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India | Equity Research | Results Update

Engineers India

Capital Goods

Strong consultancy order book bodes well

Engineers India (EIL) reported revenue of INR 9bn (+33% YoY) and EBITDA of INR 1.1bn (+96% YoY). Its order book (OB) remains robust at INR 131bn (+18% YoY). EIL saw an order inflow (OI) of INR 23bn, comprising INR 14bn of consultancy and INR 9bn of turnkey EPC. We expect a consultancy revenue CAGR of 14% over FY25–27E led by an order book of 4x book to bill ratio. Note that consultancy margin in Q2 (28%) was ahead of our expectation (22%). We are baking in 25% consultancy margins in FY27E and FY28E each. Note that consultancy order inflow in H1 was INR 20bn (vs. INR 14bn in H1FY25). EIL is trading at an expensive valuation of 34x FY27E core EPS (vs. historical average P/E of 25x). We maintain **ADD** and a TP of INR **215**.

Beat in estimates

Q2FY26 revenue came in at INR 9bn up 33% YoY, aided by 7% YoY growth in consultancy and 67% YoY growth in turnkey EPC. EBITDA stood at INR 1.12bn (+96% YoY), with margin of 12.5% (+400bps YoY). Other income was down 10% YoY while depreciation was up 5% YoY. Thus, profit was up 45% YoY at INR 1.15bn. Consultancy EBIT margin came in strongly at 28.3%, well above the expectations and in line with ~25% annualised for FY26E.

Robust consultancy OB at 4x of trailing revenue

OI, in Q2FY26, stood at INR 23bn – 60% stemming from the consultancy segment, with 10x higher overseas OI. Consultancy OB stood at INR 77bn (+18% YoY) or 4x of trailing revenue. Thus, we believe consultancy revenue could grow at 14% CAGR over FY25–27E.

Consultancy wins anchor strong growth outlook

We expect further ramp-up in execution for the consultancy segment, with the unexecuted OB reaching INR 80bn, from its current level of INR 77bn, by end-FY26E. This shall be complemented by a robust pipeline of high-value orders like IOCL Paradip (Phase II) and a few more in Kuwait, Saudi Arabia as well as domestic refinery and petrochemical projects.

Maintain ADD on expensive valuation

We maintain **ADD** with a TP of INR 215 (at 25x FY27E core PAT).

Financial Summary

Y/E Mar-31 (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	32,809	29,587	36,636	41,536
EBITDA	2,971	3,175	4,277	5,377
EBITDA Margin (%)	9.1	10.7	11.7	12.9
Net Profit	4,453	4,337	5,800	6,215
EPS (Rs)	7.9	7.7	10.3	11.1
EPS % Chg YoY	4.6	(9.5)	33.5	19.9
P/E (x)	31.2	34.5	25.9	21.6
EV/EBITDA (x)	29.1	26.9	19.0	14.4
RoCE (%)	17.2	13.3	15.4	16.5
RoE (%)	21.1	17.6	20.5	19.6

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Market Data

Market Cap (INR)	113bn
Market Cap (USD)	1,269mn
Bloomberg Code	ENGR IN
Reuters Code	ENGI.BO
52-week Range (INR)	255 /142
Free Float (%)	49.0
ADTV-3M (mn) (USD)	5.3

Price Performance (%)	3m	6m	12m
Absolute	5.2	7.5	11.0
Relative to Sensex	0.3	3.5	2.0

ESG Score	2023	2024	Change
ESG score	NA	61.8	NA
Environment	NA	52.5	NA
Social	NA	66.6	NA
Governance	NA	65.5	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

19-08-2025: [Q1FY26 results review](#)

04-06-2025: [Q4FY25 results review](#)

Outlook and valuation

With an OB of INR 131bn (4x TTM sales), and a strong tendering pipeline, growth visibility remains robust. Though some orders may get delayed in the near term, long-term prospects from refinery capacity expansion and EIL's foray into developing expertise in multiple new technologies, provide structural support to business outlook.

Accounting for a high cash balance, we value its core business separately and add back the cash to factor in investments in fertiliser and refinery businesses at 150% of the investment amount. We, thus, arrive at our target price of **INR 215**, valuing its core business at 25x FY27E core earnings (unchanged).

Upside risks: 1) Higher-than-expected execution; 2) higher margins on account of increased consultancy revenue; and 3) outperformance of JVs.

