Sector: Civil Construction **RESULT REVIEW Q4&FY25** **Declared On: 29 May 2025**

Engineers India Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs232	130	Accumulate	Rs250	8%

**as on 04th June, 2025*

About the Company:

Engineers India Ltd (EIL) is one of the leading design and engineering organizations in South Asia. Established in 1965, the company provides engineering consultancy and EPC services principally focused on the Oil & Gas and petrochemical industries. Besides, the company has also diversified into sectors like infrastructure, water and waste management, solar and nuclear power and fertilizers to leverage its strong technical competencies and track record. EIL is a Total Solutions company providing design, engineering, procurement, construction and integrated project management services all ranging from conceptualization to commissioning, keeping in mind the highest quality and safety standards.

Results: Quick Glance (standalone):

- The net sales for the quarter grew by 25.4% to Rs9,911mn as compared to Rs7,903mn in the same quarter last year
- On the segmental front, Consultancy & Engineering Projects reported a growth of 39.6% (revenue at Rs5,425mn) while Turnkey projects reported a growth of 11.7% (revenue at Rs4,487mn) respectively on y-o-y basis
- The Ebitda margins for the quarter under review stood at 29.6% as compared to 9.0% in Q4FY24
- The company reported profit of Rs2,432mn as compared to Rs909mn in the same quarter last year
- The EPS for the quarter stood at Rs4.33 as compared to Rs1.62 in the corresponding period of last year
- For the full year, the revenue de-grew by 6.3% and PAT grew by 30.3% while the Ebitda margins stood at 16.1%
- The Board has declared a final dividend of Rs2 per share of FV of Rs5 each for FY25

Conference Call Highlights:

- The total business secured in FY25 (domestic and overseas consultancy) amounted to Rs45.7bn. The total **cumulative order book** as of March, 2025 stands at Rs117.17bn (FY24 order book stood at Rs78.23bn) with Consultancy contributing 57% while Turnkey accounts for 43% of the total order book. The total order book breakup stands as: 55% Hydrocarbons, 36% Infra, 7% Metal, Power and 3% Chemicals & Fertilisers. The order inflow increased to Rs82.14bn in FY25 as against Rs34bn in FY24
- During the year and the quarter, the company has secured few **major orders** from clients such as HPCL, IOCL, NRL, GAIL and Port of Fujairah. In addition to this, EIL has couple of ongoing projects in refinery/petchem, metallurgy, infrastructure and overseas projects
- The **order inflow** in the consultancy segment is expected to sustain going forward as well. EIL is already bidding for multiple projects in this segment. The IOCL Paradip phase 2 is already under execution and is expected to be completed by end of FY26E. For the turnkey segment, the orders are received on a go-ahead basis (with a letter of award being granted to EIL in order to proceed the work); the company did not receive a formal award till the end of FY25 which was recognised as orders returned (expected to be settled) and thus the orders delayed were to the tune of Rs3,000mn (9MFY25 the order inflow stood at Rs39bn). As of **May 2025,** the company has received order inflows worth Rs13bn of which Rs8bn is towards the turnkey business. The Management expects the annual order intake to continue to be in the range of ~Rs50bn for FY26E and FY27E
- On the **international** business, the overall sales reported a growth of ~32% on a y-o-y basis in FY25 (sales at Rs3,710mn in FY25) attributed to growth from UAE, Kuwait and Nigeria. The contribution from the international business stood at ~13% for FY25 and the Management intends to surpass this percentage in the near term. Out of the total cumulative order book of Rs117bn; international orders stood at ~Rs20bn. The non-oil & gas (chemicals, power, clean energy, etc.) contribution stands at ~30-35% and the Management anticipates this contribution to remain more or less in the same range in the future. The overseas consultancy order intake stands at Rs10bn+ for FY25. EIL has established an office in Abu Dhabi and is targeting large value projects in this region. The company is also setting up a new office in Saudi Arabia and in terms of demand though at the nascent stage as of now, EIL has certain agreements which are under discussion which will reap benefits once finalised. For FY25, the company has already booked orders worth Rs3.8bn from the Middle East
- In the defence space, the company has signed an MoU with Munitions India and is working on assignments with them while at the same time the Management is exploring opportunities to work with both public as well as private segment. There are few orders which the Management anticipates to secure towards the end of FY26E

Conference Call Highlights (contd.):

