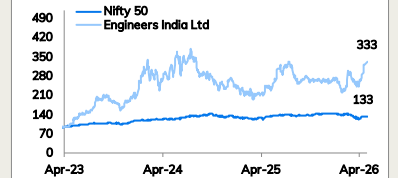
Particulars

Particular	Rs. (in crore)
Market Capitalization	14,104
Total Debt (H1FY26)	0
Cash and Inv (H1FY26)	1,250
Enterprise Value	12,854.1
52 week H/L (Rs.)	265/164
Equity capital	281
Face value (Rs.)	5

Shareholding pattern

%	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	51.3	51.3	51.3	51.3
FII	7.1	7.0	7.7	9.7
DII	14.3	13.7	13.4	12.2
Others	27.2	27.9	27.6	26.8

Price Chart



Key risks

- (i) Slowdown in domestic & global capex
- (ii) Delays in execution
- (iii) shortage of skilled manpower

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Key Financial Summary

(Rs crore)	FY22	FY23	FY24	FY25	3 year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Revenue	2,913	3,330	3,281	3,088	2.0	3,920	4,509	5,203	19.0
Adjusted EBITDA	344	308	297	430	7.7	629	656	774	21.7
EBITDA Margin (%)	11.8	9.3	9.1	13.9		16.1	14.6	14.9	
Adjusted PAT	140	346	445	497	52.7	685	707	804	17.4
EPS (Rs)	2.5	6.2	7.9	10.3		12.2	12.6	14.3	
P/E (x)	103.5	41.7	32.4	24.9		21.1	20.4	18.0	
EV/EBITDA (x)	37.1	42.3	43.2	24.7		18.7	16.8	13.1	
RoCE (%)	22.2	23.8	23.0	26.4		23.1	20.5	19.8	
RoE (%)	7.9	17.7	19.7	21.7		21.9	19.8	19.6	

RATING RATIONALE

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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