Downside risk: 1) Lower execution 2) lower than expected order inflows

Exhibit 1: SoTP-based valuation

INR mn	FY27E
Core PAT	3,683
P/E (X)	25
Core valuation	90,265
Cash & Current Investments	14,810
Total	1,05,074
Investment in RFCL	5,892
Investment in NRL	8,620
Investment in NELP	1,000
Total Valuation	1,20,586
Value per share (INR)	215

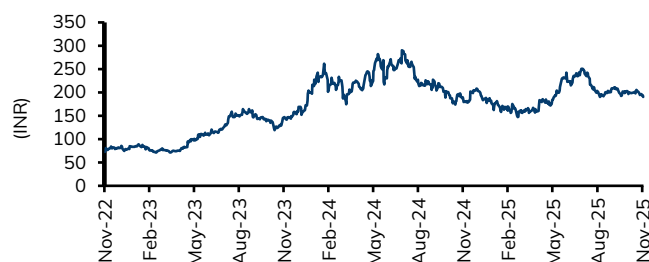
Source: I-Sec research, Company data

Exhibit 2: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	51.3	51.3	51.3
Institutional investors	17.6	21.4	20.8
MFs and others	7.8	11.4	11.5
FIs/Banks	0.1	0.1	0.1
Insurance	2.9	2.8	2.2
FIIIs	6.8	7.1	7.0
Others	31.1	27.3	27.9

Source: Bloomberg, I-Sec research

Exhibit 3: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 4: Profit & Loss

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Net Sales	32,809	29,587	36,636	41,536
Operating Expenses	29,838	26,412	32,359	36,159
EBITDA	2,971	3,175	4,277	5,377
EBITDA Margin (%)	9.1	10.7	11.7	12.9
Depreciation & Amortization	350	396	410	425
EBIT	2,621	2,779	3,867	4,952
Interest expenditure	30	27	12	12
Other Non-operating Income	2,192	1,603	1,959	2,031
Recurring PBT	4,782	4,355	5,814	6,971
Profit / (Loss) from Associates	851	1,079	1,450	1,000
Less: Taxes	1,180	1,097	1,464	1,756
PAT	3,602	3,258	4,350	5,215
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	1,461	-	-
Net Income (Reported)	4,453	5,798	5,800	6,215
Net Income (Adjusted)	4,453	4,337	5,800	6,215

Source Company data, I-Sec research

Exhibit 5: Balance sheet

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	19,221	21,968	26,880	31,731
of which cash & cash eqv.	12,187	13,269	16,842	20,352
Total Current Liabilities & Provisions	12,088	11,407	13,675	14,463
Net Current Assets	7,133	10,561	13,205	17,268
Investments	13,885	13,949	14,449	14,949
Net Fixed Assets	2,976	2,948	2,738	2,513
ROU Assets	-	-	-	-
Capital Work-in-Progress	359	457	457	457
Total Intangible Assets	-	-	-	-
Other assets	297	484	484	484
Deferred Tax assets	3,491	3,258	3,258	3,258
Total Assets	35,331	41,247	44,331	48,819
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	-	-	-	-
provisions	-	-	-	-
other Liabilities	12,778	14,554	14,426	15,318
Equity Share Capital	2,810	2,810	2,810	2,810
Reserves & Surplus	19,743	23,883	27,094	30,691
Total Net Worth	22,553	26,693	29,905	33,501
Minority Interest	-	-	-	-
Total Liabilities	35,331	41,247	44,331	48,819

Source Company data, I-Sec research

Exhibit 6: Cashflow statement

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	2,938	4,140	3,212	3,596
Working Capital Changes	1,799	(2,347)	929	(553)
Capital Commitments	637	465	200	200
Free Cashflow	2,301	3,675	3,012	3,396
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	637	465	200	200
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	-
Others	(2,351)	(3,523)	161	(287)
Cash flow from Financing Activities	(2,351)	(3,523)	161	(287)
Chg. in Cash & Bank balance	1,224	1,082	3,573	3,510
Closing cash & balance	12,187	13,269	16,842	20,352

Source Company data, I-Sec research

Exhibit 7: Key ratios

(Year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	6.4	5.8	7.7	9.3
Adjusted EPS (Diluted)	7.9	7.7	10.3	11.1
Cash EPS	8.5	8.4	11.0	11.8
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	40.1	47.5	53.2	59.6
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	(1.5)	(9.8)	23.8	13.4
EBITDA	(3.7)	6.9	34.7	25.7
EPS (INR)	4.6	(9.5)	33.5	19.9
Valuation Ratios (x)				
P/E	31.2	34.5	25.9	21.6
P/CEPS	23.4	23.8	18.1	17.0
P/BV	5.0	4.2	3.8	3.4
EV / EBITDA	29.1	26.9	19.0	14.4
P / Sales	3.4	3.8	3.1	2.7
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	100.0	100.0	100.0	100.0
EBITDA Margins (%)	9.1	10.7	11.7	12.9
Effective Tax Rate (%)	24.7	25.2	25.2	25.2
Net Profit Margins (%)	11.0	11.0	11.9	12.6
NWC / Total Assets (%)	(14.3)	(6.6)	(8.2)	(6.3)
Net Debt / Equity (x)	(1.2)	(1.0)	(1.0)	(1.1)
Net Debt / EBITDA (x)	(8.8)	(8.6)	(7.3)	(6.6)
Profitability Ratios				
RoCE (%)	17.2	13.3	15.4	16.5
RoE (%)	21.1	17.6	20.5	19.6
RoC (%)	17.2	13.3	15.4	16.5
Fixed Asset Turnover (x)	11.4	10.0	12.9	15.8
Inventory Turnover Days	0	0	0	0
Receivables Days	37	52	61	58
Payables Days	49	56	65	62

Source Company data, I-Sec research

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