- The turnover and profit from operations (at the PBT level excluding other income) for Q4FY25 and FY25 includes ~Rs1,289mn and ~Rs1,122mn respectively on account of impact of variable consideration accounted for in consultancy and engineering projects segment. This impact is on account of certain 2 major change orders worth Rs1,122mn (in FY25) which were finalised with the clients by EIL, for which the company had already incurred the related expenses. Additionally, EIL had also made certain provisions amounting to Rs825mn for the quarter as well as full year which were directed towards guarantee and warranty (the provisions are on a continuous basis) and once EIL gets an approval from the clients in case of no defects/changes in the project these provisions are reversed in the books. The provision amount of Rs825mn has already been reversed
- The overall sales for FY25 were on the lower side as there was closure of certain old projects which had a timeline of 3-4 years. There are 2 mega petchem projects which the company received last year and there are few more in the pipeline to get initiated. The billing for these 2 projects is expected to commence this FY
- The consultancy and turnkey profit **margins** stood at 51% and 11% respectively for the quarter under review. The margins were higher during the quarter under review as few change orders got finalised with the clients for which EIL has already booked the required expenses. Going forward, the Management anticipates to maintain the margins reported in the past: consultancy at 24-25% and turnkey at 5-7%
- For the Numaligarh Refinery Ltd (NRL) and Ramagundam Fertilizers and Chemicals Ltd (RFCL), the investment cycle has been completed with no further investments anticipated. As far as dividends are concerned, from the former EIL received dividend worth ~Rs120-130mn while the latter is yet to declare dividends which is anticipated in the current year. The company has already applied for the rights issue (right issue call at Rs345.8mn) for NRL and the shareholding is maintained at 4.3% in NRL. The JV share (~26%) from RFCL for FY25 stood at Rs1,080mn as compared to Rs850mn in FY24
- EIL is the first company to execute a bamboo based 2G bio-refinery project in Numaligarh for which the commissioning activity has already been initiated and once the project is successful the Management intends to participate in more such projects in the future
- In terms of revenue guidance, for FY26E given the strong order book and recent order inflows, the Management expects a growth of ~15-20% with improvement in PAT as well

Financials:

Performance (Q4&FY25)									
Q4&FY25 Result (Rs mn)	**Mar-25**	**Mar-24**	**y-o-y**	**Dec-24**	**q-o-q**	**FY25**	**FY24**	**y-o-y**	**FY26E**
Total Revenue	9911	7903	25.4%	7502	32.1%	30284	32322	(6.3%)	35330
EBITDA	2942	718	-	912	-	4890	2833	-	5183
Other Income	420	561	(25.2%)	370	13.2%	1696	2246	(24.5%)	1713
Interest	6	8	(29.4%)	6	(11.4%)	26	30	(11.7%)	28
Depreciation	106	106	(0.1%)	94	12.5%	393	345	13.8%	410
Tax	818	255	-	300	-	1515	1134	33.6%	1580
Net Profit	**2432**	**909**	**-**	**881**	**-**	**4652**	**3570**	**30.3%**	**4878**

Outlook and Recommendations:

The company has reported decent set of numbers for the quarter under reference with revenue growth of 25.4% y-o-y. There have been variable considerations (pertaining to change orders which essentially means amendments in the contract value with mutual consent between the clients and EIL; reflects largely in the profitability) amounting to Rs1,289mn reported in the consultancy and engineering projects segment. The expenses related to these change orders were already booked by the company. During the quarter, the company reversed provisions worth Rs825mn which has led to lower other expenses as against the normal run-rate over the past several quarters. This has boosted the Ebitda margins for the quarter which stood at 29.7%. In terms of business segments, both have reported a growth of 39.6% (consultancy) and 11.7% (turnkey) on a y-o-y basis in Q4FY25. The profit margins for these respective segments stood slightly higher in Q4FY25 as few change orders got finalised with the clients. Going forward, the Management anticipates to maintain the margins reported in the past with consultancy at 24-25% and turnkey at 5-7% with overall revenue growth of 15-20% in FY26E.

Outlook and Recommendations (contd.):

As far as the order book position is concerned, the same stood at an all-time high of Rs117bn as of Mar'25 with consultancy continuing to contribute a major portion of the total order book; and this contribution is expected to be maintained in the future as well. Additionally, as of May 2025, the company already has order inflow worth Rs13bn of which Rs8bn is towards the turnkey business. The Management anticipates the sustained momentum in order inflow to continue for both the consultancy and turnkey segments. Although there were certain orders that were delayed for the turnkey segment, the Management anticipates the same to get settled in due course. For the international business, current contribution to overall sales stood at ~13% and this is expected to enhance further. The order pipeline currently stands at Rs20bn which is ~17% of the cumulative order book. Demand is expected to be fetched from Nigeria, Saudi Arabia (though at nascent stage) and other Middle Eastern regions where the company already has agreements/ assignments which are underway. The combined order book position (the general success ratio trend for EIL has been at ~25-30%) provides revenue visibility for the next couple of quarters with execution being the key. The company is also working towards the non-oil & gas sectors which presently is contributing 30-35% and this is expected to remain more or less at similar levels. There are numerous opportunities in the sunrise sectors of green hydrogen, biofuels, energy transition for EIL. Overall, the company has a strong order book, healthy balance sheet and good cash & bank balance. We continue to maintain an accumulate on the stock for a revised target price of Rs250.

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